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ANNUAL REPORT

ANNUAL REPORT 2020

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MANAGEMENT REPORT

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SONAE COM GROUP

1.1. Group at a glance

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1.1. Group at a glance

Sonaecom is a sub-holding of the Sonae Group for the Technology, Media and Telecommunications areas, created in 1994 and first quoted on Euronext Lisbon in 2000.

Its business portfolio includes the Software and Technology area, with Sonae Investment Management, the Online & Media area where there are businesses such as the “Público” daily, generalist newspaper which has been in print for over 30 years in Portugal and the Telecommunications area, which owns an important stake in the NOS group, which is the main asset in its portfolio.

Sonaecom holds a participation of 50% in ZOPT, SGPS, S.A., which in turn holds 52.15% of the share capital of NOS, SGPS, S.A. (NOS).

1.1.1. About Sonaecom

Our mission

Sonaecom is an entrepreneurial growth company that chooses exceptional people to work and unlock their full potential. Sonaecom relentlessly pursues the creation of innovative products, services and solutions that fulfil the needs of its markets and generate superior economic value.

1.1.2. Our values

Ethics and trust

Our fundamental commitment is to create economic value founded on the principles of ethical business practice and sustainable development. We take a long-term strategic view based on stakeholder relationships built around confidence and trust.

People at the centre of our success

We develop the competencies and capabilities of every Sonaecom employee through fresh challenges, an appetite for change and teamwork.

Supported by an internal culture that promotes meritocracy, we believe these factors are crucial to attracting, retaining and developing people with outstanding talent and potential.

Ambition

As our guiding force, the strength of our ambition is reflected in the way we continuously challenge ourselves to remain resilient and determined in our efforts to improve our capabilities and add value to our clients.



Innovation

Innovation is the lifeblood of our business. By continuously challenging conventions, we consistently surprise the market.

We believe that failure can also be a source of learning. At the same time, we are aware that it is important to balance mistakes within acceptable risk limits.

Social responsibility

We have an active sense of social responsibility. With a strong concern for the environment and the development of human knowledge, fulfilling this responsibility involves helping to improve the lives of the communities around us.

Frugality and efficiency

We value efficiency and healthy competition, and continuously strive to optimise the use of our resources while maximising their returns.

Co-operation and independence

We take a position of independence and autonomy in relation to central and local government. That said, we are always ready to co-operate with the authorities to improve the regulatory, legislative and social environment.

1.2. Corporate developments in 2020

Shareholders' Annual General Meeting

On 29 April 2020, Sonaecom's shareholders decided, at the company's Annual General Meeting, to approve all the proposals of the agenda, namely:

1. Discuss and approve the Company's Annual Report, and the Individual and Consolidated Accounts for 2019;
2. Decide on the proposed appropriation of the Net Results for year ended 31 December 2019;
3. Assess the management and audit of the Company;
4. Decide on the election of the Chairman and the Secretary of the Shareholders' General Meeting, the members of the Board of Directors, the Statutory Audit Board, and the Shareholders' Remuneration Committee for the four-year mandate 2020-2023;
5. Decide on the election of the Statutory External Auditor of the Company for the four-year mandate 2020-2023;
6. Decide on the remuneration policy of the statutory governing bodies as well as the share attribution plan and the respective regulation, to be executed by the Shareholders' Remuneration Committee;
7. Decide on remuneration of the Shareholders' Remuneration Committee;
8. Authorise, for the period of 18 months, the purchase and sale of own shares up to the limit of 10%, as permitted by Portuguese Company Law;
9. Authorise, for the period of 18 months, both purchasing or holding of shares of the Company by affiliated companies, under the limits of Portuguese Company Law and the terms of the proposal submitted by the Board of Directors.



Changes in the portfolio

• New Investments

During 2020, in the Technology area the investment activity process slowed down in the first half of the year, due to travel bans and event cancellations, but slowly recovered throughout the second half of the year. In total, Sonae IM completed 5 new investments during the year:

Sales Layer – Sonae IM led the series A round in this Spanish based company which owns a cloud-based Product Information Management (PIM) platform, helping brands and retailers to transform their catalogs into a digital, enriched and multichannel control center.

Deepfence - a leading US-based cloud-native workload protection platform that aims to provide a unified security platform for kubernetes, virtual machines and serverless workloads. Deepfence ensures business continuity in the face of persistent threats by detecting and disrupting sophisticated attacks targeting cloud-native technologies, the “glue” that keeps the current world connected. Deepfence raised \$9.5 million in Series A financing led by AllegisCyber, with participation from Sonae IM, and existing investor Chiratae Ventures.

Weaveworks - a US company that helps teams to adopt cloud native computing, managing cloud native infrastructure and applications quickly, reliably and at scale. Weaveworks raised a \$36.65 million Series C funding round led by some of the world's leading public cloud and telecommunications companies, including first-time investors Amazon Web Services (AWS), Ericsson, Orange Ventures, Sonae IM and Telekom Investment Pool (TIP). The round also included follow-on investments from Accel, GV, and Redline Capital.

Replai – a Portuguese startup which owns a short video technology that was invested through Bright Vector I Fund in its €1.0M seed round.

Didimo - is an innovative creator of high-fidelity digital humans with a 3D technology that brings authenticity to virtual interactions. This was an investment through Bright.

• Changes in participations

The year 2020 was also marked by the reinforcement of investment in some of Sonae IM's minority interests, such as in ArcticWolf, Cellwize, Daisy, Jscrambler, Stylesage, Case On It, Nextail, IriusRisk, Taikai and Habit.

Additionally, during 2020, the Company generated circa 21.5 million euros of cash-in driven by the redemption of participation units held in AVP II that generated a gross capital distribution of 21 million euros and by the exit occurred in its early stage investment Fyde by 0.5 million euros.



Relevant evolutions in its participations

On April 4th, Sonaecom was informed by its affiliate **ZOPT** that a notice has been received from the Tribunal Central de Instrução Criminal de Lisboa (hereinafter the "Court") to carry out the preventive seizure ("arresto preventivo") of 26.075% of the share capital of NOS, SGPS, SA (hereinafter NOS), corresponding to half of the shareholding held by ZOPT in the share capital of NOS, "and, indirectly, by the companies Unitel International Holdings, BV and Kento Holding Limited", both controlled by Isabel dos Santos.

On August 19th, Sonaecom announced that the shareholders of ZOPT (i.e. Sonaecom itself, Unitel International Holdings, BV and Kento Holding Limited) have agreed to take the necessary steps to dissolve ZOPT, so that the respective assets, including the participation in NOS, are distributed proportionately by the shareholders of said ZOPT. Until now, steps have not yet been taken to dissolve ZOPT. Other details and developments are detailed in Note 9 of the Appendix to the Sonaecom consolidated financial statements present in Point III – Financial Statements of this report.

Arctic Wolf raised a series E round of \$200M valued at \$1.3b post money achieving an unicorn valuation.

Cellwize closed a \$32M round valued at \$100M pre-money valuation.

1.3. Disclosure of Non-Financial Information

The non-financial information and the information about diversity at Sonaecom, as required by Decree Law n.89/2017, from July, 28th, which transposes the Directive n. 2014/95/UE from the European Parliament and of the Council, will be disclosed in the GRI Supplement of the Annex to the Sonae Group Management Report, accordingly with the mentioned law and in the terms of article 508^o-G n. 7 from the Portuguese Commercial Companies Code, introduced by that law.

MANAGEMENT REPORT

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SONAECOM BUSINESS

2.1. Business Overview in 2020

2.1.1. Sonaecom Consolidated Results

Introductory notes:

COVID 19

2020 was marked by COVID 19 pandemic emergence in Europe, the subsequent formal national lock-down declared on 18th March and the consequent difficult and challenging economic environment. People and companies were forced to adapt to a new reality, transforming all work and social relations.

Since the beginning, the Board of Directors has followed in detail and with great concern all the pandemic developments, following closely the position of the competent international entities, namely the World Health Organization and the European Centre for Disease Prevention and Control, as well as the Portuguese Directorate-General of Health.

Aligned with the Group's Risk Management Policies, different scenarios and probabilities were defined and contingency plans with correspondent mitigation actions were designed and actioned across all companies and departments. This strategic thought allowed to keep our employees protected and to face this turmoil period with the less loss of value.

The financial and operational impacts have been uneven in different segments and, so far, the Group's business operations have been affected in very different levels:

- The technology area did not feel significant impacts from this situation on its 2020 results, except a slowdown on Professional Services revenues, on Technology Reselling (either due to a reduction in demand or a drop in supply) and specially on the rhythm of commercial activity for new businesses.
- At NOS, the main operating impacts of the pandemic in 2020 revenues were felt namely in: i) Cinemas and Audiovisuals: reduction on cinemas attendance, driven by the complete closure of NOS theatres on 16 March until July 2 and the limitation schedules imposed during the last quarter of the year for shopping centers in which the theatres are included and the continued and indefinite postponement of major movies launches, only partially compensated by the rents reduction; ii) Roaming and international calls: traffic and revenues impacted by restrictions imposed on international travel; iii) Premium sport channels: reduction in revenues with subscriptions being offered during the national football championship suspension; iv) Mobile Data: the quarantine and isolation situations imply an increase of wireless usage versus mobile data; and iv) Equipment: fall in sales due to closure of all non-essential retail activity namely in shopping centres and to general restrictions to circulation.
- Público's activity was impacted, namely in and in advertising revenues and offline newspaper sales, with the close of the majority of points of sale during 2Q20.

The approval of the first COVID-19 vaccines in late 2020 brought back some optimism regarding the end of this health crisis, which could allow for a faster economic recovery. However, the resurgence of new waves of infection in different geographical locations at the end of the previous year associated with the discovery of new virus strains with a higher transmission rate, which are more aggressive, raised once again the pressure on healthcare systems, particularly on Intensive Care Units, leading to the reinstatement of restrictions and general lockdowns for populations around the globe.

Overall, the macroeconomic context remains uncertain and intrinsically dependent on the epidemiological evolution and control, on governmental intervention to comply with vaccination plans, as well as on the support provided to the overall economy.

However, given the company's capital structure, with a significant amount in cash and bank deposits and a low amount of remunerated debt, no material changes in the Company's liquidity are expected. Furthermore, we will continue to implement all measures deemed appropriate to minimize their impacts, in line with the recommendation of the competent entities and in the best interest of all our stakeholders.

Restatement

Sonae IM reassessed the accounting of its minority stakes. Given its active investor approach, and the existence of significant influence in the majority of those stakes, Sonae IM applied the exemption provided by IAS28, and elected to measure those investments at fair value through profit or loss in accordance with IFRS9.

Until 3Q20, the referred investments were recorded at fair value through other comprehensive income (equity) and the described reclassification generated a positive impact of 0.6 and 15.8 million euros respectively in 2019 and 2020 results. The figures of 2019 and previous quarters of 2020 presented in this document were restated to include this reclassification.

Telecommunications area, which includes a 50% stake in ZOPT - consolidated through the equity method - which owns 52.15% stake in NOS, despite being strongly impacted by COVID 19 pandemic, namely with a significant reduction of revenues from roaming and from Cinema & Audiovisuals business, continued to demonstrate a marked resilience its core telecom operations.

The pandemic has accelerated the take-up of data and IT related services and companies are seeking more sophisticated solutions which help to compensate the negative impacts of the pandemic and resulted in a strong performance from the B2B telco segment.

Regarding the Cinema and Audiovisuals business, the complete closure of NOS theatres between March and July and the reinforcement of circulation restriction rules affecting major shopping centers during weekends towards the end of the year, coupled with the continued postponement of major movie launches, inevitably led to very weak Cinema ticket sales and lower revenues for this division. The challenges in this sector are an international trend which is set to remain in the near term with nationwide lockdown restrictions in Portugal imposed as from late January, and studios still preferring not to release major titles.

During 2020, in the Technology area the investment activity process slowed down in the first half of the year, due to travel bans and event cancellations, but slowly recovered throughout the second half of the year. In total, Sonae IM completed 5 new investments during the year, made some follow-on investments in portfolio companies and achieved relevant evolutions in some of its minority stakes, namely the series E round raised in Arctic Wolf with an implicit valuation that turns the company into a unicorn and the upward valuation of AVPII fund.

Already in 2021, one of Sonae IM's minority investments indirectly held through Armilar funds, Outsystems, that reached an unicorn valuation back in 2018, announced a 150 million dollars capital raise, co-led by Abdiel Capital and Tiger Global, at an underlying valuation of 9.5 billion dollars. Despite being a relatively small transaction, it is a good sign of the company's strong evolution.

Consolidated turnover in 2020 reached 129.1 million euros, decreasing 2.5%, when compared to 2019.

The relevant growth of services, mainly cybersecurity services, was fully offset by the decrease on product sales, mainly the transactional business of third-party products and the newspaper sales on Media business.

Operating costs amounted to 136.1 million euros, 6.0% below 2019. Employee benefits expenses increased 0.1% and Commercial costs decreased 8.4% to 68.3 million euros, mainly driven by the lower cost of goods sold, aligned with the lower level of sales. Other expenses decreased 9.9%, mainly explained by the lower level of Outsourcing costs.

Total EBITDA decreasing from 30.5 to 11.8 million euros, fully explained by the decrease on equity results and non-recurrents items as Underlying EBITDA presented relevant improvements, specially at Cybersecurity companies.

In 2020, the non-recurrent items stood at negative 9.9 million euros, mainly driven by the gross capital loss of 9.1 million euros as a result of the redemption of participation units held in the Armilar Venture Partners II Fund. Despite the loss recorded, this redemption, that generated a gross capital distribution of 21 million euros, represented a value improvement of 37%, when compared to the



distribution occurred in 2018, and increased the cumulative return on Armilar Funds to 2.3x cash on cash. In 2019, the non-recurrent items stood positive at 11.9 million euros, driven by the capital gain generated by Saphety and WeDo's sale.

The equity results, mostly driven by ZOPT contribution which, in turn, depends on NOS net income evolution, decreased to 24.8 million euros.

Sonaecom's EBIT decreased to 2.9 million euros, from 20.3 million in 2019, mainly explained by the lower level of EBITDA.

Sonaecom's earnings before tax (EBT) decreased from 20.3 million to 2.2 million euros, driven by the lower EBIT and financial results.

Indirect results reached 39.3 million euros, that compare with 27.7 million euros in 2019, impacted by portfolio fair value adjustments, mainly the upwards revisions at Armilar Venture Funds, Arctic Wolf and Cellwize.

Net results group share stood at 60.1 million euros, above the 52.2 million euros presented in 2019.

Sonaecom's operating CAPEX decreased to 7.6 million euros, reaching 5.9% of turnover, 2.0 p.p. below 2019. Excluding the IFRS 16 impact, operating CAPEX would be 4.0 million euros, 0.8 million euros below 2019.

The net cash position stood at 215.5 million euros, decreasing 20.9 million euros since December 2019. Excluding IFRS 16 impacts, Net cash position stood at 229.8 million euros, 20.8 million below December 2019, mainly driven by 3.4 million euros of net investment cash-out, the negative operating cash-flow and taxes of 3.7 million euros, the 15.0 million euros received as capital subscription in a new investment vehicle, the 4.0 million euros of IFRS16 rents payment and the 25.4 million euros of dividends distribution.

2.1.2. Sonaecom Consolidated Income Statement

Million euros CONSOLIDATED INCOME STATEMENT	Non-audited			3Q20 R	q.o.q.	2019 R	2020	Δ 20/19
	4Q19 R	4Q20	Δ 20/19					
Turnover	29.8	29.6	-0.7%	29.9	-10%	132.4	129.1	-2.5%
Services Rendered	12.3	14.0	14.2%	12.7	10.0%	49.1	52.5	6.9%
Sales	17.5	15.6	-11.2%	17.2	-9.2%	83.3	76.5	-8.1%
Other Income	0.9	1.8	99.5%	0.3	-	2.4	3.2	29.7%
Operating Costs	34.0	31.6	-7.0%	31.1	16%	144.8	136.1	-6.0%
Employee Benefits Expenses	12.1	12.8	6.1%	11.2	14.6%	46.4	46.4	0.1%
Commercial Costs ⁽¹⁾	14.9	13.7	-7.8%	14.8	-7.4%	74.6	68.3	-8.4%
Other Expenses ⁽²⁾	7.0	5.1	-27.9%	5.1	-0.7%	23.8	21.4	-9.9%
EBITDA	-6.8	3.4	-	0.7	-	30.5	11.8	-61.4%
Underlying EBITDA ⁽³⁾	-1.3	0.1	-	-0.8	-	-8.1	-3.1	61.4%
Non recurrent itens ⁽⁴⁾	-2.0	-0.3	86.2%	-9.2	97.1%	11.9	-9.9	-
Equity method ⁽⁵⁾	-3.6	3.7	-	10.7	-65.9%	27.9	24.8	-11.0%
Discontinued Operations ⁽⁶⁾	0.0	0.0	-100.0%	0.0	-	-1.1	0.0	100.0%
Underlying EBITDA Margin (%)	-4.4%	0.2%	4.6pp	-2.6%	2.7pp	-6.1%	-2.4%	3.7pp
Depreciation & Amortization	3.9	2.3	-42.6%	2.1	5.0%	10.2	8.9	-12.8%
EBIT	-10.8	1.2	-	-1.4	-	20.3	2.9	-85.7%
Net Financial Results	-0.1	0.0	48.2%	-0.2	76.0%	-0.1	-0.7	-
Financial Income	0.8	0.8	0.7%	0.4	125.3%	2.3	2.8	20.9%
Financial Expenses	0.9	0.9	-3.7%	0.5	60.2%	2.4	3.6	47.4%
EBT	-10.8	1.1	-	-1.6	-	20.3	2.2	-89.2%
Tax results	-0.1	13.3	-	2.5	-	1.8	17.2	-
Direct Results	-10.9	14.4	-	0.9	-	22.0	19.4	-11.8%
Indirect Results⁽⁷⁾	28.3	16.8	-40.4%	24.5	-31.3%	27.7	39.3	41.6%
Net Income	17.4	31.2	79.9%	25.4	23.0%	49.8	58.7	18.0%
Group Share	18.2	31.4	72.8%	25.7	22.1%	52.2	60.1	15.3%
Attributable to Non-Controlling Interests	-0.8	-0.2	78.6%	-0.3	49.7%	-2.4	-1.4	41.2%

R - Restated according with introductory note

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

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

(3) Includes the businesses fully consolidated by Sonaecom;

(4) Includes the capital gain in Saphety and WeDo's sale and the capital loss generated with AVP II fund capital distribution as a result of the redemption of participation units;

(5) Includes the 50% holding in Unipress, the 50% holding in SIRS, the 50% holding in Big Data, the 50% holding in ZOPT, the 40% holding in Alfaros, the 27.45% holding in Secucloud, the 21.21% holding in Probe.ly and the 20% holding in Suricate Solutions;

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

(7) Includes equity method and fair value adjustments related with AVP funds and other minority stakes, net of taxes.

2.1.3. Sonaecom Consolidated Balance Sheet

Million euros CONSOLIDATED BALANCE SHEET	Non-audited					2019	2020	Δ 20/19
	4Q19	4Q20	Δ 20/19	3Q20 R	q.o.q.			
Total Net Assets	1,203.0	1,247.5	3.7%	1,191.3	4.7%	1,203.0	1,247.5	3.7%
Non Current Assets	897.4	966.8	7.7%	910.9	6.1%	897.4	966.8	7.7%
Tangible and Intangible Assets and Rights of Use	23.0	20.9	-9.2%	19.2	8.7%	23.0	20.9	-9.2%
Goodwill	14.5	14.5	0.0%	14.5	0.0%	14.5	14.5	0.0%
Investments	847.6	907.4	7.1%	863.2	5.1%	847.6	907.4	7.1%
Deferred Tax Assets	4.3	16.4	-	4.5	-	4.3	16.4	-
Others	8.0	7.6	-5.0%	9.4	-19.3%	8.0	7.6	-5.0%
Current Assets	305.6	280.7	-8.2%	280.4	0.1%	305.6	280.7	-8.2%
Trade Receivables	27.2	22.6	-16.9%	19.9	13.6%	27.2	22.6	-16.9%
Liquidity	255.9	233.7	-8.7%	233.1	0.3%	255.9	233.7	-8.7%
Others	22.5	24.4	8.3%	27.5	-11.3%	22.5	24.4	8.3%
Shareholders' Funds	1,072.5	1,114.5	3.9%	1,076.3	3.5%	1,072.5	1,114.5	3.9%
Group Share	1,073.1	1,101.4	2.6%	1,072.1	2.7%	1,073.1	1,101.4	2.6%
Non-Controlling Interests	-0.6	13.1	-	4.3	-	-0.6	13.1	-
Total Liabilities	130.5	133.0	1.9%	115.0	15.7%	130.5	133.0	1.9%
Non Current Liabilities	71.7	71.5	-0.2%	58.1	23.2%	71.7	71.5	-0.2%
Loans	3.3	2.1	-34.8%	2.3	-6.6%	3.3	2.1	-34.8%
Provisions	30.8	30.0	-2.7%	22.6	32.5%	30.8	30.0	-2.7%
Others	37.6	39.4	4.8%	33.1	18.9%	37.6	39.4	4.8%
Current Liabilities	58.8	61.4	4.6%	56.9	8.0%	58.8	61.4	4.6%
Loans	1.5	1.5	1.4%	1.3	16.9%	1.5	1.5	1.4%
Trade Payables	19.0	16.9	-11.3%	17.4	-2.8%	19.0	16.9	-11.3%
Others	38.2	43.0	12.6%	38.2	12.6%	38.2	43.0	12.6%
Operating CAPEX ⁽¹⁾	4.7	4.0	-16.3%	1.1	-	10.4	7.6	-27.3%
Operating CAPEX as % of Turnover	15.9%	13.4%	-2.5pp	3.8%	9.6pp	7.9%	5.9%	-2.0pp
Total CAPEX	14.4	16.6	15.2%	4.7	-	41.1	28.1	-31.7%
Underlying EBITDA - Operating CAPEX	-6.0	-3.9	35.3%	-1.9	-104.9%	-18.5	-10.7	42.2%
Gross Debt	19.4	18.2	-6.4%	16.6	9.3%	19.4	18.2	-6.4%
Net Debt	-236.5	-215.5	8.8%	-216.4	0.4%	-236.5	-215.5	8.8%

R - Restated according with introductory note

(1) Operating CAPEX excludes Financial Investments.

2.1.4. Sonaecom Consolidated Free Cash Flow (FCF)

Million euros LEVERED FREE CASH FLOW	Non-audited					2019	2020	Δ 20/19
	4Q19	4Q20	Δ 20/19	3Q20	q.o.q.			
Underlying EBITDA-Operating CAPEX	-6.0	-3.9	35.3%	-1.9	-104.9%	-18.5	-10.7	42.2%
Change in WC	0.1	5.4	-	2.6	108.0%	-3.6	4.4	-
Non Cash Items & Other	6.6	1.9	-71.3%	0.4	-	4.3	4.8	12.0%
Operating Cash Flow	0.6	3.4	-	1.1	-	-17.9	-1.5	91.5%
Investments	-11.3	-12.1	-7.4%	15.3	-	36.9	-3.4	-
Dividends	0.0	0.0	-	0.0	-	47.0	0.0	-100.0%
Financial results	-0.1	0.4	-	-0.1	-	0.3	0.2	-49.7%
Income taxes	0.8	0.6	-24.0%	-4.2	-	2.5	-2.2	-
FCF⁽¹⁾	-9.9	-7.7	22.7%	12.0	-	68.8	-6.9	-

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

2.2. Telecommunications Results in 2020

NOS operating revenues were 1,367.9 million euros in 2020, decreasing 6.2% y.o.y..

EBITDA reached 603.2 million euros, decreasing 5.7% when compared to 2019 and representing a 44.1% EBITDA margin.

CAPEX excluding leasings amounted to 384.9 million euros in 2020, an increase of 2.8% y.o.y. As a consequence of EBITDA and CAPEX evolution, EBITDA- CAPEX decreased 17.8%.

At the end of 2020, total net debt including leasings and long-term contracts (according to IFRS 16) amounted to 1,377.4 million euros. Net Financial Debt/EBITDA after lease payments (last 4 quarters) now stands at 1.5x EBITDA, and with an average maturity of 2.5 years.

NOS published its 2020 results on 10th March 2021, which are available at www.nos.pt.

During 2020, NOS share price decreased 40.5% from €4.800 to €2.858, whilst PSI20 decreased by 6.1%.

Operational Indicators

Million euros Operational Indicators ('000)	Non-audited					2019	2020	Δ 20/19
	4Q19	4Q20	Δ 20/19	3Q20	q.o.q.			
Total RGUs	9,687.3	9,963.8	2.9%	9,885.7	0.8%	9,687.3	9,963.8	2.9%
Convergent + Integrated RGUs	4,704.5	4,956.0	5.3%	4,890.7	1.3%	4,704.5	4,956.0	5.3%

Financial indicators

Million euros NOS HIGHLIGHTS	Non-audited					2019	2020	Δ 20/19
	4Q19	4Q20	Δ 20/19	3Q20	q.o.q.			
Operating Revenues	366.4	354.3	-3.3%	346.9	2.1%	1,458.4	1,367.9	-6.2%
EBITDA	135.9	132.0	-2.9%	160.6	-17.8%	640.0	603.2	-5.7%
EBITDA margin (%)	37.1%	37.3%	0.2pp	46.3%	-9.0pp	43.9%	44.1%	0.2pp
Net Income	5.4	12.9	138.4%	44.1	-70.8%	143.5	92.0	-35.9%
CAPEX excluding Leasings	99.7	115.4	15.7%	97.8	17.9%	374.4	384.9	2.8%
EBITDA-CAPEX excluding Leasings	36.2	16.6	-54.1%	62.8	-73.5%	265.6	218.3	-17.8%

2.3. Technology Results in 2020

The Technology area aims to build and manage a portfolio of technology businesses around retail and telecommunications, as well as cybersecurity, with an international scale. This area currently comprises, alongside with minority stakes, Bright Pixel, Vector I fund and Bright Innovation fund, four controlled companies – S21Sec and Excellium (Maxive Cybersecurity Group), Bizdirect and Inovretail- that generated circa 43.5% of its revenues outside the Portuguese market with 71.1% out of the total 653 employees based abroad.

Controlled Companies

Maxive Cybersecurity is the new brand for a strategic holding company that combines two of the leading cybersecurity pure players in Europe and is positioned as one of the largest MSSPs (Managed Security Services Provider) pure players both in terms of business and specialized personnel offering its customers a wider set of services combining best practices and capabilities from both S21sec and Excellium:

S21Sec is a reference multinational MSSP, focused on the delivery of cyber security services and development of proprietary supporting technologies, with a global customer base, leveraging its teams in Spain, Portugal and Mexico.

Since June 2018, with the integration of Nextel, S21Sec is the most relevant “pure player” (company specializing exclusively in the cybersecurity sector) in Spain and Portugal in terms of turnover and number of cybersecurity experts.

Excellium is a market-leading managed security services provider from Luxembourg, with presence in Belgium and counting with more than 100 experts.

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

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

The cloud business unit continued to improve its presence on helping customers in digital transformation and the solutions business unit achieved important new customer references. Bizdirect Competence Center, in Viseu, contributed to the international revenues that already represent 5.1% of total revenues.

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

Bright Pixel is the early-stage investor of Sonae IM group focused on emerging technologies but prioritizing links to retail, telco and cybersecurity.

Minority Stakes (non-exhaustive)

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



ArcticWolf, a US based company, is a global pioneer in the SOC-as-a-Service market with cutting-edge managed detection and response (MDR), which provides a unique combination of technology and services for clients to quickly detect and contain threats. Sonae IM, jointly with US technology investors Lightspeed Venture Partners and Redpoint, entered in the company's cap table in 2017 in a series B round. During 2018, the Company closed a \$45M series C round and, at the end of 2019, the Company launched a \$60M Series D round. In October 2020, the company announced it has raised \$200 million in Series E funding at a valuation of \$1.3 billion. The funding round was led by Viking Global Investors, with additional participation from DTCP and existing investors. Sonae IM participated in all rounds, reinforcing its stake.

With this new round Arctic Wolf turns into the first unicorn that Sonae IM owns a direct investment and into the second in its total portfolio, alongside with Outsystems, indirectly invested through Armilar funds.

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

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

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

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

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

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



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

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

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

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

Cellwize is a leading provider of Mobile Network Automation and Orchestration solutions for telco, based in Israel. Cellwize offers modular solutions for an agile adoption of 'zero-touch' network automation capabilities on top of a virtualized service orchestration platform. It supports network operations, especially given the increase in network density and complexity driven by 5G adoption. Sonae IM invested in a round of \$15M led by Deutsche Telekom Capital Partners. In November 2020, the company announced a \$32 million Series B funding round led by Intel Capital and Qualcomm Ventures LLC with participation from Verizon Ventures, Samsung Next, and existing shareholders.

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

IriusRisk (previously named Continuum Security) is a Spanish based company with an application security platform to address vulnerabilities early in the development process. In order to realise their international growth plans, the company has raised an investment round of 1.5 million euros, which was led by Swanlaab Venture Factory and joined by JME Venture Capital and Sonae IM. In September 2020, the company raised a series A round of \$6.7 million participated by Paladin, 360 CP, Swanlaab JME Venture Capital and Sonae IM.

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

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

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

Deepfence is a leading US-based cloud-native workload protection platform that aims to provide a unified security platform for kubernetes, virtual machines and serverless workloads. Deepfence ensures business continuity in the face of persistent threats by detecting and disrupting sophisticated attacks targeting cloud-native technologies, the “glue” that keeps the current world connected. Deepfence raised \$9.5 million in Series A financing led by AllegisCyber, with participation from Sonae IM, and existing investor Chiratae Ventures.

Weaveworks is a US company that helps teams to adopt cloud native computing, managing cloud native infrastructure and applications quickly, reliably and at scale. Weaveworks announced a \$36.65 million Series C funding round led by some of the world's leading public cloud and telecommunications companies, including first-time investors Amazon Web Services (AWS), Ericsson, Orange Ventures, Sonae IM and Telekom Investment Pool (TIP). The round also included follow-on investments from Accel, GV, and Redline Capital.

2.3.1. Financial data

TECHNOLOGY AREA	Non-audited					2019	2020	Δ 20/19
	4Q19	4Q20	Δ 20/19	3Q20	q.o.q.			
Turnover	25.5	25.5	0.0%	26.5	-3.8%	115.8	114.9	-0.8%
Services Rendered	10.5	11.8	12.1%	11.1	6.0%	41.9	45.3	8.0%
Sales	15.0	13.7	-8.6%	15.4	-10.9%	73.9	69.6	-5.8%
Other Income	0.6	1.6	165.9%	0.2	-	1.6	2.6	59.7%
Operating Costs	28.4	26.3	-7.4%	27.0	-2.2%	124.4	118.4	-4.9%
Employee Benefits Expenses	9.3	9.9	5.9%	8.7	13.3%	36.2	36.1	-0.3%
Commercial Costs ⁽¹⁾	13.8	12.9	-6.6%	14.3	-9.8%	70.9	66.2	-6.6%
Other Expenses ⁽²⁾	5.3	3.5	-33.2%	3.9	-9.4%	17.4	16.2	-7.1%
Underlying EBITDA⁽³⁾	-0.4	0.7	-	-0.2	-	-5.2	-0.5	90.0%
Underlying EBITDA Margin (%)	-1.5%	2.7%	4.2pp	-0.6%	3.3pp	-4.5%	-0.5%	4.1pp
Operating CAPEX ⁽⁴⁾	2.8	1.4	-49.4%	1.0	49.4%	6.9	4.4	-36.4%
Operating CAPEX as % of Turnover	11.1%	5.6%	-5.5pp	3.6%	2.0pp	6.0%	3.8%	-2.2pp
Underlying EBITDA - Operating CAPEX	-3.2	-0.7	77.0%	-1.1	33.7%	-12.2	-4.9	59.4%
Total CAPEX	12.5	14.0	12.4%	4.5	-	37.6	24.9	-33.8%

(1) Commercial Costs = COGS + Mktg & Sales; (2) Other Expenses = Outsourcing Services + G&A + Provisions + others; (3) Includes the businesses fully consolidated at Technology area; (4) Operating CAPEX excludes Financial Investments.



Turnover decreased 0.8% y.o.y explained by the decrease on the transactional business of third-party products. Services rendered presented a growth when compared to 2019, mainly driven by the double-digit growth of cybersecurity services.

At the end of 2020, following a Microsoft's license agreement review between Bizdirect and one of its main customers, the contractual terms have changed, with Bizdirect maintaining its advisor partner role, but having a negative impact on Bizdirect revenues, and consequently at Sonaecom revenues, of circa 18 million euros through 2021 but with no expected impacts on results.

Operating costs decreased 4.9% to 118.4 million euros mainly explained by the 6.6% decline at Commercial costs, aligned with the lower level of sales, and by the 7.1% decrease of Other expenses, mainly explained by the lower level of Outsourcing Costs.

Underlying EBITDA stood at negative 0.5 million euros, but significantly better than 2019 (+90.0%), driven by the relevant improvements in Cybersecurity companies.

Underlying EBITDA-operating CAPEX stood at negative 4.9 million euros, increasing when compared to 2019, mainly explained by the higher EBITDA but also driven by the lower level of Operating CAPEX. Excluding the IFRS 16 impacts, operating CAPEX would have reached 3.2 million euros, 0.6 million euros below 2019.

2.4. Media Results in 2020

During 2020, Público continued to pursue its digital strategy reinforcing digital competencies and presence in online platforms and continued to implement important initiatives aimed at strengthening Público as the reference Portuguese speaking news organization.

In the year of its 30th anniversary, and despite all the challenges faced driven by the pandemic, 2020 was a very positive year in which its reference good journalism was recognized by its contents, design, infographics and illustrations receiving different national and international prizes.

Since the start of the pandemic and the related restrictive measures, Público's activity was impacted, namely offline newspaper sales, with the temporary close of the majority of points of sale, and advertising revenues, with the cut on marketing expenses implemented across all companies. However, the new context benefited the online business that allowed the company to record relevant improvements on online subscriptions and online advertising revenues.

The positive performance of online business was not enough to compensate the negative evolution of offline revenues which translated into an overall 12.3% revenue decrease but contributed to a positive evolution at EBITDA level.

2.5. Risk Management

Risk Management is one of the components of Sonaecom's culture and a pillar of Corporate Governance. Sonaecom's activity is exposed to a variety of risks, namely:

Economic Risks

Sonaecom is exposed to the economic environment in Portugal, although, due to the increasing pace of the internationalization of the Software and Technology area, this exposure is more and more mitigated.

In the scope of economic risks, we can highlight the need for constant technological innovation, the risk of competition and the risk of specialization in the scope of Portfolio Management.

A more detailed description of these risks and the instruments used for their coverage is included in the Corporate Governance Report.

Financial Risks

The Company's activity is exposed to a variety of financial risks such as market risk, interest rate risk, currency risk, liquidity risk and credit risk, arising from the characteristic uncertainty of the financial markets, which is reflected in the ability to forecast cash flows and profitability.

The financial risk management policy of the Company, underlying a perspective of continuity of long term operations seeks to minimize potential adverse effects arising from that uncertainty, using, whenever possible and advisable, derivative hedging instruments. A more detailed description of the risks and the instruments used for their coverage is included in the notes to the accounts.

3

CAPITAL MARKETS

3.1. Equity Capital Markets
in 2020

3.2. Share price evolution
during 2020

3.3. Shareholding structure
and own shares

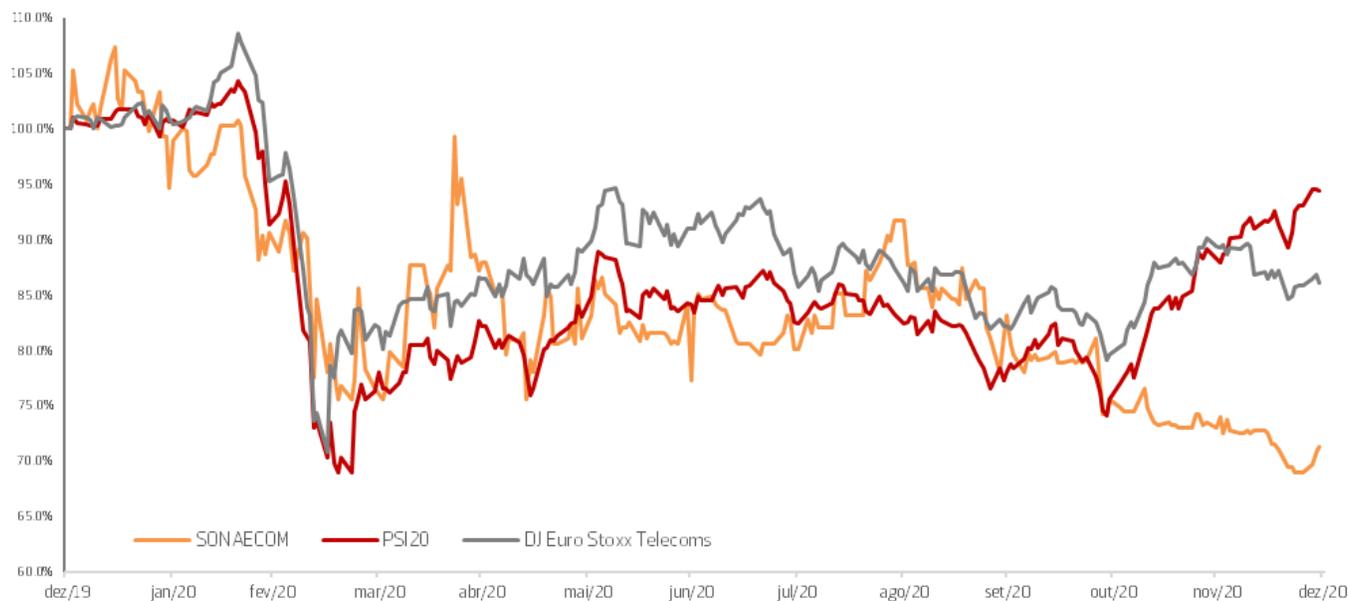
3.1. Equity Capital Markets in 2020

Sonaecom shares have been listed on the Portuguese Stock Exchange – Euronext Lisbon – since June 2000, with the symbol SNC. The table below lists the main statistics relating to Sonaecom's 2020 stock performance.

Sonaecom shares on the stock market during 2020

Stock market	Euronext Lisbon
Ticker	SNC
ISIN	PTSNCOAM0006
Bloomberg code	SNC PL Equity
Reuters code	SNC.LS
Number of shares outstanding	311 340 037
Share capital	230 391 627
Stock price as of last day December (euros)	1.400
Stock price – High (euros)	2.130
Stock price – Low (euros)	1.370
Average daily volume – 2020 (# shares)	15 220
Average daily volume – 2019 (# shares)	12 749
Market capitalisation as of last day December (euros)	435 876 052

Market performance



Graph 1 – Sonaecom's performance vs PSI 20 and DJ Euro Stoxx Telecoms in 2020

At the end of 2020, Sonaecom's shares reached a market price of 1.400 euros per share, 29.5% below the closing price of 1.985 euros per share at 31 December 2019. The share price reached a maximum of 2.130 euros per share on 14 January 2020 and a minimum of 1.370 euros on 23 December 2020.

As far as the Portuguese market is concerned, PSI-20, the principal local stock index, ended 2020 at 4,898.36 points, a decrease of 6.1% versus year-end 2019. DJ Euro Stoxx Telecoms, the European Stock Telecommunications index, ended 2020 at 247.35, 14.3% below 2019.

Sonaecom's market capitalisation stood at approximately 435 million euros at the end of 2020. The average daily trading volume reached approximately 15,220 shares, a 19.1% increase compared to 2019 (more 2,471 shares).

3.2. Share price evolution during 2020

Sonaecom's share performance

In 2020, Sonaecom's market share price decreased 29.5% compared to 2019.

Sonaecom shares would have been influenced by various milestones during the year, as follows:

- 10 March 2020: Sonaecom full-year 2019 consolidated results released;
- 04 April 2020: Sonaecom informs about a notice received by its affiliate ZOPT from the Tribunal Central de Instrução Criminal de Lisboa to carry out the preventive seizure ("arresto preventivo") of 26.075% of the share capital of NOS, SGPS, SA (hereinafter NOS), corresponding to half of the shareholding held by ZOPT in the share capital of NOS, "and, indirectly, by the companies Unitel International Holdings, BV and Kento Holding Limited", both controlled by Isabel dos Santo;
- 29 April 2020: Shareholders' Annual General Meeting held with release of information on approved decisions;
- 29 April 2020: Information on the election of the statutory governing bodies for the four-year mandate 2020-2023;
- 11 May 2020: Sonaecom first quarter 2020 consolidated results released;
- 11 May 2020: Information about the payment of the dividends for 2019;
- 15 May 2020: Information on the resolution of the Board of Directors about the appointments to Chairman, Corporate Governance Officer, Securities Market Liaison Representative and Company Secretary;
- 27 May 2020: Information about the notification received by PricewaterhouseCoopers & Associados changing the auditor that represents the External Auditor;
- 15 June 2020: Information about the notice received by its affiliate ZOPT from the Tribunal Central de Instrução Criminal de Lisboa, according to which ZOPT is authorized to exercise the voting rights corresponding to the 26.075% of the share capital of NOS, SGPS, SA preventively seized by order of the court;
- 30 July 2020: Sonaecom first-half 2020 consolidated results released;
- 19 August 2020: Sonaecom informs that the shareholders of ZOPT (i.e. Sonaecom itself, Unitel International Holdings, BV and Kento Holding Limited) have agreed to take the necessary steps to dissolve ZOPT;

- 15 September 2020: Information about gender equality plan;
- 4 November 2020: Sonaecom first nine months 2020 consolidated results released.

3.3. Shareholding structure and own shares

In accordance with the Portuguese Securities Code, shareholdings amounting to or exceeding the thresholds of 2%, 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.67% and 90% of the total share capital must be reported to the Portuguese Securities Market Commission and disclosed to the capital market. Reporting is also required if the shareholdings fall below the same percentages.

Simplified Sonaecom shareholding structure

Shareholder	Number of shares held	% Shareholding as at 31 December 2020
Sonae - SGPS, S.A.	275 086 083	88.36%
Discerene Group, LP	8 694 396	2.79%
Azvalor Asset Management S.G.I.I.C. S.A.	6 340 147	2.04%
Ações Próprias	5 571 014	1.79%
Outros	15 648 397	5.03%

Sonae – SGPS, S.A. (Sonae) is Sonaecom’s largest shareholder, owning an 88.36% stake in Sonaecom, equivalent to 89.97% of the voting rights. Sonae is a Portuguese multinational retail company, market leader in Portugal in food and specialised retail formats, with two core partnerships: shopping centres and telecoms. At 31 December 2020, the free float stood at approximately 5.03%. The free float is the percentage of shares not held or controlled by shareholders with qualified holdings and excluding own shares.

Sonaecom didn’t acquire or sell treasury shares in 2020.

4

SONAE COM INDIVIDUAL RESULTS

4. Sonaecom Individual Results in 2020

4.1. Operational data

Sonaecom SGPS's individual results for the years ended 31 December 2020 and 2019 are summarised as follows:

Million euros	2019	2020	Difference	%
Service Revenues	0.4	0.4	0.0	8%
Operating Costs (1)	1.8	1.9	0.1	6%
EBITDA	(1.3)	(1.5)	(0.3)	-21%
EBIT	(1.3)	(1.6)	(0.3)	-21%
Dividend Received	47.0	-	(47.0)	-100%
Net Financial Activity	0.9	0.9	0.1	9%
Other Financial Results	(3.9)	1.1	5.0	129%
EBT	42.7	0.5	(42.2)	-99%
Net Income	42.8	3.1	(39.7)	-93%

(1) Excludes Amortization, Depreciation and Provisions

On 31 December 2020, the headcount of Sonaecom SGPS includes one director and five employees.

Service revenues

This line totalled 0.4 million euros and it essentially comprises management services provided to its subsidiaries.

Total operational costs

Total operating costs exclude depreciation, amortisation charges and provisions. This line amounted to 1.9 million euros, which compares with 1.8 million euros in 2019.

EBITDA

EBITDA was negative by 1.5 million euros, decreasing 0.3 million euros versus the previous year.

Dividends received

In 2020, Sonaecom didn't receive dividends from ZOPT. In 2019, the dividends received amounted 47.0 million euros.

Net financial activity

The net financial activity (interest income less interest expenses) was positive by 0.9 million euros, in line with the previous year.

Other financial results

Other financial results were positive by 1.1 million euros mainly due to an impairment reversal recorded in the financial investments in the same amount. In 2019, were negative by 3.9 million euros due to an impairment recorded in the financial investments in the amount of 3.8 million euros.

Net income

Net results for the year were positive by 3.1 million euros, below previous year mainly driven by dividends received in 2019.

The amount of 123,900.00 euros is already reflected in the net income and is planned for a part of the short term variable bonus of executive directors, as a distribution of profit, pursuant to art. 33 n.2 of the Articles of Association as proposed by the Remunerations Committee, which is responsible for the implementation of these remuneration policy approved at the General Meeting held on April 29th, 2020. Additionally, an amount of 272,651.40 euros to be distributed to the employees as a distribution of profit, is also reflected in the net income.

4.2. Financial data

The following table summarises the major cash movements during the year ended at 31 December 2020:

Changes in Sonaecom SGPS Liquidity	Million euros
Sonaecom SGPS stand-alone liquidity as at 31 December 2019	236.9
Cash and Bank	236.9
Treasury Applications	-
Bank	-
Subsidiaries	-
Changes in Nominal Gross Debt	(0.0)
External Debt	(0.0)
Treasury applications from subsidiaries	-
Shareholder Loans and Supplementary capital granted	(13.8)
Dividend paid	(25.4)
Free Cash Flow	(11.0)
Interest paid	(0.1)
Interest received	1.1
Dividend received	-
Operational Free Cash Flow and others	(12.0)
Sonaecom SGPS stand-alone liquidity as at 31 December 2020	186.7
Cash and Bank	186.7
Treasury Applications	-
Bank	-
Subsidiaries	-



During the year 2020, Sonaecom's stand-alone liquidity decreased 50.2 million euros to 186.7 million euros due to the following movements:

- (i) Supplementary capital placed in subsidiaries increased by 8.4 million euros;
- (ii) Loans granted to subsidiaries increased 5.4 million euros;
- (iii) FCF was negative by 11.0 million euros;
- (iv) Payment of dividends amounted to 25.4 million euros.

MANAGEMENT
REPORT

5

SUBSEQUENT
EVENTS



5. Subsequent events

On 2021 January 7th, following the worsening pandemic situation with a higher transmission rate and an increased number of deaths, it was formally declared a new state of emergence and a new national lock-down. On 2021, March 11th, the Portuguese Government approved a gradual easing of lockdown plan based on risk evolution.

Despite the current economic uncertainty, given the company's capital structure, we remain confident in company's resilience.

6

PROPOSAL
FOR THE
APPLICATION
OF RESULTS



6. Proposal for the application of results

The Board of Directors proposes that the net profit in the Individual accounts, in the amount of 3,076,233.25 euros be transferred as follows:

- i) 153,811.66 euros to legal reserves;
- ii) 2,922,421.59 euros is distributed to shareholders;

The Board of Directors also proposes that an amount of 27,277,562.00 euros from Other Reserves to be paid to shareholders.

Since it is not possible to determine precisely the number of treasury shares that will be held by the company on the date of the above mentioned payments without limiting the company's capacity for intervention, we highlight the following:

- i) Each share issued will be paid a gross dividend of 0.097 euros;
- ii) The amount corresponding to the shares that belong to the Company itself on the day of the payment of the abovementioned amount (calculated on said unit amount of 0.097 euros per issued share) will not be paid to shareholders, but will instead be maintained in Other Reserves.

MANAGEMENT REPORT



APPENDIX

Glossary

Statement of the Board of
Directors

Article 447 and Qualified
Shareholdings

GLOSSARY

Commercial Costs	COGS+ Marketing & Sales (Advertising plus Commissions)
Other Operating Costs	External Supplies and Services except those referred above as Marketing & Sales + Provisions + Others
EBITDA	Underlying EBITDA + Equity method results (namely ZOPT net income) + non recurrent items (when applicable)
Underlying EBITDA	Operating Results excluding Amortizations and Depreciations
EBIT	Direct EBT deducted from financial result or EBITDA deducted from Depreciations and Amortizations
EBT	Direct Result before minority results and taxes
Indirect Results	Fair Value adjustments related to minority stakes recorded at Fair Value through profit and loss and equity method results related to Armilar Venture Funds, both net of tax impacts.
CAPEX	Gross Investments in tangible and intangible assets and investments in acquisitions
Operating CAPEX	CAPEX excluding Financial Investments
Free Cash Flow (FCF)	EBITDA – CAPEX – change in working capital – financial results – taxes
Gross Debt	Bonds + bank loans + other loans + shareholder loans + financial leases
Net Debt	Bonds + bank loans + other loans + shareholder loans + financial leases – cash, bank deposits, current investments and other long term financial applications

Statement of the Board of Directors

Statement under the terms of Article 245 Paragraph 1, c) of the Portuguese Securities Code

The signatories individually declare that, to their knowledge, the Management Report, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared meeting the standards of the applicable International Financial Reporting Standards, giving a truthful (fairly) and appropriate image, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of the issuer and that the Management Report faithfully describes the business evolution and position of the issuer and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

The Board of Directors

Ângelo Gabriel Ribeirinho Paupério

Maria Cláudia Teixeira de Azevedo

João Pedro Magalhães da Silva Torres Dolores

Eduardo Humberto dos Santos Piedade

Cristina Maria de Araújo Freitas Novais

Article 447 and Qualified Shareholdings

- Article 447

Board of Directors

	Date	Additions		Reductions		Position at 31.12.2020	Balance at 31 December 2020
		Quantity	Market price €	Quantity	Market Price €		Quantity
Ángelo Gabriel Ribeirinho dos Santos Paupério						Dominant	
Enxomil - Consultoria e Gestão, S.A. ^{(10)(a)}						Dominant	
Enxomil - Sociedade Imobiliária, SA ^{(11)(a)}							
Sonae SGPS, S.A. ⁽⁶⁾							444 625
Shares attributed under the Medium Term Incentive Plan	15.04.2020	264 743	0.591				
	16.04.2020	179 882	0.591				
Maria Cláudia Teixeira de Azevedo						Minoritary	
Efanor Investimentos, SGPS, S.A. ⁽¹⁾						Dominant	
Linhacom, SGPS, S.A. ^{(4)(a)}							
Sonae SGPS, S.A. ⁽⁶⁾							724 707
Shares attributed under the Medium Term Incentive Plan	15.04.2020	216 133	0.591				
João Pedro Magalhães da Silva Torres Dolores							
Sonae SGPS, S.A. ⁽⁶⁾							10 306
Shares attributed under the Medium Term Incentive Plan	15.04.2020	10306	0.591				
Eduardo Humberto dos Santos Piedade							
Sonae SGPS, S.A. ⁽⁶⁾							-
Shares attributed under the Medium Term Incentive Plan	03.04.2020	12 554	0.591				
Share sale	06.04.2020			12 554	0.641		
Cristina Maria de Araújo Freitas Novais							
Sonae SGPS, S.A. ⁽⁶⁾							13 168

a) Includes shares held indirectly.

Management

	Date	Additions		Reductions		Position at 31.12.2020	Balance at 31 December 2020
		Quantity	Market price €	Quantity	Market price €		Quantity
(1) Efanor Investimentos, SGPS, S.A. Sonae - SGPS, S.A. ⁽⁶⁾ Pareuro, BV ⁽²⁾						Dominant	200 100 000
(2) Pareuro, BV Sonae - SGPS, S.A. ⁽⁶⁾							849 533 095
(3) Migracom, SGPS, S.A. Imparfin - Investimentos e Participações Financeiras, S.A. ⁽⁵⁾ Sonae - SGPS, S.A. ⁽⁶⁾						Minority	3 198 524
(4) Linhacom, SGPS, S.A. Imparfin - Investimentos e Participações Financeiras, S.A. ⁽⁵⁾ Sonae - SGPS, S.A. ⁽⁶⁾						Minority	189 314
(5) Imparfin - Investimentos e Participações Financeiras, S.A. Sonae - SGPS, S.A. ⁽⁶⁾	12.11.2020	790 000	0.6316				5 398 465
(6) Sonae - SGPS, S.A. Sonaecom, SGPS, S.A. ⁽⁹⁾ Sonae Investments BV ⁽⁷⁾ Sontel BV ⁽⁸⁾						Dominant Dominant Dominant	
(7) Sonae Investments BV Sontel BV ⁽⁸⁾						Dominant	
(8) Sontel BV Sonaecom, SGPS, S.A. ⁽⁹⁾						Dominant	
(9) Sonaecom, SGPS, S.A.							5 571 014
(10) Enxomil - Consultoria e Gestão, S.A. Sonae - SGPS, S.A. ⁽⁶⁾							2 021 855
(11) Enxomil - Sociedade Imobiliária, SA Sonae - SGPS, S.A. ⁽⁶⁾							662 987

- Qualified Shareholdings

Shareholder	Number of shares	% of Share capital	% Share capital and voting rights*	% of exercisable voting rights**
Efanor Investimentos, SGPS, S.A. (1)				
Directly				
Sontel BV	275,086,083	88.36%	88.36%	89.97%
Sonae - SGPS, S.A.	194,063,119	62.33%	62.33%	63.47%
Discerene Group, LP	81,022,964	26.02%	26.02%	26.50%
Azvalor Asset Management S.G.I.I.C. S.A.	8,694,396	2.79%	2.79%	2.84%
	6,340,147	2.04%	2.04%	2.07%

(1) Sonaecom, SGPS, S.A. is a company indirectly controlled by Efanor Investimentos, SGPS, S.A. ("Efanor"), as Efanor indirectly controls Sonae SGPS, S.A. and Sontel BV. With effects as from 29th November 2017, Efanor ceased to have a controlling shareholder, under the terms of articles 20^o and 21^o of the Portuguese Securities Code. Investimentos, SGPS, SA and the latter indirectly owns Sonae - SGPS S.A. and Sontel BV.

* Voting rights calculated based on the Company's share capital with voting rights, as per subparagraph b) of paragraph 3 of article 16 of the Portuguese Securities Code

**Voting rights calculated based on the Company's share capital with voting rights that are not subject to suspension of exercise

ANNUAL
REPORT
2020



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CORPORATE GOVERNANCE

Part I Shareholding Structure,
Organisation and Corporate
Governance

Part II Statement
of Compliance

Appendices I and II

PART I - SHAREHOLDING STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. Shareholding Structure

I - Share capital structure

1. Share capital structure

The share capital of Sonaecom – SGPS, S.A. (hereinafter Sonaecom or the Company) is 230,391,627.38 euros, fully subscribed and paid up and is divided into 311,340,037 registered ordinary shares with a nominal value of 0.74 Euro each.

All shares representing the share capital of Sonaecom are traded in the Euronext Lisbon regulated market.

2. Restrictions on share transferability and ownership

There are no restrictions on the transferability or ownership of Sonaecom shares.

3. Treasury shares

At 31 December 2020, Sonaecom held 5,571,014 treasury shares, representing 1.789% of its share capital.

4. Impact of the change of Sonaecom's shareholder control on significant agreements

There are no agreements entered into by Sonaecom that include clauses intended to constitute defensive measures against change of its shareholding control or which would terminate in case of change of control of the Company after a takeover bid.

The majority of Sonaecom's share capital is attributable to one sole shareholder.

5. System to which the renewal or removal of defensive measures are subject, in particular those which establish the limitation of the number of votes that can be cast or exercised by a single shareholder individually or in agreement with other shareholders

There are no defensive measures in place.

6. Shareholders' agreements

Sonaecom is not aware of any shareholders' agreements concerning the Company.

II - Shareholdings and holdings of bonds

7. Qualified shareholdings

In compliance with Article 8, paragraph 1, subparagraph (b) of the Securities and Exchange Commission Regulation 05/2008, and according to the notifications received by the Company concerning Articles 16 and 248-B of the Portuguese Securities Code, the qualified shareholdings representing at least 2% of the share capital of Sonaecom, indicating the number of shares held and the percentage of voting rights calculated in accordance with article 20 of the Portuguese Securities Code, as of 31 December 2020, are described below:

Shareholder	Number of shares	% of Share capital	% Share capital and voting rights*	% of exercisable voting rights**
Efanor Investimentos, SGPS, S.A. ⁽¹⁾				
Directly	275 086 083	88.36%	88.36%	89.97%
Sontel BV (company controlled by Sonae SGPS)	194 063 119	62.33%	62.33%	63.47%
Sonae- SGPS, S.A. (company controlled by Efanor SGPS,S.A)	81 022 964	26.02%	26.02%	26.50%
Discerene Group LP	8 694 396	2.79%	2.79%	2.84%
Azvalor Asset ManagementS.G.I.I.C. S.A.	6 340 147	2.04%	2.04%	2.07%

(1) Sonaecom SGPS,S.A. is a company indirectly controlled by Efanor Investimentos SGPS, SA ('Efanor'), as Efanor indirectly controls Sonae SGPS, SA and Sontel BV. With effects as from 29th November 2017, Efanor ceased to have a controlling shareholder, under the terms of articles 20^o and 21^o of the Portuguese Securities Code.

* Voting rights calculated based on the Company's share capital with voting rights, as per subparagraph b) of paragraph 3 of article 16 of the Portuguese Securities Code

**Voting rights calculated based on the Company's share capital with voting rights that are not subject to suspension of exercise

This issue is also dealt with in the Management Report.

The updated information regarding qualified shareholdings is available on <http://www.sonae.com/investidores/informacao-sobre-acao/estrutura-accionista/?l=en>.

8. Number of shares and bonds held by the members of the management and supervisory bodies, submitted pursuant to art. 447 paragraph 5 of the Portuguese Companies Code

The information can be found in the Appendix to the Management Report.

9. Powers of the Board of Directors regarding share capital increases

This is an exclusive competence of the Shareholders' General Meeting.

10. Business relationships between the owners of qualified shareholdings and the Company

Business transactions with holders of qualified shareholdings are part of the usual and regular activity of the subsidiaries that comprise the portfolio of Sonaecom and are carried out under normal market practices and conditions.

No significant business transactions were carried out in 2020 between the Company and any owners of qualified shareholdings in the Company.

B. Statutory Governing Bodies and Committees

I - Shareholders' General Meeting

a) Composition of the Board of the Shareholders' General Meeting

11. Identification and roles of the members of the Shareholders' General Meeting Board and respective mandate

The Shareholders' General Meetings are directed by a Board elected by the shareholders for a four-year mandate, which begins and ends within the same calendar mandate as that of the other statutory governing bodies.

The members of the Board of the Shareholders' General Meeting throughout the reference year were:

Manuel Eugénio Pimentel Cavaleiro Brandão	Chairman	Mandate 2020-2023
Maria da Conceição Henriques Fernandes Cabaços	Secretary	Mandate 2020-2023

All the resources necessary for the performance of its duties are provided to the Board of the Shareholders' General Meeting, notably through the Secretary of the Company.

b) Exercise of Voting Rights

12. Possible restrictions on voting rights

The Company's Articles of Association do not envisage any restriction in terms of voting rights. The Company's share capital is fully represented by a single category of shares and one vote corresponds to each share.

Pursuant to the law and the Company's Articles of Association, shareholders with voting rights have the right to participate, discuss and vote at the Shareholders' General Meeting if, on the registration day (which is considered to be at 0:00 GMT of the fifth trading day before the meeting), they own shares which grant them at least one vote. Shareholders shall also comply with the legal formalities as described in the corresponding notice of the meeting.

The right to vote by proxy and how such right may be exercised are also provided for in the notice for each General Meeting, pursuant to the law and Articles of Association.

Notwithstanding the need to prove the shareholding capacity, shareholders can vote by post regarding all matters under appreciation at the General Meeting. The General Meeting notice shall contain adequate information about postal voting.

The Company also has an electronic voting system in place which allows shareholders unlimited access to exercise their voting rights. Shareholders are advised how to vote electronically in the General Meeting notice.

13. Maximum percentage of voting rights that may be exercised by a single shareholder or by a group of shareholders that are related to the latter as set forth in paragraph 1 of article 20

There is no statutory limitation on exercising voting rights.

14. Shareholder decisions which, due to the Articles of Association, may only be taken with a qualified majority

As per the Company's Articles of Association, any decisions made by the Shareholders' General Meeting shall be passed by simple majority, unless otherwise required by law.

Any decision taken by the Shareholders' General Meeting in the second occasion it is convened may be passed regardless of the number of shareholders attending the meeting and the share capital percentage these represent.

The quorum of the Shareholders' General Meeting required to pass its decisions abides by the provisions of the Companies Code.

II – Management

a) Composition

15. Identification of the adopted governance model

This Company has adopted the monist governance model, whose management structure is committed to the Board of Directors. The Board of Directors is the body in charge of managing the Company's business, performing all the administration functions pertaining to the corporate purpose, monitoring risks, pursuing the organisation's objectives and setting out the Company's strategy.

The supervisory structure includes a Statutory Audit Board and a Statutory External Auditor.

The Board of Directors considers the governance model that was adopted by the Company to be suitable for the proper fulfilment of the duties of each of the corporate bodies, ensuring both their independence and interface in a balanced manner.

16. Statutory regulations on procedural and material requirements applicable to the appointment and replacement of the members of the Board of Directors

The members of the Board of Directors are elected in accordance with the provisions established by the law and the Articles of Association, in the terms specified in the proposal approved in the Shareholders' General Meeting.

The Articles of Association establish that, should shareholders representing at least 10% of the share capital vote against the winning proposal for the election of the directors, a director will be elected by the shareholders in said minority, in the same meeting, and the director elected shall automatically replace the person with the lowest number of votes in the winning list, or, in case of an equal number of votes, the person in the last position in the list. One shareholder may not nominate more than one candidate.

Should candidates be nominated by more than one group of shareholders, the vote shall concern those candidacies as a whole. These regulations shall not apply to the election of a substitute director.

It is also statutorily established that in case of death, resignation, or any temporary or definitive incapacity of any director (other than a director elected under the minority rule), the Board of Directors shall replace that director through co-option. This appointment shall be subject to ratification by the shareholders in the following Shareholders' General Meeting.

However, the definitive absence, for any reason, of a director appointed under the aforementioned special rules shall lead to a new election by the Shareholders' General Meeting.

The Board of Directors shall appoint its Chairman.



Recognizing the benefits of diversity within its board of directors and audit board as pillar of good governance, the Company adopted a Diversity Policy for the management and supervisory bodies.

With such policy, the Company seeks a significant and differentiated representation of gender, origins, qualifications and professional experience, as a way to ensure its alignment with the stakeholders' interests and to achieve an enhanced balance in its composition. Such policy takes into account not only the nature and complexity of the activities carried out by the Company, but also the context in which it operates.

In this sense, the Company undertakes to develop all efforts to ensure that, in the selection of the members of these corporate bodies, there are imperative criteria to ensure that they meet the greatest possible width and diversity of knowledge, skills, experience and values.

These criteria focus mainly on: (i) gender diversity; ii) the professional qualification alongside with the necessary renewal of the composition of the governing bodies, in order to ensure a compatibility between seniority and the diversification of career paths, avoiding group thinking; iii) the plurality of knowledge and iv) not considering age as an obstacle and without a restrictive view on the limits of such age, in particular regarding the following:

- a) Gender: gender diversity aims to promote the existence of different perspectives and styles, bringing innovation and creativity to the respective body;
- b) Professional experience: the coexistence of professional and diversified backgrounds provides appropriate know-how to the Company's activities and to the defined strategy, namely in the following areas: financial, accounting, legal, corporate governance, securities / derivatives market, retail, industry, investor relations, banking, corporate social responsibility, risk management, auditing, procurement and asset management, marketing, environment and sustainability;
- c) Qualifications: a balanced diversity of professional qualifications enables the Company to have the skills necessary to carry out its activities and the defined strategy, taking into account their complexity. The inclusion of different areas such as engineering, economics, management, law and other areas, promotes the diversity of technical knowledge, which will allow a better understanding of the issues, risks and opportunities inherent to the activity of the Company; and
- d) Age: the Company does not have a restrictive view of the age limits for the exercise of managing or supervisory functions. The Company trusts that age diversity will allow to combine the experience of older members with the perspective of younger ones, which may result in a more innovative, agile and thoughtful decision-making process.

The Company undertakes to implement and monitor the alignment of this policy with the most advanced corporate governance standards and to review it with adequate frequency (always in reasonable time before each elective general meeting), taking into account also the rules and principles of non-discrimination, including on the basis of ethnic origin, race, disability or sexual orientation.

Furthermore, candidates to be appointed to the management and supervisory bodies should possess an adequate experience in senior offices within companies or similar organisations that enables them to (i) assess, challenge and develop the Company's senior officers; (ii) assess and challenge the group's and its main subsidiaries' corporate strategy; (iii) assess and challenge the Company's operational and financial performance; and (iv) assess the organisation's fulfilment of the Company's values.

Each candidate should in addition make their individual contribution in enabling the Board of Directors, as a whole, to gain in-depth and international knowledge of Sonaecom's main business sectors, knowledge of the main markets and geographies where the business areas operate, and knowledge and competencies regarding management techniques and technologies that are key for the success of relevant companies in the business sectors of the Company.

Candidates should furthermore possess the human qualities, purpose clarity, analytical qualities and synthesis and communication skills that are required to address a large number of diversified and complex issues, within a limited time-frame, with the necessary depth to allow for a timely and high-quality decision-making.

In what regards the compliance with the described policy, reference is made to Appendix I, where the *curricula* of the members of the Board of Directors and the Statutory Audit Board of the Company are available, showing its diversity in what refers to gender, age, academic qualifications, experience and professional profile.

In addition, the Company maintains in force a Plan for Gender Equality that is applicable to the employees and members of the Group's corporate bodies fully available on <http://www.sonae.com/investidores/governo-das-sociedades/plano-para-a-igualdade-de-genero/?l=en>

Within both the Board of Directors and the Statutory Audit Board, whose composition is described in paragraph 17 and section III, a) below, the proportion of members representing each gender complies with the provisions of Article 5 of Law 62/2017 of 1 August.

17. Composition of the Board of Directors

Pursuant to Sonaecom's Articles of Association, the Board of Directors may be composed by an odd or even number of members, between a minimum of three and a maximum of twelve, elected by the shareholders in the Shareholders' General Meeting. The Board of Directors' term of office is four years and its members may be re-elected.

In 2020, the composition of the Board of Directors was as follows:

Members	Date of 1 st Appointment	End of term of office
Ângelo Gabriel Ribeirinho dos Santos Paupério	24/04/2007	31/12/2023
Maria Cláudia Teixeira de Azevedo	05/04/2006	31/12/2023
João Pedro Magalhães da Silva Torres Dolores	12/03/2019	31/12/2023
Eduardo Humberto dos Santos Piedade	30/04/2019	31/12/2023
Cristina Maria de Araújo Freitas Novais	29/04/2020	31/12/2023

18. Description of the members of the Board of Directors

Members

Ângelo Gabriel Ribeirinho dos Santos Paupério	Chairman of the Board of Directors (Executive)
Maria Cláudia Teixeira de Azevedo	Executive Director
João Pedro Magalhães da Silva Torres Dolores	Executive Director
Eduardo Humberto dos Santos Piedade	Executive Director
Cristina Maria de Araújo Freitas Novais	Executive Director

19. Professional qualifications of the members of the Board of Directors

The academic qualifications, experience and duties of the directors are disclosed in Appendix I to this report.

20. Significant family, professional, and commercial relationships of the members of the Board of Directors with shareholders with qualified shareholdings

Maria Cláudia Teixeira de Azevedo is an executive member of the Board of Directors of Sonae, SGPS, A.A., and is also a shareholder and member of the Board of Directors of Efanor Investimentos, SGPS, S.A., a Company that (indirectly) holds the control of Sonaecom's share capital. She is also the sister of Duarte Paulo Teixeira de Azevedo, a shareholder of Efanor Investimentos, SGPS, S.A. and the Chairman of the Board of Directors of Sonae – SGPS, S.A., a company to which, as of 31 December 2020, 88.36% of the share capital of Sonaecom was attributable, corresponding to 89.97% of the voting rights.

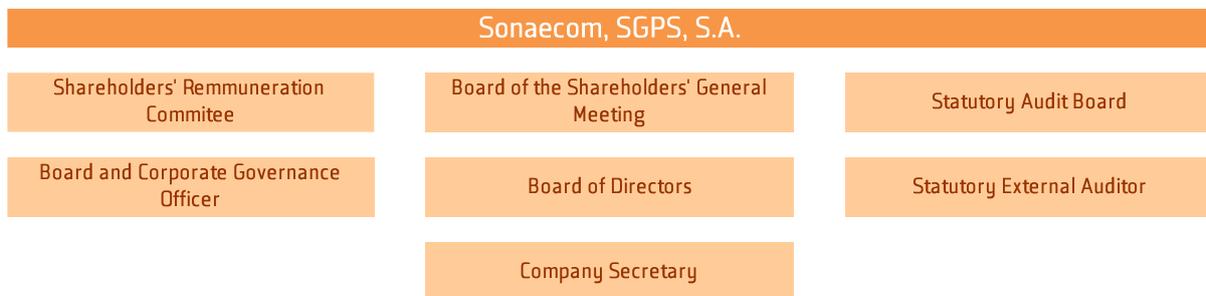
The Chairman of the Board of Directors of Sonaecom, Ângelo Gabriel Ribeirinho dos Santos Paupério, is a member of the Board of Directors of Sonae – SGPS, S.A. and of Efanor Investimentos, SGPS, S.A., shareholders of Sonaecom in the terms described above.

João Pedro Magalhães da Silva Torres Dolores, executive member of the Board of Directors is also an executive member of the Board of Directors of Sonae – SGPS, S.A., shareholder of Sonaecom in the terms described above.

21. Distribution of competences among the various corporate bodies, committees, and/or Company departments, including information about delegation of competence, in particular regarding delegation of the Company's daily management

i) Distribution of competences among the various corporate bodies and their respective committees:

Sonaecom's corporate structure clearly describes the functions, responsibilities and duties of its bodies.



Board of Directors

The Board of Directors is responsible for managing the Company's business, monitoring risks, handling conflicts of interest, and deploying the organisation's objectives and strategy.

Sonaecom's Articles of Association allow the Board of Directors to delegate powers in one or more Managing Directors or an Executive Committee when it comes to everyday business, duties and management responsibilities. The delegation made by the Board of Directors should exclude the following matters, which shall remain the exclusive competence of the Board of Directors:

- a) Appointment of the Chairman of the Board of Directors;
- b) Co-optation of Directors;
- c) Request to convene General Meetings;
- d) Approval of the Annual Report and Accounts;
- e) Provision of collateral and personal or real guarantees by the Company;
- f) Decision to change the registered office or increase the share capital;
- g) Decision on mergers, spin-offs or transformation of the Company;
- h) Approval of the strategic management of the annual business portfolio and the policies thereof;
- i) Approval of the Company's annual budget and the Group's annual business plan and any changes on the same;
- j) Definition of the organisation and coordination of the corporate structure of the Sonaecom Group;
- k) Approval of every issue that should be deemed as strategical as a consequence of its amount, risk or particular features;
- l) Outline of the Human Resources policies that are applicable to top employees (level GF3 and above) with the exclusion of areas that are the exclusive competence of the Shareholders' General Meeting or of the Shareholders' Remuneration Committee.

The Articles of Association do not allow the Board of Directors to approve share capital increases, which have to be decided in the Shareholders' General Meeting.

The terms of reference of the Board of Directors, approved at the Board Meeting held on 3 May 2012 and amended by the resolutions taken on 2 November 2015, 13 March 2017, 12 December 2019 and 17 December 2020 is fully available for consultation on the Company's website (www.sonaecom.pt) at

http://other.static.sonae.com/2021/03/22/Scom_Regulamento_BoD_ENG_/Scom_Regulamento_BoD_ENG_.pdf

The corporate structure is assisted by the following functional structures:

Administrative and Financial Department

Main duties:

- To ensure the control of internal processes and transactions and the reliability and timely reporting of financial and tax information;
- Accounting records of transactions and preparation of individual and consolidated financial reports for the companies;
- Efficient management of Sonaecom Group's cash;
- Negotiation and contracting of the most suitable banking products and services for the Group's business needs;
- Efficient and effective management of all the administrative processes for the Sonaecom Group's business;
- Management of financial risk and support in execution of monetary market, interest rate, or exchange transactions;

- 
- Management of the administrative processes for Accounts Payable, Receivables, Cash and Banks, Stocks, and Tangible and Intangible Assets;
 - Ensuring the rigour and reliability of the financial information, with the support of the most efficient information system;
 - Optimisation of Sonaecom's Group tax efficiency, ensuring the monitoring of tax procedures in all Sonaecom businesses, as well as compliance with tax obligations;
 - Management of the Sonaecom transfer pricing dossier;
 - Support for decision-making and process implementation in the various areas of the Sonaecom Group;
 - Collaboration in the definition of the strategy and tax objectives, in particular providing support to business internationalisation;
 - Monitoring of all the litigation processes with the tax authorities;
 - Participation in special projects of the Sonaecom Group, such as mergers and acquisitions and corporate restructuring

Planning and Management Control Department

Main duties:

- Supporting the development of the corporate and/or business strategy;
- Promoting, leading and implementing the annual strategic planning cycle;
- Leading and monitoring the annual Sonaecom budgeting process, as well as preparing the report on budget implementation;
- Challenging the corporate business and areas as regards the goals set so as to constantly improve and optimise the efficiency of Sonaecom's business, performance, and results;
- Preparing and analysing business management information, as well as consolidated data, on a monthly, quarterly, and annual basis, analysing deviations from the budget and proposing corrective actions;
- Supporting decisions for the allocation of capital to ongoing businesses and new business opportunities: analysing the invested capital and the return on the invested capital;
- Creating business plans together with the business management teams;
- Performing technical and benchmark studies for the businesses and the Company as a whole in order to evaluate its performance in comparison with competitors and other players in the market.

Risk Management Department

Risk Management is ensured not only at corporate level but also at the business level. Thus, each business unit is involved in the functional processes, with the responsibility of implementing internal controls and managing specific risks. In general, the main responsibilities of the Risk Management Department of each one of the businesses involves:

- Promoting a culture of risk awareness, as well as mediating and managing the business risks that interfere with the achievement of objectives and the creation of value in the organisation;
- Collaborating to identify the critical risks and monitoring their development and the implementation of risk indicators and mitigation actions;
- Promoting and monitoring the implementation of programmes and actions aimed at bringing risk levels closer to the acceptable levels established by the management.

Internal Audit Department

Main duties:

- Assessing risk exposure and checking the effectiveness of risk management and internal controls through the execution of audits of business processes and information systems;
- Proposing measures to improve controls and monitor the evolution of risk exposure associated with the main audit findings.

Legal Department

Main duties:

- Relations with Euronext Lisbon, with the Portuguese Securities Market Commissions and with shareholders regarding legal issues;
- Legal management of corporate governance policy and monitoring of compliance with best practices in this area;
- Monitoring, controlling and ensuring legal compliance of the business activities of the Company;
- Drafting and/or analysing contracts to maximise security and reduce legal risks and potential costs;
- Management of all aspects pertaining to the intellectual and industrial property of the various businesses, such as brands, trademarks, names, patents, logos domain names and copyright;
- Execution of all public deeds, registrations and notarial procedures required for business, whether commercial, property or corporate;
- Management of all dispute processes;
- Support to obtain the various licences required for business;
- Monitoring the development of the legislation relevant to the Group's business;
- Legal support in national and international operations of the Company's business, as well as analysis of new national and international operations, in particular, in the latter, regarding the legal environment in the countries under analysis;
- Mergers/demergers, acquisitions, winding up, liquidations and similar corporate restructuring.

Human Resources Department

Main duties:

- Support to top management on the implementation and development of human resources policies;
- Defining and implementing the human resources strategy, planning and talent management on various levels;
- Ensuring the presence and development of the technical and management competences of Sonaecom executives, either through the implementation of adequate recruitment and selection practices, or through the design and implementation of transversal training and/or individualised training and development plans;
- Developing human resources management models and processes in areas such as remuneration and benefit policy; career management; social climate monitoring and development; administrative management and salary processing; staff budgeting and reporting on human resources issues; occupational health, hygiene and safety management;
- Monitoring legal occupational issues;
- Representing the Company in official bodies and associations linked to this area.

Investor Relations Department

Main duties:

- Manage the relationship between Sonaecom and the financial community, through the continuous preparation and disclosure of relevant and up to date information about the Company;
- Support to the Board of Directors, providing relevant information about the capital markets;
- Support in the definition of the corporate message to be disclosed to the capital market.

b) Functioning

22. Existence and location of the Regulation of the Board of Directors

The Internal Regulation of the Board of Directors is available on the Company's website (www.sonaecom.pt).

23. Number of meetings held and attendance record of each member of the Board of Directors

The Sonaecom Board of Directors meets at least four times every year, as specified by the Company's Articles of Association, and whenever the Chairman or two members of the Board of Directors call a meeting. Six meetings of the Board were held in 2020 with a 100% attendance rate, in person, of the directors Ângelo Gabriel Ribeirinho dos Santos Paupério, Maria Cláudia Teixeira de Azevedo, João Pedro Magalhães da Silva Torres Dolores and Eduardo Humberto dos Santos Piedade. The following table displays detailed information about the attendance at meetings:

Date	Participants
10 march 2020	Ângelo Paupério Cláudia de Azevedo João Dolores Eduardo Piedade
01 april 2020	Ângelo Paupério Cláudia de Azevedo João Dolores Eduardo Piedade
11 may 2020	Ângelo Paupério Cláudia de Azevedo João Dolores Eduardo Piedade Cristina Novais
30 july 2020	Ângelo Paupério Cláudia de Azevedo João Dolores Eduardo Piedade Cristina Novais
04 november 2020	Ângelo Paupério Cláudia de Azevedo João Dolores Eduardo Piedade Cristina Novais
10 december 2020	Ângelo Paupério Cláudia de Azevedo João Dolores Eduardo Piedade Cristina Novais
17 december 2020	Ângelo Paupério Cláudia de Azevedo João Dolores Eduardo Piedade Cristina Novais



The minutes of meetings are written down in the minutes book.

24. Competent governing bodies of the Company for the assessment of the performance of the Executive Directors

The Company does not have an Executive Committee, nor does it have any Managing Directors.

