1Q20

RESULTS

BUILDING TOGETHER

1. Highlights

Financial Performance

- Consolidated performance in 1Q20 was marked by two distinct moments: the first 2 months of the quarter with positive performance across all businesses, and the beginning of the Covid-19 outbreak in Europe that impacted our portfolio from mid-March onwards
- Positive top line growth, with **consolidated turnover** up 7.1% yoy to €1,552 M, fuelled by the strong performance of Sonae MC
- **Underlying EBITDA** up 5% yoy on a comparable basis, despite the impact of the lockdown at the end of March
- **Net result** impacted by non-cash contingencies directly related to the Covid-19 pandemic at NOS, Sonae Sierra, Worten and Sonae Fashion – totalling €76 M for Sonae
- Solid **capital structure** to face current context with around €500 M refinanced since the beginning of 2020. Net debt of €1,233 M down 27.5% yoy with low cost and maturity profile around 4 years

Portfolio Management Activity

Sonae Sierra diluted its shareholding in six core assets, through the creation of Sierra Prime, a new leading retail real estate JV with APG, Allianz and Elo. This was a key milestone in the company’s capital recycling strategy, enabling very significant cash proceeds for Sonae while ensuring that Sonae Sierra retains the management of these assets.

2. CEO letter

The start of the year was very positive for Sonae, with all our businesses posting strong growth and improving their profitability levels until February, proving yet again the robustness of our strategies and value propositions. At the end of February, Sonae Sierra completed the Prime transaction, a very important milestone in its capital recycling strategy which further strengthened Sonae's capital structure.

In March the Covid-19 pandemic hit our main geographies and we began experiencing an unprecedented and challenging situation. Although all our businesses have been strongly impacted by this situation, I am proud to say that our reaction has been quite outstanding.

In the last two months, I have witnessed the way in which each of our businesses and teams has rapidly adjusted to this new context. Since day one, our main concern has been the health and safety of our people, while continuing to provide essential services to society and to support our communities. Early on, we implemented solutions to protect our people who are in the frontlines and also remote working for all office functions. However, and despite all the implemented safety measures, some of our people were naturally hit by this virus. Once again, we strictly followed all the recommendations from the national health authority to ensure that our people have the best possible care, while minimizing the possibility of contagion. This is a daily and permanent monitoring process which we will continue to follow until we are free from this pandemic.

I would like to thank our people again for their generosity and perseverance. And I would also like to take this opportunity to acknowledge the efforts and commitment of our ecosystem of partners, without whom we would not have been able to continue to fulfil our mission.

This situation puts us all to the test and our collective response is testament to the ability that we have to join forces and act together for a common purpose. I would like to highlight, in particular, the remarkable efforts we have made to: (i) maintain our grocery and electronics stores open, (ii) revamp our entire e-commerce operations to sustain a sudden 3-5x surge in online sales, and (iii) keep our telco networks operating under record traffic levels.

This context proves the quality and resilience of our portfolio of assets. In challenging times for many companies around the World, Sonae's diversified portfolio of leading businesses provides great reassurance that we will navigate this storm and come out of it stronger. This confidence is amplified by our conservative approach to leverage and financing, which allows us to face the coming months with our eyes set in the aftermath of the downturn.

Nevertheless, the coming months will be harsh and all our businesses will be materially affected in one way or another. Therefore, and out of prudence, we have already registered significant non-cash contingencies in Q1 so as to anticipate future impacts, namely at NOS, Sonae Fashion, Worten and Sonae Sierra. Additionally, all our businesses are implementing cash preservation initiatives at this stage while honouring previously assumed commitments and without losing sight of attractive investment opportunities.

Given the ability that our people and our businesses have shown to adapt to these changing circumstances, I am more certain than ever that we will overcome this adversity and be prepared to readily respond to the structural changes that will undoubtedly shape our future.

Cláudia Azevedo

CEO, Sonae

3. Covid-19 update

Sonae has been monitoring all developments related to the Covid-19 pandemic which has led to highly restrictive measures in all geographies to minimize the spread of the virus and its impacts.

Considering the implied risk level, a specific governance model was implemented early on to manage this crisis. This effort was led by Sonae's Executive Committee in close alignment with the CEOs of each business unit, in order to regularly track the impacts on each business and define actions plans.

Therefore, Sonae has developed prevention/contingency plans covering the entire organisation, from the operational areas to the central structures, across all the Group's businesses.

Below is a summary of impacts and measures underway in several areas:

Employees

- Considering the high level of contagion and spread of the virus, and even before the state of emergency was declared in Portugal and Spain, a number of mandatory actions and recommendations were defined and communicated to all employees regarding: business travel; participation in congresses, fairs, exhibitions and extended training; remote work; hygiene precautions and respiratory etiquette measures; among many others.
- At the operations level, essential measures were implemented in order to ensure the health of our employees, partners and clients, from facilities cleaning and wearing of masks and other personal protective equipment, to restricting the number of people per sqm. As of this date, the different businesses are implementing or reviewing their operational models to ensure the progressive opening of commercial establishments that were forced to close by law.
- Regarding central offices, as well as in every job function in which this is possible, remote work was implemented, affecting more than 6,000 employees. For this purpose, the available tools for remote working were reinforced as well as the development of a set of activities that allow our employees to maintain high levels of motivation and professional development (e.g. through online training). At this stage, phased plans for the return of employees to central offices are being implemented; however, the recommendation to stay home remains in functions where remote work is possible.
- Lastly, in all group companies fully controlled by Sonae in Portugal, the group decided not to adhere to the simplified layoff mechanism as a way of ensuring the full compensation of employees in this difficult context and also to fulfil the group's social mission. Additionally, in the case of food retail, an extraordinary financial bonus was awarded to store and logistics employees as a recognition of their availability to provide an essential service to Portuguese families.

Community Support

The creation of social value is a critical element of our mission. In this extraordinary context, initiatives of solidarity and community support continue to multiply within the group and the value donated to society so far has already exceeded €1 M. While it is practically impossible to provide an accurate account of all the actions underway, there are some initiatives that are worth mentioning:

- We have been working in close collaboration with the Portuguese government to carry out the sourcing, logistics, transportation and distribution operations of medical and personal protective equipment.
- Sonae is part of the worldwide initiative "Coronavirus Global Response". This initiative aims at reaching €7.5 bn to foster and accelerate innovation and development of new solutions, promoting ecosystems of innovation and knowledge exchange, involving all public and private players who may help achieve the defined goals.
- Food, home appliances, laptops, venues, telecommunications and services are just a few examples of what has been donated to dozens of entities, which include hospitals, local councils and charitable organisations. More than 250 tons of food were donated during the first four months of 2020.

Business operations – Main highlights

Food retail | Sonae MC

- The food retail sector registered an increased level of demand before and after the state of emergency, as Portuguese families anticipated more extensive containment measures and a potential shortage of essential products.
- In this sense, Sonae MC has been playing a vital role in the context of this crisis, and consequently has strengthened contingency plans, maintaining a close dialogue with all stakeholders in the supply chain in order to strengthen its response capacity. It is worth highlighting the need for activation of alternative suppliers, namely at the national level, promoting market liquidity, especially among small producers. For these small producers, an advance payment program was also created to improve their treasury conditions. At the moment, all supply chain operations are already being normalised.
- The demand in the online channel has been very high since the beginning of this crisis, creating unprecedented pressure on the operation. In this context, Sonae MC increased its response capacity from 2,600 to 8,000 daily orders, not only through the reinforcement of the current supply centres but also through the mobilization of other stores in urban centres for this operation. In addition, it has established new partnerships to enable convenient solutions to its customers at a critical time.
- Despite not having its activity interrupted in the food formats, Sonae MC was forced to temporarily close the entire Arenal operation in Spain, as well as the Go Natural restaurants, Bagga stores and most of Dr Wells clinics in Portugal. In this context, the company has been seeking to implement several efficiency improvement measures and is revising its investment plan very carefully.
- The ability demonstrated by Sonae MC to react to a rapidly changing context enabled a strong sales performance in the first quarter of the year (+10.6% LfL sales growth), followed by a solid start to 2Q20 with sales in April increasing 4.6% on a LfL basis vs 2019.

Shopping Centres | Sonae Sierra

- Shopping centres, as key players in the retail market, saw the closure of all stores considered non-essential in several jurisdictions, which, over the last few weeks, have been gradually opening (varying from country to country).
- Although Sonae Sierra's income has limited exposure to the tenants' turnover, the impact of this crisis might result in the difficulty/inability of some of these operators to fulfil the payment of their rents and a reduction of the rents directly linked to their sales levels. Sonae Sierra has been maintaining an open communication channel with its tenants on how to address the current situation, having suspended the invoicing of rents during the state of emergency, while being completely focused on managing this situation.
- At the same time, the company has been implementing several measures to reduce/contain non-essential costs, as well as investments that are not critical at this time. It should be noted that the company has been updating several contingency scenarios and currently has a high degree of resilience to more extreme scenarios due to its solid liquidity position.
- Sonae Sierra is currently assessing the impact of this pandemic in its development pipeline. For prudency, in the 1Q20 an €18 M provision was registered.

Telecomunications | NOS

- NOS also plays a fundamental role in Portuguese society, insofar as it guarantees the maintenance of essential communications infrastructure for the population and companies at large.
- It should be noted that, as a result of the implemented measures to stop the pandemic, the telecommunications network has been under great pressure, registering a very significant increase in traffic. Thus, NOS has also reinforced efforts to implement measures that guarantee the smooth functioning of its services, both in the private and business segments in conjunction with all operational partners, while providing all the necessary support to government entities.
- However, the slowdown of the economic activity and the social distancing measures had an impact on the company's revenues, with a special emphasis on the reduction of roaming and international calls due to travel restrictions, the offer of

monthly premium sports channels (given the lack of live sports events), the drop in equipment sales (resulting from the closure of all retail activity), and the offer/reduction of mobile data sales.

- Cinemas have been closed since mid-March, with several movie premieres postponed, and it is expected that their activity will remain limited in the near future.
- Macroeconomic projections led NOS to reinforce operating provisions in the 1Q20 for customer bad debt, onerous contracts and personal protective equipment.

Electronics | Worten

- In what concerns electronics retail, the reality is quite different in Portugal and in Spain:
  - In Portugal, electronics retail was considered an essential service by the Government, therefore all Worten stores, except for Worten Mobile and iServices stores located in shopping centres, remained open (yet with reduced opening times). In this context, substantial adjustments were implemented in the operating model to ensure the safety of customers, employees and partners and better respond to expectations with alternative service models (e.g. drive-thru, new remote assistance services, among others). The results of these changes in Worten's operating model were quite positive.
  - In Spain, the worsening of the situation experienced in the country entailed more restrictive measures by the Government, severely limiting the categories that could be sold in the stores and, consequently, leading Worten to temporary close all stores in mainland and six stores in the Canary Islands. The impacts of this situation are material with Worten bearing most of the inactivity costs. To soften the impact of this situation, in mainland, Worten applied the layoff regime (*Expediente de Regulación Temporal de Empleo*) to almost all of its teams, and in the Canary Islands, Worten applied this regime only to part of its team. In addition, the company initiated rent negotiations with landlords. The significant impact of Covid-19 in Spain to date and the subsequent economic downturn expected in the future, will imply an increased focus and swiftness in eliminating any negative contribution arising from this market.
- The performance of the digital channels presented very pronounced growth with the Covid-19 emergence in all geographies, reaching record highs and consequently requiring a prompt response to adapt capacity. To better respond to online demand, Worten significantly increased its capacity in the warehouse, securing a great performance in terms of delivery times and customer satisfaction, leading to online market share growth in all geographies.
- On the onset of the pandemic in Asia (January and February), Worten decided to anticipate purchases to reinforce inventory and avoid future stock outs (as Asia is the most relevant sourcing region for the company and its main suppliers). However, from the end of February onwards, the outbreak rapidly spread into Portugal and Spain, negatively impacting sales, especially in the latter. As a result of these two effects, stock rotation reduced significantly, increasing the probability of stock depreciation. Prudently, extraordinary stock provisions were registered in the amount of €20 M in the 1Q20. At the same time, the cost-to-serve improvement program has been reinforced, seeking to reduce operating costs, and investments have been optimized.
- Since the beginning of the outbreak, Worten was quick to adapt the way in which it serves its customers, allowing people to more easily acquire essential electronics goods through multiple channels. In Portugal, during the month of April, this agility translated into increased customer preference, a strong LfL sales growth (not only in stores, but especially online) and, consequently, a significant market share gain.

Fashion and Sports | Sonae Fashion and ISRG

- Regarding the sports and fashion retail businesses (Sonae Fashion and ISRG), all stores were forced to close down temporarily to ensure social distancing (290 stores at Sonae Fashion and 345 stores at ISRG), with a severe impact on sales of offline channels (including franchising and wholesale) and on the planning of new collections. Regarding the online channel, it has been registering a solid performance in all brands, as a result of not only the growing demand, but also the capacity to reinforce the value proposition and the operational response.

- In addition to all costs borne during the inactivity period (e.g. human resources, real estate rents, etc.), relevant impacts are expected in terms of stock valuations and their disposal capacity. For that reason, in the case of Sonae Fashion, around €25 M of extraordinary stock provisions were already recorded in the 1Q20. Nevertheless, to mitigate these effects, businesses have been focusing on reviewing new collections, namely through order adjustments or cancellations, and have been implementing measures to preserve financial liquidity as well as to reduce operational costs.
- With the end of the state of emergency, several banners are progressively reopening their stores according to the criteria defined by governments.

Financing

In terms of financing, Sonae, in compliance with its internal policies and given the current high uncertainty context, has privileged the increase of the group's liquidity, the reduction of debt amortization in the coming years and the expansion of maturities. Therefore, since the beginning of 2020, ca. €500 M in debt facilities were refinanced and, as of the end March, Sonae had €573 M of available credit lines and €623 M of cash. In this context, and regardless of any impacts that might exist in terms of the performance of each business, we do not foresee any additional financing needs in the short term and we believe to have the adequate liquidity levels even under more adverse scenarios. We do not foresee any situation of debt covenant breach in the short term, either at Sonae MC or at Sonae SGPS.

