

SONAE CAPITAL

REPORT AND ACCOUNTS

31 MARCH 2020



SONAE CAPITAL



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PART I
MANAGEMENT REPORT

31 MARCH 2020



On 19 November 2019, Sonae Capital sold its entire participation in the share capital of RACE, S.A., its Refrigeration and HVAC segment. In order to ensure comparability between the information reported in 2020 and the information for the same period in 2019, the Consolidated Income Statement for the year 2019 was restated and excludes the contribution of RACE, S.A. up to Net Results – Continued Operations. Therefore, the contribution of RACE, S.A. is now only recognised in Net Income - Discontinued Operations line.

At the same time, the perimeters of Tróia Operations and Real Estate Assets (Tróia) were adjusted in order to include, in the perimeter of Tróia Operations, the Real Estate assets linked to the Operations of the Resort. For this reason, the 2019 information in these businesses was also restated.

SONAE CAPITAL



1. MAIN HIGHLIGHTS AND CEO'S MESSAGE

- Quarter indelibly marked by the start and rapid spread of the pandemic Covid-19 in Portugal, leading to the suspension of a part of Sonae Capital operations in mid-March 2020, with a particular negative impact on the results achieved in Fitness, Hospitality and Tróia Operations;
- Business Units' Turnover in the amount of 97.8M€, 66.5M€ above 1Q19, mostly driven by the integration of Futura Energía Inversiones and with a positive contribution from Fitness;
- Business Units' EBITDA up 6.2%, to 5.2M€, motivated by the performance of Industrial Engineering (+45.3%), Energy (+6.2%) and, to a lesser extent, Fitness (+1.8%);
- Real Estate Assets unit registering Turnover of 5.5M€, 20.5% above 1Q19;
- Net Results totalling negative 5.4M€, 6.6% below 1Q19;
- Net Financial Debt at 159.0M€, 17.8M€ above 2019 year-end;
- Maintenance of an adequate capital structure: Net Financial Debt / EBITDA at 3.5x and Loan-to-Value of 26.3%;
- Closing of a 4-year Bond loan in the amount of 15M€.

"As we know, the first quarter 2020 ended in a very particular context, which brought an unprecedented challenge for the Society, Governments, Companies or Individuals.

Nonetheless, Sonae Capital Business Units were able to deliver a positive performance, both in Turnover and EBITDA. In the Real Estate Assets unit, we completed sales deeds in the amount of 3.8 million euros, at the same time we have a stock of PPSAs and Reserves of 38.3 million euros, thus continuing to implement the asset monetisation plan in course.

Specifically regarding Sonae Capital portfolio, our Energy segment was not materially impacted by the Covid-19 pandemic, but other segments, namely Industrial Engineering and Real Estate Assets, registered a slowdown in activity levels; while other segments, such as Fitness, Hospitality and Tróia Operations, saw their operations suspended from mid-March. Accordingly, the Results we announce today are partially impacted by the pandemic, but we anticipate that the impact will be more severe in the second quarter, as it encompasses months of complete suspension. On the other hand, we are actively and carefully ensuring all the conditions for a prompt and safe reopening, both for our employees and our customers.

Yet, the first two months of the year were quite positive in most segments and we registered an EBIT growth of 66% in the Business Units, when compared to the same period in 2019. We ended March 2020 with a Net Financial Debt of 159 million euros, 17.8 million euros above the end of last year. As of today, counting with the refinancing operations we have been completing, our cash and available credit lines reached 72.5 million euros, contributing to improve the resilience of our Balance Sheet, which, given the current context, allows facing the coming months with confidence, and pursuing the Group's strategic objectives.

I can only thank all our people for the tenacity they have been showing, not only facing the challenges that this pandemic has imposed on us, but also making a difference in situations that go well beyond the scope of their functions, as is the case of our teams in Hospitality, who have received in our Hotels health professionals working in the front line, or our teams in CapWatt and ADIRA, who collaborate in a project of manufacturing of ventilators promoted by CEiiA. It is at times like these that people and organisations reinvent themselves and make a difference, ensuring the conditions to prepare for a future where, I am convinced, everyone will be much stronger."

Miguel Gil Mata

2. COVID-19

At Sonae Capital, the Covid-19 pandemic impacted the majority of the operations since the beginning of March, with special emphasis on Fitness, Hospitality and Tróia Operations segments. Thus, and even if only partially, the results for the first quarter of 2020 already reflect this effect.

Since the beginning of this exceptional period, Sonae Capital's priority has been, above all, the well-being of its employees, customers, suppliers and the community in general. Along with the transition to remote work of all the functions that allow it, we proceeded to the preventive suspension of the operation of all the Clubs (in the Fitness segment), all the Hotel Units (in the Hospitality segment), as well as the most part of our Operations in Tróia. In the remaining segments, namely Energy, Industrial Engineering and Real Estate Assets, we adopted all the necessary security measures and the teams have been working in order to ensure the normal functioning of the operations, within all existing restrictions.

In this context, we have been working to protect the resilience levels of all segments, acting both at the level of Fixed Costs and CAPEX. In the case of Fixed Costs, real estate rents referring to the Fitness and Hospitality segments are of particular importance, and so we have negotiations underway to temporarily suspend or reduce rental charges. At the same time, considering not only the impact the pandemic is having across most of the segments, but also the level of uncertainty regarding its duration and the respective response measures, some of our segments adopted the simplified layoff regime, the legal figure created by the Government. Thus, in order to protect our operations and, above all, our employee's jobs, this regime has been implemented since 10 April 2020, business by business, and in a phased and transversal manner. The only exception is the Energy segment, which maintains its regular operational activity.

Also at the CAPEX level, all investment decisions not yet committed have been analysed on a case-by-case basis, in order to achieve a balance that we consider essential between two dimensions: on the one hand, the investment necessary to ensure the growth strategy of our businesses and, on the other hand, the protection of Sonae Capital liquidity. Due to its strategic relevance, the development of Mangualde Biomass fired cogeneration plant, in Energy, and the Hotel Unit of Santa Apolónia, in Hospitality, are progressing as planned.

Since the end of 2019, Sonae Capital has been working extensively on its debt refinancing (in order to optimise the average maturity and the cost of debt) aimed at reinforcing available liquidity. Accordingly, to date, the amount of cash and credit lines available is at 72.5M€, ensuring all financing needs scheduled for 2020.

The status of our operations remained practically unchanged from the end of the first quarter 2020 to the date of this report: (i) the Fitness and Hospitality segments kept their operations suspended and Tróia keeps the majority of the operations closed, with the exception of some careers at Atlantic Ferries, Meu Super and the Marina; (ii) ADIRA commercial activity had a promising start, but the number of orders has been experiencing a significant slowdown since the end of March; and (iii) the Real Estate Assets unit has been impacted by constraints related to the contractual closing of processes, which should be added to the natural uncertainty surrounding the sector. We expect that our results in 2020, particularly in the second quarter, will remain significantly impacted by the Covid-19 pandemic. The Energy segment, where the Biomass-fired cogeneration plant is due to start operating in June, has been the most resilient segment within Sonae Capital portfolio, and so no major changes are expected for the Production business. In the Retail & Trade business, the increased volatility of the markets in which it operates - CO₂ emission licenses, electricity and natural gas - has led to a preventive slowdown in activity, in order to protect the natural liquidity (working capital) requirements.

The State of Emergency ended in Portugal on 3 May 2020, and the resumption of some activities has been taking place gradually and progressively. At this stage, it is not possible to determine the exact date on which our suspended activities will resume, or under what conditions they will operate when it happens. However, there is a certainty that Sonae Capital has been carefully preparing that, as soon as the reopening is possible, all its operations are ready to face the challenges ahead, which for sure will be overcome.

3. OVERALL PERFORMANCE

Consolidated Profit and Loss Statement			
Million euro	1Q 2020	1Q 2019 R	Δ 20/19
Turnover			
Business Units	97.80	31.26	>100%
Energy	80.47	14.02	>100%
Industrial Engineering	2.79	2.58	+8.0%
Fitness	10.65	10.02	+6.2%
Hospitality	2.30	3.02	-23.8%
Troia Resort - Operations	1.59	1.62	-1.7%
Real Estate Assets	5.48	4.55	+20.5%
Troia Resort	2.40	3.08	-22.1%
Other Real Estate Assets	3.09	1.47	>100%
Eliminations & Adjustments	-1.44	-1.87	+23.3%
Consolidated Turnover	101.85	33.94	>100%
Other Operational Income	0.44	0.73	-40.1%
Total Operational Income	102.28	34.66	>100%
EBITDA			
Business Units	5.24	4.94	+6.2%
Energy	3.83	3.60	+6.2%
Industrial Engineering	-0.36	-0.66	+45.3%
Fitness	3.28	3.22	+1.8%
Hospitality	-1.12	-0.86	-31.0%
Troia Resort - Operations	-0.38	-0.37	-2.3%
Real Estate Assets	0.76	0.82	-6.4%
Troia Resort	0.39	0.03	>100%
Other Real Estate Assets	0.37	0.78	-52.6%
Eliminations & Adjustments	-2.05	-1.78	-15.2%
Consolidated EBITDA	3.96	3.97	-0.4%
Amortizations & Depreciations	7.73	7.33	+5.5%
Provisions & Impairment Losses	-0.14	-0.01	<-100%
Recurrent EBIT			
Business Units	-1.88	-1.72	-9.1%
Energy	1.42	1.29	+10.3%
Industrial Engineering	-0.69	-0.88	+21.7%
Fitness	0.83	1.03	-19.3%
Hospitality	-2.38	-2.10	-13.0%
Troia Resort - Operations	-1.07	-1.06	-0.7%
Real Estate Assets	-0.62	-0.74	+16.4%
Eliminations & Adjustments	-1.13	-0.88	-29.1%
Consolidated Recurrent EBIT	-3.63	-3.34	-8.7%
Non-recurrent costs/income (1)	0.21	0.00	-
Consolidated EBIT	-3.84	-3.34	-15.0%
Net Financial Expenses	-1.56	-2.12	+26.6%
Investment Income and Results from Assoc. Undertakings	0.10	0.47	-77.8%
EBT	-5.30	-4.99	-6.1%
Taxes	0.08	0.01	>100%
Net Profit - Continued Businesses	-5.37	-5.01	-7.3%
Net Profit - Discontinued Businesses	-0.03	-0.06	+53.6%
Net Profit - Total	-5.40	-5.07	-6.6%
Attributable to Equity Holders of Sonae Capital	-5.62	-5.27	-6.7%
Attributable to Non-Controlling Interests	0.22	0.20	+8.0%

(1) Non-recurrent items mainly related to restructuring costs and one-off income.

