



CONSOLIDATED
AND SEPARATED

INDEX

FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

CONSOLIDATED

Corporate Responsibility

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020 AND 2019

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

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

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS

FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

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

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

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

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

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

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

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

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

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

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

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

The accompanying notes are part of these consolidated financial statements.

SONAE MC, SGPS, SA**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020 AND 2019

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

(AMOUNTS STATED IN EUROS)

**1.
INTRODUCTION**

Sonae MC, SGPS, S.A., formerly referred to as Sonae Investimentos, SGPS, S.A., has its head-office at Rua João Mendonça n.º 529, 4464-501 Senhora da Hora, Portugal, and is the parent company of a group of companies, as detailed in Notes 10, 11 and 45 as Sonae MC Group ("Sonae MC").

COVID-19

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

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

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

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

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

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

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

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

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

> The approval of the first vaccines for COVID-19 by the end of 2020 has renewed optimism about the end of the current health crisis, which could signal a faster economic recovery. However, the emergence of new waves of infection in several countries since the end of last year, associated with the discovery of new strains of the virus with a higher transmissibility rate and more aggressive, have put the health systems under pressure again, and in particular the Intensive Care Units, leading to the reintroduction of restrictions and new periods of generalized confinement of the population, in several parts of the world.

> In terms of projecting future impacts, in general, the macroeconomic context remains uncertain and intrinsically dependent on the control of the epidemiological situation and the intervention of Governments, both in terms of compliance with vaccination plans and in terms of the support made available to economic agents. Sonae MC will continue to implement all measures deemed appropriate to minimize its impacts, in line with the recommendation of the competent authorities and in the best interests of all our stakeholders.

2.

PRINCIPAL ACCOUNTING POLICIES

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

2.1 BASIS OF PRESENTATION

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

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

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

Although these estimates are based on the best experience of the Board of Directors and their best expectations regarding current and future events and actions, current and future results may differ from these estimates. Areas that involve a greater degree of judgment or complexity, or areas where assumptions and estimates are significant are presented in Note 2.21.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.2 CONSOLIDATION PRINCIPLES

The consolidation methods adopted by Sonae MC are as follows:

A) INVESTMENTS IN CONTROLLED COMPANIES

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

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

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

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

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

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

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

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

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

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

B) INVESTMENTS IN THE JOINT VENTURES AND ASSOCIATES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

C) GOODWILL

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

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

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

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

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

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

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

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

D) TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES

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

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

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

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

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

2.3 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

The depreciation rates used correspond to the following estimated useful lives:

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

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

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

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

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

2.4 INTANGIBLE ASSETS

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

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

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

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

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

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

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

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

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

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

2.5 RIGHTS OF USE ASSETS AND LEASE LIABILITIES

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

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

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

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

A) RIGHTS OF USE OF ASSETS

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

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

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

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

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

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

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

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

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

B) LEASE LIABILITIES

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

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

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

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

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

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

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

C) PRACTICAL EXPEDIENT

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

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

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

- a) the change in the lease payments results in a revised consideration for the lease that is substantially equal to, or less than, the consideration immediately prior to the change;
- b) any reduction in lease payments only affects payments due on or before 30 June 2021; and
- c) there are no substantive changes to other terms and conditions of the lease.

D) THE ACCOUNTING TREATMENT OF SALE AND LEASEBACK OPERATIONS

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

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

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

2.6 LEASES FROM THE PERSPECTIVE OF THE LESSOR

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

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

2.7 NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

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

Regarding the classification of financial holdings as held for sale:

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

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

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

2.8 GOVERNMENT GRANTS AND OTHER PUBLIC ENTITIES

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

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

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

2.9 IMPAIRMENT OF NON-CURRENT ASSETS, EXCEPT FOR GOODWILL

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

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

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

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

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

2.10 FINANCIAL EXPENSES RELATING TO LOANS OBTAINED

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

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

2.11 INVENTORIES

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

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

2.12 PROVISIONS

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

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

2.13 FINANCIAL INSTRUMENTS

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

A) FINANCIAL ASSETS

Recognition

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

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

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

Financial assets may be classified in the following measurement categories:

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

Measurement

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

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

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

Impairment losses

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

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

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

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

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

Derecognition of financial assets

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

B) LOANS GRANTED

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

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

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

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

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

C) TRADE RECEIVABLES AND OTHER RECEIVABLES

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

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

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

D) CASH AND BANK BALANCE

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

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

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

E) CLASSIFICATION AS EQUITY OR LIABILITIES

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

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

F) FINANCIAL LIABILITIES

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

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

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

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

G) LOANS

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

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

H) TRADE PAYABLES AND OTHER PAYABLES

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

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

I) CONFIRMING

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

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

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

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

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

J) DERIVATIVES

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

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

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

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

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

consolidated income statement.

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

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

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

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

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

K) OWN SHARES

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

2.14 CONTINGENT ASSETS AND LIABILITIES

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

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

2.15 INCOME TAX AND OTHER TAXES

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

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

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

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

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

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

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

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

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

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

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

2.16 REVENUE

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

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

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

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

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

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

2.17 ACCRUAL BASIS

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

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

2.18 COMMERCIAL REVENUE

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

2.19 BALANCES AND TRANSACTIONS EXPRESSED IN FOREIGN CURRENCIES

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

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

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

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

2.20 SUBSEQUENT EVENTS

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

2.21 JUDGEMENTS AND ESTIMATES

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

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

- a) Useful lives of the property, plant and equipment, intangible assets and right of use assets (Notes 2.3, 2.4 and 2.5);
- b) Terms of right of use assets (Note 2.5)
- c) Impairment analysis of goodwill in investments in associated companies and jointly controlled entities and of property, plant and equipment and intangible assets (Note 9);
- d) Recognition of adjustments on assets, provisions and contingent liabilities (Notes 30 and 32);

- e) Determining the fair value of derivative financial instruments (Notes 2.13 j) and 24);
- f) Recoverability of deferred tax assets (Note 19);
- g) Valuation at fair value of assets, liabilities and contingent liabilities in business combination transactions;
- h) Impairment of financial assets (Note 30);
- i) Recognition of contract revenue;
- j) Financial assets at fair value through other comprehensive income or profit and loss (Notes 2.13 a) and 10);
- k) Entities included in the consolidation perimeter;
- l) Incremental interest rate on lease contracts (Notes 2.5 and 8);
- m) Tax on profits from the Group's various geographies (Notes 2.15, 19 and 40)

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

Terms of rights of use assets

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

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

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

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

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

Impairment of financial assets

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

Recognition of provisions and analysis of contingent liabilities

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

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

Recoverability of deferred tax assets

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

Tax impacts of applying IFRS 16

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

Recognition of contract revenue

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

Entities included in the consolidation perimeter

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

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

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

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

2.22 LEGAL RESERVES, OTHER RESERVES AND RETAINED EARNINGS

Legal reserves

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

Cash flow hedging reserve

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

Currency translation reserve

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

3.

FINANCIAL RISK MANAGEMENT

3.1 INTRODUCTION

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

3.2 CREDIT RISK

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

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

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

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

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

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

3.2.2 CREDIT RISK IN OPERATIONAL AND COMMERCIAL ACTIVITIES OF EACH BUSINESS

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

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

3.3 LIQUIDITY RISK

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

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

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

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

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

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

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

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

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

3.4 INTEREST RATE RISK

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

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

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

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

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

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

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

3.4.1 SENSITIVITY ANALYSIS

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

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

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

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

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

3.5 EXCHANGE RISK

3.5.1 POLICIES

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

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

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

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

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

currencies rather than euro.

3.5.2 EXPOSURE AND SENSITIVITY ANALYSES

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

	ASSETS		LIABILITIES	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
British Pound	3,411	18,655	30,797	162,607
US Dollar	5,825,898	4,055,543	30,797	19,293,058
Other Currencies	3,451	6,271	25	–

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

3.6 CAPITAL RISK

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

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

4. DISCONTINUED ACTIVITIES

As at 31 December 2020 discontinued activities include:

- Modelo Continente International Trade, SA has economic activities related to businesses not related to food retail, so these activities were considered to be discontinued in the consolidated income statement for the year ended 31 December 2020; and

- Some operations in the final phase of the liquidation process, which are being considered as discontinued operations, since 2018.

The discontinued activities can be analysed as follows:

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

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

5. FINANCIAL INSTRUMENTS BY CLASS

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

FINANCIAL ASSETS	NOTES	FINANCIAL ASSETS RECORDED AT AMORTIZED COST	ASSETS AT FAIR VALUE THROUGH THE OTHER COMPREHENSIVE INCOME	ASSETS AT FAIR VALUE THROUGH THE INCOME STATEMENT	OTHERS NON-FINANCIAL ASSETS	TOTAL
AS AT 31 DECEMBER 2020						
NON-CURRENT ASSETS						
Assets at fair value through results	11	-	-	15,583,705	-	15,583,705
Other non-current assets	12	9,035,366	-	-	-	9,035,366
		9,035,366	-	15,583,705	-	24,619,071
CURRENT ASSETS						
Trade receivables	14	55,372,877	-	-	-	55,372,877
Other receivables	15	64,726,308	-	-	3,437,443	68,163,751
Other investments	11	-	2,663,026	-	-	2,663,026
Cash and bank balances	20	194,423,583	-	-	-	194,423,583
		314,522,768	2,663,026	-	3,437,443	320,623,237
		323,558,134	2,663,026	15,583,705	3,437,443	345,242,308

FINANCIAL ASSETS	NOTES	FINANCIAL ASSETS RECORDED AT AMORTIZED COST	ASSETS AT FAIR VALUE THROUGH THE OTHER COMPREHENSIVE INCOME	ASSETS AT FAIR VALUE THROUGH THE INCOME STATEMENT	OTHERS NON-FINANCIAL ASSETS	TOTAL
AS AT 31 DECEMBER 2019						
NON-CURRENT ASSETS						
Assets at fair value through results	11	-	-	17,247,851	-	17,247,851
Other non-current assets	12	10,763,959	-	-	-	10,763,959
		10,763,959	-	17,247,851	-	28,011,810
CURRENT ASSETS						
Trade receivables	14	98,402,123	-	-	-	98,402,123
Other receivables	15	67,054,121	-	-	10,005,333	77,059,454
Other investments	11	-	394,309	-	-	394,309
Cash and bank balances	20	77,339,624	-	-	-	77,339,624
		242,795,868	394,309	-	10,005,333	253,195,510
		253,559,827	394,309	17,247,851	10,005,333	281,207,329

FINANCIAL LIABILITIES	NOTES	FINANCIAL LIABILITIES RECORDED AT AMORTIZED COST	LIABILITIES AT FAIR VALUE THROUGH THE OTHER COMPREHENSIVE INCOME	LIABILITIES AT FAIR VALUE THROUGH THE INCOME STATEMENT	OTHERS NON-FINANCIAL LIABILITIES	TOTAL
AS AT 31 DECEMBER 2020						
NON-CURRENT LIABILITIES						
Bank loans	23	333,973,644	-	-	-	333,973,644
Bonds	23	321,021,071	-	-	-	321,021,071
Other non-current liabilities	25	1,435,875	-	-	21,236,085	22,671,960
		656,430,590	-	-	21,236,085	677,666,675
CURRENT LIABILITIES						
Bank loans	23	3,840,276	-	-	-	3,840,276
Other loans	23 and 24	66,927	1,170,794	-	-	1,237,721
Trade payables	27	794,952,544	-	-	-	794,952,544
Other payables	28	85,785,832	-	-	-	85,785,832
		884,645,579	1,170,794	-	-	885,816,373
		1,541,076,169	1,170,794	-	21,236,085	1,563,483,048

FINANCIAL LIABILITIES	NOTES	FINANCIAL LIABILITIES RECORDED AT AMORTIZED COST	LIABILITIES AT FAIR VALUE THROUGH THE OTHER COMPREHENSIVE INCOME	LIABILITIES AT FAIR VALUE THROUGH THE INCOME STATEMENT	OTHERS NON-FINANCIAL LIABILITIES	TOTAL
AS AT 31 DECEMBER 2019						
NON-CURRENT LIABILITIES						
Bank loans	23	407,666,667	-	-	-	407,666,667
Bonds	23	252,163,176	-	-	-	252,163,176
Other non-current liabilities	25	1,823,388	-	-	20,895,680	22,719,068
		661,653,231	-	-	20,895,680	682,548,911
CURRENT LIABILITIES						
Bank loans	23	16,847,781	-	-	-	16,847,781
Bonds	23	2,996,380	-	-	-	2,996,380
Other loans	23 and 24	10,613	420,098	-	-	430,711
Trade payables	27	870,957,571	-	-	-	870,957,571
Other payables	28	76,568,322	-	-	-	76,568,322
		967,380,667	420,098	-	-	967,800,765
		1,629,033,898	420,098	-	20,895,680	1,650,349,676

FINANCIAL INSTRUMENTS RECOGNIZED AT FAIR VALUE

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

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

6. PROPERTY, PLANT AND EQUIPMENT

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

PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	PLANT AND MACHINERY	VEHICLES	FIXTURES AND FITTINGS	OTHER TANGIBLE ASSETS	TANGIBLE ASSETS IN PROGRESS	TOTAL PROPERTY, PLANT AND EQUIPMENT
GROSS ASSETS							
OPENING BALANCE AS AT 1 JANUARY 2019	1,087,557,293	1,202,871,926	22,794,601	110,268,308	38,707,301	28,629,315	2,490,828,744
Investment	10,377,739	8,288,321	90,036	4,300,907	801,034	182,927,738	206,785,775
Acquisitions of subsidiaries	5,740,925	20,906,921	568,225	15,839,145	4,032,337	1,868,398	48,955,951
Disposals	(22,131,483)	(51,518,401)	(909,679)	(11,068,401)	(2,389,444)	(2,798,229)	(90,815,637)
Exchange rate effect	-	-	-	(10,878)	-	-	(10,878)
Assets available for sale	(6,648,041)	(27,413,094)	(961,788)	-	-	-	(35,022,923)
Transfers	(248,390)	163,562,157	3,177,141	11,539,175	3,241,852	(185,324,860)	(4,052,925)
OPENING BALANCE AS AT 1 JANUARY 2020	1,074,648,043	1,316,697,830	24,758,536	130,868,256	44,393,080	25,302,362	2,616,668,107
Investment	12,183,546	7,199,372	154,448	3,000,046	535,915	159,057,778	182,131,105
Disposals	(10,556,011)	(31,970,366)	(478,493)	(11,534,071)	(916,688)	(3,017,111)	(58,472,740)
Exchange rate effect	-	-	-	(1,251)	-	-	(1,251)
Transfers	16,768,523	116,389,833	1,882,858	9,728,888	2,649,744	(148,996,074)	(1,576,228)
CLOSING BALANCE AS AT 31 DECEMBER 2020	1,093,044,101	1,408,316,669	26,317,349	132,061,868	46,662,051	32,346,955	2,738,748,993
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES							
OPENING BALANCE AS AT 1 JANUARY 2019	350,421,802	716,837,775	16,437,733	82,310,659	31,680,757	-	1,197,688,726
Depreciation of period	16,697,958	91,665,615	1,528,501	11,449,637	3,318,514	-	124,660,225
Impairment losses of the period (Note 30)	2,283,025	967,954	6,052	4,115	4,648	-	3,265,794
Acquisitions of subsidiaries	-	8,327,153	396,916	9,288,901	2,025,410	-	20,038,380
Disposals	(8,168,330)	(44,422,314)	(869,658)	(10,725,849)	(2,363,434)	-	(66,549,585)
Exchange rate effect	-	-	-	(8,943)	-	-	(8,943)
Depreciation of assets available for sale	(6,875,669)	(646,792)	-	-	-	-	(7,522,461)
Transfers	-	(826,729)	(12,148)	(319,484)	(26,939)	-	(1,185,300)
OPENING BALANCE AS AT 1 JANUARY 2020	354,358,786	771,902,662	17,487,396	91,999,036	34,638,956	-	1,270,386,836
Depreciation	16,201,025	95,325,493	1,672,006	12,071,527	3,469,910	-	128,739,961
Impairment losses of the period (Note 30)	1,859,002	2,478,424	6,456	46,892	13,787	-	4,404,561
Disposals	(729,861)	(27,502,438)	(446,991)	(11,193,343)	(886,387)	-	(40,759,020)
Exchange rate effect	-	-	-	(459)	-	-	(459)
Transfers	52,761	(66,203)	(148)	(63,164)	(354)	-	(77,108)
CLOSING BALANCE AS AT 31 DECEMBER 2020	371,741,713	842,137,938	18,718,719	92,860,489	37,235,912	-	1,362,694,771
CARRYING AMOUNT							
AS AT 31 DECEMBER 2019	720,289,257	544,795,168	7,271,140	38,869,220	9,754,124	25,302,362	1,346,281,271
AS AT 31 DECEMBER 2020	721,302,388	566,178,731	7,598,630	39,201,379	9,426,139	32,346,955	1,376,054,222

The investment includes the acquisition of assets of approximately 159 million euros (183 million euros in 2019), associated with the opening and remodelling of stores. Disposal in the years 2020 and 2019 can be analysed as follow:

	LAND AND BUILDINGS	PLANT AND MACHINERY	VEHICLES	FIXTURES AND FITTINGS	OTHER TANGIBLE ASSETS	TANGIBLE ASSETS IN PROGRESS	TOTAL PROPERTY, PLANT AND EQUIPMENT
GROSS ASSETS:							
Disposals	(1,329,218)	(30,328,872)	(478,493)	(11,534,071)	(879,916)	(3,017,111)	(47,567,681)
Sale and Leaseback	(9,226,793)	(1,641,494)	-	-	(36,772)	-	(10,905,059)
CLOSING BALANCE AS AT 31 DECEMBER 2020	(10,556,011)	(31,970,366)	(478,493)	(11,534,071)	(916,688)	(3,017,111)	(58,472,740)
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES:							
Disposals	(387,134)	(27,060,414)	(446,991)	(11,193,343)	(860,619)	-	(39,948,501)
Sale and Leaseback	(342,727)	(442,024)	-	-	(25,768)	-	(810,519)
CLOSING BALANCE AS AT 31 DECEMBER 2020	(729,861)	(27,502,438)	(446,991)	(11,193,343)	(886,387)	-	(40,759,020)
CARRYING AMOUNT							
Disposals	(942,084)	(3,268,458)	(31,502)	(340,728)	(19,297)	(3,017,111)	(7,619,180)
Sale and Leaseback	(8,884,066)	(1,199,470)	-	-	(11,004)	-	(10,094,540)

	LAND AND BUILDINGS	PLANT AND MACHINERY	VEHICLES	FIXTURES AND FITTINGS	OTHER TANGIBLE ASSETS	TANGIBLE ASSETS IN PROGRESS	TOTAL PROPERTY, PLANT AND EQUIPMENT
GROSS ASSETS:							
Disposals	(3,666,645)	(50,752,555)	(909,679)	(11,068,401)	(2,389,444)	(2,798,229)	(71,584,953)
Sale and Leaseback	(18,464,838)	(765,846)	-	-	-	-	(19,230,684)
CLOSING BALANCE AS AT 31 DECEMBER 2019	(22,131,483)	(51,518,401)	(909,679)	(11,068,401)	(2,389,444)	(2,798,229)	(90,815,637)
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES:							
Disposals	(1,628,027)	(43,968,415)	(869,658)	(10,725,849)	(2,363,434)	-	(59,555,384)
Sale and Leaseback	(6,540,303)	(453,899)	-	-	-	-	(6,994,201)
CLOSING BALANCE AS AT 31 DECEMBER 2019	(8,168,330)	(44,422,314)	(869,658)	(10,725,849)	(2,363,434)	-	(66,549,585)
CARRYING AMOUNT							
Disposals	(2,038,618)	(6,784,139)	(40,021)	(342,552)	(26,010)	(2,798,229)	(12,029,569)
Sale and Leaseback	(11,924,535)	(311,948)	-	-	-	-	(12,236,483)

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

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

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

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

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

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

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

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

7. INTANGIBLE ASSETS

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

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

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

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

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

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

8. RIGHT-OF-USE ASSETS

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

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

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

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

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

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

9. GOODWILL

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

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

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

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

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

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

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

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

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

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

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

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

10. JOINT VENTURES AND ASSOCIATED COMPANIES

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

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

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

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

1) Associate in liquidation process.

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

10.2 FINANCIAL INDICATORS OF PARTICIPATIONS

JOINT VENTURES

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

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

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

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

JOINT VENTURES	31 DEC 2020	
	SOHI MEAT	MAREMOR
Total revenue	288,963,145	484,000
Other income	3,959,530	-
	292,922,675	484,000
Cost of goods sold and materials consumed	(259,946,803)	-
External supplies and services	(12,981,500)	-
Depreciation and amortisation	(5,164,583)	(1,170)
Other operating costs	(12,622,703)	(445,975)
	(290,715,589)	(447,145)
Financial results	(532,180)	-
Income taxation	(378,873)	-
CONSOLIDATED NET INCOME/(LOSS) FOR THE YEAR	1,296,033	36,855

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

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

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

ASSOCIATES

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

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

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

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

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

10.3 MOVEMENTS OCCURED IN THE PERIOD

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

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

11.

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

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

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

As at 31 December 2020 the caption "Other investments" related to "Assets at fair value through profit and loss", includes 7,282,500 euros (9,823,569 euros in 31 December 2019), related to deposited amounts on an Escrow Account which is applied in investment funds with superior rating, which is a guarantee for contractual liabilities assumed in the disposal of a Brazil Retail business and for which provisions were recorded in the applicable situations (Note 30 and 32).