At this stage, it is not possible to provide accurate estimates of the financial impacts of this pandemic in the full-year accounts. These effects are highly dependent on the economy relaunch, which in turn is subordinated to the duration and depth of the social containment measures, as well as to the economic stimulus measures that will be implemented. However, Sonae has been executing all the measures considered appropriate to minimise the potential impacts of this crisis, in line with the recommendations of the competent authorities and in the best interest of all its stakeholders.

4. Sonae consolidated performance

Brief portfolio update

During 1Q20, Sonae Sierra created Sierra Prime, a new leading retail real estate JV with APG, Allianz and Elo, resulting in €525 M of cash proceeds to Sonae Sierra and APG. As a result, Sonae Sierra diluted its stake on a portfolio of leading Iberian assets (down to 25%), whilst maintaining the management of these assets.

Sonae corporate structure	Stake	Consolidation method
Sonae MC	100%	Full consolidation
Sonae Sierra	70%	Full consolidation
NOS	23%	Equity method
Worten	100%	Full consolidation
ISRG	30%	Equity method
Sonae Fashion	100%	Full consolidation
Sonae FS	100%	Full consolidation
Sonae IM	90%	Full consolidation

Consolidated performance

Sonae's consolidated performance in 1Q20 was marked by two different moments: i) the period between January and February, with positive performances across all of our businesses and ii) the period from March onwards with the Covid-19 outbreak which was marked by a strong impact in some of our businesses, positive in terms of sales performance for Sonae MC and negative, for Sonae Sierra, Worten in Spain, and Sonae Fashion, that had to pratically close down their operations, since the middle of the month.

Sonae consolidated results Million euros	1Q19	1Q20	yoy
Turnover	**1,449**	**1,552**	**7.1%**
Underlying EBITDA	**102**	**100**	**-2.4%**
margin	7.0%	6.4%	-0.6 p.p.
Equity method results (1)	26	7	-72.8%
Non-recurrent items	7	22	-
EBITDA	**134**	**128**	**-4.6%**
margin	9.3%	8.3%	-1.0 p.p.
Covid-19 related provisions	0	-44	-
D&A	-51	-53	-4.5%
D&A - RoU	-26	-31	-21.9%
Other provisions and impairment	-1	-2	-
EBIT	**57**	**-3**	**-**
Net financial results - lease liabilities	-18	-18	-1.2%
Net financial results - financing	-10	-11	-4.2%
EBT	**29**	**-32**	**-**
Taxes	4	7	-
Direct results	**33**	**-25**	**-**
Indirect results	**-1**	**-20**	**-**
Net income	**32**	**-45**	**-**
Non-controlling interests	-13	-13	-
Net income group share	**18**	**-59**	**-**

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

From a **statutory point of view,** 1Q20 consolidated **turnover** grew 7.1% versus last year, to €1,552 M, mainly driven by the strong contribution from Sonae MC (+14% yoy). In terms of **underlying EBITDA**, Sonae ended the 1Q20 with €100 M, -2.4% vs 1Q19. This slight decrease was more than explained by the deconsolidation of two core shopping centres (consequence of the Prime transaction) in Sonae Sierra's statutory accounts. Without this accounting impact, the group's underlying EBITDA would have increased 5%, despite the strong impact of the pandemic on Sonae Fashion's operating profitability since mid-March.

1Q20 consolidated **EBITDA**, decreased 4.6% yoy to €128 M, as lower equity method results offset the positive impact of the capital gains from the Prime transaction at Sonae Sierra. The **equity method results** line was negatively impacted by the 1Q20 net result of NOS, that already included contingencies related to the pandemic outbreak.

Direct result was also significantly impacted by extraordinary stock provisions at both Worten and Sonae Fashion, directly related to the Covid-19 outbreak – as mentioned in the previous section. In total, and taking a prudent view in a time of great uncertainty, €44 M of accelerated stock provisioning was accounted for in the quarter. **Indirect result** was impacted by a total of €18 M in provisions related to Sonae Sierra's development projects – again as a result of a prudent view of the impact of the current pandemic on ongoing projects. All in all, these impacts led Sonae's **Net result (group share)** to a negative value of €59 M, highly influenced by total non-cash contingencies of €76 M directly related to Covid-19.

Capital Structure

In what concerns Sonae's capital structure, **total net debt reduced €468 M yoy, from €1,701 M to €1,233 M**, underpinned by the cash-in from Sonae Sierra's Prime transaction, which represented €188 M (net of dividends paid to Grosvenor) in the 1Q20, and the debt deconsolidation of these assets from Sonae's balance sheet.

The group's gearing at book value stood at 0.5x and market value gearing slightly increased yoy to 0.9x, mainly impacted by the negative share price performance during the last 12 months that offset the decrease in average net debt during the same period.

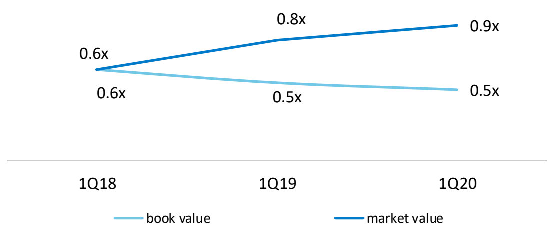
Sonae's **financing conditions** continued to be characterized by a low cost of debt, which stood at 1.2% during 1Q20 (1.0% excluding Sonae Sierra), and an average maturity profile of around 4 years. In addition, since the end of 2019, Sonae has already refinanced ca. €500 M in long term facilities. With these operations, Sonae increased the average debt maturity, increased the diversification of relationship banks and significantly reinforced its capital structure. The increased resilience of the balance sheet in the current adverse context allows Sonae to face the coming months with greater confidence and to pursue the group's strategic objectives in better conditions.

Additionally, all the companies in the portfolio continued to hold **conservative and solid balance sheets.** Similar to the YE19 picture, both Sonae MC and NOS were able to post comfortable ratios of net debt to EBITDA (post-IFRS16), Sonae MC with 3.4x and NOS with 2.1x. Sonae Sierra's loan-to-value decreased to 23%, reducing by 320bps vs last year. At the holding level, loan-to-value stood at 12%.

Total capex decreased yoy to €60 M, mainly explained by the impact of Arenal's acquisition by Sonae MC in the 1Q19.

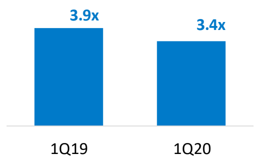
Sonae net invested capital			
Million euros	1Q19	1Q20	yoy
Net invested capital	5,944	4,975	-16.3%
Shareholders funds	3,124	2,550	-18.4%
Net debt (exc. lease liabilities)	1,701	1,233	-27.5%
Lease liabilities	1,118	1,193	6.6%

Gearing evolution

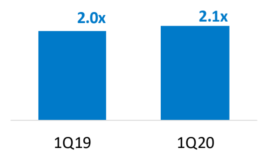


Ratios

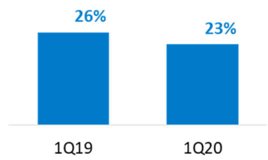
Sonae MC
Net Debt/ und. EBITDA
(post IFRS16)



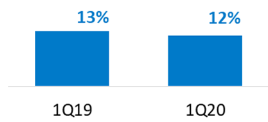
NOS
Net Debt/ EBITDA
(post IFRS16)



Sonae Sierra
Loan-to-value (net)



Holding
Loan-to-value



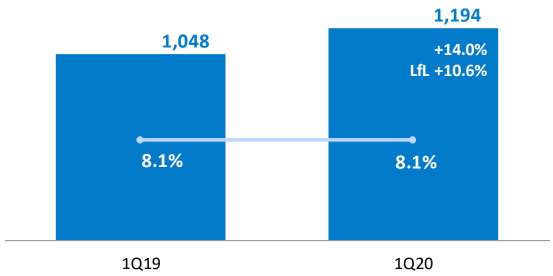
Sonae Capex			
Million euros	1Q19	1Q20	yoy
Capex	**116**	**60**	**-48.0%**
Sonae MC	101	46	-54.2%
Sonae Sierra	4	2	-
Worten	5	4	-27.4%
Sonae Fashion	2	4	72.1%
Sonae FS	<1	<1	-
Sonae IM	9	4	-49.8%

5. Business by business results

5.1. Sonae MC[1]

Sonae MC's performance in the 1Q20 was naturally impacted by the Covid-19 outbreak, and the priority has been to protect the health of its employees and its customers while continuing to provide the Portuguese families with everyday essentials. After a good start of the year, with a strong sales performance in January and February, the first half of March saw unprecedented levels of growth, impacted by the fast spread of the pandemic which led to great uncertainty among the population, with people flocking to supermarkets and hypermarkets to stock up with emergency supplies. In this period, food retail formats posted double-digit LfL sales growth, with the online channel reaching extraordinary order levels, leading Sonae MC to triple its delivery capacity. Once lockdown measures were implemented on March 15th, with only four customers per 100 sqm allowed in stores, food retail sales came back to more normal LfL levels. Some of the remaining non-food formats were considered non-essential services, and therefore were forced to close, namely Bagga coffee shops, Go Natural restaurants, Dr. Wells and Arenal stores in Spain. All in all, Sonae MC's **turnover** amounted to €1,194 M, +14.0% versus last year, with a LfL growth of 10.6%.

Turnover and underlying EBITDA margin (€M)



Note: 1Q19 margin is pro-forma, to include the effect of transportation contracts accounted under IFRS16.

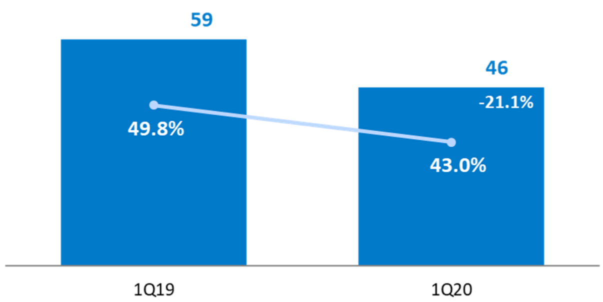
Regarding operating profitability, **underlying EBITDA** amounted to €96.5 M, representing a broadly stable margin of 8.1%. The positive top line growth impact was offset by the increase in operating costs related to Covid-19, namely with new hygiene and safety measures, staff bonuses to reward exceptional work in the frontline, a less favourable sales mix (owing to shopping baskets with more basic products, and to a shift away from discretionary and non-food categories), and the forced closure of non-food formats.

5.2. Sonae Sierra

Sonae Sierra's 1Q20 can also be divided into 2 periods. The first period, up to the end of February, was quite remarkable with i) the creation of the Sierra Prime JV with Allianz, APG and Elo, and ii) the strong consistent performance of its portfolio which recorded footfall and sales growth of 5.0% and 7.1% yoy, respectively.

During the month of March, the Covid-19 outbreak significantly impacted the commercial real estate sector. Sonae Sierra's portfolio, which today has a strong bias towards core / dominant assets and is spread across 7 geographies, was also affected mainly towards the end of the month, thereby having a limited impact on 1Q20 results. While the main impacts are expected to occur in the remainder

Turnover and EBIT margin (€M)



[1] For more information please see Sonae MC 1Q20 results report in www.sonae.pt.

of the year, the level of sales turnover in Sonae Sierra's shopping centres and rents for the rest of the year is very difficult to predict. However, the company is working closely with its tenants with the same mindset that guided them throughout the 2008-14 crisis – a long-term partnership approach.

On a **proportional accounting basis**, Sonae Sierra's Net Result was positively impacted by the higher Indirect Results when compared to last year, mainly benefiting from the capital gain resulting from the Prime transaction, which was partially offset by a development projects provision, as the Covid-19 crisis has increased the uncertainty for development activity.

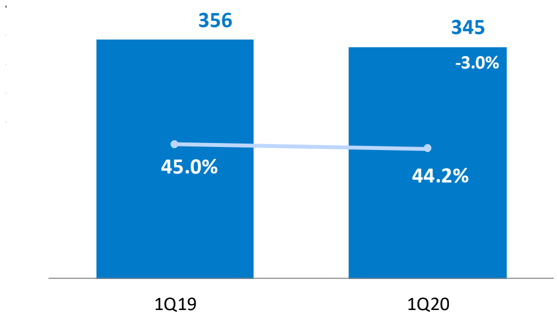
Regarding **NAV**, Sonae Sierra ended the 1Q20 with €1,021 M. Compared to 2019YE, NAV decreased 26.2%, mainly impacted by the sale of the Prime Portfolio and its respective dividend distribution, coupled with the adverse impact from FX differences (mainly the Brazilian real).

5.3. NOS

NOS published its 1Q20 results on May 6th and already disclosed important impacts from Covid-19 imposed restrictions.

1Q20 **turnover fell 3% yoy to €345 M** mainly reflecting: the closure of cinema theatres in mid-March and the postponement of a number of movie premieres; the negative effect on traffic and revenues in roaming and international calls; and the reduction in revenues from premium sports channels as these began to be offered for free.

Turnover and EBITDA margin (€M)



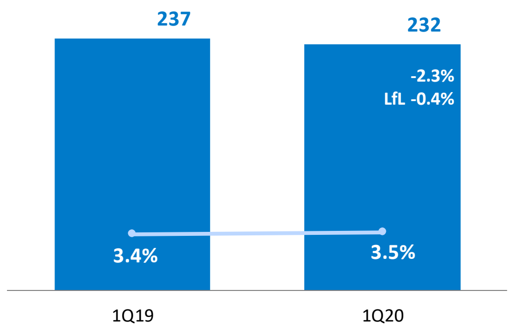
Consolidated EBITDA fell by 4.6% to €152.7 M, resulting from a decline in both Telco and Audiovisuals & Cinemas. **Net Results** in 1Q20 were negative €10.4 M, mainly impacted by the non-recurrent items of €45.7M, mostly related to the Covid-19 potential impacts, namely the reinforcement of operating provisions for customer bad debt, onerous contracts and personal protective equipment.