- The Business Units turnover stood at 97.8M€, posting a significant increase when compared to 31.3M€ registered in the same period of 2019. This performance is mainly the results of the contribution of the Retail & Trade business, in the Energy segment. However, both Industrial Engineering and Fitness segments increased turnover in 1Q20. The Real Estate Assets unit increased turnover by 20.5%, to 5.5M€, due to the performance of the Other Assets unit, which more than doubled turnover when compared to 1Q19, namely due to the sale of “Casa da Ribeira”, for 1.5M€.
- The Business Units EBITDA increased to 5.2M€, 6.2% above the same period in 2019, generating a margin of 5.4%, well below the previous year, mainly due to the impact of the Retail & Trade business which, by its nature, has a margin substantially below that of other businesses in Sonae Capital portfolio. In the Real Estate Assets unit, the EBITDA decreased by 6.4%, to 0.8M€, as a result of the mix of assets sold.
- The Recurrent EBIT stood at negative 3.6M€, which compares with negative 3.3M€ in 1Q19.
- Net Results totaled negative 5.4M€, 6.6% below the same period in 2019, essentially due the following:
 - (i) an increase of 0.4M€ in Amortisations & Depreciations (0.2M€ referred to IFRS 16 Amortisations and 0.2M€ driven by the investment plan in place, namely in the Energy segment);

- (ii) an increase of 0.2M€ in Non-Recurrent costs (mostly at ADIRA, following the ongoing restructuring plan);
- (iii) a decrease of 0.4M€ in Investment Income and Results from Associated Undertakings (as 1Q19 was impacted by a Badwill recognition, following the acquisition of Aqualuz Lagos operation).

Notwithstanding:

- (iv) an increase of 0.5M€ in Net Financial Expenses (including 0.3M€ related with the capitalisation of interest incurred in the development of the Mangualde Biomass-fired cogeneration plant).

3.1 CAPITAL STRUCTURE

Capital Structure/Capex/Ratios			
Million euro	Mar 2020	Dec 2019	Δ 20/19
Net Capital Employed	437.80	422.53	+3.6%
Fixed Assets	372.56	369.99	+0.7%
o.w. Rights of Use (IFRS16)	53.51	50.92	+5.1%
Non-Current Investments (net)	12.48	8.99	+38.8%
Working Capital	45.75	41.32	+10.7%
Capex (end of period)	7.62	51.73	-85.3%
% Fixed Assets	12.8%	13.9%	-1.1 pp
CAPEX (L12M) / Depreciations	1.30x	2.07x	-0.77x
Net Debt			
Financial Net Debt	158.99	141.21	+12.6%
Net Debt Total	225.08	204.55	+10.0%
% Net Capital Employed	51.4%	48.4%	+3.0 pp
Debt to Equity	105.8%	93.8%	+12.0 pp
Capital Structure Ratios			
Loan to Value (Real Estate Assets)	26.3%	23.9%	+2.4 pp
Net Debt/EBITDA (recurrent without IFRS16)	3.47x	3.00x	+0.47x
Net Debt/EBITDA (recurrent with IFRS16)	3.89x	3.55x	+0.34x

- Capex totalled 7.6M€ in 1Q20, mostly driven by the Energy segment, namely on the back of Mangualde Biomass-fired cogeneration project development (with an investment of 3.0M€) and the 1.4M€ investment made in Fitness, essentially due the expansion plan in course.
- Net Debt stood at 225.1M€ at the end of March 2020. The Net Financial Debt amounted to 159.0M€ in the same period, registering an increase of 17.8M€ compared to the end of 2019.
- Net Financial Debt to EBITDA reached 3.5x and Loan-to-Value stood at 26.3%. Both ratios are above the values registered in previous quarters, due to an increase in the debt allocated to the Business Units, following the ongoing investment plan (especially due to the Mangualde power plant, at CapWatt, which will start operating in the second half of the year). Given the exceptional situation we are experiencing, one of Sonae Capital's main priorities is to ensure a sufficient liquidity buffer to finance its activity. To date, as a result of the refinancing and liquidity reinforcement operations carried out, cash and available credit lines reached 72.5M€. This enables increasing the Balance sheet resilience, thus facing the uncertain times ahead with greater confidence.

4. BUSINESS UNITS

4.1 ENERGY



Operational and Financial Information - Energy			
Million euro	1Q 2020	1Q 2019	Δ 20/19
Total Operational Income	80.53	14.03	>100%
Turnover	80.47	14.02	>100%
<i>Production</i>	12.48	14.02	-11.0%
<i>Retail & Trade</i>	68.78	0.00	-
Other Operational Income	0.06	0.01	>100%
Total Operational Costs	76.71	10.43	>100%
Cost of Goods Sold	73.69	7.76	>100%
External Supplies and Services	1.69	1.54	+9.9%
Staff Costs	1.16	0.86	+34.2%
Other Operational Expenses	0.17	0.27	-36.8%
EBITDA	3.83	3.60	+6.2%
<i>Production</i>	3.53	3.60	-2.1%
<i>Retail & Trade</i>	0.30	0.00	-
EBITDA Margin (% Turnover) - [Production]	28.2%	25.7%	+2.6 pp
Depreciations IFRS16	0.16	0.12	+36.3%
Amortizations & Depreciations	2.25	2.20	+2.2%
Provisions & Impairment Losses	0.00	0.00	-
Recurrent EBIT	1.42	1.29	+10.3%
<i>Production</i>	1.14	1.29	-11.2%
<i>Retail & Trade</i>	0.28	0.00	-
Recurrent EBIT Margin (% Turnover) - [Production]	9.2%	9.2%	-0.0 pp
Capex	3.63	10.36	-65.0%
EBITDA-Capex	0.20	-6.76	-
Total Capacity (MW)	80.8	77.7	+4.0%
Owned & Operated	64.6	63.9	1.1%
Operated (not consolidated)	3.2	3.2	0.0%
Projects in progress (MW)	13.0	10.6	22.6%

- Following the acquisition of Futura Energía Inversiones, the Energy business consolidates two different businesses since 1 August 2019. Two businesses that are different, not only in nature but also in turnover and profitability metrics: the Production business, which includes Cogeneration and Renewables operations, and the Retail & Trade business, which includes the operation developed by Futura Energía Inversiones.
- In the Production business, Turnover decreased by 11.0% when compared to the 1Q19, totalling 12.5M€. In the Cogeneration operation, despite the positive volume effect (related to a higher level of production), we had a negative price effect at electric and thermal energy, particularly due to different electric energy remuneration regime in two power plants (Maia and Carvemagere). At the same time, it should be noted that one of the Cogeneration power plants - CapWatt Lousado – in a fabric in the Automotive Industry, was closed for three weeks due to the Covid-19 pandemic. As for the Renewables operation, it has evolved negatively compared to 1Q19, due to a lower availability of solar resource, and also due to a small failure at one of CapWatt Alrota's three transformers.
- As regards profitability, the Production EBITDA decreased 2.1%, to 3.5M€. As previously reported, the EBITDA line has been impacted by structural costs related to the ongoing expansion plan.
- The Retail & Trade business, whose activity includes trading of natural gas, electricity and carbon emission allowances, had a contribution of 68.8M€ and 0.3M€ for turnover and EBITDA, respectively.
- The CAPEX stood at 3.6M€, mainly due to the investment in the Biomass-fired cogeneration plant, in the amount of 3.0M€. Due to operational issues related with the pandemic, namely reasons regarding restrictions imposed on international mobility, it was not possible to start Mangualde operation in April 2020, as planned. However, we expect that the operation will be at full speed in the second half of 2020.

4.2 INDUSTRIAL ENGINEERING



Operational and Financial Information - Industrial Engineering			
Million euro	1Q 2020	1Q 2019	Δ 20/19
Total Operational Income	2.85	2.77	+3.1%
Turnover	2.79	2.58	+8.0%
Other Operational Income	0.06	0.19	-65.8%
Total Operational Costs	3.21	3.43	-6.3%
Cost of Goods Sold	1.60	1.65	-2.6%
External Supplies and Services	0.53	0.55	-2.9%
Staff Costs	0.97	1.00	-2.8%
Other Operational Expenses	0.11	0.23	-54.6%
EBITDA	-0.36	-0.66	+45.3%
<i>EBITDA Margin (% Turnover)</i>	-13.0%	-25.7%	+12.7 pp
Depreciations IFRS16	0.02	0.01	+80.8%
Amortizations & Depreciations	0.31	0.20	+49.4%
Provisions & Impairment Losses	0.00	0.00	-
Recurrent EBIT	-0.69	-0.88	+21.7%
<i>Recurrent EBIT Margin (% Turnover)</i>	-24.6%	-34.0%	+9.4 pp
Capex	0.60	0.21	>100%
EBITDA-Capex	-0.96	-0.87	-10.4%

- Industrial Engineering turnover stood at 2.8M €, 8.0% above the same period of 2019, as a result of a more favourable mix of machines produced. Regarding the evolution of the number of orders, it should be noted that it has evolved positively during the beginning of the year. However, given the impact of Covid-19, it has declined from March 2020, which should be translated into a significant activity slowdown during the months of April and May.
- The EBITDA registered an increase of 45.3% in 1Q20, totaling negative 0.4M€.
- As previously reported, ADIRA signed a contract with Mitsubishi for the exclusive supply of bending and cutting machines in the USA, Canada and Mexico, which will guarantee a significant increase in the number of machines produced, at cruising speed. At the same time, this contract will become an entry lever in these markets, where ADIRA penetration is not significant.