As at 31 December 2020, with the exception of the Escrow Account, the remaining investments correspond to interests in unlisted companies and in which the Group has no significant influence, being measured at fair value through profit or loss in accordance with IFRS 9.

As at 31 December 2020 and 2019, the movements in "Other investments" made up as follows:

	31 DEC 2020		31 DEC 2019	
	NON CURRENT	CURRENT	NON CURRENT	CURRENT
ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS				
Opening balance as at 1 January	17,247,851	-	16,589,032	-
Acquisitions in the period	1,751,575	-	1,215,982	-
Disposals in the period	(3,415,467)	-	(569,259)	-
Others	(254)	-	12,096	-
CLOSING BALANCE AS AT 31 DECEMBER	15,583,705	-	17,247,851	-
DERIVATIVE FINANCIAL INSTRUMENTS				
Fair value as at 1 January	-	394,309	-	1,231,414
Increase/(Decrease) in fair value	-	2,268,717	-	(837,105)
FAIR VALUE AS AT 31 DECEMBER (NOTE 24)	-	2,663,026	-	394,309
TOTAL OF OTHER INVESTMENTS (NOTE 5)	15,583,705	2,663,026	17,247,851	394,309

12. OTHER NON-CURRENT ASSETS

As at 31 December 2020 and 2019, "Other non-current assets" are detailed as follows:

	31 DEC 2020	31 DEC 2019
OTHER RECEIVABLES		
Cautions	1,457,128	1,395,743
Sublease receivables	4,687,169	5,171,605
Legal deposits	2,436,445	3,446,508
Amount receivable for selling subsidiary companies	400,000	400,000
Others	54,624	350,103
	9,035,366	10,763,959
Accumulated impairment losses in other debtors	-	-
TOTAL TRADE ACCOUNTS RECEIVABLE AND OTHER DEBTORS	9,035,366	10,763,959
TOTAL FINANCIAL INSTRUMENTS (NOTE 5)	9,035,366	10,763,959
Other non-current assets	-	-
	9,035,366	10,763,959

The amounts related to judicial deposits made by a Brazilian subsidiary, for which the related liabilities are recorded under the heading "Other payables", these values do not have a defined maturity.

13. INVENTORIES

As at 31 December 2020 and 2019, this caption was made up as follows:

	31 DEC 2020	31 DEC 2019
Raw materials and consumables	731,629	462,203
Goods for resale	407,063,711	421,598,557
	407,795,340	422,060,760
Accumulated adjustments in inventories	(11,896,744)	(14,629,721)
	395,898,596	407,431,039

Cost of goods sold as at 31 December 2020 and 2019 amounted to 3,619,907,407 euros and 3,288,062,137 euros, respectively, and may be detailed as follows:

	31 DEC 2020	31 DEC 2019
Opening balance	422,060,759	413,174,736
Exchange rate effect	-	(127)
Acquisitions of subsidiaries	-	24,825,606
Purchases	3,622,561,357	3,283,724,184
Adjustments	(14,186,392)	(9,479,952)
Closing balance	407,795,340	422,060,759
	3,622,640,384	3,290,183,688
Adjustments in inventories	(2,732,977)	(2,121,551)
	3,619,907,407	3,288,062,137

As at 31 December 2020 and 2019, the caption "Adjustments" refers essentially to regularizations resulting from offers to social solidarity institutions.

14. TRADE RECEIVABLES

As at 31 December 2020 and 2019, "Trade receivables" are detailed as follows:

	31 DEC 2020	31 DEC 2019
Trade accounts receivable	55,372,877	98,407,591
Doubtful receivables	3,877,529	3,151,821
	59,250,406	101,559,412
Accumulated impairment losses on Trade accounts receivable (Note 30)	(3,877,529)	(3,157,289)
	55,372,877	98,402,123

The caption "Current customers" includes 21,340,560 euros (69,762,725 euros as at 31 December 2019), on wholesale sales to related companies.

	31 DEC 2020			31 DEC 2019	
	EXPECTED CREDIT LOSS RATE	TRADE RECEIVABLES	ACCUMULATED IMPAIRMENT LOSSES ON TRADE ACCOUNTS RECEIVABLE	TRADE RECEIVABLES	ACCUMULATED IMPAIRMENT LOSSES ON TRADE ACCOUNTS RECEIVABLE
NOT DUE	0% - 0.44%	29,935,304	-	88,093,186	-
DUE BUT NOT IMPAIRED					
0 - 30 days	0% - 0.64%	18,245,748	3,504,671	5,204,352	33,019
30 - 60 days	0% - 2.44%	5,006,836	-	4,765,585	38,517
90 - 180 days	0% - 10.59%	2,748,334	-	756,618	510,658
180 - 360 days	0% - 35.21%	755,151	1,766	487,229	330,589
+ 360 days	0% - 100%	2,559,033	371,092	2,252,442	2,244,506
TOTAL		29,315,102	3,877,529	13,466,226	3,157,289
		59,250,406	3,877,529	101,559,412	3,157,289

At 31 December 2020, impairment losses are calculated based on the expected credit loss, the calculation of which results from the application of expected losses based on receipts from sales and services rendered and from historical credit losses. We also consider that there are amounts for which there is no credit risk and as such the expected credit loss is null, namely balances with letters of credit, sureties, credit insurance and balances with related entities. Current balances approximate their fair value.

15. OTHER RECEIVABLES

As at 31 December 2020 and 2019, Other receivables are detailed as follows:

	31 DEC 2020	31 DEC 2019
GRANTED LOANS AND OTHER RECEIVABLES TO RELATED COMPANIES	254,070	13,564
OTHER DEBTORS		
Trade creditors - debtor balances	37,366,558	38,064,859
Vouchers and gift cards	7,141,509	10,009,887
Accounts receivable resulting from promotional campaigns developed with partnerships	7,568,228	7,147,774
Disposal of intangible assets	–	6,987,272
Disposal of financial investments	400,000	500,000
Disposal of property, plant and equipment	126,563	383,139
Other current assets	14,802,965	7,804,561
	67,405,823	70,897,492
Accumulated impairment losses in receivables (Note 30)	(2,933,585)	(3,856,935)
TOTAL OF OTHER DEBTORS	64,472,238	67,040,557
TOTAL OF FINANCIAL INSTRUMENTS (NOTE 5)	64,726,308	67,054,121
VAT recoverable on real estate assets and vouchers discounts	2,469,475	5,160,490
Advances to suppliers of property, plant and equipment	967,968	4,844,843
OTHER CURRENT ASSETS	3,437,443	10,005,333
	68,163,751	77,059,454

The amounts disclosed as "Trade payables – debtor balances" relate with commercial discounts billed to suppliers, to be net settled with future purchases.

At 31 December 2020 impairment losses relating to other receivables are calculated based on the expected credit loss based on the non-existence of credit risk for balances with public sector entities, sureties, subsidies and related entities and as such the expected loss is considered null. Current balances approximate their fair value.

16. OTHER TAX ASSETS AND LIABILITIES

As at 31 December 2020 and 2019, "Other tax assets" and "Other tax liabilities" are made up as follows:

	31 DEC 2020	31 DEC 2019
DEBTORS VALUES		
VAT	22,611,814	24,222,476
Social security contributions	3,028	73,658
Other taxes	749,133	1,050,696
	23,363,975	25,346,830
CREDITORS VALUES		
VAT	55,482,988	58,115,130
Staff income taxes withheld	3,677,916	3,470,003
Social security contributions	11,286,524	11,580,102
Other taxes	103,822	180,863
	70,551,250	73,346,098

17. INCOME TAX

As at 31 December 2020 and 2019, "Income tax assets" and "Income tax liabilities" are made up as follows:

	31 DEC 2020	31 DEC 2019
DEBTORS VALUES		
Income taxation with participating entity	21,308,058	36,028,338
Income taxation	9,762,211	7,093,615
	31,070,269	43,121,953
CREDITORS VALUES		
Income taxation with participating entity	44,614,905	46,966,814
Income taxation	5,052,902	3,233,583
	49,667,807	50,200,397

As at 31 December 2020, the amounts in the credit amounts under the caption "Income tax with a participating entity" included about 44.6 million euros (46.9 million euros as at 31 December 2019) amount payable to Sonae SGPS, SA resulting from the inclusion of the companies of the Sonae MC group in the tax consolidation, of which Sonae SGPS, SA is the parent company.

The non-current "Income tax" item in the amount of 4.49 million euros, includes the amount related to the Special Regime for the Settlement of Debts to the Tax Authorities corresponding to taxes paid, voluntarily, related to tax assessments on corporate income (IRC) that were already in court, the court proceedings continued to proceed, however, the guarantees provided for those proceedings were cancelled. It is the understanding of the Board of Directors that the complaints presented will have a favourable outcome for Sonae MC, reason why they are not provisioned.

18. OTHER CURRENT ASSETS

As at 31 December 2020 and 2019, "Other current assets" is made up as follows:

	31 DEC 2020	31 DEC 2019
Commercial discounts	15,865,221	12,953,800
Insurance premiums paid in advance	2,555,508	2,437,740
Software licenses	3,157,752	2,597,754
Deferred costs - Rents	813,085	868,931
Interests to be received	381,408	302,773
Insurance indemnities	–	408,281
Other current assets	13,811,955	11,135,152
	36,584,929	30,704,431

The caption "Commercial discounts" refers to promotional campaigns carried out in the retail operating segment stores and reimbursed by Sonae MC suppliers and recognized under "Cost of sales".

19.

DEFERRED TAXES

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

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Difference between fair value and acquisition cost	3,922,217	4,310,278	18,912,605	18,877,011
Temporary differences on property, plant and equipment and intangible assets	7,354	8,113	82,654,776	77,467,323
Provisions and impairment losses not accepted for tax purposes	11,688,111	11,816,298	-	-
Valuation of hedging derivatives	196,852	107,507	38,128	67,639
Amortisation of goodwill for tax purposes in Spain	-	-	33,736,644	27,919,963
Revaluation of property, plant and equipment	-	-	593,714	683,776
Tax losses carried forward	9,018,676	6,664,266	-	-
Reinvested capital gains/(losses)	-	-	128,705	252,746
Rights of use	246,409,201	227,885,185	220,424,725	205,257,299
Tax Benefits	1,064,891	3,311,517	-	-
Others	1,604,270	2,125,718	1,914	4,915
	273,911,572	256,228,882	356,491,211	330,530,672

During the periods ended 31 December 2020 and 2019, movements in deferred tax assets and liabilities are as follows:

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
OPENING BALANCE	256,228,882	224,280,905	330,530,672	271,082,478
EFFECTS IN NET INCOME:				
Difference between fair value and acquisition cost	(388,061)	412,499	35,594	213,087
Temporary differences on property, plant and equipment and intangible assets	(759)	(754)	5,187,453	9,217,803
Provisions and impairment losses not accepted for tax purposes	(128,187)	(364,047)	-	-
Revaluation of tangible assets	-	-	(90,062)	(61,491)
Constitution / reversal of deferred tax assets over tax losses	2,351,567	(249,305)	-	-
Amortisation of goodwill for tax purposes in Spain	-	-	5,816,680	5,816,680
Reinvested capital gains/(losses)	-	-	(124,041)	(24,271)
Effect of change of tax rate	-	(42)	-	(93,133)
Rights of use	18,512,241	34,062,949	15,167,425	29,091,669
Tax Benefits	(2,246,626)	1,341,272	-	-
Others	(697,976)	461,238	-	-
	17,402,199	35,663,810	25,993,049	44,160,344
EFFECTS IN EQUITY:				
Valuation of hedging derivatives	89,345	62,196	(29,510)	(18,003)
Rights of use	-	566,922	-	642,817
Fair value allocation on the acquisition of subsidiaries (including tax losses carried forward) (Note 4)	-	-	-	14,600,000
Others	-	(4,588,898)	(3,000)	(3,000)
	89,345	(3,959,780)	(32,510)	15,221,814
Others	191,146	243,947	-	66,036
CLOSING BALANCE	273,911,572	256,228,882	356,491,211	330,530,672

As at 31 December 2020, the tax rate to be used in Portuguese companies, for the calculation of the deferred tax assets relating to tax losses is 21%. The tax rate to be used to calculate deferred taxes in temporary differences in Portuguese companies is 22.5% increased by the state surcharge in companies in which the expected reversal of those deferred taxes will occur when those rates will be applicable. For companies or branches located in other countries, rates applicable in each jurisdiction were used.

In 2016 and in a new decision occurred in 2018, the Spanish Supreme Court decided in favour of Sonae MC considering that goodwill amortization for tax purposes in 2008 was applicable. During 2017, the Group recognized 17.5 million euro in deferred tax liabilities related to the tax deduction of the amortization of the years 2008, 2016, 2017 and in 2018, 2019 and 2020 the recognition of 5.8 million euros.

Taking into account the tax proceedings pending before the court in Spain for the financial years 2008 to 2011, as well as for the fact that the Group was prevented from recognizing the tax depreciation of goodwill for the financial years 2012 to 2015, the right of the entity to deduct tax depreciation of goodwill amounting to 69.8 million euros might be given in the future.

As at 31 December 2020 and 2019, and in accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

		31 DEC 2020			31 DEC 2019		
		TAX LOSSES CARRIED FORWARD	DEFERRED TAX ASSETS	TIME LIMIT	TAX LOSSES CARRIED FORWARD	DEFERRED TAX ASSETS	TIME LIMIT
WITH LIMITED TIME USE							
Generated in 2014	Portugal	18,326	3,849	2028	130,539	27,413	2026
Generated in 2015	Portugal	69,903	14,679	2029	111,086	23,328	2027
Generated in 2016	Portugal	243,591	51,154	2030	877,197	184,211	2028
Generated in 2017	Portugal	335,279	70,409	2024	105,297	22,112	2022
Generated in 2018	Portugal	253,562	53,248	2025	452,749	95,077	2023
Generated in 2019	Portugal	-	-	2026	625,559	131,369	2024
Generated in 2020	Portugal	1,858,810	390,350	2032	-	-	2025
		2,779,471	583,689		2,302,427	483,510	
WITHOUT LIMITED TIME USE							
	Spain	33,739,949	8,434,987		24,723,024	6,180,756	
TOTAL		36,519,420	9,018,676		27,025,451	6,664,266	

As at 31 December 2020 and 2019, the deferred taxes to be recognized arising from tax losses were evaluated. In the cases in which they originated deferred tax assets, they were only recorded to the extent that it is probable that future taxable income will occur that could be used to recover the tax losses or tax differences that reverted in the same period and considering the limit of compensation existing by law in the applicable cases. This assessment was based on the business plans of Sonae MC companies, which are periodically reviewed and updated.

As at 31 December 2020, the Group had an amount of 8.4 million euros (6.2 million euro as at 31 December 2019) of deferred tax assets related to tax losses for this and previous years of the Spanish Tax Group and which can be recovered by it in Spain. The Modelo Continente Hipermercados, SA branch in Spain was, on 31 December 2020 and 2019, the representative entity of the Tax Group in Spain, whose dominant entity is Sonae SGPS, S.A.

The recoverability of the above mentioned deferred tax assets, regarding Sonae operations in Spain is supported by the analysis of the recoverable amount of the cash-generating units for the specialized retail formats in Spain based on their value in use, obtained from business plans with a 10-year projection period, assuming it is the most realistic and appropriate deadline for the implementation of the strategy of internationalization of Sonae in the specialized retail segment, taking into consideration not only the nature of the products in question (more discretionary character) but also the current macro-economic conditions.

Main assumptions used in the business plans of the retail companies and other companies in Spain, included in consolidation, are essentially based on a compound growth rate of 2.1% over a 10-year period (4.8% in 2019).

Although these tax losses do not expire, the analysis of their recoverability was limited to a 10 years term, also considering the deferred tax liabilities recognized.

It is the Board of Directors understanding, considering the existing business plans for each of the companies, that such deferred tax assets are fully recoverable, including those which were reversed in previous years likely to be recoverable in a longer period than the 10 years of the business plan.

		31 DEC 2020			31 DEC 2019		
		TAX LOSSES CARRIED FORWARD	DEFERRED TAX ASSETS	TIME LIMIT	TAX LOSSES CARRIED FORWARD	DEFERRED TAX ASSETS	TIME LIMIT
WITH LIMITED TIME USE							
Generated in 2014	Portugal	112,213	23,565	2028	-	-	2018
Generated in 2015	Portugal	41,183	8,648	2029	-	-	2026
Generated in 2016	Portugal	633,610	133,058	2030	-	-	2027
Generated in 2017	Portugal	1,278,464	268,477	2024	1,199,079	251,807	2024
Generated in 2018	Portugal	1,429,325	300,158	2025	1,074,456	225,636	2025
Generated in 2019	Portugal	2,681,355	563,085	2026	2,392,392	502,402	2026
Generated in 2020	Portugal	460,178	96,637	2032	-	-	2032
		6,636,328	1,393,629		4,665,927	979,845	
WITHOUT LIMITED TIME USE							
	Brazil	15,013,794	5,104,690		18,853,767	6,410,281	
	Spain	62,754,178	15,688,545		51,952,463	12,988,116	
		77,767,972	20,793,235		70,806,230	19,398,397	
TOTAL		84,404,300	22,186,864		75,472,157	20,378,242	

In 2010 and 2011, Spanish Tax authorities notified Modelo Continente S.A. Spanish Branch of a decrease in 2008 and 2009 tax losses incurred, amounting to approximately 23.3 million euro, challenging the deduction of Goodwill depreciation, generated on the acquisition of Continente Hipermercados for each of the mentioned years. That branch appealed to the proper Spanish Authorities (Tribunal Economico Administrativo Central de Madrid) in 2010 and 2011 respectively, and it is the Board of Directors understanding that the decision will be favourable to the Group, thus maintaining the recognition of deferred tax assets and deferred tax liabilities. In 2012 the Company interposed appeal to the National Court in Spain ("Audiencia Nacional España"), due to a decision opposite to the claims and estimates of the Company, by the Economic and Administrative Central Court of Madrid, for the notification for fiscal year of 2008. The same procedure was adopted in 2014 for the notification corresponding to the financial year 2009.

In 2014 following an additional inspection for fiscal years 2008 to 2011, Spanish Tax authorities corrected tax losses carried forward regarding goodwill depreciation and financial expenses that resulted from the acquisition of Continente Hipermercados S.A. Although in complete disagreement, Sonae carried out the tax returns correction and appealed, to the proper Spanish Authorities (Central Administrative Economic Court Spain). Tax reports for 2012 to 2015 were corrected. During 2018, as a result of the unfavourable decision of the Central Economic-Administrative Court of Madrid, an appeal was lodged against the National Audience in Spain.

As at 31 December 2020, there are reportable tax losses in the amount of 84.4 million euros (75.5 million euros as at 31 December 2019), whose deferred tax assets are not recorded for prudence purposes.

In 2015 and 2016, the decision of the National Court in Spain regarding the reduction of tax losses arising from the tax depreciation of goodwill in the years ended at 31 December 2008 and 2009 respectively was contrary to the Group's claims, and despite the Branch appealing to the Supreme Court, the Group prudently annulled deferred tax assets from 2008 to 2011, recognized in the accompanying financial statements, amounting to 36 million euros, and the deferred tax liabilities corresponding to the amortization of goodwill for tax purposes amounting to 18.6 million euros.

In 2016 and in a new decision in 2018, the Supreme Court gave a positive opinion to the Group's pretensions regarding tax amortization of Goodwill, with reference to 2008, and the Group corrected the tax return for 2016, and it is its intention to also consider such amortization in the tax return for the next years. Consequently, it recognized the corresponding deferred tax liability for fiscal years 2008, 2016, 2017, 2018, 2019 and 2020.

20. CASH AND CASH EQUIVALENTS

As at 31 December 2020 and 2019, Cash and cash equivalents are as follows:

	31 DEC 2020	31 DEC 2019
Cash at hand	10,381,745	10,793,121
Bank deposits	184,026,501	66,534,344
Treasury applications	15,337	12,159
CASH AND BANK BALANCES ON THE STATEMENT OF FINANCIAL POSITION (NOTE 5)	194,423,583	77,339,624
Bank overdrafts (Note 23)	(142,765)	(13,956)
CASH AND BANK BALANCES IN THE STATEMENT OF CASH FLOWS	194,280,818	77,325,668

Bank overdrafts include current account credit balances with financial institutions and are disclosed in the statement of financial position under "Loans".

21. CAPITAL

As at 31 December 2020, the share capital, which is fully subscribed and paid for, is made up of 1,000,000,000 ordinary shares, which do not have the right to a fixed dividend, with a nominal value of 1 euro each.

As at 31 December 2020 and 2019, the subscribed share capital was held as follows:

COMPANY	31 DEC 2020	31 DEC 2019
Sonae, SGPS, S.A.	35.029%	35.029%
Sonae Holdings, SA 1)	51.827%	51.827%
Sonae Investments, BV	13.144%	13.144%

1) Former Sonaecenter Serviços, SA

As at 31 December 2020 Efanor Investimentos, SGPS, SA and its subsidiaries held 52.85% of the shares representing the share capital of Sonae, SGPS, SA, which in turn, hold 100% of the remaining entities that hold the capital of Sonae MC.