To establish the variable component of remuneration, an individual evaluation of the Directors' performance is carried out by the Remuneration Committee, which represents the Company's shareholders, according to the remuneration policy approved at the Shareholders' General Meeting. This assessment takes place once the Company's results are disclosed.

Without prejudice to the overall and individual performance assessment of the Directors, which is carried out by the Remuneration Committee, the Board of Directors shall annually carry out the evaluation of its performance, having as reference the fulfilment of Company's strategic plan and budget, its risk management, internal functioning and its relations with other Sonaecom's bodies. This evaluation is usually carried out in the Board of Directors' meeting where the discussion of the previous years' accounts takes place.

In addition, and in accordance with article 376 of the Companies Code, the Shareholders' General Meeting annually reviews the management of the Company through a confidence or no confidence vote.

25. Pre-determined criteria for assessing the performance of the Executive Directors

The performance assessment of executive directors is based on pre-determined criteria, consisting of objective performance indicators set for each period and in line with the overall strategy of growth and positive business performance. These indicators consist of the business, economic and financial Key Performance Indicators (KPIs), subdivided into collective, departmental and personal KPIs.

The collective business KPIs consist of economic and financial indicators that are defined based on the budget and on the performance of each business unit.

Departmental business KPIs, in turn, are similar in nature to the previous ones, and they measure the specific contribution of the director to the performance of the business.

Personal KPIs include objective and subjective indicators and are intended to measure compliance with duties and commitments individually taken on by the executive director.

Additional information can be found in sections 71 to 75 below.

The pre-determined criteria to be used in the assessment of the Directors' performance are the consequence of the application of the Remuneration and Compensation Policy that was approved by the Shareholders' General Meeting following the proposal of the Shareholders' Remuneration Committee of the Company.

In 2020 the Remuneration and Compensation Policy in place was the one approved by the Shareholders' General Meeting held on 29 April 2020, available on the following websites:

http://other.static.sonae.com/2020/04/06/6__SCOM_Proposal6_ENG/6__SCOM_Proposal6_ENG.pdf?download=1

http://other.static.sonae.com/2020/04/06/6.1__SCOM_Proposal6_Annex_ENG/6.1__SCOM_Proposal6_Annex_ENG.pdf?download=1

26. Availability of each member of the Board of Directors, indicating the positions held simultaneously in other companies, inside and outside the Group, and other relevant activities carried out by the members of those bodies during the financial year.

The information regarding the positions held by the Company directors simultaneously in other companies, inside and outside the group, is disclosed in Appendix I to this Report.

Each of the members of the Board of Directors has consistently demonstrated their availability to perform their duties, having regularly attended the meetings and participated in its work.

c) Board of Directors' committees and managing directors

27. Identification of the committees created within the Board of Directors and where to find their operating regulations

The Board of Directors believes that in view of the current size of the Company and the composition of the Board itself, the maintenance or creation of any committees is not justified.

The Company has a Corporate Governance Officer, who reports to the Board of Directors, through the Chairman, and this solution is deemed as materially equivalent to the existence of an internal committee, specialised in corporate governance matters.

The main duties of the Corporate Governance Officer are:

- (i) Ensuring the smooth running of the activities of the Board and, when applicable, of the Board Committees;
- (ii) Participating in Board Meetings and, if applicable, relevant Board Committee Meetings and, when appointed, serving as a member;
- (iii) Facilitating the acquisition of information by all Board members and by all members of its committees, when applicable;
- (iv) Supporting the Board in defining its role, objectives and operating procedures; taking a leading role in organising Board evaluations and assessments;
- (v) Keeping all Legislative, Regulatory and Corporate Governance issues under close review; supporting and challenging the Board to achieve the highest standards in Corporate Governance;
- (vi) Ensuring that the Board is conscious of the concept of stakeholders and the need to protect minority interests, when important business decisions are being taken by the Board of Directors;
- (vii) Helping to ensure that the procedure to nominate and appoint Directors is properly carried out and assist in the induction of new directors;
- (viii) Acting as a primary point of contact and source of advice and guidance for Non-Executive Directors in particular as regards the Company and its activities; facilitating and supporting the Independent Non-Executive Directors in the assertion of their 'independence';
- (ix) Helping to ensure compliance with the continuing obligations of listed companies under the Portuguese Securities Market Commission;
- (x) Participating in making arrangements for and managing the process of Shareholders' General Meetings;
- (xi) Participating in the arrangement of insurance cover for Directors and Officers;
- (xii) Participating, on behalf of the Company, in external initiatives to debate and improve Corporate Governance regulations and practices in Portugal.



The main duties of the Corporate Governance Officer listed above have as their main purpose to allow the Corporate Governance Officer to evaluate the adopted corporate governance structure and practices, to verify the effectiveness thereof and to propose to the relevant bodies any improvement measures to be taken.

28. Composition, if applicable, of the Executive Committee and/or identification of the managing director(s)

The Company does not have an Executive Committee nor does it have any Managing Directors.

29. Indication of the powers of each of the committees created and a summary of the activities carried out in the exercise of those powers

The Board of Directors believes that in view of the adopted governance model, which takes into account and is considered appropriate in view of the current shareholding structure (with a small free-float) and size of the Company, as well as the composition of the Board itself, it is not justified to maintain any specialized committee within the Board of Directors.

As previously mentioned, the Company has a Corporate Governance Officer, whose functions and responsibilities are disclosed in section 27 of this Report and this solution is, in view of the current context of the Company, deemed as materially equivalent to the existence of an internal committee, specialised in corporate governance matters.

The Company has also a Company Secretary, who is responsible for:

- (i) Ensuring the minutes and attendance lists of the Shareholders' General Meeting;
- (ii) Sending notices and other legal documents necessary to hold the General Meeting;
- (iii) Supervising the preparation of supporting documentation for the General Meetings and Board of Directors' meetings and drawing up the corresponding minutes;
- (iv) Responding to requests for information by the shareholders within the legal framework;
- (v) Proceeding with the legal registration of any act or decision of the Company's governing bodies.

III – Audit

a) Composition

30. Identification of the supervisory bodies

The Statutory Audit Board and the Statutory External Auditor are, under the governance model currently adopted, the supervisory bodies of the Company.

31. Composition

In accordance with the Company's Articles of Association, the Statutory Audit Board may be composed of an even or odd number of members, with a minimum of three and a maximum of five members, elected for four-year terms. The Statutory Audit Board also includes one or two substitute members, depending on whether the number of members is three or more.

In 2020, the members of Statutory Audit Board, elected for the mandates referred below, were:

João Manuel Gonçalves Bastos	Chairman	2020/2023
Maria José Martins Lourenço Fonseca	Member	2020/2023
Óscar José Alçada da Quinta	Member	2020/2023
António Augusto Almeida Trabulo	(Substitute Member)	2020/2023

The Statutory External Auditor is identified in Chapter IV of this Report.

32. Level of independence of the members of the Statutory Audit Board

All members of the Statutory Audit Board are independent under the terms of article 414, paragraph 5, and they are not covered by any incompatibility under the terms of article 414-A, paragraph 1, both from the Portuguese Companies Code. The members of the Statutory Audit Board are required to immediately inform the Company of any occurrence during their term of office that may cause incompatibilities or the loss of independence, as required by law.

33. Professional qualifications

Professional qualifications and other relevant curricular elements are disclosed in Appendix I to this Report.

b) Functioning

34. Regulation and annual activity report

The operating regulation of the Statutory Audit Board can be read on the Sonaecom website (www.sonaecom.pt), at http://other.static.sonae.com/2021/03/22/Regulamento_Conselho_Fiscal_EN_/Regulamento_Conselho_Fiscal_EN_.pdf. The annual report and statements of the Statutory Audit Board are published in each financial year, together with the annual accounts documents prepared by the Board of Directors, available at <http://www.sonae.com/investidores/informacao-financeira/relatorios/?!=en> (regarding 2020 documents, in the tab R&A 2020/Chapter IV).

35. Meetings of the Statutory Audit Board

The resolutions of the Statutory Audit Board are taken by a majority of the votes and are always recorded in the minute's book, with dissenting members being required to state their reasons for dissent in said minutes.

The Statutory Audit Board meets at least once a quarter. In 2020, the Statutory Audit Board held eleven meetings with a 100% attendance rate.

36. Availability of each of the members, indicating the positions held in other companies, inside and outside the Group, and other relevant activities carried out by members of the Statutory Audit Board

Each of the members of the Statutory Audit Board has consistently demonstrated their availability to perform their duties, having regularly attended the meetings and participated in its work.

The information on other positions held by members of the Statutory Audit Board, their qualifications and professional experience is included in Appendix I to this Report.

c) Powers and duties

37. Description of the procedures and criteria applicable to the intervention of the Supervisory Body for the purpose of contracting additional services from the External Auditor

It is the responsibility of the Statutory Audit Board to approve the rendering of services, other than audit services, to be provided by the External Auditor.

To that end, the Statutory Audit Board schedules a work plan that includes supervision the External Auditor's activity in matters concerning: (i) the External Auditor's annual activity plan; (ii) monitoring the audit work, reviewing the financial statements and discussing the respective conclusions; (iii) supervising the External Auditor's independence; and (v) assessing the annual activity carried out by the External Auditor concerning the compliance with the IPCG Recommendation VII.2.3. Decisions regarding the approval for the rendering of services other than audit services are taken by the Statutory Audit Board in a duly explained manner, before the provision thereof, in accordance with Law no. 140/2015, of 7 September.

In assessing the criteria that backed the contracting of services, other than audit services, from the External Auditor, the Statutory Audit Board verifies the presence of the following safeguards:

- contracting additional services, other than audit services, does not affect the independence of the External Auditor;
- services other than audit services represent an adequate proportion of all services rendered;
- services other than audit services, not prohibited (according to the legislation currently in force), shall be provided with high levels of quality, autonomy and independence in relation to the services carried out as part of the audit process;
- the quality system applied by the External Auditor (internal control), in accordance with the information provided by this body, monitors the risks of loss of independence or possible conflicts of interest with the Company and ensures the quality of the services that are provided in compliance with ethical and independence standards.

38. Other functions of the supervisory bodies

38.1 Statutory Audit Board

The Statutory Audit Board, while performing its statutory and legally assigned functions, including the ones set out in article 420 of the Portuguese Companies Code, has the following main duties, among others:

- a) To supervise the Company's management, in accordance with corporate governance best practises and with full respect for the competencies thereof;
- b) To ensure compliance with the Law and the Company's Articles of Association;
- c) To prepare the annual report on the supervisory work performed, addressed to the shareholders, that should include the description of the supervisory work performed and possible constraints detected, and issue an opinion on the management report,



accounts and other proposals submitted by the Board of Directors, in which it should express its agreement or not with the management report and the annual accounts;

d) To convene the Shareholders' General Meeting, should the Chairman of the General Meeting fail to do this when required to do so;

e) To confirm whether the disclosed corporate governance report includes the information listed in article 245-A of the Portuguese Securities Code;

f) To assess the effectiveness of the risk management system, internal control system and internal audit system;

g) To receive communications of irregularities presented by the Company's shareholders, employees or others;

h) To appoint and hire services from experts to help one or more members in the exercise of their duties. The hiring and fees of these experts should take into consideration the complexity of the matters involved and the financial position of the Company;

i) to supervise the process of preparation and disclosure of financial information by the management body, including notably the adequacy of the accounting policies, estimations, judgements, relevant disclosures and the consistent application thereof throughout the financial years in a duly documented and communicated manner;

j) To select the Statutory External Auditor, represent the Company before the external auditor and the Statutory External Auditor and propose to the Shareholders' General Meeting its appointment and removal and also to approve its remuneration and assess its performance making sure that the Company provides the Statutory External Auditor with the necessary conditions for carrying out its duties, to intermediate between the latter and the Company, and making sure it is the main recipient of the external auditor's reports, with full respect for the duties and competencies of the management body in this matter;

k) To supervise the accounts audit concerning the Company's financial documents;

l) To evaluate the independence of the Statutory External Audit;

m) To give its prior approval to the audit services and additional services to be provided by the external auditor or by any other person that maintains a participation relationship with the latter or is part of the same network, and to approve its remuneration, ensuring that those services are legally permitted, do not surpass any reasonable limit and does not hinder the independence of the external auditor;

n) To evaluate the independence of the internal auditor, notably concerning limitations to its organisational independence and lack of resources in the course of the internal audit activity;

o) To issue a specific opinion and justification to support the possible decision of not rotating the external auditor, taking into account its independence conditions in such a circumstance as well as the advantages and costs associated with its substitution;

p) To supervise the internal audit activity;

q) To issue a prior opinion on business transactions with Related Parties, in accordance with the terms of the Internal Policy Regarding Transactions With Related Parties, attached to the Terms of Reference of the Statutory Audit Board, and the terms of articles 249-A to 249-D of the Portuguese Securities Code;

r) To comply with all other attributions foreseen by the Law or the Articles of Association.



In order to duly perform its duties, the Statutory Audit Board establishes a calendarized activity plan, where it should be included:

A – Monitorisation of the Company's activity, notably concerning:

- Assessment of the functioning of the internal control and risk management system;
- Supervision of the financial documents and disclosure of financial information;
- Issuing opinions and recommendations.

B – Supervision of the Internal Audit and Risk Management activity with the following scope:

- Annual activity plan;
- Receiving the regular reports on the developed activity;
- Assessment of the results and conclusions reached;
- Assessment of the existence of possible irregularities and analysis of irregularity reports that are conveyed to it;
- Issuing any relevant instructions.

C – Information regarding irregularities

The Statutory Audit Board is the recipient of irregularity reports, in accordance with Article 420, 1, paragraph j) of the Companies Code, that are addressed directly to it or that are remitted to a different body.

The Statutory Audit Board obtains from the Board of Directors all information necessary for the performance of its duties, namely regarding the Company's operational and financial evolution, changes in the business portfolio, terms of all transactions that occurred and details of the decisions taken. In addition, in support of the activity of the Statutory Audit Board, the Company provides the human and technical resources necessary for the organisation of meetings, preparation of agendas, minutes and supporting documentation and their timely distribution. These meetings are attended by the internal liaisons considered relevant to the issues under discussion, for presentation and explanation of the issues raised by the Statutory Audit Board.

The Statutory Audit Board is the overall supervision body of the Company for matters of internal control and risk management, it acts in an independent manner and has primacy over other bodies regarding the supervision of those matters.

The Supervisory Board represents the Company before the Auditor and proposes to the Shareholders' General Meeting its appointment, as well as its dismissal, also evaluating the activity performed by the Auditor, ensuring that the appropriate conditions exist within the Company for the performance of its services. The Statutory Audit Board is the Company's liaison and first recipient of the respective reports.

The Statutory Audit Board annually prepares a report on its supervisory action in the financial year, including an annual assessment of the Statutory External Auditor, and it issues an opinion on the management report, the consolidated and individual financial statements and the Corporate Governance report presented by the Board of Directors, in order to comply with the legal deadlines for disclosure at the date established for the Annual General Meeting. The annual report on its audit activity is included in the reports and accounts made available on the Company's website.

The Terms of Reference of the Statutory Audit Board are available on the Company's website (www.sonaecom.pt), at http://other.static.sonae.com/2021/03/22/Regulamento_Conselho_Fiscal_EN_/Regulamento_Conselho_Fiscal_EN_.pdf.

IV – Statutory External Auditor

38.2 Statutory External Auditor

The Statutory External Auditor is the supervisory body responsible for the legal certification of the Company's financial information. Its main duties are:

- a) Check the consistency of all the books, accounting records and supporting documents;
- b) Whenever it deems convenient and through such means as it deems appropriate, verify the accuracy of cash and amounts of assets or securities of any type belonging to the Company or received by the Company by way of guarantee, deposit or for any other purpose;
- c) Check the accuracy of the financial statements and express its opinion on them in the Legal Certification of Accounts and in the Audit Report;
- d) Verify that the accounting policies and valuation criteria adopted by the Company result in the correct valuation of the assets and results;
- e) Perform any necessary examinations and tests for the audit and legal certification of accounts and perform all procedures stipulated by law;
- f) Verify the enforcement of policies and the effectiveness and functioning of the internal control mechanisms, reporting any deficiencies to the Statutory Audit Board, under the terms of and within the scope and limits of its legal and procedural powers;
- g) Cooperate with the Statutory Audit Board, providing immediate information on any irregularities relevant to the performance of the functions of the supervisory body it may have detected, as well as any difficulties encountered in the exercise of its duties;
- h) Verify whether the Corporate Governance Report includes the elements referred to in article 245-A of the Securities Code.

Since 1 January 2016, the activity and services of the Statutory External Auditor are regulated by the new *Estatuto da Ordem dos Revisores Oficiais de Contas*, approved by Law no 140/2015, of 7 September.

39. Identification of the Statutory Audit Firm and of the statutory auditor that represents it

The Statutory External Auditor of Sonaecom is PWC – Price Waterhouse Coopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda., registered at OROC under the no. 183 and at the Portuguese Securities Market Commission under the no. 20161485, represented by António Joaquim Brochado Correia for the mandate of 2020/20123.

The substitute Statutory External Auditor is Joaquim Miguel de Azevedo Barroso (Statutory External Auditor no. 1426, registered at the Portuguese Securities Market Commission under the no. 20161036).

40. Number of consecutive years in which the Statutory External Auditor has performed duties for the Company and/or for the group

PWC – Price Waterhouse Coopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda. has been acting as Statutory External Auditor of the Company for 5 (five) consecutive years now and was elected for the position for the first time in 2016, for the mandate 2016-2019.

In 2020, a new mandate corresponding to the 2020/2023 four-year period began and PWC – Price Waterhouse Coopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda. was re-elected by the Company to the position of Statutory External Auditor, in compliance with the maximum time limits legally established for the exercise of functions.

41. Description of other services rendered to the Company by the Statutory External Auditor

PWC – Price Waterhouse Coopers & Associados, Sociedade de Revisores Oficiais de Contas, LDA. performs the duties of Statutory External Auditor. A Company belonging to the same network rendered tax consulting services under the supervision of the Statutory Audit Board.

V – External Auditor

42. Identification of External Auditor designated for the purposes of article 8 and of the Statutory Auditor partner who represents it in the performance of those duties, as well as the respective registry number at the Portuguese Securities Market Commission

The Sonaecom External Auditor, appointed for the purposes of Article 8 of the Portuguese Securities Code, is PWC – Price Waterhouse Coopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda. registered at OROC under the no. 183 and at the Portuguese Securities Market Commission under the no. 20161485, represented by António Joaquim Brochado Correia.

The substitute Statutory External Auditor is Joaquim Miguel de Azevedo Barroso (Statutory External Auditor no. 1426, registered at the Portuguese Securities Market Commission under the no. 20161036).

43. Number of consecutive years in which the External Auditor and the respective Statutory Auditor partner who represents it have performed duties for the Company and/or for the group

PWC – Price Waterhouse Coopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda. was first elected on 29 April 2016, for the mandate 2016/2019.

In 2020 a new mandate was started (2020-2023) and the Company decided to elect PWC – Price Waterhouse Coopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda. in accordance with the time limitations legally foreseen for this role.

44. Policy and frequency of rotation of the External Auditor and the respective Statutory Auditor partner representing it

The Statutory Audit Board has adopted the recommended principle of not replacing the External Auditor after the end of two four-year mandates only if, after careful assessment, it concludes that the supervision of its activity does not interfere with the independence of the External Auditor, and that the advantages and costs analysis advises the renewal of office. Such principle shall also meet the conditions set forth in article 54, paragraphs 4 and 5 of Law no. 140/2015 of 7 September.

45. Body in charge of assessing the External Auditor and frequency of assessment

In accordance with the Company's governance model, the election or dismissal of the Statutory External Auditor/External Auditor is decided by the Shareholders' General Meeting, upon proposal of the Statutory Audit Board.

The Statutory Audit Board supervises the performance of the External Auditor and the work throughout each financial year, considers and approves additional work to be provided and annually conducts an overall assessment of the External Auditor, which includes an assessment of its independence.

46 and 47. Work other than auditing performed by the External Auditor for the Company and/or for companies with which it is in a control relationship, as well as reporting on the internal procedures for purposes of approval of the contracting of such services and the reasons for such hiring and the annual remuneration paid by the Company and/or by legal entities in a control or group relationship to the Auditor and to other individuals or legal entities belonging to the same network, and breakdown of the percentages for each service

The remuneration paid to the Statutory External Auditor and to the External Auditor, PWC – Price Waterhouse Coopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda. in 2020 and 2019, under proposal of the Statutory Audit Board, and to other individuals and entities of the same company network, supported by the Company and/or by corporate entities in a control relation with the latter, are as follows, analysed by type of service:

	2020		2019	
	Amounts in €	%	Amounts in €	%
For the company *				
Statutory audit review	41 000	23%	21 450	15%
By entities included in the group				
Statutory audit review	136 000	76%	119 750	84%
Other services	2 700	2%	1 575	1%
Total				
Audit services	177 000	98%	141 200	99%
Other services	2 700	2%	1 575	1%
Total	179 700	100%	142 775	100%

*Includes individual and consolidated accounts

Services other than auditing services were hired from the External Auditor upon authorisation from the Statutory Audit Board, which recognised that the hiring of those services did not affect the External Auditor's independence, and corresponded to the satisfaction of the Company's interests, given the provider's expertise, the history of providing services in those areas and the knowledge of the Company and its Group.

In addition, the following safeguards were observed:

- the acquisition of services other than auditing services did not affect the External Auditor's independence;
- services other than auditing services, when duly framed, are not prohibited services according to paragraph 8 of Article 77 of Law 140/2015;
- services other than audit services represented an adequate proportion of all services rendered;
- tax consulting services and the other services, when existing, are provided by experts other than those who were involved in the audit process;
- the fees paid by Sonaecom group to the PWC group represented less than 1% of PWC's total annual billing in Portugal;
- the auditors' internal control system, according to the provided information, monitors the potential loss of independence risks, or of any conflicts of interest with Sonaecom and ensures the quality and the rules of ethics and independence.

The Statutory External Auditor has remitted to the Statutory Audit Board, in accordance with paragraph 6 of Article 24 of Law no 148/2015, of 9 September, which approved the legal framework for the auditing supervision ("*Regime Jurídico da Supervisão de Auditoria*"), an "Independence Declaration" where it describes the services rendered by it and by other entities, as well as the safeguard measures applied, which were assessed by the Statutory Audit Board.

INTERNAL ORGANISATION

I – Articles of Association

48. Rules applicable in the case of amendments to the Company's Articles of Association

Amendments to the Company's Articles of Association follow the terms set out in the Portuguese Companies Code, requiring a majority of two thirds of the votes cast for approval. For a Shareholders' General Meeting to be held, in the first occasion it is convened, the Company's Articles of Association require that a minimum of 50% of the issued share capital should be present or represented at the meeting.

II - Reporting Irregularities

49. Means and policy for reporting irregularities occurring in the Company

Sonaecom's values and principles, widespread and deeply rooted in the culture of its people, are based on absolute respect and the adoption of rules of good conduct in the management of conflicts of interests and duties of care and confidentiality, having adopted a Code of Ethics which sets out the principles and standards of conduct that reflect the culture of the Company.

This Code of Conduct, which should guide the actions of its employees when exercising their functions, is available at <http://www.sonae.com/investidores/governo-das-sociedades/codigo-de-etica-e-conduta/?l=en>

Regarding the mechanisms for detecting and preventing irregularities, these are described in the Regulation of the Company's Statutory Audit Board.

Any individual who seeks to report an irregularity that they think has been or know to have been committed by any manager, employee or partner of Sonaecom shall do so through a letter sent to the Statutory Audit Board, at the Company's registered office, with a brief description of the facts. The identity of the discloser will be kept anonymous if this is expressly requested. The complaint will be analysed and, if there are grounds for reporting an irregularity, appropriate steps will be taken.

Within this procedure, the Statutory Audit Board has the responsibility to receive reports of alleged irregularities, submitted by Company shareholders, employees or by other parties. After receipt, the Statutory Audit Board must record all alleged irregularities reported, undertake an investigation with due diligence by the Board of Directors and/or through internal and/or external auditing, and to report its/their conclusions.

Furthermore, the Whistleblowing Policy adopted by the Company, is included in the Code of Conduct and is available on the Company's website - <http://www.sonae.com/investidores/governo-das-sociedades/codigo-de-etica-e-conduta/?l=en> - covering the entire perimeter of the Sonaecom Group.

III - Internal control and risk management

50. Individuals, bodies, or committees in charge of internal auditing and/or implementing internal control systems

Risk Management is one of the components of Sonaecom's culture and a pillar of the Corporate Governance, which is why each business unit in Sonaecom has, as part of its competencies in the functional processes, the responsibility of implementing internal controls and management of specific risks.

At the same time, the Internal Audit Department evaluates the exposure to risk and verifies the effectiveness of risk management in the internal controls of business processes and information systems. Additionally, it proposes measures to improve controls and monitor the evolution of risk exposure associated with the main audit findings and conclusions.

51. Explanation (if necessary by including an organisation chart) of the hierarchical and/or functional dependency relationships with other bodies or committees of the Company

The Board of Directors monitors the activities of the Internal Audit Department, which reports functionally to the Statutory Audit Board, as a supervisory body and independent entity of the Board of Directors. Internal Audit can meet with the Statutory Audit Board, without the presence of any member of the Board of Directors.

As regards matters of internal control and risk management, the Statutory Audit Board is the supervisory statutory body, acting independently and with the responsibility of overseeing the Internal Audit plan of activities, gathering regular information on their work, evaluating findings and issuing the guidelines it deems necessary.

The External Auditor, within the scope of the annual audit process, analyses the functioning of internal control mechanisms and reports identified shortcomings.

Responsibilities for the creation, operation and periodic evaluation of the internal control and risk management systems are published under the Regulations of the Board of Directors and the Statutory Audit Board, all of which are available at the Company's website.

52. Existence of other functional areas with risk control competencies

Besides the areas mentioned above, Sonaecom has other functional areas and business processes with competency in controlling and monitoring risks, in particular the following:

- The area of Planning and Control, along with the respective *pivots* in the business areas, is responsible for preparing and monitoring the execution of annual plans of action and resources, as well as budgets and forecasts in the finance and operating areas;
- The various business areas have processes and indicators to monitor operations and KPIs;
- Technical areas have indicators and alerts for interruption of service and safety incidents at the operating level.

53. Identification and description of the main types of risks (economic, financial and legal) to which the Company is exposed in the performance of its activity

Risks are presented and ranked, in the present section, based on the ranking and structure of Sonaecom's *Business Risk Management (BRM)*. BRM is a systematic way of identifying risks that affect the organisation (everyday language) and makes it possible to define and group risks along with their main causes (dictionary of risks).

Economic risks

According to Sonaecom's BRM, economic risks are associated with the following risk categories: business environment, strategy, operations, information processing and technology, empowerment and integrity.

Economic influences

Sonaecom is exposed to the current adverse economic environment in Portugal, although, due to the increasing pace of internationalisation of the companies in the Technology area, this exposure is more and more mitigated.

S21Sec and Excellium mitigate that risk by operating in a segment of high growth and criticality in organizations.

In the case of Bizdirect, although it is still highly dependent on the national market for IT equipment, the company has continued to diversify its risk with the provision of software licensing corporate agreements' management services and with the expansion of the Microsoft solutions integration activity.

In the case of Público, the exposure to a segment that is going through a period of financial crisis and changing of reading trends has been forcing constant restructuring and adaptation. With the need to ensure sustainability without compromising its role as an independent information source in Portugal, Público has been focusing on meeting the growing demands in the digital world and reducing its operational cost structure.

Inovretail, as all other minority shareholdings in the Technology area, including those that are quite incipient, act in the technological market with high potential for growth and international expansion, thereby mitigating its operational risk.

With respect to Armilar's venture capital funds, the economic risk is mitigated by asset portfolio diversification, which operates in different segments and different geographic markets.

Technological innovation

For Sonaecom, having an optimised technology infrastructure is a critical success factor that helps to reduce potential failures in leveraging technological developments. Accordingly, its various businesses continue to take actions to optimize the technological structure and boost innovation.



S21Sec operates in a sector that demands constant innovation and a clear domain of all technological trends and it continuously invests in research and innovation. It is also certified by UNE-EN ISO 9001:2008 quality management and by UNE-ISO/ IEC 27001:2007, Information Security management International reference standard, ISO 2000-1:2018 concerning IT service management in Spain, Portugal and Mexico and, in Spain, it is certified as high level by the Nacional Security Standard.

Excellium is also a member of FIRST (Forum of Incident Response and Security Teams) and it possesses certified teams for the provision of security incident response services.

Although Bizdirect assumes cloud computing as a risk factor for their activity, since it can cannibalise the market for the sale of infrastructure and reduce procurement of systems by clients, it also assumes it as a chance to extend its offer. Strategic relationships with partners allow them to offer a full portfolio of products, including cloud solutions. We emphasise, for example, the partnership that allows Bizdirect to offer integration of Microsoft solutions, such as Dynamics CRM, SharePoint, BizTalk, and Office 365. Bizdirect possesses an integrated management system that includes the following certifications: Quality (NP EN ISO 9001: 2015), Environment (NP EN ISO 14001: 2015) and Information Safety (ISO/IEC 27001:2013) and deploys the processes that ensure the fulfilment of the security objectives and extend their applicability to all services provided and to all projects implemented for its clients.

Público has continued with restructuring of its layout and content and in adopting technological innovations in its online edition. These innovations are designed to ensure a greater alignment with the new reading habits of the Portuguese, offering new access channels to information using smartphones and tablets, as well as sustaining Público's position as the leading non-specialist online newspaper.

Competition

Sonaecom's various companies are exposed to risks of competition from other players in the domestic and international markets in its respective businesses sectors.

However, in the cybersecurity area Sonaecom, through its S21sec and Excellium subsidiaries, holds one of the most relevant "pure players" (a company solely specialised in cybersecurity) in Europe, whether in revenue or in number of cybersecurity specialists.

Business portfolio

The risk of specialization and consequent limitation of activity due to portfolio has been mitigated in all Sonaecom's businesses, through the expansion of the product line or business segments.

In the case of S21Sec, one of the strategic priorities is to strengthen its position in the telecommunications sector, while still maintaining its focus in the financial segment. In addition, its product portfolio is to be extended in order to evolve in the e-crime market and incorporate analytic technologies, thus allowing the expansion of its operating area.

Excellium, despite its current focus on the financial segment of Luxembourg, expects to expand to other segments, in addition to the geographical expansion in Belgium.



Bizdirect has recently expanded its portfolio to the integration of solutions focused on Microsoft technologies.

Inovretail, despite its focus on retail segment and product sales, also includes a significant component of professional services in its portfolio.

The Technology area, with its minority shareholdings, explores different activities and is the only technological link with the retail, telecom and cybersecurity segments.

Business interruption and catastrophic losses (Business Continuity Management)

Since Sonaecom businesses are particularly focused on the use of technology, potential faults with technical/operational resources (information system applications, servers etc.) can present a significant risk of business interruption if they are not well managed. This, in turn, can pose other risks to the Company, such as adverse impacts on reputation and the brand, on the integrity of revenues and client satisfaction, and on quality of service. These can lead to loss of clients.

In the IT sector, business clients typically have a lower tolerance for interruptions. In this context, technology companies face risks associated with the availability of software platforms that support the companies' processes as well as the corresponding clients.

To identify this specific set of risks and to implement actions for prevention and mitigation that guarantee continuity of critical services and operations, Sonaecom has adopted a Business Continuity Management (BCM) programme over several years.

Confidentiality, integrity and availability (Information Security Management)

Since Sonaecom is primarily a technology, media and telecommunications group, all its subsidiary companies extensively use technology and information that are typically subject to availability, integrity, confidentiality and privacy risks.

In addition to being a technological issue, security should also be considered as a cultural and behavioural issue. In this sense, awareness is a key success factor when it comes to promoting a strong culture of information security among employees, partners and key stakeholders. Sonaecom has developed several initiatives to raise awareness and accountability over the past few years, of which the following stand out:

- A security communication plan based on campaigns to raise awareness of the issues considered most relevant in each year;
- Publication of the Information Security policy on the Company's intranet, accessible to all employees;
- Clauses on personal data protection and confidentiality in contracts with employees and business partners. All employees are bound to obligations of confidentiality, secrecy and protection of personal data. As such, they are forbidden from disclosing to third parties information to which they have access as a result of their roles in the Company. These obligations and these duties shall remain in force even after the end of the employment relationship between the Company and the employee. Our business partners have, generally, the same confidentiality obligations.

For specific issues related to the confidentiality and privacy of personal data, a few Sonaecom companies have appointed a Chief of Personal Data Protection Officer (DPO), who:

- Has the responsibility to implement and complying with the laws and regulations applicable to data processing.

- Acts on behalf of the Company during interactions with the national regulatory authority for data protection (CNPD - National Data Protection Commission).
- Promotes the adoption of data protection principles that are consistent with international standards and best practices.

Finally, regarding the cybersecurity risk, several actions were undertaken, most importantly the renewal of the rating service Bitsight and the development of information and training sessions mainly focused on phishing campaigns.

Product-Service failure (Professional Liability)

As Sonaecom companies are customer-oriented, we give special attention to the impact that the potential failure of our products or services may have on our customers, which, although intrinsic to their respective businesses, can generate professional civil liability. Risk events can be physical (for example: damage to equipment or facilities) or non-physical (for example: error in a software installation) and, usually, they are related to accidents, unintentional acts, errors or omissions by employees or subcontractors.

The risk management strategy selected by Sonaecom for this type of risk, involves the transfer of risk through insurers in addition to the implementation of internal controls. In this context, Sonaecom continues to carry out the actions designed and implemented in previous years relating to professional liability insurance, and which consist of:

- Implementation of improvements in certain internal controls to further reduce the causes of risk;
- Renewal of existing professional liability insurance that incorporates an extended scope of coverage and is adapted to the business realities of Technology companies and Media;
- Additional subscriptions of professional liability insurance for foreign companies, improving coverage in certain international locations where our general insurance policy is not applicable due to legal restrictions.

Financial risks

Sonaecom's businesses are exposed to a variety of financial risks associated with its operations, namely interest rate risk, foreign exchange risk, liquidity risk, and credit risks (described and analysed in detail in the Appendix to the Annual Consolidated Financial Statements).

The financial risks management policy is determined by the Board of Directors, and the risks are identified and monitored by the Administrative and Finance Department.

In addition to a management policy for each of the identified risks and the implementation of control mechanisms to identify and determine them, Sonaecom uses, among others, natural hedges, credit insurances and, occasionally, derivative financial hedging instruments. The Group's attitude in relation to financial risk management is conservative and prudent, refusing speculative purposes and resorting only to high credit quality financial institutions.

Legal, statutory and regulatory risks

Sonaecom and its businesses have the support of legal and tax departments permanently dedicated to the specifications of the corresponding activity, under management's supervision, and exercising their competencies in interaction with other functions and departments, in order to pre-emptively ensure the protection of the Company's interests and businesses, in compliance with



their legal obligations, as well as by applying good practices. The teams in these departments have specialized training and participate in in-house and external training courses to update their knowledge.

Legal and tax advice is also provided, nationally and internationally, by outsourced resources selected from firms with established reputations and which always have the highest standards of competence, ethics and experience.

The companies in the Technology area face an additional risk relating to the globalisation process, arising because these companies have a presence in several countries, which involves specific risks relating to very different legal frameworks in each country. Furthermore, they are exposed to specific national, local and sectorial laws and regulations of each market in which they operate and are naturally exposed to the risk arising from any regulatory or legislative changes that may condition business and, consequently, prejudice or hinder the achievement of the strategic goals.

Sonaecom collaborates with the authorities with the aim of defining an optimal legal and regulatory framework that, in our opinion, promotes the development of the information technology sector in Portugal. Such collaboration may involve sending comments in response to public consultations issued by national and international entities.

54. Description of the process of identification, assessment, monitoring, control and risk management

The risk management process is supported by a consistent and systematic methodology, based on the international standard Enterprise Risk Management - Integrated Framework issued by COSO (Committee of Sponsoring Organisations of the Treadway Commission). This methodology aims to identify business risks, assess their causes, measure triggers, manage the identified risks and, finally, monitor them.

Derived from this general framework, the management and control of the main risks facing Sonaecom, are achieved through the following key approaches and methods:

Concerning the Corporate Risk Management, this approach allows Sonaecom's businesses to prioritise and identify critical risks that might compromise their performance and goals and to take actions to manage those risks, within the predefined levels of acceptance. This is achieved through constant monitoring of risks and the implementation of certain corrective measures.

Regarding Information Safety Management, the implementation of Information Security Management processes is intended to manage the risks associated with the availability, integrity, confidentiality, and privacy of information. The scope of this process also includes the development and maintenance of the Information Security Policy, verification of compliance with policy procedures, development of training programmes and awareness, setting and supervision of KPIs for Information Security.

Finally, regarding the Specific Risk Management Cycles or Processes, the development of specific risk management cycles/processes enables the mitigation of critical risks that can impact certain processes, areas or entities, positioning these risks within the levels defined by the management team. In addition, it identifies and monitors other operational risks that management considers relevant.

55. Key elements of the internal control and risk management systems implemented in the Company with regard to the financial disclosure process

Sonaecom acknowledges that, as with other listed companies with similar activities, it is potentially exposed to risks related to the financial and accounting reporting processes, in addition to other financial risks, as detailed above. Sonaecom's attitude concerning financial risk management is conservative and prudent, and these principles have been maintained during 2020.

Therefore, Sonaecom is committed to ensuring an effective internal control environment, regarding the financial reporting process, seeking, systematically, to identify and improve the most relevant processes in terms of the preparation and disclosure of financial information, with the objectives of transparency, consistency, simplicity and materiality. The internal control system aims to obtain reasonable assurance regarding the preparation of financial statements, in accordance with accounting principles and adopted policies, and warranting the quality of financial reporting.

The internal control system for the accounting and the preparation of financial statements includes the following key controls:

- I. The process of disclosing financial information is documented, the risks and key controls are identified, the criteria for its preparation and disclosure are duly established and approved, and they are periodically reviewed;
- II. There are three main types of controls: high-level controls (entity level controls), information systems' controls (IT level controls) and process controls (process level controls). Those include a set of procedures related to the execution, supervision, monitoring and process improvement, with the main purpose of preparing the Company's financial reporting;
- III. The accounting principles used, which are disclosed throughout the notes to the financial statements (see chapter III, section 1.2, note 1 in the Report and Accounts), constitute one of the fundamental pillars of the control system;
- IV. The plans, procedures and records of the Group, provide a reasonable assurance that transactions are executed solely with the general or specific authorisation of management and that those transactions are recorded to ensure that financial statements comply with the generally accepted accounting principles. This also ensures that the Company keeps updated records regarding assets, that the access to said assets rely on management authorisation and that whenever differences occur checking against existing assets, appropriate measures are taken;
- V. During the process of preparing and reviewing financial information, a schedule is first established and shared with the different areas involved, and all documents are reviewed in detail. This includes a review of the principles followed, verifying the accuracy of the provided information, and the consistency with the principles and policies defined and followed in previous periods;
- VI. The Group's financial statements are prepared and reviewed by the Administrative and Finance Department, under the supervision of the Group's Board of Directors. The Management Report and the Corporate Governance Report are both prepared by the Investor Relations Department, with the input and further review by several business and support areas and with the support and the supervision of the Director of Corporate Governance and the Legal Department. The set of documents that constitute the annual report are sent for review and approval by the Sonaecom Statutory Audit Board and the Board of Directors. After approval, the documents are sent to the Statutory External Auditor, which issues its Legal Certification of Accounts and the Audit Report.

The most significant accounting estimates are disclosed in the notes to the financial statements. These estimates were based on the best information available during the preparation of the financial statements, and in the best knowledge and experience of past and/or present events. The most significant balances and transactions with related parties are disclosed in the notes to the

financial statements. These are mainly associated with the operational activities of the Group, as well as the granting and obtaining of loans under arm's length conditions.

More specific information regarding how these and other risks were mitigated is disclosed in the notes to the financial statements.

IV - Investor Support

56. Service responsible for investor support, composition, duties, information made available by this service and contact information

The Investor Relations Department is responsible for managing Sonaecom's relationship with the financial community - current and potential investors, analysts and market regulatory authorities - with the goal of enhancing their knowledge and understanding of the Sonaecom group by providing relevant, updated and reliable information.

The department regularly prepares presentations and communications covering quarterly, half-year and annual results. It is also its responsibility to make any announcements to the market, whenever necessary, and disclose or clarify any relevant event that could influence Sonaecom's share price.

In addition to the Investor Relations Department, all disclosed information is available on the webpage of the Portuguese Securities Commission ("Comissão do Mercado de Valores Mobiliários": www.cmvm.pt) and the Company's webpage <http://www.sonae.com/investidores/comunicados/?l=en>. On <http://www.sonae.com/investidores/?l=en> you may find the information required by Article 3 of the CMVM Regulation no. 4/2013, as well as general information on Sonaecom, in addition to other relevant information, as recommended by the IPCG Corporate Governance Code 2018, notably:

- Quarterly, half-year and annual results concerning the last five years;
- Management Reports;
- Corporate Governance Reports;
- Internal Regulations of the management and auditing bodies;
- Contacts of the Investor Relations Department and of the Representative for Relation with the Market;
- Description of Sonaecom's stock price performance in the Portuguese Stock Market;
- Information concerning the Company's Shareholders' General Meetings;
- Annual Investor Calendar on Shareholders' General Meetings and annual, half-year and quarterly disclosure events.

Any interested party may contact the Investor Relations Department using the following contact details:

Tel: (+351) 22 013 2349

Fax: (+351) 22 011 8561

Email: investor.relations@sonae.com.pt

Address: Lugar do Espido – Via Norte – 4471-909 Maia

Website: www.sonae.com.pt

57. Representative for capital market relations

By resolution of the Board of Directors taken on 11 May 2020, Célia da Conceição Azevedo das Neves Sá Miranda was appointed as representative for the relations with the capital market and the Portuguese Securities Commission.

Contacts:

Tel: (+351) 22 013 2349

Fax: (+351) 22 011 8561

Email: market.relations@sonae.com/celia.miranda@sonaeim.com

Address: Lugar do Espido – Via Norte – 4470-177 Maia

58. Details regarding information requests received during the target year or pending from previous years, amount and average response time

During 2020, the Investor Relations Department received a normal number of information requests, considering the size of the Company in the capital markets. These information requests were submitted either by e-mail or post, or by phone. The average response time, without prejudice to the complexity of the matter, did not exceed 2 working days.

V - Website

59. Address

Company's website: www.sonaecom.pt

60. Location of the information mentioned in Article 171 of the Portuguese Companies Code

Website: <http://www.sonae.com/investidores/governo-das-sociedades/identificacao-da-sociedade/?l=en>

61. Location of the Articles of Association and the regulations of the corporate bodies and/or committees

Website:

http://other.static.sonae.com/2015/05/19/Articles_of_Association_of_Sonaecom_SGPS_SA/Articles_of_Association_of_Sonae_com_SGPS_SA.pdf?download=1

<http://www.sonae.com/investidores/governo-das-sociedades/orgaos-de-governacao/?l=en> in the documents called "Internal Regulation of the Board of Directors" and "Regulation of the Statutory Audit Board"

62. Location of the information concerning the identity of the statutory governing bodies, the representative for market relations, the Investor Relations Department, functions and contact details

Websites: <http://www.sonae.com/investidores/governo-das-sociedades/orgaos-de-governacao/?l=en>

<http://www.sonae.com/investidores/contactos/?l=en>

63. Location of the accounting documents and calendar of corporate events

Accounting documents: <http://www.sonae.com/investidores/informacao-financeira/relatorios/?l=en>

Calendar of corporate events: <http://www.sonae.com/investidores/calendario-do-investidor/?l=en>

64. Location of the notices for shareholders' general meetings and all related preparatory and subsequent information

Website: <http://www.sonae.com/investidores/assembleia-geral/?l=en> in the document identified as "Notice of meeting" included in each of the annual folders.

65. Location where the historical records are available with resolutions adopted at the shareholders' general meeting, the represented share capital and the voting results, with reference to the previous 3 years

Website: <http://www.sonae.com/investidores/assembleia-geral/?l=en>

D. Remuneration

I - Power to decide

66. Competence for determining the remuneration of the governing bodies, members of the executive committee or managing director of the Company

The Remuneration Committee is responsible for approving the remuneration of the members of the Board of Directors and other Statutory Governing Bodies, on behalf of the shareholders and in accordance with the remuneration policy approved at the Shareholders' General Meeting.

II - Remuneration committee

67. Composition of the remuneration committee, including identification of individuals or companies hired to provide support and a statement on the independence of each member and advisor

The Remuneration Committee consists of two members: Duarte Paulo Teixeira de Azevedo, on behalf of Sonae SGPS, S.A. and Francisco de la Fuente Sánchez, on behalf of Sontel BV.

The Company has not hired any entities to provide regular support to the Remuneration Committee.

When establishing the remuneration policy, the Remuneration Committee resorts to benchmark studies on remuneration practices annually disclosed by the internationally renowned consultants *Mercer* and *Korn Ferry*, and also by companies that issued stocks that are listed in Euronext Lisbon in order to ensure that the statutory governing bodies' remuneration policy to be submitted to the approval of the Shareholders' Annual General Meeting fulfils comparable market standards. In the course of its activity during 2020, the Shareholders' Remuneration Committee did not hire any consultancy services.

The members of the Remuneration Committee are independent in relation to the Board of Directors.

68. Knowledge and experience of the members of the Remuneration Committee on remuneration policy

The experience and professional qualifications of the members of Sonaecom's Remuneration Committee are disclosed in their *curricula vitae* and available for consultation in Appendix II to this report. These qualifications allow them to discharge their responsibilities competently and accurately, each having the appropriate skills to perform their duties.

During 2020, the Remuneration Committee held 3 (three) meetings with a 100% attendance rate.

III – Remuneration Structure

69. Description of the remuneration policy of the management and supervisory bodies

Sonaecom's remuneration policy is structured in order to find a balance between the performance of Executive Directors in relation to goals established for them, and the Company's positioning in the market and comparable situations. Proposals regarding the remuneration of members of the Statutory Governing Bodies are made considering (i) overall market comparisons, (ii) practises of similar companies, including other segments of the Group with comparable situations and (iii) individual responsibility and performance assessment.

The remuneration policy constitutes therefore a formal means of aligning the interests of the Company's management with those of shareholders, such that, among the various component parts of the remuneration package, the variable component, the value of which depends on the individual's and the Company's performance, is given high importance. A management approach focusing on the long-term interests of the Company in which business risks are carefully considered, is thus encouraged.

The remuneration policy includes control mechanisms, which consider the link between individual and group performance, in such a manner as to avoid behaviour which is likely to involve excessive risk-taking. This goal is also achieved by limiting the maximum value of each KPI.

The body responsible for the approval of the remuneration of both executive and non-executive members of the Board of Directors and the other statutory governing bodies is the Remuneration Committee, who then requests final approval from shareholders at the Shareholders' General Meeting. The members of the Remuneration Committee are elected at and their remuneration is decided upon by the Shareholders' General Meeting.

As part of the Company's principles of corporate governance, guidelines regarding remuneration policy have been established and reflected in the Remuneration and Compensation Policy, currently in operation (based upon the assumption that initiative, competence and commitment are the key drivers of a good performance - one that is aligned with the Company's medium and long-term interest in view of its sustainability), as approved at the Shareholders' General Meeting held on 29 April 2020 and available for consultation at the website

http://other.static.sonaecom.com/2020/05/04/InformationResolutionsAGM_Sonaecom_29.04.2020_ENG/InformationResolutionsAGM_Sonaecom_29.04.2020_ENG.pdf?download=1.

Remuneration policy features:

Competitiveness:

When establishing the Remuneration and Compensation Policy applicable to the members of the Company's statutory bodies, the main goal is to acquire high-performing talented people that may provide a relevant and material contribution for the sustainability of the Company's businesses.

At Sonaecom, the remuneration policy is determined by comparison with the overall market and the practices of comparable companies. This information is obtained from the main remuneration surveys carried out for Portugal and the main European markets. Currently, the market surveys conducted by Mercer and Korn Ferry are used as references.



The median market value for the fixed remuneration and the third quartile for the variable remuneration of top managers in Europe is used to determine the figures for the overall market. The companies that make up the pool of comparable companies are those that issued stocks listed in Euronext Lisbon.

The remuneration paid to Executive Directors is based on comparisons with the market, using market studies on top managers' remuneration packages in Portugal and across Europe, seeking to ensure that fixed remuneration is equal to the median market value and the total remuneration is close to the market third quartile.

Guidance to performance:

A significant part of the remuneration of Sonaecom's executive directors is determined by the success of the Company. The variable component of remuneration is structured in such a way as to establish a link between the sums awarded and the level of performance, both at individual and group level. If predefined objectives are not achieved, as measured through KPIs applicable to the business and to the individual performance, the value of short- and medium-term incentives will be partially or totally reduced.

Alignment with the interests of shareholders:

Part of the variable remuneration of Executive Directors is paid in the form of shares and deferred for a period of 3 years, whose amount is conditional upon the stock price performance.

Given that there is a link between the Company's share prices and its performance, the remuneration paid will be impacted by the manner in which the Executive Director has contributed to this result. Hence, the interests of directors are aligned with those of shareholders and with medium-term performance.

Transparency:

All aspects of the remuneration structure are clear and openly disclosed internally and externally through documentation published on the Company's website. This communication process contributes towards promoting equal treatment and independence.

Reasonability:

Executive Directors' remuneration aims to be reasonable, ensuring the balance between the Company's interests and market positioning, the expectations and motivations of the members of our statutory bodies and the need to retain talent.

The Shareholders' General Meeting, held on 29 April 2020, continuing the policy until then pursued consistently, approved the Remuneration and Compensation Policy, thereby upholding the following principles:

- no compensation payments to Board Directors or members of Statutory Governing Bodies related to the cessation of their duties, whether their resignation occurs according to their original mandate or whether it is anticipated for whatever reason, without prejudice to the obligation of the Company to comply with any relevant legislation in force in this area;

- non-existence of any specific system of benefits, in particular relating to retirement, in favour of members of the management and supervisory bodies;



. for the application of the Remuneration and Compensation Policy, holding offices in companies in a control or group relationship is taken into account;

. in order to ensure the effectiveness and transparency of the principles underlying the Remuneration and Compensation Policy, executive directors shall not enter into any agreements with the Company or any third parties that might cause the risk of the variable remuneration they are entitled to, to be mitigated.

Sonaecom reviews its remuneration policy annually as part of its risk management process, in order to ensure that it is entirely consistent with its desired risk profile. During 2020, no problems relating to payment practice were found that posed significant risks to the Company.

In designing remuneration policy, care has been taken not to encourage excessive risk-taking behaviour, attributing significant importance, but at the same time a balanced approach, to the variable component, thus closely linking individual remuneration to group performance.

Sonaecom has put in place internal control procedures concerning remuneration policy, which target the identification of potential risks. Firstly, the variable remuneration structure is designed in such a way as to discourage excessive risk-taking behaviour to the extent that remuneration is linked to the evaluation of performance. The existence of KPI goals constitutes an efficient control mechanism. Secondly, the adopted policy does not allow contracts to be signed that would minimise the importance of the Medium-Term Incentive Plan (MTIP). This policy includes forbidding any transaction that might eliminate or mitigate the risk of share price variations.

The remuneration of the members of the Statutory Audit Board is exclusively made up of fixed annual fees, based on comparable market practices, and does not include any variable remuneration.

The Company's Statutory External Auditor is paid accordingly with the standard fees table for similar services, at market rates and under a proposal from the Statutory Audit Board.

70, 71, 72 and 73. Information regarding how remuneration is structured to align the interests of management body members with the Company's long-term interests, as well as how it is based on performance evaluation and lack of incentives to take on excessive risk. Reference, if applicable, to the variable remuneration policy and how performance evaluation can potentially affect this component. Deferred payment of the variable remuneration component, specifying the deferral period. Criteria underpinning the attribution of variable remuneration in shares, as well as the Executive Directors' retention of these shares in the event of any contracts related to them, specifically hedging or risk transfer contracts, limitations thereto and their relationship with the total annual remuneration.

The Remuneration and Compensation Policy applicable to statutory governing bodies complies with European guidelines, national legislation and the IPCG Corporate Governance Code issued in 2018 (and reviewed in 2020) in accordance with the Protocol entered into between IPCG and Securities Market Commission (CMVM) on 13 October 2017 which created a self-regulation model for the corporate governance recommendation framework thereby revoking the CMVM Corporate Governance Code (2013) and driving the implementation of a single code, authored by IPCG, who is competent to interpret and apply it and also to annually assess the quality of the corporate governance structures and practises of listed companies. The Policy is based on the



assumption that initiative, competence and commitment are the essential foundations for good performance and must be aligned with the Company's medium and long-term interests, with the aim of sustainability.

The content of the performance indicators, on which the variable remuneration component depends, and its specific role in determining the actual remuneration, ensures that the Executive Directors are aligned with the defined strategic objectives and the compliance with the legal standards that govern the Company's activities.

Therefore, for each financial year, individual performances and contributions to collective success are assessed and the results will necessarily influence allocation of the fixed and variable component of each member's remuneration plan.

The remuneration of Executive Directors is determined according to the level of responsibility of the director involved. The salary is paid in 14 monthly amounts and is subject to annual review.

Above and beyond the fixed remuneration, Executive Directors are also entitled to a variable remuneration, in accordance with the Company's Remuneration Policy. The variable remuneration is divided into two parts:

- (i) Short-Term Variable Bonus (STVB): awarded in the first half following the year to which it relates (after gauging the profits for the period) and linked to the performance in the previous year. It aims to guide and compensate the Executive Directors for achieving predefined objectives.
- (ii) Medium-Term Variable Bonus (MTVB) or (MTIP) is deferred for 3 years depending on the amount awarded and market share price, so as to link remuneration to long-term performance and provide alignment with the interests of shareholders (in accordance with the Share Award Plan, described in greater detail in chapter VI of this Report).

The Executive Directors' variable remuneration is of a discretionary nature and, in view of the fact that it is dependent on the achievement of objectives, its payment is not guaranteed. Variable remuneration is determined annually with the value based on a predefined goal of between 30% and 60% of total annual remuneration (fixed remuneration, plus variable remuneration target values).

The variable part of the remuneration is checked by assessing the performance of a series of performance indicators from the various businesses that are mainly economic and financial – *Key performance Indicators of Business Activity (Business KPIs)*. The content of the performance indicators and their specific weighting in determining the effective remuneration ensure the executive directors are aligned with the defined strategic objectives and compliance with legal standards that cover the Company's activity.

The amount of each bonus is between 0% and 140% of the previously defined bonus objective. The variable remuneration is paid in cash, but the Remunerations Committee may decide it should be paid in shares, within the same period.

The payment of the variable bonus can be made by any of the means for extinguishing an obligation foreseen in the Law and the Articles of Association.

The payment of at least 50% (fifty percent) of the variable component of the remuneration is deferred for 3 (three) years, under the terms described below.



The Medium-Term Variable Bonus aims to compensate the Executive Directors' loyalty to the Company, aligning their interests with those of the shareholders and increasing the awareness of their importance on the overall success of the organisation.

Variable remuneration is awarded annually, according to the results of the previous year, and is then integrated into the MTVB plan. Payment of this component of variable remuneration is dependent on the director continuing to work with the Company for a period of three years after its award, as well as the overall continuing success of the Company during this period, measured in accordance with the objectives set by the Remuneration Committee for each three-year period.

If, subsequently to being awarded the right to this kind of remuneration and before exercising this right, dividends are distributed, changes are made in the nominal value of shares or the Company's share capital is changed, the number of shares on the plan will be adjusted to the number of shares that, considering the above modifications, are equivalent to the number of initial shares. This maintains an alignment with the total shareholder return. At the vesting date, shares are only delivered if the criterion for continuing positive performance of the Company, mentioned above, is met. Payment is made by delivering shares at a discount rate that can vary between 90% and 100%, although Sonaecom retains an option to pay an equivalent value in cash.

The remuneration of Non-Executive Directors, when applicable, will be established upon market values and according to the following principles: (i) payment of fixed remuneration is dependent on the attendance rate of the meetings of the Board of Directors; and (ii) attribution of an annual responsibility allowance. There will be no variable remuneration.

74. Criteria underpinning the assignment of variable remuneration in options, indication of the deferral period and the exercise price

The Company did not establish any variable remuneration in options.

75. Main parameters and reasoning concerning annual bonuses and any other non-cash benefits

The main parameters and reasoning concerning the variable remuneration system are disclosed in the remuneration policy approved in the Shareholders General Meeting, held on 29 April 2020, which is available for consultation at the Company's website www.sonaecom.pt, at:

http://other.static.sonae.com/2020/05/04/InformationResolutionsAGM_Sonaecom_29.04.2020_ENG/InformationResolutionsAGM_Sonaecom_29.04.2020_ENG.pdf?download=1

76. Main features of the Directors' complementary pensions or early retirement schemes and date of approval by the Shareholders' General Meeting

The Company does not grant any complementary pension or early retirement schemes for Directors, and there are no other significant benefits in kind.

IV - Disclosure of remuneration

77, 78 and 79. Indication of the annual remuneration earned, in aggregate and individual amount, by the Company's members of the Board of Directors, including fixed and variable remuneration. Related to this, reference to the different components that led to them, amounts of any kind paid by other controlled or group companies, or those under shared control, and remuneration paid as profit sharing and/or bonus payments and the reasons why such bonuses and/or profit-sharing payments were made

The remuneration for each Sonaecom director, awarded by the Company, subsidiaries and group companies during the year 2020 and 2019, is summarized in the charts below.

Remuneration earned by Directors in the company

	2020				2019			
	Fixed Remuneration	Short Term Variable Remuneration	Medium Term Variable Remuneration	Total	Fixed Remuneration	Short Term Variable Remuneration	Medium Term Variable Remuneration	Total
Amounts in euros								
Individual breakdown								
Executive Directors								
Ángelo Gabriel Ribeirinho dos Santos Paupério (CEO)	183 900	123 900	123 900	431 700	183 900	136 400	136 400	456 700
Maria Cláudia Teixeira de Azevedo (Note 1)	-	-	-	-	41 200	32 300	32 300	105 800
João Pedro Magalhães da Silva Torres Dolores (Note 2)	-	-	-	-	-	-	-	-
Eduardo Humberto dos Santos Piedade (Note 3)	-	-	-	-	-	-	-	-
Cristina Maria de Araújo Freitas Novais (Note 4)	-	-	-	-	-	-	-	-
Total	183 900	123 900	123 900	431 700	225 100	168 700	168 700	562 500

Note 1: Maria Cláudia Teixeira de Azevedo was elected as CEO of Sonaecom SGPS on 2019.04.30, and was no longer remunerated at Sonaecom from that date.

Note 2: João Pedro Magalhães da Silva Torres Dolores was co-opted to the Board on 2019.03.12. This was ratified at the AGM on 2019.04.30. He is not remunerated at Sonaecom.

Note 3: Eduardo Humberto dos Santos Piedade was elected at the AGM on 2019.04.30. He is not remunerated at Sonaecom.

Note 4: Cristina Maria de Araújo Freitas Novais was elected at the AGM on 2020.04.29. She is not remunerated at Sonaecom.

Directors' participation in MTIP

Executive Directors	Plan (Performance Year)	Award Date	Vesting Date	Value Vested and Paid in 2020*	Open Plans Value at Awarded Date*	Open Plans Value at 31 December 2020 **
Ángelo Gabriel Ribeirinho dos Santos Paupério (CEO)	2016	mar/17	mar/20	100 995		
	2017	mar/18	mar/21		142 100	98 131
	2018	mar/19	mar/22		145 600	114 161
	2019	mar/20	mar/23		136 400	154 704
	Total				100 995	424 100
Total				100,995**	424 100	366 996

* Values in Euros

** Calculated using the closing price of last trading day in 2020 (31-Dec-20).

*** The total value of plans that vested during 2020 was EUR 100,995

Remuneration earned by Directors in other controlled or group companies

Amounts in euros	2020				2019			
	Fixed Remuneration	Short Term Variable Remuneration	Medium Term Variable Remuneration	Total	Fixed Remuneration	Short Term Variable Remuneration	Medium Term Variable Remuneration	Total
Nome								
Ángelo Gabriel Ribeiro dos Santos Paupério	151 604	-	-	151 604	246 373	75 300	75 300	396 973
Maria Cláudia Teixeira de Azevedo (Note 1)	530 050	372 700	372 700	1 275 450	438 947	248 200	248 200	935 347
João Pedro Magalhães da Silva Torres Dolores (Note 2)	305 900	163 500	163 500	632 900	227 185	108 800	108 800	444 785
Eduardo Humberto dos Santos Piedade (Note 3)	166 050	332 980	332 980	832 010	99 093	44 700	44 700	188 493
Cristina Maria de Araújo Freitas Novais (Note 4)	50 056	90 933	90 933	231 923	-	-	-	-
Total	1 203 660	960 113	960 113	3 123 887	1 011 598	477 000	477 000	1 965 598

Note 1: Maria Cláudia Teixeira de Azevedo was elected as CEO of Sonae SGPS on 2019.04.30, and was no longer remunerated at Sonaeacom from that date.

Note 2: João Pedro Magalhães da Silva Torres Dolores was co-opted to the Board on 2019.03.12. This was ratified at the AGM on 2019.04.30. His remuneration in the comparative figure is from 2019.03.13.

Note 3: Eduardo Humberto dos Santos Piedade was elected at the AGM on 2019.04.30. His remuneration in the comparative figure is from 2019.05.01. The 2020 Variable Remuneration includes an extraordinary amount.

Note 4: Cristina Maria de Araújo Freitas Novais was elected at the AGM on 2020.04.29. Her remuneration in the table above is from 2020.05.01. The 2020 Variable Remuneration includes an extraordinary amount.

The short-term variable remuneration of Executive Directors includes a participation in the profits of the Company.

80. Compensation paid or owed to former Executive Directors following end of office

No compensation was paid or is currently owed to former Executive Directors in relation to end of office during 2020.

The Remuneration and Compensation Policy of the Company upholds the principle of not attributing compensation to Directors or members of other statutory governing bodies associated with the end of office, whether this termination occurs according to their original mandate or whether it is anticipated for whatever reason, without prejudice to the obligation of the Company to comply with any applicable legislation in force.

81. Indication of the annual remuneration earned, in aggregate and individual amount, by the members of the Company's Statutory Audit Board

The remuneration of the members of the Statutory Audit Board is made up of fixed annual fees, based on the Company's financial situation and market practice, and does not include any variable remuneration. Thus, the Chairman of the Statutory Audit Board earned 9,900 euros in 2020 and 2019 and the other members earned, in the same period, 7,900 euros. The substitute members of the Statutory Audit Board did not receive any remuneration.

82. Remuneration in the reference year for the Chairman of the Board of the Shareholders' General Meeting

The Chairman of the Board of the Shareholders' General Meeting earned a fixed annual remuneration of 5,000 euros and the Secretary earned a fixed annual remuneration of 2,500 euros.

V - Agreements with remuneration implications

83. Contractual limitations on compensations to be paid upon to Directors' dismissal without cause and its relation with the variable component of the remuneration

There are no agreements in place with members of the Board of Directors that establish amounts to be paid in case of dismissal without cause, without prejudice to the applicable legal provisions.

84. Reference to the existence and description, stating the sums involved, of the agreements between the Company and members of the Board of Directors, providing for compensation in case of dismissal without cause or termination of the employment relationship, following a change of control of the Company

There are no agreements made between the Company and members of the Board of Directors, that provide for compensation in cases of dismissal, unfair dismissal or termination of employment following a change of control of the Company.

VI - Share attribution plans or stock options

85 and 86. Identification of the plan and its recipients. Plan features (assignment conditions, share transfer clauses, share price and option exercise price criteria, period during which options can be exercised, features of the shares or options to be assigned, incentives to acquire shares and/or exercise options).

Medium-Term Variable Bonus – MTVB

Framework

The MTVB is designed to align the interests of the Executive Directors with the Company, reinforcing their engagement and the perception of the impact of their performance on the success of Sonaecom in accordance with its market cap.

General features of the Medium-Term Incentive Plan

The MTVB is subjected to the Medium Term Incentive Plan eligibility rules described in this Report.

The general terms of the MTIP and any significant amendments thereto are reviewed by the Remuneration Committee and then approved at the Shareholders' General Meeting. The participation of Executive Directors is approved by the Remuneration Committee, which is also approved at the Shareholders' General Meeting.

Eligibility

All Executive Directors of Sonaecom are eligible to be awarded an MTVB.

Definition of the MTVB reference value

The MTVB is valued at the award date, based on the listed share prices in Portugal of the shares that make up the share package. The most favourable of the following prices is used: the closing price on the first working day after the Company's Shareholders' Annual General Meeting, or the average closing price of the 30 trading sessions prior to the date of the Annual General Meeting. Those entitled to the MTVB shall have the right to acquire a number of shares given by the quotient between the value of the awarded medium-term variable bonus and the quotation value at the attribution date, determined in accordance with the previous paragraph, which may be exercised after three years after the award. Payment of this component of the variable remuneration is dependent on the Director continuing to work with the Company for a period of three years after its award, as well as the overall continuing success of the Company during this period, measured in accordance with the objectives set by the Remuneration Committee for each three-year period.

In line with the policy for enhancing the alignment of Executive Directors with the Company's long-term interests, the Remuneration Committee may, at its sole discretion, graduate the discount percentage to be granted to the Executive Directors for the acquisition of Company's shares, by determining that the Executive Directors should contribute to the acquisition with an amount corresponding, at the maximum, to 5% of the share market price at the transfer date.



If, after awarding the MTVB, the Company distributes dividends, the Company's share capital is changed or any other change is made to the Company's share capital structure, then the number of shares, which the director has been awarded, will be adjusted to an equivalent number, taking into account the impact of these changes.

Duration of the plan

The MTVB plan is established annually, based on the variable remuneration awarded, and each plan has a three-year term. As from the award date of the third consecutive plan onwards, three tri-annual plans will overlap.

Vesting of the MTVB

On the vesting date of MTVB plans – three years after being awarded –, compensation can be paid in the form of shares or as a discount when purchasing shares. The Company awarding the MTVB retains the right to pay the cash equivalent to the shares' value, rather than delivering actual shares.

Share Retention Policy

The following Share Holding and Retention Policy ("SH&R Policy") is applicable to Executive Directors (Management Levels: GF1 and GF2):

Each Executive Director is required to retain 50% of the shares delivered on the vesting of each Plan until they hold, on an accumulated basis, a total number of shares that is equivalent to the value of two annual fixed salaries. The requirement to retain shares ends as soon as the respective director holds, on an accumulated basis, a total number of shares that meets the agreed shareholding requirement, either by retaining MTPB shares awarded or by acquiring shares in their individual name. The inclusion of the latter shares is optional and is of the exclusive decision of each director, who, in this case, should inform Sonaecom. For this purpose, the annual fixed salary is the monthly base remuneration paid 14 times a year.

The Executive Directors shall not enter into contracts with the Company or with any third parties that would have the effect of mitigating the risk inherent in the variability of the remuneration established by the Company.

Conditions of exercising the right

The right to acquire shares attributed under the MTPB plan expires when the beneficiary ceases working with the Company before expiration of the period of three years after its award. The right to receive payment may however remain in place in case of permanent disability or decease, with the due amount being paid to the member of the Board of Directors or to his/her heirs at the normal time for payment at the vesting period. If the beneficiary retires, any right to awards can be exercised on the due date of payment.

87. Option rights granted to acquire shares ("stock options") where the beneficiaries are the Company's employees

There are no stock options attributed to acquire shares.

88. Planned control mechanisms for any employee share capital participation scheme, to the extent voting rights are not directly exercised by them

There are no control mechanisms established to control employee participation in the Company's capital.

D. Transactions with related parties

I - Mechanisms and control procedures

89. Mechanisms implemented by the Company to monitor transactions with related parties (for the purposes of IAS 24)

Sonaecom endeavours to carry out transactions with related parties based on principles of rigour and transparency, and in strict observance of legal rules and market standards. Such transactions are subject to specific internal procedures based on mandatory standards, (i) considering the Company's best interests, (ii) on an arms' length basis pursuant to any legal requirements and disclosed in a transparent manner, and (iii) adequately protecting minority shareholders' interests and treating every shareholder equally.

In this regard, Sonaecom has adopted an Internal Policy Concerning Transactions With Related Parties, as approved by the Board of Directors and the Statutory Audit Board. Within the scope of this Policy, the Company has put in place a set of specific procedures in order to prevent conflicts of interest, such as promoting communication between the Board of Directors and the Statutory Audit Board and ensuring that a record of all transactions with related parties is kept, together with all relevant supporting documents. This information is remitted at least on a half-year regular basis to the Statutory Audit Board. The Statutory Audit Board then reviews the documentation and determines whether the relevant transactions are deemed as Transactions in the Ordinary Course of Business, as defined in the Internal Policy Concerning Transactions With Related Parties and it makes all necessary recommendations and questions. Conclusions drawn from this work are then included in the Statutory Audit Board's annual report and presented to the Board of Directors.

90. Indication of transactions subject to control in the reference year

Transactions subject to control in the course of the year 2020 fall within the Company's scope of activity, were executed on arm's length conditions and side-by-side with other equivalent transactions executed with national and international parties, in terms that abide by the framework of Sonaecom's practice under the supervision of the Statutory Audit Board, as described in the Company's Consolidated Financial Statements' Appendix, mentioned in section 92 below. The Company did not execute any transaction with any member of the management or supervisory bodies during 2020.

91. Description of the procedures and criteria for intervention of the Statutory Audit Board for the purpose of preliminary assessment of the business carried out between the Company and holders of qualified shareholdings or entities that are in a relation with them, under the terms of article 20 of the Portuguese Securities Code

Transactions with owners of qualified shares or with entities related in any way with them, under the terms of article 20 of the Portuguese Securities Code, are subject to a formal prior opinion by the Statutory Audit Board, if they do not qualify as Transactions in the Ordinary Course of Business or their value exceeds 10 million euros. In addition, a record of all transactions with related parties is kept, together with all relevant supporting documents. This information is remitted at least on a half-year regular basis to the Statutory Audit Board.

II - Business related elements

92. Location where the information on transactions with related parties is available on the accounting documents, according to IAS 24 or, alternatively, reproduction of said information

Information on transactions with related parties, in accordance with IAS 24, can be found in note 37 to the 2020 Consolidated Financial Statements' Appendix.

PART II – ASSESSMENT OF CORPORATE GOVERNANCE

1. Identification of the adopted Corporate Governance Code

The Corporate Governance Report provides a description of the Corporate Governance structure, policies and practices followed by the Company and complies with the standards of the article 245-A of the Portuguese Securities Code and information duties required by the Portuguese Securities Market Commission (CMVM) Regulation no. 4/2013, of 1 August. This Report additionally discloses, in light of the principle *comply or explain*, the terms of compliance by the Company with the Portuguese Institute of Corporate Governance (IPCG) Recommendations contained in the IPCG Corporate Governance Code, published in 2018 (and reviewed in 2020), available on the website of this entity at <https://www.cgov.pt>, and to which the Company voluntarily submits. Regarding the structure, this Corporate Governance Report follows the model foreseen in Appendix I to CMVM Regulation no. 4/2013, of 1 August, in accordance with CMVM Circular of 11 January 2019.

The corporate governance practices adopted by Sonaecom aim at promoting and developing the Company's performance, as well as the capital market and strengthening the confidence of investors, employees and the general public in the quality and transparency of management and supervision and in the Company's sustainable development.

This Report should be read as a part of the Management Report and the Individual and Consolidated Financial Statements for the year 2020.

The requirements for the provision of information as per Law 50/2020, of 25 August, article 447 of the Portuguese Companies Code, article 245-A of the Portuguese Securities Code and CMVM Regulation no. 5/2008 have also been fulfilled.

All of the rules and regulations mentioned in this Report are available at www.cmvm.pt, www.cgov.pt and www.cam.cgov.pt.

Unless otherwise expressly stated, all references are to be deemed as being made to the Report itself.

2. Analysis of compliance with the adopted Corporate Governance Code

The governance model adopted by Sonaecom enabled the Board of Directors to operate normally, and none of the other statutory governing bodies have reported any constraints to their normal functioning.

The Statutory Audit Board exercised its supervisory function, having received appropriate support from the Board of Directors to this end, via regular provision of information.

The Statutory External Auditor monitored the Company's activities and conducted the examinations and verifications deemed necessary to review and legally certify the accounts, interacting with the Statutory Audit Board, within the framework of their duties and responsibilities and with full cooperation from the Board of Directors.

The Board of Directors has been carrying out its duties and cooperating with the Statutory Audit Board and the Statutory External Auditor, when so requested, in a transparent and rigorous manner and in compliance with their regulations and best corporate governance practices.

The full text containing the corporate governance guidelines currently adopted by Sonaecom - whether published by specific regulation, recommendation or voluntarily, including the Code of Conduct, are made publicly available on our website www.sonaecom.pt and also on the CMVM website: www.cmvm.pt.

Below is a list of the recommendations included in the Corporate Governance Code approved and adopted in 2018 (and reviewed in 2020) by the Portuguese Institute of Corporate Governance and the analysis of compliance with the aforementioned recommendations by Sonaecom as of 31 December 2020.

CHAPTER I – GENERAL PROVISIONS

I.1. Company's relationship with investors and information

I.1.1. The Company should establish mechanisms to ensure, in a suitable and rigorous manner, timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.

RECOMMENDATION ADOPTED – Sections 56 to 58, Part I.

The Company possesses within its organisational structure the departments with specific competencies regarding timely disclosure of information in a suitable and rigorous manner to its statutory bodies, shareholders, investors and other stakeholders, financial analysts and the general market.

The Company, through its website - www.sonaecom.pt - provides access to relevant and updated economic, financial and governance information to all stakeholders, in Portuguese and English, which enables them to increase knowledge and understanding of the Company, its strategy, its current positioning, and its evolution.

In addition, the Company has an investor support office with permanent contact with the market, whose duties are listed under section 56 of this Report, which responds to investors' requests in a timely manner, keeping a record of these requests and of the treatment they have been given. This department ensures the symmetry of information available to the market and the fair treatment of all shareholders, investors and other stakeholders, upon the immediate drafting and disclosure of privileged information; it makes sure that the regular financial disclosure duties are complied with and it actively and timely assesses the information publicly disclosed by the market research analysts that follow the Company (when they exist) and it corrects inaccurate or out-of-date information disclosed by those professionals. However, Sonaecom is currently not followed by any of those market research analysts.

The Board of Directors ensures, in a timely and adequate manner, the flow of information necessary for the exercise of legal and statutory powers to each of the other bodies, speeding up, in particular, the necessary resources for the drafting and issuance of notices, minutes and supporting documentation concerning the decisions taken.

The notices and minutes of the meetings of the Board of Directors are made available to the Chairman of the Statutory Audit Board, who obtains from the Board of Directors and / or the Executive Committee, if applicable - in an expeditious, clear and complete manner - all information necessary for the performance of their duties, namely the operational and financial evolution of the Company, changes in the business portfolio, terms of all transactions that occurred and details of the decisions taken, reviewing at each meeting the minutes of the Board of Directors and, when applicable, of the Executive Committee.

The Statutory Audit Board may request the persons responsible for the various Departments of the companies of Sonaecom group to provide the required information for the performance of its duties and, if necessary, request the Board of Directors the collaboration of one or more members with experience in the areas of their competence, to provide information and carry out work, in order to substantiate its analysis and conclusions.

I.2. Diversity in the composition and functioning of the Company's governing bodies

I.2.1. Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.

RECOMMENDATION ADOPTED – Sections 16, 19, 26, 33 and 36, Part I.

The Company, in compliance with the provisions of paragraphs 1 - r) and 2 of article 245-A of the Securities Code, adopted a Diversity Policy for the Management and Supervisory Bodies, the description of which is included in Section 16 of Part I of this Report. This policy seeks, on the one hand, to ensure a significant and differentiated representation of gender, origins, qualifications and professional experience, as a way of ensuring an adequate composition of the interests of all its stakeholders and, on the other hand, allowing an enhanced balance in its structure, taking into account, not only the nature and complexity of the activities carried out by the Company, but also the context in which it operates.

In this sense, the Company undertakes all efforts to ensure that, in the selection of the members of these corporate bodies, there are imperative criteria to ensure that they meet the largest possible width of diversity of knowledge, skills, experience and values. These criteria focus mainly on: (i) gender diversity; ii) the professional qualification alongside with the necessary renewal of the composition of the governing bodies, in order to ensure compatibility between seniority and the diversification of career paths, avoiding group thinking; iii) the plurality of knowledge and iv) not considering age as an obstacle and without restrictive views on age limitations for exercising corporate functions.

Furthermore, candidates to be appointed to the management and supervisory bodies should possess an adequate experience in senior offices within companies or similar organisations that enables them to (i) assess, challenge and develop the Company's senior officers; (ii) assess and challenge the group's and its main subsidiaries' corporate strategy; (iii) assess and challenge the Company's operational and financial performance; and (iv) assess the organisation's fulfilment of the Company's values.

Each candidate should in addition make their individual contribution in enabling the board of Directors, as a whole, to gain in-depth and international knowledge of Sonaecom's main business sectors, knowledge of the main markets and geographies where the business areas operate and knowledge and competencies regarding management techniques and technologies that are key for the success of relevant companies in the business sectors of the Company.

Candidates should furthermore possess the human qualities, purpose clarity, analytical qualities and synthesis and communication skills required to address a large number of diversified and complex issues, within a limited time-frame, with the necessary depth to allow for a timely and high-quality decision-making.

I.2.2. The Company's managing and supervisory boards, as well as their committees, should have internal regulations - namely regulating the performance of their duties, their chairmanship, periodicity of meetings, their functioning and the duties of their members -, and minutes of the meetings of each of these bodies should be drafted.

RECOMMENDATION ADOPTED – Sections 22, 27, 29, 34 and 61, Part I.

Both the Board of Directors and the Statutory Audit Board of the Company have adopted Internal Regulations, establishing their powers, chairmanship, periodicity of meetings, functioning and framework of duties of its members.

The Board of Directors has adopted the Regulation which is available on the Company's website (in Portuguese and English versions) and which includes the regulation regarding the functioning of the Executive Committee when this exists. This

Regulation can be found in:

http://other.static.sonae.com/2021/03/22/Scm___Regulamento_BoD_ENG_/Scm___Regulamento_BoD_ENG_.pdf

The Statutory Audit Board has adopted the Regulation which is available on the Company's website (in Portuguese and English versions) and can be found in:

http://other.static.sonae.com/2021/03/22/Regulamento_Conselho_Fiscal_EN_/Regulamento_Conselho_Fiscal_EN_.pdf

Detailed minutes of all meetings of the aforementioned bodies are drafted and written down.