4.3 FITNESS



Operational and Financial Information - Fitness			
Million euro	1Q 2020	1Q 2019	Δ 20/19
Total Operational Income	10.84	10.09	+7.4%
Turnover	10.65	10.02	+6.2%
Other Operational Income	0.19	0.07	>100%
Total Operational Costs	7.56	6.87	+10.0%
Cost of Goods Sold	0.04	0.05	-19.1%
External Supplies and Services	3.39	3.28	+3.5%
Staff Costs	3.57	3.02	+18.3%
Other Operational Expenses	0.56	0.53	+6.0%
EBITDA	3.28	3.22	+1.8%
<i>EBITDA Margin (% Turnover)</i>	30.8%	32.1%	-1.3 pp
Depreciations IFRS16	1.51	1.37	+9.9%
Amortizations & Depreciations	0.94	0.82	+14.7%
Provisions & Impairment Losses	0.00	0.00	-
Recurrent EBIT	0.83	1.03	-19.3%
<i>Recurrent EBIT Margin (% Turnover)</i>	7.8%	10.3%	-2.5 pp
Capex	1.44	0.10	>100%
EBITDA-Capex	1.84	3.12	-41.1%
# Average number of active members	104 955	89 113	17.8%
# Clubs in Operation	37	30	+7

- The Fitness segment ended the first quarter of 2020 with 37 Clubs in operation: 21 Solinca Clubs, 15 Pump Clubs and 1 ONE Club, counting with 105 thousand active members, 17.8% above the same period of 2019.

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- The performance of 1Q20 was significantly impacted by the preventive suspension of the operation of all the Clubs, on 14 March 2020, and the consequent loss of revenues associated with members' monthly fees. However, it should be noted that the performance of the segment up to the end of February 2020 was quite positive, registering an yearly increase of 16% and 40% in Turnover and EBIT, respectively.
- Since the Clubs closure date, SC Fitness continued to invest in the relationship with all its members, encouraging them to practice physical exercise regularly, through the offer of online classes. At the same time, it is worth noting the launching of online gym, from 1 April 2020, which is the first 100% virtual gym in Portugal that offers, every month, 250 new classes of the most varied fitness activities, and provides several contents on health and well-being. On a business-as-usual scenario, this platform can be a relevant complement for the Clubs operation, contributing to make SC Fitness offer even more distinctive.
- In the first quarter of 2020, turnover increased by 6.2%, to 10.7M€, mostly due to the larger number of active members.
- The consolidated EBITDA reached 3.3M€, which represents a growth of 1.8% versus 1Q19. The Recurrent EBIT totaled 0.8M€, 19.3% below 1Q19.
- The Capex reached 1.8M€, as a results of the expansion plan in course.

4.4 HOSPITALITY



Operational and Financial Information - Hospitality			
Million euro	1Q 2020	1Q 2019	Δ 20/19
Total Operational Income	2.39	3.11	-23.2%
Turnover	2.30	3.02	-23.8%
Other Operational Income	0.09	0.09	-2.0%
Total Operational Costs	3.51	3.97	-11.5%
Cost of Goods Sold	0.16	0.25	-35.8%
External Supplies and Services	1.56	1.82	-14.7%
Staff Costs	1.60	1.65	-3.0%
Other Operational Expenses	0.19	0.24	-20.3%
EBITDA	-1.12	-0.86	-31.0%
<i>EBITDA Margin (% Turnover)</i>	-48.8%	-28.4%	-20.4 pp
Depreciations IFRS16	1.09	1.08	+0.8%
Amortizations & Depreciations	0.16	0.16	-1.1%
Provisions & Impairment Losses	0.00	0.00	-
Recurrent EBIT	-2.38	-2.10	-13.0%
<i>Recurrent EBIT Margin (% Turnover)</i>	-103.3%	-69.7%	-33.7 pp
Capex	0.61	0.11	>100%
EBITDA-Capex	-1.73	-0.97	-79.2%
# Units	6	6	+0

- The Hospitality segment consolidates the operation of six Hotel Units: three units located in Porto (Porto Palácio Hotel, The Artist and The House), two units located in the Peninsula of Tróia (Aqualuz Tróia and Tróia Residence) and, since 1 January 2019, an unit in the Algarve region (Aqualuz Lagos). Additionally, two new units are underway: one in Lisbon, in Santa Apolónia Railway Station building, and another in Porto, at Avenida dos Aliados. The opening of both units is scheduled for 2021.
- The performance of 1Q20 was impacted by the month of March, due to a slowdown in the touristic flow in Portugal, consequence of the rapid spread of the pandemic Covid-19, coupled with the subsequent closure of all Hotel units, from 15 March 2020. It should be noted, however, that in February 2020, the Hospitality segment was showing a positive performance when compared to the same period in 2019, both in Turnover and EBIT, with a growth of 4% and 9%, respectively.
- Turnover stood at 2.3M€ in 1Q20, 23.8% below the same period in 2019.
- The EBITDA totaled negative 1.1M€, 31.0% below 1Q19. As for the Recurrent EBIT, it stood at negative 2.4M€, 13.0% below the same period of last year.
- The CAPEX reached 0.6M€, essentially due to the Santa Apolónia Railway Station Hotel unit project in Lisbon.

4.5 TROIA RESORT – OPERATIONS

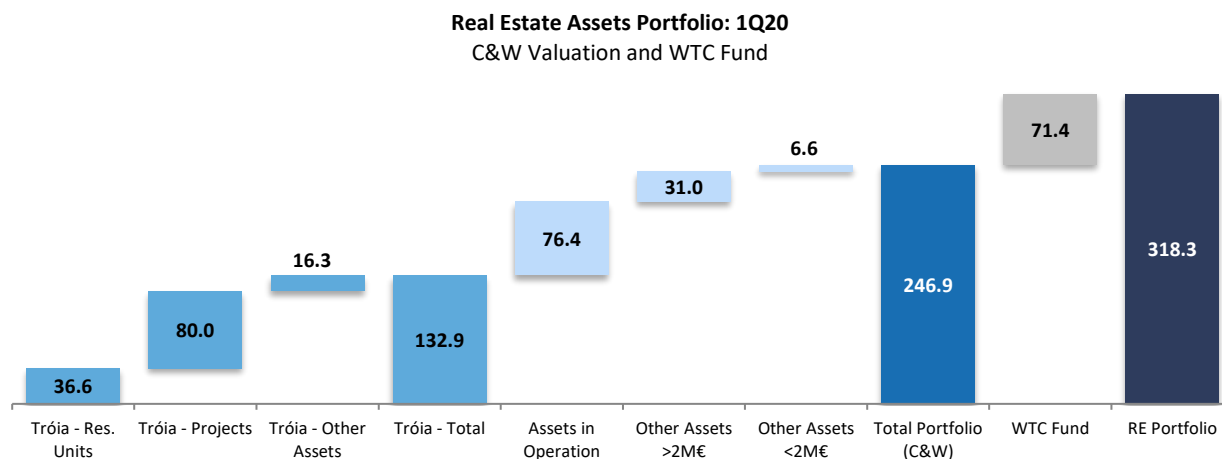


Operational and Financial Information - Troia Resort Operations			
Million euro	1Q 2020	1Q 2019 R	Δ 20/19
Total Operational Income	1.82	1.85	-1.9%
Turnover	1.59	1.62	-1.7%
Other Operational Income	0.22	0.23	-3.0%
Total Operational Costs	2.19	2.22	-1.2%
Cost of Goods Sold	0.08	0.09	-10.9%
External Supplies and Services	1.11	1.12	-1.0%
Staff Costs	0.87	0.82	+6.1%
Other Operational Expenses	0.14	0.19	-28.9%
EBITDA	-0.38	-0.37	-2.3%
<i>EBITDA Margin (% Turnover)</i>	-23.7%	-22.8%	-0.9 pp
Depreciations IFRS16	0.06	0.05	+14.0%
Amortizations & Depreciations	0.63	0.64	-0.9%
Provisions & Impairment Losses	0.00	0.00	-48.8%
Recurrent EBIT	-1.07	-1.06	-0.7%
<i>Recurrent EBIT Margin (% Turnover)</i>	-66.9%	-65.3%	-1.6 pp
Capex	0.49	0.14	>100%
EBITDA-Capex	-0.87	-0.51	-70.4%

- This segment aims to promote Tróia as a touristic and leisure destination, with high standards in terms of quality of service and environmental sustainability, through an integrated management of its infrastructures. Besides Atlantic Ferries river transportation, it includes operations such as Tróia Marina, “Meu Super” supermarket, the Roman Ruins, a sports centre and a Golf course, among others.
- The 1Q20 performance was impacted by the month of March, due to the suspension of part of the careers at Atlantic Ferries, as well as the preventive closure of the remaining services of the Resort, with the exception of Meu Super and Marina. However, in February 2020, Troia Operations registered a positive performance, which is evident in the turnover and EBIT increase of 16% and 11%, respectively.
- The turnover stood at 1.6M€ in the 1Q20, 1.7% below the same period of 2019. The EBITDA totaled negative 0.4M€, 2.3% below the value registered in the same period of 2019.
- The CAPEX reached 0.5M€, mostly as a consequence of investments made in Atlantic Ferries operation.

5. REAL ESTATE ASSETS

On 31 March 2020, the value of Sonae Capital Real Estate Assets portfolio was at 318.3M€, including the Real Estate Assets valued by Cushman & Wakefield (C&W), in the amount of 246.9M€, and the WTC Fund, with a market value of 71.4M€. On the same date, the capital employed in this group of Real Estate Assets amounted to 193.5M€.



