MC Sonae

UNLOCKING THE FUTURE

ANNUAL REPORT 2021

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This report is a translation of the Portuguese original version. In case of discrepancies, the latter prevails.

2021: GROWTH & TRANSFORMATION

Looking back at yet another year marked by the pandemic plus economic and social disruption, what will you remember most about 2021?

In 2021, our spirit of helping one another, agility and resilience was once more put to the test. For us, as a Company, and looking ahead, there remains a reinforced clarity on the importance of having competent teams, cohesive and resistant to adversity, like those with which I have the privilege to work, to be able to overcome the challenges imposed by realities such as the pandemic crisis we lived in. Today, we are much more prepared, as a group, for other shocks that may happen.

Looking back over the last year, and following a tough 2020, the public health crisis further tested our reaction capacity with a long period of lockdown, from January onwards. For our Businesses, the key words were uncertainty and volatility, with large fluctuations in operating conditions throughout the year, as a result of either easing or tightening restrictions, with different impacts from one banner and format to another.

Most of all, 2021 was another period of overcoming for MC, only possible because we remained focused on three key priorities: protecting our People and Customers, and supporting the Communities around us; promoting agility in response to the constant shifts in circumstances impacting our Businesses; not losing sight of our long-term vision for the Company, namely with regards to fulfilling our growth opportunities.

Speaking of growth, I must, of course, highlight a major MC 2021 milestone; the entry of a new shareholder, CVC, through the Strategic Opportunities fund, complementing Sonae in its role as majority shareholder. A move that supports and strengthens our vision for the future.

Regarding consumer expectations and major trends, what do you think changed in structural terms, and what do you think is here to stay once normality is re-established?

The main difference revolved around embracing digital, which leap-frogged many years. This ramp-up is visible across various fronts. On one hand, we saw an expressive growth of e-commerce, which, even in businesses traditionally more protected from this reality, such as food retail, is now at a much more relevant level. We also noted an increase in fast delivery solutions, which gained ground in food retail deliveries and prepared meal delivery services, thus creating a new market. On the other hand, Customers have an increased expectation that there are digital solutions for the main points of friction in their purchasing experiences, wherever they occur, be it brick-and-mortar or online. In this sense, we highlight the surge in digital payments.

Embracing digital also transformed the way we work, and it won't return to the pre-pandemic scenario. The hybrid and work-from-home models are here to stay and, with them, the centrality of the home in the lives of families gains a new prominence, which will make permanent changes in consumption habits that emerged in this period.

With regards to other current trends, question marks remain concerning post-pandemic forms. Whilst some will rely on economic activity recovery levels, others will be maintained or cease to exist depending on the rebound of pre-COVID-19 social modus operandi. We will keep our eye on the ball to ensure that Portuguese consumers always find the best solutions within the MC ecosystem.

LUÍS MOUTINHO
CEO

« We will continue to promote the sustainable expansion of Businesses and invest in our People »

Looking at MC's long-term strategy execution, which 2021 initiatives would you like to highlight?

We set to embrace digital, and in line with our strategic focus in this area, 2021 was marked by the launch of the new Continente and Wells online stores. Thus, offering Portuguese consumers a wholly renewed and outstanding shopping experience. We also launched Continente Labs, a cashierless store, the first of its kind by a European retailer. This store is an excellent and innovative learning laboratory for our retail operation.

We continued to focus on growth, expanding our Continente Bom Dia and Continente Modelo store network in tandem with the expansion of other banners such as Bagga, Zu and Note. These banners significantly contribute to the power of attraction of our food retail stores, offering our Customers added convenience. We still have room to grow our operations in Portugal, and we are committed to capturing existing potential. Regarding health, wellness and beauty, we remained focused on our pathways to growth, namely highlighting Wells and Arenal new store concepts implemented in Portugal and Spain.

All these developments were only made possible because we continued to evolve behind the scenes, in areas invisible to the Clients eyes. We completed the expansion of our distribution centre in Azambuja and initiated a major intervention in our distribution centre located in Maia. Both efforts are of the utmost importance to support our vision for the future of the Company. We also carried out several new initiatives geared towards developing and promoting the well-being of our People, considering the new work models and business dynamics.

Finally, I would also highlight the completion of the sale of our stake in Maxmat as part of a strategy of active management of our business portfolio.

What key aspects of MC's sustainability efforts would you like to highlight?

I´ll dive into telling you about our main initiatives in the three major areas where we can have the most significant impact and where we have focused our efforts. First up, Diversity and Inclusion focused on uniqueness. We have invested in gender equality, and we aim to fill 40% of our leadership positions with women by 2023. Another of our focus points is disability, and we have invested in improving our capacity to integrate disabled persons.

Regarding our environmental initiatives, we significantly increased our capacity to produce renewable energy. Via offsite power purchase agreements («offsite PPA») for the long-term supply of energy, we ensure that circa 20% of the electricity consumed by MC will come from renewable energy sources. For over ten years we have promoted energy efficiency and remain on track with our efforts and investments. For example, throughout 2021, we continued to improve the recyclability of our own-brand plastic packaging, achieving a recyclability rate of around 75%.

The last point I'd like to highlight is that we are an active agent in promoting sustained relief to Communities. With a particularly visible role during the pandemic, in which we donated circa €20 million of food goods and launched a pioneering campaign on loneliness and social isolation by discussing topics on combating these issues that cut across our society. A Company as large as ours can cause a positive impact, and we want to continue to do so.

How do you interpret the Company financial performance figures for 2021?

Once again, MC announced results which filled me with pride. In addition to 2020 resolute performance, in 2021, we grew €318 million in sales. This figure represents a 6.3% increase year-on-year and a 3.4% increase in like-for-like terms, thus corresponding to a €5,362 million turnover. Turning more specifically towards our online channel, yet again we attained remarkable performance figures of circa 30%. These results are excellent. Still, they are even more impactful for outperforming the market variation, enabling us to further strengthen our market share and leadership position.

Within a context of increased inflationary pressure on a retailer cost basis, MC's operating profit reached an underlying EBITDA of €537 million, thus preserving a 10.0% margin turnover. Additionally, in the period the Company generated a cash-flow of €243 million. We further strengthened our balance sheet by reducing net financial debt in €103 million, after the yearly dividend pay-out.These robust results allow us to continue investing in our Businesses, expand our brick-and-mortar store network and online channel, invest in digital transformation, and strengthen our operations.

In increasingly competitive markets, what gives you the confidence to foresee that the coming years will be positive for the Company?

It´s a fact that we operate in increasingly competitive markets, with more retailers, be it in terms of brick-and-mortar or online, but it is also true that there is still room to grow, both in food retail and in health, wellness and beauty.

As a Company, we are experiencing a very positive period. Our sound position enables us to continue to promote the sustainable expansion of our various Businesses and invest in our People. In addition to this, we have magnificent teams committed to delivering the best value proposition to our Customers. By doing so, we will obtain increasingly higher recognition, which will undoubtedly reinforce our market leadership, making the coming years the continuation of a very successful period for MC.

What are MC's main priorities for 2022?

We have four main priorities that have been our prime focus over the last few years. Firstly, continue to grow our food retail, health, wellness and beauty Businesses. We will continue to expand our store network and invest in our online channel, strengthening interconnections between both channels through an increasingly omnichannel value proposition.

Secondly, we will maximise value capture through digital transformation, which will enable our operating models to be more efficient and agile throughout the value chain and offer increasingly tailored solutions to meet individual Customer needs.

Thirdly, we will remain attentive to all consumer needs, adjusting and reinforcing our value proposition, maintaining our position as a democratic and competitive operator, and ensuring our differentiation in key offer areas such as private label and fresh products.

As the basis of our strategy, we will remain focused on our People and sustainable development. Good strategies don't exist without talent; hence we will strive to be increasingly more capable of attracting and retaining the best. We will invest in the continuous training of our People and in the skills of the future so that nobody is left behind. It is patently evident that nowadays, we can´t think about Business without thinking about sustainability. It is an ethical imperative for organisations, and we are focused on consistently setting an example across its various dimensions.

1. **LUÍS MOUTINHO**
CEO
2. **RUI ALMEIDA**
CFO AND EXPANSION
3. **ISABEL BARROS**
PEOPLE, TRANSFORMATION AND SUSTAINABILITY
4. **JOÃO AFONSO**
FOOD TRADE
5. **DAVID ALVES**
NON-FOOD TRADE
6. **JOSÉ FORTUNATO**
STORE OPERATIONS, MARKETING, DIGITAL AND E-COMMERCE
7. **MIGUEL ÁGUAS**
HEALTH, WELLNESS AND BEAUTY
8. **MIGUEL MOREIRA**
INFORMATION TECHNOLOGY AND LOGISTICS

THE LEADERSHIP COMMITTEE

THE YEAR IN REVIEW

ABOUT MC

With more than 36 years of history, which began with the opening of the first hypermarket in Portugal in 1985, MC is the leader in the food retail sector in Portugal.

MC develops an omnichannel and multi-format approach to capture all consumer shopping missions, carried out through Continente (urban hypermarkets), Continente Modelo (large supermarkets), Continente Bom Dia (proximity supermarkets), Continente Online (e-commerce platform) and Meu Super (neighbourhood franchise stores).

The Company also operates in the health, wellness and beauty segment in Portugal, through Wells, Dr. Well's and Go Natural, and in northern Spain, through Arenal. It also develops other growth Businesses, namely Bagga (coffee shops), Note! (stationery, books and convenience services), ZU (Pet store and service offering), Washy (self-service laundromat) and Home Story (home decor).

MC serves 4.2 million Customers every week in its 1,342 stores (of which approximately 1,000 are owned stores) and e-commerce platforms. The Company employs around 37 thousand Employees and in 2021 registered a turnover of €5,362 million.

For more information
mc.sonae.pt/en/history

TURNOVER
€ 5.4 BN

STORES
1,342

ASSOCIATES
37 K

#1
LEADER IN THE FOOD RETAIL BUSINESS IN PORTUGAL

CUSTOMERS
4.2 MILLION
SERVED EVERY WEEK

FOOD RETAIL

Urban hypermarkets
41 STORES
CONTINENTE

Large supermarkets
143 STORES
CONTINENTE modelo

Proximity supermarkets
143 STORES
CONTINENTE bom dia

E-commerce platform
168 CLICK&GO LOCATIONS
CONTINENTE ONLINE

Franchise proximity supermarkets
307 STORES
Meu Super

HEALTH, WELLNESS & BEAUTY

Health, beauty, well-being products, opticians and perfumery
289 STORES
wells

Health, beauty, well-being products and perfumery
59 STORES
arenal

Aesthetic services and dental clinics
24 CLINICS
Dr.Wells

Supermarkets and healthy restaurants
12 STORES
22 RESTAURANTS
go natural

COMPLEMENTARY GROWTH BUSINESSES

Coffee shops
142 STORES
BAGGA

Stationary, books and convenience services
84 STORES
note!

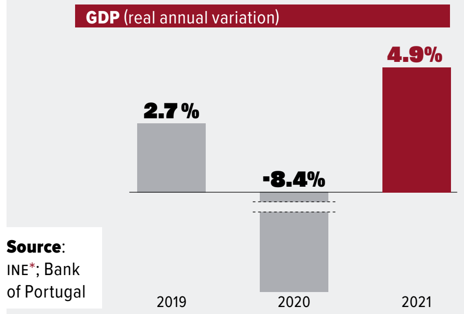
Pet store and service offering
38 STORES
ZU

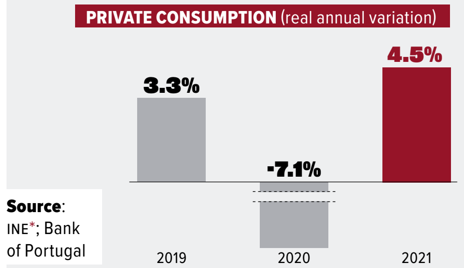
Self-service laundromat
35 STORES
WASHY

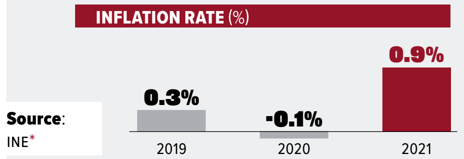
Home decor
1 STORE
home story

OUR OPERATING MARKET

PARTIAL RECOVERY OF THE ECONOMIC ACTIVITY





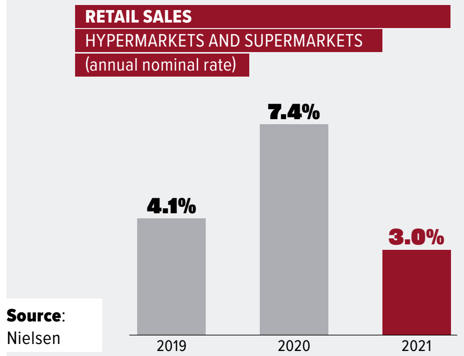


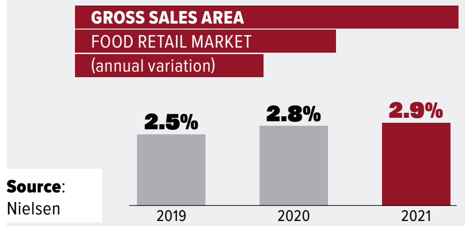
The year of 2021 was marked by the evolution of COVID-19 pandemic and by its economic and social consequences. In Portugal, the deterioration of the epidemiological situation in the beginning of the year led to a new general lockdown and to a long period with highly restrictive measures for the economy. The sustained reduction in the number of new COVID-19 cases allowed the gradual withdraw of these measures from May onwards, and the progressive normalization of the economic activity.

In the second half, the distance of real GDP to pre-pandemic reference levels has reduced, boosted by the renewed dynamism of internal demand, in particular private consumption. This recovery was supported by increasing Consumers' confidence, the maintenance of favorable financial conditions, the increase in families' savings and by the positive momentum of the labor market.

The drastic rise in energy commodities and the greater difficulty in hiring in several sectors of activity led to intensifying inflationary pressures, particularly towards the end of the year.

A GROWING FOOD RETAIL SECTOR EVEN MORE COMPETITIVE





In 2021, the food retail sector maintained a very positive evolution, registering a solid growth on top of last year's exceptional comparable base.

Consumption at home remained high, and the importance of online shopping kept increasing. Other effects of the sanitary crisis persisted in 2021, such as the growing appreciation of convenience and the reduction in the frequency of store visits, compensated by higher average baskets in each visit.

On the supply side, high levels of competitiveness were maintained in the sector, with a highlight to the increase in total market gross selling area, in particular in convenience and proximity formats, an acceleration of the online investment and the evolution towards omnichannel offerings, as well as the growth of instant delivery solutions.

The health, wellness and beauty segment maintained the growth dynamic, benefiting from emerging trends such as the higher demand for healthy nutrition, the prioritization of physical and mental well-being and ageing population.

*National Statistical Institute of Portugal

MARKET IN CONSTANT CHANGE

CONSUMER BEHAVIOUR

Homification

People's homes became the embodiment of family life with the advent of working from home and hybrid work formats. A home is now a place of work/study, where People exercise, eat meals, and are entertained, which has impacted consumer habits.

Embracing digital

There is an intensification of digital adoption, materialized in the growth of online purchases, increasing the number of omnichannel Customers and in the higher demand for digital solutions, such as checkout-less, contactless and digital wallets.

Valorization of shopping experience

A growing appreciation of the shopping experience, with greater demand for speed of service, easy access, ready-made solutions. Safety (within a pandemic situation) and store cleanliness are important decision drivers.

Concern for health and well-being

Consumers are increasingly aware of the importance of their physical health and well-being. This is clearly visible in their habits, opting for healthier diets, practising physical exercise, valuing preventive medicine, aesthetic treatments and seeking a physical and mental balance.

Increasingly conscientious choices

Consumers are increasingly well-informed, allowing them to make smarter purchases, more aligned with their principles and values. Simultaneously, there is a commitment regarding sustainability, visible in the increased demand for local, ethical and ecological products.

SUPPLY EVOLUTION

Store network expansion

Retailers continue investing in the expansion of their store network, in particular in the proximity and convenience formats which are increasingly valued by the Customers.

New e-commerce offers

The entry of new players in the online segment, with innovative Business models and solutions valued by Customers, of which the instant delivery Business is an example, has been a trend.

Technological evolution

Technological developments in automation, artificial intelligence and digital tools allow an increasing personalization of Customers' experience. They also allow for higher assertiveness in demand forecasts by retailers, higher response flexibility and optimization of operating models.

Pressures on global supply chains

Inflationary constraints in energy prices, disruptions in the production and a shift from services to product consumption, arising from pandemic restrictions and/or geopolitical tensions, will continue to pressure global supply chains.

STRATEGIC PRIORITIES

At MC, we have as leading strategic priorities: notable growth, digital transformation and a value proposition that our Customers recognise. These priorities are sustained by a fourth axis: an unwavering commitment to our People and the Planet.

We will continue to invest in our growth avenues by expanding our proximity and convenience store portfolio, with an ambitious expansion plan for the Continente Bom Dia stores and other formats which enhance their appeal. We will also continue to develop our health, wellness & beauty Business on the Iberian Peninsula. This growth will be complemented by consolidating our Customer-centric omnichannel proposition. We made important advancements in 2021 by launching new sites for Continente and Wells, in addition to fulfilling Partnerships for food retail and prepared meal delivery services, plus the expansion of our Click & Go network.

We aim to capitalise on the acceleration of digital transformation, investing in the continuous development of digital skills for the future and ways of working (such as agile models). We will also foster the development of digital tools that enable greater efficiency in operating models and leverage data as a source of competitiveness and differentiation of our value proposition.

We remain focused on improving Customer awareness by enhancing value perception whilst continuously ensuring competitive prices and exclusive promotions. We will strive to stand out in key areas of our offerings, remaining on track to bolster our fresh produce. For example, in 2021, we launched «O Nosso croissant» (Our croissant). We were also awarded an international animal welfare certification for Angus and Limousin portuguese beef. We are committed to democratising access to healthy eating, advancing the ready meal service, and improving and broadening the range of private and exclusive labels (for example, the launch of «Continente do Bebé» and Bloom at Wells).

We want to pursue this journey creating sustainable value for all of our stakeholders. We will endeavour to increasingly attract talent within the Company and externally, investing in career progression and promoting new leadership models via our «Lead Better» programme.

We will underpin our Diversity and Inclusion agenda (namely gender equality in leadership positions). We will be diligent in reducing our environmental footprint (for example, by decarbonising our energy matrix with purchase agreements for long-term renewable energy, protecting nature and biodiversity and the responsible use of plastic). We will continue to be an active agent of support to the Community.

OUR VALUES

- LEAD WITH IMPACT
- OWN WHAT'S NEXT
- GO FURTHER TOGETHER
- MAKE THINGS SIMPLE
- DO WHAT'S RIGHT

OUR STRATEGIC PRIORITIES

NOTABLE GROWTH

- Focus on convenience and proximity store expansion, guaranteeing a Customer-centric omnichannel proposition
- Develop our health, wellness & beauty Business, across all channels

DIGITAL TRANSFORMATION

- Increase the agility and efficiency of our operating model, leveraging on skills and digital assets
- Ensure the continuous development of skills for the future

CUSTOMER RECOGNITION

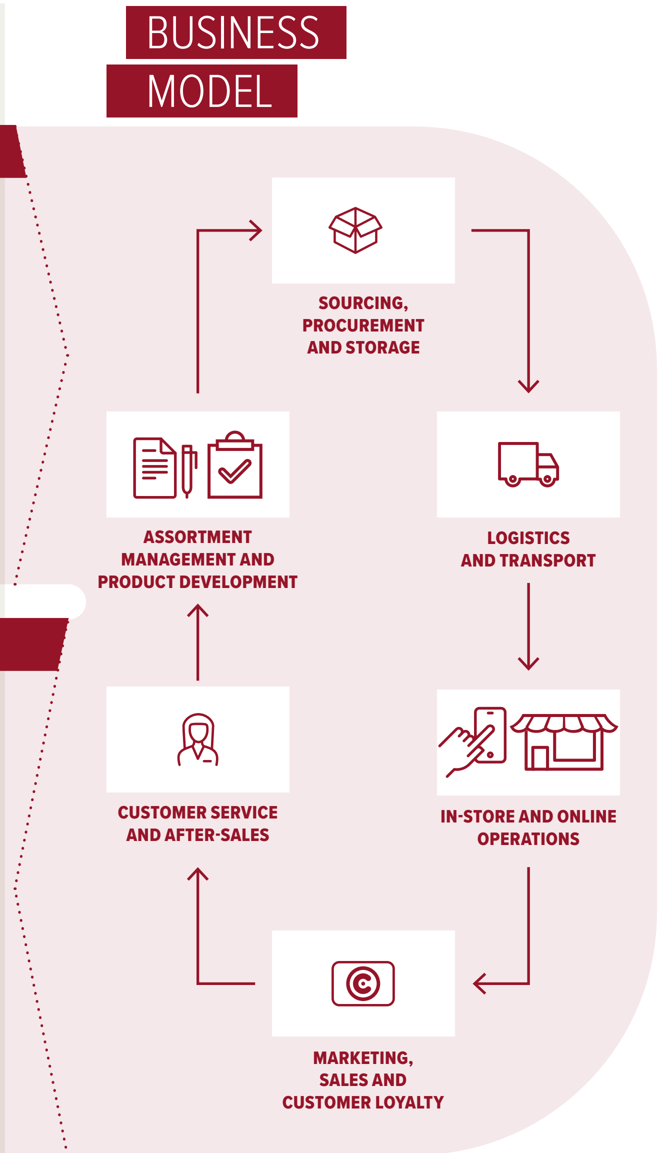
- Guarantee competitiveness in Customer value perception
- Ensure distinction and leadership in key offerings across the various Businesses (e.g. fresh produce, healthy eating, private label)

PEOPLE & PLANET

- Enhance our capacity to attract and retain talent
- Guarantee the integration of key sustainability drivers in day-to-day Business

VALUE CREATION MODEL

	ECONOMICAL AND FINANCIAL	KNOWLEDGE AND INTELLECTUAL CAPITAL	NATURAL CAPITAL	RELATIONSHIPS AND PARTNERSHIPS	DIGITAL	FACILITIES AND REAL ESTATE FACILITIES
MAIN RESOURCES	• Robust capital structure with leverage ratios at conservative levels • Comfortable levels of available liquidity • Capital invested capital of €2,383 million with reference return on capital employed figures	• Distinctive competencies in developing retail Business • 36,607 Associates • Inclusive and diverse Teams with 38.8%* of senior management positions occupied by women	• 2,042,906 GJ in energy consumption • 72,734 ton of waste managed • 74.7% of recyclable plastic packaging	• 85% purchases made from national Suppliers • 1,400 institutions supported • 655 schools participating in the program «Escola Missão Continente»	• Leading e-commerce Business in Portugal • Customized offers based on the analysis of Customer needs and behavior • Investments in data lake, automation, digitalization of Business processes and Artificial Intelligence	• €195 million of Investment in stores and logistics infrastructure • Omnichannel and multi-format infrastructure to capture different buying missions
KEY RESULTS	• Underlying EBITDA margin of 10.0% • Total net debt/underlying EBITDA ratio of 2.7x • €243 million of free cash-flow generation	• Innovation and research platform for new technologies («IT Labs») • Expertise and advanced competencies in data analytics and digital • Innovation ecosystem with centralized support and acceleration	• 26.4%reduction of own GHG emissions (scope 1+2) from 2018 to 2021 • 66.9% increase in eletricity produced by photovoltaic central power stations compared to 2020 • 83.6% recovery rate of waste	• More than 85% of Customer penetration in portuguese families • Distinctive loyalty program («*Cartão Continente*») with 4.1 million active accounts • Participation in several industry associations and/or civil society forums	• Circa 30% of online sales growth • «*Cartão Continente*» (Continente Loyalty Card) app users with more than 1.7 million users and digital gamification initiatives • High brand awareness with +2 million followers on Facebook	• Multi-format store network with 1,342 stores, of which 984 are Company operated stores • Efficent logistics infrastructure with 5 distribution centres, 2 production centres and 1 dark store • 168 Click & Go collection points for online orders
VALUE CREATED	€ 218 M NET PROFIT FROM CONTINUING OPERATIONS	852 K TRAINING HOURS	+ € 37 M FOOD WASTE AVOIDED	€ 19.6 M COMMUNITY SUPPORT	1.7 M «*CARTÃO CONTINENTE*» APP USERS	38 % FREEHOLD



* Scope does not include Arenal.

2021 HIGHLIGHTS

NEW CONTINENTE ONLINE

In 2021, Continente Online, the leader in online food retail in Portugal, celebrated its 20th anniversary and launched its new e-commerce platform in June.

Thanks to its improved search system, the new Continente Online website provides an overall enhanced shopping experience through easy browsing. Customers can look up more than 30 thousand products and get tailored suggestions. Improvements were also made at the check-out stage.

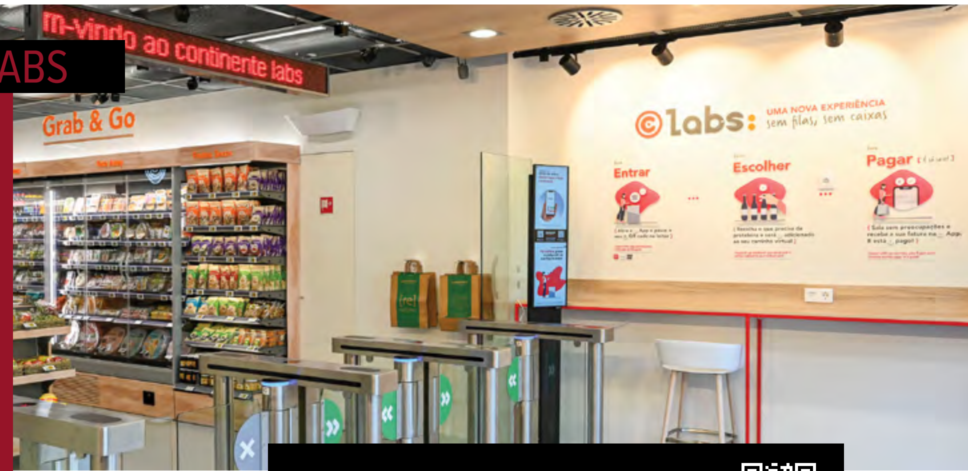
+30 K
PRODUCTS

For more information
continente.pt

OPENING OF THE CONTINENTE LABS

Continente was the first European brand to open a store with no check-outs or product scanning.

Aimed at simplifying and improving Customer experience, Continente Labs is equipped with machine vision technology enabling Customers to enter the store, remove products from the shelf and exit the store without queuing at the cashier.



+600
CAMERAS AND SENSORS

ACKNOWLEDGMENT

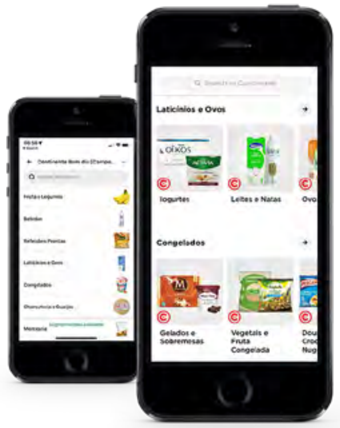
For more information
Video: making of Continente Labs' store

BOOST IN THE FAST DELIVERY SERVICES CHANNEL

In 2021, MC's banners reinforced their offering regarding quick delivery solutions by establishing Partnerships with leading market operators. Over 565 stores are available on these digital platforms.

These solutions constitute an essential complement to the banners' value proposition, increasing Customer accessibility and convenience.

565
STORES



GAMIFICATION FOR LOYALTY CARDHOLDERS

In 2021 «*Cartão Continente*» (Continente Loyalty Card) app users were introduced to personalised spin the wheel challenges («*Mecânica da Roda*») and the digital «Advent Calendar».

MC pursued its mission, delivering savings to more than 4 million families enrolled in its loyalty programme. The programme increasingly focuses on personalised features, new Partnerships and launching innovative digital gamification initiatives.

+1.7 M
CONTINENTE LOYALTY CARD APP USERS

EXPANSION OF «CONTINENTE PLUG & CHARGE»

«Continente Plug & Charge» a parking service with charging stations for electric vehicles is available at Continente supermarket car parks across the country. In 2021 the number of charging stations totalled 110.

This initiative relies on funding from the European Investment Bank and the European Fund for Strategic Investments, encouraging Customers to use electric vehicles when shopping at Continente stores. It also contributes to our fleet electrification and can charge Associates vehicles.

+3.5 M
KM CHARGED

For more information
plugcharge.continente.pt

NON- FOOD REPLENISHMENT USING DIGITAL TOOLS

In 2021, we implemented new digital tools to increase efficiency in the non-food area.

We have introduced a geo-referencing app, which allows to assign locations to articles at the warehouse and optimize their organization and facilitate their identification.

As a result of these changes, we increased productivity by around 15% and reduced stocks by between 10% and 15%.

LAUNCH OF «*CONTINENTE DO BEBÉ*» BRAND

The «*Continente do Bebé*» (Baby's Continente) brand was introduced at the beginning of 2021. The range consists of specialised products, including baby food, toiletries, wipes, and nappies. The range is designed and adapted to each growth stage from birth to 36 months.

The «*Continente do Bebé*» brand has already surpassed €15 million in sales and aims to organise all baby segment products under the same brand and image.

+850 K
LOYAL CARD CUSTOMERS

For more information
Video: Continente do Bebé

NEW OPERATING MODEL AT THE FRESH MEAT & POULTRY AND CHILLED FISH & SEAFOOD COUNTERS

In 2021, we expanded and consolidated the fresh meat & poultry and chilled fish & seafood counters operating models within the scope of the multi-annual «*Mercado dos Frescos*» (Fresh Market) project.

The new operating models, implemented in all Continente, Continente Modelo and Continente Bom Dia stores, reinforce excellence in Customer care and service, an even greater focus on the quality and freshness of the products offered, supported by clear, simple and more digital processes that assure a high level of efficiency.

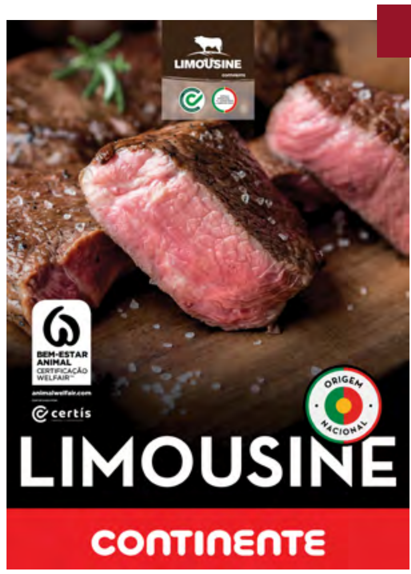
PRODUCTION OF «O NOSSO CROISSANT»

«*O Nosso Croissant*» (Our own croissant) is one of the greatest innovations ever in the food area at MC. With more than 6 million units sold since its launch, it is a product recognized for its quality, with impressive levels of Customer loyalty. Produced in Portugal, «*O Nosso Croissant*» is rolled manually, presenting an irresistible texture and flavour.

«*O Nosso Croissant*» was recently recognized by Consumers with the award «the best croissant» promoted by the New Men magazine.

+6 M
SOLD CROISSANTS

«WELFARE QUALITY» CERTIFICATION SCHEME FOR ANIMAL WELFARE



Aberdeen-Angus Continente® and Limousin Continente® fresh meat brands were awarded the animal welfare international certification, per international «Welfare Quality» protocols. This certification includes the entire production chain that encompasses the production, fattening and transport of animals, including the slaughter and processing of the various pieces. This fresh meat is available to Customers at the fresh meat & poultry counter and self-service counter.

The certification is based on four main parameters, feeding, health, housing and the freedom to express natural behaviours. This certification encompasses more than 150 producers, from all over the Portuguese territory, and ensures compliance with all criteria through internal and external audits carried out twice a year by an independent entity. The animal welfare certification proves the high quality of beef sold in Continente stores.

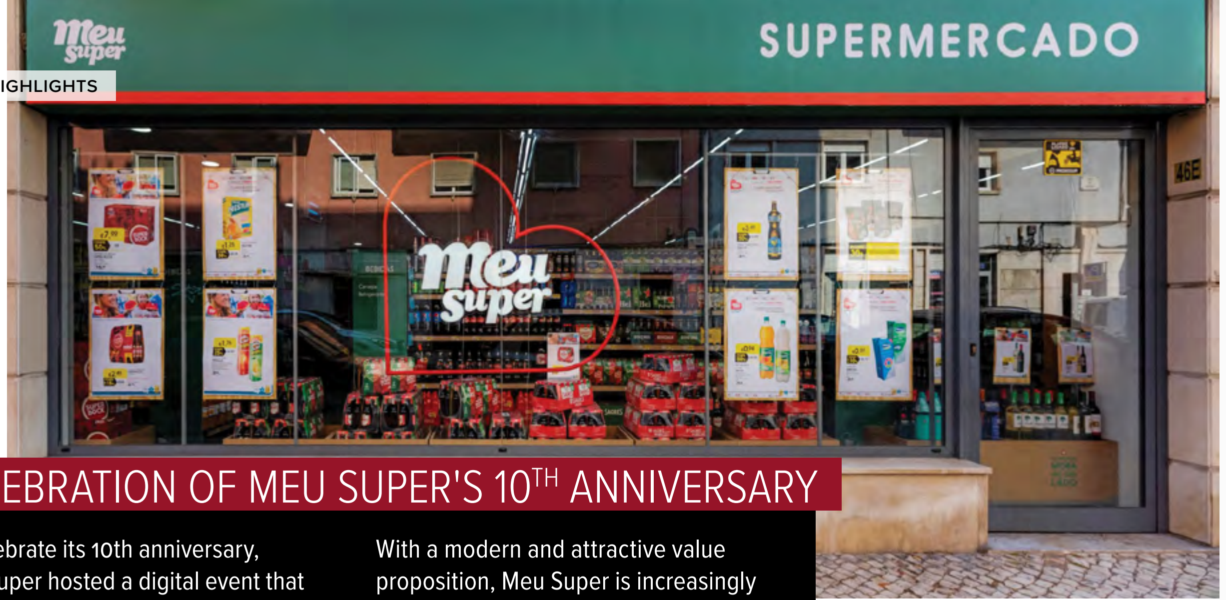
AT BAGGA, THE *PASTEL DE NATA* GOT LIGHTER

In 2021, BAGGA took the best it has to the home of the Portuguese with «BAGGA Delivery» and reinforced its offer with a new *pastel de nata* (egg tart pastry) aligned with the needs of our Customers – a product with -50% sugar, but which maintains the authenticity and tradition that characterizes it.

We also hosted conversations about Diversity and Inclusion and supported charitable causes, in Partnership with Mastercard and WFP.

NEW «*CONTINENTE SELEÇÃO*» MARKET POSITIONING

The «*Continente Seleção*» (finest selection) brand presented itself in 2021 with a new image, reinforcing the positioning of modernity and sophistication. This brand comprises more than 50 products made with the best ingredients, exclusive recipes and unique flavours that stand out due to their high-quality standards, distinctiveness and authenticity.



CELEBRATION OF MEU SUPER'S 10TH ANNIVERSARY

To celebrate its 10th anniversary, Meu Super hosted a digital event that brought together more than 400 People, including franchisees and guests. The occasion was marked by reflecting on market trends and sharing experiences and challenges, and by celebrating its anniversary by offering a car.

With a modern and attractive value proposition, Meu Super is increasingly valued by consumers, being the food retail brand that opened the highest number of stores in Portugal in 2021. In 2021, the brand was awarded the Consumer Choice Award for the seventh consecutive year and the Five Stars and Excellentia Award for the fifth successive year.

For more information
meusuper.pt

ACKNOWLEDGMENT

CONVENIENCE AND SPECIALISED CUSTOMER SERVICE AT ZU STORES

In 2021, ZU boosted its growth in both product sales and services and opened ten new stores. ZU invested in its online channel plus pet grooming and veterinary services. In turn, Customers benefit from a one-stop shop for all their pet needs.

REINFORCEMENT OF NOTE! «*ESCOLA*» MISSION

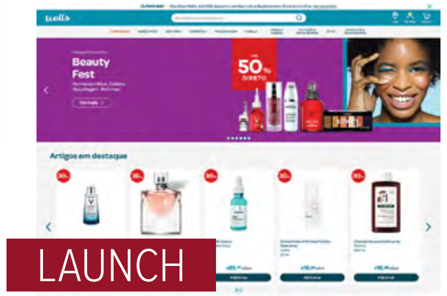
In 2021, note! strengthened its «*Escola*» (school) mission. It relaunched the «*Tribo*» (tribe) and «*Professores not'áveis*» (not'able teachers) loyalty programmes and pursued its school district project aimed at greater proximity with the local school Communities. Within the scope of this mission, note! also introduced new trendy stationery ranges geared towards the student Community and the studies product range, developing content that is very much sought after by this clientele.

GO NATURAL BRAND REPOSITIONING AND INVESTMENT IN E-COMMERCE

Go Natural transformed its supermarkets, adopting a new market positioning based upon 3 main pillars: organic, balanced, and eco-friendly.

Go Natural carried out a major product range overhaul within this new framework, adding non-organic items and lower-priced organic items. The store layouts were also reviewed. The banner also invested heavily in its online supermarket.

+1,000
HEALTHY GOODS
< €2



LAUNCH OF THE NEW WELLS ONLINE STORE

Wells launched the first Portuguese online store that amalgamates perfumery, para-pharmacy, and opticians and offers a wide range of services.

This digital initiative reinforces Wells' specialist image and its omnichannel strategy. It also showcases a comprehensive brand strategy, offering Customers the convenience of purchasing more than 10,000 products in a sole location.

+7.6 M
STORE VISITS

For more information
wells.pt

WELLS STORES NEW BEAUTY CONCEPT

Wells launched a new wide-ranging health and beauty concept, with offerings in perfumery, make-up, cosmetics and professional hair care.

By way of an innovative and unique concept in the market, the new Wells stores bring together the best beauty brands in para-pharmacy, perfumery and luxury cosmetics, mainstream and professional brands (e.g. for hairdressers).

ACKNOWLEDGMENT

9 STORES
WITH NEW CONCEPT

NEW TREATMENTS AND DR. WELL'S ONLINE STORE

In 2021, Dr.Well's boosted its network by opening two more clinics and maintained its focus on improving value proposition/ Customer experience, namely by offering new services – a Partnership with Lusíadas Health Group hospitals specialised in plastic surgery –, and the launch of a new website, offering patients the option of booking appointments online and obtaining more information regarding the treatments available.

ARENAL: EXPANSION AND IMPROVED ONLINE EXPERIENCE

In 2021, Arenal strengthened its market positioning in the North of Spain by opening six new stores and broadened its beauty range in addition to improving its online channel, namely by investing in the platform to optimise navigation and site functionalities. Arenal's value proposition was distinguished at the «Perfumery of the Year Awards 2021» for «Best Contribution to the Development of the Selective Market» by the magazines *BeautyProf* and *Selectivo*.

+70 K SQM
TOTAL AREA

EXPANSION OF THE AZAMBUJA DISTRIBUTION CENTRE

With a total area of 70 thousand sqm, the Azambuja Distribution Centre is the largest food warehouse in Portugal. The expansion works were inaugurated by the President of the Portuguese Republic on October 14, 2021, creating more than 300 new jobs.

The new building was built to LEED Gold certification standards, providing the means to improve sustainability throughout the operation, avoiding the production of over 2,000 tons of CO_2 per year, by optimising transport routes and producing electricity at the Azambuja photovoltaic plant, which is one of the largest rooftop self-consumption plants on the Iberian Peninsula.

The project results from an overall investment of circa €50 million related to the expansion of the Azambuja and Maia warehouses.

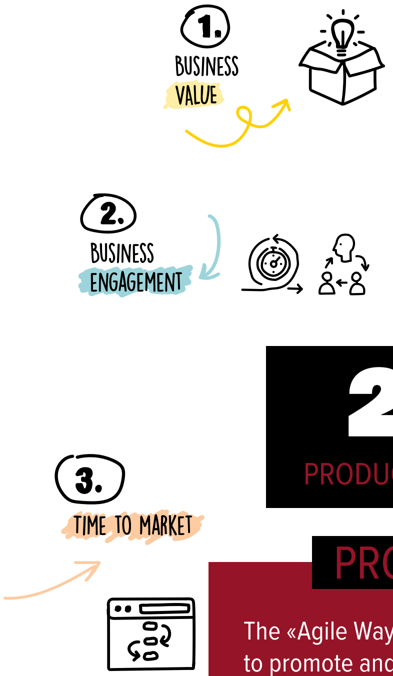
ACKNOWLEDGMENT

For more information
Vídeo: Inauguração do centro de distribuição da Azambuja

A NEW FISH & SEAFOOD WAREHOUSE

The Azambuja warehouse expansion project included the integration of the new fresh fish centre and included a high investment in improving the ergonomic conditions of the workstations through automation solutions and support of the most critical functions.

The construction of this centre enabled the Company to increase efficiency in fleet management, reducing the number of vehicles making deliveries to stores, reducing travel by 1,445 thousand km.



22
PRODUCT TEAMS

PROMOTING THE «AGILE WAY»

The «Agile Way» initiative aims to promote and implement agile methodologies. It focuses on increasing maturity within the scrum framework and the evolution of MC's lean waterfall model.

In 2021, this transformative initiative materialised in scaling up the work methodology, impacting 22 product Teams and elevating the degree of autonomy to deliver end-to-end projects.

ITLABS

INNOVATION WITH IT LABS

14
PROOF OF CONCEPT

+130
ASSESSED SOLUTIONS

The IT Labs team is responsible for innovation and researching impactful new technologies, testing them and incentivising their swift uptake within MC Businesses.

In 2021, IT Labs executed 14 proofs of concept, having assessed more than 130 technological solutions. These efforts directly impacted the organisation, namely incorporating two of these solutions. One of which is the «Goodbag».

For more information

TRANSFORMATION OF TECHNOLOGICAL INFRASTRUCTURE

Regarding information systems, one of the main transformational initiatives in 2021 was the kick-off of the «Foresight» project. The aim is to deliver foundational technological capabilities proactively.

This project highlights the consolidation of the asset-asset infrastructure, the future-proofing of Enterprise Resource Planning (ERP) and cloud migration for data exploration solutions.

HEALTH AND SAFETY AS CONTINUOUS INVESTMENT

Associates' health, safety and well-being are a priority. MC focuses on fostering a «zero accidents» culture and promoting a healthy and safe working environment to ensure our Associates' physical, mental, and social well-being.

In 2021 the Company recorded a 11.9% decrease in the frequency index and a 5.9% reduction in the injury severity rate compared to 2020, thus reflecting an increasingly more robust and embedded safety culture.

11.9%

REDUCTION IN THE FREQUENCY INDEX COMPARED TO 2020

PROMOTE ASSOCIATE WELL-BEING

ACKNOWLEDGMENT

Prémios M&P Comunicação 2020	Prémios 2021 Human Resources	Prémios 2021 Human Resources
Best internal newsletter	Talent Management	Best Management of the Pandemic in the People Management Perspective

Throughout the years, MC has developed several initiatives to promote a personal/professional life balance for its Associates.

In 2021 the Company pursued its efforts engaging in new initiatives such as «*#PrecisamosFalar*» (#weneedtoTalk), an awareness-raising initiative that provides the necessary tools to improve well-being. Other initiatives included a programme to promote weight management and tackle obesity and the «Better Together» app to improve communication between Associates.

The work developed was also recognized, in 2021, with an honourable mention in the category «Internal Communication: internal newsletter» in the «*Meios & Publicidade*» awards, as well as in the «Human Resources» awards, in the category «Talent Management» and «Best Management of the Pandemic in the People Management Perspective».

DIVERSITY AND INCLUSION IS #PODERSER (#CANBE)

The Company boosted its Diversity and Inclusion agenda by providing training sessions for its population, namely on unconscious biases and focused on inclusive recruitment; developed and tested a new integration model, and closed processes and procedures that have allowed accelerating the pathway towards diversity focused on uniqueness.

MC was the first Portuguese company to sign the CEO Pledge of the LEAD Network, thus committing to developing initiatives to promote equal opportunities between men and women.

38.8%[1]

SENIOR MANAGEMENT POSITIONS OCCUPIED BY WOMEN

1 Scope does not include Arenal.

«LEAD BETTER», A NEW VISION FOR LEADERSHIP

MC's new leadership vision is to «Lead Better» and is based on five principles – to overcome, be in close proximity, be unique, grow, and be valuable. These are the guiding principles for all Business leaders within the Company. Leaders should work closely with their Teams, and dealings should be informal, creating trust and autonomy. The *status quo* can be challenged, and professional dealings should be based on generosity and promoting development opportunities whilst continuously ensuring the job is executed with excellence.

SUPPORTING UNDER-21 MEN AND WOMEN'S FOOTBALL NATIONAL TEAM

Continente is the official sponsor for Group A Under-21 men's football national team and became the official sponsor for Group A women's football via a protocol established with the Portuguese Football Federation.

Continente's sponsorship commitment signals the importance of equal opportunities for both genders and the endeavour of investing in a team that is taking its initial steps in international competitions.

For more information
Video: Fome de Vencer – Euro 2020 | Continente

LONG-TERM RENEWABLE ENERGY PURCHASE AGREEMENT

Via Elergone Energia, in March 2021, MC entered into a long-term agreement to purchase circa 100 gigawatt-hours (GWh) of renewable energy per year from Shell Energy Europe Limited.

This contract constitutes an important milestone towards achieving carbon neutrality by 2040, in line with the Sonae Group objectives. MC is fully aligned and committed to achieving 100% carbon-free operations within the next two decades, ten years before the EU, which aims to be climate-neutral by 2050.

ACKNOWLEDGMENT

100 GWH/YEAR
RENEWABLE ENERGY

FIGHTING FOOD WASTE

We fight food waste by developing initiatives to accelerate the product flow of items at risk of stockout – e.g., adding pink labels to goods nearing their expiry date and creating «*Caixas Zero% Desperdício*» (Zero% Waste Boxes), making surplus food items available in social rooms located within our stores and warehouses and donating food surplus to social support and animal welfare institutions.

€ **37** M
SURPLUS FOOD AVOIDED

ECOSYSTEM CONSERVATION AND RESTORATION

The conservation and restoration of natural ecosystems are crucial to protecting biodiversity. Within this scope, MC developed several projects to promote bird diversity, including the *Águia Caçadeira* (*circus pygargus*) project or the Partnership with Ocean Alive.

In 2021, Continente also became part of the «Goodbag» international network. Exclusively designed 100% organic cotton shopping bags, with a built-in mini chip that helps the Planet, with the planting of trees, when they are purchased, with the planting of trees, and each time they are reused, with the collection of plastic from the oceans.

+**59** K[1]
PLASTIC BAGS TAKEN FROM THE SEA

1 Equivalent collection

For more information
goodbag.io

Photo: amnat30 / Shutterstock.com

CONTINENTE PRODUCER'S CLUB SUSTAINABILITY STATEMENT

Alongside its member-producers, the Continente Producer's Club (CPC) established a Declaration for Sustainability based on 11 principles and several initiatives to promote sustainable production and consumption.

The initiatives cover all areas of the agri-food sector and include, among other topics, best production, packaging and nutrition practices.

For more information
clubedeprodutores.continente.pt

«*LUZES COM PRESENÇA*» CAMPAIGN

The *Missão Continente*'s campaign «*Luzes com Presença*» (shed light on charitable giving) raised a total of €1.2 million. All proceeds reverted to 11 Portuguese charitable organisations such as the Portuguese Red Cross and *SOS Voz Amiga* (SOS Friendly Voice), among others, focused on providing relief to People who find themselves in or at risk of facing social isolation and loneliness.

The campaign «*Luzes com Presença*» was supported by the PSP, GNR and the National School of Public Health and its Partners: TVI, Portuguese Football Federation (FPF), Entrajuda and Banco Santander.

+€ **1.2** M
RAISED

For more information
missao.continente.pt/iniciativas/luzes-com-presenca

FINANCIAL PERFORMANCE

SOLID BUSINESS GROWTH

MC consolidated turnover for the 2021 year totalled €5,362 million, representing a +6.3% increase compared to the same period last year. For this performance above the market, which resulted in a reinforcement of MC's leadership position, a strong performance in Like-for-Like sales of 3.4% and the Company's store expansion plan were decisive contributors.

The solid results achieved were sustained by a strong delivery of all food formats and by the remarkable recovery of the health, wellness and beauty and complementary growth businesses banners, which had been strongly impacted by the lockdown measures last year. The e-commerce business performance was also noteworthy, growing by around 30% in the year, over the 2020 demanding base.

€**5,362** M
TURNOVER

6.3 %
TOTAL GROWTH VS. 2020

3.4 %
LIKE-FOR-LIKE GROWTH

€**537** M
UNDERLYING EBITDA

10.0 %
UNDERLYING EBITDA MARGIN

€**218** M
NET PROFIT FROM CONTINUING OPERATIONS

BENCHMARK OPERATING PROFITABILITY

The Group's underlying EBITDA amounted to €537 million, which corresponds to 10.0% of its turnover, increasing by €26 million compared to the same period in 2020. This metric of operating profitability remained at benchmark levels, benefiting from the sound increase in sales volumes and improved productivity and efficiency of internal operations, which enabled the company to accommodate the higher pressure over operational costs, namely the rise in energy prices and increased personnel expenditure, as well as incremental expenses associated with COVID-19.

The strong operational performance, coupled with the net capital gain of circa €40 million generated by the sale of the 50% stake in Maxmat share capital completed in September, led net profit from continuing operations to reach €218 million during the year.

INVESTING IN THE FUTURE

Until the end of December 2021, MC had carried out operational investments to the sum of €195 million, mainly directed to new retail store openings and the remodelling of its existing store network.

In this context, the year was marked by the opening of 13 new food retail units, focused on proximity formats and localized in the centres of Lisbon and Porto, and 51 new units in the New Growth Businesses segment, having MC finalized the year with a store network comprised of 984 own stores and 828 thousand sqm of gross sales area. Regarding the investments earmarked for the remodelling efforts, the company completed during the period 17 substantial requalification interventions of food retail units.

Additionally, in 2021, MC invested in the expansion of its warehouses and logistics infrastructures, and in technological accelerators of growth and performance, namely in data, automation and use of artificial intelligence.

+**64**
STORE OPENINGS

+**25** K SQM
SALES AREA

CAPITAL STRUCTURE FURTHER REINFORCED

At 31 December 2021, MC invested capital amounted to €2.383 million, representing an increase of €8 million when compared to the end of the previous period. This figure was directly impacted by the investment plan carried out in the last 12 months to grow the Company business.

In the same date, MC net financial debt amounted to €379 million, €103 million below the figure posted at the end of the previous period. The Company boosted its capital structure, which remained balanced and adequately robust during the year, improving its leverage ratios and financial autonomy.

Furthermore, the Company finished the year in a sound liquidity position with a very comfortable debt maturity schedule. During 2021 and at the beginning of 2022, MC completed relevant refinancing operations, reshaping its financing structure composition around long-term sustainable debt, demonstrating investor recognition of the Company's sustainability strategy.

€**379** M
NET FINANCIAL DEBT

2.7 X
TOTAL NET DEBT / UNDERLYING EBITDA

SUSTAINABLE DEVELOPMENT

OUR COMMITMENT TO TOMORROW

Our eyes are firmly set on the future, and looking ahead, we have made long-term commitments to ensure that we build a future that respects the Planet, People and Communities.