I.2.3. The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.

RECOMMENDATION ADOPTED – Sections 23, 35 and 67, Part I.

The composition of the management and supervisory bodies and of their internal committees, where applicable, as well as the number of their annual meetings, is available in Portuguese and English versions on the Company's website.

I.2.4. A policy for the communication of irregularities (whistleblowing) should be adopted that guarantees the suitable means of communication and treatment of those irregularities, with the safeguarding of the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality is requested

RECOMMENDATION ADOPTED – Sections 38 and 49, Part I.

The Company has adopted and implemented a Irregularities Communication Policy that is a part of the Code of Conduct and available at the Company's website - <http://www.sonae.com/investidores/governo-das-sociedades/codigo-de-etica-e-conduta/> - and concerns all Sonaecom Group companies.

As per this Policy, it is the responsibility of the Statutory Audit Board to determine the mechanisms of detection and prevention of irregularities, and it is its duty to verify the existence thereof in accordance with the applicable legal provisions regarding confidentiality, information dealing and the inexistence of retaliation on the whistle-blowers.

The Statutory Audit Board receives the irregularity reports from shareholders, employees or third parties. It should afterwards put them on record and promote the necessary swift investigation by the Board of Directors and/or by the internal and/or external audit, and then report on the conclusions reached.

I.3. Relationships between the Company bodies

I.3.1. The bylaws, or other equivalent means adopted by the Company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and Company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the Company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.

RECOMMENDATION ADOPTED – Sections 22, 34 and 61, Part I.

Vide Section I.1.1.

1.3.2. Each of the Company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.

RECOMMENDATION ADOPTED – Sections 22, 34 and 61, Part I.

Vide Section I.1.1.

1.4. Conflicts of interest

1.4.1. The duty should be imposed, to the members of the Company's boards and committees, of promptly informing the respective board or committee of facts that could constitute or give rise to a conflict between their interests and the Company's interest.

RECOMMENDATION ADOPTED – Section 49, Part I.

The Company has adopted a policy to regulate possible conflicts of interest, according to which (and to the regulation of the Board of Directors) the members of the Board of Directors or of its Committees, if applicable, shall promptly inform the respective governing body or committee about facts that may constitute or cause a conflict (whether actual or potential) between their own interests and the interests of the Company.

Pursuant to its Regulation, the members of the Statutory Audit Board must inform the Company with reasonable anticipation, if possible, or immediately, if unforeseeable, of any circumstance affecting their independence and exemption or that establishes a legal incompatibility for the exercise of the position.

1.4.2. Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.

RECOMMENDATION ADOPTED – Section 49, Part I.

The Company has adopted a policy to regulate possible conflicts of interest, according to which (and to the regulation of the Board of Directors) the members of the Board of Directors or of its Committees, if applicable, shall promptly inform the respective governing body or committee about facts that may constitute or cause a conflict (whether actual or potential) between their own interests and the interests of the Company.

The member who, in accordance with the preceding paragraph, declares to be in conflict of interest, shall not interfere in the decision-making process, without prejudice to the duty to provide information and clarifications that the governing body, the committee or its members may request.

1.5. Related party transactions

1.5.1. The managing body should disclose in the corporate governance report or by other means publicly available the internal procedure for verifying transactions with related parties..

RECOMMENDATION ADOPTED – Sections 38, 89 to 91, Part I.

The Board of Directors has approved, upon previous binding opinion from the Statutory Audit Board, an Internal Policy Concerning Transactions With Related Parties, that is attached to the Regulation of the Board of Directors and to the regulation of the Statutory Audit Board, both available on http://other.static.sonae.com/2021/03/22/Scom___Regulamento_BoD_ENG_/Scom___Regulamento_BoD_ENG_.pdf and http://other.static.sonae.com/2021/03/22/Regulamento_Conselho_Fiscal_EN_/Regulamento_Conselho_Fiscal_EN_.pdf. This policy contains the rules foreseen in article 249-A of the Portuguese Securities Code.

I.5.2. The managing body should report all the transactions contained in Recommendation I.5.1. to the supervisory body, at least every six months.

RECOMMENDATION NOT APPLICABLE* – as it is the responsibility of the supervisory body (and no longer of the managing body) to assess periodically transactions with related parties.

* In accordance with the note regarding the interpretation of the IPCG Corporate Governance Code (reviewed in 2020) issued by the Monitoring Commission.

CHAPTER II — SHAREHOLDERS AND GENERAL MEETINGS

II.1. The Company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.

RECOMMENDATION ADOPTED – Section 12, Part I.

The Articles of Association of the Company do not provide for any restriction on the right to vote. The Company's share capital is fully represented by a single category of shares, each share corresponding to one vote, in order to encourage its shareholders to participate in the Shareholders' General Meetings.

II.2. The Company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.

RECOMMENDATION ADOPTED – Section 14, Part I.

In accordance with the provisions of the Company's Articles of Association, the resolutions of the Shareholders' General Meeting shall be taken by a simple majority, unless otherwise required by law.

II.3. The company should implement adequate means for the remote participation by shareholders in the general meeting, which should be proportionate to its size.

RECOMMENDATION ADOPTED – Section 12, Part I.

The Company's Articles of Association foresee the possibility of holding the General Meeting by telematic means - provided that the necessary resources, the authenticity of the declarations and the security of the communications are guaranteed.

Given the context and the impact of the new Coronavirus – COVID 19, the Company has implemented the necessary conditions for the shareholders to remotely attend the Shareholders' General Meeting, with the purpose of ensuring shareholders' rights while upholding all safety, health and well-being standard for all those involved.

In 2020, the Company has made available all the previous information concerning the Annual General Meeting on its website only, thereby reducing the need of physical attendance at the Company's registered office for the purpose of accessing such information.

On the other hand, the exercise of voting rights and information rights (as well as other relevant communications in this context) were carried out via email only, thus avoiding infection risks and possible delays inherent to postal communication.

II.4. The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means..

RECOMMENDATION ADOPTED – Section 12, Part I.

Without prejudice to the mandatory proof of shareholder status, shareholders may vote by correspondence in all matters subject to the Shareholders' General Meeting.



The Company has also an electronic voting system, which allows its shareholders to exercise the right to vote, without any restriction. In the notice of the General Meeting, the Company provides adequate information on how to exercise postal voting and voting by electronic means.

In addition, the Company makes available on its website, from the publication of the notice of each General Meeting, document templates intended to facilitate access to information necessary for shareholders to issue the communications required to ensure their presence at the Meeting. The Company also provides an e-mail address for the clarification of any doubts and to receive all communications regarding the participation in the General Meeting.

II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution - without increased quorum in comparison to the legally established - and in that resolution, all votes cast will be counted without observation of the imposed limits.

RECOMMENDATION NOT APPLICABLE – Sections 5 and 13, Part I.

The Articles of Association do not establish any limitation to the number of votes that may be held or exercised by a sole shareholder, individually or together with other shareholders.

II.6. The Company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.

RECOMMENDATION ADOPTED – Sections 4 and 84, Part I.

The Company has not adopted any measures to this effect.

CHAPTER III – NON-EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION

III.1. Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator, from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.

RECOMMENDATION NOT APPLICABLE.

The Board of Directors of the Company does not have any independent director, as the Company believes that, given its current size, its shareholder structure and the low dispersion of the share capital, such is not justified. Therefore, the appointment of a lead non-executive director is also unjustified.

III.2. The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the Company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The formation of such suitability judgment should be included in the corporate governance report.

RECOMMENDATION ADOPTED AND EXPLAINED – Section 18, Part I.

At the Shareholders' General Meeting held on 29 April 2020, it was resolved to increase the number of members of the management body from 4 to 5.

The management of all corporate matters is now the exclusive competence of the Board of Directors, all of its members assuming from that date on the capacity of executive directors – a solution that the Board deems appropriate given the size of the Company, the complexity of the risks of its activity and its shareholding structure, as well as the reduced dispersion of its share capital. This is because, pursuant to the aforementioned variables, the suitability judgment made by the Company leads to the conclusion that all *apports* that Non Executive Directors typically bring to the table (especially as challengers of the decisions made) are duly accounted for and internalized by the current composition of the Board of Directors.

The Statutory Audit Board is composed of three members, one being the Chairman – this composition is appropriate given the size of the Company and the complexity of the risks of its activity and is also sufficient in order to effectively performing its duties.

The Board of Directors believes that, given the current size of the Company, there is no justification for the existence of any specific committee for financial matters (the adopted corporate governance model does not include a specific committee for financial matters).

III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.

RECOMMENDATION NOT ADOPTED.

In view of its current size, its shareholder structure and the reduced dispersion of the share capital, the Company considers that there is no justification for the existence of a board of directors with a large number of members. Currently, the Board of Directors is composed by a total number of 5 (five) members, who are jointly in charge of the management of all corporate matters, all of its members assuming from that date on the capacity of executive directors.

III.4. Each Company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the Company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to:

- (i) having carried out functions in any of the Company's bodies for more than twelve years, either on a consecutive or non-consecutive basis;
- (ii) having been a prior staff member of the Company or of a Company which is considered to be in a controlling or group relationship with the Company in the last three years;
- (iii) having, in the last three years, provided services or established a significant business relationship with the Company or a Company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person;
- (iv) having been a beneficiary of remuneration paid by the Company or by a Company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties;

(v) having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of Company directors or of natural persons who are direct or indirect holders of qualifying holdings, or

(vi) having been a qualified holder or representative of a shareholder of qualifying holding.

RECOMMENDATION NOT APPLICABLE.

The Board of Directors of the Company does not have any Non Executive Director, as the Company believes that, given its current size, its shareholder structure and the low dispersion of the share capital, such is not justified, as previously explained. Therefore, the appointment of any Independent Non Executive Directors is also unjustified.

III.5. The provisions of (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the Company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).

RECOMMENDATION NOT APPLICABLE.

The Company does not have any Director in such circumstances.

III.6. The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.

RECOMMENDATION ADOPTED – Section 38, Part I.

The Terms of Reference of the Statutory Audit Board, where its duties are described - beyond those assigned by law – are available on the Company's website (www.sonaecom.pt), at http://other.static.sonae.com/2021/03/22/Scom___Regulamento_BoD_ENG_/Scom___Regulamento_BoD_ENG_.pdf

In accordance with Article 6, paragraph 2, c) of the Terms of Reference mentioned above, the members of the Statutory Audit Board should, besides their general and individual monitoring duties, monitor, assess and issue an opinion regarding the strategic guidelines and the risk management policy established by the Board of Directors, prior to its approval.

The Statutory Audit Board monitors and evaluates the internal control and risk management system defined by the management, prior to its final approval, and proposes the optimisation measures it deems necessary and reports on such system in its statements and annual report that is disclosed together with the remainder of the financial documents, available on <http://www.sonae.com/investidores/informacao-financeira/relatorios/?l=en> (tab MR&A 4Q20 / Chapter V).

III.7. Companies should have specialised committees, separately or cumulatively, on matters related to corporate governance, appointments, and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the aforementioned matters.

RECOMMENDATION ADOPTED - Sections 27 and 29, Part I.

Given the current size of the Company and the limited complexity of its structure (it has a reference shareholder holding about 89% of the share capital) and the small free-float (currently about 9% of the share capital) the Board of Directors believes that there is no justification for the existence of any internal specialised commission, notably concerning nomination, remuneration and assessment of the performance of the Directors. The Company believes that the governance structure adopted is appropriate given the size of the Company and the complexity of the risks of its activity and is also sufficient in order to effectively performing

its duties, notably in what concerns remuneration and performance assessment, which is a responsibility of the Shareholders Remuneration Committee, which is composed by members who are independent from the Board of Directors. In addition, the identification of potential candidates with the right profile to take on leading or director roles may be conducted by the Shareholders Remuneration Committee, that may on its part hire the necessary or convenient advisory services in order to better fulfil its duties, and may also prepare general information concerning any contingency plans and talent management in general.

Regarding corporate governance matters, the Company maintains a Corporate Governance Officer who reports hierarchically to the Board of Directors and whose main responsibilities are to evaluate the structure and practices of governance adopted, verify its effectiveness and propose to the competent bodies the measures to be implemented in order to improve it. Its main duties are described in the Corporate Governance Report (paragraph 27, p. 14) and it is part of the organic administrative structure of the Company, side by side with other departments that support the activity of the management body. In this manner it is deemed as materially equivalent to the existence of an internal committee, specialised in corporate governance matters – in other words, the duties that are discharged by the Corporate Governance Officer and its extensive experience and knowledge regarding corporate governance matters allows us to draw the conclusion that this office is in fact and in substantial terms performed by a uninominal commission, regardless of the *nomen juris* given to it.

CHAPTER IV — EXECUTIVE MANAGEMENT

IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors and how these are to carry out their executive functions in entities outside of the group.

RECOMMENDATION ADOPTED.

The regulation of the Board of Directors, available on http://other.static.sonae.com/2021/03/22/Scom_Regulamento_BoD_ENG_/Scom_Regulamento_BoD_ENG_.pdf, and the policy regarding conflicts of interest in place provide that exercise by any member of the Board of Directors of an executive role or a significant position outside of the group that has not been authorised by the Company's Shareholders' General Meeting should be approved in advance by the Board of Directors.

Directors of the Company are not allowed to perform any competing activities or roles if no express permission is granted by the Company's Shareholders' General Meeting.

IV.2. The managing body should ensure that the Company acts consistently with its objects and does not delegate powers, namely, in what regards: i. the definition of the strategy and main policies of the Company; ii. the organisation and coordination of the business structure; iii. matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.

RECOMMENDATION ADOPTED – Sections 21, 27 and 28, Part I.

The Company does not currently possess an Executive Committee. In compliance with the terms of the Board of Directors' Regulation, it may delegate in an Executive Committee the every-day management of the Company as it sees fit, establishing how it should operate and how it should exercise the delegated powers, with the following exceptions:

- a) Appointment of the Chairman of the Board of Directors;
- b) Co-optation of Directors;
- c) Request to convene General Meetings;
- d) Approval of the Annual Report and Accounts;

- e) Provision of collateral and personal or real guarantees by the Company;
- f) Decision to change the registered office or increase the share capital;
- g) Decision on mergers, spin-offs or transformation of the Company;
- h) Approval of the strategic management of the annual business portfolio and the policies thereof;
- i) Approval of the Company's annual budget and the Group's annual business plan and any changes on the same;
- j) Definition of the organisation and coordination of the corporate structure the Sonaecom Group;
- k) Approval of every issue that should be deemed as strategical as a consequence of its amount, risk or particular features;
- l) Definition of the Human Resources policies that are applicable to top employees (levels GF3 and above) with the exclusion of areas that are the exclusive competence of the Shareholders' General Meeting or of the Shareholders' Remuneration Committee.

IV.3. In the annual report, the managing body explains in what terms the strategy and the main policies defined seek to ensure the long-term success of the company and which are the main contributions resulting therein for the community at large.

RECOMMENDATION ADOPTED – examples are Sections 69 to 76, 85 and 86, and Chapter III Section 1.2, note 1, of the Annual Report and Accounts

As provided for in the Annual Report and in this Corporate Governance Report, the Company's strategy and main policies encompass a wide range of stakeholders, far beyond that of shareholders. From employees and their families to investors; from suppliers to customers; from the financial community to the general public, it is the Company's and the Groups' consistent drive to contribute to the reinforcement of the credibility and sustainability of the financial system and the capital market, thereby strengthening trust from the public, national and international investors and small investors. Simultaneously, the country's image and reputation is also solidified.

For exemplifying purposes only, through (i) thorough mechanisms of control of the services provided to the Company, (ii) the proactive detection of breaches of the Company's values within the scope of the Ethics Code and (iii) the consistent and long-term alignment between the remuneration incentives of the members of the management body and the interests of the Company, it has been possible to sustain the ambition of continuously sharing with the community the genetics and praxis of a long-living company based upon values, hard work, respect for stakeholders, sustainability and diversity concerns. It is furthermore the Company's conviction that the right thing to do is to keep pushing to take the benefits of progress to an ever-increasing number of people.

CHAPTER V — EVALUATION OF PERFORMANCE, REMUNERATION AND APPOINTMENTS

V.1 Annual evaluation of performance

V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and executive directors, taking into account the accomplishment of the Company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the Company's other bodies and committees.

RECOMMENDATION ADOPTED.



The assessment of the performance of the members of the management body is conducted in accordance with the principles, valuation and rules set out in the Remuneration and Compensation Policy that is proposed by the Shareholders' Remuneration Committee and approved by the Annual Shareholders' General Meeting.

The Shareholders' Remuneration Committee, appointed by the Shareholders' General Meeting, is responsible for the approval of the individual remuneration of the members of the Board of Directors and the other statutory bodies, thereby representing the shareholders in accordance with the Remuneration Policy approved by the Shareholders' General Meeting.

The Board of Directors, in accordance with its Regulation, annually evaluates its performance, and did so regarding 2020, taking into account the accomplishment of the Company's strategic plan and budget, its risk management, internal functioning and its relations with other Sonaecom bodies. At its meeting of 15 March 2021, the Board of Directors conducted this self-assessment.

In addition, and in accordance with article 376 of the Companies Code, the Shareholders' General Meeting annually reviews the management of the Company through a confidence or no confidence vote.

V.2 Remuneration

V.2.1. The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.

RECOMMENDATION ADOPTED – Sections 66 to 68, Part I.

The Company possesses a Shareholders' Remuneration Committee, appointed under the terms of article 399 of the Commercial Companies Code, whose members - Duarte Paulo Teixeira de Azevedo and Francisco de la Fuente Sánchez - are independent from the members of the Board of Directors and act in this capacity and with relevant knowledge and experience concerning remuneration policy. The *curricula vitae* of the members of the Remuneration Committee are available in Appendix II to this Report.

V.2.2. The remuneration should be set by the remuneration committee or the general meeting, on a proposal from that committee.

RECOMMENDATION ADOPTED – Sections 66 to 68, Part I.

The remuneration of the members of the management and supervisory bodies of the Company is set by the Shareholders' Remuneration Committee, appointed under the terms of article 399 of the Commercial Companies Code.

The Company's remuneration policy has the features foreseen in Sections 69 to 75 of Part I of this Report and which are in line with this recommendation.

The Remuneration Committee, appointed in the General Meeting and representing the shareholders, is the responsible corporate body for evaluating the performance and approval of the remunerations of the members of the Board of Directors and other corporate bodies, according with the Remuneration Policy approved by the shareholders at the General Meeting.



V.2.3. For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.

RECOMMENDATION ADOPTED.

The Shareholders' General Meeting, held on 29 April 2020, approved the Remuneration and Compensation Policy, upholding the principle of not attributing compensation to Directors or members of other statutory governing bodies associated with the loss of office, whether this termination occurs according to their original mandate or whether it is anticipated for whatever reason, without prejudice to the obligation of the Company to comply with any applicable legislation in force.

During 2020 the Company has not made any payment of such nature.

V.2.4. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the Company's boards and committees or if such presence has been requested by the shareholders.

RECOMMENDATION ADOPTED.

The Shareholders' Remuneration Committee agrees with this Recommendation and appoints, out of its members, the one that should represent it at the Shareholders' General Meeting.

The Chairman of the Shareholders' Remuneration Committee, Duarte Paulo Teixeira de Azevedo, attended the Annual Shareholders' General Meeting held on 29 April 2020.

V.2.5. Within the Company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the Company, of necessary or convenient consulting services to carry out the committee's duties.

RECOMMENDATION ADOPTED – Section 67, Part I.

The Remuneration Committee of the Company may freely hire the necessary or convenient advisory services for the exercise of its duties.

V.2.6. The remuneration committee should ensure that those services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee

RECOMMENDATION ADOPTED – Section 67, Part I.

The Remuneration Committee, when hiring any advisors to support the performance of its duties, always focuses on choosing consultants of recognized competence and international presence and must make sure that the selected specialists possess the independence necessary to fulfil the purpose for which they are hired and especially that such independence is not hindered by the provision of material services to the Company or any related parties. The independence of these hired consultants is ensured either by the autonomy before the Board of Directors, the Company and the Group, either because they have no connection with the Board of Directors, or because of their wide experience and recognition in the market.

V.2.7 Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.

RECOMMENDATION ADOPTED – Sections 69 to 76 of Part I and remuneration policy approved by the Shareholders' General Meeting.

A significant part of the remuneration of Sonaecom's executive directors is determined by the success of the Company. The variable component of remuneration is structured in such a way as to establish a link between the sums awarded and the level of performance, both at individual and group level. If predefined objectives are not achieved, measured through KPIs applicable to the business and to the individual performance, the value of short- and medium-term incentives will be partially or totally reduced. Sonaecom reviews its remuneration policy annually as part of its risk management process, in order to ensure that it is entirely consistent with its desired risk profile. During 2020, no problems relating to payment practice were found that posed significant risks to the Company.

In designing remuneration policy, care has been taken not to encourage excessive risk-taking behaviour, attributing significant importance, but at the same time a balanced approach, to the variable component, thus closely linking individual remuneration to group performance.

Sonaecom has in place internal control procedures concerning remuneration policy, which target the identification of potential risks. Firstly, the variable remuneration structure is designed in such a way as to discourage excessive risk-taking behaviour to the extent that remuneration is linked to the evaluation of performance. The existence of objective KPIs constitutes an efficient control mechanism. Secondly, the adopted policy does not allow contracts to be entered into that would minimise the importance of the Medium-Term Incentive Plan (MTIP). This policy includes forbidding any transaction that might eliminate or mitigate the risk of share price variations.

The remuneration of the members of the Statutory Audit Board is exclusively made up of fixed annual fees, based on comparable market practices, and does not include any variable remuneration.

The Company's Statutory External Auditor is paid according to the standard fees table for similar services, at market rates and under a proposal from the Statutory Audit Board.

The remuneration policy presented to the Shareholders' General Meeting on 29 April 2020 is available on http://other.static.sonae.com/2020/05/04/InformationResolutionsAGM_Sonaecom_29.04.2020_ENG/InformationResolutionsAGM_Sonaecom_29.04.2020_ENG.pdf?download=1

V.2.8 A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.

RECOMMENDATION ADOPTED – Sections 71 to 73 and 86, Part I.

Part of the variable remuneration of Executive Directors is paid in shares and deferred for a period of three years.

Considering that the value of the shares is linked to the performance of the Company, the remuneration paid will be affected by the way the Executive Director contributes to such performance. Consequently, an alignment of the Director with the interests of the shareholders and with the medium-term performance is ensured.

V.2.9 When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.
RECOMMENDATION NOT APPLICABLE.

The variable component of the remuneration of the Company does not contemplate the allocation of options or other instruments, directly or indirectly dependent on the value of the shares.

V.2.10 The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.

RECOMMENDATION NOT APPLICABLE.

The Company does not include any Non Executive members in its Board of Directors.

V.3. Appointments

V.3.1. The Company should, in terms considered suitable by it, and in a substantiated manner, see that proposals for the appointment of the members of the Company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the *curriculum vitae* to the duties to be carried out.

RECOMMENDATION ADOPTED – Sections 16, 22, 29 and 31, Part I.

The Company has a long-term controlling shareholder who has consistently presented the proposals for the appointment of members to the governing bodies, which have been presented to and approved by the Shareholders' General Meeting.

These proposals are accompanied by the *curricula vitae* of the proposed members, and shareholders - both the ones indicating the candidates and those who vote for the proposal -, and also the Company, consider that it becomes clear from the *curriculum vitae* the adequacy of the profile, skills, *curriculum* and experience to the role to be performed by such candidates.

In addition, the presentation of the proposals accompanied by the respective *curricula vitae* enables any shareholder to assess their suitability to comply with the requirements defined in the Diversity Policy approved by the Company.

Therefore, the Company considers that the appointment of members to the governing bodies for the current mandate was in compliance with the principles set out in these documents.

The proposals presented at the Shareholders' General Meeting on 29 April 2020 mention the adequacy of the profile of the candidates for the offices they hold, by reference to their *curricula vitae*.

V.3.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the Company's size.

RECOMMENDATION ADOPTED – Sections 27, 29 and 67, Part I.

The Company does not have a nomination committee for the reasons listed in sections 27, 29 and 67 of Part I of this Report.

Given the current size of the Company and the limited complexity of its structure (it has a reference shareholder that holds about 89% of the share capital) and the small free-float (currently around 9% of the share capital) the Board of Directors believes that there is no justification for the existence of any internal specialised commission, notably concerning support and monitoring of top management nominations. The Company believes that the governance structure adopted is appropriate given the size of the Company and the complexity of the risks of its activity and is also sufficient in order to effectively performing its duties, notably in what concerns identification of potential candidates with the right profile to take on leading or director roles, as this may be conducted by the Shareholders Remuneration Committee, that can on its part hire the necessary or convenient advisory services



in order to better fulfil its duties, and may also prepare general information concerning any contingency plans and talent management in general.

V.3.3. This nomination committee includes a majority of non-executive, independent members.

RECOMMENDATION NOT APPLICABLE – Sections 27, 29 and 67, Part I.

The Company does not have a nomination committee for the reasons listed in sections 27, 29 and 67 of Part I of this Report.

V.3.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for the presentation of proposals are the ones who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.

RECOMMENDATION ADOPTED AND EXPLAINED

The Company does not have a nomination committee for the reasons listed in sections 27, 29 and 67 of Part I of this Report.

However, the identification of potential candidates with a profile for the performance of management duties (in particular when the Board of Directors decides to co-opt a Board member) is carried out by the Remuneration Committee. To this end, the Remuneration Committee may freely hire the necessary or convenient advisory services for the exercise of its duties, as well as for providing oversight of succession planning, contingency planning and talent management in general for Board members and other persons discharging managerial responsibilities, through transparent selection processes, including effective mechanisms for identifying potential candidates, having regard to the requirements of the function, merit and appropriate diversity, in particular considering gender.

CHAPTER VI—INTERNAL CONTROL

VI.1. The managing body should debate and approve the Company's strategic plan and risk policy, which should include a definition of the levels of risk considered acceptable.

RECOMMENDATION ADOPTED – Sections 51 to 54, Part I.

The competencies of the management body are in compliance with the rules set out in this recommendation.

VI.2. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.

RECOMMENDATION ADOPTED.

The Board of Directors has put in place a proactive system of internal control and risk management. The Statutory Audit Board assesses the effectiveness of such risk management systems and proposes all improvement measures deemed necessary. It furthermore gives its opinion on its annual Report, available, together with the remainder of the accounts documentation, on <http://www.sonae.com/investidores/informacao-financiera/relatorios/?l=en> (tab MR&A 4Q20 / Chapter V).

The Statutory Audit Board also supervises the activity of the internal audit, receives the reports concerning the activity that was carried out, assesses the results and conclusions thereof, verifies the existence of possible irregularities and issues the appropriate guidelines.



VI.3. The internal control systems, comprising the functions of risk management, compliance, and internal audit should be structured in terms adequate to the size of the company and the complexity of the inherent risks of the company's activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be necessary.

RECOMMENDATION ADOPTED - Sections 50 to 55, Part I.

The Company has implemented a structured internal control system, in accordance with its size and complexity of the risks posed by its activity. The Statutory Audit Board supervises this system and proposes the necessary adjustments.

VI.4. The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary.

RECOMMENDATION ADOPTED – Sections 37, 38 and 50, Part I.

The Statutory Audit Board is the Company's global supervisory body concerning internal control and risk management issues. It acts independently and it prevails over other bodies regarding supervision of such issues. The Statutory Audit Board, together with the internal audit, set out the action plan to be deployed, and the Statutory Audit Board supervises the latter's activity and receives periodic reporting of such activity. It assesses the results and conclusions thereof, verifies the existence of possible irregularities and issues the appropriate guidelines.

The Terms of Reference of the Statutory Audit Board are available on the Company's website at http://other.static.sonae.com/2021/03/22/Regulamento_Conselho_Fiscal_EN_/Regulamento_Conselho_Fiscal_EN_.pdf.

VI.5. The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.

RECOMMENDATION ADOPTED – Sections 37, 38 and 50, Part I.

The Statutory Audit Board receives periodic reporting of the activity carried out by the internal audit, assesses the results and conclusions thereof, verifies the existence of possible irregularities and issues the appropriate guidelines.

VI.6. Based on its risk policy, the company should establish a risk management function, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; and (iv) the monitoring procedures, aiming at their accompaniment.

RECOMMENDATION ADOPTED - Sections 50 to 55, Part I.

Internal risk management systems, with all adequate components, were put in place by the Board of Directors.

VI.7. The company should establish procedures for the supervision, periodic evaluation, and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of that system, as well as the perspectives for amendments of the risk structure previously defined.

RECOMMENDATION ADOPTED - Sections 29, 38.1, 50 to 52, 54 and 55.

The Board of Directors has implemented a monitoring, assessment and adjustment system for the internal control of the performance of the risk management system that enables adaptation to new circumstances or contingencies. The Statutory Audit Body has not proposed any changes to the risk management system nor to the internal control system.

CHAPTER VII— FINANCIAL INFORMATION

VII.1 Financial information

VII.1.1. The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated manner.

RECOMMENDATION ADOPTED – Section 38, Part I.

The Regulation of the Statutory Audit Board complies with the rules set out in this recommendation.

VII.2 Statutory Audit of Accounts and Supervision

VII.2.1. By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory audit.

RECOMMENDATION ADOPTED – Sections 38, 42 to 47, Part I.

The Regulation of the Statutory Audit Board complies with the rules set out in this recommendation.

VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the Company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the Company.

RECOMMENDATION ADOPTED – Section 38, Part I.

It is responsibility of the Statutory Audit Board to supervise the activity and independence of the Statutory External Auditor, to receive its reports and ensuring direct interaction with it, in the terms of its competencies and functioning rules set out in the Regulation of the Statutory Audit Board available on the Company's website at

http://other.static.sonae.com/2020/03/31/Regulamento_Conselho_Fiscal_12_2019_EN_/Regulamento_Conselho_Fiscal_12_2019_EN_.pdf

The Statutory Audit Board is also competent to propose to the Shareholders' General Meeting the appointment and dismissal of the Statutory External Auditor, as well as its remuneration, to supervise the activity and independence of the Statutory External Auditor and the External Auditor, making sure the Company makes available the necessary conditions for the rendering of their services, to be the first recipient of their reports, interacting with it directly in the framework of its duties and provisions set out in the Statutory Audit Board's Regulation available on the Company's website: http://other.static.sonae.com/2020/03/31/Regulamento_Conselho_Fiscal_12_2019_EN_/Regulamento_Conselho_Fiscal_12_2019_EN_.pdf



VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, its independence and suitability in performing its duties, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.

RECOMMENDATION ADOPTED – Section 38, Part I.

The Statutory Audit Board annually assesses the Statutory External Auditor. Such assessment is included in its annual report and opinion, and is made available together with all other accounting documents at <http://www.sonae.com/investidores/informacao-financeira/relatorios?l=en>.

APPENDIX I

Curricula Vitae and positions held by members of management and supervisory bodies.

Ângelo Gabriel Ribeirinho dos Santos Paupério

CEO of Sonaecom, SGPS, S.A.

Birth date

14 September 1959

Educational qualifications

Degree in Civil Engineering - University of Porto

MBA by Porto Business School

Professional experience

Co-CEO of Sonae - SGPS, S.A.

Member of the Board of Directors of Sonae Investimentos, SGPS, S.A.

Chairman of the Board of Directors of MDS, SGPS, S.A.

Member of the Board of Directors of Sonae Sierra, SGPS, S.A.

Vice President of Sonae MC - Modelo Continente, SGPS, S.A.

Member of the Board of Directors of ZOPT, SGPS, S.A.

Member of the Board of Directors of NOS, SGPS, S.A.

Guest professor of Porto Business School

Member of High Council of Universidade Católica Portuguesa

Member of High Council of Porto Business School

Vice President of the Board of Directors of Iberian Sports Retail Group, S.L.

Offices held in companies in which Sonaecom is a shareholder

Chairman of the Board of Directors of SONAE INVESTMENT MANAGEMENT - SOFTWARE AND TECHNOLOGY, SGPS, S.A.

Member of the Board of Directors of ZOPT, SGPS, S.A.

Chairman of the Board of Directors of Público - Comunicação Social, S.A.

Member of the Board of Directors of NOS, SGPS, S.A. (since 27 January 2020 - Chairman of the Board of Directors)

Offices held in other entities

Non-Executive Member of the Board of Directors of Sonae, SGPS, S.A.

Member of the Board of Directors of Efanor Investimentos, SGPS, SA

Chairman of the Board of Directors of Sonae Holdings, SA (previously Sonaecenter, Serviços SA)

Chairman of the Board of Directors of MODELO CONTINENTE, SGPS, S.A.

Chairman of the Board of Directors of Sonae MC, SGPS, S.A.

Non-Executive Member of the Board of Directors of Sonae Sierra, SGPS, S.A.

Non-Executive Member of the Board of Directors of Sonae Capital SGPS, S.A.

Member of the Board of Directors of Sonae FS, S.A.

Member of the Board of Directors of Love Letters – Galeria de Arte, S.A.

Chairman of the Board of Directors of Enxomil - Consultoria e Gestão, S.A.

Chairman of the Board of Directors of APGEI - Associação Portuguesa de Gestão e Engenharia Industrial

Chairman of the Board of Directors of Enxomil - Sociedade Imobiliária, S.A.

Member of the Board of Directors of Fundação Manuel Cargaleiro

Maria Cláudia Teixeira de Azevedo

Executive Member of the Board of Directors of Sonaecom, SGPS, S.A.

Birth date

13 January 1970

Educational qualifications

Degree in Management - Catholic University of Porto

MBA by INSEAD

Professional experience

Member of the Board of Directors of Efanor - Investimentos, SGPS, S.A.

Executive Director of SONAE INVESTMENT MANAGEMENT - SOFTWARE AND TECHNOLOGY, SGPS, S.A.

Chairman of the Executive Board of Sonae Capital, SGPS, S.A.

Member of the Board of Directors of ZOPT, SGPS, S.A.

Offices held in companies in which Sonaecom is a shareholder

Member of the Board of Directors of ZOPT, SGPS, S.A.

Member of the Board of Directors of SONAE INVESTMENT MANAGEMENT - SOFTWARE AND TECHNOLOGY, SGPS, S.A.

Member of the Board of Directors of Público - Comunicação Social, S.A.

Member of the Board of Directors of NOS, SGPS, S.A.

Offices held in other entities

Member of the Board of Directors and CEO of SONAE, SGPS, S.A.

Member of the Board of Directors of Efanor - Serviços de Apoio à Gestão, S.A.

Member of the Board of Directors of Efanor - Investimentos, SGPS, S.A.

Member of the Board of Directors of Sonae Capital, SGPS, SA

Chairman of the Board of Directors of Sonae MC - SGPS, SA

Member of the Board of Directors of Sonae Holdings, SA

Chairman of the Board of Directors of Sonae Sierra, SGPS, S.A.

Member of the Board of Directors of Sonae FS, S.A.

Member of the Board of Directors of IMPARFIN - Investimentos e Participações Financeiras, S.A.

Chairman of the Board of Directors of Linhacom, SGPS, S.A.

Director of SEKIWI, SGPS, S.A.

Chairman of the Board of Directors of Praça Foz - Sociedade Imobiliária, S.A.

Member of the Board of Directors of SETIMANALE - SGPS S.A.

Member of the Board of Directors of Casa Agrícola de Ambrães, S.A.

Member of the Board of Directors of Realejo - Sociedade Imobiliária, S.A.

Director of Tangerine Wish, Lda.

João Pedro Magalhães da Silva Torres Dolores

Executive Member of the Board of Directors of Sonaecom, SGPS, S.A.

Birth date

21 December 1980

Educational qualifications

MBA - London Business School, London (United Kingdom)

Certificate in Business Management - New York University, New York City (United States)

Degree in Economics - FEP - Faculdade de Economia (University of Porto), Porto (Portugal)

Professional experience

2018 - 2019 - Chief Corporate Center Officer of Sonae SGPS, S.A.

07/2016 - 12/2018 - Strategy Professor - Executive MBA Porto Business School, Porto (Portugal)

09/2015 - 10/2018 - Head of Group Strategy, Planning and Control Sonae - SGPS, S.A., Porto (Portugal)

04/2014 - 09/2015 - Head of Corporate Strategy Sonae - SGPS, S.A., Porto (Portugal)

01/2013 - 04/2014 - Head of Business Unit Cloud Portugal Telecom, Lisbon (Portugal)

02/2011 - 01/2013 - Manager - Innovation Management Portugal Telecom, Lisbon (Portugal)

10/2009 - 01/2011 - Associate McKinsey & Company, Lisbon (Portugal)

04/2005 - 07/2007 - Business Analyst McKinsey & Company, Lisbon (Portugal)

10/2003 - 12/2004 - Brand Manager JW Burmester, S.A., Nova Iorque (Estados Unidos da América)

Offices held in companies in which Sonaecom is a shareholder

Non-Executive Board Member of NOS - SGPS, S.A.

Offices held in other entities

Executive Board Member of Sonae-SGPS, SA

Executive Board Member of Sontel BV

Executive Board Member of Sonae Investments BV

Member of the Board of Directors of Sonae Holdings, S.A. (previously Sonaecenter - Serviços, SA)

Chairman of the Board of Directors of Sonae Corporate, S.A.

Non-Executive Board Member of Sonae MC, SGPS, SA

Non-Executive Board Member of SFS - Financial Services, IME, SA

Non-Executive Board Member of Sonae Sierra, SGPS, SA

Non-Executive Chairman of the Board of Directors of MKTPlace - Comércio Eletrónico, S.A.

Member of the Board of Directors of Iberian Sports Retail Group, S.L.

Member of the Board of Directors of Sonae FS, SA

Eduardo Santos Piedade

Executive Member of the Board of Directors of Sonaecom SGPS SA

Birth date

03 April 1978

Educational qualifications

Degree in Business Administration, Faculdade de Economia da Universidade do Porto

MBA Degree with distinction – Concentration in Strategy, London Business School.

Professional experience

Chairman of the Board of Directors of WE DO CONSULTING - SISTEMAS DE INFORMAÇÃO, S.A.

Chairman of the Board of Directors of WE DO TECHNOLOGIES AMERICAS, INC

Chairman of the Board of Directors of WE DO TECHNOLOGIES EGYPT LLC

Chairman of the Board of Directors of WE DO TECHNOLOGIES LIMITED (UK)

Chairman of the Board of Directors of WE DO TECHNOLOGIES ESPAÑA - SISTEMAS DE INFORMACIÓN S.L.

Chairman of the Board of Directors of WE DO TECHNOLOGIES MÉXICO S.DE R.L. DE C.V.

Chairman of the Board of Directors of Saphety Level – Trusted Services, S.A.

Gerente General - Saphety – Transacciones Eletrónicas S.A.S.

Secretary to the Board of Directors and Executive Committee Head of Investment Management, Portugal - Sonae – SGPS, S.A.

Member of the Board of Directors of Tlantic B.V.

Member of the Board of Directors of Maxmat

Member of the Board of Directors of GeoStar

Strategic Planning Manager, Portugal - Sonae – SGPS, S.A.

Mergers & Acquisitions Manager, Portugal / Brazil - MODELO CONTINENTE – SONAE's sub-holding for the Retail Sector

Corporate Strategy Senior Analyst, Portugal - MODELO CONTINENTE – SONAE's sub-holding for the Retail Sector

Controller – Brazilian Division, Portugal / Brazil - MODELO CONTINENTE – SONAE's sub-holding for the Retail Sector

Offices held in companies in which Sonaecom is a shareholder

Executive Board Member of SONAECOM, SGPS, S.A.

CEO of SONAE INVESTMENT MANAGEMENT - SOFTWARE AND TECHNOLOGY, SGPS, S.A.

Chairman of the Board of Directors of INOVRETAIL, S.A.

Chairman of the Board of Directors of INOVRETAIL ESPAÑA, S.L.

Chairman of the Board of Directors of SONAECOM - SERVIÇOS PARTILHADOS, S.A.

Chairman of the Board of Directors of BRIGHT DEVELOPMENT STUDIO, S.A.

Chairman of the Board of Directors of SONAECOM CYBER SECURITY AND INTELLIGENCE SERVICES, SGPS, S.A.

Chairman of the Board of Directors of S21SEC PORTUGAL - CYBER SECURITY SERVICES, S.A.

Chairman of the Board of Directors of GRUPO S21 SEC GESTION, S.A.

Chairman of the Board of Directors of S21 SEC INFORMATION SECURITY LABS, S.U.L.

Chairman of the Board of Directors of S21 SEC, S.A. DE C.V.

Chairman of the Board of Directors of MEXTEL, S.A.

Chairman of the Board of Directors of DIGITMARKET - SISTEMAS DE INFORMAÇÃO, S.A.

Chairman of the Board of Directors of PRAESIDIUM SERVICES LIMITED

Member of the Board of Directors of Style Sage, Inc.

Member of the Board of Directors of CIValue Systems Ltd

Chairman of the Board of Directors of EXCELLIUM, GROUP, S.A.

Member of the Board of Directors of EXCELLIUM, SERVICES, S.A.

Member of the Board of Directors of Visenze, Pte LTD

Member of the Board of Directors of OMETRIA, LTD.

Board Observer of NEXTAIL Labs Inc.

Member of the Board of Directors of Daisy Intelligence Corporation

Member of the Board of Directors of Sales Layer Tech, S.L.

Member of the Board of Directors of Sonae, RE, S.A.

Member of the Board of Directors of - Context-based 4 Casting (C-B4) LTD

Cristina Maria de Araújo Freitas Novais

Birth date

07 May 1977

Educational qualifications

2000 Degree in Economics at Faculdade de Economia da Universidade do Porto

Professional experience

2000 - 2004 Financial auditor - Arthur Andersen/ Deloitte

2004 - 2008 Financial Controller - Optimus Comunicações, S.A.

2008 - 2013 Manager of Planning and Control department in Sonaecom Group

2013 - 2019 Head of Planning and Control department in Sonaecom Group

2018 - 2019 Head of Financial Department in Sonaecom Group

Mar- Oct 2019 Secretary of the General Meeting of Bright Development Studio, S.A.

Mar- Oct 2019 Secretary of the General Meeting of DIGITMARKET - Sistemas de Informação, S.A.

2019-2020 Secretary of the General Meeting of Sonae IM - Software and Technology, SGPS, S.A.

2019-2020 Secretary of the General Meeting of Bright Ventures, SCR, S.A.

Offices held in companies in which Sonaecom is a shareholder

Since 2020 Board member of Sonae IM - Software and Technology, SGPS, S.A.

Since 2020 President of the Board of Directors of Bright Ventures, SCR, S.A.

Since 2020 Board member of Sonaecom, SGPS, S.A.

Since 2019 Board member of Bright Development Studio, S.A.

Since 2019 Board member of DIGITMARKET - Sistemas de Informação, S.A.

Since 2018 Board member of INOVRETAIL, S.A.

Since 2018 Board member of S21Sec Portugal - Cybersecurity Services, S.A.

Since 2019 Secretary of the General Meeting of SONAECOM - Serviços Partilhados, S.A.

Since 2019 Secretary of the General Meeting of SONAECOM - Cyber Security and Intelligence, SGPS, S.A.

Since 2019 Secretary of the General Meeting of PÚBLICO - Comunicação Social, S.A.

Since 2019 Secretary of the General Meeting of PCJ - Publico, Comunicação e Jornalismo, S.A.

Since 2019 Secretary of the General Meeting of SIRS - Sociedade Independente de Radiodifusão Sonora, S.A.

João Manuel Gonçalves Bastos

Birth date

23 April 1958

Educational qualifications

1981 Degree in Economics at Faculdade de Economia da Universidade do Porto

Professional experience

1981-1984 Teacher of Macroeconomics at Faculdade de Economia da Universidade do Porto

1982-1984 Commercial department in Crédit Lyonnais

1984-1986 Development and Planning department in Sonae Group

1986-1987 Assistant of the Board in Focor Group

1987 – 1998 CFO and member of the Board of several participated companies in Figest Group

1998 – 2007 Senior Manager and member of the Board of several participated companies in Sonae Group

Offices held in other entities

Shareholder and President of the Board of Arcádia Group

President of the Statutory Audit Committee of Irmãos Vila Nova, SP

President of the Statutory Audit Committee of Modelo – Distribuição de Materiais de Construção S.A,

Maria José Martins Lourenço da Fonseca

Birth date

4 September 1957

Educational qualifications

1984	Degree in Economics at Faculdade de Economia da Universidade do Porto - Doutor António José Sarmento Prize
1987	Post graduate Program in European Studies at the European Studies Center, Universidade Católica Portuguesa
1992	Participation in the Young Managers Programme at European Institute of Business Administration, Fontainebleau.
2002	Master in Business and Administration at Faculdade de Economia da Universidade do Porto
2015	PhD in Business and Administration at Faculdade de Economia da Universidade do Porto

Professional experience

1984-1985	Invited Assistant at Faculdade de Economia da Universidade do Porto - Microeconomics
1985-1990	Technician in the Department of Economic Studies and Planning at BPI - Banco Português de Investimento, S.A.
1990-1992	Senior Analyst at the Corporate Banking Department at BPI - Banco Português de Investimento, S.A.
1991-1999	Invited Assistant at Faculdade de Economia da Universidade do Porto - Accounting area
1992-1996	Vice-manager at the Corporate Banking Department at BPI - Banco Português de Investimento, S.A.
1996-2006	Cooperation with the Portuguese Institute of Statutory Auditors (OROC) as trainer for the External Auditor Preparatory Course
Since 1996	Lecturer at Católica Porto Business School (Universidade Católica Portuguesa)- Accounting area. Director of the Master's Degree in Auditing and Taxation, since 2017
2002-2008	Cooperation with the Certified Public Accountant Association (OTOC) in the field of professional formation
2008-2009	Cooperation with the Portuguese Institute of Statutory Auditors (OROC) in the field of professional formation
Since 2008	Consulting activity through the Centro de Estudos de Gestão e Economia Aplicada (CEGEA) of Católica Porto Business School (Universidade Católica Portuguesa)
2015	Member of the Selection Board for the Oral Test for External Auditor (ROC)
2015-2020	Cooperation with the Portuguese Institute of Statutory Auditors (OROC) as trainer for the External Auditor Preparatory Course

Offices held in other entities

President of the Statutory Audit Committee of Sonae SGPS, S.A.

Member of the Statutory Audit Committee of Sonae MC SGPS, S.A.

Member of the Statutory Audit Committee of Ibersol SGPS, S.A.

President of the Statutory Audit Committee of SDSR - Sports Division SR, S.A.

President of the Statutory Audit Committee of AEGE - Associação para a Escola de Gestão Empresarial

Lecturer at Católica Porto Business School (Universidade Católica Portuguesa)

Óscar José Alçada da Quinta

Birth date

1 December 1957

Educational qualifications

1982 Degree in Economics at Faculdade de Economia da Universidade do Porto

1990 Statutory auditor

Professional experience

1982-1986 Administrative and financial responsibilities in the area of textile companies, construction and office equipment

Since 1986 Provision of services related to external audit for Statutory Auditors and for companies in the previous activities

1990-1992 Independent Statutory Auditor

Since 1992 Statutory Auditor and Partner of Óscar Quinta, Canedo da Mota & Pires Fernandes, SROC

Offices held in other entities

Member of the Board of Directors of Óscar Quinta, Canedo da Mota & Pires Fernandes, SROC

Member of the Fiscal Council of Caetano-Baviera - Comércio de Automóveis, S.A.

Member of the Fiscal Council of BA GLASS I - Serviços de Gestão e Investimentos, SA

Member of the Fiscal Council of Sonae Arauco Portugal S.A.

Member of the Fiscal Council of Sonae Indústria, SGPS, S.A.

APPENDIX II

Curricula Vitae of the members of the Remuneration Committee

Duarte Paulo Teixeira de Azevedo

Member of Remuneration Committee of Sonaecom, SGPS, S.A.

Date of Birth

31 December 1965

Academic Curriculum

1986 Degree in Chemical Engineering - École Polytechnique Fédérale de Lausanne

1989 MBA - Porto Business School

Executive Education

1994 Executive Retailing Program - Babson College

1996 Strategic Uses of Information Technology Program - Stanford Business School

2002 Breakthrough Program for Senior Executives - IMD Lausanne

2008 Proteus Programme - London Business School

2012 Corporate Level Strategy - Harvard Business School

Professional Experience – Sonae Group

1988-1990 Manager and Analyst of Projeto Novos Investimentos in Sonae Tecnologias de Informação, S.A.

1990-1993 Manager of Projeto de Desenvolvimento Organizativo and Commercial Director in Portugal in New Business in Sonae Indústria

1993-1996 Director of Planning and Strategic Control and Organizational Development in Sonae Investimentos - SGPS, S.A. (currently Sonae - SGPS, S.A.)

1996-1998 Executive Director of Modelo Continente Hipermercados, SA (Merchandising, IT e Marketing)

1998-2000 Chairman of the Executive Committee of Optimus - Telecomunicações, S.A. (Operador Móvel)

2000- Abril 2007 Executive Director of Sonae - SGPS, S.A.

2002-2007 Chairman of the Executive Committee of Sonaecom, SGPS, S.A.

2002-2007 Chairman of the General Board of Público - Comunicação Social, S.A.

2003-2007 Chairman of the General Board of Glunz, AG

2004-2007 Chairman of the Board of Directors of Tableros de Fibras, S.A. (Tafisa)

2007-2014 Chairman of the Board of Directors of Sonaecom, SGPS, S.A.

2007- Abril 2015 Chairman of the Executive Committee of Sonae - SGPS, S.A.

2007- Março 2015 Vice President of the Board of Directors of Sonae Indústria, SGPS, S.A.

2007 - 2019	Chairman of the Board of Directors of Sonae Sierra, SGPS, S.A.
2007-2018	Chairman of the Board of Directors of Sonae Investimentos, SGPS, SA (currently Sonae MC, SGPS, SA)
2008-2014	Chairman of the Board of Directors of MDS, SGPS, S.A.
2009-2013	Chairman of the Board of Directors of Sonaegest, Sociedade Gestora de Fundos de Investimentos
2010-2013	Chairman of the Board of Directors of Sonae RP - Retail Properties
2010-2016	Chairman of the Board of Directors of Sonae - Specialized Retail , SGPS, S.A.
2010- 2019	Chairman of the Board of Directors of Sonae MC – Modelo Continente, SGPS, SA (currently Modelo Continente, SGPS, SA)
2013-2018	Chairman of the Board of Directors of Sonae Center Serviços II, SA (currently Sonae MC, Serviços Partilhados, SA)
2015-2019	Chairman of the Board of Directors and Co-CEO of Sonae - SGPS, SA
2018-2019	Chairman of the Board of Directors of Sonae Corporate, SA

Offices held in other entities

Since April 2019	Chairman of the Board of Directors of Sonae - SGPS, S.A.
Since March 2015	Chairman of the Board of Directors of Sonae Indústria, SGPS, S.A.
Since March 2015	Chairman of the Board of Directors of Sonae Capital, SGPS, S.A.
Since May 2016	Chairman of the Board of Directors of Sonae Arauco, S.A.
Since July 1990	Member of the Board of Directors of Imparfin, SGPS, S.A.
Since December 2010	Member of the Board of Directors of Efanor Investimentos, SGPS, S.A.
Since December 2010	Member of the Board of Directors of Migracom, SGPS, S.A.
Since 2018	Member of the Board of Directors of EFANOR - Serviços de Apoio à Gestão, S.A.
Since 2018	Chairman of the Board of Directors of Sonae Corporate, S.A.
Since 2018	Manager Partner of Okuk, Lda
Since 2018	Member of the Board of Directors of BA Glass I – Serviços de Gestão e Investimentos, SA

Other entities

2001-2002	Chairman of Apritel - Associação dos Operadores de Telecomunicações
2001-2008	Member of the General Council of Porto Business School
2004-2011	Member of the General Council of IPCG - Instituto Português de Corporate Governance
2006-2013	Member of the Board of Founders of Fundação Casa da Música
2008-2009	Member of the General Council of AEP - Associação Empresarial de Portugal
2009-2014	Member of the Board of Trustees of AEP - Associação Empresarial de Portugal
2009-2015	Chairman of the Board of Trustees of Universidade do Porto
2012-2015	Member of the Board of COTEC
2012-2017	Member of the Board of Trustees of Fundação Belmiro de Azevedo
Since 2015	Member of Consejo Iberoamericano para La Productividad y la Competitividad
Since 2008	Member of ERT - European Round Table of Industrialists
Since 2013	Member of International Advisory Board of Allianz SE
Since 2019	Member of the Board of Directors and of Executive Committee of Fundação Belmiro de Azevedo
Since 2019	Chairman of the BIOPOLIS Project Installing Committee
Since 2020	Chairman of the Board of Associação Viridia

Francisco de La Fuente Sánchez

Member of Remuneration Committee of Sonaecom, SGPS, S.A.

Birth date

2 January 1942

Educational qualifications

1965 Degree in Electrical Engineering - Technical University

Professional Experience

2005-2012 Member of Advisory Council of Fórum para a Competitividade

2007-2012 Guest vowel of Conselho Nacional da Água

2007-2012 Vice-president and Non-Executive Chairman of Directors of EFACEC Capital

2007-2013 Chairman of the General Board of PROFORUM

2007-2013 Chairman of Conselho Nacional do Colégio de Engenharia Eletrotécnica da Ordem dos Engenheiros

2010-2015 Chairman of the General Meeting of Iberwind - Desenvolvimento e Projetos, S.A.

2009-2016 Member co-opted of the Conselho de Escola do Instituto Superior Técnico

2012-2016 Chairman of Direction of AAAIST - Associação de Antigos Alunos do Instituto Superior Técnico

Since 2002 Member of the Board of Trustees of Fundação Luso-Espanhola

Since 2004 Member of the Board of Trustees of Fundação Luso-Brasileira

Since 2005 Member of Employers of Fundação Hidroelétrica del Cantábrico

2005-2009 Chairman of Fundação EDP

2003-2006 Chairman of Board of Directors of EDP - Energias de Portugal

Since 2017 Coopted member of General Counsel of Universidade de Lisboa

Offices held in other entities

Non-Executive Director of Sonae Capital S.G.P.S., S.A.

Member of Remuneration Committee of Sonae, SGPS, S.A.

Coopted member of General Counsel of Universidade de Lisboa

Chairman of the General Meeting of APEDES - Associação Portuguesa de Engenheiros para o Desenvolvimento Social

Chairman of the General Meeting of AAAIST - Associação de Antigos Alunos do Instituto Superior Técnico

President of honor of Hidroelétrica del Cantábrico, S.A.

Member of Patronato of Fundação Hidroelétrica del Cantábrico

Member of the Board of Trustees of Fundação Luso-Brasileira

Member of the Board of Trustees of Fundação Luso-Espanhola

Member of the Advisory Board of ATEC - Academia de Formação

Member of the Representatives Assembly of Ordem dos Engenheiros

Member of the Foro Ibero América

ANNUAL
REPORT
2020



FINANCIAL STATEMENTS

1. Financial Information

1.1. Sonaecom consolidated financial statements

Consolidated statement of financial position

For the years ended on 31 December 2020 and 2019 (restated)

(Amounts expressed in Euro)	Notes	December 2020	December 2019 (restated)	01 January 2019 (restated)
Assets				
Non-current assets				
Property, plant and equipment	1c, 1h and 5	2,034,408	2,140,056	3,381,652
Intangible assets	1d, 1e, 1x and 6	8,240,910	10,467,620	29,375,733
Right of use	1h and 7	10,609,677	10,403,459	13,123,631
Goodwill	1f, 1x and 8	14,520,952	14,520,952	36,059,618
Investments in joint ventures and associated companies	1b and 9	807,795,660	789,256,422	773,937,338
Financial assets at fair value through other comprehensive income	1g, 4 and 10	7,299,791	5,344,810	6,954,172
Financial assets at fair value through profit or loss	1g, 4 and 11	92,324,063	53,022,212	21,147,509
Deferred tax assets	1p and 12	16,380,468	4,251,266	10,275,910
Other non-current assets	1g, 1r, 1y, 4, 13 and 37	7,602,700	8,003,913	3,009,242
Total non-current assets		966,808,629	897,410,710	897,264,805
Current assets				
Inventories	1i and 14	251,827	240,361	369,870
Trade receivables	1g, 1j, 4, 15, 24 and 37	22,616,717	27,227,731	50,960,546
Other receivables	1g, 1j, 4, 16, 24 and 37	8,314,544	8,289,211	8,591,931
Income tax assets	1p, 4 and 28	1,819,652	1,717,566	3,043,207
Other current assets	1g, 1r, 1x, 4, 17 and 37	13,971,930	12,238,902	17,051,088
Cash and cash equivalents	1g, 1k, 4, 18 and 37	233,707,494	255,877,001	229,040,867
Total current assets		280,682,164	305,590,772	309,057,509
Total assets		1,247,490,793	1,203,001,482	1,206,322,314
Shareholders' funds and liabilities				
Shareholders' funds				
Share capital	19	230,391,627	230,391,627	230,391,627
Own shares	1v and 20	(7,686,952)	(7,686,952)	(7,686,952)
Reserves and retained earnings	1u	818,589,511	798,275,779	770,549,146
Consolidated net income/(loss) for the year		60,125,890	52,168,120	70,015,966
		1,101,420,076	1,073,148,574	1,063,269,787
Non-controlling interests	21	13,080,206	(636,155)	379,186
Total Shareholders' funds		1,114,500,282	1,072,512,419	1,063,648,973
Liabilities				
Non-current liabilities				
Loans	1g, 1l, 1m, 1q, 4 and 22.a	2,146,527	3,289,931	3,677,091
Lease liabilities	1g, 1h, 4 and 23	11,072,814	11,156,725	9,522,942
Provisions	1g, 1h, 4 and 24	30,007,840	30,848,948	23,615,649
Deferred tax liabilities	1p and 12	28,054,313	22,277,675	14,640,939
Other non-current liabilities	1g, 1r, 1y, 4, 25, 37 and 42	264,105	4,150,043	6,644,240
Total non-current liabilities		71,545,599	71,723,322	58,100,861
Current liabilities				
Loans	1g, 1l, 1m, 1q, 4 and 22.b	1,546,801	1,525,122	5,209,946
Trade payables	1g, 4, 26 and 37	16,886,338	19,041,965	18,941,483
Lease liabilities	1g, 1h, 4 and 23	3,408,625	3,448,361	3,850,740
Other payables	1g, 4, 27 and 37	9,639,257	11,935,197	14,440,263
Income tax liabilities	1p, 4 and 28	-	90,458	310,220
Other current liabilities	1g, 1q, 1r, 1y, 4, 29, 37, 39 and 42	29,963,891	22,724,638	41,819,828
Total current liabilities		61,444,912	58,765,741	84,572,480
Total Liabilities		132,990,511	130,489,063	142,673,341
Total Shareholders' funds and liabilities		1,247,490,793	1,203,001,482	1,206,322,314

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

The Certified Accountant

The Board of Directors

Consolidated income statement by nature

For the years ended on 31 December 2020 and 2019 (restated)

(Amounts expressed in Euro)	Notes	December 2020	4 th Quarter 2020 (not audited)	December 2019 (restated)	4 th Quarter 2019 (not audited and restated)
Sales	1s, 30 and 37	76,546,308	15,578,874	83,256,879	17,535,197
Services rendered	1s, 30 and 37	52,540,194	14,004,576	49,141,618	12,262,609
Other income	1q, 23, 31 and 37	3,171,635	1,766,925	2,446,082	885,880
		132,258,137	31,350,375	134,844,579	30,683,686
Cost of sales	1i and 14	(66,669,523)	(13,099,006)	(71,800,735)	(14,217,962)
External supplies and services	1h, 32 and 37	(22,457,967)	(5,496,983)	(25,651,248)	(7,233,046)
Employee benefits expense	1q, 1y, 42, 43 and 45	(46,400,159)	(12,804,434)	(46,361,557)	(12,072,576)
Amortisation and depreciation	1c, 1d, 1f, 1h, 5, 6 and 7	(8,885,581)	(2,251,520)	(10,185,528)	(3,924,223)
Provisions	1j, 1o, 1x and 24	(93,293)	23,319	(112,070)	(56,233)
Impairment losses	1j, 1o, 1x and 24	(143,241)	(77,455)	(404,428)	(244,091)
Other expenses	33	(371,281)	(114,291)	(420,758)	(135,040)
		(145,021,045)	(33,820,370)	(154,936,324)	(37,883,172)
Gains and losses in joint ventures and associated companies	1b, 9 and 35	46,031,392	33,718,719	62,851,437	32,127,045
Gains and losses on assets at fair value through profit or loss	1b, 11 and 35	21,626,448	(7,718,627)	619,935	619,935
Financial expenses	1h, 1m, 1w, 1x, 22, 34 and 37	(3,553,917)	(863,388)	(2,410,473)	(896,404)
Financial income	1w, 22, 34 and 37	2,920,559	905,100	2,346,847	815,662
Current income / (loss)		54,261,574	23,571,809	43,316,001	25,466,752
Income taxation	1p, 12 and 36	4,457,255	7,672,721	(6,108,175)	(8,094,407)
Consolidated net income/(loss) for the year of continued operations		58,718,829	31,244,530	37,207,826	17,372,346
Consolidated net income/(loss) for the year of discontinued operations	40	-	-	12,568,216	-
Consolidated net income/(loss) for the year		58,718,829	31,244,530	49,776,042	17,372,346
Attributed to:					
Shareholders of parent company	41	60,125,890	31,418,544	52,168,120	18,186,399
Non-controlling interests	21	(1,407,061)	(174,014)	(2,627,108)	(814,053)
Non-controlling interests (discontinued operations)	21, 40	-	-	235,030	-
Earnings per share					
Including discontinued operations					
Basic	41	0.20	0.10	0.17	0.06
Diluted	41	0.20	0.10	0.17	0.04
Excluding discontinued operations					
Basic	41	0.20	0.10	0.13	0.06
Diluted	41	0.20	0.10	0.13	0.06

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

The Certified Accountant

The Board of Directors

Consolidated statement of comprehensive income

For the years ended on 31 December 2020 and 2019 (restated)

(Amounts expressed in Euro)	Notes	December 2020	4 th Quarter 2020 (not audited)	December 2019 (restated)	4 th Quarter 2019 (not audited and restated)
Consolidated net income / (loss) for the year		58,718,829	31,244,530	49,776,042	17,372,346
Components of other consolidated comprehensive income, net of tax, that will be reclassified subsequently to profit or loss:					
Changes in reserves resulting from the application of equity method	9	(4,774,601)	(957,279)	(8,302,631)	(5,552,977)
Changes in currency translation reserve and other	1w	117,254	(92,846)	(169,588)	12,404
Changes in currency translation reserve and other of the discontinued operations	1w	-	-	639,005	-
Components of other consolidated comprehensive income, net of tax, that will not be reclassified subsequently to profit or loss:					
Changes in reserves resulting from the application of the equity method	9	(1,420,305)	(286,042)	(1,679,466)	21,546
Changes in fair value of financial assets at fair value through other comprehensive income net of taxes	10	(390,911)	(1,166,081)	1,593,620	1,593,620
Consolidated comprehensive income for the year		52,250,266	28,742,283	41,856,982	13,446,939
Attributed to:					
Shareholders of parent company		53,657,327	29,210,578	44,249,060	14,366,102
Non-controlling interests		(1,407,061)	(174,014)	(2,392,078)	(814,053)

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

The Certified Accountant

The Board of Directors

Consolidated statement of changes in equity

For the years ended on 31 December 2020 and 2019 (restated)

(Amounts expressed in Euro)	Notes								Non-controlling interests (note 21)		
		Share capital (note 19)	Own shares (note 20)	Share premium	Legal reserves	Reserves of own shares	Other reserves	Total reserves	Net income / (loss)	Total	
2020											
Balance at 31 December 2019 (restated)		230,391,627	(7,686,952)	775,290,377	18,545,192	7,686,952	(3,246,742)	798,275,779	(636,155)	52,168,120	1,072,512,419
Appropriation of the consolidated net result of 2019		-	-	-	2,138,733	-	50,029,387	52,168,120	-	(52,168,120)	-
Transfers to other reserves		-	-	-	-	-	(25,378,829)	(25,378,829)	(175,000)	-	(25,553,829)
Dividend Distribution	37	-	-	-	-	-	-	-	15,000,000	-	15,000,000
Increase in share capital in subsidiaries		-	-	-	-	-	-	-	(1,407,061)	60,125,890	52,157,561
Consolidated comprehensive income for the year ended at 31 December 2020		-	-	-	-	-	(6,561,268)	(6,561,268)	298,422	-	384,131
Other changes		-	-	-	-	-	85,709	85,709	-	-	-
Balance at 31 December 2020		230,391,627	(7,686,952)	775,290,377	20,683,925	7,686,952	14,928,257	818,589,511	13,080,206	60,125,890	1,114,500,282
2019											
Balance at 31 December 2018		230,391,627	(7,686,952)	775,290,377	17,701,887	7,686,952	(28,511,139)	772,168,077	379,186	68,397,035	1,063,648,973
Consolidated comprehensive income for the year ended at 31 December 2018 (restated)	1.ad	-	-	-	-	-	(1,618,931)	(1,618,931)	-	1,618,931	-
Balance at 01 January 2019 (restated)		230,391,627	(7,686,952)	775,290,377	17,701,887	7,686,952	(30,130,070)	770,549,146	379,186	70,015,966	1,063,648,973
Appropriation of the consolidated net result of 2018		-	-	-	843,305	-	69,172,661	70,015,966	-	(70,015,966)	-
Transfers to other reserves		-	-	-	-	-	(34,246,131)	(34,246,131)	(110,000)	-	(34,356,131)
Dividend Distribution	37	-	-	-	-	-	-	-	1,559,859	-	1,559,859
Increase in share capital in subsidiaries		-	-	-	-	-	-	-	(2,392,078)	52,168,120	41,856,982
Consolidated comprehensive income for the year ended at 31 December 2019 (restated)		-	-	-	-	-	(7,919,060)	(7,919,060)	(73,122)	-	(197,264)
Other changes		-	-	-	-	-	(124,142)	(124,142)	-	-	-
Balance at 31 December 2019 (restated)		230,391,627	(7,686,952)	775,290,377	18,545,192	7,686,952	(3,246,742)	798,275,779	(636,155)	52,168,120	1,072,512,419

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

The Certified Accountant

The Board of Directors

Consolidated cash flow statement

For the years ended on 31 December 2019 and 2019 (restated)

(Amounts expressed in Euro)	Notes	December 2020	December 2019
Operating activities			
Receipts from trade debtors		139,402,297	168,389,882
Payments to trade creditors		(93,297,109)	(108,558,431)
Payments to employees		(46,187,660)	(69,037,417)
Cash flows generated by operations		(82,472)	(9,205,966)
(Payments) / receipts relating to income taxes		(2,052,693)	(2,892,533)
Other receipts / (payments) relating to operating activities		(1,121,001)	(1,873,730)
Cash flows from operating activities (1)		(3,256,166)	(13,972,229)
Investment activities			
Receipts from:			
Financial investments		527,223	68,743,221
Tangible assets	5	39,236	35,308
Intangible assets	6	573,681	8,687
Dividends	37	-	46,991,788
Interest and similar income		623,816	1,162,554
Others	9	18,907,194	-
Payments of:			
Financial investments	10	(20,486,732)	(30,186,866)
Tangible assets	5	(899,552)	(1,601,616)
Intangible assets	6	(1,764,661)	(1,825,312)
Variation in loans granted		(249,932)	(365,793)
Cash flows from investment activities (2)		(2,729,727)	82,961,971
Financing activities			
Receipts from:			
Capital increases, supplementary capital and share premium	21	15,000,000	1,559,859
Loans obtained		522,634	-
Payments of:			
Leasing	23	(4,030,166)	(4,571,108)
Bank commissions, interest and similar expenses		(419,273)	(816,399)
Dividends	37	(25,553,829)	(34,356,131)
Loans obtained	22	(1,675,597)	(3,490,136)
Cash flows from financing activities (3)		(16,156,231)	(41,673,915)
Net cash flows (4)=(1)+(2)+(3)		(22,142,124)	27,315,827
Effect of the foreign exchanges		(27,339)	8,854
Cash and cash equivalents at the beginning of the year	18	255,876,957	228,552,276
Cash and cash equivalents at the end of the year	18	233,707,494	255,876,957

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

The Certified Accountant

The Board of Directors

Notes to the consolidated cash flow statement

For the years ended on 31 December 2020 and 2019

1. Description of non-monetary financing activities

	Notes	December 2020	December 2019
a) Bank credit obtained and not used	22	3,383,038	3,115,631
b) Purchase of companies through the issue of shares		Not applicable	Not applicable
c) Conversion of companies loans into shares		Not applicable	Not applicable

2. Acquisition or sale of subsidiaries or other businesses

	Notes	December 2020	December 2019
a) Amounts received of acquisitions			
Fyde investment repaymen	10	527,223	-
Sold of participation on Saphety	3.c	-	8,323,097
Sold of participation on Wedo	3.c	-	60,420,126
		527,223	68,743,223
b) Amounts paid of acquisitions / capital increase			
Artic Wolf	3.a and 11	7,798,765	3,609,512
Weaveworks	3.a and 11	4,231,907	-
Deepfence	3.a and 10	2,085,593	-
Sales Layer	3.a and 11	2,500,358	-
Convertible loan Case on It	3.a and 13	1,050,000	-
Convertible loan Cellwise	3.a and 13	695,942	-
Replai	3.a and 11	600,000	-
Convertible loan Daisy	3.a and 13	480,307	-
Jscrambler	3.a and 11	300,000	-
Sixgill	3.a and 11	-	5,415,162
Cellwize	3.a and 11	-	5,357,593
CB-4	3.a and 11	-	4,368,720
Ometria	3.a and 11	-	4,404,318
Daisy Intelligence	3.a and 11	-	2,406,623
Visenze	3.a and 11	-	875,427
Armillar III	3.a and 9	-	656,507
Case on IT	3.a and 11	-	650,744
Convertible loan Style Sage	3.a and 13	-	644,058
Convertible loan Secucloud	3.a and 13	-	569,615
Fyde	3.a and 10	-	443,687
Others	3.a, 10 and 11	743,860	784,900
		20,486,732	30,186,866
c) Amounts received of dividends			
ZOPT	9 and 37	-	46,991,559
CAIXA BANK		-	229
		-	46,991,788
d) Amounts paid of dividends			
Sontel BV, Sonae SGPS and other minority interests	37 and 41	25,378,829	34,246,131
Aitec and BPI		175,000	110,000
		25,553,829	34,356,131

The amount of receipts from financial investments regarding the sale of participations on Saphety and Wedo include the amount of 'Cash and cash equivalents' on the date of sale of these companies' groups (note 3.c).

3. Cash flow breakdown by activity

Activity	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Net cash flows
2020				
Media	(176,826)	(316,973)	(488,401)	(982,200)
Information Systems	(1,491,745)	(2,705,738)	11,017,409	6,819,926
Holding	(1,587,595)	292,984	(26,685,239)	(27,979,850)
	(3,256,166)	(2,729,727)	(16,156,231)	(22,142,124)

Activity	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Net cash flows
2019				
Media	(1,580,467)	(515,653)	(464,779)	(2,560,899)
Information Systems	(9,728,149)	36,244,281	(5,927,255)	20,588,877
Holding	(2,663,613)	47,233,343	(35,281,881)	9,287,849
	(13,972,229)	82,961,971	(41,673,915)	27,315,827

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

The Certified Accountant

The Board of Directors



1.2. Notes to the consolidated financial statements of Sonaecom

SONAECOM, SGPS, S.A. (hereinafter referred to as 'the Company' or 'Sonaecom') was established on 6 June 1988, under the name Sonae - Tecnologias de Informação, S.A. and has its head office at Lugar de Espido, Via Norte, Maia - Portugal. It is the parent company of the Group of companies listed in note 2 and 3 ('the Group').

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

Pargeste, SGPS, S.A.'s subsidiaries in the communications and information technology area were transferred to the Company through a demerger-merger process, executed by public deed dated 30 September 1997.

On 3 November 1999 the Company's share capital was increased, its Articles of Association were modified and its name was changed to Sonae.com, SGPS, S.A.. Since then the Company's corporate object has been the management of investments in other companies. Also on 3 November 1999, the Company's share capital was re-denominated to Euro, being represented by one hundred and fifty million shares with a nominal value of 1 Euro each.

On 1 June 2000, the Company carried out a Combined Share Offer, involving the following:

- A Retail Share Offer of 5,430,000 shares, representing 3.62% of the share capital, made in the domestic market and aimed at: (i) employees of the Sonae Group; (ii) customers of the companies controlled by Sonaecom; and (iii) the general public;
- An Institutional Offering for sale of 26,048,261 shares, representing 17.37% of the share capital, aimed at domestic and foreign institutional investors.

In addition to the Combined Share Offer, the Company's share capital was increased under the terms explained below. The new shares were fully subscribed for and paid up by Sonae, SGPS, S.A. (a Shareholder of Sonaecom, hereinafter referred to as 'Sonae'). The capital increase was subscribed for and paid up on the date the price of the Combined Share Offer was determined, and paid up in cash, 30,000,000 new ordinary shares of 1 Euro each being issued. The subscription price for the new shares was the same as that fixed for the sale of shares in the aforementioned Combined Share Offer, which was Euro 10.

In addition, in this year, Sonae sold 4,721,739 Sonaecom shares under an option granted to the banks leading the Institutional Offer for Sale and 1,507,865 shares to Sonae Group managers

and to the former owners of the companies acquired by Sonaecom.

By decision of the Shareholders' General Meeting held on 17 June 2002, Sonaecom's share capital was increased from Euro 181,000,000 to Euro 226,250,000 by public subscription reserved for the existing Shareholders, 45,250,000 new shares of 1 euro each having been fully subscribed for and paid up at the price of Euro 2.25 per share.

On 30 April 2003, the Company's name was changed by public deed to SONAECOM, SGPS, S.A..

By decision of the Shareholders' General Meeting held on 12 September 2005, Sonaecom's share capital was increased by Euro 70,276,868, from Euro 226,250,000 to Euro 296,526,868, by the issuance of 70,276,868 new shares of 1 euro each and with a share premium of Euro 242,455,195, fully subscribed by France Télécom. The corresponding public deed was executed on 15 November 2005.

By decision of the Shareholders General Meeting held on 18 September 2006, Sonaecom's share capital was increased by Euro 69,720,000, from Euro 296,526,868 to Euro 366,246,868, by the issuance of 69,720,000 new shares of 1 euro each and with a share premium of Euro 275,657,217, subscribed by O93X - Telecomunicações Celulares, S.A. ('EDP') and Parpública - Participações Públicas, SGPS, S.A. ('Parpública'). The corresponding public deed was executed on 18 October 2006.

By decision of the Shareholders General Meeting held on 16 April 2008, bearer shares were converted into registered shares.

During the year ended on 31 December 2013, the merger between Zon Multimédia - Serviços de Telecomunicações e Multimédia, SGPS, S.A. ('Zon') and Optimus SGPS, SA (note 9) was closed.

Accordingly, the telecommunications segment was classified, for presentation purposes, as a discontinued operation and the Group's business became of, rather than the holding activity:

- Media;
- Technologies.

Consequently, since the merger mentioned above, the telecommunications segment became jointly controlled (note 9).



On 5 February 2014, Sonaecom made public the decision to launch a general and voluntary tender offer for the acquisition of shares representing the share capital of Sonaecom.

The offer was general and voluntary, with the offeror obliged to acquire all the shares that were the object of the offer and were, until the end of the respective period, subject to valid acceptance by the recipients.

The period of the offer, during which sales orders were received, ran for two weeks, beginning on 6 February and ending on 19 February 2014. On 20 February 2014, the results of the offer were released. The level of acceptance reached 62%, corresponding to 54,906,830 Sonaecom shares.

In 2014 Sonaecom reduced its share capital to Euro 230,391,627.

Thereafter, Euronext Lisbon announced Sonaecom exclusion from the PSI-20 from 24 February 2014 forward.

The Group operates in Portugal and has subsidiaries (from the information systems consultancy segment) operating in about 6 countries.

The consolidated financial statements are also presented in euro, rounded to the unit, and the transactions in foreign currencies are included in accordance with the accounting policies detailed below.

Relevant events occurred during the year

2020 was marked by COVID-19 pandemic emergence in Europe, the subsequent formal national lock-down declared on 18th March and the consequent difficult and challenging economic environment. People and companies were forced to adapt to a new reality, transforming all work and social relations.

Since the beginning, the Board of Directors has followed in detail and with great concern all the pandemic developments, following closely the position of the competent international entities, namely the World Health Organization and the European Centre for Disease Prevention and Control, as well as the Portuguese Directorate-General of Health.

Aligned with the Group's Risk Management Policies, different scenarios and probabilities were defined and contingency plans with correspondent mitigation actions were designed and actioned across all companies and departments. This strategic thought allowed to keep our employees protected and to face this turmoil period with the less loss of value.

Therefore and, in order to reinforce the protection of employees and business continuity, mandatory actions were defined and communicated, as well as recommendations for all employees, such as the prohibition of all trips; advise against realization/participating in congresses, fairs, exhibitions and extended job training; share information of care to be taken in hand hygiene and measures of respiratory etiquette; telework/remote work procedures, ensuring the necessary conditions for this purpose.

Additionally, given the emergency situation in which the country finds itself, Público keeps all contents related to Covid-19 open to the entire population, so that readers can take precautions in these exceptional times.

The financial and operational impacts have been uneven in different segments and, so far, the Group's business operations have been affected in very different levels:

- The technology area did not feel significant impacts from this situation on its 2020 results, except a slowdown on Professional Services revenues, on Technology Reselling (either due to a reduction in demand or a drop in supply) and specially on the rhythm of commercial activity for new businesses.
- At NOS, the main operating impacts of the pandemic in 2020 revenues were felt namely in: i) Cinemas and Audiovisuals: reduction on cinemas attendance, driven by the complete closure of NOS theatres on 16 March until July 2 and the limitation schedules imposed during the last quarter of the year for shopping centers in which the theatres are included and the continued and indefinite postponement of major movies launches, only partially compensated by the rents reduction; ii) Roaming and international calls: traffic and revenues impacted by restrictions imposed on international travel; iii) Premium sport channels: reduction in revenues with subscriptions being offered during the national football championship suspension; iv) Mobile Data: the quarantine and isolation situations imply an increase of wireless usage versus mobile data; and iv) Equipment: fall in sales due to closure of all non-essential retail activity namely in shopping centres and to general restrictions to circulation.
- Público's activity was impacted, namely in and advertising revenues and offline newspaper sales, with the close of the majority of points of sale during second quarter 2020.