5.1 TROIA RESORT



This segment includes, in the Peninsula of Tróia, developed touristic residential units for sale, as well as plots for construction. Out of 546 touristic residential units developed, we had 57 units available for sale at the date of this report (considering the stock of Reserves and PPSAs).

The turnover reached 2.4M€ in 1Q20, showing a decrease of 22.1% y.o.y., on the back of the following contributions:

- 4 sales deeds, corresponding to 2.0M€, in comparison to 6 sales deeds in the amount of 2.7M€, in 1Q19. All the sales deeds were made under the guaranteed income product.
- Rents related to the assets in operation (Hotels and Touristic Units in operation), in the amount of 0.4M€.

Up to the date of this report, we had in stock 7 promissory purchase and sale agreements and reserves totalling 3.8M€. It should be noted that the PPSAs in stock are not included in the results reported (namely the PPSA of UNOP 3, signed in 2Q18, for 20M€).

5.2 OTHER ASSETS

The Other Real Estate Assets unit registered a turnover of 3.1M€ in 1Q20, more than doubling when compared to 1Q19. This includes the rents received from assets under management, as well as sales deeds of 1.8M€ (including the sales deed of Casa da Ribeira, in the amount of 1.5M€).

At the date of this report, there are still in stock Reserves and PPSAs in the global amount of 14.5M€, of which: (i) 8.0M€ of Maia Country Club; (ii) 4.8M€ of Costa D'Oiro Allotment; and (iii) 1.4M€ of Quinta da Malata.

6. BALANCE SHEET

Consolidated Balance Sheet			
Million euro	Mar 2020	Dec 2019	Δ 20/19
Total Assets	611.11	558.93	+9.3%
Tangible and Intangible Assets	338.92	336.36	+0.8%
o.w. Rights of Use (IFRS16)	53.51	50.92	+5.1%
Goodwill	33.64	33.64	+0.0%
Non-Current Investments	2.24	2.12	+5.4%
Other Non-Current Assets	30.59	30.63	-0.1%
Stocks	48.30	49.14	-1.7%
Trade Debtors and Other Current Assets	107.39	83.57	+28.5%
Financial Instruments	29.87	15.82	+88.8%
o.w. Other Financial Assets	8.31	5.69	+46.1%
Cash and Cash Equivalents	20.12	7.59	>100%
Assets held for sale	0.05	0.05	-3.8%
Total Equity	212.72	217.98	-2.4%
Total Equity attributable to Equity Holders of Sonae Capital	210.34	215.79	-2.5%
Total Equity attributable to Non-Controlling Interests	2.38	2.18	+8.9%
Total Liabilities	398.39	340.95	+16.8%
Non-Current Liabilities	219.03	161.04	+36.0%
Non-Current Borrowings	140.25	88.40	+58.7%
Non-Current Borrowings - IFRS16	58.84	49.29	
Deferred Tax Liabilities	12.31	12.43	-1.0%
Other Non-Current Liabilities	7.63	10.91	-30.1%
Current Liabilities	179.37	179.91	-0.3%
Current Borrowings	43.47	64.43	-32.5%
Current Borrowings - IFRS16	7.25	14.05	
Trade Creditors and Other Current Liabilities	109.94	91.40	+20.3%
Financial Instruments	18.23	9.57	+90.6%
o.w. Other Financial Liabilities	3.70	1.66	>100%
Liabilities associated to assets held for sale	0.46	0.47	-1.5%
Total Equity and Liabilities	611.11	558.93	+9.3%

Note: Trade Debtors and Other Current Assets and Trade Creditors and Other Current Liabilities include a balance of 65.0M€ and 11.3M€, respectively, related with the consolidation of Futura Energía Inversiones. The Financial Instruments line reflects the mark-to-market of swaps and options referred to the outstanding positions in Futura Energía Inversiones' subsidiaries, at the end of March 2020. These positions are related to risk coverage of the corresponding underlying assets, as Futura Energía Inversiones policy involves managing assets and liabilities in order to cover almost all the risks involved.

7. CORPORATE INFORMATION

7.1 CORPORATE INFORMATION IN 1Q20

No material corporate events to announce.

7.2 SUBSEQUENT EVENTS

On **6 April 2020**, Sonae Capital informed about the Board of Directors resolution, revoking the decision previously taken, on 21 February 2020, regarding a proposal for shareholder remuneration at the 2020 Shareholders Annual General Meeting. This decision was taken for prudency reasons, with the objective of ensuring Sonae Capital increased financial stability, essential to guarantee its resilience in the most disruptive scenarios that the current situation leads to address. The Board of Directors also informed that it considers re-evaluating this decision when there is greater visibility about the future, the normality of all the operations is resumed and, above all, taking into account the adequacy of the capital structure to the type of assets and businesses held by Sonae Capital.

On the same day, Sonae capital released the notice of meeting and proposals for the Shareholders Annual General Meeting, to be held on 29 April 2020 by telematic means.

On **29 April 2020**, following the Shareholders Annual General Meeting, Sonae Capital disclosed the resolutions taken by the Shareholders. All proposals on the agenda were approved unanimously.

8. RESTATEMENT OF 2019 QUARTERLY INFORMATION

Consolidated Profit and Loss Statement				
Million uro	1Q 2019	2Q 2019	3Q 2019	4Q 2019
Turnover				
Business Units	31.26	36.41	68.44	99.79
Energy	14.02	14.31	35.84	79.86
Industrial Engineering	2.58	1.49	2.17	3.54
Fitness	10.02	10.12	10.88	10.22
Hospitality	3.02	7.34	13.04	4.33
Troia Resort - Operations	1.62	3.15	6.52	1.84
Real Estate Assets	4.55	11.27	9.15	14.67
Troia Resort	3.08	5.28	6.87	4.45
Other Real Estate Assets	1.47	5.99	2.28	10.22
Eliminations & Adjustments	-1.87	-2.45	-3.76	-1.70
Consolidated Turnover	33.94	45.24	73.84	112.77
Other Operational Income	0.73	0.69	0.52	1.56
Total Operational Income	34.66	45.92	74.36	114.32
EBITDA				
Business Units	4.94	9.31	14.84	4.34
Energy	3.60	4.87	4.36	2.95
Industrial Engineering	-0.66	-0.95	-1.01	-0.99
Fitness	3.22	3.03	3.64	2.81
Hospitality	-0.86	2.05	5.32	0.18
Troia Resort - Operations	-0.37	0.31	2.53	-0.62
Real Estate Assets	0.82	5.09	2.68	1.40
Troia Resort	0.03	0.92	1.90	0.92
Other Real Estate Assets	0.78	4.17	0.78	0.48
Eliminations & Adjustments	-1.78	-1.96	-1.91	-1.65
Consolidated EBITDA	3.97	12.44	15.61	4.09
Amortizations & Depreciations	7.33	8.15	8.71	7.61
Provisions & Impairment Losses	-0.01	0.02	-0.21	-0.35
Recurrent EBIT				
Business Units	-1.72	1.79	6.81	-2.56
Energy	1.29	1.71	0.94	0.52
Industrial Engineering	-0.88	-1.16	-1.22	-1.22
Fitness	1.03	0.82	1.18	0.57
Hospitality	-2.10	0.80	4.08	-1.07
Troia Resort - Operations	-1.06	-0.37	1.83	-1.36
Real Estate Assets	-0.74	3.53	1.30	0.20
Troia Resort	-0.74	0.17	1.10	0.15
Other Real Estate Assets	0.00	3.36	0.21	0.05
Eliminations & Adjustments	-0.88	-1.05	-1.00	-0.81
Consolidated Recurrent EBIT	-3.34	4.27	7.11	-3.17
Non-recurrent costs/income (1)	0.00	0.01	-0.06	1.50
Consolidated EBIT	-3.34	4.26	7.16	-4.67
Net Financial Expenses	-2.12	-1.74	-1.30	-1.44
Investment Income and Results from Assoc. Undertakings	0.47	0.00	0.17	-10.44
EBT	-4.99	2.52	6.04	-16.54
Taxes	0.01	0.27	0.07	0.38
Net Profit - Continued Businesses	-5.01	2.25	5.97	-16.92
Net Profit - Discontinued Businesses	-0.06	-0.07	0.58	0.97
Net Profit - Total	-5.07	2.18	6.54	-15.95
Attributable to Equity Holders of Sonae Capital	-5.27	1.98	6.03	-16.33
Attributable to Non-Controlling Interests	0.20	0.19	0.51	0.38

(1) Non-recurrent items mainly related to restructuring costs and one-off income.

9. METHODOLOGICAL NOTES

The consolidated financial information presented in this report is unaudited and has been prepared in accordance with the International Financial Reporting Standards ("IAS / IFRS"), issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union.