22. NON-CONTROLLING INTERESTS

As at 31 December 2020 and 2019, "Non-controlling interests" are detailed as follows:

	31 DEC 2020				
	EQUITY	NET PROFIT/ (LOSS)	BOOK VALUE OF NON-CONTROLLING INTERESTS	PROPORTION IN INCOME ATTRIBUTABLE TO NON CONTROLLING INTERESTS	DIVIDENDS/ INCOME RECEIVED
Elergone	15,083,310	4,285,609	3,719,181	1,071,402	-
Gowell	(1,702,146)	(1,633,134)	-	(724,629)	-
Arenal	70,926,515	110,507	28,386,237	51,574	-
Tomenider	46,268,018	(301,055)	(6,478,973)	(120,422)	-
Real Estate Investment Fund Imosonaedois	100,500,105	9,622,542	2,011,749	(48,173)	-
Maxmat	44,496,926	8,995,424	22,325,286	4,854,545	(5,224,091)
Others	(14,398,680)	(4,108,388)	(8)	(20)	-
TOTAL	261,174,048	16,971,505	49,963,472	5,084,277	(5,224,091)

	31 DEC 2019				
	EQUITY	NET PROFIT/ (LOSS)	BOOK VALUE OF NON-CONTROLLING INTERESTS	PROPORTION IN INCOME ATTRIBUTABLE TO NON CONTROLLING INTERESTS	DIVIDENDS/ INCOME RECEIVED
Elergone	7,322,427	3,297,256	1,778,960	824,314	-
Gowell	(36,475)	20,970	3,625,450	10,275	-
Arenal	117,389,031	3,821,487	21,977,691	1,534,963	-
Real Estate Investment Fund Imosonaedois	112,077,554	8,891,900	2,243,500	(71,026)	-
Maxmat	50,099,237	5,884,316	25,109,815	3,293,611	(2,027,573)
Others	(15,032,254)	(1,902,493)	(67)	(7)	-
TOTAL	271,819,520	20,013,436	54,735,349	5,592,130	(2,027,573)

Movements in non-controlling interests during the periods ended as at 31 December 2020 and 2019 are as follows:

	31 DEC 2020						
	ELERGONE	GOWELL	ARENAL	IMOSONAEDOIS*	MAXMAT	OTHERS	TOTAL
OPENING BALANCE AS AT 1 JANUARY	1,778,960	3,625,450	21,977,691	2,243,500	25,109,815	(67)	54,735,349
Dividends distributed	-	-	-	-	(5,224,091)	-	(5,224,091)
Income distribution from investment funds	-	-	-	(424,368)	-	-	(424,368)
Acquisition of the remaining 49% capital	-	(2,900,821)	-	-	-	-	(2,900,821)
Changes in hedging reserves	869,853	-	-	-	(74,776)	-	795,077
Decrease of capital	-	-	-	-	(2,000,000)	-	(2,000,000)
Others variations	(1,034)	-	(1,579)	240,790	(340,207)	79	(101,951)
Profit for the period attributable to non-controlling interests	1,071,402	(724,629)	(68,848)	(48,173)	4,854,545	(20)	5,084,277
CLOSING BALANCE AS AT 31 DECEMBER	3,719,181	-	21,907,264	2,011,749	22,325,286	(8)	49,963,472

	31 DEC 2019						
	ELERGONE	GOWELL	ARENAL	IMOSONAEDOIS*	MAXMAT	OTHERS	TOTAL
OPENING BALANCE AS AT 1 JANUARY	1,023,963	3,520,072	-	2,301,712	24,300,216	(7)	31,145,956
Effect of Restatement	(11,811)	(352,130)	-	509,203	(2,282,860)	1	(2,137,597)
OPENING BALANCE AS AT 1 JANUARY 2019 RESTATED	1,012,152	3,167,942	-	2,810,915	22,017,356	(6)	29,008,359
Dividends distributed	-	-	-	-	(2,027,573)	-	(2,027,573)
Income distribution from investment funds	-	-	-	(236,205)	-	-	(236,205)
Acquisition of subsidiaries	-	-	20,442,727	-	-	-	20,442,727
Capital inflow	-	127,506	-	-	-	-	127,506
Interest in other comprehensive income, net of tax, related to associates and joint ventures accounted for under the equity method	-	-	1,892	-	-	-	1,892
Changes in hedging reserves	(69,316)	-	-	-	(528)	-	(69,844)
Other variations	11,810	319,727	(1,891)	(260,184)	1,826,949	(54)	1,896,357
Profit for the period attributable to non-controlling interests	824,314	10,275	1,534,963	(71,026)	3,293,611	(7)	5,592,130
CLOSING BALANCE AS AT 31 DECEMBER	1,778,960	3,625,450	21,977,691	2,243,500	25,109,815	(67)	54,735,349

As at 31 December 2020 and 2019, the aggregate financial information of subsidiaries with non-controlling interests is as follows:

	31 DEC 2020						
	ELERGONE	GOWELL	ARENAL	IMOSONAEDOIS*	MAXMAT	OTHERS	TOTAL
Total Non-Current Assets	167,827	2,139,793	222,917,926	98,207,021	37,588,496	9,867,756	370,888,819
Total Current Assets	24,220,916	1,523,006	46,827,881	5,711,182	45,859,781	1,123,917	125,266,683
Total Non-Current Liabilities	(40,687)	1,826,824	110,044,199	-	4,895,302	25,346,949	142,072,587
Total Current Liabilities	9,346,120	3,538,121	42,507,075	3,418,098	34,056,049	43,404	92,908,867
EQUITY	15,083,310	(1,702,146)	117,194,533	100,500,105	44,496,926	(14,398,680)	261,174,048

	31 DEC 2019						
	ELERGONE	GOWELL	ARENAL	IMOSONAEDOIS*	MAXMAT	OTHERS	TOTAL
Total Non-Current Assets	307,650	2,319,998	215,799,461	114,149,781	38,594,645	13,465,355	384,636,890
Total Current Assets	13,515,303	2,536,915	46,744,817	124,443	46,309,176	1,111,750	110,342,404
Total Non-Current Liabilities	29,865	1,210,456	106,153,727	-	6,199,838	26,437,543	140,031,429
Total Current Liabilities	6,470,661	3,682,932	39,001,520	2,196,670	28,604,746	3,171,816	83,128,345
EQUITY	7,322,427	(36,475)	117,389,031	112,077,554	50,099,237	(15,032,254)	271,819,520

	31 DEC 2020						
	ELERGONE	GOWELL	ARENAL	IMOSONAEDOIS*	MAXMAT	OTHERS	TOTAL
Turnover	68,472,190	5,504,086	119,060,555	12,154,028	115,647,786	-	320,838,645
Other operating income	86,724	959,845	5,062,035	1,814,139	2,094,372	-	10,017,115
Operational expenses	(63,034,052)	(8,419,612)	(119,500,056)	(3,938,303)	(105,162,590)	(987,889)	(301,042,502)
Net financial expenses	11,687	(53,736)	(4,757,874)	(19,261)	(519,326)	(3,120,499)	(8,459,009)
Income or expense relating to investment	-	(133)	-	-	-	-	(13)
Income tax expense	(1,250,940)	376,416	(55,208)	(388,061)	(3,064,818)	-	(4,382,611)
PROFIT/(LOSS) AFTER TAXATION	4,285,609	(1,633,134)	(190,548)	9,622,542	8,995,424	(4,108,388)	16,971,505
Other comprehensive income for the period	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,285,609	(1,633,134)	(190,548)	9,622,542	8,995,424	(4,108,388)	16,971,505

	31 DEC 2019						
	ELERGONE	GOWELL	ARENAL	IMOSONAEDOIS*	MAXMAT	OTHERS	TOTAL
Turnover	63,395,559	14,157,451	129,157,322	12,520,170	95,132,050	-	314,362,552
Other operating income	349,064	274,294	2,978,005	16	1,707,831	19	5,309,229
Operational expenses	(59,482,274)	(14,297,018)	(122,646,929)	(4,023,409)	(88,552,141)	(615,243)	(289,617,014)
Net financial expenses	(3,395)	(65,080)	(4,394,601)	(17,376)	(526,972)	(1,287,269)	(6,294,693)
Income or expense relating to investments	-	(465)	-	-	-	-	(465)
Income tax expense	(961,698)	(48,212)	(1,272,310)	412,499	(1,876,452)	-	(3,746,173)
Profit/(Loss) after taxation	3,297,256	20,970	3,821,487	8,891,900	5,884,316	(1,902,493)	20,013,436
Other comprehensive income for the period	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,297,256	20,970	3,821,487	8,891,900	5,884,316	(1,902,493)	20,013,436

* Real Estate Investment Fund Imosonaedois

23.

LOANS

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

	31 DEC 2020		31 DEC 2019	
	OUTSTANDING AMOUNT		OUTSTANDING AMOUNT	
	CURRENT	NON CURRENT	CURRENT	NON CURRENT
BANK LOANS				
Sonae MC, SGPS, S.A. - commercial paper	-	140,000,000	13,500,000	266,000,000
Subsidiary of Sonae MC 2014/2023	-	50,000,000	-	50,000,000
Subsidiary of Sonae MC 2015/2023	-	20,000,000	-	20,000,000
Subsidiary of Sonae MC 2017/2025	3,333,333	13,333,333	3,333,333	16,666,667
Sonae MC 2018/2031	-	55,000,000	-	55,000,000
Subsidiary of Sonae MC / 2020/2025	-	55,000,000	-	-
Others	364,178	1,087,500	492	-
	3,697,511	334,420,833	16,833,825	407,666,667
Bank overdrafts (Note 20)	142,765	-	13,956	-
Up-front fees beard with the issuance of borrowings	-	(447,189)	-	-
BANK LOANS	3,840,276	333,973,644	333,973,644	407,666,667
BONDS				
1) and 2) Bonds Sonae MC / December 2015/2024	-	50,000,000	-	50,000,000
1) Bonds Sonae MC / May 2015/2022	-	75,000,000	-	75,000,000
1) and 2) Bonds Sonae MC / December 2019/2024	-	30,000,000	-	30,000,000
1) Bonds Sonae MC / June 2016/2021	-	-	-	95,000,000
1) Bonds Sonae MC / September 2016/2021	-	-	3,000,000	3,000,000
1) Bonds Sonae MC / April 2020/2027	-	95,000,000	-	-
Bonds Sonae MC / July 2020/2025	-	50,000,000	-	-
Bonds Sonae MC / July 2020/2025	-	22,500,000	-	-
Up-front fees beard with the issuance of borrowings	-	(1,478,929)	(3,620)	(836,824)
BONDS	-	321,021,071	2,996,380	252,163,176
Other loans	66,927	-	-	-
Obligations under finance leases	-	-	10,613	956
Derivative (Note 24)	1,170,794	-	420,098	-
OTHER LOANS	1,237,721	-	430,711	956
	5,077,997	654,994,715	20,274,872	659,830,799

1) Formerly called Sonae Investimentos, SGPS;
2) Bond maturity extended to 2024.

Bonds and bank loans bear an average interest rate of 1.13% as at 31 December 2020 (1.20% as at 31 December 2019). Most of the bonds and bank loans have variable interest rates indexed to Euribor.

It is estimated that the book value of all loans does not differ significantly from its fair value, determined based on discounted cash flows methodology.

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

	31 DEC 2020		31 DEC 2019	
	CAPITAL	INTERESTS	CAPITAL	INTERESTS
N+1	3,907,204	7,281,905	19,858,394	6,350,719
N+2	189,420,833	6,822,483	251,334,289	5,043,919
N+3	99,444,444	5,449,975	138,333,333	3,296,450
N+4	99,444,444	4,325,124	115,444,444	2,433,442
N+5	155,944,444	2,808,276	109,444,444	1,530,870
After N+5	112,666,668	2,818,281	46,111,111	2,150,579
	660,828,037	29,506,044	680,526,017	20,805,979

The maturities above were estimated in accordance with the contractual terms of the loans and considering Sonae MC's best estimated regarding their reimbursement date.

As at 31 December 2020 and 2019, Sonae MC had as detailed in Note 20, "Cash and bank balance equivalents" in the amount of 194,280,818 euros (77,325,668 euros as at 31 December 2019) and available credit lines as follows:

As at 31 December 2020 there are financial covenants included in borrowing agreements at market conditions, and which at the date of this report are in regular compliance.

	31 DEC 2020		31 DEC 2019	
	COMMITMENTS OF LESS THAN ONE YEAR	COMMITMENTS OF MORE THAN ONE YEAR	COMMITMENTS OF LESS THAN ONE YEAR	COMMITMENTS OF MORE THAN ONE YEAR
Unused credit facilities (Note 3.3)	94,000,000	265,000,000	124,000,000	284,000,000
Agreed credit facilities	94,000,000	405,000,000	129,000,000	550,000,000

24. DERIVATIVES

EXCHANGE RATE DERIVATIVES

Sonae MC uses exchange rate derivatives, essentially to hedge future cash flows that will occur in the next 12 months.

Therefore, Sonae MC entered several exchange rates forwards in order to manage its exchange rate exposure.

The fair value of exchange rate derivatives hedging instruments based on current market values of equivalent exchange rate financial instruments is a liability of 1,170,794 euros and an asset of 159,480 euros (420,098 euros in liabilities and 394,309 euros in assets, as at 31 December 2019) (Note 11 and 23).

The accounting of the fair value for these financial instruments was made taking into consideration the present value at financial position statement date of the forward settlement amount in the maturity date of the contract. The settlement amount considered in the valuation, is equal to the currency notional amount (foreign currency) multiplied by the difference between the contracted forward exchange rate and the forward exchange market rate at that date as at the valuation date.

Losses in the period arising from changes in the fair value of instruments that do not qualify for hedging accounting treatment were recorded directly in the income statement in the captions "Other financial income and gains" or "Financial expenses and losses".

Gains and losses associated with changes in the market value of derivative instruments are recorded under the caption "Cash-flow hedging reserves", when considered as cash flow hedges and under "Exchange rate differences" when considered to be fair value hedges. The change in market value of derivative instruments when considered speculation is recorded in the income statement under "Other expenses".

INTEREST RATE

As at 31 December 2020 no contracts existed, related to interest rate and exchange rate derivatives.

OTHER DERIVATIVES

Fair value of derivatives

The fair value of derivatives is detailed as follows:

	ASSETS		LIABILITIES	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
HEDGING DERIVATIVES				
Exchange rate	159,840	394,309	1,170,794	420,098
Electricity	2,503,186	-	-	-
	2,663,026	394,309	1,170,794	420,098

25. OTHER NON-CURRENTS LIABILITIES

As at 31 December 2020 and 2019 "Other non-current liabilities" are made up as follows:

The amount included in the caption "Charges assumed on the sale of properties" is related to the expenses to be incurred, which are traditionally the responsibility of the owner, who in the case of Sale and Leaseback these amounts were paid at the time of the transaction and Sonae MC assumed future responsibility.

	31 DEC 2020	31 DEC 2019
Creditors for acquisition of financial investments	1,000,000	1,295,832
Fixed assets suppliers	97,521	-
Other non-current liabilities	338,354	527,556
TOTAL OF FINANCIAL INSTRUMENTS (NOTE 5)	1,435,875	1,823,388
Share based payments (Note 26)	1,551,057	1,358,081
Charges made on the sale of real estate (Note 2.6)	19,546,085	19,453,371
Other accruals and deferrals	138,943	84,228
OTHER NON-CURRENT LIABILITIES	22,671,960	22,719,068

26. SHARE BASED PAYMENT

Sonae MC, SGPS granted, in 2020 and in previous years, in accordance with the remuneration policy described in the corporate governance report granted deferred performance bonus to its directors and eligible employees. These are either based on shares to be acquired at nil cost or with discount, three years after they were attributed to the employee, or based on share options with the period price equal to the share price at the grant date, to be exercised three years later. In both cases, the acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year. The company has the right to deliver, in lieu of shares, the equivalent amount

in cash. The exercise of rights only occurs if the employee is in the service of company of Sonae Group on the due date.

As at 31 December 2020 and 2019, the number of attributed shares related to the assumed responsibilities arising from share-based payments, which have not yet vested, can be detailed as follows:

SHARES	GRANT YEAR	VESTING YEAR	NUMBER OF PARTICIPANTS	NUMBER OF SHARES		FAIR VALUE	
				31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
	2017	2020	43	-	1,969,703	-	1,057,172
	2018	2021	41	1,333,701	2,131,656	1,227,732	960,552
	2019	2022	42	1,813,151	2,319,597	1,438,053	1,122,856
	2020	2023	43	3,108,819	-	1,361,956	-
TOTAL				6,255,671	6,420,956	4,027,741	3,140,580

As at 31 December 2020 and 2019 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which has not yet vested:

	31 DEC 2020	31 DEC 2019
Recorded in employee benefits expense in the current period	1,182,105	1,554,880
Recorded in previous years	1,211,470	1,113,746
	2,393,575	2,668,626
Recorded in other non-current liabilities (Note 25)	1,551,057	1,358,081
Recorded in other current liabilities (Note 29)	842,518	1,310,545
	2,393,575	2,668,626

Expenditures for stock plans are recognized over the period that mediates the attribution and exercise of these in personnel expenses.

27. TRADE PAYABLES

As at 31 December 2020 and 2019 Trade payables are as follows:

	31 DEC 2020	PAYABLE TO	
		UP TO 90 DAYS	MORE THAN 90 DAYS
Trade payables - current account	739,355,687	739,353,656	2,031
Trade payables - Invoice Accruals	55,596,856	55,596,856	-
	794,952,544	794,950,512	2,031

	31 DEC 2019	PAYABLE TO	
		UP TO 90 DAYS	MORE THAN 90 DAYS
Trade payables - current account	824,890,076	822,385,292	2,504,784
Trade payables - Invoice Accruals	46,067,495	46,067,494	-
	870,957,571	868,452,786	2,504,784

As at 31 December 2020 and 2019 this caption includes amounts payable to suppliers resulting from Sonae MC operating activity. Sonae MC believes that the book value of these balances is approximate to their fair value.

Sonae MC maintains cooperation agreements with financial institutions in order to enable the suppliers of retail segment, to access to an advantageous tool for managing their working capital, upon confirmation by Sonae of the validity of credits that suppliers hold on it. Under these agreements, some suppliers freely engage into contracts with these financial institutions that allow them to anticipate the amounts receivable from these retail subsidiaries, after confirmation of the validity of such receivables by these companies. These retail subsidiaries consider that the economic substance of these financial

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

28. OTHER PAYABLES

As at 31 December 2020 and 2019, the caption "Other payables" is detailed as follows:

	31 DEC 2020	PAYABLE TO		
		UP TO 90 DAYS	90 TO 180 DAYS	MORE THAN 180 DAYS
Fixed asset suppliers	55,394,882	55,242,720	18,869	133,293
Other payables	30,390,950	30,387,776	-	3,174
	87,785,832	85,630,496	18,869	136,467
Related undertakings	-	-	-	-
	85,785,832			

	31 DEC 2019	PAYABLE TO		
		UP TO 90 DAYS	90 TO 180 DAYS	MORE THAN 180 DAYS
Fixed asset suppliers	53,542,714	50,807,922	1,412,096	1,322,696
Other payables	23,025,608	23,025,608	-	-
	76,568,322	73,833,530	1,412,096	1,322,696
Related undertakings	-	-	-	-
	76,568,322			

The caption "Other payables" includes:

- > 12,234,546 euros (11,199,287 euros as at 31 December 2019) of attributed discounts not yet redeemed related to loyalty card "Cartão Cliente";
- > 4,071,365 euros (391,200 euros as at 31 December 2019) relating to vouchers, gift cards and discount tickets not yet redeemed;

As at 31 December 2020 and 2019, this caption includes payable amounts to other creditors and fixed assets suppliers that do not bear interest. The Board of Directors understands that the fair value of these payables is similar to its book value and the result of discounting these amounts is immaterial.

29. OTHER CURRENT LIABILITIES

As at 31 December 2020 and 2019, "Other current liabilities" are made up as follows:

	31 DEC 2020	31 DEC 2019
Holiday pay and bonus	107,986,632	100,675,763
Software access licenses	9,911,200	-
Other external supplies and services	35,492,412	29,377,014
Marketing expenses	8,595,476	14,347,895
Rights of use	3,024,179	2,296,953
Municipal property tax	1,686,759	1,744,512
Charges made on the sale of real estate (Note 2.6 and Note 25)	1,287,002	1,176,326
Fixed income charged in advance	5,534,462	1,284,399
Share based payments obligations (Note 26)	842,518	1,310,545
Interests payable	1,311,689	892,991
Others	10,262,778	7,131,834
	185,935,107	160,238,232

This caption mainly includes Accruals of expenses incurred in the year to be settled in the following year.