Notwithstanding, a robust capital structure and strong liquidity position, with cash and unused credit lines in excess of €415 M, should enable NOS to face the crisis and bounce forward. This solid financial position will be further enhanced with the sale of NOS Towering to Cellnex, announced already in 2Q.

5.4. Worten

2020 started strong for Worten, registering a positive **sales** growth (+6% LfL) until the end of February. This result occurs in a context of closing three loss-making stores in Spain mainland, adding to the eleven closures concluded in the second half of 2019.

Turnover and underlying EBITDA margin (€M)



In March, the context changed significantly with the emergence of Covid-19 and Worten had to rapidly respond to the lockdown measures. In Portugal, all stores remained open except for Worten Mobile and iServices stores located in shopping centres. However, due to more restrictive confinement rules and a more acute impact of the outbreak, in Spain mainland all stores were closed, although still supporting the online operation, while in Canary Islands only six stores were closed, two of which were adapted to serve online orders.

Across all geographies, online presented very significant growth, reaching record highs and, consequently, putting Worten's supply chain under high pressure. Regarding best-selling products, IT and entertainment were in high demand and no relevant stock outs occurred during this period. Thanks to the agility of Worten's omnichannel business model, it was possible to rapidly reallocate resources to strengthen digital and services capabilities. To better respond to online orders, Worten significantly increased its capacity in the warehouse while securing impeccable performance in terms of delivery time and customer satisfaction.

As a result, 1Q20 **turnover** stood at €232 M, practically aligned with last year, while **underlying EBITDA** stood above last year, benefiting from the good performance attained up to the onset of the pandemic and the closing of loss-making stores in Spain.

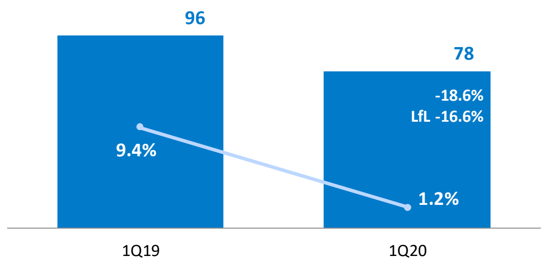
5.5. ISRG

Given that JD Sports, the majority shareholder of ISRG, will only publish its full-year results on July 7th, the company does not yet have fully audited accounts for 4Q19 (the quarter which is consolidated in Sonae's 1Q20 accounts). Therefore, and on an exceptional basis, Sonae will not provide detail on ISRG's operational results for the quarter. In any case, the business maintained the same level of performance as in previous quarters, with double-digit sales and EBITDA growth yoy. The company's equity method contribution to Sonae's results amounts to €2.6 M in the quarter.

Meanwhile, ISRG has been severely impacted by the Covid-19 outbreak as sales started to slow down since the beginning of March and, from mid-March onwards, all the company's stores have been closed. As of today, stores are already starting to reopen in both Portugal and Spain.

5.6. Sonae Fashion

Turnover and underlying EBITDA margin (€M)



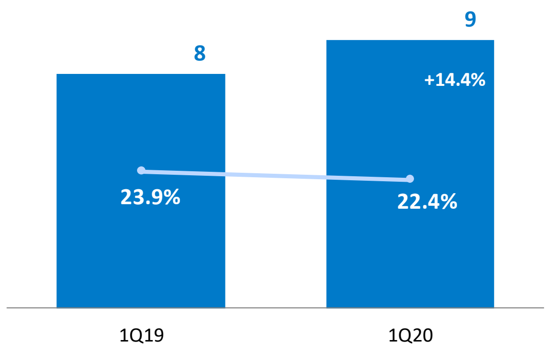
For Sonae Fashion the first 2 months of the year were very positive, both in top line and underlying EBITDA, showing improvements from both value propositions and business models.

However, the spread of the Covid-19 pandemic had a very significant impact in the businesses. In the first two weeks of March sales dropped sharply and, following the implementation of lockdown measures in all geographies, all the stores were forced to close. This complete shutdown led to a 49% yoy drop in sales in March. Part of this severe impact in top line was offset by a very positive performance of the online business and Sonae Fashion ended the 1Q20 with €78 M of **Turnover**, down 19% yoy. Looking to the cost side, Sonae Fashion rapidly focused on cash preservation initiatives and was able to end the 1Q20 with an **underlying EBITDA** of €0.9 M.

As of today, Sonae Fashion has already opened some of its stores and is preparing the reopening of the remaining ones. The necessary measures regarding employee and customer safety have been implemented accordingly.

5.7. Sonae FS

Turnover and underlying EBITDA margin (€M)



Although not as impacted as some businesses in our portfolio, Sonae FS also started to feel negative impacts from the pandemic crisis in March.

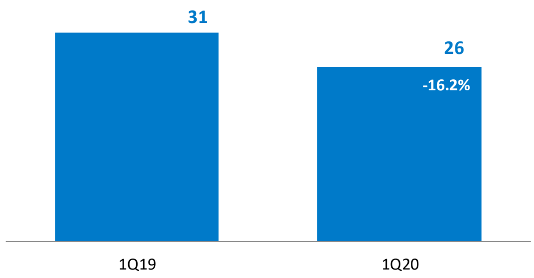
In fact, since mid-March the **Universo** operation registered a drop in credit card transactions not only due to the overall reduction in consumer spending but also due to deeper impacts in credit card transactions in some relevant categories, such as travel and fuel. Personal loans, payments of services at ATMs, as well as cash withdrawals also went down. One additional effect was the reduction in new subscriptions, partially because part of the Universo branch network had to close to comply with the lockdown measures. On average, the Universo card was recording 7k to 8k new subscriptions per month and in March it did not reach 5k new subscriptions.

However, the Universo operation benefits from having a digital-oriented value proposition and it has been implementing several initiatives to further develop its digital offering to mitigate the impact of the current crisis. All in all, thanks to the performance up to mid-March (and some initial positive impacts of reactive measures), Sonae FS was able to end the quarter with a significant growth when compared to last year, with **turnover** increasing by 14.4% to €9.4 M and an **underlying EBITDA** of €2.1 M with a margin of 22.4%.

5.8. Sonae IM

Sonae IM did not feel significant impacts from Covid-19 crisis on its 1Q20 results, but the magnitude and degree of uncertainty that an event of this nature involves may have negative impacts in the coming quarters, namely on Professional Services revenues, on Technology Reselling (either due to a reduction in demand or a drop in supply) and on the value of some minority stakes.

Turnover (€M)



In terms of **investment activity,** and despite the short-term activity reassessment due to this new context, Sonae IM maintained its committed investment and, in the first quarter of 2020, made some follow-on investments in portfolio companies and entered in the share capital of a retail tech company.

Regarding operational performance, **turnover** stood at €26 M, down when compared to 2019, as the solid growth of cybersecurity services only partially offset the decrease in technology resale. **Underlying EBITDA** was -€1.5 M, with a slight improvement vs 1Q19.

6. Corporate information

6.1. Main corporate events in the 1Q20

January 17th, February 5th, 13th, 14th and 19th and March 13th, 20th

Sonae informed on qualified shareholdings.

February 29th

Sonae announced that its subsidiary Sonae Sierra SGPS, SA created Sierra Prime.

6.2. Subsequent events

April 8th

Sonae informed about bond issue and refinancing of medium and long-term debt.

April 10th

Sonae announced that Wonder Investments SGPS informed that it has executed the contractual right to sell its 50% stake in IVN – Serviços Partilhados SA which trades under the trademark “Salsa” to Sonae Fashion.

April 17th

Sonae informed on transaction by person discharging managerial responsibilities.

April 30th

Sonae informed on Resolutions taken at Sonae’s Shareholders’ Annual General Meeting.

April 30th

Sonae informed on dividend payment.

May 5th

Sonae informed on qualified shareholding.

May 18th

Sonae informed on refinancing of medium and long-term debt.

7. Sonae Balance sheet

Sonae statement of financial position Million euros	1Q19	1Q20	yoy
TOTAL ASSETS	**8,757**	**7,924**	**-9.5%**
Non current assets	**7,074**	**6,254**	**-11.6%**
Net fixed assets	2,038	2,088	2.5%
Net Rights of Use	1,021	1,055	3.4%
Goodwill	825	680	-17.6%
Investment properties	999	348	-65.2%
Other investments	2,030	1,692	-16.7%
Deferred tax assets	78	337	-
Others	84	53	-36.6%
Current assets	**1,684**	**1,670**	**-0.8%**
Stocks	674	623	-7.5%
Trade debtors	146	119	-18.1%
Liquidity	582	625	7.4%
Others	282	302	7.1%
SHAREHOLDERS' FUNDS	**3,124**	**2,550**	**-18.4%**
Equity holders	2,081	2,035	-2.2%
Attributable to minority interests	1,043	515	-50.6%
LIABILITIES	**5,633**	**5,374**	**-4.6%**
Non-current liabilities	**3,025**	**3,420**	**13.1%**
Bank loans	1,095	1,170	6.9%
Lease liabilities	973	1,083	11.3%
Other loans	515	562	9.1%
Deferred tax liabilities	290	469	61.4%
Provisions	41	41	0.0%
Others	110	95	-13.4%
Current liabilities	**2,608**	**1,954**	**-25.1%**
Bank loans	519	149	-71.2%
Lease liabilities	145	109	-24.5%
Other loans	215	4	-98.2%
Trade creditors	1,111	1,084	-2.4%
Others	619	607	-1.9%
SHAREHOLDERS' FUNDS + LIABILITIES	**8,757**	**7,924**	**-9.5%**

8. Additional information

8.1. Methodological notes

The consolidated financial information contained in this report was prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The financial information regarding quarterly and semi-annual figures was not subject to audit procedures.

Note: Sonae implemented the following changes in its reporting structure:

(i) Adoption of the IFRS16 accounting standard in 2019;

(ii) Discontinued operations: Saphety and WeDo following the sale from Sonae IM in 1Q19 and 3Q19, respectively; Temasa following the sale from Sonae Fashion and Deeply as an asset available for sale.

8.2. Sonae Sierra statutory accounts

Sonae Sierra consolidated results Million euros	1Q19	1Q20
Turnover	**45**	**27**
Underlying EBITDA	**14**	**5**
margin	32%	17%
Equity method results	16	9
Non-recurrent items	2	59
EBITDA	**32**	**73**
margin	71%	269%
Provisions and impairment losses	0	0
D&A	-1	-1
EBIT	**31**	**72**
Net financial results	-3	-3
EBT	**28**	**69**
Taxes	-1	0
Direct results	**27**	**69**
Indirect results	**-1**	**-20**
Net income	**26**	**49**
Non-controlling interests	-7	-1
Net income group share	**19**	**48**

9. Glossary

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

SONAE

1Q20

FINANCIAL STATEMENTS

BUILDING TOGETHER

Condensed Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2020 AND 2019 AND 31 DECEMBER 2019

(Amounts expressed in euro)

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

ASSETS	Notes	31 Mar 20	31 Mar 19	31 Dec 2019
NON-CURRENT ASSETS:				
Property, plant and equipment	6	1,690,241,869	1,676,727,559	1,688,284,139
Intangible assets	7	398,051,773	360,866,340	401,667,381
Right of use assets	8	1,055,444,242	1,020,988,483	1,060,191,250
Investment properties		347,948,654	998,577,368	347,859,459
Goodwill		680,232,194	825,192,982	678,895,512
Investments in joint ventures and associates	9	1,608,604,206	1,975,807,808	1,607,581,376
Other investments	10	83,165,623	54,119,787	79,248,786
Deferred tax assets	11	337,183,834	77,503,910	331,385,376
Other non-current assets		53,106,522	83,684,638	53,982,880
Total Non-Current Assets		6,253,978,917	7,073,468,875	6,249,096,159
CURRENT ASSETS:				
Inventories		623,489,335	674,202,012	663,919,735
Trade receivables and other current assets		307,450,423	333,556,679	309,556,149
Income tax assets		45,690,933	48,774,072	42,283,336
Other tax assets		39,186,847	44,947,691	42,600,020
Investments	10	2,634,324	1,990,620	665,213
Cash and bank balances		622,499,907	580,149,838	609,830,153
Total Current Assets		1,640,951,769	1,683,620,912	1,668,854,606
Assets classified as held for sale	4	28,744,576	-	1,126,364,434
TOTAL ASSETS		**7,923,675,262**	**8,757,089,787**	**9,044,315,199**
EQUITY AND LIABILITIES				
EQUITY:				
Share capital		2,000,000,000	2,000,000,000	2,000,000,000
Own shares		(99,806,645)	(104,204,112)	(99,806,645)
Legal reserve		268,028,145	251,937,767	268,028,145
Reserves and retained earnings		(74,626,825)	(84,726,022)	(201,594,204)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		(58,732,063)	18,303,821	165,221,904
Equity attributable to the equity holders of the Parent Company		2,034,862,612	2,081,311,454	2,131,849,200
Equity attributable to non-controlling interests	12	514,891,850	1,042,764,147	974,714,342
TOTAL EQUITY		2,549,754,462	3,124,075,601	3,106,563,542
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Loans	13	1,732,337,509	1,610,343,736	1,592,307,452
Lease liabilities	8	1,083,105,560	973,240,324	1,088,290,449
Other non-current liabilities		94,920,788	109,525,989	89,970,758
Deferred tax liabilities	11	468,623,848	290,326,384	472,289,494
Provisions	14	41,165,881	41,166,966	42,652,254
Total Non-Current Liabilities		3,420,153,586	3,024,603,399	3,285,510,407
CURRENT LIABILITIES:				
Loans	13	153,025,137	733,515,240	196,268,470
Lease liabilities	8	109,456,912	144,968,051	102,781,525
Trade payables and other current liabilities		1,568,053,759	1,613,904,082	1,847,952,492
Income tax liabilities		16,257,732	27,421,506	13,464,954
Other tax liabilities		84,294,132	83,239,107	100,751,716
Provisions	14	20,955,937	5,362,801	4,405,596
Total Current Liabilities		1,952,043,609	2,608,410,787	2,265,624,753
Liabilities directly associated with assets classified as held for sale	4	1,723,605	-	386,616,497
TOTAL LIABILITIES		5,373,920,800	5,633,014,186	5,937,751,657
		-	-	-
TOTAL EQUITY AND LIABILITIES		**7,923,675,262**	**8,757,089,787**	**9,044,315,199**