With the exception of what is described in note 9, for the telecommunications segment, there was no additional effect

on credit risk related to expected losses from customers or others.

In line with the existing recommendations, the Group also carried out with sensitivity analyses of the assumptions used in the impairment tests on Goodwill realized at the end of 2020, not having evidence for any impairment (note 8).

The approval of the first COVID-19 vaccines in late 2020 brought back some optimism regarding the end of this health crisis, which could allow for a faster economic recovery. However, the resurgence of new waves of infection in different geographical locations at the end of the previous year associated with the discovery of new virus strains with a higher transmission rate, which are more aggressive, raised once again the pressure on healthcare systems, particularly on Intensive Care Units, leading to the reinstatement of restrictions and general lockdowns for populations around the globe.

Overall, the macroeconomic context remains uncertain and intrinsically dependent on the epidemiological evolution and control, on governmental intervention to comply with vaccination plans, as well as on the support provided to the overall economy. However, given the company's capital structure, with a significant amount in cash and bank deposits and a low amount of remunerated debt, no material changes in the Company's liquidity are expected. Furthermore, we will continue to implement all measures deemed appropriate to minimize their impacts, in line with the recommendation of the competent entities and in the best interest of all our stakeholders.

1. Basis of presentation

The accompanying financial statements relate to the consolidated financial statements of the Sonaecom Group and have been prepared with an on a going concern basis, based on the accounting records of the companies included in the consolidation through full consolidation method (note 2) in accordance with the International Financial Reporting Standards (IFRS) as adopted and effective in the European Union on 1 January 2020. These financial statements were prepared based on the historical cost, except for the revaluation of some financial instruments.

Sonaecom adopted IFRS for the first time according to SIC 8 (First-time adoption of IAS) on 1 January 2003.

The following standards, interpretations, amendments and revisions have been approved (endorsed) by the European Union, and have mandatory application to the financial years beginning on or after 1 January 2020:

Standard / Interpretation	Effective date (annual years beginning on or after)
Amendment to IFRS 3: Definition of a business	1-jan-20
The amendment revises the definition of a business in order to account for business combinations. The new definition requires that an acquisition include an input, as well as a substantial process that jointly generate outputs. Outputs are now defined as goods and services rendered to customers, that generate investment income and other income, and exclude returns as lower costs and other economic benefits for shareholders. Optional 'concentration tests' for the assessment if one transaction is the acquisition of an asset or a business combination, are allowed.	
Amendment to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform (phase 1)	1-jan-20
This amendment constitutes a review regarding the pre-substitution issues in the context of the IBOR reform, which modify the existing requirements in IFRSs for hedging instruments on accounting. The changes were designed to support the supply of useful financial information by companies during the period of uncertainty resulting from the gradual elimination of interest rate reference indexes, such as IBORs. The amendments modify some specific hedge accounting requirements to relieve the potential effects caused by uncertainty of the IBOR reform. In addition, the changes require companies to provide additional information to investors about their hedge relationships, which are directly affected by these uncertainties.	
Amendment to IAS 1 and IAS 8: Definition of material	1-jan-20
These amendments revise the concept of "material". Includes clarifications as to obscured information, its effect being similar to the omission or distortion of information; and also, clarifications as to the term 'primary users of general purpose financial statements', defined as 'existing or potential investors, lenders and other creditors' that rely on general purpose financial statements to obtain a significant part of the information that they need.	
Amendments to references in other IFRS: Conceptual framework	1-jan-20
As a result of the publication of the new Conceptual Framework, the IASB introduced changes to the text of various standards and interpretations, like: IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, SIC 32, in order to clarify the application of the new definitions of asset / liability and expense / income, in addition to some of the characteristics of financial information. These amendments are retrospective, except if impractical.	
Amendment to IFRS 16: COVID-19 related rent concessions	1-jan-20
Amendment related to the accounting record by the renters of the bonuses in the rents, attributed by the lessors as a consequence of the impacts of Covid-19. This amendment introduces a practical expedient for lessees (but not for lessors), which exempts them from assessing whether the rent concessions granted by lessors under COVID-19 are a modification to the lease contract.	
Amendments to IFRS 4: Insurance Contracts - Deferral of IFRS 9	1-jan-21
This amendment refers to the temporary accounting consequences resulting from the difference between the date of entry into force of IFRS 9 - Financial Instruments and the future IFRS 17 - Insurance Contracts.	

Regarding the new standards that became effective in the year beginning at 1 January 2020, the Group made an analysis of the changes introduced and the impact on the financial statements and concluded that the application of these standards had no material effect in the financial statements.

The Group has not yet implemented any of these standards in the financial statements for the year ended on 31 December 2020.

The following standards, interpretations, amendments and revisions have not, until 31 December 2020, been approved (endorsed) by the European Union:

Standard / Interpretation	Effective date (annual years beginning on or after)
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Reform of the reference interest rate (phase 2) These amendments deal with issues that arise during the reform of an interest rate reference which include the replacement of a reference interest rate with another alternative, allowing for the application of exemptions.	1-jan-21
Amendment to IFRS 3: Reference to the Conceptual framework This amendment updates the references to the Conceptual Framework without changing the accounting requirements for business combinations.	1-jan-22
Amendment to IAS 16: Proceeds before intended use This amendment changes the accounting treatment of the proceeds obtained from the sale of products that resulted from the production test phase of property, plant and equipment, prohibiting their deduction to the acquisition cost of assets.	1-jan-22
Amendment to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract This amendment specifies that when assessing whether a contract is onerous or not, only expenses directly related to the performance of the contract can be considered.	1-jan-22
Annual Improvements 2018 - 2020 The 2018-2020 annual provides improvements to: IFRS 1 (Subsidiary as first-time IFRS adopter), IFRS 9 (Derecognition of liabilities), IFRS 16 (Leasing incentives) and IAS 41 (Taxation and measurement of fair value). This amendment is applied prospectively.	1-jan-22
IFRS 17: Insurance contracts This new standard replaces IFRS 4 which becomes mandatory since 2004. IFRS 17 apply to all entities issuing insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics.	1-jan-23
Amendment to IAS 1: Classification of liabilities as current or non-current This amendment intends to clarify that liabilities are classified as either current or non-current balances depending on the rights that an entity has to defer its payment, at the end of each reporting period.	1-jan-23

These standards have not yet been approved ('endorsed') by the European Union and, as such, were not adopted by the Group for the year ended at 31 December 2020. Their application is not yet mandatory.

There are not expected materially relevant impacts when adopting these standards.

The accounting policies and measurement criteria adopted by the Group at 31 December 2020 are comparable with those used in the preparation of 31 December 2019 restated financial statements.

Main accounting policies

The main accounting policies used in the preparation of the accompanying consolidated financial statements are as follows:

a) Investments in Group companies

Sonaecom has control of the subsidiary when the company cumulatively fulfils the following conditions: i) has power over the subsidiary; ii) is exposed to, or has rights over, variable results from its involvement with the subsidiary; and iii) has the ability to use its power to affect its returns. These Investments were fully consolidated in the accompanying consolidated financial statements. Third party participations in the Shareholders' equity and net results of those companies are recorded separately in the consolidated statement of financial position and in the consolidated profit and loss statement, respectively, under the caption 'Non-controlling interests'.

The total comprehensive income is attributed to both the Shareholders of parent company and the non-controlling interests even if this results in a deficit balance of non-controlling interests.

To acquire subsidiaries, the purchase method is applied. The results of subsidiaries bought or sold during the year are included in the profit and loss statement as from the date of acquisition (or of control acquisition) or up to the date of sale (or of control cession). Intra-Group transactions, balances and dividends are eliminated.

The fully consolidated companies are listed in note 2.

The acquisition cost is the amount of cash or cash equivalents paid or the fair value of other consideration transferred to acquire an asset at the time of its acquisition or constitution or, where applicable, the amount attributed to that asset upon initial recognition in accordance with the specific requirements of IFRS 3.

The transferred consideration may include assets or liabilities of the acquirer that have carrying amounts that differ from their fair value at the acquisition date (for example, non-cash assets or a business of the acquirer). If so, the acquirer shall re-measure the assets or liabilities transferred at their fair value at the acquisition date and recognise any gains or losses arising, if any, on the statement of income. However, sometimes the transferred assets or liabilities remain in the entity acquired after the business is carried out, and therefore, the acquirer retains control over them. In such situation, the acquirer shall measure those assets and liabilities at their carrying amounts



immediately before the acquisition date and shall not recognise any gain or loss in the statement of profit and loss on assets or liabilities that it controls both before and after the business.

The expenses incurred with the acquisition of investments in Group companies are recorded as cost at the time they are incurred.

b) Investments in joint ventures and associated companies

Investments in joint ventures are recorded using the equity method. The classification of these investments is determinate based on shareholders agreements, which regulate the shared control.

The investments in associated companies correspond to investments in which the group has significant influence. The existence of significant influence is presumed when the investor holds more than 20% of the voting rights of the investee, otherwise it must be clearly demonstrated.

The existence of significant influence is usually evidenced by one or more of the following criterias:

- representation on the investee's management or equivalent management body;
- participation in the process of policy' decisions, including participation in decisions on dividends and other distributions;
- material transactions between the investor and the investee;
- interchange of managerial personnel; or
- share of essential technical information.

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

In accordance with the equity method, investments are adjusted annually by the amount corresponding to the Group's share of the net results of associated companies, against a corresponding entry to gain or loss for the year, and by the amount of dividends received, as well as by other changes in the equity of the associated companies, which are recorded by a corresponding entry under the caption 'Other reserves'. These equity variations, excluding the cost related to NOS's own share plans, are recorded under the caption 'Other Comprehensive Income', if corresponds to the subsidiary's full income, or directly in reserves in the remaining situations An assessment of the investments in associated companies and companies jointly controlled is performed annually, with the aim of detecting possible impairment situations.

When the Group's share of accumulated losses of an associated company or a company jointly controlled exceeds the book value of the investment, the investment is recorded at nil value, except when the Group has assumed commitments to the associated company or a company jointly controlled. If that is the case, situation in which it records a provision for other risks and charges for that purpose.

The difference between the acquisition price of the investments in associated companies joint ventures and the fair value of identifiable assets and liabilities at the time of their acquisition, when positive, is recorded as Goodwill, included in the investment value and, when negative, after a reassessment, is recorded, directly, in the profit and loss statement under the caption 'Gains and losses in joint ventures and associated companies'.

The description of the associated companies and joint ventures is disclosed in note 9.

c) Tangible assets

Tangible assets are recorded at their acquisition cost minus their accumulated depreciation and the estimated accumulated impairment losses.

Depreciations are calculated on a straight-line monthly basis from the date the assets are available for use under the necessary conditions to operate as intended by the management, by a corresponding charge under the profit and loss statement caption 'Amortisation and depreciation '.

The annual depreciation rates used correspond to the estimated useful life of the assets, which are as follows:

	Years of useful life
Buildings and other constructions	5 - 20
Plant and machinery	1- 10
Fixtures and fittings	1 - 10
Tools and utensils	4
Other tangible assets	4

Impairment losses detected in the realisation value of tangible assets are recorded in the year in which they arise, by a corresponding charge under the caption 'Amortisation and Depreciation' in the profit and loss statement.

Current maintenance and repair expenses of tangible assets are recorded as costs in the year in which they occur. Improvements of significant amount, which increase the estimated useful life of the assets, are capitalised and depreciated in accordance with the remaining estimated useful life of the corresponding assets.



The estimated costs related with the mandatory dismantling and removal of tangible assets, incurred by the Group, are capitalised and depreciated in accordance with the estimated useful life of the corresponding assets.

Work in progress corresponds to tangible assets still in the construction/development stage which are recorded at their acquisition cost. These assets are depreciated as from the moment they are available to be used and when they are ready to start operating as intended by the management.

d) Intangible assets

'Intangible assets' are recorded at their acquisition cost minus their accumulated amortisation and less estimated accumulated impairment losses. Intangible assets are only recognised if they were identifiable and if it is likely that they will bring future economic benefits to the Group, if the Group controls them and if their cost can be reasonably measured.

Intangible assets comprise, essentially, software, industrial property, costs incurred with the acquisition of clients portfolios (value attributed under the purchase price allocation in business combinations).

The amortisation of intangible assets are calculated on a straight-line monthly basis, over the estimated useful life of the assets, as from the month in which the corresponding expenses are incurred.

Expenditures with internally-generated intangible assets, namely research expenditures, are recognised in the profit and loss statement when incurred. Development expenditures can only be recognised as an intangible asset if the Group demonstrates the ability to complete the project and is able use it or sell it.

Amortisation for the year is recorded in the profit and loss statement under the caption 'Amortisation and depreciation'.

Impairment losses detected in the realisation value of intangible assets are recorded in the year in which they arise, by a corresponding charge under the caption 'Amortisation and depreciation' in the profit and loss statement.

The annual depreciation rates used correspond to the estimated useful life of the assets, which are as follows:

	Years of useful life
Brands and patents	1 - 15
Customers' portfolio	3
Software	1-15

e) Brands and patents

Brands and patents are recorded at their acquisition cost and are amortised on a straight-line basis over their respective estimated useful life.

All brands and / or patents held by the Group have a defined useful life.

f) Goodwill

The differences between the acquisition price of investments in Group companies, companies jointly controlled and associated companies added the value of non-controlling interests (in the case of subsidiaries), the fair value of any interests previously held at the date and the fair value of the identifiable assets, liabilities and contingent liabilities of these companies at the date of business combination, when positive, are considered 'Goodwill'. If related to subsidiaries are recorded under the caption "Goodwill" (note 8), if related to jointly controlled and associated companies are included in the value of the investment in the caption "Investments in associated companies and joint ventures" (note 9). The differences between the price of investments in foreign subsidiaries whose functional currency is not the Euro, the value of non-controlling interests (in case of subsidiaries) and the fair value of the identifiable assets and liabilities of these companies at the acquisition date are recorded in the functional currency of those subsidiaries and are they converted into reporting currency of Sonaecom (Euro), at the exchange rate on the date of the statement of financial position. The exchange rates differences that arise upon conversion are recorded in the caption "Reserves and retained earnings".

Contingent consideration is recognised as a liability, at the acquisition-date, according to its fair value, and any changes to its value are recorded as a change in the 'Goodwill', but only as long as they occur during the 'measurement period' (until 12 months after the acquisition-date) and as long as they relate to facts and circumstances that existed at the acquisition date, otherwise these changes must be recognised in profit or loss. Transactions regarding the acquisition of additional interests in a subsidiary after control is obtained, or the partial disposal of an investment in a subsidiary while control is retained, are accounted for as equity transactions impacting the shareholders' funds captions, and without giving rise to any additional 'Goodwill' and without any gain or loss recognised.

When that a sales transaction generate a loss of control, should be derecognised assets and liabilities of the entity and any interest retained in the entity sold should be remeasured at fair value and any gain or loss calculated on the sale is recorded in profit and loss.

The Goodwill amount is not amortised, being tested annually or whenever there are impairment indices, to verify if there are

any impairment losses to be recognised. The recoverable amount is determined based on the business plans used by Sonaecom's management. Goodwill impairment losses of the year are recorded in the profit and loss statement of the year under the caption 'Amortisation and depreciation'.

Goodwill impairment losses can not be reversed.

Goodwill, if negative, is recognised as income on the acquisition date after reconfirmation of the fair value of identifiable assets, liabilities and contingent liabilities.

g) Financial instruments

Financial assets

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, financial assets measured at amortised cost, financial assets at fair value through other comprehensive income. Its classification depends on the entity's business model to manage the financial assets and the contractual characteristics in terms of the cash flows of the financial asset.

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

(i) Financial assets measured at amortised cost

Financial assets measured at amortised cost are those that are part of a business model with the purpose to hold financial assets in order to receive contractual cashflows, although these contractual cash flows can only be capital repayments and interest payments of capital in debt.

(ii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income: this category may include financial assets that qualify as debt instruments (contractual obligation to deliver cash flows) or equity instruments (residual interest in an entity);

- a. Regarding debt instruments, this category includes financial assets that correspond only to the payment of nominal value and interest, for which the business model followed by the management is the receipt of contractual cash flows or on time sale;
- b. Regarding equity instruments, this category includes the percentage of interest held in entities over which the Group does not exercise control, joint control or significant influence, and which the Group irrevocably chose on the date of initial recognition to designate at fair value through other comprehensive income.

(iii) Financial assets at fair value through profit or loss

This category includes debt instruments and equity instruments that do not meet the criteria for qualification as financial assets at amortised cost and which the Group has not classified as financial assets through other comprehensive income at the time of initial recognition. This category also includes all financial instruments whose contractual cash flows are not exclusively capital and interest.

Under this category are also included the investments in associates, held by a venture capital organization or equivalent, which the Group has chosen, at initial recognition, to measure at fair value through profit or loss in accordance with IFRS 9. The Group makes this option separately for each associate.

Gains and losses resulting from the change in the fair value of assets measured at fair value through profit or loss are recognised as income for the year in which they occur in the respective caption 'Gains / (losses) on financial assets', which include income amounts interest and dividends.

Financial assets are recognised in the Group's statement of financial position on the trade or date of contract, which is the date on which the Company undertakes to acquire or dispose of the asset. At the initial moment, except for trade accounts receivable, financial assets are recognised at fair value plus directly attributable transaction costs, except for assets at fair value through profit or loss in which transaction costs are immediately recognised in the income statement.

Financial assets are derecognised when: (i) the contractual rights of the Group expire upon receipt of their cash flows; (ii) the Group has transferred substantially all the risks and benefits associated with its detention; or (iii) notwithstanding that it retains a portion, but not substantially all the risks and rewards associated with its detention, the Group has transferred control over the assets.

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

Financial assets at fair value through other comprehensive income, which are debt instruments, are subsequently measured at fair value through fair value changes recognised in other comprehensive income, except for variations related to the recognition of impairment, interest income and gains/(losses) due to foreign exchange differences, which are recognised in income for the year. Financial assets at fair value through other comprehensive income are subject to impairment.

Financial assets at fair value through other comprehensive income that are equity instruments are measured at fair value on the date of initial registration and subsequently, the fair value changes are recorded directly in 'Other comprehensive income', in the equity. Future reclassification is not possible, even after derecognition of the investment. Dividends obtained from these investments are recognised as gains, in results for the year, on the date they are attributed.

Financial assets and liabilities are offset and presented at net value, when and only when the Group has the right to offset the amounts recognised and intends to settle at the net value.

Financial liabilities

Financial liabilities are classified according to the contractual substance regardless of their legal form. Equity instruments are contracts that show a residual interest in the Group's assets after deducting liabilities. The equity instruments issued by the company are recorded at the amount received, net of the costs incurred with their issuance. Financial liabilities are derecognised only when they are extinguished, that is, when the obligation is settled, cancelled or expired.

Financial liabilities are classified into two categories:

- (i) Financial liabilities at amortised cost
- (ii) Financial liabilities at fair value through profit or loss

In accordance with IFRS 9, financial liabilities are classified as subsequently measured at amortised cost, except for:

- a) Financial liabilities at fair value through profit or loss. These liabilities, including derivatives that are liabilities, should subsequently be measured at fair value;
- b) Financial liabilities that arise when a transfer of a financial asset does not meet the conditions for derecognition or when the continued involvement approach is applied;
- c) Financial guarantee contracts;
- d) Commitments to grant a loan at a lower interest rate than the market;
- e) The contingent consideration recognised by a purchaser in a business combination to which IFRS 3 applies. This contingent consideration should be subsequently measured at fair value, with changes recognised in profit or loss.

The category "Financial liabilities at amortised cost" includes the liabilities presented in the captions Loans obtained (note 1.I), Trade payables and Other payables. These liabilities are initially recognised at fair value net of transaction costs and are subsequently measured at amortised cost at the effective interest rate.

At 31 December 2020, the Group only recognises liabilities classified as "Financial liabilities at amortised cost".

h) Rights of use and leasing

A lease is defined as a contract, or part of a contract, that transfers the right to use a good (the underlying asset) for a period of time in exchange for a value.

At the beginning of each contract, it is evaluated and identified whether or not the contract contains a lease. This evaluation involves an exercise of judgment as to whether each contract depends on a specific asset, if the companies of Sonaecom Group obtain substantially all the economic benefits from the use of that asset and whether they have the right to control the use of the asset.

All contracts that constitute a lease are accounted for on the basis of a single recognition model in the balance sheet.

At the date of commencement of the lease, the Group recognises the liability related to lease payments (i.e. the lease liability) and the asset that represents the right to use the underlying asset during the lease period (i.e. the right of use or "RoU").

The interest on the lease liability and the depreciation of the RoU are recognised separately.

Lease liabilities are remeasured if certain events occur (such as a change in the lease period, a change in future payments that result from a change in the reference rate or rate used to determine such payments). This remeasurement of the lease liability is recognised as an adjustment in the RoU.

Rights of use (assets)

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

The right to use the assets is recorded at acquisition cost, less accumulated depreciation and impairment losses and adjusted for any new measurement of lease liabilities. The cost of the right to use the assets includes the recognised amount of the lease liability, any direct costs incurred initially and payments already made prior to the initial rental date, less any incentives received and plus restoration costs, if any.

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

Leasing incentives (eg, rental grace periods) are recognised as elements for measuring the right of use and liabilities of the lease.

Variable income that does not depend on an index or rate is recognised as expenses in the year in which they are determined or payment is made.

The rights of use are depreciated according to the lease term, using the straight-line method, or according to the estimated useful life of the asset under right of use, when it is longer than the lease period and management intends to exercise the purchase option.

Unless it is reasonably certain that the Group obtains ownership of the leased asset at the end of the lease term, the recognised right to use the assets is depreciated on a straight-line basis over the shorter of its estimated useful life and the term of the lease.

Rights of use are subject to impairment.

Lease liabilities

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

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

Payments for non-lease components are not recognised as lease liabilities.

Variable payments that do not depend on an index or a rate are recognised as an expense in the period in which the event giving rise to them occurs.

For the calculation of the present value of the lease payments, the Group uses the incremental loan rate at the start date of the lease if the implied interest rate is not readily determinable.

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

With respect to the lessor, a lease is classified as a finance lease if it transfers substantially all the risks and rewards inherent in ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards inherent in ownership of an underlying asset.

Whether a lease is financial or operational depends on the substance of the transaction and not the form of the contract. Examples of situations that, individually or together, would normally lead to a lease being classified as a finance lease include the following:

- a) The lease transfers ownership of the underlying asset to the lessee at the end of the lease term;
- b) The lessee has the option to purchase the underlying asset at a price that is expected to be sufficiently below fair value at the date the option becomes exercisable so that, at the start date, it is reasonably certain that the option will be exercised;
- c) The lease term refers to most of the economic life of the underlying asset, even if the security is not transferred;
- d) At the start date, the present value of the lease payments amounts to at least substantially the entire fair value of the underlying asset;
- e) The underlying asset is so specialised in nature that only the lessee can use it without major changes;
- f) If the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee;
- g) Gains or losses arising from the fluctuation of the residual's fair value add to the lessee (for example, in the form of a rent rebate that equals most of the proceeds from sales at the end of the lease); and
- h) The lessee has the ability to extend the lease for a secondary period with an income substantially lower than the market rent.

i) Inventories

Inventories are stated at their acquisition cost, net of any impairment losses, which reflects their estimated net realisable value.

The main nature of the Group's inventories corresponds essentially to paper for newspapers printing and hardware.

In calculating the cost of sales, the Group adopts the weighted average costing method.

Accumulated inventory impairment losses reflect the difference between the acquisition cost and the realisable amount of inventories, as well as the estimated impairment losses due to low turnover, obsolescence and deterioration, and are registered in the profit and loss statement, in 'Cost of sales'.

j) Trade and Other receivables

These captions mainly include the amounts of Trade receivables resulting from services rendered within the scope of the Group's activity and other amounts related to operating activities. The amounts are defined as current assets when the collection is estimated within a 12-month period. The amounts

are defined as non-current if the estimated collection occurs more than 12 months after the relate date.

'Trade receivables' and 'Other receivables' are initially recognised at fair value and are subsequently measured at amortised cost, net of impairment adjustments. Impairment losses of 'Trade receivables' and 'Other receivables' are recorded in accordance with the principles described in the policy in Note 1.x. The identified impairment losses are recorded in the income statement and other comprehensive income in 'Impairment losses', and are subsequently reversed by 'Other income'.

k) Cash and cash equivalents

Amounts included under the caption 'Cash and cash equivalents' correspond to amounts held in cash and term bank deposits and other treasury applications, with less than three months' maturity, and that can be immediately realized without significant risk of change in value.

The consolidated cash flow statement has been prepared in accordance with IAS 7, using the direct method. The Group classifies, under the caption 'Cash and cash equivalents', investments that mature in less than three months, for which the risk of change in value is insignificant. The caption 'Cash and cash equivalents' in the cash flow statement also includes bank overdrafts, which are reflected in the balance sheet caption 'Loans'.

The cash flow statement is classified by operating, financing and investing activities. Operating activities include collections from customers, payments to suppliers, payments to personnel and other flows related to operating activities.

Cash flows from investing activities include the acquisition and sale of investments in associated, subsidiary companies and joint ventures as well as receipts and payments resulting from the purchase and sale of fixed assets.

Cash flows from financing activities include payments and receipts relating to loans obtained and finance lease contracts, as well as cash flows from the shareholders' transactions, as shareholders.

All amounts included under this caption are likely to be realised in the short term and there are no amounts given or pledged as guarantee.

l) Loans

Loans are recorded as liabilities by the 'amortised cost'. Any expenses incurred in setting up loans are recorded as a deduction to the nominal debt and recognised during the period of the loan, based on the effective interest rate method. The

interests incurred but not yet due are added to the loans caption until their payment.

m) Financial expenses relating to loans obtained

Financial expenses relating to loans obtained are generally recognised as expenses at the time they are incurred. Financial expenses related to loans obtained for the acquisition, construction or production of assets are capitalised as part of the cost of the assets. These expenses are capitalised starting from the time of preparation for the construction or development of the asset and are interrupted when the assets are ready to operate, at the end of the production or construction phases or when the associated project is suspended.

n) Derivatives

The Group only uses derivatives in the management of its financial risks to hedge against such risks. The Group does not use derivatives for trading purposes.

When adopting hedge accounting, management documents, on the initial date of the hedge relationship, the economic relationship between the hedging instruments and the hedged instruments, including the condition of the hedge instruments whether or not they compensate for changes in the cash flows of the instruments covered, in accordance with the Risk Management objectives and strategy defined for contracting coverage transactions.

The cash flow hedges used by the Group are related to:

- (i) Interest rate swaps to hedge the interest rate risk on loans obtained. The amount of the loans, interest maturities and repayment plans for the loans underlying the interest rate swaps are in all respects identical to the conditions laid down for the contracted loans.
- (ii) Forward's exchange rate for hedging foreign exchange risk, particularly from receipts from customers of subsidiary We Do Consulting. The values and time periods involved are identical to the amounts invoiced and their maturities.

Transactions that qualify as hedging instruments in relation to cash flow hedges are recorded in the statement of financial position at fair value and, to the extent that they are considered effective hedges, changes in the fair value of the instruments are initially recorded as equity and subsequently reclassified to the financial costs caption.

In cases where the hedge instrument is not effective, the amounts that arise from the adjustments to fair value are recorded directly in the profit and loss statement.

At 31 December 2020 and 2019, the Group had not contracted any derivative financial instrument.



o) Provisions and contingencies

'Provisions' are recognised when, and only when, the Group has a present obligation (either legal or implicit) resulting from a past event, the resolution of which is likely to involve the disbursement of funds by an amount that can be reasonably estimated.

Provisions are reviewed at the balance sheet date and adjusted to reflect the best estimate at that date.

Provisions for restructurings are only registered if the Group has a detailed plan and if that plan has already been communicated to the parties involved.

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed in the notes, if the possibility of a cash outflow affecting future economic benefits is remote.

Contingent assets are not recognised in the consolidated financial statements but are disclosed in the notes when future economic benefits are likely to occur.

p) Income tax

'Income tax' expense represents the sum of the current tax payable and deferred tax. Income tax is recognised in accordance with IAS 12 – 'Income Taxes'.

Since 1 January 2015, Sonaecom is under the special regime for the taxation of groups of companies, from which Sonae, SGPS is the dominant company. As of the 2018 financial year, tax losses generated by companies dominated within the Group are partially offset by the Group's dominant entity. Regarding the tax losses generated by the dominated companies not compensated for the year, they will be compensated as the Group recovers, taking into account its future taxable profits, with the amount to be recorded recorded in non-current assets in an account receivable from the Group. Each company records the income tax in its individual accounts, with the calculated tax recorded against the item of group companies. The special regime for the taxation of groups of companies encompasses all companies directly or indirectly participated, even though through companies resident in another Member State of the European Union or the European Economic Area, provided that, in the latter case, there is an obligation for administrative cooperation, in at least 75% of the capital, provided that such participation grants you more than 50% of the voting rights, provided that certain requirements are met.

Deferred taxes are calculated using the liability method and reflect the time differences between the amount of assets and liabilities for accounting purposes and the respective amounts for tax purposes.

In accordance with IAS 12, the Group presents deferred tax assets and liabilities at net value, whenever:

- (i) the company in question has the legally exercisable right to offset current tax assets and current tax liabilities;
- (ii) deferred tax assets and liabilities relate to income taxes levied by the same tax authority and on the same taxable entity or on different taxable entities that intend to settle current tax liabilities and assets on a net basis, or realize the assets and settle liabilities simultaneously, in future periods when deferred taxes are expected to be settled or recovered.

'Deferred tax assets' are only recognised when there is reasonable expectation that sufficient taxable profits shall arise in the future to allow such deferred tax assets to be used. At the end of each year the recorded and unrecorded deferred tax assets are revised and they are reduced whenever their realisation ceases to be probable, or increased if future taxable profits are likely, enabling the recovery of such assets (note 12).

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

When the temporary differences result from the simultaneous initial recognition of an asset against a liability, which do not affect the accounting or tax result, as in the case of the initial recognition of a lease and a provision for dismantling or restoration, the company recognizes the respective deferred tax assets and liabilities.

Deferred taxes are calculated with the tax rate that is expected to be in force at the time the asset or liability will be used based on decreed tax rate or substantially decreed tax rate at the relate date.

Whenever deferred taxes derive from assets or liabilities directly registered in Shareholders' funds, its recording is also made under the Shareholders' funds caption. In all other situations, deferred taxes are always recorded in the profit and loss statement.

q) Government subsidies

Subsidies awarded to finance staff expenses are recognised as less cost during the period in which the Group incurs its costs and are included in the profit and loss statement under the caption 'Employee benefits expense'.

Subsidies awarded to finance investments are recorded as deferred income on the balance sheet and are included in the profit and loss statement under the caption 'Other income'.



Subsidies are recognised during the estimated useful life of the corresponding assets.

For businesses in the digital security area, non-repayable subsidies are recognised in the balance sheet as deferred income and are recognised in the profit and loss statement in 'Other operating income'. The incentive is recognised during the project development period.

The reimbursable subsidies are recognised in the balance sheet as liabilities in 'Medium and long-term loans – net of short-term portion' and 'Short-term loans and other loans' and are depreciated in accordance with the established payment plans. These subsidies are recorded at amortised cost in accordance with the method of effective interest rate.

r) Accrual basis

Expenses and income are recorded in the year to which they relate, regardless of their date of payment or receipt. Estimated amounts are used when actual amounts are not known.

The captions of 'Other non-current assets', 'Other current assets', 'Other non-current liabilities' and 'Other current liabilities' include expenses and income relating to the current period, where payments and receipts will occur in future periods, as well as payments and receipts in the current period but which relate to future periods. The latter shall be included by the corresponding amounts in the results of the periods that they relate to.

The costs attributable to the current year and whose expenses will only occur in future years are estimated and recorded under the caption 'Other current liabilities' and 'Other non-current liabilities', when it is possible to reliably estimate the amount and the timing of occurrence of the expense. If there is uncertainty regarding both the date of disbursement of funds, and the amount of the obligation, the value is classified as Provisions (note 1.0).

s) Revenue

Revenue includes the fair value of the consideration received or receivable from the sale or services rendered arising from the normal business activity of the Company. The revenue is recognised net of taxes, any commercial and quantity discounts granted by the company.

The recognition of the Group's revenue is based on the five-step model established by IFRS 15:

- (i) Identification of the contract with the trade debtor;
- (ii) Identification of performance obligations;
- (iii) Determination of the price of the transaction;
- (iv) Allocation of transaction price to performance obligations; and
- (v) Recognition of revenue.

Thus, at the beginning of each contract, the Group evaluates the promised goods or services and identifies, as a performance obligation, every promise to transfer to the customer any distinct good or service (alone or together). These promises in client agreements may be express or implied, provided such promises create a valid expectation in the client that the entity will transfer a good or service to the customer, based on the entity's published policies, specific statements or business practices.

To determine the amount of revenue, the Group evaluates for each transaction its performance obligations to its customers, the price of the transaction to be affected by each performance obligation identified in the transaction, and the existence of variable price conditions that may lead to future success to the value of the recorded revenue, and for which the Group makes its best estimate. To determine and allocate the transaction price to each performance obligation, the Group uses the stand-alone prices of the products and services promised at the date of conclusion of the contract with the customer.

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

The specialisation of revenue is presented as "Assets of customer contracts - Billing to customers" or "Customer contract liabilities - Prepaid billing to customers", under Other current assets and Other current liabilities in the Statement of Financial Position.

Incremental costs for obtaining a contract (which would have been avoided if the Group had not obtained the contract) are capitalised, to the extent that the associated contract has a duration of more than 12 months and there is an expectation of recovering its value in the scope of the contract margin. Likewise, the costs of complying with a contract are recorded as assets, provided that: i) directly related to a contract, or to an anticipated contract that is specifically identified; ii) generate or improve resources to be used to satisfy performance obligations in the future; and iii) recovery is expected.

Sale of goods

Revenue from the sale of assets is recognised in the income statement when the following conditions are met:

- (i) the risks and significant advantages of ownership of the asset have been transferred by the enterprise to the buyer;
- (ii) effective control of the assets sold becomes the buyer and the company ceases to have continuous management involvement to a degree generally associated with ownership;



- (iii) the amount of income can be reasonably quantified;
- (iv) the economic benefits associated with the transaction are likely to flow to the enterprise; and
- (v) the costs incurred with the transaction, or to be incurred, can reasonably be measured.

The main natures of sales revenue of the companies in which Sonaecom participates are as follows:

- (i) Revenue from sales of newspapers: recognised in the period in which newspapers are sold and made available to distributors in the total value of sales of newspapers and associated products.
- (ii) Revenues from sales of hardware and software related to third-party products: refers to the supply of hardware and software solutions or both through the selection of third-party products, the revenue of which is fully recognised when the equipment is delivered (after the completion of the implementation services, in the applicable cases), when all the significant risks and benefits are transferred to the client.

Services rendered

The main types of revenue from services rendered by companies in which Sonaecom participates are essentially as follows:

- (i) Advertising revenues: essentially include advertising for Jornal Publico. These revenues are recognised when each advertising campaign is carried out;
- (ii) Revenue from IT audit contracts: according to IFRS 15, the recognition of revenue from audits must be made "over-the-time" when the benefits of the performance obligation are transferred to the client, or that is, according to the milestones for delivering reports to the client;
- (iii) Revenue from maintenance services: revenue associated with the maintenance of computer services provided or sold to the customer, recognized on a monthly basis "over the time" since the customer simultaneously receives and consumes the benefits resulting from the company's performance that it provides the service.;
- (iv) services provided or sold to the customer, recognised on a monthly basis "over the time" since the customer simultaneously receives and consumes the benefits resulting from the company's performance that it provides the service;
- (v) Revenue from consultancy services: the revenue from services provided in consultancy projects is recognised, in each year, according to the performance obligation to which they refer, depending on the percentage of completion of the same. In other words, with respect to each performance obligation, the Group recognizes revenue over-the-time by measuring progress towards full compliance with such performance obligation; and
- (vi) Revenue from Software as a Service (SaaS): revenue from SaaS service is recognised monthly over-the-time during

the contract period. Revenue from the implementation of Software as a Service (SaaS) contracts in some cases must be recognised together with the SaaS service as a single performance obligation on a monthly basis for the term of the contract. In some of the SaaS contracts, the Software implementation services do not constitute a separate performance obligation, but rather a performance obligation combined with the SaaS service. In these cases, the implementation and initial configuration activities mainly consist of administrative tasks necessary to perform the main SaaS service, but which do not provide an incremental benefit to the customer in isolation. Thus, in these contracts, by analyzing the period and type of implementation carried out in each contract, the Group identifies whether it is facing one or two performance obligations (implementation and SaaS). In the case of a single performance obligation, it recognizes the revenue from that single performance obligation on a monthly over-the-time basis for the period of the contract.

The Group's sales and service contracts do not contain a significant financing component and in the case of variable remuneration, the estimated variable remuneration is restricted to an amount corresponding to what is highly probable that it will not be subject to significant reversals .

t) Fair value

The measurement of fair value presumes that an asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date, under current market conditions. The measurement of fair value is based on the assumption that the transaction to sell the asset or transfer the liability may occur:

- (i) In the main asset and liability market, or
- (ii) If the main asset and liability does not exist, in the market in which an orderly transaction would take place for the asset or liability

The Group uses valuation techniques appropriate to the circumstances and for which there is sufficient data to measure fair value, maximising the use of observable relevant data and minimizing the use of unobservable data.

All assets and liabilities measured at fair value or for which disclosure is mandatory are classified according to a fair value hierarchy, which allocates the data to be used in the fair value measurement, into three levels detailed below:

Level 1 - unadjusted quoted prices for identical assets and liabilities in active markets, which the entity can access at the measurement date;

Level 2 - Valuation techniques that use inputs that although are not quoted are directly or indirectly observable;

Level 3 - Valuation techniques that use inputs not based on observable market data, ie, based on unobservable data.

The measurement of fair value is classified fully at the lowest level of the input that is significant for the measurement as a whole.

u) Reserves

Legal reserve

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

Share premiums

The share premiums relate to premiums generated in the issuing of capital or in capital increases. According to Portuguese Commercial law, share premiums follow the same requirements of 'Legal reserves', i.e., they are not distributable, except in case of liquidation, but they can be used to absorb losses, after all the other reserves are exhausted or to increase share capital.

Own shares reserve

The own shares reserve reflects the acquisition value of the own shares and deducted in equity, being unavailable for distribution, while own shares are held.

Other reserves

This caption is essentially related to the results carried over from previous years, also including accumulated exchange differences in the negative amount of approximately EUR 50 million.

v) Own shares

Own shares are recorded as a deduction of Shareholders' funds. Gains or losses arising from the sale of own shares are recorded under the heading 'Other reserves'.

w) Balances and transactions in foreign currency

Euro is the currency of presentation. All transactions in foreign currency are translated for the functional currency at the exchange rate of the transaction date. At each closing date, the exchange restatement of outstanding balances is carried out, applying the exchange rate in effect at that date.

Favourable and unfavourable foreign exchange differences resulting from changes in the rates in force at the transaction date and those in force at the date of collection, payment or at the balance sheet date are recorded as income and expenses in the consolidated profit and loss statement of the year, in financial results.

Assets and liabilities of the financial statements of foreign entities are translated to the functional currency of the Group (EUR) using the exchange rates in force at the statement of financial position date, while expenses and income in such financial statements are translated into euro using the average exchange rate for the period. The resulting exchange differences were recorded under the Shareholders' funds caption 'Other reserves and retained earnings'.

Entities operating abroad with organisational, economic and financial autonomy are treated as foreign entities.

Goodwill and adjustments to fair value generated in the acquisitions of foreign entities reporting in a functional currency other than Euro are translated at the reporting date.

The following rates were used to translate into Euro the financial statements of foreign subsidiaries and the balances in foreign currency:

	2020		2019	
	31 December	Average	31 December	Average
Australian Dollar	0.6291	0.6046	0.6252	0.6211
Brazilian Real	0.1569	0.1720	0.2215	0.2268
Canadian Dollar	0.6397	0.6540	0.6850	0.6733
Swiss Franc	0.9258	0.9343	0.9213	0.8990
Pounds Sterling	1.1123	1.1250	1.1754	1.1405
Mexican Peso	0.0410	0.0410	0.0471	0.0464
Mozambique Metical	0.0109	0.0127	0.0145	0.0143
American Dollar	0.8149	0.8770	0.8902	0.8934
South African Rand	0.0555	0.0536	0.0634	0.0619

x) Assets impairment

Whenever the book value of an asset is greater than the amount recoverable, an impairment loss is recognised and recorded in the profit and loss statement under the caption 'Amortisation and depreciation' in the case of tangible assets, intangible assets and Goodwill and for the other assets under the caption 'Impairment losses', or under the caption 'Gains and losses in joint ventures and associated companies'.

Non-financial assets impairment

Impairment tests are performed for assets with undefined useful life and Goodwill at the date of each statement of financial position and whenever an event or change of circumstances indicates that the recorded amount of an asset may not be recoverable.

Impairment tests are performed for assets with defined useful lives and investments in associated whenever there is evidence that their book value is higher than the recoverable value.

The recoverable amount is the greater of the net selling price and the value in use. Net selling price is the amount obtainable upon the sale of an asset in a transaction within the capability of the parties involved, less the costs directly related to the

sale. The value in use is the present value of the estimated future cash flows expected to result from the continued use of the asset and of its sale at the end of its useful life.

The recoverable amount is estimated for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

For the value of Goodwill, the recoverable amount, calculated in terms of value in use, is determined based on the most recent business plans duly approved by the Group's Board of Directors. For Goodwill of Investments in companies jointly controlled, the recoverable amount is determined taking into account various information such as the most recent business plans duly approved by the Group's Board of Directors and the average of evaluations made by external analysts (researches).

Non-financial assets, except Goodwill, for which impairment losses have been recorded, are reviewed at each reporting date for reversal of these losses.

Financial assets impairment

The Group assesses at each reporting date the existence of impairment in financial assets at amortised cost. The expected loss results from the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate.

The objective of this impairment policy is to recognize expected credit losses over the duration of financial instruments that have undergone significant credit risk increases since initial recognition, assessed on an individual or collective basis, taking into account all reasonable and sustainable information, including prospects. If, at the reporting date, the credit risk associated with a financial instrument has not increased significantly since the initial recognition, the Group measures the provision for losses related to that financial instrument by an amount equivalent to the expected credit losses within a period of 12 months. If there has been an increase in credit risk, the Group calculates an impairment corresponding to the amount equivalent to expected losses for all contractual flows until the maturity of the asset.

With regard to the amounts under 'Trade receivables', 'Other receivables' and 'Customer contract assets', impairment losses are calculated based on the expected credit loss, the calculation of which results from the application of expected loss rates based on payments received in the context of sales and services rendered, over a period of 48 months before 31 December 2020, and historical credit losses.

At 31 December 2020, the following expected credit loss rates were considered by business segment:

	Tecnologies	Media
Not due	0%-1.1%	0% -1.48%
1 to 60 days	0%-1.10%	0% -2.16%
60 to 90 days	0%-2.88%	0% -29.7%
90 to 180 days	0%-9.47%	0% -38.29%
180 to 360 days	0%-3.76%	0% -34.32%
More than 360 days	0%-100%	0% -100%

Regarding accounts receivable from related entities, which are not considered as part of the financial investment in these entities, credit impairment is assessed according to the following criteria: i) if the balance receivable is immediately due, ii) if the balance has a low risk, or (iii) if it has a maturity of less than 12 months. In cases where the amount receivable is immediately payable and the related entity is able to pay, the probability of default is close to 0% and therefore the impairment is considered equal to zero. In cases where the receivable balance is not immediately due, the related entity's credit risk is assessed and if it is "low" or if the maturity is less than 12 months, then the Group only assesses the probability of a default occurring for the cash flows that mature in the next 12 months.

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

The Group prospectively estimates the estimated credit losses associated with assets at amortised cost. The methodology of impairment applied depends on whether or not there has been a significant increase in credit risk.

y) Medium Term Incentive Plans

The accounting treatment of Medium Term Incentive Plans is based on IFRS 2 – 'Share-based Payments'.

Under IFRS 2, when the settlement of plans established by the company involves the delivery of Sonaecom's own shares, the estimated responsibility is recorded, as a credit entry, under the caption 'Medium Term Incentive Plans Reserve', within the heading 'Shareholders' funds' and is charged as an expense

under the caption 'Employee benefits expense' in the profit and loss statement.

The quantification of this responsibility is based on fair value and is recognised over the vesting period of each plan (from the award date of the plan until its vesting or settlement date). The total responsibility, at any point of time, is calculated based on the proportion of the vesting period that has 'elapsed' up to the respective accounting date.

For plans settled in cash, the estimated liability is recorded under the balance sheet captions 'Other non-current liabilities' and 'Other current liabilities' by a corresponding entry under the profit and loss statement caption 'Staff expenses', for the cost relating to the vesting period that has 'elapsed' up to the respective accounting date. The liability is quantified based on the fair value of the shares as of each statement of financial position date. When the liability is covered by a hedging contract, recognition is made in the same way as described above, but with the liability being quantified based on the contractually fixed amount.

Equity-settled plans to be liquidated through the delivery of shares of Sonae are recorded as if they were settled in cash, which means that the estimated liability is recorded under the balance sheet captions 'Other non-current liabilities' and 'Other current liabilities' by a corresponding entry under the profit and loss statement caption 'Staff expenses', for the cost relating to the deferred period elapsed. The liability is quantified based on the fair value of the shares as of each statement of financial position date.

At 31 December 2020, the plans attributed during the years 2018, 2019 and 2020 are not covered, by the contract and so a liability at fair value was recorded. The responsibility of all plans is recorded in the captions 'Other non-current liabilities' and 'Other current liabilities'. The cost is recognised on the income statement under the caption 'Employee benefits expense'.

z) Dividends distribution

The distribution of dividends to the Group's shareholders is recognised as a liability in the consolidated financial statements in the year in which the dividends are approved by its shareholders.

aa) Subsequent events

Events occurring after the date of the balance sheet which provide additional information about conditions prevailing at the time of the balance sheet (adjusting events) are reflected in the consolidated financial statements. Events occurring after the balance sheet date that provide information on post-balance sheet conditions (non-adjusting events), when material, are disclosed in the notes to the consolidated financial statements.

ab) Judgements and estimates

The most significant accounting estimates reflected in the consolidated financial statements of the years ended at 31 December 2020 and 2019 are as follows:

- (i) Useful lives of tangible, intangible assets and right of use (note 1.c, 1.d e 1.h);
- (ii) Lease term of the rights of use (note 1.h)
- (iii) Impairment analysis of Goodwill, investments in associated companies and companies jointly controlled and of other tangible and intangible assets (note 8);
- (iv) Financial assets impairment (note 24);
- (v) Recognition provisions and analysis of contingent liabilities (note 24);
- (vi) Recoverability of deferred tax assets (note 12);
- (vii) Recognition of contract revenue (note 30);
- (viii) Financial assets at fair value through other comprehensive income (note 1.g, 1.t and 10) and income (note 1.g, 1.t and 11);
- (ix) Classification of investments in the venture capital portfolio;
- (x) Entities included in the consolidation perimeter.

Estimates used are based on the best information available during the preparation of the consolidated financial statements and are based on the best knowledge of past and present events. Although future events are neither foreseeable nor controlled by the Group, some could occur and have impact on such estimates. Changes to the estimates used by the management that occur after the approval date of these consolidated financial statements, will be recognised in net income, in accordance with IAS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors', using a prospective methodology.

Lease term of the rights of use

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

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



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

Goodwill impairment, investments in joint ventures and associates and other tangible and intangible assets

The assessment of Goodwill impairment, investments in joint ventures and associated companies and other tangible and intangible assets involves significant judgments and estimates by Management, namely in the projection of cash flows from assets included in business plans, growth rate in perpetuity and discount rate of said cash flows. The sensitivity analysis to the variation of the assumptions in the impairment calculation is reflected in note 8.

Impairment of financial assets

The determination of impairment on financial assets involves significant estimates. In calculating this estimate, management assesses, among other factors, the duration and extent of the circumstances under which the recoverable amount of these assets may be lower than their book value. The balances of "Trade receivables", "Other receivables" and "Other Current Assets" are valued for factors such as default history, current market conditions, and estimated prospective information by reference to the end of each reporting period, the most critical evaluation elements for the purpose of analysing estimated credit losses.

Recognition of provisions and analysis of contingent liabilities

Provisions are recognized when, and only when, the Group has a present obligation (legal or implicit) resulting from a past event and it is probable that, for the resolution of that obligation, an outflow of resources will occur and that the amount of the obligation may be reasonably estimated.

The estimated contingent liabilities in each reporting period are disclosed in the notes, unless the possibility of an outflow of funds affecting future economic benefits is remote.

Recoverability of deferred tax assets

'Deferred tax assets' are recognized only when there are reasonable expectations of sufficient future taxable income to use these deferred tax assets. At the end of each year, a review is made of the deferred taxes recorded, as well as of the unrecognized taxes, which are reduced whenever their future use is no longer probable or recorded, provided that, and to the extent that, it becomes probable the generation of taxable profits in the future that allow their recovery.

Tax impacts of IFRS 16 application

Considering the accounting impacts that result from the application of IFRS 16 - Leases, for a lessee, with the recognition of an asset under the right of use not typified in the

tax law and the registration of a lease liability that is only taxally accepted for the payment of rents, management proceeded to recognise the respective deferred tax asset (on the lease liability) and the deferred tax liability (on the asset under direct use), on the initial and subsequent recognition date of the lease agreements. If the Tax Administration communicates a different understanding regarding the tax framework of the application of IFRS 16 or changes the tax law, the recognised deferred taxes may have to be revised / changed.

Recognition of contract revenue

In the recognition of revenue on the basis of the percentage of completion, the management reviews, at each reporting date, the total estimated costs, which correspond to the best estimate of the costs associated with the provision of the construction service and / or until its completion. Where there are significant deviations in the performance of the contract that are not associated with changes that result in the right to additional revenue as agreed with the customer, the management reviews the percentage of completion and the margin associated with the contract, according to its best estimate, and may result in the recording of a provision (onerous contract) (note 1.s).

Classification of investments in venture capital portfolio

In the classification of investments, the Group determines whether the objective of the investment is to make financial means available to the investees, with a return via medium to long-term capital gain and evaluates whether, based on contracts and agreements, it has the capacity to influence decisions and policies of its investees.

Different judgments in relation to these matters could lead to investments being classified and measured differently, with a direct impact on the consolidated financial statements.

Entities included in the consolidation perimeter

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

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

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

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

ac) Financial risk management

Due to its activities, the Group is exposed to a variety of financial risks such as market risk, liquidity risk and credit risk.

These risks arise from the unpredictability of financial markets, which affect the capacity of project cash flows and profits. The Group financial risk management, subject to a long-term ongoing perspective, seeks to minimise potential adverse effects that derive from that uncertainty, using, whenever it is possible and advisable, derivative financial instruments to hedge the exposure to such risks (note 1.n).

The Group is also exposed to equity price risks arising from equity investments, although they are usually maintained for strategic purposes.

Market risk

a) Foreign exchange risk

The Group operates internationally, having subsidiaries that operate in countries with a different currency than Euro namely United Kingdom and Mexico and so it is exposed to foreign exchange rate risk.

Foreign exchange risk management seeks to minimise the volatility of investments and transactions made in foreign currencies and contributes to reduce the sensitivity of Group results to changes in foreign exchange rates.

Whenever possible, the Group uses natural hedges to manage exposure, by offsetting credits granted and credits received expressed in the same currency. When such a procedure is not possible, the Group adopts derivative financial hedging instruments (note 1.n).

The Group's exposure to foreign exchange rate risk, results essentially from the fact that some of its subsidiaries report in a currency different from euro, making the risk of operational activity immaterial.

The amount of assets and liabilities (in Euro) belonging to the Group and recorded in a different currency is as follows:

	Assets		Liabilities	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Australian Dollar	19	-	-	-
Brazilian Real	-	856	768	-
Canadian Dollar	1,530,250	199	-	-
Swiss Franc	-	-	3	-
Pounds Sterling	7,741,002	112,851	2,967	648,548
Mexican Peso	479,745	711,665	420,834	10,615,256
Mozambique Metical	7,052	16,073	-	-
American Dollar	78,745,230	2,075,894	894,315	333,455
South African Rand	-	10,772	-	-

The Group's sensitivity to the variations of the exchange rate is as follows (increases/(decreases)):

	Change in exchange rates	2020		2019	
		Income	Shareholders' funds	Income	Shareholders' funds
Australian Dollar	5%	1	-	-	-
Brazilian Real	5%	(38)	-	43	-
Canadian Dollar	5%	76,513	-	10	-
Swiss Franc	5%	(0)	-	-	-
Pounds Sterling	5%	386,902	521	2,984	(29,768)
Mexican Peso	5%	2,946	(287,555)	(101,793)	(393,387)
Mozambique Metical	5%	353	-	804	-
American Dollar	5%	3,892,546	-	87,122	-
South African Rand	5%	-	-	539	-
		4,359,221	(287,034)	(10,291)	(423,155)

b) Interest rate risk

Sonaecom's total debt is indexed to variable rates, exposing the total cost of debt to a high risk of volatility. The impact of this volatility on the Group results or on its Shareholders' funds is mitigated by the effect of the following factors (i) relatively low level of financial leverage; (ii) possibility to use derivative financial instruments that hedge the interest rate risk, as mentioned below; (iii) possible correlation between the level of market interest rates and economic growth having the latter a positive effect in other lines of the Group's consolidated results (particularly operational), and in this way partially offsetting the increase of financial costs ('natural hedge'); and (iv) the existence of stand alone or consolidated liquidity which is also bearing interest at a variable rate.

The Group only uses derivatives or similar transactions to hedge interest rate risks considered significant. Three main principles are followed in all instruments selected and used to hedge interest rate risk:

- For each derivative or instrument used to hedge a specific loan, the interest payment dates on the loans subject to hedging must equalise the settlement dates defined under the hedging instrument;
- Perfect match between the base rates: the base rate used in the derivative or hedging instrument should be the same as that of the facility/transaction which is being hedged;
- As from the start of the transaction, the maximum cost of the debt, resulting from the hedging operation is known and limited, even in scenarios of extreme changes in market interest rates, so that the resulting rates are within the cost of the funds considered in the Group's business plan.

As all Sonaecom's borrowings (note 22) are at variable rates, interest rate are used swaps and other derivatives, when it is deemed necessary, to hedge future changes in cash flow relating to interest payments. Interest rate swaps have the financial effect of converting the respective borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with third parties (banks) to exchange, in pre-

determined periods, the difference between the amount of interest calculated at the fixed contract rate and the floating rate at the time of re-fixing, by reference to the respective agreed notional amounts.

The counterparties of the derivative hedging instruments are limited to highly rated financial institutions, being the Group's policy, when contracting such instruments, to give preference to financial institutions that form part of its financing transactions. In order to select the counterparty for occasional operations, Sonaecom requests proposals and indicative prices from a representative number of banks in order to ensure adequate competitiveness of these operations.

In determining the fair value of hedging operations, the Group uses certain methods, such as option valuation and discounted future cash flow models, using assumptions based on market interest rates prevailing at the balance sheet date.

Comparative financial institution quotes for the specific or similar instruments are used as a benchmark for the valuation.

The fair value of the derivatives contracted, that are not considered as fair value hedges or the ones that are considered not sufficiently effective for cash flow hedge are recognised under statement financial position and changes in the fair value of such derivatives are recognised directly in the profit and loss statement for the year.

Comparative quotes from financial institutions, for specific or similar instruments, are used as an evaluation benchmark.

The fair value of the contracted derivatives, which do not qualify as fair value hedging or which are not considered sufficiently effective in hedging cash flows, is recognised in the statement of financial position, with changes in their fair value being recognised directly in the statement of operations. exercise results.

Sonaecom's Board of Directors approves the terms and conditions of the financing with significant impact in the Group, based on the analysis of the debt structure, the risks and the different options in the market, particularly as to the type of interest rate (fixed / variable). Under the policy defined above, the Executive Committee is responsible for the decision on the occasional interest rate hedging contracts, through the monitoring of the conditions and alternatives existing in the market.

At 31 December 2020, there are not any contracted derivatives of interest rate hedging.

Liquidity risk

The existence of liquidity in the Group requires the definition of some policies for an efficient and secure management of the liquidity, allowing us to maximise the profitability and to minimise the opportunity costs related to that liquidity.

The liquidity risk management has a threefold objective: (i) Liquidity, i.e., to ensure the permanent access in the most efficient way to obtain sufficient funds to settle current payments within the respective dates of maturity as well as any eventual not forecasted requests for funds, within the deadlines set for this; (ii) Safety, i.e. to minimise the probability of default in any reimbursement of application of funds; and (iii) Financial Efficiency, i.e., to ensure that the Group maximises the value / minimises the opportunity cost of holding excess liquidity in the short term.

The main underlying policies correspond to the variety of instruments allowed, the maximum acceptable level of risk, the maximum amount of exposure by counterparty and the maximum periods for investments.

The existing liquidity in the Group should be applied to the alternatives and by the order described below:

- (i) Amortisation of short-term debt – after comparing the opportunity cost of amortisation and the opportunity cost related to alternative investments;
- (ii) Consolidated management of liquidity – the existing liquidity in Group companies, should mainly be applied in Group companies, to reduce the use of bank debt at a consolidated level; and
- (iii) Applications in the market.

Investment using the market is limited to contracting operations with eligible counterparties, that is, that comply with certain rating ratings previously defined by the Board of Directors, and limited to certain maximum amounts per counterparty.

The definition of maximum amounts intends to ensure that the application of liquidity in excess is made in a prudent way and taking into consideration the best practices in terms of bank relationships.

The maturity of applications should equal the forecasted payments (or the applications should be easily convertible, in the case of asset investments, to allow urgent and not estimated payments), considering a threshold for eventual deviations on the estimates. The threshold depends on the accuracy level of treasury estimates and would be determined by the business. The accuracy of the estimates is an important variable to quantify the amounts and the maturity of the applications in the market.



The amount related to loans obtained, suppliers and other debts to third parties and other financial liabilities, represents the Group's maximum exposure to liquidity risk.

Taking into account the low value of the liabilities and the high value of the cash and cash equivalents of the Group is understood that the liquidity risk is very low.

Credit risk

The Group's exposure to credit risk is mainly associated to the accounts receivable arising from its operating activities, treasury applications and supplies to other non-current assets.

(i) Cash and cash equivalents

Sonaecom Group holds financial assets arising from its relationship with financial institutions. There is a credit risk associated with the potential pecuniary default of the Financial Institutions that are counterparts in these relationships, however, in general, the exposure related to this type of financial assets is widely diversified and of limited duration in time.

Credit risk associated with relationships with financial institutions is limited by the management of risk concentration and a rigorous selection of counterparties with a high prestige and national and international recognition and based on their respective ratings, taking into account the nature, maturity and size of operations.

The Group uses credit assessment agencies and has specific departments for credit control, collection and litigations' management, as well as credit insurance, which help to mitigate such risk. The management of this risk is aimed at ensuring the effective collection of its credits within the established deadlines without affecting the financial balance of the Group.

(ii) Loans granted to related parties

There are no impairment losses for Loans granted to related parties.

Loans granted to related parties are considered to have low credit risk and, therefore, impairment losses recognised during the year are limited to estimated credit losses at 12 months. These financial assets are considered to have "low credit risk" when they have a low impairment risk and the borrower has a high capacity to meet its contractual cash flow liabilities in the short term (note 13).

(iii) Trade receivables and Other receivables

To measure the expected credit losses, the unpaid amounts and contractual assets were grouped based on the common credit risk characteristics and the days of late payment. Contract assets refer to unbilled work in progress and have

substantially the same risk characteristics as accounts receivable for the same types of contracts. The company therefore concluded that the expected loss rates for trade accounts receivable are a reasonable approximation of the loss rates on the contractual assets. The expected loss rates are based on the sales payment profiles over a period of 48 months (4 years) before 31 December 2020, and the corresponding historical credit losses verified during this period. Historical loss rates are adjusted to reflect current and prospective information on macroeconomic factors that affect customers' ability to settle outstanding amounts.

As such, the impairment losses at 31 December 2020 was determined taking into account these assumptions of IFRS 9, as detailed (note 15).

Considering the aforementioned policies, the Board of Directors does not foresee the possibility of any occurrence of any material breach of contractual obligations.

The amounts related to cash and cash equivalents, other non current assets (supplies) and other third party debts presented in the financial statements, which are net of impairment, represent the maximum exposure of the Group to credit risk.

Capital risk

Sonaecom's capital structure, determined by the ratio of equity and net debt, is managed in a way that ensures the continuity and development of its operating activities, maximises shareholder's returns and optimises the cost of financing. Risks, opportunities and necessary adjustment measures in order to achieve the referred objectives are periodically monitored by Sonaecom.

In December 2020, Sonaecom presented an average accounting gearing, obtained by the ratio of the average net debt of the year by the average of the equity of the year, negative of 21.5%. Average gearing in market values in 2020 was negative by 48.7%.

ad) Restatement of consolidated financial statements

In the year ended at 31 December 2020, a review of the classification of minority investments in the subsidiaries SonaeIM, Bright Development and Bright Vector I, recorded in the Group to date in accordance with IFRS 9 at fair value through other comprehensive income, was made. As a result of this review, the Group concluded that it had a significant influence on the majority of these investments. Accordingly and, considering that the investment activity carried out by the referred subsidiaries fits, for the purposes of the exemption provided for in paragraph 18 of IAS 28, as a venture capital activity, the Group opted for the exemption from application of the equity method, starting to measure, the minority



investments held by them, at fair value through profit or loss in accordance with IFRS 9.

The financial statements were restated in order to incorporate the changes described above. The impacts of the restatement of the financial statements, at 1 January 2019 and for the year ended at 31 December 2019 can be summarized as follows:

(Amounts expressed in Euro)	December 2019 (reported)	restated	December 2019 (restated)
BALANCE SHEET			
<i>Non-current assets</i>			
Financial assets at fair value through other comprehensive income (note 10)	58,367,022	(53,022,212)	5,344,810
Financial assets at fair value through profit or loss (note 11)	-	53,022,212	53,022,212
<i>Shareholders' funds</i>			
Reserves and retained earnings	798,881,018	(605,239)	798,275,779
Consolidated net income/(loss) for the year	51,562,881	605,239	52,168,120
STATEMENT OF COMPREHENSIVE INCOME			
Gains and losses on assets at fair value through profit or loss (note 35)	-	619,935	619,935
Non-controlling interests (note 21)	(2,641,804)	14,696	(2,627,108)

(Amounts expressed in Euro)	December 2018 (reported)	restated	01 January 2019 (restated)
BALANCE SHEET			
<i>Non-current assets</i>			
Financial assets at fair value through other comprehensive income (note 10)	28,101,682	(21,147,509)	6,954,172
Financial assets at fair value through profit or loss (note 11)	-	21,147,509	21,147,509
<i>Shareholders' funds</i>			
Reserves and retained earnings	772,168,077	(1,618,931)	770,549,146
Consolidated net income/(loss) for the year	68,397,035	1,618,931	70,015,966
STATEMENT OF COMPREHENSIVE INCOME			
Gains and losses on assets at fair value through profit or loss (note 35)	-	1,618,931	1,618,931

2. Companies included in the consolidation

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

Company (Commercial brand)	Head office	Main activity	Shareholder	Percentage of share capital held			
				2020		2019	
				Direct	Effective*	Direct	Effective*
Parent company							
SONAECOM, SGPS, S.A. ('Sonaecom')	Maia	Management of shareholdings.	-	-	-	-	-
Subsidiaries							
Bright Development Studio, S.A. ('Bright')	Lisbon	Research, development and commercialization of projects and service solutions in the area of information technology, communications and retail, and consulting activities for business and management.	Sonae IM	100%	100%	100%	100%
Bright Ventures Capital, SCR, S.A.	Lisbon	Realization of investment in venture capital, management of venture capital funds and investment in venture capital fund units.	Bright	100%	100%	100%	100%
Digitmarket - Sistemas de Informação, S.A. ('Digitmarket' - using the brand 'Bizdirect')	Maia	Development of management platforms and commercialisation of products, services and information, with the internet as its main support.	Sonae IM	75.00%	75.00%	75.00%	75.00%
Excellium Group, S.A. ('Excellium')	Contern	Excellium assist enterprises to perform business and risk assessments, define security policies and procedures, respond to security incidents and deliver computer forensics services.	Sonae IM	59.20%	59.20%	59.20%	59.20%
Excellium Services, S.A. ('Excellium Services')	Contern	Provide services within the IT and cybersecurity domain mainly to Luxembourgish institutions, banks and insurance companies.	Excellium	100%	59.20%	100%	59.20%
Excellium Services Belgium, S.A. ('Excellium Services Belgium')	Wavre	Provide services within the IT and cybersecurity domain mainly to Belgium institutions, banks and insurance companies.	Excellium	100%	59.20%	100%	59.20%
Excellium Factory SARL ('Excellium Factory')	Raouad-Ariana	Vehicle for the Excellium product development in Africa.	Excellium	80%	47.36%	80%	47.36%
Inovretail, S.A.	Oporto	Industry and trade of electronic equipment and software; development, installation, implementation, training and maintenance of systems and software products; rental equipment, sale of software use license; consulting business, advisory in retail segments, industry and services.	Sonae IM	100%	100%	100%	100%
Inovretail España, SL ('Inovretail España')	Madrid	Industry and trade of electronic equipment and software; development, installation, implementation, training and maintenance of systems and software products; rental equipment, sale of software use license; consulting business, advisory in retail segments, industry and services.	Inovretail	100%	100%	100%	100%
Fundo Bright Vector I ('Bright Vector I')	Lisbon	Venture Capital Fund	Sonae IM	50.13%	50.13%	50.13%	50.13%
Fundo Bright Tech Innovation I - ('Bright Tech Innovation I') (a)	Maia	Venture Capital Fund	Sonae IM Sonaecom Bright PCJ SPAR	10% 10% 10% 10% 10%	50%	- - - - -	- - - - -
Mxtel, S.A. de CV (Mxtel)	Mexico City	Rendering of engineering and IT consulting services specializing in information security and management of telecommunications services.	S21 Sec Gestion	99.93%	80.90%	99.93%	80.90%
PCJ - Público, Comunicação e Jornalismo, S.A. (PCJ)	Maia	Editing, composition and publication of periodical and non-periodical material and the exploration of radio and TV stations and studios.	Sonaecom	100%	100%	100%	100%
Praesidium Services Limited ('Praesidium Services') (b)	Berkshire	Rendering of consultancy services in the area of information systems.	Sonae IM	100%	100%	100%	100%
Público - Comunicação Social, S.A. ('Público')	Oporto	Editing, composition and publication of periodical and non-periodical material.	Sonaecom	100%	100%	100%	100%
S21Sec Portugal Cybersecurity Services, S.A. ('S21 Sec Portugal')	Maia	Commercialization of products and management services, implementation and consulting in information systems and technologies areas.	S21 Sec Gestion	100%	80.90%	100%	80.90%
S21 Sec Gestion, S.A. ('S21 Sec Gestion')	Guipuzcoa	Consulting, advisory, audit and maintenance of all types of facilities and advanced communications services and security systems. Purchase and installation of advanced communications and security systems produced by others.	Sonaecom CSI	80.90%	80.90%	80.90%	80.90%
S21 Sec Information Security Labs, S.L. ('S21 Sec Labs')	Navarra	Research, development and innovation, as well as consulting, maintenance and audit for products, systems, facilities and communication and security services.	S21 Sec Gestion	100%	80.90%	100%	80.90%
S21 Sec, S.A. de CV ('S21 Sec, S.A. de CV')	Mexico City	Computer consulting services	S21 Sec Gestion S21 Sec Labs	99.9996% 0.0004%	80.90%	99.9996% 0.0004%	80.90%
Sonaecom - Cyber Security and Intelligence, SGPS, S.A. ('Sonaecom CSI')	Maia	Management of shareholdings.	Sonae IM	100%	100%	100%	100%
Sonaecom - Serviços Partilhados, S.A. ('Sonaecom SP')	Maia	Support, management consulting and administration, particularly in the areas of accounting, taxation, administrative procedures, logistics, human resources and training.	Sonaecom	100%	100%	100%	100%
Sonae Investment Management - Software and Technology, SGPS, S.A. ('SonaeIM')	Maia	Management of shareholdings in the area of corporate ventures and joint ventures.	Sonaecom	100%	100%	100%	100%

* Sonaecom effective participation

(a) Venture Capital Fund constituted in June 2020.

(b) Company exempt from audit of financial accounts for the year ended at 31 December 2020 under local law (479 A of companies ACT 2006 relating to subsidiary companies).

All the above companies were included in the consolidation in accordance with the full consolidation method under the terms of IFRS 10 – ‘Consolidated Financial Statements’.

3. Changes in the Group

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

a) Acquisitions

Participant	Participated	Date
2020		
Bright	Taikai, Lda. ('Taikai') (note 11) - increase	Jan-20
Sonae IM	Sales Layer Tech, S.L. ('Sales Layer') (note 11)	Mar-20
Bright Vector I	Portugate S.A. ('Replair') (note 11) - increase	Jun-20
Sonae IM	Nextail Labs Inc ('Nextail') (note 10) - increase	Jul-20
Bright Vector I	Sensei Data Lda. ('Sensei') (note 10) - conversion	Jul-20
Sonae IM	Deepfence Innc ('Deepfence') (note 10)	Sep-20
Sonae IM	IriuskRisk, S.L. ('IriuskRisk') (note 10) - increase	Sep-20
Sonae IM	Cellwise Wireless Technologies Ltd. ('Cellwise') (note 11) - conversion	Oct-20
Sonae IM	ArcticWolf Networks, Inc ('ArcticWolf') (note 11) - increase	Oct-20
Sonae IM	Weaveworks INC. ('Weaveworks') (note 11)	Nov-20
Sonae IM	Case on IT, S.L. ('Case on IT') (note 11) - conversion	Nov-20
Bright Vector I	Habit Analytics PT Lda. ('Habit Analytics PT') (note 11) - increase	Dec-20

Participant	Participated	Date
2019		
Sonae IM	Fundo de Capital de Risco Armilar Venture Partners Inovação e Internacionalização ('Armlar I+I') - increase (note 9)	Jan-19
Sonae IM	ViSenze Pte. Ltd ('ViSenze') (note 11)	Feb-19
Sonae IM	Case on IT, S.L. ('Case on IT') (note 11)	Feb-19
Sonae IM	CB-4, Ltd ('CB-4') (note 11)	Feb-19
Bright Vector I	Automaise, Lda ('Automaise') (note 11)	Mar-19
Bright Vector I	Social Disruption Marketing Agency, Lda ('Sway') (note 10)	Apr-19
Sonae IM	Fundo de Capital de Risco Armilar Venture Partners III ('Armlar III') - increase (note 9)	Apr-19
Sonae IM	Cellwise Wireless Technologies Ltd. ('Cellwise') (note 11)	May-19
Bright	Fyde, Inc. ('Fyde') (note 10)	Jun-19
Bright	EGI Acceleration S.I. ('EGI Acceleration') (note 10)	Jul-19
Sonae IM	Ometria Ltd. ('Ometria') (note 11)	Set-19
Sonae IM	Daisy Intelligence Corporation ('Daisy Intelligence') (note 11)	Set-19
Sonae IM	ArcticWolf Networks, Inc ('ArcticWolf') (note 11) - increase	Dec-19
Sonae IM	Sixgill Ltd. ('Sixgill') (note 11)	Dec-19

b) Constitutions

Participant	Participated	Date
2020		
Sonae IM, Sonaecom, Bright, PCJ and SPAR	Bright Tech Innovation I	Jun-20

c) Alienations

Participant	Participated	Date
2019		
Sonae IM	Saphety	Mar-19
Saphety	Saphety Brasil	Mar-19
Saphety	Saphety Colômbia	Mar-19
Sonae IM	We Do	Jul-19
We Do	We Do Brasil	Jul-19
We Do	We Do USA	Jul-19
We Do	We Do BV	Jul-19
We Do BV	We Do Malásia	Jul-19
We Do	We Do Chile	Jul-19
We Do BV	We Do Egypt	Jul-19
We Do	We Do España	Jul-19
We Do	We Do UK	Jul-19
We Do	We Do Mexico	Jul-19
We Do BV	Tecnológica	Jul-19
We Do Brasil	Cape Technologies	Jul-19

Effects of the alienation of subsidiaries in the consolidated financial statements

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

	Notes	Saphety Group March 2019
(Amounts expressed in Euro)		
Acquired assets		
Tangible assets	5	(280,044)
Intangible assets	6	(2,303,459)
Rights of use	7	(1,487,795)
Deferred tax assets	12	(123,408)
Trade debtors		(2,725,770)
Other current debtors		(209,344)
Other current assets		(831,324)
Cash and cash equivalents	18	(257,712)
		(8,218,856)
Acquired liabilities		
Loans obtained		154,202
Trade creditors		662,099
Other current creditors		597,649
Other current liabilities		2,484,972
		3,898,922
Total net assets derecognised		4,319,934
Total net assets of non-controlling interests derecognised		(571,288)
Exchange reserves		(101,784)
Total net assets after non-controlling interests derecognised		3,646,862
Amount received		8,580,809
Goodwill		4,933,947

The net result of discontinued operations is detailed in note 40.



In August 2019, with effect at 31 July 2019, the companies that are part of the We Do Group were alienated by the amount of Euro 62,091,647 (includes the amount of Euro 11,140,000 related to loans) to Mobileum, Inc. As a result of the sale value and derecognition of the We Do Group, an add value of Euro 8,530,002 was registered, as detailed below:

		We Do Group
(Amounts expressed in Euro)	Notes	July 2019
Acquired assets		
Tangible assets	5	(940,560)
Intangible assets	6	(13,288,230)
Rights of use	7	(6,498,697)
Goodwill	8	(20,576,531)
Deferred tax assets	12	(6,090,251)
Other non-current assets		(31,949,634)
Trade debtors		(24,173,191)
Other current debtors		(9,297,582)
Other current assets		(9,272,306)
Cash and cash equivalents	18	(1,605,190)
		(123,692,172)
Acquired liabilities		
Loans obtained		246,725
Trade creditors		10,037,836
Other current creditors		7,232,766
Lease liabilities		6,954,475
Provisions		1,416,152
Other current liabilities		51,033,063
		76,921,017
Total net assets derecognised		46,771,155
Total net assets of non-controlling interests derecognised		(3,296)
Adjustments to net assets decurring from the sale		6,793,786
Exchange reserves		529,392
Costs related to the sale		5,223,814
Goodwill	8	1,040,580
Total net assets after non-controlling interests derecognised		53,561,645
Amount received		62,091,647
Goodwill		8,530,002

The caption 'Costs related to the sale' includes the amount of approximately Euro 3.4 million of sale commissions and the amount of circa Euro 1.7 million (net of the tax effect) of extraordinary bonus to employees, the latter included in the net result of the discontinued operations of We Do group (note 40).

d) Dissolutions

Participant	Participated	Date
2020		
S21 Sec Gestion	Inteligent Big Data, S.L. ('Big Data')	Nov-20
2019		
Sonae IM	We Do Australia	Mar-19
S21 Sec Gestion	S21 Sec Brasil	Jun-19

d) Mergers

In May 2019 an absorption merger proceeded between the incorporating company S21 Sec Gestion, S.A. and the incorporated company Nextel, S.A., which the S21 Sec Gestion, SA incorporated, with retroactive accounting effects as from 1 January 2019, this company's entire operating activity, as well as Nextel's global transfer of its assets to book value. This merger had no impact on Sonacom's consolidated accounts for the period ended at 31 December 2019.

4. Breakdown of financial instruments

At 31 December 2020 and 2019, the breakdown of financial instruments is as follows:

						2020
	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total financial assets	Others not covered by IFRS 9	Total
Non-current assets						
Financial assets at fair value through other comprehensive income (note 10)	-	7,299,791	-	7,299,791	-	7,299,791
Financial assets at fair value through profit or loss (note 11)	-	-	92,324,063	92,324,063	-	92,324,063
Other non-current assets (note 13)	7,560,871	-	41,829	7,602,700	-	7,602,700
	7,560,871	7,299,791	92,365,892	107,226,554	-	107,226,554
Current assets						
Trade debtors (note 15)	22,616,717	-	-	22,616,717	-	22,616,717
Other receivables (note 16)	7,396,171	-	-	7,396,171	918,373	8,314,544
Other current assets (note 17)	7,154,044	-	-	7,154,044	6,817,886	13,971,930
Cash and cash equivalents (note 18)	233,707,494	-	-	233,707,494	-	233,707,494
	270,874,426	-	-	270,874,426	7,736,259	278,610,685

						2019 (restated)
	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total financial assets	Others not covered by IFRS 9	Total
Non-current assets						
Financial assets at fair value through other comprehensive income (note 10)	-	5,344,810	-	5,344,810	-	5,344,810
Financial assets at fair value through profit or loss (note 11)	-	-	53,022,212	53,022,212	-	53,022,212
Other non-current assets (note 13)	7,928,137	-	75,776	8,003,913	-	8,003,913
	7,928,137	5,344,810	53,097,988	66,370,935	-	66,370,935
Current assets						
Trade debtors (note 15)	27,227,731	-	-	27,227,731	-	27,227,731
Other receivables (note 16)	7,521,876	-	-	7,521,876	767,335	8,289,211
Other current assets (note 17)	6,864,609	-	-	6,864,609	5,374,293	12,238,902
Cash and cash equivalents (note 18)	255,877,001	-	-	255,877,001	-	255,877,001
	297,491,217	-	-	297,491,217	6,141,628	303,632,845

						2020
			Liabilities recorded at amortised cost	Total financial liabilities	Others not covered by IFRS 9	Total
Non-current liabilities						
Loans (note 22)	-	-	2,146,527	2,146,527	-	2,146,527
Lease liabilities (note 23)	-	-	11,072,814	11,072,814	-	11,072,814
Other non-current liabilities (note 25)	-	-	62,293	62,293	201,812	264,105
			13,281,634	13,281,634	201,812	13,483,446
Current liabilities						
Loans (note 22)	-	-	1,546,801	1,546,801	-	1,546,801
Trade payables (note 26)	-	-	16,886,338	16,886,338	-	16,886,338
Lease liabilities (note 23)	-	-	3,408,625	3,408,625	-	3,408,625
Other payables (note 27)	-	-	4,447,090	4,447,090	5,192,167	9,639,257
Other current liabilities (note 29)	-	-	14,990,390	14,990,390	14,973,501	29,963,891
			41,279,244	41,279,244	20,165,668	61,444,912



				2019
	Liabilities recorded at amortised cost	Total financial liabilities	Others not covered by IFRS 9	Total
Non-current liabilities				
Loans (note 22)	3,289,931	3,289,931	-	3,289,931
Lease liabilities (note 23)	11,156,725	11,156,725	-	11,156,725
Other non-current liabilities (note 25)	3,393,093	3,393,093	156,950	4,150,043
	17,839,749	17,839,749	156,950	18,596,699
Current liabilities				
Loans (note 22)	1,525,122	1,525,122	-	1,525,122
Trade payables (note 26)	19,041,965	19,041,965	-	19,041,965
Lease liabilities (note 23)	3,448,361	3,448,361	-	3,448,361
Other payables (note 27)	7,422,786	7,422,786	4,512,411	11,935,197
Other current liabilities (note 29)	12,573,581	12,573,581	10,151,057	22,724,638
	44,011,815	44,011,815	14,663,468	58,675,283

Considering the nature of the balances, the amounts to be paid and received to/from 'State and other public entities' as well as specialised costs related to the share based plans were considered outside the scope of IFRS 9. On the other hand, the deferred costs/profits recorded in the captions other current and non-current assets/liabilities were considered non-financial instruments. The Board of Directors believes that, the fair value of the breakdown of financial instruments recorded at amortised cost or registered at the present value of the payments does not differ significantly from their book value. This decision is based in the contractual terms of each financial instrument. In addition, other financial assets and other current financial liabilities correspond to assets and liabilities measured at amortised cost that will be satisfied in the short term. Additionally, investments held for sale correspond mostly to transactions of the year.

