

A YEAR OF RESILIENCE

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

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

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

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

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

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

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

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

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

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

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

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

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

LUÍS MOUTINHO
CEO