The accompanying notes are part of these condensed consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020 AND 2019

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

(Amounts expressed in euro)	Notes	31 Mar 20	31 Mar 19 Restated Note 3
Sales		1,471,272,921	1,354,989,635
Services rendered		80,461,066	94,008,027
Income or expense relating to investments	15	21,840,237	(107,665)
Financial income		3,159,620	3,325,525
Other income		24,301,535	23,174,898
Cost of goods sold and materials consumed		(1,120,040,462)	(982,065,724)
(Increase) /Decrease in prodution		421,923	(2,193,458)
External supplies and services		(160,512,245)	(153,506,627)
Employee benefits expense		(224,376,679)	(212,694,027)
Depreciation and amortisation expenses	6, 7 and 8	(84,369,480)	(76,429,176)
Impairment losses		(849,451)	(724,142)
Provisions	14	(19,180,265)	(47,146)
Financial expense		(32,515,533)	(32,022,709)
Other expenses		(16,566,654)	(17,881,479)
Share of results of joint ventures and associates	9.2	7,493,466	27,358,210
Profit/(Loss) before taxation from continuing operations		(49,460,001)	25,184,142
Income tax expense		5,777,662	2,501,166
Profit/(Loss) after taxation from continuing operations		(43,682,339)	27,685,308
Profit/(Loss) from discontinued operations after taxation	3	(1,778,316)	4,040,973
Consolidated profit/(Loss) for the period		(45,460,655)	31,726,281
Attributable to equity holders of the Parent Company:			
Continuing operations		(56,953,747)	14,769,123
Discontinued operations		(1,778,316)	3,534,698
		(58,732,063)	18,303,821
Attributable to non-controlling interests			
Continuing operations		13,271,408	12,916,185
Discontinued operations		-	506,275
	12	13,271,408	13,422,460
Profit/(Loss) per share			
From continuing operations			
Basic	17	(0.029912)	0.007791
Diluted	17	(0.027986)	0.008284
From discontinued operations			
Basic	17	(0.000934)	0.001865
Diluted	17	(0.000874)	0.001738

The accompanying notes are part of these condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 MARCH 2020 AND 2019

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

(Amounts expressed in euro)	Notes	31 Mar 20	31 Mar 19
Net Profit / (Loss) for the period		(45,460,655)	31,726,281
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		8,191,675	3,727,095
Share of other comprehensive income of joint ventures and associates	9.2	(64,097,394)	184,795
Changes in cash flow hedging reserve		398,078	431,344
Income tax relating to items that may be reclassified subsequently to profit or loss		(228,414)	-
Others		126,653	(222,922)
		(55,609,402)	4,120,312
Items that were reclassified subsequently to profit or loss:		-	-
Total other comprehensive income for the period		(55,609,402)	4,120,312
Total comprehensive income for the period		(101,070,057)	35,846,593
Attributable to:			
Equity holders of parent company		(97,108,901)	21,390,502
Non controlling interests		(3,961,156)	14,456,091

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 MARCH 2020 AND 2019

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

					Reserves and Retained Earnings									
(Amounts expressed in euro)	Notes	Share Capital	Own Shares	Legal Reserve	Currency Translation Reserve	Investments Fair Value Reserve	Cash-flow Hedging Reserve	Option Premium Convertible Bonds	Other Reserves and Retained Earnings	Total Reserves and Retained Earnings	Net Profit/(Loss)	Total	Non controlling Interests (Note 12)	Total Equity
		Attributable to Equity Holders of Parent Company												
Balance as at 1 January 2019		2,000,000,000	(104,204,112)	251,937,767	4,160,385	2,146,500	123,615	22,313,000	(236,806,688)	(208,063,188)	221,653,131	2,161,323,598	1,127,493,090	3,288,816,688
Impact of IFRS 16 application		-	-	-	-	-	-	-	(96,654,844)	(96,654,844)	(15,001,702)	(111,656,546)	1,767,361	(109,889,185)
Balance as at 1 January 2019 - Restated		2,000,000,000	(104,204,112)	251,937,767	4,160,385	2,146,500	123,615	22,313,000	(333,461,532)	(304,718,032)	206,651,429	2,049,667,052	1,129,260,451	3,178,927,503
Total comprehensive income for the period		-	-	-	530,474	-	430,932	-	2,125,275	3,086,681	18,303,821	21,390,502	14,456,091	35,846,593
Appropriation of consolidated net profit of 2018														
Transfer to legal reserves and retained earnings		-	-	-	-	-	-	-	206,651,429	206,651,429	(206,651,429)	-	-	-
Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	(98,870,092)	(98,870,092)
Income distribution from investment funds		-	-	-	-	-	-	-	-	-	-	-	(60,052)	(60,052)
Obligation fulfield by share attribution to employees		-	-	-	-	-	-	-	790,015	790,015	-	790,015	10,361	800,376
Aquisitions of affiliated companies		-	-	-	-	-	-	-	-	-	-	-	3,083,554	3,083,554
Impact of IFRS 16 application		-	-	-	-	-	-	-	4,030,457	4,030,457	-	4,030,457	707,976	4,738,433
Others		-	-	-	-	-	-	-	5,433,428	5,433,428	-	5,433,428	(5,824,142)	(390,714)
Balance as at 31 March 2019		**2,000,000,000**	**(104,204,112)**	**251,937,767**	**4,690,859**	**2,146,500**	**554,547**	**22,313,000**	**(114,430,928)**	**(84,726,022)**	**18,303,821**	**2,081,311,454**	**1,042,764,147**	**3,124,075,601**
Balance as at 1 January 2020		2,000,000,000	(99,806,645)	268,028,145	(7,400,437)	4,137,942	(673,747)	-	(197,657,962)	(201,594,204)	165,221,904	2,131,849,200	974,714,342	3,106,563,542
Total comprehensive income for the period		-	-	-	6,858,058	-	466,740	-	(45,701,636)	(38,376,838)	(58,732,063)	(97,108,901)	(3,961,156)	(101,070,057)
Appropriation of consolidated net profit of 2019														
Transfer to legal reserves and retained earnings		-	-	-	-	-	-	-	165,221,904	165,221,904	(165,221,904)	-	-	-
Dividends distributed	12	-	-	-	-	-	-	-	-	-	-	-	(75,753,438)	(75,753,438)
Obligation fulfield by share attribution to employees		-	-	-	-	-	-	-	1,248,615	1,248,615	-	1,248,615	20,651	1,269,266
Capital decrease	12	-	-	-	-	-	-	-	-	-	-	-	(23,952,884)	(23,952,884)
Lose of control of subsidiaries	4	-	-	-	-	-	-	-	-	-	-	-	(356,522,582)	(356,522,582)
Others		-	-	-	-	-	-	-	(1,126,302)	(1,126,302)	-	(1,126,302)	346,917	(779,385)
Balance as at 31 March 2020		**2,000,000,000**	**(99,806,645)**	**268,028,145**	**(542,379)**	**4,137,942**	**(207,007)**	**-**	**(78,015,381)**	**(74,626,825)**	**(58,732,063)**	**2,034,862,612**	**514,891,850**	**2,549,754,462**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2020 AND 2019

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

(Amounts expressed in euro)	Notes	31 Mar 2020	31 Mar 2019
OPERATING ACTIVITIES			
Net cash generated from operating activities (1)		(178,595,055)	(106,812,560)
INVESTMENT ACTIVITIES			
Receipts arising from:			
Investments	4	268,696,156	20,078,711
Property, plant and equipment and intangible assets		7,583,435	933,024
Interests and similar income		502,693	558,029
Loans granted		2,368,303	-
Dividends		3,947,017	810,000
Others		-	12,826,974
		283,097,604	35,206,738
Payments arising from:			
Investments		(6,410,749)	(66,860,099)
Property, plant and equipment and intangible assets		(70,673,244)	(91,455,727)
Loans granted		(2,164,209)	(861,253)
Others		(19,650,150)	(4,540,430)
		(98,898,352)	(163,717,509)
Net cash used in/ generated by investment activities (2)		184,199,252	(128,510,771)
FINANCING ACTIVITIES			
Receipts arising from:			
Loans, bonds and finance leases	13	1,629,586,898	2,254,053,783
Capital increases, additional paid in capital and share premiums		19,050,000	3,829,261
Others		-	-
		1,648,636,898	2,257,883,044
Payments arising from:			
Lease contracts		(46,739,632)	(27,710,468)
Loans, bonds and finance leases	13	(1,533,103,774)	(2,079,530,335)
Interests and similar charges		(5,656,759)	(7,260,016)
Dividends	12	(74,522,088)	(89,880,052)
Others		-	-
		(1,660,371,051)	(2,204,380,871)
Net cash used in financing activities (3)		(11,734,153)	53,502,173
Net increase (decrease) in cash and cash equivalents (4) = (1) + (2) + (3)		(6,129,956)	(181,821,158)
Effect of exchange rate changes on the balance of cash held in foreign currencies		167,058	(215,691)
Effect of discontinued operations		(131,653)	(676,276)
Cash and cash equivalents at the beginning of the period		623,269,608	696,297,516
Cash and cash equivalents at the end of the period		616,840,941	514,015,773

The accompanying notes are part of these financial statements.

SONAE, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2020

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

(Amounts stated in euro)

1. Introduction

SONAE, SGPS, SA ("Sonae Holding") has its head-office at Lugar do Espido, Via Norte, Apartado 1011, 4470-909 Maia, Portugal, and is the parent company of a group of companies. Sonae´s operations and operating segments are described in Note 5.

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.

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the IFRS Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), as adopted by the European Union as from the consolidated financial statements issuance date.

Interim financial statements are presented quarterly, in accordance with IAS 34 – "Interim Financial Reporting". As such, they do not include all the information to be disclosed in the annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the previous year.

The accompanying condensed consolidated financial statements have been prepared from the books and accounting records of the company and subsidiaries, adjusted in the consolidation process, on a going concern basis and under the historical cost convention, except for some financial instruments and properties investments which are stated at fair value.

New accounting standards and their impact in these consolidated financial statements:

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

With mandatory application during the year 2020:		Effective date (for financial years beginning on or after)
IFRS 3 (amendment)	Business combinations (Change of business definition)	01 Jan 2020
IFRS 9, IAS 39 and IFRS 7 (amendment)	Reform of reference interest rates (Introduction of exemptions from hedge accounting so that the reform of reference interest rates does not lead to the termination of hedge accounting)	01 Jan 2020
IAS 19 (amendment)	Employee benefits (Obliges to use updated assumptions for the calculation of the remaining liabilities after actualization, curtailment or settlement of benefits, with impact on the income statement, except for the decrease of any excess within the scope of the asset ceiling)	01 Jan 2020
IAS 1 and IAS 8 (amendment)	Presentation of financial statements and accounting policies, changes in accounting estimates and errors (Update of material definition in the application of the standards to the financial statements as a whole)	01 Jan 2020
	Concetual structure - Changes in the reference to other IFRS (Amendment to some IFRS regarding cross references and clarifications on the application of the new definitions of assets / liabilities and expenses / income)	01 Jan 2020

These standards were first applied by the Group in 2020, however there were no significant impacts on these financial statements.

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

With mandatory application after 2020		Effective date (for financial years beginning on or after)
IFRS 17	Insurance contracts (New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participation features).	01 Jan 2021
IAS 1 (amendment)	Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current	01 Jan 2022

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

3. Restatement of Financial Statements

In 2019, the Group disposed of the We Do Group and Saphety and considered as discontinued activities some operations that are in the process of liquidation. To maintain the comparability of the financial statements and as required by IFRS 5, changes to the consolidated income statements by nature for the period ended 31 March 2019 were made to reflect in a single caption (Consolidated net profit for the period from discontinued operations), on the income statement face, the post-tax profit or loss from discontinued operations.

The impacts on the consolidated financial statements at 31 March 2019 are as follows:

	31 Mar 2019		
Amounts in euro	Before the restatement	Discontinued operations	After the restatement
Sales	1,354,577,869	411,766	1,354,989,635
Services rendered	106,148,655	(12,140,628)	94,008,027
Income or expenses related to investments	(107,665)	-	(107,665)
Other income and financial income	3,880,521	(554,996)	3,325,525
Other income	24,419,540	(1,244,642)	23,174,898
Cost of good sold and materials consumed	(981,249,792)	(815,932)	(982,065,724)
(Increase) /Decrease in prodution	(2,127,253)	(66,205)	(2,193,458)
External supplies and service	(157,943,534)	4,436,907	(153,506,627)
Employee benefits expense	(221,003,335)	8,309,308	(212,694,027)
Depreciation and amortisation expenses	(78,128,776)	1,699,600	(76,429,176)
Provisions and impairment losses	(789,510)	18,222	(771,288)
Financial expenses	(32,635,100)	612,391	(32,022,709)
Other expenses	(18,049,392)	167,913	(17,881,479)
Share of results of joint ventures and associates	27,358,210	-	27,358,210
Profit (loss) from continuing operations, before tax	24,350,438	833,704	25,184,142
Income tax expense	2,522,818	(21,652)	2,501,166
Consolidated profit (loss) for the period from continuing operations	26,873,256	812,052	27,685,308
Profit/(Loss) from discountinuing operations, after tax	4,853,025	(812,052)	4,040,973
Consolidated profit /(loss) for the period	31,726,281	-	31,726,281

4. Changes in the consolidation scope

In February 2020, Sonae Sierra diluted its stake in its subsidiary Sierra B.V. from 50.1% to 25.1%. Sierra B.V. participates in the companies that own 4 assets in Portugal (Colombo, Vasco da Gama, Cascaishopping and Norteshopping) and two assets in Spain (Plaza Mayor and, the asset inaugurated in February 2020, Designer Outlet, both in Malaga). These entities were classified as held for sale in 2019. Sonae Sierra maintained the management service contracts for all assets.