30. PROVISIONS AND IMPAIRMENT LOSSES

Movements in "Provisions" and "Impairment losses" during the period ended 31 December 2020 and 2019 are as follows:

	BALANCE AS AT 1 JANUARY 2020	INCREASE	DECREASE	TRANSFERS AND OTHER MOVEMENTS	BALANCE AS AT 31 DECEMBER 2020
Accumulated impairment losses on investments	769,213	-	-	-	769,213
Impairment losses on property, plant and equipment (Note 6)	86,688,619	4,404,561	(364,554)	-	90,728,626
Impairment losses on intangible assets (Note 7)	6,839,207	863,797	(1,038,569)	-	6,664,435
Accumulated impairment losses on trade receivables (Note 14)	3,157,289	1,409,270	(689,030)	-	3,877,529
Accumulated impairment losses on other current debtors (Note 15)	3,856,935	527,790	(1,451,140)	-	2,933,585
Non current provisions	9,418,605	-	(2,725,277)	(358,509)	6,334,819
Current provisions	561,741	1,092,565	(292,758)	-	1,361,548
	111,291,609	8,297,983	(6,561,328)	(358,509)	112,669,755

	BALANCE AS AT 1 JANUARY 2019	INCREASE	DECREASE	TRANSFERS AND OTHER MOVEMENTS	BALANCE AS AT 31 DECEMBER 2019
Accumulated impairment losses on investments	3,401,434	15,000	(2,647,221)	-	769,213
Impairment losses on on property, plant and equipment (Note 6)	84,590,757	3,265,794	(1,133,310)	(34,622)	86,688,619
Accumulated impairment losses on intangible assets (Note 7)	6,921,736	171,142	(253,671)	-	6,839,207
Accumulated impairment losses on trade receivables (Note 14)	2,953,919	860,214	(663,555)	6,711	3,157,289
Accumulated impairment losses on other current debtors (Note 15)	3,765,016	503,527	(411,608)	-	3,856,935
Non current provisions	9,570,442	-	(151,837)	-	9,418,605
Current provisions	908,401	333,010	(679,670)	-	561,741
	112,111,705	5,148,687	(5,940,872)	(27,911)	111,291,609

As at 31 December 2020 and 2019 the amount of "increases" and "decreases" in Provisions and impairment losses are as follows:

	31 DEC 2020	31 DEC 2019
Increase/(Decrease) on provisions and impairment losses in the income statement	13,287,788	3,546,649
Use of the provision for the disposal of Ulabox	-	(2,384,956)
Uses and reversions recorded in property, plant and equipment and intangible assets	(1,174,922)	(820,070)
Direct use of impairments on accounts receivable	(3,090,504)	(454,433)
Closing of Turkey	-	(378,000)
Goodwill impairment (Note 9)	(7,088,699)	-
Exchange rate changes	-	(151,838)
Others	(197,008)	(149,537)
	1,736,655	(792,185)

The caption "Non-current provisions" and "Current provisions" includes 6,334,819 euros (9,418,665 euros as at 31 December 2019) relating to non-current contingencies assumed by the Company, when selling its subsidiary Sonae Distribuição Brasil, S.A. in 2005. The evolution of the provision between years is associated with the evolution of the real against the euro. This provision is being used in the moment at the liabilities are materialized, being

constituted based on the best estimate of the expenses to be incurred with such liabilities and that result from a significant set of processes of a civil and labour nature and of small value.

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

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

As at 31 December 2020 the reconciliation of liabilities arising from financing activities are as follows:

	BANK LOANS (NOTE 23)	DERIVATIVE FINANCIAL INSTRUMENTS (NOTE 24)	RIGHTS OF USE (NOTE 8)
BALANCE AS AT 1 JANUARY 2020	679,674,004	25,789	1,006,392,063
CASH FLOWS:			
Receipts relating to financial debt	3,863,282,112	-	-
Payments relating to financial debt	(3,883,097,333)	-	(138,912,784)
Bank overdrafts	128,809	-	-
Financial Debt Update	-	-	65,471,602
Increase/(decrease) in fair value	-	(1,518,021)	-
Costs of setting up the financing	(1,085,674)	-	-
Unpaid rents	-	-	(4,389,310)
Rental discounts related to the impact of the pandemic (Note 36)	-	-	(3,353,130)
Increases/(decrease) in leases	-	-	167,701,657
BALANCE AS AT 31 DECEMBER 2020	658,901,918	(1,492,232)	1,092,910,098

32. CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2020 and 2019, contingent liabilities to which Group is exposed can be detailed as follows:

GUARANTEES AND SURETIES GIVEN

	31 DEC 2020	31 DEC 2019
GUARANTEES AND SECURITIES GIVEN:		
On tax claims	900,887,077	918,933,032
On judicial claims	155,256	121,808
On municipal claims	5,966,077	6,771,833
For proper agreement fulfillment	17,088,947	14,669,245
Other guarantees	354,876	2,992,770
GUARANTEES AND SECURITIES GIVEN IN FAVOUR OF CARVE-OUT ENTITIES:		
On tax claims	26,622,020	26,622,020

TAX CLAIMS

The main tax claims with bank guarantees given or sureties associated are as follows:

- › Tax claims for additional VAT payment for which guarantees, or sureties were provided in the amount of 514.1 million euros (509.8 million euros as at 31 December 2019). The most significant value amounts to 480.5 million euros (480.5 million euros as at 31 December 2019) is related for the periods from 2004 to 2013 and is related to the Retail Units to which the Group presented or intends to present a tax appeal. The tax claims result from the Tax Administration's understanding that the Group should have invoiced VAT related to promotional discounts granted by suppliers, based on purchases amounts, since Tax Authorities claims it corresponds to alleged services rendered to those entities. Tax authorities also claim that the Group should not have deducted VAT from discount vouchers used by its non-corporate clients.
- › Sureties in the amount of, approximately, 60 million euros as a result of a tax appeal presented by the Company Sonae MC SGPS, S.A. concerning an additional tax assessment by Tax authorities, relating to 31 December 2005, corresponding to a prior coverage of tax losses accrued by the company held, which was taken to the cost of the participation, moreover, as is already understood by the Tax Administration itself, it was understood that now and in the concrete case it should not consider the amount of the cost of participation, including, therefore, the coverage of losses, upon the liquidation of the company held;
- › Fiscal lawsuit related to rent tax, concerning a subsidiary of the Company in Brazil, in the amount of, approximately, 10.2 million euros (65.3 million Brazilian real), which is being judged by a tax court, for which there were granted guarantees in the amount of 42.8 million euros (272.6 million Brazilian real). The difference between the value of the contingency and the value of the guarantee relates with the update of the related responsibility.

CONTINGENT ASSETS AND LIABILITIES RELATED TO TAX CLAIMS PAID UNDER REGULARIZATION PROGRAMS OF TAX DEBT

Within the framework of regularization of tax debts to Tax Authorities, (Outstanding Debts Settlement of Tax and Social Security - (Decree of law 67/2016 of 3/11, 151-A/2013 of 31/10 and 248-A/2002 of 14/11), the Group made tax payments in the amount of, approximately, 20.1 million euros, having the respective guarantees been eliminated. The related tax appeals continue in courts, having the maximum contingencies been reduced through the elimination of fines and interests related with these tax assessments.

As permitted by law, the Group maintains the legal proceedings, in order to establish the recovery of those amounts, having recorded as an asset the amounts related with income taxes paid under those plans.

OTHER CONTINGENT LIABILITIES

Contingent liabilities related to subsidiaries sold in Brazil

Following the disposal of a subsidiary in Brazil, Sonae guaranteed to the buyer of the subsidiary all the losses incurred by that company arising on

unfavourably decisions not open for appeal, concerning tax lawsuits on transactions that took place before the sale date (13 December 2005) and that exceed 40 million euros. The amount claimed by the Brazilian Tax Authorities, concerning the tax lawsuits still in progress, which the company's lawyers assess as having a high probability of loss, plus the amounts already paid 17.2 million euros (24.2 million euros at 31 December 2019) related to programs for the Brazilian State of tax recovery, amount to near 15 million euros at 31 December 2020 (21.2 million euros at 31 December 2019). Furthermore, there are other tax assessments totalling 77.9 million euros (41.5 million euros as at 31 December 2019) for which the Board of Directors, based on its lawyers' assessment, understands will not imply future losses to the former subsidiary.

Procedure for contesting fines imposed by the Competition Authority

In 2016, the Competition Authority (AdC) notified Sonae MC SGPS, SA (ex - Sonae Investimentos), Modelo Continente SGPS (Ex Sonae MC) and Modelo Continente Hipermercados, for the purpose of presenting a defence, in the context of a misconduct proceeding under the agreement entered into between Modelo Continente and EDP Comercial campaign known as the "EDP Continente Plan". It should be noted that the Edp / Continente Plan took place during 2012 and was extended in the first months of 2013 to allow the use of discounts that had been allocated to customers until 31 December 2012. The development of this type of business promotion agreement is a common practice in the Portuguese market. In 2017, the AdC imposed fines of 2.8 million euros on Sonae Investimentos and 6.8 million euros on Modelo Continente. AdC also condemned Sonae MC, but it did not impose any fine on it since that company does not present any turnover. These companies challenged the decision in court. As at 30 September 2020 a decision was handed down that confirmed the AdC's understanding of the illegality of the behaviour in question, while reducing the amounts of the fine to, respectively, 2.52 million euros and 6.12 million euros. The Board of Directors expects, based on the opinion of their legal advisors, maintains the expectation that there will be no liability for these companies in this proceeding.

Research in progress by the Competition Authority

In 2017, a Modelo Continente Hipermercados, S.A. was subject to search and seizure of documents by the Competition Authority (AdC), as part of an investigation publicly reported by AdC as involving 21 entities in the retail sector of consumer goods (for example, hypermarkets, supermarkets, hard-discounts and its suppliers).

In the context of that investigation, the AdC initiated several administrative offense proceedings. To date, 8 Notes of Illegality have been issued in 8 of these cases, with the right of defence having been exercised, with the exception of the last two Notes of Illegality made public, in which the term has been suspended since 22.01.2021, under the regime suspension of procedural deadlines resulting from the measures adopted in the context of the COVID-19 disease pandemic. During the year 2020, the AdC issued sentencing decisions in two of these cases, having fixed a "tender fine" for MCH in the amount of 121.9 million euros. Condemnatory decisions can and will be challenged before the Competition Authority, and the period has also been suspended since 22.01.2021, due to the regime of suspension of procedural deadlines resulting from the measures adopted in the context of the disease pandemic COVID-19.

Based on the assessment of its lawyers and economic consultants, the Board

of Directors disagrees with the understanding and decision of the Competition Authority, which it considers to be totally unfounded, with the result that the competent appeals will be presented, and for this reason, no provision was set up.

33. OPERATIONAL LEASE – LESSOR

Minimum lease payments (fixed income) arising from operational leases, in which the Sonae MC acts as a lessor, recognized as income during the period ended 31 December 2020 and 2019 amounted to 25,279,742 euros and 29,785,863 euros, respectively.

Additionally, at 31 December 2020 and 2019, Sonae MC had operational lease contracts, as a lessee, whose minimum lease payments had the following payment schedule:

	31 DEC 2020	31 DEC 2019
DUE IN:		
N+1 automatically renewal	568,543	741,235
N+1	27,822,614	29,084,549
N+2	24,304,520	25,181,628
N+3	20,313,364	20,735,005
N+4	17,233,285	17,117,925
N+5	15,833,567	14,432,222
Após N+5	13,983,460	37,278,317
	120,059,353	144,570,881

34. REVENUE

As at 31 December 2020 and 2019, Revenue is made up as follows:

	31 DEC 2020	31 DEC 2019
Sale of goods	5,046,752,342	4,573,923,275
Services rendered	105,757,415	128,090,850
	5,152,509,757	4,702,014,125

35. NET FINANCIAL EXPENSES

As at 31 December 2020 and 2019, Net financial expenses are as follows:

	31 DEC 2020	31 DEC 2019
EXPENSES		
INTERESTS PAYABLE		
Related with bank loans and overdrafts	(3,863,730)	(4,194,699)
Related with non convertible bonds	(3,562,275)	(3,839,788)
Related with leases (Note 8)	(65,471,602)	(61,205,055)
Others	(602,465)	(821,236)
	(73,500,072)	(70,060,778)
Foreign exchange losses	(10,377,673)	(4,777,439)
Foreign exchange losses related to loans	(2,451,990)	-
Up front fees and commissions related to loans	(2,801,810)	(2,927,014)
Others	(877,700)	(1,323,917)
	(90,009,245)	(79,089,148)
INCOME		
INTERESTS RECEIVABLE		
Related with bank deposits	3,991	14,311
Others	1,500,017	476,404
	1,504,008	490,715
Foreign exchange gains	10,026,404	3,829,882
Other financial income	21,111	478,005
	11,551,523	4,798,602
NET FINANCIAL EXPENSES	(78,457,722)	(74,290,546)

36. OTHER INCOME

As at 31 December 2020 and 2019, the caption "Other Income" is made up as follow:

	31 DEC 2020	31 DEC 2019
Supplementary income	28,315,266	29,397,686
Prompt payment discounts received	24,233,343	24,034,759
Own work capitalised (Note 7)	10,625,203	10,813,167
Exchange differences	10,287,879	9,072,446
Gains on sales of assets	4,236,695	7,048,307
Rental discounts (Note 31)	3,353,130	-
Subsidies	2,966,378	1,035,584
Others	4,085,186	5,070,062
	88,103,080	86,472,011

As at 31 December 2020, under the caption "Gains on sales of assets" are included gains related to the operation "Sale & Leaseback" amounting 2.9 million euros (3.2 million euros as at 31 December 2019) (Note 6).

37. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2020 and 2019, "External supplies and services" are as follows:

	31 DEC 2020	31 DEC 2019
Services	68,895,655	61,777,202
Electricity	65,699,269	64,289,516
Advertising expenses	56,480,333	60,007,628
Transports	39,514,304	34,826,701
Cleaning up services	39,421,165	25,767,665
Maintenance	29,329,510	26,555,712
Rents	25,526,393	25,642,181
Security	21,509,744	17,519,821
Costs with automatic payment terminals	13,612,469	10,996,664
Home delivery	12,687,870	8,316,454
Consumables	10,244,561	10,068,041
Communications	5,273,895	5,248,906
Insurances	5,268,369	4,837,299
Travel expenses	3,543,603	6,012,952
Subcontracts	2,465,260	3,791,121
Others	43,406,613	33,872,724
	442,879,013	399,530,587

As mentioned in the introductory note, some of the Group's business operations were significantly affected by the pandemic context, which implied a significant increase in spending on space cleaning and personal protective equipment, as well as an increase in logistics expenses. (home deliveries).

The amount included in rents and rentals is related to variable rents from lease agreements.

38. EMPLOYEE BENEFIT EXPENSE

As at 31 December 2020 and 2019, Employee benefits expense are as follows:

	31 DEC 2020	31 DEC 2019
Salaries	474,307,954	448,922,190
Social security contributions	97,388,323	91,946,780
Insurance	9,796,277	8,982,274
Welfare	6,234,678	3,232,295
Other staff costs	17,595,893	17,738,164
	605,323,125	570,821,703

As mentioned in the introductory note, in the case of food retail, an extraordinary monetary award was also given to employees of stores and warehouses, as a way of recognizing their availability to provide an essential service to Portuguese families.

39. OTHER EXPENSES

As at 31 December 2020 and 2019, "Other expenses" are as follows:

	31 DEC 2020	31 DEC 2019
Galp/Continente loyalty program	12,126,184	13,700,877
Exchange differences	11,826,229	9,904,310
Donations	11,739,270	8,913,604
Other taxes	7,037,167	6,733,005
Losses on the disposal of assets	4,535,283	6,186,349
Municipal property tax	2,053,141	2,224,105
Others	2,451,592	1,941,638
	51,768,866	49,603,888

40. INCOME TAX EXPENSE

As at 31 December 2020 and 2019, income tax is made up as follows:

	31 DEC 2020	31 DEC 2019
Current tax	(23,307,130)	(13,678,078)
Deferred tax (Note 19)	(8,590,850)	(8,496,534)
	(31,897,980)	(22,174,612)

The reconciliation between the profit before Income tax and the tax charge for the years ended 31 December 2020 and 2019 is as follows:

	31 DEC 2020	31 DEC 2019
Profit before income tax	176,376,597	159,562,158
Income tax rate in Portugal (21%)	37,039,085	33,508,053
Effect of different income tax rates in other countries	(12,730,362)	(7,012,508)
Difference between capital (losses)/gains for accounting and tax purposes	(2,569,604)	(1,091,616)
Gains or losses in jointly controlled and associated companies (Note 10)	(186,366)	(105,535)
Provisions and impairment losses not accepted for tax purposes	1,488,627	-
Use of tax losses that have not originated deferred tax assets	96,637	502,402
Amortization of goodwill for tax purposes in Spain (Note 19)	5,816,679	5,816,679
Effect of constitution or reversal of deferred taxes	2,354,411	-
Donations unforeseen or beyond the legal limits	1,082,910	110,166
Use of tax benefits	(8,031,786)	(6,555,907)
Under/(over) Income tax estimates	1,376,467	(4,950,830)
Autonomous taxes and tax benefits	1,095,960	1,320,855
Municipality surcharge	4,506,869	2,708,870
Others	558,453	(2,076,017)
INCOME TAX	31,897,980	22,174,612

41. RELATED PARTIES

Balances and transactions with related parties during the periods ended 31 December 2020 and 2019 are as follows:

	PARENT COMPANY		JOINTLY CONTROLLED COMPANIES	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Sales & Services rendered	2,646,165	1,446,388	2,601,816	2,828,107
Other income	178,797	90,177	161,545	256,229
Financial income	-	-	-	-
Cost of goods sold and materials consumed	-	-	280,821,018	268,546,594
External supplies and services	5,682,296	2,608,702	1,230,493	1,728,181
Other expenses	5	145	1	5
Financial expense	339,927	312,843	-	-
	8,847,190	4,458,255	284,814,873	273,359,116

	ASSOCIATED COMPANIES		OTHER RELATED PARTIES	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Sales & Services rendered	42,631,262	46,224,664	94,683,563	95,762,316
Other income	166,004	386,551	18,254,215	10,760,101
Financial income	-	-	-	-
Cost of goods sold and materials consumed	-	22,272	35,839,408	24,931,567
External supplies and services	-	13,104	27,171,068	35,158,623
Other expenses	1	11,482	984,166	744,531
Financial expense	-	-	6,522,323	6,817,146
	42,797,268	46,658,073	183,454,742	174,174,284

	PARENT COMPANY		JOINTLY CONTROLLED COMPANIES	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Trade receivables	308,931	410,300	720,912	564,183
Other receivables	64,077	26,647	356,299	516,005
Income tax assets	14,321,505	32,915,209	-	-
Other current assets	40,467	40,352	-	169,086
Trade payables	2,227,723	1,722,869	78,954,260	74,436,005
Other payables	1,401,946	281,156	-	106,409
Income tax liabilities	13,761,526	20,886,901	-	-
Other current liabilities	710,839	1,021,018	154,932	137,426
	37,039,085	33,508,053	80,186,403	75,929,114
Property, plant and equipment acquisitions	173	3,507	-	-
Property, plant and equipment disposals	4,557	1,762	8,615	-
	4,731	5,269	8,615	-

	ASSOCIATED COMPANIES		OTHER RELATED PARTIES	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Other non-current assets	-	-	-	259,783
Trade receivables	3,220,747	2,261,161	21,340,560	69,762,725
Other receivables	9,261	24,553	10,721,681	21,267,534
Income tax assets	-	-	6,911,074	3,113,129
Other current assets	-	111,067	3,468,847	3,876,244
Other non-current liabilities	-	-	347,197	391,535
Trade payables	2,097	6,573	7,867,024	9,665,997
Other payables	-	1,546	9,241,595	10,983,698
Income tax liabilities	-	55,660	30,755,419	23,022,914
Other current liabilities	-	197,443	14,800,700	4,694,032
	3,232,106	2,658,003	105,454,097	147,037,591
Property, plant and equipment acquisitions	-	4,126	4,297,981	23,086,634
Property, plant and equipment disposals	-	277,996	611,265	1,174,788
Intangible Assets acquisitions	-	-	1,388,496	3,081,313
Intangible Assets disposals	-	-	10,570	7,712,623
	-	282,122	6,308,311	35,055,358

The remuneration of the members of the Board of Directors of the parent company and of the employees with strategic management responsibility, earned in all Sonae MC companies for the years ended at 31 December 2020 and 2019, is composed as follows:

	31 DEC 2020		31 DEC 2019	
	ADMINISTRATIVE COUNCIL	DIRECTION STRATEGIC (A)	ADMINISTRATIVE COUNCIL	DIRECTION STRATEGIC (A)
Short-term benefits	202,500	2,861,460	375,000	2,579,425
Share Benefits	-	1,032,900	-	911,200
	202,500	3,894,360	375,000	3,490,625

(a) Includes personnel responsible for the strategic management of the companies of Sonae MC (excluding members of the Board of Directors of Sonae MC).

42. EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2020 and 2019 were calculated taking into consideration the following amounts:

	31 DEC 2020		31 DEC 2019	
	CONTINUING OPERATIONS	DISCONTINUING OPERATIONS	CONTINUING OPERATIONS	DISCONTINUING OPERATIONS
NET PROFIT				
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	139,394,341	3,955,455	131,795,416	504,843
Net profit taken into consideration to calculate diluted earnings per share	139,394,341	3,955,455	131,795,416	504,843
NUMBER OF SHARES				
Weighted average number of shares used to calculate basic earnings per share	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Effect of dilutive potential ordinary shares from convertible bonds	-	-	-	-
Weighted average number of shares used to calculate diluted earnings per share	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
EARNINGS PER SHARE				
Basic	0.139394	0.003955	0.131795	0.000505
Diluted	0.139394	0.003955	0.131795	0.000505

As at 31 December 2020 and 2019, there are no dilutive effects on the number of shares outstanding.