ACTION PILLARS

FOR THE TOMORROW OF OUR **PRODUCTS**

FOR THE TOMORROW OF OUR **PLANET**

FOR THE TOMORROW OF OUR **PEOPLE**

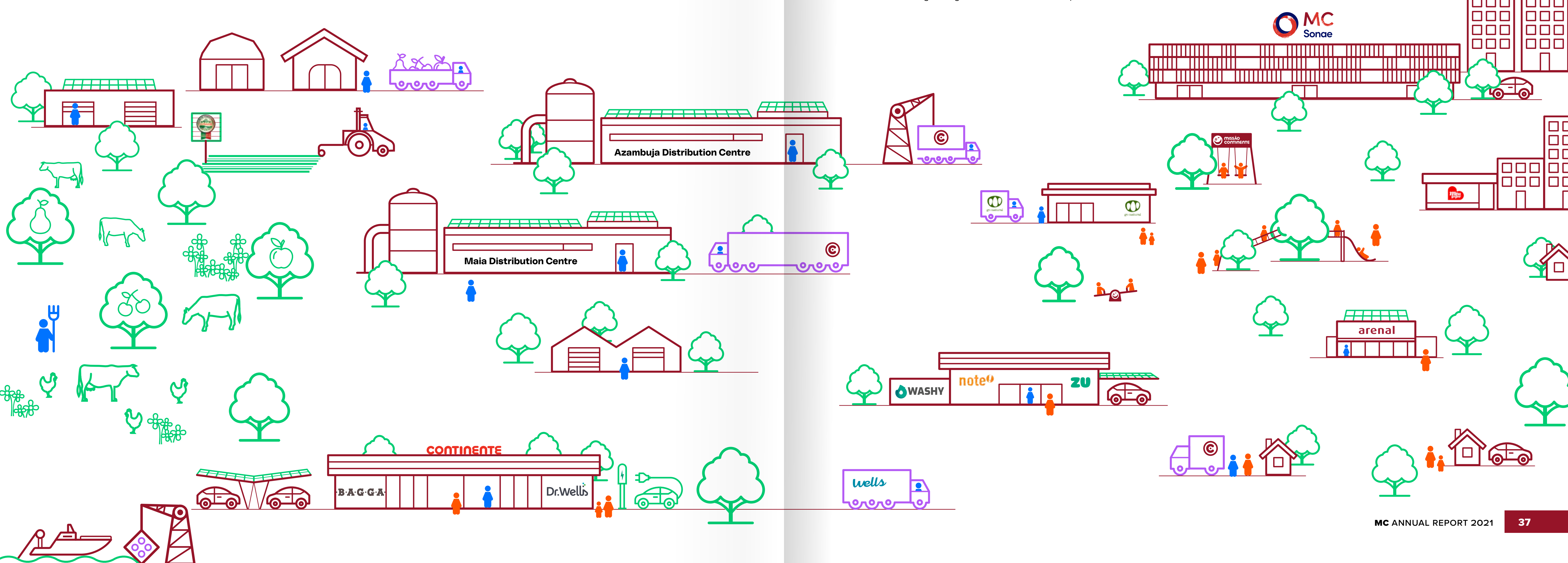
FOR THE TOMORROW OF OUR **COMUNITIES**

Our purpose and an integral part of our DNA is to challenge ourselves daily, thus creating a better future. We believe that each and every day, we are given an opportunity to transform our ambition into concrete and impactful actions.

Sustainability is a fundamental and structural element of our value proposition that guides our actions, the relationships we establish with our Suppliers, our People development initiatives and our Community presence.

CO_2 & Climate Change, Plastics, Nature and Biodiversity, Inequalities and Inclusive Development and Community Support are topics of interest high on our agenda to fulfil our ambition of democratising access to a healthy and sustainable shopping cart by way of a responsible supply chain and by raising awareness regarding conscientious consumption.

We realise we still have a long way to transform our ambition into impact. Day in day out, we face old and new challenges and are committed to doing what is right.



RELATIONSHIP WITH STAKEHOLDERS

We interact independently and transparently and co-operate with all interested parties to ensure the best solutions to the challenges and opportunities we face.

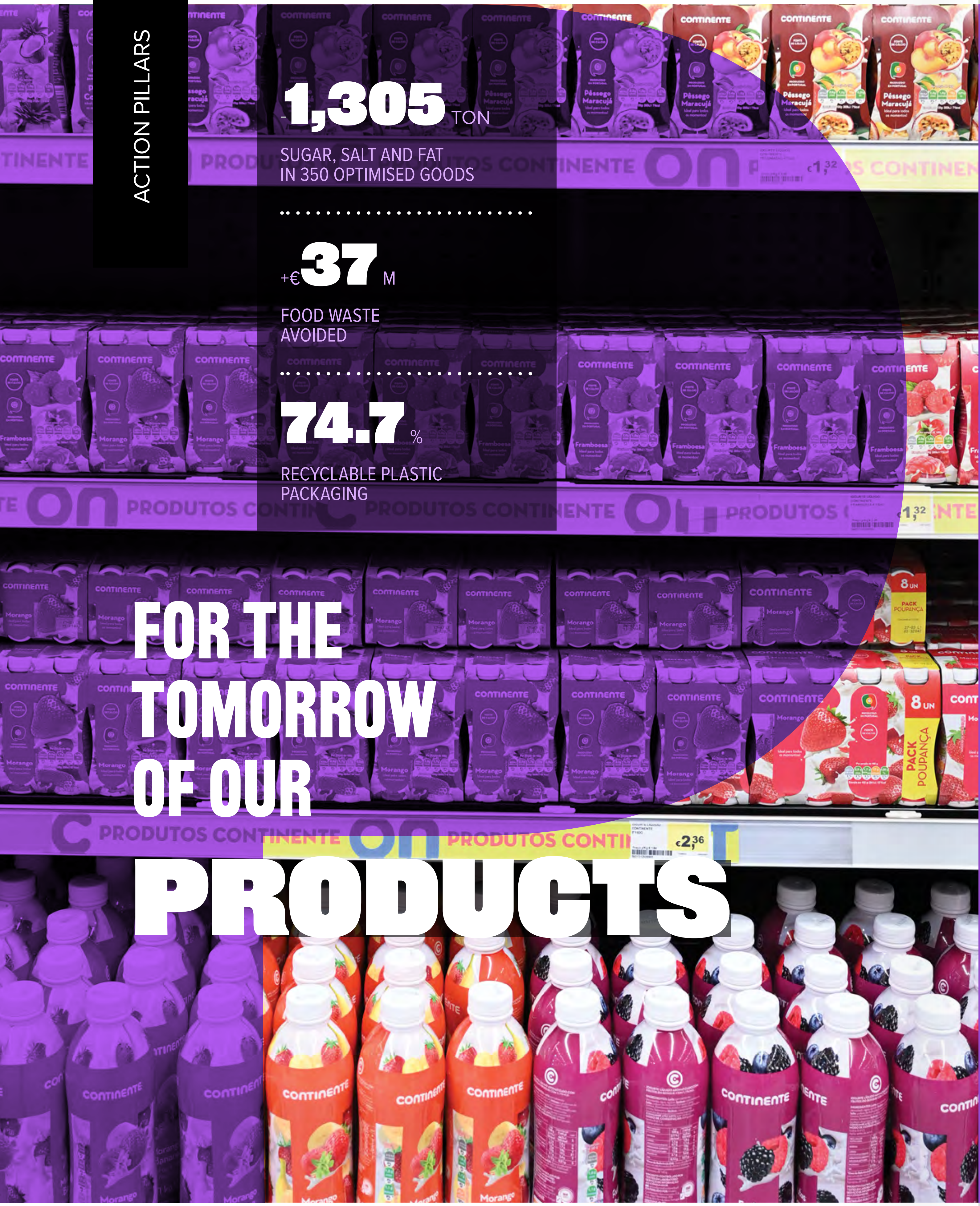
MC's Business activities encompass a vast spectrum, giving rise to a myriad of stakeholders. One of the challenges we seek to address is a good understanding of the contexts, needs and expectations our stakeholders have.

Hence, we use various channels and tools that we catalyse accordingly for each group at critical moments of the listening and sharing processes.

We have worked alongside our stakeholders over the years and welcomed their contributions regarding the impacts of our Business activities. We have a robust and regular listening process that involves the different parties.

Correspondingly we reflect upon affairs related to our Business structure and positioning, the commitments undertaken, our registered performance, as well as sector best practices and the respective regulatory framework.

	CUSTOMERS	ASSOCIATES	SUPPLIERS	SHAREHOLDERS	SOCIETY
	MC focuses its actions on developing a relationship based on transparency and trust with its Customers, built on a competitive and responsible value proposition tailored to their needs.	MC attributes a great deal of importance to the professional and personal development of its Associates promoting inclusive working environments which are healthy and safe and offer equal opportunities.	MC seeks to build long-term trust-based relationships with its Suppliers, acting with loyalty and good faith, and not tolerating any form of abuse, bribery, corruption or money laundering. The Company selects its Suppliers based on transparent and impartial criteria.	MC aims at generating sustainable long-term value for its Shareholders in strict compliance with its corporate values.	MC operates its Businesses with a long-term vision respecting the principles of Corporate Social Responsibility. The MC brands and banners are profoundly connected to the local Communities and civil society institutions. We strive to have a positive impact on society.
CHANNELS	• Engaging with Customers at our stores and through our digital platforms and the online collection points • Customer service call centre • Sonae Ombudsman • Communication campaigns and brand activation initiatives • MC social media and website • Market studies and focus groups	• Meetings and recurrent interactions in a professional environment • Events and informal gatherings • Training courses • Internal communication • Forums and knowledge sharing groups • Employee satisfaction surveys • Checking in with Associates • Performance reviews • Sonae Ombudsman • Ethics Forum	• Partnership projects • Meetings and negotiations • Supply contracts • Performance assessment, qualification and auditing • Technical datasheets • Pulse surveys • Supplier Portal • Sonae Ombudsman • Ethics Forum	• Meetings with Shareholders • Meetings with financial institutions • Corporate presentations • Periodic financial communications • Shareholders' General Meeting • Governing Bodies and Committee meetings	• Meetings with public entities and policymakers • Membership of associations • Media relations • Meetings with NGOs • Presentations, conferences and other public meetings • Events and festivals for the Community as a whole • Publications
TOPICS	• Quality and safety • Source and traceability • Nutritional information and environmental footprint • Product innovation • Price • Shopping experience and relationship with the Customer • Transparent communication • Working conditions • Sustainability • Observance and compliance with the law regarding privacy and data protection laws	• Talent attraction and retention • Human Capital Development • Remuneration and career progression criteria • Associates' journey • Diversity and Inclusion • Working conditions • Transparent communication • Ethics	• Development requisites • Quality control • Price • Source and traceability • Nutritional information and environmental footprint • Transparent communication • Supplier relationship management	• Governance model • Responsible investment • Economic, social and environmental performance • Ethics • Crisis and risk management • Brand management and reputation • Transparent communication	• Transparent communication • Community engagement • Community support • Sustainability • Diversity and Inclusion • Ethics • Working conditions • Environmental impacts



1,305 TON

SUGAR, SALT AND FAT IN 350 OPTIMISED GOODS

+€37 M

FOOD WASTE AVOIDED

74.7 %

RECYCLABLE PLASTIC PACKAGING

FOR THE TOMORROW OF OUR PRODUCTS

OUR VISION

Creating the products of tomorrow represents a massive incentive for our Teams. Not only because of the challenge it represents, which is intrinsic to the development of a wide-ranging and comprehensive product offering, which is high-level quality, distinctive and innovative at competitive prices, but because in doing so, it challenges the *status quo* and gives rise to innovation and taking on an active role in transforming the food system. This change is of the essence to fulfil the sustainable development agenda.

After decades of investing heavily in efficiency and productivity, we understand the urgency of rethinking this and supporting a transition to a more regenerative mode of production. One which will positively impact climate and nature, respecting the Planet's limits while simultaneously responding in a safe and resilient way to the needs of a growing population.

Thus, and with the ambition of contributing to the democratisation of offering access to a healthy and sustainable shopping cart, we have developed a set of initiatives with our Suppliers. These initiatives foster the creation of more transparent and responsible supply networks, contributing to the protection and preservation of ecosystems and better use of natural resources.

At the same time, and alongside our Customers, we promote healthy and responsible consumer behaviour, providing a more diversified offer with a smaller footprint and a more balanced nutritional profile.

Transforming the food system still means addressing the problem of food waste. This pressing challenge in social and environmental terms cuts across the entire value chain. More intelligent and equitable management of waste ensures a vital contribution to the conservation of ecosystems, enhancing the reduction of production needs and guaranteeing the proper management of food items.

When we think about tomorrow's products, we also think about packaging. Over the last few years, we have substantially transformed our packaging, working from eco-design principles. The elimination of the unnecessary use of materials, incorporating recycled material and designing our packaging to ensure its recyclability and reusability are focal points for our Teams who work in strict alignment with the industry to fulfil our commitment of ensuring that all our plastic packaging is recyclable, reusable or compostable by 2025.

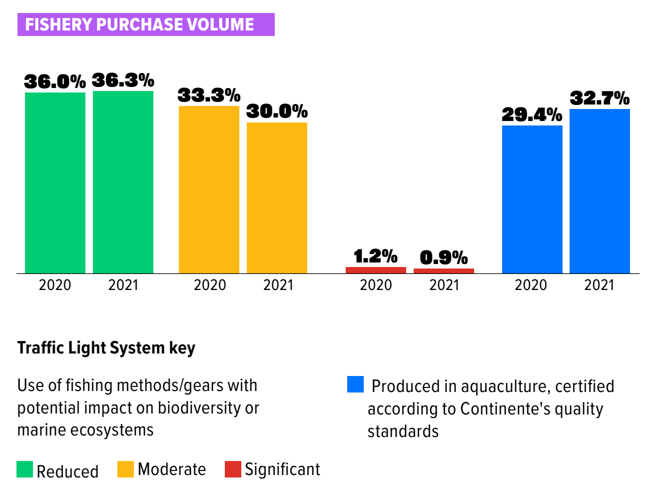
PERFORMANCE

We are committed to promoting healthy eating habits. In 2021 we nutritionally optimised 350 private label goods. This equates to a reduction of 800 tonnes of sugar, 120 tonnes of salt and 385 tonnes of saturated fat and the elimination of palm oil in 80 products.

With a network comprised primarily of national Suppliers (85%), we continued to collaborate closely with one another, promoting the certification of production practices and raw materials. In 2021, and based on the Traffic Light System (TLS), we yet again registered an increase in the proportion of fish originating from aquaculture or more sustainable fishing methods.

We are fully engaged in fighting food waste and, in this sense, highlight the progress made via mechanisms to accelerate product flow and the food surplus donation programme. We avoided more than €37 million worth of waste within this scope.

By year-end, 74.7% of the plastic in our packaging is recyclable per *Sociedade Ponto Verde* matrix. This represents a 1.9 pp increase compared to 2020. In terms of recycled raw materials, this figure stood at 11.8%. In terms of product and packaging, we consumed circa 2,924 tonnes of recycled plastic, equivalent to 15% of our footprint.



INITIATIVES

FOSTER RESPONSIBLE SUPPLY CHAINS

«*CLUBE PRODUTORES CONTINENTE*»

The «*Clube de Produtores Continente*» (Continente's Producers Club – CPC) is a great testimony to how we have contributed to creating shared value throughout the value chain over the years.

Last year, the Club and its producers launched the «*Declaração para Sustentabilidade*» (Sustainability Declaration), an essential tool aligned with the European Farm to Fork strategy that aims to leverage the transition to a fairer, healthier and more environmentally friendly food system.

Based on 11 principles, the Declaration aims to promote regenerative agriculture, follow best practices to retain carbon in the soil and reduce the use of pesticides, encourage more sustainable livestock farming, make use of raw materials with a certified sustainable origin, consider animal welfare and biodiversity, whilst engaging in a committed manner to improve continuously.

For more information
clubedeprodutores.continente.pt

CERTIFICATION OF PRODUCTION PRACTICES

Our goal is to drive a more sustainable supply chain; hence we promote a strategy for the certification of production practices with our Suppliers, enabling us to have greater traceability from production to consumption.

In 2021, Continente was the first retailer in the world to obtain certification of its fruit and vegetable Supply chain by GLOBAL G.A.P.

We also pursued our «*Resíduo Zero*» (Zero Waste) certification for several producers, ensuring that our fruits and vegetables are free of waste and that the principles of efficient use of resources, lower emissions and greater control over microbiological aspects are safeguarded. These are fundamental elements concerning food safety and integration with the environment.

In terms of animal production, we highlight our award from the international certification in Animal Welfare throughout the production chain, per International Welfare Quality Protocols for our beef brands Aberdeen-Angus Continente® and Limousin Continente®.

PROTECTION AND PRESERVATION OF ECOSYSTEMS

In recent years, cereals have occupied a central place on the agenda of the «*Clube de Produtores Continente*» (Continente Producers Club). To reduce our dependence on cereal imports, the Club launched a noteworthy project which brought together farmers, millers and researchers. Currently, this initiative accounts for circa 80% of the production of cereals from the Alentejo region The grains are used at Continente in-house bakeries, where we bake fresh bread every day made with 100% Portuguese raw materials.

In addition to the positive impacts mentioned, we value the opportunity these cereal fields represent to conserve threatened species such as the *Águia Caçadeira* (*circus pygargus)* by increasing the availability of a nesting and feeding habitat. In collaboration with the Institute for Nature Conservation and Forests (ICNF), we established a Partnership with the National Association of Cereal, Protein crop and Oilseed Producers (ANPOC) and the Research Centre in Biodiversity and Genetic Resources (CIBIO/BIOPOLIS), that aims to protect and recover the species. In its first year, the Partnership conducted a survey of the species breeding area in the Alentejo region, identifying colonies and nests and implementing and monitoring nest protection measures. A total of 26 producers are responsible for monitoring 1,500 hectares.

PROMOTION OF ZERO DEFORESTATION

Recognising the role that forests play in fighting climate change and preserving biodiversity, as well as the drivers that have propelled the rapid pace of deforestation, namely the production of several raw materials such as palm oil, wood or soy, which are present in our supply chains and products, we aim to ensure the sustainable sourcing of these raw materials by adopting certification schemes (that ensure the absence of deforestation) and/or other control and monitoring mechanisms, when raw materials are sourced from countries at high risks of deforestation.

To this end, we invest in training our Teams and Suppliers and mapping the use and origin of these raw materials. We are also reviewing procedures and product development requirements. Whenever possible, we opt to eliminate or reduce their use.

PROMOTE A RESPONSIBLE DIET

FOOD INNOVATION AND OFFER DIVERSIFICATION

The «Continente Food Lab» is a reflection of our continued investment in food innovation. It is a pioneering concept in Portugal where our Clients can easily experiment with innovative products and emerging global trends in the food sector.

The products are identified by a distinctive «Continente Food Lab» seal. They are launched on an experimental and rotational basis. Consumer feedback is crucial to save the products and ensure they remain a part of our store product offering.

For more information
foodlab.continente.pt

RAISING AWARENESS FOR A HEALTHIER DIET

Aware of food's impact on our health and the environment, our consumers seek alternatives to diversify their nutritional intake.

In hosting «*Feira da Vida Saudável*» (an in-store Healthy Life Farmers' Market), we meet the needs of this growing Customer segment and simultaneously broaden its base. The in-store «*Feira da Vida Saudável*» is an important occasion to promote various organic products, plant-based alternatives, products low in salt, sugars and fats, plus lactose-free and gluten-free products and food supplements, at affordable price points.

PACKAGING TRANSFORMATION

MODIFICATION OF MC PACKAGING

In 2021 we pursued our packaging improvement programme. Our focal points throughout 2021 were to eliminate the unnecessary use of materials, incorporate recycled material and design our packaging to ensure its recyclability and reusability. We have many and varied examples of the various changes, such as Kasa's bed linen packaging, where we eliminated the use of plastic. Another example is the change we made to the Continente water bottles where we attached the lids to the bottles, thus ensuring the lids are not lost in the system and are effectively recycled.

In 2021 we offered our Customers the option of taking their own hermetically sealed storage boxes to use for purchases made at the deli and takeaway counters, thus avoiding the usual disposable containers used for ready-to-eat meals. This initiative aims to encourage reuse practices.

FIGHT FOOD WASTE

IMPLEMENTATION OF WASTE REDUCTION MEASURES

Over the years, we developed several procedures at the supply level that enabled us to reduce stockout. These range from introducing the concept of product expiration date in the store replenishment algorithms, to changes in operating procedures and quality control, to training and awareness-raising initiatives for our Teams.

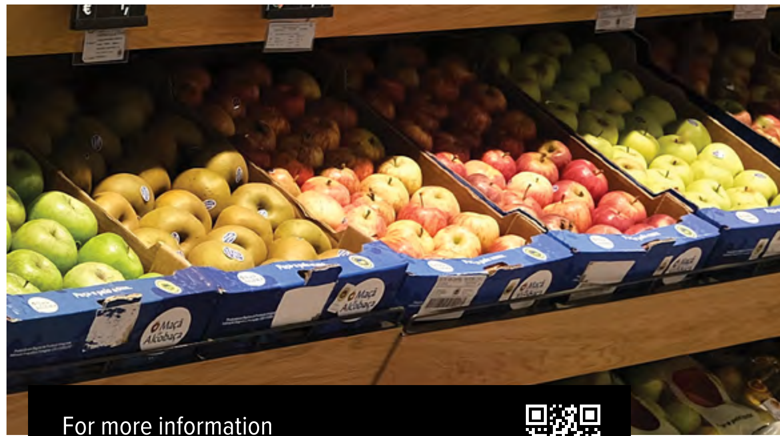
We have several mechanisms to speed up product flow and avoid tons of food waste whilst offering products in an excellent condition to be consumed at more affordable price points. For example, the lower retail selling price on items nearing their sell-by date (identified with pink labels), the «*Caixas Zero% Desperdício*» (Zero% Waste Boxes), whereby Continente offers 5 kg baskets containing fruits and vegetables that are nearing the end of their shelf-life or establishing Partnerships such as the one we have with Too Good to Go, which in 2021 was rolled-out to Continente. Finally, the reuse and redistribution of food through the food surplus donation programme.

These measures represent savings of more than €37 million-worth of waste. MC Associates also benefit from these initiatives with products made available in the social areas in-store and warehouses representing more than €2 million of waste avoided.

FOSTER PARTNERSHIPS IN THE VALUE CHAIN

Thanks to our position within the value chain, we can promote Partnerships between production, industry and retail that enable us to develop important innovation and circularity projects and tackle waste generated.

Through the «*Feira do Desperdício*» (Waste Market) of Continente's Producers Club, we brought together 5 Alcobaça apple producers with an industrial Partner to produce a value-added product, Continente's Alcobaça Apple Cider Vinegar, containing fruit that did not meet calibre requirements for fresh consumption.



For more information
Video: CPC | Vinagre de Maçã de Alcobaça

- 26.4 %

OWN GHG EMISSIONS
(SCOPE 1+2)
FROM 2018 TO 2021

+ 66.9 %

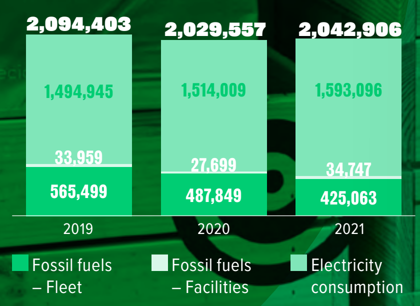
ELECTRICITY PRODUCTION
FROM OWNED PHOTOVOLTAIC
CENTRAL POWER STATIONS

83.6 %

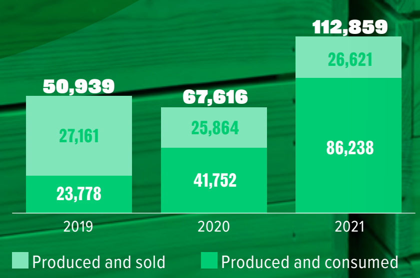
RECOVERY RATE
OF WASTE PRODUCED
(+8PP COMPARED TO 2020)

FOR THE TOMORROW OF OUR PLANET

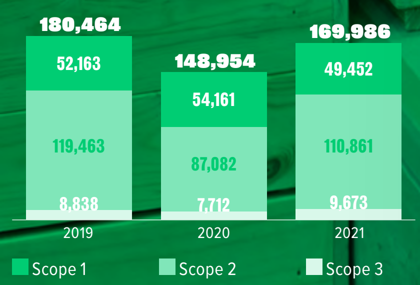
ENERGY CONSUMPTION BY SOURCE (GJ)



RENEWABLE ENERGY PRODUCTION (GJ)



TOTAL GHG EMISSIONS BY SCOPE (t CO_2e)



OUR VISION

We are aware of the many and complex challenges that the Planet faces to ensure it has a tomorrow: from the climate emergency to the biodiversity crisis, from the unsustainable use of resources to the rise in pollution levels, many signs reveal the fragility of the ecosystems that support life as we know it. Hence, our commitment to tomorrow is also a commitment to our Planet.

We know that the sound environmental management practices for which we are recognised are how we got to the present day, but they are not enough to address the current backdrop. Thus, in addition to promoting eco-efficiency, we are committed to managing our operations in the direction of decarbonisation and circularity.

Over the years, we have consistently and continuously invested in more efficient use of resources, optimising water and energy consumption, and minimising Greenhouse Gas (GHG) emissions without neglecting appropriate waste management. The programme for implementing Environmental Management Systems (EMS) in our stores and warehouses ensures continuous improvement. The practices recommended in our EMS were adopted transversally. At the end of 2021, circa 53% of MC's operational area had a system certified by NP EN ISO14001: 2015.

Intending to ensure the decarbonisation of our operations by 2040, we have committed to the intermediate target of reducing our own GHG emissions (scope 1+2) by 55% by 2030 (compared to 2018 figures). This target is fully aligned with science and the goals of the Paris Agreement. We developed a roadmap to guide our future efforts and investments. Every year, we revisit and challenge this tool to accelerate our action and integrate the latest knowledge and technological development. The «2030 Roadmap» is based on 4 action pillars: the (i) deployment of eco-efficiency measures to reduce our energy consumption as much as possible; the (ii) electrification of consumption, with particular focus on our last mile and service and Company vehicles; the (iii) programme to change our refrigeration plants; and (iv) investment in the production and acquisition of energy effectively produced from renewable sources.

The Planet's future depends on promoting circularity, an increasingly visible dimension in our operations. We promote the collection and reintegration of materials at the end of their life cycle for reuse or recycling. To this end, we broadened the scope of the materials we collected and took action to improve existing spaces in stores and test solutions that enable us to gain greater insight into the different reuse models, considering the nature and specificity of our Business.

PERFORMANCE

In 2021, MC accounted for total energy consumption of 2,042,906 GJ, which accounts for an increase of 0.7% compared to 2020, explained by the Company's organic growth. Electricity accounts for 77.5% of this consumption. The remaining 22.5% is associated with fuel consumption.

Our electricity production from renewable sources (photovoltaic central power stations) increased 66.9% in the last year, and 76.4% of energy produced is channelled towards self-consumption. The remainder goes to the grid.

Regarding the profile of own GHG emissions, the conclusion is as follows: 69.0% is associated with electricity consumption and the remaining amount (31.0%) to fuel consumption and leakage of fluorinated gases. After a year in which the electricity emission factor was relatively low due to the pandemic, in 2021, we witnessed a variation in the emission factor that drove a 13.5% increase in our scope 1 and 2 emissions. Nonetheless, when we compare our own emission figures with those recorded in 2019, a year which can be better compared to 2021, we note a reduction in our own emissions of 6.6%.

Considering the reduction target set for 2030, we recorded a reduction of 26.4% compared to 2018, which translates into an average decrease of 8.8%.

The Sonae Group was awarded an «A-» score by the Carbon Disclosure Project (CDP). On a global scale, this recognition positions Sonae in the group of Companies that leads the fight against climate change and adopts the best-known practices.

Within the scope of waste management, we are equally concerned by the waste we generate in our Business activities and the waste our Customers drop off at our stores, promoting recycling and environmental citizenship. In 2021, MC generated 72,734 tons worth of waste, corresponding to a 0.9% increase compared to 2020, excluding the amount of waste generated by Maxmat's operation (taken from historical data). We recorded an increase in the recovery rate of waste produced to 83.6% (+8pp compared to 2020).

Water collection stood at 886,916 m^3, representing an increase of 1.7% compared to 2020 (excluding Maxmat's consumption).

INITIATIVES

DECARBONISATION OF THE ENERGY MATRIX

INVESTMENT IN OWN RENEWABLE ENERGY GENERATION CAPACITY

The decarbonisation of our energy matrix, through the production of electricity effectively produced from renewable sources, was one of the axes of our «2030 Roadmap» that underwent a more significant boost in 2021: we ended the year with 214 operational plants installed, which represents an additional 25 new plants, and a photovoltaic park with an installed capacity of circa 26.9 MWp.

ESTABLISHMENT OF THE 1ST POWER PURCHASE AGREEMENT (PPA)

In tandem with the investments made in our renewable energy production capacity, via Elergone Energia, we entered into a long-term agreement (PPA offsite) to purchase circa 100 gigawatts-hour (GWh) of renewable energy per year from Shell Energy Europe Limited.

This is a significant milestone that will in itself ensure that approximately 20% of our electricity consumption will come from renewable sources. This investment which took effect from 1st October 2021, allowed for a reduction of 12,621 tonne CO_2e compared to the potential emission if this option were not included.

BOOST SUSTAINABLE MOBILITY

INCREASE IN THE NUMBER OF «CONTINENTE PLUG & CHARGE» STATIONS

In 2020, we launched our «Continente Plug & Charge» service (charging stations for electric cars). In an easy and hassle-free manner, our Customers can charge their electric vehicles whilst shopping in our stores, or our Associates can charge their vehicles whilst at the office.

Our «Continente Plug & Charge» network is currently comprised of 110 charging stations and has charged more than 3.5 million km, the equivalent of over 2,200 Porto to Paris trips. We aim to have nationwide coverage guaranteeing a maximum distance of approximately 100 km between hubs. This should be completed by the end of 2022.

For more information
plugcharge.continente.pt

FLEET EMISSIONS OFFSET

Over the next 10 years, alongside the various Sonae Companies, «*Floresta Sonae*» (Sonae's Forest) will reforest over 1,100 hectares to offset the emissions associated with the consumption of fossil fuels by our light vehicle fleets. In 2021 MC secured the necessary funding to reforest circa 35 hectares.

FLEET ELECTRIFICATION

In addition to expanding the «Continente Plug & Charge» network, in 2021, we stepped up the pace of electrifying our Company car fleet.

Supported by the installed network, we carried out a task to characterise the usage profiles of our Workforce (number of kilometres travelled per day, the identification of pre-defined routes, frequency of longer journeys, among other parameters). This enabled us to identify a group comprised of 45 vehicles that were reaching the end of their contract and hence could be replaced by 100% electric options.

We will proceed with this programme in 2022, accelerating our pathway towards decarbonisation!

REFURBISH REFRIGERATION PLANTS

In 2021 we continued our efforts to promote efficiency and flexibility in energy consumption, investing in installing more efficient equipment and systems, creating conditions for better monitoring and consumption management and advanced procedures that enabled us to leverage the investments made. Investments totalled circa €7 million.

We emphasise improving the efficiency of our cold production facilities whilst not overlooking the problematic use of fluorinated gases (F-Gases).

In 2021, we remained on track with our efforts developed in the past years to implement alternative solutions to those commonly used regarding the use of refrigerant gases. The aim was to drastically reduce or even completely eradicate the use of high GWP (Global Warming Potential) gases.

Most of the cold production systems in all our new stores run on «natural gases», in other words, gases with a GWP of 5 or less, such as R290, R744, and R717.

With regards to the existing store network, we implemented a replacement programme: (i) use of F-Gases when the refrigerating equipment still has a reasonable lifespan; (ii) completely replacing cold service systems (with new equipment), i.e. solely using «natural gases».

In 2021 we eliminated the use of R427a and recorded a 44% reduction in the use of R404 gas.

PROMOTE CIRCULARITY

«DEPOSIT-REFUND SYSTEM» PREPARATION

We participated in several pilot projects to test the future Deposit-refund System (DRS) for beverage packaging to be implemented in Portugal.

We can secure the recycling of high-quality plastic, such as PET plastic, and ensure it is reintroduced into the system, maximising the «circularity of materials» through this system.

We installed 25 machines in our stores and have collected more than 12.4 million plastic containers since the start of the project, which will be sent for recycling to be incorporated into new bottles.

«RECYCLE TO SURF»

In 2021 Go Natural supermarkets implemented an initiative in Partnership with Jordan's oral hygiene brand. Collection points were set up in our stores for used toothbrushes as part of the «Recycle to Surf» project.

The aim is to transform old toothbrushes into boards for adapted surfing, thus contributing to making the sport more accessible to those with reduced mobility.

For more information
Video: Go Natural x Jordan

«GREEN CORK»

The «*Green Cork*» programme was the first cork stopper recycling programme on a global level. Since 2008 it has served as an inspiration for many other initiatives.

The economic worthiness of cork and its various uses contributes to the conservation of one of the world's biodiversity hotspots and rural and traditional Portuguese culture.

From the beginning of the project until 2021, we collected more than 98 million corks, 85% of which were from collection points within our stores. As a result of the project, more than 442 tons of cork were saved, and more than 1.2 million trees were planted.

For more information
greencork.org

38.8%
LEADERSHIP POSITIONS OCCUPIED BY WOMEN

851,841
TRAINING HOURS SECURED

-11.9%
ACCIDENTS FREQUENCY INDEX COMPARED TO 2020

FOR THE TOMORROW OF OUR PEOPLE

OUR VISION

Today, just as tomorrow, we are a Company made of People, for the People. With the confidence that our journey offers, driven by our purpose and our valuable Associates, and considering each of our People's uniqueness, we uncover the talent, creativity, energy, and focus that enables us to imagine and create a better tomorrow for everyone.

We do so anchored in the heterogeneity that we promote and celebrate. We recognise the enormous importance of diversity in its various dimensions. We are committed to seeing it represented at MC with a Diversity and Inclusion strategy anchored on 5 pillars (Gender Equality, Disability, Generations, LGBTQIA and Nationalities and Ethnicities), aiming to be a catalyst for each Person's development, ensuring that the necessary conditions for everyone to feel respected.

In our journey, we seek to value talent and contributions from everyone, lead in close proximity and be mindful of individuality, and work to create the conditions so that our People can excel and reach the best version of themselves.

We promote skill development for a successful future. Our culture of self-learning guides our Associates and provides the necessary tools for each and every person to follow their growth pathway.

We look at the workspaces as an extension of the culture we want to experience at MC. In this way, we create workspaces and circumstances that encourage collaboration and sharing, promoting well-being without ever compromising the safety of our People. In this way, we progress towards the goal of zero accidents.

PERFORMANCE

At the end of 2021, MC employed 36,607 Associates, 68.6% of whom were women, 75.3% had permanent contracts and 76.6% a full-time employment labour relationship with the Company.

We invest in developing our People with formats adapted to the various requirements at MC. We aim to provide the necessary tools for each Person's journey and growth, and in this sense, we witnessed a 51% growth in the training programmes launched. We secured over 851,841 training hours, which is very close to records registered before the pandemic.

We strengthened our actions to ensure that by 2023, 40% of senior management positions will be occupied by women. Thanks to the efforts in terms of hiring, periodic reviews and promotions, at the end of the year, 38.8% of leadership positions were occupied by women; this represents an increase of 2.2 pp compared to 2020. The Portuguese Association for Diversity and Inclusion awarded the Company an Honourable Mention to reflect its efforts to promote an inclusive organisational culture.

WOMEN IN LEADERSHIP POSITIONS

2020	2021	TARGET 2023
36.6%	38.8%	40%

With our Occupational Health and Safety programme, we seek to improve conditions in our workplaces. In 2021, we reduced the frequency index by 11.9% and the severity index by 5.9%. This improvement is due to the implementation and consolidation of behaviour and appropriate measures for performing jobs in complete safety, focusing on the continuous improvement of work processes and procedures and the immediate and effective resolution of non-conformities.

INITIATIVES

PROMOTE DIVERSITY & INCLUSION

RAISE AWARENESS AND BUILD CAPACITY FOR DIVERSITY AND INCLUSION

To ensure the implementation of our strategy and consistency of our practices and behaviours, it is vital to raise awareness and empower our leaders and Teams on matters related to Diversity and Inclusion in its various formats.

To this end, we concentrated our efforts on developing appealing formats, such as the podcast «*Poder Falar É Poder Ser*» (Power to Talk is Power to Be), to capture the attention and interest of our Workforce. The first podcast focused on disability, one of the priority focus areas within our strategy, namely demystifying ableism, i.e. the prejudice against People with disabilities. The podcast also discussed our in-house journey by offering views on this subject from first-hand accounts.

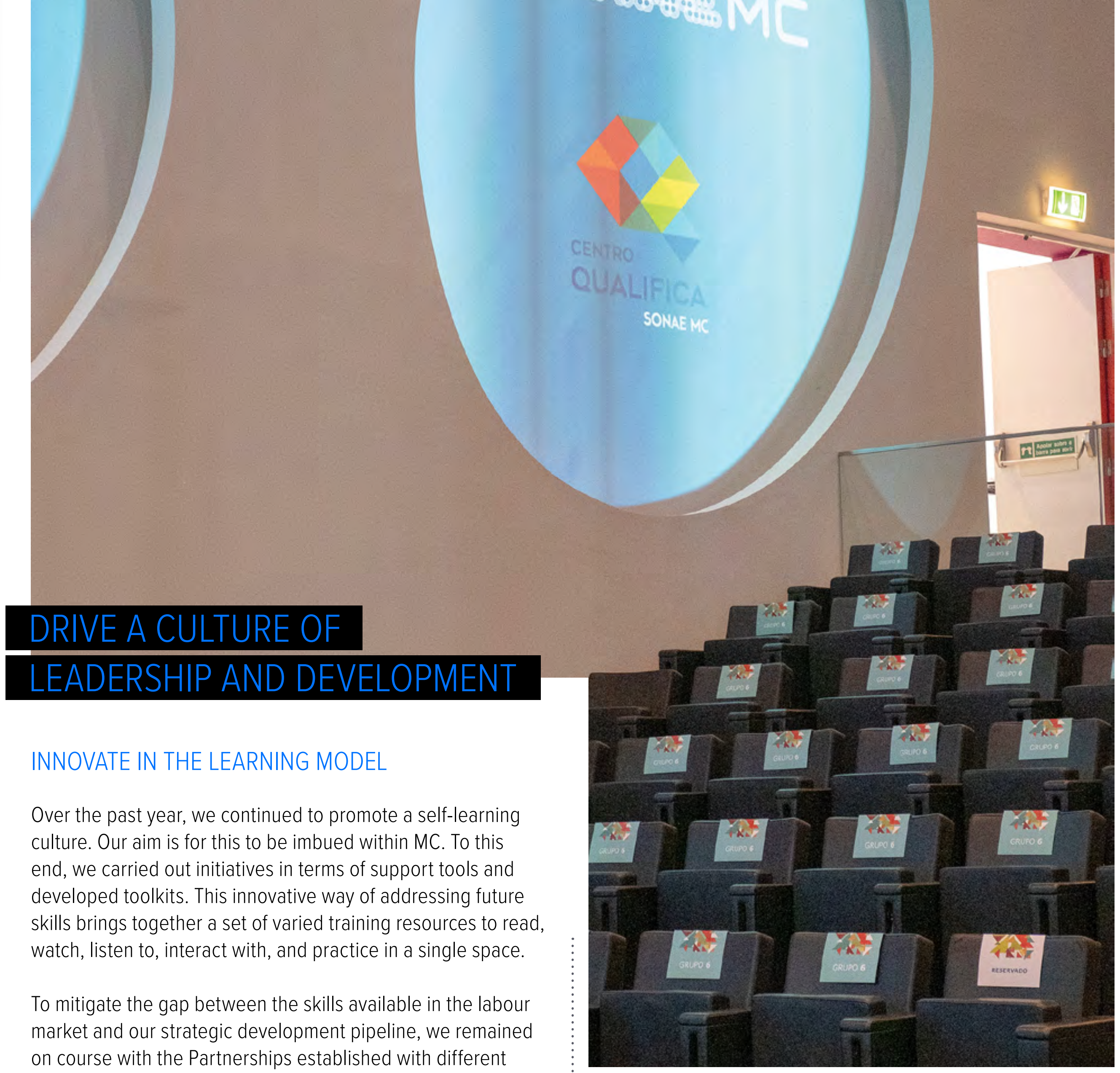
The «*Enviesamentos Inconscientes*» (Unconscious Bias) training programme was also an important milestone in 2021. Starting from the premise that we all have unconscious preconceptions and that these are primarily based on inequalities, we developed a programme that cut across the entire organisation. Thus, we reached 34 thousand Associates to explain these preconceptions, raise awareness of the impact they may have on our personal and professional lives, and provide mitigation strategies.

We participated in the «*Promova*» Programme for the second consecutive year, which aims to create conditions to accelerate women's careers. This innovative training and skills development project offers techniques and emotional strategies, with a strong coaching and mentoring component designed by the Universidade Nova in Lisbon and the Confederation of Portuguese Businesses (CIP).

DEVELOPMENT OF A NEW MODEL OF INTEGRATION

In Partnership with the *Vila com Vida* Association, we designed a selection, integration and monitoring project for People with disabilities in Continente, Continente Modelo, Continente Bom Dia and Bagga stores.

Through this Partnership and this pilot, we will be able to test and guarantee the effectiveness of an integration process that we hope is holistic and integrated and offer training to the respective Teams and leaders and carry out close monitoring through a talent manager.



DRIVE A CULTURE OF LEADERSHIP AND DEVELOPMENT

INNOVATE IN THE LEARNING MODEL

Over the past year, we continued to promote a self-learning culture. Our aim is for this to be imbued within MC. To this end, we carried out initiatives in terms of support tools and developed toolkits. This innovative way of addressing future skills brings together a set of varied training resources to read, watch, listen to, interact with, and practice in a single space.

To mitigate the gap between the skills available in the labour market and our strategic development pipeline, we remained on course with the Partnerships established with different institutions within the training and academic universe.

Within this scope, at the beginning of the year, in conjunction with the Polytechnic Institute of Setúbal (IPS), we supported the creation of a new master's degree in Logistics and Supply Chain Management (LSCM). This is a pioneering training programme in Portugal. It qualifies participants with professional competencies and follows a project-based learning methodology. This Partnership represents an unprecedented junction between the academic and corporate worlds to provide privileged contact with expert faculty members and highly esteemed professionals in sectors relating to Logistics and Supply Chain Management. Also, with the same institution, we advanced with the CTeSP (Higher Professional Technical Course) in Retail Management, promoting the entry of MC Associates into higher education, in a strategy of upskilling our human resources.

With MC's «*Centro Qualifica*» (professional training qualification centre), we continued to work towards the goal of increasing our Workforce qualifications whilst simultaneously granting them certifications in various modules. In 2021, we supported the increase in qualifications of 602 Associates and 248 saw their qualifications increased via RVCC (Recognition, Validation and Certification of Competencies) with a total of 12,400 hours of certified training.

«LEAD BETTER»

«Lead Better» embodies MC's leadership vision and what we aspire to and are inspired by. It resulted from a collaborative and co-building project involving focus groups, surveys, interviews, and workshops with our leaders. Thus enabling us to design the MC leadership model based on 5 principles. A model aligned with our culture and ambition to experience leadership with purpose. One which is more agile and human and adaptable to the different contexts within MC.

«Lead Better» was presented at a live event for more than 3,300 leaders. A 6-week follow-up period ensued where leaders were involved in a deep and structured process of self-analysis, gathering feedback and reflecting on their leadership practices. This translated into over 15,000 feedback sessions.

To mobilise the organisation and generate awareness, we organised an additional set of 5 live sessions focused on deep diving into each of the 5 principles. Subsequently, in addition to adapting our assessment tools, we launched digital «Learning Journeys», customised to the improvement opportunities of each leader, in a self-learning format that is flexible and adaptable to individual paces.

ENSURE THE HEALTH, SAFETY AND WELL-BEING OF ASSOCIATES

PROMOTE HEALTH AND SAFETY

In 2021, we remained on course with the «*Programa Operacional de Saúde e Segurança no Trabalho*» (Occupational Health and Safety Operational Programme). The goal is to strengthen our safety culture by implementing appropriate leadership behaviour and measures and the management of working conditions, thus reducing frequency and severity rates in line with the European benchmark. Within the scope of this programme, we carried out 2,530 technical visits to our units.

The «Safetyway» programme was developed for our logistics warehouses. It is structured around 3 principles: (i) recognise (unsafe conditions); (ii) evaluate (measure *in loco*); (iii) change (adopt immediate and effective actions). Thus, contributing towards a sustainable reduction in accident indicators.

We also designed «Zero Acidentes» (Zero Accidents), a strategic communication plan to be developed over three years. The aim is to reinforce preventive and spontaneous behaviour among our Workforce that establishes a *modus operandi* and thus implement the concept of «zero collective assets», where each Associate is responsible for their own safety.

FOSTER HEALTHY HABITS

Overweight and obesity threaten one's health they are risk factors for developing and aggravating cardiovascular and osteoarticular disorders.

Our programme to fight overweight and obesity aims to prevent this problem among our People. With the support of a multidisciplinary Team (occupational health experts, nutritionists, sustainability and communication personnel), our initiatives were two-fold: (i) creating awareness by disseminating content in different formats that clarify and detail the principles of healthy eating, physical exercise and motivation, and (ii) intervention, in a pioneering pilot programme that reached 130 Associates.

In this context, a personalised monitoring plan was designed for overweight Associates who, following a diagnosis consultation and initial evaluation, were monitored over the course of 6 months by a Team focused on helping them create healthy eating habits for weight reduction, food re-education and the importance of taking regular physical activity: 69% lost weight at the end of 6 months, with 50% losing up to 5 kg and 19% losing between 5 and 10 kg. 50% of the participants decreased their abdominal perimeter, 55% decreased the percentage of fat, 26% lowered their BMI and 29% of the participants obtained improvement of the lipid profile in the repetition analyses.

«*SOMOS SONAE*»

«*Somos Sonae*» (We are Sonae) was created to support Associates at vulnerable stages of their life. The programme was designed in September 2013 with this in mind. The aim is to provide *ad hoc* and temporary support to our Associates and their families in times of need.

A multidisciplinary and specialised Team from the Portuguese Red Cross can be actioned to analyse the requests for support, and following an initial diagnosis, a plan is put into practice. This can take on different formats and is developed, implemented, and tailored to the specific needs of each Associate. All processes are managed and monitored to guarantee Associate privacy and that of their families.

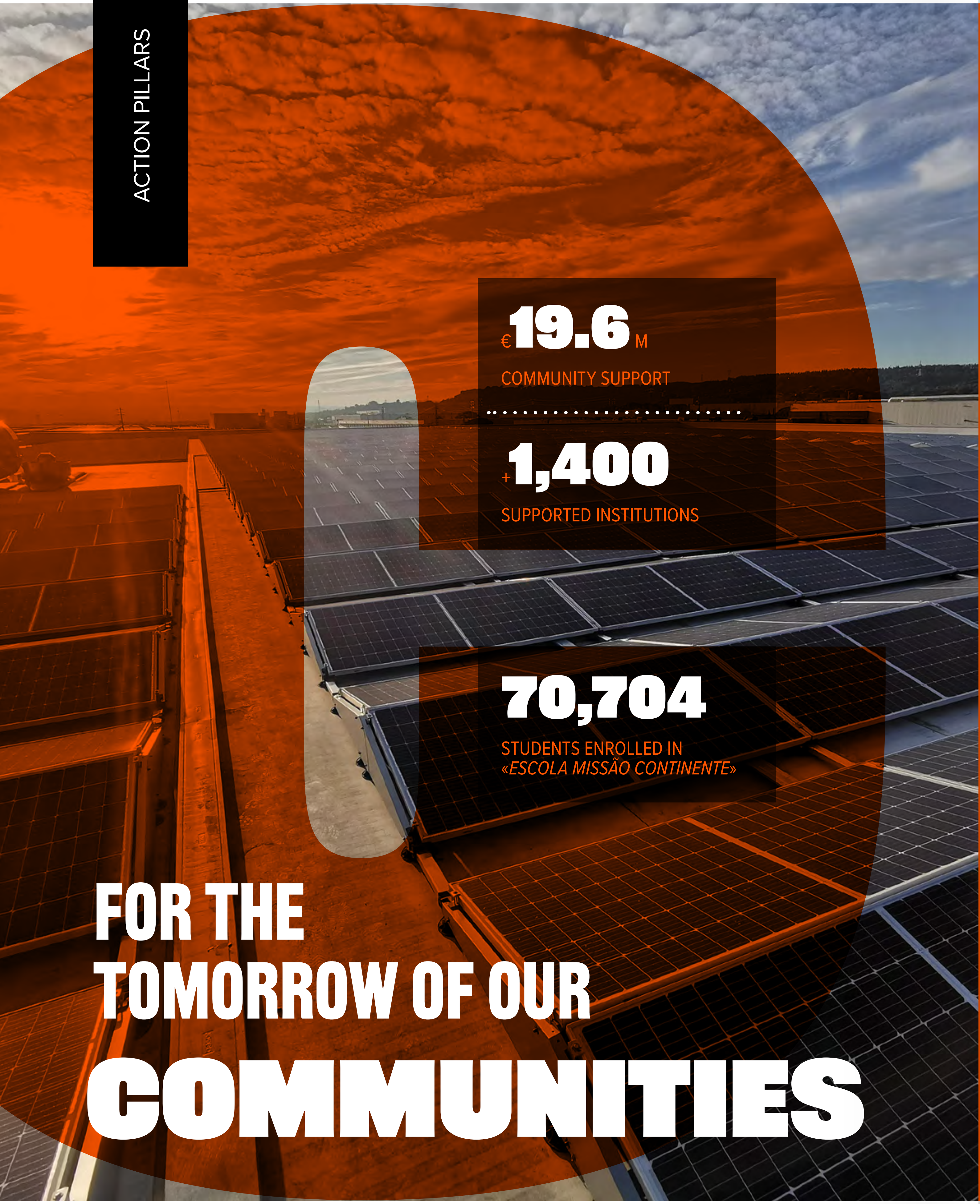
Through this programme in 2021, we supported 200 Associates, impacted 496 People, and invested more than €244 thousand.

«*#PRECISAMOSFALAR*»

In 2021, we implemented the «*#PrecisamosFalar*» (#WeNeedToTalk) programme, which aims to raise awareness across the organisation regarding mental health and equip our Workforce with the necessary tools to spot warning signs (their own and those around them) and use them for the greater well-being.

The programme was developed in 3 dimensions: (i) awareness, through the launch of a quiz for self-assessment regarding levels of well-being and an app with several features to further self-knowledge and personal development; (ii) dissemination of debate podcasts on various topics connected to well-being and a dedicated playlist for well-being, with inspirational and exclusive content to promote self-learning and evolution on these subject matters; and (iii) training, through specific initiatives with tips and tools to improve self-care and care for others.

#PrecisamosFalar



€ **19.6** M
COMMUNITY SUPPORT

+ **1,400**
SUPPORTED INSTITUTIONS

70,704
STUDENTS ENROLLED IN
«ESCOLA MISSÃO CONTINENTE»

FOR THE TOMORROW OF OUR COMMUNITIES

OUR VISION

We are driven by the ambition of leveraging sustainable development in the Communities where we operate.
We are conscious of the positive contribution we can make to building a more resilient, cohesive and fair society. One which is anchored in the capillarity of our operation, the talent and commitment of our Workforce and the network of our Partners. We strive to make this ambition a reality via several complementary lines of action.

We provide regular aid to charitable institutions through the food surplus donation programme. We also provide relief in emergency situations, organise campaigns and collect goods and vouchers from our Customers. Providing support to local initiatives and projects is a very significant part of our contribution.

Furthermore, we launch products that create shared value and positively contribute to the development of the Community.

Correspondingly, to carry out transformation in responsible consumption and promote healthy eating and lifestyle habits, which MC considers critical, we designed several programmes to raise awareness, empower, and mobilise Community members for a more sustainable future.

PERFORMANCE

Alongside our network of Partners, we significantly increased our support. Compared to 2020, we significantly increased the amount of aid offered in terms of the number of institutions and the total sum of support granted.

NUMBER OF INSTITUTIONS SUPPORTED

2019	2020	2021
1,000	1,100	1,400

COMMUNITY SUPPORT

2019	2020	2021
€9.0M	€11.6M	€19.6M

On the one hand, this performance is explained by the reinforcement of the support given in light of the requirements and fragilities created by the pandemic and, on the other hand, by optimising the surplus food donation programme. This programme ensures a quick and increasing capability to ensure product flow, thus preventing many tonnes of food from going to waste and simultaneously providing aid to many institutions and families with foodstuffs in perfectly good condition.

In 2022, we plan to strengthen our investment capacity, namely as co-financiers of medium and long-term social innovation projects, thus enhancing the scope and impact of the investments made.

INITIATIVES

DEVELOP COMMUNITY SUPPORT INITIATIVES AND CAMPAIGNS

SURPLUS FOOD DONATION

The reuse and redistribution of food to social solidarity institutions and institutions that support animals is part of our daily routine in stores. For the past 27 years, we have made daily donations throughout the entire year in more than 300 Continente stores, from the north to the south of mainland Portugal and the archipelagos.

Donated items are considered surplus when they cannot be sold but preserve all the necessary conditions to be safely consumed, thus avoiding food waste from a circular economy standpoint.

