1Q20

RESULTS

BUILDING TOGETHER

20 May 2020

1. Highlights

Financial Performance

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

Portfolio Management Activity

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

2. CEO letter

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

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

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

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

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

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

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

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

Cláudia Azevedo

CEO, Sonae

3. Covid-19 update

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

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

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

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

Employees

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

Community Support

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

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

Business operations – Main highlights

Food retail | Sonae MC

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

Shopping Centres | Sonae Sierra

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

Telecomunications | NOS

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

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

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

Electronics | Worten

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

Fashion and Sports | Sonae Fashion and ISRG

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

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

Financing

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

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

4. Sonae consolidated performance

Brief portfolio update

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

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

Consolidated performance

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

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

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

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

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

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

Capital Structure

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

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

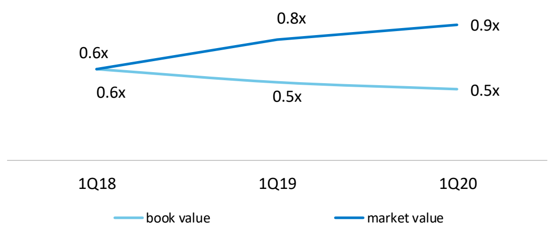
Sonae's **financing conditions** continued to be characterized by a low cost of debt, which stood at 1.2% during 1Q20 (1.0% excluding Sonae Sierra), and an average maturity profile of around 4 years. In addition, since the end of 2019, Sonae has already refinanced ca. €500 M in long term facilities.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

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

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

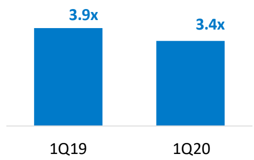
Sonae net invested capital			
Million euros	1Q19	1Q20	yoy
Net invested capital	5,944	4,975	-16.3%
Shareholders funds	3,124	2,550	-18.4%
Net debt (exc. lease liabilities)	1,701	1,233	-27.5%
Lease liabilities	1,118	1,193	6.6%

Gearing evolution

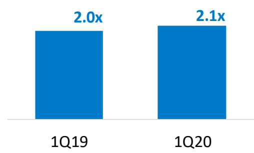


Ratios

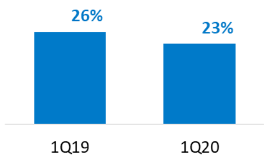
Sonae MC
Net Debt/ und. EBITDA
(post IFRS16)



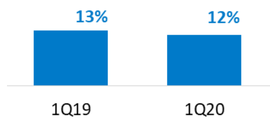
NOS
Net Debt/ EBITDA
(post IFRS16)



Sonae Sierra
Loan-to-value (net)



Holding
Loan-to-value

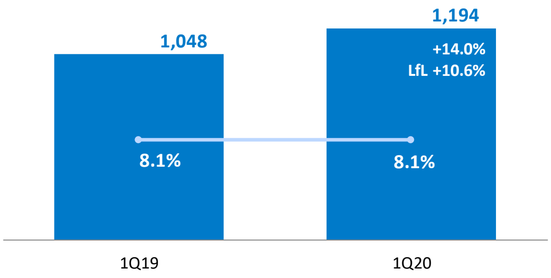


Sonae Capex			
Million euros	1Q19	1Q20	yoy
Capex	**116**	**60**	**-48.0%**
Sonae MC	101	46	-54.2%
Sonae Sierra	4	2	-
Worten	5	4	-27.4%
Sonae Fashion	2	4	72.1%
Sonae FS	<1	<1	-
Sonae IM	9	4	-49.8%

5. Business by business results

5.1. Sonae MC[1]

Turnover and underlying EBITDA margin (€M)



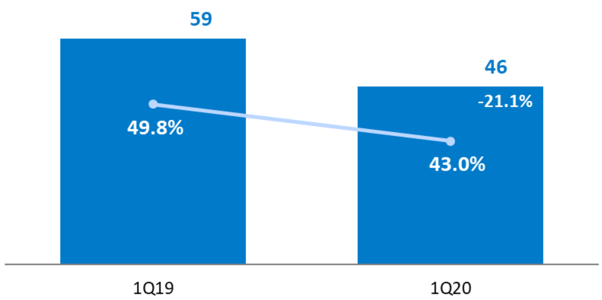
Note: 1Q19 margin is pro-forma, to include the effect of transportation contracts accounted under IFRS16.