43. CASH RECEIPTS AND CASH PAYMENTS OF INVESTMENTS

As at 31 December 2020 and 2019, cash receipts and cash payments related to investments can be detailed as follows:

PAYMENTS	31 DEC 2020	31 DEC 2019
Acquisition of participation on Arenal Perfumarias, S.L.U. and Tomenider, S.L.	-	47,039,289
Acquisition da Chão Verde - Sociedade de Gestão Imobiliária, S.A.	-	2,472,365
Acquisition MCCARE - serviços de Saude, S.A.	-	4,632,682
Acquisition SK - Skin Health Cosmetics	-	2,245,899
Price adjustment on disposal of subsidiary	-	1,526,103
Capital increase in Movvo	-	850,000
Compensation Fund Work	1,275,612	1,085,594
Others	648,678	-
	1,924,290	59,851,932

44. APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors and authorized for issue on 6 April 2021, however, they are still subject to approval at the Shareholders Annual General Meeting.

45.

GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their head offices and percentage of share capital held by Sonae MC as at 31 December 2020 and 31 December 2019 are as follows:

COMPANY	HEAD OFFICE	PERCENTAGE OF CAPITAL HELD			
		31 DECEMBER 2020		31 DECEMBER 2019	
		DIRECT*	TOTAL*	DIRECT*	TOTAL*
Sonae MC SGPS, S.A.	Matosinhos	HOLDING	HOLDING	HOLDING	HOLDING
Amor Bio, Mercado Biológico, Lda	a) Maia	100.00%	100.00%	100.00%	100.00%
Arenal Perfumarias SLU	a) Lugo (Spain)	100.00%	60.00%	100.00%	60.00%
Asprela — Sociedade Imobiliária, S.A.	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Azulino Imobiliária, S.A.	a) Maia	100.00%	100.00%	100.00%	100.00%
BB Food Service, S.A.	a) Maia	100.00%	100.00%	100.00%	100.00%
Bertimóvel — Sociedade Imobiliária, S.A.	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Bom Momento — Restauração, S.A.	a) Maia	100.00%	100.00%	100.00%	100.00%
Brio — Produtos de Agricultura Biológica, S.A.	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Canasta — Empreendimentos Imobiliários, S.A.	a) Maia	100.00%	100.00%	100.00%	100.00%
Chão Verde — Sociedade de Gestão Imobiliária, S.A.	a) Maia	100.00%	100.00%	100.00%	100.00%
Citorres — Sociedade Imobiliária, S.A.	a) Maia	100.00%	100.00%	100.00%	100.00%
Contimobe — Imobiliária de Castelo de Paiva, S.A.	a) Castelo de Paiva	100.00%	100.00%	100.00%	100.00%
Continente Hipermercados, S.A.	a) Oeiras	100.00%	100.00%	100.00%	100.00%
Cumulativa — Sociedade Imobiliária, S.A.	a) Maia	100.00%	100.00%	100.00%	100.00%
Elergone Energias, Lda	a) Matosinhos	75.00%	75.00%	75.00%	75.00%
Farmácia Seleção, S.A.	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Fozimo — Sociedade Imobiliária, S.A.	a) Maia	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Imosonae Dois	a) Maia	98.00%	98.00%	98.00%	98.00%
Go Well — Promoção de Eventos, Catering e Consultoria, S.A.	a) Lisbon	100.00%	100.00%	51.00%	51.00%
Igimo — Sociedade Imobiliária, S.A.	a) Maia	100.00%	100.00%	100.00%	100.00%
Iginha — Sociedade Imobiliária, S.A.	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoestrutura — Sociedade Imobiliária, S.A.	a) Maia	100.00%	100.00%	100.00%	100.00%
Imomuro — Sociedade Imobiliária, S.A.	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoresultado — Sociedade Imobiliária, S.A.	a) Maia	100.00%	100.00%	100.00%	100.00%
Imosistema — Sociedade Imobiliária, S.A.	a) Maia	100.00%	100.00%	100.00%	100.00%
¹ Closer Look Design, Lda	a) Maia	100.00%	100.00%	100.00%	100.00%

COMPANY	HEAD OFFICE	PERCENTAGE OF CAPITAL HELD			
		31 DECEMBER 2020		31 DECEMBER 2019	
		DIRECT*	TOTAL*	DIRECT*	TOTAL*
Marcas MC, zRT	a) Budapest (Hungary)	100.00%	100.00%	100.00%	100.00%
MCCARE — Serviços de Saúde, S.A.	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
MJLF — Empreendimentos Imobiliários, S.A.	a) Maia	100.00%	100.00%	100.00%	100.00%
Modelo — Distribuição de Materiais de Construção, S.A.	b) Maia	50.00%	50.00%	50.00%	50.00%
Modelo Continente Hipermercados, S.A.	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Modelo Continente International Trade, S.A.	a) Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Modelo Hiper Imobiliária, S.A.	a) Maia	100.00%	100.00%	100.00%	100.00%
Pharmacontinente — Saúde e Higiene, S.A.	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Pharmaconcept — Atividades em Saúde, S.A.	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Ponto de Chegada — Sociedade Imobiliária, S.A.	a) Maia	100.00%	100.00%	100.00%	100.00%
Predicomercial — Promoção Imobiliária, S.A.	a) Maia	100.00%	100.00%	100.00%	100.00%
Predilugar — Sociedade Imobiliária, S.A.	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
SCBrasil Participações, Ltda	a) São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
Selifa — Empreendimentos Imobiliários de Fafe, S.A.	a) Maia	100.00%	100.00%	100.00%	100.00%
Sempre à Mão — Sociedade Imobiliária, S.A.	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
SIAL Participações, Ltda	a) São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
SK Skin Health Cosmetics, S.A.	a) Oeiras	100.00%	100.00%	100.00%	100.00%
Socijofra — Sociedade Imobiliária, S.A.	a) Gondomar	100.00%	100.00%	100.00%	100.00%
Sociloures — Sociedade Imobiliária, S.A.	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
Soflorin, BV	a) Amesterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonae MC S2 Africa Limited	a) La Valeta (Malta)	100.00%	100.00%	100.00%	100.00%
Sonae MC — Serviços Partilhados, S.A.	a) Maia	100.00%	100.00%	100.00%	100.00%
Sonaerp — Retail Properties, S.A.	a) Oporto	100.00%	100.00%	100.00%	100.00%
Sondis Imobiliária, S.A.	a) Maia	100.00%	100.00%	100.00%	100.00%
Sonvecap, BV	a) Amesterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
² Sport Zone Sport Maiz.Per.Satis lth.Ve tic Ltd Sti	a) Istambul (Turkey)	-	-	-	-
Tomenider	a) Lugo (Spain)	60.00%	60.00%	60.00%	60.00%
Valor N, S.A.	a) Matosinhos	100.00%	100.00%	100.00%	100.00%
² Zippy Cocuk Maiz.Dag.Satis lth.Ve Tic Ltd Sti	a) Istambul (Turkey)	-	-	-	-

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

a) Control held by majority of voting rights which gives power of relevant activities;
b) Control held by majority of Board members.

¹ Former Make Notes Design, Lda
² Subsidiary settled in the period, which is why it is classified in discontinued operations in the period.

These entities are consolidated using the full consolidation method.

46. SUBSEQUENT EVENTS

At the date of presentation of these consolidated financial statements, there are no subsequent events that should be disclosed.

Approved at the Board of Directors meeting on 6 April 2021.

The Board of Directors,

Maria Cláudia Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

João Pedro Magalhães da Silva Torres Dolores

António Carlos Merckx de Menezes Soares

Ricardo Emanuel Mangana Monteiro

Luís Miguel Mesquita Soares Moutinho

Rui Manuel Teixeira Soares de Almeida

Isabel Sofia Bragança Simões Barros

José Manuel Cardoso Fortunato

FINANCIAL STATEMENTS

SEPARATE

People at the centre
of our success

SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020 AND 2019

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

(AMOUNTS EXPRESSED IN EURO)	NOTES	31 DEC 2020	31 DEC 2019
ASSETS			
NON-CURRENT ASSETS			
Investments	5	2,164,753,787	2,143,568,529
Income tax	8	2,916,832	2,916,832
Deferred tax assets		1,135	10,431
Other non-current assets	4, 6	370,969,603	412,306,030
TOTAL NON-CURRENT ASSETS		2,538,641,357	2,558,801,822
CURRENT ASSETS			
Other debtors	4, 7	378,853,296	351,970,389
Income tax	8	9,255,600	21,136,537
Other current assets	4, 9	3,522,274	3,451,025
Cash and cash equivalents	4, 10	79,699,248	10,358,816
TOTAL CURRENT ASSETS		471,330,418	386,916,767
TOTAL ASSETS		3,009,971,775	2,945,718,589
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	1,000,000,000	1,000,000,000
Legal reserve		186,480,406	177,949,491
Other reserves and retained earnings	11	112,100,730	25,013,347
Profit for the year		237,729,816	170,618,298
TOTAL EQUITY		1,536,310,952	1,373,581,136
LIABILITIES			
NON-CURRENT LIABILITIES			
Bonds	4, 12	321,021,071	252,163,176
Bank loans	4, 12	194,599,695	321,000,000
Other non-current liabilities		50,021	294,521
TOTAL NON-CURRENT LIABILITIES		515,670,787	573,457,697
CURRENT LIABILITIES			
Bonds	4, 12	-	2,996,380
Bank loans	4, 12	-	13,500,000
Trade payables	4	96,516	192,417
Other creditors	4, 14	952,593,786	977,345,464
Income tax	8	2,101,152	2,101,152
Other current liabilities	4, 15	3,198,582	2,544,343
TOTAL CURRENT LIABILITIES		957,990,036	998,679,756
TOTAL EQUITY AND LIABILITIES		3,009,971,775	2,945,718,589

The accompanying notes are part of these separate financial statements.

SEPARATE PROFIT AND LOSS STATEMENTS

FOR THE PERIODS ENDED IN 31 DECEMBER 2020 AND 2019

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

(AMOUNTS EXPRESSED IN EURO)	NOTES	31 DEC 2020	31 DEC 2019
Gains or losses from investments	18	244,613,180	175,037,856
Financial income	19	10,020,210	16,212,066
Other income		1,363,816	1,956,787
External supplies and services	20	(2,767,213)	(2,835,924)
Staff costs	21	(303,564)	(502,076)
Provisions and impairment losses		-	378,363
Financial expenses	19	(18,045,515)	(22,168,356)
Other income		(38,559)	(41,293)
Profit before income tax		234,842,355	168,037,423
Income tax	8	2,887,461	2,580,875
PROFIT FOR THE PERIOD		237,729,816	170,618,298
EARNINGS PER SHARE (BASIC AND DILUTED)	22	0.2377	0.1706

The accompanying notes are part of these separate financial statement

SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIODS ENDED IN 31 DECEMBER 2020 AND 2019

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

(AMOUNTS EXPRESSED IN EURO)	NOTES	SHARE CAPITAL	LEGAL RESERVES	OTHER RESERVES	RETAINED EARNINGS	PROFIT FOR THE PERIOD	TOTAL EQUITY
Balance at 1 January 2019		1,000,000,000	174,887,958	778,740,908	-	61,230,652	2,014,859,518
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	-	-	-	170,618,298	170,618,298
Appropriation of the previous year net profit							
Transfer to reserves	11	-	3,061,533	-	-	(3,061,533)	-
Dividends	11	-	-	(16,830,881)	-	(58,169,119)	(75,000,000)
Merger		-	-	(736,896,680)	-	-	(736,896,680)
BALANCE AT 31 DECEMBER 2019	11	1,000,000,000	177,949,491	25,013,347	-	170,618,298	1,373,581,136
Balance at 1 January 2020	11	1,000,000,000	177,949,491	25,013,347	-	170,618,298	1,373,581,136
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	-	-	-	237,729,816	237,729,816
Appropriation of the previous year net profit							
Transfer to reserves	11	-	8,530,915	87,087,383	-	(95,618,298)	-
Dividends	11	-	-	-	-	(75,000,000)	(75,000,000)
Transfers	11	-	-	(7,080,512)	7,080,512	-	-
BALANCE AT 31 DECEMBER 2020	11	1,000,000,000	186,480,406	105,020,218	7,080,512	237,729,816	1,536,310,952

The accompanying notes are part of these separate financial statements.

SEPARATE STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

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

(AMOUNTS EXPRESSED IN EURO)	NOTES	31 DEC 2020	31 DEC 2019
OPERATING ACTIVITIES			
Cash paid to suppliers		(2,883,073)	(3,354,854)
Cash paid to employees		(309,951)	(545,127)
CASH FLOWS FROM OPERATIONS		(3,193,024)	(3,899,981)
Income tax (paid)/received		14,784,120	(51,776)
Other proceeds/(payments) related to operating activities		1,313,506	850,190
CASH FLOWS FROM OPERATING ACTIVITIES (1)		12,904,602	(3,101,567)
INVESTING ACTIVITIES			
PROCEEDS FROM:			
Investments	5, 10	2,011,350	46,000
Interest and similar income		9,972,049	36,797,177
Dividends	18	248,313,288	176,252,543
Other		18,859	10,743
Loans granted		3,418,398,087	4,229,368,633
		3,678,713,633	4,442,475,096
PAYMENTS FOR:			
Investments	5, 10	(23,266,680)	(356,772,711)
Loans granted		(3,408,188,050)	(3,741,125,925)
		(3,431,454,730)	(4,097,898,636)
CASH FLOW FROM INVESTING ACTIVITIES (2)		247,258,903	344,576,460
FINANCING ACTIVITIES			
PROCEEDS FROM:			
Loans obtained	13	6,883,510,000	8,637,165,483
		6,883,510,000	8,637,165,483
PAYMENTS FOR:			
Interest and similar costs		(18,126,090)	(40,169,536)
Dividends		(75,000,000)	(75,000,000)
Loans obtained	13	(6,981,206,983)	(8,870,507,273)
		(7,074,333,073)	(8,985,676,809)
CASH FLOW FROM FINANCING ACTIVITIES (3)		(190,823,073)	(348,511,326)
NET INCREASE IN CASH AND CASH EQUIVALENTS (4) = (1) + (2) + (3)		69,340,432	(7,036,433)
Cash and cash equivalents at the beginning of the financial year	10	10,358,816	17,382,396
Cash and cash equivalents from mergers		-	12,853
CASH AND CASH EQUIVALENTS YEAR END	10	79,699,248	10,358,816

The accompanying notes are part of these separate financial statements.

SONAE MC, SGPS, SA**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

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

(AMOUNTS EXPRESSED IN EURO)

1. INTRODUCTION

Sonae MC, SGPS, SA (hereon "the Company" or "Sonae MC") is a Portuguese company, with head-office in Rua João Mendonça nº 529, 4464-501 Senhora da Hora, Matosinhos, Portugal, with management of shareholdings as main activity (note 5).

Consolidated financial statements are also presented pursuant to applicable legislation.

KEY EVENTS DURING THE YEAR

2020 was a year influenced by the Covid-19 pandemic and the consequent restrictive measures on the mobility of people imposed by several governments worldwide, which included lockdown measures, opening hours restrictions and/or closure of commercial spaces.

It had different impacts on the activity of each of the group's businesses, with different levels of intensity depending on their sector, and naturally required an adaptation of their respective operations.

At Sonae MC, from the very beginning, a specific governance model was implemented to manage this crisis, led by Sonae Executive Committee in alignment with the several businesses CEO's. The impacts on each business were regularly monitored and contingency plans were implemented throughout the entire organisation, from operations to central structures.

Since mid-March 2020, mandatory actions were defined and communicated

to all employees regarding: work trips; participation in congresses, fairs, exhibitions and extended training sessions; among many other. With regards to operations, and to ensure the health of employees, partners and customers, essential measures were implemented, such as spaces hygiene, use of personal protective equipment, or limiting the number of people per m². When feasible remote work was implemented. In addition, in all group companies fully controlled by Sonae in Portugal, it was decided not to use the simplified lay-off mechanism as a way of ensuring full income to employees in this difficult context and to comply with the Company's social mission. In food retail, an extraordinary monetary amount was also awarded to store and warehouse employees, in recognition of their willingness to provide an essential service to Portuguese families.

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

The main impacts and initiatives for each business are detailed in the management report.

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in preparing the accompanying separate financial statements are as follows:

2.1 BASIS OF PREPARATION

The accompanying separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) in force as at 1 January 2020 and as adopted by the European Union (EU).

The preparation of the separate financial statements in accordance with the IFRS requires use of estimates, assumptions and critic judgements in the process of determination of accounting policies with significant impact in the accounting value of the assets and liabilities, as in the income and expenses of the year. Despite these estimates being based in the best experience of the Board of Directors and in their best expectations related to current and future events and actions, the actual and future results may differ. Areas with the highest degree of judgement or complexity, or areas where assumptions and estimates are significant are presented in note 2.7.

Management assessed the Company's ability to operate on a going concern basis, taking into consideration all relevant information, facts and circumstances of financial, commercial or other nature, including subsequent events to the date of these separate financial statements. As a result,

NEW ACCOUNTING STANDARDS AND THEIR IMPACT ON THE SEPARATE FINANCIAL STATEMENTS

The following standards, interpretations, amendments and revisions were endorsed by EU and became effective as of 1 January 2020:

STANDARDS (NEW AND AMENDMENTS) EFFECTIVE AS AT 1 JANUARY 2020	CHANGES	EFFECTIVE DATE
IFRS 3 Business combinations	Revision of the definition of business	01-Jan-20
IFRS 9, IAS 39 and IFRS 7 Interest rate benchmark (IBOR) reform – phase 1	Provide certain reliefs in connection with hedge accounting, so that the interest rate benchmark reform does not affect hedge accounting	01-Jan-20
IAS 1 Presentation of financial statements; and IAS 8 Accounting policies, changes in accounting estimates and errors	Revision of the definition of "material", and the implication on the preparation of financial statements as a whole	01-Jan-20
Conceptual framework Amendments to references to other IFRS	Amendments to some IFRS regarding cross reference and clarification about the application of the new definitions of asset/liability and expense/income	01-Jan-20

There was no significant impact on the financial statements resulting from their application on the year ended on 31 December 2020.

management concluded that the Company has adequate resources to maintain its activities, having no intention to cease activities in the short term, and deemed the use of the going concern assumption appropriate.

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

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

Level 2 Fair value is determined based on other data other than market prices identified in Level 1 but that are observable; and

Level 3 Fair value measurements derived from valuation techniques, whose main inputs are not observable in the market.

STANDARDS, INTERPRETATIONS, AMENDMENTS AND REVISIONS THAT WILL BECOME EFFECTIVE ON OR AFTER 1 JANUARY 2020

The following standards, interpretations, amendments and revisions were endorsed by EU and are mandatory for future years:

STANDARDS (NEW AND AMENDMENTS) THAT WILL BECOME EFFECTIVE, ON OR AFTER 1 JANUARY 2020, ALREADY ENDORSED BY THE EU	CHANGES	EFFECTIVE DATE
IFRS 16 Leases – COVID-19 related rent concessions	Application of exemption in the recognition of rent concessions granted by lessors related to COVID-19, as modifications	01-Jun-20
IFRS 4 Diferimento da aplicação da IFRS 9	The end of the exemption of applying IFRS 9 by the entities with insurance activity was deferred to 1 January 2023	01-Jan-21

The Company did not proceed with the early adoption of any of these standards on the separate financial statements for the year ended 31 December 2020. There are no significant impacts estimated on the separate financial statements resulting from their application.

STANDARDS, INTERPRETATIONS, AMENDMENTS AND REVISIONS NOT YET ENDORSED BY EU

The following standards, interpretations, amendments and revisions, mandatory for future years, have not been endorsed by EU, until the approval of these separate financial statements:

STANDARDS (NEW AND AMENDMENTS) THAT WILL BECOME EFFECTIVE, ON OR AFTER 1 JANUARY 2020, NOT YET ENDORSED BY THE EU	CHANGES	EFFECTIVE DATE
IAS 1 Presentation of financial statements – classification of liabilities	Classification of a liability as current or non-current, depending on an entity's right to defer its payment. New definition of "settlement" of a liability	01-Jan-23
IAS 16 Proceeds before intended use	Prohibition of deducting the proceeds obtained from the sale of items produced during the testing phase, to the acquisition cost of property, plant and equipment	01-Jan-22
IAS 37 Onerous contract – cost of fulfilling a contract	Clarification about the nature of the expenses to be considered in determining whether a particular contract has become onerous	01-Jan-22
Annual improvement 2018 – 2020	Specific amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	01-Jan-22
IFRS 3 Reference to the Conceptual framework	Update to references to the Conceptual Framework and clarification on the registration of provisions and contingent liabilities within the scope of a business combination	01-Jan-22
IFRS 9, IAS 39, IFRS 7, IFRS 4 e IFRS 16 Interest rate benchmark (IBOR) reform – phase 2	Provide practical expedients to address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one	01-Jan-21
IFRS 17 Insurance contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participating features	01-Jan-23
IFRS 17 Insurance contracts (amendments)	The amendments to IFRS 17 relate to changes in areas such as: I) scope; II) level of aggregation of insurance contracts; III) recognition; IV) measurement; V) modification and derecognition; VI) presentation of the Statement of Financial Position; VII) recognition and measurement of the Income statement; and VIII) disclosures	01-Jan-23

These standards have not been endorsed by European Union and, therefore, the Company did not implement them for the year ended 31 December 2020.

2.2 INVESTMENTS

Equity investments in subsidiaries and associated companies are accounted for accordingly with IAS 27, at acquisition cost net of potential impairment losses.