Via this programme, in 2021, *Missão Continente* reused the equivalent of €19.2 million worth of food products donated to over 1,400 institutions.

SUPPORT IN FIGHTING COVID-19

In 2020 and 2021, *Missão Continente* stood with the Portuguese People, offering immediate relief to those in precarious situations and front line workers fighting against the Covid-19 pandemic.

To this end, it ensured extraordinary mobilisation around major solidarity campaigns, such as the «#FoodTrucksareSafe» campaign or the «#TodosJuntos» (#AllTogether) campaign, helping thousands of People and families whose circumstances deteriorated because of the pandemic.

«LUZES COM PRESENÇA» (SHED LIGHT ON CHARITABLE GIVING)

Loneliness and social isolation are phenomena that cut across society as a whole and worsened considerably as a result of the pandemic.

Intending to shed more light on this issue, *Missão Continente* developed a fundraising campaign in favour of projects dedicated to working alongside People who find themselves in or at risk of facing social isolation and loneliness. The campaign ran from 20^{th} November to 6^{th} January and raised a total of €1.2 million; 100% of the proceeds reverted to 11 institutions.

As a symbolic act, for each voucher sold, *Missão Continente* lit a light in a region affected by social isolation, thus helping these populations feel a little less lonely during the Christmas season.

For more information
missao.continente.pt/iniciativas/luzes-com-presenca

CREATE PRODUCTS WITH A PURPOSE

«PASTA 100% CAJU»

In 2021 Continente Partnered with Hope for Fulanis to develop a value-added product containing African sourced cashew nuts, the «*Pasta 100% Caju*» (100% cashew nut butter).

The «*Pasta 100% Caju*» is a nutritionally balanced food product that reinforces Continente's commitment to democratising access to healthy food. By channelling a portion of the sale proceeds, the initiative resulted in hundreds of Guinean children being given access to free school meals. This programme thus encouraged children to go to school and contributed to their physical, cognitive and emotional development.

«BABY WELLS»

Conscious of the fact that Portugal has one of the lowest birth rates in Europe, in 2018, Wells, a brand that is dear to Portuguese families, created the «*Por um Futuro com mais Bebés*» (For a Baby-Filled Future) programme centred on 3 pillars: (i) celebrate all births in Portugal by offering the respective families a «Baby Wells» hamper; (ii) help several underprivileged families throughout the baby's first year, and (iii) advances conversations on this topic. In its 4^{th} year, Wells granted more than 45,000 «Baby Wells» hampers (which represents more than 50% of all births in Portugal in 2021) and offered relief to circa 50 babies from underprivileged families, covering all baby hygiene, food and child-care product requirements and a care package for mums.

For more information
futuro.wells.pt

«POLTRONA ÚRSULA»

To drive the debate in favour of gender equality, Kasa renamed its «Curve» armchair, now known as «Úrsula», to pay homage to the President of the European Commission, Ursula von der Leyen, who was left standing, without a chair, during an official visit to Ankara. The «*Poltrona Úrsula*» (Ursula armchair) is now a symbol to honour all women and the struggle for Gender Equality.

For each «Úrsula» armchair sold, *Missão Continente* donated €10 to the Portuguese Platform for Women's Rights.

«ALIMENTE-LHES O FUTURO» (SECURE THEIR FUTURE)

To secure nutritious school meals for children worldwide and contribute to the fight against hunger, Bagga teamed up with Mastercard on a fundraising campaign in favour of the United Nations World Food Programme (WFP).

Thus, whenever Bagga Customers purchased between November and December, they were allowed to donate towards one or more school meals. Donations started at €0.20, and each Client could select the amount they wished to donate. In turn, Mastercard matched the contributions made.

«SACOS ZULIDÁRIOS»

Intending to promote comfort and well-being to cats and dogs cared for by associations, in 2021, we pursued our «*Somos Zulidários*» programme (we are « Zulidaric» – a play on words with solidaric). Via the programme, whenever a Customer reuses the Zulidaric shopping bags, Zu ensures a fifty-cent donation to an association that supports animal welfare.

In 2021, ZU sold more than 2,200 shopping bags which were reused 3,600 times, resulting in a total donation of €1,800 distributed among 3 Associations selected in an online vote.

For more information
zuonline.pt/somos-zulidarios

MOBILIZE THE COMMUNITIES

«ESCOLA MISSÃO CONTINENTE»

More than 70,704 thousand students from 655 schools, from all districts on mainland Portugal and the Islands, enrolled in «*Escola Missão Continente*» 6th edition, an educational programme that aims to raise awareness around 3 pillars: healthy eating habits, conscientious consumption and an active lifestyle. The programme widened its scope to include pre-school students and those in the 2nd cycle of basic education for the first time. It focuses on a multidisciplinary approach, fostering learning through educational activities, fun materials, field trips, and challenges that encourage the school Community to reflect upon and act on these and other subject matters.

EMC 21/22	PRE-SCHOOL EDUCATION	1ST CYCLE OF BASIC EDUCATION	2ND CYCLE OF BASIC EDUCATION
No. of students enrolled	4,365	57,232	9,107

For this edition, «*Escola Missão Continente*» will prepare a scientific study to measure the impact of the programme centred on adopting healthy eating habits and an active lifestyle. The study will be carried out over a consecutive four-year period (2021-2025), focusing on the 1st cycle of basic education in 36 schools. This will be the first study carried out in Portugal focused on a nutrition and Community health programme of this magnitude.

More than 100,000 children in grades 1 to 4 from schools throughout the country have participated in the programme since it was set up in 2016/17.

For more information
missao.continente.pt/escola-missao-continente/sobre-a-escola/

«HERÓIS MISSÃO CONTINENTE»

Based on the belief that small individual actions can drive collective change, in 2021, *Missão Continente* launched a new initiative «*Heróis Missão Continente*». This initiative entails inviting the population to participate in several challenges with a potentially positive impact on the lives of those around them and on the environment. The aim is to create an organic movement of good deeds that will travel across Portugal. The superhero network has more than 2,177 participants in a movement that is gaining ground.

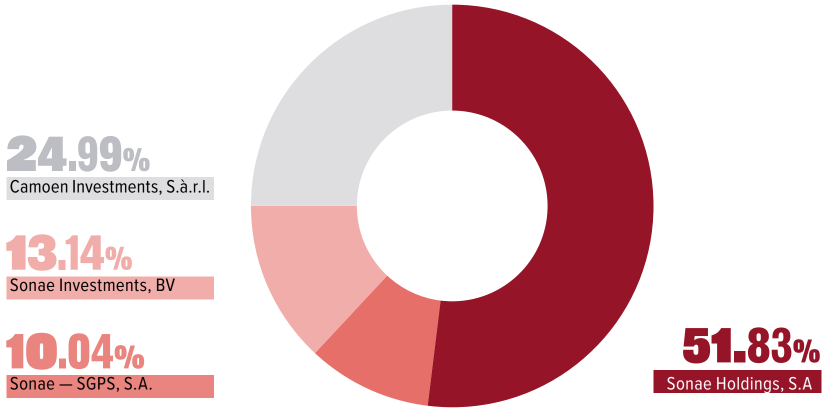
For more information
missao.continente.pt/herois

GOVERNING PRINCIPLES AND PRATICES

SHAREHOLDERS STRUCTURE

As at 31st December 2021, Sonae MC, SGPS, S.A. fully subscribed and paid-up share capital comprised 1,000,000,000 ordinary shares, at a par value of EUR 1 each.

As at 31st December 2021, Sonae, SGPS, S.A. and its affiliates detained, directly or indirectly, 75.01% of Sonae MC, SGPS, S.A. share capital.



CORPORATE GOVERNANCE

Corporate governance practices at MC ensure effective decision-making processes and increase the chances of the Businesses success. MC's robust governance model is based on a clear separation of responsibilities between management and control mechanisms, rigorous internal control systems, and transparent communication practices amongst the various governing bodies and between MC, its shareholders and other stakeholders.

The Board of Directors at MC is focused on the Company's long-term growth and development to generate value for all its stakeholders, supported by a sound corporate social responsibility. This governing body comprises a balanced Team that is highly skilled and has in-depth knowledge of food retail. With clear intentions and focus, it has defined MC's terms for operational and financial sustainable success. It has also expressed its mission in the retail industry and how its activities benefit Customers, Associates, and society as a whole.

The MC corporate governance model is aligned with the best national and international practices and has evolved by incorporating the Portuguese Institute of Corporate Governance (IPCG) recommendations into its Corporate Governance Code.

This model aims at transparency and the total, effective functioning of MC, based on a clear separation of powers between the different governing bodies. Furthermore, it also seeks to establish an independent operating framework based on defining management guidelines, policies and procedures suited to the development of the Company's Businesses, to minimise the inherent risks to its Business.

MC follows a monist governance model, where the Board of Directors oversees the management structure, and the supervisory structure comprises the Statutory Audit Board and the Statutory External Auditor.

It is incumbent upon the Board of Directors to manage the Company's Businesses, perform all management acts related to its corporate purpose, set strategic Company guidelines, and appoint and supervise the activity of the Executive Committee and its specialised committees.

The Board of Directors believes that the corporate governance model adopted is commensurate with the duties to be performed by each governing body, thus ensuring a balance between their respective functional independence and interaction. Moreover, the specialised committees assigned to matters of particular importance optimise the Board's performance, ensuring the effectiveness of its decision-making process.

MC'S GOVERNING BODIES AND COMMITTEES[1]

GENERAL ASSEMBLY
PRESIDENT **Manuel Cavaleiro Brandão**
SECRETARY **Maria da Conceição Cabaços**

SHAREHOLDERS REMUNERATION COMMITTEE
CHAIR **Cláudia Azevedo**
José Côrte-Real

BOARD OF DIRECTORS
CHAIRMAN **Cláudia Azevedo**
- Ângelo Paupério
- João Dolores
- João Günther Amaral
- Jan Voûte
- Alan Roux
- António Soares
- Ricardo Monteiro

EXECUTIVE COMMITTEE
CEO **Luís Moutinho**
- Rui Almeida
- Isabel Barros
- José Fortunato

LEADERSHIP COMMITTEE
- Luís Moutinho
- Rui Almeida
- David Alves
- Isabel Barros
- João Afonso
- José Fortunato
- Miguel Moreira
- Miguel Águas

BOARD NOMINATION AND REMUNERATION COMMITTEE
CHAIR **Cláudia Azevedo**
- João Günther Amaral
- Jan Voûte
- António Soares
- Ricardo Monteiro

BOARD AUDIT AND FINANCE COMMITTEE
CHAIR **Ângelo Paupério**
- João Dolores
- Jan Voûte
- António Soares
- Ricardo Monteiro

SUPERVISORY STRUCTURE

STATUTORY AUDIT BOARD
CHAIR **António Trabulo**
- Maria José da Fonseca
- Carlos Silva
- SUBSTITUTE **José Rebouta**

STATUTORY EXTERNAL AUDITOR (SEA)
PricewaterhouseCoopers & Associados — Sociedade de Revisores Oficiais de Contas, Lda. — SROC n.º 183
REPRESENTED BY:
António Brochado Correia, or **Miguel Barroso**
SEA ALTERNATE
José Miguel Marques

COMPANY'S SECRETARY
SECRETARY **Alice Castanho**
SUBSTITUTE **Andreia Gouveia**

1 The governing bodies and committee's composition refers to this report publication date

REMUNERATION POLICY

GENERAL DISCLOSURES[1]

MC's remuneration policy applicable to members of the governing bodies and executive directors of the Company are in line with Community guidelines, Portuguese legislation arising from articles 26-A to 26-F of the Securities Code, introduced by Law no. 50/2020 on 25th August, and the Corporate Governance Code of the Portuguese Institute of Corporate Governance (IPCG), published in 2018 and revised in 2020.

The policy is based upon the premise that initiative, competence, commitment and ethics are essential conditions for good performance. These should be aligned with the medium and long-term interests of the Company, with a view to its sustainability. The policy is rooted in the following principles:

COMPETITIVENESS

When designing the remuneration policy, the primary goal is to attract and retain the best, high-performing talent with a proven track record to guarantee stability and offer a relevant and de facto contribution to the sustainability of the Company's Businesses.

The policy is defined by benchmarking against the practices of comparable companies, based on market studies conducted by the consulting firms Mercer and Korn Ferry for the Portuguese and European markets. Companies considered comparable are those whose securities are traded on the Euronext Lisbon Stock Exchange.

Accordingly, the remuneration parameters for members of the governing bodies and other persons discharging managerial responsibilities are determined and periodically reviewed, considering market conditions, the activity performed, and responsibilities inherent to the position held. Thus, the following factors, among others, are taken into account: the members profile and CV, their experience, the nature and description of the job function, the competencies of the governing body concerned and that of the particular member, and the degree of a direct correlation between individual and Businesses performance.

PERFORMANCE-ORIENTED

Regarding the executive directors, the policy provides for the award of short and medium-term variable incentive bonuses, calculated based on the Company's results and the level of performance, both individual and collective, to foster the sustainable growth of the Businesses and personal commitment to the predefined objectives. If the predefined goals measured using Key Performance Indicators (KPIs) are not achieved, the sum of short and medium-term incentives will be partially or totally reduced.

ALIGNING INTERESTS

The following is declared: an alignment between the interests of the Company directors, those of the shareholders and medium-term performance to ensure Business sustainability. In this way, a portion of the variable bonus for executive directors is deferred for a period of 3 years after its attribution. The deferred component is conditioned by the following factors: (i) performance of Sonae, SGPS, SA. share price; (ii) correction factors for attributed dividends; and (iii) the extent to which MC medium-term goals are achieved.

The remuneration of non-executive directors, members of the supervisory bodies and officers of the shareholders' general meeting consists exclusively of fixed remuneration.

TRANSPARENCY

All aspects of the remuneration structure are transparent and disclosed and are in line with the Group's general remuneration policy.

REASONABLENESS

The remuneration policy aims to ensure a balance between MC's long-term interests, market positioning and best practices, the expectations and motivation of the members of the governing bodies and other persons discharging managerial responsibilities, and the goal of attracting and retaining talent.

CONSISTENCY AND FAIRNESS

To determine the remuneration of each member of the governing bodies and other persons discharging managerial responsibilities, the employment and remuneration conditions of the Group's Associates are taken into consideration.

To this effect, conditions of employment and remuneration of full-time equivalent staff are taken into account to ensure consistency and fairness in remuneration by referring to the weightiness of their respective qualifications, responsibilities, experience, availability and the specific nature of the risk associated with fulfilling the requirements of the position held.

1 As approved at MC Shareholders' General Meeting on 30th April 2021.

ARCHITECTURE OF OUR REMUNERATION POLICY

In designing the remuneration policy for governing bodies and other directors of the Company, and to determine the applicable remuneration, the following is taken into consideration: the job functions performed per an evaluation system that includes differentiation criteria in addition to complexity, qualification, experience required, autonomy and responsibilities. This system is based on consulting firm Korn Ferry's international methodology to promote fairness in remuneration and employment conditions, in light of the differentiation criteria described above, applicable to the various job roles and allowing for comparability/ benchmarking with equivalent job functions in the market.

The result is that in general terms, the benchmark adopted in terms of competitive positioning against the comparable market for each job function is usually the median for the fixed remuneration and the third quartile for the variable component of remuneration, notwithstanding the necessary adjustments under market conditions and MC's particular situation.

The remuneration of the executive members of the Board of Directors includes a fixed component and a variable component. The remuneration of the non-executive members of the Board of Directors and the members of the Statutory Audit Board is comprised exclusively of a fixed component.

The table below summarises the architecture of our remuneration policy.

GOVERNING BODIES		BREAKDOWN		MARKET POSITIONING
Board of Directors	Executive directors	Fixed	Basic compensation	Median
		Variable [2]	Short-term variable compensation	Third quartile
			Medium-term variable compensation	Third quartile
	Non-executive directors	Fixed	Compensation	Median
Statutory Audit Board		Fixed	Compensation	Median
Statutory External Auditor		Fixed	Compensation	Median
Officers of the shareholders' general meeting		Fixed	Compensation	Median

2 Subject to fulfilling short- and medium-term objective and subjective KPI requirements

RISK MANAGEMENT

INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEM FRAMEWORK

Risk management is a key component of MC's culture and one of the pillars of Corporate Governance. Risk management is diffused across all management processes and is a shared responsibility amongst all Company Associates.

MC's risk management model aims to create and protect value by managing and controlling opportunities and threats that can affect the objectives and the perspectives of Businesses continuity and support decision-making.

MAIN ROLES AND RESPONSIBILITIES

The Company's Statutory Audit Board is responsible for assessing the internal control and risk management systems, overseeing its activity plan, obtaining periodic performance information, evaluating the conclusions reached and issuing the guidelines it deems necessary.

BUSINESS UNITS
1.st LINE OF DEFENCE
Risk Owners

The Business units are responsible for (i) implementing corrective measures to address process and control deficiencies; and (ii) maintaining effective internal controls to execute procedures daily.

RISK MANAGEMENT
2.nd LINE OF DEFENCE
Risk Supervision

Risk management aims to support the Company in reaching its Business objectives via a systematic and structured approach to identifying and managing risks and opportunities.

INTERNAL AUDIT
3.rd LINE OF DEFENCE
Risk Guarantee

The internal audit department identifies and evaluates the management and risk control effectiveness and efficiency of Business processes and information systems.

EXTERNAL AUDIT
4.th LINE OF DEFENCE
Shareholders Risk Guarantee

The external auditor (i) verifies the effectiveness and functioning of internal control procedures per the work plan agreed upon by the Statutory Audit Board, to whom it reports its findings; and (ii) assesses and reports the reliability and integrity risks of financial and accounting information.

MANAGING AND MONITORING THE MAIN RISKS

Risk management and monitoring are achieved through different approaches, namely the Enterprise Wide Risk Management (EWRM) framework, which captures, assesses, prioritises and manages the most significant risks.

The EWRM covers all areas of the Company and classifies risks into 7 categories: external, strategic, financial, reputational, human resources, technological and operational. In 2021, a total of 54 risks distributed among these 7 categories were identified and assessed.

In addition to the EWRM, within the scope of strategic planning, the following are identified and managed: Businesses portfolio management risks, new Businesses development risks and the Company's strategic project risks.

For risks of a more transversal nature, namely those related to Business continuity and large-scale organisational changes, structured risk management programmes are developed with the participation of all functional Business areas.

EWRM METHODOLOGY

0. PROCESS CONFIGURATION

Definition of the focus of risk management and propose a common language

- Policies and objectives
- Tools and processes

1. RISK IDENTIFICATION

Identification and systemisation of the risks that can affect the organisation

- List of risks
- Dictionary and risk taxonomy

ENTREPRISE WIDE RISK MANAGEMENT (EWRM)

2. RISK ASSESSMENT

Prioritise risk according to the respective impact and probability of occurring

- Risk matrix

3. TREATMENT OPTIONS

Assess risk treatment options: accept, avoid, mitigate, transfer

- Risk drivers
- Persons responsible for the risk

4. RISK MITIGATION

Devise action plans to mitigate and identify Key Risk Indicators (KRIs)

- Risk mitigation action plans
- KRIs

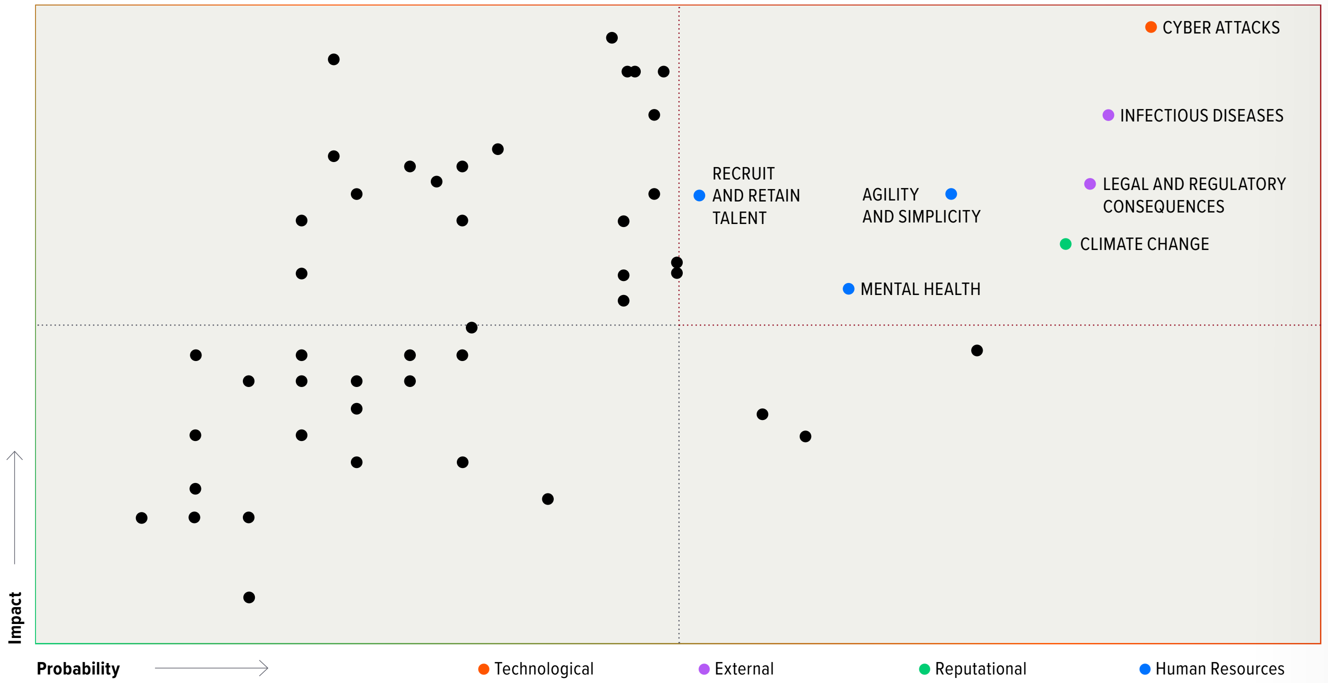
5. MONITORING AND REPORTING

Monitor the deployment of action plans and risk evolution

- Monitoring report
- Risk management annual report

IDENTIFICATION AND DESCRIPTION OF THE MAIN TYPES OF RISK

MC has identified the following critical risks (greater probability and impact):



2021 CRITICAL RISKS	CATEGORY	TRENDS COMPARED TO 2020
Cyber/technological attacks	Technological	=
Rapid and massive proliferation of infectious diseases	External	=
Increasing legal and regulatory negative consequences	External	=
Failure of climate change mitigation and adaption	Reputational	=
Lack of organisational agility and simplicity	Human Resources	=
Incapacity to recruit and retain talent	Human Resources	=
Severe deterioration of mental health	Human Resources	N

2021 CRITICAL RISKS

CONTINUES

RISK DESCRIPTION	TREND	MITIGATION INITIATIVES
Cyber /technological attacks The occurrence of a privacy breach and/or security breach regarding Associate, Supplier or Client data, as well as other Business information, due to an inadequate level of information systems protection and/ or risky behaviour by Associates, may subject the Company to fines and affect its reputation and continuity of its Business.	=	**Cyber-risk management** • Execution of cyber intelligence activities; • Consolidation of the cybersecurity governance model; • Preparation of cybersecurity policies and standards; • Definition of the cyber risk management process; • Monitorisation of the BitSight rating; • Execution of awareness-raising initiatives and ethical phishing campaigns. **Legal compliance and review of the General Data Protection Regulation (GDPR) level and maturity** • Update of treatment activity records; • Assessment of the impact on personal data protection; • Compliance with requests to exercise rights; • Assessment of personal data breaches; • Training courses and awareness-raising; • Drafting of opinions and recommendations; • Audits.
Rapid and massive proliferation of infectious diseases Bacteria, viruses, parasites, or fungi that cause the uncontrollable spread of infectious diseases (e.g., as a result of resistance to antibiotics, antivirals and other treatments) leading to large-scale fatality and economic disruption can jeopardise the Company's Business continuity and financial performance.	=	**COVID-19** • Definition and implementation of pandemic contingency work models; • Adaptation of the operation to measures provided in national legislation; • Adaptation of the online channel and supply chain to new purchasing patterns; • Implementation of a vaccination plan against influenza and COVID-19; • Implementation of a preventive plan for Associate sample testing; • Update of the contingency handbooks per the evolution of the pandemic. **Legionnaire's disease** • Definition of a crisis and risk management model; • Adaptation of internal procedures to the new legislation; • Development of training programmes; • Definition and implementation of key risk indicators.
Increasing legal and regulatory negative consequences New regulations or changes to current legislation regarding corporate governance, which impact the operations and products, specially within the environment and data protection scopes, health and safety, marketing, and competition, may lead to fines for defaults, threatening the Company's capacity to develop its Businesses and affect its economic profitability.	=	• Focus on future national and European legal initiatives and regulation regarding data protection, health and safety of products, sales, communication and competition, health and well-being, energy, real estate and others; • Focus on future national and European legal initiatives and regulation regarding corporate governance and how it can be transposed to the local market; • Focus on future national and European legal initiatives and regulations related to labour law resulting from the collective labour agreement negotiations of the Portuguese Association of Distribution Companies (APED) and the Portuguese Hotel and Restaurant Association (AHRESP); • Provide daily Company legal assistance.

N New risk A Rising risk = Risk without change V Decreasing risk

2021 CRITICAL RISKS — CONCLUSION

RISK DESCRIPTION	TREND	MITIGATION INITIATIVES
Failure of climate change mitigation and adaption The Company's image and financial performance may be affected by failure to impose or adopt effective measures to mitigate climate change, protect populations and support the adaptation of Businesses impacted by climate change.	=	• Adoption of the Task Force on Climate-related Financial Disclosure (TCFD) framework; • Assessment of the Business exposure level to climate change and integrate the guidelines defined by the Task Force on Climate-related Financial Disclosure (TCFD); • Monitorization of targets and implementation of the plan to reduce GHG and the use of plastics; • Annual review of the roadmap considering the regulatory and technological developments.
Lack of organisational agility and simplicity The existence of a highly complex and inflexible organisational structure, due to the Company's size and the diversity of its Businesses, can affect decision-making agility, consequently resulting in missed opportunities.	=	• Reskilling (new job functions); • Digitalization, automation and artificial intelligence; • Enhancement of operational efficiency and new ways of working; • Development of human resources churn predictive analytical models; • Implementation of the Workforce strategic planning focused on essential job skills for the future and reskilling trends; • Transformation within our leadership; • Promotion of projects with mixed and multidisciplinary Teams; • Development of collaborative IT solutions; • Roll-out of Kaizen methodologies.
Incapacity to recruit and retain talent Operating in an increasingly competitive labour market, combined with a lack of attractive career plans, incompatible remuneration and training programmes, may compromise the Company's capacity to retain key human resources. This can significantly impact fulfilling the Company's objectives and strategy.	=	• Development and strengthening of internal mobility programmes through the creation of a «*Fórum de Talentos*» (Talent Forum); • Elevate the MC brand as an employer and its value proposition for the Associate, by way of emphasising in-house and external communication, by promoting young talent programmes and new work models (remote, on-site or hybrid); • Monitorization and action upon key performance indicators for its Associates; • Implementation of fast-track development programmes for Associates with great potential; • Implementation of strategic planning focused on essential job skills for the future and reskilling trends; • Support the international recruitment through government and diplomatic contacts; • Creation of professional training points of contacts to align training needs for different departments.
Severe deterioration of mental health The increase in mental illness (e.g., dementia and depression) due to high levels of stress and anxiety due to social and work pressures prolonged loneliness from lockdown, among other factors, can negatively impact Associates' well-being and productivity.	N	• Conduct surveys focused on continuous feedback (e.g., Employee Net Promoter Score – eNPS); • «Focus» Leadership Programme; • Several specialist webinars; • Psychological support during the pandemic, through Multicare health insurance; • Benefits/Partnerships with medical care providers, via the «+ Sonae» rewards programme; • Remodelling of the workplace, providing a better office environment; • «Flex it Up» programme, which offers more flexibility to accommodate for a better work/life balance; • Company e-learning to reinforce the culture of health, safety, and well-being among MC Associates, equipping them with know-how on how to best deal with these subjects daily.

N New Risk — Rising risk — = Risk without change — Decreasing risk

HIGHLIGHTS IN 2021

COVID-19 CRISIS MANAGEMENT

In addition to the critical risks, in 2021, MC closely monitored with grave concern all the developments related to the Covid-19 pandemic and followed recommendations issued by international authorities, namely the World Health Organisation, the European Centre for Disease Prevention and Control, and the Portuguese Directorate-General of Health (DGS).

The Company implemented all the congruous initiatives to minimise potential pandemic adverse impacts in line with recommendations issued by competent authorities and the stakeholders' best interests.

Due to the situation, ensuring the safety of our Customers and Associates remained a priority throughout 2021. The occupational health and safety Team championed a set of preventive and informative measures, such as:

- Continuously updating the COVID-19 Contingency Plan;
- Updating the operating handbooks for each banner, reviewing the preventive measures;
- Reassessing workplace risks considering the risk of contagion and mitigation measures;
- Updating the Businesses with the guidelines published by the Portuguese Directorate-General of Health (DGS);
- Monitoring the spread of the disease forecasting scenarios and impact simulations on MC;
- Reviewing training material;
- Providing support to the various units and COVID-19 monitoring/auditing;
- Reviewing and revoking instructions and procedures;
- Keeping the COVID-19 hotline open;
- Monitoring and tracking COVID-19 cases at MC;
- Liaising with external authorities (Health Delegation and Authority for Labour/Working Conditions)
- Working with APCER (Portuguese Association of Certification) for the independent audit processes in stores and warehouses;
- Reporting management indicators.

OTHER IMPORTANT PROJECTS

With regards to the projects rolled out in 2021, we highlight the following:

- Implementation of the first phase of the Business continuity project, aimed at carrying out an impact assessment to determine the logistics requirements and those of the warehouses in terms of the availability of the information systems in the event of a potentially catastrophic event that could threaten operations;
- Adoption of the Climate-Related Financial Disclosure (TCFD) framework to support climate risk management, namely the risks of transitioning to a low-carbon economy and physical risks, and providing investors with the necessary financial information to make an informed decision on future investments;
- Updating the legionnaire's disease management procedures and drafting a crisis management handbook;
- Promoting events to share and exchange experiences, namely the participation in a Portuguese risk management think tank and sharing global risk outlooks for 2021 at the World Economic Forum.

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 AND 2020

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(AMOUNTS EXPRESSED IN EURO)	NOTES	31 DEC 2021	31 DEC 2020	UNAUDITED 31 DEC 2020 PRO-FORMA
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	6	1,360,810,433	1,376,054,222	1,344,177,045
Intangible assets	7	261,638,861	257,794,885	257,766,505
Right-of-use assets	8	933,496,274	959,686,479	957,696,772
Goodwill	9	454,900,067	462,335,419	462,335,419
Investments in joint ventures and associates	10	4,719,952	4,067,808	4,067,808
Assets at fair value through profit and loss	5, 11	16,205,006	15,583,705	15,543,306
Deferred tax assets	19	282,653,191	273,911,572	273,170,077
Income tax assets	17	4,489,601	4,489,601	4,489,601
Other non-current assets	5, 12	8,555,496	9,035,366	8,996,646
TOTAL NON-CURRENT ASSETS		**3,327,468,881**	**3,362,959,057**	**3,328,243,179**
CURRENT ASSETS				
Inventories	13	387,406,042	395,898,596	371,227,573
Trade receivables	5, 14	59,968,030	55,372,877	53,427,471
Other receivables	5, 15	90,252,899	68,163,751	67,678,160
Income tax assets	17	26,855,537	31,070,269	29,395,575
Other tax assets	16	19,242,159	23,363,975	23,363,771
Other current assets	18	43,203,286	36,584,929	36,549,846
Other investments	5, 11	7,106,548	2,663,026	2,542,921
Cash and cash equivalents	5, 20	198,802,965	194,423,583	174,053,202
TOTAL CURRENT ASSETS		**832,837,466**	**807,541,006**	**758,238,519**
Non-current assets held for sale	6	979,955	–	79,714,354
TOTAL ASSETS		**4,161,286,302**	**4,170,500,063**	**4,166,196,053**

The accompanying notes are part of these consolidated financial statements.

(AMOUNTS EXPRESSED IN EURO)	NOTES	31 DEC 2021	31 DEC 2020	UNAUDITED 31 DEC 2020 PRO-FORMA
EQUITY AND LIABILITIES				
EQUITY				
Share capital	21	1,000,000,000	1,000,000,000	1,000,000,000
Legal reserve		198,366,897	186,480,406	186,480,406
Reserves and retained earnings		(527,467,848)	(536,028,499)	(536,028,499)
Profit/(Loss) for the period attributable to the equity holders of the parent company		222,006,491	143,349,796	143,349,796
Equity attributable to the equity holders of the parent company		892,905,540	793,801,703	793,801,703
Equity attributable to non-controlling interests	22	28,905,843	49,963,472	49,963,472
TOTAL EQUITY		**921,811,383**	**843.765.175**	**843,765,175**
LIABILITIES				
NON-CURRENT LIABILITIES				
Loans	5, 23	288,414,334	333,973,644	333.973.644
Bonds	5, 23	223,620,524	321,021,071	321.021.071
Lease liabilities	8	1,001,111,372	1,012,760,194	1,011,594,144
Other non-current liabilities	5, 25	22,875,692	22,671,960	22,596,427
Deferred tax liabilities	19	361,624,611	356,491,211	355,140,044
Provisions	30	6,753,035	6,334,819	6,334,819
TOTAL NON-CURRENT LIABILITIES		**1,904,399,568**	**2,053,252,899**	**2,050,660,149**
CURRENT LIABILITIES				
Loans	5, 23	810,133	3,840,276	3.840.276
Bonds	5, 23	72,423,939	–	–
Other loans	5, 23	74,764	1,237,721	332,365
Lease liabilities	8	80,901,632	80,149,904	79,146,383
Trade payables	5, 27	795,493,038	794,952,544	768,907,381
Other payables	5, 28	89,749,738	85,785,832	85,446,129
Income tax liabilities	17	35,733,124	49,667,807	46,662,527
Other tax liabilities	16	68,474,647	70,551,250	68,931,200
Other current liabilities	29	189,927,732	185,935,107	181,882,170
Provisions	30	1,486,604	1,361,548	1,361,548
TOTAL CURRENT LIABILITIES		**1,335,075,351**	**1,273,481,989**	**1,236,509,980**
Non-current liabilities held for sale		–	–	35,260,749
TOTAL LIABILITIES		**3,239,474,919**	**3,326,734,888**	**3,322,430,878**
TOTAL EQUITY AND LIABILITIES		**4,161,286,302**	**4,170,500,063**	**4,166,196,053**

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS
FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 2020

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(AMOUNTS EXPRESSED IN EURO)	NOTES	31 DEC 2021	31 DEC 2020 RESTATED
Sales	34	5,234,350,867	4,931,562,832
Services rendered	34	127,281,079	112,430,779
Gains and losses on investments	35	(1,088,603)	(466)
Other income	37	99,023,434	85,999,673
Cost of goods sold and materials consumed	13	(3,757,387,710)	(3,546,787,715)
External supplies and services	38	(491,276,172)	(434,830,503)
Employee benefits expense	39	(622,451,111)	(592,984,497)
Other expenses	40	(56,635,173)	(50,124,492)
Depreciation and amortisation expenses	6, 7, 8	(258,780,921)	(250,587,983)
Impairment losses	30	4,508,097	(13,379,827)
Provisions	30	(476,036)	79,246
Profit from continuing operations before interests, dividends, share of profit or loss of joint ventures and associates and tax		**277,067,751**	**241,377,047**
Dividends received during the year	35	200,488	100,488
Share of profit or loss of joint ventures and associates	10	1,208,228	887,457
Financial income	36	27,894,948	11,548,695
Financial expense	36	(107,449,796)	(89,632,835)
Profit from continuing operations before tax		**198,921,619**	**164,280,852**
Income tax expense	41	(20,850,975)	(28,823,281)
Profit from continuing operations for the period		**178,070,644**	**135,457,571**
Profit/(Loss) from discontinued operations after taxation	4.2	49,942,366	12,976,501
CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD		**228,013,010**	**148,434,072**
ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Continuing operations		176,031,131	135,227,840
Discontinued operations		45,975,360	8,121,956
		222,006,491	143,349,796
ATTRIBUTABLE TO NON-CONTROLLING INTERESTS			
Continuing operations		2,039,511	229,731
Discontinued operations		3,967,008	4,854,545
		6,006,519	5,084,276
PROFIT/(LOSS) PER SHARE			
FROM CONTINUING OPERATIONS			
Basic	43	0.176031	0.135228
Diluted	43	0.176031	0.135228
FROM DISCONTINUED OPERATIONS			
Basic	43	0.045975	0.008122
Diluted	43	0.045975	0.008122

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 2020

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(AMOUNTS EXPRESSED IN EURO)	NOTES	31 DEC 2021	31 DEC 2020 RESTATED
Net Profit/(Loss) for the period		228,013,010	148,434,072
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Exchange differences arising on translation of foreign operations		188,460	6,205,496
Changes in hedge and fair value reserves		8,537,283	2,951,726
Income tax relating with other components of comprehensive income		5,107,141	118,855
Others		(44,450)	(40,386)
Other comprehensive income for the period		**13,788,434**	**9,235,691**
ITEMS THAT WERE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Exchange differences arising on translation of foreign operations related to discontinued operations		–	(5,470,151)
		–	(5,470,151)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD		**13,788,434**	**3,765,540**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**241,801,444**	**152,199,612**
ATTRIBUTABLE TO			
Equity holders of parent company		235,720,081	146,322,794
Non-controlling interests		6,081,363	5,876,818

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 2020

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(AMOUNTS EXPRESSED IN EURO)	ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY								NON-CONTROLLING INTERESTS [1]	TOTAL EQUITY
			RESERVES AND RETAINED EARNINGS							
	SHARE CAPITAL	LEGAL RESERVE	CURRENCY TRANSLATION RESERVE	HEDGING RESERVE	OTHER RESERVES AND RETAINED EARNINGS	TOTAL OF RESERVES AND RETAINED EARNINGS	NET PROFIT/ (LOSS)	TOTAL		
Balance at 1 Jan 2020 Published	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 [1]	–	–	–	–	(75,000,000)	(75,000,000)	–	(75,000,000)	(5,224,091)	(80,224,091)
Income distribution	–	–	–	–	–	–	–	–	(424,368)	(424,368)
Aquisitions of subsidiaries	–	–	–	–	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 AT 31 DEC 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**
Balance at 1 Jan 2021	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
Total comprehensive income for the period	–	–	188,460	13,569,432	(44,302)	13,713,590	222,006,491	235,720,081	6,081,363	241,801,444
APPROPRIATION OF PROFIT OF 2020										
Transfer to legal reserves and retained earnings	–	11,886,491	–	–	131,463,305	131,463,305	(143,349,796)	–	–	–
Dividends distributed [1]	–	–	–	–	(140,000,000)	(140,000,000)	–	(140,000,000)	–	(140,000,000)
Income distribution	–	–	–	–	–	–	–	–	(120,104)	(120,104)
Disposal of subsidiaries [2]	–	–	–	–	–	–	–	–	(26,326,525)	(26,326,525)
Partial disposal or aquisitions of subsidiaries	–	–	–	–	4,052,674	4,052,674	–	4,052,674	(652,185)	3,400,489
Others	–	–	–	–	(668,918)	(668,918)	–	(668,918)	(40,178)	(709,096)
BALANCE AT 31 DEC 2021	**1,000,000,000**	**198,366,897**	**8,194,936**	**15,529,309**	**(551,192,093)**	**(527,467,848)**	**222,006,491**	**892,905,540**	**28,905,843**	**921,811,383**

1. Note 22 2. Note 4.2 The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 2020

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(AMOUNTS EXPRESSED IN EURO)	NOTES	31 DEC 2021	31 DEC 2020
OPERATING ACTIVITIES			
Receipts from customers		5,431,543,512	5,251,024,294
Payments to suppliers		(4,262,495,270)	(4,124,404,719)
Payments to employees		(620,147,978)	(597,495,389)
Cash flow generated by operations		548,900,264	529,124,186
Income taxes (paid)/received		(20,187,422)	(11,679,740)
Other cash receipts/(payments) relating to operating activities		(13,994,931)	(12,212,340)
NET CASH FLOW FROM OPERATING ACTIVITIES (1)		**514,717,912**	**505,232,107**
INVESTMENT ACTIVITIES			
RECEIPTS ARISING FROM			
Investments	44	44,733,980	518,314
Property, plant and equipment		6,689,958	54,573,715
Intangible assets		12,099,941	7,311,560
Interest and similar income		433,767	1,446,484
Dividends		756,572	1,358,052
		64,714,218	65,208,125
PAYMENTS ARISING FROM			
Investments	44	(23,277,954)	(1,924,290)
Property, plant and equipment		(141,421,093)	(175,054,525)
Intangible assets		(26,668,473)	(23,309,999)
		(191,367,520)	(200,288,814)
NET CASH USED IN/GENERATED BY INVESTMENT ACTIVITIES (2)		**(126,653,302)**	**(135,080,689)**
FINANCING ACTIVITIES			
RECEIPTS ARISING FROM			
Loans obtained	31	742,467,899	3,863,282,112
		742,467,899	3,863,282,112
PAYMENTS ARISING FROM			
Lease liabilities		(152,256,648)	(138,912,784)
Loans obtained	31	(823,119,305)	(3,883,097,333)
Interest and similar charges		(10,776,046)	(11,766,901)
Reimbursement of capital and paid in capital		–	(2,000,000)
Dividends		(140,120,104)	(80,648,460)
		(1,126,272,103)	(4,116,425,478)
NET CASH USED IN FINANCING ACTIVITIES (3)		**(383,804,204)**	**(253,143,366)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (4) = (1) + (2) + (3)		**4,260,406**	**117,008,052**
EFFECT OF FOREIGN EXCHANGE RATE		**(151,569)**	**52,902**
EFFECT OF DISCONTINUED OPERATIONS		**–**	**24,695**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	20	**194,280,818**	**77,325,668**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	20	**198,692,793**	**194,280,818**

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 2021

(Amounts expressed in euro)

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

1. INTRODUCTION

Sonae MC, SGPS, S.A. (hereafter referred as «MC» or «Company»), formerly referred 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 MC Group.

KEY EVENTS DURING THE YEAR

COVID-19

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

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

MC continued to monitor in detail and with great concern all developments related to the COVID-19 pandemic, closely following the position of the competent international authorities, namely the World Health Organisation and the European Centre for Disease Prevention and Control, as well as the Portuguese Directorate General of Health.

Aligned with the Group's Risk Management Policies, the contingency plans and the respective mitigation measures were constantly updated and activated in all companies and departments, allowing to guarantee the protection of all employees and to face this period of turmoil, mitigating as much as possible the loss of value.

As at 31 December 2021, the financial and operational impacts were as follows: Apart from its continued support to its customers, such as the implementation of hygiene measures in workplaces/spaces, the use of personal protective equipment, or limitations the number of people per m2, the company maintained its close dialogue with all stakeholders across the supply chain, including the activation of alternative suppliers, namely in national territory, promoting market liquidity especially for small producers. For these small domestic producers, an early payment programme was also established to improve their cash flow conditions. In terms of operations, during the year, the company was once again forced to temporarily close some formats. The online channel continued to be an important source of growth but with higher demand in lockdown periods.

2. PRINCIPAL ACCOUNTING POLICIES

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

2.1. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards («IFRS») as adopted by the European Union and applicable to economic periods beginning on 1 January 2021, issued by the International Accounting Standards Board («IASB»), and interpretations issued by the IFRS Interpretations Committee («IFRS – IC») or by the previous Standing Interpretations Committee («SIC»), as adopted by the European Union as at the consolidated financial statements issuance date.

The accompanying 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 categorised in Level 1, 2 and 3, according to the level in which the used assumptions are observable and its significance for estimating the fair value, used in the measurement of assets/liabilities or for disclosure purposes.

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

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

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

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

Up to the date of approval of these consolidated financial statements, the European Union endorsed the following standards, interpretations, amendments and revisions some of which become mandatory during the year 2021:

STANDARDS (NEW AND AMENDMENTS) EFFECTIVE AS AT 1 JANUARY 2021

STANDARDS	CHANGES	EFFECTIVE DATE *
IFRS 4 Deferral of IFRS 9	The end of the exemption of applying IFRS 9 by the entities with insurance activity was deferred to 1 January 2023.	01 Jan 2021
IFRS 9, IAS 39 and IFRS 7 Interest rate benchmark («IBOR») reform – phase 2	Provide practical expedients to address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. Required disclosures about the exposure to the change of interest rate benchmark.	01 Jan 2021
IFRS 16 Leases – COVID-19 related rent concessions beyond 30 June 2021	Extension of the application period for the exemption in the recognition of rent concessions granted by lessors related to COVID-19, as modifications, until 30 June 2022.	01 Apr 2021

* for financial years beginning on or after

There were no significant effects on the separate financial statements for the year ended 31 December 2021, resulting from the adoption of the aforementioned standards, interpretations, amendments and revisions, in particular with regard to the reform of the reference interest rates («IBOR») that was refer to reference interest rates used in various financial instruments, such as loans, bank deposits or derivative financial instruments, for example Euribor and Libor. Some IBOR are being reformed, however, in relation to the Euribor, to which the financial instruments of the MC group are indexed, there are no indications that it will be replaced in the near future, after its restructuring in 2019.

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

STANDARDS (NEW AND AMENDMENTS) THAT WILL BECOME EFFECTIVE, ON OR AFTER 1 JANUARY 2022, ALREADY ENDORSED BY THE EU

STANDARDS	CHANGES	EFFECTIVE DATE *
IAS 16 Proceeds before intended use	Prohibition of deducting the proceeds obtained from the sale of items produced during the testing phase, to the acquisition cost of property, plant and equipment.	01 Jan 2022
IAS 37 Onerous contract – cost of fulfilling a contract	Clarification about the nature of the expenses to be considered in determining whether a particular contract has become onerous.	01 Jan 2022
IFRS 3 Reference to the Conceptual framework	Update to references to the Conceptual Framework and clarification on the registration of provisions and contingent liabilities within the scope of a business combination.	01 Jan 2022
IAS 1 Presentation of financial statements – classification of liabilities	Classification of a liability as current or non-current, depending on an entity's right to defer its payment. New definition of «settlement» of a liability.	01 Jan 2023
IAS 1 Disclosure of accounting policies	Disclosure requirement for material accounting policies, rather than significant accounting policies.	01 Jan 2023
IAS 8 Disclosure of accounting estimates	Definition of accounting estimate. Clarification as to the distinction between changes to accounting policies and changes to accounting estimates.	01 Jan 2023
IFRS 17 Insurance contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participating features.	01 Jan 2023
IFRS 17 Insurance contracts (amendments)	The amendments to IFRS 17 relate to changes in areas such as: (i) scope; (ii) level of aggregation of insurance contracts; (iii) recognition; (iv) measurement; (v) modification and derecognition; (vi) presentation of the Statement of Financial Position; (vii) recognition and measurement of the Income statement; and (viii) disclosures.	01 Jan 2023
Annual Improvements 2018-2020	Specific amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	01 Jan 2022

* for financial years beginning on or after

The Group did not proceed with the early implementation of any of these standards in the financial statements for the year ended 31 December 2021 due to the fact that their application is not mandatory. No significant impacts are expected on the financial statements resulting from their adoption.

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

STANDARDS (NEW AND AMENDMENTS) THAT WILL BECOME EFFECTIVE, ON OR AFTER 1 JANUARY 2022, NOT YET ENDORSED BY THE EU

STANDARDS	CHANGES	EFFECTIVE DATE *
IAS 12 Deferred tax related to assets and liabilities arising from a single transaction	Requirement to recognise deferred tax on the recognition of assets under right-of-use / lease liability and provisions for decommissioning / related asset, when their initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences, because of not being relevant for tax purposes.	01 Jan 2023
IFRS 17 Initial application of IFRS 17 and IFRS 9 – Comparative Information	This amendment allows to avoid temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented, when first applying IFRS 17. This amendment allows the application of a classification overlay to a financial asset for which the entity does not restate IFRS 9 comparative information.	01 Jan 2023

* for financial years beginning on or after

The Group did not proceed with the early implementation of any of these standards in the financial statements for the year ended 31 December 2021 due to the fact that their application is not mandatory, lying in the process of analysing expected effects of those standards.

2.2. CONSOLIDATION PRINCIPLES

The consolidation methods adopted by MC are as follows:

A) INVESTMENTS IN CONTROLLED COMPANIES

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

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 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 recognised as goodwill (Note 2.2.c)). If the difference between the acquisition price plus the fair value of any interests previously held and the value of non-controlling interests and the fair value of identifiable net assets and liabilities acquired is negative, it is recognised as income for the year under «Other Income» after reconfirmation of the fair value attributed to the net assets acquired. The 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 recognised in Equity, in other equity instruments.

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

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

B) INVESTMENTS IN THE JOINT VENTURES AND ASSOCIATES

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

In situations where the investment or financial interest and the contract concluded between the parties allows the entity holds joint control directly on the active or detention rights obligations inherent liabilities related to this agreement, it is considered that such joint agreement does not correspond to a joint venture but rather a jointly controlled operation. As at 31 December 2021 and 2020 the Group did not hold jointly controlled operations.

Financial investments in associates are investments where 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 organisation or equivalent, where the Group has chosen, at initial recognition, to measure at fair value through profit or loss in accordance with IFRS 9 (Note 1g iii)).

Under the equity method, investments are recorded at cost, adjusted by the amount corresponding to 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 recognised 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 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 MC has entered into commitments with the investee.

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 MC's interest in the above-mentioned entities against the investment on the same entity. Unrealised 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, 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 recognised in other comprehensive income is reclassified to the income statement.

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

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

C) GOODWILL

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

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

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

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

When the Group reorganises 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 reorganisation.

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

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

D) TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES

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

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

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

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

EXCHANGE RATES	31 DEC 2021		31 DEC 2020	
	END OF EXERCICE	AVERAGE OF EXERCISE	END OF EXERCICE	AVERAGE OF EXERCISE
US Dollar	0.88292	0.84602	0.81493	0.87704
British Pound	1.19008	1.16366	1.11231	1.12496
Turquish Lira	0.06564	0.09753	0.10973	0.12624
Mozambican Metical	0.01377	0.01302	0.01092	0.01268
Brazilian Real	0.15848	0.15694	0.15690	0.17198
Mexican Peso	0.04321	0.04171	0.04096	0.04103
Polish Zloty	0.21754	0.21906	0.21931	0.22511

2.3. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

Impairment losses identified in the recoverable amounts of property, plant and equipment are recorded in the year in which they arise, by a corresponding charge against, the caption «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 recognised if it is probable that future economic benefits will flow from them, if they are controlled by MC and if their cost can be reasonably measured.

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

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

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

Expenditure on development, for which MC demonstrates the capacity to complete its development and start its commercialisation and / or use and for which it is probable that the asset created will generate future economic benefits, are capitalised. 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 MC. According to this assumption, the costs are initially accounted for as expenses, being capitalised as intangible assets by mean of «Own work capitalised» (Note 37).

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

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

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

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

2.5. 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 recognised separately.

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

A) RIGHTS-OF-USE OF ASSETS

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

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

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

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

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

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

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

For low-value asset leases, the Group does not recognise the right-of-use assets or responsibility under lease liabilities, recognising 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 recognises liabilities measured at the present value of future payments to be made until the end of the lease contract.

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

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

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

Extension and termination options are provided for in various lease agreements and their application is based on operational maximisation. 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 conditions are cumulatively 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, recognising as gain and loss only that which relates to the rights transferred to the purchaser-leaser, i.e. those which run beyond the lease period.

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

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

2.6. 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 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 date in this caption. The non-current assets and liabilities recorded as held for sale are booked at the lower amount of the historical cost of sell or the fair value deducted from costs, not being subject to depreciation or amortisation after being classified as held for sale.

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/amortisation;

(II) in the case of joint ventures and associates measured by the equity method, they are measured at the lower of book value and fair value less costs to sell, and the application of the equity method is terminated.

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

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

2.8. 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 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 recognised 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 refurbishment processes) the Group performs a review of the assets 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 capitalised as part of the cost of the qualifying asset. Financial expenses related to loans obtained are capitalised 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 capitalisation. Other borrowing costs are recognised 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 realisable value of the two lowest, using as costing method the average cost.

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

2.12. PROVISONS

Provisions are recognised when, and only when, 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 MC whenever a formal and detailed restructuring plan exists, and that plan has been communicated to the parties involved.