The effects of these transactions on the consolidated financial statements can be analyzed as follows:

Amounts in euro	At the disposal date
Non-current assets and liabilities held for sale	1,097,147,948
Other assets/liabilities with movements after 31 December 2019	(18,026,817)
Capital decrease after 31 December 2019	(47,287,831)
Dividends distributed after 31 December 2019	8,062,901
Transfer to joint ventures and associates (Note 9.2)	(69,591,682)
Non-controlling interests	(356,522,582)
Liabilities directly related to assets classified as held for sale	(385,591,820)
Total net assets disposed	228,190,118
Gain/(Loss) on disposal (Note 15)	34,793,583
Disposal price	262,983,701
Expenses incurred with the disposal (Note 15)	(14,065,964)
Net receipt	248,917,737
Effective receipts	248,917,737
Amounts receivable in future	-
	248,917,737

The change in the period ended 31 March 2020 in the assets and non-current liabilities held for sale is related to this operation.

5. Segment information

Sonae has in its portfolio 8 business segments:

- Sonae MC is a food retail unit with insignis Continente, Continente Modelo, Continente Bom Dia, Go Natural, Well´s, Arenal, and franchising stores Meu Super; and also covers the Maxmat and the operational assets of Sonae RP;
- Worten is one of the Iberian electronic players;
- Sonae Fashion with a network of own stores of clothing stores, combined with a franchising network store;
- Iberian Sports Retail Group (ISRG), a partnership with a network of sports stores in Spain and Portugal;
- Sonae FS aims to boost retail financial services;
- Sonae IM has the objective of building and managing a portfolio of technology-based companies related to retail and telecommunications;
- Sonae Sierra is the subsidiary dedicated to the activity of development and management of shopping malls; and
- NOS is the partnership that the group holds through Zopt dedicated to telecommunications.

These operating segments have been identified taking into consideration that each of these segments have separate identifiable revenues and costs, separate financial information is produced, and its operating results are reviewed by management on which it makes decisions.

Financial information per business segment

The main operating segment information as at 31 March 2020 and 2019 can be detailed as follows:

31 Mar 2020	Turnover	Depreciation and amortisation (3)	Provisions and impairment losses (3)(4)	EBIT (3)	Financial results (2)	Income tax (2)
Sonae MC	1,194,272,151	(60,866,107)	(744,461)	33,601,309	(20,557,315)	(2,837,882)
Worten	231,655,289	(9,928,486)	(669,818)	(25,270,250)	(1,541,213)	2,334,880
Sonae Fashion	77,930,885	(9,086,792)	(331,678)	(35,072,434)	(1,404,818)	5,195,744
Sonae Sierra	27,025,764	(778,180)	121,678	35,082,923	(3,142,244)	(287,925)
NOS	-	-	-	(1,000,368)	-	-
ISRG	-	-	-	2,612,708	-	-
Sonae IM	25,700,308	(1,924,845)	(104,743)	(3,595,115)	(462,569)	391,869
Sonae FS	9,360,329	(214,850)	-	(1,147,031)	66,178	115,948
Other, eliminations and adjustments (1)	(14,210,739)	(1,570,220)	-	(7,746,015)	(2,313,932)	1,814,392
Total consolidated - Direct	1,551,733,987	(84,369,480)	(1,729,022)	(2,534,273)	(29,355,913)	6,727,026

31 Mar 2019 - Restated	Turnover	Depreciation and amortisation (3)	Provisions and impairment losses (3)	EBIT (3)	Financial results (2)	Income tax (2)
Sonae MC	1,047,799,011	(54,010,353)	(52,996)	25,838,440	(18,853,601)	3,648,716
Worten	237,062,137	(9,058,415)	(19,513)	(4,291,216)	(1,330,303)	(800,361)
Sonae Fashion	95,720,993	(9,256,060)	(274,464)	(2,545,137)	(2,309,900)	810,387
Sonae Sierra	44,807,203	(815,582)	(376,942)	30,856,246	(2,659,356)	(3,063,024)
NOS	-	-	-	9,587,500	-	-
ISRG	-	-	-	2,896,829	-	-
Sonae IM	30,658,705	(1,528,913)	85,257	1,734,349	187,405	2,295,411
Sonae FS	8,180,218	(312,872)	-	493,907	29,052	3,100
Other, eliminations and adjustments (1)	(15,230,605)	(1,446,981)	-	(7,266,074)	(3,760,481)	1,345,937
Total consolidated - Direct	1,448,997,662	(76,429,176)	(638,658)	57,304,844	(28,697,184)	4,240,166

	31 March 2020			31 March 2019 Reststed		
	Investment (CAPEX)	Invested capital	Financial net debt (2)	Investment (CAPEX)	Invested capital	Financial net debt (2)
Sonae MC	46,421,212	2,526,910,449	1,689,234,296	101,406,660	2,405,927,938	1,672,900,000
Worten	3,895,170	110,969,753	-	5,368,066	137,291,065	-
Sonae Fashion	3,728,168	349,073,940	-	2,166,592	368,155,307	-
Sonae Sierra	1,563,540	1,009,037,774	17,298,833	4,436,160	2,057,108,911	221,133,976
Sonae IM	4,286,461	187,461,617	25,471,841	8,544,156	202,634,332	40,383,681
NOS	-	640,416,097	-	-	685,548,394	-
ISRG	-	84,319,339	-	-	77,477,360	-
Sonae FS	166,000	10,553,781	-	138,331	13,422,038	-
Other, eliminations and adjustments (1)	240,476	56,621,906	693,605,205	(5,994,951)	(3,999,222)	885,072,849
Total consolidated	60,301,027	4,975,364,656	2,425,610,175	116,065,014	5,943,566,123	2,819,490,506

1) Include Sonae individual accounts;
2) These captions are accompanied by management in more aggregated form, and not allocated to individual operating segments identified above;
3) Reconciled information in note 18;
4) These provisions do not include the provisions related to Covid-19 mentioned in note 18.

The caption "Others, eliminations and adjustments" can be analyzed as follows:

	Investment		Invested capital	
	31 Mar 2020	31 Mar 2019 Restated	31 Mar 2020	31 Mar 2019 Restated
Inter-segment intra-groups and contributions of entities non-individualized entities as segments	240,476	(5,994,951)	124,577,013	88,395,074
Cash settled equity swap	-	-	(67,955,107)	(92,394,296)
	240,476	(5,994,951)	56,621,906	(3,999,222)

All performance measures are reconciled to the financial statements in Note 18.

Glossary:

Net Invested capital = Net debt + Shareholder funds;

Net Financial Debt = Bonds + bank loans + other loans + financial leases - cash, bank deposits, current investments, and other long-term financial applications + Lease liabilities;

Others, eliminations and adjustments = Intra-groups + consolidation adjustments + contributions from other companies not included in the disclosed segments by do not fit in any reportable segment, i.e., companies other than Sonae SGPS are included in the consolidated financial statements as of 31 December 2019;

Investments (CAPEX) = Gross investments in Property, Plant and equipment and intangible assets and investments in acquisitions.

6. Property, plant and equipment

During the three months period ended 31 March 2020, the movements in Property, plant and equipment as well accumulated depreciation and impairment losses are made up as follows:

	Land and Buildings	Plant and Machinery	Others tangibles assets	Tangible assets in progress	Total tangible assets
Gross costs:					
Opening balance as at 1 January 2020	1,348,619,669	1,648,025,471	260,385,129	28,714,268	3,285,744,537
Investment	622,884	1,022,433	611,277	43,886,555	46,143,149
Disposals	(277,780)	(12,879,935)	(4,388,724)	(352,108)	(17,898,547)
Exchange rate effect	(540)	(9,859)	(70,442)	(251)	(81,092)
Assets available for sale	(8,000)	(358,026)	(162,799)	(42,140)	(570,965)
Transfers	3,969,756	37,724,506	4,505,739	(47,744,855)	(1,544,854)
Closing balance as at 31 March 2020	1,352,925,989	1,673,524,590	260,880,180	24,461,469	3,311,792,228
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2020	431,417,270	977,594,714	188,271,095	177,319	1,597,460,398
Depreciation of the period	5,790,417	29,592,727	5,658,176	-	41,041,320
Disposals	(125,220)	(11,717,788)	(4,289,633)	-	(16,132,641)
Exchange rate effect	(249)	(6,231)	(49,746)	-	(56,226)
Depreciation of assets available for sale	-	(259,773)	(128,361)	-	(388,134)
Transfers	(86,642)	(194,740)	(92,976)	-	(374,358)
Closing balance as at 31 March 2020	436,995,576	995,008,909	189,368,555	177,319	1,621,550,359
Carrying amount as at 31 March 2020	915,930,413	678,515,681	71,511,625	24,284,150	1,690,241,869

The investment includes the acquisition of assets of approximately 44 million euro (42 million euro in 2019), associated with the opening and remodelling of stores of Sonae retail operating segments.

7. Intangible assets

During the three months period ended 31 March 2020, the movement occurred in intangible assets and in the corresponding accumulated amortisation and impairment losses, was as follows:

	Patents and other similar rights	Software	Other intangible assets	Intangible assets in progress	Total intangible assets
Gross assets:					
Opening balance as at 1 January 2020	241,856,153	466,224,251	77,751,740	32,889,599	818,721,743
Investment	-	452,408	76,520	8,433,946	8,962,874
Disposals	-	(1,889,710)	-	(283,601)	(2,173,311)
Exchange rate effect	(141,785)	(7,171)	(315)	(235)	(149,506)
Assets available for sale	(313,954)	(875,657)	-	(37,404)	(1,227,015)
Transfers	21,265	12,173,744	4,306	(12,062,705)	136,610
Closing balance as at 31 March 2020	241,421,679	476,077,865	77,832,251	28,939,600	824,271,395
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2020	50,033,645	323,803,172	43,217,545	-	417,054,362
Depreciation of the period	656,306	10,012,809	1,241,923	-	11,911,038
Disposals	-	(1,911,586)	-	-	(1,911,586)
Exchange rate effect	(141,785)	(4,137)	(315)	-	(146,237)
Depreciation of assets available for sale	(290,684)	(582,135)	-	-	(872,819)
Transfers	(43,574)	228,452	(14)	-	184,864
Closing balance as at 31 March 2020	50,213,908	331,546,575	44,459,139	-	426,219,622
Carrying amount as at March 2020	191,207,771	144,531,290	33,373,112	28,939,600	398,051,773

As at 31 March 2020 the Investment related to intangible assets in progress includes 8.4 million euro related to IT projects and development software. Within that amount it is included 3.6 million euro of capitalizations of personnel costs related to own work.

8. Rights of use

During the period of three months ended on 31 March 2020, the detail and the movement in the value of the rights of use, as well as in the respective depreciations, was as follows:

	Land and Buildings	Vehicles	Others tangible assets	Total tangible assets
Cost				
Opening balance as at 1 January 2020	1,435,043,433	99,076,538	1,072,141	1,535,192,112
Additions	26,275,836	2,010,941	158,817	28,445,594
Effect of foreign currency exchange differences	(145,171)	(8,741)	-	(153,912)
Write-offs and decreases	(5,100,166)	(3,094,080)	(359,849)	(8,554,095)
Closing balance as at 31 March 2020	1,456,073,932	97,984,658	871,109	1,554,929,699
Accumulated depreciation and impairment				
Opening balance as at 1 January 2020	441,004,350	33,252,081	744,431	475,000,862
Depreciation of the period	25,434,231	5,929,492	53,399	31,417,122
Effect of foreign currency exchange differences	(105,225)	(8,652)	(1,292)	(115,169)
Write-offs and tranfers	(3,675,321)	(2,814,800)	(327,237)	(6,817,358)
Closing balance as at 31 March 2020	462,658,035	36,358,121	469,301	499,485,457
Carrying amount as at 31 March 2020	993,415,897	61,626,537	401,808	1,055,444,242

Liabilities related to rights of use are recorded under non-current and current lease liabilities of 1.083 million euro and 109 million euro respectively (1.088 million euro and 103 million euro at 31 December 2019).

In the consolidated income statement, 31.4 million euros were recognised for depreciation of the period (25.8 million euros in 31 March 2019) and 18.4 million of euros of interest relating to the adjusted debt (18.2 million in 31 March 2019).