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

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

5.2. Sonae Sierra

Turnover and EBIT margin (€M)



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

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

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

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

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

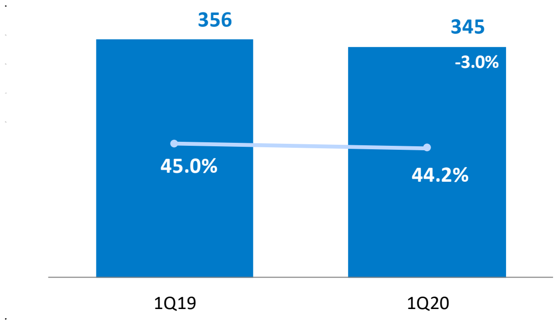
Regarding **NAV**, Sonae Sierra ended the 1Q20 with €1,021 M. Compared to 2019YE, NAV decreased 26.2%, mainly impacted by the sale of the Prime Portfolio and its respective dividend distribution, coupled with the adverse impact from FX differences (mainly the Brazilian real).

5.3. NOS

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

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

Turnover and EBITDA margin (€M)



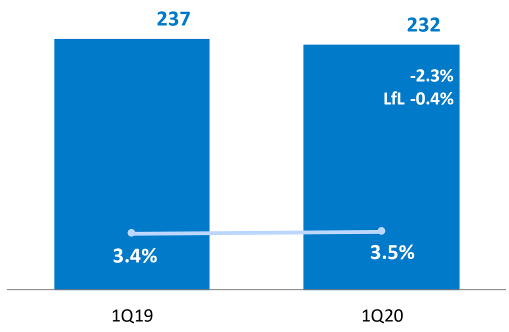
Consolidated EBITDA fell by 4.6% to €152.7 M, resulting from a decline in both Telco and Audiovisuals & Cinemas. **Net Results** in 1Q20 were negative €10.4 M, mainly impacted by the non-recurrent items of €45.7M, mostly related to the Covid-19 potential impacts, namely the reinforcement of operating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

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

5.4. Worten

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

Turnover and underlying EBITDA margin (€M)



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

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

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

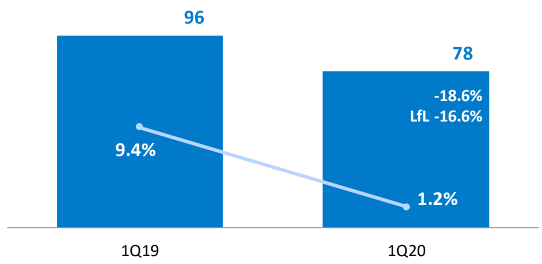
5.5. ISRG

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

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

5.6. Sonae Fashion

Turnover and underlying EBITDA margin (€M)



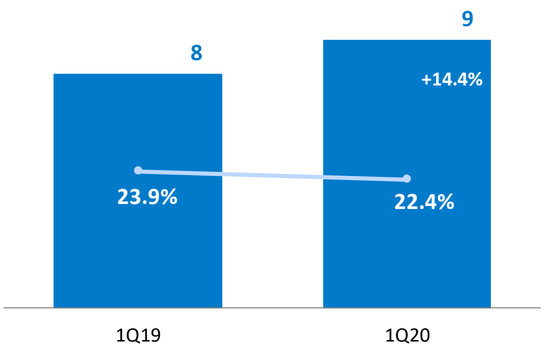
For Sonae Fashion the first 2 months of the year were very positive, both in top line and underlying EBITDA, showing improvements from both value propositions and business models.

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

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

5.7. Sonae FS

Turnover and underlying EBITDA margin (€M)



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

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

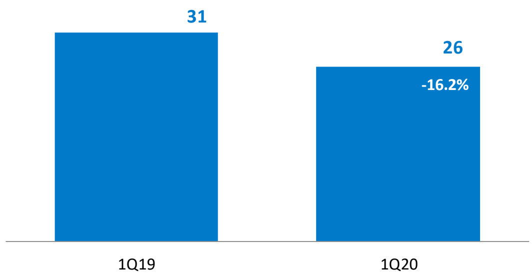
However, the Universo operation benefits from having a digital-oriented value proposition and it has been implementing several initiatives to further develop its digital offering to mitigate the impact of the current crisis. All in all, thanks to the performance up to mid-March (and some initial positive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

5.8. Sonae IM

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

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

Turnover (€M)



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

6. Corporate information

6.1. Main corporate events in the 1Q20

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

Sonae informed on qualified shareholdings.

February 29th

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

6.2. Subsequent events

April 8th

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

April 10th

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

April 17th

Sonae informed on transaction by person discharging managerial responsibilities.

April 30th

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

April 30th

Sonae informed on dividend payment.

May 5th

Sonae informed on qualified shareholding.

May 18th

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

7. Sonae Balance sheet

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

8. Additional information

8.1. Methodological notes

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

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

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

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

8.2. Sonae Sierra statutory accounts

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

9. Glossary

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

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 should not be regarded as historical facts.

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

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

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Sonae is listed on the Euronext Stock Exchange. Information may also be accessed on Reuters under the symbol SONP.IN and on Bloomberg under the symbol SON PL