2.13. FINANCIAL INSTRUMENTS

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 recognised on the trade date, the date when the Group commits to buy or sell the asset.

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

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

Financial assets may be classified in the following measurement categories:

(I) Financial assets at amortised cost: includes financial assets that correspond only to the payment of nominal value and interest and whose business model followed by the management is the receipt of contractual cash flows;

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

(III) Financial assets at fair value through profit or loss: includes assets that do not meet the criteria for classification as financial assets at amortised cost or at fair value through other comprehensive income, whether they refer to debt instruments or equity instruments that were not designated at fair value through other comprehensive income.

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 amortised cost are subsequently measured in accordance with the effective interest rate method and deducted from impairment losses. Interest income on these financial assets is included in «Interest income» on financial income.

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

Impairment losses

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

With regard to the balances receivable under «Trade receivables», «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 recognised from the initial recognition of the balances receivable and for the entire period up to their maturity, considering an matrix of historical default rates for the maturity of the balances receivable, adjusted by prospective estimates.

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

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

For all other situations and nature of receivables, 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

MC derecognises 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 amortised cost.

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

These financial investments arise when 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 2021, 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 recognised at fair value and are subsequently measured at amortised cost, net of impairment adjustments.

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

D) CASH AND CASH EQUIVALENTS

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 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 amortised cost.

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

As at 31 December 2021, MC has only recognised liabilities classified as «Financial liabilities at amortised cost».

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

G) LOANS

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in caption «Financial income» and «Financial expenses» in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.17. 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 recognised at fair value. Subsequent to its initial recognition, the liabilities presented under «Trade payables» are measured at amortised cost using the effective interest method. Accounts payable are stated at their nominal value, as they do not bear interests and the effect of discounting is considered immaterial.

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

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

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

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

(I) there is an economic relationship between the hedged item and the hedging instrument, the value of the hedged item and the hedging instrument move in opposite directions;

(II) changes in fair value do not result mainly from credit risk; and

(III) the hedge ratio designated by 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 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.

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.

MC also uses financial instruments to hedge cash flows associated with energy prices. These hedges tend to configure perfect coverage ratios and, therefore, are treated as «hedge accounting». In some situations, they may not configure perfect coverage ratios, so they do not receive «hedge accounting» treatment, but effectively allow to mitigate, in a very significant way, the effect of energy price variations.

In specific situations, 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 realisable are recorded in the Income Statement.

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.

MC is covered by the Special Taxation Regime for Groups of Companies («Regime Especial de Tributação dos Grupos de Sociedades» – RETGS), of which Sonae, SGPS, S.A. 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 recognised only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognised and expected to reverse in the same period. At each statement of financial position date, a review is made of the deferred tax assets recognised, being reduced whenever their future use is no longer probable.

Deferred tax liabilities are recognised on all taxable temporary differences, except those related to:

i) the initial recognition of goodwill; or ii) the initial recognition of assets and liabilities, which do not result from a business combination, and which at the date of the transaction do not affect the accounting or tax result.

Considering the accounting impacts resulting from the application of IFRS 16 – Leases, for a lessee, with the recognition of an asset under right-of-use not typified in the tax law and the recording of a lease liability that only has tax acceptance by the payment of rents, the management recognised the respective deferred tax asset (on the lease liability) and deferred tax liability (on the asset under right-of-use), on the date of initial and subsequent recognition of lease contracts. If the tax authorities change the tax law, the recognised 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 MC 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 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% MC treats the situation as a contingent liability, i.e. is not recognised any amount of tax since the decision more likely is that there will be no place for the payment of any tax. In situations where the probability of loss is greater than 50% is recognised a provision, or if the payment has been made, it is recognised the cost associated.

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

2.16. 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 realisation, at the fair value of the amount received or receivable.

In determining the value of revenue, 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 recognised, in each year, in accordance with the performance obligation to which they relate, according to the percentage of performance. The group recognises revenue over time by measuring progress towards full compliance with that performance obligation.

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

2.17. 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 recognised 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 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 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) Depreciation and amortisation of the property, plant and equipment, intangible assets and right-of-use assets (Notes 2.3, 2.4 and 2.5);

b) Lease terms of assets under right-of-use and incremental interest rate in lease contracts (Note 2.5 and 8);

c) Impairment analysis of goodwill in investments in associated companies and jointly controlled entities and of property, plant and equipment and intangible assets (Notes 2.2.a), 2.2.c), 2.9 and 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 (Notes 2.15 and 19);

g) Valuation at fair value of assets, liabilities and contingent liabilities in business combination transactions (Notes 2.2.a) and 2.2.c);

h) Impairment of financial assets (Notes 2.13.a) and 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 (Notes 2.2.a) and 2.2.b).

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 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 recognised in net income, in accordance with IAS 8 – «Accounting policies, changes in accounting estimates and errors», using a prospective methodology.

TERMS OF RIGHTS-OF-USE ASSETS

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

The Group has the option, under some of its lease contracts, to rent or leaseback its assets for additional periods. At the inception of the lease 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 recognised when, and only when, the group has a present obligation (legal or constructive) as a result of a past event and it is probable that, to settle the obligation, an outflow of resources will be required and the amount of the obligation can be reasonably estimated.

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

RECOVERABILITY OF DEFERRED TAX ASSETS

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

TAX IMPACTS OF APPLYING IFRS 16

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

RECOGNITION OF CONTRACT REVENUE

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

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 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. 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, 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 MC companies:

- In order to reduce the probability of counterparties defaulting on their payment contractual obligations, 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 authorised 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, 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 MC exposure to credit risk of the assets included in these captions.

3.3. LIQUIDITY RISK

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 2021, the total consolidated gross debt (excluding supplies and lease liabilities) is 585.4 million euro (as at 31 December 2020 it was 660.1 million euro).

The objective of liquidity risk management is to ensure that, at all times, 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, 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 amortisations on dates next. In 2021, the average maturity of MC's debt is approximately 4.5 years (2020: 4.4 years);
- Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination;
- Where possible, by pre-financing forecasted liquidity needs, through transactions with an adequate maturity;
- Management procedures of short-term applications, assuring that the maturity of the applications will match with foreseen liquidity needs (or with a liquidity that allows to cover unprogrammed disbursements, concerning investments in assets), including a margin to hedge forecasting deviations. The margin of error needed in the treasury department prediction, will depend on the confidence degree and it will be determined by the business. The reliably of the treasury forecasts is an important variable to determinate the amounts and the periods of the market applications-borrowings.

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

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 2021, as described in Note 23, the consolidated loan amount maturing in 2022 is of 73.4 million euro (3.9 million euro maturing in 2021) and in 31 December 2021 MC had 96 million euro available in consolidated credit lines (94 million euro in 2020) with commitment less than or equal to one year and 190 million euro (265 million euro in 2020) with a commitment greater than one year, 240 million euro considering the lines already contracted at the beginning of 2022 (Note 23).

Additionally, as at 31 December 2021, MC had a liquidity reserve consisting of cash and cash equivalents of 198.7 million euro (194.4 million euro as at 31 December 2020) (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, 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 assumptions:

- 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 MC policy that, when contracting such instruments, preference should be given to financial institutions that form part of 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 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 optimising 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 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. 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 recognised at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7;
- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;
- Changes in the market interest rate of 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 MC for the period ended as at 31 December 2021 would decrease by approximately 3.8 million euro (4.4 million euro decrease as at 31 December 2020).

3.5. EXCHANGE RISK

3.5.1. POLICIES

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. MC is mainly exposed to exchange rate risk through transactions relating to acquisitions of goods in international markets, which are mainly in US Dollars.

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 minimising 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 2021 and 2020 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 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
British Pound	920	3,411	37,745	30,797
US Dollar	1,908,137	5,825,898	6,016,371	9,103,182
Other Currencies	6,064	3,451	–	25

The amounts previously presented, 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. ENERGY PRICE RISK

MC is a consumer of electricity in its various businesses and also has a subsidiary that buys electricity in an organised market (OMIE) and sells it to third parties.

MC's exposure to energy price risk is present at the transaction risk level, through changes in energy prices related to future cash flows. The impact on the financial statements of changes in energy prices is limited, considering the weight that energy costs have on the value of total sales.

MC intends to limit the risk of energy price exposure associated with operational transactions. The reduction of the risk of exposure to the price of energy can be carried out through the contracting of operations, with financial or physical settlements, in the energy futures markets. Traded financial instruments may include bilateral and futures pricing agreements.

3.7. CAPITAL RISK

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

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

4. CHANGES OCCURRED IN THE CONSOLIDATION PERIMETER

4.1. ACQUISITIONS OF SUBSIDIARIES OCCURRED IN 2021

During 2021, the Group acquired Portimão Ativo – Sociedade Imobiliária, S.A., a subsidiary included in consolidation by the full consolidation method.

		PROPORTION OF VOTING EQUITY INTERESTS ACQUIRED ON THE DATE OF ACQUISITION	
COMPANY	HEAD OFFICE	DIRECT	TOTAL
Portimão Ativo – Sociedade Imobiliária, S.A.	Portimão/Portugal	100.00%	100.00%

The effects of this acquisition on the consolidated financial statements can be analysed as follows:

AMOUNTS IN EURO	ON THE DATE OF ACQUISITION	FAIR VALUE	TOTAL	31 DEC 2021
NET ASSETS ACQUIRED				
Property, plant and equipment and intagible assets[1]	18,757,752	1,945,120	20,702,872	20,410,163
Deferred tax assets [2]	14,330	–	14,330	14,330
Other assets	19,978	–	19,978	128,704
Cash and cash equivalents	4,448	–	4,448	1,711
Trade payables	(1,246)	–	(1,246)	(913)
Other liabilities	(520,927)	–	(520,927)	(89,298)
TOTAL NET ASSETS ACQUIRED	**18,274,335**	**1,945,120**	**20,219,455**	**20,464,697**
ACQUISITION COST	**18,274,335**	**1,945,120**	**20,219,455**	
Payments made	18,274,335	1,945,120	20,219,455	
	18,274,335	**1,945,120**	**20,219,455**	
Cash and cash equivalents acquired	4,448	–	4,448	
	18,269,887	**1,945,120**	**20,215,007**	

1. Note 6 2. Note 19

4.2. DISPOSALS OF SUBSIDIARIES OCCURRED IN 2021

In 2021, MC concluded the sale of 50.00% of the share capital of Modelo – Distribuição de Materiais de Construção S.A. («Maxmat») to Cimentos Estrada Pedra, SGPS, Lda., an entity wholly owned by Building Materials Europe («BME Group») with a net inflow of 68 million euro.

		PROPORTION OF VOTING EQUITY INTERESTS ACQUIRED ON THE DATE OF ACQUISITION	
COMPANY	HEAD OFFICE	DIRECT	TOTAL
Modelo – Distribuição de Materiais de Construção, S.A.	Maia	50.00%	50.00%

The effects of this transaction on the consolidated financial statements can be analysed as follows:

AMOUNTS IN EURO	AT THE DISPOSAL DATE MAXMAT
NET ASSETS	
Property, plant and equipment and intagible assets [1]	32,634,293
Rights-of-use [2]	2,100,582
Deferred tax assets [3]	728,527
Inventories [4]	22,582,177
Trade receivables and other assets	1,540,376
Cash and cash equivalents	28,290,609
Lease liabilities	(2,230,424)
Deferred tax liabilities [3]	(1,458,464)
Trade payables	(23,561,199)
Other liabilities	(8,273,824)
TOTAL NET ASSETS DISPOSED	**52,352,653**
Goodwill	–
Non-controlling interests [5]	(26,326,525)
Gain/(Loss) on disposal	42,008,352
DISPOSAL COST	**68,034,480**
Amounts received	68,034,480
Cash and cash equivalents to be received	–
	68,034,480
Net cash flow arising from the disposal [6]	
Amounts received	68,034,480
Cash and cash equivalents disposed	(28,290,609)
	39,743,871

1. Note 6 and 7 2. Note 8 3. Note 19 4. Note 13 5. Note 22 6. Note 44

31 DEC 2021 (AMOUNTS IN EURO)	MAXMAT	TOTAL DISCONTINUED OPERATIONS
Turnover	81,767,708	81,767,708
Other income	834,616	834,616
Cost of goods sold and materials consumed	(51,101,435)	(51,101,435)
External supplies and services	(9,561,806)	(9,561,806)
Employee benefits expense	(8,753,719)	(8,753,719)
Depreciation and amortisation expenses	(2,510,801)	(2,510,801)
Impairment losses	(2,927)	(2,927)
Other expenses	(718,505)	(718,505)
Financial income and expenses	(58,440)	(58,440)
Profit/(Loss) before tax	**9,894,691**	**9,894,691**
Income tax assets	(1,960,677)	(1,960,677)
Profit/(Loss) after tax	**7,934,014**	**7,934,014**
Income or expenses related to loss control	42,008,352	42,008,352
PROFIT/(LOSS) FOR PERIOD FROM DISCONTINUED OPERATIONS	**49,942,366**	**49,942,366**

RESTATEMENT OF THE CONSOLIDATED INCOME STATEMENTS

As provided by IFRS 5, changes were made to the Consolidated Income Statements for the year ended December 31, 2020 to reflect in a single item (Consolidated net income for the period from discontinued operations), on the income statement, the profit or loss after taxes of the discontinued operating unit – Modelo Distribuição-Materiais de Construção, S.A. (Maxmat).

The impacts on the consolidated financial statements as of December 31, 2020 are as follows:

	BEFORE THE RESTATEMENT	DISCONTINUED OPERATIONS	AFTER THE RESTATEMENT
Sales	5,046,752,342	(115,189,510)	4,931,562,832
Services rendered	105,757,415	6,673,364	112,430,779
Income or expense relating to investments	(466)	–	(466)
Other income	88,103,080	(2,103,407)	85,999,673
Cost of goods sold and materials consumed	(3,619,907,407)	73,119,692	(3,546,787,715)
External supplies and services	(442,879,013)	8,048,510	(434,830,503)
Employee benefits expense	(605,323,125)	12,338,628	(592,984,497)
Other expenses	(51,768,866)	1,644,374	(50,124,492)
Depreciation and amortisation expenses	(253,599,798)	3,011,815	(250,587,983)
Provisions and impairment losses	(13,387,982)	8,155	(13,379,827)
Financial expense	100,194	(20,948)	79,246
Profit from continuing operations before interest, dividends, share of profit or loss of joint ventures and associates and tax	**253,846,374**	**(12,469,327)**	**241,377,047**
Dividends received	100,488	–	100,488
Share of profit or loss of joint ventures and associates	887,457	–	887,457
Financial income	11,551,523	(2,828)	11,548,695
Financial expense	(90,009,245)	376,410	(89,632,835)
Profit from continuing operations before tax	**176,376,597**	**(12,095,745)**	**164,280,852**
Income tax expense	(31,897,980)	3,074,699	(28,823,281)
Profit from continuing operations for the period	**144,478,617**	**(9,021,046)**	**135,457,571**
Profit/(Loss) from discontinued operations after taxation	3,955,455	9,021,046	12,976,501
CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD	**148,434,072**	**–**	**148,434,072**

5. FINANCIAL INSTRUMENTS BY CLASSES

As at 31 December 2021 and 2020, the categories and fair value of the financial instruments were classified as follows:

FINANCIAL ASSETS

	NOTES	FINANCIAL ASSETS RECORDED AT AMORTISED COST	ASSETS AT FAIR VALUE THROUGH THE		OTHER NON-FINANCIAL ASSETS	TOTAL
			OTHER COMPREHENSIVE INCOME	INCOME STATEMENT		
AS AT 31 DEC 2021						
NON-CURRENT ASSETS						
Assets at fair value through profit and loss	11	–	–	16,205,006	–	16,205,006
Other non-current assets	12	8,555,496	–	–	–	8,555,496
		8,555,496	**–**	**16,205,006**	**–**	**24,760,502**
CURRENT ASSETS						
Trade receivables	14	59,968,030	–	–	–	59,968,030
Other receivables	15	66,449,927	21,726,007	–	2,076,965	90,252,899
Other investments	11	–	7,106,548	–	–	7,106,548
Other current assets	18	–	–	–	43.203.286	43.203.286
Cash and cash equivalents	20	198,802,965	–	–	–	198,802,965
		325,220,922	**28,832,555**	**–**	**45.280.251**	**399.333.728**
		333,776,418	**28,832,555**	**16,205,006**	**45.280.251**	**424.094.230**
AS AT 31 DEC 2020						
NON-CURRENT ASSETS						
Assets at fair value through profit and loss	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
Other current assets	18	–	–	–	36.584.929	36.584.929
Cash and cash equivalents	20	194,423,583	–	–	–	194,423,583
		314,522,768	**2,663,026**	**–**	**40.022.372**	**357.208.166**
		323,558,134	**2,663,026**	**15,583,705**	**40.022.372**	**381.827.237**

FINANCIAL LIABILITIES

	NOTES	FINANCIAL LIABILITIES RECORDED AT AMORTISED COST	LIABILITIES AT FAIR VALUE THROUGH THE OTHER COMPREHENSIVE INCOME	LIABILITIES AT FAIR VALUE THROUGH THE INCOME STATEMENT	OTHER NON-FINANCIAL LIABILITIES	TOTAL
AS AT 31 DEC 2021						
NON-CURRENT LIABILITIES						
Bank loans	23	288,414,334	–	–	–	288,414,334
Bonds	23	223,620,524	–	–	–	223,620,524
Other non-current liabilities	25	1,436,783	–	–	21,438,909	22,875,692
		513,471,641	–	–	21,438,909	534,910,550
CURRENT LIABILITIES						
Bank loans	23	810,133	–	–	–	810,133
Bonds	23	72,423,939	–	–	–	72,423,939
Other loans	23, 24	74,764	–	–	–	74,764
Trade payables	27	795,493,038	–	–	–	795,493,038
Other payables	28	89,749,738	–	–	–	89,749,738
Other current liabilities	29	–	–	–	189,927,732	189,927,732
		958,551,612	–	–	189,927,732	1,148,479,344
		1,472,023,253	–	–	211,366,641	1,683,389,894
AS AT 31 DEC 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, 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
Other current liabilities	29	–	–	–	–	185,935,107
		884,645,579	1,170,794	–	–	885,816,373
		1,541,076,169	1,170,794	–	21,236,085	1,563,483,048

FINANCIAL INSTRUMENTS RECOGNISED AT FAIR VALUE

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

	31 DEC 2021			31 DEC 2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
FINANCIAL ASSETS MEASURED AT FAIR VALUE						
Assets at fair value through profit and loss [1]	–	–	16,205,006	–	–	15,583,705
Derivatives [1, 2, 3]	–	28,832,555	–	–	2,663,026	–
	–	28,832,555	16,205,006	–	2,663,026	15,583,705
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE						
Derivatives [2]	–	–	–	–	1,170,794	–
	–	–	–	–	1,170,794	–

1. Note 11 2. Note 24 3. Note 15

6. PROPERTY, PLANT AND EQUIPMENT

During the periods ended as at 31 December 2021 and 2020, the movements in Property, plant and equipment as well accumulated depreciation and impairment losses are made up as follows:

PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS	PLANT AND MACHINERY	VEHICLES	FIXTURES AND FITTINGS
GROSS ASSETS				
OPENING BALANCE AT 1 JAN 2020	1,074,648,043	1,316,697,830	24,758,536	130,868,256
Investment	12,183,546	7,199,372	154,448	3,000,046
Disposals	(10,556,011)	(31,970,366)	(478,493)	(11,534,071)
Exchange rate effect	–	–	–	(1,251)
Transfers	16,768,523	116,389,833	1,882,858	9,728,888
OPENING BALANCE AT 1 JAN 2021	**1,093,044,101**	**1,408,316,669**	**26,317,349**	**132,061,868**
Investment	9,720,739	3,956,190	34,929	2,174,375
Acquisitions of subsidiaries [1]	21,459,036	–	–	–
Disposals	(384,725)	(28,139,681)	(672,056)	(3,013,630)
Disposals of subsidiaries [2]	(34,124,727)	(23,836,170)	(1,839,627)	(1,244,794)
Exchange rate effect	–	–	–	31
Transfers	2,974,528	112,032,255	2,711,188	11,037,621
CLOSING BALANCE AT 31 DEC 2021	**1,092,688,952**	**1,472,329,263**	**26,551,783**	**141,015,471**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES				
OPENING BALANCE AT 1 JAN 2020	354,358,786	771,902,662	17,487,396	91,999,036
Depreciation of period	16,201,025	95,325,493	1,672,006	12,071,527
Impairment losses of the period [3]	1,859,002	2,478,424	6,456	46,892
Disposals	(729,861)	(27,502,438)	(446,991)	(11,193,343)
Depreciation of assets available for sale	–	–	–	(459)
Transfers	52,761	(66,203)	(148)	(63,164)
OPENING BALANCE AT 1 JAN 2021	**371,741,713**	**842,137,938**	**18,718,719**	**92,860,489**
Depreciation of period	16,191,142	98,062,361	1,801,623	12,234,768
Impairment losses of the period [3]	5,332,361	5,177,646	–	7.601
Acquisitions of subsidiaries [4]	756,164	–	–	–
Disposals	(681.388)	(24,170,294)	(613,868)	(2,871,497)
Disposals of subsidiaries [2]	(10.175.614)	(16,260,536)	(1,312,611)	(969,538)
Exchange rate effect	–	–	–	11
Transfers	(425.213)	(268,472)	(3,788)	(265,019)
CLOSING BALANCE AT 31 DEC 2021	**382,739,165**	**904,678,643**	**18,590,075**	**100,996,815**
CARRYING AMOUNT AT 31 DEC 2020	**721,302,388**	**566,178,731**	**7,598,630**	**39,201,379**
CARRYING AMOUNT AT 31 DEC 2021	**709,949,787**	**567,650,620**	**7,961,708**	**40,018,656**

1. Note 4.1 2. Note 4.2 3. Note 30 4. Note 4

	OTHER TANGIBLE ASSETS	TANGIBLE ASSETS IN PROGRESS	TOTAL PROPERTY, PLANT AND EQUIPMENT
GROSS ASSETS			
OPENING BALANCE AT 1 JAN 2020	44,393,080	25,302,362	2,616,668,107
Investment	535,915	159,057,778	182,131,105
Disposals	(916,688)	(3,017,111)	(58,472,740)
Exchange rate effect	–	–	(1,251)
Transfers	2,649,744	(148,996,074)	(1,576,228)
OPENING BALANCE AT 1 JAN 2021	**46,662,051**	**32,346,955**	**2,738,748,993**
Investment	333,673	135,982,604	152,202,510
Acquisitions of subsidiaries [1]	–	–	21,459,037
Disposals	(1,457,999)	(6,142,885)	(39,810,976)
Disposals of subsidiaries [2]	(1,199,098)	(25,963)	(62,270,379)
Exchange rate effect	–	–	31
Transfers	2,034,635	(135,172,852)	(4,382,625)
CLOSING BALANCE AT 31 DEC 2021	**46,373,262**	**26,987,859**	**2,805,946,590**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES			
OPENING BALANCE AT 1 JAN 2020	34,638,956	–	1,270,386,836
Depreciation of period	3,469,910	–	128,739,961
Impairment losses of the period [3]	13,787	–	4,404,561
Disposals	(886,387)	–	(40,759,020)
Depreciation of assets available for sale	–	–	(459)
Transfers	(354)	–	(77,108)
OPENING BALANCE AT 1 JAN 2021	**37,235,912**	**–**	**1,362,694,771**
Depreciation of period	3,324,282	–	131,614,176
Impairment losses of the period [3]	–	–	10.517.608
Acquisitions of subsidiaries [1, 4]	–	–	756,164
Disposals	(1,439,128)	–	(29.776.175)
Disposals of subsidiaries [2]	(969,635)	–	(29.687.934)
Exchange rate effect	–	–	11
Transfers	(19,972)	–	(982.464)
CLOSING BALANCE AT 31 DEC 2021	**38,131,459**	**–**	**1,445,128,557**
CARRYING AMOUNT AT 31 DEC 2020	**9,426,139**	**32,346,955**	**1,376,054,222**
CARRYING AMOUNT AT 31 DEC 2021	**8,241,803**	**26,987,859**	**1,360,810.433**

1. Note 4.1 2. Note 4.2 3. Note 30 4. Note 4

The investment includes the acquisition of assets of approximately 135 million euro (159 million euro in 2020), associated with the opening and remodelling of stores.

Disposals in the years 2021 and 2020 can be analysed as follow:

DISPOSALS IN THE YEARS 2021 AND 2020

	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	(384,725)	(28,139,681)	(672,056)	(3,013,630)	(1,457,999)	(6,142,885)	(39,810,976)
Sale and Leaseback	–	–	–	–	–	–	–
CLOSING BALANCE AT 31 DEC 2021	**(384,725)**	**(28,139,681)**	**(672,056)**	**(3,013,630)**	**(1,457,999)**	**(6,142,885)**	**(39,810,976)**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES							
Disposals	(681,388)	(24,170,294)	(613,868)	(2,871,497)	(1,439,128)	–	(29,776,175)
Sale and Leaseback	–	–	–	–	–	–	–
CLOSING BALANCE AT 31 DEC 2021	**(681,388)**	**(24,170,294)**	**(613,868)**	**(2,871,497)**	**(1,439,128)**	**–**	**(29,776,175)**
CARRYING AMOUNT – DISPOSALS	**296,663**	**(3,969,387)**	**(58,188)**	**(142,133)**	**(18,871)**	**(6,142,885)**	**(10,034,801)**
CARRYING AMOUNT – SALE AND LEASEBACK	**–**	**–**	**–**	**–**	**–**	**–**	**–**
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 AT 31 DEC 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 AT 31 DEC 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)**
CARRYING AMOUNT – SALE AND LEASEBACK	**(8,884,066)**	**(1,199,470)**	**–**	**–**	**(11,004)**	**–**	**(10,094,540)**

During the period ended at 31 December 2020, several sale and leaseback transactions were accounted. The accounting values of the disposed assets, approximately, 37.6 million euro, and these assets were classified in the above movement as divestment for the year 10.1 million euro. The sold assets correspond to 6 real estate food retail assets located in Portugal. These operations resulted in a cash inflow of 51.4 million euro and generated a net capital gain of approximately, 2.9 million euro (Note 37) and a right to use of 28.0 million euro.

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 recognised 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 recognised 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.

The item «Non-current assets held for sale» relates to a retail property located in Portugal, which was sold in January 2022.

Most real estate assets from MC, as at 31 December 2021 and 2020, which are recorded at acquisition cost deducted of amortisation and impairment charges, were evaluated by independent appraisers (Jones Lang LaSalle). These evaluations were performed using the income method, using yields between 6.75% and 9.00 % (6.75% and 9.00% in 2020), where the fair value of the property is in «Level 3» hierarchy – according to the classification given by IFRS 13. Such assessments support the value of the assets as at 31 December 2021.

The most significant amounts included in the caption «Property, plant and equipment in progress» include about 22 million euro (27 million euro as at 31 December 2020) 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
IMPAIRMENT LOSSES				
OPENING BALANCE AT 1 JAN 2020	80,450,009	5,903,228	6,817	303,987
Impairment losses of the period [1]	1,859,002	2,478,424	6,456	46,892
Disposals [1]	(90,758)	(261,246)	–	(12,010)
OPENING BALANCE AT 1 JAN 2021	**82,218,253**	**8,120,406**	**13,273**	**338,869**
Discontinued operations	(562,338)	(3,393)	–	(4)
Impairment losses of the period [1]	5,332,361	5,177,646	–	7,601
Disposals [1]	(587,038)	(261,212)	–	(8,207)
CLOSING BALANCE AT 31 DEC 2021 [2]	**86,401,238**	**13,033,447**	**13,273**	**338,259**

	OTHER TANGIBLE ASSETS	TANGIBLE ASSETS IN PROGRESS	TOTAL PROPERTY, PLANT AND EQUIPMENT
IMPAIRMENT LOSSES			
OPENING BALANCE AT 1 JAN 2020	24,578	–	86,688,619
Impairment losses of the period [1]	13,787	–	4,404,561
Disposals [1]	(540)	–	(364,554)
OPENING BALANCE AT 1 JAN 2021	**37,825**	**–**	**90,728,626**
Discontinued operations	–	–	(565,735)
Impairment losses of the period [1]	–	–	10,517,608
Disposals [1]	(977)	–	(857,434)
CLOSING BALANCE AT 31 DEC 2021 [2]	**36,848**	**–**	**99,823,065**

1. Note 30 2. Note 31

7. INTANGIBLE ASSETS

In the years ended at 31 December 2021 and 2020, the movement occurred in intangible assets and in the corresponding accumulated amortisation and impairment losses, was as follows:

INTANGIBLE ASSETS

	INDUSTRIAL PROPERTY	SOFTWARE	PREMIUM PAID FOR PROPERTY OCCUPATION	OTHER INTANGIBLE ASSETS	INTANGIBLE ASSETS IN PROGRESS	TOTAL INTANGIBLE ASSETS
GROSS ASSETS						
OPENING BALANCE AT 1 JAN 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
OPENING BALANCE AT 1 JAN 2021	**152,184,418**	**370,669,588**	**8,435,595**	**773,312**	**24,849,887**	**556,912,800**
Investment	120	580,551	–	–	31,442,068	32,022,739
Disposals	(12,347)	(14,811,577)	(6,815)	–	(410,751)	(15,241,490)
Disposals of subsidiaries [1]	(1,472,383)	(310,575)	–	–	–	(1,782,958)
Transfers	88,234	33,936,016	–	–	(33,010,820)	1,013,430
CLOSING BALANCE AT 31 DEC 2021	**150,788,042**	**390,064,003**	**8,428,780**	**773,312**	**22,870,384**	**572,924,521**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES						
OPENING BALANCE AT 1 JAN 2020	18,288,666	250,140,686	7,306,640	482,497	–	276,218,489
Amortisation of the period	188,833	29,015,023	5,742	143,287	–	29,352,885
Impairment losses of the period [2]	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)
OPENING BALANCE AT 1 JAN 2021	**18,444,330**	**272,739,767**	**7,312,382**	**621,436**	**–**	**299,117,915**
Amortisation of the period	153,900	28,527,853	14,079	2,683	–	28,698,515
Impairment losses of the period [2]	–	39,569	–	–	–	39,569
Disposals	(12,347)	(14,809,967)	–	–	–	(14,822,314)
Disposals of subsidiaries [1]	(1,472,367)	(258,743)	–	–	–	(1,731,110)
Transfers	(1,380)	(15,535)	–	–	–	(16,915)
CLOSING BALANCE AT 31 DEC 2021	**17,112,136**	**286,222,944**	**7,326,461**	**624,119**	**–**	**311,285,660**
CARRYING AMOUNT AT 31 DEC 2020	**133,740,088**	**97,929,821**	**1,123,213**	**151,876**	**24,849,887**	**257,794,885**
CARRYING AMOUNT AT 31 DEC 2021	**133,675,906**	**103,841,059**	**1,102,319**	**149,193**	**22,870,384**	**261,638,861**

1. Note 4.2 2. Note 30

As at 31 December 2021 the investment related to intangible assets in progress includes 31 million euro related to IT projects and development software (26.3 million euro at 31 December 2020). Within that amount it is included 11.1 million euro of capitalisations of personnel costs (about 10.6 million euro in 31 December 2020) (Note 37).

Additionally, the caption «Patents and other similar rights» include the acquisition cost of a group of brands with indefinite useful lives among which the «Continente» brand, acquired in previous years, amounting to 75 million euro and Arenal brand amounting to 58.4 million euro, previously mentioned valued in the acquisition process.

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 2021, no impairment was booked during the year.

8. RIGHT-OF-USE ASSETS

During the years ended on 31 December 2021 and 2020, the detail and the movement in the value of the rights-of-use assets, as well as in the respective depreciations, was as follows:

	LAND AND BUILDINGS	VEHICLES	OTHER TANGIBLE ASSETS	TOTAL TANGIBLE ASSETS
GROSS ASSETS				
OPENING BALANCE AT 1 JAN 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)
OPENING BALANCE AT 1 JAN 2021	**1,337,205,872**	**84,420,686**	**952,544**	**1,422,579,102**
Additions [1]	81,502,784	5,449,107	1,108,156	88,060,047
Disposals of subsidiaries [2]	(6.014.072)	(143,133)	–	(6,157,205)
Write-offs and decreases	(25,369,374)	(1,165,269)	(396,659)	(26,931,302)
CLOSING BALANCE AT 31 DEC 2021	**1,387,325,210**	**88,561,391**	**1,664,041**	**1,477,550,642**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES				
OPENING BALANCE AT 1 JAN 2020	368,666,816	26,924,377	411,950	396,003,143
Depreciation of the period	74,590,699	20,828,777	87,476	95,506,952
Impairment losses of the period	208,871	25,806	–	234,678
Write-offs and tranfers	(21,526,291)	(7,249,124)	(76,734)	(28,852,149)
OPENING BALANCE AT 1 JAN 2021	**421,940,095**	**40,529,836**	**422,692**	**462,892,623**
Depreciation of the period	79,476,045	21,316,410	186,576	100,979,031
Disposals of subsidiaries [2]	(3,984,530)	(72,093)	–	(4,056,623)
Impairment losses of the period	22,677	–	–	22,677
Write-offs and tranfers	(14,776,208)	(610,474)	(396,658)	(15,783,340)
CLOSING BALANCE AT 31 DEC 2021	**482,678,079**	**61,163,679**	**212,610**	**544,054,368**
CARRYING AMOUNT AT 31 DEC 2020	**915,265,777**	**43,890,850**	**529,852**	**959,686,479**
CARRYING AMOUNT AT 31 DEC 2021	**904,647,131**	**27,397,712**	**1,451,431**	**933,496,274**

1. Note 31 2. Note 4.2

In the consolidated income statement, 101 million euro were recognised for depreciation of the period (95.5 million euro in 2020) and 68.9 million euro of interest relating to the adjusted debt (65.5 million euro in 2020) (Note 31 and 36).

The responsibilities related to Right-of-use assets were recorded under the caption Non-Current and current Lease Liabilities, in the amount respectively of 1.001 million euro and 80.9 million euro (1.013 million euro and 80 million euro in 31 December 2020).

The repayment plan for lease liabilities, as at 31 December 2021 and 2020, can be analysed as follows:

	31 DEC 2021			31 DEC 2020		
	CAPITAL	INTEREST	UPDATED LIABILITIES	CAPITAL	INTEREST	UPDATED LIABILITIES
N+1	147,527,211	66,625,579	80,901,632	147,312,589	67,162,685	80,149,904
N+2	125,439,225	62,724,749	62,714,476	138,909,080	63,291,695	75,617,385
N+3	121,503,504	58,855,441	62,648,063	118,928,043	59,518,708	59,409,335
N+4	118,598,716	54,832,838	63,765,878	114,846,046	55,780,002	59,066,044
N+5	116,566,088	50,637,282	65,928,806	111,106,458	51,924,109	59,182,349
After N+5	1,015,796,944	269,742,795	746,054,149	1,057,135,833	297,650,752	759,485,081
	1,645,431,688	563,418,684	1,082,013,004	1,688,238,049	595,327,951	1,092,910,098

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 2021 and 2020, the caption «Goodwill» was made up as follows by country:

	31 DEC 2021	31 DEC 2020
Portugal	435,460,067	442,895,419
Spain	19,440,000	19,440,000
	454,900,067	462,335,419

During the year ended in 31 December 2021 and 2020, movements occurred in Goodwill as well as in the corresponding impairment losses, are as follows:

	31 DEC 2021	31 DEC 2020
GROSS VALUE		
OPENING BALANCE	476,627,337	476,627,337
Goodwill generated in the period	–	–
CLOSING BALANCE	476,627,337	476,627,337
ACCUMULATED IMPAIRMENT LOSSES		
OPENING BALANCE	14,291,918	7,203,218
Increases [1]	7,435,352	7,088,700
CLOSING BALANCE	21,727,270	14,291,918
NET VALUE	454,900,067	462,335,419

1. Note 30

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 5 years and 10 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, 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 2021	31 DEC 2020
Recoverable amount basis	Value in use	Value in use
Weighted average cost of capital	10%	9% to 10%
Growth rates in perpetuity	<=2%	<=2%
Composite rate of sales growth	-0.6% to 2.2%	-0.8% to 1.7%

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 2021 in the amount of 7,4 million euro (7,1 million euro in 31 December 2020).

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 2021 and 2020 are as follows:

PERCENTAGE OF CAPITAL HELD

		DIRECT *	TOTAL *	DIRECT *	TOTAL *
COMPANY	HEAD OFFICE	31 DEC 2021		31 DEC 2020	
Sohi Meat Solutions – Distribuição de Carnes, S.A.	Santarém	50.00%	50.00%	50.00%	50.00%
Maremor Beauty & Fragances, S,L,	Madrid	50.00%	30.00%	50.00%	30.00%
INVESTMENTS IN JOINT VENTURES					
Sempre a Postos – Produtos Alimentares e Utilidades, Lda	Lisbon	25.00%	25.00%	25.00%	25.00%
INVESTMENT IN ASSOCIATES COMPANIES	Lisbon	25.00%	25.00%	25.00%	25.00%
TOTAL					

* 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.

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COMPANY	HEAD OFFICE	31 DEC 2021	31 DEC 2020
Sohi Meat Solutions – Distribuição de Carnes, SA	Santarém	3,639,130	3,364,636
Maremor Beauty & Fragances, S.L.	Madrid	170,499	139,077
INVESTMENTS IN JOINT VENTURES		3,809,629	3,503,713
Sempre a Postos – Produtos Alimentares and Utilidades, Lda	Lisbon	910,323	564,095
INVESTMENT IN ASSOCIATES COMPANIES		910,323	564,095
TOTAL		4,719,952	4,067,808

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 2021 and 2020, summary financial information of joint ventures of the group can be analysed as follows:

	31 DEC 2021		31 DEC 2020	
	SOHI MEAT	MAREMOR	SOHI MEAT	MAREMOR
ASSETS				
Property, plant and equipment	15,272,162	1,573	16,310,555	2,614
Intangible assets	4,829	111	179,587	169
Rights-of-use	7,379,196	–	8,525,439	–
Investments in joint ventures and associates	–	21,954	–	21,954
Other non-current assets	1,833,962	–	353,969	–
NON-CURRENT ASSETS	24,490,149	23,638	25,369,550	24,737
Cash and cash equivalents	359,175	305,457	466,423	254,107
Other current assets	42,003,320	57,799	47,384,245	54,983
CURRENT ASSETS	42,362,495	363,256	47,850,668	309,090
TOTAL ASSETS	66,852,644	386,894	73,220,218	333,827
LIABILITIES				
Other non-current liabilities	9,407,653	–	9,068,434	–
NON-CURRENT LIABILITIES	9,407,653	–	9,068,434	–
Loans	–	15	–	51
Other current liabilities	50,911,666	55,282	58,167,447	55,622
TOTAL CURRENT LIABILITIES	50,911,666	55,297	58,167,447	55,673
TOTAL LIABILITIES	60,319,319	55,297	67,235,881	55,673
EQUITY				
Shareholders' funds excluding non-controlling interests	6,533,325	331,597	5,984,337	278,154
Non-controlling interests	–	–	–	–
TOTAL EQUITY	6,533,325	331,597	5,984,337	278,154
TOTAL EQUITY AND LIABILITIES	66,852,644	386,894	73,220,218	333,827

	31 DEC 2021		31 DEC 2020	
	SOHI MEAT	MAREMOR	SOHI MEAT	MAREMOR
Turnover	299,888,852	528,000	288,963,145	484,000
Other income	6,692,289	–	3,959,530	–
	306,581,141	528,000	292,922,675	484,000
Cost of goods sold and materials consumed	(271,291,380)	–	(259,946,803)	–
External supplies and services	(13,080,195)	–	(12,981,500)	–
Depreciation and amortisation	(4,675,350)	(1,098)	(5,164,583)	(1,170)
Other operating costs	(14,868,284)	(464,058)	(12,622,703)	(445,975)
	(303,915,209)	(465,156)	(290,715,589)	(447,145)
Financial results	(899,121)	–	(532,180)	–
Income taxation	(105,654)	–	(378,873)	–
CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD	1,661,157	62,844	1,296,033	36,855

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

JOINT VENTURES	31 DEC 2021		31 DEC 2020	
	SOHI MEAT	MAREMOR	SOHI MEAT	MAREMOR
Equity	6,533,325	331,597	5,984,337	278,154
Percentage of share capital held	50%	30%	50%	30%
Share of the net assets	3,266,663	99,479	2,992,169	83,446
Goodwill recognised in financial investments	–	–	–	–
Other effects	372,468	71,020	372,468	55,631
FINANCIAL INVESTMENT	3,639,130	170,499	3,364,636	139,077

ASSOCIATES

As at 31 December 2021 and 2020, summary financial information of associated companies can be analysed as follows:

ASSOCIATED COMPANIES – SEMPRE A POSTOS

	31 DEC 2021	31 DEC 2020
Non-current assets	191,389	227,002
Current assets	7,437,198	9,975,298
TOTAL ASSETS	7,628,587	10,202,300
Non-current liabilities	6,294	30,000
Current liabilities	3,984,034	7,915,919
TOTAL LIABILITIES	3,990,328	7,945,919
EQUITY	3,638,259	2,256,381

	31 DEC 2021	31 DEC 2020
Turnover	66,420,193	60,095,783
Other operational income	4,618,096	3,836,372
Operational expenses	(69,217,923)	(62,538,096)
Net financial expense	(1,082)	(710)
Income taxation	(437,406)	(335,660)
Consolidated profit/(Loss) for the period	1,381,878	1,057,689
Other comprehensive income for the period	–	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,381,878	1,057,689

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

ASSOCIATES – SEMPRE A POSTOS	31 DEC 2021	31 DEC 2020
Equity	3,638,259	2,256,381
Percentage of share capital held	25.00%	25.00%
Share of the net assets	909,565	564,095
Other effects	758	–
FINANCIAL INVESTMENT	910,323	564,095

10.3. MOVEMENTS OCCURED IN THE PERIOD

During the year ended at 31 December 2021 and 2020, movements in investments in joint ventures and associates are as follows:

INVESTMENTS IN JOINT VENTURES AND ASSOCIATES	31 DEC 2021			31 DEC 2020		
	PROPORTION ON EQUITY	GOODWILL	TOTAL INVESTMENT	PROPORTION ON EQUITY	GOODWILL	TOTAL INVESTMENT
INVESTMENTS IN JOINT VENTURES						
BALANCE AT 1 JAN	3,503,713	–	3,503,713	3,477,635	–	3,477,635
EQUITY METHOD						
Effect in gain or losses in joint controlled and associated companies	862,000	–	862,000	623,034	–	623,034
Distributed dividends	(556,084)	–	(556,084)	(596,956)	–	(596,956)
	3,809,629	–	3,809,629	3,503,713	–	3,503,713
INVESTMENT IN ASSOCIATES COMPANIES						
BALANCE AT 1 JAN	564,095	–	564,095	960,281	–	960,281
Effect in gain/losses in associated companies	346,228	–	346,228	264,423	–	264,423
Distributed dividends	–	–	–	(660,609)	–	(660,609)
	910,323	–	910,323	564,095	–	564,095
TOTAL	4,719,952	–	4,719,952	4,067,808	–	4,067,808

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 2021 and 2020 are as follows:

PERCENTAGE OF CAPITAL HELD

COMPANY	HEAD OFFICE	DIRECT * 31 DEC 2021	TOTAL * 31 DEC 2021	DIRECT * 31 DEC 2020	TOTAL * 31 DEC 2020
Dispar – Distrib. de Participações, SGPS, SA	Lisbon	14.28%	14.28%	14.28%	14.28%
Insco – Insular de Hipermerc., SA	Ponta Delgada	10.00%	10.00%	10.00%	10.00%
Sportessence – Spor Retail, SA	Ponta Delgada	10.00%	10.00%	10.00%	10.00%

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

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COMPANY	HEAD OFFICE	31 DEC 2021	31 DEC 2020
Dispar – Distrib. de Participações, SGPS, SA	Lisbon	9,976	9,976
Insco – Insular de Hipermerc., SA	Ponta Delgada	4,748,744	4,748,744
Sportessence – Spor Retail, SA	Ponta Delgada	595,964	595,964
Other financial assets		10,850,322	10,229,021
TOTAL		16,205,006	15,583,705

As at 31 December 2021 the caption «Other investments» related to «Assets at fair value through profit and loss», includes 7,238,916 euro (7,282,500 euro in 31 December 2020), 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 2021, 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 2021 and 2020, the movements in «Assets at fair value through profit and loss» and «Other investments» made up as follows:

	31 DEC 2021 NON-CURRENT	31 DEC 2021 CURRENT	31 DEC 2020 NON-CURRENT	31 DEC 2020 CURRENT
ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS				
OPENING BALANCE AT 1 JAN	15,583,705	–	17,247,851	–
Acquisitions in the period	1,465,639	–	1,751,575	–
Disposals in the period	(842,198)	–	(3,415,467)	–
Others	(2,140)	–	(254)	–
CLOSING BALANCE AT 31 DEC	**16,205,006**	**–**	**15,583,705**	**–**
DERIVATIVE FINANCIAL INSTRUMENTS				
FAIR VALUE AT 1 JAN	–	2,663,026	–	394,309
Increase/(Decrease) in fair value [1]	–	7,106,548	–	2,268,717
Disposals of subsidiaries [2]	–	(90,716)	–	
Transfer to «Other receivables» [3]	–	(2,572,310)	–	
FAIR VALUE AT 31 DEC [1, 4]	**–**	**7,106,548**	**–**	**2,663,026**
TOTAL OF OTHER INVESTMENTS [5]	**16,205,006**	**7,106,548**	**15,583,705**	**2,663,026**

1. Note 36 2. Note 4.2 3. Note 15 4. Note 24 5. Note 5

12. OTHER NON-CURRENT ASSETS

As at 31 December 2021 and 2020, «Other non-current assets» are detailed as follows:

	31 DEC 2021	31 DEC 2020
OTHER RECEIVABLES		
Cautions	1,710,601	1,457,128
Sublease receivables	4,329,245	4,687,169
Legal deposits	2,460,981	2,436,445
Amount receivable for selling subsidiary companies	–	400,000
Others	54,669	54,624
	8,555,496	9,035,366
Accumulated impairment losses in other debtors	–	–
TOTAL TRADE ACCOUNTS RECEIVABLE AND OTHER DEBTORS	8,555,496	9,035,366
TOTAL FINANCIAL INSTRUMENTS [1]	8,555,496	9,035,366
Other non-current assets	–	–
	8,555,496	9,035,366

1. Note 5

The amounts related to legal deposits refer to 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 2021 and 2020, this caption was made up as follows:

	31 DEC 2021	31 DEC 2020
Raw materials and consumables	2,535,741	731,629
Goods for resale	393,560,331	407,063,711
	396,096,072	407,795,340
Accumulated adjustments in inventories	(8,690,030)	(11,896,744)
	387,406,042	395,898,596

Cost of goods sold as at 31 December 2021 and 2020 amounted to 3,757,387,710 euro and 3,546,787,715 euro, respectively, and may be detailed as follows:

	31 DEC 2021	31 DEC 2020 RESTATED
Opening balance	407,795,340	422,060,759
Disposals of subsidiaries [1]	(22,582,177)	–
Purchases	3,796,189,071	3,550,864,080
Inventory regularisations	(24,943,685)	(15,670,443)
Closing balance	396,096,072	407,795,340
	3,760,362,477	3,549,459,056
Adjustments in inventories	(2,974,767)	(2,671,341)
	3,757,387,710	3,546,787,715

1. Note 4.2

As at 31 December 2021 and 2020, the caption Adjustments refers essentially to regularisations resulting from offers to social solidarity institutions.

14. TRADE RECEIVABLES

As at 31 December 2021 and 2020, «Trade receivables» are detailed as follows:

	31 DEC 2021	31 DEC 2020
Trade accounts receivable	59,962,796	55,372,877
Doubtful receivables	3,146,080	3,877,529
	63,108,876	59,250,406
Accumulated impairment losses on trade accounts receivable [1]	(3,140,846)	(3,877,529)
	59,968,030	55,372,877

1. Note 30

The caption Current customers includes 22,941,226 euro (21,340,560 euro as at 31 December 2020), on wholesale sales to related companies.

	31 DEC 2021			31 DEC 2020		
	EXPECTED CREDIT LOSS RATE	TRADE RECEIVABLES	ACCUMULATED IMPAIRMENT LOSSES ON TRADE ACCOUNTS	EXPECTED CREDIT LOSS RATE	TRADE RECEIVABLES	ACCUMULATED IMPAIRMENT LOSSES ON TRADE ACCOUNTS
NOT DUE	0%–0.30%	26,762,263	–	0%–0.44%	29,935,304	–
DUE BUT NOT IMPAIRED						
0–30 days	0% –0.45%	27,603,576	329,112	0%–0.64%	18,245,748	150,130
30–90 days	0%–1.93%	4,598,737	88,756	0%–2.44%	5,006,836	122,167
90–180 days	0%–6.37%	1,518,020	96,699	0%–10.59%	2,748,334	291,049
180–360 days	0%–100%	201,751	201,751	0%–100%	755,151	755,151
+ 360 days	0%–100%	2,424,529	2,424,529	0%–100%	2,559,033	2,559,033
TOTAL		36,346,613	3,140,846		29,315,102	3,877,529
		63,108,876	3,140,846		59,250,406	3,877,529

At 31 December 2021, impairment losses are calculated based on the expected credit loss, the calculation of which results from the application of expected losses based on receipts from sales and services rendered and from historical credit losses. We also consider that there are amounts for which there is no credit risk and as such the expected credit loss is null, namely balances with letters of credit, sureties, credit insurance and balances with related entities. Current balances approximate their fair value.

15. OTHER RECEIVABLES

As at 31 December 2021 and 2020, «Other receivables» are detailed as follows:

	31 DEC 2021	31 DEC 2020
Granted loans and other receivables to related companies	1,428,875	254,070
OTHER DEBTORS		
Trade creditors – debtor balances	33,334,640	37,366,558
Derivative contracts associated with commerciail activities [1]	21,726,007	–
Vouchers and gift cards	15,174,077	7,141,509
Accounts receivable resulting from promotional campaigns developed with partnerships	6,680,647	7,568,228
Disposal of financial investments	400,000	400,000
Disposal of property, plant and equipment	128,215	126,563
Other current assets	11,643,721	14,802,965
	89,087,307	67,405,823
Accumulated impairment losses in receivables [2]	(2,340,248)	(2,933,585)
TOTAL OTHER DEBTORS	86,747,059	64,472,238
TOTAL FINANCIAL INSTRUMENTS [3]	88,175,934	64,726,308
VAT recoverable on real estate assets and vouchers discounts	646,890	2,469,475
Advances to suppliers of property, plant and equipment	1,430,075	967,968
OTHER CURRENT ASSETS	2,076,965	3,437,443
	90,252,899	68,163,751

1. Note 24 2. Note 30 3. Note 5

At 31 December 2021, 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 2021 impairment losses relating to other receivables are calculated based on the expected credit loss based on the non-existence of credit risk for balances with public 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 2021 and 2020, «Other tax assets» and «Other tax liabilities» are made up as follows:

	31 DEC 2021	31 DEC 2020
DEBTORS VALUES		
VAT	18,481,673	22,611,814
Social security contributions	3,971	3,028
Other taxes	756,515	749,133
	19,242,159	**23,363,975**
CREDITORS VALUES		
VAT	52,195,223	55,482,988
Staff income taxes withheld	3,569,347	3,677,916
Social security contributions	12,552,766	11,286,524
Other taxes	157,311	103,822
	68,474,647	**70,551,250**

17. INCOME TAX

As at 31 December 2021 and 2020, «Income tax assets» and «Income tax liabilities» are made up as follows:

	31 DEC 2021	31 DEC 2020
DEBTORS VALUES		
Income taxation with participating entity	15,972,269	21,308,058
Income taxation	10,883,268	9,762,211
	26,855,537	**31,070,269**
CREDITORS VALUES		
Income taxation with participating entity	29,148,064	44,614,905
Income taxation	6,585,060	5,052,902
	35,733,124	**49,667,807**

As at 31 December 2021, the amounts in the credit amounts under the caption «Income tax with a participating entity» included about 29.1 million euro (44.6 million euro as at 31 December 2020) amount payable to Sonae SGPS, S.A. resulting from the inclusion of the companies of the MC group in the tax consolidation, of which Sonae SGPS, S.A. is the parent company.