GLOSSARY

CAPEX	Investment in Tangible and Intangible Assets
EBITDA	Operational Profit (EBIT) + Amortization and Depreciation + Provisions and Impairment Losses + Impairment Losses of Real Estate Assets in Stocks (included in Costs of Goods Sold) – Reversal of Impairment Losses and Provisions (including in Other Operation Income)
EBITDAR	EBITDA + Building Rents
Gearing: Debt to Equity	Net Debt / Equity
HVAC	Heating, Ventilation and Air Conditioning
Loan to Value	Net Debt of real estate assets / Real estate assets Valuation
Net Debt	Net Debt + IFRS 16 Impact
Net Financial Debt	Non-Current Loans + Current Loans – Cash and Cash Equivalents – Current Investments
Operational Cash Flow	EBITDA - Capex
PPSA	Promissory Purchase and Sale Agreement
RevPar	Revenue Per Available Room

SONAE CAPITAL

PART II
CONSOLIDATED FINANCIAL
STATEMENTS

31 MARCH 2020



SONAE CAPITAL



CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2020

SONAE CAPITAL, SGPS, SA

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2020 AND 31 DECEMBER 2019

(Amounts expressed in euro)

ASSETS	Notes	31 March 2020	31 December 2019
NON-CURRENT ASSETS:			
Tangible assets	8	258 125 109	260 554 068
Assets held for use	8	70 601 696	66 216 081
Intangible assets	8	10 192 513	9 585 320
Goodwill	9	33 637 373	33 637 373
Investments in associated companies and joint ventures	5	1 771 354	1 667 459
Other investments	6	464 082	454 391
Deferred tax assets	14	20 631 200	20 671 070
Other debtors	10	9 960 667	9 960 667
Total non-current assets		405 383 994	402 746 429
CURRENT ASSETS:			
Inventories	11	48 297 311	49 143 560
Trade account receivables and other current assets	12	107 392 205	83 571 959
Financial instruments	13	29 871 143	15 824 463
Cash and cash equivalents	15	20 115 478	7 587 355
Total Current Assets		205 676 137	156 127 337
Assets held for sale		52 830	54 941
TOTAL ASSETS		611 112 962	558 928 705

CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2020

	EQUITY AND LIABILITIES	Notas	31 March 2020	31 December 2019
EQUITY:				
Share capital		16	250 000 000	250 000 000
Own Shares		16	(1 020 877)	(1 105 573)
Reserves		16	(33 017 097)	(19 518 755)
Profit/(Loss) for the year attributable to the equity holders of Sonae Capital			(5 621 317)	(13 581 680)
Equity attributable to the equity holders of Sonae Capital			210 340 709	215 793 992
Equity attributable to non-controlling interests		17	2 378 594	2 184 277
TOTAL EQUITY			212 719 303	217 978 269
NON-CURRENT LIABILITIES:				
Bank loans		18	61 684 100	24 641 703
Bonds		18	70 061 771	55 092 987
Lease liabilities		23	67 126 985	57 738 403
Other non-current liabilities		19	4 714 519	8 008 222
Deferred tax liabilities		14	12 311 028	12 432 090
Provisions		22	3 127 481	3 123 285
Total Non-Current Liabilities			219 025 884	161 036 690
CURRENT LIABILITIES:				
Bank Loans		18	35 492 546	56 567 612
Bonds		18	2 000 000	2 000 000
Lease liabilities		23	10 902 831	17 697 925
Other loans		18	2 330 272	2 213 099
Financial Instruments		13	18 233 633	9 565 632
Trade creditors		21	106 960 334	88 489 705
Provisions		22	2 983 560	2 907 863
Total Current Liabilities			178 903 177	179 441 836
Liabilities associated with assets held for sale			464 598	471 909
TOTAL LIABILITIES			398 393 659	340 950 435
TOTAL EQUITY AND LIABILITIES			611 112 962	558 928 705

The accompanying notes are part of these financial statements.

CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2020

SONAE CAPITAL, SGPS, SA
CONSOLIDATED INCOME STATEMENTS BY NATURE
FOR THE THREE MONTHS ENDED 31 MARCH 2020 AND 2019
(Amounts expressed in euro)

	Notes	31 March 2020	31 March 2019
Sales		83 513 595	24 321 926
Services rendered		14 847 891	16 543 232
Other operating income	24	1 238 506	1 123 142
Cost of sales		(75 637 053)	(12 317 024)
Changes in stocks of finished goods and work in progress		6 518	(1 471 867)
External supplies and services		(9 632 466)	(12 202 107)
Staff costs		(9 239 577)	(10 579 094)
Depreciation and amortisation		(7 729 326)	(7 470 937)
Provisions and impairment losses on non-financial assets (Increases)/Decreases		571 698	191 862
Other operating expenses		(1 782 762)	(1 710 153)
Operational profit/(loss)		(3 842 976)	(3 571 020)
Financial Income		350 978	126
Financial Expenses		(1 908 044)	(2 064 443)
Net financial income / (expenses)		(1 557 066)	(2 064 317)
Profit/(Loss) in associated and jointly controlled companies measured using the equity method	5	103 895	109 106
Investment income	26	-	359 678
Profit/(Loss) before taxation		(5 296 147)	(5 166 553)
Taxation	27	78 256	(136 997)
Profit/(Loss) for the year - continued operations		(5 374 403)	(5 029 558)
Profit/(Loss) for the year - discontinued operations		(26 763)	(36 352)
Profit/(Loss) for the year		(5 401 166)	(5 065 908)
Attributable to:			
Equity holders of Sonae Capital	27	(5 621 317)	(5 269 819)
Non-controlling interests	17	220 150	203 911
Profit/(Loss) per share - continued operations			
Basic	30	(0,02271)	(0,02106)
Diluted	30	(0,02271)	(0,02106)
Profit/(Loss) per share - discontinued operations			
Basic	30	(0,00011)	(0,00015)
Diluted	30	(0,00011)	(0,00015)

The accompanying notes are part of these financial statements.

CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2020

SONAE CAPITAL, SGPS, SA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2020 AND 2019
(Amounts expressed in euro)

	31 March 2020	31 March 2019
Consolidated net profit/(loss) for the period	(5 401 166)	(5 065 908)
Items that may be reclassified subsequently to net profit / (loss):		
Changes in the currency translation differences	(1 838)	(93 546)
Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5)		
Change in the fair value of assets available for sale		
Change in the fair value of cash flow hedging derivatives		
Tax related to other comprehensive income captions		
Other comprehensive income for the period - continued operations	-	-
Other comprehensive income for the period - discontinued operations	(1 838)	(93 546)
Total comprehensive income for the period	(5 403 004)	(5 159 454)
Attributable to:		
Equity holders of Sonae Capital	(5 623 154)	(5 363 365)
Non-controlling interests	220 150	203 911

The accompanying notes are part of these financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2020

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 31 MARCH 2020 AND 2019

(Amounts expressed in euro)

	Attributable to Equity Holders of Sonae Capital										
	Share Capital	Own Shares	Demerger Reserve (Note 15)	Translation Reserves	Hedging Reserves	Other Reserves	Subtotal	Net Profit/(Loss)	Total	Non-Controlling Interests	Total Equity
Balance as at 1 January 2019	250 000 000	(1 192 808)	132 638 253	359 097	-	(119 355 952)	13 641 398	(3 860 952)	258 587 636	9 440 091	268 027 727
Total consolidated comprehensive income for the period	-	-	-	(93 546)	-	-	(93 546)	(5 269 819)	(5 363 365)	203 911	(5 159 454)
Appropriation of profit of 2018:											
Transfer to legal reserves and retained earnings	-	-	-	-	-	(3 860 952)	(3 860 952)	3 860 952	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-
(Acquisition)/Sales of own shares	-	77 338	-	-	-	-	-	-	77 338	-	77 338
Changes in the percentage of capital held in affiliated companies	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	202 905	202 905	-	202 905	(104 759)	98 146
Balance as at 31 March 2019	250 000 000	(1 115 470)	132 638 253	265 551	-	(133 983 795)	(1 079 991)	(5 269 819)	242 534 718	9 539 244	252 073 962
Balance as at 1 January 2020	250 000 000	(1 105 572)	132 638 253	145 508	-	(152 302 516)	(19 518 755)	(13 581 680)	215 793 992	2 184 277	217 978 269
Total consolidated comprehensive income for the period	-	-	-	(1 838)	-	-	(1 838)	(5 621 317)	(5 623 155)	220 150	(5 403 006)
Appropriation of profit of 2019:											
Transfer to legal reserves and retained earnings	-	-	-	-	-	(13 581 680)	(13 581 680)	13 581 680	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-
(Acquisition)/Sales of own shares	-	84 695	-	-	-	98 975	98 975	-	183 670	-	183 670
Changes in the percentage of capital held in affiliated companies	-	-	-	-	-	-	-	-	-	-	-
Application of IFRS16	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	(13 799)	(13 799)	-	(13 799)	(25 834)	(39 633)
Balance as at 31 March 2020	250 000 000	(1 020 877)	132 638 253	143 670	-	(165 799 020)	(33 017 097)	(5 621 317)	210 340 709	2 378 594	212 719 303

The accompanying notes are part of these financial statements.

CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2020

SONAE CAPITAL, SGPS, SA
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2020 AND 2019
(Amounts expressed in euro)

	Notes	31 March 2020	31 March 2019
OPERATING ACTIVITIES:			
Cash receipts from trade debtors		93 642 505	43 975 640
Cash paid to trade creditors		(98 267 197)	(35 919 711)
Cash paid to employees		(8 320 041)	(9 663 556)
Cash flow generated by operations		<u>(12 944 734)</u>	<u>(1 607 627)</u>
Income taxes (paid) / received		(654 234)	(228 561)
Other cash receipts and (payments) relating to operating activities		(160 731)	(76 998)
Discontinued operations		(1 868)	70 601
Net cash from operating activities (1)		(13 757 831)	(1 983 787)
INVESTMENT ACTIVITIES:			
<u>Cash receipts arising from:</u>			
Investments		12 376	97 930
Tangible assets		4 204 305	1 425 173
Intangible assets		-	-
Subsidies		-	-
Interest and similar income		49 760	53
Loans granted		-	4 092
Dividends		-	-
Others		-	6 631
Changes in consolidation perimeter (companies in)		-	-
		<u>4 266 441</u>	<u>1 533 879</u>
<u>Cash Payments arising from:</u>			
Investments		(135 102)	(13 370)
Tangible assets		(7 141 167)	(12 993 744)
Intangible assets		(376 004)	(449 347)
Loans granted		-	-
		<u>(7 652 273)</u>	<u>(13 456 461)</u>
Discontinued operations		-	-
Net cash used in investment activities (2)		(3 385 832)	(11 922 582)
FINANCING ACTIVITIES:			
<u>Cash receipts arising from:</u>			
Loans obtained		53 951 076	20 032 631
Capital increases, additional paid in capital and share premiums		-	-
Sale of own shares		-	77 338
		<u>53 951 076</u>	<u>20 109 969</u>
<u>Cash payments arising from:</u>			
Loans obtained		(23 162 723)	(5 305 621)
Interest and similar charges		(788 935)	(770 260)
Reimbursement of capital and paid in capital		-	-
Dividends		(312 406)	-
		<u>(24 264 064)</u>	<u>(6 075 881)</u>
Discontinued operations		1 868	31 364
Net cash used in financing activities (3)		29 685 144	14 002 724
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		12 541 481	96 355
Effect of foreign exchange rate		13 358	(539)
Cash and cash equivalents at the beginning of the period	20	7 587 355	7 131 161
Cash and cash equivalents at the end of the period	20	20 115 478	7 228 055

The accompanying notes are part of these financial statements.