9. Joint ventures and associated companies

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

The value of investments in joint ventures and associates can be analysed as follows:

Investments in joint ventures and associates	31 Mar 2020	31 Dec 2019
Investments in joint ventures	796,418,315	976,280,761
Investments in associates	812,185,891	631,300,615
Total	1,608,604,206	1,607,581,376

The detail per company of investments in joint ventures is as follows:

	COMPANY	31 Mar 2020	31 Dec 2019
	Sonae MC		
	Sohi Meat Solutions - Distribuição de Carnes, SA	3,441,498	3,356,985
	Maremor Beauty & Fragances, S.L.	117,112	120,649
	Sonae Sierra		
	Arrábidashopping- Centro Comercial, S.A.	29,330,339	29,991,113
1)	DOC Malaga Holdings S.L	-	2,070,074
	Gaiashopping I- Centro Comercial, S.A.	30,603,093	35,358,528
	Madeirashopping- Centro Comercial, S.A.	14,562,526	15,670,288
1)	Norte Shopping Retail and Leisure Centre B.V.	-	32,206,931
	Pantheon Plaza B.V.	5,077,799	4,994,201
	Park Avenue Development of Shopping Centres S.A.	(462,412)	(461,277)
	Parque Atlântico Shopping - Centro Comercial, S.A.	16,799,300	17,754,571
	Proyecto Cúcuta S.A.S.	6,992,869	8,467,686
	Pud Srl	5,684,969	5,695,813
	SC Aegean B.V.	4,900,478	4,907,766
1)	Shopping Centre Colombo Holding B.V.	-	63,277,363
	Sierra Central S.A.S.	21,834	57,222
	Sierra Balmain Asset Management sp. zo.o.	1,705,240	1,708,766
	Sierra LM, SGPS, S.A.	702,783	774,000
1)	VdG Holding BV	-	28,429,747
	Via Catarina- Centro Comercial, S.A.	10,236,206	10,043,274
	L.C. Malheiro II, SGPS, SA	1,825,775	1,818,083
1)	Goodwill related to assets available for sale that will be recognized as associates	-	38,550,000
	NOS		
	ZOPT, SGPS, SA (consolidated)	640,416,097	642,224,343
	Sonae IM		
	Unipress - Centro Gráfico, Lda	612,925	604,053
	Sonae FS		
	MDS SGPS, S.A. (consolidated)	21,684,042	25,936,780
	Sonae SGPS		
	Mktplace- Comércio Eletronico, SA	2,165,842	2,723,802
	Investments in joint ventures	796,418,315	976,280,761

1) Joint venture "Sierra Prime" resulting from the dilution of the percentage of Sierra BV (Note 4).

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

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

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

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

As described in Note 19.3, on 4 April 2020, SONAECOM was informed by its subsidiary ZOPT of the communication received from the Central Criminal Investigation Court of Lisbon to proceed to the preventive arrest of 26.075% of NOS share capital.

ZOPT Group provisions

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

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

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

Action brought by DECO

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

Contractual Penalties

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

Other commitments Grupo Zopt

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

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

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

(i) Cinemas and Audiovisuals: reduction in attendance at movie theaters and closure since March 16, with the postponement of the debut of several titles;

(ii) Roaming and international traffic: reflecting travel restrictions and the way the virus is spread in some regions, NOS had a negative impact, both in revenues, in roaming and international traffic costs;
(iii) Equipment sales: with the closure of shopping centers and travel restrictions, there was a reduction in the sale of mobile phones and equipment, which is partially offset by the increase in online sales (in the long run there may be a positive effect on the evolution customer take-up of digital channels);
(iv) Mobile data revenues: quarantine and isolation situations imply an increase in the use of wireless networks, reducing the use of mobile data; and,
(v) Drop in revenue related to premium sports and advertising content.

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

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

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

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

The detail per company of investments in associates is as follows:

	COMPANY	31 Mar 2020	31 Dec 2019
	Sonae MC		
	Sempre a Postos - Produtos Alimentares e Utilidades, Lda	986,796	960,282
	Sonae Sierra		
	3shoppings - Holding, SGPS, S.A.	12,933,222	12,749,317
	Aliansce Sonae Shopping Centers, S.A.	95,483,065	118,535,408
	Area Sur Shopping, S.L.	7,341,880	7,469,872
	Fundo Investimento Imobiliário Parque Dom Pedro Shopping Center ("FIIPDPSH")	12,511,392	15,784,000
	Fundo Investimento Imobiliário Shop. Parque Dom Pedro ("FIISHPDP")	121,633,264	153,438,522
	Le Terrazze - Shopping Centre 1 Srl	7,289,670	7,196,941
	Iberia Shop.C. Venture Coöperatief U.A. ("Iberia Coop")	15,775,889	16,112,511
	Sierra Portugal Real Estate ("SPF")	21,900,514	21,655,244
	Olimpo Real Estate SOCIMI, S.A.	8,053,688	7,932,798
	Olimpo Real Estate Portugal, SIGI, S.A.	2,524,035	2,528,224
	Serra Shopping- Centro Comercial, S.A.	1,066,289	1,050,037
	Sierra Cevital Shopping Center, Spa	-	38,543
	Sierra Portugal Feeder 1	2,349,475	3,491,812
	Trivium Real Estate Socimi, S.A.	30,841,557	30,707,669
	Zenata Commercial Project	2,018,688	2,041,966
1)	Mercado Urbano – Gestão Imobiliária, S.A.	1,271,505	-
2)	Sierra European Retail Real Estate Assets Holdings, BV ("Sierra BV")	235,575,948	-
	Sonae SGPS		
	Iberian Sports Retail Group (ISRG)	84,319,339	81,540,597
	Sonae IM		
	Armilar Venture Partners - Sociedade de Capital de Risco, SA (Armilar)	1	1
	Fundo de Capital de Risco Armilar Venture Partners II (Armilar II)	94,230,381	94,176,915
	Fundo de Capital de Risco Armilar Venture Partners III (Armilar III)	32,997,387	32,707,854
	Fundo de Capital de Risco Espirito Santo Ventures Inovação e Internacionalização (AVP I+I)	17,042,384	17,056,948
	Secucloud GMBH	3,646,808	3,731,809
	Probe.ly - Soluções de Ciberseguranca, Lda	341,866	342,497
	Alfaros SARL	10,379	10,379
	Suricate Solutions	25,843	25,843
	Others	14,626	14,626
	Investment in associates companies	812,185,891	631,300,615

1) Associate acquired in the period;

2) Joint venture "Sierra Prime" resulting from the dilution of the percentage of Sierra BV (Note 4).

9.2 MOVEMENTS OCURRED IN THE PERIOD

During the period ended at 31 March 2020, movements in investments in joint ventures and associates are as follows:

	31 Mar 2020		
	Proportion on equity	Goodwill	Total investment
Investments in joint ventures			
Balance as at 1 January	409,263,098	567,017,663	976,280,761
Transfer to Associates	(125,984,114)	(38,550,000)	(164,534,114)
Increases during the period	128,000	-	128,000
Equity method			
Effect in gains or losses in joint controlled	(1,895,185)	-	(1,895,185)
Distributed dividends	(9,278,785)	-	(9,278,785)
Effect in equity capital and non-controlling interests	(4,282,363)	-	(4,282,363)
Other effects in net income	-	-	-
	267,950,652	528,467,663	796,418,315

	31 Mar 2020		
	Proportion on equity	Goodwill	Total investment
Investments in associates companies			
Initial balance as at 1 January	610,439,640	20,860,975	631,300,615
Transfer from joint ventures	125,984,114	38,550,000	164,534,114
Change of method by percentage dilution (Note 4)	69,591,682	-	69,591,682
Acquisitions during the period	1,273,178	-	1,273,178
Capital reduction in associated companies	(1,992,301)	-	(1,992,301)
Period disposals	(38,543)	-	(38,543)
Equity method		-	
Effect in gains or losses in associated companies	9,460,184	-	9,460,184
Distributed dividends	(2,128,006)	-	(2,128,006)
Effect in equity capital and non-controlling interests	(59,815,032)	-	(59,815,032)
	752,774,916	59,410,975	812,185,891
Total	1,020,725,567	587,878,638	1,608,604,206

The effect on equity and non-controlled interests results fundamentally from the exchange rate conversion effect of companies with a different functional currency than the euro.

As at 31 March 2020, the value of transfers from joint ventures to associates and change of method by dilution of percentage is related to the operation in Sonae Sierra that diluted its participation in the subsidiary Sierra B.V. from 50.1% to 25.1% (Note 4).

Dividend distributions related to Investments in Joint Ventures refer to Sonae Sierra's joint ventures and associates.

At 31 March 2020 it was understood that the assumptions made in the impairment tests performed in 2019 did not change significantly.

10. Others investments

Other non-current investments, their head offices and book value as at 31 March 2020 and 31 December 2019, are as follows:

		Statment of financial position	
Company	Head Office	31 Mar 2020	31 Dec 2019
Sonae MC			
Dispar - Distrib. de Participações, SGPS, SA	Lisbon	9,976	9,976
Insco - Insular de Hipermerc., SA	Ponta Delgada	5,345,040	5,345,040
Other financial assets		16,768,227	15,526,748
Financial assets at fair value through profit or loss		22,123,243	20,881,764
Sonae IM			
Arctic Wolf Networks, Inc	Delaware	12,101,193	12,101,193
Ometria, Ltd.	Londres	8,095,985	8,095,985
Sixgill Ltd	Israel	5,415,162	5,415,162
CelllWise	Singapura	5,357,593	5,357,593
ViSenze	Singapura	5,260,238	5,260,238
CB4	Israel	4,368,720	4,368,720
Case on IT	Madrid	2,930,744	2,930,744
Daisy Intelligence	Canadá	2,406,623	2,406,623
Reblaze	St. Louis	2,352,438	2,352,438
Nextail Labs, SL	Madrid	2,300,000	2,300,000
ciValue	Yokneam (Israel)	1,970,097	1,970,097
StyleSage, Inc.	Delaware	1,848,578	1,848,578
Jscrambler	Porto	1,250,000	1,250,000
Whitefantasy	Évora	640,804	640,804
Fyde	Califórnia	443,687	443,687
Sales Layer	Valência	2,500,358	-
Other financial assets		1,800,160	1,625,160
Financial assets at fair value through other comprehensive income		61,042,380	58,367,022
		83,165,623	79,248,786

At 31 March 2020, "Other financial assets" related to "Financial assets at fair value through profit or loss", 9,809,379 euros (9,823,569 euros at 31 December 2019), related to amounts deposited in an Escrow Account and which are invested in units in a higher rated monetary investment fund, which arise as guarantees for contractual liabilities assumed on the sale of the Brazil Retail segment and for which provisions have been set up in the applicable situations.

During the period ended 31 March 2020 Sonae IM acquired a stake in Sales Layer, a company based in Spain and whose main asset is PIM (Product Information Manager) software that centralizes product information and automatically synchronizes it across all sales channels.

At 31 March 2020, the movements in "Other Investments" made up as follows:

	March 2020	
	Non current	Current
Other investments:		
Fair value (net of impairment losses) as at 1 January	79,248,786	-
Acquisitions in the period	4,130,213	-
Disposals in the period	(196,502)	-
Transfers to available for sale	(16,874)	-
Discontinued operations	-	-
Fair value (net of impairment losses) as at 31 March	83,165,623	-
Derivative financial instruments		
Fair value as at 1 January	-	588,747
Increase/(decrease) in fair value	-	1,995,954
Fair value as at 31 March	-	2,584,702
Financial instruments others		
Fair value as at 1 January	-	76,466
Increase/(decrease) in fair value	-	(26,843)
Fair value as at 31 March		49,622
	83,165,623	2,634,324

11. Deferred taxes

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

	Deferred tax assets		Deferred tax liabilities	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Difference between fair value and acquisition cost	4,468,688	4,468,688	97,687,735	102,130,077
Temporary differences on property, plant and equipment and intangible assets	1,143,286	1,208,423	79,342,934	78,169,489
Temporary difference of negative goodwill and equity method	-	-	21,863,322	21,804,204
Provisions and impairment losses not accepted for tax purposes	14,776,735	15,808,902	-	-
Write off of deferred income relating entrance fees (key money) and expenses relating the opnening of shopping centres	-	-	(407,359)	(404,094)
Impairment of assets	-	-	639,053	639,053
Valuation of hedging derivatives	59,217	107,345	173,083	67,639
Amortisation of Goodwill for tax purposes in Spain	-	-	29,374,133	27,919,963
Revaluation of tangible assets	-	-	660,789	684,588
Tax losses carried forward	40,852,574	31,966,592	-	-
Reinvested capital gains/losses	-	-	255,290	267,585
Tax Benefits	4,319,599	6,732,857	-	-
Rights of use	266,607,302	267,892,456	237,953,308	240,187,489
Others	4,956,433	3,200,113	1,081,560	823,501
	337,183,834	331,385,376	468,623,848	472,289,494

As at 31 March 2020 and 31 December 2019, 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.

12. Non-controlling interest

During the period ended 31 March 2020, the movement in non-controlling interests are detailed as follows:

	31 March 2020						
	Sonae MC	Worten	Sonae Fashion	Sonae IM - Sonaecom, SGPS, SA	Sonae Sierra	Others	Total
Opening balance as at 1 January 2020	54,885,160	478,103	28,838,691	109,174,875	782,072,434	(734,921)	974,714,342
Distributed dividends	(1,231,350)	-	-	-	(74,522,088)	-	(75,753,438)
Change in currency translation reserve	7,258	-	-	353,854	1,255,161	-	1,616,273
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method	-	-	-	(81,064)	(18,441,261)	-	(18,522,325)
Capital decrease	-	-	-	-	(23,952,884)	-	(23,952,884)
Loss of control of subsidiaries	-	-	-	-	(356,522,582)	-	(356,522,582)
Changes in hedging reserves	(392,145)	-	-	-	95,069	-	(297,076)
Others	(7,455)	(0)	238,619	107,050	(84)	2	338,131
Profit for the period attributable to non-controlling interests	541,706	(368,281)	(1,257,513)	(1,025,564)	15,454,432	(73,371)	13,271,408
Closing balance as at 31 March	53,803,175	109,821	27,819,796	108,529,151	325,438,197	(808,291)	514,891,850