5. Property, plant and equipment

The changes in Property, plant and equipment and in the corresponding accumulated depreciation and impairment losses in the years ended at 31 December 2020 and 2019 was as follows:

							2020
	Land, Buildings and other constructions	Plant and machinery	Vehicles	Fixtures and fittings	Other tangible assets	Work in progress	Total
Gross assets							
Balance at 31 December 2019	2,581,037	11,053,117	373,649	7,158,792	459,119	59,789	21,685,503
Additions	29,213	239,127	-	169,584	138	249,196	687,258
Disposals	-	(3,150)	(44,958)	(142,492)	(7,629)	-	(198,229)
Effect of currency translation	(48)	(3,624)	-	(26,829)	(126)	-	(30,627)
Transfers and write-offs	12,650	2,722	(15,057)	43,867	-	(119,200)	(75,018)
Balance at 31 December 2020	2,622,852	11,288,192	313,634	7,202,922	451,502	189,785	22,068,887
Accumulated depreciation and impairment losses							
Balance at 31 December 2019	1,789,836	10,686,797	354,678	6,343,261	370,875	-	19,545,447
Depreciation and impairment for the year	64,702	285,085	7,011	315,514	9,011	-	681,323
Disposals	-	(3,082)	(44,958)	(123,549)	(7,639)	-	(179,228)
Effect of currency translation	(3)	(3,265)	-	(17,406)	(56)	-	(20,730)
Transfers and write-offs	1	47,069	(15,057)	(93,571)	69,225	-	7,667
Balance at 31 December 2020	1,854,536	11,012,604	301,674	6,424,249	441,416	-	20,034,479
Net value	768,316	275,588	11,960	778,673	10,086	189,785	2,034,408

							2019
	Land, Buildings and other constructions	Plant and machinery	Vehicles	Fixtures and fittings	Other tangible assets	Work in progress	Total
Gross assets							
Balance at 31 December 2018	4,267,550	11,684,617	385,569	9,757,931	485,832	342,710	26,924,209
Additions	215,192	164,671	-	237,701	516	346,500	964,580
Disposals	-	(40,936)	-	(507,122)	(945)	-	(549,003)
Effect of currency translation	1,340	3,503	-	31,166	46	49	36,104
Transfers and write-offs	226,492	(211,377)	(11,920)	513,822	7,322	(626,231)	(101,892)
Discontinued operations (note 3.c)	(2,129,537)	(547,361)	-	(2,874,706)	(33,652)	(3,239)	(5,588,495)
Balance at 31 December 2019	2,581,037	11,053,117	373,649	7,158,792	459,119	59,789	21,685,503
Accumulated depreciation and impairment losses							
Balance at 31 December 2018	2,865,417	11,129,031	354,938	8,802,551	390,620	-	23,542,557
Depreciation and impairment for the year	88,626	66,627	11,660	552,023	10,133	-	729,069
Depreciation for the year for discontinued operations (note 40)	72,805	15,147	-	68,942	1,272	-	158,166
Disposals	-	(30,876)	-	(486,339)	(614)	-	(517,829)
Effect of currency translation	(1,668)	2,683	-	25,425	5	-	26,445
Transfers and write-offs	19,313	(3,282)	(11,920)	(29,215)	34	-	(25,070)
Discontinued operations (note 3.c)	(1,254,657)	(492,533)	-	(2,590,126)	(30,575)	-	(4,367,891)
Balance at 31 December 2019	1,789,836	10,686,797	354,678	6,343,261	370,875	-	19,545,447
Net value	791,201	366,320	18,971	815,531	88,244	59,789	2,140,056

Depreciation, amortisation and impairment losses for the year ended at 31 December 2020 and 2019 can be detailed as follows:

	2020	2019
Tangible assets	681,323	729,069
Intangible assets (note 6)	5,153,721	6,428,254
Right of Use! (note 7)	3,050,537	3,028,205
	8,885,581	10,185,528

At 31 December 2020 and 2019, the caption 'Tangible assets' does not include any asset pledged or given as a guarantee for loans obtained.

The caption 'Work in progress' at 31 December 2020 and 2019 can be decomposed as follows:

	2020	2019
Information systems / IT equipment	130,674	32,064
Other projects in progress	59,111	27,727
	189,785	59,789

During the year ended at 31 December 2020 and 2019, there are no commitments to third parties relating to investments to be made.

6. Intangible assets

In the years ended at 31 December 2020 and 2019, the changes occurred in intangible assets and in the corresponding accumulated amortisation and impairment losses, were as follows:

	Brands and patents and other rights	Software	Other intangible assets	Intangible assets in progress	Internally generated assets - Software	Internally generated assets - Intangible assets in progress	2020 Total
Gross assets							
Balance at 31 December 2019	7,624,052	12,214,311	10,243	681,071	40,960,169	1,354,235	62,844,081
Additions	4,932	167,955	-	689,028	408,339	2,078,219	3,348,473
Effect of currency translation	-	(3,700)	-	-	-	-	(3,700)
Disposals	(15,146)	-	-	-	(2,488,766)	-	(2,503,912)
Transfers and write-offs	-	(903,203)	(10,243)	(853,911)	3,596,740	(1,861,670)	(32,287)
Balance at 31 December 2020	7,613,838	11,475,363	-	516,188	42,476,482	1,570,784	63,652,655
Accumulated amortisation and impairment losses							
Balance at 31 December 2019	3,710,683	11,139,803	47,745	-	37,478,230	-	52,376,461
Amortisation and impairment for the year (note 5)	2,176,310	1,226,748	-	-	1,750,663	-	5,153,721
Effect of currency translation	-	(3,160)	-	-	-	-	(3,160)
Disposals	(12,662)	-	-	-	(1,991,209)	-	(2,003,871)
Transfers and write-offs	(19,993)	(1,363,268)	(47,745)	-	1,319,600	-	(11,406)
Balance at 31 December 2020	5,854,338	11,000,123	-	-	38,557,284	-	55,411,745
Net value	1,759,500	475,240	-	516,188	3,919,198	1,570,784	8,240,910

	Brands and patents and other rights	Software	Other intangible assets	Intangible assets in progress	Internally generated assets - Software	Internally generated assets - Intangible assets in progress	2019 Total
Gross assets							
Balance at 31 December 2018	18,197,187	20,671,995	121,575	502,471	76,416,768	4,885,320	120,795,316
Additions	25,158	901,511	-	819,680	73,513	3,957,249	5,777,111
Effect of currency translation	154,550	(76,872)	-	-	196,316	-	273,994
Transfers and write-offs	5,365	(2,211,565)	72,566	(508,271)	6,311,497	(6,311,497)	(2,641,905)
Discontinued operations (note 3.c)	(10,758,208)	(7,070,758)	(183,898)	(132,810)	(42,037,925)	(1,176,836)	(61,360,435)
Balance at 31 December 2019	7,624,052	12,214,311	10,243	681,071	40,960,169	1,354,235	62,844,081
Accumulated amortisation and impairment losses							
Balance at 31 December 2018	12,045,087	18,468,935	89,568	-	60,815,993	-	91,419,583
Amortisation and impairment for the year (note 5)	2,232,636	2,060,248	18,796	-	2,116,574	-	6,428,254
Amortisation for the year for discontinued operations (note 40)	1,678	102,808	67,443	-	2,796,339	-	2,968,268
Effect of currency translation	151,636	(69,761)	-	-	158,506	-	240,381
Transfers and write-offs	(25,641)	(2,866,842)	(18,796)	-	-	-	(2,911,279)
Discontinued operations (note 3.c)	(10,694,713)	(6,555,586)	(109,266)	-	(28,409,181)	-	(45,768,746)
Balance at 31 December 2019	3,710,683	11,139,803	47,745	-	37,478,230	-	52,376,461
Net value	3,913,369	1,074,509	(37,502)	681,071	3,481,938	1,354,235	10,467,620

At 31 December 2020, the additions related with intangible assets in progress include about EUR 2 million of capitalisations of personnel costs related to own work (note 4.3), mainly related to IT software development.



At 31 December 2020, the disposals of year are related to the sale of the LDM Software.

The assessment of impairment for the main tangible and intangible assets, in the various segments, is carried out as described in note 8 ('Goodwill'), to the extent that such assets are closely related to the overall activity of the segment and consequently cannot be analysed separately.

The sensitivity analysis made, required in the IAS 36 - Impairment of Assets, have not lead to material changes of the amounts to be recovered.

7. Rights of use

For the years ended at 31 December 2020 and 2018, the changes occurred in the value of the rights of use, as well as its depreciations and amortisations and accumulated impairment losses, were as detailed below:

	2020				
	Land, Buildings and other constructions	Equipment	Vehicles	Software	Total
Gross assets					
Balance at 31 December 2019	10,208,748	1,582,637	4,849,322	392,303	17,033,010
Additions	2,063,038	388,740	1,096,542	-	3,548,320
Effect of currency translation	(29,861)	(73)	(6,036)	-	(35,970)
Transfers and write-offs	(1,438,519)	(638,159)	(602,411)	-	(2,679,089)
Balance at 31 December 2020	10,803,406	1,333,145	5,337,417	392,303	17,866,271
Accumulated amortisation, depreciation and impairment losses					
Balance at 31 December 2019	3,063,929	963,720	2,410,811	191,091	6,629,551
Amortisation and depreciation for the year (note 5)	1,525,052	291,542	1,138,093	95,850	3,050,537
Effect of currency translation	(23,893)	(30)	(5,607)	-	(29,530)
Transfers and write-offs	(1,438,519)	(619,506)	(336,012)	73	(2,393,964)
Balance at 31 December 2020	3,126,569	635,726	3,207,285	287,014	7,256,594
Net value	7,676,837	697,419	2,130,132	105,289	10,609,677

	2019				
	Land, Buildings and other constructions	Equipment	Vehicles	Software	Total
Gross assets					
Balance at 31 December 2018	9,493,279	3,003,142	8,782,862	584,843	21,864,126
Additions	8,202,143	211,344	1,459,009	136,256	10,008,752
Effect of currency translation	18,796	9,187	4,026	16,942	48,951
Transfers and write-offs	(861,393)	(18,305)	(794,648)	-	(1,674,346)
Discontinued units (note 3.c)	(6,644,077)	(1,622,731)	(4,601,927)	(345,738)	(13,214,473)
Balance at 31 December 2019	10,208,748	1,582,637	4,849,322	392,303	17,033,010
Accumulated amortisation, depreciation and impairment losses					
Balance at 31 December 2018	3,105,852	1,360,827	3,887,429	386,387	8,740,495
Amortisation and depreciation for the year (note 5)	1,566,263	303,146	1,054,932	103,864	3,028,205
Amortisation and depreciation for the year for discontinued operations (note 40)	549,529	163,338	495,279	26,427	1,234,573
Effect of currency translation	7,229	8,695	1,823	16,255	34,002
Transfers and write-offs	(530,676)	(18,396)	(630,672)	-	(1,179,744)
Discontinued operations (note 3.c)	(1,634,268)	(853,890)	(2,397,980)	(341,842)	(5,227,980)
Balance at 31 December 2019	3,063,929	963,720	2,410,811	191,091	6,629,551
Net value	7,144,819	618,917	2,438,511	201,212	10,403,459

The cash flows generated by finance leases are disclosed in note 18.

There are no restrictions or covenants imposed by the lease.

8. Goodwill

For the years ended at 31 December 2020 and 2019, the movements occurred in 'Goodwill' were as follows:

	2020	2019
Opening balance	14,520,952	36,059,618
Sale of We Do (note 3.c)	-	(21,617,111)
Other movements of the year	-	78,445
Closing balance	14,520,952	14,520,952

For the years ended at 31 December 2019 and 2018, the caption 'Other movements of the year' includes the effect of the exchange rate update of the Goodwill.

At 31 December 2020 and 2019, the caption had the following composition by business area were the companies are included:

	2020	
	Retail	Cybersecurity
Goodwill	1,165,721	13,355,231

	2019	
	Retail	Cybersecurity
Goodwill	1,165,721	13,355,231

Goodwill impairment is tested annually. Impairment tests were performed on intangible assets, including Goodwill, which were to determine the recoverable amount using the discounted cash flow method. The measurement of the existence or not of impairment of the main amounts of interests in group companies recorded in the accompanying financial statements is made taking into account the cash generating units, based on the last business plans approved by the Group's Board of Directors made on an annual basis unless there are indications of impairment, which are prepared using cash flows projected for periods of 5 years. In the years ended at 31 December 2020 and 2019, no impairment of Goodwill was recorded or reversed.

At 31 December 2020 and 2019, the assumptions used are based on the group's various businesses and the growth in the various geographic areas where the group operates:

2020	Technologies			Media
	Retail	Cybersecurity	Others	
Assumptions				
Basis of recoverable amount	Value in use	Value in use	Value in use	Value in use
Discount rate	6.50%	5.5%- 9.75%	6.50%	7.25%
Growth rate in perpetuity	3%	3%	0.45%	0.01%

2019	Technologies			Media
	Retail	Cybersecurity	Others	
Assumptions				
Basis of recoverable amount	Value in use	Value in use	Value in use	Value in use
Discount rate	7.25%	7%- 11.07%	7.25%	7.25%
Growth rate in perpetuity	3%	3%	2%	0.01%

The average growth rate considered for the 5-year turnover was 10.4% for the Technology sector (18% in 2019). For the Media sector, the average growth rate of turnover considered was around 4.05% (2.4% in 2019).

The discount rates used are based on the weighted average capital costs estimated based on the segments and geographies where the companies are located. In Europe, the discount rates used are between 5.5% and 7.25% (between 7% and 7.35% in 2019) and in Latin America rates is used 9.75% (11.07% in 2019).

Despite the context of uncertainty regarding the level of evolution and contagion of the virus and the economic slowdown caused by the pandemic context, as mentioned in the introductory note, with the exception of the telecommunications segment mentioned in Note 9,

the Group's business operations were not significantly affected. Therefore, the analysis of the impairment indices and the review of the impairment projections and tests have not lead to clearance losses, during the year ended at 31 December 2020. For the sensitivity analysis made, required in the IAS 36 - Impairment of Assets, varying the discount rate by 0.5 pp in the media sector and in the technology sector by varying the discount rate by 0.5 pp and 0.5 pp in the perpetuity growth rate, would not lead to material changes in the recovery amounts.

9. Investments in joint ventures and associated companies

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

Head Office	Percentage of ownership				Value in profit and loss statement		
	31 December 2020		31 December 2019		31 December 2020	31 December 2019	
	Direct	Total	Direct	Total			
ZOPT, SGPS, S.A. (ZOPT) (a)	Oporto	50.00%	50.00%	50.00%	50.00%	26,953,848	28,474,695
Unipress - Centro Gráfico, Lda. ('Unipress')	Vila Nova de Gaia	50.00%	50.00%	50.00%	50.00%	(40,690)	36,461
SIRS - Sociedade Independente de Radiodifusão Sonora, S.A. ('Rádio Nova')	Oporto	50.00%	50.00%	50.00%	50.00%	5,104	91,885
Intelligent Big Data, S.L. ('Big Data') (b)	Gipuzcoa	50.00%	50.00%	50.00%	50.00%	(7,151)	(135)
Fundo de Capital de Risco Armilar Venture Partners II (Armilar II) (c)	Lisboa	44.33%	44.33%	50.74%	50.74%	23,047,049	33,528,966
Fundo de Capital de Risco Armilar Venture Partners III (Armilar III)	Lisboa	42.80%	42.80%	42.80%	42.80%	(992,354)	1,761,762
Fundo de Capital de Risco Armilar Venture Partners Inovação e Internacionalização (Armilar I+)	Lisboa	38.25%	38.25%	38.25%	38.25%	(819,986)	(297,522)
Secucloud Network GmbH ('Secucloud')	Hamburg	27.45%	27.45%	27.45%	27.45%	(2,060,102)	(671,726)
Probe.ly	Lisbon	21.21%	21.21%	21.21%	21.21%	(43,599)	(84,103)
Suricate Solutions	Luxembourg	20.00%	11.84%	20.00%	11.84%	(10,323)	12,727
Alfaros SAR	Tunisia	40.00%	23.68%	40.00%	23.68%	(404)	(1,573)
Total (note 35)						46,031,392	62,851,437

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

(b) Company liquidated in november 2020.

(c) The participation change is related to the amortization of units held in the Fund

In the case of investments in associates that are venture capital organizations, IAS 28 contains an option to keep these investments held by them measured at fair value. The Group made this option, applying the equity method to Armilar Funds.

During the years ended at 31 December 2020 and 2019, the changes occurred in investments in joint ventures and associated companies, were as follows:

	31 December 2020			31 December 2019		
	Ownership value	Goodwill	Total investment	Ownership value	Goodwill	Total investment
Investments in joint ventures and associated companies						
Balance at 1 January	696,690,312	92,566,110	789,256,422	681,371,228	92,566,110	773,937,338
Equity method						
Effect on gains and losses (note 35)	52,948,639	(1,920,020)	51,028,619	71,686,742	-	71,686,742
Effect on reserves	(6,194,949)	-	(6,194,949)	(9,982,096)	-	(9,982,096)
Dividends (note 37)	(34,492)	-	(34,492)	(47,042,069)	-	(47,042,069)
Others	(26,259,940)	-	(26,259,940)	-	-	-
Total investment in associated companies and companies jointly controlled net of impairment losses	717,149,570	90,646,090	807,795,660	696,690,312	92,566,110	789,256,422
Registered in Provisions for other liabilities and charges						
Balance at 1 January	(29,041,904)	-	(29,041,904)	(20,206,599)	-	(20,206,599)
Effect on gains and losses (note 24 and 35)	(4,990,076)	-	(4,990,076)	(8,835,305)	-	(8,835,305)
Use	5,251,988	-	5,251,988	(8,835,305)	-	(8,835,305)
Others	(1,312)	-	(1,312)	-	-	-
Total investment in associated companies and companies jointly controlled net of impairment losses and provisions	688,368,266	90,646,090	779,014,356	667,648,408	92,566,110	760,214,518

In the year ended at December 2020, the variation in 'Others' is essentially related to the receipt of Armillar II Fund in the amount of EUR 21 million, net of contractual commission (around EUR 5 million), as amortization of units held in this Fund. This amount was subject to withholding tax, being the amount actually received approximately EUR 18.9 million.

In the year ended at 31 December 2019, there was an increase of Euro 656,507 due to capital increases in Armilar III and Armilar I + I. In January 2019, a capital increase in the Armilar I + I Fund of Euro 360,393 was made, which resulted in a 0.71% increase in capital, resulting in a final capital participation of 38.25%. In April 2019 and November 2019, capital increases were made in the Armilar III Fund in the amount of Euro 89,819 and Euro 206,295, respectively, which resulted in a 0.1% increase in capital, resulting in a final capital participation of 42.80%.

The variation in Provisions for other liabilities and charges in the amount of EUR 4,990,076 refers to a contractual commission (Incentive Scheme) to be paid to the management of the Funds because they have exceeded the contractually defined return barrier. The amount of EUR 5,251,988 refers to the use of the provision previously constituted for the referred contractual commission that was deducted from the receipt of the Armilar II Fund as a repayment of units held therein.

This provision amount related to the Funds was recorded against 'Gains and losses in joint ventures and associated companies', to be deducted in proportion to the net results of the Funds (note 24).

During the year ended at 31 December 2019, Sonaecom received the amount of EUR 46,991,559 referring to dividends from Zopt SGPS.

In accordance with the IFRS 11, the classification of investments in companies jointly controlled is determined based on the existence of an agreement that clearly demonstrate and regulate the joint control. Thus, at 31 December 2020 the Group held associated and jointly controlled companies, as decomposed below.

The division by company of the amount included in the investments in associated companies and join controlled is as follows:

	31 December 2020			31 December 2019		
	Ownership value	Goodwill	Total investment	Ownership value	Goodwill	Total investment
Investments in companies jointly controlled						
Zopt	575,455,685	87,527,500	662,983,185	554,696,744	87,527,500	642,224,244
Unipress	405,135	321,700	726,835	480,317	321,700	802,017
SIRS	19,730	-	19,730	14,626	-	14,626
	575,880,550	87,849,200	663,729,750	555,191,687	87,849,200	643,040,887
Investments in associated companies						
Armilar II	96,578,405	-	96,578,405	94,176,915	-	94,176,915
Armilar III	31,302,286	-	31,302,286	32,707,854	-	32,707,854
Armilar I+I	16,025,832	-	16,025,832	17,056,946	-	17,056,946
Secucloud	(2,499,722)	2,499,722	-	(2,359,638)	4,419,742	2,060,104
Probe.ly	(163,271)	297,168	133,897	(119,672)	297,168	177,496
Suricate Solutions	4,537	-	4,537	4,942	-	4,942
Alfaros SARL	20,953	-	20,953	31,278	-	31,278
	141,269,020	2,796,890	144,065,910	141,498,625	4,716,910	146,215,535
Total	717,149,570	90,646,090	807,795,660	696,690,312	92,566,110	789,256,422

The aggregated amounts of the main financial indicators of the entities can be resumed as follows:

(Amounts expressed in thousand Euro)									2020
Entity	% Holding	Asset	Liability	Equity	Revenue	Operational results	Net result	Comprehensive income	
ZOPT*	50.00%	4,461,460	2,252,895	2,208,565	1,367,886	560,624	99,412	81,098	
Unipress	50.00%	1,235	425	810	2,069	134	(81)	(81)	
SIRS	50.00%	415	375	39	942	55	10	10	
Big Data	50.00%	0	-	0	6	5	5	5	
Armilar II	44.33%	267,582	49,730	217,852	92,399	72,585	72,585	72,585	
Armilar III	42.80%	83,372	10,236	73,136	2,315	(3,346)	(3,555)	(3,555)	
Armilar I+I	38.25%	53,811	11,912	41,900	670	(2,690)	(2,680)	(2,680)	
Secucloud	27.45%	2,553	5,578	(3,025)	3,108	566	(615)	(615)	
Probe.ly	21.21%	774	43	730	335	(69)	(156)	(156)	
Suricate Solutions	20.00%	196	128	95	88	(24)	(24)	(24)	
Alfaros SARL	40.00%	10	5	15	1	(0)	(0)	(0)	

*The consolidated accounts audited of Group ZOPT, prepared in accordance with the International Financial Report Statements (IFRS) as adopted by the European Union.

The value of the shareholder funds includes non-controlling interests in amount of EUR 1,026 million and at 31 December 2020 the NDS' market capitalization amount to EUR 1,472 million.

(Amounts expressed in thousand Euro)									2019
Entity	% Holding	Asset	Liability	Equity	Revenue	Operational results	Net result	Comprehensive income	
ZOPT*	50.00%	4,324,203	2,127,741	2,196,462	1,599,231	184,994	112,749	80,916	
Unipress	50.00%	1,667	707	960	2,528	325	73	73	
SIRS	50.00%	592	563	29	1,409	260	184	184	
Big Data	50.00%	0	5	(5)	-	(0)	(0)	(0)	
Armilar II	50.74%	223,293	37,962	185,332	103,105	82,599	82,607	82,607	
Armilar III	42.70%	87,102	10,410	76,691	12,996	5,266	5,285	5,285	
Armilar I+I	37.54%	56,980	12,401	44,580	158	(1,127)	(1,110)	(1,110)	
Secucloud	27.45%	3,599	6,114	(2,515)	2,415	(1,359)	(2,493)	(2,493)	
Probe.ly	21.21%	316	42	274	205	(275)	(364)	(364)	
Suricate Solutions	20.00%	232	86	146	196	64	64	64	
Alfaros SARL	40.00%	43	36	7	20	14	(4)	(4)	

*The consolidated accounts audited of Group ZOPT, prepared in accordance with the International Financial Report Statements (IFRS) as adopted by the European Union.

The value of the shareholder funds includes non-controlling interests in amount of Euro 1,055 million and on 31 December 2019 the NDS' market capitalization amount to Euro 2,473 million.

Regarding the financial holdings in the Armilar II, Armilar III and Armilar I + I Venture Capital Fund, these refer to investment entities that measure their investment portfolios at fair value. The portfolios held by these entities are classified in the corresponding fair value hierarchy defined in IFRS 13 - Fair Value, as shown in the table below:

(Amounts expressed in thousand Euro)				2020
Fair value hierarchy	Armilar II	Armilar III	Armilar I+I	
Level 1	2,520	-	-	
Level 3	264,817	80,445	53,132	

Level 1 valuation techniques are based on prices, identified with quotations in active markets and officially quoted.

Level 3 valuation techniques are essentially supported by:

- (i) The business plans of the subsidiaries, in which discount rates ranging from 5% and 20% were used, revenue growth rates over the projection period (CAGR) ranging between 10% and 48% and where the terminal value was estimated by a mix of multiples applied mainly on Revenue and EBITDA. It should be noted that the implied appreciation of the investments held by the Fund results from a set of sensitivities applied to the original parameters of the Business Plans made available by the management of the Subsidiaries; and
- (ii) Market Multiples in similar transactions applied to Revenues (LTM – “Last twelve months” e NTM – “Next twelve months”) in an interval of 10.3x to 16.5x for the sector of Information Technology.

Armilar II Fund holds a participation in Information Technology that can be framed as a level 3 share with an accounting value of approximately EUR 264 million (EUR 221 million in 2019). At the end of the year, the company was valued using market multiples, namely using the most relevant metrics for this type of companies, Revenues and ARR (Annual Recurring Revenue) between 12.1x and 13.4x. During the year, following a round in the secondary market negotiated at the beginning of the pandemic period, the Armilar II Fund sold part of its assets for an approximate amount of EUR 49 million, which were distributed among its participants, having generated in the Sonaecom a loss of EUR 9.1 million and a cash-in of EUR 18.9 million (net of taxes).

Armilar III and Armilar I+I Funds include a level 3 share with an accounting value of approximately EUR 40 million and 52 million, respectively (no change compared to 2019). In this case, the valuation was made based on the last transaction in a non-active market, dated from the beginning of 2019. Armilar III also includes a participation in the amount of approximately EUR 29 million (EUR 31 million in 2019) classified at level 3 whose business plan foresees a 48% revenue growth rate (CAGR) and a discount rate of 5.85%, and it should also be noted that its valuation is perfectly matched to that which would be obtained if the valuation methodology adopted was the use of market multiples.

Regarding the participation held in ZOPT, despite the communication made regarding the intention to liquidate the company, in more detail ahead, the Board of Directors considers that the market price of the shares representing the share capital of NOS, SA, a ZOPT subsidiary, at 31 December 2020, does not reflect their fair value. The Board of Directors considers that the company's use value represents, at the present date, the best estimate of the fair value of that company. Therefore, the assessment of the existence, or not, of impairment for the values of investments including Goodwill recorded in the attached consolidated financial statements for the telecommunications sector (Zopt), is determined taking into account various information such as the business plan approved by the NOS Board of Directors for 5 years, whose average implicit growth rate in the operating margin amounts to 2.9% (2.4% in 2019).

	2020	2019
Assumptions	NOS SGPS	NOS SGPS
Basis of recoverable amount	Value in use	Value in use
Discount rate	5.7% - 8.3%	6.1%
Growth rate in perpetuity	1.5%	1.7%

For other business sectors, included in jointly controlled companies, the assessment of whether or not impairment to the Goodwill value is determined based on the considerations presented in Note 8.



The analysis of the projections and impairment tests resulted in a recoverable amount higher than the book value by around 9%. No impairment losses have been determined during the years ended at 31 December 2020 and 2019.

The sensitivity analysis made, by varying the discount rate and the growth rate in perpetuity at 0.1 p.p, have not lead to material changes of the amounts to be recovered.

The consolidated financial statements of Zopt, at 31 December 2020 and 2019 can be resumed as follows:

Condensed consolidated balance sheets

(Amounts expressed in thousands of Euro)	December 2020	December 2019
Assets		
Tangible assets	1,023,622	1,069,277
Intangible assets	2,174,673	2,154,260
Rights of use	260,097	218,383
Deferred tax assets	88,936	90,043
Other non-current assets	223,453	238,255
Non-current assets	3,770,781	3,770,218
Trade debtors	290,652	361,712
Cash and cash equivalents	228,783	12,960
Other current assets	171,244	179,313
Current assets	690,679	553,985
Total assets	4,461,460	4,324,203
Liabilities		
Loans	1,363,514	1,216,847
Provisions for other liabilities and charges	95,371	129,823
Other non-current liabilities	65,353	38,526
Non-current liabilities	1,524,238	1,385,196
Loans	167,126	143,281
Trade creditors	252,654	259,515
Other current liabilities	308,877	339,749
Current liabilities	728,657	742,545
Total liabilities	2,252,895	2,127,741
Shareholders' funds excluding non-controlling interests	1,182,821	1,140,645
Non-controlling interests	1,025,744	1,055,817
Total Shareholders' funds	2,208,565	2,196,462
Total Shareholders' funds and liabilities	4,461,460	4,324,203

Condensed consolidated statements of income by nature

(Amounts expressed in thousands of Euro)	December 2020	December 2019 (restated)
Total revenue	1,367,886	1,458,404
Costs and losses		
Direct costs and External supplies and services	(449,424)	(497,511)
Depreciation, amortisation and impairment losses	(418,904)	(438,658)
Other operating costs	(357,838)	(338,326)
	(1,226,166)	(1,274,495)
Gains/ (losses) in associated companies	(5,541)	(20,297)
Financial results	(26,633)	(24,744)
Income taxation	(16,541)	(26,942)
Consolidated net income/(loss) for the year	93,005	111,926
Consolidated net income/(loss) for the year of discontinued operations	(6,407)	(822)
Consolidated net income/(loss) for the year attributed to non-controlling interests	52,333	65,717
Attributed to shareholders of parent company	47,079	47,032

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.

The consolidated financial statements of Zopt have exposure to the African market, particularly through financial holdings that Group holds in associated companies operating in the Angolan and Mozambican markets, which are engaged in providing satellite and fiber television services. The net book value of the associates in the financial statements of Zopt at 31 December 2020 amounts to approximately EUR 43 million.

During the last quarter of 2017, Angola was considered a hyperinflationary economy, and the individual financial statements of the investees in Angola were restated (for equity method purposes) in accordance with IAS 29 - Financial Reporting in Hyperinflationary Economies. Until September 2019, the effect of hyperinflation was adjusted, according to the variation of the kwanza, however, in the last quarter of 2019, the Angolan economy was no longer considered a hyperinflationary economy. Impairment tests were carried out for those assets, considering the business plans approved by the Board of Directors for a period of 5 years, with average revenue growth rates of 9.7% in Angola and 4.7% in Mozambique (11.6% and 5.7% in 2019, respectively). The business plans also consider a perpetuity growth rate of 6% in Angola and Mozambique (same amounts in 2019) and a discount rate ("WACC") in the perpetuity of 17.1% in Angola and 20.3% in Mozambique (14.7% and 16.7% in 2019, respectively).

The impairment tests carried out, based on the assumptions identified above, led to a reversal of impairment losses (in the ZOPT financial statements) of EUR 6.5 million (about EUR 16 million of impairment in 2019).

Regarding ZOPT's financial participations in Finstar and ZAP Media (Finstar consolidated), the Board of Directors of NOS and 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, beyond to restrictions on the distribution of dividends in these companies.

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

It is the understanding of the boards of directors of ZOPT and SONAECOM that the seizure measure enacted is illegitimate and offends several fundamental rights of ZOPT - third in relation to the enacted seizure -, having no legal basis, and is not legally liable to determine



the deprivation of voting rights, not even to inhibit the holder of the arrested shares from continuing to exercise those rights, a deprivation that is understood for that reason, to be null and of no effect. In this regard, ZOPT has deducted third party embargoes.

At 12 June 2020, ZOPT was authorized by the Lisbon Central Criminal Investigation Court to exercise the voting right corresponding to the 26.075% of NOS share capital preventively seized under the aforementioned Court order. For this reason, the Boards of Directors of ZOPT and SONAECOM consider that the conditions of control of ZOPT over NOS are met, and the measure does not have material effects on the control of this company.

Still in June 2020, the Investigating Judge rejected the third-party embargoes deducted by ZOPT based on the Portuguese courts' inability to assess and decide upon them, and this decision, having been appealed by ZOPT, was revoked by the Court of Appeal already in 2021, pending further developments, namely the judicial pronouncement on the seizures.

At 19 August, Sonaecom communicated the intention of the shareholders of ZOPT (Sonaecom, Unitel International Holdings, BV and Kento Holding Limited) to liquidate the company, maintaining Sonaecom as the reference shareholder of NOS. To date, the efforts to dissolve the ZOPT have not yet been carried out.

In the last quarter of 2020, the seizure of 233,790,325 shares corresponding to 32.65% of capital of ZOPT held by UNITEL was also decreed, with deprivation of the exercise of voting rights and the right to receive dividends, and 124,234,675 shares corresponding to 17.35% of capital of ZOPT held by KENTO, also with no exercise of the right to vote and the right to receive dividends. Additionally, in January 2021, ZOPT was also notified by Caixa Geral de Depósitos (C.G.D.), as the beneficiary of the pledge of the shares held by Kento in ZOPT, referring to being vested with the power to exercise the voting rights inherent in the Shares, and all other inherent rights, and that Kento was deprived of exercising such rights without the prior, express and written authorization of C.G.D.. It is the understanding of the Board of Directors of ZOPT, that whenever there is no question of protecting the economic value of the shares, in the exercise of voting rights, C.G.D. as Kento's pledge creditor, must act in accordance with Kento's instructions, which means voting in the sense defined by Kento.

Despite the facts described above considering that, no steps have yet been taken to liquidation of ZOPT, that there has been no change in the board of directors of ZOPT and that decisions on the operating activity of the investee company continue to be taken in accordance with what was being done, we concluded that the profile of joint control over the ZOPT has not changed.

a) ZOPT Group provisions

The processes described below are in provisions in the Zopt's consolidated accounts, taking into account the degree of risk identified.

1. Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CLSU):

The extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CLSU) is legislated in Articles 17 to 22 of Law no 35/2012, of 23 August. From 1995 until June 2014, MEO, SA (former PTC) was the sole provider for the universal service of electronic communications, having been designated administratively by the government, i.e. without a formal contest procedure led by the government for that effect, which constitutes an illegality, by the way acknowledged by the European Court of Justice who, through its decision taken in June 2014, condemned the Portuguese State to pay a fine of 3 million Euros for illegally designating MEO. In accordance with Article 18 of the abovementioned Law 35/2012, of 23 August, the net costs incurred by the operator responsible for providing the universal service, approved by ANACOM, must be shared between other companies who provide, in national territory, public communication networks and publicly accessible electronic communications services. NOS is therefore within the scope of this extraordinary contribution given that MEO has been requesting the payment of CLSU to the compensation fund of the several periods during which it was responsible for providing the services. In accordance with law, the compensation fund can be activated to compensate the net costs of the electronic communications universal service, relative to the period before the designation of the provider by tender, whenever, cumulatively (i) there are net costs, considered excessive, the amount of which is approved by ANACOM, following an audit to their preliminary calculation and support documents, which are provided by the universal service provider, and (ii) the universal service provider requester the Government compensation for the net costs approved under the terms previously mentioned.



In 2013, ANACOM deliberated to approve the final results of the CLSU audit presented by MEO, relative to the period from 2007 to 2009, in a total amount of EUR 66.8 million, a decision that was contested by the Company. In January 2015, ANACOM issued the settlement notes in the amount of EUR 18.6 million related to NOS S.A., NOS Madeira and NOS Açores which were contested by NOS and for which a bail was presented by NOS SGPS to avoid Tax Execution Proceedings. The guarantees have been accepted by ANACOM.

In 2014, ANACOM deliberated to approve the final results of the CLSU audit by MEO, relative to the period from 2010 to 2011, in a total amount of 47.1 million Euros, a decision also contested by NOS. In February 2016, ANACOM issued the settlement notes in the amount of EUR 13 million, related to NOS S.A., NOS Madeira and NOS Açores which were also contested and for which it was before also presented bail by NOS SGPS in order to avoid the promotion of respective tax enforcement processes. The guarantees have been accepted by ANACOM.

In 2015, ANACOM deliberated to approve the final results of the audit to CLSU presented by MEO relative to the period from 2012 to 2013, in the amount of EUR 26 million and EUR 20 million, respectively, and as the others, it was contested by NOS. In December 2016, the notices of settlement were issued relating to NOS S.A., NOS Madeira and NOS Açores, corresponding to that period, totalling 13.6 million Euros that were contested by NOS and for which guarantees have been already presented by NOS SGPS in order to avoid the promotion of the respective proceedings of tax execution. The guarantees were also accepted by ANACOM.

In 2016, ANACOM approved the results of the audit to the CLSU presented by MEO related with the period between January and June 2014, for an amount of EUR 7.7 million that was contested by NOS, in standard terms.

In 2017, NOS S.A., NOS Madeira and NOS Açores were notified of the decision of ANACOM concerning the entities that are obliged to contribute toward the compensation fund and the setting of the values of contributions corresponding to CLSU that must be compensated and relating to the months of 2014 in which MEO still remained as provider of the Universal Service, which establishes for all these companies a contribution totalling close to EUR 2.4 million. In December 2017, the settlement notes relating to NOS S.A., NOS Madeira and NOS Açores, concerning that period, were issued in the amount of approximately EUR 2.4 million, which were challenged by NOS and for which guarantees have also been presented by NOS SGPS, in order to avoid the promotion of their tax enforcement procedures. The guarantees were also accepted by ANACOM.

It is the opinion of the Board of Directors of NOS that these extraordinary contributions to Universal Service (not designated through a tender procedure) flagrantly violate the Directive of Universal Service. Moreover, considering the existing legal framework since NOS began its activity, the request of payment of the extraordinary contribution violates the principle of the protection of confidence, recognised on a legal and constitutional level in Portuguese domestic law. For these reasons, NOS has judicially challenged either the approval of audit results of the net cost of universal service related to the pre-competitive period, and the liquidation of each extraordinary contribution, once the Board of Directors is convinced it will be successful in challenges already undertaken

Legal Actions And Contingent Assets And Liabilities Zopt Group

2. Legal actions with regulators and Competition Authority (AdC)

NOS S.A., NOS Açores and NOS Madeira brought actions for judicial review of ANACOM's decisions in respect of the payment of the Annual Fee of Activity (for 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019) as Electronic Communications Services Networks Supplier, and furthermore the refund of the amounts that meanwhile were paid within the scope of the mentioned acts of settlement was requested. Settlements for the year 2018 were challenged in the first half of 2019. Settlements for the year 2019 will be challenged until the end of the first half of 2020.

The settlement amounts are, respectively, as follows:

- NOS S.A.: 2009: EUR 1,861 thousand, 2010: EUR 3,808 thousand, 2011: EUR 6,049 thousand, 2012: EUR 6,283 thousand, 2013: EUR 7,270 thousand, 2014: EUR 7,426 thousand, 2015: EUR 7,253 thousand, 2016: EUR 8,242 thousand, 2017: EUR 9,099 thousand, 2018: EUR 10,303 thousand and 2019: EUR 10,169 thousand;
- NOS Açores: 2009: EUR 29 thousand, 2010: EUR 60 thousand, 2011: EUR 95 thousand, 2012: EUR 95 thousand, 2013: EUR 104 thousand, 2014: EUR 107 thousand, 2015: EUR 98 thousand, 2016: EUR 105 thousand, 2017: EUR 104 thousand, 2018: EUR 111 thousand, and 2019: EUR 107 thousand;



- NOS Madeira: 2009: EUR 40 thousand, 2010: EUR 83 thousand, 2011: EUR 130 thousand, 2012: EUR 132 thousand, 2013: EUR 149 thousand, 2014: EUR 165 thousand, 2015: EUR 161 thousand, 2016: EUR 177 thousand, 2017: EUR 187 thousand, 2018: EUR 205 thousand and 2019: EUR 195 thousand.

This fee is a percentage decided annually by ANACOM (in 2009 it was 0.5826%) of operators' electronic communications revenues. NOS SA, NOS Açores and NOS Madeira claim, namely: i) addition to defects of unconstitutionality and illegality, related to the inclusion in the cost accounting of ANACOM of the provisions made by the latter, due to judicial proceedings against the latter (including these appeals of the activity rate) and ii) that only revenues from the electronic communications business per se, subject to regulation by ANACOM, should be considered for the purposes of the application of the percentage and the calculation of the fee payable, and that revenues from television content should be excluded.

Six sentences on the matter were given, within the scope of the contestation of the annual rate of 2009 (Ex-ZON), 2010 (Ex-ZON in April 2018 and NOS Madeira in May 2020), 2011 (Nos Madeira in May 2020) and 2012 (Ex-ZON and Ex-Optimus, in September 2017 and May 2018, respectively). The first judgment ruled in favour of the respective contestation, only based on lack of prior hearing, but ordered ANACOM to pay interest. ANACOM submitted an appeal concerning that decision, but the Court of Appeal declined it by decision in July 2013. The five remaining decisions also, in turn, ruled in favour of the respective contestations, but, this time for fundamental reasons, annulled the contested act by unlawfulness with the legal consequences, namely imposing the refund of the tax that was paid but still not refunded to NOS and ordering ANACOM to pay compensatory interest. These decisions were the subject of an appeal from ANACOM to the Tribunal Central Administrativo – Sul (Central Administrative Court – South), where it is pending, or, as for the 2 most recent, awaiting final decision.

The remaining proceedings are awaiting trial and/or decision.

During the first quarter of 2017, NOS was notified by ANACOM of the initiation of an infraction process related to communications of prices update at the end of 2016, beginning of 2017. In the end of the last trimester of 2020, ANACOM notified NOS of the accusation, with the practice of 4 very severe offences and 1 severe offence related, respectively, with i) the non-communication to customers of the right to rescind the contract with no charges, with (ii and iii) the supposed non-communication of pricing update and with (iv) the adequate advance and, yet, (v) the lack of information to be communicated to ANACOM. However, ANACOM did not present any value for a fine, except in relation to the severe offence. In this case, NOS is given the possibility to settle the fine by the minimum, the amount of 13 thousand Euros. The presentation of NOS' written defense will follow.

On 17 July 2020, NOS was notified by the AdC of an illegality note (accusation) related to digital marketing without a google search engine, which accuses the operators MEO, NOS, NOWO and Vodafone of concertation, for a period ranging from between 2010 and 2018, failing to identify a concrete fine. It is not possible, at this moment, to estimate the value of an eventual fine. NOS presented its written defence and after its presentation, AdC will decide on a conviction or acquittal, being the Board of Directors' conviction, taking into account the elements it knows, that will be able to demonstrate the various arguments in favour of its defence.

3. Tax Authorities

During the course of the 2003 to 2020 financial years, some companies of the NOS Group were the subject of tax inspections for the 2001 to 2018 financial years. Following these inspections, NOS SGPS, as the controlling company of the Tax Group, and companies not covered by Tax Group, were notified of the corrections made to the Group's tax losses, to VAT and stamp tax and to make the payments related to the corrections made to the above exercises. The total amount of the notifications unpaid is about EUR 35.8 million, added interest, and charges. These settlement notes, which totally were contested, are the respective lawsuits in progress.

Based on the advice obtained from the process representatives and tax consultants, the Board of Directors maintains the belief in a favourable outcome, which is why these proceedings are maintained in court. However, in accordance with the principle of prudence, an assessment of the Group's level of exposure to these proceedings is made periodically, in the light of the evolution of case law, and consequently the provisions recorded for this purpose are adjusted. The NOS' Group provided the guarantees demanded by the Tax Authorities, related to these processes.



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

- In 2011, MEO brought against NOS S.A., in the Judicial Court of Lisbon, a claim for the compensation of EUR 10.3 million, as compensation for alleged unauthorized portability of NOS S.A. in the period between March 2009 and July 2011. NOS S.A. contested, and the Court ordered an expert opinion, meanwhile, deemed without effect. The discussion and trial hearing took place at the end of April and beginning of May 2016, and a judgment was rendered in September of the same year, which considered the action to be partially justified, based not on the occurrence of improper portability, which the Court has determined to restrict itself to those which do not correspond to the will of the proprietor. In that regard, it sentenced NOS to the payment of approximately EUR 5.3 million to MEO, a decision of which NOS appealed to the Lisbon Court of Appeal. MEO, on the other hand, was satisfied with the decision and did not appeal against the part of the sentence that acquitted NOS. This Court, in the first quarter of 2018, upheld the decision of the Court of First Instance, except for interests, in which it gave reason to the claims of NOS, in the sense that interests should be counted from the citation to the action and not from the due date of the invoices. NOS filed an extraordinary appeal with the Supreme Court of Justice (SCJ), which found that the facts established by the Lower Courts were insufficient to resolve on the substance of the case. Consequently, the SCJ ordered that the court under appeal should amplify the facts. The case was transferred to the Court of First Instance for the extension of the facts. In November 2019, the Court of First Instance granted the parties the possibility of requesting the production of supplementary evidence on the subject of the extension, with NOS requesting an expert examination and the repetition of testimonial evidence. In February 2020, the Court considered that the expansion of the matter of fact leads to the need to obtain new evidence, which requires the analysis of the information relating to all portabilities that serve as the basis for the process, determining the carrying out of expert evidence for that purpose.
- In 2011, NOS S.A. brought an action in Lisbon Judicial Court against MEO, claiming payment of EUR 22.4 million, for damages suffered by NOS S.A., arising from violations of the Portability Regulation by MEO, in particular, the large number of unjustified refusals of portability requests by MEO in the period between February 2008 and February 2011. The court declared the performance of expert evidence of technical nature and an economic-financial survey, which were completed in June 2018. MEO argued for the nullity of the expert economic-financial report, which was deferred. 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. The diligence was, meanwhile, rescheduled.

It is the understanding of the NOS and ZOPT' Board of Directors, corroborated by the attorneys accompanying the process, that it is, in formal and substantive terms, likely that NOS S.A. will be able to win the lawsuit, due to MEO already having been convicted for the same offences by ANACOM.

5. Action brought by DECO

In March 2018, NOS was notified of a lawsuit brought by DECO against NOS, MEO and NOWO, in which a declaration of nullity of the obligation to pay the price increases imposed on customers at the end of 2016 is requested. In April and May 2018, the operators, including NOS, lodged a defence. The action's value has been fixed at EUR 60,000. Initially, a prior hearing was scheduled for October 8, 2019, which was then cancelled due to the judge declaring himself unable to hear the case. The process has already been redistributed and the prior hearing took place on 10 September 2020. We are still awaiting for the presentation of proof requirements and the scheduling of the final hearing.

The Board of Directors of NOS e ZOPT 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.

6. Interconnection tariffs

At 31 December 2020, accounts receivable and accounts payable include EUR 37,139,253 and EUR 43,475,093, respectively, resulting from a dispute between the subsidiary NOS S.A. and, essentially, the operator MEO – Serviços de Comunicação e Multimédia, S.A. (previously named TMN – Telecomunicações Móveis Nacionais, S.A.), in relation to the non-definition of interconnection tariffs of 2001. In what concerns that dispute with MEO, the result was totally favourable to NOS S.A., having already become final.



7. Contractual penalties

The general conditions that regulate the duration and termination of the contractual relationship between NOS and its customers, establish that in the event of the deactivation of products and services at the initiative of the customer before the end of the loyalty period, the customer is obliged to the immediate payment of compensation for the set of advantages that, in the perspective of the agreed duration of the contract, were provided by the operator.

In the first quarter of 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 recognized credit losses expected from all penalties billed to customers and not provisioned, in the amount of approximately EUR 7.0 million.

At 31 December 2020, the amounts billed and not yet received from these indemnities amount to EUR 110.4 million.

b) Other commitments Zopt Group

In December 2015, NOS signed a contract with Sport Lisboa e Benfica - Futebol SAD and Benfica TV, SA of television rights of home matches of football NOS' league, broadcasting rights and distribution of Benfica TV Channel. The contract began in 2016/2017 sports season, had an initial duration of three years, and might be renewed by decision of either party up to a total of 10 sports seasons, with the overall financial consideration reaching the amount of EUR 400 million, divided into progressive annual amounts.

Also in December 2015, NOS signed a contract with Sporting Clube de Portugal - Futebol SAD and Sporting and Communication Platforms, S.A. which includes the following rights:

- 1) TV broadcasting rights and multimedia home games of Sporting SAD;
- 2) The right to explore the static and virtual advertising at Stadium José Alvalade;
- 3) The right of transmission and distribution of Sporting TV Channel;
- 4) The right to be its main sponsor.

The contract will last 10 seasons, concerning the rights indicated in 1) and 2) above, starting in July 2018, 12 seasons in the case of the rights stated in 3) starting in July 2017 and 12 and a half seasons in the case of the rights mentioned in 4) beginning in January 2016, with the overall financial consideration amounting to EUR 446 million, divided into progressive annual amounts.

Also in December 2015, NOS SA has signed contracts regarding the television rights of home senior team football games with the following sports clubs:

- 1) Associação Académica de Coimbra – Organismo Autónomo de Futebol, SDUQ, Lda
- 2) Os Belenenses Sociedade Desportiva, SAD
- 3) Clube Desportivo Nacional Futebol, SAD
- 4) Futebol Clube de Arouca – Futebol, SDUQ, Lda
- 5) Futebol Clube de Paços de Ferreira, SDUQ, Lda
- 6) Marítimo da Madeira Futebol, SAD
- 7) Sporting Clube de Braga – Futebol, SAD
- 8) Vitória Futebol Clube, SAD

The contracts will begin in the 2019/2020 sports season and last up to 7 seasons, with the exception of the contract with Sporting Clube de Braga - Futebol, SAD which lasts 9 seasons.

During the year of 2016, NOS SA has signed contracts regarding the television rights of home senior team football games with the following sports clubs:

- 1) C. D. Tondela – Futebol, SDUQ, Lda
- 2) Clube Futebol União da Madeira, Futebol, SAD
- 3) Grupo Desportivo de Chaves – Futebol, SAD
- 4) Sporting Clube da Covilhã – Futebol, SDUQ, Lda
- 5) Clube Desportivo Feirense – Futebol, SAD
- 6) Sport Clube de Freamunde – Futebol, SAD



- 7) Sporting Clube Olhanense – Futebol, SAD
- 8) Futebol Clube de Penafiel, SDUQ, Lda
- 9) Portimonense Futebol, SAD

The contracts will begin in the 2019/2020 sports season and last up to 3 seasons.

In May 2016, NOS and Vodafone have agreed on reciprocal availability, for several sports seasons, of sports content (national and international) owned by the companies, in order to assure to both companies, directly by the assigning party or indirectly through the transfer to third party content distribution channels or models, the availability of broadcasting rights of the sports clubs home football games, as well as the broadcasting and distribution rights of sports and sports clubs channels, whose rights are owned by each of the companies in each moment. The agreement came into force from the beginning of the sports season 16/17, assuring access to Benfica's channel and Benfica's home football games to NOS' and Vodafone's clients, independent from the channel where these football games are broadcast.

Considering that the contract signed allowed for the possibility of extending the agreement to the other operators, in July 2016 MEO and Cabovisão joined the agreement, ending the lack of availability of Porto Canal in the NOS's channel grid, assuring that every Pay TV client can have access to every relevant sports content, regardless of which operator they use.

Following the agreement signed with the remaining operators, as a counterpart of the reciprocal provision of rights, the global costs are shared according with retailer telecommunications revenues and Pay TV market shares.

The estimated cash flows are estimated as follows:

Seasons	2020/21	following
Estimated cash flows with the contracts signed by NOS with the sports entities*	EUR 121.4 million	EUR 764.4 million
NOS estimated cash flows for the contracts signed by NOS (net of the amounts charged to the operators) and for the contracts signed by the remaining operators	EUR 63.9 million	EUR 425.6 million

*Includes games and channels broadcasting rights, advertising and others.

Network sharing contract with Vodafone

NOS and Vodafone Portugal celebrated on 29 September 2017 an agreement of infrastructure development and sharing with a nationwide scope. This partnership allows the two Operators providing their commercial offers under a shared network at the beginning of 2018.

The agreement covers the reciprocal sharing of dark fibre in approximately 2.6 million homes in which each of the entities shares with the other an equivalent investment value, in other words, they share similar goods. It is assumed that both companies retain full autonomy, independence, and confidentiality concerning the design of the commercial offers, the management of the customers' database and the choice of technological solutions they might decide to implement, that did not originate any impact on the consolidated financial statements (according to IAS 16, this exchange of similar non-monetary assets will be presented on a net basis).

The partnership has also been extended to mobile infrastructure sharing, where it is agreed a minimum sharing of 200 mobile towers.

Celebrated agreements regarding the sharing of mobile network support infrastructure

At 22 October 2020, NOS Comunicações S.A. and NOS Technology, on the one hand, and Vodafone Portugal, Comunicações Pessoais, S.A., on the other hand, celebrated a set of agreements regarding the sharing of mobile network support infrastructure (passive infrastructures such as towers and poles) and activemobile network elements (active radio equipment such as antennas, amplifiers and remaining equipment).

These agreements have the following characteristics:

- a) the agreements have a nationwide scope with diverse geographical application according to the higher or lower level of population density. In higher density geographies, typically larger urban areas, the parties will pursue synergies by sharing support



infrastructure. In lower density areas, typically rural and interior locations, in addition to shared use of support infrastructure, the parties will also share active mobile network.

b) the agreements focus on assets currently held, or that may be held by each party in the future, and on existing 2G, 3G and 4G technology. Incorporation of 5G technology in these agreements will depend on each operator to deploy this technology.

c) the agreements do not encompass spectrum sharing between the operators and each party will maintain exclusive strategic control of its networks, thus ensuring full competitive, strategic and commercial independence and the ability to differentiate in terms of customer service and provision.

Each party retains the ability to develop its mobile communications network independently. These agreements will enable NOS to invest more efficiently by capturing value through synergies. NOS will also be able to deploy its mobile network faster and in a more environmentally responsible way, thus benefitting customers and remaining stakeholders. Sharing of mobile infrastructure represents an important contribution towards greater geographical cohesion and digital inclusion, both of which are essential to the sustainable development of the country.

Another subjects

Disposal of NOS Towering, S.A.

At 14 April 2020, NOS Comunicações, SA and Cellnex Telecom, SA entered into an agreement whose purpose is to transfer to Cellnex the shares representing the entire share capital of NOS Towering, SA, encompassing the disposal of approximately 2,000 sites (towers and rooftops).

On the same date, the parties entered into a long-term agreement to whereby Cellnex will provide the NOS Group with active network hosting over the passive infrastructure acquired, for a period of 15 years, automatically renewed for equal periods. In addition, this agreement foresees a perimeter increase of up to 400 additional sites over the next 6 years.

The potential value of the agreements to be reached over a 6-year period is 600 million euros, being dependent on the sale of additional sites and configuration alteration of the sites. The expected impact on pro forma operating Cash Flow for NOS in first year is approximately EUR 22 million.

This agreement will enable NOS to continuously optimize and expand its state-of-the-art mobile network, while reinforcing its ability to invest in the long-term value of the company. By joining forces with Cellnex in Portugal, through this strategic partnership, NOS ensures the supply of current and future needs of its passive mobile infrastructure. In addition to this agreement, NOS will continue to pursue other investment efficiency opportunities.

At 30 September 2020, the operation was materialized with Cellnex payment of EUR 398.6 million. The received value for the sale of NOS Towering decomposes on the following way:

- Assets sale: EUR 374 million;
- Cash deducted from the debt sold with the company: EUR 45 million;
- Working capital and others: EUR - 20.4 million.

The operation of the sale of NOS Towering configures, from an accounting point of view and for the purposes of consolidated accounts, a sale and lease back, on which the asset under right of use, resulting from the lease, is equal to the carrying amount of the sold asset, so the operation, in the initial moment, did not generate impacts on the results.

Agreement with Tofane Global, S.A.S

In the beginning of April 2020, NOS had reached an agreement with Tofane Global, SAS to sell all of NOS Internacional Carrier Services, SA's ("NOS ICS") share capital to iBasis, Tofane's fully owned subsidiary and to supply NOS Group companies with wholesale international voice and SMS services, which were previously provided by NOS ICS. The conclusion of this agreement was subject to non-opposition by the Competition Authority. Completion of this agreement occurred on 29 June 2020. The sale price amounts to EUR 9.6 million and the receipt of EUR 5.5 million will take place over 5 years.

During the year ended at 31 December 2020, resulting from the sale of NOS ICS and the respective classification of the company as a discontinued operating unit, the comparative years, in the consolidated income statement of NOS and ZOPT, were restated.



COVID-19

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.

As a result of the population's containment measures, people and companies were and are being forced to adapt to a new reality, transforming both the way of working and the way we socialize.

In the uncertainty of this threat, it is essential that companies design and implement, in a timely manner, structured and efficient contingency plans that guarantee employee protection and business continuity or that, at least, mitigate the resulting effects.

In this context, from the very first moment, NOS has a permanent COVID-19 Monitoring Office, whose mission is to provide the organization with the necessary conditions to manage this risk, as well as to analyse and monitor the evolution of the different phases.

The main objectives of the COVID-19 Monitoring Office are to ensure that NOS, its Companies, its Employees and Partners are prepared to face the COVID-19 Pandemic, in order to:

- i. minimize the health impact to employees and to all those with whom they;
- ii. guarantee business continuity, ensuring the provision of services considered critical, for which it is necessary to certify the availability of key resources - employees, suppliers, agents, partners, etc. - and the need to adapt to the specific requirements of clients.

Both objectives are supported by a coherent and structured communication on the topic with the different stakeholders and a high level articulation with official authorities, in particular with the General Health Directorate.

The main concern of NOS is of course the health and well-being of all our employees. To ensure employee health and safety and business continuity, from an early stage NOS implemented a number of protective measures such as remote work practices, on site personal protection, travel restrictions to employees and visitors and also restrictions to participate in non-essential events and meetings and reinforced hygiene measures.

NOS is committed to support their customers during the current COVID-19 public health crisis. At a time when many Portuguese are changing their habits and routines and working remotely, keeping their customers connected is the main objective of NOS. To this end, during a determined period of time, NOS facilitate access to services, through data offers, temporary suspension of monthly payment of premium sports channels, reinforcement of the ability to implement business services and guaranteeing a safe and secure service in their 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.

Liquidity and interest rate risk

Prudent liquidity risk management implies maintaining an adequate level of cash and cash equivalents to meet assumed liabilities, associated with the negotiation of credit lines with financial institutions.

At 31 December 2020, the average maturity of the NOS Group's financing is 2.6 years, with no non-compliance with the covenants due to the reduction in results projected for this year, being expected.

Credit risk

Credit risk is essentially related to credit for services provided to customers, monitored on a regular business basis and for which expected credit losses are determined considering: i) the customer's risk profile; ii) the average receipt period; iii) the client's financial condition; and iv) future perspective of the evolution of the collections.



In the year ended at 31 December 2020, as a direct consequence of the slowdown in the Portuguese economy due to the measures adopted to combat the new coronavirus COVID-19, the company recognized extraordinary expected credit losses of EUR 27.9 million, incorporating, in the projection model of future collections, the new projections released by Banco de Portugal for GDP growth and Unemployment rate for the next 3 years.

As it has been seen, it is a situation of extreme 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 falls and the high volatility of the exchanges, all over the World; the biggest variations that occurred in the last quarters of the future projections of macroeconomic indicators, as well as the disparity of these projections between the various agencies.

The impacts on ZOPT through participation in NOS were already felt in the results of the financial year ended at 31 December 2020, with a drop in revenues, consolidated EBITDA and operational cash-flows of -6.2% (EUR -90.5 million); -5.7% (EUR -36.8 million) and -33.8% (EUR - 65.2 million), respectively, which shows a reduction in activity in:

- i. Cinemas and Audiovisuals: complete closure of NOS' theatres from 16 March to 2 July, and postponement of a number of movie premieres, slightly offset by cinema rentals negotiations;
- ii. Roaming and international calls: traffic and revenues impacted by restrictions imposed on international travel;
- 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 during the period when the national championship was suspended and advertising content.

On the other hand, the projections made for the Portuguese economy, led to a reassessment of projections and estimates, which resulted in the reinforcement, in the financial year ended at 31 December 2020, of impairments of accounts receivable (EUR 28.2 million) and other costs recognised, related to onerous contracts (EUR 10.8 million), as well as the recording of impairments in the item "Losses / (Gains) in subsidiaries", in the amount of EUR 8.6 million. In line with the current recommendations, the Group proceeded to sensitivity analysis to the assumptions used in the impairment tests to Goodwill conducted in the end of 2020, with no evidence of impairment being concluded. The most affected segment by COVID-19 was the cinemas one, with a recovery estimation to pre-pandemic values in 2023. It were also carried out impairment tests to tangible assets, namely, the assets associated with cinematographic exhibition, of which no impairments equally resulted.

In terms of projection of future impacts, these will depend on the extent, namely time, the spread of the virus and the respective containment measures, being difficult to predict the scale of the impact, knowing however that it will occur in the areas identified above. NOS' capital structure is within the 2x Net Financial Debt / EBITDA After Leasings Payments (EBITDA - Leasings Payments (Capital and Interest)) threshold, so it is the understanding of the NOS' Board of Directors that the company it will overcome the negative impacts caused by this crisis, without jeopardizing the continuity of the business, a conviction demonstrated with the maintenance of the shareholders' remuneration policy with the payment of dividends on 3 July 2020.

10. Financial assets at fair value through other comprehensive income

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

	2020	2019 (restated)
Deepfence	2,037,325	-
Nextail	1,628,760	2,300,000
Iriusrisk	1,416,514	299,802
Style Sage	1,378,547	1,848,578
Sensei	405,900	-
Eat Tasty	259,696	259,696
Fyde	-	443,687
Others	173,049	193,047
	7,299,791	5,344,810

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

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

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

	2020	2019 (restated)
Opening balance	5,344,810	6,954,172
Acquisitions	2,775,305	4,893,005
Fair value	(376,640)	1,593,620
Others	(443,684)	(8,095,987)
Closing balance	7,299,791	5,344,810

At 31 December 2020, the item "Others" refers to the reimbursement of the amount invested in the Fyde exit. At 31 December 2019, the caption "Others" refers to the reclassification of investment in Ometria to "Investments at fair value through profit or loss" since in the year ended at 31 December 2019 the Group started to have significant influence and changed its classification as described in note 1.g iii.

The movements occurred in 2020 and 2019 in other comprehensive income were as follows:

	2020	2019 (restated)
Gains/ (losses) recognised in other comprehensive income	(376,640)	1,593,620
Total	(376,640)	1,593,620

The investments described above are valued at fair value, and classified at level 3 of the corresponding fair value hierarchy defined in IFRS 13 - Fair Value. Of the total value of financial assets at fair value through comprehensive income, approximately EUR 1.8 million corresponds to subsidiaries valued based on the last transaction in a non-active market during the year 2020. The acquisitions in the year of new subsidiaries corresponds to EUR 2 million. The amount of EUR 3.4 million correspond to participations valued based on the last transaction which, despite having occurred more than a year ago, still represents the best estimate of the company's fair value. It

should be noted that these values are perfectly compatible with those that would be obtained if the valuation methodology adopted was the use of market multiples.

StyleSage

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

Nextail

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

IriuskRisk

IriuskRisk (previously named Continuum Security) is a Spanish based company with an application security platform to address vulnerabilities early in the development process. In order to realise their international growth plans, the company has raised an investment round of 1.5 million euros, which was led by Swanlaab Venture Factory and joined by JME Venture Capital and Sonae IM. In September 2020, the company raised a series A round of \$6.7 million participated by Paladin, 360 CP, Swanlaab JME Venture Capital and Sonae IM.

Deepfence

Deepfence is a leading US-based cloud-native workload protection platform that aims to provide a unified security platform for kubernetes, virtual machines and serverless workloads. Deepfence ensures business continuity in the face of persistent threats by detecting and disrupting sophisticated attacks targeting cloud-native technologies, the "glue" that keeps the current world connected. Deepfence raised \$9.5 million in Series A financing led by AllegisCyber, with participation from Sonae IM, and existing investor Chiratae Ventures.

11. Financial assets at fair value through profit or loss

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

	2020	2019 (restated)
Arctic Wolf	46,129,113	12,101,193
Cellwise	7,976,141	5,357,593
Ometria	7,664,993	8,095,987
Sixgill	4,889,580	5,415,162
Case on IT	4,402,087	2,930,744
Weaveworks	4,074,649	-
CB4	3,278,059	4,368,720
Sales Layer	2,500,358	-
Visenze	2,378,620	5,260,238
Reblaze	2,241,058	2,352,438
CiValue	1,825,443	1,970,097
Jscrambler	1,550,000	1,250,000
Daisy Intelligence	1,050,496	2,406,623
Others	2,363,466	1,513,417
	92,324,063	53,022,212

Investments not irrevocably designated in the initial recognition as 'Investments at fair value for other comprehensive income', are classified as 'Investments at fair value through profit or loss' in accordance with IFRS 9. Are also included in this caption the investments



in associated companies, held by a venture capital organization or equivalent, in which the Group opted, in the initial recognition for, to measure at fair value through results in accordance with IFRS 9. In the case of the investments of less than 1 year, their acquisition cost was considered a reasonable approximation of their respective fair value. For investments over 1 year, subsequent changes in fair value are presented through profit or loss. The fair value of the investments is calculated in the currency of the country of the investment and converted to euros at the end of the reporting year.

In 2020 and 2019, the variation in investments at fair value through profit or loss was as follows:

	2020	2019 (restated)
Opening balance	53,022,212	21,147,509
Acquisitions	17,675,403	22,983,781
Fair value	21,626,448	619,935
Others	-	8,270,987
Closing balance	92,324,063	53,022,212

At 31 December 2019, the caption "Others" includes the amount of EUR 8,095,986 referring to the reclassification of the investment in Ometria from 'Investments at fair value through other comprehensive income' since in this year the Group started to have significant influence (note 10).

The movements occurred in 2020 and 2019 in net income were as follows:

	2020	2019 (restated)
Gains/ (losses) recognised in profit or loss	21,626,448	619,935
Total	21,626,448	619,935

The investments described above are valued at fair value, and are classified at level 3 of the corresponding fair value hierarchy defined in IFRS 13 - Fair Value. From the total value of financial assets to fair value through profit or loss, approximately EUR 54.1 million correspond to investee companies valued based on the last transaction in a non-active market that occurred during the year 2020. The acquisitions of the year correspond to approximately EUR 7.2 million. The amount of EUR 31 million corresponds to participations valued based on the last transaction, which, despite having occurred more than a year ago, still represents the best estimate of the company's fair value.

Arctic Wolf

ArcticWolf, a US based company, is a global pioneer in the SOC-as-a-Service market with cutting-edge managed detection and response (MDR), which provides a unique combination of technology and services for clients to quickly detect and contain threats. Sonae IM, jointly with US technology investors Lightspeed Venture Partners and Redpoint, entered in the company's cap table in 2017 in a series B round. During 2018, the Company closed a \$45M series C round and, at the end of 2019, the Company launched a \$60M Series D round. In October 2020, the company announced it has raised \$200 million in Series E funding at a valuation of \$1.3 billion. The funding round was led by Viking Global Investors, with additional participation from DTCP and existing investors. Sonae IM participated in all rounds, reinforcing its stake. With this new round Arctic Wolf turns into in the first unicorn that Sonae IM owns a direct investment and into the second in its total portfolio, alongside with Outsystems, indirectly invested through Armilar funds.

Ometria

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

CB4

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



Reblaze

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

ViSenze

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

Daisy Intelligence

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

Sixgill

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

Case on IT

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

CiValue

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

Cellwize

Cellwize is a leading provider of Mobile Network Automation and Orchestration solutions for telco, based in Israel. Cellwize offers modular solutions for an agile adoption of 'zero-touch' network automation capabilities on top of a virtualized service orchestration platform. It supports network operations, especially given the increase in network density and complexity driven by 5G adoption. Sonae IM invested in a round of \$15M led by Deutsche Telekom Capital Partners. In November 2020, the company announced a \$32 million Series B funding round led by Intel Capital and Qualcomm Ventures LLC with participation from Verizon Ventures, Samsung Next, and existing shareholders.

Jscrambler

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

Sales Layer

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

Weaveworks

Weaveworks is a US company that helps teams to adopt cloud native computing, managing cloud native infrastructure and applications quickly, reliably and at scale. Weaveworks announced a \$36.65 million Series C funding round led by some of the world's leading public cloud and telecommunications companies, including first-time investors Amazon Web Services (AWS), Ericsson, Orange Ventures, Sonae IM and Telekom Investment Pool (TIP). The round also included follow-on investments from Accel, GV, and Redline Capital.

12. Deferred taxes

Deferred tax assets at 31 December 2020 and 2019, amounted to EUR 16,380,468 and EUR 4,251,266 respectively, and arose, mainly, from tax losses carried forward, from tax benefits, from differences between the accounting and tax amount of some fixed assets and from others temporary differences.

The balance of deferred tax assets by nature at 31 December 2020 and 2019 is as follows:

	2020	2019
Tax losses	1,037,045	1,075,830
Tax provisions not accepted and other temporary differences	404,162	336,903
Tax benefits	14,939,260	2,838,533
	16,380,468	4,251,266

The movements in deferred tax assets in the years ended at 31 December 2020 and 2019 were as follows:

	2020	2019
Opening balance	4,251,266	10,275,910
Impact on results:		
Record of deferred tax assets related to tax losses of the year	10,013	60,546
Record / (reverse) of deferred tax assets related to tax losses from previous years	(48,797)	(107,003)
Record / (reverse) / use of tax benefits	12,100,728	(646,511)
Record / (reverse) of tax provisions not accepted and other temporary differences for the year	37,503	209,075
Record / (reverse) of tax provisions not accepted and other temporary differences for the previous years	29,755	-
	12,129,202	(483,893)
Impact on results of the discontinued operations		
Record of deferred tax assets related to tax losses of the year	-	-
Record / (reverse) of deferred tax assets related to tax losses from previous years	-	-
Record / (reverse) / use of tax benefits	-	750,183
Record / (reverse) of tax provisions not accepted and other temporary differences for the year	-	(178,269)
Record / (reverse) of temporary differences from the previous years	-	(5,056)
	-	566,858
Impact on reserves:		
Exchange variations	-	106,050
	-	106,050
Other without impact on results:		
Alienation of companies (note 3.c)	-	(6,213,659)
Tax losses	-	(3,479,497)
Tax provisions not accepted and other temporary differences	-	(1,615,228)
Tax benefits	-	(1,118,934)
	-	(6,213,659)
Closing balance	16,380,468	4,251,266

During the year of 2020, the Group subscribed units of participation in the private investment fund Bright Tech Innovation I. This Fund aims to invest in companies dedicated to research and development, which, in particular, have a underlying technological basis or innovative business concept for their activity. In compliance with the Investment Tax Code (CFI - 'Código Fiscal do Investimento') and, as usual in within of obtaining SIFIDE, the Group will present, by the end of May 2021, an application to SIFIDE under the terms of paragraph f), nº 1 of article 37 of CFI, and the Group expects that the said application will be approved, without materially relevant changes.

In the year ended at 31 December 2020, the Group recorded deferred tax assets in the amount of EUR 12,317,570 related to this benefit. The expenses that, due to insufficient collection, cannot be deducted in 2020, may be deducted until 2028.

Since Sonaecom is included in the group of companies taxed under the Special Taxation Regime Group of Companies (RETGS), of which Sonaé SGPS is the dominant company, the total Corporate tax ('IRC') that will no longer be paid is shown at the level of Group, without

prejudice to the right of recourse by the tax due to the Company, under the terms and for the purposes of article 115 of the Corporate tax Portuguese Code (CIRC- Código do Imposto sobre o Rendimento das Pessoas Coletivas).

At 31 December 2020 and 2019, assessments of the deferred tax assets to be recovered and recognised were made. Potential deferred tax assets were recorded to the extent that future taxable profits were expected to be generated against which the tax losses and deductible tax differences could be used. These assessments were made based on the most recent business plans duly approved by the Board of Directors of the Group companies, which are periodically reviewed and updated. The main criteria used in those business plans are described in note 8. For the companies that are included in the Special Group Taxation Regime, the assessment was made taking into account the business plan of the Sonae Group, as from 2018 the tax losses generated by the companies dominated within the group are partially offset by the dominant entity of the group. With respect to the tax losses generated by the unsettled companies in the year, they will be offset as the Group recovers, taking into account its future taxable income.

The rate used at 31 December 2020 and 2019, in Portuguese companies, to calculate the deferred tax assets relating to tax losses carried forward was 21%. The rate used in 2020 and 2019 to calculate the temporary differences in Portuguese companies, including provisions not accepted and impairment losses, was 22.5%. It wasn't considered the state surcharge, as it was understood to be unlikely the taxation of temporary differences during the estimated period when the referred rate will be applicable. Tax benefits, related to deductions from taxable income, are considered at 100%, and in some cases, their full acceptance is dependent on the approval of the authorities that concede such tax benefits. For foreign companies was used the rate in force in each country: Mexico 30% and Spain 25%,.

In accordance with the tax returns and other information prepared by the companies that have registered deferred tax assets, the detail of such deferred tax assets, by nature, at 31 December 2020 was as follows:

Nature	Companies included in the tax group	Companies excluded from RETGS						Total	2020 Total Sonaecom Group
		Digitmarket	S21 Sec Portugal	S21 Sec Gestion	S21 Sec Labs	Excellium	Total		
Tax losses:									
To be used until 2024	-	-	7,304	-	-	-	7,304	7,304	
To be used until 2025	-	-	61,124	-	-	-	61,124	61,124	
To be used until 2028	-	-	-	612,877	-	-	612,877	612,877	
To be used until 2029	-	-	22,044	253,352	-	-	275,396	275,396	
To be used until 2030	-	-	9,794	-	60,538	-	70,332	70,332	
To be used until 2032	-	-	10,013	-	-	-	10,013	10,013	
Tax losses	-	-	110,279	866,229	60,538	-	1,037,046	1,037,046	
Tax provisions not accepted and other temporary differences	235,435	23,460	12,916	97,009	-	35,342	168,727	404,162	
Tax benefits	12,483,766	94,500	115,522	2,245,472	-	-	2,455,494	14,939,260	
Total	12,719,201	117,960	238,717	3,208,710	60,538	35,342	3,661,267	16,380,468	

At 31 December 2020 and 2019, the deferred tax assets not recorded, since it is not expected that sufficient taxable profits will be generated in the future to cover those losses, was as follow:

	2020	2019
Tax losses	8,577,728	8,924,036
Temporary differences (provisions not accepted for tax purposes and other temporary differences)	18,137,797	22,465,163
Others	18,739,929	18,043,482
Total	45,455,454	49,432,681

At 31 December 2020 and 2019, the caption "Temporary differences" includes deferred taxes related to impairment of financial investments that cannot be recorded because the subsidiary's sale or liquidation is not considered at the probable date.

At 31 December 2020, the caption 'Others' includes research and development tax credits in the amount of EUR 16.613.679 (EUR 16,043,232 in 2019) related to Spanish subsidiaries.



At 31 December 2020 and 2019, tax losses for which deferred tax assets were not recognised have the following due dates:

Due date	2020	2019
2020	-	123,687
2021	171,910	189,339
2022	394,295	428,644
2023	73,641	81,107
2024	14,099	83,586
2025	174,312	189,491
2026	711,527	854,930
2027	287,272	466,767
2028	147,787	363,048
2029	977,091	762,410
2030	182,234	-
2031	93,594	-
2032	127,195	-
2033	49,599	64,260
2034	72,396	82,607
2035	82,607	-
2036	275,921	299,583
2038	531	-
Unlimited	4,741,715	4,934,577
	8,577,728	8,924,036

The year 2030 and following years are applicable to the subsidiaries incorporated in countries in which the reporting period of tax losses is greater than 12 years.

The amount of deferred tax liabilities by nature at 31 December 2020 and 2019 is as follows:

	2020	2019
Temporary differences between accounting and tax result	28,040,042	22,277,675
Temporary differences of assets recorded at fair value through other comprehensive income	14,271	-
	28,054,313	22,277,675

The changes that occurred in deferred tax liabilities in the years ended at 31 december 2020 and 2019 were as follows:

	2020	2019
Opening balance	(22,277,675)	(14,640,939)
Impact on results:		
Temporary differences between accounting and tax result	(5,762,367)	(7,636,736)
Sub-total effect on results (note 36)	(5,762,367)	(7,636,736)
Impact on reserves:		
Temporary differences of assets recorded at fair value through other comprehensive income	(14,271)	-
Closing balance	(28,054,313)	(22,277,675)

In the year ended at 31 December 2020 and 2019, deferred tax liabilities arose from the application of the equity method above to the participation in the capital stock of Armilar II, Armilar III and Armilar I+, as well as the customer portfolio generated in the purchase of the Excellium subsidiary and from changes in the fair value of financial assets (notes 10 and 11).