Subsidiaries are companies over which Sonae MC has control, i.e., when it is exposed to, or has rights over the variable returns of its involvement with the companies and has the ability of affecting them through the control exercised over them.

Associated companies are entities over which the Company exerts significant influence, i.e., over which the Company has the power to take part in operational and financial decisions, but that power does not correspond to control or joint control over them.

Dividends are recognised as investment gains when determined.

Sonae MC performs impairment tests of the investments in subsidiaries and associated companies when events or any changes evidence that the net book value in the separate financial statements is not recoverable.

Besides recognising an impairment loss in such investments, the Company recognises additional losses in other liabilities or payments made in these companies benefit.

Impairment losses are calculated by comparison between the recoverable investment amount and the net book value of the investment.

Investments value-in-use estimate is based on the valuation of the subsidiary using discounted cash flow models. Subsidiaries or joint ventures which main assets are real estate companies or assets are valued with reference to the market value of the real estate assets owned by such companies.

It is the Board of Directors understanding that the use of the methodology mentioned above is adequate to conclude on the eventual existence of financial investments impairment as it incorporates the best available information as at the date of the financial statements.

If subsequently the impairment amount decreases, and the decrease results objectively of a certain event occurred after the initial impairment recognition, the amount register therein is reverted up to the limit of the amount that would be recognised should there never have been any impairment loss.

2.3 FINANCIAL INSTRUMENTS

The Company classifies financial instruments in the categories presented and reconciled with the separate statement of financial position as detailed in note 4.

FINANCIAL ASSETS

Recognition

All purchases and sales of financial assets investments are recognised on the trade date, the date when the Company commits to buying or selling the asset.

Classification

Financial assets classification depends on the business model followed by the Company in their management (receipt of cash flows or appropriation of fair value changes) and on the contractual terms of the receivable cash flows.

Changes in a financial asset classification can only be made when the business model changes, except for financial assets at fair value through other comprehensive income, that constitute equity instruments, which can never be reclassified to another category.

Financial assets may be classified in the following measurement categories:

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

Measurement

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

Financial assets at amortised cost are subsequently measured by the effective interest rate method and deducted of impairment losses. Interest income on these financial assets is included in "Interest income" on financial income.

Financial assets at fair value through other comprehensive income that constitute equity instruments, are measured at fair value on the initial record date and subsequently, and their fair value changes are recorded directly in the other comprehensive income, in equity, without any future reclassification even after derecognition of the investment.

Impairment losses

The Company assesses prospectively estimated credit losses of financial assets, which are debt instruments, classified at amortised cost and at fair value through other comprehensive income. The applied impairment methodology considers the debtors credit risk profile and different approaches are applied depending on the nature of the debtors.

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

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

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

Derecognition of financial assets

The Company derecognises financial assets when, and only when, the contractual rights to the cash flows have expired or have been transferred, and the Company has substantially transferred all the risks and rewards of the asset ownership.

a) Loans and accounts debtors

Loans are recorded at amortised cost, using the effective rate method, net of potential impairment losses.

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

These financial investments arise when the Company provides money or

services directly to a related entity with no intention of trading the receivable.

Loans granted are recorded as current assets, except when its maturity is more than 12 months after the statement of financial position date, in which case they are classified as non-current assets.

Other receivables are recorded at face value net of potential impairment losses, recognised under the caption "Impairment losses in receivables", reflecting their net realisable value.

Impairment losses of loans granted and account receivable are recognised according to the accounting policies described on the note 2.3.a).

Impairment losses recorded equal the difference between the recorded receivable balance and the present value of estimated future cash flows, discounted at the effective interest rate, when the receivable is expected to be in less than a year the discount is nil since its impact is considered immaterial.

b) Cash and cash equivalents

"Cash and cash equivalents" include cash on hand, cash at banks, term deposits and other treasury applications, which mature in less than three months, and can be withdrawn immediately with insignificant risk of change in value.

In the separate cash flows statement "Cash and cash equivalents" also includes bank overdrafts, which are included in the separate statement of financial position current liabilities caption "Bank loans".

CLASSIFICATION AS EQUITY OR LIABILITY

Financial liabilities and equity instruments are classified according with their contractual substance, independently from the legal form they assume.

FINANCIAL LIABILITIES

Financial liabilities are classified into two categories:

- i) Financial liabilities at fair value through profit or loss; and
- ii) Financial liabilities at amortised cost.

"Financial liabilities at amortised cost" category includes liabilities presented under "Loans", "Trade payables" and "Other creditors". These liabilities are initially recognised at fair value net of transaction costs and subsequently measured at amortised cost with the effective interest rate.

As at 31 December 2020, the Company has only recognised liabilities classified as "Financial liabilities at amortised cost".

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

c) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments, which constitutes their fair value at transaction date.

Financial expenses are calculated based on the effective interest rate and are recorded in the separate income statement on an accruals basis, in accordance with the accounting policy defined in note 2.5. The portion of the effective interest charge relating to up-front fees and commissions is added to the book value of the loan, if it is not paid in the year.

Commercial paper loans are classified as non-current when they have placement for a period of over one year and the Company intends to use this form of financing for a period of over one year.

d) Trade accounts payable and other creditors

Trade accounts payable and other creditors are stated at their nominal value since it relates to short term debt and its discount effect is estimated to be immaterial.

e) Effective interest rate method

The effective interest rate method is the method used to calculate the amortised cost of a financial asset or liability and to allocate interest income or expense until the financial instrument maturity.

2.6 CONTINGENT ASSETS AND LIABILITIES

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

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

2.7 ACCRUAL BASIS

Dividends are recognised as income in the year they are attributed to the shareholders.

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

“Other current assets” and “Other current liabilities” include income and expenses of the reporting year which will only be received or paid in the future. Those captions also include payments and receipts that have already occurred but relate to income or expenses of future years, which will be duly recognised in the separate income statement.

2.8 SUBSEQUENT EVENTS

Events after the statement of financial position date that provide additional

information about conditions that existed at the statement of financial position date (adjusting events), are reflected in the separate financial statements. Events after the statement of financial position date that are non-adjusting events are disclosed in the notes when material.

2.9 JUDGEMENTS AND ESTIMATES

Estimates and judgements with impact on the separate financial statements are continuously evaluated, representing at each reporting date the management’s best estimate, taking into consideration historical performance, accumulated experience and expectations about future events that, under the circumstances, are believed to be reasonable.

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

- a) Impairment analysis of investments (notes 2.2 and 5);
- b) Recognition of adjustments to asset values and provisions and contingent liabilities analysis (notes 2.4 and 17).

Estimates used were based on the best available information during the preparation of these separate financial statements and on the best knowledge of past and present events. However, in subsequent years situations may occur that, due to their unpredictability as at this date, were not considered in those estimates. Therefore, and due to this uncertainty, the outcome of the transactions being estimated may differ from the initial estimate. Changes to estimates used by management that occur after the approval date of these separate financial statements, will be recognised in net income prospectively, in accordance with IAS 8.

2.8 LEGAL RESERVE

The Portuguese Companies Code establishes that, at least 5% of annual net profit must be used to increase “Legal reserves” until they represent at least 20% of the share capital. This reserve is not distributable, except in the case of the Company liquidation, but can be used to absorb losses, after all other reserves have been depleted, and for incorporation in capital.

2.9 INCOME TAX

Current income tax is determined based on the Company’s taxable income, pursuant to current Portuguese tax rules.

Sonae MC is included in the taxable group of companies dominated by Sonae, SGPS, SA, and it is taxed in accordance with the Special Regime of Taxing Groups of Companies (RETGS). Consequently, the calculated income tax to be received or paid by the Company is recorded against that entity and included in the separate statement of financial position under the caption “Income tax”.

Tax losses from RETGS’ dominated companies determine their allowance to group tax losses. With exception of 2017, in which only the dominant company recorded the group tax losses, the companies that contribute with tax losses record the correspondent tax amount in their separate accounts, equally under the caption “Income tax” of the separate statement of financial position.

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

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

Deferred tax liabilities are recognised on all taxable temporary differences. However, regarding subsidiary investments’ taxable temporary differences, these should not be recognised since: i) the shareholder does not have the ability to control the temporary difference reversal period, and ii) it is likely that the temporary difference reversal does not occur in the near future.

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

Taxes recognised in the separate financial statement correspond to Sonae MC’s understanding of the tax treatment applicable to the specific transactions, being the income tax, or other taxes, liabilities recognised based on its interpretation that is believed to be the most appropriate.

In cases where such tax treatment is challenged by tax authorities, being their interpretation distinct from Sonae MC’s, a review is performed. If such review, reconfirms the group’s tax treatment and it is determined that the loss probability of certain tax process is less than 50%, Sonae MC treats the case as a contingent liability, i.e. it does not recognise any tax amount since the more likely decision will lead to no tax payment. When the loss probability is greater than 50%, a provision is recognised or, if the payment has been made, an expense is recognised.

When payments are made to tax authorities under special schemes of debt regularisation, related to income tax, in which both the respective lawsuit continues in progress and the likelihood of success of such lawsuit is greater than 50%, they are recognised as assets, as these determined amounts are expected to be reimbursed to the entity (usually with interest) or used to offset tax payments that will be due by the group, in which case the obligation is determined as a present obligation. When payments relate to other taxes, such amounts are recorded as expenses, although Sonae MC’s understanding is that they will be reimbursed with interest.

2.10 TRANSACTIONS WITH RELATED ENTITIES

Transactions with related entities are at arm’s length conditions and gains or losses from those transactions are recognised and disclosed in note 18.

3. RISK MANAGEMENT

Risk management general principles are approved by the Board of Directors, and its implementation is supervised by Sonae MC's management and treasury department.

3.1 MARKET RISK – INTEREST RATE RISK

Interest rate risk has a significant importance regarding market risk management. Sonae MC exposure to interest rate arises mainly from long-term loans which bear interest indexed to Euribor.

The Company's goal is to reduce cash flows and income volatility, considering its operational activity profile, by using an appropriate mix of fixed and variable interest rate debt. Sonae MC's policy allows the use of interest rate derivatives to decrease the exposure to Euribor fluctuations but not for speculation purposes.

Derivatives used to hedge interest risks are classified as cash flow hedging instruments because they qualify as perfect hedging. Conditions established for these cash flow hedging instruments match those of the corresponding loans in terms of base rate, calculation rules, rate setting dates and repayment schedules and therefore qualify as perfect hedges.

SENSITIVITY ANALYSIS:

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

- > Changes in market interest rates affect interest income or expense of variable interest financial instruments (interest payments which are not designated as hedged cash flow for interest rate risk). Consequently, they are included in the calculation of income related sensitivities;
- > Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognised at fair value. As such, all financial instruments with fixed interest rate that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7;

- > In the case of fair value hedges of interest rate risk, changes in the fair value of the hedging item and the hedged financial instrument related to interest rate movements are almost completely offset in the separate income statement in the same year, therefore these financial instruments are also not exposed to interest rate risk;

- > Changes in market interest rate of financial instruments designated as cash flow hedging instruments (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the sensitivity analysis with impact in equity (other reserves);

- > Changes in fair value of derivative financial instruments and other financial assets and liabilities are estimated by discounting future cash flows to the present value using appropriate market rates prevailing at year end and assuming a parallel shift in interest rate curves;

- > For sensitivity analysis purposes all financial instruments outstanding during the year are considered.

Under these assumptions, Sonae MC exposure to this risk is deemed insignificant, since if Euro interest rates had been 75 basis points higher, the Company separate profit before tax for the year ended 31 December 2020 would decrease by approximately 4.1 million euro (1.2 million euro increase in 2019), considering the contractual fixing dates and excluding other effects arising on the Company operations.

3.2 LIQUIDITY RISK

The main purpose of liquidity risk management is to ensure, at all times, that the Company and related entities, have the necessary financial resources to fulfil its commitments with third parties as they become due and to carry on their strategy, through proper management of financing costs and maturity.

The Company conducts an active refinancing policy, with the objective of maintaining a high level of free financial resources immediately available to deal with short-term needs, increasing or maintaining debt maturity in

accordance with expected cash flows, and the ability to leverage its financial position. As at 31 December 2020 Sonae MC's average debt maturity was 4.7 years (4.5 years as at 31 December 2019).

Another important liquidity risk management method is the negotiation of contractual terms with reduced possibility of lenders triggering early termination prepayment of loans. The Company also guarantees a high level of diversification in its relationships with financial institutions which facilitates contracting new loans and limits the negative impact of any relationship discontinuation.

The Company maintains a liquidity reserve in the form of credit lines with its relationship banks to ensure the ability to meet its commitments without having to refinance itself in unfavourable terms. In 31 December 2020, there were no loans with maturity in 2021 (in 2021, 17 million with maturity in 2020) and the Company had 94 million euro committed credit facilities for a period of one year (94 million euro in 31 December 2019), and 265 million euro committed for a period of over one year (249 million euro in 31 December 2019) (note 12). Furthermore, Sonae MC maintains as at 31 December 2019 a liquidity reserve that includes cash and cash equivalents as described on note 10. Although current assets are lower than current liabilities, Sonae MC expects to meet all its obligations using its operational cash flows, its financial assets, and, if needed, drawing existing available credit lines.

The liquidity analysis' for financial instruments is disclosed next to each class of financial liabilities note.

3.3 CREDIT RISK

Sonae MC is primarily exposed to credit risk in its financing dealings with related entities.

"Loans granted to related entities" balances are considered to have low credit risk and, therefore, impairment losses recognised during the year were limited to estimated credit losses at 12 months. These financial assets are considered "low credit risk" when they have a low impairment risk and the borrower has a high capacity to meet its contractual cash flow liabilities in the short term.

Sonae MC is also exposed to credit risk in its relationship with financial institutions, regarding bank deposits, debt instruments available facilities, among other.

Credit risk arising from financial institutions is limited by risk concentration management and by selecting counterparties which have a high national and international prestige and based on their rating notations considering the nature, maturity and size of the operations.

3.4 CAPITAL RISK

Sonae MC's capital structure, determined by the proportion of equity and net debt, is managed to ensure continuity and development of its operations, maximise shareholders return and optimise financing costs.

Sonae MC periodically monitors its capital structure, identifying risks, opportunities and necessary adjustment measures to achieve these goals.

4. FINANCIAL INSTRUMENTS BY CLASSES

According to the accounting policies disclosed in note 2.3 financial instruments were classified, as at 31 December 2020 and 2019, as shown below:

	NOTES	31 DEC 2020			31 DEC 2019		
		FINANCIAL ASSETS AT AMORTISED COST	OTHER NON FINANCIAL ASSETS	TOTAL	FINANCIAL ASSETS AT AMORTISED COST	OTHER NON FINANCIAL ASSETS	TOTAL
NON-CURRENT ASSETS							
Other non-current assets	6	370,969,603	-	370,969,603	412,306,030	-	412,306,030
		370,969,603	-	370,969,603	412,306,030	-	412,306,030
CURRENT ASSETS							
Other debtors	7	378,200,259	653,037	378,853,296	351,317,352	653,037	351,970,389
Other current assets	9	2,243,242	1,279,032	3,522,274	1,845,778	1,605,247	3,451,025
Cash and cash equivalents	10	79,699,248	-	79,699,248	10,358,816	-	10,358,816
		460,142,749	1,932,069	462,074,818	363,521,946	2,258,284	365,780,230
		831,112,352	1,932,069	833,044,421	775,827,976	2,258,284	778,086,260

	NOTES	31 DEC 2020			31 DEC 2019		
		FINANCIAL LIABILITIES AT AMORTISED COST	OTHER NON FINANCIAL LIABILITIES	TOTAL	FINANCIAL LIABILITIES AT AMORTISED COST	OTHER NON FINANCIAL LIABILITIES	TOTAL
NON-CURRENT LIABILITIES							
Bonds	12	321,021,071	-	321,021,071	252,163,176	-	252,163,176
Bank loans	12	194,599,695	-	194,599,695	321,000,000	-	321,000,000
Other non-current liabilities		50,021	-	50,021	294,521	-	294,521
		515,670,787	-	515,670,787	573,457,697	-	573,457,697
CURRENT LIABILITIES							
Trade payables		96,516	-	96,516	192,417	-	192,417
Other payables	14	952,584,370	9,416	952,593,786	977,319,101	26,363	977,345,464
Other current liabilities	15	3,190,097	8,485	3,198,582	2,544,343	-	2,544,343
		955,870,983	17,901	955,888,884	996,552,241	26,363	996,578,604
		1,471,541,770	17,901	1,471,559,671	1,570,009,938	26,363	1,570,036,301

5. INVESTMENTS

Throughout 2020 and 2019 the movement in investments was as follows:

ENTITY	% OWNED	31 DEC 2020				ACCUMULATED IMPAIRMENT (NOTE 16)	BALANCE IN THE BALANCE SHEET
		OPENING BALANCE	INCREASE	DECREASE	CLOSING BALANCE		
Modelo Continente Hipermercados, SA	100%	1,331,763,096	14,000,000 a)	-	1,345,763,096	-	1,345,763,096
Sonaerp – Retail Properties, SA	100%	354,563,564	4,800,000 a)	-	359,363,564	-	359,363,564
Sonvecap BV	100%	155,573,113	-	-	155,573,113	-	155,573,113
Marcas MC, zRT	100%	146,943,000	-	-	146,943,000	-	146,943,000
Sonae MC – Serviços Partilhados, SA	100%	62,032,319	-	-	62,032,319	-	62,032,319
Pharmacontinente – Saúde e Higiene, SA	100%	50,082,875	4,000,000 a)	-	54,082,875	-	54,082,875
Modelo – Dist.de Mat. de Construção, SA	50%	24,790,614	-	(2,000,000) d)	22,790,614	-	22,790,614
Farmácia Seleção, SA	100%	13,940,377	-	-	13,940,377	(3,860,377)	10,080,000
Go Well, SA	100%	4,059,657	400,000 b)	-	4,459,657	-	4,459,657
Sohi Meat Solutions – Dist. de Carnes, SA	50%	2,340,000	-	-	2,340,000	-	2,340,000
Elergone Energias, Lda	75%	1,196,862	-	-	1,196,862	-	1,196,862
Fundo Invest. Imobiliário Imosonae Dois	0.09%	143,429	-	-	143,429	(14,742) f)	128,687
SCBrasil Participações, Ltda	37%	19,600,308	-	-	19,600,308	(19,600,308)	-
Soflorin BV	100%	8,342,933	-	-	8,342,933	(8,342,933)	-
Zippy cocuk malz.dag.ith.ve tic.ltd.sti	100%	3,591,619	-	-	3,591,619	(3,591,619)	-
Sonae MC S2 Africa Limited	100%	1,200	66,680 c)	-	67,880	(67,880)	-
MOVVO, SA	-	3,632,843	-	(3,632,843) e)	-	-	-
Sport Zone spor malz.per.satis ith.ve ti	-	396,395	-	(396,395) e)	-	-	-
		2,182,994,204	23,266,680	(6,029,238)	2,200,231,646	(35,477,859)	2,164,753,787

- a) Share capital increases;
b) Acquisition of the remaining stake;
c) Voluntary capital contributions and respective impairment loss, since the company is in liquidation (note 18);
d) Voluntary capital contributions reimbursement;
e) Conclusion of the liquidation of MOVVO, SA and Sport Zone spor malz.per.satis ith.ve ti, which were fully impaired in previous years;
f) During 2020 an impairment loss was recorded in relation to the investment in Fundo de Investimento Imobiliário Imosonae Dois (note 18).

31 DEC 2019								
ENTITY	% OWNED	ACQUISITION COST				ACCUMULATED IMPAIRMENT (NOTE 16)	BALANCE IN THE BALANCE SHEET	
		OPENING BALANCE	INCREASE	DECREASE	MERGER/CISION			CLOSING BALANCE
Modelo Continente Hipermercados, SA	100%	-	296,640,000 a)	-	d) e) f) 1,035,123,096	1,331,763,096	-	1,331,763,096
Sonaerp – Retail Properties, SA	100%	-	52,000,000 a)	-	302,563,564 d)	354,563,564	-	354,563,564
Sonvecap BV	100%	-	-	-	155,573,113 d)	155,573,113	-	155,573,113
Marcas MC, zRT	100%	-	-	-	146,943,000 d)	146,943,000	-	146,943,000
Sonae MC – Serviços Partilhados, SA	100%	60,032,319	2,000,000 a)	-	-	62,032,319	-	62,032,319
Pharmacontinente – Saúde e Higiene, SA	100%	-	2,000,000 a)	-	48,082,875 d) f)	50,082,875	-	50,082,875
Modelo – Dist. de Mat. de Construção, SA	50%	24,790,614	-	-	-	24,790,614	-	24,790,614
Farmácia Seleção, SA	100%	-	4,000,000 a)	-	9,940,377 d)	13,940,377	(3,860,377)	10,080,000
Go Well, SA	51%	-	132,711 b)	-	3,926,946 d)	4,059,657	-	4,059,657
Sohi Meat Solutions -Dist. de Carnes, SA	50%	-	-	-	2,340,000	2,340,000	-	2,340,000
Elergone Energias, Lda	75%	1,196,862	-	-	-	1,196,862	-	1,196,862
Fundo Invest. Imobiliário Imosonaes Dois	0.09%	143,429	-	-	-	143,429	-	143,429
Modelo Continente, SGPS, SA	100%	1,438,804,276	-	-	(1,438,804,276) d)	-	-	-
SCBrasil Participações, Ltda	37%	19,600,308	-	-	-	19,600,308	(19,600,308)	-
MOVVO, SA	25.58%	3,632,843	-	-	-	3,632,843	(3,632,843)	-
Soflorin BV	100%	-	-	-	8,342,933 d)	8,342,933	(8,342,933)	-
Zippy cocuk malz.dag.ith.ve tic.ltd.sti	100%	-	-	-	3,591,619 d)	3,591,619	(3,591,619)	-
Bom Momento – Restauração, SA	-	-	(727,256) c)	-	727,256 d) e)	-	-	-
Sport Zone spor malz.per.satis ith.ve ti	100%	-	-	-	396,395 d)	396,395	(396,395)	-
Sonae MC S2 Africa Limited	100%	-	-	-	1,200 d)	1,200	(1,200)	-
		1,548,200,651	356,772,711	(727,256)	278,748,098	2,182,994,204	(39,425,675)	2,143,568,529

- a) Share capital increases;
b) Voluntary capital contributions;
c) Disposal to related entities;
d) Merger by incorporation of the subsidiary Modelo Continente, SGPS, SA;
e) Split from Modelo Continente Hipermercados, SA for incorporation in Bom Momento – Restauração, SA;
f) Split from Modelo Continente Hipermercados, SA for incorporation in Pharmacontinente – Saúde e Higiene, SA.