The non-current «Income tax» item in the amount of 4.49 million euro, 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 MC, reason why they are not provisioned.

18. OTHER CURRENT ASSETS

As at 31 December 2021 and 2020, «Other current assets» is made up as follows:

	31 DEC 2021	31 DEC 2020
Commercial discounts	20,345,443	15,865,221
Insurance premiums paid in advance	2,619,085	2,555,508
Software licenses	3,707,874	3,157,752
Deferred costs – rents	781,608	813,085
Interests to be received	168,687	381,408
Other current assets	15,580,589	13,811,955
	43,203,286	36,584,929

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

19. DEFERRED TAXES

Deferred tax assets and liabilities as at 31 December 2021 and 2020 may be described as follows considering the different natures of temporary differences:

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
Difference between fair value and acquisition cost	4,336,205	3,922,217	18,772,534	18,912,605
Temporary differences on property, plant and equipment and intangible assets	19,463	7,354	83,725,975	82,654,776
Provisions and impairment losses not accepted for tax purposes	12,785,491	11,688,111	–	–
Valuation of hedging derivatives	17,917	196,852	5,009,877	38,128
Amortisation of goodwill for tax purposes in Spain	–	–	39,553,323	33,736,644
Tax losses carried forward	9,475,989	9,018,676	–	–
Right-of-use	243,454,070	246,409,201	213,930,128	220,424,725
Tax benefits	10,540,031	1,064,891	–	–
Others	2,024,025	1,604,270	632,774	724,333
	282,653,191	273,911,572	361,624,611	356,491,211

During the periods ended 31 December 2021 and 2020, movements in deferred tax assets and liabilities are as follows:

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
OPENING BALANCE	273,911,572	256,228,882	356,491,211	330,530,672
EFFECTS IN NET INCOME [1]				
Difference between fair value and acquisition cost	413,988	(388,061)	(140,071)	35,594
Temporary differences on property, plant and equipment and intangible assets	3,978	(759)	2,027,220	5,187,453
Provisions and impairment losses not accepted for tax purposes	1,264,868	(128,187)	–	–
Revaluation of tangible assets	–	-	(61,355)	(90,062)
Constitution/reversal of deferred tax assets over tax losses	466,943	2,351,567	–	–
Amortisation of goodwill for tax purposes in Spain	–	–	5,816,680	5,816,680
Reinvested capital gains/(losses)	–	–	(23,222)	(124,041)
Right-of-use	(2,440,303)	18,512,241	(6,021,882)	15,167,425
Tax Benefits	10,136,395	(2,246,626)	–	–
Others	(115,069)	(697,976)	–	–
	9,730,800	17,402,199	1,597,369	25,993,049
EFFECTS IN EQUITY				
Valuation of hedging derivatives	(175,213)	89,345	4,996,410	(29,510)
Others	–	–	–	(3,000)
	(175,213)	89,345	4,996,410	(32,510)
Acquisitions of subsidiaries [2]	14,330	–	–	–
Disposals of subsidiaries [3]	(728,527)	–	(1,458,464)	–
Others	(99.771)	191,146	(1,915)	–
CLOSING BALANCE	282,653,191	273,911,572	361,624,611	356,491,211

1. Note 41 2. Note 4.1 3. Note 4.2

As at 31 December 2021, the tax rate to be used in Portuguese companies, for the calculation of the deferred tax assets relating to tax losses is 21%. The tax rate to be used to calculate deferred taxes in temporary differences in Portuguese companies is 22.5% increased by the state surcharge in companies in which the expected reversal of those deferred taxes will occur when those rates will be applicable. For companies or branches located in other countries, rates applicable in each jurisdiction were used.

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

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 recognising the tax depreciation of goodwill for the financial years 2012 to 2015, the right of the entity to deduct tax depreciation of goodwill amounting to 69.8 million euro might be given in the future.

As at 31 December 2021 and 2020, and in accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward and using exchange rates effective at that time, tax losses carried forward can be summarised as follows:

		31 DEC 2021			31 DEC 2020		
		TAX LOSSES CARRIED FORWARD	DEFERRED TAX ASSETS	TIME LIMIT	TAX LOSSES CARRIED FORWARD	DEFERRED TAX ASSETS	TIME LIMIT
WITH LIMITED TIME USE							
Generated in 2014	Portugal	18,326	3,849	2028	18,326	3,849	2028
Generated in 2015	Portugal	69,903	14,679	2029	69,903	14,679	2029
Generated in 2016	Portugal	243,591	51,154	2030	243,591	51,154	2030
Generated in 2017	Portugal	–	–	2024	335,279	70,409	2024
Generated in 2018	Portugal	263,142	55,260	2025	253,562	53,248	2025
Generated in 2019	Portugal	–	–	2026	–	–	2026
Generated in 2020	Portugal	2,023,098	424,851	2032	1,858,810	390,350	2032
Generated in 2021	Portugal	2,339,089	491,209	2033	–	–	2033
		4,957,150	1,041,002		2,779,471	583,689	
WITHOUT LIMITED TIME USE							
	Spain	33,739,949	8,434,987		33,739,949	8,434,987	
		38,697,099	9,475,989		36,519,420	9,018,676	

As at 31 December 2021 and 2020, the deferred taxes to be recognised arising from tax losses were evaluated. In the cases in which they originated deferred tax assets, they were only recorded to the extent that it is probable that future taxable income will occur that could be used to recover the tax losses or tax differences that reverted in the same period and considering the limit of compensation existing by law in the applicable cases. This assessment was based on the business plans of MC companies, which are periodically reviewed and updated.

As at 31 December 2021, the Group had an amount of 8.4 million euro (8.4 million euro as at 31 December 2020) 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, S.A. branch in Spain was, on 31 December 2020 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 specialised retail formats in Spain based on their value in use, obtained from business plans with a 5-year projection period.

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 2.7% over a 5-year period (2.1% in 2020).

Although these tax losses do not expire, the analysis of their recoverability was limited to a 5 years term, also considering the deferred tax liabilities recognised.

It is the Board of Directors understanding, considering the existing business plans for each of the companies, that such deferred tax assets are fully recoverable, including those which were reversed in previous years likely to be recoverable in a longer period than the 5 years of the business plan.

As at 31 December 2021, there are reportable tax losses in the amount of 97.5 million euro (84.4 million euro as at 31 December 2020), whose deferred tax assets are not recorded for prudence purposes.

		31 DEC 2021			31 DEC 2020		
		TAX LOSSES CARRIED FORWARD	DEFERRED TAX ASSETS	TIME LIMIT	TAX LOSSES CARRIED FORWARD	DEFERRED TAX ASSETS	TIME LIMIT
WITH LIMITED TIME USE							
Generated in 2015	Portugal	41,183	8,648	2029	41,183	8,648	2029
Generated in 2016	Portugal	633,610	133,058	2030	633,610	133,058	2030
Generated in 2017	Portugal	1,278,464	268,477	2024	1,278,464	268,477	2024
Generated in 2018	Portugal	1,429,325	300,158	2025	1,429,325	300,158	2025
Generated in 2019	Portugal	2,681,355	563,085	2026	2,681,355	563,085	2026
Generated in 2020	Portugal	460,869	96,782	2032	460,178	96,637	2032
Generated in 2021	Portugal	–	–	2033	–	–	2033
		6,637,019	1,393,774		6,636,328	1,393,629	
WITHOUT LIMITED TIME USE							
	Brazil	25,177,595	8,560,382		15,013,794	5,104,690	
	Spain	65,880,552	16,470,138		62,754,178	15,688,545	
		91,058,147	25,030,520		77,767,972	20,793,235	
		97,695,166	26,424,294		84,404,300	22,186,864	

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

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

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

In 2016 and in a new decision in 2018, the Supreme Court gave a positive opinion to the Group's pretensions regarding tax amortisation of Goodwill, with reference to 2008, and the Group corrected the tax return for 2016, and it is its intention to also consider such amortisation in the tax return for the next years. Consequently, it recognised the corresponding deferred tax liability for fiscal years 2008, 2016, 2017, 2018, 2019 , 2020 and 2021.

20. CASH AND CASH EQUIVALENTS

As at 31 December 2021 and 2020, Cash and cash equivalents are as follows:

	31 DEC 2021	31 DEC 2020
Cash at hand	10,883,999	10,381,745
Bank deposits	187,904,929	184,026,501
Treasury applications	14,037	15,337
Cash and cash equivalents on the statement of financial position [1]	198,802,965	194,423,583
Bank overdrafts [2]	(110,172)	(142,765)
CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS	198,692,793	194,280,818

1. Note 5 2. Note 23

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 2021, 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 2021 and 2020, the subscribed share capital was held as follows:

ENTITY	31 DEC 2021	31 DEC 2020
Sonae Holdings, SA	51.827%	51.827%
Sonae, SGPS, S.A.	10.039%	35.029%
Camoens Investments, SARL	24.990%	–
Sonae Investments, BV	13.144%	13.144%

As at 31 December 2021 Efanor Investimentos, SGPS, S.A. and its subsidiaries held 56.74% of the shares representing the share capital of Sonae, SGPS, S.A., which in turn, hold 75.01% of the remaining entities that hold the capital of MC.

22. NON-CONTROLLING INTERESTS

As at 31 December 2021 and 2020, «Non-controlling interests» are detailed as follows:

NON-CONTROLLING INTERESTS — 31 DEC 2021

	EQUITY	NET PROFIT/ (LOSS)	BOOK VALUE	PROPORTION IN INCOME ATTRIBUTABLE TO NON CONTROLLING INTERESTS	DIVIDENDS/ INCOME RECEIVED
Elergone	27,629,415	(3,644,681)	–	(288,667)	–
Arenal	76,160,281	5,232,683	30,492,312	2,105,642	–
Tomenider	45,929,723	(338,295)	(6,614,292)	(135,318)	–
Real Estate Investment Fund Imosonae Dois	102,130,633	7,630,530	5,027,829	357,857	–
Maxmat	–	8,234,412	–	3,967,008	–
Others	(2,867,138)	(3,757,645)	(6)	–	–
TOTAL	248,982,914	13,357,004	28,905,843	6,006,522	–

NON-CONTROLLING INTERESTS — 31 DEC 2020

	EQUITY	NET PROFIT/ (LOSS)	BOOK VALUE	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 Imosonae Dois	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)

Movements in non-controlling interests during the periods ended as at 31 December 2021 and 2020 are as follows:

MOVEMENTS IN NON-CONTROLLING INTERESTS — 31 DEC 2021

	ELERGONE	TOMENIDER	ARENAL	IMOSONAE DOIS*	MAXMAT	OTHERS	TOTAL
OPENING BALANCE AT 1 JAN	3,719,181	(6,478,973)	28,386,237	2,011,749	22,325,286	(8)	49,963,472
Income distribution from investment funds	–	–	–	(120,104)	–	–	(120,104)
Acquisition of the remaining 25% of capital and price adjustments	(3,430,513)	–	–	–	–	–	(3,430,513)
Disposals of subsidiaries [1]	–	–	–	–	(26,326,525)	–	(26,326,525)
Changes in hedging reserves	–	–	–	–	34,231	–	34,231
Decreased shareholding by disposals	–	–	–	2,778,328	–	–	2,778,328
Others variations	(1)	(1)	433	(1)	–	2	432
Profit for the period attributable to non-controlling interests	(288,667)	(135,318)	2,105,642	357,857	3,967,008	–	6,006,522
CLOSING BALANCE AT 31 DEC	**–**	**(6,614,292)**	**30,492,312**	**5,027,829**	**–**	**(6)**	**28,905,843**

1. Note 4.2

* Real Estate Investment Fund Imosonae Dois

MOVEMENTS IN NON-CONTROLLING INTERESTS — 31 DEC 2020

	ELERGONE	GOWELL	TOMENIDER	ARENAL	IMOSONAE DOIS*	MAXMAT	OTHERS	TOTAL
OPENING BALANCE AT 1 JAN	1,778,960	3,625,450	(6,358,552)	28,336,243	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	(1,580)	240,790	(340,207)	79	(101,951)
Profit for the period attributable to non-controlling interests	1,071,402	(724,629)	(120,422)	51,574	(48,173)	4,854,545	(20)	5,084,277
CLOSING BALANCE AT 31 DEC	**3,719,181**	**–**	**(6,478,973)**	**28,386,237**	**2,011,749**	**22,325,286**	**(8)**	**49,963,472**

* Real Estate Investment Fund Imosonae Dois

As at 31 December 2021 and 2020, the aggregate financial information of subsidiaries with non-controlling interests is as follows:

SUBSIDIARIES WITH NON-CONTROLLING INTERESTS — 31 DEC 2021

	ELERGONE	TOMENIDER	ARENAL	IMOSONAE DOIS*	MAXMAT	OTHERS	TOTAL
Total non-current assets	355,674	62,465,452	161,933,077	104,044,489	–	9,855,262	338,653,954
Total current assets	55,906,904	1,210,326	50,411,568	937,627	–	1,936,807	110,403,232
Total non-current liabilities	5,162,100	16,707,505	94,664,107	–	–	14,538,517	131,072,229
Total current liabilities	23,471,063	1,038,550	41,520,257	2,851,483	–	120,690	69,002,043
EQUITY	**27,629,415**	**45,929,723**	**76,160,281**	**102,130,633**	**–**	**(2,867,138)**	**248,982,914**

* Real Estate Investment Fund Imosonae Dois

SUBSIDIARIES WITH NON-CONTROLLING INTERESTS — 31 DEC 2020

	ELERGONE	GOWELL	TOMENIDER	ARENAL	IMOSONAE DOIS*	MAXMAT	OTHERS	TOTAL
Total non-current assets	167,827	2,139,793	62,465,452	160,452,474	98,207,021	37,588,496	9,867,756	370,888,819
Total current assets	24,220,916	1,523,006	857,042	45,970,839	5,711,182	45,859,781	1,123,917	125,266,683
Total non-current liabilities	(40,687)	1,826,824	16,707,505	93,336,694	–	4,895,302	25,346,949	142,072,587
Total current liabilities	9,346,120	3,538,121	346,971	42,160,104	3,418,098	34,056,049	43,404	92,908,867
EQUITY	**15,083,310**	**(1,702,146)**	**46,268,018**	**70,926,515**	**100,500,105**	**44,496,926**	**(14,398,680)**	**261,174,048**

* Real Estate Investment Fund Imosonae Dois

SUBSIDIARIES WITH NON-CONTROLLING INTERESTS — 31 DEC 2021

	ELERGONE	TOMENIDER	ARENAL	IMOSONAE DOIS*	MAXMAT	OTHERS	TOTAL
Turnover	103,891,944	–	156,681,994	11,529,997	–	–	272,103,935
Other operational income	12,154,748	–	4,438,977	16,085	–	–	16,609,810
Operational expenses	(120,864,196)	(196,967)	(149,689,276)	(4,311,613)	–	(2,396,016)	(277,458,068)
Net financial expenses	15,024	(254,093)	(4,396,252)	(17,927)	–	(1,361,629)	(6,014,877)
Income or expense relating to investments	–	–	–	–	–	–	–
Income tax expense	1,157,799	112,765	(1,802,760)	413,988	–	–	(118,208)
Profit/(Loss) after taxation	**(3,644,681)**	**(338,295)**	**5,232,683**	**7,630,530**	**–**	**(3,757,645)**	**5,122,592**
Profit/(Loss) after taxation from discontinued operations	**–**	**–**	**–**	**–**	**8,234,412**	**–**	**8,234,412**
Other comprehensive income for the period	–	–	–	–	–	–	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(3,644,681)**	**(338,295)**	**5,232,683**	**7,630,530**	**8,234,412**	**(3,757,645)**	**13.357.004**

* Real Estate Investment Fund Imosonae Dois

SUBSIDIARIES WITH NON-CONTROLLING INTERESTS — 31 DEC 2020

	ELERGONE	GOWELL	TOMENIDER	ARENAL	IMOSONAE DOIS*	MAXMAT	OTHERS	TOTAL
Turnover	68,472,190	5,504,086	–	119,060,555	12,154,028	115,647,786	–	320,838,645
Other operational 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)	(146,419)	(119,353,636)	(3,938,303)	(105,162,590)	(987,889)	(301,042,501)
Net financial expenses	11,687	(53,736)	(254,987)	(4,502,887)	(19,261)	(519,326)	(3,120,499)	(8,459,009)
Income or expense relating to investments	-	(133)	–	–	–	–	–	(133)
Income tax expense	(1,250,940)	376,416	100,351	(155,560)	(388,061)	(3,064,818)	–	(4,382,612)
Profit/(Loss) after taxation	**4,285,609**	**(1,633,134)**	**(301,055)**	**110,507**	**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)**	**(301,055)**	**110,507**	**9,622,542**	**8,995,424**	**(4,108,388)**	**16,971,505**

* Real Estate Investment Fund Imosonae Dois

23. LOANS

As at 31 December 2021 and 2020, loans are made up as follows:

OUTSTANDING AMOUNT	31 DEC 2021		31 DEC 2020	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
BANK LOANS				
Sonae MC, SGPS,SA – commercial paper	–	105,950,400	–	140,000,000
Subsidiary of Sonae MC 2014/2023	–	50,000,000	–	50,000,000
Subsidiary of Sonae MC 2015/2023	–	–	–	20,000,000
Subsidiary of Sonae MC 2017/2025	–	–	3,333,333	13,333,333
Sonae MC 2018/2031	–	55,000,000	–	55,000,000
Subsidiary of Sonae MC / 2020/2025	–	55,000,000	–	55,000,000
Subsidiary of Sonae MC / 2021/2028	–	20,000,000	–	–
Others	699,961	2,500,000	364,178	1,087,500
	699,961	288,450,400	3,697,511	334,420,833
Bank overdrafts [1]	110,172	–	142,765	–
Up-front fees beard with the issuance of borrowings	–	(36,066)	–	(447,189)
BANK LOANS	810,133	288,414,334	3,840,276	333,973,644
BONDS				
Bonds Sonae MC / December 2015/2024 [2, 3]	–	–	–	50,000,000
Bonds Sonae MC / November 2021/2026 [2]	–	60,000,000	–	75,000,000
Bonds Sonae MC/ December 2019/2024 [2, 3]	–	30,000,000	–	30,000,000
Bonds Sonae MC / April 2020/2027 [2]	–	95,000,000	–	95,000,000
Bonds Sonae MC / July 2020/2025	50,000,000	–	–	50,000,000
Bonds Sonae MC / July 2020/2025	22,500,000	–	–	22,500,000
Bonds Sonae MC / December 2021/2024	–	40,000,000	–	–
Up-front fees beard with the issuance of borrowings	(76,061)	(1,379,476)	–	(1,478,929)
BONDS	72,423,939	223,620,524	–	321,021,071
Other loans	74,764	–	66,927	–
Derivative [4]	–	–	1,170,794	–
OTHER LOANS	74,764	–	1,237,721	–
	73,308,836	512,034,858	5,077,997	654,994,715

1. Note 20
2. Formerly called Sonae Investimentos, SGPS;
3. Bond maturity extended to 2024.
4. Note 24

Bonds and bank loans bear an average interest rate of 1.85% as at 31 December 2021 (1.13% as at 31 December 2020). Most of the bonds and bank loans have variable interest rates indexed to Euribor.

The loans face value, maturities and interests are as follows:

	31 DEC 2021		31 DEC 2020	
	CAPITAL	INTERESTS	CAPITAL	INTERESTS
N+1	73,384,897	4,532,099	3,907,204	7,281,905
N+2	61,944,444	4,038,381	189,420,833	6,822,483
N+3	155,394,846	3,383,502	99,444,444	5,449,975
N+4	83,444,444	2,506,600	99,444,444	4,325,124
N+5	118,444,444	1,934,670	155,944,444	2,808,276
After N+5	94,222,222	1,508,825	112,666,668	2,818,281
	586,835,297	17,904,077	660,828,037	29,506,044

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

As at 31 December 2021 there are financial covenants included in borrowing agreements at market conditions, and which at the date of this report are in regular compliance.

As at 31 December 2021 and 2020, MC had as detailed in Note 20, «Cash and cash equivalents» in the amount of 198,692,793 euro (194,280,818 euro as at 31 December 2020) and credit lines as follows:

LOANS	31 DEC 2021		31 DEC 2020	
	LESS THAN 1 YEAR COMMITMENTS	MORE THAN 1 YEAR COMMITMENTS	LESS THAN 1 YEAR COMMITMENTS	MORE THAN 1 YEAR COMMITMENTS
Unused credit facilities [1]	96,000,000	190,000,000	94,000,000	265,000,000
Agreed credit facilities	96,000,000	290,000,000	94,000,000	405,000,000

1. Note 3.3

At the beginning of 2022 MC contracted 50 million euro of new lines with a commitment of more than 1 year, increasing contracted lines to 240 million euro and available lines to 340 million euro.

24. DERIVATIVES

EXCHANGE RATE DERIVATIVES

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

Therefore, 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 71,668 euro and an asset of 8,337,941 euro (1,170,794 euro in liabilities and 159,480 euro in assets, as at 31 December 2020) (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 2021 no contracts existed, related to interest rate derivatives.

ENERGY PRICE DERIVATIVES

MC buys electricity on an organised market (OMIE), sells it to third parties and is a consumer of electricity in its various businesses. Electricity price management can be done through the contracting of transactions, with financial or physical settlement, on the forward energy markets. The financial instruments traded can include bilateral agreements and price-fixing futures.

The fair value of derivative instruments hedging the price of energy calculated based on current market values of equivalent financial instruments is 20,494,613 euro in assets (2,503,186 euro in assets at 31 December 2020) (Note 15).

The determination of the fair value of these financial instruments was based on the discount to the statement of financial position date of the amount to be received/paid over the term of the contract.

Losses for the year associated with changes in the fair value of derivative instruments that were not considered as hedging instruments were recorded directly in the consolidated income statement in the caption «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 in the caption «Hedging reserves» when considered cash flow hedging and in the caption «Other income» or «Other expenses» when considered as fair value hedging. The change in market value of derivative instruments when considered speculation is recorded in the income statement under «Other expenses».

FAIR VALUE OF DERIVATIVES

The fair value of derivatives is detailed as follows:

	ASSETS		LIABILITIES	
	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
DERIVATIVES NOT QUALIFIED AS HEDGING [1]				
Electricity	20,494,613	2,503,186	–	-–
Exchange rate	1,231,394	159,840	71,668	1,170,794
	21,726,007	**2,663,026**	**71,668**	**1,170,794**
HEDGING DERIVATIVES [2]				
Exchange rate	7,106,548	–	–	–
	7,106,548		**–**	**–**

1. Notes 5 and 15 2. Notes 5 and 11

25. OTHER NON-CURRENT LIABILITIES

As at 31 December 2021 and 2020 «Other non-current liabilities» are made up as follows:

	31 DEC 2021	31 DEC 2020
Creditors for acquisition of financial investments	1,000,000	1,000,000
Fixed assets suppliers	95,021	97,521
Other non-current liabilities	341,762	338,354
TOTAL FINANCIAL INSTRUMENTS [1]	**1,436,783**	**1,435,875**
Share based payments [2]	2,973,665	1,551,057
Charges made on the sale of real estate [3]	18,538,982	19,546,085
Other accruals and deferrals	(73,738)	138,943
OTHER NON-CURRENT LIABILITIES	**22,875,692**	**22,671,960**

1. Note 5 2. Note 26 3. Note 2.6

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 MC assumed future responsibility.

26. SHARE BASED PAYMENT

MC granted, in 2021 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 2021 and 2020, the number of attributed shares related to the assumed responsibilities arising from share-based payments, which have not yet vested, can be detailed as follows:

				NUMBER OF SHARES		FAIR VALUE	
	GRANT YEAR	VESTING YEAR	NUMBER OF PARTICIPANTS	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
SHARES							
	2018	2021	41	–	1,333,701	–	1,227,732
	2019	2022	42	1,898,873	1,813,151	1,904,570	1,438,053
	2020	2023	43	3,149,216	3,108,819	2,091,854	1,361,956
	2021	2024	45	2,620,699	–	881,811	–
TOTAL				7,668,788	6,255,671	4,878,235	4,027,741

As at 31 December 2021 and 2020 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which has not yet vested:

	31 DEC 2021	31 DEC 2020
Recorded in employee benefits expense in the current period	3,627,479	1,182,105
Recorded in previous years	1,250,755	1,211,470
	4,878,234	2,393,575
Recorded in other non-current liabilities [1]	2,973,665	1,551,057
Recorded in other current liabilities [2]	1,904,570	842,518
	4,878,235	2,393,575

1. Note 25 2. Note 29

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

27. TRADE PAYABLES

As at 31 December 2021 and 2020 Trade payables are as follows:

TRADE PAYABLES – 31 DEC 2021		PAYABLE TO	
	31 DEC 2021	UP TO 90 DAYS	MORE THAN 90 DAYS
Trade payables – current account	736,258,016	736,184,640	73,376
Trade payables – invoice accruals	59,235,022	59,235,022	–
	795,493,038	795,419,662	73,376

TRADE PAYABLES – 31 DEC 2020		PAYABLE TO	
	31 DEC 2020	UP TO 90 DAYS	MORE THAN 90 DAYS
Trade payables – current account	739,355,687	739,353,656	2,031
Trade payables – invoice accruals	55,596,856	55,596,856	–
	794,952,544	794,950,512	2,031

As at 31 December 2021 and 2020 this caption includes amounts payable to suppliers resulting from MC operating activity. MC believes that the book value of these balances is approximate to their fair value.

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 MC 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 2021 and 2020, the caption «Other payables» is detailed as follows:

OTHER PAYABLES – 31 DEC 2021		PAYABLE TO		
	31 DEC 2021	UP TO 90 DAYS	90 TO 180 DAYS	MORE THAN 180 DAYS
Fixed asset suppliers	63,038,959	62,802,648	62,343	173,967
Other payables	26,710,779	26,695,186	5,138	10,455
	89,749,738	89,497,834	67,482	184,422
Related undertakings	–			
	89,749,738			

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

The caption «Other payables» includes:

- 9,430,467 euro (12,234,546 euro as at 31 December 2020) of attributed discounts not yet redeemed related to loyalty card «Cartão Cliente»;
- 2,434,117 euro (4,071,365 euro as at 31 December 2020) relating to vouchers, gift cards and discount tickets not yet redeemed.

As at 31 December 2021 and 2020, this caption includes payable amounts to other creditors and fixed assets suppliers that do not bear interest. The Board of Directors understands that the fair value of these payables is similar to its book value and the result of discounting these amounts is immaterial.

29. OTHER CURRENT LIABILITIES

As at 31 December 2021 and 2020, «Other current liabilities» are made up as follows:

OTHER CURRENT LIABILITIES	31 DEC 2021	31 DEC 2020
Holiday pay and bonus	112,130,445	107,986,632
Software access licenses	9,623,277	9,911,200
Other external supplies and services	36,332,525	35,492,412
Marketing expenses	12,250,512	8,595,476
Lease liabilities	1,053,851	3,024,179
Municipal property tax	1,615,702	1,686,759
Charges made on the sale of real estate [1]	1,190,053	1,287,002
Fixed income charged in advance	3,527,944	5,534,462
Share based payments obligations [2]	1,904,570	842,518
Interest payable	1,129,010	1,311,689
Others	9,169,845	10,262,778
	189,927,732	185,935,107

1. Note 2.6 and Note 25 2. Note 26

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 2021 and 2020 are as follows:

PROVISIONS AND IMPAIRMENT LOSSES – 2021

	BALANCE AT 1 JAN	INCREASE	DECREASE	TRANSFERS AND OTHER MOVEMENTS	BALANCE AT 31 DEC
Accumulated impairment losses on investments	769,213	–	–	–	769,213
Impairment losses on property, plant and equipment [1]	90,728,626	10,517,608	(857,434)	(565,735)	99,823,065
Impairment losses on intangible assets [2]	6,664,435	39,569	(75,722)	–	6,628,282
Accumulated impairment losses on trade receivables [3]	3,877,529	2,363,682	(3,100,298)	(67)	3,140,847
Accumulated impairment losses on other current debtors [4]	2,933,585	554,458	(1,141,968)	(5,827)	2,340,248
Non current provisions	6,334,819	350,980	–	67,236	6,753,035
Current provisions	1,361,548	364,903	(239,847)	–	1,486,604
	112,669,755	14,191,200	(5,415,269)	(504,393)	120,941,293

1. Note 6 2. Note 7 3. Note 14 4. Note 15

PROVISIONS AND IMPAIRMENT LOSSES – 2020

	BALANCE AT 1 JAN	INCREASE	DECREASE	TRANSFERS AND OTHER MOVEMENTS	BALANCE AT 31 DEC
Accumulated impairment losses on investments	769,213	–	–	–	769,213
Impairment losses on property, plant and equipment [1]	86,688,619	4,404,561	(364,554)	–	90,728,626
Impairment losses on intangible assets [2]	6,839,207	863,797	(1,038,569)	–	6,664,435
Accumulated impairment losses on trade receivables [3]	3,157,289	1,409,270	(689,030)	–	3,877,529
Accumulated impairment losses on other current debtors [4]	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

1. Note 6 2. Note 7 3. Note 14 4. Note 15

As at 31 December 2021 and 2020 the amount of «increases» and «decreases» in Provisions and impairment losses are as follows:

	31 DEC 2021	31 DEC 2020
Increase/(Decrease) on provisions and impairment losses in the income statement	(4,032,061)	13,300,582
Uses and reversions recorded in property, plant and equipment and intangible assets	–	(1,174,922)
Direct use of impairments on accounts receivable	(1,141,792)	(3,090,504)
Impairment losses net of reversals	21,883,641	–
Goodwill impairment [1]	(7,435,352)	(7,088,699)
Others	(498,505)	(209,802)
	8,775,931	1,736,655

1. Note 9

The caption «Non-current provisions» and «Current provisions» includes 6,753,035 euro (6,334,819 euro as at 31 December 2020) relating to non-current contingencies assumed by the Company, when 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 materialised, 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.

The caption «Impairment losses net of reversals» includes the reversal of an amount payable to related parties, arised from the Spanish tax consolidation perimeter, since it was assumed that this amount will not be charged.

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

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

As at 31 December 2021 the reconciliation of liabilities arising from financing activities are as follows:

	BANK LOANS [1]	DERIVATIVE FINANCIAL INSTRUMENTS [2]	RIGHTS-OF-USE [3]
OPENING BALANCE AT 1 JAN 2021	658,901,918	(1,492,232)	1,092,910,098
CASH FLOWS			
Receipts relating to financial debt	742,467,899	–	–
Payments relating to financial debt	(823,119,305)	–	(152,256,648)
Bank overdrafts	(32,593)	–	–
Financial debt update	–	–	68,948,352
Increase/(decrease) in fair value	–	(27,268,655)	–
Costs of setting up the financing	434,515	–	–
Unpaid rents	–	–	(1,140,377)
Rental discounts related to the impact of the pandemic [4]		–	(740,810)
Discontinued operations	–	–	(2,230,424)
Increases/(decrease) in leases [3]	–	–	88,060,047
Impact on eliminations by acquisition of subsidiaries	–	–	(12,040,975)
Exchange rate	6,682,501	–	–
Others	8,759	–	503,741
BALANCE AT 31 DEC 2021	**585,343,694**	**(28,760,887)**	**1,082,013,004**

1. Note 23 2. Note 24 3. Note 8 4. Note 37

32. CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2021 and 2020, contingent liabilities to which Group is exposed can be detailed as follows:

GUARANTEES AND SURETIES GIVES

CONTINGENT ASSETS AND LIABILITIES

	31 DEC 2021	31 DEC 2020
GUARANTEES AND SECURITIES GIVEN		
on tax claims	822,554,165	900,887,077
on judicial claims	172,437	155,256
on municipal claims	7,911,731	5,966,077
for proper agrement fulfillment	17,225,317	17,088,947
other guarantees	296,778	354,876
GUARANTEES AND SECURITIES GIVEN IN FAVOUR OF CARVE-OUT ENTITIES		
on tax claims	26,662,020	26,662,020

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 411.7 million euro (480.5 million euro as at 31 December 2020). 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 euro as a result of a tax appeal presented by the Company Sonae MC SGPS, S.A. concerning an additional tax assessment by Tax authorities, relating to 31 December 2005, corresponding to a prior coverage of tax losses accrued by the company held, which was taken to the cost of the participation, moreover, as is already understood by the Tax Administration itself, it was understood that now and in the concrete case it should not consider the amount of the cost of participation, including, therefore, the coverage of losses, upon the liquidation of the company held;

- Fiscal lawsuit related to rent tax, concerning a subsidiary of the Company in Brazil, in the amount of, approximately, 10.2 million euro (65.3 million Brazilian real), which is being judged by a tax court, for which there were granted guarantees in the amount of 44.8 million euro (282.7 million Brazilian real). The difference between the value of the contingency and the value of the guarantee relates with the update of the related responsibility.

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

Within the framework of regularisation 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 euro, having the respective guarantees been eliminated. The related tax appeals continue in courts, having the maximum contingencies been reduced through the elimination of fines and interests related with these tax assessments.

As 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 euro. The amount claimed by the Brazilian Tax Authorities, concerning the tax lawsuits still in progress, which the company's lawyers assess as having a high probability of loss, plus the amounts already paid 16.4 million euro (17.2 million euro at 31 December 2020) related to programs for the Brazilian State of tax recovery, amount to near 15.2 million euro at 31 December 2021 (15 million euro at 31 December 2020). Furthermore, there are other tax assessments totalling

76.2 million euro (77.9 million euro as at 31 December 2020) for which the Board of Directors, based on its lawyers' assessment, understands will not imply future losses to the former subsidiary.

Procedure for contesting fines imposed by the Competition Authority

In 2016, the Competition Authority («Autoridade da Concorrência» – AdC) notified Sonae MC SGPS, S.A. (former – Sonae Investimentos), Modelo Continente SGPS (Former 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 «EDP Continente Plan» (Plano EDP Continente). It should be noted that the EDP/Continente Plan took place during 2012 having been extended through the first months of 2013 to allow the use of discounts that had been granted to customers until 31 December 2012. The development of this type of business promotion agreement is a common practice in the Portuguese market. In 2017, the AdC imposed fines of 2.8 million euro on Sonae Investimentos e 6.8 million euro on Modelo Continente. AdC also condemned MC, but it did not impose any fine on it since that company does not present any turnover. These companies challenged the AdC's 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, although reducing the amounts of the fine to, respectively, 2.52 million euro and 6.12 million euro. The companies appealed this decision to the Lisbon Court of Appeal (TRL), where it is pending. On 5 April 2021, this Court suspended the proceedings and formulated a dozen of preliminary judicial questions to the Court of Justice of the Union (TJUE). 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, 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. Until December 31, 2021, 9 Notes of Illegality were issued in 9 of these proceedings. In the course of 2020, the AdC issued condemnation decisions in two of these cases, setting a «competition fine» to MCH in the amount of 121.9 million euro. In the course of 2021, the AdC issued conviction decisions in three other of these cases, setting a total fine of 38.95 million euro for MCH. Condemnatory decisions can and will be challenged before the Competition Authority, within the due legal time limits.

Based on the assessment of its lawyers and economic consultants, the Board of Directors disagrees with the understanding and 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 MC acts as a lessor, recognised as income during the period ended 31 December 2021 and 2020 amounted to 30,880,564 euro and 25,932,036 euro, respectively.

Additionally, at 31 December 2021 and 2020, MC had operational lease contracts, as a lessee, whose minimum lease payments had the following payment schedule:

	31 DEC 2021	31 DEC 2020
DUE IN		
N+1 automatically renewal	843,489	568,543
N+1	29,912,190	27,822,614
N+2	25,643,503	24,304,520
N+3	22,696,454	20,313,364
N+4	21,202,793	17,233,285
N+5	18,877,740	15,833,567
After N+5	27,466,217	13,983,460
	146,642,384	**120,059,353**

34. REVENUE

As at 31 December 2021 and 2020, Revenue is made up as follows:

	31 DEC 2021	31 DEC 2020 RESTATED
Sale of goods	5,234,350,867	4,931,562,832
Services rendered	127,281,079	112,430,779
	5,361,631,946	**5,043,993,611**

35. GAINS AND LOSSES ON INVESTMENTS

As at 31 December 2021 and 2020, «gain and losses on investments» are as follows:

	31 DEC 2021	31 DEC 2020 RESTATED
Acquisition cost correction	(1,091,200)	–
Gains/(losses) on the sale of investments in subsidiaries	**(1,091,200)**	**–**
Gains/(losses) on investments recorded at fair value through results	–	(333)
Others	2,597	(133)
TOTAL INCOME/(EXPENSES) RELATED TO INVESTMENTS	**(1,088,603)**	**(466)**
DIVIDENDS	**200,488**	**100,488**

36. NET FINANCIAL EXPENSES

As at 31 December 2021 and 2020, «net financial expenses» are as follows:

	31 DEC 2021	31 DEC 2020 RESTATED
EXPENSES		
INTEREST PAYABLE		
related with bank loans and overdrafts	(3,487,509)	(3,863,613)
related with non convertible bonds	(3,654,762)	(3,562,275)
related with leases [1]	(68,948,352)	(65,340,498)
others	(815,296)	(602,465)
	(76,905,919)	**(73,368,851)**
Foreign exchange losses	(19,674,402)	(10,132,496)
Foreign exchange losses related to loans	(6,979,350)	(2,451,990)
Up front fees and commissions related to loans	(2,509,842)	(2,801,810)
Others	(1,380,283)	(877,688)
	(107,449,796)	**(89,632,835)**
INCOME		
INTEREST RECEIVABLE		
related with bank deposits	1,978	2,204
others	486,850	1,500,015
	488,828	**1,502,219**
Foreign exchange gains	20,283,404	10,026,404
Gains with derivative financial instrument [2]	7,106,548	–
Other financial income	16,168	20,072
	27,894,948	**11,548,695**
NET FINANCIAL EXPENSES	**(79,554,848)**	**(78,084,140)**

1. Note 8 2. Note 11 and 24

37. OTHER INCOME

As at 31 December 2021 and 2020, the caption «Other Income» is made up as follow:

	31 DEC 2021	31 DEC 2020 RESTATED
Supplementary income	36,241,878	28,224,745
Prompt payment discounts received	24,305,536	24,107,924
Own work capitalised [1]	11,112,343	10,625,203
Gains with derivative financial instrument [2]	12,095,993	–
Exchange differences	6,635,277	8,799,250
Gains on sales of assets	1,917,544	4,194,130
Rental discounts [3]	740,810	3,012,700
Subsidies	2,601,810	2,963,753
Others	3,372,243	4,072,058
	99,023,434	85,999,763

1. Note 7 2. Note 15 and 24 3. Note 31

38. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2021 and 2020, «External supplies and services» are as follows:

	31 DEC 2021	31 DEC 2020 RESTATED
Services	77,400,831	68,419,980
Electricity	86,587,839	65,634,431
Advertising expenses	60,456,504	54,080,823
Transports	45,440,207	39,190,225
Cleaning up services	41,184,916	37,800,694
Maintenance	29,182,100	28,109,176
Rents	24,976,456	24,949,925
Security	22,427,690	21,315,492
Costs with automatic payment terminals	14,207,074	13,275,808
Home delivery	14,548,695	12,687,870
Consumables	12,323,271	10,144,106
Communications	6,640,434	5,111,713
Insurances	5,795,952	5,126,108
Travel expenses	3,190,939	3,472,917
Subcontracts	2,246,302	2,465,260
Others	44,666,962	43,045,975
	491,276,172	434,830,503

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.

39. EMPLOYEE BENEFIT EXPENSE

As at 31 December 2021 and 2020, Employee benefits expense are as follows:

	31 DEC 2021	31 DEC 2020 RESTATED
Salaries	491,442,394	464,453,115
Social security contributions	100,841,321	95,380,680
Insurance	10,123,416	9,599,143
Welfare	4,854,254	6,223,128
Other staff costs	15,189,726	17,328,431
	622,451,111	592,984,497

40. OTHER EXPENSES

As at 31 December 2021 and 2020, «Other expenses» are as follows:

	31 DEC 2021	31 DEC 2020 RESTATED
Galp/Continente loyalty program	12,075,603	12,126,184
Exchange differences	6,954,024	10,393,885
Donations	19,712,928	11,725,544
Other taxes	8,159,892	7,003,910
Losses on the disposal of assets	3,830,361	4,507,044
Municipal property tax	2,057,142	1,992,513
Other	3,845,223	2,375,413
	56,635,173	50,124,492

41. INCOME TAX EXPENSE

As at 31 December 2021 and 2020, income tax is made up as follows:

	31 DEC 2021	31 DEC 2020 RESTATED
Current tax	28,986,323	20,338,850
Deferred tax [1]	(8,135,348)	8,484,431
	20,850,975	28,823,281

1. Note 19

The reconciliation between the profit before Income tax and the tax charge for the years ended 31 December 2021 and 2020 is as follows:

	31 DEC 2021	31 DEC 2020 RESTATED
Profit before income tax	198,921,619	164,280,852
Income tax rate in Portugal (21%)	**41,773,540**	**34,498,979**
Effect of different income tax rates in other countries	(10,048,064)	(12,730,362)
Difference between capital (losses)/gains for accounting and tax purposes	186,504	(2,568,941)
Gains or losses in jointly controlled and associated companies [1]	(253,728)	(186,366)
Provisions and impairment losses not accepted for tax purposes	(3,034,140)	1,488,627
Use of tax losses that have not originated deferred tax assets	–	96,637
Amortisation of goodwill for tax pruposes in Spain [2]	5,816,680	5,816,679
Effect of constitution or reversal of deferred taxes	–	2,354,411
Donations unforeseen or beyond the legal limits	496,193	1,080,904
Use of tax benefits	(13,922,923)	(8,015,861)
Under/(over) Income tax estimates	(2,820,058)	1,413,467
Autonomous taxes and tax benefits	2,497,240	1,082,938
Municipality surcharge	4,482,133	4,506,869
Others	(4,322,403)	(14,700)
INCOME TAX ASSETS	20,850,975	28,823,281

1. Note 10 2. Note 19

42. RELATED PARTIES

Balances and transactions with related parties during the periods ended 31 December 2021 and 2020 are as follows:

	PARENT COMPANY		JOINTLY CONTROLLED COMPANIES	
	31 DEC 2021	31 DEC 2020 RESTATED	31 DEC 2021	31 DEC 2020 RESTATED
Sales & Services rendered	2,474,542	2,646,165	3,181,085	2,601,816
Other income	235,274	178,797	129,093	161,545
Cost of goods sold and materials consumed	–	–	290,346,345	280,821,018
External supplies and services	5,714,483	5,618,186	1,274,954	1,230,493
Other expenses	751	5	329	1
Financial expense	28,721	339,927	–	–
	8,453,771	8,783,080	294,931,806	284,814,873

	ASSOCIATED COMPANIES		OTHER RELATED PARTIES	
	31 DEC 2021	31 DEC 2020 RESTATED	31 DEC 2021	31 DEC 2020 RESTATED
Sales & Services rendered	44,512,020	42,631,262	95,982,841	94,616,520
Other income	125,056	166,004	14,177,863	17,550,439
Cost of goods sold and materials consumed	–	–	21,590,502	30,923,757
External supplies and services	2	1	26,917,825	26,072,153
Other expenses	–	–	378,712	984,166
Financial expense	–	–	8,728,163	6,344,536
	44,637,078	42,797,268	167,775,906	176,491,571

	PARENT COMPANY		JOINTLY CONTROLLED COMPANIES	
	31 DEC 2021	31 DEC 2020 RESTATED	31 DEC 2021	31 DEC 2020 RESTATED
Trade receivables	269,095	308,931	580,518	720,912
Other receivables	1,375,290	64,077	288,574	356,299
Income tax assets	12,337,647	14,321,505	–	–
Other current assets	40,352	40,467	39,124	–
Trade payables	736,260	2,227,723	66,700,498	78,954,260
Other payables	23,648	1,401,946	–	–
Income tax liabilities	22,103,430	13,761,526	–	–
Other current liabilities	1,225,432	710,839	204,458	154,932
	38,111,154	32,837,014	67,813,172	80,186,403
Property, plant and equipment acquisitions	1,280	173	17,364	–
Property, plant and equipment disposals	24,916	4,557	4,527	8,615
	26,196	4,731	21,891	8,615

	ASSOCIATED COMPANIES		OTHER RELATED PARTIES	
	31 DEC 2021	31 DEC 2020 RESTATED	31 DEC 2021	31 DEC 2020 RESTATED
Other non-current assets	–	–	4,027,030	–
Trade receivables	173,031	3,220,747	22,941,226	21,340,560
Other receivables	–	9,261	17,603,639	10,721,681
Income tax assets	–	–	3,585,846	6,911,074
Other current assets	–	–	3,377,404	3,468,847
Trade payables	2,097	2,097	6,792,559	7,867,024
Other payables	–	–	2,499,788	9,588,792
Income tax liabilities	–	–	6,946,674	30,755,419
Other current liabilities	–	–	14,134,332	14,800,700
	175,128	3,232,106	81,908,498	105,454,097
Property, plant and equipment acquisitions	–	–	2,839,642	4,297,981
Property, plant and equipment disposals	–	–	145,229	611,265
Intangible assets acquisitions	–	–	1,534,115	1,388,496
Intangible assets disposals	–	–	–	10,570
	–	–	4,518,986	6,308,311

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 MC companies for the years ended at 31 December 2021 and 2020, is composed as follows:

	31 DEC 2021		31 DEC 2020 RESTATED	
	ADMINISTRATIVE COUNCIL	STRATEGIC DIRECTION [1]	ADMINISTRATIVE COUNCIL	STRATEGIC DIRECTION [1]
Short-term benefits	111,300	2,986,494	202,500	2,861,460
Share Benefits	–	1,170,500	–	1,032,900
	111,300	4,156,994	202,500	3,894,360

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

43. EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2021 and 2020 were calculated taking into consideration the following amounts:

	31 DEC 2021		31 DEC 2020 RESTATED	
	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS
NET PROFIT				
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	176,031,131	45,975,360	135,227,840	8,121,956
Net profit taken into consideration to calculate diluted earnings per share	**176,031,131**	**45,975,360**	**135,227,840**	**8,121,956**
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	0.176031	0.045975	0.135228	0.008122
Diluted	0.176031	0.045975	0.135228	0.008122

As at 31 December 2021 and 2020, there are no dilutive effects on the number of shares outstanding.

44. CASH RECEIPTS AND CASH PAYMENTS OF INVESTMENTS

As at 31 December 2021 and 2020, cash receipts related to investments can be detailed as follows:

CASH RECEIPTS

	31 DEC 2021	31 DEC 2020
Disposal of Imosonae II fund units	3,839,290	–
Receipt relating to the sale of Tlantic to Parceya	400,000	100,000
Disposal of Maxmat [1]	39,743,871	–
Compensation Fund Work	750,819	414,365
Others	–	3,949
	44,733,980	**518,314**

1. Note 4.2

As at 31 December 2021 and 2020, cash payments related to investments can be detailed as follows:

CASH PAYMENTS

	31 DEC 2021	31 DEC 2020
Acquisition of Portimão Ativo [1]	20,215,007	–
Acquisition of 25% Elergone	1,500,000	–
Compensation Fund Work	1,462,948	1,275,612
Others	100,000	648,678
	23,277,955	**1,924,290**

1. Note 4.1

45. APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors and authorised for issue on 25 March 2022, however, they are still subject to approval at the Shareholders Annual General Meeting.

46. 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 MC as at 31 December 2021 and 31 December 2020 are as follows:

GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS – PERCENTAGE OF CAPITAL HELD — CONTINUES

			31 DEC 2021		31 DEC 2020	
COMPANY		HEAD OFFICE	DIRECT*	TOTAL*	DIRECT*	TOTAL*
Sonae MC SGPS, S.A.		Matosinhos	HOLDING	HOLDING	HOLDING	HOLDING
Amor Bio, Mercado Biológico, Lda [1]	a)	Maia	–	–	100.00%	100.00%
Arenal Perfumerias SLU	a)	Lugo (Spain)	100.00%	60.00%	100.00%	60.00%
Asprela – Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Azulino Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
BB Food Service, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Bertimóvel – Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Bom Momento – Restauração, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Brio – Produtos de Agricultura Biológica, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Canasta – Empreendimentos Imobiliários, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Chão Verde – Sociedade de Gestão Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Citorres – Sociedade Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Contimobe – Imobiliária de Castelo de Paiva, S.A.	a)	Castelo de Paiva	100.00%	100.00%	100.00%	100.00%
Continente Hipermercados, S.A.	a)	Oeiras	100.00%	100.00%	100.00%	100.00%
Cumulativa – Sociedade Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Elergone Energias, Lda	a)	Matosinhos	100.00%	100.00%	75.00%	75.00%
Farmácia Selecção, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Fozimo – Sociedade Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Fundo de Investments 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%
H&W – Mediadora de Seguros, S.A.[2]	a)	Maia	100.00%	100.00%	–	–
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%
Closer Look Design, Lda	a)	Maia	100.00%	100.00%	100.00%	100.00%
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. [3]	b)	Maia	–	–	50.00%	50.00%
Modelo Continente Hipermercados, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%

GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS – PERCENTAGE OF CAPITAL HELD — CONCLUSION

			31 DEC 2021		31 DEC 2020	
COMPANY		HEAD OFFICE	DIRECT*	TOTAL*	DIRECT*	TOTAL*
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 and 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%
Portimão Ativo – Sociedade Imobiliária, S.A. [4]	a)	Maia	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. [5]	a)	Oeiras	–	–	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 [6]	a)	La Valeta (Malta)	–	–	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)	Porto	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%
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%

* 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. Subsidiary merged during the year into Brio – Produtos de Agricultura Biológica, S.A.;
2. Subsidiary constituted in the year;
3. Subsidiary sold during the year;
4. Subsidiary acquired in the year;
5. Subsidiary merged during the year into Pharmacontinente – Saúde and Higiene, S.A.;
6. Subsidiary liquidated in the year.

These entities are consolidated using the full consolidation method.

47. SUBSEQUENT EVENTS

WAR IN UKRAINE

At the end of February 2022 the war began in Ukraine which is having a severe impact on millions of people's lives and will certainly have serious consequences for the global economy.

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 AdC investigations in 2017, on March 17th, Modelo Continente Hipermercados, S.A., was notified of a new Illegality note which represents only a interim phase, still subject to the exercise of the right of defense of the parties involved in.

Approved at the Board of Directors meeting on 25 March 2022.

The Board of Directors,

Maria Cláudia Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

João Pedro Magalhães da Silva Torres Dolores

João Nonell Günther Amaral

Jan Reinier Voûte

Alan David Roux

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

SEPARATE
FINANCIAL STATEMENTS

SEPARATE STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 AND 2020

(Translation of separated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(AMOUNTS EXPRESSED IN EURO)	NOTES	31 DEC 2021	31 DEC 2020
ASSETS			
NON-CURRENT ASSETS			
Financial investments in subsidiaries	5	2,143,969,373	2,164,753,787
Income tax	8	2,916,832	2,916,832
Deferred tax assets		3	1,135
Other non-current assets	4, 6	405,587,753	370,969,603
TOTAL NON-CURRENT ASSETS		**2,552,473,961**	**2,538,641,357**
CURRENT ASSETS			
Other accounts receivable	4, 7	272,146,245	378,853,296
Income tax	8	7,694,548	9,255,600
Other current assets	4, 9	7,401,337	3,522,274
Derivative financial instruments	4, 12	7,106,548	–
Cash and cash equivalents	4, 10	137,021,419	79,699,248
TOTAL CURRENT ASSETS		**431,370,097**	**471,330,418**
TOTAL ASSETS		**2,983,844,058**	**3,009,971,775**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	1,000,000,000	1,000,000,000
Legal reserve		198,366,897	186,480,406
Other reserves	11	197,944,055	105,020,218
Retained earnings	11	–	7,080,512
Net Profit/ (Loss) for the period		162,696,110	237,729,816
TOTAL EQUITY		**1,559,007,062**	**1,536,310,952**
LIABILITIES			
NON-CURRENT LIABILITIES			
Bonds	4, 12	223,620,524	321,021,071
Bank loans	4, 12	160,950,400	194,599,695
Other non-current liabilities		50,021	50,021
TOTAL NON-CURRENT LIABILITIES		**384,620,945**	**515,670,787**
CURRENT LIABILITIES			
Bonds	4, 12	72,423,939	–
Trade payables	4	113,988	96,516
Other accounts payable	4, 14	962,610,269	952,593,786
Income tax	8	2,101,152	2,101,152
Other current liabilities	4, 15	2,966,703	3,198,582
TOTAL CURRENT LIABILITIES		**1,040,216,051**	**957,990,036**
TOTAL EQUITY AND LIABILITIES		**2,983,844,058**	**3,009,971,775**

The accompanying notes are part of these separate financial statements.