The reconciliation between the earnings before taxes and the taxes recorded for the years ended on 31 December 2020 and 2019 is as follows:

	2020	2019 (restated)
Earnings before tax	54,261,574	43,316,001
Income tax rate (21%)	(11,394,931)	(9,096,360)
Autonomous taxation and surcharge	(1,028,020)	(154,510)
Tax provision	(63,133)	(54,904)
Accounting adjustments not accepted	(1,182,640)	(581,260)
Temporary differences and tax losses of the year without record of deferred tax assets	(1,463,801)	(1,620,318)
Utilization of tax losses and tax benefits without record of deferred tax assets in previous years	1,013,808	943,120
Deferred tax assets of temporary differences of previous years	29,755	-
Effect of the existence of different tax rates from those in force in Portugal	252,101	442,402
Effect of the untaxed equity method	6,055,130	5,296,036
Consolidation adjustments	187,054	(528,867)
Deferred tax assets from tax losses of previous years	(48,797)	(107,003)
Record/(reverse) of deferred tax assets related to tax benefits	12,100,728	(646,511)
Income taxation recorded in the year (note 36)	4,457,255	(6,108,175)

The tax rate used to reconcile the tax expense and the accounting profit is 21% in 2020 and 2019 because it is the standard rate of the corporate income tax in Portugal, country where almost all of the income of Sonaecom' group are taxed.

Portuguese Tax Authorities can review the income tax returns of the Company and of its subsidiaries with head office in Portugal for a period of four years (five years for Social Security), except when tax losses have been generated, tax benefits have been granted or when any review, claim or impugnation is in course, in which circumstances, the periods are extended or suspended. The Board of Directors believes that any correction that may arise as a result of such review would not have a significant impact on the accompanying consolidated financial statements.

Supported by the Company's lawyers and Tax consultants, the Board of Directors believes that there are no liabilities not provisioned in the consolidated financial statements, associated to probable tax contingencies that should have been registered or disclosed in the accompanying financial statements, on 31 December 2020.

13. Other non-current assets

At 31 December 2020 and 2019, this caption can be detailed as follows:

	2020	2019
Convertible loans	2,506,668	2,521,352
Others	5,096,032	5,482,561
	7,602,700	8,003,913

In the year ended at 31 December 2020, the caption 'Convertible Loans' essentially includes loans convertible to Secucloud and Probely (note 9), StyleSage (note 10), Daisy Intelligence (note 11) and Didimo.

In the year ended at 31 December 2020 and 2019, the caption 'Other' includes the amount of debt acquired by Sonae IM to Armilar in the scope of the acquisition of Armilar II and Armilar III associates, in the amount of EUR 1,274,358 as well as the amount receivable from subleases under IFRS 16 in the amount of EUR 2,701,392 (EUR 3,125,237 euros em 2019). In the year ended at 31 December 2020 and 2019 also includes the amount receivable from Sonae under the policy of the Special Regime of Group Taxation in the amount of EUR 175,670 in 2020 and 147,450 in 2019.

Armlar's debt has no defined maturity, being limited only to the Fund's maturity.

The amount to be received from subleases at 31 December 2020 was as follows:

	2020	
	Lease receivables	Present value of lease receivables
2021	698,922	673,132
2022	660,489	642,547
2023	662,988	647,941
2024	662,988	653,381
2025	636,097	658,867
2026 and next years	100,839	98,655
	3,422,324	3,374,524
Interests	(47,800)	-
	3,374,524	3,374,524
Short-term asset (note 16)	-	(673,132)
	3,374,524	2,701,392

14. Inventories

At 31 December 2020 and 2019, this caption can be detailed as follows:

	2020	2019
Raw materials	261,213	280,916
Goods	57,414	9,445
	318,627	290,361
Accumulated impairment losses on inventories (note 24)	(66,800)	(50,000)
	251,827	240,361

The cost of goods sold in the years ended at 31 December 2020 and 2019 amounted to EUR 66,669,523 and EUR 71,800,735 respectively and was determined as follows:

	2020	2019
Opening inventories	290,361	409,870
Purchases	68,230,776	69,910,415
Increase of accumulated impairment losses on inventories (note 24)	16,800	10,000
Inventory adjustments	(1,549,787)	1,760,811
Closing inventories	(318,627)	(290,361)
	66,669,523	71,800,735

The accumulated impairment losses on inventories reflect the difference between the acquisition cost and the market net realisable value of the inventory, as well as the estimate of impairment losses due to low stock turnover, obsolescence and deterioration. The accumulated impairment losses are registered in the caption 'Cost of sales' (note 1.i).

15. Trade receivables

At 31 December 2020 and 2019, this caption can be detailed as follows:

	2020	2019
Trade debtors:		
Technologies	20,180,210	25,319,832
Media and others	2,436,507	1,907,899
	22,616,717	27,227,731
Doubtful debtors	2,678,857	2,645,458
	25,295,574	29,873,189
Impairment losses in accounts receivable (note 24)		
Technologies	(1,079,140)	(1,055,456)
Media and others	(1,599,717)	(1,590,002)
	(2,678,857)	(2,645,458)
	22,616,717	27,227,731

At 31 December 2020 and 2019, the impairment amount is calculated based on the expected credit loss, the calculation of which results from the application of expected loss rates based on the payments received in the scope of sales and services rendered, over a period of 48 months, before 31 December 2020, and of historical credit losses.

For the impairment calculation we find that there is a set of amounts for which there is no credit risk and as such the expected credit loss is nil, namely collaterals, balances with other entities of the group and VAT amounts. At 31 December 2020, the expected loss rates of accounts receivable were considered in the calculation of the impairment of contractual assets ('Customer contract assets - Billing to customers'), considering that they are assets with similar risk characteristics. These amounts are net of each client's respective contractual liabilities.

At 31 December 2020, the ageing of the customer balances and expected credit loss rates can be detailed as follows:

	Not due	1 to 60 days	60 to 90 days	90 to 180 days	180 to 360 days	More than 360 days	Total
Expected credit loss rates	0% - 14.8%	0% - 21.6%	0% - 29.70%	0% - 38.29%	0% - 34.32%	0% - 100%	
Trade receivables	15,218,787	4,800,548	411,165	939,669	509,335	3,416,070	25,295,574
Other current receivables (note 16)	116,322	55,965	61,400	34,133	40,816	151,612	460,248
Customer contract assets - Billing to customers (note 17)	6,196,130	-	-	-	-	-	6,196,130
	33,545	4,535	18,228	72,335	32,251	2,517,963	2,678,857
Accumulated impairment losses on 'Trade receivables'	33,545	4,535	18,228	72,335	32,251	2,517,963	2,678,857
Accumulated impairment losses on 'Other current receivables'	2,217	-	-	-	222	40,491	42,930

16. Other receivables

At 31 December 2020 and 2019, the caption 'Other receivables' can be detailed follows:

	2020	2019
State and other public entities	600,608	624,804
Advances to suppliers	317,765	142,531
Other debtors	7,439,101	7,562,366
Accumulated impairment losses in accounts receivable (note 24)	(42,930)	(40,490)
	8,314,544	8,289,211

At 31 December 2020, the caption 'Other debtors' includes the amount of EUR 1,170,596 (EUR 1,236,129 in 2019) related to incentives, EUR 3,859,252 (EUR 4,437,719 in 2019) related to amounts to receive from Sonae SGPS regarding with the Special Regime for Taxation of Groups (RETGS), EUR 675,873 (EUR 509,095 in 2019) related to collaterals and EUR 673,132 (EUR 719,148 in 2019) related to amounts receivable from subleases (note 13).



The impairment analysis, relatively to 'Other receivables' in the amount of EUR 460,248 in 2020 (note 15), was carried out based on the expected credit loss rates. The impairment analysis, regarding the amounts of subsidies, collateral and accounts receivable from group companies, applied the general approach of the impairment model, assessing at each reporting date whether there was a significant increase in credit risk since the date initial recognition of the asset.

At 31 December 2020 and 2019 the caption 'State and other public entities' can be detailed as follows:

	2020	2019
Value-added tax	589,169	607,131
Other taxes	11,439	17,673
	600,608	624,804

17. Other current assets

At 31 December 2020 and 2019, this caption can be detailed as follows:

	2020	2019
Specialised work paid in advance	6,640,492	5,131,100
Customer contract assets - Billing to customers (note 30)	6,196,130	6,126,311
Other costs paid in advance	177,394	242,684
Prepaid rents	-	509
Other accrued income	551,736	400,709
Other current assets	190,482	25,105
Rappel discounts to receive	215,696	312,484
	13,971,930	12,238,902

The item 'Specialised works paid in advance' essentially refers to billing for the provision of services from suppliers whose corresponding cost has not yet been recognised.

The analysis of the expected credit loss, regarding the caption 'Customer contract assets- -Billing to customers', was executed based on the accounts receivable loss rates, considering that they are assets with similar risk characteristics. For this analysis, the net amounts of the respective contractual liabilities of each customer were considered (note 15).

18. Cash and cash equivalents

At 31 December 2020 and 2019, this caption can be detailed as follows:

	2020	2019
Cash in hand	20,874	20,589
Bank deposits repayable on demand	233,686,620	255,851,712
Treasury applications (note 37)	-	4,700
Cash and cash equivalents	233,707,494	255,877,001
Bank overdrafts (note 22)	-	(44)
	233,707,494	255,876,957

In years ended at 31 December 2019 and 2018, Sonaecom lead into financial transaction contracts with Sonae, SGPS from which the latter obtained the financial income referred in note 37.

The above mentioned treasury applications were paid and, during the year ended at 31 December 2020, the applicable interest tax rate was 0.27% (0.151% in 2019).



The euro balances of bank deposits immediately available in currencies other than the euro are as follows:

	2020	2019
Bank deposits in foreign currency		
American dollar	168,300	116,552
Sterling Pound	54,856	42,791
Mexican Peso	143,162	-

At 31 December 2020 the reconciliation of liabilities whose flows affect financing activities is as follows:

	31.12.2019	Cash Flows	Non-cash changes		31.12.2020
			Financial update	Others	
Loans (note 22)	4,815,054	(1,152,963)	53,918	(22,681)	3,693,328
Lease liabilities (note 23)	14,605,086	(4,030,166)	376,369	3,530,150	14,481,439
Total liabilities from financing activities	19,420,140	(5,183,129)	430,287	3,507,469	18,174,767

In the caption 'Leases', the amount included in the 'Others' column refers to increases and write-offs in contracts under IFRS 16.

19. Share capital

At 31 December 2020 and 2019, the share capital of Sonaecom was comprised by 311,340,037 ordinary registered shares, of Euro 0.74 each.

At those dates, the Shareholder structure was as follows:

	2020		2019	
	Number of shares	%	Number of shares	%
Sontel BV	194,063,119	62.33%	194,063,119	62.33%
Sonae SGPS	81,022,964	26.02%	81,022,964	26.02%
Shares traded on the Portuguese Stock Exchange ('Free Float')	30,682,940	9.86%	30,682,940	9.86%
Own shares (note 19)	5,571,014	1.79%	5,571,014	1.79%
	311,340,037	100.00%	311,340,037	100.00%

All shares that comprise the share capital of Sonaecom, are authorised, subscribed and paid. All shares have the same rights and each share corresponds to one vote.

Under Portuguese law, the amount of distributable reserves is determined in accordance with the individual financial statements of the Group, presented in accordance with the IFRS standards. Additionally, the increments resulting from the application of fair value through equity components, including its implementation through net results, shall be distributed only when the elements that gave rise to them are sold, liquidated or exercised or when they finish their use, in the case of tangible or intangible assets.

Therefore, at 31 December 2020, Sonaecom have free reserves distributable amounting approximately EUR 47.3 million. To this effect were considered as distributable the additions resulting from the application of fair value to elements derecognised during the year ended 31 December 2020.

20. Own shares

During the year ended at 31 December 2020, Sonae com did not acquire, sold or delivered own actions, whereby the amount held to date, is of 5,571,014 own shares representing 1.79% of its share capital, at an average price of EUR 1.3798.

As mentioned in note 19, the company must keep a reserve in the book value of the treasury shares as long as it holds them.

21. Non-controlling interests

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

	2020			Movement during the year				
	% Hold	Shareholders' funds	Net Result	Book value of non-controlling interests 2019	Proportion of the attributable net result	Additions of companies within the scope of consolidation (note 3b.)	Others	Book value of non-controlling interests 2020
Digitmarket	25.00%	5,115,737	352,894	1,323,709	117,631	-	(168,526)	1,272,814
Bright Vector I	49.87%	3,803,893	(90,810)	1,849,522	(45,286)	-	92,705	1,896,941
Bright Tech Innovation (a)	50.00%	29,863,490	(136,510)	-	(68,255)	15,000,000	-	14,931,745
S21 Sec Portugal	19.10%	3,350,289	191,495	2,891	53,877	-	14,688	58,236
S21Sec Gestion	19.10%	539,758	(4,155,115)	(4,029,415)	(822,601)	-	16,134	(4,835,882)
S21 Sec Labs	19.10%	739,534	532,362	(144,364)	158,042	-	1,077	14,755
S21 Sec. S.A. de CV	19.10%	(4,686,267)	(925,453)	(282,759)	(110,804)	-	40,688	(352,875)
MxteI	19.03%	(1,172,456)	(134,751)	(265,625)	5,983	-	(3,267)	(262,909)
Excellium Group	40.80%	(297,962)	(624,520)	909,886	(695,648)	-	143,143	357,381
				(636,155)	(1,407,061)	15,000,000	123,422	13,080,206

(a) Venture Capital Fund constituted in June 2020

	2019			Movement during the year				
	% Hold	Shareholders' funds	Net Result	Book value of non-controlling interests 2018	Proportion of the attributable net result	Proportion of the attributable net result (discontinued units (note 40))	Others	Book value of non-controlling interests 2019
Digitmarket	25.00%	5,305,494	1,431,533	452,524	368,621	-	502,564	1,323,709
Saphety (b)	-	-	-	603,296	-	8,270	(611,566)	-
Saphety Colombia (b)	-	-	-	(102,299)	-	11,203	91,096	-
Saphety Brasil (b)	-	-	-	(103,063)	-	220,982	(117,919)	-
Wedo Brasil (c)	-	-	-	6,929	-	2,751	(9,680)	-
Tecnológica (c)	-	-	-	(2,524)	-	(8,176)	10,700	-
Bright Vector I	49.87%	3,708,803	(98,639)	935,983	(33,961)	-	947,500	1,849,522
Taikai	-	-	-	(34)	34	-	-	-
S21 Sec Portugal	19.10%	3,158,794	(203,215)	77,753	(66,802)	-	(8,060)	2,891
S21Sec Gestion (a)	19.10%	(300,275)	(7,941,202)	(2,704,108)	(1,332,543)	-	7,236	(4,029,415)
S21 Sec Labs	19.10%	207,172	(61,067)	(191,087)	42,279	-	4,444	(144,364)
S21 Sec. S.A. de CV	19.10%	(4,323,731)	(528,044)	(153,879)	(114,218)	-	(14,662)	(282,759)
S21 Sec Brasil (d)	-	-	-	10,392	28,330	-	(38,722)	-
MxteI	19.03%	(1,213,687)	68,926	(269,446)	1,878	-	1,945	(265,625)
Grupo Excellium	40.80%	75,827	(2,644,676)	1,818,749	(1,520,726)	-	611,863	909,886
				379,186	(2,627,108)	235,030	1,376,737	(636,155)

a) Includes minority interests of Nextel, merged into the S21 Sec Gestion in May 2019, with retroactive effects to January 2019.

b) At 21 March 2019, Sonae IM, together with AITEC and BPI, sold 100% of Saphety's shares (note 3.c).

c) At 13 August 2019, Sonae IM sold 100% of the shares it held in We Do (note 3.c), effective at 31 July 2019.

d) In June 2019, the liquidation process of the subsidiary S21 Sec Brasil was concluded, with retroactive effects to January 2019.

In the year ended at 31 December 2020, the amount of dividends paid to the Non-controlling interests of Digitmarket was EUR 175,000 (EUR 110,000 in 2019).

The percentage of interests (note 2) and the right to vote are equivalent.

22. Loans

At 31 December 2020 and 2019, the caption loans had the following breakdown:

a) Medium and long-term loans

Company	Issue denomination	Limit	Maturity	Type of reimbursement	Amount outstanding	
					2020	2019
S21 Sec Gestion	Bank loan	-	Apr-21	Parcel	-	27,705
S21 Sec Gestion	Bank loan	-	May-23	Parcel	75,000	125,000
Excellium Services	Bank loan	-	Jan-23	Parcel	338,806	537,664
Excellium Services	Credit facility	2,500,000	Jun-21	Parcel	-	884,325
					413,806	1,574,694
Excellium Services	Reimbursable grants	-	-	Parcel	500,000	-
S21 Sec Gestion	Reimbursable grants	-	Feb-28	Parcel	1,095,095	1,417,428
S21 Sec Labs	Reimbursable grants	-	Jun-24	Parcel	137,626	289,809
					1,732,721	1,707,237
	Interests incurred but not due yet	-	-	-	-	8,000
					2,146,527	3,289,931

b) Short-term loans

Company	Issue denomination	Limit	Maturity	Type of reimbursement	Amount outstanding	
					2020	2019
S21 Sec Gestion	Bank loan	-	Mar-20	Parcel	-	19,433
S21 Sec Gestion	Bank loan	-	May-20	Parcel	-	23,484
S21 Sec Gestion	Bank loan	-	Mar-20	Parcel	-	26,121
S21 Sec Gestion	Bank loan	-	Nov-20	Parcel	-	50,000
S21 Sec Gestion	Bank loan	-	Dec-20	Parcel	-	50,563
S21 Sec Gestion	Bank loan	-	Apr-20	Parcel	-	62,500
S21 Sec Gestion	Bank loan	-	Dec-20	Parcel	-	82,207
S21 Sec Gestion	Bank loan	-	Apr-21	Parcel	27,705	-
S21 Sec Gestion	Bank loan	-	Nov-21	Parcel	50,000	-
Excellium Services	Bank loan	-	Dec-21	Parcel	305,452	302,107
					383,157	616,415
Excellium Services	Credit facility	2,500,000	Jun-21	Parcel	616,962	-
					616,962	-
S21 Sec Gestion	Reimbursable grants	-	Dec-21	-	357,153	500,020
S21 Sec Labs	Reimbursable grants	-	Dec-21	-	187,543	392,021
					544,696	892,041
Others	Bank overdrafts (note 18)	-	-	-	-	44
Others	Interests incurred but not due yet	-	-	-	1,986	16,622
					1,546,801	1,525,122

The average interest rate on these bank loans at 31 December 2020 was 1.85% (1.79% in 2019).

Grants

At 31 December 2020 the Group had grants obtained from dependent entities of the Vasco Government, Luxembourg Government, CDTI and 'Ministerio de Ciencia y Tecnología'. These refundable subsidies are recorded at amortised cost in accordance with the method of effective interest rate and have the following repayment plan:

	2020
2021	544,696
2022	885,487
2023	244,180
2024	194,756
2025 and following years	408,298
	2,277,417

These grants bear interest at rates between 0% and 1%.

Given the nature of debts, there are no financial covenants.

Bank credit lines

Sonaecom has also a short term bank credit line, in the form of current or overdraft account commitment, in the amount of EUR 1 million.

S21 Sec Gestion has also a short term bank credit line, in the form of current or overdraft account commitment, in the amount of EUR 500,000.

Excellium Services has one credit line, in the amount of EUR 2.5 millions.

All these bank credit lines were all contracted in Euro and bear interest at market rates, indexed to the Euribor for the respective term.

At 31 December 2020 and 2019, the available bank credit lines of the Group were as follows:

Company	Credit	Limit	Amount outstanding	Amount available	Until 12 months	Maturity More than 12 months
2020						
Sonaecom	Authorised overdrafts	1,000,000	-	1,000,000	x	
S21 Sec Gestion	Authorised overdrafts	500,000	-	500,000	x	
Excellium Services	Credit facility	2,500,000	616,962	1,883,038		x
S21 Sec Gestion	Bank loan	-	27,705	-	x	
S21 Sec Gestion	Bank loan	-	125,000	-		x
Excellium Services	Bank loan	-	644,258	-		x
		4,000,000	1,413,925	3,383,038		
2019						
Sonaecom	Authorised overdrafts	1,000,000	-	1,000,000	x	
S21 Sec Gestion	Authorised overdrafts	500,000	44	499,956	x	
Excellium Services	Credit facility	2,500,000	884,325	1,615,675	x	
S21 Sec Gestion	Bank loan	-	19,433	-	x	
S21 Sec Gestion	Bank loan	-	23,484	-	x	
S21 Sec Gestion	Bank loan	-	26,121	-	x	
S21 Sec Gestion	Bank loan	-	50,563	-	x	
S21 Sec Gestion	Bank loan	-	62,500	-	x	
S21 Sec Gestion	Bank loan	-	109,911	-		x
S21 Sec Gestion	Bank loan	-	175,001	-		x
Excellium Services	Bank loan	-	839,771	-		x
		4,000,000	2,191,153	3,115,631		



Based on the debt exposed to variable rates at the end of 2020 and 2019 and considering the applications and bank balances at the same date, if market interest rates had rises (fallen), in average, 25bp during the year 2020, the interest paid that year would have increased (decreased) in an amount of approximately EUR 9,000 (EUR 12,000 in 2019), respectively.

At 31 December 2020 and 2019, there is no interest rate hedging instruments therefore the total gross debit is exposed to changes in market interest rates.

At 31 December 2020 and 2019, debts to credit institutions (nominal values) related to medium and long-term loans had the following repayment plan:

	Between 12 and 24 months	Between 24 and 36 months	Between 36 and 48 months	Between 48 and 60 months
2020				
Other loans				
Reimbursements	388,806	25,000	-	-
Interests	709	118	-	-
	389,515	25,118	-	-
2019				
Other loans				
Reimbursements	1,269,334	280,360	25,000	-
Interests	8,993	2,255	118	-
	1,278,327	282,615	25,118	-

23. Lease liabilities

At 31 December 2020 and 2019, this caption was composed by of accounts payable to tangible and intangible assets suppliers related to lease contracts.

At 31 December 2020 and 2019, the payment of these amounts was due as follows:

	2020		2019	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
2020			3,841,975	3,448,361
2021	3,639,405	3,408,625	2,934,745	2,626,044
2022	2,961,268	2,763,114	2,350,487	2,115,920
2023	2,361,883	2,215,884	1,853,626	1,677,473
2024	2,026,321	1,916,875	1,641,527	1,516,641
2025	1,778,079	1,702,520	1,502,535	1,425,156
2026 and next years	2,557,504	2,474,421	1,872,977	1,795,491
	15,324,460	14,481,439	15,997,872	14,605,086
Interests	(843,021)	-	(1,392,786)	-
	14,481,439	14,481,439	14,605,086	14,605,086
Short-term liability	-	(3,408,625)	-	(3,448,361)
	14,481,439	11,072,814	14,605,086	11,156,725

Based on the debt relating to lease liabilities exposed to variable rates at the end of 2020 and 2019 and considering the applications and bank balances at the same date, if market interest rates had increase (decrease), in average, 25bp during the year 2020, the interest paid that year would have increased (decreased) in an amount of approximately EUR 36,000 (EUR 37,000 in 2019), respectively.

24. Provisions and accumulated impairment losses

The movements in provisions and in accumulated impairment losses in the years ended at 31 December 2020 and 2019 were as follows:

	Opening balance	Increases	Decreases	Utilisations and Transfers	Discontinued units (Note 3.c)	Closing balance
2020						
Accumulated impairment losses on trade receivables (note 15)	2,645,459	139,240	(90,296)	(15,546)	-	2,678,857
Accumulated impairment losses on other receivables (note 16)	40,490	4,001	(1,561)	-	-	42,930
Accumulated impairment losses on inventories (note 14)	50,000	16,800	-	-	-	66,800
Provisions for other liabilities and charges	30,848,948	5,246,109	(154,043)	(5,933,174)	-	30,007,840
	33,584,897	5,406,150	(245,900)	(5,948,720)	-	32,796,427
2019						
Accumulated impairment losses on trade receivables (note 15)	5,058,766	495,275	(186,599)	(108,259)	(2,613,724)	2,645,459
Accumulated impairment losses on other receivables (note 16)	59,339	11,472	(259)	(25,845)	(4,217)	40,490
Accumulated impairment losses on inventories (note 14)	40,000	10,000	-	-	-	50,000
Provisions for other liabilities and charges	23,615,649	10,314,674	(1,061,232)	(332,473)	(1,687,670)	30,848,948
	28,773,754	10,831,421	(1,248,090)	(466,577)	(4,305,611)	33,584,897

Reinforcements and reductions values of the accumulated impairment losses on receivable accounts and provisions for liabilities and charges, at 31 December 2020 and 2019, are detailed as follows:

	2020		2019	
	Increases	Decreases	Increases	Decreases
Provisions for other liabilities and charges				
Recorded in the income statement, under the caption 'Income Tax' (note 36)	74,197	(11,064)	54,904	-
Recorded in 'Fixed Assets' regarding to the provision for dismantling and abandonment of offices net value recorded in 'Other financial expenses' related to the financial update of the provision for dismantling as foreseen in IAS 16 - 'Fixed Assets' (note 1.c)	199	-	213	-
Recorded in the income statement in 'Gains and losses in joint ventures and associated companies' related to the registration of the provision resulting from the application of the equity method (note 9)	-	-	135	(77,258)
Recorded in the income statement under 'Gains and losses in joint ventures and associated companies', concerning the provision relating to the incentive in favor of Armilar (note 9)	4,990,078	-	8,912,428	-
Recorded in the income statement 'Employee benefits expense' related to the provisions for severance payments	88,342	-	1,127,150	-
Other increases and decreases - recorded in 'Provisions' (increases) and in 'Other income' (decreases)	93,293	(142,979)	112,070	(150,167)
Total continuing operations	5,246,109	(154,043)	10,206,900	(227,425)
Recorded in the income statement, under the caption 'Income Tax' - Discontinued units	-	-	65,811	(727,582)
Recorded in 'Fixed Assets' regarding to the provision for dismantling and abandonment of offices net value recorded in 'Other financial expenses' related to the financial update of the provision for dismantling as foreseen in IAS 16 - 'Fixed Assets' (note 1.c) - Discontinued units	-	-	102	(3,464)
Other increases and decreases - recorded in 'Provisions and impairment losses' (increases) and in 'Other income' (decreases) - Discontinued units	-	-	41,861	(102,761)
Total Discontinued units	-	-	107,774	(833,807)
Total increases/(decreases) of provisions for other liabilities and charges	5,246,109	(154,043)	10,314,674	(1,061,232)
Accumulated impairment losses on accounts receivables				
Continuing units - registered in the line 'Impairment losses' (increases) and in 'Other income' (decreases)	143,241	(91,857)	404,428	(36,858)
Discontinued units (note 40)	-	-	102,319	(150,000)
Total increases/(decreases) of accumulated impairment losses on accounts receivables	143,241	(91,857)	506,747	(186,858)
Total recorded in the income statement in 'Provisions' (increases) and in 'Other income' (decreases)	93,293	(142,979)	112,070	(150,167)
Total recorded in the income statement in 'Impairment losses' (increases) and in 'Other income' (decreases)	143,241	(91,857)	404,428	(36,858)
Total recorded in the income statement in 'Provisions' (increases) and in 'Other income' (decreases) - Discontinued units (note 40)	-	-	41,861	(102,761)
Total recorded in the income statement in 'Impairment losses' (increases) and in 'Other income' (decreases) - Discontinued units (note 40)	-	-	102,319	(150,000)



In the year ended at 31 December 2020, the increase in the caption 'Provisions for other liabilities and charges', includes the amount of EUR 4,990,076 (EUR 8,912,428 in 2019), referring to a contractual commission (Incentive Scheme) payable to the management of the Funds because the Funds have exceeded the contractually defined return barrier (note 9).

In the year ended at 31 December 2020, the amount in 'Utilizations and transfers' includes the amount of EUR 5,251,988 related to the contractual commission (Incentive Scheme) of the Armilar Funds, which was deducted when paying EUR 21 million (net value) as amortization of holdings in Armilar II Fund (note 9).

At 31 December 2020 and 2019, the breakdown of the provisions for other liabilities and charges is as follows:

	2020	2019
Several contingencies	586,969	434,596
Legal processes in progress	88,266	130,206
Dismantlement	5,910	5,711
Other responsibilities (note 9)	29,326,695	30,278,435
	30,007,840	30,848,948

At 31 December 2020 and 2019, the value of provisions for the dismantling is recorded at its present value, accordingly with the dates of its utilisation in accordance with IAS 37 – 'Provisions, Contingent Liabilities and Contingent Assets'.

The caption 'Several contingencies' relates to contingent liabilities arising from transactions carried out in previous years and for which an outflow of funds is probable.

In relation to the provisions recorded for legal processes in progress and other responsibilities, given the uncertainty of such proceedings, the Board of Directors is unable to estimate, with reliability, the moment when such provisions will be used and therefore no financial actualisation was carried out.

In the caption 'Other responsibilities' are included provisions for restructuring an amount of EUR 545,391 associated with severance payment (EUR 1,127,149 in 2019) and also included EUR 28,781,304 (EUR 29,043,214 in 2019) related to the incentive in favour of Armilar, as the Funds have exceeded the defined return barrier.

The Board of Directors expects that, with the exception of provisions for indemnities, the remaining provisions will essentially originate cash flows for more than 12 months.

25. Other non-current liabilities

At 31 December 2020 and 2019, this caption had the following composition:

	2020	2019
Medium Term Incentive Plan (note 42)	201,812	156,950
Others	62,293	3,993,093
	264,105	4,150,043

In 2019 the 'Others' caption includes the medium and long-term phased price payable by Excellium net of financial update in the amount of EUR 3,592,105, which was measured using the amortised cost method.

26. Trade payables

At 31 December 2020 and 2019, this caption had the following composition and maturity plans:

	Total	Till 90 days	From 90 to 180 days	More than 180 days
2020				
Suppliers – current account	11,400,029	10,835,367	459,893	100,837
Intangible and tangible assets suppliers	63,602	292,106	-	-
Suppliers – invoices pending approval	5,422,707	5,422,707	-	-
	16,886,338			
2019				
Suppliers – current account	15,208,479	15,208,479	-	-
Intangible and tangible assets suppliers	292,106	292,106	-	-
Suppliers – invoices pending approval	3,541,380	3,541,380	-	-
	19,041,965	19,041,965	-	-

At 31 December 2020 and 2019, this caption included balances payable to suppliers resulting from the Group's operations and the acquisition of intangible and tangible assets. The Board of Directors believes that the difference between the fair value of these balances and its book value is not significant.

27. Other payables

At 31 December 2020 and 2019, this caption can be decomposed as follows:

	2020	2019
State and other public entities	5,192,167	4,512,411
Other creditors	4,447,090	7,422,786
	9,639,257	11,935,197

In the year ended at 31 December 2020 and 2019, the amount of 'Other creditors' refers primarily to the amount of tax payable to Sonae SGPS resulting from the distribution of capital of the Armilar II Fund in the amount of EUR de 3,481,398, tax amount of EUR 5,582,198 net of the withholding tax amount of EUR 2,100,800 (EUR 7,015,628 in 2019, tax amount of EUR 11,151,754 net of the withholding tax amount of EUR 4,136,126) (note 36). The remaining EUR 965,692 (EUR 407,158 in 2019) refers to various creditors, including balances with Sonae SGPS.

The liability to other creditors does not incorporate any interest. The Board of Directors believes that the difference between the fair value of these balances and its book value is not significant.

At 31 December 2020 and 2019, the caption 'State and other public entities' can be detailed as follow:

	2020	2019
Value-added tax	2,904,866	2,895,920
Social security contributions	1,719,143	1,147,057
Personal Income Tax (IRS)	439,764	437,177
Other taxes	128,394	32,257
	5,192,167	4,512,411

28. Income tax

a) Income tax receivable

At 31 December 2020 and 2019, this caption is detailed up as follows:

	2020	2019
Special account payment	984,390	1,233,388
Payments on account	191,378	214,004
Corporate income tax	643,884	270,174
	1,819,652	1,717,566

b) Income tax payable

At 31 December 2019, this caption was only constituted by corporate income tax of EUR 90,458, related to companies not included in the Special Regime for Taxation of Groups.

29. Other current liabilities

At 31 December 2020 and 2019, this caption is detailed up as follows:

	2020	2019
Accrual costs:		
Personnel costs	7,236,213	5,403,484
Specialised works	949,994	1,286,025
Advertising and promotion	707,132	549,148
Tangible and intangible assets	325,117	126,236
Rappel discounts (annual quantity discounts)	154,190	12,398
Medium Term Incentive Plans (note 42)	128,523	184,147
Rents	55,771	140,648
Other external suppliers and services	1,504,837	2,181,481
Other costs	3,928,613	2,690,014
	14,990,390	12,573,581
Deferred income:		
Customer contract liabilities - Advance billing to customers (note 30)	10,392,375	7,819,081
Other customer advance payments	2,590,049	935,132
Other deferred income	1,991,077	1,396,844
	14,973,501	10,151,057
	29,963,891	22,724,638

At 31 December 2020, the caption 'Other costs' refers essentially to the current amount of Earn Out payable relating to the acquisition of Excellium in the amount of EUR 2,587,048 (EUR 2,100,633 in 2019) and to Earn Out payable relating to the acquisition of Inovretail in the amount of EUR 345,343 (160,050 in 2019).

In the year ended at 31 December 2020 and 2019, the caption 'Customer contract liabilities - Advance billing to customers' can be detailed as follows:

	2020	2019
Technologies:		
Cybersecurity	10,006,231	7,420,836
Others	386,144	398,245
Total 'Liabilities from customer contracts - Advance billing to customers'	10,392,375	7,819,081



The amount of revenue recognised in the year that was recorded in the balance of 'Liabilities from customers contracts - Advance billing to customers' at the beginning of each year is detailed as follows:

	2020	2019
Effect on results:		
Technologies:		
Cybersecurity	5,171,330	3,046,570
Others	334,695	223,993
Total revenue 'Liabilities from customer contracts - Advance billing to customers' from continued units	5,506,025	3,270,563
Total revenue 'Liabilities from customer contracts - Advance billing to customers' from discontinued units	-	5,486,682
Total revenue 'Liabilities from customer contracts - Advance billing to customers'	5,506,025	8,757,245

30. Sales and services rendered

At 31 December 2020 and 2011, these captions was composed as follows:

	2020	2019
Information Systems	114,538,758	115,290,819
Multimedia and others	14,547,744	17,107,678
	129,086,502	132,398,497

The results related to projects carried out by the technology area are recognized according to the type of service in line with the accounting policy defined in note 1.s.

At 31 December 2020 and 2019, projects in progress can be summarised as follows:

	2020	2019
Number of projects in progress	1,611	624
Total costs recognised in the year	41,422,115	33,743,992
Total revenues recognised in the year	49,351,991	43,529,572
Total Liabilities from customer contracts - Advance billing to customers (note 29)	10,392,375	7,819,081
Total Customer contract assets - Billing due to customers (note 17)	6,196,130	6,126,311

Bank guarantees were provided for "Good execution of work to be performed" (note 38).

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

	Contract with customer duration				
	2021	2022	2023	>2023	Total
Technologies:					
Cybersecurity	5,952,836	4,562,548	2,412,426	495,710	13,423,520
Others	29,543	29,543	29,543	-	88,629
Total revenue from contracts with customers	5,982,379	4,592,091	2,441,969	495,710	13,512,149

31. Other income

At 31 December 2020 and 2019, the caption 'Other income' can be detailed as follows:

	2020	2019
Supplementary income	680,995	707,025
Reversal of provisions (note 24)	234,836	187,025
Incentives	564,520	1,220,851
Others	1,691,284	331,181
	3,171,635	2,446,082

The caption 'Incentives' includes the amount of EUR 352,115 (EUR 986,038 in 2019) related to operating incentives and the amount of EUR 212,405 (EUR 234,814 in 2019) related to investment incentives.

At 31 December 2020, the caption "Others" includes the amount of 1,103,384 euros related to the adjustment of the Earn Out to be paid related to the acquisition of Excellium (note 29).

32. External supplies and services

At 31 December 2020 and 2019, the caption 'External supplies and services' had the following composition:

	2020	2019
Subcontracts	11,932,943	10,749,225
Specialised works	4,201,982	5,295,310
Advertising and promotion	1,396,442	2,611,126
Fees	963,957	915,495
Rents	657,363	715,082
Communications	640,331	739,454
Travelling costs	543,852	1,938,465
Maintenance and repairs	530,959	658,167
Fuel	275,717	491,007
Commissions	262,563	223,181
Energy	139,292	226,540
Security	97,199	88,878
Others	815,367	999,318
	22,457,967	25,651,248

At 31 December 2020, the caption 'Specialised works' includes around EUR 1.1 million of advisory services (EUR 1.9 million in 2019) and around EUR 538 thousand of computer services (EUR 950 thousand in 2019).

33. Other expenses

At 31 December 2020 and 2019, the caption 'Other expenses' composed as follows:

	2020	2019
Taxes	134,917	147,957
Others	236,364	272,801
	371,281	420,758

34. Financial results

Net financial results for the years ended at 31 December 2020 and 2019 were detailed as follows ((costs) / gains):

	2020	2019
Financial expenses:		
Interest expenses:		
Bank loans	(30,305)	(88,486)
Leasing	(386,365)	(503,975)
Other interests	(244,559)	(207,973)
Foreign exchange losses	(2,641,202)	(1,360,502)
Other financial expenses	(251,486)	(249,537)
	<u>(3,553,917)</u>	<u>(2,410,473)</u>
Financial income:		
Interest income from financial assets measured at amortised cost	792,981	731,937
Foreign exchange gains	1,995,679	1,515,371
Others financial gains	131,899	99,539
	<u>2,920,559</u>	<u>2,346,847</u>

During the years ended at 31 December 2020 and 2019, the caption 'Interest income from financial assets measured at amortised cost' includes, mainly, interests earned on treasury applications (note 18 and 37).

35. Gains and losses on Investments

Gains and losses on investments for the years ended at 31 December 2020 and 2019 are as follows ((expenses) / revenues):

	2020	2019 (restated)
Financial results of associates and jointly controlled companies:		
Gains and losses related with the application of the equity method (note 9)	46,031,392	62,851,437
	<u>46,031,392</u>	<u>62,851,437</u>
Gains and losses on financial assets at fair value through profit or loss		
Gains and losses on financial assets at fair value through profit or loss (note 11)	21,626,448	619,935
	<u>21,626,448</u>	<u>619,935</u>

The amount of the caption 'Gains and losses related with the application of the equity method' at 31 December 2019 is deducted from the EUR 4,990,078 (EUR 8,912,428 in 2019) regarding the provision constituted to cover the payment to be made to the managers of the Armilar funds (note 9 and 24).

The caption 'Gains and losses on financial assets at fair value through profit or loss' refers to changes in fair value that occurred in Financial assets at fair value through profit or loss during the years 2020 and 2019 (Note 11).

36. Income taxation

Income taxes recognised during the years ended at 31 December 2020 and 2019 were as follows ((costs) / gains):

	2020	2019
Current tax	(1,846,447)	2,067,358
Tax provision net of reduction (note 24)	(63,133)	(54,904)
Deferred tax assets (note 12)	12,129,202	(483,893)
Deferred tax liabilities (note 12)	(5,762,367)	(7,636,736)
	<u>4,457,255</u>	<u>(6,108,175)</u>

37. Related parties

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

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

	Balances at 31 December 2020					
	Accounts receivable (note 15 and 16)	Accounts payable (note 26 and 27)	Other assets (note 13 and 17)	Other liabilities (note 25 and 29)	Treasury applications (note 18)	Loans granted
Parent company (Sonae SGPS)	2,259,943	2,554,209	164,600	25,035	-	-
Companies jointly controlled	899,507	272,966	1,541,111	1,138,783	-	-
Associated companies	-	-	2,513,065	-	-	-
Other related parties	4,385,210	69,044	114,315	1,354,154	-	-
	7,544,660	2,896,220	4,333,091	2,517,972	-	-

	Balances at 31 December 2019 (restated)					
	Accounts receivable (note 15 and 16)	Accounts payable (note 26 and 27)	Other assets (note 13 and 17)	Other liabilities (note 25 and 29)	Treasury applications (note 18)	Loans granted
Parent company (Sonae SGPS)	3,867,823	5,514,807	147,481	24,964	-	-
Companies jointly controlled	919,485	453,276	12,709	170,937	4,700	-
Associated companies	23,995	-	2,872,836	-	-	-
Other related parties	3,390,582	119,044	126,550	59,159	-	-
	8,201,886	6,087,126	3,159,576	255,060	4,700	-

	Transactions at 31 December 2020				
	Sales and services rendered (note 30)	Supplies and services received (note 32)	Interest and similar income (note 34)	Interest and similar expense (note 34)	Supplementary income (note 31)
Parent company (Sonae SGPS)	68,490	309,228	558,026	-	-
Companies jointly controlled	9,685,842	942,645	68	-	273,387
Associated companies	-	-	62,377	-	-
Other related parties	16,659,748	989,378	-	39,540	3,500
	26,414,080	2,241,251	620,471	39,540	276,887

	Transactions at 31 December 2019 (restated)				
	Sales and services rendered (note 30)	Supplies and services received (note 32)	Interest and similar income (note 34)	Interest and similar expense (note 34)	Supplementary income (note 31)
Parent company (Sonae SGPS)	9,281	110,371	333,406	-	-
Companies jointly controlled	8,359,106	847,604	167	-	167,333
Associated companies	8,801	(22,599)	51,147	-	-
Other related parties	18,292,944	1,126,280	-	77	25,581
	26,670,132	2,061,656	384,720	77	192,914

The amounts of the item "Sales and services rendered" in the line "Other related parties" and "Companies jointly controlled" refer essentially to sales and services rendered resulting from the operational activity of Sonaecom companies with companies of the Sonae SGPS group and of Grupo NOS, respectively.

During the year ended at 31 December 2020, Sonaecom distributed dividends in the amount of EUR 6,724,906 to Sonae SGPS (EUR 9,074,572 at 31 December 2019) and EUR 16,107,239 to Sontel BV (EUR 21,735,069 at 31 December 2019). In 2020, each share issued corresponded to a gross dividend of EUR 0.083 (EUR 0.19 in 2019).

During the year ended at 31 December 2019, Sonaecom recognised the amount of EUR 46,991,559 referring to dividends of Zopt (note 9).

The transactions between Group companies were eliminated in consolidation, and therefore are not disclosed in this note. All of these transactions were carried out at market prices.



Accounts receivable and payable to related companies will be settled in cash and are not covered by guarantees. During the years ended at 31 December 2020 and 2019, no impairment losses were recognised in accounts receivable from related entities.

The Board of Directors were assessed as a related part of the company. The remuneration attributed to "key personnel" is disclosed in note 43.

A full list of the related parties of the Sonaecom group is presented in the annex to this report.

38. Guarantees provided to third parties

Guarantees provided to third parties at 31 December 2020 and 2019 were as follows:

Company	Beneficiary	Description	2020	2019
S21 Sec Gestion	Administrador de Infraestructuras Ferroviarias; AENA; AMB, Área Metropolitana de Barcelona; Asociacion Navarra de Informatica Municipal; Autoridad Territorial del Transporte de Gipuzkoa; Ayuntamiento de Basauri; Ayuntamiento de Getxo; Ayuntamiento de Rivas; Ayuntamiento de Vitoria; Ayuntamiento de Vitoria-Gasteiz; Banco de España; Barcelona Serveis Municipals; Bic Gipuzkoa Berrilan, Sa ; Canal de Isabel II; Centro Informático Municipal de Bilbao; Comunidad de Madrid; Correos Express Paqueteía; Diputación Foral de Gipuzkoa; Dirección General de Izfe; Dirección General Osakidetza; Directora General de Euskal Irrati Telebista; Eije S.A.; Euskal Irrati Telebista; Euskaltel S.A.; Eusko Jauriaritzaren Informatika Elkarte; Eusko Legebiltzarrá; Eusko Trenbideak; Euskotren; Fabrica Nacional de la Moneda y Timbre; Generalitat Valenciana; Gobierno Vasco; Hazi; Instituto de Mayores y Servicios Sociales; IZFE; Metro de Madrid, S.A.; Ministerio de Energía, Turismo y Agenda Digital; National Intelligence Centre; Osakidetza; Parlamento Vasco; Renfe; Repsol; Servicios de la Comarca de Pamplona; Solred S.A.; SPRI - Agencia vasca de desarrollo empresarial; Universidad del País Vasco	Completion of work to be done	1,726,237	1,951,761
Inovretail, S21 Sec Gestion and S21 Sec Labs	Agencia para o Desenvolvimento e Coesao, I.P.; Centro para Desarrollo Tecnológico Industrial; Ingeniería de Sistemas para la Defensa de España; Ministerio de Economía y Competitividad; Ministerio de Industria; Ministerio de Industria, Energía y Turismo	Grants	1,357,873	1,542,602
Sonaecom	Autoridade Tributária e Aduaneira (Portuguese tax authorities)	Additional tax assessments (Stamp and Income tax)	23,998,745	23,998,745
Several	Others		645,770	643,293
			27,728,625	28,136,400

During the year of 2019, two bank guarantees were issued by Sonaecom, in the amount of EUR 20,434,870, in favor of the Tax Authority for the replacement of sureties provided by Sonae to Sonaecom, related to ongoing tax proceedings.

Regarding the value of the guarantees, at 31 December 2020, Sonae SGPS consisted of Sonaecom SGPS surety to the amount of EUR 7,112,129 and Sonaecom of Público up to the amount of EUR 564,900.

At 31 December 2020 and 2019, the contingencies for which guarantees and sureties are considered as remote.

At 31 December 2020, the Board of Directors of the Group believes that the decision of the court proceedings and ongoing tax assessments in progress will not have significant impacts on the consolidated financial statements.



39. Information by business segment

During the years ended on 31 December 2020 and 2019 were identified the following business segments:

- Media;
- Technologies; and
- Holding activities.

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

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

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

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

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

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

	Media		Technologies		Holding Activities		Subtotal		Eliminations and others		Total	
	December 2020	December 2019 (restated)	December 2020	December 2019	December 2020	December 2019 (restated)	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019
Revenues:												
Sales and services rendered	14,069,602	16,037,425	114,856,212	115,779,139	411,000	379,542	129,336,814	132,196,106	(250,312)	202,391	129,086,502	132,398,497
Other operating revenues	478,889	631,707	2,626,058	1,644,599	21,124	152,386	3,126,071	2,428,692	45,564	17,390	3,171,635	2,446,082
Total revenues	14,548,491	16,669,132	117,482,270	117,423,738	432,124	531,928	132,462,885	134,624,798	(204,748)	219,781	132,258,137	134,844,579
Depreciation and amortisation	(1,212,480)	(1,942,445)	(7,248,621)	(7,794,404)	(30,577)	(25,205)	(8,491,678)	(9,762,054)	(393,903)	(423,474)	(8,885,581)	(10,185,528)
Provisions and impairment losses	(10,000)	(76,883)	(162,395)	(439,614)	(64,139)	-	(236,534)	(516,497)	-	(1)	(236,534)	(516,498)
Net operating income / (loss) for the segment	(3,198,589)	(4,075,574)	(8,178,680)	(14,820,319)	(1,567,003)	(1,296,639)	(12,944,272)	(20,192,532)	181,364	100,787	(12,762,908)	(20,091,745)
Interest income	17,316	4,313	188,137	255,993	934,574	854,810	1,140,027	1,115,116	(347,046)	(383,179)	792,981	731,937
Interest expenses	(21,653)	(34,450)	(933,472)	(1,086,029)	(1,775)	(1,923)	(956,900)	(1,122,402)	295,670	321,968	(661,230)	(800,434)
Gains and losses on financial assets at fair value through profit or loss	-	-	21,626,448	619,935	-	-	21,626,448	619,935	-	-	21,626,448	619,935
Gains and losses in associated companies and joint ventures	(35,586)	128,346	19,113,130	34,248,396	26,953,848	28,474,695	46,031,392	62,851,437	-	-	46,031,392	62,851,437
Other financial results	(11,109)	(17,434)	(737,453)	68,249	1,110,127	(3,862,285)	361,565	(3,811,470)	(1,126,674.00)	3,816,341	(765,109)	4,871
Income taxation	3,298,467	523,488	(4,140,855)	(6,709,431)	2,600,310	89,142	1,757,922	(6,096,801)	2,699,333.00	(11,374)	4,457,255	(6,108,175)
Consolidated net income/(loss) for the period	48,846	(3,471,311)	26,937,255	12,576,794	30,030,081	24,257,800	57,016,182	33,363,283	1,702,647	3,844,542	58,718,829	37,207,826
Consolidated net income/(loss) for the period of discontinued operations	-	-	-	(783,482)	-	-	-	(783,482)	-	13,351,698	-	12,568,216
Attributable to:												
Shareholders of parent company	48,846	(3,471,311)	28,375,725	14,219,314	30,030,081	24,257,800	58,454,652	35,005,803	1,671,238	17,162,317	60,125,890	52,168,120
Non-controlling interests	-	-	(1,438,470)	(2,426,001)	-	-	(1,438,470)	(2,426,001)	31,409	33,923	(1,407,061)	(2,392,078)
	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019
Assets:												
Tangible and intangible assets and goodwill	2,948,598	1,085,100	29,755,984	33,439,077	70,200	99,182	32,774,782	34,623,359	2,631,165	2,908,728	35,405,947	37,532,087
Inventories	194,413	230,916	57,414	9,445	-	-	251,827	240,361	-	-	251,827	240,361
Investments in associated companies and joint ventures	693,619	781,401	144,065,913	146,215,537	662,983,184	642,224,244	807,742,716	789,221,182	52,944	35,240	807,795,660	789,256,422
Financial assets at fair value through other comprehensive income	3,047,949	30,242	7,251,842	5,296,863	-	-	10,299,791	5,327,105	(3,000,000)	17,705	7,299,791	5,344,810
Financial assets at fair value through profit or loss	-	-	92,324,063	53,022,212	-	-	92,324,063	53,022,212	-	-	92,324,063	53,022,212
Other non-current assets and deferred tax assets	2,924,374	155,743	13,714,766	8,652,419	176,955,566	148,999,392	193,594,706	157,807,554	(169,421,056)	(145,552,375)	24,173,650	12,255,179
Other current assets of the segment	11,957,020	10,261,294	73,224,153	47,853,751	187,926,829	238,142,387	273,108,002	296,257,432	7,131,853	9,092,979	280,239,855	305,350,411
Liabilities:												
Liabilities of the segment	10,487,209	7,704,711	137,985,308	102,200,346	2,427,059	2,412,829	150,899,576	-	(17,909,065)	130,489,063	132,990,511	130,489,063
CAPEX	6,093,911	1,018,268	24,885,132	36,799,029	46,518,317	44,594,647	77,497,360	82,411,943	(49,428,786)	(42,112,904)	28,068,574	40,299,039



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

	Media	Information Systems	Holding Activities
2020			
Multimedia	-	257,135	-
Information Systems	-	-	228,500
Holding Activities	-	1,453	-
External trade debtors	14,069,602	114,597,624	182,500
	14,069,602	114,856,212	411,000
2019			
Multimedia	-	174,532	-
Information Systems	35,000	-	121,778
Holding Activities	-	2,709	-
External trade debtors	16,002,425	115,601,898	257,764
	16,037,425	115,779,139	379,542

During the years ended at 31 December 2020 and 2019, sales and services rendered of the segments of Multimedia and Activities Holding were obtained predominantly in the Portuguese market, this market represents approximately 97.3% and 100%, respectively, of revenue.

During the years ended at 31 December 2020, for the Technologies segment, also the Portuguese market is dominant, accounting for 56.5% of revenue (92.1% in 2019) followed by the Spanish market, representing 24.77% of revenue (22.01% in 2019).

During the years ended at 31 December 2020 and 2019, inter-segment sales and services by geographic market can be detailed as follows:

Country	Media		Information systems		Holding activities	
	Dec-20	Dec-19	Dec-20	Dec-19	Dec-20	Dec-19
Portugal	13,689,994	15,693,480	64,898,934	65,195,266	411,000	379,542
Spain	66,772	36,893	28,446,531	26,702,970	-	-
Brazil	2,408	171	58,590	91,582	-	-
United States of America	125,931	32,763	67,177	2,619,926	-	-
South America	-	-	31,715	383,880	-	-
Angola	-	-	-	215,060	-	-
Germany	2,140	-	291,254	245,438	-	-
United Kingdom	19,668	18,247	97,469	548,627	-	-
Mexico	-	-	1,145,697	1,832,231	-	-
Luxembourg	731	67,637	15,948,145	14,030,740	-	-
Malta	-	-	54,115	(2,140)	-	-
Egypt	-	-	5,676	72,053	-	-
Rest of the world	(16,267)	4,944	999,049	597,783	-	-
Other countries in Europe	178,225	183,290	2,811,860	3,245,722	-	-
Total	14,069,602	16,037,425	114,856,212	115,779,139	411,000	379,542



During the years ended at 31 December 2020 and 2019, non-current inter-segment assets by geographic market may be broken down as follows:

Country	Media		Technologies		Holding activities	
	Dec-20	Dec-19	Dec-20	Dec-19	Dec-20	Dec-19
Portugal	3,081,027	1,201,789	10,548,390	10,655,964	174,482,410	89,398,488
Spain	-	-	7,906,008	9,681,264	-	-
Luxembourg	-	-	16,095,031	17,420,137	-	-
Mexico	-	-	133,805	198,428	-	-
Total	3,081,027	1,201,789	34,683,234	37,955,792	174,482,410	89,398,488

The consolidated financial statements of NOS at 31 December 2020 and 2019 incorporated in the consolidated financial statements of Sonaeocom through ZOPT by the equity method (note 9), can be summarised as follows:

Condensed consolidated balance sheets

(Amounts expressed in of Euro)	December 2020	December 2019 (restated)
Assets		
Tangible assets	991,613	1,034,813
Intangible assets	1,041,087	1,014,066
Rights of use	260,097	218,383
Deferred tax assets	82,782	80,428
Other non-current assets	181,889	186,650
Non-current assets	2,557,468	2,534,340
Trade debtors	290,652	361,712
Cash and cash equivalents	153,285	12,819
Other current assets	171,238	179,305
Current assets	615,175	553,836
Total assets	3,172,643	3,088,176
Liabilities		
Loans	1,363,514	1,216,847
Provisions for other liabilities and charges	73,345	94,959
Other non-current liabilities	50,964	21,537
Non-current liabilities	1,487,823	1,333,343
Loans	167,126	143,281
Trade creditors	252,607	259,499
Other current liabilities	308,853	339,731
Current liabilities	728,586	742,511
Total liabilities	2,216,409	2,075,854
Shareholders' funds excluding non-controlling interests	949,549	1,005,280
Non-controlling interests	6,685	7,042
Total Shareholders' funds	956,234	1,012,322
Total Shareholders' funds and liabilities	3,172,643	3,088,176

Condensed consolidated statements of income by nature

(Amounts expressed in of Euro)	December 2020	December 2019 (restated)
Total revenue	1,367,886	1,458,404
Costs and losses		
Direct costs and External supplies and services	(449,318)	(497,559)
Depreciation, amortisation	(409,842)	(421,313)
Other operating costs	(371,416)	(338,785)
	(1,230,576)	(1,257,657)
Gains/ (losses) in associated companies	(9,099)	(1,022)
Financial results	(26,633)	(24,747)
Income taxation	(16,342)	(32,557)
Consolidated net income/(loss) for the year	85,236	142,421
Consolidated net income/(loss) for the year of discontinued operations	(6,407)	(822)
Consolidated net income/(loss) for the year attributed to non-controlling interests	(357)	(251)
Attributed to shareholders of parent company	92,000	143,494

40. Discontinued units

Saphety Group

The net income from the discontinued operations can be detailed as follows:

(Amounts expressed in Euro)	March 2019	December 2018 (restated)
Services rendered	2,067,305	7,860,292
Other income	-	92,266
	2,067,305	7,952,558
Cost of sales	-	67,366
External supplies and services	(554,167)	(2,837,946)
Employee benefits expense	(779,237)	(3,075,719)
Amortisation and depreciation	(417,135)	(1,212,226)
Provisions	-	-
Impairment losses	-	(50,679)
Other expenses	(11,452)	(48,416)
	(1,761,991)	(7,157,620)
Other financial expenses	(9,481)	(110,480)
Other financial income	(31,759)	(99,820)
Current income / (loss)	264,074	584,638
Income taxation	(67,484)	(287,540)
Consolidated net income/(loss) for the period of discontinued operations	196,590	297,098
Gain/ (loss) resulting from the alienation	5,148,926	-
Attributed to:		
Non-controlling interests (discontinued operations)	(240,455)	(38,638)
Cash flows from operating activities (1)	284,035	1,025,286
Cash flows from investment activities (2)	492,613	(117,513)
Cash flows from financing activities (3)	(100,375)	(34,077)
Net cash flows (4)=(1)+(2)+(3)	676,273	873,696

The net income at 31 March 2019 corresponds to the net income from the Saphety Group, amounting to EUR 196,590, and to the gain resulting from the alienation in the amount of EUR 5,148,926, where the net amount of the non-controlling interests is EUR 4,933,947, as stated in note 3.c.

We Do Group

The net income from the discontinued operations can be detailed as follows:

(Amounts expressed in Euro)	July 2019	December 2018 (restated)
Services rendered	34,814,480	52,474,924
Other income	797,781	863,864
	35,612,261	53,338,788
Cost of sales	-	332,000
External supplies and services	(14,339,841)	(15,792,020)
Employee benefits expense	(17,391,448)	(28,221,638)
Amortisation and depreciation	(3,943,872)	(7,558,587)
Provisions	(41,861)	(628,913)
Impairment losses	(102,319)	(2,363)
Other expenses	(86,427)	(114,130)
	(35,905,767)	(51,985,651)
Other financial expenses	(2,478,336)	(2,397,235)
Other financial income	2,053,898	2,095,133
Current income / (loss)	(717,943)	1,051,035
Income taxation	(583,534)	(484,494)
Consolidated net income/(loss) for the period of discontinued operations	(1,301,477)	566,541
Gain/ (loss) resulting from the alienation	8,524,177	-
Attributed to:		
Non-controlling interests (discontinued operations)	5,425	(1,335)
Cash flows from operating activities (1)	1,992,914	9,253,978
Cash flows from investment activities (2)	999,653	(673,490)
Cash flows from financing activities (3)	(1,133,719)	(328,310)
Net cash flows (4)=(1)+(2)+(3)	1,858,848	8,252,178

The net income at 31 July 2019 corresponds to the net income from the We Do Group, amounting to negative EUR 1,301,477, and to the gain resulting from the alienation in the amount of EUR 8,524,177, where the net amount of the non-controlling interests is EUR 8,530,002, as stated in note 3.c.

41 Earnings per share

Earnings per share for the year ended at 31 December 2020 and 2019 were calculated as follows:

	2020	2019 (reexpresso)
Including discontinued operations		
Consolidated net income/(loss) for the year attributed to shareholders of parent company	60,125,890	52,168,120
Average number of shares outstanding, net of own shares	305,769,023	305,769,023
Basic earning per share	0.20	0.17
Diluted earning per share	0.20	0.17
Excluding discontinued operations		
Consolidated net income/(loss) for the year attributed to shareholders of parent company	60,125,890	39,834,934
Average number of shares outstanding, net of own shares	305,769,023	305,769,023
Basic earning per share	0.20	0.13
Diluted earning per share	0.20	0.13

In the years presented, there were no dilutive effects with an impact on net earnings per share, so this is equal to the basic earnings per share.

The basic and diluted dividend per share of EUR 0.08 in 2020 and Euro 0.11 in 2019 are calculated by dividing the dividend amount distributed (EUR 25,378,829 in 2020 and EUR 34,246,131 in 2019) by the average number of shares existing during the years ended at 31 December 2020 and 2019, less own shares (305,769,023 in 2020 and 2019).

42. Medium Term Incentive Plans

In June 2000, Sonaecom Group created a discretionary Medium Term Incentive Plan, for more senior employees, based on Sonaecom options and shares and Sonae-SGPS, S.A. shares, being on 10 March 2014, Sonaecom shares plans were fully converted into Sonae SGPS shares. The exercise of the rights occurs three years after their attribution, provided that the employee stays in the company during that period.

In March 2020 the 2019 Plan was awarded to Sonaecom's and Sonae IM's Directors, and, in April 2020, the 2016 Plan was delivery to Sonaecom's and Sonae IM's Directors.

Accordingly, the plans outstanding at 31 December 2020 and 2019 are as follows:

	Vesting period			31 December 2020	
	Share price 31 December 2020	Award date	Vesting date	Aggregate number of participations	Number of shares
Sonae SGPS shares					
2017 Plan	0.662	mar/18	mar/21	3	205,103
2018 Plan	0.662	mar/19	mar/22	3	276,411
2019 Plan	0.662	mar/20	mar/23	3	586,386
					1,067,900

	Vesting period			31 December 2019	
	Share price 31 December 2019	Award date	Vesting date	Aggregate number of participations	Number of shares
Sonae SGPS shares					
2016 Plan	0.910	mar/17	mar/20	3	217,159
2017 Plan	0.910	mar/18	mar/21	3	189,759
2018 Plan	0.910	mar/19	mar/22	3	257,116
					664,034



During the year ended at 31 December 2020, the movements that occurred in the plans can be summarised as follows:

	Sonae SGPS shares	
	Number of participants	Number of shares
Outstanding at 31 December 2019:		
Unvested	9	664,034
Total	9	664,034
Movements in the year:		
Award	3	545,455
Vested	(3)	(217,694)
Corrected ⁽¹⁾	-	76,105
Outstanding at 31 December 2020:		
Unvested	9	1,067,900
Total	9	1,067,900

⁽¹⁾ The corrections in the number of shares are made based on the dividend paid during the plan period.

The responsibility of the plans was recognised under the caption 'Other current liabilities' and 'Other non-current liabilities'.

Share plans costs are recognised in the accounts over the year between the award and the vesting date of those shares. The costs recognised for the open plans and for the plans vested in previous years and in the year ended at 31 December 2020 and 2019, were as follows:

	2020	2019
Costs recognised in previous years	347,167	1,473,290
Costs recognised in the year (note 43)	111,825	528,385
Costs of plans vested in the year	(128,657)	(1,620,187)
Costs recognised in the year of transfer plans	-	(258,713)
Costs recognised in the year - Discontinued units	-	218,322
Total cost of the plans	330,335	341,097
Recorded in 'Other current liabilities' (note 29)	128,523	184,147
Recorded in 'Other non-current liabilities' (note 25)	201,812	156,950

43. Employee benefits expense

For the years ended at 31 December 2020 and 2019, the caption 'Employee benefits expense' was as follows:

	2020	2019
Remuneration	39,541,071	37,665,180
Charges on remuneration	7,288,410	8,190,996
Medium Term Incentive Plans (note 42)	111,825	528,385
Works for own company (note 6)	(2,030,975)	(2,860,324)
Others	1,489,828	2,837,320
	46,400,159	46,361,557



During the years 2020 and 2019, the remunerations paid to Directors and other key employee in functions (10 in 2020 and 7 in 2019) were as follows:

	2020	2019
Short-term employee benefits	2,028,135	1,079,613
Share-based payments	304,600	248,410
Other medium and long term benefits	489,800	36,908
	2,822,535	1,364,931

The amounts included in the line of Benefits of short-term employees include Fixed Remuneration and the Performance Premium, the latter calculated on an accrual basis. The value of Share-based Payments for 2020 and 2019 corresponds to the value of the medium-term incentive plan to be awarded in 2020 and relative to the performance of 2019 (and attributed in 2019 relative to the performance of 2018, to the value of 2019), whose shares, or the corresponding cash value, will be delivered in March 2023 and March 2022, respectively, and for which the expense is recorded during the period from 2020 to 2023 (2019 to 2022 for the value of 2019). Corporate Governance Report includes more detailed information on Sonaecom's compensation policy.

In the years ended at 31 December 2020 and 2019 the members of the Board of Directors of Sonaecom were considered key employee.

44. Fees of Statutory Auditor

During the year ended at 31 December 2020, the Group accordanced as fees to ROC, PricewaterhouseCoopers SROC, and with other companies in the network, the amount of EUR 179,700 (EUR 142,775 in 2019).

The details of the services provided during the year in 2020 are as follows:

	Sonaecom		Other companies in the group		Total
	PwC SROC	Other companies in the network	PwC SROC	Other companies in the network	
Statutory audit	41,000	-	109,266	26,734	177,000
Other services	-	-	-	2,700	2,700
Total	41,000	-	109,266	29,434	179,700

The amount of the caption "Other services" refers to the tax services to expatriate workers.

45. Average number of employees

During the years ended at 31 December 2020 and 2019, the average number of employees serving the companies included in the consolidation was 948 and 973, respectively. At 31 December 2020, the number of workers amounted to 927 (948 in 31 December 2019).

46. Subsequent events

On 7 January 2021, after the worsening pandemic situation with a higher transmission rate and an increasing number of deaths, a new state of emergency and a new national lockdown were formally declared. Despite the economic uncertainty given the company's capital structure, we remain confident in its resilience.

These financial consolidated presentations have been approved by the Executive Board and authorised to be issued on 15 March 2021, however, subject to approval by the Shareholders' General Meeting.

Appendix

At 31 December 2020 the related parties of Sonaecom Group are as follows:

Associated companies and joint ventures	
SIRS – Sociedade Independente de Radiodifusão Sonora, S.A.	Replai
Unipress - Centro Gráfico, Lda.	Portugate S.A.
Fundo de Capital de Risco Armilar Venture Partners II	Habit Analytics PT Lda.
Fundo de Capital de Risco Armilar Venture Partners III	RK.AI - Serviços de processamento de imagem e análise de dados, LDA.
Fundo de Capital de Risco Armilar Ventures Partners Inovação e Internacionalização	NOS Açores Comunicações, S.A.
Secucloud Network GmbH	NOS Audiovisuais, SGPS, S.A.
Probe.ly - Soluções de Cibersegurança, Lda	NOS Property, S.A.
Alfaros SRAL	NOS Comunicações, S.A.
Automaise, Lda	NOS Corporate Center, S.A.
ADVERT.IO, LDA.	NOS Inovação, S.A.
Suricate Solutions	NOS International Carrier Services, S.A.
ZOPT, SGPS, S.A.	NOS Internacional, SGPS, S.A.
Fundo de Capital de Risco NOS 5G	NOS Lusomundo Audiovisuais, S.A.
Fundo de Capital de Risco Armilar N5G	NOS Lusomundo Cinemas, S.A.
ArcticWolf Networks, Inc	NOS Lusomundo TV, Lda.
CIValue Systems LTD	NOS Madeira Comunicações, S.A.
Case on IT, S.L.	NOS SGPS, S.A.
CB-4, Ltd	NOS Sistemas España, SL
Cellwize Wireless Technologies Ltd.	NOS Sistemas, S.A.
Jscrambler S.A	NOSPUB – Publicidade e Conteúdos, S.A.
Daisy Intelligence Corporation	NOS Technology – Conceção Construção e Gestão de Redes de Comunicação, S.A.
Taikai, Lda.	NOS Towering-Gestão de Torres Telec., S.A.
Ometria Ltd.	NOS Wholesale, S.A.
Sales Layer Tech, S.L.	ViSenze Pte. Ltd
Sixgill Ltd.	Weaveworks INC.

Other related parties	
2ndRoom - Exploração Hoteleira, S.A.	BA Bussiness Angels, SGPS, S.A.
3shoppings - Holding, SGPS, S.A.	BA Capital, SGPS, S.A.
838 Soluções, Ltda	BB Food Service, S.A.
About SGPS, S.A.	Bens Consultoria Ltda.
Accive Insurance – Corretor de Seguros, S.A.	Bertimóvel - Sociedade Imobiliária, S.A.
Acrobatic Tittle, S.A.	Big Picture 2 Films, S.A.
Adira – MetalForming Solutions, S.A.	Big Picture Films, SL
Aegean Park Constructions Real Estate and Development, S.A.	Bloco Q – Sociedade Imobiliária, S.A.
Agepan Eiweiler Management, GmbH	Bom Momento - Restauração, S.A.
Agloma Investimentos, SGPS, S.A.	Bright Brands SportsGoods, S.A.
Águas Furtadas – Sociedade Agrícola, S.A.	BrightCity, S.A.
Albufeira RP (Luxembourg) 1, SARL	Brio - Produtos de Agricultura Biológica, S.A.
Albufeira RP (Luxembourg) 2, SARL	Brokerslink Management AG
Aliance Sona Shopping Centers, S.A.	BUZZEE Insure, Lda.
Alpêssego – Sociedade Agrícola, S.A.	Canasta - Empreendimentos Imobiliários, S.A.
Amor Bio, Mercado Biológico, Lda.	Candotal Spain SLU
Andar – Sociedade Imobiliária, S.A.	Capwatt – ACE, S.A.
Aqualuz – Turismo e Lazer, Lda.	Capwatt – Brainpower, S.A.
Aqualuz Troia, S.A.	Capwatt – SGPS, S.A.
Arat Inmuebles, S.A.	Capwatt Alrota – Wind Power, S.A.
Area Sur Shopping, SL	Capwatt Chamusca – Bio Power, Unipessoal, Lda.
Arenal Perfumerias SLU	Capwatt Colombo – Heat Power, S.A.
ARP Alverca Retail Park, S.A.	Capwatt Decentralized Solar Power, S.A.
Arrábidasshopping - Centro Comercial, S.A.	Capwatt Estuário – Heat Power, Unipessoal, Lda.
Arrábidasshopping - Centro Comercial, S.A.	Capwatt Évora – Solar Power, S.A.
Aserraderos de Cuellar, S.A.	Capwatt Ferreira – Solar Power, S.A.
Asprela Sociedade Imobiliária, S.A.	Capwatt Graciosa - Green Storage, S.A.
Atelgen – Produção Energia, ACE	Capwatt Hectare – Heat Power, ACE
Atlantic Ferries – Tráf. Loc. Flu. e Marit., SA	Capwatt IV – Heat Power Unipessoal, Lda.
Axnae Spain Holdings, SL	Capwatt Lousado – Heat Power, Unipessoal, Lda.
Azulino Imobiliária, S.A.	Capwatt Maia – Heat Power, S.A.