* Prepared in accordance with IAS 34 - Interim Financial Reporting and unaudited

1. INTRODUCTION

SONAE CAPITAL, SGPS, SA (Company, Group or Sonae Capital) whose head-office is at Lugar do Espido, Via Norte, Apartado 3053, 4471-907 Maia, Portugal, is the parent Group of a group of companies, as detailed in Notes 5 to 7 (Sonae Capital Group) and was set up on 14 December 2007 as a result of the demerger of the shareholding in SC, SGPS, SA (previously named Sonae Capital, SGPS, SA) from Sonae, SGPS, SA, which was approved by the Board of Directors on 8 November 2007 and by the Shareholder's General Meeting held on 14 December 2007.

Reflecting the current management structure, the reporting segments were revised, addressing the strategic business areas identified in the Group:

- Troia Resort Operations
- Hospitality
- Fitness
- Energy
- Refrigeration & HVAC
- Industrial Engineering
- Real Estate
- Holding & Others

The non-strategic assets (including non-tourism real estate assets and financial shareholdings) are included in the segment Holding & Others.

The shares of Sonae Capital are traded at Lisbon Euronext Stock Exchange.

Shareholders have the ability to change the Financial Statements after they have been approved for issue.

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in preparing the consolidated financial statements are as follows. These policies were applied in a consistent manner in the comparative periods.

2.1. BASIS OF PREPARATION

Interim financial statements were presented quarterly, in accordance with IAS 34 – Interim Financial Reporting.

The consolidated financial statements have been prepared from the books and accounting records of the Group and of its subsidiaries (Notes 4 and 6) on a going concern basis and under the historical cost convention, except for derivative financial instruments which are stated at fair value.

3. CHANGES IN ACCOUNTING POLICIES

Changes in international accounting standards that took effect on or after 1 January 2020, had no significant impact on the financial statements at 31 March 2020.

4. GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their head offices and percentage of the share capital held by the Group as at 31 March 2020 and 31 December 2019, are as follows:

Company	Head Office	Percentage of capital held			
		31 March 2020		31 December 2019	
		Direct	Total	Direct	Total
Sonae Capital, SGPS, S.A.	Maia	Holding	Holding		
Hospitality					
Porto Palácio Hotel, S.A.	a) Porto	100,00%	100,00%	100,00%	100,00%
SC Hospitality, SGPS, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
The Artist Porto Hotel & Bistrô - Actividades Hoteleiras, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
The House Ribeira Hotel – Exploração Hoteleira, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Aqualuz Tróia, S.A.	a) Grândola	100,00%	100,00%	100,00%	100,00%
2ndRoom - Exploração Hoteleira, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Aqualuz -Turismo e Lazer, Lda.	a) Lagos	100,00%	100,00%	100,00%	100,00%
Tróia Resort Operations					
Atlantic Ferries - Tráf. Loc. Flu. e Marít., S.A.	a) Grândola	95,77%	95,77%	95,77%	95,77%
Marina de Tróia, S.A.	a) Grândola	100,00%	100,00%	100,00%	100,00%
Tróia Market, S.A.	a) Grândola	100,00%	100,00%	100,00%	100,00%
Tróia Natura, S.A.	a) Grândola	100,00%	100,00%	100,00%	100,00%
Troiareort-Investimentos Turísticos, S.A.	a) Grândola	100,00%	100,00%	100,00%	100,00%
Troiareort, SGPS, S.A.	a) Matosinhos	100,00%	100,00%	100,00%	100,00%
Golf Time - Golfe e Invest. Turísticos, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Fitness					
Acrobatic Title, S.A.	a) Lisbon	100,00%	100,00%	100,00%	100,00%
Solinca - Health & Fitness, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
SC Fitness, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Pump, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Urban Fit Ermesinde - Gestão de Health Clubs, Lda.	a) Maia	100,00%	100,00%	100,00%	100,00%
Urban Fit Foz - Gestão de Health Clubs, Lda.	a) Maia	100,00%	100,00%	100,00%	100,00%
Urban Fit Gaia - Gestão de Health Clubs, Lda.	a) Maia	100,00%	100,00%	100,00%	100,00%
Urban Fit Maia - Gestão de Health Clubs, Lda.	a) Maia	100,00%	100,00%	100,00%	100,00%
Energy					
Atelgen - Produção Energia, ACE	a) Barcelos	51,00%	51,00%	51,00%	51,00%
CAPWATT – Brainpower, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
CAPWATT – ACE, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt Colombo - Heat Power, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Engenho Novo Gás PT, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Engenho Novo Electricidade PT, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt Hectare - Heat Power, ACE	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt Évora – Solar Power, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt Decentralized Solar Power, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt IV – Heat Power, Unipessoal, Lda.	a) Maia	100,00%	100,00%	100,00%	100,00%
Capwatt Maia - Heat Power, S.A.	a) Maia	100,00%	100,00%	100,00%	100,00%

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	Capwatt Martim Longo - Solar Power, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Capwatt Vale do Caima - Heat Power, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Capwatt Vale do Tejo - Heat Power, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Capwatt Estuário – Heat Power, Unipessoal, Lda.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Capwatt Lousado – Heat Power, Unipessoal, Lda.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Capwatt Alrota – Wind Power, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Capwatt Chamusca – Bio Power, Unipessoal, Lda.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Capwatt Ferreira – Solar Power, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
1)	Capwatt Graciosa – Green Storage, S.A.	a)	Santa Cruz da Graciosa	100,00%	100,00%		
	CAPWATT – SGPS, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Carvemagere - Manutenção e Energias Renováveis, Lda.	a)	Barcelos	65,00%	65,00%	65,00%	65,00%
	Companhia Térmica SERRADO, ACE	a)	Maia	70,00%	70,00%	70,00%	70,00%
	Companhia Térmica Tagol, Lda.	a)	Oeiras	100,00%	100,00%	100,00%	100,00%
	Soternix - Produção de Energia, ACE	a)	Barcelos	51,00%	51,00%	51,00%	51,00%
	Suncoutim - Solar Energy, S.A.	a)	Faro	85,00%	85,00%	85,00%	85,00%
	Sociedade de Iniciativa e Aproveitamentos Florestais - Energia, S.A.	a)	Mangualde	90,00%	90,00%	90,00%	90,00%
	Capwatt México, S. de R. L. de C.V	a)	Mexico City	100,00%	100,00%	100,00%	100,00%
	Futura Energía Inversiones, S.L.	a)	Madrid	100,00%	100,00%	100,00%	100,00%
	Futura Carbono, S.L.	a)	Madrid	100,00%	100,00%	100,00%	100,00%
	Futura Energía y Gas, S.L.	a)	Madrid	100,00%	100,00%	100,00%	100,00%
	Futura Green Renovables, S.L.	a)	Madrid	100,00%	100,00%	100,00%	100,00%
	Ecofutura Luz Energía, S.L.	a)	Madrid	100,00%	100,00%	100,00%	100,00%
	Real Estate						
	Bloco Q - Soc. Imobil, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Casa da Ribeira - Sociedade Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Centro Residencial da Maia, Urban., S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Cinclus Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Contry Club da Maia - Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Empreend. Imob. Quinta da Azenha, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Fundo Esp. Inv. Imo. Fec. WTC	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Imoclub - Serviços Imobiliários, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Imodivor - Sociedade Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Imohotel - Emp. Turist. Imobiliários, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Imoponte - Sociedade Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Imosedas - Imobiliária e Serviços, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Implantação – Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Porturbe - Edifícios e Urbanizações, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Praedium II - Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Predisedas - Predial das Sedas, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Promessa Sociedade Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	SC Assets, SGPS, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Sete e Meio Herdades - Inv. Agr. e Tur., S.A.	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Soira - Soc. Imobiliária de Ramalde, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Sótaqua - Soc. de Empreend. Turísticos	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Spinveste - Promoção Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Spinveste - Gestão Imobiliária SGI, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Urbisedas - Imobiliária das Sedas, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Vistas do Freixo - Emp. Tur. Imobiliários, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Soltroia - Imob. de Urb. Turismo de Tróia, S.A.	a)	Lisbon	100,00%	100,00%	100,00%	100,00%
	SII - Soberana Invest. Imobiliários, S.A.	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Tulipamar - Expl. Hoteleira Imob., S.A.	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Marmagno - Expl. Hoteleira Imob., S.A.	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Imopenínsula - Sociedade Imobiliária, S.A.	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Imoresort - Sociedade Imobiliária, S.A.	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Marvero - Expl. Hotel. Im.. S.A.	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	TROIAMED – Sociedade Mediação Imob., S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Industrial Engineering						
	SC, INDUSTRIALS, SGPS, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Adira - Industrial Engineering Forming Solutions, S.A.	a)	Porto	100,00%	100,00%	100,00%	100,00%
	Guimadira - Máquinas e Ferramentas, Lda.	a)	V. N. Gaia	100,00%	100,00%	100,00%	100,00%

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Holding & Others							
	Imobeauty, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	SC - Sociedade de Consultadoria, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	SC Finance BV	a)	Amsterdam	100,00%	100,00%	100,00%	100,00%
	SC For - Ser. Formação e Desenvolv. Recursos Humanos, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	UP Invest., SGPS, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	SC, SGPS, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
2) & 3)	Spinaraq Moçambique, Lda.	a)	Maputo	70,00%	70,00%	70,00%	70,00%
	Praedium – Serviços, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Inparvi, SGPS, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Société de Tranchage Isoroy, S.A.S.	a)	Honfleur	100,00%	100,00%	100,00%	100,00%
	Andar - Sociedade Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Sociedade de Construções do Chile, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Vastgoed One - Sociedade Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Vastgoed Sun - Sociedade Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%

Legend:

- 1) Company founded during the period in consideration;
- 2) Alteration of segment from Refrigeration & HVAC to Holding & Others;
- 3) Discontinued Operations;

- a) Majority of voting rights.