13. Loans

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

	31 Mar 2020		31 Dec 2019	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae, SGPS, SA - commercial paper	66,350,000	360,000,000	143,350,000	285,000,000
Sonae SGPS, SA 2016/2023	10,000,000	40,000,000	10,000,000	40,000,000
Sonae MC, SGPS,SA - commercial paper	13,500,000	335,000,000	13,500,000	266,000,000
Sonae MC affiliated /2014/2023	-	50,000,000	-	50,000,000
Sonae MC affiliated /2015/2023	-	20,000,000	-	20,000,000
Sonae MC affiliated /2017/2025	3,333,333	13,333,333	3,333,333	16,666,667
Sonae MC /2018/2031	-	55,000,000	-	55,000,000
Sonae MC affiliated /2020	30,000,000	-	-	-
Sonae Holding affiliated /2014/2021	-	20,000,000	-	20,000,000
Sonae Holding affiliated /2019/2023	-	50,000,000	-	50,000,000
Sonae Holding affiliated - commercial paper	5,000,000	28,000,000	5,000,000	27,500,000
Sonae Sierra SGPS, SA - commercial paper	-	25,000,000	-	25,000,000
Sonae Sierra / 2018/2022	-	10,000,000	-	10,000,000
Sonae Sierra affiliated /2016/2021	-	41,300,000	-	41,300,000
Sonae Sierra affiliated /2015/2023	5,200,000	117,000,000	5,200,000	118,300,000
Others	10,646,858	6,719,958	8,776,056	6,566,657
	144,030,191	1,171,353,291	189,159,389	1,031,333,324
Bank overdrafts	5,658,966	-	2,698,070	-
Up-front fees beard with the issuance of borrowings	(498,301)	(1,243,567)	(407,610)	(1,226,479)
Bank loans	149,190,856	1,170,109,724	191,449,849	1,030,106,845
Bonds				
Bonds Sonae SGPS/ 2015/2022	-	100,000,000	-	100,000,000
Bonds Sonae SGPS/ 2016/2023	-	60,000,000	-	60,000,000
Bonds Sonae SGPS/ 2019/2026	-	50,000,000	-	50,000,000
Bonds Sonae MC / December 2015/2020	-	50,000,000	-	50,000,000
Bonds Sonae MC / May 2015/2022	-	75,000,000	-	75,000,000
Bonds Sonae MC / December 2015/2020	-	30,000,000	-	30,000,000
Bonds Sonae MC / June 2016/2021	-	95,000,000	-	95,000,000
Bonds Sonae MC / September 2016/2021	3,000,000	3,000,000	3,000,000	3,000,000
Bonds Sonae Sierra / January 2018/2025	-	50,000,000	-	50,000,000
Bonds Sonae Sierra / January 2018/2023	-	25,000,000	-	25,000,000
Bonds Sonae Sierra / January 2018/2023	-	25,000,000	-	25,000,000
Up-front fees beard with the issuance of borrowings	(153,665)	(2,424,803)	(153,665)	(2,670,667)
Bonds	2,846,335	560,575,197	2,846,335	560,329,333
Other loans	467,563	1,510,065	908,663	1,706,802
Derivates	311,889	-	773,784	-
Other loans	779,452	1,510,065	1,682,447	1,706,802
Obligations under finance leases	208,494	142,523	289,839	164,472
	153,025,137	1,732,337,509	196,268,470	1,592,307,452

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

The interest rate at 31 March 2020 on bond loans and bank loans averaged approximately 1.18% (1.30% at 31 December 2019). Most of the bond loans and variable-rate bank loans are indexed to Euribor.

The derivatives are recorded at fair value.

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

	31 Mar 2020	31 Dec 2019
N+1 a)	153,365,214	196,055,960
N+2	407,757,128	378,265,906
N+3	540,313,200	350,293,255
N+4	314,666,336	431,409,483
N+5	264,813,617	239,721,238
After N+5	208,455,599	196,514,715
	1,889,371,093	1,792,260,558

a) Includes amounts used from commercial paper programs when classified as current.

The maturities presented above were estimated according to the contractual clauses of the loans and considering Sonae's best expectation as to its amortization date.

As at 31 March 2020, Sonae has, as detailed below, cash and bank balance equivalents in the amount of 622 million euro (610 million euro as at 31 December 2019) and available credit lines as follows:

	31 Mar 2020		31 Dec 2019	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Unused credit facilities				
Sonae MC	41,500,000	267,500,000	124,000,000	284,000,000
Sonae Sierra	54,969,346	-	54,719,947	-
Holding & Others	122,413,936	87,000,000	55,777,214	67,500,000
	218,883,282	354,500,000	234,497,161	351,500,000
Agreed credit facilities				
Sonae MC	46,500,000	657,500,000	129,000,000	550,000,000
Sonae Sierra	54,969,346	25,000,000	54,719,947	25,000,000
Holding & Others	196,750,000	475,000,000	207,750,000	380,000,000
	298,219,346	1,157,500,000	391,469,947	955,000,000

14. Provision and impairment losses

Movements in "Provisions and impairment losses" during the period ended 31 March 2020 are as follows:

Caption	Balance as at 01 Jan 2020	Increase	Decrease	Transfer to help for sale	Balance as at 31 Mar 2020
Accumulated impairment losses on investments	4,501,208	17,706	-	-	4,518,914
Impairment losses on property, plant and equipment	114,081,043	-	(2,148,006)	(166,738)	111,766,299
Impairment losses on intangible assets	30,008,630	18,868	(35,553)	(246,909)	29,745,036
Accumulated impairment losses on other current debtors	26,630,737	972,695	(1,115,904)	(935,219)	25,552,309
Non - current provisions	42,652,254	670,430	(2,156,803)	-	41,165,881
Current provisions	4,405,596	18,077,178	(1,485,945)	(40,892)	20,955,937
	222,279,468	19,756,877	(6,942,211)	(1,389,758)	233,704,376

The increase in current provisions relates mainly to development projects in Sonae Sierra, which were made prudent in the context of the Covid 19 pandemic.

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

15. Income or expenses related to investments

Income or expenses related to investments for the periods ended March 31, 2020 and 2019 can be detailed as follows:

	31 Mar 2020	31 Mar 2019 Restated
Dividends	100,000	-
Sierra Prime% Dilution (Note 4)	20,727,619	-
Others	1,110,100	(107,798)
Gains / (losses) on the sale of investments in subsidiaries, joint ventures and associates	21,837,719	(107,798)
Others	(100,367)	-
Impairment of investments in subsidiaries	-	-
Impairment reversal on financial investments	2,885	133
Impairment reversal/(losses) on investments	2,885	133
Total income and (expenses) related to investments	21,840,237	(107,665)

16. Realated parties

Balances and transactions with related entities can be detailed as follows:

Transactions	Turnover and other income		Purchases and services obtained	
	31 Mar 2020	31 Mar 2019 Restated	31 Mar 2020	31 Mar 2019 Restated
Parent Company	68,380	65,964	119,605	122,380
Jointly controlled companies	8,100,755	9,511,266	73,307,498	67,325,872
Associated companies	17,850,363	20,225,416	1,818,511	885,822
Other related parties	12,514,998	11,996,863	2,894,161	2,643,168
	38,534,497	41,799,507	78,139,775	70,977,242

Transactions	Interest income		Interest expenses	
	31 Mar 2020	31 Mar 2019 Restated	31 Mar 2020	31 Mar 2019 Restated
Parent Company	-	-	-	-
Jointly controlled companies	108,022	108,542	99,979	120,712
Associated companies	116,469	497,051	1,324,139	1,232,979
Other related parties	9,346	-	29,120	66,049
	233,837	605,593	1,453,239	1,419,740

Balances	Accounts receivable		Accounts payable	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Parent Company	33,314	38,875	102,092	466,133
Jointly controlled companies	9,899,547	7,429,858	80,357,336	80,692,278
Associated companies	15,808,975	15,222,656	2,751,097	3,205,693
Other related parties	10,286,823	16,061,643	5,698,171	7,768,566
	36,028,659	38,753,032	88,908,696	92,132,670

Balances	Loans			
	Obtained		Granted	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Jointly controlled companies	-	-	15,228,655	15,785,680
Associated companies	287	287	10,601,687	19,218,261
Other related parties	-	-	1,760,000	2,160,000
	287	287	27,590,342	37,163,940

The related parties include subsidiaries and jointly controlled companies or associated companies of Sonae Sierra SGPS, SA, ZOPT SGPS, SA, Sonae Indústria, SGPS, SA and Sonae Capital, SGPS, SA, as well as other shareholders of subsidiaries or jointly controlled companies by Sonae, and other subsidiaries of the parent company Efanor Investimentos, SGPS, SA.

17. Earning per share

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

	31 Mar 2020		31 Mar 2019 Restated	
	Continuing Operations	Descontinuing Operations	Continuing Operations	Descontinuing Operations
Net profit				
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	(56,953,747)	(1,778,316)	14,769,122	3,534,698
Effect of dilutive potential shares	-	-	-	-
Interest related to convertible bonds (net of tax)	-	-	2,082,268	-
Net profit taken into consideration to calculate diluted earnings per share	(56,953,747)	(1,778,316)	16,851,390	3,534,698
Number of shares				
Weighted average number of shares used to calculate basic earnings per share	1,904,018,211	1,904,018,211	1,895,593,392	1,895,593,392
Effect of dilutive potential ordinary shares from convertible bonds	128,667,482	128,667,482	128,667,482	128,667,482
Outstanding shares related with share based payments	3,885,211	3,885,211	10,630,179	10,630,179
Shares related to performance bonus that can be bought at market price	(1,486,370)	(1,486,370)	(773,338)	(773,338)
Weighted average number of shares used to calculate diluted earnings per share	2,035,084,534	2,035,084,534	2,034,117,715	2,034,117,715
Earnings per share				
Basic	(0.029912)	(0.000934)	0.007791	0.001865
Diluted	(0.027986)	(0.000874)	0.008284	0.001738

18. Presentation of consolidated income statements

In the Management Report, and for the purposes of calculating financial indicators as EBIT, EBITDA and Underlying EBITDA the consolidated income statement is divided between Direct Income and Indirect Income.

The Indirect Income includes the contribution of Sonae Sierra, net of taxes that result from: (i) valuation of investment properties; (ii) gains (losses) with the sale of financial investments, joint ventures or associates; (iii) impairment losses relating to non-current assets (including Goodwill) and (iv) provisions for assets at risk. Additionally and with regard to the portfolio of Sonae, it includes: (i) impairment of real estate assets for retail, (ii) decreases in Goodwill, (iii) negative Goodwill (net of taxes) related to acquisitions in the financial year, (iv) provisions (net of tax) for possible future liabilities, and impairments related to noncore investments, businesses and discontinued assets (or to be discontinued / repositioned), (v) valuation results based on the methodology "mark-to-market" of other current investments that will be sold or traded in the near future and (vi) other irrelevant issues.

The value of EBITDA, Underlying EBITDA and EBIT are calculated in the direct income component, i.e. excluding the indirect contributions.

The reconciliation between the two presentation formats for the consolidated income statement for the periods ended 31 March 2020 and 2019 can be summarized as follows:

	31 Mar 2020			31 Mar 2019 Restated		
	Consolidated	Indirect Income	Direct Income	Consolidated	Indirect income	Direct income
Turnover	1,551,733,987	-	1,551,733,987	1,448,997,662	-	1,448,997,662
Investment income						
Dividends and others adjustments	100,000	-	100,000	-	-	-
Impairments losses	-	-	-	133	-	133
Others	(24,244)	-	(24,244)	(107,798)	-	(107,798)
Others income						
Reversal of impairment losses	165,807	-	165,807	258,950	-	258,950
Reversal of provisions for warranty extensions	560,754	-	560,754	771,710	-	771,710
Others	23,743,104	-	23,743,104	22,144,238	-	22,144,238
Total income	1,576,279,409	-	1,576,279,409	1,472,064,895	-	1,472,064,895
Total expenses	(1,475,883,866)	-	(1,475,883,866)	(1,369,074,124)	-	(1,369,074,124)
Depreciation and amortisation	(84,369,480)	-	(84,369,480)	(76,429,176)	-	(76,429,176)
Impairments of inventories - Covid-19	(44,100,000)	-	(44,100,000)	-	-	-
Losses on property, plant and equipment and intangible assets	(1,073,534)	-	(1,073,534)	(833,991)	-	(833,991)
Impairment losses and provisions						
Provisions for warranty extensions	(135,081)	-	(135,081)	(132,630)	-	(132,630)
Others	(19,894,635)	(18,165,613)	(1,729,022)	(638,658)	-	(638,658)
Profit before financial results and results of joint ventures and associates and non-recurrent items	(49,177,187)	(18,165,613)	(31,011,574)	24,956,316	-	24,956,316
Non-recurrent items	21,579,633	-	21,579,633	1,566,800	(5,031,033)	6,597,833
Financial profit/(loss)	(29,355,913)	-	(29,355,913)	(28,697,184)	-	(28,697,184)
Share of results of joint ventures and associated undertakings						
Associates and joint ventures of Sonae Sierra	8,514,666	(645,266)	9,159,932	16,077,179	549,456	15,527,723
Armilar Venture Funds	262,749	262,749	-	121,055	121,055	-
ZOPT	(1,000,368)	-	(1,000,368)	9,587,500	-	9,587,500
Others	(283,581)	-	(283,581)	1,572,476	-	1,572,476
Profit before income tax	(49,460,001)	(18,548,131)	(30,911,870)	25,184,142	(4,360,522)	29,544,664
Income Tax	5,777,662	(949,364)	6,727,026	2,501,166	(1,739,000)	4,240,166
Profit/(Loss) from continued operations	(43,682,339)	(19,497,495)	(24,184,844)	27,685,308	(6,099,522)	33,784,830
Profit/(Loss) from discontinued operations	(1,778,316)	(900,000)	(878,316)	4,094,029	5,031,033	(937,004)
Profit/(Loss) for the period	(45,460,655)	(20,397,495)	(25,063,160)	31,779,337	(1,068,489)	32,847,826
Attributable to equity holders of Sonae	(58,732,063)	(20,451,698)	(38,280,365)	18,356,876	(1,785,928)	20,142,804
Non-controlling interests	13,271,408	54,203	13,217,205	13,422,461	717,439	12,705,022
"Underlying" EBITDA (b)			99,599,707			102,086,430
EBITDA (a)			128,177,008			134,434,959
EBIT (c)			(2,534,273)			57,304,844

(a) EBITDA = total direct income - total direct expenses - reversal of direct impairment losses + share of results in joint ventures and associated undertakings (Sonae Sierra direct results, Zopt and other participated) + provisions for extensions of guarantee + unusual results;

(b) “Underlying” EBITDA = EBITDA – effect of share result in joint ventures and associated undertakings – non-recurrent results;

(c) EBIT = EBT - financial results - dividends;

(d) EBT = Direct results before taxes;

(e) Direct income = Results excluding contributions to indirect results;

(f) Indirect income = Includes Sonae Sierra’s results, net of taxes, arising from: (i) investment properties valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses for non-current assets (including Goodwill) and; (iv) provision for assets at risk. Additionally and with regard to the portfolio of Sonae, it includes: (i) impairment of real estate assets for retail, (ii) decrease in goodwill, (iii) provisions (net of tax) for possible future liabilities and impairments related with non-core financial investments, businesses, discontinued assets (or be discontinued/ repositioned);(iv) valuation results based on the methodology "mark-to-market" of other current investments that will be sold or traded in the near future and (v) other irrelevant issues.