SEPARATE PROFIT AND LOSS STATEMENTS
FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 2020

(Translation of separated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(AMOUNTS EXPRESSED IN EURO)	NOTES	31 DEC 2021	31 DEC 2020
Gains or losses on investments	18	171,271,358	244,613,180
Financial income	19	15,906,505	10,020,210
Other income		1,238,542	1,363,816
External supplies and services	20	(2,600,815)	(2,767,213)
Staff costs	21	(175,757)	(303,564)
Provisions and impairment losses	16	(24)	–
Financial expenses	19	(24,166,539)	(18,045,515)
Other expenses		(32,288)	(38,559)
PROFIT BEFORE INCOME TAX		**161,440,982**	**234,842,355**
Income tax	8	1,255,128	2,887,461
NET PROFIT/ (LOSS) FOR THE PERIOD		**162,696,110**	**237,729,816**
EARNINGS PER SHARE (BASIC AND DILUTED)	**22**	**0.1627**	**0.2377**

The accompanying notes are part of these separate financial statements.

SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 2020

(Translation of separated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(AMOUNTS EXPRESSED IN EURO)	NOTES	SHARE CAPITAL	LEGAL RESERVE	OTHER RESERVES
Balance at 1 Jan 2020		1,000,000,000	177,949,491	25,013,347
Total comprehensive income for the period		–	–	–
APPROPRIATION OF PROFIT OF 2019				
Transfer to reserves	11	–	8,530,915	87,087,383
Dividends	11	–	–	–
Transfers		–	–	(7,080,512)
BALANCE AT 31 DEC 2020	**11**	**1,000,000,000**	**186,480,406**	**105,020,218**
Balance at 1 Jan 2021	11	1,000,000,000	186,480,406	105,020,218
Total comprehensive income for the period		–	–	–
APPROPRIATION OF PROFIT OF 2020				
Transfer to reserves	11	–	11,886,491	85,843,325
Dividends	11	–	–	–
Transfers	11	–	–	7,080,512
BALANCE AT 31 DEC 2021	**11**	**1,000,000,000**	**198,366,897**	**197,944,055**

(AMOUNTS EXPRESSED IN EURO)	NOTES	RETAINED EARNINGS	NET PROFIT/ (LOSS)	TOTAL EQUITY
Balance at 1 Jan 2020		–	170,618,298	1,373,581,136
Total comprehensive income for the period		–	237,729,816	237,729,816
APPROPRIATION OF PROFIT OF 2019				
Transfer to reserves	11	–	(95,618,298)	–
Dividends	11	–	(75,000,000)	(75,000,000)
Transfers		–	–	–
BALANCE AT 31 DEC 2020	**11**	**7,080,512**	**237,729,816**	**1,536,310,952**
Balance at 1 Jan 2021		7,080,512	237,729,816	1,536,310,952
Total comprehensive income for the period		–	162,696,110	162,696,110
APPROPRIATION OF PROFIT OF 2020				
Transfer to reserves	11	–	(97,729,816)	–
Dividends	11	–	(140,000,000)	(140,000,000)
Transfers	11	(7,080,512)	–	–
BALANCE AT 31 DEC 2021	**11**	**–**	**162,696,110**	**1,559,007,062**

The accompanying notes are part of these separate financial statements.

SEPARATE STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 2020

(Translation of separated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(AMOUNTS EXPRESSED IN EURO)	NOTES	31 DEC 2021	31 DEC 2020
OPERATING ACTIVITIES			
Payments to suppliers		(2,623,624)	(2,883,073)
Payments to employees		(186,771)	(309,951)
Cash flow generated by operations		(2,810,395)	(3,193,024)
Income taxes (paid)/received		2,817,312	14,784,120
Other cash receipts/(payments) related to operating activities		1,590,557	1,313,506
NET CASH FLOW FROM OPERATING ACTIVITIES (1)		**1,597,474**	**12,904,602**
INVESTMENT ACTIVITIES			
RECEIPTS ARISING FROM			
Investments	5, 10	68,034,480	2,011,350
Intangible assets		5,963	-
Interests and similar income		9,632,146	9,972,049
Dividends	18	137,844,283	248,313,288
Others		10,060	18,859
Loans granted		3,863,374,251	3,418,398,087
		4,078,901,183	3,678,713,633
PAYMENTS ARISING FROM			
Investments	5, 10	(9,500,000)	(23,266,680)
Loans granted		(3,801,264,683)	(3,408,188,050)
		(3,810,764,683)	(3,431,454,730)
NET CASH USED IN /GENERATED BY INVESTMENT ACTIVITIES (2)		**268,136,500**	**247,258,903**
FINANCING ACTIVITIES			
RECEIPTS ARISING FROM			
Loans obtained	13	5,744,894,899	6,883,510,000
		5,744,894,899	6,883,510,000
PAYMENTS ARISING FROM			
Interest and similar charges		(16,745,602)	(18,126,090)
Dividends		(140,000,000)	(75,000,000)
Loans obtained	13	(5,800,561,100)	(6,981,206,983)
		(5,957,306,702)	(7,074,333,073)
NET CASH FLOWS USED IN FINANCING ACTIVITIES (3)		**(212,411,803)**	**(190,823,073)**
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS (4) = (1) + (2) + (3)		**57,322,171**	**69,340,432**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	10	**79,699,248**	**10,358,816**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10	**137,021,419**	**79,699,248**

The accompanying notes are part of these separate financial statements.

SONAE MC, SGPS, S.A.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in euro)

(Translation of separated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

1. INTRODUCTION

Sonae MC, SGPS, S.A. (hereon «the Company» or «MC») is a Portuguese company, with head-office in Rua João Mendonça n.º 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.

As mentioned in the management report, despite the reduced impact of the COVID-19 pandemic in the individual activity of the Company during 2021, legal restrictions and/or temporary shutdowns of some stores for several weeks, especially during the 1st and 2nd quarters, impacted the activity of some of the Company's subsidiaries.

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 2021 and as adopted by the European Union (EU).

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

Management assessed the Company's ability to operate on a going concern basis, taking into consideration all relevant information, facts and circumstances of financial, commercial or other nature, including subsequent events to the date of these separate financial statements. As a result, management concluded that the Company has adequate resources to maintain its activities, having no intention to cease activities in the short term, and deemed the use of the going concern assumption appropriate.

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

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

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

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

NEW ACCOUNTING STANDARDS, INTERPRETATIONS, AMENDMENTS AND REVISIONS

The following standards, interpretations, amendments and revisions were endorsed by EU and became effective as of 1 January 2021:

STANDARDS (NEW AND AMENDMENTS) EFFECTIVE AS AT 1 JANUARY 2021

STANDARDS	CHANGES	EFFECTIVE DATE *
IFRS 16 Leases – COVID-19 related rent concessions beyond 30 June 2021	Extension of the application period for the exemption in the recognition of rent concessions granted by lessors related to COVID-19, as modifications, until 30 June 2022	01 Apr 2021
IFRS 4 Deferral of IFRS 9	The end of the exemption of applying IFRS 9 by the entities with insurance activity was deferred to 1 January 2023	01 Jan 2021
IFRS 9, IAS 39 and IFRS 7 Interest rate benchmark («IBOR») reform – phase 2	Provide practical expedients to address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. Required disclosures about the exposure to the change of interest rate benchmark	01 Jan 2021

* for financial years beginning on or after

There was no significant impact on the separate financial statements resulting from their application on the year ended on 31 December 2021, particularly regarding the interet rate benchmark («IBOR») reform which relate to interet rates used in several financial instruments, such as loans, bank deposits or derivative financial instruments, as is the example of Euribor and Libor. Some IBOR are being reformulated, however, regarding Euribor, to which MC financial instruments are indexed, there is no indication that it will be replaced in a near future, after its reestructuring in 2019.

STANDARDS, INTERPRETATIONS, AMENDMENTS AND REVISIONS THAT WILL BECAME EFFECTIVE ON OR AFTER 1 JANUARY 2022

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 2022, ALREADY ENDORSED BY THE EU

STANDARDS	CHANGES	EFFECTIVE DATE *
IAS 16 Proceeds before intended use	Prohibition of deducting the proceeds obtained from the sale of items produced during the testing phase, to the acquisition cost of property, plant and equipment	01 Jan 2022
IAS 37 Onerous contract – cost of fulfilling a contract	Clarification about the nature of the expenses to be considered in determining whether a particular contract has become onerous	01 Jan 2022
IFRS 3 Reference to the Conceptual framework	Update to references to the Conceptual Framework and clarification on the registration of provisions and contingent liabilities within the scope of a business combination	01 Jan 2022
IAS 1 Presentation of financial statements – classification of liabilities	Classification of a liability as current or non-current, depending on an entity's right to defer its payment. New definition of «settlement» of a liability	01 Jan 2023
IAS 1 Disclosure of accounting policies	Disclosure requirement for material accounting policies, rather than significant accounting policies	01 Jan 2023
IAS 8 Disclosure of accounting estimates	Definition of accounting estimate. Clarification as to the distinction between changes to accounting policies and changes to accounting estimates	01 Jan 2023
IFRS 17 Insurance contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participating features	01 Jan 2023
IFRS 17 Insurance contracts (amendments)	The amendments to IFRS 17 relate to changes in areas such as: (i) scope; (ii) level of aggregation of insurance contracts; (iii) recognition; (iv) measurement; (v) modification and derecognition; (vi) presentation of the Statement of Financial Position; (vii) recognition and measurement of the Income statement; and (viii) disclosures	01 Jan 2023
Annual improvement 2018 – 2020	Specific amendments to IFRS 1, IFRS 1, IFRS 9, IFRS 16 and IAS 41	01 Jan 2022

* for financial years beginning on or after

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 2021. 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 2022, NOT YET ENDORSED BY THE EU

STANDARDS	CHANGES	EFFECTIVE DATE *
IAS 12 Deferred tax related to assets and liabilities arising from a single transaction	Requirement to recognise deferred tax on the recognition of assets under right-of-use/lease liability and provisions for decommissioning/related asset, when their initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences, because of not being relevant for tax purposes	01 Jan 2023
IFRS 17 Initial application of IFRS 17 and IFRS 9 – Comparative Information	This amendment allows to avoid temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented, when first applying IFRS 17. This amendment allows the application of a classification overlay to a financial asset for which the entity does not restate IFRS 9 comparative information	01 Jan 2023

* for financial years beginning on or after

These standards have not been endorsed by European Union and, therefore, the Company did not implement them for the year ended 31 December 2021.

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 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.

The Company 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, MC recognises additional losses for other liabilities or payments made in the benefit of the companies.

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 separate 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 registered 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 buy or sell 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 only correspond 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: include 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 their nature.

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 accounts receivable», 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 receivable

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

Financial income is calculated applying the effective interest rate, except for short-term receivables where the amounts to recognise would be immaterial.

These financial investments arise when the Company provides funds or services 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 accounts receivable», reflecting their net realisable value.

Impairment losses on loans granted and accounts receivable are recognised according to the accounting polices previously described.

Impairment losses recorded equal the difference between the recorded receivable balance and the present value of its estimated future cash flows, discounted at the effective interest rate. When the receivable is expected to occur 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, regardless 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 «Bonds», «Bank loans», «Trade payables» and «Other accounts payable». 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 2021, 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.

a) 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.

b) Trade payables and other accounts payable

Trade payables and other accounts payable are stated at their face value since they relate to short term debt and the discount effect is estimated to be immaterial.

c) 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.

d) Derivative financial instruments

MC uses derivatives in the management of its financial risks to hedge such risks, not being used with speculative purposes.

Derivative financial instruments are initially recorded at the fair value as at transaction date and subsequently measured at fair value. The method of recognising fair value gains and losses depends on the designation of the derivative 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 the Company, in each transaction, is the amount of the hedged item and the amount of the hedging instrument that the entity effectively uses to cover that amount of the hedged item.

Derivatives classified as cash flow hedging instruments are used by MC mainly to hedge interest risks on loans obtained and exchange rate.

Hedging efficiency is assessed based on critical criteria (amount, interest rate, interest liquidation dates, exchange rate and maturity date) of the hedged item and of the hedging instrument which tend to be equal. That results in a hedging rate close to 100%. Changes in the hedge criteria and hedged item are continuously monitored. Inefficiencies, if any, are accounted under «Financial income» or «Financial expenses» in the separate 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 separate income statement.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics of the host contract are not closely connected and these are not stated at fair value, gains and losses which are not realised recorded in the separate income statement.

e) Balances and transactions stated in foreign currency

Transactions in foreign currency are recorded in the functional currency (Euro) using the rates in force on the date of the transaction. Assets and liabilities expressed in foreign currency are translated into the functional currency, using the exchange rates prevailing on the date of the statement of financial position for each period. 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 in the separate income statement.

Non-monetary assets and liabilities in foreign currency recorded at historical cost are converted into the functional currency, using the exchange rate in force on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and recorded at fair value are converted into the functional currency, using the exchange rate in force on the date on which the fair value was determined.

2.4. 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 financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

2.5. 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.

2.6. SUBSEQUENT EVENTS

Events after the separate financial statement 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.

2.7. JUDGEMENTS AND ESTIMATES

Estimates and judgements with impact on the separate financial statements are continuously evaluated, representing at each reporting date 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 impairments to asset values (note 2.3);

c) Provisions and contingent liabilities analysis (notes 2.4 and 17);

d) Measurement of derivate financial instruments fair value (notes 2.3d) and 7).

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/or 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% off 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.

MC is included in the taxable group of companies dominated by Sonae, SGPS, S.A., 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 likely.

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 the Company'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 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%, 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 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 monitored and supervised by MC's management and treasury department.

The main goal of risk management is to support the long term strategy of MC, reducing undesired risks, its related volatility and trying to mitigate potential negative impacts on MC results that may result from such risks. MC has a conservative and prudent posture regarding risk and, when derivative financial instruments are used, they intend to hedge an operational risk, and not speculate.

3.1. MARKET RISKS

INTEREST RATE RISK

Interest rate risk has a significant importance regarding market risk management. MC exposure to interest rate arises mainly from long-term loans which, in its majority, 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. MC's policy allows the use of interest rate derivatives to decrease the exposure to Euribor fluctuations but not for speculative 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:

Interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect interest receivable or payable 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, 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 2021 would decrease by approximately 1.3 million euro (4.1 million euro decrease in 2020), considering the contractual fixing dates and excluding other effects arising on the Company operations.

EXCHANGE RATE RISK

The impact on the financial statements of changes in exchange rate is reduced, as most operacional transactions are denominated in euro. MC is only exposed to exchange rate risk due to a loan obtained in US Dollars.

To limit the risk of exposure to foreign currencies MC contracted a financial derivative 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 making financing decisions establishing fixed and known expenses. Exchange rate hedging accompanies all the financing decision process.

As at 31 December 2021 the amount in euros of the liabilities denominated in USD was 105,950,400 euros (nil in 2020).

Since a perfect exchange rate hedging derivative was contracted there are no impacts in results due to fluctuations in the exchange rate.

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 2021 MC's average debt maturity, adjusted for cash and cash equivalents and pre-financed long-term credit lines available, was approximately 5 years (2020: 4.7 years).

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. As at 31 December 2021 there were 72.5 million euros of loans with maturity in 2022 (in 2020 no loans had maturity in 2021) and the Company had 96 million euro committed credit facilities for a period of up to one year (94 million euro in 31 December 2020), and 125 million euro committed for a period of over one year (265 million euro in 2020), 175 million euro when contemplated the credit lines contracted in the beginning of 2022 (note 12). Furthermore, MC maintains as at 31 December 2021 a liquidity reserve that includes cash and cash equivalents as described on note 10. Although current assets are lower than current liabilities, MC expects to meet all its obligations using its operacional cash flows, its financial assets, and, if needed, drawing existing available credit lines as well as extending the maturity of loans to related entities.

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

3.3. CREDIT RISK

Credit risk is defined as the probability of a counterparty defaulting on its contractual obligations resulting in a financial loss and is primarily present in MC's 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.

MC is also exposed to credit risk in its relationship with financial institutions, regarding bank deposits.

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

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.

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 the financial instruments were classified, as at 31 December 2021 and 2020, as shown below:

FINANCIAL ASSETS – 31 DEC 2021

	NOTES	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL ASSETS AT FAIR VALUE	OTHER NON-FINANCIAL ASSETS	TOTAL
NON-CURRENT ASSETS					
Other non-current assets	6	405,587,753	–	–	405,587,753
		405,587,753	–	–	405,587,753
CURRENT ASSETS					
Other accounts receivable	7	271,493,208	–	653,037	272,146,245
Other current assets	9	6,619,086	–	782,251	7,401,337
Derivative financial instruments	12	–	7,106,548	–	7,106,548
Cash and cash equivalents	10	137,021,419	–	–	137,021,419
		415,133,713	7,106,548	1,435,288	423,675,549
		820,721,466	7,106,548	1,435,288	829,263,302

FINANCIAL LIABILITIES – 31 DEC 2021

	NOTES	FINANCIAL LIABILITIES AT AMORTISED COST	FINANCIAL LIABILITIES AT FAIR VALUE	OTHER NON-FINANCIAL ASSETS	TOTAL
NON-CURRENT LIABILITIES					
Bonds	12	223,620,524	–	–	223,620,524
Bank loans	12	160,950,400	–	–	160,950,400
Other non-current liabilities		50,021	–	–	50,021
		384,620,945	–	–	384,620,945
CURRENT LIABILITIES					
Bank loans	12	72,423,939	–	–	72,423,939
Trade payables		113,988	–	–	113,988
Other payable	14	962,604,877	–	5,392	962,610,269
Other current liabilities	15	2,917,881	–	48,822	2,966,703
		1,038,060,685	–	54,214	1,038,114,899
		1,422,681,630	–	54,214	1,422,735,844

FINANCIAL ASSETS – 31 DEC 2020

	NOTES	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL ASSETS AT FAIR VALUE	OTHER NON-FINANCIAL ASSETS	TOTAL
NON-CURRENT ASSETS					
Other non-current assets	6	370,969,603	–	–	370,969,603
		370,969,603	–	–	370,969,603
CURRENT ASSETS					
Other accounts receivable	7	378,200,259	–	653,037	378,853,296
Other current assets	9	2,243,242	–	1,279,032	3,522,274
Derivative financial instruments	12	–	–	–	–
Cash and cash equivalents	10	79,699,248	–	–	79,699,248
		460,142,749	–	1,932,069	462,074,818
		831,112,352	–	1,932,069	833,044,421

FINANCIAL LIABILITIES – 31 DEC 2020

	NOTES	FINANCIAL LIABILITIES AT AMORTISED COST	FINANCIAL LIABILITIES AT FAIR VALUE	OTHER NON-FINANCIAL ASSETS	TOTAL
NON-CURRENT LIABILITIES					
Bonds	12	321,021,071	–	–	321,021,071
Bank loans	12	194,599,695	–	–	194,599,695
Other non-current liabilities		50,021	–	–	50,021
		515,670,787	–	–	515,670,787
CURRENT LIABILITIES					
Bank loans	12	–	–	–	–
Trade payables		96,516	–	–	96,516
Other payable	14	952,584,371	–	9,415	952,593,786
Other current liabilities	15	3,094,832	–	103,750	3,198,582
		955,775,719	–	113,165	955,888,884
		1,471,446,505	–	113,165	1,471,559,671

5. FINANCIAL INVESTMENTS IN SUBSIDIARIES

Throughout 2021 and 2020 the movement in financial investments in subsidiaries was as follows:

FINANCIAL INVESTMENTS IN SUBSIDIARIES – 31 DEC 2021		ACQUISITION COST			
ENTITY	OWNED (%)	OPENING BALANCE	INCREASE	DECREASE	CLOSING BALANCE
Modelo Continente Hipermercados, S.A.	100%	1,345,763,096	–	–	1,345,763,096
IGI Investimentos e Gestão Imobiliária, S.A.[a]	100%	359,363,564	–	–	359,363,564
Sonvecap BV	100%	155,573,113	–	–	155,573,113
Marcas MC, ZRT	100%	146,943,000	–	–	146,943,000
Sonae MC – Serviços Partilhados, S.A.	100%	62,032,319	–	–	62,032,319
Pharmacontinente – Saúde and Higiene, S.A.	100%	54,082,875	–	–	54,082,875
Farmácia Selecção, S.A.	100%	13,940,377	–	–	13,940,377
Go Well, S.A.	100%	4,459,657	6,000,000[b]	–	10,459,657
Elergone Energias, Lda	100%	1,196,862	3,500,000[c]	(33,800)	4,663,062
Sohi Meat Solutions –Dist. de Carnes, S.A.	50%	2,340,000	–	–	2,340,000
Fundo Invest. Imobiliário Imosonae Dois	0.09%	143,429	–	–	143,429
SCBrasil Participações, Ltda.	62.51%	19,600,308	15,100,000[d]	–	34,700,308
Soflorin BV	100%	8,342,933	–	–	8,342,933
Zippy cocuk malz.dag.ith.ve tic.ltd.sti	100%	3,591,619	–	–	3,591,619
Modelo – Dist.de Mat. de Construção,S.A.	–	22,790,614	–	(22,790,614)[e]	–
Sonae MC S2 Africa Limited	–	67,880	–	(67,880)[f]	–
		2,200,231,646	24,600,000	(22,892,294)	2,201,939,352

a) Company formerly named Sonae RP Retail Properties, S.A.
b) Share capital increases and losses coverage;
c) Acquisition of remaining stake and share capital increase of deducted of non-realised acquisition price adjustment;
d) Share capital increase through the conversion of voluntary capital contributions;
e) Sale of 50% share capital held in Modelo–Distribuição de Materiais de Construção, S.A.;
f) Conclusion of the liquidation of Sonae MC S2 Africa Limited, which was fully impaired in previous years;

COMPANY	OWNED (%)	ACCUMULATED IMPAIRMENT [1]	BALANCE IN THE FINANCIAL STATEMENT POSITION
Modelo Continente Hipermercados, S.A.	100%	–	1,345,763,096
IGI Investimentos e Gestão Imobiliária, S.A.[a]	100%	–	359,363,564
Sonvecap BV	100%	–	155,573,113
Marcas MC, ZRT	100%	–	146,943,000
Sonae MC – Serviços Partilhados, S.A.	100%	–	62,032,319
Pharmacontinente – Saúde and Higiene, S.A.	100%	–	54,082,875
Farmácia Selecção, S.A.	100%	(3,860,377)	10,080,000
Go Well, S.A.	100%	(7,460,000)[g]	2,999,657
Elergone Energias, Lda	100%	–	4,663,062
Sohi Meat Solutions –Dist. de Carnes, S.A.	50%	–	2,340,000
Fundo Invest. Imobiliário Imosonae Dois	0.09%	(14,742)	128,687
SCBrasil Participações, Ltda.	62.51%	(34,700,308)	–
Soflorin BV	100%	(8,342,933)	–
Zippy cocuk malz.dag.ith.ve tic.ltd.sti	100%	(3,591,619)	–
Modelo – Dist.de Mat. de Construção,S.A.	–	–	–
Sonae MC S2 Africa Limited	–	–	–
		(57,969,979)	2,143,969,373

g) During 2021 an impairment loss was recorded in relation to the investment in Go Well, S.A. (note 18);

1. Note 16

Note: Fundo Invest. Imobiliário Imosonae Dois is held in 95.22% by Sonvecap BV (fully owned) hence its classification as investment and not «Financial asset at fair value through profit or loss»

FINANCIAL INVESTMENTS IN SUBSIDIARIES – 31 DEC 2020		ACQUISITION COST			
COMPANY	OWNED (%)	OPENING BALANCE	INCREASE	DECREASE	CLOSING BALANCE
Modelo Continente Hipermercados, S.A.	100%	1,331,763,096	14,000,000 [b]	–	1,345,763,096
IGI Investimentos e Gestão Imobiliária, S.A.[a]	100%	354,563,564	4,800,000 [b]	–	359,363,564
Sonvecap BV	100%	155,573,113	–	–	155,573,113
Marcas MC, ZRT	100%	146,943,000	–	–	146,943,000
Sonae MC – Serviços Partilhados, S.A.	100%	62,032,319	–	–	62,032,319
Pharmacontinente – Saúde and Higiene, S.A.	100%	50,082,875	4,000,000 [b]	–	54,082,875
Modelo – Dist.de Mat. de Construção, S.A.	50%	24,790,614	–	(2,000,000) [e]	22,790,614
Farmácia Selecção, S.A.	100%	13,940,377	–	–	13,940,377
Go Well, S.A.	100%	4,059,657	400,000 [c]	–	4,459,657
Sohi Meat Solutions – Dist. de Carnes, S.A.	50%	2,340,000	–	–	2,340,000
Elergone Energias, Lda	75%	1,196,862	–	–	1,196,862
Fundo Invest. Imobiliário Imosonae Dois	0.09%	143,429	–	–	143,429
SCBrasil Participações, Ltda.	37%	19,600,308	–	–	19,600,308
Soflorin BV	100%	8,342,933	–	–	8,342,933
Zippy cocuk malz.dag.ith.ve tic.ltd.sti	100%	3,591,619	–	–	3,591,619
Sonae MC S2 Africa Limited	100%	1,200	66,680 [d]	–	67,880
MOVVO, S.A.	–	3,632,843	–	(3,632,843) [f]	–
Sport Zone spor malz.per.satis ith.ve ti	–	396,395	–	(396,395) [f]	–
		2,182,994,204	23,266,680	(6,029,238)	2,200,231,646

a) Company formerly named Sonae RP Retail Properties, S.A.
b) Share capital increases;
c) Acquisition of the remaining share capital;
d) Voluntary capital contributions and respective impairment loss, since the company is in liquidation (note 18);
e) Voluntary capital contributions reimbursement;
f) Conclusion of the liquidation of MOVVO, S.A. and Sport Zone spor malz.per.satis ith.ve ti, which were fully impaired in previous years;

COMPANY	OWNED (%)	ACCUMULATED IMPAIRMENT [1]	BALANCE IN THE FINANCIAL STATEMENT POSITION
Modelo Continente Hipermercados, S.A.	100%	–	1,345,763,096
IGI Investimentos e Gestão Imobiliária, S.A.[a]	100%	–	359,363,564
Sonvecap BV	100%	–	155,573,113
Marcas MC, ZRT	100%	–	146,943,000
Sonae MC – Serviços Partilhados, S.A.	100%	–	62,032,319
Pharmacontinente – Saúde and Higiene, S.A.	100%	–	54,082,875
Modelo – Dist.de Mat. de Construção, S.A.	50%	–	22,790,614
Farmácia Selecção, S.A.	100%	(3,860,377)	10,080,000
Go Well, S.A.	100%	–	4,459,657
Sohi Meat Solutions –Dist. de Carnes, S.A.	50%	–	2,340,000
Elergone Energias, Lda	75%	–	1,196,862
Fundo Invest. Imobiliário Imosonae Dois	0.09%	(14,742) [g]	128,687
SCBrasil Participações, Ltda.	37%	(19,600,308)	–
Soflorin BV	100%	(8,342,933)	–
Zippy cocuk malz.dag.ith.ve tic.ltd.sti	100%	(3,591,619)	–
Sonae MC S2 Africa Limited	100%	(67,880)	–
MOVVO, S.A.	–	–	–
Sport Zone spor malz.per.satis ith.ve ti	–	–	–
		(35,477,859)	2,164,753,787

g) During 2020 an impairment loss was recorded in relation to the investment in Fundo de Investments Imobiliário Imosonae Dois (note 18);

1. Note 16

Note: Fundo Invest. Imobiliário Imosonae Dois is held in 95.22% by Sonvecap BV (fully owned) hence its classification as investment and not «Financial asset at fair value through profit or loss»

The Company's investments main financials as at 31 December 2021 were the following:

COMPANY'S INVESTMENTS MAIN FINANCIALS – 31 DEC 2021

COMPANY	OWNED (%)	ASSETS	LIABILITIES	EQUITY	INCOME	NET PROFIT/ (LOSS)
Elergone Energias, Lda [a]	100%	54,146,574	28,027,481	26,119,093	103,777,013	(3,698,932)
Farmácia Selecção, S.A. [a]	100%	11,013,183	927	11,012,256	–	433,053
Fundo Invest. Imobiliário Imosonae Dois [a]	0.09%	154,644,527	2,851,484	151,793,043	11,529,997	11,755,761
Go Well, S.A. [a]	100%	5,398,318	2,644,083	2,754,235	5,057,676	(1,716,295)
Marcas MC, zRT [a]	100%	370,649,527	11,462,701	359,186,826	71,034,704	59,099,997
Modelo Continente Hipermercados, S.A. [a]	100%	4,043,514,654	3,275,088,710	768,425,944	4,569,313,563	24,636,452
Pharmacontinente – Saúde and Higiene, S.A. [a]	100%	107,251,623	78,978,998	28,272,625	217,040,995	7,464,683
SCBrasil Participações, Ltda. [a]	62.51%	11,781,217	14,569,722	(2,788,505)	–	(3,746,829)
Soflorin BV	100%	80,683,510	75,046,820	5,636,690	–	(19,556)
Sohi Meat Solutions – Dist. de Carnes, S.A. [a]	50%	66,852,644	60,319,319	6,533,325	299,888,851	1,661,157
Sonae MC – Serviços Partilhados, S.A. [a]	100%	160,820,357	58,881,443	101,938,914	84,965,584	6,855,448
IGI Investimentos e Gestão Imobiliária, S.A. [a, b]	100%	782,200,734	477,266,195	304,934,539	26,792,493	30,939,462
Sonvecap BV	100%	160,639,180	62,205	160,576,975	–	5,082,797
Zippy cocuk malz.dag.ith.ve tic.ltd.sti [c]	100%	–	–	–	–	–

a) Financials from the financial statements included in Sonae MC, SGPS, S.A. consolidated accounts, which are prepared according to IFRS
b) Company formerly named Sonae RP Retail Properties, S.A.
c) Not available

The Company's investments main financials as at 31 December 2020 are shown below:

COMPANY'S INVESTMENTS MAIN FINANCIALS – 31 DEC 2020

COMPANY	OWNED (%)	ASSETS	LIABILITIES	EQUITY	INCOME	NET PROFIT/ (LOSS)
Elergone Energias, Lda [a]	75%	24,270,923	9,134,078	15,136,845	68,449,220	4,338,964
Farmácia Selecção, S.A. [a]	100%	10,579,980	777	10,579,203	–	411,692
Fundo Invest. Imobiliário Imosonae Dois [a]	0.09%	149,455,382	3,418,098	146,037,284	12,154,028	10,551,001
Go Well, S.A. [a]	100%	2,909,396	4,394,563	(1,485,167)	5,454,746	(1,611,115)
Marcas MC, zRT [a]	100%	368,611,917	6,325,089	362,286,828	68,468,094	62,293,525
Modelo Continente Hipermercados, S.A. [a]	100%	4,052,005,959	3,307,767,963	744,237,996	4,344,041,820	2,458,851
Modelo – Distribuição de Materiais de Construção, S.A. [a]	50%	83,761,229	39,280,724	44,480,505	115,647,785	9,008,007
Pharmacontinente – Saúde and Higiene, S.A. [a]	100%	104,011,978	79,574,698	24,437,280	189,855,504	128,338
SCBrasil Participações, Ltda. [a]	37%	10,980,929	25,312,573	(14,331,644)	–	(4,076,048)
Soflorin BV	100%	77,444,536	71,788,290	5,656,246	–	(2,214)
Sohi Meat Solutions – Dist. de Carnes, S.A. [a]	50%	72,383,179	66,398,841	5,984,338	285,604,981	1,295,033
Sonae MC – Serviços Partilhados, S.A. [a]	100%	165,380,584	58,705,961	106,674,623	92,432,037	11,901,205
Sonae MC S2 Africa Limited [a]	100%	4,900	7,812	(2,912)	–	(8,759)
IGI Investimentos e Gestão Imobiliária, S.A. [a, b]	100%	800,866,352	480,203,639	320,662,713	21,391,319	7,736,368
Sonvecap BV [a]	100%	172,483,316	159,733	172,323,583	–	8,329,405
Zippy cocuk malz.dag.ith.ve tic.ltd.sti [c]	100%	–	–	–	–	–

a) Financials from the financial statements included in Sonae MC, SGPS, S.A. consolidated accounts, which are prepared according to IFRS
b) Company formerly named Sonae RP Retail Properties, S.A.
c) 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 MC's investments valuation with the exception of IGI Investimentos e Gestão Imobiliária, S.A. and Marcas MC, zRT can be summarised as follows:

	31 DEC 2021	31 DEC 2020
Basis of recoverable amount	Value of use	Value of use
Weighted average cost of capital	10%	8.3%–10%
Perpetuity growth rate	1.50%	1.50%
Income compounded growth rate	-0.1% to 12.4%	-0.9% to 32.1%

IGI Investimentos e Gestão Imobiliária, S.A. impairment test was based on real estate valuations at the reporting date performed by independent specialised entities and Marcas MC, zRT impairment test was based on the «Royalty Relief Method» with a royalty rate from similar activities.

Modelo Continente Hipermercados, S.A. investment valuation did not take into account the pending contingencies over the referred subsidiary, since, at the date of approval of these financial statements, litigations are ongoing and it is the Board of Directors expectation that no liabilities will arise from the resolution of such litigations.

6. OTHER NON-CURRENT ASSETS

As at 31 December 2021 and 2020 non-current assets were as follows:

	31 DEC 2021	31 DEC 2020
Loans granted to related parties	418,229,070	394,347,009
Impairment on loans granted[1]	(12,691,338)	(23,427,427)
Other debtors	50,021	50,021
	405,587,753	**370,969,603**

1. Note 16

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

During 2021 the Company converted 15.1 million euros of loans granted to SCBrasil Participações, Ltda. in share capital.

Impairment of loans granted to related parties is assessed in accordance with note 2.3.a).

7. OTHER ACCOUNTS RECEIVABLE

As at 31 December 2021 and 2020 this caption is as follows:

	31 DEC 2021	31 DEC 2020
Loans granted to related parties	271,073,432	372,168,000
Interests to be received	398,304	6,020,064
State and other public entities	653,037	653,037
Other accounts receivable	210,423	207,884
Accumulated impariment losses [1]	(188,951)	(195,689)
	272,146,245	**378,853,296**

1. Note 16

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 2021 and 2020. The fair value of granted loans is similar to their carrying amount.

Impairment of loans granted to related parties is assessed in accordance with note 2.3.a).

8. INCOME TAX

As at 31 December 2021 and 2020 «Income tax» in the separate statement of financial position is composed of:

	31 DEC 2021	31 DEC 2020
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 years when the company was not dominant of the tax group	2,743,690	4,289,425
Income tax for years when the company was dominant of the tax group	4,950,858	4,966,175
CURRENT ASSETS	7,694,548	9,255,600
Income tax for years when the company was dominant of the tax group	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 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 years when the company was not dominant of the tax group» includes the income tax estimate and withholding tax. It also includes recoverable income tax for previous years. These amounts were recorded against Sonae, SGPS, S.A., since, from 2014 onwards, the Company is taxed under RETGS dominated by this entity.

«Income tax for years when the company was dominant of the tax group» balance is made of receivable and payable amounts related to the periods, prior to 2014, when the company was the dominant company of RETGS.

«Income tax» recognised in the separate income statement in 2021 and 2020 is detailed as follows:

	31 DEC 2021	31 DEC 2020
Current tax	(1,256,260)	(2,896,757)
Deferred tax	1,132	9,296
Income tax	(1,255,128)	(2,887,461)

Reconciliation of income tax for the years ended at 31 December 2021 and 2020 is as follows:

	31 DEC 2021	31 DEC 2020
Profit before income tax	161,440,982	234,842,355
Theoretical tax rate	21%	21%
Theoretical income tax	33,902,606	49,316,895
NON TAXABLE PROFIT OR LOSS		
Dividends	(28,947,299)	(52,145,790)
Impairment (reversal)/loss	2,468,767	(84,768)
(Gains)/losses in investment sales	(9,502,214)	–
Social realisations	30,792	–
Impairment loss on assets	1,415	10,267
Difference between tax and accounting capital gains/losses	1,252	–
Excess/(insufficient) tax estimate	757,860	44
Others	31,693	15,891
TOTAL INCOME TAX	(1,255,128)	(2,887,461)
EFFECTIVE INCOME TAX RATE	–0.78%	–1.23%

9. OTHER CURRENT ASSETS

As at 31 December 2021 and 2020 «Other current assets» can be detailed as follows:

	31 DEC 2021	31 DEC 2020
Interests to be received	5,532,782	743,211
Guarantees	1,050,950	1,313,001
Indemnity interest	35,354	187,030
Accrued income	6,619,086	2,243,242
Loans up-front fees	716,194	1,181,182
Prepaid insurance	66,057	97,850
Prepayments	782,251	1,279,032
	7,401,337	3,522,274

10. CASH FLOW STATEMENT

As at 31 December 2021 and 2020 «Cash and cash equivalents» can be detailed as follows:

	31 DEC 2021	31 DEC 2020
Bank deposits	137,021,419	79,699,248
Cash and cash equivalents on the financial position statement	137,021,419	79,699,248
Cash and cash equivalents on the statement of cash flows	137,021,419	79,699,248

During 2021 and 2020 the following collections and payments related with investments and divestments occurred:

COLLECTIONS AND PAYMENTS ON FINANCIAL INVESTMENTS – 31 DEC 2021

	INVESTMENTS/ (DIVESTMENTS) FOR THE PERIOD	RECEIVED AMOUNT	PAID AMOUNT
Modelo – Distribuição de Materiais de Construção, S.A.	(22,790,614)	68,034,480	–
Elergone Energias, Lda	3,500,000	–	3,500,000
Go Well – Promoção de Eventos, Catering e Consultoria, S.A.	6,000,000	–	6,000,000
	(13,290,614)	68,034,480	9,500,000

COLLECTIONS AND PAYMENTS ON FINANCIAL INVESTMENTS – 31 DEC 2020

	INVESTMENTS/ (DIVESTMENTS) FOR THE PERIOD	RECEIVED AMOUNT	PAID AMOUNT
Modelo – Distribuição de Materiais de Construção, S.A.	(2,000,000)	2,000,000	–
Modelo Continente Hipermercados, S.A.	14,000,000	–	14,000,000
IGI Investimentos e Gestão Imobiliária, S.A.*	4,800,000	–	4,800,000
Pharmacontinente – Saúde e Higiene, S.A.	4,000,000	–	4,000,000
Go Well – Promoção de Eventos, Catering e Consultoria, S.A.	400,000	–	400,000
Sonae MC S2 Africa Limited	66,680	–	66,680
MOVVO, S.A.	(11,350)	11,350	–
	21,255,330	2,011,350	23,266,680

* Company formerly named Sonae RP Retail Properties, S.A.

11. EQUITY

SHARE CAPITAL

As at 31 December 2021 and 2020 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 2021 and 2020 the subscribed share capital of MC was held as follows:

	31 DEC 2021	31 DEC 2020
Sonae Holdings, S.A.	51.8269%	51.8269%
Sonae, SGPS, S.A.	10.0387%	35.0287%
Camoens Investments S à r.l	24.9900%	–
Sonae Investments BV	13.1444%	13.1444%

As at 31 December 2021 Efanor Investimentos, SGPS, S.A. and its affiliated companies held 56.74% of Sonae, SGPS, S.A.'s share capital, which held, directly or and indirectly, 75.01% of the Company.

OTHER RESERVES AND RETAINED EARNINGS

During the year ended 31 December 2021 reserves of 7,080,512 euro were transferred from retained earnings to free reserves. This amount is mostly related to adjustments generated with transition to IFRS.

The movements that occurred in 2021 and 2020 in these reserves are detailed in the separate statement of changes in equity.

12. BONDS AND BANK LOANS

As at 31 December 2021 and 2020, this caption included the following loans:

	31 DEC 2021		31 DEC 2020	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Bonds Sonae MC / April 2020/2027	–	95,000,000	–	95,000,000
Bonds Sonae MC / December 2019/2024	–	30,000,000	–	30,000,000
Bonds Sonae MC ESG–Linked / November 2021/2026 *	–	60,000,000	–	75,000,000
Bonds Sonae MC / July 2020/2025	50,000,000	–	–	50,000,000
Bonds Sonae MC / July 2020/2025	22,500,000	–	–	22,500,000
Bonds Sonae MC ESG–Linked / December 2021/2024	–	40,000,000	–	–
Bonds Sonae MC / December 2015/2024	–	–	–	50,000,000
Up-front fees not yet charged to statement of profit or loss	(76,061)	(1,379,476)	–	(1,478,929)
Bond loans	**72,423,939**	**223,620,524**	**–**	**321,021,071**
Commercial paper	–	105,950,400	–	140,000,000
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	**–**	**160,950,400**	**–**	**194,599,695**
	72,423,939	**384,570,924**	**–**	**515,620,766**

* previously named «Bonds Sonae MC / May 2015/2022», meanwhile extended

In April 2021 MC issued commercial paper of 120,000,000 USD of MC 2019/2024 programme (above value for 105,950,400 euros) and simultaneously contracted an exchange rate hedging derivative. This derivative was, as at 31 December 2021, an asset recorded as «Derivative financial instruments» in the separate statement of financial position for 7,106,548 euros. While the loan resulted in exchange rate losses of 6,704,883 euros (regarding capital and interest), the derivative financial instrument resulted in exchange rate gains, both detailed in note 19.

During January 2022 bond loans were reimbursed and therefore are classified as current.

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 2021		31 DEC 2020	
	CAPITAL	INTEREST	CAPITAL	INTEREST
N+1	72,500,000	3,404,446	–	5,917,775
N+2	6,111,111	2,860,860	185,000,000	5,500,669
N+3	152,061,511	2,772,933	26,111,111	4,077,568
N+4	25,111,111	2,322,565	96,111,111	3,740,087
N+5	115,111,111	1,889,045	97,611,111	2,667,870
After N+5	87,555,556	1,463,158	112,666,667	2,818,281
	458,450,400	**14,713,007**	**517,500,000**	**24,722,250**

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

Interest amounts were calculated considering financing rates as at 31 December 2021 and 2020, respectively.

As at 31 December 2021 and 2020 there were financial covenants included in borrowing agreements, negotiated as per market practices, and which were in regular compliance as at the date of this report.

As at 31 December 2021 and 2020 in addition to «Cash and cash equivalents» (note 10) the Company had 221 million euro of available credit facilities (359 million as at 31 December 2020) that can be summarised as follows:

	31 DEC 2021		31 DEC 2020	
	LESS THAN 1 YEAR COMMITMENTS	MORE THAN 1 YEAR COMMITMENTS	LESS THAN 1 YEAR COMMITMENTS	MORE THAN 1 YEAR COMMITMENTS
Agreed credit facilities	96,000,000	225,000,000	94,000,000	405,000,000
Unused credit facilities	96,000,000	125,000,000	94,000,000	265,000,000

In the beginning of 2022 MC contracted 50 million euro of new credit lines with more than 1 year commitment, increasing the agreed credit facilities to 275 million euro and the available credit facilities to 175 million euro.

The 2021 average interest rate of bonds and bank loans was 0.85% (1.16% in 2020).

13. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The reconciliation of liabilities arising from financing activities during 2021 and 2020 is as follows:

	FINANCIAL INSTITUTIONS	RELATED PARTIES
BALANCE AT 1 JAN 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)
BALANCE AT 31 DEC 2020	**517,500,000**	**952,538,000**
BALANCE AT 1 JAN 2021	517,500,000	952,538,000
Receipts from bank loans	679,267,899	–
Payments of bank loans	(720,000,000)	–
Exchange rate fluctuation impact	6,682,501	–
Receipts from bond loans	40,000,000	–
Payments of bond loans	(65,000,000)	–
Receipts from related entities	–	5,025,627,000
Payments to related entities	–	(5,015,561,100)
BALANCE AT 31 DEC 2021	**458,450,400**	**962,603,900**

14. OTHER ACCOUNTS PAYABLE

As at 31 December 2021 and 2020 this caption is detailed as follows:

	31 DEC 2021	31 DEC 2020
Loans from related entities [1]	962,603,900	952,538,000
Fixed assets suppliers	–	33,800
Other payables	6,369	21,986
	962,610,269	**952,593,786**

1. Note 23

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

15. OTHER CURRENT LIABILITIES

As at 31 December 2021 and 2020 «Other current liabilities» were composed as follows:

	31 DEC 2021	31 DEC 2020
Accrued interest	1,911,433	2,173,347
Guarantees	835,946	862,647
Financing costs	170,502	58,838
Other accruals	48,822	103,750
	2,966,703	**3,198,582**

16. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

During the years ended 31 December 2021 and 2020 movements in «Provisions and accumulated impairment losses» were as follows:

	BALANCE AT 31 DEC 2020	INCREASE	DECREASE	TRANSFERS	BALANCE AT 31 DEC 2021
Investments impairment [1]	35,477,859	7,460,000	(67,880)	15,100,000	57,969,979
Other non-current assets impairment [2]	23,427,427	4,366,850	(2,939)	(15,100,000)	12,691,338
Other debtors impairment [3]	195,689	24	(6,762)	–	188,951
	59,100,975	11,826,874	(77,581)	–	70,850,268

1. Note 5 and 18 2. Note 6 3. Note 7

	BALANCE AT 31 DEC 2019	INCREASE	DECREASE	TRANSFERS	BALANCE AT 31 DEC 2020
Investments impairment [1]	39,425,675	81,422	(4,029,238)	–	35,477,859
Other non-current assets impairment [2]	19,834,376	3,648,891	(55,840)	–	23,427,427
Other debtors impairment [3]	237,005	–	(41,316)	–	195,689
	59,497,056	3,730,313	(4,126,394)	–	59,100,975

1. Note 5 and 18 2. Note 6 3. Note 7

The impairment transfer from other non-current assets to investments is related to the share capital increase in SCBrasil with voluntary capital contributions.

The increase and decrease of provisions and impairment losses were recorded in the separate income statement under the following captions:

	31 DEC 2021		31 DEC 2020	
	INCREASE	DECREASE	INCREASE	DECREASE
WITH IMPACT IN THE INCOME STATEMENT				
Gains and losses related to investments [1]	11,826,850	–	3,730,313	–
Provisions and impairment losses	24	–	–	–
	11,826,874	–	3,730,313	–
WITHOUT IMPACT IN THE INCOME STATEMENT				
Direct usage in investments	–	(67,880)	–	(4,029,238)
Direct usage in non current assets	–	(2,939)	–	(55,840)
Direct usage in accounts receivable	–	(6,762)	–	(41,316)
	–	(77,581)	–	(4,126,394)
	11,826,874	(77,581)	3,730,313	(4,126,394)

1. Note 18

17. CONTINGENT LIABILITIES

As at 31 December 2021 and 2020 guarantees in favour of third parties are as follows:

	31 DEC 2021	31 DEC 2020
On tax claims awaiting outcome		
Financial institutions guarantees	88,711,121	90,696,508
Parent company guarantees	236,316,955	245,070,150
Other	8,250,000	8,250,000
Guarantees on tax claims given in favour of subsidiaries	299,730,194	373,326,019

Guarantees on tax claims awaiting outcome 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 2003 to 2008 taxable result, regarding: losses covered by the Company in a subsidiary recorded in the acquisition cost, , which the tax authorities have affirmed in the past but have now and in this case considered that should not have been; corrections regarding the usage of taxable losses on the sale and subsequent liquidation of a Company's subsidiary; corrections related to the non-acceptance of tax losses that arose from the sale and subsequent liquidation of a Company's subsidiary in 2002. 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 67/2016) in previous years the Company made tax payments and cancelled the respective guarantees. As at 31 December 2021 the outstanding amount is 4,941,216 euro 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 PARTIES

Main transactions with related parties during the years ended 31 December 2021 and 2020 can be summarised as follows:

	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
TRANSACTIONS	EXTERNAL SUPPLIES AND SERVICES		OTHER INCOME	
Parent company	885,542	996,957	41,962	42,077
Subsidiaries	377,066	323,309	1,118,569	1,267,899
Other related parties	280,717	133,356	52,852	44,756
	1,543,325	1,453,622	1,213,383	1,354,732
TRANSACTIONS	INTEREST INCOME		INTEREST EXPENSES	
Parent company	–	–	28,721	339,927
Subsidiaries	8,799,450	10,018,871	9,005,597	8,783,724
	8,799,450	10,018,871	9,034,318	9,123,651

Main outstanding balances with related parties as at 31 December 2021 and 2020 can be summarised as follows:

	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
BALANCES	ACCOUNTS RECEIVABLE		ACCOUNTS PAYABLE	
Parent company	2,671,847	4,229,272	906,036	994,312
Subsidiaries	6,811,339	7,806,643	706,393	1,170,247
Other related parties	116,082	154,146	102,677	65,412
	9,599,268	12,190,061	1,715,106	2,229,971
BALANCES	OBTAINED LOANS		GRANTED LOANS	
Subsidiaries	962,603,900	952,538,000	689,302,502	766,515,008
	962,603,900	952,538,000	689,302,502	766,515,008

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

In 2021 and 2020 no transactions occurred, nor loans were granted to the Company's Directors. Additionally, as at 31 December 2021 and 2020, there were no balances with the Company's Directors. The Board of Directors compensation for the years ended 31 December 2021 and 2020 is detailed as follows:

	31 DEC 2021	31 DEC 2020
Short-term compensation	111,300	202,500

GAINS OR LOSSES ON INVESTMENTS:

In 2021 and 2020 gains or losses on investments are detailed as follows:

	31 DEC 2021	31 DEC 2020
DIVIDENDS		
Marcas MC, ZRT	62,200,000	229,335,356
IGI Investimentos e Gestão Imobiliária, S.A.*	46,667,636	–
Sonvecap BV	16,829,405	–
Sonae MC – Serviços Partilhados, S.A.	11,591,158	10,944,390
Sohi Meat Solutions –Dist. de Carnes, S.A.	556,084	596,956
Modelo – Dist.de Mat. de Construção, S.A.	–	5,224,092
Pharmacontinente – Saúde e Higiene, S.A.	–	2,212,494
	137,844,283	248,313,288
FINANCIAL INVESTMENTS INCOME		
Fundo de Investimento Imobiliário Imosonae Dois	5,287	18,764
	5,287	18,764
IMPAIRMENT REVERSAL/(LOSSES)		
Go Well, S.A.	(7,460,000)	–
SCBrasil Participações, Ltda.	(4,366,850)	(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)
(NOTE 16)	(11,826,850)	(3,730,312)
INVESTMENT SALES INCOME/(LOSSES)		
Modelo – Dist.de Mat. de Construção, S.A.	45,243,866	–
Sonae MC S2 Africa Limited	4,772	–
Sport Zone spor malz.per.satis ith.ve ti	–	11,440
	45,248,638	11,440
	171,271,358	244,613,180

* Company formerly named Sonae RP Retail Properties, S.A.

During 2021 MC sold its 50% share in Modelo – Distribuição de Materiais de Construção, S.A. it also recorded an impairment loss on Go Well, S.A., reinforced the impairment loss in the voluntary capital contributions of SCBrasil Participações, Ltda and concluded the liquidation of Sonae MC S2 Africa Limited (note 5).

19. FINANCIAL INCOME AND EXPENSES

During the years ended 31 December 2021 and 2020 financial income and expenses were as follows:

	31 DEC 2021	31 DEC 2020
INTEREST EXPENSES RELATED TO		
loans to related entities	(9,034,318)	(9,123,651)
non convertible bonds	(3,654,762)	(3,562,275)
bank loans and overdrafts	(2,207,475)	(2,591,138)
others	(128,557)	–
Up-front fees and commissions related to loans	(2,434,911)	(2,762,332)
Foreign exchange losses [1]	(6,704,883)	–
Stamp duty tax over loans	(1,633)	(6,119)
Financial expense	**(24,166,539)**	**(18,045,515)**
INTEREST INCOME FROM		
loans to related entities	8,799,415	10,018,871
bank deposits	542	1,339
Gains with derivative financial instruments [1]	7,106,548	–
Financial income	**15,906,505**	**10,020,210**
NET FINANCIAL RESULTS	**(8,260,034)**	**(8,025,305)**

1. Note 12

As mentioned in note 12, MC agreed a loan in USD and, simultaneously, contracted an exchange rate hedging derivative. The abovementioned foreign exchange losses and gains with derivative financial instruments are related to these operations.