These group companies are consolidated using the full consolidation method as described in Note 2.2.a.

5. INVESTMENTS IN ASSOCIATED AND JOINTLY CONTROLLED COMPANIES

Associated and jointly controlled companies included in the consolidated financial statements, their head offices and the percentage of share capital held by the Group as at 31 March 2020 and 31 December 2019 are as follows:

31 March 2020										
Percentage of Capital Held										
Company name	Head Office	Direct	Total	Total Assets	Total Liabilities	Total Costs	Total incomes	Shared Capital	Net income	Balance Value
Holding & Others										
a) Lidergraf - Artes Gráficas, Lda	Vila do Conde	24,50%	24,50%	15 844 203	6 869 577	20 843 471	21 557 498	8 974 625	714 027	1 500 992
Energy										
b) Feneralt - Produção de Energia, ACE	Barcelos	25,00%	25,00%	1 383 714	236 868	177 768	355 955	1 146 846	178 187	270 362
a) Data from December 2019				17 227 917	7 106 445	21 021 239	21 913 453	10 121 471	892 214	1 771 354
b) Data from February 2020										

31 December 2019										
Percentage of Capital Held										
Company name		Direct	Total	Total Assets	Total Liabilities	Total Costs	Total incomes	Shared Capital	Net income	Balance Value
Holding & Others										
Lidergraf - Artes Gráficas, Lda	Vila do Conde	24,50%	24,50%	15 844 203	6 869 577	20 843 471	21 557 498	8 974 625	714 027	1 445 296
Energy										
Feneralt - Produção de Energia, ACE	Barcelos	25,00%	25,00%	1 119 859	104 267	1 307 226	2 322 818	1 015 593	1 015 593	222 162
				16 964 062	6 973 844	22 150 697	23 880 316	9 990 218	1 729 620	1 667 459

Associated and jointly controlled companies are consolidated using the equity method.

As at 31 December 2019, the balance sheet values result from the reduction of the acquisition value by applying the equity method, discontinuing the recognition of its share of additional losses under IAS 28.

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During the periods ended 31 March 2020 and 31 December 2019, movements in investments of associated and jointly controlled companies may be summarized as follows:

	31 March 2020	31 December 2019
Opening balance as at 1 January	1 667 459	1 623 906
Acquisitions in the period	-	-
Disposals in the period	-	-
Equity method	103 895	303 238
Dividends received	-	(259 686)
Change in the consolidation method	-	-
Closing balance as at 31 December	1 771 354	1 667 459
Accumulated impairment losses (Note 22)	-	-
	1 771 354	1 667 459

The use of the equity method had the following impacts: 103,895 euros recorded on share of results of associated undertakings (303,238 euros at 31 December 2019), and 0 euros in changes in reserves in 31 December 2019 and 31 March 2020.

During the year ended 31 December 2019 dividends were received totalling 260,000 euros paid by the companies Lidergraf-graphic arts, Lda and Feneralt-Energy Production, ACE.

6. OTHER INVESTMENTS

The head offices, percentage of share capital held and book value of Other Investments as at 31 March 2020 and 31 December 2019 are made up as follows:

		Percentage of capital held				Book value	
		31 March 2020		31 December 2019		31 March 2020	31 December 2019
Company		Direct	Total	Direct	Total		
Troia Resort Operations							
Infratróia - Infraestruras de Tróia, E.M.	Grândola	25,90%	25,90%	25,90%	25,90%	64 747	64 747
Holding & Others							
Net, SA	Lisbon	0,98%	0,98%	0,98%	0,98%	23 034	23 034
Other Investments						376 301	366 610
Total						464 082	454 391

As at 31 March 2020 and 31 December 2019, movements in investments were as follows:

	31 March 2020		31 December 2019	
	Non-current	Current	Non-current	Current
Investments at acquisition cost				
Opening balance as at 1 January	746 229	-	962 273	-
Acquisitions in the period	22 067	-	93 796	-
Disposals in the period	(12 376)	-	(294 278)	-
Merger	-	-	-	-
Changes in consolidation perimeter	-	-	(15 562)	-
Closing balance as at 31 December	755 920	-	746 229	-
Accumulated impairment losses (Note 22)	(291 838)	-	(291 838)	-
	464 082	-	454 391	-
Other Investments	464 082	-	454 391	-

7. CHANGES TO THE CONSOLIDATION PERIMETER

During the period ended 31 March 2020 the only alteration within the consolidation perimeter was the founding of Capwatt Graciosa – Green Storage, S.A.

8. TANGIBLE AND INTANGIBLE ASSETS

During the periods ended 31 March 2020 and 31 December 2019, movements in tangible assets as well as in amortisation and accumulated impairment losses, are made up as follows:

	Tangible Assets							Total Tangible Assets
	Land and Natural Resources	Buildings and Other Constructions	Plant and Machinery	Vehicles	Fixtures and Fittings	Other Tangible Assets	Tangible Assets in progress	
Gross Cost:								
Opening balance as at 1 January 2018	46 894 417	157 722 696	290 993 985	804 015	4 646 076	3 122 412	18 562 090	522 745 691
Changes in consolidation perimeter (companies in) (Note 7)	-	2 132 485	3 503 303	27 388	457 256	83 001	11 278	6 214 711
Changes in consolidation perimeter (companies out) (Note 7)	-	(824)	(479 319)	(59 513)	(589 854)	(427 517)	(44 136)	(1 601 163)
Transfer of financial leases	-	-	(36 166 400)	-	-	-	-	(36 166 400)
Capital expenditure	469 698	581 093	519 156	41 714	427	69 802	35 800 143	37 482 033
Disposals	(2 329 570)	(6 028 807)	(3 929 878)	(185 400)	(75 730)	(8 955)	(85 091)	(12 643 431)
Exchange rate effect	-	-	-	168	9	-	725	902
Transfers	93 116	1 203 467	6 535 555	(168)	297 581	291 016	(6 357 349)	2 063 218
Opening balance as at 1 January 2019	45 127 661	155 610 110	260 976 402	628 204	4 735 765	3 129 759	47 887 660	518 095 561
Capital expenditure	98 789	179 857	103 881	-	-	2 227	6 590 996	6 975 750
Disposals	(707 871)	(2 319 671)	(1 126 082)	-	(411)	-	-	(4 154 035)
Exchange rate effect	-	-	-	(577)	(32)	-	(9 235)	(9 844)
Transfers	-	8 090	(371 912)	577	70 418	125 820	(2 172 767)	(2 339 774)
Closing balance as at 31 March 2020	44 518 579	153 478 386	259 582 289	628 204	4 805 740	3 257 806	52 296 654	518 567 658
Accumulated depreciation								
Opening balance as at 1 January 2018	-	47 007 288	171 521 141	716 256	3 685 341	2 421 478	-	225 351 503
Changes in consolidation perimeter (companies in) (Note 7)	-	550 430	2 618 209	11 364	403 561	72 820	-	3 656 384
Changes in consolidation perimeter (companies out) (Note 7)	-	(824)	(361 586)	(59 513)	(580 419)	(352 453)	-	(1 354 795)
Transfer of financial leases	-	-	(19 264 304)	-	-	-	-	(19 264 304)
Charges for the period	-	3 256 479	18 199 705	17 241	364 493	149 809	-	21 987 727
Disposals	-	(2 029 861)	(1 630 444)	(148 050)	(77 032)	(7 716)	-	(3 893 103)
Exchange rate effect	-	-	-	168	7	-	-	175
Transfers	-	-	-	(976)	(49)	7	-	(1 018)
Opening balance as at 1 January 2019	-	48 783 512	171 082 721	536 490	3 795 902	2 283 945	-	226 482 570
Charges for the period	-	830 101	4 016 335	3 489	87 615	40 477	-	4 978 017
Disposals	-	(560 156)	(297 734)	-	(411)	-	-	(858 301)
Exchange rate effect	-	-	-	(577)	(24)	-	-	(601)
Transfers	-	-	(711 164)	577	24	-	-	(710 563)
Closing balance as at 31 March 2020	-	49 053 457	174 090 156	539 979	3 883 106	2 324 422	-	229 891 120
Accumulated impairment losses								
Opening balance as at 1 January 2018	4 213 519	21 444 385	5 478 404	-	-	-	-	31 136 308
Charges for the period	16 011	12 662	523	-	-	-	-	29 196
Reversals for the period	(26 366)	(79 693)	(523)	-	-	-	-	(106 583)
Opening balance as at 1 January 2019	4 203 164	21 377 354	5 478 404	-	-	-	-	31 058 922
Charges for the period	1 369	1 028	-	-	-	-	-	2 397
Reversals for the period	(3 106)	(506 784)	-	-	-	-	-	(509 890)
Closing balance as at 31 March 2020	4 201 427	20 871 598	5 478 404	-	-	-	-	30 551 429
Carrying amount								
As at 31 December 2019	40 924 497	85 449 244	84 415 277	91 714	939 863	845 814	47 887 660	260 554 068
As at 31 March 2020	40 317 152	83 553 331	80 013 729	88 225	922 634	933 384	52 296 654	258 125 109

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Major amounts included in the caption Tangible Assets in progress, refer to the following projects:

	31 March 2020	31 December 2019
TroiareSORT	2 181 426	1 864 554
Refurbishment of Factories and Management Projects	45 338 310	42 909 497
Refurbishment / Openings within the Hospitality Segment	1 285 515	1 031 671
Refurbishment of Health Clubs	1 090 764	1 341 787
Refurbishment / Maintenance of Marmagno + Aqualuz de Tróia	1 583 518	315 110
Refurbishment / Maintenance of Troia Resort Operações Segment	678 547	241 898
Industrial Engineering	72 837	43 897
Others	65 737	139 246
	52 296 654	47 887 660

The amounts within Refurbishment of Factories and Management Projects include the project of the cogeneration central that is under development within the Energy segment.