19. Subsequent events

19.1 COVID-19

Sonae has been monitoring all developments related to the Covid-19 pandemic which has led to highly restrictive measures in all geographies to minimize the spread of the virus and its impacts.

Considering the implied risk level, a specific governance model was implemented early on to manage this crisis. This effort was led by Sonae’s Executive Committee in close alignment with the CEOs of each business unit, in order to regularly track the impacts on each business and define actions plans.

Therefore, Sonae has developed prevention/contingency plans covering the entire organisation, from the operational areas to the central structures, across all the Group's businesses.

Below is a summary of impacts and measures underway in several areas:

Employees

- Considering the high level of contagion and spread of the virus, and even before the state of emergency was declared in Portugal and Spain, a number of mandatory actions and recommendations were defined and communicated to all employees regarding: business travel; participation in congresses, fairs, exhibitions and extended training; remote work; hygiene precautions and respiratory etiquette measures; among many others.
- At the operations level, essential measures were implemented in order to ensure the health of our employees, partners and clients, from facilities cleaning and wearing of masks and other personal protective equipment, to restricting the number of people per sqm. As of this date, the different businesses are implementing or reviewing their operational models to ensure the progressive opening of commercial establishments that were forced to close by law.
- Regarding central offices, as well as in every job function in which this is possible, remote work was implemented, affecting more than 6,000 employees. For this purpose, the available tools for remote working were reinforced as well as the development of a set of activities that allow our employees to maintain high levels of motivation and professional development (e.g. through online training). At this stage, phased plans for the return of employees to central offices are being implemented; however, the recommendation to stay home remains in functions where remote work is possible.
- Lastly, in all group companies fully controlled by Sonae in Portugal, the group decided not to adhere to the simplified layoff mechanism as a way of ensuring the full compensation of employees in this difficult context and also to fulfil the group’s social mission. Additionally, in the case of food retail, an extraordinary financial bonus was awarded to store and logistics employees as a recognition of their availability to provide an essential service to Portuguese families.

Business operations

Food retail

- The food retail sector registered an increased level of demand before and after the state of emergency, as Portuguese families anticipated more extensive containment measures and a potential shortage of essential products.

- In this sense, Sonae MC has been playing a vital role in the context of this crisis, and consequently has strengthened contingency plans, maintaining a close dialogue with all stakeholders in the supply chain in order to strengthen its response capacity. It is worth highlighting the need for activation of alternative suppliers, namely at the national level, promoting market liquidity, especially among small producers. For these small producers, an advance payment program was also created to improve their treasury conditions. At the moment, all supply chain operations are already being normalised.

- The demand in the online channel has been very high since the beginning of this crisis, creating unprecedented pressure on the operation. In this context, Sonae MC increased its response capacity from 2,600 to 8,000 daily orders, not only through the reinforcement of the current supply centres but also through the mobilization of other stores in urban centres for this operation. In addition, it has established new partnerships to enable convenient solutions to its customers at a critical time.

- Despite not having its activity interrupted in the food formats, Sonae MC was forced to temporarily close the entire Arenal operation in Spain, as well as the Go Natural restaurants, Bagga stores and most of Dr Wells clinics in Portugal. In this context, the company has been seeking to implement several efficiency improvement measures and is revising its investment plan very carefully.

Shopping Centres

- Shopping centres, as key players in the retail market, saw the closure of all stores considered non-essential in several jurisdictions, which, over the last few weeks, have been gradually opening (varying from country to country).

- Although Sonae Sierra's income has limited exposure to the tenants' turnover, the impact of this crisis might result in the difficulty/inability of some of these operators to fulfil the payment of their rents and a reduction of the rents directly linked to their sales levels. Sonae Sierra has been maintaining an open communication channel with its tenants on how to address the current situation, having suspended the invoicing of rents during the state of emergency, while being completely focused on managing this situation.

- At the same time, the company has been implementing several measures to reduce/contain non-essential costs, as well as investments that are not critical at this time. It should be noted that the company has been updating several contingency scenarios and currently has a high degree of resilience to more extreme scenarios due to its solid liquidity position.

- Sonae Sierra is currently assessing the impact of this pandemic in its development pipeline. For prudency, in the 1Q20 an €18 M provision was registered.

Telecommunications

- NOS also plays a fundamental role in Portuguese society, insofar as it guarantees the maintenance of essential communications infrastructure for the population and companies at large.

- It should be noted that, as a result of the implemented measures to stop the pandemic, the telecommunications network has been under great pressure, registering a very significant increase in traffic. Thus, NOS has also reinforced efforts to implement measures that guarantee the smooth functioning of its services, both in the private and business segments in conjunction with all operational partners, while providing all the necessary support to government entities.

- However, the slowdown of the economic activity and the social distancing measures had an impact on the company's revenues, with a special emphasis on the reduction of roaming and international calls due to travel restrictions, the offer of monthly premium sports channels (given the lack of live sports events), the drop in equipment sales (resulting from the closure of all retail activity), and the offer/reduction of mobile data sales.

- Cinemas have been closed since mid-March, with several movie premieres postponed, and it is expected that their activity will remain limited in the near future.

- Macroeconomic projections led NOS to reinforce operating provisions in the 1Q20 for customer bad debt, onerous contracts and personal protective equipment.

Eletrónica

- In what concerns electronics retail, the reality is quite different in Portugal and in Spain:
    - In Portugal, electronics retail was considered an essential service by the Government, therefore all Worten stores, except for Worten Mobile and iServices stores located in shopping centres, remained open (yet with reduced opening times). In this context, substantial adjustments were implemented in the operating model to ensure the safety of customers, employees and partners and better respond to expectations with alternative service models (e.g. drive-thru, new remote assistance services, among others).
    - In Spain, the worsening of the situation experienced in the country entailed more restrictive measures by the Government, severely limiting the categories that could be sold in the stores and, consequently, leading Worten to temporary close all stores in mainland and six stores in the Canary Islands. The impacts of this situation are material with Worten bearing most of the inactivity costs. To soften the impact of this situation, in mainland, Worten applied the layoff regime (Expediente de Regulación Temporal de Empleo) to almost all of its teams, and in the Canary Islands, Worten applied this regime only to part of its team. In addition, the company initiated rent negotiations with landlords.

- Online has shown strong growth since the beginning of this pandemic. To better respond to online demand, Worten significantly increased its capacity in the warehouse, securing a great performance in terms of delivery times and customer satisfaction.

- On the onset of the pandemic in Asia (January and February), Worten decided to anticipate purchases to reinforce inventory and avoid future stock outs (as Asia is the most relevant sourcing region for the company and its main suppliers). However, from the end of February onwards, the outbreak rapidly spread into Portugal and Spain, negatively impacting sales, especially in the latter. As a result of these two effects, stock rotation reduced significantly, increasing the probability of stock depreciation. Prudently, extraordinary stock provisions were registered in the amount of €20 M in the 1Q20. At the same time, the cost-to-serve improvement program has been reinforced, seeking to reduce operating costs, and investments have been optimized.

Fashion and Sport

- Regarding the sports and fashion retail businesses (Sonae Fashion and ISRG), all stores were forced to close down temporarily to ensure social distancing (290 stores at Sonae Fashion and 345 stores at ISRG), with a severe impact on sales of offline channels (including franchising and wholesale) and on the planning of new collections. Regarding the online channel, it has been registering a solid performance in all brands, as a result of not only the growing demand, but also the capacity to reinforce the value proposition and the operational response.

- In addition to all costs borne during the inactivity period (e.g. human resources, real estate rents, etc.), relevant impacts are expected in terms of stock valuations and their disposal capacity. For that reason, in the case of Sonae Fashion, around €25 M of extraordinary stock provisions were already recorded in the 1Q20. Nevertheless, to mitigate these effects, businesses have been focusing on reviewing new collections, namely through order adjustments or cancellations, and have been implementing measures to preserve financial liquidity as well as to reduce operational costs.

- With the end of the state of emergency, several banners are progressively reopening their stores according to the criteria defined by governments.

Financing

In terms of financing, Sonae, in compliance with its internal policies and given the current high uncertainty context, has privileged the increase of the group's liquidity, the reduction of debt amortization in the coming years and the expansion of maturities. Therefore, since the beginning of 2020, circa 500M euro in debt facilities were refinanced and, as of the end March, Sonae had 573M euro of available credit lines and 623M[1] euro of cash. In this context, and regardless of any impacts that might exist in terms of the performance of each business, we do not foresee any additional financing needs in the short term and we believe to have the adequate liquidity levels even under more adverse scenarios. We do not foresee any situation of debt covenant breach in the short term, either at Sonae MC or at Sonae SGPS.

At this stage, it is not possible to provide accurate estimates of the financial impacts of this pandemic in the full-year accounts. These effects are highly dependent on the economy relaunch, which in turn is subordinated to the duration and depth of the social containment measures, as well as to the economic stimulus measures that will be implemented. However, Sonae has been executing all the measures considered appropriate to minimise the potential impacts of this crisis, in line with the recommendations of the competent authorities and in the best interest of all its stakeholders.

19.2 ACQUISITION OF THE REMAINING 50% OF IVN'S CAPITAL

On 10 April 2020, Sonae SGPS informed that Wonder Investments SGPS, S.A. has announced that it has exercised its contractual right to sell to Sonae Fashion 50% of IVN - Serviços Partilhados, S.A., a company that sells clothing under the brand "Salsa", whose implementation is conditional on the non-opposition of the Competition Authority. With this transaction and following the acquisition of 50% of the share capital in 2016, Sonae SGPS now owns the entire share capital of the company.

19.3 PREVENTIVE SEIZURE OF 26.075% OF NOS, SGPS, S.A.'S SHARE CAPITAL

On 4 April 2020, Sonaecom, SGPS, S.A., was informed by its subsidiary ZOPT of the communication received from the Central Criminal Investigation Court of Lisbon ('Tribunal') of the preventive seizure of 26.075% of the share capital of NOS, corresponding to half of the share capital in NOS held by ZOPT and indirectly, by Unitel International Holdings, BV and Kento Holding Limited", controlled by Isabel dos Santos. Under the terms of the referred communication, the seized shares (134,322,268.5 shares) are deprived of the exercise of voting rights and of the right to receive dividends, the latter to be deposited at Caixa Geral de Depósitos, S.A. at the Court order. The other half of ZOPT's share capital, corresponding to the same percentage of 26.075% - which, at least in line with the Court's criteria, embodies the 50% held in ZOPT by Sonaecom - was not subject to seizure, nor were its inherent rights subject to any limitation.

Although ZOPT has not been notified of the grounds for the preventive seizure, based on the preliminary information at its disposal, it is the understanding of ZOPT's and Sonaecom's board of directors that the seizure order is illegitimate and offends several fundamental rights of ZOPT, not being legally able to determine the deprivation of voting rights, nor even to inhibit the holder of the shares seized from continuing to exercise these rights, a deprivation which we consider to be null and void and of no effect. For these reasons, the Boards of Directors of ZOPT and Sonaecom consider that the conditions of control of ZOPT over the NOS are met, and the aforementioned measure has no material effects on the control of this company.

[1] Adjusted by the receipt in March of the Sierra Dividends

ZOPT is thus adopting the necessary procedures for the lifting of the seizure and has already issued third party embargoes in the framework of this process.

19.4 MEDIUM AND LONG-TERM BOND ISSUANCE AND REFINANCING

On 8 April 2020, Sonae SGPS informed that, together with its subsidiary Sonae MC, it has entered into a number of refinancing operations which will reduce the future funding needs of both companies, substantially improve their liquidity positions and keep the average cost of debt at attractive levels.

Sonae SGPS concluded a bond issue, by private subscription, in the amount of 160 million euro, without guarantees, for a final term of 7 years, organized by Caixa - Banco de Investimento, S.A. with the purpose of refinancing the following loans maturing in 2022 and 2023. Further informed that it acquired and redeemed 1,000 bonds, corresponding to the total amount of "Sonae SGPS / 2015 - 2022", issued by Sonae SGPS on 9 June 2015 for a total amount of 100 million euros and the acquisition and redemption of 600 bonds, corresponding to the total amount of "Sonae SGPS / 2016 - 2023" bonds issued by Sonae SGPS on 25 February 2016, totalling 60 million euro.

On 18 May 2020, Sonae SGPS informed that, together with its subsidiary Sonae MC, it has completed two additional medium- and long-term refinancing operations amounting to 150 million euro.

These loans have an average maturity of about 5 years and have allowed the reduction of most of the debt repayments scheduled for the next 2 years and the increase of the average debt maturity, substantially reducing the pressure on liquidity in the next 24 months and strengthening the Group's liquidity position. With these operations, Sonae SGPS and Sonae MC have significantly reduced their future financing needs, even in the most adverse macroeconomic scenarios, and have strengthened the resilience of their balance sheets, to pursue the Group's strategic objectives under better conditions.

20. Approval of financial statements

The financial statements were approved by the Board of Directors in a meeting held on May 19, 2020.

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

José Manuel Neves Adelino

Margaret Lorraine Trainer

Marcelo Faria de Lima

Carlos António Rocha Moreira da Silva

Fuencisla Clemares

Philippe Cyriel Elodie Haspeslagh

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João Pedro Magalhães da Silva Torres Dolores

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

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

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

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