20. EXTERNAL SERVICES AND SUPPLIES

External services and supplies in 2021 and 2020 are as follows:

	31 DEC 2021	31 DEC 2020
Bank fees and services	938,539	1,027,075
Guarantees fees	874,042	896,957
Specialised services	479,925	684,274
Insurance	302,594	133,817
Others	5,715	25,090
	2,600,815	**2,767,213**

21. STAFF COSTS

Staff costs for the years ended 31 December 2021 and 2020 are as follows:

	31 DEC 2021	31 DEC 2020
Salaries	138,765	241,235
Payroll charges	31,651	52,154
Other staff costs	5,342	10,152
	175,757	**303,564**

22. EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2021 and 2020 were calculated considering the following amounts:

	31 DEC 2021	31 DEC 2020
EARNINGS		
Earnings used to calculate basic and diluted earnings per share (profit for the period)	162,696,110	237,729,816
NUMBER OF SHARES		
Number of shares used to calculate basic and diluted earnings per share	1,000,000,000	1,000,000,000
Earnings per share (basic and diluted)	**0.1627**	**0.2377**

23. INFORMATION REQUIRED BY LAW

DECREE-LAW N.º 318/94 ART.º 5.º N.º 4

During the year ended 31 December 2021 the Company entered shareholders' long-term loan agreements with the following entities:
- IGI Investimentos e Gestão Imobiliária, S.A.*
- SCBrasil Participações, Ltda

During the year ended 31 December 2021 short-term loans were agreed, including a centralised cash management contract with the following entities:
- Asprela – Sociedade Imobiliária, S.A.
- Azulino – Imobiliária, S.A.
- BB Food Service, S.A.
- Bertimóvel – Sociedade Imobiliária, S.A.
- Bom Momento – Restauração, S.A.
- Brio – Produtos de Agricultura Biológica, S.A.
- Canasta – Empreendimentos Imobiliários, S.A.
- Citorres – Sociedade Imobiliária, S.A.
- Closer Look Design, Lda
- Contimobe – Imobiliária do Castelo de Paiva, S.A.
- Continente Hipermercados, S.A.
- Cumulativa – Sociedade Imobiliária, S.A.
- Elergone Energia, Lda
- Farmácia Selecção, S.A.
- Fozimo – Sociedade Imobiliária, S.A.
- IGI Investimentos e Gestão Imobiliária, S.A.*
- Igimo – Sociedade Imobiliária, S.A.
- Iginha – Sociedade Imobiliária, S.A.
- Imoestrutura – Sociedade Imobiliária, S.A.
- Imomuro – Sociedade Imobiliária, S.A.
- Imoresultado – Sociedade Imobiliária, S.A.
- Imosistema- Sociedade Imobiliária, S.A.
- MCCare, Serviços de Saúde, S.A.
- MJLF – Empreendimentos Imobiliários, S.A.
- Modelo Continente Hipermercados, S.A.
- Modelo Continente Hipermercados – Sucursal en España
- Modelo Hiper Imobiliária, S.A.
- Pharmaconcept – Actividades em Saúde, S.A.
- Pharmacontinente – Saúde and Higiene, S.A.
- Ponto de Chegada – Sociedade Imobiliária, S.A.
- Predicomercial – Promoção Imobiliária, S.A.
- Predilugar – Sociedade Imobiliária, S.A.
- Selifa – Sociedade de Empreendimentos Imobiliários, S.A.
- Sempre à Mão – Sociedade Imobiliária, S.A.
- Socijofra – Sociedade Imobiliária, S.A.
- Sociloures – Sociedade Imobiliária, S.A.
- Sonae MC – Serviços Partilhados, S.A.
- Sondis Imobiliária, S.A.
- Valor N, S.A.

During 2021 short-term loans were also agreed with the following entities:
- Sonae SGPS, S.A.
- Chão Verde – Sociedade de Gestão Imobiliária, S.A.
- Go Well, S.A.
- Portimão Ativo – Sociedade Imobiliária, S.A.
- Marcas MC, zRT

* Company formerly named Sonae RP Retail Properties, S.A.

As at 31 December 2021 balances payable related to these agreements can be detailed as follows:

LOANS OBTAINED

	BALANCE AT 31 DEC 2021
Modelo Continente Hipermercados, S.A.	381,800,000
Marcas MC, ZRT	278,880,000
Continente Hipermercados, S.A.	86,366,000
Contimobe – Imobiliária de Castelo de Paiva, S.A.	65,973,000
Sonae MC – Serviços Partilhados, S.A.	16,251,000
Predicomercial – Promoção Imobiliária, S.A.	13,232,000
Modelo Hiper Imobiliária, S.A.	9,171,000
BB Food Service, S.A.	8,137,900
Bertimóvel – Sociedade Imobiliária, S.A.	6,953,000
Selifa – Empreendimentos Imobiliários de Fafe, S.A.	6,375,000
Farmácia Selecção, S.A.	6,285,000
Imoestrutura – Sociedade Imobiliária, S.A.	6,210,000
Citorres – Sociedade Imobiliária, S.A.	5,865,000
Imosistema – Sociedade Imobiliária, S.A.	5,843,000
Imoresultado – Sociedade Imobiliária, S.A.	5,768,000
Fozimo – Sociedade Imobiliária, S.A.	5,692,000
MJLF – Empreendimentos Imobiliários, S.A.	5,487,000
Valor N – Sociedade Imobiliária, S.A.	5,320,000
Closer Look Design, Lda	4,786,000
Socijofra – Sociedade Imobiliária, S.A.	4,485,000
Pharmaconcept – Atividades em Saúde, S.A.	4,151,000
Bom Momento – Restauração, S.A.	3,929,000
Ponto de Chegada – Sociedade Imobiliária, S.A.	3,732,000
Canasta – Empreendimentos Imobiliários, S.A.	3,544,000
Iginha – Sociedade Imobiliária, S.A.	3,183,000
Imomuro – Sociedade Imobiliária, S.A.	3,126,000
Go Well, S.A.	2,578,000
Azulino Imobiliária, S.A.	2,498,000
Sociloures – Sociedade Imobiliária, S.A.	2,372,000
Cumulativa – Sociedade Imobiliária, S.A.	2,029,000
Igimo – Sociedade Imobiliária, S.A.	2,002,000
Brio – Produtos de Agricultura Biológica, S.A.	580,000
	962,603,900

As at 31 December 2021 balances receivable related to these agreements were the following:

LOANS GRANTED

	BALANCE AT 31 DEC 2021
IGI Investimentos e Gestão Imobiliária, S.A.*	456,215,732
Modelo Continente Hipermercados, S.A.	180,139,000
Elergone Energias, Lda	11,143,932
Sempre à Mão – Sociedade Imobiliária, S.A.	11,024,000
MCCare – Serviços de Saúde, S.A.	7,558,500
SCBrasil Participações, Ltda.	7,242,722
Zippy cocuk malz.dag.ith.ve tic.ltd.sti	5,448,616
Sondis Imobiliária, S.A.	4,648,000
Asprela – Sociedade Imobiliária, S.A.	2,726,000
Pharmacontinente – Saúde and Higiene, S.A.	2,160,000
Go Well, S.A.	600,000
Predilugar – Sociedade Imobiliária, S.A.	305,000
Portimão Ativo – Sociedade Imobiliária, S.A.	91,000
	689,302,502

* Company formerly named Sonae RP Retail Properties, S.A.

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 2021 and until this date that need disclosure.

25. TRANSLATION NOTE

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards (IFRS/IAS) as adopted by the European Union, some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese version prevails.

26. APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

The accompanying separate financial statements were approved by the Board of Directors on 25 March 2022. 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

João Nonell Günther Amaral

Jan Reinier Voûte

Alan David Roux

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

pwc

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 2021 (which shows total assets of Euros 4,161,286,302 and total shareholders' equity of Euros 921,811,383 including a profit for the period attributable to the equity holders of the parent company of Euros 222,006,491), 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 2021, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

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

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

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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Matriculada na CRC sob o NIPC 506 628 752, Capital Social Euros 314.000
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria; and

e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

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

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

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

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

a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

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

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

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

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

Report on other legal and regulatory requirements

Directors' report

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

31 March 2022

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

Joaquim Miguel de Azevedo Barroso, ROC nº 1426
Registered with the Portuguese Securities Market Commission under nº 20161036

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 2021 (which shows total assets of Euros 2,983,844,058 and total shareholders' equity of Euros 1,559,007,062, including a net profit of Euros 162,696,110), the separate statement of 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 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

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

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

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;

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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;

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.

31 March 2022

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

Joaquim Miguel de Azevedo Barroso, ROC nº 1426
Registered with the Portuguese Securities Market Commission under nº 20161036

REPORT AND OPINION OF THE STATUTORY AUDIT BOARD

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 as in accordance with the terms of our mandate, the Statutory Audit Board presents its report on the supervision performed and its opinion on the management report and on the individual and consolidated financial statements for the year ended on 31 December 2021, which are the responsibility of the Board of Directors.

1.2 – Supervision

During the year, the Statutory Audit Board, in accordance with its competence and in accordance with its Regulations, accompanied the strategic lines and risk policy approved by the management of the Company and its subsidiaries, from which didn´t arises any issue, and has oversaw, with the required scope, the activity of the Board of Directors and its committees, evolution of the operations, the adequacy of accounting records, the quality and appropriateness regarding the process of preparation and disclosure of financial information, corresponding accounting policies and valuation criteria used, as well as verified compliance with legal and statutory regulatory requirements.

In the exercise of its competences, the Statutory Audit Board obtained from the Board of Directors, the necessary information to carry out its supervision activity and proceeded with the necessary interactions to fulfil the competencies listed in the law and its Internal Regulation.

The Audit Board verified the effectiveness of the risk management and internal control systems, analyzed the planning and results of the external and internal auditors' activity, accompanied the system involving the reception and follow up of reported irregularities and oversaw the reports issued by Sonae's Ombudsman, assessed the process of preparing the individual and consolidated accounts, provided the Board of Directors with information on the conclusions and quality of the financial statements audit and its intervention in this process, approved, previously, the rendering of non-audit services by the Statutory and External Auditor permitted under the law, and also having exercised its mandate in what concerns 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 to be approve in the Shareholders' General Meeting:

- The Report of the Board of Directors.

- 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 2021.
- The proposal of net profit appropriation presented by the Board of Directors.

3 – Responsibility Statement

In accordance with article 8º, number 1 paragraph a) of the CMVM nr. 5/2008 Regulation a and with the terms defined in the article 29º-G, paragraph c) nº 1 of the Portuguese Securities Market Code, the members of the Statutory Audit Board declare that, to their knowledge, the information contained in the individual and consolidated financial statements were prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and the results of 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, 31 March 2022

The Statutory Audit Board

António Augusto Almeida Trabulo

Maria José Martins Lourenço da Fonseca

Carlos Manuel Pereira da Silva

APPENDIX

NON-FINANCIAL INFORMATION SUPPLEMENT

The information published on the «Non-Financial Information Supplement» focuses on the period of activity from the 1st January to the 31st December 2021 of MC, according to the scope of activity presented in the chapter of the «Annual Report 2021», «The Year in Review», subchapter «About MC» and where Arenal (Tomenider) is inserted.

As in the previous years, the Supplement was developed in accordance with the GRI Sustainability Reporting Guidelines (GRI Standards) for the option «In accordance – Core». The report highlights our performance at the level of the United Nations Global Compact (UNGC), the SASB standard, Principles and the Sustainable Development Goals (SDG), in addition to responding to the requirements of the Portuguese Decree-Law no. 89/2017, published on 28th July 2017 and to the Spanish law no. 11/2018, published on 28th December 2018.

This Supplement complements the information reported in the «Sustainable Development» chapter of the «Annual Report 2021».

The sustainability information identified in the table «GRI Disclosures» which is part of the «Non-Financial Information Supplement» was subject to verification by an external entity – KPMG.

NON-FINANCIAL INFORMATION SUPPLEMENT

GRI DISCLOSURES

GRI 102 – GENERAL DISCLOSURES CONTINUES

ORGANIZATIONAL PROFILE

102-1 ✓	**Name of the organization**	SONAE MC, SGPS, S.A.
102-2 ✓	**Activities, brands, products, and services**	Through a portfolio of a multi-format and omnichannel Business, MC's mission is to serve families daily by providing a responsible and wide range of quality products and services at competitive prices, in a close and convenient way, and having as based on service and execution of excellence. For more information, visit the corporate website (mc.sonae.pt/en) and the «Annual Report 2021».
102-3 ✓	**Location of headquarters**	Address: Rua João Mendonça, 529, 4464-501 Senhora da Hora, Matosinhos, Portugal.
102-4 ✓	**Location of operations**	Portugal and Spain.
102-5	**Ownership and legal form**	MC is a public limited Company registered at the Commercial Registry Office of Porto.
102-6 ✓	**Markets served**	Portugal and Spain For more information, see chapter «The Year in Review», subchapters «About MC» and «Our operating market».
102-7 ✓	**Scale of the organization**	For more information, see chapter «The Year in Review», subchapter «About MC».
102-8 ✓	**Information on Employees and other workers**	

COUNTRIES WITH OPERATIONS BY NUMBER OF EMPLOYEES

	2020	2021
Portugal	34,972	35,531
Spain	928	1,076

COUNTRIES WITH OPERATIONS BY CONTRACT TYPE

	PC	TC	T	PC	TC	T
	2020			2021		
Portugal	25,747	9,225	34,972	26,930	8,601	35,531
Spain	584	344	928	636	440	1,076

PC Permanent contract TC Temporary contract T Total

 # EMPLOYEES BY CONTRACT AND BY TYPE

	M	F	T	M	F	T
	2020			2021		
Permanent Employees	7,971	18,360	26,331	8,380	19,186	27,566
Temporary Employees	3,393	6,176	9,569	3,106	5,935	9,041
Total	11,364	24,536	35,900	11,486	25,121	36,607
Full-time Employees	9,075	17,877	26,952	9,275	18,750	28,025
Part-time Employees	2,289	6,659	8,948	2,211	6,371	8,582
Total	11,364	24,536	35,900	11,486	25,121	36,607

M Male F Female T Total

✓ Verified

GRI 102 – GENERAL DISCLOSURES CONTINUES

ORGANIZATIONAL PROFILE

102-8 ✓ **Information on Employees and other workers**

AVERAGE OF CONTRACTS BY TYPE 2020

		M	F	T	M	F	T
		PERMANENT			TEMPORARY		
Executives	< 30 years old	–	–	–	–	–	–
	30 – 50 years old	16	4	20	–	–	–
	≥ 50 years old	25	4	29	–	–	–
	Total	41	8	49	–	–	–
Senior & Middle Managers	< 30 years old	1	3	4	–	–	–
	30 – 50 years old	270	182	452	–	–	–
	≥ 50 years old	133	64	197	–	–	–
	Total	404	249	653	–	–	–
Coordinators & Supervisors	< 30 years old	70	136	206	8	31	39
	30 – 50 years old	521	941	1,462	9	37	46
	≥ 50 years old	149	198	347	–	2	2
	Total	740	1,275	2,015	17	70	87
Technicians & Specialists	< 30 years old	164	373	537	20	47	67
	30 – 50 years old	473	853	1,326	3	17	20
	≥ 50 years old	73	180	253	–	–	–
	Total	710	1,406	2,116	23	64	87
Representatives	< 30 years old	2,033	3,411	5,444	2,643	4,533	7,176
	30 – 50 years old	3,111	8,803	11,914	654	1,344	1,998
	≥ 50 years old	903	3,091	3,994	45	124	169
	Total	6,047	15,305	21,352	3,342	6,001	9,343
		FULL-TIME			PART-TIME		
Executives	< 30 years old	–	–	–	–	–	–
	30 – 50 years old	16	4	20	–	–	–
	≥ 50 years old	25	4	29	–	–	–
	Total	41	8	49	–	–	–
Senior & Middle Managers	< 30 years old	1	3	4	–	–	–
	30 – 50 years old	270	179	449	–	3	3
	≥ 50 years old	133	63	196	–	1	1
	Total	404	245	649	–	4	4
Coordinators & Supervisors	< 30 years old	78	160	238	–	7	7
	30 – 50 years old	529	966	1,495	1	12	13
	≥ 50 years old	149	197	346	–	3	3
	Total	756	1,323	2,079	1	22	23
Technicians & Specialists	< 30 years old	184	416	600	–	4	4
	30 – 50 years old	475	865	1,340	1	5	6
	≥ 50 years old	72	179	251	1	1	2
	Total	731	1,460	2,191	2	10	12
Representatives	< 30 years old	2,842	4,377	7,219	1,834	3,567	5,401
	30 – 50 years old	3,380	7,934	11,314	385	2,213	2,598
	≥ 50 years old	881	2,378	3,259	67	837	904
	Total	7,103	14,689	21,792	2,286	6,617	8,903

M Male F Female T Total Note: in this indicator is excluded Go Natural Restauration Employees

✓ Verified

GRI 102 – GENERAL DISCLOSURES CONTINUES

ORGANIZATIONAL PROFILE

102-8 Information on Employees and other workers

AVERAGE OF CONTRACTS BY TYPE 2021		M	F	T	M	F	T
		PERMANENT			TEMPORARY		
Executives	< 30 years old	–	–	–	–	–	–
	30 – 50 years old	20	5	25	–	–	–
	≥ 50 years old	24	3	27	–	1	1
	Total	44	8	52	–	1	1
Senior & Middle Managers	< 30 years old	2	3	5	–	–	–
	30 – 50 years old	270	199	469	–	–	–
	≥ 50 years old	137	71	208	–	–	–
	Total	409	273	682	–	–	–
Coordinators & Supervisors	< 30 years old	71	129	200	7	47	54
	30 – 50 years old	535	969	1,504	3	34	37
	≥ 50 years old	133	219	352	–	6	6
	Total	739	1,317	2,056	10	87	97
Technicians & Specialists	< 30 years old	188	423	611	15	58	73
	30 – 50 years old	378	836	1,214	1	8	9
	≥ 50 years old	79	186	265	–	–	–
	Total	645	1,445	2,090	16	66	82
Representatives	< 30 years old	2,304	3,859	6,163	2,534	4,398	6,932
	30 – 50 years old	3,270	8,850	12,120	513	1,241	1,754
	≥ 50 years old	947	3,334	4,281	31	136	167
	Total	6,521	16,043	22,564	3,078	5,775	8,853
		FULL-TIME			PART-TIME		
Executives	< 30 years old	–	–	–	–	–	–
	30 – 50 years old	20	5	25	–	–	–
	≥ 50 years old	24	3	27	–	1	1
	Total	44	8	52	–	1	1
Senior & Middle Managers	< 30 years old	2	3	5	–	–	–
	30 – 50 years old	270	197	467	–	2	2
	≥ 50 years old	137	71	208	–	–	–
	Total	409	271	680	–	2	2
Coordinators & Supervisors	< 30 years old	78	183	261	–	–	–
	30 – 50 years old	540	981	1,521	–	1	1
	≥ 50 years old	131	214	345	–	–	–
	Total	749	1,378	2,127	–	1	1
Technicians & Specialists	< 30 years old	202	478	680	1	3	4
	30 – 50 years old	378	839	1,217	1	5	6
	≥ 50 years old	78	186	264	1	–	1
	Total	658	1,503	2,161	3	8	11
Representatives	< 30 years old	3,093	4,950	8,043	1,745	3,320	5,065
	30 – 50 years old	3,388	7,958	11,346	395	2,129	2,524
	≥ 50 years old	910	2,580	3,490	68	881	949
	Total	7,391	15,488	22,879	2,208	6,330	8,538

M Male F Female T Total Note: in this indicator is excluded Go Natural Restauration Employees

Verified

GRI 102 – GENERAL DISCLOSURES CONTINUES

ORGANIZATIONAL PROFILE

102-9 Supply chain

At MC, we continuously invest in proximity, trust, and respect with our Suppliers to guarantee high-quality products and services. Specifically for private label Suppliers, we assume the dual role of evaluating and qualifying Partners able to work with MC, seeking to find points of improvement that maximize the efficiency and sustainability of operations.

The Suppliers' Code of Conduct summarizes the environmental, social and ethical concerns that we aim to ensure throughout the value chain, which are complemented by a set of specific instruments:

1. Selection, qualification and assessment of Suppliers according to internally defined environmental and social criteria.
2. Sustainability Declaration of Continente Producers Club (CPC), based on 11 principles and various initiatives that aim to reinforce the supply of more sustainable national products;
3. Sustainable Fishing Policy and use of the «Traffic Light System» (TLS), a tool that makes it possible to assess purchases according to the level of sustainability of fisheries;
4. Certification of the origin of raw materials used in the development of private label products, which aims to ensure agricultural production and responsible supply;

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

102-10 Significant changes to the organization and its supply chain

Maxmat ceased to be part of MC as of September 1, 2021.

102-11 Precautionary principle approach

See chapter «Governing Principles and Practices»

102-12 External initiatives

In order to support the integration of sustainable development principles in our management practices, over the years we have been subscribing to a set of policies and commitments (directly or through Sonae SGPS) and to develop internal benchmarks: United Nations Universal Declaration of Human Rights; United Nations Global Compact Principles; The Charter of Principles of BCSD Portugal; CEO Guide For Human Rights (WBCSD); Women Initiative of the European Roundtable of Industrials (ERT); CEO Pledge, Lead Network; Future of Work Leadership Statement (WBCSD); Paris Pledge for Action; New Plastics Economy Global Commitment; The National Pact For Plastic; Business for Nature's Call to Action; Science Based Targets Network (SBTN) Corporate Engagement Program; The Sonae Group Code of Ethics and Conduct; The Sonae Group Code of Conduct for Suppliers; The Sonae Group Environmental Policy; Sonae Companies Charter of Principles for CO_2 & Climate Change; Sonae Companies' Letter of Principles for Plastic; The Sonae Group Sustainable Fisheries Policy; Plan for Gender Equality.

102-13 Memberships of associations

In addition to the representation provided by the Sonae Group, MC integrates the following associations: APED; Consumer Goods Forum; APLOG (*Associação Portuguesa de Logística*); ACEPI (*Associação Economia Digital*); GS1 Portugal; APAN (*Associação Portuguesa de Anunciantes*) and AHRESP

STRATEGY

102-14 Statement from senior decision-maker

For more information, see the chapter «Q&A with our CEO».

102-15 Key impacts, risks, and opportunities

See chapter «Governing Principles and Practices», subchapter «Risk management».

Verified

GRI 102 – GENERAL DISCLOSURES — CONTINUES

ETHICS AND INTEGRITY		
102-16 ✓	**Values, principles, standards, and norms of behavior**	At MC, we base our activities on principles and values rooted in our DNA, seeking to inspire those around us to build a legacy of excellence for the future. The Code of Ethics and Conduct includes a set of principles that govern the organization's activity and a set of ethical and deontological rules to be observed by the respective members of the Governing Bodies and by all Employees in their relationship with Customers, Suppliers and other stakeholders. Through the Code of Ethics and Conduct, we guarantee that all our activity is governed by applying the defined principles of ethics and trust.
GOVERNANCE		
102-18 ✓	**Governance structure**	For more information on Corporate Governance, see the chapter «Governing Principles and Practices», subchapter «Corporate Governance».
STAKEHOLDER ENGAGEMENT		
102-40 ✓	**List of stakeholders groups**	Customers and Visitors; Employees; Suppliers; Shareholders; Regulatory and Governmental Entities; Community; and Media.
102-41 ✓	**Collective bargaining agreements**	At MC, 95.8% of all Employees are covered by collective bargaining agreements through the employment contract.
102-42 ✓	**Identifying and selecting stakeholders**	For MC, it is essential to establish lasting relationships with our stakeholders, and we are committed to listening to all our stakeholders through regular dialogue. Listening to our stakeholders aims to identify, prioritize and manage material topics with a relevant impact on the Business and the Community. **Customers:** Listening to and knowing our Customers is essential so that we can respond to their needs and define and adjust our value proposition. **Employees**: For MC, the professional and personal development of its Employees is fundamental. Therefore, we listen to our Teams to promote inclusive, healthy and safe work environments with equal opportunities. **Suppliers**: Through regular and open communication with our Suppliers, we build and ensure long-term relationships of trust, which allow us to respond to our Customer's needs through the delivery of differentiated, responsible and quality products and ensure the growth and development of our Community of Suppliers. **Shareholders**: MC aims to generate long-term value for its Shareholders. We maintain a close relationship through constant communication to ensure we respond to their expectations regarding the creation of economic, social and natural value. **Society**: We collaborate with government and regulatory bodies to help develop and implement regulations that may affect our Business; We are member of different associations so that we can monitor and be up to date on best practices and trends and promote the sustainable development of the sector; We maintain regular communication with our local Communities an NGOs so that we can have a positive impact on People's lives. For more information, consult the «Sustainable Development» chapter.
102-43 ✓	**Approach to stakeholder engagement**	To ensure a culture of engagement, we have established with each group of stakeholders a structured communication, namely through a diversified range of means of communication, which allows us to identify the respective material themes. For more information, consult the «Sustainable Development» chapter.

GRI 102 – GENERAL DISCLOSURES — CONCLUSION

STAKEHOLDER ENGAGEMENT		
102-44 ✓	**Key topics and concerns raised**	In 2021, we registered, analysed and dealt with around 98 thousand complaints and suggestions regarding MC's various Businesses. We have a certified Suggestions and Complaints Management System to identify different development opportunities and implement further improvements and changes at the product and operational levels. Additionally, we provide our Employees, Customers, Suppliers and the general public with access to the Sonae Ombudsman, which ensures and complements the interaction with the different Business areas. In addition, intending to expand our knowledge of the Customer, we use different types of tools and methodologies (Net Promoter Score measurement, satisfaction assessment surveys via email, SMS and telephone contact after the Customer has contacted the brand or post-purchase, product analyses, market studies), which allow us to know their opinion. The feedback collected through the different sources is, in turn, incorporated into the strategic decisions of each of our Businesses.
REPORTING PRACTICE		
102-45 ✓	**Entities included in the consolidated financial statements**	See chapter «Financial statements».
102-46 ✓	**Defining report content and topic boundaries**	See Annexes «Non-Financial Information Supplement – GRI Disclosures»
102-47 ✓	**List of material topics**	See chapter «Sustainable Development».
102-48 ✓	**Restatements of information**	Nothing to report.
102-49 ✓	**Changes in reporting**	1. In 2021, a reassessment of the packaging plastic footprint was carried out and the recyclability of our plastic packaging reported in 2020 was revised. 2. With Maxmat' s departure from the MC portfolio on September 1, 2021, we only consolidate its environmental information (GRI) until August 31, 2021.
102-50 ✓	**Reporting period**	This report focuses on the activity between 1 January and 31 December 2021.
102-51 ✓	**Date of most recent report**	April 30, 2021.
102-52 ✓	**Reporting cycle**	Annual
102-53 ✓	**Contact point for questions regarding the report**	rpsonaemc@sonaemc.com
102-54 ✓	**Claims of reporting in accordance with the GRI standards**	This report has been prepared in accordance with the GRI Standards: Essential option.
102-55 ✓	**GRI content index**	For more information, see Annexes «Non-Financial Information Supplement – GRI Disclosures» .
102-56 ✓	**External assurance**	The non-financial information that is part of the «Annual Report 2021» and the respective «Non-Financial Information Supplement – GRI Disclosures» was subject to verification by an external entity, KPMG.

GRI 103 – SPECIFIC DISCLOSURE

MATERIAL TOPICS		
103-1 ✓	**Explanation of the material topic and its boundary**	Over the years we have been close to our stakeholders in order to receive their contributions regarding the impacts of our activity. A robust and regular auscultation process involving different stakeholders (Employees, Customers, Suppliers and Partners, Regulatory and Sector Regulators, Investors, Media and Community Organizations). In addition, we ensure a reflection about our structure and positioning, our commitments and performance as well as the best practices of the sector and its regulatory framework. CO_2 & Climate Change, Plastics, Nature and Biodiversity, Inequalities and Inclusive Development and Community Support are material themes to fulfil our ambition to democratise access to a healthy and sustainable basket by promoting a responsible supply chain and conscious consumption. To ensure a sustainable tomorrow and the tomorrow for our Products, Planet, People and Communities we have been taking sustained action, which we monitor and evaluate, as reported in this report.
103-2 ✓	**The management approach and its components**	MC promotes several initiatives related to its material aspects, disclosed throughout this report.
103-3 ✓	**Evaluation of the management approach**	MC performs the measurement and monitoring of the indicators associated with this aspect and reports them in this Report.

GRI 200 – ECONOMIC DISCLOSURES

201: ECONOMIC PERFORMANCE		
201-1 ✓	**Direct economic value generated and distributed**	The direct economic value generated and distributed comprises the following parts: economic value generated (revenues), economic value distributed (operating costs, Employee salaries and benefits, payments to investors, payments to the State, donations and other investments in the Community) value accumulated. For more information, see Chapter «Financial Statements».
201-2 ✓	**Financial implications and other risks and opportunities due to climate change**	In 2021, MC adopted the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) – an initiative that promotes recommendations for the management and disclosure of financial risks associated with climate change. For more information, see Chapter «Risk Management».
201-3 ✓	**Defined benefit plan obligations and other retirement plans**	MC does not have a pension fund.
201-4 ✓	**Financial assistance received from government**	In 2021, MC received around €43.6 million. The values indicated refer to amounts received within the scope of tax credits and represent MC's best estimate, taking into account that applications to SIFIDE have not yet been made on the closing date of this report. We highlight that the Government is not part of the Company's shareholder structure.

202: MARKET PRESENCE		
202-2 ✓	**Proportion of senior management hired from the local Community**	100% of MC's top management are hired locally.

203: INDIRECT ECONOMIC IMPACTS [MATERIAL ASPECT]		
203-1 ✓	**Infrastructure investments and services supported**	MC ensures the necessary conditions to cause less impact on Communities when opening new infrastructures. It develops numerous activities to support the local Community during the operation, meeting their different needs. Activities are often carried out in Partnership with local entities. In 2021, €19.6 million were donated in campaigns to support the Community and in food surpluses to more than 1,400 institutions across the country.
203-2 ✓	**Significant indirect economic impacts**	For more information, see Chapter «Sustainable Development».

204: PROCUREMENT PRACTICES

204-1 ✓ **Proportion of spending on local Suppliers**

	2019	2020	2021
Percentage of costs with foreign Suppliers	18%	15%	15%
Percentage of costs with national Suppliers	82%	85%	85%

205: ANTI-CORRUPTION		
205-1 ✓	**Operations assessed for risks related to corruption**	MC's risk management process follows the International Enterprise Risk Management – Integrated Framework (COSO) methodology, which identifies different types of risks and threats to Business development, both at the strategic and operational levels. As the risk of corruption was not recognised as a priority risk for MC, no assessments were carried out in this regard. MC's Code of Ethics and Conduct establishes a set of principles and rules related to conflict of interest, offers or rewards to Employees to ensure that they do not unduly influence decision-making. In 2021, no cases of corruption were reported.
205-2 ✓	**Communication and training about anti-corruption policies and procedures**	MC's Code of Ethics and Conduct, which includes anti-corruption policies, is communicated in the initial training to 100% of Employees. In 2021, 12,534 Employees received training in anti-corruption.
205-3 ✓	**Confirmed incidents of corruption and actions taken**	In 2021, no cases of corruption were recorded.

✓ Verified

✓ Verified

GRI 300 – ENVIRONMENTAL DISCLOSURES CONTINUES

301: MATERIALS [MATERIAL ASPECT]

301-1 **Materials used by weight or volume**

MC aims to make sustainable use of the consumption of materials associated with its value chain and operations.

To this end, we promote a series of initiatives with Suppliers and Partners to select materials with a smaller footprint, reduce the unnecessary use of materials, promote their reintegration into the value chain at the end of their life cycle (through reuse or recycling), ensure the origin of raw materials, among others. As a result, the materials reported are the most relevant in weight and volume.

301-2 **Recycled input materials used**

MATERIALS USED TO PACK PRODUCTS IN 2021 (t)

	VIRGIN	RECYCLED	TOTAL
Plastic packaging	14,159	1,897	16,056
Plastic product	2,687	1,027	3,713
Card	2,050	2,260	4,310
Paper	7,144	586	7,730
Glass	9,879	NA	9,879
Metal	4,020	NA	4,020
Wood	66	NA	66

301-3 **Reclaimed products and their packaging materials**

RECLAIMED PRODUCTS AND THEIR PACKAGING MATERIALS (t)

	2020	2021
Card and paper	38,211	40,299
Plastic	2,975	3,018
Wood	886	622
Clothes	545	591
Cork	33	30
Coffee capsules	–	2
Cooking oils	72	121
Batteries	48	39
Lamps	10	7
Computer consumables	5	12

As part of the Deposit and Reimbursement System pilot, in the 25 machines installed in our stores, we collected around 5.1 million packages in 2021, a figure lower than that recorded in 2020 and which we believe is related to the change in the incentive model.

302: ENERGY [MATERIAL ASPECT]

302-1 **Energy consumption within the organization**

ENERGY CONSUMPTION BY SOURCE (GJ)

	2019	2020	2021
Fossil fuels – Fleet	565,499	487,849	425,063
Fossil fuels – Facilities	33,959	27,699	34,747
Electricity consumption	1,494,945	1,514,009	1,583,096
Total	2,094,403	2,029,557	2,042,906

RENEWABLE ENERGY PRODUCTION (GJ)

	2019	2020	2021
Produced and consumed	23,778	41,752	86,238
Produced and sold	27,161	25,864	26,622
Total	50,939	67,616	112,860

Verified

GRI 300 – ENVIRONMENTAL DISCLOSURES CONTINUES

302: ENERGY [MATERIAL ASPECT]

302-3 **Energy intensity**

ENERGY INTENSITY

	2019	2020	2021	2021 *
Total energy consumption (GJ)	2,094,402	2,029,557	2,042,906	2,033,323
Sales area (sqm)	835,000	864,000	828,000	828,000
Energy intensity ratio (GJ/sqm)	2.51	2.35	2.47	2.46

* Without Maxmat consumption

302-4 **Reduction of energy consumption**

In 2021, we continued our efforts to promote efficient and flexible energy consumption, investing in installing more efficient equipment and systems, creating the necessary conditions to better monitor and manage energy consumption and developing procedures to enhance the investment made. Efficiency measures and local production of renewable energy represented an investment of €7M.

See chapter «Sustainable Development».

302-5 **Reduction in energy requirements of products and services**

With the departure of Maxmat from the MC portfolio, we stopped reporting this indicator.

303: WATER AND EFFLUENTS

303-1 **Interactions with water as a shared resource**

Most of the water consumed in MC's operations is for human use.

To reduce environmental impact, MC is committed to reduce its water footprint, increasing the efficiency of its operations, innovating and leveraging technology to rethink the way water is used and managed in its infrastructure. The progressive installation of meters equipped with telemetry, which allow for more accurate monitoring of water consumption, is essential in this process.

In addition, there are some initiatives aimed at reusing and recycling water. Among them, the MC Meat Processing Centre stands out, which has a facility for recovering and recycling part of the liquid effluents produced at the facilities.

MC does not identify areas of water stress relevant to this report in its direct operation.

303-2 **Management of water discharge-related impacts**

MC does not have quantitative measurements of liquid effluents rejected in stores. Thus, following engineering best practices, we assume that 80% of the water consumed in our operations and offices is rejected as liquid effluent, and the remaining 20% is consumed, with the exception of some Warehouses and the CPC (Meat Processing Center).

Regarding destinations, most of the liquid effluents produced are rejected into public domestic wastewater networks, and all liquid effluent rejections to natural water lines are subject to pre-treatment in dedicated facilities (WWTPs), and monitoring is carried out of quality.

303-3 **Water withdrawal**

WATER WITHDRAWAL BY SOURCE (m^3)

	2020	2021
Third party water	827,393	793,812
Groundwater	60,527	93,104
Surface water	–	–
Grey water	–	–
Mixture of water sources	–	–
Total	887,919	886,916

Note: For the scope of this indicator, Maxmat was not considered in the respective reporting year.

Verified

303: WATER AND EFFLUENTS

303-4 Ⓥ **Water discharge**

EFFLUENT VOLUME BY SOURCE (m^3)

	2020	2021
Third party water	663,904	676,735
Groundwater	2,891	1,561
Surface water	–	–
Grey water	–	–
Mixture of water sources	–	–
Total	666,795	678,295

Note: For the scope of this indicator, Maxmat was not considered.

303-5 Ⓥ **Water consumption**

WATER CONSUMPTION BY SOURCE (m^3)

	2020	2021
Water consumption	221,124	208,620
Water consumption in water stress areas	–	–
Total	221,124	208,620

Note: For the scope of this indicator, Maxmat was not considered.

304: BIODIVERSITY [MATERIAL ASPECT]

304-1 Ⓥ **Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas**

MC does not have facilities in areas classified as *habitats* rich in biodiversity, in its direct operation.

304: BIODIVERSITY [MATERIAL ASPECT]

304-2 Ⓥ **Significant impacts of activities, products and services on biodiversity**

We are working with the Science Based Targets Network to develop a common framework for action that can be used by Companies across industries and geographies to assess their impacts on nature, define priority areas of action and set targets in line with science.

In 2021, we mapped our main impacts, considering the typology of products we sell and the respective supply chains. In 2022, we will establish our baseline according to the Science Based Targets Network guidelines.

At the same time, we launched a set of actions that allow us to mitigate the impacts of our supply chains and promote the adoption of more sustainable production practices. The Continente Producers Club (CPC) is an important platform through which we have been promoting high standards of quality, sustainability and safety, supporting the national producers in a structured way to adopt the best production practices and ensure their valorisation and recognition.

In 2021, we launched the CPC Sustainability Declaration, which aims to ensure sustainable production, through a set of initiatives that will allow us to support our producers in meeting the goals of the «Farm to Fork» Strategy. This Declaration is based on 11 principles that cover all product categories that are part of the Continente Producers Club and ranging from principles of regenerative agriculture, methods of measuring and measuring sustainability, sustainable livestock, valorisation of by-products, biodiversity always in a perspective commitment and continuous improvement.

In addition, we are working on the development of specific standards such as Eco XT for the sustainable production of beef and raising awareness and supporting our producers and Suppliers in the adoption of more sustainable production practices standards (Global GAP, MSC/ASC, Zero Residue, Animal welfare among others).

Our Fishing Sustainability Policy aims to minimise the impact of fishing activities on marine biodiversity and to promote the adoption of sustainable fishing practices, taking into consideration a set of guidelines that encourage the protection of ecosystems. Over the last few years, we have developed several improvement measures which have contributed to the commercialisation of healthy fishing and to the reduction of non-sustainable fishing practices. MC uses the «Traffic Light System» tool, which was developed with the objectives of promoting the commercialisation of fish in a sustainable way and to access, in an easier way, the sustainable level of the products that we sell. In this tool, the red, yellow and green colours are assigned according to the main fishing methods used, so that MC can prioritise Suppliers that use fishing methods with a lower impact on species and ecosystems.

TRAFFIC LIGHT SYSTEM [FISHERY PURCHASE VOLUME (%)]

		2019	2020	2021
Use of fishing methods/gear with potential impact on biodiversity or marine ecosystems	reduced	33.9%	36.0%	36.3%
	moderate	36.6%	33.3%	30.0%
	significant	1.2%	1.2%	0.9%
Produced in aquaculture, certified according to Continente's quality standards		28.3%	29.4%	32.7%

See chapter «Sustainable Development».

GRI 300 – ENVIRONMENTAL DISCLOSURES CONTINUES

304: BIODIVERSITY [MATERIAL ASPECT]

304-3 ***Habitats* protected or restored**

AREA MONITORED

	2021
CPC Sustainability Declaration	1,010 hect
Hunting eagle project	1,500 hect

The Forest is particularly exposed to the effects of climate change. The «Sonae Forest» Project represents a collective effort by the Sonae Companies to restore and conserve the Portuguese Forest. In the next 10 years, we will reforest more than 1,100 hectares to offset the emissions associated with the consumption of fossil fuels by our fleet of light vehicles. In 2021, MC secured the necessary funding to reforest around 35 hectares.

See chapter «Sustainable Development».

305: EMISSIONS [MATERIAL ASPECT]

305-1 **Direct (Scope 1) GHG emissions**

SCOPE 1 GHG EMISSIONS (t CO_2e)

	2019	2020	2021
Total direct GHG emissions	52,163	54,161	49,452

Note 1: In 2018, the value of scope 1 emissions of 63,340 ton CO_2 was considered.

Note 2: Updated values resulting from the adjustment in the calculation methodology (revision of emission factors).

305-2 **Direct (Scope 2) GHG emissions**

SCOPE 2 GHG EMISSIONS (t CO_2e)

	2019	2020	2021
Indirect GHG emissions associated with the consumption of electricity (market based) and thermal energy	119,463	87,082	110,861

Note 1: In 2018, the value of scope 2 emissions of 154,396 ton CO_2 was considered.

Note 2: Updated values resulting from the adjustment in the calculation methodology (revision of emission factors).

305-3 **Indirect (Scope 3) GHG emissions**

SCOPE 3 GHG EMISSIONS (t CO_2e)

	2019	2020	2021
Indirect GHG emissions associated with total waste	8,838	7,712	9,673

Note: In 2021, for scope 3, only category 5 (emissions associated with waste) was considered.

A study is being developed in order to report, in the future, a greater number of categories for scope 3 emissions.

TOTAL EMISSIONS BY SCOPE (t CO_2e)

	2019	2020	2021
Scope 1	52,163	54,161	49,452
Scope 2	119,463	87,082	110,861
Scope 3	8,838	7,712	9,673
Total emissions	180,464	148,954	169,986

Note: Information on conversion and emission factors can be found at the end of the GRI table, in the methodological notes section.

By 2030, MC is committed to reduce its own emissions (scope 1+2) by 55%, when compared to 218. A roadmap was defined and is monitored. Annually, the targets for own emissions are measured. The calculation of the indicator follows the methodology and guidelines of the GHG Protocol.

OWN EMISSIONS (SCOPE 1 + 2) (t CO_2e)

2021 TARGET	2021 PERFORMANCE	ASSESSMENT OF THE 2021 TARGET
170,792	160,313	The target set for own emissions was met, with an additional 6% reduction compared to the target set for 2021.

Verified

GRI 300 – ENVIRONMENTAL DISCLOSURES CONTINUES

305: EMISSIONS [MATERIAL ASPECT]

305-4 **GHG emissions intensity**

EMISSIONS INTENSITY

	2019	2020	2021
Total GHG emissions (t CO_2e) (market based)	180,464	148,954	169,986
Sales area (sqm)	835,000	864,000	828,000
GHG emission intensity ratio (t CO_2/sqm)	0.22	0.17	0.21

Note 1: In 2018, the value of total emissions of 217,736 ton CO_2 was considered.
Sales area (sqm): 776,000
GHG emission intensity ratio (t CO_2/sqm) = 0.28

305-5 **Reduction of GHG emissions**

To support the reduction of our emissions, MC developed a roadmap adapted to its Business context, based on best practices and the best technological and scientific knowledge. The change from refrigeration equipment to equipment that uses low-impact refrigerants, investment in local production of renewable energy, electrification of our fleet of vehicles along with efforts to promote the eco-efficiency of operations are some of the measures implemented.

In 2021, the production of electricity from renewable sources (photovoltaic plants) used in Auto Consumption, stood at 24 GWh, with an increase in consumption in Auto Consumption of 105% when compared to 2020. This production was responsible for avoiding the emission of at least 6,300 tons of CO_2eq.

The acquisition of energy free from GHG emissions, through the establishment of a PPA (Power Purchase Agreement) that took effect from 1 October 2021, allowed a reduction of 12,621 ton CO_2e in relation to the potential emission without this option, corresponding to 10.1% of that emissions potential.

See chapter «Sustainable Development».

305-6 **Emissions of ozone-depleting substances (ODS)**

In 2021, there was no emission of substances that destroy the ozone layer. Since 2012, MC has not used gases with the potential to destroy the ozone layer.

305-7 **Nitrogen oxides (NOx), sulphur oxides (SO2) and other significant emissions**

NITROGEN OXIDES (NOx), SULPHUR OXIDES (SO_2) AND OTHER SIGNIFICANT EMISSIONS

	2019	2020	2021
Total NOx emissions (t)	455	316	328
Total SO_2 emissions (t)	119	103	81
Total CH_4 emissions (t)	–	10	13
Total emissions of F-gases (t)	–	24,051	17,918

Note: For the scope of this indicator, Maxmat was not considered.

306: EFFLUENTS AND WASTE

306-1 **Waste production and significant waste-related impacts**

Most of MC's waste is associated with the activity of its stores. Waste management covers not only waste produced within the scope of its activity, but also waste deposited by Customers. Some measures implemented include: (i) creation of specific areas in stores and warehouses for waste management; (ii) separation, temporary storage and shipment of different types of waste to licensed operators; (iii) separation of the organic portion of waste and sending for organic recovery; (iv) reduction of packaging material for private label products; (v) reuse of transport packaging; and Employee training and awareness.

306-2 **Management of significant impact related to waste**

We reinforce the principles of circularity in the way we manage our activity. We design and develop our services and products, avoid single-use plastics whenever possible, favour the reuse and repair of materials, and, when this is not possible, forward waste for recycling.

Verified

GRI 300 – ENVIRONMENTAL DISCLOSURES — CONCLUSION

306: EFFLUENTS AND WASTE

306-3 Waste generated

WASTE GENERATED (T)

	2019	2020	2021
Hazardous waste	90	63	61
Non-hazardous waste	70,646	72,017	72,673
Total weight of waste generated	70,736	72,080	72,734

306-4 Waste not sent for disposal

WASTE NOT SENT FOR DISPOSAL (T)

	2019	2020	2021
Recycled hazardous waste	NA	63	61
Hazardous waste prepared for reuse	NA	–	–
Other hazardous waste recovery operations	NA	–	–
Total hazardous waste not sent for disposal	90	63	61
Recycling of non-hazardous waste	38,526	42,939	45,172
Non-hazardous waste prepared for reuse	0	–	–
Other non-hazardous waste recovery operations *	10,838	11,762	15,648
Total non-hazardous waste not sent for disposal	49,364	54,701	60,820

* Compost, anaerobic digestion and energy recovery

Note: For the scope of this indicator, Maxmat was not considered.

306-5 Waste sent for disposal

WASTE SENT FOR DISPOSAL (T)

	2019	2020	2021
Incinerated hazardous waste (with energy recovery)	–	–	–
Incinerated hazardous waste (no energy recovery)	–	–	–
Hazardous waste directed to landfill	–	–	–
Other hazardous waste disposal operations	–	–	–
Total disposal of hazardous waste	–	–	–
Incinerated non-hazardous waste (with energy recovery)	–	–	–
Incinerated non-hazardous waste (no energy recovery)	–	–	–
Non-hazardous waste directed to landfill	14,676	17,316	11,853
Other non-hazardous waste disposal operations	–	–	–
Total deposition of non-hazardous waste	14,676	17,316	11,853

Note: For the scope of this indicator, Maxmat was not considered.

GRI 400 – SOCIAL DISCLOSURES — CONTINUES

401: EMPLOYMENT [MATERIAL ASPECT]

401-1 New Employee hires and Employee turnover

NEW HIRES AND DEPARTURES OF EMPLOYEES	2020		2021	
BY NUMBER	NEW HIRES	DEPARTURES	NEW HIRES	DEPARTURES
Men	6,454	6,114	6,919	6,145
Women	10,407	10,049	12,021	10,697
Total	16,861	16,163	18,940	16,842
< 30 years old	13,462	12,329	15,221	12,691
30 – 50 years old	3,151	3,267	3,412	3,559
≥ 50 years old	248	567	307	592
Total	16,861	16,163	18,940	16,842
Portugal	16,534	15,819	18,428	16,454
Spain	327	344	512	388
Total	16,861	16,163	18,940	16,842
BY RATIO (%)	NEW HIRES	DEPARTURES	NEW HIRES	DEPARTURES
Men	18%	17%	19%	17%
Women	29%	28%	33%	29%
Total	47%	45%	52%	46%
< 30 years old	37%	34%	42%	35%
30 – 50 years old	9%	9%	9%	10%
≥ 50 years old	1%	2%	1%	2%
Total	47%	45%	52%	46%
Portugal	46%	44%	50%	45%
Spain	1%	1%	1%	1%
Rest of the world	0%	0%	0%	0%
Total	47%	45%	52%	46%

TOTAL OF NEW HIRES AND DEPARTURES OF EMPLOYEES

	2019	2020	2021
Total Employees	34,898	35,900	36,607
New hires	18,935	16,861	18,940
New hires (%)	54%	47%	52%
Departures	17,735	16,163	16,842
Departures (%)	51%	45%	46%

GRI 400 – SOCIAL DISCLOSURES CONTINUES

401-1 NEW HIRES AND DEPARTURES BY NUMBER

		VOLUNTARY DEPARTURE			UNVOLUNTARY DEPARTURE		
2020		M	F	T	M	F	T
Executives	< 30 years old	–	–	–	–	–	–
	30 – 50 years old	–	1	1	–	–	–
	≥ 50 years old	–	–	–	1	–	1
	Total	–	1	1	1	–	1
Senior & Middle Managers	< 30 years old	–	–	–	–	–	–
	30 – 50 years old	10	4	14	1	2	3
	≥ 50 years old	4	1	5	9	6	15
	Total	14	5	19	10	8	18
Coordinators & Supervisors	< 30 years old	2	3	5	–	1	1
	30 – 50 years old	3	3	6	3	2	5
	≥ 50 years old	3	3	6	1	1	2
	Total	8	9	17	4	4	8
Technicians & Specialists	< 30 years old	34	53	87	10	27	37
	30 – 50 years old	42	64	106	17	28	45
	≥ 50 years old	2	2	4	3	15	18
	Total	78	119	197	30	70	100
Representatives	< 30 years old	1,592	2,215	3,807	3,306	5,086	8,392
	30 – 50 years old	368	816	1.184	586	1,317	1,903
	≥ 50 years old	26	75	101	91	324	415
	Total	1,986	3,106	5,092	3,983	6,727	10,710
Total		**2,086**	**3,240**	**5,326**	**4,028**	**6,809**	**10,837**
2021		M	F	T	M	F	T
Executives	< 30 years old	–	–	–	–	–	–
	30 – 50 years old	1	–	1	–	–	–
	≥ 50 years old	1	–	1	–	–	–
	Total	2	–	2	–	–	–
Senior & Middle Managers	< 30 years old	–	–	–	–	–	–
	30 – 50 years old	15	5	20	5	–	5
	≥ 50 years old	–	–	–	10	6	16
	Total	15	5	20	15	6	21
Coordinators & Supervisors	< 30 years old	–	–	–	–	1	1
	30 – 50 years old	4	3	7	2	5	7
	≥ 50 years old	–	–	–	5	6	11
	Total	4	3	7	7	12	19
Technicians & Specialists	< 30 years old	49	102	151	8	28	36
	30 – 50 years old	59	91	150	14	29	43
	≥ 50 years old	1	1	2	13	17	30
	Total	109	194	303	35	74	109
Representatives	< 30 years old	1,907	3,190	5,097	2,897	4,509	7,406
	30 – 50 years old	498	1,109	1,607	543	1,176	1,719
	≥ 50 years old	28	82	110	85	337	422
	Total	2,433	4,381	6,814	3,525	6,022	9,547
Total		**2,563**	**4,583**	**7,146**	**3,582**	**6,114**	**9,696**

M Male F Female T Total

Verified

GRI 400 – SOCIAL DISCLOSURES CONTINUES

401: EMPLOYMENT [MATERIAL ASPECT]

401-3 **Parental leave**

PARENTAL LEAVE	2020			2021		
TOTAL NUMBER OF EMPLOYEES (NO.)	M	F	T	M	F	T
Entitled to parental leave	11,364	24,536	35,900	11,486	25,121	36,607
Who took parental leave	495	1,323	1,818	392	1,257	1,649
Who returned to work after completing parental leave	495	1,316	1,811	392	1,258	1,650
Who returned to work after completing their parental leave and who remain with the Company 12 months after they returned	381	1,031	1,412	391	1,069	1,460
Usufruct rate	4%	5%	5%	3%	5%	5%
Return rate	100%	99%	100%	100%	100%	100%
Retention rate	77%	78%	78%	100%	85%	89%

M Male F Female T Total

Note: Employees who, having taken leave in 2020, remain in the Company 12 months after returning, are not counted. For this reason, the retention rate can be higher than 100%, since the denominator refers to the usufruct of 2021 and not 2020.

403: OCCUPATIONAL HEALTH AND SAFETY

403-1 **Occupational health and safety management system**

MC's occupational health and safety management methodologies and processes are not formalized in a certified system.