Capwatt Martim Longo – Solar Power, S.A. Capwatt Mexico, S. de R.L. de CV Capwatt Services, S.A. Capwatt Vale do Tejo – Heat Power, S.A. Capwatt Vale do Caima – Heat Power, S.A. Carvemagere – Manutenção e Energias Renováveis, Lda. Casa Agrícola de Ambrães Casa da Ribeira – Sociedade Imobiliária, S.A. Cascaishopping-Centro Comercial, S.A. CCCCB Caldas da Rainha - Centro Comercial, S.A. Centro Colombo - Centro Comercial, S.A. Centro Residencial da Maia, Urban., S.A. Centro Vasco da Gama - Centro Comercial, S.A. Chão Verde - Sociedade de Gestão Imobiliária, S.A. Cinclus Imobiliária, S.A. Citorres - Sociedade Imobiliária, S.A. Closer Look Design, Lda. Coimbrashopping- Centro Comercial, S.A. Comercial Losan, SLU Companhia Térmica Serrado, ACE Companhia Térmica Tagol, Lda. Contimobe - Imobiliária de Castelo de Paiva, S.A. Continente Hipermercados, S.A. Country Club da Maia – Imobiliária, S.A. Cumulativa - Sociedade Imobiliária, S.A. DOC Malaga Holdings SL Doc Málaga Siteco Phase 2, SL DOC Malaga SITECO SLU Dos Mares - Shopping Centre BV Dreamia Holding B.V. Dreamia Serviços de Televisão, S.A. Duobens – Corretora de Seguros Ltda Ecociclo, Energia e Ambiente, S.A. Ecofutura Luz Energia, S.L. Efanor - Investimentos, SGPS, S.A. Efanor Serviços de Apoio à Gestão, S.A. E-FIT, Unipessoal, Lda. Elergone Energias, Lda. Empracine – Empresa Promotora de Atividades Cinematográficas, Lda. Empreend.Imob. Quinta da Azenha, S.A. Engenho Novo Electricidade PT, S.A. Engenho Novo Gás PT, S.A. Estação Viana - Centro Comercial, S.A. Euroresinas - Indústrias Químicas, S.A. Farmácia Selecção, S.A. Fashion Division, S.A. Fashion International Trade, S.A. Feneralt – Produção de Energia ACE Filhet Allard EspañaCorreduria de Seguros SL FINSTAR – Sociedade de Investimentos e Participações, S.A. Flexben, Lda. Fozimo - Sociedade Imobiliária, S.A. Frasas e Frações – Imobiliária e Serviços, S.A. Fundo de Investimento Imobiliário Fechado Imosede Fundo de Investimento Imobiliário Imosona e Dois Fundo de Investimento Imobiliário Parque Dom Pedro Shopping Center Fundo de Investimento Imobiliário Shopping Parque Dom Pedro Fundo Especial de Investimento Imobiliário Fechado WTC Futura Carbono, SL Futura Energía Inversiones, SL Futura Energía y Gas, SL Futura Green Renovables, SL	Gaiashopping I - Centro Comercial, S.A. Gaiashopping I - Centro Comercial, S.A. Gaiashopping II - Centro Comercial, S.A. Gaiashopping II - Centro Comercial, S.A. GHP Glunz Holzwerkstoffproduktions, GmbH Gli Orsi Shopping Centre 1 Srl Glunz UK Holdings, Ltd. Glunz Uka GmbH Go Well – Promoção de Eventos, Caterings e Consultoria, S.A. Golf Time – Golfe e Inv.Turisticos, S.A. Guimadira – Máquinas e Ferramentas, Lda. Guimarãesshopping - Centro Comercial, S.A. Halfdozen Real Estate, S.A. HighDome PCC Limited HighDome PCC Limited (Cell Europe) Iberia Shopping Centre Venture Cooperatief UA Iberian Assets, S.A. Iberian Holdings Spain, SL Iberosegur – Sociedade Ibérica de Mediação de Seguros, Lda. Igimo – Sociedade Imobiliária, S.A. Iginha – Sociedade Imobiliária, S.A. Imoassets – Sociedade Imobiliária, S.A. Imobeauty, S.A. Imoclub – Serviços Imobiliários, S.A. Imodivor – Sociedade Imobiliária, S.A. Imoestrutura – Sociedade Imobiliária, S.A. Imohotel-Emp.Turist. Imobiliários, S.A. Imomuro – Sociedade Imobiliária, S.A. Imopenínsula – Sociedade Imobiliária, S.A. Imoplamac – Gestão de Imóveis, S.A. Imoponte-Soc.Imobiliária, S.A. Imoresort – Sociedade Imobiliária, S.A. Imoresultado – Sociedade Imobiliária, S.A. Imosedas-Imobiliária e Serviços, S.A. Imosistema – Sociedade Imobiliária, S.A. Impaper Europe GmbH & Co. KG Implantação – Imobiliária, S.A. Infocfield – Informática, S.A. Inparvi, SGPS, S.A. Ioannina Development of Shopping Centres, S.A. Irmãos Vila Nova III - Imobiliária, S.A. Irmãos Vila Nova, S.A. Iservices, Lda. Isoroy, SAS ISRG - Iberian Sports Retail Group, SL IVN – Serviços Partilhados, S.A. IVN Asia Limited JD Canary Islands Sports SL JD Spain Sports Fashion 2010, SL Laminate Park GmbH & Co. KG Land Retail BV Larim Corretora de Resseguros Ltda. Larissa Development of Shopping Centres, S.A. Lazam/mds Corretora Ltda. Le Terrazze – Shopping Centre 1, Srl Libra Serviços, Lda. Lidergraf – Artes Gráficas, Lda. LMGE - Gestão de Edifícios Lda. LMIT - Innovation & Technology, Lda. LMSA - Engenharia de Edifícios, S.A. Losan Colombia, SAS Losan Logistica, SA
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Losan Overseas Textile, SL	Parque de Famalicão - Empreendimentos mobiliários, S.A.
Losan Rusia	Per-Mar - Sociedade de Construções, S.A.
Losan Tekstil Urunleri Ve Dis Ticaret, LS	Pharmaconcept - Actividades em Saúde, S.A.
Lusomundo - Sociedade de Investimentos Imobiliários, SGPS, S.A.	Pharmacontinente - Saúde e Higiene, S.A.
Lusomundo Imobiliária 2, S.A.	Plaza Eboli - Centro Comercial, SA
Lusomundo Moçambique, Lda.	Plaza Mayor Parque de Ócio B.V.
Luz del Tajo - Centro Comercial, S.A.	Plaza Mayor Shopping, S.A.
Madeirashopping - Centro Comercial, S.A.	Plenerg Srl
Maiashopping - Centro Comercial, S.A.	Poliface North America
Maiequipa - Gestão Florestal, S.A.	Ponto de Chegada - Sociedade Imobiliária, S.A.
Make Notes Design, Lda.	Porto Palácio Hotel, S.A.
Marcas MC, zRT	Porturbe-Edifícios e Urbanizações, S.A.
Marina de Tróia, S.A.	Praedium - Serviços, S.A.
Marmagno-Expl.Hoteleira Imob., S.A.	Praedium II-Imobiliária, S.A.
Marvero-Expl.Hoteleira Imob., S.A.	Predicomercial - Promoção Imobiliária, S.A.
MCCARE - Serviços de Saúde, S.A.	Predilugar - Promoção Imobiliária, S.A.
MDS - Corretor de Seguros, S.A.	Predisedas - Predial das Sedas, S.A.
MDS África, SGPS, S.A.	Process Assessoria e Corretora Seg. Ltda.
MDS Auto - Mediação de Seguros, S.A.	Project Sierra 10 BV
MDS Insurance - Corretora de Seguros e Resseguros, S.A.	Project Sierra 11 BV
MDS Link Solutions, Lda.	Project Sierra 12 BV
MDS Malta Holding Limited	Project Sierra 8, B.V.
MDS MG Corretora e Administradora de Seguros, Ltda.	Project Sierra Cúcuta BV
MDS Partners Corretor de Seguros, S.A.	Project Sierra Four, Srl
MDS RE - Mediador de resseguros, SGPS, S.A.	Project Sierra Germany 4 (four) - Shopping Centre, GmbH
MDS, SGPS, S.A.	Project Sierra Spain 1 BV
Megantic BV	Project Sierra Spain 2- Centro Comercial S.A.
Mercado Urbano - Gestão Imobiliária, S.A.	Promessa - Sociedade Imobiliária, S.A.
Microcom Doi, Srl	Prosa Produtos e Serviços Agrícolas, S.A.
MJLF - Empreendimentos Imobiliários, S.A.	Proyecto Cúcuta S.A.S.
MKTPLACE - Comércio Eletrónico, S.A.	PUD Srl
Modalfa - Comércio e Serviços, S.A.	Pump, S.A.
Modalfa Canarias, SL	RCG - Risk, Consulting Group Ltda.
Modelo - Distribuição de Materiais de Construção, S.A.	RCG - Risk, Consulting Group, S.A.
Modelo Continente Hipermercados, S.A.	Realejo - Sociedade Imobiliária, S.A.
Modelo Continente International Trade, S.A.	Reinsurance Solutions, Soc. Corretora de Resseguros, S.A.
Modelo Hiper Imobiliária, S.A.	River Plaza B.V.
Moneris Correctores de Seguros Lda.	S.C. Microcom Doi Srl
Moneris Seguros - Mediação de Seguros, Lda.	S2 Mozambique, S.A.
Movelpartes - Comp. para a Indústria do Mobiliário, S.A.	Salsa Canarias
MOVVO, S.A.	Salsa DE GmbH
MSTAR, S.A.	Salsa Distribution USA LLC
Norte Shopping Retail and Leisure Centre, BV	Salsa France, S.A.R.L.
Norteshopping - Centro Comercial, S.A.	Salsa Luxembourg, Sàrl
North Tower BV	SC - Sociedade de Consultoria, S.A.
Novodecor (Pty) Ltd	SC Aegean, BV
Olimpo Asset 1, S.A.	SC Assets, SGPS, S.A.
Olimpo Asset 2, S.A.	SC Finance, BV
Olimpo Asset 3, S.A.	SC Fitness, S.A.
Olimpo Asset 4, S.A.	SC Hospitality, SGPS, S.A.
Olimpo Asset 5, S.A.	SC Industrials SGPS, S.A.
Olimpo Asset 6, S.A.	SC, SGPS, S.A.
Olimpo Asset 7, S.A.	SCBRASIL Participações, Ltda.
Olimpo Asset 8, S.A.	SDSR - Sports Division, S.A.
Olimpo Real Estate SGI, S.A.	Selifa - Empreendimentos Imobiliários de Fafe, S.A.
Olimpo Real Estate Socimi, S.A.	Sempre à Mão - Sociedade Imobiliária, S.A.
Pantheon Plaza BV	Sempre a Postos - Produtos Alimentares e Utilidades, Lda.
Paracentro - Gestão de Galerias Comerciais, S.A.	Serra Shopping - Centro Comercial, S.A.
Parcelas e Narrativas - Imobiliária, S.A.	Sesagest - Proj.Gestão Imobiliária, S.A.
Pareuro, BV	Sete e Meio Herdades - Investimentos Agrícolas e Turismo, S.A.
Park Avenue Development of Shopping Centers, S.A.	SFS - Financial Services IME, S.A.
Parklake Business Centre Srl	SFS - Gestão de Fundos, SGFI, S.A.
Parklake Shopping, S.A.	SFS Gestão e Consultoria, S.A.
Parque Atlântico Shopping - Centro Comercial, S.A.	Shopping Centre Colombo Holding, B.V.
Parque D. Pedro 1, SARL	Shopping Centre Parque Principado BV



<p>SIAL Participações, Ltda. Sierra Balmain Asset Management Spółka Z ograniczoną odpowiedzialności Sierra Balmain Property Management Spółka z o. o. Sierra Brazil I, Sarl Sierra Central, S.A.S. Sierra Developments Holding BV Sierra Developments, SGPS, S.A. Sierra European Retail Real Estate Assets Holdings B.V. Sierra Germany GmbH Sierra Iberian Assets Holding, S.A.U. Sierra Investments (Holland) 1 BV Sierra Investments (Holland) 2 BV Sierra Investments Holdings BV Sierra Investments SGPS, S.A. Sierra Italy Agency Srl Sierra Italy Srl Sierra LM, SGPS, S.A. Sierra Management, SGPS, S.A. Sierra Maroc Services, SARL Sierra Maroc, SARL Sierra Parma Project BV Sierra Portugal Feeder 1, S.C.A. Sierra Portugal Feeder 2, S.à r.l. Sierra Portugal, S.A. Sierra Project Nürnberg BV Sierra Real Estate Greece BV Sierra Retail Ventures BV Sierra Romania Shopping Centers Services, SRL Sierra Services Holland BV Sierra Solingen Holding GmbH Sierra Spain Malaga Holdings, SL Sierra Spain, Shopping Centers Services, S.A. Sierra Turkey Gayrim.Yön.P.Dan.An.Sirket Sierra VdG Holding BV SII - Soberana Investimentos Imobiliários, S.A. SK - Skin Health Cosmetics SLS Salsa - Comércio e Difusão de Vestuário, SAU SLS Salsa España - Comercio y Difusión de Vestuario, SAU Sociedade de Construções do Chile, S.A. Sociedade de Iniciativa e Aproveitamentos Florestais - Energia, S.A. Société de Tranchage Isoroy SAS Socijofra - Sociedade Imobiliária, S.A. Sociloures - Sociedade Imobiliária, S.A. Soflorin, BV Sohi Meat Solutions - Distribuição de Carnes, S.A. Soira- Soc.Imobiliáriade Ramalde, S.A. Solinca Health & Fitness, S.A. Soltroia- Imob.de Urb.Turismo de Tróia, S.A. Somit - Imobiliária, S.A. Sonae Arauco (UK), Ltd. Sonae Arauco Beeskow GmbH Sonae Arauco Deutschland GmbH Sonae Arauco Espana - Soluciones de Madera, S. L. Sonae Arauco France SAS Sonae Arauco Maroc SARL Sonae Arauco Netherlands BV Sonae Arauco Portugal, S.A. Sonae Arauco South Africa (Pty) Ltd Sonae Arauco Suisse S.A. Sonae Arauco, S.A. Sonae Capital, SGPS, S.A. Sonae Corporate, S.A. Sonae FS, SA Sonae Holdings, S.A. Sonae Indústria - Management Services, S.A. Sonae Indústria - Soc. Gestora de Participações Sociais, S.A. Sonae Indústria de Revestimentos, S.A. Sonae Investments, BV Sonae MC - Serviços Partilhados, S.A. Sonae MC S2 Africa Limited</p>	<p>Sonae MC, SGPS, S.A. Sonae RE, S.A. Sonae S2 Africa Limited Sonae Sierra Brasil, S.A. Sonae Sierra Brazil Holdings S.à r.l. Sonae Sierra, SGPS, S.A. Sonaerp - Retail Properties, S.A. Sondis Imobiliária, S.A. Sontária - Empreendimentos Imobiliários, S.A. Sonvecap, BV Sotáqua - Soc. de Empreendimentos Turísticos, S.A. Soternix - Produção de Energia, ACE SPF - Sierra Portugal SPF - Sierra Portugal Feeder 1, S.C.A. SPF - Sierra Portugal Feeder 2, S.C. SPF - Sierra Portugal Real Estate, SARL Spinarq - Moçambique, Lda. Spinveste - Promoção Imobiliária, S.A. Spinveste. Gestão Imobiliária SGII, S.A. Sport TV Portugal, S.A. Sport Zone Canárias Sportlberica, S.A. Sprinter Megacentros del Deporte, SL Suncoutim - Solar Energy, S.A. Tafisa Canadá Inc Tafisa France SAS Taiber, Tableros Aglomerados Ibéricos, S.L. Tecmasa, Reciclados de Andalucía, SL Tecnologias del Medio Ambiente, S.A. Teliz Holding, B.V. The Artist Porto Hotel & Bistrô - Actividades Hoteleiras, S.A. The House Ribeira Hotel - Exploração Hoteleira, S.A. Tomenider Tool, GmbH Torre Norte, S.A. Trivium Real Estate Socimi, S.A. Tróia Market, S.A. Tróia Natura, S.A. TROIAMED - Sociedade Mediação Imob., S.A. Troiaresort - Investimentos Turísticos, S.A. Troiaresort, SGPS, S.A. Tulipamar - Expl.Hoteleira Imob., S.A. Turismo da Samba (Tusal), SARL UP Invest, SGPS, S.A. Upstar Comunicações, S.A. Urban Fit - Gestão de Health Clubs, Lda. Urban Fit Foz - Gestão de Health Clubs, Lda. Urban Fit Gaia - Gestão de Health Clubs, Lda. Urban Fit Maia - Gestão de Health Clubs, Lda. Urbisedas - Imobiliária das Sedas, S.A. Usebti Textile México S.A. de C.V. Valor N, S.A. Vastgoed One - Sociedade Imobiliária, S.A. Vastgoed Sun - Sociedade Imobiliária, S.A. VdG Holding B.V. Via Catarina Centro Comercial, S.A. Vistas do Freixo - Emp. Tur. Imobiliários, S.A. Weiterstadt Shopping B.V. Win Broker - Mediação de Seguros, Lda. Worten - Equipamento para o Lar, S.A. Worten Canárias, SL Worten España Distribución, SL Worten International Trade, S.A. Worten Malta Holding Limited ZAP Media, S.A. Zenata Commercial Project, S.A. Zippy - Comércio e Distribuição, S.A. Zippy - Comercio y Distribución, S.A. Zippy cocuk malz.dagith.ve tic.ltd.sti</p>
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1.3. Sonaecom separate financial statements

Separate statement of financial position

For the years ended on 31 December 2020 and 2019

(Amounts expressed in Euro)	Notes	December 2020	December 2019
Assets			
Non-current assets			
Property, plant and equipment	1a and 2	3,250	5,061
Intangible assets	1b and 3	2,454	1,750
Right of use	1f and 4	64,494	92,370
Investments in subsidiaries	1c, 1t and 6	75,521,609	66,478,789
Investments in joint ventures	1d, 1t and 7	597,666,944	597,666,944
Other non-current assets	1c, 1e, 1n, 1t, 5, 8 and 28	213,890,602	197,453,129
Deferred tax assets	1m and 9	2,543,356	67,473
Total non-current assets		889,692,709	861,765,516
Current assets			
Income tax assets	1m, 5 and 10	788,383	788,383
Other receivables	1e, 1g, 5, 11 and 28	229,891	253,086
Other current assets	1e, 1n, 5, 12 and 28	91,851	88,615
Cash and cash equivalents	1e, 1h, 5, 13 and 28	186,694,487	236,903,101
Total current assets		187,804,612	238,033,185
Total assets		1,077,497,321	1,099,798,701
Shareholder' funds and liabilities			
Shareholders' funds			
Share capital	14	230,391,627	230,391,627
Own shares	1r and 15	(8,441,804)	(8,441,804)
Reserves	1q	850,166,423	832,770,588
Net income / (loss) for the year		3,076,233	42,774,663
Total Shareholders' funds		1,075,192,479	1,097,495,074
Liabilities			
Non-current liabilities			
Provisions	1l and 17	263,952	199,812
Lease liabilities	1e, 1f, 5 and 18	41,094	66,293
Other non-current liabilities	1e, 1n, 1u, 5 and 19	104,238	108,583
Total non-current liabilities		409,284	374,688
Current liabilities			
Other payables	1e, 5, 20 and 28	1,178,121	1,445,304
Lease liabilities	1e, 1f, 5 and 18	25,199	28,012
Other current liabilities	1e, 1n, 1u, 5, 21 and 28	692,238	455,623
Total current liabilities		1,895,558	1,928,939
Total liabilities		2,304,842	2,303,627
Total Shareholders' funds and liabilities		1,077,497,321	1,099,798,701

The notes are an integral part of the financial statements.

The Certified Accountant

The Board of Directors



Separate income statement by nature

For the years ended on 31 December 2020 and 2019

(Amounts expressed in Euro)	Notes	December 2020	December 2019
Services rendered	1.o, 22 and 28	411,000	379,542
Other income	1.o, 23 and 28	21,124	152,386
		432,124	531,928
External supplies and services	24 and 28	(774,175)	(636,596)
Employee benefits expense	1.u, 31 and 32	(1,073,786)	(1,120,233)
Depreciation and amortisation	1.a, 1.b, 1.f, 2, 3 and 4	(30,574)	(25,205)
Provisions	11 and 17	(64,139)	-
Other expenses		(56,453)	(46,533)
		(1,999,127)	(1,828,567)
Gains and losses on subsidiary and companies jointly controlled	1.c, 1.d, 1.o, 6, 7, 17 and 25	1,125,872	43,174,931
Financial expenses	1.c, 1.f 1.i, 1.j, 1.s, 26 and 28	(63,042)	(57,095)
Financial income	1.f, 1.s, 11, 26 and 28	980,096	864,324
Earnings before taxes		475,923	42,685,521
Income taxation	1.m, 9 and 27	2,600,310	89,142
Net income / (loss) for the year		3,076,233	42,774,663

The notes are an integral part of the financial statements.

The Certified Accountant

The Board of Directors



Separate statement of comprehensive income

For the years ended on 31 December 2020 and 2019

(Amounts expressed in Euro)	Notes	December 2020	December 2019
Net income / (loss) for the year		3,076,233	42,774,663
Comprehensive income for the year		3,076,233	42,774,663

The notes are an integral part of the financial statements.

The Certified Accountant

The Board of Directors

Separate statement of changes in Equity

For the years ended on 31 December 2020 and 2019

(Amounts expressed in Euro)	Reserves and retained earnings							Net income / (loss)	Total
	Share capital (note 14)	Own shares (note 1r and 15)	Share premium	Legal reserves	Own shares reserves	Other reserves	Total reserves (note 1.q)		
2020									
Balance at 31 December 2019	230,391,627	(8,441,804)	775,290,377	18,545,192	8,441,804	30,493,215	832,770,588	42,774,663	1,097,495,074
Appropriation of the result of 2019									
Transfer to legal reserves and other reserves and retained earnings	-	-	-	2,138,733	-	40,635,930	42,774,663	(42,774,663)	-
Dividend Distribution (note 28)	-	-	-	-	-	(25,378,828)	(25,378,828)	-	(25,378,828)
Comprehensive income for the year ended at 31 December 2020	-	-	-	-	-	-	-	3,076,233	3,076,233
Balance at 31 December 2020	230,391,627	(8,441,804)	775,290,377	20,683,925	8,441,804	45,750,317	850,166,423	3,076,233	1,075,192,479

(Montantes expressos em euros)	Reservas e resultados transitados							Resultado líquido	Total
	Capital social (Nota 14)	Ações próprias (Nota 1r e 15)	Prémios de emissão de ações	Reserva legal	Reservas de ações próprias	Outras reservas e resultados transitados	Total de reservas (Nota 1.q)		
2019									
Saldo em 31 de dezembro 2018	230,391,627	(8,441,804)	775,290,377	17,701,887	8,441,804	48,717,236	850,151,304	16,865,415	1,088,966,542
Aplicação do resultado líquido de 2018									
Transferência para reserva legal e outras reservas e resultados transitados	-	-	-	843,305	-	16,022,110	16,865,415	(16,865,415)	-
Distribuição de dividendos (Nota 28)	-	-	-	-	-	(34,246,131)	(34,246,131)	-	(34,246,131)
Rendimento integral do exercício findo em 31 de dezembro de 2019	-	-	-	-	-	-	-	42,774,663	42,774,663
Saldo em 31 de dezembro 2019	230,391,627	(8,441,804)	775,290,377	18,545,192	8,441,804	30,493,215	832,770,588	42,774,663	1,097,495,074

The notes are an integral part of the financial statements.

The Certified Accountant

The Board of Directors

Separate cash flow statement

For the years ended on 31 December 2020 and 2019

(Amounts expressed in Euro)	Notes	December 2020	December 2019
Operating activities			
Receipts from trade debtors		411,010	446,695
Payments to trade creditors		(742,277)	(656,371)
Payments to employees		(1,139,755)	(1,522,139)
Cash flows from operating activities		(1,471,022)	(1,731,815)
Payments / receipts relating to income taxes		186,959	42
Other payments / receipts relating to operating activities		30,426	3,253
Cash flows from operating activities (1)		(1,253,637)	(1,728,520)
Investing activities			
Receipts from:			
Financial investments	8	27,351,948	46,895,941
Interest and similar income	26	1,086,213	1,286,773
Loans granted	8	16,235,000	23,995,000
Dividends	25	-	46,991,559
Payments for:			
Financial investments	6 and 8	(46,516,151)	(44,574,231)
Property, plant and equipment	2	-	(1,666)
Intangible assets	3	(2,742)	-
Loans granted	8	(21,640,000)	(14,355,000)
Cash flows from investing activities (2)		(23,485,732)	60,238,375
Financing activities			
Payments for:			
Interest and similar expenses	26	(60,630)	(55,062)
Dividends Paid	28	(25,378,828)	(34,246,131)
Leases		(29,787)	(28,459)
Cash flows from financing activities (3)		(25,469,245)	(34,329,652)
Net cash flows (4)=(1)+(2)+(3)		(50,208,614)	24,180,203
Cash and cash equivalents at the beginning of the year	13	236,903,101	212,722,898
Cash and cash equivalents at year end	13	186,694,487	236,903,101

The notes are an integral part of the financial statements.

[The Certified Accountant](#)

[The Board of Directors](#)

Notes to the cash flow statement

For the years ended on 31 December 2020 and 2019

	Notes	December 2020	December 2019
1. Acquisition or sale of subsidiaries or other businesses activities			
a) Receipts from other business activities			
Loan repayment from Sonae Investment Management - Software and Technology, SGPS, S.A.	8	16,235,000	23,995,000
Reimbursement of supplementary capital from Sonae Investment Management - Software and Technology, SGPS, S.A.	8	24,585,000	46,895,941
Reimbursement of supplementary capital from PCJ - Público, Comunicação e Jornalismo, S.A.	8	2,766,948	-
		43,586,948	70,890,941
b) Payments from other business activities			
Loan granted to Sonae Investment Management - Software and Technology, SGPS, S.A.	8	21,640,000	14,355,000
Supplementary capital to Sonae Investment Management - Software and Technology, SGPS, S.A.	8	34,449,203	37,074,231
Supplementary capital to Público - Comunicação Social, S.A.	8	1,300,000	3,500,000
Cash outflow to coverage losses of PCJ - Público, Comunicação e Jornalismo, S.A.	6	2,766,948	-
Share capital increase of Bright Tech Innovation I	6	3,000,000	-
Share capital increase of PCJ - Público, Comunicação e Jornalismo, S.A.	6	2,000,000	2,000,000
Share capital increase of Sonaecom Serviços Partilhados, S.A.	6	2,000,000	2,000,000
Share capital increase of Público - Comunicação Social, S.A.	6	1,000,000	-
		68,156,151	58,929,231
c) Dividends received			
ZOPT, SGPS, S.A.	25	-	46,991,559
		-	46,991,559
2. Description of non-monetary financing activities			
a) Bank credit obtained and not used		1,000,000	1,000,000
b) Purchase of company through the issue of shares		Not applicable	Not applicable
c) Conversion of loans into shares		Not applicable	Not applicable

The notes are an integral part of the financial statements.

The Certified Accountant

The Board of Directors

1.4. Notes to the separate financial statements of Sonaecom

SONAECOM, SGPS, S.A., (hereinafter referred to as 'the Company' or 'Sonaecom') was established on 6 June 1988, under the name Sonae - Tecnologias de Informação, S.A. and has its head office at Lugar de Espido, Via Norte, Maia - Portugal. The corporate purpose of the Company is the management of shareholdings, as an indirect form of economic activities.

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

By public deed of 30 September 1997, the scission-fusion of Pargeste, SGPS, S.A., was carried out, and the company started to include the financial participations in the companies related to the communication and information technologies of the spun-off company.

At 3 November 1999, the Company's share capital was increased, its Articles of Association were modified and its name was changed to Sonae.com, SGPS, S.A.. Since then the Company's corporate object has been the management of investments in other companies. Also on 3 November 1999, the Company's share capital was re-denominated to euro, being represented by one hundred and fifty million shares with a nominal value of EUR 1 each.

At 1 June 2000, the Company carried out a Combined Share Offer, involving the following:

- A Retail Share Offer of 5,430,000 shares, representing 3.62% of the share capital, made in the domestic market and aimed at: (i) employees of the Sonae Group; (ii) customers of the companies controlled by Sonaecom; and (iii) the general public;
- An Institutional Offering for sale of 26,048,261 shares, representing 17.37% of the share capital, aimed at domestic and foreign institutional investors.

In addition to the Combined Share Offer, the Company's share capital was increased under the terms explained below. The new shares were fully subscribed for and paid up by Sonae-, SGPS, S.A. (a Shareholder of Sonaecom, hereinafter referred to as 'Sonae'). The capital increase was subscribed for and paid up on the date the price of the Combined Share Offer was determined, and paid up in cash, 31,000,000 new ordinary shares of 1 Euro each being issued. The subscription price for the new shares was the same as that fixed for the sale of shares in the aforementioned Combined Share Offer, which was EUR 10.

In addition, in this year, Sonae sold 4,721,739 Sonaecom shares under an option granted to the banks leading the Institutional Offer for Sale and 1,507,865 shares to Sonae Group managers and to the former owners of the companies acquired by Sonaecom.

By decision of the Shareholders' General Meeting held on 17 June 2002, Sonaecom's share capital was increased from Euro 181,000,000 to Euro 226,250,000 by public subscription reserved for the existing Shareholders, 45,250,000 new shares of 1 Euro each having been fully subscribed for and paid up at the price of Euro 2.25 per share.

At 30 April 2003, the Company's name was changed by public deed to Sonaecom, SGPS, S.A..

By decision of the Shareholders' General Meeting held on 12 September 2005, Sonaecom's share capital was increased by Euro 70,276,868, from Euro 226,250,000 to Euro 296,526,868, by the issuance of 70,276,868 new shares of 1 Euro each and with a share premium of Euro 242,455,195, fully subscribed by France Telecom. The corresponding public deed was executed on 15 November 2005.

By decision of the Shareholders' General Meeting held on 18 September 2006, Sonaecom's share capital was increased by Euro 69,720,000, to Euro 366,246,868, by the issuance of 69,720,000 new shares of 1 Euro each and with a share premium of Euro 275,657,217, subscribed by O93X - Telecomunicações Celulares, S.A. (EDP) and Parpública - Participações Públicas, SGPS, S.A. (Parpública). The corresponding public deed was executed on 18 October 2006.

By decision of the Shareholders General Meeting held on 16 April 2008, bearer shares were converted into registered shares.

At 5 February 2014, Sonaecom made public the decision to launch a general and voluntary tender offer for the acquisition of shares representing the share capital.

The offer was general and voluntary, with the offered obliged to acquire all the shares that were the object of the offer and were, until the end of the respective period, subject to valid acceptance by the recipients.

The period of the Offer, during which sales orders were received, ran for two weeks, beginning at 6 February and ending on 19 February 2014. At 20 February 2014, the results of the Offer

were released. The level of acceptance reached 62%, corresponding to 54,906,831 Sonaecom shares.

In 2014 Sonaecom reduced its share capital to EUR 230,391,627.

Following this result, Euronext Lisbon announced Sonaecom exclusion from the PSI-20 from 24 February 2014 forward.

The financial statements are presented in Euro, rounded to the unit.

Relevant events occurred during the year

2020 was marked by COVID 19 pandemic emergence in Europe, the subsequent formal national lock-down declared on 18th March and the consequent difficult and challenging economic environment. People and companies were forced to adapt to a new reality, transforming all work and social relations.

Since the beginning, the Board of Directors has followed in detail and with great concern all the pandemic developments, following closely the position of the competent international entities, namely the World Health Organization and the European Centre for Disease Prevention and Control, as well as the Portuguese Directorate-General of Health. Considering Sonaecom's activity, as a shareholding manager, the COVID-19 pandemic had no significant impacts with the exception of that described in note 7.

Overall, the macroeconomic context remains uncertain and intrinsically dependent on the epidemiological evolution and control, on governmental intervention to comply with vaccination plans, as well as on the support provided to the overall economy.

However, given the company's capital structure, with a significant amount in cash and bank deposits and a low amount of remunerated debt, no material changes in the Company's liquidity are expected. Furthermore, we will continue to implement all measures deemed appropriate to minimize their impacts, in line with the recommendation of the competent entities and in the best interest of all our stakeholders.

1. Basis of presentation

The accompanying separate financial statements have been prepared with an on a going concern basis, based on the Company's accounting records in accordance with International Financial Reporting Standards (IFRS), as adopted and effective in the European Union on 1 January 2020. These financial statements were prepared based on historical cost, except for the revaluation of certain financial instruments.

Sonaecom adopted IFRS for the first time according to SIC 8 (First-time adoption of IAS) on 1 January 2003.

The following standards, interpretations, amendments and revisions have been approved ('endorsed') by the European Union, and have mandatory application to the financial years beginning on or after 1 January 2020:

Standard / Interpretation	Effective date (annual years beginning on or after)
Amendment to IFRS 3: Definition of a business The amendment revises the definition of a business in order to account for business combinations. The new definition requires that an acquisition include an input, as well as a substantial process that jointly generate outputs. Outputs are now defined as goods and services rendered to customers, that generate investment income and other income, and exclude returns as lower costs and other economic benefits for shareholders. Optional 'concentration tests' for the assessment if one transaction is the acquisition of an asset or a business combination, are allowed.	1-jan-20
Amendment to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform (phase 1) This amendment constitutes a review regarding the pre-substitution issues in the context of the IBOR reform, which modify the existing requirements in IFRSs for hedging instruments on accounting. The changes were designed to support the supply of useful financial information by companies during the period of uncertainty resulting from the gradual elimination of interest rate reference indexes, such as IBORs. The amendments modify some specific hedge accounting requirements to relieve the potential effects caused by uncertainty of the IBOR reform. In addition, the changes require companies to provide additional information to investors about their hedge relationships, which are directly affected by these uncertainties.	1-jan-20
Amendment to IAS 1 and IAS 8: Definition of material These amendments revise the concept of "material". Includes clarifications as to obscured information, its effect being similar to the omission or distortion of information; and also, clarifications as to the term 'primary users of general purpose financial statements', defined as 'existing or potential investors, lenders and other creditors' that rely on general purpose financial statements to obtain a significant part of the information that they need.	1-jan-20
Amendments to references in other IFRS: Conceptual framework As a result of the publication of the new Conceptual Framework, the IASB introduced changes to the text of various standards and interpretations, like: IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, SIC 32, in order to clarify the application of the new definitions of asset / liability and expense / income, in addition to some of the characteristics of financial information. These amendments are retrospective, except if impractical.	1-jan-20
Amendment to IFRS 16: COVID-19 related rent concessions Amendment related to the accounting record by the renters of the bonuses in the rents, attributed by the lessors as a consequence of the impacts of Covid-19. This amendment introduces a practical expedient for lessees (but not for lessors), which exempts them from assessing whether the rent concessions granted by lessors under COVID-19 are a modification to the lease contract.	1-jan-20
Amendments to IFRS 4: Insurance Contracts - Deferral of IFRS 9 This amendment refers to the temporary accounting consequences resulting from the difference between the date of entry into force of IFRS 9 - Financial Instruments and the future IFRS 17 - Insurance Contracts.	1-jan-21

Regarding the new standards that became effective in the year started at 1 January 2020, the Company did an analysis of the



changes introduced and the impact on the financial statements and concluded that the application of these standards, did not produce effects materially relevant in the financial statements.

The Company did not proceed with the early application of any of these standards in the financial statements for the year ended at 31 December 2020.

Standards, interpretations, amendments and revisions, , were not approved (endorsed) by the European Union, until 31 December 2020:

Standard / Interpretation	Effective date (annual years beginning on or after)
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Reform of the reference interest rate (phase 2) These amendments deal with issues that arise during the reform of an interest rate reference which include the replacement of a reference interest rate with another alternative, allowing for the application of exemptions.	1-jan-21
Amendment to IFRS 3: Reference to the Conceptual framework This amendment updates the references to the Conceptual Framework without changing the accounting requirements for business combinations.	1-jan-22
Amendment to IAS 16: Proceeds before intended use This amendment changes the accounting treatment of the proceeds obtained from the sale of products that resulted from the production test phase of property, plant and equipment, prohibiting their deduction to the acquisition cost of assets.	1-jan-22
Amendment to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract This amendment specifies that when assessing whether a contract is onerous or not, only expenses directly related to the performance of the contract can be considered.	1-jan-22
Annual Improvements 2018 - 2020 The 2018-2020 annual provides improvements to: IFRS 1 (Subsidiary as first-time IFRS adopter), IFRS 9 (Derecognition of liabilities), IFRS 16 (Leasing incentives) and IAS 41 (Taxation and measurement of fair value). This amendment is applied prospectively.	1-jan-22
IFRS 17: Insurance contracts This new standard replaces IFRS 4 which becomes mandatory since 2004. IFRS 17 apply to all entities issuing insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics.	1-jan-23
Amendment to IAS 1: Classification of liabilities as current or non-current This amendment intends to clarify that liabilities are classified as either current or non-current balances depending on the rights that an entity has to defer its payment, at the end of each reporting period.	1-jan-23

These standards have not yet been approved ('endorsed') by the European Union and, as such, were not adopted by the Company for the year ended at 31 December 2020, because their application is not mandatory.

No material impact is expected from the adoption of the remaining standards.

The accounting policies and measurement criteria adopted by the Company at 31 December 2020 are comparable with those

used in the preparation of 31 December 2019 financial statements.

Main accounting policies

The main accounting policies used in the preparation of the accompanying financial statements are as follows:

a) Property plant and equipment

Tangible assets are recorded at their acquisition cost less accumulated depreciation and less estimated accumulated impairment losses.

Depreciations are calculated on a straight-line monthly basis as from the date the assets are available for use in the necessary conditions to operate as intended by the management, by a corresponding charge to the profit and loss statement caption 'Depreciation and amortisation'.

Impairment losses detected in the realisation value of tangible assets are recorded in the year in which they arise, by a corresponding charge to the caption 'Depreciation and amortisation' of the profit and loss statement.

The annual depreciation rates used correspond to the estimated useful life of the assets, which are as follows:

	Years of useful life
Buildings and others constructions	20
Fixtures and fittings	4

Current maintenance and repair costs of tangible assets are recorded as costs in the year in which they occur. Improvements of significant amount, which increase the estimated useful life of the assets, are capitalised and depreciated in accordance with the estimated useful life of the corresponding assets.

b) Intangible assets

Intangible assets are recorded at their acquisition cost less accumulated amortisation and less estimated accumulated impairment losses. Intangible assets are only recognised, if they were identifiable and if it is likely that they will bring future economic benefits to the Company, if the Company controls them and if their cost can be reliably measured.

Intangible assets correspond, essentially, to software and industrial property.

Amortisations are calculated on a straight-line monthly basis, over the estimated useful life of the assets (one to five years) as from the month in which the corresponding expenses are incurred.



Amortisation for the year is recorded in the profit and loss statement under the caption 'Depreciation and amortisation'.

Impairment losses detected in the realisation value of intangible assets are recorded in the year in which they arise, by a corresponding charge under the caption 'Depreciation and amortisation' in the profit and loss statement.

The annual rates used correspond to the estimated useful life of the assets, which are as follows:

	Years of useful life
Brands and other contractual rights	1-10
Software	5

c) Investments in subsidiaries and other non-current assets

Sonaecom has control of subsidiaries in situations that cumulatively fulfils the following conditions: i) has power over the subsidiary; ii) is exposed to, or has rights to, variable results via its relationship with the subsidiary; and iii) is able to use its power over the investee to affect the amount of your results. Financial investments in equity investments in group companies, are recorded under "Investments in subsidiaries", at cost of acquisition.

The acquisition cost is the amount of cash and cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of acquisition or establishment or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of IFRS 3.

The consideration transferred may include assets or liabilities of the acquirer that have carrying amounts that differ from their fair value at the acquisition date (for example, non-monetary assets or a business of the acquirer). If so, the acquirer must re-measure the assets and liabilities transferred at their fair value at the acquisition date and recognise the resulting gains or losses, if any, in the income statement. However, sometimes the transferred assets or liabilities remain in the entity acquired after the completion of the business and therefore the buyer retains control over them. In this situation, the acquirer shall measure those assets and liabilities at their carrying amounts immediately before the acquisition date and shall not recognise any gain or loss in the income statement for assets or liabilities it controls both before and after the completion of the deal.

Loans and supplementary capital granted to affiliated companies with maturities, estimated or defined contractually, greater than one year, are recorded, at their nominal value, which corresponds to its initial fair value, under the caption 'Other non-current assets'.

Investments and loans granted to group companies are evaluated whenever an event or change of circumstances indicates that the recorded amount may not be recoverable, or impairment losses recorded in previous years no longer exist.

Impairment losses estimated for investments and loans granted to group companies are recorded, in the year that they are estimated, under the caption 'Other financial expenses' in the profit and loss statement.

The expenses incurred with the acquisition of investments in group companies are recorded as cost when they are incurred.

d) Investments in companies jointly controlled

Investments in companies jointly controlled (companies in which the Company has, direct or indirect, 50% of the voting rights in the Shareholders' General Meeting of or in which it has the control over the financial and operating policies with the other entrepreneurs), are recorded under the caption 'Investments in companies jointly controlled', at acquisition cost in accordance with IAS 27, as such, Sonaecom presents, separately, consolidated financial statements in accordance with IAS / IFRS.

Loans and supplementary capital granted to companies jointly controlled, with maturities, estimated or defined contractually, greater than one year, are recorded, at their nominal value, which corresponds to its initial fair value, under the caption 'Other non-current assets'.

Investments and loans granted to companies jointly controlled are evaluated whenever an event or change of circumstances indicates that the recorded amount may not be recoverable, or impairment losses recorded in previous years no longer exist.

Impairment losses estimated for investments and loans granted to companies jointly controlled are recorded, in the year that they are estimated, under the caption 'Other financial expenses' in the profit and loss statement.

The expenses incurred with the acquisition of investments in companies jointly controlled are recorded as cost when they are incurred.

e) Financial instruments

Financial assets

The Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, financial assets measured at amortised cost, financial assets at fair value through other comprehensive income. Its classification depends on the entity's business model to

manage the financial assets and the contractual characteristics in terms of the cash flows of the financial asset.

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

(i) Financial assets measured at amortised cost

Financial assets measured at amortised cost are those that are part of a business model with the purpose to hold financial assets to receive contractual cashflows, although these contractual cash flows can only be capital repayments and interest payments of capital in debt.

(ii) Financial assets at fair value through other comprehensive income

This category may include financial assets that qualify as debt instruments (contractual obligation to deliver cash flows) or equity instruments (residual interest in an entity);

- a) Of debt instruments, this category includes financial assets that correspond only to the payment of nominal value and interest, for which the business model followed by the management is the receipt of contractual cash flows or on time sale;
- b) Of equity instruments, this category includes the percentage of interest held in entities over which the Company does not exercise control, joint control, or significant influence, and which the Company irrevocably chose on the date of initial recognition to designate at fair value through other comprehensive income.

At 31 December 2020, the Company did not hold assets classified at fair value through other comprehensive income.

(iii) Financial assets at fair value through profit or loss

This category includes debt instruments and equity instruments that do not meet the criteria for qualification as financial assets at amortised cost and which the Company has not classified as financial assets through other comprehensive income at the time of initial recognition. This category also includes all financial instruments whose contractual cash flows are not exclusively capital and interest.

Gains and losses resulting from the change in the fair value of assets measured at fair value through profit or loss are recognised in income for the year in which they occur in the respective caption "Losses / (gains) on financial assets", which include income amounts interest and dividends.

At 31 December 2020, the Company did not hold assets classified at fair value through profit or loss.

Financial assets are recognised in the Company's statement of financial position on the trade or contracting date, which is the date on which the Company undertakes to acquire or dispose of the asset. At the initial moment, financial assets are recognised at fair value plus directly attributable transaction costs, except for assets at fair value through profit or loss in which transaction costs are immediately recognised in the income statement.

Financial assets are derecognised when: (i) the contractual rights of the Company expire upon receipt of their cash flows; (ii) the Company has transferred substantially all the risks and benefits associated with its detention; or (iii) notwithstanding that it retains a portion, but not substantially all the risks and rewards associated with its detention, the Company has transferred control over the assets.

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

Financial assets at fair value through other comprehensive income, which are debt instruments, are subsequently measured at fair value through fair value changes recognised in other comprehensive income, except for variations related to the recognition of impairment, interest income and gains/(losses) due to foreign exchange differences, which are recognised in income for the year. Financial assets at fair value through other comprehensive income are subject to impairment.

Financial assets at fair value through other comprehensive income that are equity instruments are measured at fair value on the date of initial registration and subsequently, the fair value changes are recorded directly in the other comprehensive income, in the equity. Future reclassification is not possible, even after derecognition of the investment. Dividends obtained from these investments are recognised as gains, in results for the year, on the date they are attributed.

Financial assets and liabilities are offset and presented at net value, when and only when the Company has the right to offset the amounts recognised and intends to settle at the net value.

Financial liabilities

Financial liabilities and equity instruments are classified according to the contractual substance regardless of their legal form. Equity instruments are contracts that show a residual interest in the Company's assets after deducting liabilities. The equity instruments issued by the company are recorded at the amount received, net of the costs incurred with their issuance. Financial liabilities are derecognised only when they are

extinguished, that is, when the obligation is settled, cancelled or expired.

Financial liabilities are classified into two categories:

- (i) Financial liabilities at amortised cost
- (ii) Financial liabilities at fair value through profit or loss

In accordance with IFRS 9, financial liabilities are classified as subsequently measured at amortised cost, except for:

- a) Financial liabilities at fair value through profit or loss. These liabilities, including derivatives that are liabilities, should subsequently be measured at fair value;
- b) Financial liabilities that arise when a transfer of a financial asset does not meet the conditions for derecognition or when the continued involvement approach is applied;
- c) Financial guarantee contracts;
- d) Commitments to grant a loan at a lower interest rate than the market;
- e) The contingent consideration recognised by a purchaser in a business combination to which IFRS 3 applies. This contingent consideration should be subsequently measured at fair value, with changes recognised in profit or loss.

The category "Financial liabilities at amortized cost" includes liabilities presented under the heading loans obtained (Note 1.i)), suppliers and other debts. These liabilities are initially recognised at the fair value net of transaction costs and are subsequently measured at amortised cost in accordance with the effective interest rate.

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

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

f) Rights of use and leasing

A lease is defined as a contract, or part of a contract, that transfers the right to use a good (the underlying asset) for a period of time in exchange for a value.

At the beginning of each contract, it is evaluated and identified whether or not the contract contains a lease. This evaluation involves an exercise of judgment as to whether each contract depends on a specific asset, if the Company as lessee obtain substantially all the economic benefits from the use of that asset and whether they have the right to control the use of the asset.

All contracts that constitute a lease are accounted by the lessee based on a single recognition model in the balance sheet.

At the date of commencement of the lease, the Company recognises the liability related to lease payments (i.e. the lease liability) and the asset that represents the right to use the underlying asset during the lease period (i.e. the right of use or "ROU").

The interest on the lease liability and the depreciation of the ROU are recognised separately.

Lease liabilities are remeasured if certain events occur (such as a change in the lease period, a change in future payments that result from a change in the reference rate or rate used to determine such payments). This remeasurement of the lease liability is recognised as an adjustment in the ROU.

Rights of use (assets)

The Company recognises the right to use the assets at the start date of the lease (that is, the date on which the underlying asset is available for use).

The right to use the assets is recorded at acquisition cost, less accumulated depreciation and accumulated impairment losses and adjusted for any new measurement of lease liabilities. The cost of the right to use the assets includes the recognised amount of the lease liability, any direct costs incurred initially and payments already made prior to the initial rental date, less any incentives received and restoration costs, if exist.

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

Leasing incentives (eg.: rental grace periods) are recognised as elements for measuring the right of use and liabilities of the lease.

Variable income that does not depend on an index or rate is recognised as expenses in the year in which they are determined, or payment is made.

The Rights of use are depreciated according to the lease term, using the straight-line method, or according to the estimated useful life of the asset under right of use, when it is longer than the lease period and management intends to exercise the purchase option.

Unless it is reasonably certain that the Company obtains ownership of the leased asset at the end of the lease term, the recognised right to use the assets is depreciated on a straight-

line basis over the shorter of its estimated useful life and the term of the lease.

Rights of use are subject to impairment.

Lease liabilities

At the date of commencement of the lease, the Company recognises the liabilities measured at the present value of the future payments to be made until the end of the lease.

Lease payments include fixed payments (including fixed payments on the substance), less any incentives to receive, variable payments, dependent on an index or rate, and expected amounts to be paid under residual value guarantees. The lease payments also include the exercise price of a call option if it is reasonably certain that the Company will exercise the option and penalties for termination of the lease if it is reasonably certain that the Company will terminate the lease.

Payments for non-lease components are not recognised as lease liabilities.

Variable payments that do not depend on an index or a rate are recognised as an expense in the period in which the event giving rise to them occurs.

For the calculation of the present value of the lease payments, the Company uses the incremental loan rate at the start date of the lease if the implied interest rate is not readily determinable.

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

g) Other current debtors

'Other current debtors' are initially recognised at fair value and are subsequently measured at amortised cost, net of impairment adjustments. Impairment losses of 'Other current debtors' are recorded in accordance with the principles described in the policy in note 1.t. The identified impairment losses are recorded in the income statement and other comprehensive income in 'Impairment losses' and subsequently reversed on the net income.

h) Cash and cash equivalents

Amounts included under the caption 'Cash and cash equivalents' correspond to amounts held in cash and term bank deposits and other treasury applications with a maturity of less

than three months, where the risk of any change in value is insignificant.

The cash flow statement has been prepared in accordance with IAS 7 - 'Statement of Cash Flow', using the direct method. The Company classifies, under the caption 'Cash and cash equivalents', investments that mature in less than three months, for which the risk of change in value is insignificant. The caption 'Cash and cash equivalents' in the cash flow statement also includes bank overdrafts, which are reflected in the statement of financial position caption 'Short-term loans and other loans'.

The cash flow statement is classified by operating, financing and investing activities. Operating activities include collections from customers, payments to suppliers, payments to personnel and other flows related to operating activities.

Cash flows from investing activities include the acquisition and sale of investments in associated, subsidiary companies and companies jointly controlled as well as receipts and payments resulting from the purchase and sale of fixed assets.

Cash flows from financing activities include payments and receipts relating to loans obtained, the payments of interest of lease contracts, as well as cash flows from the shareholders' transactions in quality of shareholders.

All amounts included under this caption are likely to be realised in the short term and there are no amounts given or pledged as guarantee.

i) Loans

Loans are recorded as liabilities by the 'amortised cost'. Any expenses incurred in setting up loans are recorded as a deduction to the nominal debt and recognised during the period of the loan, based on the effective interest rate method. The interests incurred but not yet due are added to the loans caption until their payment.

j) Financial expenses relating to loans

Financial expenses relating to loans are generally recognised as expenses at the time they are incurred. Financial expenses related to loans for the acquisition, construction or production of assets are capitalised as part of the cost of the assets. These expenses are capitalised starting from the time of preparation for the construction or development of the asset and are interrupted when the assets are ready to operate, at the end of the production or construction phases or when the associated project is suspended.

k) Derivatives

The Company only uses derivatives in the management of its financial risks to hedge against such risks. The Company does not use derivatives for trading purposes.

When the hedge accounting is adopted, the management documents, on the initial date of the hedge relationship, the economic relationship between the hedging instruments and the hedge instruments, including the condition of the hedging instruments to compensate or not the changes in the cash flows of the hedge instruments, in accordance with the Risk Management objectives and strategy defined for contracting hedge transactions.

The cash flow hedges used by the Company are related to:

(i) Interest rate swaps operations to hedge against interest rate risks on loans obtained. The amounts, interest payment dates and repayment dates of the underlying interest rate swaps are similar in all respects to the conditions established for the contracted loans. Changes in the fair value of cash flow hedges are recorded in assets or liabilities, against a corresponding entry under the caption 'Hedging reserves' in Shareholders' funds.

(ii) Forward's exchange rate for hedging foreign exchange risk. The values and times periods involved are identical to the amounts invoiced and their maturities.

In cases where the hedge instrument is not effective, the amounts that arise from the adjustments to fair value are recorded directly in the profit and loss statement.

At 31 December 2020 and 2019, the Company did not have any derivatives.

l) Provisions and contingencies

Provisions are recognised when, and only when, the Company has a present obligation (either legal or implicit) resulting from a past event, the resolution of which is likely to involve the disbursement of funds by an amount that can be reasonably estimated.

Provisions are reviewed at the statement of financial position date and adjusted to reflect the best estimate at that date.

Provisions for restructurings are only registered if the Company has a detailed plan and if that plan has already been communicated to the parties involved.

Contingent liabilities are not recognised in the financial statements but are disclosed in the notes, except if the possibility of a cash outflow affecting future economic benefits is remote.

Contingent assets are not recognised in the financial statements but are disclosed in the notes when future economic benefits are likely to occur.

m) Income Tax

'Income tax' expense represents the sum of the tax currently payable and deferred tax. Income tax is recognised in accordance with IAS 12 - 'Income Taxes'.

Since 1 January 2015, Sonaecom Group is under the special regime for the taxation of groups of companies, from which Sonae, SGPS is the dominant company. Tax losses generated by the companies controlled within the group were offset by the Group's dominant entity. Tax losses generated by the dominated companies not compensated in the year, they will be compensated as the Group recovers, taking into account the future taxable profits of the Group, and the amount to be compensated is registered in non-current assets in an account receivable from the Group. Each company records the income tax on its individual accounts, and the tax recorded is recorded against the group companies account. The special regime for the taxation of groups of companies covers all direct or indirect subsidiaries, and even through companies resident in another Member State of the European Union or the European Economic Area, only if, in the last case, there is an obligation of administrative cooperation, on which the Group holds at least 75% of their share capital, where such participation confers more than 50% of voting rights, if certain requirements are met.

Deferred taxes are calculated using the liability method and reflect the timing differences between the amount of assets and liabilities for accounting purposes and the respective amounts for tax purposes.

In accordance with IAS 12, the company presents deferred tax assets and liabilities at net value, whenever:

- (i) the company has the legally exercisable right to compensate current tax assets and current tax liabilities;
- (ii) deferred tax assets and liabilities relate to income taxes recorded by the same tax authority and on the same taxable entity or on different taxable entities that intend to settle current tax liabilities and assets on a net basis, or realize the assets and settle liabilities simultaneously, in future years when deferred taxes are expected to be settled or recovered.

'Deferred tax assets' are only recognised when there is reasonable expectation that sufficient taxable profits shall arise in the future to allow such deferred tax assets to be used. At the end of each year the recorded and unrecorded deferred tax assets are revised and they are reduced whenever their realisation ceases to be probable, or increased if future taxable profits are, likely, enabling the recovery of such assets (note 9).

Deferred taxes are calculated with the tax rate that is expected to be in force at the time the asset or liability will be used based on decreed tax rate or substantially decreed tax rate at relate date.

Whenever deferred taxes derive from assets or liabilities directly registered in Shareholders' funds, its recording is also made under the Shareholders' funds caption. In all other situations, deferred taxes are always recorded in the profit and loss statement.

Tax impacts of IFRS 16 application

Considering the accounting impacts that result from the application of IFRS 16 - Leases, for a lessee, with the recognition of an asset under the right of use not typified in the tax law and the registration of a lease liability that is only taxally accepted for the payment of rents, management proceeded to recognise the respective deferred tax asset (on the lease liability) net of deferred tax liability (on the asset under direct use), on the initial and subsequent recognition date of the lease agreements. If the Tax Administration changes the tax law, the deferred taxes recognized may have to be revised / changed.

n) Accrual basis

Expenses and income are recorded in the year to which they relate, regardless of their date of payment or receipt. Estimated amounts are used when actual amounts are not known.

The captions 'Other non-current assets', 'Other current assets', 'Other non-current liabilities' and 'Other current liabilities' include expenses and income relating to the current year, where payment and receipt will occur in future years, as well as payments and receipts in the current year but which relate to future years. The latter shall be included by the corresponding amount in the results of the years to which they relate to.

The costs attributable to current year and whose expenses will only occur in future years are estimated and recorded under the caption 'Other current liabilities' and 'Other non-current liabilities', when it is possible to estimate reliably the amount and the timing of occurrence of the expense. If there is uncertainty regarding both the date of disbursement of funds, and the amount of the obligation, the value is classified as Provisions (note 1.1).

o) Revenue

Revenue includes the fair value of the amount received or receivable for the rendering of services resulting from the debits of management fees to subsidiaries. The revenue is recognised net from taxes.

Dividends

Dividends are recognised when the Shareholders' rights to receive such amounts are appropriately established and communicated.

p) Fair value

The measurement of fair value presumes that an asset or liability is changed in an orderly transaction between market participants to see the asset or transfer the liability at the measurement date, under current market conditions.

The measurement of fair value is based on the assumption that the transaction of sell the asset or transfer the liability may occur:

- (i) In the main asset and liability market, or
- (ii) If the main asset and liability does not exist in the market in which an orderly transaction would take place for the asset or liability

The Company uses appropriate valuation techniques to the circumstances and for which there is sufficient data to measure fair value, maximizing the use of observable relevant data and minimizing the use of unobservable data.

All assets and liabilities measured at fair value or for which disclosure is mandatory are classified according to a fair value hierarchy, which allocates the data to be used in the fair value measurement, into three levels detail below:

Level 1 - Unadjusted quoted prices for identical assets and liabilities in active markets, which the entity can access at the measurement date;

Level 2 - Valuation techniques that use inputs that are not quoted are directly or indirectly observable;

Level 3 - Valuation techniques that use inputs not based on observable market data, ie, based on unobservable data.

The measurement of fair value is classified fully at the lowest level of the input that is significant for the measurement.

q) Reserves

Legal reserve

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

Own shares reserve

The own shares reserve reflects the acquisition value of the own shares and follows the same requirements of legal reserve.

Other reserves and Shares Premium

This caption includes retained earnings from previous years that are available for distribution and the share premium.

Additionally, the increments resulting from the application of fair value through equity components, including its implementation through net results, shall be distributed only when the elements that gave rise to them are sold, liquidated or exercised or when they finish their use, in the case of tangible or intangible assets. Therefore, at 31 December 2020, Sonaecom, have free reserves distributable amounting approximately EUR47.3 million. To this effect were considered as distributable increments resulting from the application of fair value through equity components already exercised during the year ended at 31 December 2020.

r) Own shares

Own shares are recorded as a deduction of Shareholders' funds. Gains or losses related to the sale of own shares are recorded under the caption 'Other reserves'. While shares are owned for the Company must maintain an unavailable reserve equivalent to its book value.

s) Balances and transactions in foreign currency

The euro is the functional currency of presentation. All transactions in foreign currency are translated for the functional currency at the exchange rate of the transaction date. At each closing date, the exchange restatement of outstanding balances is carried out, applying the exchange rate in effect at that date.

Favourable and unfavourable foreign exchange differences resulting from changes in the rates in force at transaction date and those in force at the date of collection, payment or at the statement financial position date are recorded as income and expenses in the profit and loss statement in financial results.

The following rates were used for the translation into Euro:

	2020		2019	
	31 December	Average	31 December	Average
American Dollar	0.8149	0.8770	0.8902	0.8934

t) Assets impairment

Whenever the book value of an asset is greater than the amount recoverable, an impairment loss is recognised and recorded in the profit and loss statement under the caption 'Depreciation and amortisation' in the case of tangible assets and intangible assets for the other assets under the caption 'Impairment losses', in relation to the other assets.

Non-financial assets impairment

Impairment tests are performed for assets with undefined useful life at the date of each statement of financial position and whenever an event or change of circumstances indicates that the recorded amount of an asset may not be recoverable.

Impairment tests are performed for assets with defined useful lives and investments in subsidiaries and joint ventures whenever there is evidence that their book value is higher than the recoverable value.

The recoverable amount is the greater of the net selling price and the value of use. Net selling price is the amount obtained upon the sale of an asset in a transaction within the capability of the parties involved, less the costs directly related to the sale. The value of use is the present amount of the estimated future cash flows expected to result from the continued use of the asset and of its sale at the end of its useful life.

The recoverable amount is estimated for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

For investments in associated companies of the group and for assets with defined useful lives, the recoverable amount, calculated in terms of value in use, is determined based on the most recent business plans duly approved by the Company's Board of Directors. For investments in companies jointly controlled, the recoverable amount is determined taking into account various information such as the most recent business plans duly approved by the Company's Board of Directors and the average of evaluations made by external analysts (researches).

Non-financial assets, for which impairment losses have been recorded, are reviewed at each reporting date for reversal of these losses.

Financial assets impairment

The Company assesses at each reporting date the existence of impairment in financial assets at amortised cost. The expected loss results from the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate.

The objective of this impairment policy is to recognise expected credit losses over the duration of financial instruments that have undergone significant credit risk increases since initial recognition, assessed on an individual or collective basis, taking into account all reasonable and sustainable information, including prospects. If, at the reporting date, the credit risk associated with a financial instrument has not increased

significantly since the initial recognition, the Company measures the provision for losses relating to that financial instrument by an amount equivalent to the expected credit losses within a period of 12 months. If there has been an increase in credit risk, the Company calculates the impairment corresponding to expected losses for all contractual flows until the maturity of the asset.

Regarding accounts receivable under the heading "Otherreceivables", given the nature of these balances, the calculation of the impairment is not applicable based on the expected credit loss.

Regarding accounts receivable from related entities, which are not considered as part of the financial investment in these entities, credit impairment is assessed according to the following criteria: i) if the balance receivable is immediately due, ii) if the balance a low risk, or (iii) if it has a maturity of less than 12 months. In cases where the amount receivable is immediately payable and the related entity is able to pay, the probability of default is close to 0% and therefore the impairment is considered equal to zero. In cases where the receivable balance is not immediately due, the related entity's credit risk is assessed and if it is "low" or if the maturity is less than 12 months, then the Company only assesses the probability of a default occurring for the cash flows that mature in the next 12 months.

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

The Company prospectively assesses the estimated credit losses associated with the assets at amortized cost. The applied impairment methodology depends on whether or not there has been a significant increase in credit risk.

u) Medium-term incentive plans

The accounting treatment of Medium Term Incentive Plans is based on IFRS 2 – 'Share-based Payments'.

Under IFRS 2, when the settlement of plans established by the Company involves the delivery of Sonaecom's own shares, the estimated responsibility is recorded, as a credit entry, under the caption 'Reserves – Medium Term Incentive Plans', within the

caption 'Shareholders' funds' and is charged as an expense under the caption 'Employee benefits expense' in the profit and loss statement.

The quantification of this responsibility is based on its fair value at the attribution date and is recognised over the vesting period of each plan (from the award date of the plan until its vesting or settlement date). The total responsibility, at any point in time, is calculated based on the proportion of the vesting period that has 'elapsed' up to the respective accounting date.

For plans settled in cash, the estimated liability is recorded under the statement of financial position captions 'Other non-current liabilities' and 'Other current liabilities' by a corresponding entry under the profit and loss statement caption 'Staff expenses', for the cost relating to the vesting period that has 'elapsed' up to the respective accounting date. The liability is quantified based on the fair value of the shares as of each statement of financial position date. When the liability is covered by a hedging contract, recognition is made in the same way as described above, but with the liability being quantified based on the contractually fixed amount.

Equity-settled plans to be liquidated through the delivery of shares of Sonae SGPS are recorded as if they were settled in cash, which means that the estimated liability is recorded under the statement of financial position captions 'Other non-current liabilities' and 'Other current liabilities' by a corresponding entry under the profit and loss statement caption 'Employee benefits expense', for the cost relating to the deferred period elapsed. The liability is quantified based on the fair value of the shares as of each statement of financial position date.

At 31 December 2020, the plans granted during the year 2018, 2019 and 2020 are not covered, by the contract and so a liability is recorded at fair value was record. The responsibility of all plans is recorded under the captions 'Other non-current liabilities' and 'Other current liabilities'. The cost is recognized on the income statement under the caption 'Staff expenses'.

v) Distribution of dividends

The distribution of dividends to shareholders is recognised as a responsibility in the year in which the dividends are approved by the shareholders.

w) Subsequent events

Events occurring after the date of the statement of financial position which provide additional information about conditions prevailing at the time of the statement of financial position (adjusting events) are reflected in the financial statements. Events occurring after the statement of financial position date that provide information on post- statement of financial

position conditions (non-adjusting events), when material, are disclosed in the notes to the financial statements.

x) Judgements and estimates

The most significant judgements and accounting estimates reflected in the financial statements of the years ended at 31 December 2020 and 2019 are as follows:

- (i) Impairment analysis of investments in subsidiaries and joint ventures;
- (ii) Recognition of impairment losses on assets (Trade debtors and inventories), provisions and analysis of contingent liabilities; and
- (iii) Recoverability of deferred tax assets (note 9).

The estimates used are based on the best information available during the preparation of the financial statements and are based on the best knowledge of past and present events. Although future events are neither foreseeable nor controlled by the Company, some could occur and have impact on such estimates. Changes to the estimates used by the management that occur after the approval date of these consolidated financial statements, will be recognised in net income, in accordance with IAS 8 – ‘Accounting Policies, Changes in Accounting Estimates and Errors’, using a prospective methodology.

The mainly estimates and assumptions related to future events included in the preparation of the financial statements are described in the corresponding notes, when applicable

Impairment of non-financial assets

The determination of impairment on financial assets involves significant estimates. In calculating this estimate, management assesses, namely in the projection of cash flows from assets included in business plans, growth rate in perpetuity and discount rate of cash flows. The sensitivity analysis to the variation of the assumptions in the impairment calculation is reflected in notes 6 and 7.

Impairment of financial assets

The determination of impairment on financial assets involves significant estimates. In calculating this estimate, management assesses, among other factors, the duration and extent of the circumstances under which the recoverable amount of these assets may be lower than their book value. The balances of ‘Other current debtors’ and ‘Other current assets’ are valued for factors such as default history, current market conditions, and estimated prospective information by reference to the end of each reporting year, the most critical evaluation elements for the purpose of analysing estimated credit losses.

The sensitivity analysis to the variation of the assumptions in the calculation of impairment is reflected in note 6.

Recoverability of deferred tax assets

Deferred tax assets’ are recognized only when there are reasonable expectations of sufficient future taxable income to use these deferred tax assets. At the end of each year, a review of the deferred taxes recorded is made, as well as of the unrecognized taxes, which are reduced whenever their future use is no longer probable to be used in the future, or recorded, provided that, and to the extent that, it becomes probable the generation of taxable profits in the future that allow their recovery.

The remaining judgments and indicators are indicated in the corresponding notes annexed, when applicable

y) Financial risk management

The Company’s activities expose it to a variety of financial risks such as market risk, liquidity risk and credit risk.

These risks arise from the unpredictability of financial markets, which affect the capacity to project cash flows and profits. The Company’s financial risk management, subject to a long-term ongoing perspective, seeks to minimise potential adverse effects that derive from that uncertainty, using, every time it is possible and advisable, derivative financial instruments to hedge the exposure to such risks (note 1.k).

The Company is also exposed to equity price risks arising from equity investments, although they are usually maintained for strategic purposes.

Market risk

a) Foreign exchange risk

Foreign exchange risk management seeks to minimise the volatility of investments and transactions made in foreign currency and contributes to reduce the sensitivity of results to changes in foreign exchange rates.

Whenever possible, the Company uses natural hedges to manage exposure, by offsetting credits granted and credits received expressed in the same currency. When such procedure is not possible, the Company adopts derivative financial hedging instruments (note 1. k).

Considering the reduced values of assets and liabilities in foreign currency, the impact of a change in exchange rate will not have significant impacts on the financial statements.

b) Interest rate risk

In the year ended at 31 December 2020, Sonaecom has no indebtedness. However, as all Sonaecom’s borrowings (note 16) are at variable rates, interest rate swaps and other derivatives are used to hedge future changes in cash flow relating to



interest payments, when it is considered necessary. Interest rate swaps have the financial effect of converting the respective borrowings from floating rates to fixed rates. Under the interest rate swaps, the Company agrees with third parties (banks) to exchange, in pre-determined periods, the difference between the amount of interest calculated at the fixed contract rate and the floating rate at the time of re-fixing, by reference to the respective agreed notional amounts.

The counterparties of the derivative hedging instruments are limited to highly rated financial institutions, being the Company's policy, when contracting such instruments, to give preference to financial institutions that form part of its financing transactions. In order to select the counterparty for occasional operations, Sonaecom requests proposals and indicative prices from a representative number of banks in order to ensure adequate competitiveness of these operations.

In determining the fair value of hedging operations, the Company uses certain methods, such as option valuation and discounted future cash flow models, using assumptions based on market interest rates prevailing at the statement of financial position date.

Comparative financial institution quotes for the specific or similar instruments are used as a benchmark for the valuation.

The fair value of the derivatives contracted, that are not considered as fair value hedges or the ones that are considered not sufficiently effective for cash flow hedge, are recognised under statement financial position and changes in the fair value of such derivatives are recognised directly in the profit and loss statement for the year.

Sonaecom's Board of Directors approves the terms and conditions of the financing with significant impact in the Company, based on the analysis of the debt structure, the risks and the different options in the market, particularly as to the type of interest rate (fixed / variable).

Under the policy defined above, the Executive Committee is responsible for the decision on the occasional interest rate hedging contracts, through the monitoring of the conditions and alternatives existing in the market.

At 31 December 2020 and 2019, are not contracted any derivatives instruments of hedging of the interest rate changes.

Liquidity risk

The existence of liquidity in the Company requires the definition of some policies for an efficient and secure management of the liquidity, allowing us to maximise the

profitability and to minimise the opportunity costs related with that liquidity.

The liquidity risk management has a threefold objective: (i) Liquidity, i.e., to ensure the permanent access in the most efficient way to obtain sufficient funds to settle current payments in the respective dates of maturity as well as any eventual not forecasted requests for funds, in the deadlines set for this; (ii) Safety, i.e., to minimise the probability of default in any reimbursement of application of funds; and (iii) Financial efficiency, i.e., to ensure that the Company maximises the value / minimise the opportunity cost of holding excess liquidity in the short term.

The main underlying policies correspond to the variety of instruments allowed, the maximum acceptable level of risk, the maximum amount of exposure by counterparty and the maximum periods for investments.

The existing liquidity should be applied to the alternatives and by the order described below:

- (i) Amortisation of short-term debt – after comparing the opportunity cost of amortisation and the opportunity cost related to alternative investments.
- (ii) Consolidated management of liquidity – the existing liquidity in group companies, should mainly be applied in group companies, to reduce the use of bank debt at a consolidated level; and
- (iii) Applications in the market.

The applications in the market are limited to eligible counterparties, with ratings previously established by the Board of Directors and limited to certain maximum amounts by counterparty.

The definition of maximum amounts intends to assure that the application of liquidity in excess is made in a prudent way and taking into consideration the best practices in terms of bank relationships.

The maturity of applications should equalise the forecasted payments (or the applications should be easily convertible, in case of asset investments, to allow urgent and not estimated payments), considering a threshold for eventual deviations on the estimates. The threshold depends on the accuracy level of treasury estimates and would be determined by the business. The accuracy of the treasury estimates is an important variable to quantify the amounts and the maturity of the applications in the market.

Considering the low value of the liabilities of the company is understood that the liquidity risk is very low.

Credit risk

The Company's exposure to credit risk is mainly associated with the accounts receivable related to current operational activities, cash investments and other non-current assets supplies.

(i) Cash and cash equivalents

Sonaecom holds financial assets arising from its relationship with subsidiary and with financial institutions (note 13). There is a credit risk associated with the potential pecuniary default of the Financial Institutions that are counterparts in these relationships, however, in general, the exposure related to this type of financial assets is widely diversified and of limited duration in time.

Credit risk associated with relationships with financial institutions is limited by the management of risk concentration and a rigorous selection of counterparties with a high prestige and national and international recognition and based on their respective ratings, taking into account the nature, maturity and size of operations.

The Company uses credit assessment agencies and has specific departments for credit control, collection and litigations' management, as well as credit insurance, which help to mitigate such risk. The management of this risk is aimed at ensuring the effective collection of its credits within the established deadlines without affecting the financial balance of the Company.

(ii) Loans granted to related parties

There are no impairment losses for Loans granted to related parties.

Loans granted to related parties (note 8) are considered to have low credit risk and, therefore, impairment losses recognised during the year are limited to estimated credit losses at 12 months. These financial assets are considered to have "low credit risk" when they have a low impairment risk and the borrower has a high capacity to meet its contractual cash flow liabilities in the short term.

(iii) Other receivables

To measure the expected credit losses, the unpaid amounts and contractual assets were grouped based on the common credit risk characteristics and the days of late payment. The expected loss rates are based on the sales payment profiles over a period of 48 months (4 years) before 31 December 2020, and the corresponding historical credit losses verified during this period. Historical loss rates are adjusted to reflect current

and prospective information on macroeconomic factors that affect customers' ability to settle outstanding amounts.

As such, the impairment losses at 31 December 2020 were determined considering these assumptions of IFRS 9.

Considering the afore mentioned policies, the Board of Directors does not foresee the possibility of any occurrence of any material breach of contractual obligations.

The amounts related to cash and cash equivalents, other non-current assets (loans granted) and other third-party debts presented in the financial statements, which are net of impairment, represent the maximum exposure of the Company to credit risk.

Capital risk

Sonaecom's capital structure, determined by the ratio of equity and net debt, is managed in a way that ensures the continuity and development of its operating activities, maximises shareholder returns and optimises the cost of financing.

Sonaecom periodically monitors its capital structure, identifying risks, opportunities and necessary adjustment measures in order to achieve the referred objectives.

In 2020, Sonaecom reported a negative accounting average gearing, obtained by the ratio of the average net debt of the year to the average of the equity of the year, of 19.1% (21.3% negative in 2019). The average gearing in market values in 2020 was negative in 43.4% (32.7% negative in 2019).

2. Property, plant and equipment

The changes in Property, plant and equipment and in the corresponding accumulated depreciation and impairment losses in the years ended at 31 December 2020 and 2019 was as follows:

							2020
	Buildings and other constructions	Plant and machinery	Vehicles	Tools	Fixtures and fittings	Other tangible assets	Total
Gross assets							
Balance at 31 December 2019	347,208	43,858	22,060	171	248,961	101	662,359
Balance at 31 December 2020	347,208	43,858	22,060	171	248,961	101	662,359
Accumulated depreciation and impairment losses							
Balance at 31 December 2019	344,203	43,858	22,060	171	246,905	101	657,298
Depreciation for the year	494	-	-	-	1,317	-	1,811
Balance at 31 December 2020	344,697	43,858	22,060	171	248,222	101	659,109
Net value	2,511	-	-	-	739	-	3,250

							2019
	Buildings and other constructions	Plant and machinery	Vehicles	Tools	Fixtures and fittings	Other tangible assets	Total
Gross assets							
Balance at 31 December 2018	347,208	43,858	22,060	171	248,961	101	662,359
Balance at 31 December 2019	347,208	43,858	22,060	171	248,961	101	662,359
Accumulated depreciation and impairment losses							
Balance at 31 December 2018	343,709	43,858	22,060	171	245,466	101	655,365
Depreciation for the year	494	-	-	-	1,439	-	1,933
Balance at 31 December 2019	344,203	43,858	22,060	171	246,905	101	657,298
Net value	3,005	-	-	-	2,056	-	5,061

3. Intangible assets

The changes in intangible assets and the corresponding accumulated amortisation and impairment losses in the years ended at 31 December 2020 and 2019 was as follows:

			2020
	Brands patents and other rights	Software	Total
Gross assets			
Balance at 31 December 2019	9,931	195,879	205,810
Adicions	1,591	-	1,591
Balance at 31 December 2020	11,522	195,879	207,401
Accumulated amortisation and impairment losses			
Balance at 31 December 2019	9,931	194,129	204,060
Amortisation for the year	219	668	887
Balance at 31 December 2020	10,150	194,797	204,947
Net value	1,372	1,082	2,454

			2019
	Brands patents and other rights	Software	Total
Gross assets			
Balance at 31 December 2018	9,931	195,879	205,810
Balance at 31 December 2019	9,931	195,879	205,810
Accumulated amortisation and impairment losses			
Balance at 31 December 2018	9,896	193,434	203,330
Amortisation for the year	35	695	730
Balance at 31 December 2019	9,931	194,129	204,060
Net value	-	1,750	1,750

4. Rights of use

For the years ended at 31 December 2020 and 2019, the changes occurred in the value of the rights of use, as well as its depreciations and amortisations and accumulated impairment losses, were as detailed below:

		2020
	Vehicles	Total
Gross assets		
Balance at 31 December 2019	144,608	144,608
Disposals and write-offs	(20,912)	(20,912)
Balance at 31 December 2020	123,696	123,696
Accumulated depreciation and impairment losses		
Balance at 31 December 2019	52,238	52,238
Depreciation for the year	27,876	27,876
Disposals and write-offs	(20,912)	(20,912)
Balance at 31 December 2020	59,202	59,202
Net value	64,494	64,494

		2019
	Vehicles	Total
Gross assets		
Balance at 31 December 2018	154,723	154,723
Additions	19,632	19,632
Disposals and write-offs	(29,747)	(29,747)
Balance at 31 December 2019	144,608	144,608
Accumulated depreciation and impairment losses		
Balance at 31 December 2018	59,443	59,443
Depreciation for the year	22,542	22,542
Disposals and write-offs	(29,747)	(29,747)
Balance at 31 December 2019	52,238	52,238
Net value	92,370	92,370

5. Breakdown of financial instruments

At 31 December 2020 and 2019, the breakdown of financial instruments, according to IFRS 9, was as follows:

				2020
	Assets measured at amortised cost	Total financial assets	Others not covered by IFRS9	Total
Non-current assets				
Other non-current assets (note 8)	21,649,209	21,649,209	192,241,393	213,890,602
	21,649,209	21,649,209	192,241,393	213,890,602
Current assets				
Income tax assets (note 10)	-	-	788,383	788,383
Other receivables (note 11)	118,042	118,042	111,849	229,891
Other current assets (note 12)	59,175	59,175	32,676	91,851
Cash and cash equivalents (note 13)	186,694,487	186,694,487	-	186,694,487
	186,871,704	186,871,704	932,908	187,804,612



				2019
	Assets measured at amortised cost	Total financial assets	Others not covered by IFRS 9	Total
Non-current assets				
Other non-current assets (note 8)	16,458,991	16,458,991	180,994,138	197,453,129
	16,458,991	16,458,991	180,994,138	197,453,129
Current assets				
Income tax assets (note 10)	-	-	788,383	788,383
Other receivables (note 11)	195,750	195,750	57,336	253,086
Other current assets (note 12)	59,400	59,400	29,215	88,615
Cash and cash equivalents (note 13)	236,903,101	236,903,101	-	236,903,101
	237,158,251	237,158,251	874,934	238,033,185

				2020
	Liabilities recorded at amortised cost	Total financial liabilities	Others not covered by IFRS 9	Total
Non-current liabilities				
Lease liabilities (note 18)	41,094	41,094	-	41,094
Other non-current liabilities (note 19)	-	-	104,238	104,238
	41,094	41,094	104,238	145,332
Current liabilities				
Other payables (note 20)	1,159,081	1,159,081	19,040	1,178,121
Lease liabilities (note 18)	25,199	25,199	-	25,199
Other current liabilities (note 21)	600,259	600,259	91,979	692,238
	1,784,539	1,784,539	111,019	1,895,558

				2019
	Liabilities recorded at amortised cost	Total financial liabilities	Others not covered by IFRS 9	Total
Non-current liabilities				
Lease liabilities (note 18)	66,293	66,293	-	66,293
Other non-current liabilities (note 19)	-	-	108,583	108,583
	66,293	66,293	108,583	174,876
Current liabilities				
Other payables (note 20)	1,425,468	1,425,468	19,836	1,445,304
Lease liabilities (note 18)	28,012	28,012	-	28,012
Other current liabilities (note 21)	309,973	309,973	145,650	455,623
	1,763,453	1,763,453	165,486	1,928,939

Considering the nature of the balances, the amounts to be paid and received to/from State and other Public Entities as well as the specialised costs with the action plan, given their nature, were considered as financial instruments not covered by IFRS 9. On the other hand, the deferred costs/profits recorded in the captions other current and non-current assets and liabilities, were considered as non-financial instruments.

The Sonaecom's Board of Directors believes that, the fair value of the breakdown of financial instruments recorded at amortised cost or registered at the present value of the payments does not differ significantly from their book value. This decision is based in the contractual terms of each financial instrument.

6. Investments in subsidiaries

At 31 December 2020 and 2019, this caption included the following investments in subsidiaries:

Company	2020	2019
Sonae Investment Management - Software and Technology, SGPS, S.A. ("Sonae IM")	52,241,587	52,241,587
Público - Comunicação Social S.A. ('Público')	33,537,204	32,537,204
PCJ - Público Comunicação e Jornalismo S.A. ('PCJ')	24,456,948	19,690,000
Sonaecom - Serviços Partilhados S.A. ('Sonaecom SP')	8,050,000	6,050,000
Bright Tech Innovation I - Fundo de Capital de Risco (Bright Tech Innovation I)	3,000,000	-
	121,285,739	110,518,791
Impairment losses (note 17)	(45,764,130)	(44,040,002)
Total investments in subsidiaries	75,521,609	66,478,789

In the years ended at 31 December 2020 and 2019, the total amount of impairment losses is related with the subsidiaries Público and PCJ in the amounts of EUR 32,413,429 (EUR 30,879,750 in 2019) and EUR 13,350,701 (EUR 13,160,252 in 2019), respectively (Note 17).

The changes that occurred in investments in this caption during the years ended at 31 December 2020 and 2019 were as follows:

Company	Balance at 31 December 2019	Additions	Disposals	Transfers and write-offs	Balance at 31 December 2020
Sonae IM	52,241,587	-	-	-	52,241,587
Público	32,537,204	1,000,000	-	-	33,537,204
PCJ	19,690,000	4,766,948	-	-	24,456,948
Sonaecom SP	6,050,000	2,000,000	-	-	8,050,000
Bright Tech Innovation I	-	3,000,000	-	-	3,000,000
	110,518,791	10,766,948	-	-	121,285,739
Impairment losses (note 17)	(44,040,002)	(1,533,679)	-	(190,449)	(45,764,130)
Total investments in subsidiaries	66,478,789	9,233,269	-	(190,449)	75,521,609

Company	Balance at 31 December 2018	Additions	Disposals	Transfers and write-offs	Balance at 31 December 2019
Sonae IM	52,241,587	-	-	-	52,241,587
Público	32,537,204	-	-	-	32,537,204
PCJ	17,690,000	2,000,000	-	-	19,690,000
Sonaecom SP	4,050,000	2,000,000	-	-	6,050,000
	106,518,791	4,000,000	-	-	110,518,791
Impairment losses (note 17)	(42,211,754)	(2,205,184)	376,936	-	(44,040,002)
Total investments in subsidiaries	64,307,037	1,794,816	376,936	-	66,478,789

For the year ended at 31 December 2020, a capital increase made in cash corresponds to EUR 1,000,000 in Público and EUR 2,000,000 in PCJ and Sonaecom SP. A capital increase in the amount of EUR 2,766,948 was made in PCJ to cover losses. Additionally, in the year ended at 31 December 2020, Sonaecom made a capital increase of EUR 3,000,000 in Bright Tech Innovation I - Venture Capital Fund.

For the year ended at 31 December 2019, the increases of EUR 2,000,000 in PCJ and Sonaecom SP correspond to capital increases in cash.

The amount of 'Transfers and write-offs' in 'Impairment losses' for the year ended at 31 December 2020, corresponds to the reallocation of the impairment of PCJ's supplementary capital due from the capital increase and the return of supplementary capital (Notes 8 and 17).

At 31 December 2020 and 2019, the main financial information (according to IFRS standards) regarding the subsidiaries and jointly controlled directly owned by the company is as follows:

(Amounts expressed in thousand Euro)	Company	Head office	2020			2019		
			% Holding	Shareholders' Funds	Net Profit / (Loss)	% Holding	Shareholders' Funds	Net Profit / (Loss)
	ZOPT (note 7) (a) *	Matosinhos	50%	2,209	99	50%	2,196	113
	Sonae IM (b)	Maia	100%	154,098	13,985	100%	115,104	(17,305)
	PCJ	Maia	100%	11,307	2,537	100%	6,212	138
	Sonaeacom SP	Maia	100%	11,909	2,677	100%	6,675	229
	Público	Maia	100%	2,973	(2,605)	100%	2,969	(3,322)
	Bright Tech Innovation I	Maia	10%	29,863	(137)	-	-	-

(a) Consolidated Financial Statements. Amounts of 31 December 2019 have been restated.

(b) Separate financial statements

* At 31 December 2020, the market capitalization of NOS amounted to 1,472 million euros.

The measurement of the existence or not of impairment of the main amounts of interests in group companies recorded in financial statements is made considering the cash generating units, based on the last business plans approved by the Group's Board of Directors made on an annual basis unless there are indications of impairment, which are prepared using cash flows projected for periods of 5 years.

At 31 December 2020 and 2019, the assumptions used are based on the subsidiaries' various businesses and the growth in the various geographic areas where the subsidiaries operate:

2020	Technologies			Media
	Retail	Cybersecurity	Others	
Assumptions				
Basis of recoverable amount	Value in use	Value in use	Value in use	Value in use
Discount rate	6.50%	5.50% - 9.75%	6.50%	7.25%
Growth rate in perpetuity	3%	3%	0.45%	0.01%

2019	Technologies			Media
	Retail	Cybersecurity	Others	
Assumptions				
Basis of recoverable amount	Value in use	Value in use	Value in use	Value in use
Discount rate	7.25%	7% - 11.07%	7.25%	7.25%
Growth rate in perpetuity	3%	3%	2%	0.00%

The average growth rate considered for the 5-year turnover was 10.4% for the Technologies sector (18% in 2019). For the Media sector, the average growth rate of the considered volume was about 4.05% (2.4% in 2019).

The discount rates used are based on the weighted average capital costs estimated based on the segments and geographies where the companies are included. In Europe, discount rates are used between 5.5% and 7.25% and in Latin America are used rates of 9.75%.

Despite the context of uncertainty regarding the level of evolution and contagion of the virus and the economic slowdown caused by the pandemic context, as mentioned in introductory note, with the exception of the telecommunications segment referred to in Note 7, the operations of the participated companies were not significantly affected. This way, the analysis of the impairment and the review of the impairment projections and tests have not lead to losses, during the year ended at 31 December 2020, beyond the amounts registered in the income statement (Note 17). For the sensitivity analysis made, required by IAS 36 - Impairment of Assets, varying the discount rate by 0.5 pp in the media sector and in the technology sector and 0,5 p.p. in the perpetuity growth rate, would not lead to material changes in the recovery amounts.