The Company's investments main financials as at 31 December 2020 were the following:

31 DEC 2020						
ENTITY	% OWNED	ASSETS	LIABILITIES	EQUITY	INCOME	PROFIT/(LOSS) FOR THE PERIOD
Elergone Energias, Lda	75%	24,270,923	9,134,078	15,136,845	68,449,220	4,338,964
a) Farmácia Seleção, SA	100%	10,579,980	777	10,579,203	-	411,692
b) Fundo Invest. Imobiliário Imosonaes Dois	0.09%	-	-	-	-	-
a) Go Well, SA	100%	2,909,396	4,394,563	(1,485,167)	5,454,746	(1,611,115)
Marcas MC, zRT	100%	368,611,917	6,325,089	362,286,828	68,468,094	62,293,525
a) Modelo Continente Hipermercados, SA	100%	4,052,005,959	3,307,767,963	744,237,996	4,344,041,820	2,458,851
a) Modelo – Distribuição de Materiais de Construção, SA	50%	83,761,229	39,280,724	44,480,505	115,647,785	9,008,007
a) Pharmacontinente – Saúde e Higiene, SA	100%	104,011,978	79,574,698	24,437,280	189,855,504	128,338
SCBrasil Participações, Ltda	37%	69,986,801	161,329,337	(91,342,536)	-	(23,700,708)
Soflorin BV	100%	77,444,536	71,788,290	5,656,246	-	(2,214)
a) Sohi Meat Solutions – Distribuição de Carnes, SA	50%	72,383,179	66,398,841	5,984,338	285,604,981	1,295,033
a) Sonae MC – Serviços Partilhados, SA	100%	165,380,584	58,705,961	106,674,623	92,432,037	11,901,205
b) Sonae MC S2 Africa Limited	100%	-	-	-	-	-
a) SonaeRP – Retail Properties, SA	100%	800,866,352	480,203,639	320,662,713	21,391,319	7,736,368
Sonvecap BV	100%	172,483,316	159,733	172,323,583	-	8,329,405
b) Zippy cocuk malz.dag.ith.ve tic.ltd.sti	100%	-	-	-	-	-

- a) Financials from the financial statements included in Sonae MC SGPS, SA consolidated accounts, which are prepared according to IFRS
b) Not available

The Company's investments main financials as at 31 December 2019 are shown below:

31 DEC 2019						
ENTITY	% OWNED	ASSETS	LIABILITIES	EQUITY	INCOME	PROFIT/(LOSS) FOR THE PERIOD
a) Elergone Energias, Lda	75%	13,780,329	6,457,722	7,322,607	63,395,559	3,297,437
a) Farmácia Seleção, SA	100%	10,168,422	911	10,167,511	-	102,519
b) Fundo Invest. Imobiliário Imosonaes Dois	0.09%	-	-	-	-	-
a) Go Well, SA	51%	3,829,782	3,671,296	158,486	14,235,987	32,986
Marcas MC, zRT	100%	536,578,660	7,250,000	529,328,660	63,122,680	56,344,457
a) Modelo Continente Hipermercados, SA	100%	3,889,294,811	3,161,524,205	727,770,606	3,989,023,040	10,376,321
a) Modelo - Distribuição de Materiais de Construção, SA	50%	84,962,940	34,892,707	50,070,233	95,132,050	5,908,998
b) Movvo, SA	25.58%	-	-	-	-	-
a) Pharmacontinente - Saúde e Higiene, SA	100%	99,675,531	77,154,095	22,521,436	203,142,593	2,453,437
SCBrasil Participações, Ltda	37%	91,356,016	90,867,548	488,468	-	(8,484,144)
Soflorin BV	100%	27,062,397	21,403,937	5,658,460	-	(308,200)
a) Sohi Meat Solutions - Distribuição de Carnes, SA	50%	67,135,630	61,253,414	5,882,216	267,877,312	1,256,749
a) Sonae MC – Serviços Partilhados, SA	100%	154,910,367	49,192,559	105,717,808	93,498,458	13,528,103
b) Sonae MC S2 Africa Limited	100%	-	-	-	-	-
a) SonaeRP – Retail Properties, SA	100%	809,923,369	501,797,024	308,126,345	22,490,734	38,534,997
Sonvecap BV	100%	190,170,080	26,175,902	163,994,178	-	8,398,823
b) Sport Zone spor malz.per.satis ith.ve ti	100%	-	-	-	-	-
b) Zippy cocuk malz.dag.ith.ve tic.ltd.sti	100%	-	-	-	-	-

- a) Financials from the financial statements included in Sonae MC SGPS, SA consolidated accounts, which are prepared according to IFRS
b) Not available

Investments are tested for impairment according to the accounting policy described in note 2.2 and to the discounted cash flows model valuation.

The main assumptions used in the Sonae MC's investments valuation can be summarised as follows:

	31 DEC 2020	31 DEC 2019
Basis of recoverable amount	Value of use	Value of use
Weighted average cost of capital	8.3%-10%	10%
Perpetuity growth rate	1.50%	1.50%
Income compounded growth rate	-0.9% to 32.1%	0.2% to 43.9%

SonaeRP - Retail Properties, S.A. impairment test was based on real estate valuations at the reporting date performed by independent specialised entities and Marcas MC, zRT investment was based on the "Royalty Relief Method" with a royalty rate from similar activities.

6. OTHER NON-CURRENT ASSETS

As at 31 December 2020 and 2019 the non-current assets were as follows:

	31 DEC 2020	31 DEC 2019
Loans granted to related parties (Note 23)	394,347,009	431,796,798
Impairment on loans granted (Note 16)	(23,427,427)	(19,834,376)
Other debtors	50,021	343,608
	370,969,603	412,306,030

Loans granted have long-term maturity, render interest at market rates indexed to Euribor and their fair value is similar to their carrying amount.

Impairment of loans granted to group companies is assessed in accordance with note 2.3.a).

7. OTHER DEBTORS

As at 31 December 2020 and 2019 this caption is as follows:

	31 DEC 2020	31 DEC 2019
Loans granted to related parties (Note 23)	372,168,000	344,984,087
Interest charged but not received	6,020,064	6,193,142
Other	860,921	1,030,165
Accumulated impairment losses (Note 16)	(195,689)	(237,005)
	378,853,296	351,970,389

Loans granted to group companies return interest at variable market rates indexed to Euribor and have a maturity of less than one year. There were no past due assets as at 31 December 2020 and 2019. The fair value of granted loans is similar to their carrying amount.

Impairment of loans granted to group companies is assessed in accordance with note 2.3.a).

8. INCOME TAX

As at 31 December 2020 and 2019 "Income tax" in the separate statement of financial position is composed of:

	31 DEC 2020	31 DEC 2019
Additional tax payment	17,721	17,721
Special program of debt reduction to the state (DL 67/2016, 3 November)	1,002,114	1,002,114
Special regime for payment of tax and social security debts (DL 248-A/2002, 14 November)	1,108,699	1,108,699
Special regime for payment of tax and social security debts (DL 151-A/2013, 31 October)	788,298	788,298
NON-CURRENT ASSETS	2,916,832	2,916,832
Income tax for the year	4,289,425	16,170,362
Income tax from previous years	4,966,175	4,966,175
CURRENT ASSETS	9,255,600	21,136,537
Income tax from previous years	2,101,152	2,101,152
CURRENT LIABILITIES	2,101,152	2,101,152

Amounts related to "Special regime for payment of tax and social security debts" and "Special program of debt reduction to the state" (DL 248-A/2002, of 14 November, DL 151-A/2013, of 31 October and DL 67/2016 of 3 November) correspond to amounts paid, related to settlements of income tax that are already in court. Legal proceedings are still being processed, however the guarantees provided for those proceedings have been cancelled. It is Sonae MC understanding that the result of the complaints made will be favourable, therefore no adjustments were recorded for possible losses.

Current assets caption "Income tax for the year" includes the income tax estimate and withholding tax. It also includes recoverable income tax for previous years. These amounts were recorded against Sonae, SGPS, SA, since the company is taxed under RETGS dominated by this entity.

"Income tax from previous years" balance is made of receivables amounts related to the periods when the company was the dominant company of RETGS.

"Income tax" recognised in the separate income statement in 2020 and 2019 is detailed as follows:

	31 DEC 2020	31 DEC 2019
Current tax	(2,896,757)	(2,577,790)
Deferred tax	9,296	(3,085)
INCOME TAX	(2,887,461)	(2,580,875)

Reconciliation of income tax for the years ended at 31 December 2020 and 2019 is as follows:

	31 DEC 2020	31 DEC 2019
Profit before income tax	234,842,355	168,037,423
Income tax rate	21.00%	21.00%
TAX	49,316,895	35,287,859
NON TAXABLE PROFIT OR LOSS:		
Dividends	(52,145,790)	(37,013,034)
Impairment (reversal)/loss	(84,768)	114,285
(Gains)/losses in investment sales	-	143,064
Reversal of taxable impairments	-	(79,389)
Impairment loss on assets	10,267	-
Excess/(insufficient) tax estimate	44	(1,038,376)
Other	15,891	4,716
INCOME TAX	(2,887,461)	(2,580,875)
EFFECTIVE INCOME TAX RATE	-1.23%	-1.54%

9. OTHER CURRENT ASSETS

As at 31 December 2020 and 2019 "Other current assets" can be detailed as follows:

	31 DEC 2020	31 DEC 2019
Guarantees	1,313,001	1,327,421
Interest receivable	743,211	331,327
Indemnity interest	187,030	187,030
ACCRUED INCOME	2,243,242	1,845,778
Cost with credit facilities	1,181,182	1,577,066
Insurance	97,850	28,181
PREPAYMENTS	1,279,032	1,605,247
	3,522,274	3,451,025

10. CASH FLOW STATEMENT

As at 31 December 2020 and 2019 "Cash and cash equivalents" can be detailed as follows:

	31 DEC 2020	31 DEC 2019
Bank deposits	79,699,248	10,358,816
CASH AND CASH EQUIVALENTS ON THE BALANCE SHEET	79,699,248	10,358,816
CASH AND CASH EQUIVALENTS ON THE STATEMENT OF CASH FLOWS	79,699,248	10,358,816

During 2020 and 2019 the following collections and payments related with investments occurred:

	31 DEC 2020			31 DEC 2019		
	INVESTMENTS/ (DIVESTMENTS)	RECEIVED AMOUNT	PAID AMOUNT	INVESTMENTS/ (DIVESTMENTS)	RECEIVED AMOUNT	PAID AMOUNT
Modelo Continente Hipermercados, SA	14,000,000	-	14,000,000	296,640,000	-	296,640,000
Sonae Retail Properties SA	4,800,000	-	4,800,000	52,000,000	-	52,000,000
Pharmacontinente - Saúde e Higiene, SA	4,000,000	-	4,000,000	2,000,000	-	2,000,000
Go Well - Promoção de Eventos, Catering e Consultoria, SA	400,000	-	400,000	132,711	-	132,711
Sonae MC S2 Africa Limited	66,680	-	66,680	-	-	-
Modelo - Distribuição de Materiais de Construção, SA	(2,000,000)	2,000,000	-	-	-	-
MOVVO, SA	(11,350)	11,350	-	-	-	-
Farmácia Seleção, SA	-	-	-	4,000,000	-	4,000,000
Sonae MC - Serviços Partilhados, SA	-	-	-	2,000,000	-	2,000,000
Bom Momento - Restauração, SA	-	-	-	(46,000)	46,000	-
	21,255,330	2,011,350	23,266,680	356,726,711	46,000	356,772,711

11. EQUITY

SHARE CAPITAL

As at 31 December 2020 and 2019 the share capital, which is fully subscribed and paid for, was made up by 1,000,000,000 ordinary shares, with a nominal value of 1 euro each.

As at 31 December 2020 and 2019 the subscribed share capital was held as follows:

	31 DEC 2020	31 DEC 2019
Sonae Holdings. SA	51.8269%	51.8269%
Sonae. SGPS. SA	35.0287%	35.0287%
Sonae Investments BV	13.1444%	13.1444%

As at 31 December 2020 Efanor Investimentos, SGPS, SA and its affiliated companies held 52.4817% of Sonae, SGPS, SA 's share capital, which held, directly and indirectly, 100% of the Company.

OTHER RESERVES

During the year ended 31 December 2020 reserves of 7,080,512 euro, mostly related with the transition to IFRS, were transferred to retained earnings.

On 17 September 2019 the subsidiary Modelo Continente, SGPS, SA sold 100,000,000 shares of Sonae MC, SGPS, SA to Sonae, SGPS, SA. Therefore, the unavailable reserves of 320,000,000 euro became available, pursuant to article 324 of the Portuguese Company's Code.

The movements that occurred in 2020 and 2019 in these reserves are detailed in the separate statement of changes in equity.

12. BONDS AND BANK LOANS

As at 31 December 2020 and 2019, this caption included the following loans:

	31 DEC 2020		31 DEC 2019	
	OUTSTANDING AMOUNT		OUTSTANDING AMOUNT	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Bonds Sonae MC / December 2015/2024	-	50,000,000	-	50,000,000
Bonds Sonae MC / May 2015/2022	-	75,000,000	-	75,000,000
Bonds Sonae MC/ December 2019/2024	-	30,000,000	-	30,000,000
Bonds Sonae MC / June 2016/2021	-	-	-	95,000,000
Bonds Sonae MC / September 2016/2021	-	-	3,000,000	3,000,000
Bonds Sonae MC / April 2020/2027	-	95,000,000	-	-
Bonds Sonae MC / July 2020/2025	-	50,000,000	-	-
Bonds Sonae MC / July 2020/2025	-	22,500,000	-	-
Up-front fees not yet charged to statement of profit or loss	-	(1,478,929)	(3,620)	(836,824)
Bond loans	-	321,021,071	2,996,380	252,163,176
Commercial paper	-	140,000,000	13,500,000	266,000,000
Sonae MC 2018/2031	-	55,000,000	-	55,000,000
Up-front fees not yet charged to statement of profit or loss	-	(400,305)	-	-
Bank loans	-	194,599,695	13,500,000	321,000,000
	-	515,620,766	16,496,380	573,163,176

The carrying amount of all loans does not differ significantly from their fair value. The calculation method used for estimating the fair value of loans is based on the discounted cash flows model. Most above detailed loans bear interest at variable rates indexed to market benchmarks.

Bonds and bank loans and interest shall be reimbursed as follows:

	31 DEC 2020		31 DEC 2019	
	CAPITAL	INTEREST	CAPITAL	INTEREST
N+1	-	5,917,775	16,500,000	5,487,099
N+2	185,000,000	5,500,669	248,000,000	4,217,989
N+3	26,111,111	4,077,568	135,000,000	2,504,315
N+4	96,111,111	3,740,087	42,111,111	1,589,340
N+5	97,611,111	2,667,870	106,111,111	1,479,944
after N+5	112,666,667	2,818,281	42,777,778	2,133,542
	517,500,000	24,722,250	590,500,000	17,412,229

The aforementioned maturities were estimated according to the loans contractual clauses and considering Sonae MC's expectation of its amortisation date.

As at 31 December 2020 and 2019 there were financial covenants included in borrowing agreements, negotiated as per market practices, which were in regular compliance as at the date of this report.

Interest amounts were calculated considering financing rates as at 31 December 2020 and 2019.

As at 31 December 2020 and 2019 in addition to "Cash and cash equivalents" (note 10) the Company has 359 million euro of available credit facilities (343 million as at 31 December 2019) that can be summarised as follows:

	31 DEC 2020		31 DEC 2019	
	LESS THAN 1 YEAR COMMITMENTS	MORE THAN 1 YEAR COMMITMENTS	LESS THAN 1 YEAR COMMITMENTS	MORE THAN 1 YEAR COMMITMENTS
Agreed credit facilities	94,000,000	405,000,000	99,000,000	515,000,000
Unused credit facilities	94,000,000	265,000,000	94,000,000	249,000,000

The 2020 average interest rate of bonds and bank loans was 1.16% (1.23% in 2019).

13. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The reconciliation of liabilities arising from financing activities during 2020 and 2019 is as follows:

	FINANCIAL INSTITUTIONS	RELATED ENTITIES
OPENNING BALANCE AS AT 1 JANUARY 2019	587,500,000	547,974,423
Merger by incorporation	–	665,602,350
Receipts from bank loans	2,942,000,000	–
Payments of bank loans	(2,936,000,000)	–
Payments of bond loans	(3,000,000)	–
Receipts from related entities	–	5,695,165,483
Payments to related entities	–	(5,931,507,273)
CLOSING BALANCE AS AT 31 DECEMBER 2019	590,500,000	977,234,983
OPENNING BALANCE AS AT 1 JANUARY 2020	590,500,000	977,234,983
Receipts from bank loans	1,533,500,000	–
Payments of bank loans	(1,673,000,000)	–
Receipts from bond loans	167,500,000	–
Payments of bond loans	(101,000,000)	–
Receipts from related entities	–	5,182,510,000
Payments to related entities	–	(5,207,206,983)
CLOSING BALANCE AS AT 31 DECEMBER 2020	517,500,000	952,538,000

14. OTHER CREDITORS

As at 31 December 2020 and 2019 this caption is detailed as follows:

	31 DEC 2020	31 DEC 2019
Loans from related entities (Note 23)	952,538,000	977,234,983
Fixed assets suppliers	33,800	82,887
Other payables	21,986	27,594
	952,593,786	977,345,464

Loans obtained bear interest at market rates indexed to Euribor and have maturities of less than a year.

15. OTHER CURRENT LIABILITIES

As at 31 December 2020 and 2019 "Other current liabilities" were composed as follows:

	31 DEC 2020	31 DEC 2019
Accrued interest	2,173,347	1,617,064
Guarantees	862,647	860,196
Other	162,588	67,083
ACCRUALS	3,198,582	2,544,343

16. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

During the years ended 31 December 2020 and 2019 movements in "Provisions and accumulated impairment losses" were as follows:

	BALANCE AS AT 31 DEC 2019	INCREASES	DECREASES	BALANCE AS AT 31 DEC 2020
Investments impairment (Note 5 and 18)	39,425,675	81,422	(4,029,238)	35,477,859
Other non-current assets impairment (Note 6)	19,834,376	3,648,891	(55,840)	23,427,427
Other debtors impairment (Note 7)	237,005	–	(41,316)	195,689
	59,497,056	3,730,313	(4,126,394)	59,100,975

	BALANCE AS AT 31 DEC 2018	INCREASES	DECREASES	MERGER	BALANCE AS AT 31 DEC 2019
Investments impairment (Note 5 and 18)	23,233,151	–	–	16,192,524	39,425,675
Other non-current assets impairment (Note 6)	14,375,871	487,044	–	4,971,461	19,834,376
Other debtors impairment (Note 7)	41,316	57,172	(41)	138,558	237,005
Other current liabilities provisions	–	–	(378,363)	378,363	–
	37,650,338	544,216	(378,404)	21,680,906	59,497,056

The increases and decreases in other non-current assets were recorded in the separate income statement under the caption "Gains or losses on investments" (note 18).

The amounts included in the column "merger" were recognised in the caption "Other reserves" and refer to the effect of the merger by incorporation of the subsidiary Modelo Continente, SGPS, SA occurred in 2019.

17. CONTINGENT LIABILITIES

As at 31 December 2020 and 2019 guarantees in favour of third parties are as follows:

GUARANTEES AND SECURITIES GIVEN:	31 DEC 2020	31 DEC 2019
On tax claims awaiting outcome:		
Financial institutions guarantees	90,696,508	91,944,064
Parent company guarantees	245,070,150	245,070,150
Other	8,250,000	1,770,000
Guarantees on tax claims given in favour of subsidiaries a)	373,326,019	373,006,292

a) Guarantees given to tax authorities in favour of subsidiaries to defer tax claims:

- > Includes guarantees granted to tax authorities regarding previous years income tax. The most significant amounts relate to an additional tax assessment made by tax authorities, relating to 2005 taxable result, regarding losses covered by the Company in a subsidiary, having tax authorities not considered the usage of taxable losses on this operation and subsequent liquidation of the Company's subsidiary, which is not in accordance with previous assessments made by tax authorities. The Company has appealed against these tax claims, being the Board of Directors' understanding, based on its adviser's assessment, that such appeal will be favourable.
- > No provision has been recorded for these additional tax assessments, to which some guarantees were provided, as the Board of Directors considers that their outcome will be favourable, therefore with no additional liabilities to the Company.