403-2 **Hazard identification, risk assessment, and incident investigation**

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

We believe that raising awareness and communicating the risks and measures that Employees must take to eliminate or reduce risks to controllable levels are a decisive step towards improving existing conditions and, consequently, improving the working environment.

Therefore, in addition to training in OSH and information shared with Employees, an annual consultation with Employees on OSH issues is carried out through a questionnaire is done, in which Employees comment on all topics related to OSH. Employees' responses are analysed to assess their perception of working conditions.

Workers can also report incidents through internal platform and application audits or directly contact OSH technicians or security animators.

403-3 **Occupational health services**

MC provides occupational health services that contribute to identifying and eliminating hazards and risk minimization. These services, provided by law, include: an entrance exam at the time of joining the Company; periodic exams and every two years for all Employees between 18 and 50 years old; and annual exams for Employees under the age of 18 or over 50; Occasional examinations are also carried out at the request of the Employee or the Company, and all Employees who have been absent for more than 30 days, after returning, are obliged to carry out any examinations.

Other services include monitoring remodelling and store openings, training, procedures and safety standards, annual audit plan for all establishments, monitoring claims processes (cause, participation), and ergonomic studies. Qualified OSH technicians provide all services.

Verified

GRI 400 – SOCIAL DISCLOSURES CONTINUES

403: OCCUPATIONAL HEALTH AND SAFETY

403-4	**Worker participation, consultation, and communication on occupational health and safety**	At MC, all Employees are consulted annually on OSH issues through a questionnaire, in which Employees comment on all matters related to OSH. This questionnaire is adapted and updated periodically. In addition, a survey is carried out on the injured person's satisfaction about the health activity carried out by the insurance Company.
403-5	**Worker training on occupational health and safety**	Workers complete mandatory online training on workplace hazards and emergency organization and response during the admissions process. MC has an internal portal where workers can find various information related to Safety and Health at Work, such as Accidents at Work, Risks at Work, Personal Protective Equipment, Emergency Plan, among others. Some SSO monitoring audits carried out in stores are pedagogical.
403-6	**Promotion of worker health**	Concerning facilitating workers' access to medical and non-occupational health services, MC has at its disposal several initiatives such as curative medicine, food and nutrition, massage, yoga and other similar initiatives available to all collaborators.
403-7	**Prevention and mitigation of occupational health and safety impacts directly linked by Business relationships**	Health and safety impacts attributable to Business relationships are not considered material.
403-8	**Workers covered by an occupational health and safety management system**	MC's occupational health and safety management methodologies and processes are not formalized in a certified system.

403-9 **Work-related injuries**

	2020			2021		
EMPLOYEES	M	F	T	M	F	T
Workable hours	20,507,129	43,352,122	63,859,251	20,703,103	44,076,994	64,780,097
Work injuries	280	509	789	240	531	771
Fatalities	–	–	–	–	–	–
WORKERS WHO ARE NOT EMPLOYEES, BUT WHOSE WORK AND/OR WORKPLACE IS CONTROLLED BY THE ORGANIZATION						
Work injuries	61	18	79	72	40	112
Fatalities	0	0	0	0	0	0

M Male F Female T Total

404: TRAINING AND EDUCATION [MATERIAL ASPECT]

404-1 **Average hours of training per year per Employee**

AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

	2019	2020	2021
Total Employees (No.)	34,606	44,671	46,084
Total hours of training (h)	889,881	787,142	851,840
Average hours of training by category and gender (h/Employee)	26	18	18

Note: This includes all training participants, regardless of if they were active or not in December 31, 2021

GRI 400 – SOCIAL DISCLOSURES CONTINUES

404: TRAINING AND EDUCATION [MATERIAL ASPECT]

404-1 **Average hours of training per year per Employee**

TOTAL NUMBER OF EMPLOYEES BY EMPLOYEE CATEGORY AND GENDER

	2020			2021		
	M	F	T	M	F	T
Executives	39	9	48	40	8	48
Senior & Middle Managers	423	255	678	1,092	1,281	2,373
Coordinators & Supervisors	762	1,353	2,115	112	810	922
Technicians & Specialists	800	1,564	2,364	712	1,601	2,313
Representatives	12,955	26,511	39,466	12,544	27,884	40,428
Total Employees (No.)	14,979	29,692	44,671	14,500	31,584	46,084
Executives	463	129	592	389	52	441
Senior & Middle Managers	7,313	5,089	12,402	24,916	31,646	56,562
Coordinators & Supervisors	14,917	18,952	33,869	448	2,725	3,173
Technicians & Specialists	20,976	45,229	66,205	10,883	23,069	33,952
Representatives	218,318	455,756	674,074	275,428	482,284	757,712
Total training hours (h)	261,987	525,155	787,142	312,064	539,776	851,840
Executives	12	14	12	10	7	9
Senior & Middle Managers	17	20	18	23	25	24
Coordinators & Supervisors	20	14	16	4	3	3
Technicians & Specialist	26	29	28	15	14	15
Representatives	17	17	17	22	17	19
Average hours of training by category and gender (h/Employee)	17	18	18	22	17	18

M Male F Female T Total

Note: This includes all training participants, regardless of if they were active or not in December 31, 2021

404-2 **Programs for upgrading Employee skills and transition assistance programs**

ACTIONS AND TRAINING HOURS BY PROGRAM

	2020		2021	
	ACTIONS (No.)	HOURS (h)	ACTIONS (No.)	HOURS (h)
Conferences & Seminars	–	–	1	15
Schools/Academies	1	50	–	–
Management	732	3,622	643	1,275
Management & Leadership	21,299	18,494	9,499	17,902
Continuous improvement	1,198	8,137	1,617	10,546
Health and safety at Work	22,062	54,090	15,507	58,450
Sustainability	–	–	–	–
Technique	41,451	63,091	40,577	68,569
Transversal	756	4,536	583	3,039
Others	74,316	635,122	176,150	692,045
Total	161,815	787,141	244,577	851,841

Note: Includes all participants in training, whether or not they are active on December 31, 2021.

404-3	**Percentage of Employees receiving regular performance and career development reviews**	In 2021, at MC, 90.5% of Employees received performance and career development evaluations.

GRI 400 – SOCIAL DISCLOSURES CONTINUES

405: DIVERSITY AND EQUAL OPPORTUNITY [MATERIAL ASPECT]

405-1 **Diversity of governance bodies and Employees**

PERCENTAGE OF EMPLOYEES BY FUNCTIONAL CATEGORY

		2020 M	2020 F	2020 T	2021 M	2021 F	2021 T
Executives	< 30 years old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	30 – 50 years old	32.7%	8.2%	40.8%	37.7%	9.4%	47.2%
	≥ 50 years old	51.0%	8.2%	59.2%	45.3%	7.5%	52.8%
	Total	83.7%	16.3%	100.0%	83.0%	17.0%	100.0%
Senior & Middle Managers	< 30 years old	0.2%	0.5%	0.6%	0.3%	0.4%	0.7%
	30 – 50 years old	41.3%	27.9%	69.2%	39.5%	29.1%	68.6%
	≥ 50 years old	20.4%	9.8%	30.2%	20.3%	10.4%	30.7%
	Total	61.9%	38.1%	100.0%	60.1%	39.9%	100.0%
Coordinators & Supervisors	< 30 years old	3.7%	7.9%	11.7%	3.6%	8.2%	11.8%
	30 – 50 years old	25.2%	46.6%	71.8%	25.0%	46.6%	71.6%
	≥ 50 years old	7.1%	9.5%	16.6%	6.1%	10.5%	16.6%
	Total	36.0%	64.0%	100.0%	34.7%	65.3%	100.0%
Technicians & Specialists	< 30 years old	8.4%	19.1%	27.4%	9.3%	22.1%	31.5%
	30 – 50 years old	21.6%	39.5%	61.1%	17.4%	38.9%	56.3%
	≥ 50 years old	3.3%	8.2%	11.5%	3.6%	8.6%	12.2%
	Total	33.3%	66.7%	100.0%	30.4%	69.6%	100.0%
Representatives	< 30 years old	15.2%	25.9%	41.1%	15.4%	26.3%	41.7%
	30 – 50 years old	12.3%	33.1%	45.3%	12.0%	32.1%	44.2%
	≥ 50 years old	3.1%	10.5%	13.6%	3.1%	11.0%	14.2%
	Total	30.6%	69.4%	100.0%	30.6%	69.4%	100.0%

M Male F Female T Total

DISABLED EMPLOYEES

	2020	2021
Employees with disabilities (No.)	157	184

WOMEN IN LEADERSHIP POSITIONS

	2020	2021
% Women in leadership positions	36.6%	38.8%

It does not include Arenal. Extending the scope of the indicator to Arenal, the % of women in leadership positions was 38.3%

MC has set the goal of reaching 40% of women in leadership positions by 2023. To support the achievement of this goal, a Diversity and Inclusion Strategy and Gender Equality Plan were developed.

WOMEN IN LEADERSHIP POSITIONS

	2021 TARGET	2021 PERFORMANCE	ASSESSMENT OF THE 2021 TARGET
% Women in leadership positions	37.4%	38.8%	The target defined for the % of women in leadership positions was met, having been exceeded by 1.4 percentage points compared to the target defined for 2021.

GRI 400 – SOCIAL DISCLOSURES CONTINUES

406: NON-DISCRIMINATION

406-1 **Incidents of discrimination and corrective actions taken**

In 2021, 32 cases of discrimination were raised. The investigation processes carried out led to the shelving of all cases.

407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

407-1 **Operations and Suppliers in which the right to freedom of association and collective bargaining may be at risk**

At MC, there are no operations involving risks within the scope of the right to freedom of association and collective bargaining agreements.

According to the audit reports carried out in 2021, all Suppliers have freedom of association: they can be members of institutions / associations that represent their rights accordingly.

408: CHILD LABOR

408-1 **Operations and Suppliers at significant risk for incidents of child labor**

At MC, as a rule, minors are not admitted. Minors between the ages of 16 and 18 are only allowed exceptionally and consistently in compliance with the law. There are no operations with the risk of incidents of child labour. If a Supplier is found to have a significant risk of incidents of child labour, the Supplier is placed on stand-by and only re-enters after an SA8000 audit by an accredited entity.

409: FORCED AND COMPULSORY LABOR

409-1 **Operations and Suppliers at significant risk for incidents of forced or compulsory labor**

At MC, there is no forced labour. However, if a Supplier is found to have a significant risk of forced or compulsory labour incidents, the Supplier is placed on stand-by and only re-enters after an SA8000 audit by an accredited entity.

410: SECURITY PRACTICES

410-1 **Security personnel trained in human rights policies or procedures**

In Portugal and in Spain, all security guards who provide services through security companies must have a professional card, whose obtaining and renewal requires training that includes constitutional/fundamental rights, ethics and deontology.

412: HUMAN RIGHTS ASSESSMENT

412-1 **Operations that have been subject to human rights reviews or impact assessments**

In 2021, no operation that has been subject to a Human Rights reassessments and/or impact assessments in this regard.

412-2 **Employee training on human rights policies or procedures**

In 2021, Employees received training related to human rights practices and policies according to the following table:

TRAINING IN RIGHTS POLICIES AND PRACTICES

	2019	2020	2021
Total number of Employees who received formal training in the organization's policies and procedures regarding Human Rights issues (No.)	15,502	42,020	30,307
Total hours dedicated to training in policies and procedures regarding aspects of Human Rights that are relevant to operations (h)	294,519	368,532	404,490

Note: includes all participants in training regardless of whether or not they are active on 31 December 2021 in Portugal.

412-3 **Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening**

In MC's supply contracts there is an obligation clause for the Supplier that mentions «Comply with all applicable rules and legislation on work performed by minors, human rights and prohibition of discrimination against its workers, whatever the reason».

413: LOCAL COMMUNITIES [MATERIAL ASPECT]

413-1 **Operations with local Community engagement, impact assessments, and development programs**

MC ensures the necessary conditions to cause the least negative impact on Communities when opening new infrastructures. It develops numerous activities to support the local Community during the operation, meeting their different needs. Activities are often carried out in Partnership with local entities. In 2021, €19.6 million were donated in campaigns to support the Community and in food surpluses to more than 1,400 institutions across the country

See chapter «Sustainable Development».

GRI 400 – SOCIAL DISCLOSURES CONTINUES

414 AND 308: SUPPLIER SOCIAL ASSESSMENT [MATERIAL ASPECT]

414-1 and 308-1 (Verified)

New Suppliers that were screened using social criteria

SUPPLIERS SELECTED BASED ON SOCIO-ENVIRONMENTAL CRITERIA

	2020		2021	
	TOTAL	NEW	TOTAL	NEW
National	180	31	582	58
Foreign	313	84	529	72
Total Suppliers (No.)	493	115	1.111	130
National	113	3	501	30
Foreign	192	14	410	33
Total qualified Suppliers (No.)	305	17	911	63
National	63%	10%	86%	52%
Foreign	61%	17%	78%	46%
% qualified Suppliers	62%	15%	82%	48%
National	55	1	155	6
Foreign	209	14	219	13
Total Suppliers audits (No.)	264	15	374	19

416: CUSTOMER HEALTH AND SAFETY

416-1 (Verified)

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

At MC, it is a priority to guarantee the quality and safety of our brand products, which is why we constantly control, monitor and develop the development process. Therefore, we focus our activities on four areas: (i) certification of the development of our brand products, (ii) quality and safety monitoring, (iii) labelling and (iv) management of Customer feedback.

In 2021, continuing previous years' efforts, we ensured the certification process to develop MC's brands, following the international quality management standard NP EN ISO 9001: 2015. We have a Team of qualified internal and external professionals dedicated to carrying out periodic product verifications, including inspections, laboratory tests, and audits, to guarantee compliance with quality and safety standards based on the annual plans in force.

In 2021, a total of 643,675 analyses were performed in internal and external laboratories.

In indicator 102-44 we report how we manage and integrate our Customers' feedback.

417: MARKETING AND LABELING

417-1 (Verified)

Requirements for product and service information and labeling

We are committed to ensuring the supply of a wide range of responsible products to meet consumer expectations and promote the adoption of a sustainable lifestyle. At the same time, considering the need for immediate access to information inherent to the current consumer profile, we are concerned with ensuring that we provide the necessary information about our products so that consumers can make an informed and appropriate choice for their style of life.

In 2021, MC did not experience any non-compliance with laws and regulations in terms of information and labelling of products with a total monetary value greater than or equal to €12,000.

GRI 400 – SOCIAL DISCLOSURES CONCLUSION

419: COMPLIANCE SOCIOECONOMIC

419-1 and 307-1 (Verified)

Incidents of non-compliance concerning product and service information and labeling

MC considers a significant fine when the total monetary value is greater than or equal to €12,000, as it corresponds to the minimum fine for a serious environmental offense (Law No.114/2015, of 28 August).

NON-COMPLIANCE WITH LAWS AND REGULATIONS IN THE SOCIAL AND ECONOMIC AREA

	2020	2021
Total monetary value of significant fines – Economic area (€)	0	0
Total number of non-monetary sanctions (No.)	8	3
Total monetary value of significant fines – Social (labour) area (€)	0	0
Total number of non-monetary sanctions (No.)	0	0
Total monetary value of significant fines – Environmental area (€)	0	0
Total number of non-monetary sanctions (No.)	0	0

In 2021, Mc does not suffer any non-compliance with laws and regulations in the social, economic and environmental areas with a total monetary value greater than or equal to €12,000.

Verified

METHODOLOGIC NOTES

EMISSION FACTORS

ENERGY	UNIT	2019	2020	2021	SOURCE (2019 AND 2020)
Natural Gas	Kg CO_2/GJ	56.4	56.4	56.4	2019: APA (2019) Portuguese National Inventory Report on Greenhouse Gases 1990-2017 (p.187)
Propane Gas	Kg CO_2/GJ	63.1	63.1	63.1	2020: APA (2020) Portuguese National Inventory Report on Greenhouse Gases 1990-2018 (p.119)
Diesel	Kg CO_2/GJ	74.1	74.1	74.1	2021: APA (2021) Portuguese National Inventory Report on Greenhouse Gases (NIR)
Gasoline	Kg CO_2/GJ	69.3	69.3	69.3	
Electricity					
Market Based **MC, Maxmat, Sonae RP**	Kg CO_2/GJ	77	74.7	71.4	2019, 2020 and 2021: Elergone Data – The calculation of annual values is based on the calculated monthly values, which in turn are calculated by weighting the emission factors reported by the various Suppliers and the percentage of consumption of the points that have a supply contract with the respective Suppliers.
Market Based **Spain**	Kg CO_2/GJ	110.8	110.8	110.8	2019, 2020 and 2021: It was assumed the Endesa emission factor: 398,88 gCO_2/kWh endesa.pt/negocios/quemsomos/Origem-de-Energy
Market Based **Arenal**	Kg CO_2/GJ	109.4	79.1	55.6	2019: Energy mix Endesa, Repsol, Iberdrola, Aldro Energía and DLR Energía Comercializadora. 2020: Electricity Labeling Agreement Related to Energy Produced In 2019, issued by the CMNC. 2021: Considered the Endesa emission factor shared 0,2 ($kgCO_2$/Kwh)
Location Based **Spain**	Kg CO_2/GJ	53.5	40	38.8	2019, 2020 and 2021: REE ree.es/es/datos/generacion/no-renovables-detalle-emisiones-CO2

TYPE OF TREATMENT	UNIT	2019	2020	2021	SOURCE
Landfill	t CO_2/t waste	0.0214	0.0213	0.0213	2019: DEFRA (2019). Greenhouse gas reporting – Conversion factors 2019
Energy recovery	t CO_2/t waste	0.0102	0.0102	0.0102	2020: DEFRA (2020). Greenhouse gas reporting – Conversion factors 2020
Organic recovery	t CO_2/t waste	0.5865	0.4374	0.4374	2021: DEFRA (2020). Greenhouse gas reporting – Conversion factors 2021

NITROGEN OXIDES (NOx), **SULFUR OXIDES** (SO_2), **AND OTHER SIGNIFICANT AIR EMISSIONS** (305-7)

The values in the GRI table associated with indicator 305-7 were calculated using the following conversion factors:

ENERGY	UNIT	NOX	SO_2	SO_2	SOURCE
Diesel	kg/GJ	0.8	0.21	0.21	IPCC 2006
Gasoline	kg/GJ	0.6	0.075	0.075	IPCC 2006

SASB DISCLOSURES

SASB SUSTAINABILITY INDICATORS

FB-FR-110a.1 Fleet fuel consumed , percentage renewable

	2019	2020	2021
Fleet fuel consumed (GJ)	565,499	487,849	425,063

FB-FR-110b.1 Gross global emissions from refrigerants (scope 1)

	2019	2020	2021
Gross global emissions from refrigerants (scope 1) (ton)	52,163	54,161	49,452

FB-FR-110b.2 Percentage of refrigerants consumed with zero ozone-depleting potential

	2021
Percentage of refrigerants consumed with zero ozone-depleting potential	100%

FB-FR-110b.3 Average refrigerant emissions rate — Unvailable information for the 2021 report.

FB-FR-130a.1 (1) Operational energy consumed, (2) percentage grid electricity, (3) percentage renewable

OPERATIONAL ENERGY CONSUMED	2019	2020	2021
Energy consumed (GJ)	1,494,945	1,514,009	1,583,096

RENEWABLE ENERGY PRODUCTION	2019	2020	2021
Produced and consumed (GJ)	23,778	41,752	86,238

PERCENTAGE OF ENERGY CONSUMED BY TYPE	2019	2020	2021
Grid electricity (%)	98%	97%	95%
Renewable (%)	2%	3%	5%

FB-FR-150a.1 (1) Amount of food waste generated, (2) percentage diverted from the waste stream

	2021
Food waste avoided	+37M€

	2021
% diverted from the waste stream	35%

FB-FR-230a.1 (1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of Customers afected — Unvailable information for the 2021 report.

FB-FR-230a.2 Description of approach to identifying and addressing data security risks

MC's risk management process follows the International Enterprise Risk Management – Integrated Framework (COSO) methodology, which identifies different types of risks and threats to Business development, both at the strategic and operational levels. Cyber attacks are defined as the occurrence of a breach in the privacy and/or data security of Employees, Suppliers or Customers, as well as other commercial information, due to an inadequate level of protection of information systems and/or risky behavior of Employees, may subject the Company to fines and affect its reputation and continuity.

See chapter «Governing principles and practices», subchapter «Risk management»

FB-FR-250a.1 High-risk food safety violation rate — Unvailable information for the 2021 report.

SASB SUSTAINABILITY INDICATORS		
FB-FR-250a.2	**(1) Number of recalls, (2) number of units recalled, (3) percentage of units recalled that are private-label products**	Unavailable information for the 2021 report.
FB-FR-260a.1	**Revenue from products labeled and/or marketed to promote health and nutrition attributes**	Unavailable information for the 2021 report.
FB-FR-260a.2	**Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers**	Our program to review the nutritional composition of own-brand products ensures that our Customers continue to enjoy their favourite products knowing they are healthier. In 2021, we continued to reduce salt, fat and sugar levels and eliminate hydrogenated fats and palm oil. At the same time, we tried to introduce products with more protein, fibre, fruits and vegetables, and wholesome and naturally healthy products. Based on the precautionary principle, we have established strict nutritional criteria that all our private label products must comply with, and we ensure that they are constantly updated due to new scientific discoveries, new legislation and/or recommendations, and new processing technologies and Ingredients.
FB-FR-270a.1	**Number of incidents of non-compliance with industry or egulatory labeling and/or marketing codes**	Unavailable information for the 2021 report.
FB-FR-270a.2	**Total amount of monetary losses as a resultof legal proceedings associated with marketing and/or labeling practices**	MC considers a significant fine when the total monetary value is greater than or equal to €12,000, as it corresponds to the minimum fine for a serious environmental offense (Law No.114/2015, of 28 August). In 2021, Mc does not suffer any non-compliance with laws and regulations associated with marketing and/or labeling practices with a total monetary value greater than or equal to €12,000.
FB-FR-270a.3	**Revenue from products labeled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO**	MC, by internal policy, does not buy products containing genetically modified organisms.
FB-FR-310a.1	**(1) Average hourly wage and (2) percentage of in-store and distribution center Employees earning minimum wage,by region**	Unavailable information for the 2021 report.
FB-FR-310a.2	**Percentage of active work force covered under collective bargaining agreements**	At MC, 95.8% of all Employees are covered by collective bargaining agreements through the employment contract.
FB-FR-310a.3	**(1) Number of work stopp ages and (2) total days idle**	In 2021, there were no work stoppages involving 1,000 or more workers lasting a full shift or more and zero days were lost as a result of stoppages.
FB-FR-310a.4	**Total amount of monetary losses as a result of legal proceedings associated with:(1) labor law violations and (2) employment discrimination**	MC considers a significant fine when the total monetary value is greater than or equal to €12,000, as it corresponds to the minimum fine for a serious environmental offense (Law No.114/2015, of 28 August). In 2021, Mc does not suffer any non-compliance with laws and regulations associated with:(1) labor law violations and (2) employment discrimination practices with a total monetary value greater than or equal to €12,000.
FB-FR-430a.1	**Revenue from products third-party certified to environmental or social sustainability sourcing standard**	Unavailable information for the 2021 report.

SASB SUSTAINABILITY INDICATORS		
FB-FR-430a.2	**Percentage of revenue from (1) eggs that originated from a cage-free environment and (2) pork produced without the use of gestation crates**	Unavailable information for the 2021 report.
FB-FR-430a.3	**Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare**	MC intends to guide its performance, in all Businesses, beyond the strict compliance with the legislation in force. For this purpose, it adopted, in its practices, a set of Sustainability, Ethics, Justice and Honesty. Recognizing the challenges and risks associated with its supply chain, following the Supplier Relationship Policy, it established a Code of Conduct to inform its Suppliers and their subcontracting chain of minimum requirements to be ensured throughout the period of collaboration with the MC, in all businesses, both locally and globally. See GRI indicators: 304-2; 408-1 ;409-1
FB-FR-430a.4	**Discussion of strategies to reduce the environmental impact of packaging**	The commitment to the responsible use of plastic, assumed by MC, is part of a strategy that has been carefully planned and implemented by multidisciplinary Teams and with the support of external Partners from different areas. The association with a global commitment in this area in 2019 reflects this same concern. Our strategy goes through: 1. Anticipate to 2025 the ambition defined by the European Union for 2030, that all plastic packaging placed on the market is reusable or recyclable in an economically efficient way. 2. Reduce or even eliminate the use of materials of fossil origin, either by reducing the thickness used for the same product or by substituting the type of materials used. 3. To reduce the complexity of the fossil plastic materials used, namely multi-material products, and thus contribute to the greater recyclability of plastic materials. 4. Increase the incorporation of secondary raw materials (recycled) in new products and thus reduce the use of virgin plastic materials. 5. Increase product reuse levels; 6. Promote and support third-party initiatives that have as their objective; (i) the development of alternative and more sustainable materials; (ii) the reduction in the use of virgin materials in the production of plastic products of fossil origin; (iii) the improvement of conditions that make it possible to increase recycling; (vi) the greater incorporation of recycled materials in new products. 7. Improve and intensify information to consumers to feel that they are also an active part of this goal. See chapter «Sustainable Development», subchapter «Planet»
FB-FR-000.A	**Number of retail locations and distribution centers**	Unavailable information for the 2021 report.
FB-FR-000.B	**Total area of retail space and distribution centers**	Unavailable information for the 2021 report.
FB-FR-000.C	**Number of vehicles in commercial fleet**	Unavailable information for the 2021 report.
FB-FR-000.D	**Ton miles travelled**	Unavailable information for the 2021 report.

STANDARDS CORRESPONDENCE TABLES

STANDARDS CORRESPONDENCE TABLE

STANDARDS CORRESPONDENCE TABLE — CONTINUES

GRI	SDGS	UNGC	SASB
102-1	8	19	
102-41	16	3	Labor Practices – FB-FR-310a.2 (Food retailers & distributors)
102-8	8	6	
201-1	2, 5, 7, 8, 9		
201-2	13		
202-2	8	6	
203-1	2, 5, 7, 9, 11		
203-2	1, 2, 3, 8, 10, 17		
204-1	12		
205-1	16	10	
205-2	16	10	
205-3	16	10	
301-1	8, 12	7, 8	
301-3	8, 12	8	
302-1	7, 8, 12, 13	7, 8	Energy Management – FB-FR-130a.1 (Food retailers & distributors)
302-2	7, 8, 12, 13	7, 8	
302-3	7, 8, 12, 13	8	
302-4	7, 8, 12, 13	8, 9	
302-5	7, 8, 12, 13	8, 9	
303-1	6	7, 8	
303-2	6	7, 8	
303-3	6, 8, 12	8	
303-4	6, 8, 12	8	
303-5	6, 8, 12	8	
304-1	6, 14, 15	8	
304-2	6, 14, 15	8	
304-3	6, 14, 15	8	
305-1	3, 12, 13, 14, 15	7, 8	Air Emissions from Refrigeration – FB-FR-110b.1 (Food retailers & distributors)
305-2	3, 12, 13, 14, 15	7, 8	

STANDARDS CORRESPONDENCE TABLE — CONCLUSION

GRI	SDGS	UNGC	SASB
305-3	3, 12, 13, 14, 15	7, 8	
305-4	13, 14, 15	8	
305-5	13, 14, 15	8, 9	
305-6	3, 12, 13	7, 8	
305-7	3, 12, 13	7, 8	
306-1	3, 6, 12	8	
306-2	3, 6, 12	8	
306-3	3, 6, 12	8	
306-4	3, 6, 12	8	
306-5	3, 6, 12	8	
401-3	1, 8	6	
403-1	3, 8		
403-2	3, 8		
403-3	3, 8		
403-4	3, 8		
405-5	3, 8		
403-6	3, 8		
403-7	3, 8		
403-8	3, 8		
403-9	3, 8		
404-1	1, 5, 8	6	
404-2	8		
404-3	5, 8	6	
405-1	5, 8	6	
406-1	5, 8, 16	6	
407-1	8	3	
408-1	8, 16	5	
409-1	8	4	
412-3	6	5, 8, 16	
417-1	12, 16		Product Health and Nutrition – FB-FR-260a.2 (Food retailers & distributors)
419-1 and 307-1	16		Labor Practices – FB-FR-310a.3 (Food retailers & distributors)

The activity report responds to the legal requirements imposed by the Portuguese Decree-Law no. 89/2017, published on 28 July 2017 and to the Spanish law no. 11/2018, published on 28 December as shown below.

TABLE OF CORRESPONDENCE TO PORTUGUESE DECREE-LAW 89/2017 OF JULY 28

CONTENTS OF DECREE-LAW NO. 89/2017 OF JULY 28

ART. NO. 3 (REFERS TO ART. NO. 66-B AND 508-G OF THE CSC):

The non-financial statement must contain enough information for an understanding of the development, performance, position and impact of its activities, relating at least to environmental, social and worker-related issues, equality between men and women, non-discrimination, respect for human rights, combating corruption and bribery, including:

CONTENTS OF DECREE-LAW NO. 89/2017 OF JULY 28		
A brief description of the Company's Business model.	**GRI 102-1 to 102-15**	**«Annual Report 2021»** • APPENDIX: Non-financial information supplement I GRI disclosures
A description of the Company's policies in relation to these issues, including the due diligence procedures duly applied.	**GRI 103, 205, 301, 302, 303, 304, 305, 306, 307, 308, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 412, 413, 414, 416, 417, 419**	**«Annual Report 2021»** • APPENDIX: Non-financial information supplement I GRI disclosures
The results from these policies.	**GRI 103, 205, 301, 302, 303, 304, 305, 306, 307, 308, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 412, 413, 414, 416, 417, 419**	**«Annual Report 2021»** • APPENDIX: Non-financial information supplement I GRI disclosures
The main risks associated to these issues, related to the Company's activities, including, if relevant and proportionate, its Business relations, its products or services that may have negative impacts on these areas and how these risks are managed by the Company.	**GRI 102-15, 103**	**«Annual Report 2021»** • APPENDIX: Non-financial information supplement I GRI disclosures
Key performance indicators relevant to its specific activity.	**GRI 103, 205, 301, 302, 303, 304, 305, 306, 307, 308, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 412, 413, 414, 416, 417, 419**	**«Annual Report 2021»** • APPENDIX: Non-financial information supplement I GRI disclosures
Description of the diversity policy applied by the company with respect to its management and supervisory bodies, namely, in terms of age, sex, qualifications and professional background, the objectives of this diversity policy, how it was applied and the results in the period of reference.	**GRI 102-22, 102-24, 103, 401, 405**	**«Annual Report 2021»** • APPENDIX: Non-financial information supplement I GRI disclosures

TABLE OF CORRESPONDENCE TO THE SPANISH LAW 11/2018 OF DECEMBER 28

TABLE OF CORRESPONDENCE TO THE SPANISH LAW 11/2018 OF DECEMBER 28 — CONTINUES

CONTENTS OF SPANISH LAW 11/2018 OF DECEMBER 28		
Global The consolidated statement of non-financial information should include the information necessary to understand: • The development, • The results and situation of the group and • The impact of its activity; **In relation to:** • Environmental issues, • Social issues, • Respect for human rights, • Respect for combating corruption and bribery; As well as regarding Employees, including measures that, if applicable, have been adopted to comply with the principle of equal treatment and opportunities for women and men, non-discrimination and the inclusion of People with disabilities and universal accessibility.	**GRI 103, 205, 301, 302, 303, 304, 305, 306, 307, 308, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 412, 413, 414, 416, 417, 419**	**«Annual Report 2021»** • CHAPTER THE YEAR IN REVIEW: Value creation model; 2021 highlights; • CHAPTER SUSTAINABLE DEVELOPMENT • CHAPTER GOVERNANCE PRINCIPLES AND PRACTICES • APPENDIX: Non-financial information supplement I GRI disclosures
Business model Brief description of the group's Business model should include: 1. The Business environment, 2. The organisation and structure, 3. The markets in which it operates, 4. The goals and strategies, 5. The main factors and trends that could affect its future development.	**GR 102-1, 102-2, 102-4, 102-7, 102-14**	**«Annual Report 2021»** • CHAPTER THE YEAR IN REVIEW: Mercado de atuação; Prioridades estratégicas; Value creation model. • APPENDIX: Non-financial information supplement I GRI disclosures
Policies A description of the policies that the group applies to these issues, including: 1. Due diligence procedures applied to the identification, assessment, prevention and mitigation of significant risks and impacts. 2. Verification and control procedures including the measures that have been adopted.	**GRI 102-15, 103, 201-2, 205-1, 205-2, 406-1, 407-1, 408-1, 409-1, 410-1, 412-1, 412-2, 412-3, 414-1, 308-1, 416-1, 417-1, 419-1, 307-1**	**«Annual Report 2021»** • CHAPTER THE YEAR IN REVIEW: Value creation model • CHAPTER GOVERNANCE PRINCIPLES AND PRACTICES • APPENDIX: Non-financial information supplement I GRI disclosures
Results of the policies and key performance indicators The results of those policies, including key performance indicators of relevant non-financial results that allow: 1. The monitoring and assessment of progress and 2. That favour comparability between sectors, according to the national, European or international benchmarks used for each area.	**GRI 102-15, 103, 201-2, 205-1, 205-2, 406-1, 407-1, 408-1, 409-1, 410-1, 412-1, 412-2, 412-3, 414-1 and 308-1, 416-1, 417-1, 419-1 and 307-1** Environmental policy	**«Annual Report 2021»** • CHAPTER THE YEAR IN REVIEW: 2021 highlights. • CHAPTER SUSTAINABLE DEVELOPMENT • APPENDIX: Non-financial information supplement I GRI disclosures

TABLE OF CORRESPONDENCE TO THE SPANISH LAW 11/2018 OF DECEMBER 28 — CONTINUES

CONTENTS OF SPANISH LAW 11/2018 OF DECEMBER 28		
Risks The main risks related to these issues with respect to the activities of the group, including, when relevant, their Business relations, products or services that may have negative effects on them: • How the group manages these risks; • Explaining the procedures used to detect and assess risks, according to the national, European or international benchmark structures for each area; • Information should be included on the impacts detected, detailing the main risks in the short, medium and long-term.	**GRI 102-15, 201-2, 205-1, 407-1, 408-1, 409-1, 413-1**	**«Annual Report 2021»** • CHAPTER GOVERNANCE PRINCIPLES AND PRACTICES • APPENDIX: Non-financial information supplement I GRI disclosures
Key performance indicators Key non-financial performance indicators that are relevant to the Business activity and that meet the comparability, materiality, relevance and reliability criteria. in order to allow the comparison of information, both over time and across entities, standard key nonfinancial indicators will be used that can be generally applied and that comply with the European commission's guidelines on this subject and the standards of the global reporting initiative, mentioning in the report the national, European or international scope used for each area. The main indicators of non-financial results should be applied to each of the non-financial information topics. These indicators should be useful, taking into consideration the circumstances, and consistent with the parameters used in their internal assessment and risk management procedures. In any event, the information presented must be accurate, comparable and verifiable.	**GRI 102-54**	**«Annual Report 2021»** • CHAPTER THE YEAR IN REVIEW: 2021 highlights. • APPENDIX: Non-financial information supplement I GRI disclosures
ENVIRONMENTAL ISSUES		
Global environment 1. Detailed information on the current and possible effects of the company's activities on the environment and, when applicable, health and safety procedures, environmental assessment or certification; 2. Resources dedicated to the prevention of environmental risks; 3. The application of the precautionary principle, the quantity of provisions and guarantees for environmental risks.	**GRI 102-11,103, 201-2, 308-1** Environmental policy	**«Annual Report 2021»** • CHAPTER THE YEAR IN REVIEW: Value creation model; 2021 highlights. • CHAPTER SUSTAINABLE DEVELOPMENT • APPENDIX: Non-financial information supplement I GRI disclosures

TABLE OF CORRESPONDENCE TO THE SPANISH LAW 11/2018 OF DECEMBER 28 — CONTINUES

ENVIRONMENTAL ISSUES		
Contamination 1. Measures to prevent, reduce or repair damage from carbon emissions, which seriously affect the environment; 2. Taking into consideration any form of air pollution, which is activity-specific, including noise and light pollution	**GRI 103, 305-5, 305-6, 305-7** **MC does not have significant impacts at the level of noise and light pollution.**	**«Annual Report 2021»** • CHAPTER THE YEAR IN REVIEW: Value creation model; 2021 highlights. • CHAPTER SUSTAINABLE DEVELOPMENT • APPENDIX: Non-financial information supplement I GRI disclosures
Circular economy and waste management and prevention • Circular economy; • Waste: prevention, recycling, reuse, other forms of waste recovery and disposal; actions to combat food waste	**GRI 103, 301-2, 301-3, 306-1, 306-2, 306-3, 306-4, 306-5**	**«Annual Report 2021»** • CHAPTER THE YEAR IN REVIEW: Value creation model; 2021 highlights. • CHAPTER SUSTAINABLE DEVELOPMENT • APPENDIX: Non-financial information supplement I GRI disclosures
Sustainable use of resources [material issue] • Water consumption and water supply according to local restrictions; • Consumption of raw materials and the measures adopted to improve the efficiency of use; • Energy consumption, direct and indirect, measures adopted to improve energy efficiency and the use of renewable energy	**GRI 103, 301-1, 301-2, 301-3, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5**	**«Annual Report 2021»** • CHAPTER THE YEAR IN REVIEW: Value creation model; 2021 highlights. • CHAPTER SUSTAINABLE DEVELOPMENT • APPENDIX: Non-financial information supplement I GRI disclosures

We invest significantly in the continuous improvement of Sonae's environmental management, aiming to minimise the impact of our activities on the environment. in order to do so, we are determined to ensure the efficient use of our resources, optimising water and energy consumption, and minimising GHG (greenhouse gas) emissions, without neglecting the effective management of the waste generated.

Sonae invests significantly in continuous improvement of its companies environmental management, namely through an environmental certification programme, according to the international standard NP EN ISO 14001:2015. The implementation of this programme allows us to minimise our environmental impact, improve our infrastructure and strengthen our compliance to legal obligations from an environmental perspective.

Climate change [material issue] • The important elements of greenhouse gas emissions released as a result of the company's activities, including the use of goods and services it produces; • Measures taken to adapt to the consequences of climate change; • The voluntary medium and long-term reduction targets set to reduce greenhouse gas emissions and the measures implemented to achieve this.	**GRI 103, 201-2, 305-1, 305-2, 305-3, 305-4, 305-5**	**«Annual Report 2021»** • CHAPTER THE YEAR IN REVIEW: Value creation model; 2021 highlights. • CHAPTER SUSTAINABLE DEVELOPMENT • APPENDIX: Non-financial information supplement I GRI disclosures

Combating climate change is a central topic in the MC's sustainable development agenda. We believe that the Companies can and should play an important role in this regard.

In 2019, MC advanced with the definition of their greenhouse gases emissions (GHG) reduction targets, of direct and indirect emissions scopes. As a result MC pledged to reduce their Scope 1+2 emissions by 55% in 2030, compared to 2018.

TABLE OF CORRESPONDENCE TO THE SPANISH LAW 11/2018 OF DECEMBER 28 CONTINUES

ENVIRONMENTAL ISSUES

In terms of actions in this area, we have continued our efforts to promote efficient and flexible energy consumption by investing in the installation of more efficient equipment and systems, creating the conditions necessary to better monitor and manage consumption, and developing procedures to enhance the investment carried out. In addition, we decarbonise our energy matrix by producing electricity actually produced from renewable sources.

Furthermore, MC strove to integrate the guidelines defined by the task force on climate-related financial disclosure (TCFD), having launched a project in 2021 to ensure its transposition. this project focused on the identification and assessment of material climate risks and opportunities and their potential financial impacts by all Sonae companies, with the support of third-party experts.

Biodiversity protection [material issue] • Measures taken to preserve and restore biodiversity; • Impacts caused by the activities or operations in protected areas.	**GRI 103, 304-1, 304-2, 304-3** Fish Sustainability policy Environmental policy	**«Annual Report 2021»** • CHAPTER THE YEAR IN REVIEW: Value creation model; 2021 highlights; • CHAPTER SUSTAINABLE DEVELOPMENT • APPENDIX: Non-financial information supplement I GRI disclosures

MC does not own any facilities in areas classified as *habitats* rich in biodiversity. Although it does not have operations that can directly affect biodiversity negatively, MC is aware of this issue and has been acting and reinforcing its activities with its Suppliers in the entire issue of environmental sustainability, which naturally includes the protection of biodiversity.

In 2021, there were no operations leading to alterations of surrounding *habitats* that would require their restoration.

SOCIAL AND WORKER-RELATED ISSUES

Employment [material issue] • Total number and distribution of Employees by gender, age, country and professional category; • Total number and distribution of work contract modalities; • Annual average of undefined contracts, temporary contracts and part-time contracts by gender, age and professional category; • Dismissal numbers by gender, age and professional category; • The average remuneration and its evolution disaggregated by gender, age and professional category or equal value; • Salary difference, the remuneration of equal or average positions in the company; • The average remuneration of managers and executives, including variable remuneration, allowances, compensation, payment to systems for forecasting long-term savings and any other situation disaggregated by gender; • Implementation of labour disconnection policies; • Employees with disabilities.	**GRI 102-8 (table: contracts by type), 102-35, 102-38, 102-39, 103, 401-1 (table: departures), 405-1, 405-2 (table average remuneration)**	**«Annual Report 2021»** • CHAPTER THE YEAR IN REVIEW: 2021 highlights; • CHAPTER GOVERNANCE PRINCIPLES AND PRACTICES • CHAPTER SUSTAINABLE DEVELOPMENT • APPENDIX: Non-financial information supplement I GRI disclosures

When Employees disconnect, compliance to the legal requirements applicable to these situations is ensured.

TABLE OF CORRESPONDENCE TO THE SPANISH LAW 11/2018 OF DECEMBER 28 CONTINUES

SOCIAL AND WORKER-RELATED ISSUES

Organisation of work • Organisation of workable hours; • Number of hours of absence; • Measures to facilitate parental leave and encourage joint responsibility by both parents.	**GRI 103, 401-3, 403-2**	**«Annual Report 2021»** • APPENDIX: Non-financial information supplement I GRI disclosures

MC has been developing flexible work initiatives, boosting internal investment in training, technological development, and innovation knowledge. Among the benefits provided by MC are extra vacation days, flexible hours, unpaid leave and reduced working hours or remote work. These initiatives are the result of an analysis carried out on an international level, identifying best practices in Businesses to maximise the productivity and work-life balance of our People.

Health and safety • Health and safety conditions at work; • Work accidents, their frequency and severity; • Occupational diseases; disaggregated by gender.	**GRI 103, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9**	**«Annual Report 2021»** • APPENDIX: Non-financial information supplement I GRI disclosures

The health and safety impacts attributable to commercial relations are not considered relevant in MC operations and activity context.

Social relations • Organisation of social dialogue, including procedures for informing and consulting staff and negotiating with them; • Percentage of Employees covered by collective bargaining agreements by country; • The balance of collective bargaining agreements, especially in the field of health and safety at work.	**GRI 102-41, 103, 403-1, 407-1**	**«Annual Report 2021»** • APPENDIX: Non-financial information supplement I GRI disclosures

More information can be found on MC's Code of Ethic and Conduct for Employees.

Training [material issue] • The policies implemented in the field of training; • Total number of hours of training by professional category.	**GRI 103, 404-1, 404-2**	**«Annual Report 2021»** • CHAPTER THE YEAR IN REVIEW: Value creation model; 2021 highlights. • CHAPTER SUSTAINABLE DEVELOPMENT • APPENDIX: Non-financial information supplement I GRI disclosures
Universal accessibility for People with disabilities	**Table of Employees with disabilities**	• APPENDIX: Non-financial information supplement I GRI disclosures

At MC, we continuously work to provide an inclusive, non-discriminatory work environment, and the inclusive development is one of our strategic axes. Our facilities are developed to ensure universal accessibility.

TABLE OF CORRESPONDENCE TO THE SPANISH LAW 11/2018 OF DECEMBER 28 — CONTINUES

SOCIAL AND WORKER-RELATED ISSUES

Equality [material issue] • Measures taken to promote equal treatment and opportunities between men and women; • Equality plans (chapter iii of the organic law 3/2007, of March 22, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender harassment, integration and universal accessibility for People with disabilities; • The policy against all types of discrimination and, when appropriate, the management of diversity.	**GRI 103, 405-1, 406-1**	**«Annual Report 2021»** • CHAPTER THE YEAR IN REVIEW: Value creation model; 2021 highlights. • APPENDIX: Non-financial information supplement I GRI disclosures

More information can be found on
Sonae's Plan for Gender Equality.

Human rights • Application of the due diligence procedures in the • field of human rights; • Prevention of the risks of human rights violations and, when appropriate, measures to mitigate, manage and repair possible abuses committed; • Reports on cases of human rights violations; • Promotion and enforcement of the provisions of the fundamental conventions of the international labour organization concerning the respect for freedom of association and the right to collective bargaining; • The elimination of employment and occupational discrimination; • The elimination of forced or compulsory labour; • The effective abolition of child labour.	**GRI 102-16, 102-17, 103, 406-1, 407-1, 408-1, 409-1, 410-1, 412-1, 412-2, 412-3**	**«Annual Report 2021»** • APPENDIX: Non-financial information supplement I GRI disclosures

More information can be found on
MC's Code of Ethic and Conduct for Employees.

Corruption and bribery • Measures taken to prevent corruption and bribery; • Measures taken to combat money laundering; • Contributions to foundations and non-profit entities.	**GRI 102-16, 102-17, 205-1, 205-2, 205-3, 413-1, 419-1**	**«Annual Report 2021»** • APPENDIX: Non-financial information supplement I GRI disclosures

More information can be found on
MC's Code of Ethic and Conduct for Employees.

TABLE OF CORRESPONDENCE TO THE SPANISH LAW 11/2018 OF DECEMBER 28 — CONCLUSION

SOCIETY ISSUES

The Company's commitment to sustainable development • The impact of the Company's activity on employment and local development; • The impact of the Company's activity on the local population and territory; • The relations maintained with the representatives of the local Communities and the modalities of dialogue with them; • Association and sponsorship actions	**GRI 102-12, 102-13, 102-43, 102-44, 103, 203-1, 203-2, 413-1**	**«Annual Report 2021»** • APPENDIX: Non-financial information supplement I GRI disclosures

More information can be found on
MC's Code of Ethic and Conduct for Employees.

MC endorsed the Universal Declaration of Human Rights and recognizes the rights of Indigenous Peoples. Principles that are incorporated into the qualification and evaluation processes of Suppliers and Partners.

Subcontracting and Suppliers [material issue] • The inclusion in the purchasing policy of social issues, gender equality and environmental issues; • Consideration in relations with Suppliers and subcontractors of their social and environmental responsibility; • Supervisory systems and audits and their results.	**102-9, 103, 308-1, 414-1**	**«Annual Report 2021»** • APPENDIX: Non-financial information supplement I GRI disclosures

More information can be found on
MC's Code of Ethic and Conduct for Employees
and on Sonae's Suppliers' Code of Conduct.

Consumers • Measures for the health and safety of consumers; • Complaints systems, complaints received and their resolution.	**102-43, 102-44, 103, 416-1, 417-1**	**«Annual Report 2021»** • APPENDIX: Non-financial information supplement I GRI disclosures
Tax information • Benefits obtained by country • Taxes on benefits paid	**103, 201-1, 201-4**	**«Annual Report 2021»** • APPENDIX: Non-financial information supplement I GRI disclosures

The amounts received by MC in Portugal are reported in the 201-4 indicator.

INDEPENDENT LIMITED WARRANTY REPORT

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INDEPENDENT LIMITED ASSURANCE REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

To the Board of Directors of
Sonae MC, SGPS, S.A.

Introduction

We were engaged by the Board of Directors of **Sonae MC, SGPS, S.A.** ("Sonae MC") to report in the form of an independent limited assurance conclusion on the sustainability information included in the chapter "Sustainable Development" and in the "Non-financial information Supplement" of the Annual Report of Sonae MC ("the Report") for the year ended 31 December 2021, identified in the "GRI Disclosures" table included in the "Non-financial information Supplement".

Board of Directors' responsibilities

The Board of Directors of Sonae MC is responsible for:

— The preparation and presentation of the sustainability information included in the Report in accordance with the GRI Standards, for the level Core, as described in the Introduction of the appendix "Non-financial information Supplement" of the Report, and the information and assertions contained therein;

— Design, implementation and maintenance of such internal control as the Company's Management determines is necessary to enable the preparation of information that is free from material misstatement, whether due to fraud or error,

— Prevention and detection of fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities; and,

— Process to ensure that the Board of Directors and the personnel involved with the preparation and presentation of the sustainability information are properly trained.

Our responsibilities

Our responsibility is to perform a limited assurance engagement and to report a conclusion based on the work performed.

We have applied International Standard on Quality Control 1 and accordingly we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Ordem dos Revisores Oficiais de Contas' code of ethics and of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

Scope

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants and complied with further technical guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors), and it was planned and performed to obtain limited assurance about whether anything came to our attention that causes us to believe that the sustainability information included in the Report for the year ended 31 December 2021 is not prepared, in all material aspects, in accordance with the GRI Standards, for the level Core.

A limited assurance engagement on sustainability information consists of making inquiries, primarily of persons responsible for the preparation of the sustainability information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

— Inquiries of the responsible persons to gain an understanding of Sonae MC's processes for determining the material issues for Sonae MC's key stakeholder groups;

— Inquiries of relevant staff, at the corporate and business unit level, responsible for providing the sustainability information in the Report;

— Comparing the information presented in the Report to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Report; and,

— Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Sonae MC.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the sustainability information included in the chapter "Sustainable Development" and in the "Non-financial information Supplement" of the Annual Report of Sonae MC ("the Report") for the year ended 31 December 2021, identified in the "GRI Disclosures" table included in the "Non-financial information Supplement", is not prepared, in all material respects, in accordance with the GRI Standards, for the level Core.

Restriction of use

Our limited assurance report is issued exclusively for the information and use of the Board of Directors of Sonae MC for the purpose expressed in the "Introduction" paragraph above, for the disclosure of the sustainability information included in the chapter "Sustainable Development" and in the "Non-financial information Supplement" of the Annual Report of Sonae MC and is not intended to be used for any other purpose. We accept or assume no responsibility and deny any liability to any party other than Sonae MC for our work, for this independent assurance report, or for the conclusions we have reached.

13 April 2022

SIGNED ON THE ORIGINAL

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
(nr. 189 and registered at CMVM with the nr. 20161489)
Represented by
Pedro Manuel Bouça de Morais Alves da Costa
(ROC nr. 1466 and registered at CMVM with the nr. 20161076)

ABOUT THIS REPORT

In its «Annual Report 2021», MC sought to compile in a single document financial and non-financial disclosures, thus offering its stakeholders a holistic overview of the Company and its capacity to create value.

SCOPE AND PERIOD OF THE REPORT

Sonae MC, SGPS, S.A. (hereinafter designated MC), is part of the Sonae Group. The Company aggregates the food-based retail activity of the group along with the management and operation of its respective real estate assets.

MC operates throughout Portuguese territory and northern Spain. The Company is present across various sectors via a diversified portfolio of banners and formats which include: Continente (urban hypermarkets), Continente Modelo (large supermarkets), Continente Bom Dia (proximity supermarkets), Continente Online (e-commerce) and Meu Super (franchise proximity stores) on the food-based retail side of the Business; Wells (Health, beauty, well-being products, opticians and perfumery), Arenal (Health, beauty, well-being products and perfumery), Dr. Well's (dental and aesthetic medicine), and Go Natural (organic supermarkets and restaurants) on the health, well-being and beauty, side of the Business; Bagga (coffee shops), Note! (stationary, books and convenience services), ZU (Pet store and service offering), Washy (self-service laundries), and Home Story (home decor) on the complementary growth side of the Business. This Report refers to activities carried out during the 2021 financial year (1 January to 31 December 2021).

INFORMATION REVIEW

The financial information included in the chapter «Financial Statements» is an integral part of the Annual Report and Accounts, 2021 of Sonae MC, SGPS, S.A. approved by the Board of Directors under the legal terms and was submitted to verification by an external entity – PwC, which prepared a independent report and issued a Legal Certification of Accounts, present in this document.

The sustainability information identified in the table «GRI Disclosures» which is part of the «Non-Financial Information Supplement» was subject to verification by an external entity – KMPG.

CONTACTS

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MC
CONCEPTION AND GRAFIC DESIGN **GBNT**
PHOTOGRAPHY **NVSTUDIO**

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