7. Investments in joint ventures

At 31 December 2020 and 2019, this caption included the following investments in joint ventures and was as follows:

Company	2020	2019
ZOPT SGPS S.A. ('ZOPT')	597,666,944	597,666,944

The changes that occurred in this caption during the years ended at 31 December 2020 and 2019 were as follows:

Company	Balance at 31 December 2019	Additions	Disposals	Transfers	Balance at 31 December 2020
ZOPT	597,666,944	-	-	-	597,666,944

Company	Balance at 31 December 2018	Additions	Disposals	Transfers	Balance at 31 December 2019
ZOPT	597,666,944	-	-	-	597,666,944

ZOPT is a joint venture of Sonaecom, Kento Holding Limited and Unitel International Holdings BV, created as a holding for participation in NOS SGPS, SA ("NOS"). At the year ended at 31 December 2020 ZOPT held 52.15% of participation in NOS.

Notwithstanding the communication made regarding the intention to liquidate the ZOPT, in more detail ahead, the Board of Directors considers that the market price of the shares representing the share capital of NOS, SA, a subsidiary of ZOPT, on 31 December 2020, does not reflect their fair value. The Board of Directors considers that the company's use value represents, at the present date, the best estimate of the fair value of that company.

In this way, the assessment of the existence or not of impairment is determined taking into account various information such as the business plan approved by the NOS Board of Directors for 5 years, whose implicit average growth rate of the operating margin amounts to 2.9% (2.4% in 2019)

	NOS SGPS
Assumptions	
Basis of recoverable amount	Value in use
Discount rate	5.7%-8.3%
Growth rate in perpetuity	1.5% - 1.6%

During 2020 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. In this context, from the very first moment, NOS has a permanent COVID-19 Monitoring Office, whose mission is to provide the organization with the necessary conditions to manage this risk, as well as to analyse and monitor the evolution of the different phases.

The impacts on ZOPT through participation in NOS were already felt in the results of the financial year ended on 31 December 2020, with a drop in revenues, consolidated EBITDA and operational cash-flows of -6.2% (-90.5 million Euros); -5.7% (-36.8 million Euros) and -33.8% (-65.2 million Euros), respectively, which shows a reduction in activity in:

- i. Cinemas and Audiovisuals: complete closure of NOS' theatres from 16 March to 2 July, and postponement of a number of movie premieres, slightly offset by cinema rentals negotiations;
- ii. Roaming and international calls: traffic and revenues impacted by restrictions imposed on international travel;
- 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 during the period when the national championship was suspended and advertising content.



On the other hand, the projections made for the Portuguese economy, led to a reassessment of projections and estimates, which resulted in the reinforcement, in the financial year ended on 31 December 2020, of impairments of accounts receivable (28.2 million Euros) and other costs recognised, related to onerous contracts (10.8 million Euros) (Note 39), as well as the recording of impairments in the item "Losses / (Gains) in subsidiaries", in the amount of 8.6 million Euros (Note 36). In line with the current recommendations, the Group proceeded to sensitivity analysis to the assumptions used in the impairment tests to Goodwill conducted in the end of 2020, with no evidence of impairment being concluded (Note 9). The most affected segment by COVID-19 was the cinemas one, with a recovery estimation to pre-pandemic values in 2023. It were also carried out impairment tests to tangible assets, namely, the assets associated with cinematographic exhibition (Note 8), of which no impairments equally resulted.

The analysis of the projections and impairment tests resulted in a recoverable amount higher than the book value by 1%. No impairment losses were determined for the years ended 31 December 2020 and 2019.

In the sensitivity analysis carried out, varying the discount rate and the perpetuity growth rate by 0.1 p.p., it would lead to an impairment of about 4% of the total investment value.

Additionally, the consolidated financial statements of ZOPT have exposure to the African market, particularly through financial holdings that Group holds in entities operating in the Angolan and Mozambican markets, which are engaged in providing satellite and fiber television services. The net book value of Angolan subsidiaries in the financial statements of ZOPT at 31 December 2020, recognized by the equity method, amounts to approximately EUR 43 million.

Impairment tests were carried out for those assets, considering the business plans approved by the Board of Directors for a period of 5 years, with average revenue growth rates of 9.7% in Angola and 4.7% in Mozambique (11, 6% and 5.7% in 2019, respectively). The business plans also consider a growth rate in perpetuity of 6% in Angola and in Mozambique (same amounts in 2019) and a discount rate ("WACC") in perpetuity of 17.1% in Angola and 20.3% in Mozambique (14.7% and 16.7% in 2019, respectively).

The impairment tests carried out, based on the assumptions identified above, led to a reversal of impairment losses (in the ZOPT financial statements) of 6.5 million euros (circa 16 million impairment in 2019)

Regarding ZOPT's financial holdings in Finstar and ZAP Media (consolidated Finstar), the Board of Directors of NOS and ZOPT are convinced that the seizure of assets to Mrs. Eng^a Isabel dos Santos, in the specific case of the holdings held by her in Finstar and ZAP Media (where it holds 70% of the capital) does not change the control profile, in this case, joint-control as defined in IFRS 11, and 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.

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

It is the understanding of the boards of directors of ZOPT and SONAECOM that the seizure measure enacted is illegitimate and offends several fundamental rights of ZOPT - third in relation to the enacted seizure -, having no legal basis, and is not legally liable to determine the deprivation of voting rights, not even to inhibit the holder of the arrested shares from continuing to exercise those rights, a deprivation that is understood for that reason, to be null and of no effect. In this regard, ZOPT has deducted third party embargoes.

On 12 June 2020, ZOPT was notified of the order issued by the Lisbon Central Criminal Investigation Court, which authorizes it to exercise the voting right corresponding to the 26.075% of the share capital of NOS preventively arrested at the order of the Court. This notification reinforces the understanding of the Boards of Directors of ZOPT and Sonaecom, according to which the conditions of control of ZOPT over NOS are fulfilled, and that that measure will have no material effect on the control of this company.

Sill in June 2020, the Investigating Judge rejected the third party embargoes deducted by ZOPT on the grounds of incompetence of the Portuguese courts to assess and decide, a decision that, having been appealed by ZOPT, was revoked by the Court of Appeal, already in 2021, awaiting further developments, namely the judicial pronouncement on the embargoes / arrest.

On August 19, Sonaecom communicated the intention of the shareholders of ZOPT (Sonaecom itself, Unitel International Holdings, BV and Kento Holding Limited) to liquidate the company, maintaining Sonaecom as the reference shareholder of NOS. To date, the efforts to dissolve the ZOPT have not yet been carried out.

In the last quarter of 2020, the seizure of 233,790,325 shares corresponding to 32.65% of capital of ZOPT held by UNITEL was also decreed, with deprivation of the exercise of voting rights and the right to receive dividends, and 124,234,675 shares corresponding to 17.35% of capital of ZOPT held by KENTO, also with no exercise of the right to vote and the right to receive dividends. Additionally, in January 2021, ZOPT was also notified by Caixa Geral de Depósitos (CGD), as the beneficiary of the pledge of the shares held by Kento in ZOPT, referring to being vested with the power to exercise the voting rights inherent in the Shares, and all other inherent rights, and that Kento was deprived of exercising such rights without the prior, express and written authorization of CGD. It is the understanding of the Board of Directors of ZOPT, that whenever there is no question of protecting the economic value of the shares, in the exercise of voting rights, C.G.D. as Kento's pledge creditor, must act in accordance with Kento's instructions, which means voting in the sense defined by Kento.

Despite the facts described above considering that, no steps have yet been taken to liquidation of ZOPT, that there has been no change in the board of directors of ZOPT and that decisions on the operating activity of the investee company continue to be taken in accordance with what was being done, we concluded that the profile of joint control over the ZOPT has not changed.

8. Other non-current assets

At 31 December 2020 and 2019, this caption can be decomposed as follows:

	2020	2019
Financial assets		
Medium and long-term loans granted to subsidiaries and joint-ventures:		
Sonae IM (Note 28)	21,640,000	16,235,000
	21,640,000	16,235,000
Supplementary capital:		
Zopt	115,000,000	115,000,000
Sonae IM	74,346,721	64,482,518
Público	6,807,796	5,507,796
PCJ	83,052	2,850,000
	196,237,569	187,840,314
	217,877,569	204,075,314
Accumulated impairment losses (Note 17)	(3,996,176)	(6,846,176)
Others	9,209	223,991
	213,890,602	197,453,129

In the year ended at 31 December 2020 the amount of impairment losses is related to the subsidiary Público in the amount of EUR 3,996,176 (EUR 3,996,176 in 2019). At 31 December 2019 the impairment amount also includes EUR 2,850,000 from the subsidiary PCJ.

During the years ended at 31 December 2020 and 2019, the changes that occurred under the caption 'Medium and long-term loans granted to subsidiaries and companies jointly-ventures' were as follows:

	2020			
Company	Opening balance	Increases	Decreases	Closing balance
Sonae IM	16,235,000	21,640,000	(16,235,000)	21,640,000
	16,235,000	21,640,000	(16,235,000)	21,640,000



				2019
Company	Opening balance	Increases	Decreases	Closing balance
Sonae IM	25,875,000	14,355,000	(23,995,000)	16,235,000
	25,875,000	14,355,000	(23,995,000)	16,235,000

During the years ended at 31 December 2020 and 2019, the movements in the caption 'Supplementary capital' were as follows:

				2020
Company	Opening balance	Increases	Decreases	Closing balance
ZOPT	115,000,000	-	-	115,000,000
Sonae IM	64,482,518	34,449,203	(24,585,000)	74,346,721
Público	5,507,796	1,300,000	-	6,807,796
PCJ	2,850,000	-	(2,766,948)	83,052
	187,840,314	35,749,203	(27,351,948)	196,237,569

				2019
Company	Opening balance	Increases	Decreases	Closing balance
ZOPT	115,000,000	-	-	115,000,000
Sonae IM	74,304,228	37,074,231	(46,895,941)	64,482,518
Público	2,007,796	3,500,000	-	5,507,796
PCJ	2,850,000	-	-	2,850,000
	194,162,024	40,574,231	(46,895,941)	187,840,314

The increases and decreases in Supplementary capital at Sonae IM, Público and PCJ are related to the equity and financial position of each of the companies.

Loans granted to subsidiaries and joint ventures have a repayment term of more than one year, and the repayment term after this period is not defined, so information on its maturity is not presented.

During the years ended 31 December 2020 and 2019, loans granted to subsidiaries and joint ventures earned interest at an average rate of 2.10% and 2.21%, respectively. Supplementary capital do not bear interest and do not have a repayment term.

The assessment of the existence or not of impairment for the main loans granted to group companies recorded in the financial statements is made based on the latest business plans approved by the respective Boards of Directors, which are prepared using projected cash flows, for periods of 5 years, based on the discount and growth rates in perpetuity presented in Notes 6 and 7.

9. Deferred taxes

At 31 December 2020 and 2019 the total amount of deferred tax has the following composition:

	2020	2019
Tax provisions not accepted	68,356	67,473
Tax benefits	2,475,000	-
	2,543,356	67,473

The changes in deferred tax assets for the years ended at 31 of December 2020 and 2019 were as follows:

	2020	2019
Opening balance	67,473	117,821
Variation in provisions not accepted for tax purposes and other temporary differences	883	(50,348)
Tax benefits	2,475,000	-
Closing balance	2,543,356	67,473

During 2020, the Company subscribed units of participation in the private investment fund Bright Tech Innovation I. This fund aims to invest in companies dedicated to research and development, which, in particular, have a technological or underlying basis for their activity an innovative business concept. In compliance with the Investment Tax Code (CFI) and, as usual in the scope of obtaining SIFIDE, the Company will present, by the end of May 2021, an application to SIFIDE under the terms of paragraph f), paragraph 1 of article 37 of CFI, and the Company expects that the said application will be approved, without materially relevant changes.

In the year ended 31 December 2020, the Company recorded deferred tax assets in the amount of 2,475,000 euros related to this benefit. Expenses that, due to insufficient collection, cannot be deducted in 2020, may be deducted until 2028.

Since Sonaecom is included in the group of companies taxed under the Special Taxation Regime Group of Companies (RETGS), of which Sonae SGPS is the dominant company, the total IRC that will no longer be paid is shown at the level of Group, without prejudice to the right of recourse by the tax due to the Company, under the terms and for the purposes of article 115 of the CIRC.

At 31 December 2020 and 2019, an assessment was made of deferred taxes to be recognised, which essentially results of tax benefits and other temporary differences. The deferred tax assets were recorded to the extent that future taxable profits were expected to be generated against which the tax losses and deductible tax differences could be used. These assessments were made based on the most recent business plans duly approved by the Board of Directors of the Group companies, which are periodically reviewed and updated.

At 31 December 2020 and 2019, the amount of deferred taxes of unrecorded tax losses not recorded were EUR 1,989,007 (generated in 2014 and available for use up to 2028). In addition, there are impairment losses in amount of EUR 49,760,306 (EUR 51,186,057 in 2019) that did not need to do registration of deferred tax assets, but which can be used in the case of liquidation of the respective companies.

At 31 December 2020 and 2019, the tax rate used to calculate deferred tax assets related to tax losses was 21%. In the case of temporary differences, namely of not accepted provisions and impairment losses, the rate used in 2020 and 2019 was 22.5%.

The state surcharge was not considered as deferred tax, as it was understood to be unlikely the taxation of temporary differences during the estimated period when the referred rate will be applicable.

The reconciliation between the earnings before tax and the tax recorded for the years ended at 31 December 2020 and 2019 is as follows:

	2020	2019
Earnings before tax	475,923	42,685,521
Tax (21%)	(99,944)	(8,963,959)
Autonomous taxation surcharge	(4,838)	(12,889)
Temporary differences from the year without record deferred tax assets	236,520	(804,336)
Adjustments of results not tax deductible	(6,428)	9,870,326
Recorded of deferred tax from tax benefits	2,475,000	-
Income taxation recorded in the period (note 27)	2,600,310	89,142

The tax rate used to reconcile the tax expense and the accounting profit was 21% in the years of 2020 and 2019 because it is the standard rate of the corporate income tax in Portugal in 2020 and 2019.

In the year ended at 31 December 2020 and 2019, "Adjustments of results not tax deductible" refer essentially to dividends received in the amount of EUR 46,991,559 (note 28), which do not contribute to the formation of taxable profit for the year.

The adjustments to the net results not tax deductible referring to 2019 and 2018 also includes adjustments that do not contribute to taxable income for the year.

In the year ended at 31 December 2020 and 2019, "Temporary differences from the year without record deferred tax assets" refers essentially to impairments of financial investments recorded in the year (note 17).

Portuguese Tax administration can review the income tax returns of the Company for a period of four years (five years for Social Security), except when tax losses have been generated, tax benefits have been granted or when any review, claim or impugnation is in progress, in which circumstances, the periods are extended or suspended.

The Board of Directors believes that any correction that may arise as a result of such review would not produce a significant impact in the accompanying financial statements.

Supported by the Company's lawyers and tax consultants, the Board of Directors believes that there are no liabilities not provisioned in the financial statements, associated to probable tax contingencies that should have been registered or disclosed in the accompanying financial statements at 31 December 2020.

10. Income tax receivable

At 31 December 2020 and 2019, the caption 'Income tax receivable' had the following composition:

	2020	2019
Special account payment	705,712	705,712
Corporate income tax	82,671	82,671
	788,383	788,383

The heading 'Special account payment' is essentially composed by previous values to RETGS Sonae SGPS, including PEC's for which reimbursement was requested.

11. Other receivables

At 31 December 2020 and 2019, this caption can be detailed as follows:

	2020	2019
Trade debtors	118,042	195,750
State and other public entities	111,849	57,336
	229,891	253,086

At 31 December 2020 and 2019, the caption 'Trade receivables' included amounts receivable from various group companies. Given the nature of this caption, it is the Board Directors belief that it does not present a credit risk (Note 28).

At 31 December 2020 and 2019, the caption 'State and other public entities' corresponds to value added tax in the amount of EUR 111,849 and EUR 57,336, respectively.

12. Other current assets

At 31 December 2020 and 2019, this caption had the following composition:

	2020	2019
Accrued income		
Interest receivable (note 28)	37,241	40,370
Invoices to be issued	12,629	12,629
Other accrued income	9,305	6,401
	59,175	59,400
Deferred costs		
Insurance	32,550	27,276
Other deferred costs	126	1,939
	32,676	29,215
	91,851	88,615

13. Cash and cash equivalents

At 31 December 2020 and 2019, the breakdown of 'Cash and cash equivalents' was as follows:

	2020	2019
Cash	265	205
Bank deposits repayable on demand	186,694,222	236,902,896
	186,694,487	236,903,101

In the years ended at 31 December 2020 and 2019, Sonaecom entered financial transaction contracts with Sonae SGPS, Sonae IM and Público. As a result of these financial transactions, income was registered (note 28).

The treasury applications immediately available, mentioned above, were paid-off during the year ended at 31 December 2020 with an interest average rate of 0.3% (0.23% in 2019).

14. Share capital

At 31 December 2020 and 2019, the share capital of Sonaecom was comprised by 311,340,037 ordinary shares registered of EUR 0.74 each. At those dates, the Shareholder structure was as follows:

	2020		2019	
	Number of shares	%	Number of shares	%
Sontel BV	194,063,119	62.33%	194,063,119	62.33%
Sonae SGPS	81,022,964	26.02%	81,022,964	26.02%
Shares traded on the Portuguese Stock Exchange ('Free Float')	30,682,940	9.86%	30,682,940	9.86%
Own shares (note 15)	5,571,014	1.79%	5,571,014	1.79%
	311,340,037	100.00%	311,340,037	100.00%

All shares that comprise the share capital of Sonaecom, are authorised, subscribed and paid. All shares have the same rights and each share corresponds to one vote.

15. Own shares

During the years ended at 31 December 2020 and 2019, Sonaecom did not acquired, sold or delivered own shares, whereby the amount held to date is of 5,571,014 own shares representing 1.79% of its share capital, at an average price of EUR 1.515.

16. Loans

Short-term loans and other loans

In the years ended at 31 December 2020, Sonaecom is not using a short-term credit line, although it has a bank credit line in the form of current or overdraft account commitments, in the amount of EUR 1 million. This credit line has maturities up to one year, automatically renewable, except in case of termination by either party, with some periods of notice.

The credit line bear interest at market rates, indexed to the Euribor of the respective term.

At 31 December 2020 and 2019, the available credit lines are as follows:

	Limit	Amount outstanding	Amount available	Until 12 months	Maturity More than 12 months
Credit 2020					
Authorised overdrafts	1,000,000	-	1,000,000	x	
	1,000,000	-	1,000,000		
2019					
Authorised overdrafts	1,000,000	-	1,000,000	x	
	1,000,000	-	1,000,000		

At 31 December 2020 and 2019 there are no financial instruments of interest rate hedging.

17. Provisions and accumulated impairment losses

The movements in provisions and in accumulated impairment losses in the years ended at 31 December 2020 and 2019 were as follows:

	Opening balance	Increases	Reductions	Transfers and utilizations	Closing balance
2020					
Accumulated impairment losses on investments in group companies (notes 6 and 25)	44,040,002	1,533,679	-	190,449	45,764,130
Accumulated impairment losses on other non-current assets (notes 8 and 25)	6,846,176	-	(2,659,551)	(190,449)	3,996,176
Provisions for other liabilities and charges	199,812	64,139	-	-	263,951
	51,085,990	1,597,818	(2,659,551)	-	50,024,257
2019					
Accumulated impairment losses on investments in group companies (notes 6 and 25)	42,211,754	2,205,184	(376,936)	-	44,040,002
Accumulated impairment losses on other non-current assets (notes 8 and 25)	4,857,796	1,988,380	-	-	6,846,176
Provisions for other liabilities and charges (note 23)	349,979	-	(150,167)	-	199,812
	47,419,529	4,193,564	(527,103)	-	51,085,990

The increases in provisions and impairment losses are registered under the captions "Provisions" and "Impairment losses" in the profit and loss statement with the exception of increase and decrease of the impairment losses in investments in group companies and other non-current assets, which, due to their nature, are recorded under the caption "Gains and losses on investments in subsidiaries and companies jointly controlled" (note 25).

At 31 December 2020 and 2019, the changes in the caption 'Accumulated impairment losses on investments in subsidiaries' correspond to an increase and a reduction in the impairment of financial investments in Público and PCJ, respectively (note 6).

The amount of 'Transfers and utilizations' for the year ended 31 December 2020 corresponds to the reallocation of impairment in PCJ from 'Supplementary Capital' to 'Investments in subsidiaries', resulting from the capital increase and the return of Supplementary Capital (note 6 and 8).

18. Lease liabilities

At 31 December 2020 and 2019, these balances were related to amounts payable associated with asset's use rights contracts.

The expected repayment plan for these balances, at 31 December 2020 and 2019 was as follows:

	2020		2019	
	Leasing payments	Update of the leasing payments	Leasing payments	Update of the leasing payments
2020	-	-	29,787	28,012
2021	26,307	25,199	26,307	25,199
2022	26,307	25,825	26,307	25,825
2023	9,429	9,362	9,429	9,362
2024	5,921	5,907	5,921	5,907
	67,964	66,293	97,751	94,305
Interest	(1,671)		(3,446)	
	66,293	66,293	94,305	94,305
Short-term		(25,199)		(28,012)
	66,293	41,094	94,305	66,293

19. Other non-current liabilities

This caption at 31 December 2020 and 2019 was composed of the amounts related to medium-term and long-term incentive plans, in the amount of EUR 104,238 and EUR 108,583 respectively (note 31).

20. Other payables

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

	2020	2019
Other creditors	1,159,081	1,425,468
State and other public entities	19,040	19,836
	1,178,121	1,445,304

At 31 December 2020 and 2019, the caption " Other payables " is mainly composed of balances with group companies, mainly consisting of amounts payable under the Special Regime for the Taxation of EUR 1,065,119 (EUR 1,001,550 in 2019) which includes amounts payable to companies that are no longer part of the Group at 31 December 2020 and 2019.

At 31 December 2020 and 2019, the caption "State and other public entities" were detailed as follows:

	2020	2019
Personal income tax	9,671	9,696
Social security contributions	9,369	10,140
	19,040	19,836

21. Other current liabilities

At 31 December 2020 and 2019, this caption has the following composed:

	2020	2019
Accrued costs		
Staff expenses	448,717	197,240
Medium Term Incentive Plans (note 31)	91,979	145,650
Consultancy	115,449	81,742
Other accrued costs	36,093	30,991
	692,238	455,623

22. Services rendered

At 31 December 2020 and 2019, the Services rendered corresponded to the debiting of management fees to the subsidiaries (note 28).

23. Other income

At 31 December 2020 and 2019, the caption 'Other income' was as follows:

	2020	2019
Supplementary income	2,068	2,154
Decrease of provisions (note 17)	-	150,167
Others	19,056	65
	21,124	152,386

24. External supplies and services

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

	2020	2019
Specialised work	610,360	441,935
Travel and accommodation	24,839	52,475
Insurance	51,730	48,375
Communications	12,340	20,307
Other external supplies and services	74,906	73,504
	774,175	636,596

The heading of "Specialised work" is essentially composed by fees from Sonaecom-Serviços Partilhados and costs with public relations services, auditing and consulting.

25. Gains and losses on subsidiary and companies jointly controlled

At 31 December 2020 and 2019, the captions 'Gains and losses on investments in subsidiaries and companies jointly controlled' were detailed as follows:

	2020	2019
Gains and losses on investments in subsidiaries and companies jointly controlled		
Gains related to group companies (notes 6, 8 and 17)	2,659,551	376,936
Losses related to group companies (notes 6, 8 and 17)	(1,533,679)	(4,193,564)
Dividends obtained (note 28)	-	46,991,559
	1,125,872	43,174,931



At 31 December 2020 and 2019, losses and gains on the group companies include the reinforcement and reversal of impairment losses on investments in Público and PCJ, respectively (Note 17).

At 31 December 2019, dividend gains obtained from investments in group companies and joint ventures relate to dividends received from Zopt (nota 28).

26. Financial results

The financial results for the years ended at 31 December 2020 and 2019 are detailed as follows ((costs)/gains):

	2020	2019
Other financial expenses		
Interest expenses	(1,775)	(1,923)
Foreign currency exchange losses	(636)	(407)
Other financial expenses	(60,631)	(54,765)
	(63,042)	(57,095)
Other financial income		
Interest earned on financial assets at amortized cost with related parties (Note 28)	932,407	850,522
Interest earned on financial assets at amortized cost	2,167	4,288
Foreign currency exchange gains	250	596
Other financial income	45,272	8,918
	980,096	864,324

27. Income Taxation

Income tax recognised during the years ended at 31 December 2020 and 2019 are detailed as follows ((costs) / gains):

	2020	2019
Current tax	124,427	139,490
Deferred tax assets (note 9)	2,475,883	(50,348)
Closing balance	2,600,310	89,142

28. Related parties

During the years ended at 31 December 2020 and 2019, the most significant balances and transactions with related parties were as follows:

	Accounts receivable (note 11)	Accounts payable (note 20)	Other assets (note 12)	Other liabilities (note 21)	Balances at 31 December 2020 Loans granted (note 8)
Parent Company (Sonae SGPS)	125,203	42,531	7,106	25,035	-
Companies jointly controlled	25,258	145,484	12,629	827	-
Others related parties	23,575	675	28,040	-	-
Subsidiaries	64,364	68,398	37,463	-	21,640,000
	238,400	257,087	85,239	25,862	21,640,000



					Balances at 31 December 2019
	Accounts receivable (note 11)	Accounts payable (note 20)	Other assets (note 12)	Other liabilities (note 21)	Loans granted (note 8)
Parent Company (Sonae SGPS)	3,714	370,674	666,127	24,964	-
Companies jointly controlled	13,869	147,544	-	-	-
Others related parties	23,575	15,383	-	-	-
Subsidiaries	159,916	70,282	42,451	-	16,235,000
	201,074	603,883	708,578	24,964	16,235,000

					Transactions at 31 December 2020
	Sales and services rendered (note 22)	Supplies and services received (note 24)	Interest and similar income (note 26)	Supplementary income (note 23)	
Parent Company (Sonae SGPS)	-	257,466	524,616	-	-
Companies jointly controlled	-	17,920	-	-	-
Others related parties	-	30,691	-	-	-
Subsidiaries	411,000	156,885	407,791	2,068	2,068
	411,000	462,963	932,407		2,068

					Transactions at 31 December 2019
	Sales and services rendered (note 22)	Supplies and services received (note 24)	Interest and similar income (note 26)	Supplementary income (note 23)	
Parent Company (Sonae SGPS)	-	86,563	326,268	-	-
Companies jointly controlled	-	16,732	-	-	-
Others related parties	-	100,410	-	-	-
Subsidiaries	379,542	93,397	524,254	2,064	2,064
	379,542	297,102	850,522		2,064

During the year ended at 31 December 2020, the company distributed as dividends the amount of EUR 6,724,906 to Sonae SGPS (EUR 9,074,572 at 31 December 2019) and EUR 16,107,238 to Sontel BV (EUR 21,735,069 at 31 December 2019).

During the year ended at December 2019, the company recognized the amount of EUR 46,991,559, referring to dividends from Zopt (note 25).

All the above transactions were made at market prices.

Both accounts receivable and payable with related companies will be settled in cash and have no guarantees attached.

The remuneration attributed to key personnel is disclosed in note 32.

29. Guarantees provided to third parties

Guarantees provided to third parties at 31 December 2020 and 2019 were as follows:

Beneficiary	Description	2020	2019
Autoridade Tributária e Aduaneira (Portuguese tax authorities)	Additional tax assessments (Stamp and Income tax)	23,998,744	23,998,744
		23,998,744	23,998,744

During the year of 2019, two bank guarantees were issued by Sonaecom, in the amount of EUR 20,434,870, in favor of the Portuguese tax authorities for the replacement of sureties provided by Sonae to Sonaecom, related to ongoing tax proceedings.

Regarding the value of the guarantees, as at 31 December 2020, Sonae, SGPS was the guarantor of Sonaecom, up to the amount of EUR 7,112,129 and Sonaecom do Público up to the amount of EUR 564,900.

At 31 December 2020, the Board of Directors of the Company believes that the decision of the court proceedings and ongoing tax assessments in progress will not have significant impacts on the financial statements.

At 31 December 2020 and 2019, the contingencies for which guarantees, and sureties were considered as remote.

30. Earnings per share

Earnings per share, basic and diluted, are calculated by dividing the net income of the year (EUR 3,076,233 in 2020 and EUR 42,774,663 in 2019) by the average number of shares outstanding during the years ended at 31 December 2020 and 2019, net of own shares (305,769,023 in 2020 and 2019).

As 31 December 2020 and 2019, the earnings per share are 0.01 and 0.14, respectively.

31. Medium Term Incentive Plans

In June 2000, the Company created a discretionary Incentive Plan for more senior employees, based on Sonaecom options and shares and Sonae, SGPS, S.A. shares which at 10 March 2014 Sonaecom share plans been converted into Sonae shares. The period of the rights occurs three years after their attribution, provided that the employee stays in the company during this period.

In March 2020, the 2019 plan was assigned to Sonaecom Directors.

The 2016 plan was delivered in April 2020 for all employees.

Therefore, the outstanding plans at 31 December 2020 and 2019 are as follows:

	Share price 31 December 2020	Vesting period		31 dezembro 2020	
		Award date	Vesting date	Aggregate number of participations	Number of shares
Sonae SGPS shares					
2017 Plan	0.662	mar/18	mar/21	1	148,346
2018 Plan	0.662	mar/19	mar/22	1	172,579
2019 Plan	0.662	mar/20	mar/23	1	233,869
					554,794

	Share price 31 December 2019	Vesting period		31 dezembro 2019	
		Award date	Vesting date	Aggregate number of participations	Number of shares
Sonae SGPS shares					
2016 Plan	0.910	mar/17	mar/21	1	170,888
2017 Plan	0.910	mar/18	mar/22	1	137,991
2018 Plan	0.910	mar/20	mar/23	1	160,532
					469,411

During the year ended at 31 December 2020, the changes that occurred in the plans can be summarised as follows:

	Sonae SGPS shares	
	Aggregate number of participations	Number of shares
Outstanding at 31 December 2019:		
Unvested	3	469,411
Total	3	469,411
Movements in period:		
Awarded	1	217,544
Vested	(1)	(170,888)
Corrected ⁽¹⁾	-	38,728
Outstanding at 31 December 2020:		
Unvested	3	554,794
Total	3	554,794

⁽¹⁾ Corrections in the number of shares are made based on the dividend paid during the plan period.

The responsibility for all plans was recognised under 'Other current liabilities' and 'Other non-current liabilities'.

Share plan costs are recognised in the accounts over the period between the award and the vesting date of those plans.

The costs recognised for the outstanding plans and for the plan delivered in the year ended 31 December 2020 and 2019 are as follows:

	2020	2019
Costs recognised in previous years	254,232	349,440
Costs recognised in the year (note 32)	42,980	405,017
Costs of plans vested in the year	(100,995)	(241,512)
Costs recognised of transferred plans in the year	-	(258,713)
Total cost of the plans	196,217	254,233
Recorded in 'Other current liabilities' (note 21)	91,979	145,650
Recorded in 'Other non-current liabilities' (note 19)	104,238	108,583

32. Employee benefits expense

For the years ended at 31 December 2020 and 2019, the heading 'Employee benefits expense' was detailed as follows:

	2020	2019
Remuneration	918,100	567,372
Charges on remuneration	97,547	114,099
Medium Term Incentive Plan (note 31)	42,980	405,017
Others	15,159	33,745
	1,073,786	1,120,233



During the years 2020 and 2019, the remuneration attributed from Sonaecom to the members of the Board of Directors and other key members of management was as follows:

	2020	2019
Short-term employee benefits	282,800	300,467
Share-based payments	123,900	168,700
	406,700	469,167

The amounts included in the Short-Term Employee Benefits line include Fixed Remuneration and the Performance Premium, the latter calculated on an accrual basis. The value of Share-based Payments for 2020 and 2019 corresponds to the value of the medium-term incentive plan to be awarded in 2020 and relative to the performance of 2020 (and attributed in 2020 relative to the performance of 2019, to the value of 2019), whose shares, or the corresponding cash value, will be delivered in March 2024 and March 2023, respectively, and for which the expense is recorded during the period from 2021 to 2024 (2020 to 2023 for the value of 2019).

At 31 December 2020 and 2019 Sonaecom's directors were considered key-members of Sonaecom's management.

33. Average number of employees

During the years ended at 31 December 2020 and 2019, the average number of employees employed by the company was 6 and 7, respectively. At 31 December 2020, the number of workers was 6 (7 at 31 December 2019).

34. Fees of the Statutory Auditor

During the year ended at 31 December 2020 and 2019 the company paid, as a fee to the ROC, PriceWaterhouseCoopers SROC, and to its network of companies, the following amounts:

	2020	2019
Audit	41,000	21,450
	41,000	21,450

35. Subsequent events

On 7th January, following the worsening pandemic situation with a higher transmission rate and an increased number of deaths, it was formally declared a new state of emergency and a new national lock-down. Despite the current economic uncertainty, given the company's capital structure, we remain confident in company's resilience.

These financial statements have been approved by the Board of Directors and authorised for issue at 15 March 2021, however subject to the approval by the Shareholders' General Meeting.

Appendix

At 31 December 2020 the related parties of Sonaecom, SGPS, S.A. are as follows:

Associated Companies and Joint Ventures	
SIRS – Sociedade Independente de Radiodifusão Sonora, S.A. Unipress - Centro Gráfico, Lda. ZOPT, SGPS, S.A. Fundo de Capital de Risco NOS 5G Fundo de Capital de Risco Armilar N5G NOS Açores Comunicações, S.A. NOS Audiovisuais, SGPS, S.A. NOS Property, S.A. NOS Comunicações, S.A. NOS Corporate Center, S.A. NOS Inovação, S.A. NOS International Carrier Services, S.A.	NOS Internacional, SGPS, S.A. NOS Lusomundo Audiovisuais, S.A. NOS Lusomundo Cinemas, S.A. NOS Lusomundo TV, Lda. NOS Madeira Comunicações, S.A. NOS SGPS, S.A. NOS Sistemas España, SL NOS Sistemas, S.A. NOSPUB – Publicidade e Conteúdos, S.A. NOS Technology – Conceção Construção e Gestão de Redes de Comunicação, S.A. NOS Towering-Gestão de Torres Telec., S.A. NOS Wholesale, S.A.

Subsidiaries	
Bright Development Studio, S.A. Bright Ventures Capital, SCR, S.A. Digitmarket – Sistemas de Informação, S.A. Excellium Group, S.A. Excellium Services, S.A. Excellium Services Belgium, S.A. Excellium Factory SARL Fundo Bright Vector I Fundo Bright Tech Innovation I Inovretail, S.A. Inovretail España, SL Mxtel, S.A. de CV	Mxtel, S.A. de CV PCI - Público, Comunicação e Jornalismo, S.A. Público – Comunicação Social, S.A. Praesidium Services Limited Sonae Investment Management – Software and Technology, SGPS, S.A. Sonaecom - Serviços Partilhados, S.A. Sonaecom – Cyber Security and Intelligence, SGPS, S.A. S21Sec Portugal Cybersecurity Services, S.A. S21 Sec Gestion, S.A. S21 Sec Information Security Labs, S.L. S21 Sec, S.A. de CV

Other Related Parties	
2ndRoom - Exploração Hoteleira, S.A. 3shoppings - Holding, SGPS, S.A. 838 Soluções, Lda About SGPS, S.A. Accive Insurance – Corretor de Seguros, S.A. Acrobatic Tittle, S.A. Adira – MetalForming Solutions, S.A. ADVERT.ID, LDA. Aegean Park Constructions Real Estate and Development, S.A. Agepan Eiweiler Management, GmbH Agloma Investimentos, SGPS, S.A. Águas Furtadas – Sociedade Agrícola, S.A. Albufeira RP (Luxembourg) 1, SARL Albufeira RP (Luxembourg) 2, SARL Alfaros SRAL Aliance Sonae Shopping Centers, S.A. Alpêssego – Sociedade Agrícola, S.A. Amor Bio, Mercado Biológico, Lda. Andar – Sociedade Imobiliária, S.A. Aqualuz – Turismo e Lazer, Lda. Aqualuz Troia, S.A. Arat Inmuebles, S.A. ArcticWolf Networks, Inc Area Sur Shopping, SL Arenal Perfumerias SLU ARP Alverca Retail Park, S.A. Arrábidasshopping - Centro Comercial, S.A. Arrábidasshopping - Centro Comercial, S.A. Aserraderos de Cuellar, S.A. Asprela Sociedade Imobiliária, S.A. Atelgen – Produção Energia, ACE Atlantic Ferries – Tráf.Loc.Flu. e Marit., SA	Automaise, Lda Axnae Spain Holdings, SL Azulino Imobiliária, S.A. BA Bussiness Angels, SGPS, S.A. BA Capital, SGPS, S.A. BB Food Service, S.A. Bens Consultoria Lda. Bertimóvel - Sociedade Imobiliária, S.A. Big Picture 2 Films, S.A. Big Picture Films, SL Bloco Q – Sociedade Imobiliária, S.A. Bom Momento - Restauração, S.A. Bright Brands SportsGoods, S.A. BrightCity, S.A. Brio - Produtos de Agricultura Biológica, S.A. Brokerslink Management AG BUZZEE Insure, Lda. Canasta - Empreendimentos Imobiliários, S.A. Candotal Spain SLU Capwatt – ACE, S.A. Capwatt – Brainpower, S.A. Capwatt – SGPS, S.A. Capwatt Alrota – Wind Power, S.A. Capwatt Chamusca – Bio Power, Unipessoal, Lda. Capwatt Colombo – Heat Power, S.A. Capwatt Decentralized Solar Power, S.A. Capwatt Estuário – Heat Power, Unipessoal, Lda. Capwatt Évora – Solar Power, S.A. Capwatt Ferreira – Solar Power, S.A. Capwatt Graciosa - Green Storage, S.A. Capwatt Hectare – Heat Power, ACE Capwatt IV – Heat Power Unipessoal, Lda.



Capwatt Lousado – Heat Power, Unipessoal, Lda.	Fundo de Investimento Imobiliário Parque Dom Pedro Shopping Center
Capwatt Maia – Heat Power, S.A.	Fundo de Investimento Imobiliário Shopping Parque Dom Pedro
Capwatt Martim Longo – Solar Power, S.A.	Fundo Especial de Investimento Imobiliário Fechado WTC
Capwatt Mexico, S. de R.L. de CV	Futura Carbono, SL
Capwatt Services, S.A.	Futura Energía Inversiones, SL
Capwatt Vale do Tejo – Heat Power, S.A.	Futura Energía y Gas, SL
Capwatt Vale do Caima – Heat Power, S.A.	Futura Green Renovables, SL
Carvemagere – Manutenção e Energias Renováveis, Lda.	Gaiashopping I - Centro Comercial, S.A.
Casa Agrícola de Ambrões	Gaiashopping II - Centro Comercial, S.A.
Casa da Ribeira – Sociedade Imobiliária, S.A.	GHP Glunz Holzwerkstoffproduktions, GmbH
Cascaishopping-Centro Comercial, S.A.	Gli Orsi Shopping Centre 1 Srl
Case on IT, S.L.	Glunz UK Holdings, Ltd.
CB-4, Ltd	Glunz UKA GmbH
CCCB Caldas da Rainha - Centro Comercial, S.A.	Go Well – Promoção de Eventos, Caterings e Consultoria, S.A.
Cellwize Wireless Technologies Ltd.	Golf Time – Golfe e Inv.Turisticos, S.A.
Centro Colombo - Centro Comercial, S.A.	Guimadira – Máquinas e Ferramentas, Lda.
Centro Residencial da Maia, Urban., S.A.	Guimarãeshopping - Centro Comercial, S.A.
Centro Vasco da Gama - Centro Comercial, S.A.	Habit Analytics PT Lda.
Chão Verde - Sociedade de Gestão Imobiliária, S.A.	Halfdozen Real Estate, S.A.
Cinclus Imobiliária, S.A.	HighDome PCC Limited
Citorres - Sociedade Imobiliária, S.A.	HighDome PCC Limited (Cell Europe)
CIValue Systems LTD	Iberia Shopping Centre Venture Cooperatief UA
Closer Look Design, Lda.	Iberian Assets, S.A.
Coimbrashopping- Centro Comercial, S.A.	Iberian Holdings Spain, SL
Comercial Losan, SLU	Iberosegur – Sociedade Ibérica de Mediação de Seguros, Lda.
Companhia Térmica Serrado, ACE	Igimo – Sociedade Imobiliária, S.A.
Companhia Térmica Tagol, Lda.	Iginha – Sociedade Imobiliária, S.A.
Contimobe - Imobiliária de Castelo de Paiva, S.A.	Imoassets – Sociedade Imobiliária, S.A.
Continente Hipermercados, S.A.	Imobeauty, S.A.
Country Club da Maia – Imobiliária, S.A.	Imoclub – Serviços Imobiliários, S.A.
Cumulativa - Sociedade Imobiliária, S.A.	Imodivor – Sociedade Imobiliária, S.A.
Daisy Intelligence Corporation	Imoestrutura – Sociedade Imobiliária, S.A.
DOC Malaga Holdings SL	Imohotel-Emp.Turist. Imobiliários, S.A.
Doc Málaga Siteco Phase 2, SL	Imomuro – Sociedade Imobiliária, S.A.
DOC Malaga SITECO SLU	Imopenínsula – Sociedade Imobiliária, S.A.
Dos Mares - Shopping Centre BV	Imoplamac – Gestão de Imóveis, S.A.
Dreamia Holding B.V.	Imoponte-Soc.Imobiliária, S.A.
Dreamia Serviços de Televisão, S.A.	Imoresort – Sociedade Imobiliária, S.A.
Duobens – Corretora de Seguros Ltda	Imoresultado – Sociedade Imobiliária, S.A.
Ecociclo, Energia e Ambiente, S.A.	Imosedas-Imobiliária e Serviços, S.A.
Ecofutura Luz Energía, S.L.	Imosistema – Sociedade Imobiliária, S.A.
Efanor - Investimentos, SGPS, S.A.	Impaper Europe GmbH & Co. KG
Efanor Serviços de Apoio à Gestão, S.A.	Implantação – Imobiliária, S.A.
E-FIT, Unipessoal, Lda.	Infocfield – Informática, S.A.
Elergone Energias, Lda.	Inparvi, SGPS, S.A.
Empracine – Empresa Promotora de Atividades Cinematográficas, Lda.	Ioannina Development of Shopping Centres, S.A.
Empreend.Imob. Quinta da Azenha, S.A.	Irmãos Vila Nova III - Imobiliária, S.A.
Engenho Novo Electricidade PT, S.A.	Irmãos Vila Nova, S.A.
Engenho Novo Gás PT, S.A.	Iservices, Lda.
Estação Viana - Centro Comercial, S.A.	Isoroy, SAS
Euroresinas - Indústrias Químicas, S.A.	ISRG - Iberian Sports Retail Group, SL
Farmácia Seleção, S.A.	IVN – Serviços Partilhados, S.A.
Fashion Division, S.A.	IVN Asia Limited
Fashion International Trade, S.A.	JD Canary Islands Sports SL
Feneralt – Produção de Energia ACE	JD Spain Sports Fashion 2010, SL
Filhet Allard EspañaCorreduria de Seguros SL	Jscrambler S.A
FINSTAR – Sociedade de Investimentos e Participações, S.A.	Laminate Park GmbH & Co. KG
Flexben, Lda.	Land Retail BV
Fozimo - Sociedade Imobiliária, S.A.	Larim Corretora de Resseguros Ltda.
Frases e Frações – Imobiliária e Serviços, S.A.	Larissa Development of Shopping Centres, S.A.
Fundo de Capital de Risco Armilar Venture Partners II	Lazam/mds Correctora Ltda.
Fundo de Capital de Risco Armilar Venture Partners III	Le Terrazze – Shopping Centre 1, Srl
Fundo de Capital de Risco Armilar Ventures Partners Inovação e Internacionalização	Libra Serviços, Lda.
Fundo de Investimento Imobiliário Fechado Imosede	Lidergraf – Artes Gráficas, Lda.
Fundo de Investimento Imobiliário Imosonae Dois	LMGE - Gestão de Edifícios Lda.



LMIT - Innovation & Technology, Lda.	Park Avenue Development of Shopping Centers, S.A.
LMSA - Engenharia de Edifícios, S.A.	Parklake Business Centre Srl
Losan Colombia, SAS	Parklake Shopping, S.A.
Losan Logística, SA	Parque Atlântico Shopping - Centro Comercial, S.A.
Losan Overseas Textile, SL	Parque D. Pedro 1, SARL
Losan Rusia	Parque de Famalicão - Empreendimentos mobiliários, S.A.
Losan Tekstil Urunleri V e Dis Ticaret, LS	Per-Mar – Sociedade de Construções, S.A.
Lusomundo – Sociedade de Investimentos Imobiliários, SGPS, S.A.	Pharmaconcept – Atividades em Saúde, S.A.
Lusomundo Imobiliária 2, S.A.	Pharmacontinente - Saúde e Higiene, S.A.
Lusomundo Moçambique, Lda.	Plaza Eboli - Centro Comercial, SA
Luz del Tajo - Centro Comercial, S.A.	Plaza Mayor Parque de Ócio B.V.
Madeirashopping - Centro Comercial, S.A.	Plaza Mayor Shopping, S.A.
MaiaShopping - Centro Comercial, S.A.	Plenerg Srl
Maiequipa - Gestão Florestal, S.A.	Poliface North America
Make Notes Design, Lda.	Ponto de Chegada – Sociedade Imobiliária, S.A.
Marcas MC, zRT	Porto Palácio Hotel, S.A.
Marina de Tróia, S.A.	Portugate S.A.
Marmagno-Expl.Hoteleira Imob., S.A.	Porturbe-Edifícios e Urbanizações, S.A.
Marvero-Expl.Hoteleira Imob., S.A.	Praedium – Serviços, S.A.
MCCARE – Serviços de Saúde, S.A.	Praedium II-Imobiliária, S.A.
MDS - Corretor de Seguros, S.A.	Predicomercial - Promoção Imobiliária, S.A.
MDS África, SGPS, S.A.	Predilugar- Promoção Imobiliária, S.A.
MDS Auto - Mediação de Seguros, S.A.	Predisedas – Predial das Sedas, S.A.
MDS Insurance – Corretora de Seguros e Resseguros, S.A.	Probe.ly - Soluções de Cibersegurança, Lda
MDS Link Solutions, Lda.	Process Assessoria e Corretora Seg. Ltda.
MDS Malta Holding Limited	Project Sierra 10 BV
MDS MG Corretora e Administradora de Seguros, Ltda.	Project Sierra 11 BV
MDS Partners Corretor de Seguros, S.A.	Project Sierra 12 BV
MDS RE – Mediador de resseguros, SGPS, S.A.	Project Sierra 8, B.V.
MDS, SGPS, S.A.	Project Sierra Cúcuta BV
Megantic BV	Project Sierra Four, Srl
Mercado Urbano – Gestão Imobiliária, S.A.	Project Sierra Germany 4 (four) - Shopping Centre, GmbH
Microcom Doi, Srl	Project Sierra Spain 1 BV
MJLF - Empreendimentos Imobiliários, S.A.	Project Sierra Spain 2- Centro Comercial S.A.
MKTPLACE – Comércio Eletrónico, S.A.	Promessa – Sociedade Imobiliária, S.A.
Modalfa - Comércio e Serviços, S.A.	Prosa Produtos e Serviços Agrícolas, S.A.
Modalfa Canarias, SL	Proyecto Cúcuta S.A.S.
Modelo - Distribuição de Materiais de Construção, S.A.	PUD Srl
Modelo Continente Hipermercados, S.A.	Pump, S.A.
Modelo Continente International Trade, S.A.	RCG – Risk, Consulting Group Ltda.
Modelo Hiper Imobiliária, S.A.	RCG – Risk, Consulting Group, S.A.
Moneris Correctores de Seguros Lda.	Realejo – Sociedade Imobiliária, S.A.
Moneris Seguros - Mediação de Seguros, Lda.	Reinsurance Solutions, Soc. Corretora de Resseguros, S.A.
Movelpartes – Comp. para a Indústria do Mobiliário, S.A.	Replai
MOVVO, S.A.	River Plaza B.V.
MSTAR, S.A.	RK.AI - Serviços de processamento de imagem e análise de dados, LDA.
Norte Shopping Retail and Leisure Centre, BV	S.C. Microcom Doi Srl
Norteshopping - Centro Comercial, S.A.	S2 Mozambique, S.A.
North Tower BV	Sales Layer Tech, S.L.
Novodecor (Pty) Ltd	Salsa Canarias
Olimpo Asset 1, S.A.	Salsa DE GmbH
Olimpo Asset 2, S.A.	Salsa Distribution USA LLC
Olimpo Asset 3, S.A.	Salsa France, S.A.R.L.
Olimpo Asset 4, S.A.	Salsa Luxembourg, Sàrl
Olimpo Asset 5, S.A.	SC – Sociedade de Consultoria, S.A.
Olimpo Asset 6, S.A.	SC Aegean, BV
Olimpo Asset 7, S.A.	SC Assets, SGPS, S.A.
Olimpo Asset 8, S.A.	SC Finance, BV
Olimpo Real Estate SGI, S.A.	SC Fitness, S.A.
Olimpo Real Estate Socimi, S.A.	SC Hospitality, SGPS, S.A.
Ometria Ltd.	SC Industrials SGPS, S.A.
Pantheon Plaza BV	SC, SGPS, S.A.
Paracentro - Gestão de Galerias Comerciais, S.A.	SCBRASIL Participações, Ltda.
Parcelas e Narrativas – Imobiliária, S.A.	SDSR - Sports Division, S.A.
Pareuro, BV	Secucloud Network GmbH



Selifa - Empreendimentos Imobiliários de Fafe, S.A.	Sonae Arauco France SAS
Sempre à Mão - Sociedade Imobiliária, S.A.	Sonae Arauco Maroc SARL
Sempre a Postos - Produtos Alimentares e Utilidades, Lda.	Sonae Arauco Netherlands BV
Serra Shopping - Centro Comercial, S.A.	Sonae Arauco Portugal, S.A.
Sesagest - Proj.Gestão Imobiliária, S.A.	Sonae Arauco South Africa (Pty) Ltd
Sete e Meio Herdades - Investimentos Agrícolas e Turismo, S.A.	Sonae Arauco Suisse S.A.
SFS - Financial Services IME, S.A.	Sonae Arauco, S.A.
SFS - Gestão de Fundos, SGFI, S.A.	Sonae Capital, SGPS, S.A.
SFS Gestão e Consultoria, S.A.	Sonae Corporate, S.A.
Shopping Centre Colombo Holding, B.V.	Sonae FS, SA
Shopping Centre Parque Principado BV	Sonae Holdings, S.A.
SIAL Participações, Ltda.	Sonae Indústria - Management Services, S.A.
Sierra Balmain Asset Management Spółka Z ograniczoną odpowiedzialności	Sonae Indústria - Soc. Gestora de Participações Sociais, S.A.
Sierra Balmain Property Management Spółka z o. o.	Sonae Indústria de Revestimentos, S.A.
Sierra Brazil 1, Sarl	Sonae Investments, BV
Sierra Central, S.A.S.	Sonae MC - Serviços Partilhados, S.A.
Sierra Developments Holding BV	Sonae MC S2 Africa Limited
Sierra Developments, SGPS, S.A.	Sonae MC, SGPS, S.A.
Sierra European Retail Real Estate Assets Holdings B.V.	Sonae RE, S.A.
Sierra Germany GmbH	Sonae S2 Africa Limited
Sierra Iberian Assets Holding, S.A.U.	Sonae Sierra Brasil, S.A.
Sierra Investments (Holland) 1 BV	Sonae Sierra Brazil Holdings S.à r.l.
Sierra Investments (Holland) 2 BV	Sonae Sierra, SGPS, S.A.
Sierra Investments Holdings BV	Sonaerp - Retail Properties, S.A.
Sierra Investments SGPS, S.A.	Sondis Imobiliária, S.A.
Sierra Italy Agency Srl	Sontária - Empreendimentos Imobiliários, S.A.
Sierra Italy Srl	Sonvecap, BV
Sierra LM, SGPS, S.A.	Sotàqua - Soc. de Empreendimentos Turísticos, S.A.
Sierra Management, SGPS, S.A.	Soternix - Produção de Energia, ACE
Sierra Maroc Services, SARL	SPF - Sierra Portugal
Sierra Maroc, SARL	SPF - Sierra Portugal Feeder 1, S.C.A.
Sierra Parma Project BV	SPF - Sierra Portugal Feeder 2, S.C.
Sierra Portugal Feeder 1, S.C.A.	SPF - Sierra Portugal Real Estate, SARL
Sierra Portugal Feeder 2, S.à r.l.	Spinarq - Moçambique, Lda.
Sierra Portugal, S.A.	Spinveste - Promoção Imobiliária, S.A.
Sierra Project Nürnberg BV	Spinveste. Gestão Imobiliária SGII, S.A.
Sierra Real Estate Greece BV	Sport TV Portugal, S.A.
Sierra Retail Ventures BV	Sport Zone Canárias
Sierra Romania Shopping Centers Services, SRL	SportIberica, S.A.
Sierra Services Holland BV	Sprinter Megacentros del Deporte, SL
Sierra Solingen Holding GmbH	Suncoutim - Solar Energy, S.A.
Sierra Spain Malaga Holdings, SL	Suricate Solutions
Sierra Spain, Shopping Centers Services, S.A.	Tafisa Canadá Inc
Sierra Turkey Gayrim.Yön.P.Dan.An.Sirket	Tafisa France SAS
Sierra VdG Holding BV	Taiber, Tableros Aglomerados Ibéricos, S.L.
SII - Soberana Investimentos Imobiliários, S.A.	Taikai, Lda.
Sixgill Ltd.	Tecmasa, Reciclados de Andalucía, SL
SK - Skin Health Cosmetics	Tecnologias del Medio Ambiente, S.A.
SLS Salsa - Comércio e Difusão de Vestuário, S.A.	Teliz Holding, B.V.
SLS Salsa España - Comercio y Difusión de Vestuario, SAU	The Artist Porto Hotel & Bistrô - Actividades Hoteleiras, S.A.
Sociedade de Construções do Chile, S.A.	The House Ribeira Hotel - Exploração Hoteleira, S.A.
Sociedade de Iniciativa e Aproveitamentos Florestais - Energia, S.A.	Tomenider
Société de Tranchage Isoroy SAS	Tool, GmbH
Socijofra - Sociedade Imobiliária, S.A.	Torre Norte, S.A.
Sociloures - Sociedade Imobiliária, S.A.	Trivium Real Estate Socimi, S.A.
Soflorin, BV	Tróia Market, S.A.
Sohi Meat Solutions - Distribuição de Carnes, S.A.	Tróia Natura, S.A.
Soira - Soc.Imobiliária de Ramalde, S.A.	TROIAMED - Sociedade Mediação Imob., S.A.
Solinca Health & Fitness, S.A.	Troiareort - Investimentos Turísticos, S.A.
Soltroia - Imob.de Urb.Turismo de Tróia, S.A.	Troiareort, SGPS, S.A.
Somit - Imobiliária, S.A.	Tulipamar - Expl.Hoteleira Imob., S.A.
Sonae Arauco (UK), Ltd.	Turismo da Samba (Tusal), SARL
Sonae Arauco Beeskow Gmb	UP Invest, SGPS, S.A.
Sonae Arauco Deutschland GmbH	Upstar Comunicações, S.A.
Sonae Arauco Espana - Soluciones de Madera, S. L.	Urban Fit - Gestão de Health Clubs, Lda.

Urban Fit Foz - Gestão de Health Clubs, Lda.
Urban Fit Gaia - Gestão de Health Clubs, Lda.
Urban Fit Maia - Gestão de Health Clubs, Lda.
Urbisedas - Imobiliária das Sedas, S.A.
Usebti Textile México S.A. de C.V.
Valor N, S.A.
Vastgoed One - Sociedade Imobiliária, S.A.
Vastgoed Sun - Sociedade Imobiliária, S.A.
VdG Holding B.V.
Via Catarina Centro Comercial, S.A.
ViSenze Pte. Ltd
Vistas do Freixo - Emp. Tur. Imobiliários, S.A.
Weaveworks INC.

Weierstadt Shopping B.V.
Win Broker - Mediação de Seguros, Lda.
Worten - Equipamento para o Lar, S.A.
Worten Canárias, SL
Worten España Distribución, SL
Worten International Trade, S.A.
Worten Malta Holding Limited
ZAP Media, S.A.
Zenata Commercial Project, S.A.
Zippy - Comércio e Distribuição, S.A.
Zippy - Comercio y Distribución, S.A.
Zippy cocuk malz.dag.ith.ve tic.ltd.sti

ANNUAL
REPORT
2020

IV



LEGAL
CERTIFICATION
OF ACCOUNTS
AND AUDIT REPORT



Statutory Audit Report and Auditors' Report

(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Sonaecom, S.G.P.S., S.A. (the Group), which comprise the consolidated statement of financial position as at 31st December 2020 (which shows total assets of Euros 1,247,490,793 and total shareholders' equity of Euros 1,114,500,282 including a net profit of Euros 60,125,890), the consolidated income statement by nature, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Sonaecom, S.G.P.S., S.A. as at 31st December 2020, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.

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Key Audit Matter**Summary of the Audit Approach**

Measurement of investments in joint ventures and associated companies

The Group has an investment in the joint venture ZOPT in the amount of Euros 663.0 million. ZOPT, in turn, controls NOS, and holds investments in Angolan and Mozambican entities Finstar and ZAP Media (Finstar consolidation) and Mstar, in the amount of approximately Euros 43 million, accounted by the equity method. In relation to Finstar, shares representing 70% of its capital, held by the other shareholder, are currently seized.

The group also holds investments in the associated companies Armilar II, Armilar III and Armilar I + I in the amount of Euros 143.9 million, which are investment entities, and measure their financial investments at fair value.

As disclosed in note 9, during 2020 and up to the present date, the following facts involving ZOPT were known:

- i) preventive seizure of shares representing 26.075% of the NOS' equity held by ZOPT, with limitation of exercising the voting rights (subsequently reversed) and receipt of dividends, in the context of a judicial proceeding involving the partner in the joint venture;
- ii) preventive seizure of shares representing 50% of the share capital of ZOPT, held by the partner in the joint venture;
- iii) notification of a banking entity to ZOPT, in January 2021, stating that it is vested with the right to exercise the voting rights of shares representing 17.35% of the capital of ZOPT.

In August 2020, the Group announced to the market that the shareholders agreed to take the necessary steps to dissolve ZOPT and share its assets proportionally.

We have obtained the financial statements of the joint venture and associated companies, as well as the respective audit reports, issued by another auditor.

As the financial statements of the joint venture and associated companies are audited by other auditors, we have sent audit instructions, interacted with the respective auditors, evaluated the strategy and the audit plan, as well as the tests performed for the significant areas and the conclusions reached. We have also validated the equity accounting.

As a result of the known facts affecting the joint venture, the following audit procedures were performed:

- i) assessment of the impacts produced by the seizure of Finstar's shares in the measurement of ZOPT's investment in the Angolan entities, and of the reasonableness of the assumptions used in its measurement;
- ii) assessment of the impacts produced by the limitation to the receipt dividends related to shares representing 26.075% of NOS' equity by ZOPT, in the measurement of the Group's investment in the joint venture, namely through obtaining and analyzing opinions of the joint venture's legal advisors;
- iii) assessment of the impacts produced by the preventive seizure of the shares representing 50% of the capital of ZOPT held by the partner in the joint venture, and of the notification received from the bank, in the classification and measurement of this investment in the consolidated financial statements;
- iv) in view of the decision to dissolve ZOPT and of the difference between the book value and the market capitalization of NOS, assessment of the adequacy of value in use to determine the recoverable amount of the joint venture;

Key Audit Matter	Summary of the Audit Approach
<p>The above-mentioned investments in joint ventures and associated companies are recorded under the equity method. As prescribed in IAS 36, impairment tests are performed whenever there are impairment indicators, and business plans are prepared to determine the recoverable amount.</p> <p>Considering the inherent subjectivity of the valuation model and assumptions used in determining the recoverability of the joint venture value, as well as the assumptions used in determining the fair value of the aforementioned associates' financial investments, we consider these investments to be a key audit matter.</p> <p>The disclosures are presented in Notes 1.b), 9 and 35 to the consolidated financial statements.</p>	<p>v) obtaining and analyzing the impairment test of the aforementioned joint venture.</p> <p>The analysis of the joint venture's impairment test involved the following procedures:</p> <ul style="list-style-type: none"> i) analysis of the models prepared to determine the recoverable amount, in order to determine its compliance with the accounting standards; ii) reasonableness analysis of the assumptions used in the forecasts made, considering the market conditions and the historical accuracy in preparing forecasts and budgets; iii) reperformance of model's calculations; iv) sensitivity analysis of the most significant assumptions. <p>We also reviewed the disclosures regarding joint ventures and associated companies.</p>

Financial assets measured at fair value

The Group holds equity instruments, which are not traded in an organized market, recorded as financial assets at fair value through other comprehensive income in the amount of Euros 7.3 million, and as financial assets at fair value through profit or loss in the amount of Euros 92,3 million. The change in the fair value of these instruments represented a gain in the consolidated income statement of Euros 21,6 million.

The determination of the fair value of equity instruments is complex and requires the use of significant judgments by management.

As disclosed in note 1.ad), the classification of investments in equity instruments, recorded at fair value through other comprehensive income was reviewed. As a result of this review, the Group concluded that it has significant influence over most of those investments. As the investment activity carried out by the subsidiaries that hold the aforementioned

The audit procedures carried out included the assessment that the methodologies, data and assumptions adopted by management to determine the fair value are adequate.

In relation to the equity instruments of entities that have been subject to recent transactions, our procedures involved the analysis of the documentation that supports the respective transaction, in order to corroborate the fair value that was determined.

With regard to equity instruments in entities that did not have recent transactions, our procedures included:

- i) analysis of the documentation supporting the acquisition;
- ii) management inquiry about the existence of significant changes, facts and circumstances that have occurred since the acquisition date, to determine whether there is sufficient evidence that indicates the need to change the valuation;

Key Audit Matter	Summary of the Audit Approach
<p>investments has the characteristics of venture capital, the Group opted for exemption from the application of the equity method, and measured the referred equity instruments at fair value through profit and loss, in accordance with IFRS 9. The financial statements were restated in order to incorporate the changes described.</p> <p>Considering the significant degree of uncertainty in determining the fair value of equity instruments, and the judgment involved in the classification of investments in venture capital, this was a relevant matter in our audit.</p> <p>The disclosures are presented in Notes 1.g), 1.ad) 10, 11 and 35.</p>	<p>iii) analysis, on a sampling basis, of the latest financial information available to assess the performance of investments since the acquisition and to validate the valuation of the investment.</p> <p>In order to assess the correct classification of equity instruments, the following procedures were carried out:</p> <ul style="list-style-type: none"> i) obtaining and analyzing investment agreements and other contractual elements, in order to conclude about the existence of significant influence by the Group, and the date from which it was acquired; ii) assessment of the proper treatment of the investment activity of the subsidiaries that hold the equity instruments as venture capital activity, to validate the measurement option. <p>We also verified the presentation and disclosures related to this matter.</p>
<p>Goodwill</p> <p>The statement of financial position presents a Goodwill of Euros 14.5 million.</p> <p>Goodwill is not amortized, and it is tested annually, or whenever there are impairment indicators, to verify if there are any losses to be recognized. The recoverable amount is determined based on the business plans used by Sonaecom's management.</p> <p>Considering the significance of the amount and the complexity and level of inherent judgment to the model adopted for the calculation of impairment and to the identification and aggregation of cash generating units (CGUs), this issue was a key matter for the purposes of our audit.</p>	<p>In order to assess Management's conclusions in relation to the recovery of Goodwill, we have obtained and analyzed the impairment tests prepared by the Group.</p> <p>Considering the identification and aggregation of the CGUs, we performed the following auditing procedures:</p> <ul style="list-style-type: none"> i) analysis of the models prepared to determine the recoverable amount, in order to determine its compliance with the accounting standards; ii) reasonableness analysis of the assumptions used in the forecasts made, considering the market conditions and the historical accuracy of the Group in preparing forecasts and budgets; iii) reperformance of model's calculations; iv) sensitivity analysis of the most significant assumptions.

Key Audit Matter	Summary of the Audit Approach
<p>The disclosures are presented in Notes 1.f), 1.x) and 8.</p>	<p>We also reviewed the disclosures related to this matter.</p>
Revenue recognition	
<p>The consolidated financial statements include revenue from projects in the segment of information systems in the amount of Euros 49.4 million. The consolidated financial statements also present revenue to be invoiced to customers of Euros 6.2 million and projects invoiced in advance of Euros 10.4 million.</p>	<p>To validate the reasonableness of the adjustments related to the percentage of completion accounting, we have obtained the project schedules and performed the following audit procedures:</p>
<p>As mentioned in accounting policies, the revenues from consulting projects are recognized each year, according to the respective performance obligation, based on their percentage of completion. The percentage of completion is obtained through the proportion of expenses incurred in the estimated costs of the project, based on budgets prepared for this purpose, according to management's best knowledge for each project.</p>	<ul style="list-style-type: none"> i) reconciliation of the schedules with the values of in the consolidated statement of financial position and consolidated income statement; ii) review, on a sample basis, of contracts to support project schedules; iii) reasonableness analysis of the percentage of completion considered, taking into account the underlying assumptions; iv) comparison of the results obtained with the recognized revenue; v) to validate management's assumptions, regarding the recognized margin, analysis of available information, essentially related to the terms of the contracts, the latest projections, the completion status of the projects, the billings made and the reasonableness of the budgets in the past, compared to actual values.
<p>Project schedules supporting the revenue recognition based on the stage of completion have several assumptions, essentially related to the overall budget of project expenditures and expenses to be incurred.</p>	<p>We also reviewed the disclosures related to this matter.</p>
<p>Given the inherent uncertainty of the estimates of the expenses to be incurred, they have to be continually reviewed and, as such, we consider this a key matter for the purposes of our audit.</p>	
<p>The disclosures are presented in Notes 1.s), 17, 29 and 30.</p>	

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

- a) the preparation of the consolidated financial statements, which present fairly the consolidated financial position, the consolidated financial performance and cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;
- b) the preparation of the consolidated Directors' report and the corporate governance report in accordance with the applicable law and regulations;
- c) the creation and maintenance of an appropriate system of internal control to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- d) the adoption of appropriate accounting policies and criteria; and
- e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

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

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

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

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

- a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;
- g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and
- i) confirm to the supervisory board that we comply with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes verifying that the information included in the consolidated Directors' report is consistent with the consolidated financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law on corporate governance matters.

Report on other legal and regulatory requirements

Consolidated Directors' report

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

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

- a) We were first appointed auditors of Sonaecom, S.G.P.S, S.A. in the Shareholders' General Meeting of 29th April 2016 for the period from 2016 to 2019, having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of 29th April 2020 for the period from 2020 to 2023.
- b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.
- c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board as of 26th March 2021.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors (“Estatutos da Ordem dos Revisores Oficiais de Contas”) and that we remain independent of the Group in conducting our audit.

26th March 2021

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

António Joaquim Brochado Correia, R.O.C.



Statutory Audit Report and Auditors' Report

(Free translation from the original in Portuguese)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Sonaecom, S.G.P.S., S.A. (the Entity), which comprise the separate statement of financial position as at 31st December 2020 (which shows total assets of Euros 1,077,497,321 and total shareholders' equity of Euros 1,075,192,479 including a net profit of Euros 3,076,233), the separate income statement by nature, the separate statement of comprehensive income, the separate statement of changes in equity and the separate cash flow statement for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.

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PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente. Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3^o, 1069-316 Lisboa, Portugal

Measurement of equity investments

Sonaecom, SGPS, SA, on 31st December 2020, holds financial interests in group companies and joint ventures in the amount of Euros 75.5 million and Euros 597.7 million, respectively, which are measured at acquisition cost. There is also supplementary capital granted to those entities in the amount of Euros 192.2 million, recorded in Other non-current assets. The joint venture ZOPT, in turn, controls NOS, and holds investments in Angolan and Mozambican entities Finstar and ZAP Media (Finstar consolidation) and Mstar, in the amount of approximately Euros 43 million, accounted by the equity method. In relation to Finstar, shares representing 70% of its capital, held by the other shareholder, are currently seized.

As disclosed in note 7, during 2020 and up to the present date, the following facts involving the joint venture ZOPT were known:

- i) preventive seizure of shares representing 26.075% of the NOS' equity held by ZOPT, with limitation of exercising the voting rights (subsequently reversed) and receipt of dividends, in the context of a judicial proceeding involving the partner in the joint venture;
- ii) preventive seizure of shares representing 50% of the share capital of ZOPT, held by the partner in the joint venture;
- iii) notification of a banking entity to ZOPT, in January 2021, stating that it is vested with the right to exercise the voting rights of shares representing 17.35% of the capital of ZOPT.

In August 2020, the company announced to the market that the shareholders agreed to take the necessary steps to dissolve ZOPT and share its assets proportionally.

In order to validate the Management's assumptions and judgments in the valuation of equity investments, we performed the following procedures:

- assessment of whether or not there is evidence of impairment in financial investments; and
- obtaining and analyzing the impairment tests for financial investments, when applicable.

As result of the known facts affecting the joint venture, the following audit procedures were performed:

- i) assessment of the impacts produced by the seizure of Finstar's shares in the measurement of ZOPT's investment in the Angolan entities, and of the reasonableness of the assumptions used in its measurement;
- ii) assessment of the impacts produced by the limitation to the receipt dividends related to shares representing 26.075% of NOS' equity by ZOPT, in the measurement of the group's investment in the joint venture, namely through obtaining and analyzing opinions of the joint venture's legal advisors;
- iii) assessment of the impacts produced by the preventive seizure of the shares representing 50% of the capital of ZOPT held by the partner in the joint venture, and of the notification received from the bank, in the classification and measurement of this investment in the financial statements;
- iv) in view of the decision to dissolve ZOPT and of the difference between the book value and the market capitalization of NOS, assessment of the adequacy of the value in use to determine the recoverable amount of the joint venture;
- v) obtaining and analyzing the impairment test of the aforementioned joint venture.

Key Audit Matter	Summary of the Audit Approach
<p>As mentioned in the accounting policies, a valuation of the investments is made when there are indicators that the asset might be impaired or when impairment recognized in previous years cease to exist.</p> <p>The valuation of equity investments is considered to be a key audit matter, given that changes caused by events or circumstances that adversely influence the performance of the investees introduces a high degree of subjectivity in assessing the recoverability of the book value of these assets. The valuation model used is the discounted cash flow model. To prepare this model, management incorporates judgments based on assumptions about cash flows forecasts, growth rates and discount rates to be applied.</p> <p>The disclosures are presented in Notes 1.c), 1.d), 1.t), 6, 7 and 8.</p>	<p>The analysis of impairment tests, based on discounted cash flow models, involved auditing procedures that included:</p> <ul style="list-style-type: none"> i) analysis of the models prepared to determine the recoverable amount, in order to determine its compliance with the accounting standards; ii) reasonableness analysis of the assumptions used in the forecasts made, in order to assess its reasonableness; iii) reperformance of model's calculations; iv) sensitivity analysis of the most significant assumptions. <p>We compared the recoverable amount obtained with the book value of the investment, when applicable, and assessed the reasonableness of the impairment losses recorded by the Entity.</p> <p>We also reviewed the disclosures in the notes to the financial statements.</p>

Responsibilities of management and supervisory board for the financial statements

Management is responsible for:

- a) the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Entity in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;
- b) the preparation of the Directors' report and the corporate governance report in accordance with the applicable law and regulations;
- c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- d) the adoption of appropriate accounting policies and criteria; and
- e) the assessment of the Entity's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Entity's ability to continue its activities.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- f) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- g) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and

h) confirm to the supervisory board that we comply with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law on corporate governance matters.

Report on other legal and regulatory requirements

Directors' report

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

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

- a) We were first appointed auditors of the Entity in the Shareholders' General Meeting of 29th April 2016 for the period from 2016 to 2019, having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of 29th April 2020 for the period from 2020 to 2023.
- b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the financial statements. Based on the work performed, we have not identified any material misstatement in the financial statements due to fraud.
- c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Entity's supervisory board as of 26th March 2021.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors (“Estatutos da Ordem dos Revisores Oficiais de Contas”) and that we remain independent of the Entity in conducting our audit.

26th March 2021

PricewaterhouseCoopers & Associados
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represented by:

António Joaquim Brochado Correia), R.O.C.

ANNUAL
REPORT
2020

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REPORT AND
OPINION OF THE
STATUTORY
AUDIT BOARD

Report and opinion of the Statutory Audit Board of Sonaecom, SGPS,S.A.

To the Shareholders

1 – Report

1.1 - Introduction

In compliance with the applicable legislation and the mandate given to the Statutory Audit Board, we hereby issue our Report and Opinion of the audit performed, as well the documentation concerning the individual and consolidated accounts, for the year ended at 31 December 2020, which are of the responsibility of the Company's Board of Directors.

1.2 – Supervisory activities

During the year under analysis, the Statutory Audit Board, in accordance with its competence and in accordance with its Regulation, accompanied the management of the Company and its affiliated companies, and has overseen, with the required scope, the evolution of the operations, the adequacy of the accounting records, the quality and appropriateness regarding the process of preparation and disclosure of financial information, corresponding accounting policies, valuation criteria used as well as the compliance with legal and regulatory requirements.

In the exercise of its competences, the Statutory Audit Board had regular quarterly meetings, as well as other extraordinary meetings, in which, in accordance with the nature of the matters to be discussed, the meetings were attended by the Board and head of Planning and Control department, Financial and Administrative department, Internal Audit department and the Society of Statutory and External Auditor, as well as maintained the appropriate interactions with that of Legal Advisory. In addition, the Statutory Audit Board participated in the Board of Directors' meeting that approved the report and accounts for the year and was granted access to all the documentary or personal information that appeared appropriate to the exercise of its audit action.

The Statutory Audit Board verified the effectiveness of the risk management and internal control, analysed the planning and the results of external and internal auditors' activity, accompanied the system involving the reception and follow up of reported irregularities, assessed the process of preparing the individual and consolidated statements, communicated to the Board of Directors information regarding the conclusion and quality of the financial statements audit and its intervention in the process, has pronounced itself in favor of the rendering of non-audit services by the Statutory and External Auditor, having exercised its mandate in what concerns the evaluation of the competence and independence of external auditors, as well as to the supervision of the establishment of the Statutory and External Auditor remuneration.

During the year, the Statutory Audit Board accompanied, with special care, the accounting treatment of transactions that had had material impact on the evolution of operations and on the individual and consolidated financial position of Sonaecom SGPS, S.A., and, also, the audit work in the context of uncertainty caused by the Covid-19 pandemic, considering the circular to the supervisory board of public interest entities, of CMVM, of 18 December, 2020, on the audit of the closing of accounts for this financial year. Within the scope of its attributions, the Statutory Audit Board examined the individual and consolidated balance sheets, the individual and consolidated profit and loss accounts by nature, cash flows, comprehensive income, changes in equity and related annexes for the year end 2020, having

received from the Statutory and External Auditor all the information and clarifications requested, as well as the Additional Audit Report provided for in article 24 of Law 148/2015, of 9 September.

The Statutory Audit Board, in compliance with article 249-A, no. 1 of the Securities Code, in the version introduced by Law no. 50/2020, of 25 August, issued a binding prior opinion regarding the review of the internal policy in related to transactions with related parties, a policy that was approved by the Board of Directors. During the year, transactions with related parties or qualified shareholders were part of the Company's current activity, were carried out under market conditions, complying with the applicable legal and regulatory requirements, and the presence of conflicts of interest was not identified.

The Statutory Audit Board has complied with the IPCG Recommendations of the Corporate Governance Code I.2.2, I.2.3, I.2.4, I.3.1, I.3.2, I.4.1, I.4.2., I.5.1, III.6, VI.2., VI.3, VI.4, VI.5, VI.7, VII.1.1, VII.2.1., VII.2.2., VII.2.3.

Being a governing body, under the terms of al. c) of no. 2 of Article 3 of Law 148/2015, constituted mainly of independent members and the President being an independent member in light of legal criteria and all professionally qualified to exercise their respective functions, the Audit Committee has developed its powers and inter- relations with other corporate bodies and services of the company in accordance with the principles and conduct recommended in the legal and recommendatory provisions, having not received any report from the statutory auditor regarding irregularities or difficulties in the exercise of the respective functions.

Furthermore, the Statutory Audit Board appreciated the Corporate Governance Report which is attached to the company's Management Report, regarding the consolidated financial accounts, under the terms and for the purpose of No. 5 of Art. 420 of the Portuguese Commercial Code (Código das Sociedades Comerciais), having concluded that the report includes the elements referred to in Art. 245 – A of the Securities Market Code (Código dos Valores Mobiliários).

Still, in the fulfilment of its duties, the Statutory Audit Board reviewed the Report of the Board of Directors, including the Corporate Governance Report, and remaining individual and consolidated documents of account prepared by the Board of Directors, concluding that these information was prepared in accordance with the applicable legislation and that it is appropriate to the understanding of the financial position and results of the Company and the consolidation perimeter, and has reviewed the Statutory Audit and Auditors' Report issued by the Statutory Auditor and agreed with its content.

2 – Opinion

Considering the above, in the opinion of the Statutory Audit Board, that all the necessary conditions are fulfilled in order for the Shareholders' General Meeting to approve:

- a) the Report of the Board of Directors;
- b) the individual and consolidated statements of financial position, profit and loss by natures, comprehensive income, changes in equity and of cash flows and related notes for the year ended 31 December 2020;
- c) the proposal of net profit appropriation presented by the Board of Directors.

3 – Responsibility Statement

In accordance with paragraph a), number 1 of article 8º of the Regulation of CMVM nr. 5/2008 and with the terms defined in paragraph c) nº 1 of the article 245º of the Portuguese Securities Market Code, the members of the Statutory Audit Board declare that, to their knowledge, the information contained individual and consolidated financial statements were prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and the results of the Sonaecom, SGPS, S.A. and companies included in the consolidation, and that the Board of Directors Report faithfully describes the business evolution, performance and financial position of Sonaecom, S.G.P.S., S.A. and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face. It is also declared that the Corporate Governance Report complies with article 245º A of the Portuguese Securities Market Code.

Maia, 26 March 2021

The Statutory Audit Board

João Manuel Gonçalves Bastos

Maria José Martins Lourenço da Fonseca

Óscar José Alçada da Quinta

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

SAFE HARBOUR

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

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

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

Report available on Sonaecom's corporate website

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