- > Within the framework of tax debts regularisation ("Special regime for payment of tax and social security debts" – DL 248–A/2002, DL 151–A/2013 and DL 67/2017) in previous years the Company made tax payments. As at 31 December 2020 the outstanding amount is 5,099,431,000 euro (5,099,431,000 as at 31 December 2019), having the respective guarantees been cancelled and the related tax appeals continued in courts.
- > Following the disposal of a Brazilian subsidiary, the group guaranteed to the buyer all losses arising from additional tax assessments as it is described in the contingent assets and liabilities note in the appendix to the consolidated financial statements.

18. RELATED ENTITIES

Main transactions with related entities during the years ended 31 December 2020 and 2019 can be summarised as follows:

TRANSACTIONS	EXTERNAL SERVICES AND SUPPLIES		OTHER INCOME	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Parent company	996,957	1,002,125	42,077	42,320
Subsidiaries	323,309	442,792	1,267,899	1,275,767
Other related parties	133,356	31,128	44,756	97,810
	1,453,622	1,476,045	1,354,732	1,415,897

TRANSACTIONS	INTEREST INCOME		INTEREST EXPENSES	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Parent company	–	–	339,927	312,528
Subsidiaries	10,018,871	16,132,672	8,783,724	12,180,223
	10,018,871	16,132,672	9,123,651	12,492,751

Main outstanding balances with related entities as at 31 December 2020 and 2019 can be summarised as follows:

BALANCES	ACCOUNTS RECEIVABLE		ACCOUNTS PAYABLE	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Parent company	4,229,272	16,210,715	994,312	991,786
Subsidiaries	7,806,643	7,761,433	1,170,247	1,067,449
Other related parties	154,146	120,771	65,412	66,080
	12,190,061	24,092,919	2,229,971	2,125,315

BALANCES	LOANS			
	OBTAINED		GRANTED	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Subsidiaries	952,538,000	977,234,983	766,515,008	776,780,885
	952,538,000	977,234,983	766,515,008	776,780,885

All Efanor, SGPS, SA's subsidiaries, associated companies and joint ventures are considered related parties namely: all companies of Sonae MC, SGPS, SA Group (group in which the company operates and that account for most reported balances and transactions); the companies of Sonae, SGPS, SA Group (including, in addition to the Sonae MC Group, companies belonging to Sonae Holdings, SA, Sonae Sierra, SGPS, SA and SonaeCom, SGPS, SA); and the companies of Sonae Indústria, SGPS, SA Group and of Sonae Capital, SGPS, SA Group. The Board of Directors members are also considered related parties.

In 2020 and 2019 no transactions occurred, nor loans were granted to the Company's Directors. Additionally, as at 31 December 2020 and 2019, there were no balances with the Company's Directors.

The Board of Directors compensation for the years ended 31 December 2020 and 2019 is detailed as follows:

	31 DEC 2020	31 DEC 2019
Short term benefits	236,235	398,500

GAINS OR LOSSES ON INVESTMENTS

In 2020 and 2019 gains or losses on investments are detailed as follows:

	31 DEC 2020	31 DEC 2019
DIVIDENDS:		
Marcas MC, zRT	229,335,356	100,000,000
Sonae MC - Serviços Partilhados, SA	10,944,390	7,300,000
Modelo - Dist.de Mat. de Construção,SA	5,224,092	2,027,573
Pharmacontinente - Saúde e Higiene, SA	2,212,494	15,000,000
Sohi Meat Solutions -Dist. de Carnes, SA	596,956	324,970
Sonvecap BV	-	32,000,000
Sonaerp - Retail Properties, SA	-	11,600,000
Modelo Continente Hipermercados, SA	-	8,000,000
	248,313,288	176,252,543
FINANCIAL INVESTMENTS INCOME:		
Fundo de Investimento Imobiliário Imosonae Dois	18,764	10,744
	18,764	10,744
IMPAIRMENT REVERSAL/(LOSSES):		
SCBrasil Participações, Ltda.	(3,600,000)	-
Fundo de Investimento Imobiliário Imosonae Dois	(14,742)	-
Sonae MC S2 Africa Limited	(66,680)	-
Zippy cocuk malz.dag.ith.ve tic.ltd.sti	(48,890)	(544,023)
Sport Zone spor malz.per.satis ith.ve ti	-	(193)
Sonae MC S2 Africa Limited	-	41
	(3,730,312)	(544,175)
INVESTMENT SALES INCOME/(LOSSES)		
Sport Zone spor malz.per.satis ith.ve ti	11,440	-
Bom Momento - Restauração, S.A.	-	(681,256)
	11,440	(681,256)
	244,613,180	175,037,856

During 2020 the Company recorded an impairment loss on Fundo de Investimento Imobiliário Imosonae Dois and Sonae MC S2 Africa Limited (note 5), but also reinforced the impairment loss in SCBrasil Participações, Ltda. shareholder's loans and Zippy cocuk malz.dag.ith.ve tic.ltd.sti supplementary capital (note 6).

19.

FINANCIAL INCOME AND EXPENSES

During the years ended 31 December 2020 and 2019 financial income and expenses were as follows:

	31 DEC 2020	31 DEC 2019
FINANCIAL EXPENSES		
Interest expenses related to		
loans to related entities	(9,123,651)	(12,492,751)
non convertible bonds	(3,562,275)	(3,839,788)
bank loans and overdrafts	(2,591,138)	(2,951,520)
Up-front fees and commissions related to loans	(2,762,332)	(2,875,283)
Stamp duty tax over loans	(6,119)	(9,014)
	(18,045,515)	(22,168,356)
FINANCIAL INCOME		
Interest income from		
loans to related entities	10,018,871	16,132,672
bank deposits	1,339	7,561
Other financial income	-	71,833
	10,020,210	16,212,066
	(8,025,305)	(5,956,290)

20. EXTERNAL SERVICES AND SUPPLIES

External services and supplies in 2020 and 2019 are as follows:

	31 DEC 2020	31 DEC 2019
Bank fees and services	1,027,075	1,116,423
Guarantees fees	896,957	902,920
Specialised services	684,274	741,360
Insurance	133,817	61,339
Other	25,090	13,882
	2,767,213	2,835,924

22. EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2020 and 2019 were calculated considering the following amounts:

	31 DEC 2020	31 DEC 2019
EARNINGS		
Earnings used to calculate basic and diluted earnings per share (profit for the period)	237,729,816	170,618,298
NUMBER OF SHARES		
Number of shares used to calculate basic and diluted earnings per share	1,000,000,000	1,000,000,000
BASIC AND DILUTED EARNINGS PER SHARE	0.2377	0.1706

21. STAFF COSTS

Staff costs for the years ended 31 December 2020 and 2019 are as follows:

	31 DEC 2020	31 DEC 2019
Salaries	241,235	403,499
Payroll charges	52,154	92,545
Other staff costs	10,175	6,032
	303,564	502,076

23. INFORMATION REQUIRED BY LAW

DECREE-LAW Nº 318/94 ART.º 5º Nº 4

During the year ended 31 December 2020 the Company entered shareholders' long-term loan agreements with the following entities:

- > SCBrasil Participações, Ltda
- > SonaeRP – Retail Properties, SA
- > Zippy Cocuk Maiz.Dag.Satis Ith. Ve Tic Ltd Sti

During the year ended 31 December 2020 Sonae MC entered into short-term loan agreements with the following entities:

- > Amor Bio – Mercado Biológico Lda
- > Asprela – Sociedade Imobiliária, SA
- > Azulino – Imobiliária, SA
- > BB Food Service, SA
- > Bertimóvel – Sociedade Imobiliária, SA
- > Bom Momento – Restauração, SA
- > Brio – Produtos de Agricultura Biológica, SA
- > Canasta – Empreendimentos Imobiliários, SA
- > Chão Verde – Sociedade de Gestão Imobiliária, SA
- > Citorres – Sociedade Imobiliária, SA
- > Closer Look Design, Lda
- > Contimobe – Imobiliária do Castelo de Paiva, SA
- > Continente Hipermercados, SA
- > Cumulativa – Sociedade Imobiliária, SA
- > Elergone Energia, Lda
- > Farmácia Seleção, SA
- > Fozimo – Sociedade Imobiliária, SA
- > Go Well, SA
- > Igimo – Sociedade Imobiliária, SA
- > Iginha – Sociedade Imobiliária, SA
- > Imoestrutura – Sociedade Imobiliária, SA
- > Imomuro – Sociedade Imobiliária, SA
- > Imoresultado – Sociedade Imobiliária, SA
- > Imosistema – Sociedade Imobiliária, SA
- > Marcas MC, ZRT
- > MCCare, Serviços de Saúde, SA
- > MJLF – Empreendimentos Imobiliários, SA
- > Modelo Continente Hipermercados, SA
- > Modelo Hiper Imobiliária, SA
- > Pharmaconcept – Actividades em Saúde, SA
- > Pharmacontinente – Saúde e Higiene, SA
- > Ponto de Chegada – Sociedade Imobiliária, SA
- > Predicomercial – Promoção Imobiliária, SA
- > Predilugar – Sociedade Imobiliária, SA
- > Selifa – Sociedade de Empreendimentos Imobiliários, SA
- > Sempre à Mão – Sociedade Imobiliária, SA
- > SK Skin Health Cosmetics, SA
- > Socijofra – Sociedade Imobiliária, SA
- > Sociloures – Sociedade Imobiliária, SA
- > Sonae MC – Serviços Partilhados, SA
- > Sonae SGPS, SA
- > SonaeRP – Retail Properties, SA
- > Sondis Imobiliária, SA
- > Sonvecap BV
- > Valor N, SA

As at 31 December 2020 balances payable related to these agreements can be detailed as follows:

LOANS GRANTED	BALANCE AS AT 31 DEC 2020
Continente Hipermercados, SA	407,562,000
Marcas MC, zRT	278,544,000
Contimobe - Imobiliária de Castelo de Paiva, SA	50,615,000
Sonae MC – Serviços Partilhados, SA	28,938,000
Sonvecap BV	28,282,000
Predicomercial - Promoção Imobiliária, SA	17,431,000
Modelo Hiper Imobiliária, SA	12,780,000
Bertimóvel - Sociedade Imobiliária, SA	12,177,000
Elergone Energias, Lda	7,987,000
Iginha - Sociedade Imobiliária, SA	7,577,000
Socijofra - Sociedade Imobiliária, SA	7,025,000
Selifa - Empreendimentos Imobiliários de Fafe, SA	6,740,000
Citorres - Sociedade Imobiliária, SA	6,595,000
Imosistema - Sociedade Imobiliária, SA	6,415,000
Farmácia Seleção, SA	6,155,000
Imoestrutura - Sociedade Imobiliária, SA	5,972,000
Fozimo - Sociedade Imobiliária, SA	5,889,000
Imoresultado - Sociedade Imobiliária, SA	5,636,000
MJLF - Empreendimentos Imobiliários, SA	5,539,000
Valor N - Sociedade Imobiliária, SA	5,367,000
Canasta - Empreendimentos Imobiliários, SA	4,812,000
Pharmaconcept – Atividades em Saúde, SA	4,079,000
Closer Look Design, Lda	3,966,000
Azulino Imobiliária, SA	3,472,000
Ponto de Chegada – Sociedade Imobiliária, SA	3,214,000
Sondis Imobiliária, SA	3,135,000
Imomuro - Sociedade Imobiliária, SA	2,891,000
Igimo - Sociedade Imobiliária, SA	2,493,000
BB Food Service, SA	2,431,000
Cumulativa - Sociedade Imobiliária, SA	2,168,000
SK Skin Health Cosmetics, SA	2,045,000
Brio – Produtos de Agricultura Biológica, SA	1,822,000
Amor Bio, Mercado Biológico, Lda	1,373,000
Bom Momento - Restauração, SA	795,000
Sociloures - Sociedade Imobiliária, SA	467,000
Predilugar - Sociedade Imobiliária, SA	149,000
	952,538,000

As at 31 December 2020 balances receivable related to these agreements were the following:

LOANS RECEIVED	BALANCE AS AT 31 DEC 2020
SonaeRP – Retail Properties, SA	458,025,731
Modelo Continente Hipermercados, SA	262,105,000
SCBrasil Participações, Ltda,	18,357,722
Pharmacontinente - Saúde e Higiene, SA	10,672,000
MCCare – Serviços de Saúde, SA	9,656,000
Zippy cocuk malz.dag.ith.ve tic.ltd.sti	5,448,616
Go Well, SA	1,150,000
Asprela – Sociedade Imobiliária, SA	780,000
Sempre à Mão - Sociedade Imobiliária, SA	317,000
Sonae MC S2 Africa Limited	2,939
	766,515,008

ART.º 66º-A OF THE PORTUGUESE COMPANIES CODE

As mentioned on note 1 the Company also presents consolidated financial statements.

Information regarding the remuneration paid to the Statutory External Auditor is included in the Management report.

24. SUBSEQUENT EVENTS

There were no significant events after 31 December 2020 and until this date that need disclosure.

25. APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

The accompanying separate financial statements were approved by the Board of Directors and authorised for issue on 6 April 2021. These separate financial statements will be presented to the Shareholders' General Meeting for final approval.

The Board of Directors,

Maria Cláudia Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

João Pedro Magalhães da Silva Torres Dolores

António Carlos Merckx de Menezes Soares

Ricardo Emanuel Mangana Monteiro

Luís Miguel Mesquita Soares Moutinho

Rui Manuel Teixeira Soares de Almeida

Isabel Sofia Bragança Simões Barros

José Manuel Cardoso Fortunato

STATUTORY

AUDIT REPORT

Corporate Responsibility

Frugality and Efficiency

Cooperation and Independence



Statutory Audit Report

(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Sonae MC, SGPS, SA (the Group), which comprise the consolidated statement of financial position as at 31 December 2019 (which shows total assets of Euros 4,170,500,063 and total shareholders' equity of Euros 843,765,175 including a profit for the period attributable to the equity holders of the parent company of Euros 143,349,796), the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Sonae MC, SGPS, SA as at 31 December 2019, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

- a) the preparation of the consolidated financial statements, which present fairly the consolidated financial position, the consolidated financial performance and cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;
- b) the preparation of the Directors' report in accordance with the applicable law and regulations;

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- c) the creation and maintenance of an appropriate system of internal control to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- d) the adoption of appropriate accounting policies and criteria; and
- e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion; and

- g) communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements.

Report on other legal and regulatory requirements

Directors' report

In compliance with paragraph 3 e) of article N^o 451 of the Portuguese Company Law, it is our opinion that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

9 April 2021

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Joaquim Miguel de Azevedo Barroso, R.O.C.



Statutory Audit Report

(Free translation from the original in Portuguese)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Sonae MC, SGPS, SA (the Entity), which comprise the separate statement of financial position as at 31 December 2020 (which shows total assets of Euros 3,009,971,775 and total shareholders' equity of Euros 1,536,310,952, including a net profit of Euros 237,729,816), the separate statement of income, the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and the notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Sonae MC, SGPS, SA as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section below. In accordance with the law, we are independent of the Entity and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and supervisory board for the financial statements

Management is responsible for:

- a) the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Entity in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;
- b) the preparation of the Directors' report in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria; and

e) the assessment of the Entity's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Entity's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure process of the Entity's financial information.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or, in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;

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- e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- f) communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the financial statements.

Report on other legal and regulatory requirements

Directors' report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited financial statements and, taking into account the knowledge and assessment about the Entity, no material misstatements were identified.

9 April 2021

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Joaquim Miguel de Azevedo Barroso, R.O.C.

REPORT AND OPINION OF THE STATUTORY

AUDIT BOARD

Trust and Integrity

REPORT AND OPINION OF STATUTORY AUDIT BOARD

Sonae MC SGPS, S.A.

(Translation of a Report and Opinion originally issued in Portuguese.)

In case of discrepancy the Portuguese version prevails)

To the Shareholders

1 – Report

1.1 – Introduction

In compliance with the applicable legislation and statutory regulations, as well in accordance with the terms of our mandate, the Statutory Audit Board presents its report over the supervision performed and its Report and Opinion on the Report of the Board of Directors and the remaining individual and consolidated documents of accounts for the year ended 31 December 2020, which are the responsibility of the Board of Directors.

1.2 – Supervision

During the year, the Statutory Audit Board, in accordance with its competence and in accordance with its Regulations, accompanied the strategic lines and risk policy approved by the management of the Company and its subsidiaries, from which didn't arises any issue, and has oversight, with the required scope, the activity of the Board of Directors and its committees, evolution of the operations, the adequacy of accounting records, the quality and appropriateness regarding the process of preparation and disclosure of financial information, corresponding accounting policies and valuation criteria used, as well as verified compliance with legal and statutory regulatory requirements.

In the exercise of its competences, the Statutory Audit Board obtained from the Board of Directors, the necessary information to carry out its supervision activity and proceeded with the necessary interactions to fulfil the competencies listed in the law and its Internal Regulation.

The Audit Board verified the effectiveness of the risk management and internal control systems, analyzed the planning and results of the external and internal auditors' activity, accompanied the system involving the reception and follow up of reported irregularities and oversight the reports issued by Sonae's Ombudsman, assessed the process of preparing the individual and consolidated accounts, provided the Board of Directors with information on the conclusions and quality of the financial statements audit and its intervention in this process, approved, previously, the rendering of non-audit services by the Statutory and External Auditor permitted under the law, and also having exercised its mandate in what concerns

the evolution of the competence and independence of the Statutory and External Auditor, as well as to the supervision of the establishment of their remuneration.

During the year, the Statutory Audit Board accompanied, with special care, the accounting treatment of transactions that materially influenced the evolution of the activity expressed in the consolidated and individual financial position of Sonae MC, SGPS, S.A. and, in this point of view, highlights the positive evolution of the businesses segments and the main partnerships, whose effects are evident in Group's salutary economic and financial development.

The Statutory Audit Board, observed Recommendation I.5 of the IPCG Corporate Governance Code, in accordance with the criteria established by it in numbers 3 to 5 of article 4 of its Regulations, with the objective of characterizing the relevant level of transactions concluded with qualified shareholders or with or with entities with them in any of the relationships stipulated in paragraph 1 of article 20 of the Portuguese Securities Market Code, having not identified the materialization of relevant transactions in the light of those criteria, nor identified the presence of conflicts of interest .

The Statutory Audit Board complied with the Recommendations of the Corporate Governance Code of the IPCG I.2.2, I.2.3, I.2.4, I.3.1, I.3.2, I.5.1, I.5.2, III.1.1 (with incidence on the risk policy in accordance with and within its competence), VII.1.1, VII.2.1., VII.2.2., VII.2.3..

As a body fully composed by independent members in accordance with the legal criteria and all professionally qualified to perform their duties, the Statutory Audit Board developed its competences and interrelations with the other statutory bodies and Company's services in accordance with the principles and conduct recommended in the terms of legal and recommendations, and did not receive from the Statutory and External Auditor any report relating to irregularities or difficulties in the performance of its duties.

In the fulfilment of its duties, the Statutory Audit Board held regular quarterly meetings, in addition to other extraordinary ones, with the presence of, depending on the matters in the agenda, the Board of Directors, the officers in charge of Management Planning and Control, Administrative and Accounting Services, Treasury and Finance, Tax, Internal Audit, Risk Management, the Statutory and External Auditor and Sonae's Ombudsman. Additionally, the Statutory Audit Board participated in the Board of Directors' meeting where the Report of the Board of Directors and the financial statements for the year were approved and, during the year, had access to all the documental or personal information that appeared appropriate to the exercise of its audit action.

Still, in the fulfilment of its duties, the Statutory Audit Board reviewed the Report of the Board of Directors, and remaining individual and consolidated documents of account prepared by the Board of Directors, concluding that these information was prepared in accordance with the applicable legislation and that it is appropriate to the understanding of the financial position and results of the Company and the consolidation perimeter, and has reviewed the Statutory Audit and Auditors' Report issued by the Statutory Auditor and agreed with its content.

2 – Opinion

Considering the above, in the opinion of the Statutory Audit Board, that all the necessary conditions are fulfilled in order for the Shareholders' General Meeting to approve:

- a) the Report of the Board of Directors.
- b) the individual and consolidated statements of financial position, profit and loss by natures, comprehensive income, changes in equity and of cash flows and related notes for the year ended 31 December 2020.
- c) the proposal of net profit appropriation presented by the Board of Directors.

3 – Responsibility Statement

In accordance with paragraph a), number 1 of article 8º of the Regulation of CMVM nr. 5/2008 and with the terms defined in paragraph c) nº 1 of the article 245º of the Portuguese Securities Market Code, the members of the Statutory Audit Board declare that, to their knowledge, the information contained in the individual and consolidated financial statements were prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and the results of the Sonae MC, SGPS, S.A. and companies included in the consolidation. Also, it is their understanding that the Board of Directors Report faithfully describes the business evolution, performance and financial position of Sonae MC, S.G.P.S., S.A. and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

Maia, 09 April 2021

The STATUTARY AUDIT BOARD

António Augusto Almeida Trabulo

Maria José Martins Lourenço da Fonseca

Carlos Manuel Pereira da Silva