The value of the right-of-use assets at 31 March 2020 via the adoption of the IFRS 16 was the following:

	Buildings and Other Constructions	Plant and Machinery	Vehicles	Total Tangible Assets
Gross Cost:				
Opening balance as at 1 January 2018	50 087 064	18 278	1 929 721	52 035 063
Changes in consolidation perimeter (companies in) (Note 7)	142 817	-	11 923	154 740
Changes in consolidation perimeter (companies out) (Note 7)	(204 723)	-	(924 173)	(1 128 896)
Transfer of financial leases	-	36 166 400	-	36 166 400
Capital expenditure	6 115 544	-	1 249 562	7 365 106
Disposals	-	-	(425 757)	(425 757)
Opening balance as at 1 January 2019	56 140 702	36 184 678	1 841 276	94 166 656
Capital expenditure	4 115 523	718 300	101 130	4 934 953
Disposals	-	-	(23 369)	(23 369)
Transfers	-	2 645 098	-	2 645 098
Closing balance as at 31 March 2020	60 256 225	39 548 076	1 919 037	101 723 338
Accumulated depreciation				
Opening balance as at 1 January 2018	-	-	-	-
Changes in consolidation perimeter (companies in) (Note 7)	48 445	-	2 878	51 323
Changes in consolidation perimeter (companies out) (Note 7)	(51 357)	-	(437 644)	(489 001)
Transfer of financial leases	-	19 264 304	-	19 264 304
Charges for the period	6 380 187	1 868 770	930 513	9 179 470
Disposals	-	-	(55 521)	(55 521)
Opening balance as at 1 January 2019	6 377 275	21 133 074	440 226	27 950 575
Charges for the period	1 694 268	613 167	159 352	2 466 787
Disposals	-	-	(6 887)	(6 887)
Transfers	-	711 164	-	711 164
Closing balance as at 31 March 2020	8 071 544	22 457 406	592 692	31 121 642
Carrying amount				
As at 31 December 2019	49 763 427	15 051 604	1 401 050	66 216 081
As at 31 March 2020	52 184 681	17 090 670	1 326 345	70 601 696

The amount referring to right-of-use assets includes financial leaseings that were already considered within the fixed tangible assets previous to the application of the IFRS 16. The amount related to financial leaseings was 17,086,821 euros and was transferred to right-of-use assets under the scope of the IFRS 16.

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During the periods ended 31 March 2020 and 31 December 2019, movements in intangible assets as well as in amortisation and accumulated impairment losses, are made up as follows:

	Intangible Assets				
	Patents and Other Similar Rights	Software	Other Intangible Assets	Intangible Assets in Progress	Total Intangible Assets
Gross Cost:					
Opening balance as at 1 January 2018	9 208 866	5 346 783	5 116 864	2 154 467	21 826 981
Changes in consolidation perimeter (companies in) (Note 7)	-	73 544	-	-	73 544
Changes in consolidation perimeter (companies out) (Note 7)	-	(735 159)	-	(21 782)	(756 941)
Capital expenditure	31 792	58 589	281 890	1 363 709	1 735 980
Disposals	-	(117)	(1 155 653)	(3 325)	(1 159 095)
Transfers	278 267	392 022	810 540	(1 841 253)	(360 424)
Opening balance as at 1 January 2019	9 518 925	5 135 662	5 053 641	1 651 816	21 360 044
Capital expenditure	-	-	-	106 946	106 946
Transfers	3 922	24 025	788 270	(17 425)	798 792
Closing balance as at 31 March 2020	9 522 847	5 159 687	5 841 911	1 741 337	22 265 782
Accumulated amortization					
Opening balance as at 1 January 2018	3 014 039	4 346 694	3 079 070	-	10 439 803
Changes in consolidation perimeter (companies in) (Note 7)	-	68 721	-	-	68 721
Changes in consolidation perimeter (companies out) (Note 7)	-	(674 599)	-	-	(674 599)
Charges for the period	417 417	680 882	153 412	-	1 251 711
Disposals	-	(447)	-	-	(447)
Opening balance as at 1 January 2019	3 431 456	4 421 251	3 232 482	-	11 085 189
Charges for the period	98 048	123 017	77 480	-	298 545
Closing balance as at 31 March 2020	3 529 504	4 544 268	3 309 962	-	11 383 734
Accumulated amortization					
Opening balance as at 1 January 2018	89 536	-	600 000	-	689 536
Opening balance as at 1 January 2019	89 536	-	600 000	-	689 536
Closing balance as at 31 March 2020	89 536	-	600 000	-	689 536
Carrying amount					
As at 31 December 2019	5 997 933	714 411	1 221 159	1 651 816	9 585 320
As at 31 March 2020	5 903 807	615 419	1 931 949	1 741 337	10 192 513

At 31 March 2020 and 31 December 2019, there are no impairment losses relating to Intangible Assets.

As at March 2020 net assets of Marina de Troia amount to 5,062,750 euros (5,097,526 euros at December 2019) recorded in Industrial property and other rights.

9. GOODWILL

During the periods ended 31 March 2020 and 31 December 2019, movements in goodwill, as well as in corresponding impairment losses, are as follows

	31 March 2020	31 December 2019
Gross amount:		
Opening balance	62 858 391	77 503 717
Acquisitions with increase in percentage ownership	-	-
Increases - acquisition of affiliated companies	-	9 020 352
Decreases - disposals of affiliated companies	-	23 665 678
Write-off	-	-
Closing balance	62 858 391	62 858 391
Accumulated impairment losses (Note 22):		
Opening balance	29 221 018	25 478 909
Increases	-	3 742 109
Transfers	-	-
Decreases	-	-
Closing balance	29 221 018	29 221 018
Total	33 637 373	33 637 373

10. OTHER NON-CURRENT DEBTORS

As at 31 March 2020 and 31 December 2019, other non-current assets are detailed as follows:

	31 March 2020	31 December 2019
Loans granted to related parties		
Others	34 916	34 916
	34 916	34 916
Impairment losses (Note 22)	(34 916)	(34 916)
	-	-
Trade accounts receivable and other debtors		
Sale of financial investments	8 803 506	8 803 506
Others	1 117 903	1 117 903
Impairment losses (Note 22)	-	-
	9 921 409	9 921 409
Other financial assets	39 258	39 258
Deferred costs		
Financing charges	-	-
	-	-
Total financial instruments	9 960 667	9 960 667
Other non-current debtors	9 960 667	9 960 667

At 31 December 2020 and 2019 the amounts within the caption Trade Accounts Receivable and Other Debtors, Sale of Financial Investments included (i) amounts to receive from the alienation of UPK - GESTÃO DE FACILIDADES E MANUTENÇÃO, S.A. and (ii) amounts to receive from the alienation of the Group Prédios Privados – Imobiliária, S.A.

The amounts considered in 2020 and 2019 in Others, Trade accounts receivable and Other Debtors, are essentially related to payments to the State originating from a benefit from a 2002 tax amnesty (803,000 euros) and others.

11. INVENTORIES

Inventories as at 31 March 2020 and 31 December 2019 can be detailed as follows, highlighting the value attributable to real estate developments:

	31 March 2020		31 December 2019	
	Total	of which Real Estate Developments	Total	of which Real Estate Developments
Goods for sale	10 567 964	9 504 080	11 333 334	10 036 775
Raw materials, by-products and consumables	2 652 233	-	3 168 424	-
Finished goods	7 876 698	6 526 100	7 980 772	6 434 958
Work in progress	31 199 098	30 573 689	31 085 000	30 612 987
	52 295 993	46 603 869	53 567 530	47 084 720
Accumulated impairment losses on stocks (Note 22)	(3 998 682)	(2 746 637)	(4 423 970)	(2 850 218)
Total Operations	48 297 311	43 857 232	49 143 560	44 234 502

12. TRADE ACCOUNT RECEIVABLES AND OTHER CURRENT ASSETS

As at 31 March 2020 and 31 December 2019, trade accounts receivable and other current assets are detailed as follows:

	31 March 2020	31 December 2019
Trade accounts receivable	79 258 662	55 874 552
Accumulated impairment losses on Trade Debtors (Note 22)	(3 047 182)	(3 230 862)
	76 211 480	52 643 690
State and other public entities	9 056 512	8 735 445
Loans and other receivables from related companies	275 325	848 039
Other current assets		
Suppliers c / c - debit balances	2 636 883	869 776
Other debtors	2 597 464	4 490 477
Debtors f of financial investments	11 449 407	11 449 407
Debtors of tangible fixed assets	-	5
	16 959 079	17 657 704
Increase in income - Interest receivable	-	8
Add. Income - Billing to be issued for services rendered	891 772	856 153
Other accrued income	2 719 886	2 626 363
Expenses to recognize - rentals	292 945	294 159
Expenses to be recognized - external supplies and services	1 376 420	1 411 130
Expenses to be recognized - financial charges	229 578	114 397
Other current assets	1 323 726	902 103
	6 834 327	6 204 313
Accumulated impairment losses on other current assets (Note 22)	(1 669 193)	(1 669 193)
	107 392 205	83 571 959
Clients and other current assets		

The caption Other debtors is made up of the balances receivable from taxes recoverable overseas (2,055,000 euros from Romania) and an amount to be received from Prédios Privados relating to the sale of lots of land in 2017 (496,000 euros), among others.

At March 2020 the sale of financial Investments includes (i) balance receivable from the sale of UPK – Gestão de Facilities e Manutenção S.A. and BoxLines Navegação S.A. and (ii) amounts to receive from the alienation of the Group Prédios Privados – Imobiliária, S.A. (10,000,000 euros).

The item Other current assets includes accruals of revenue relating to work in progress at the end of the period.

13. DERIVATIVES

The company holds derivatives at fair value based on market prices related to energy, gas, electricity and CO₂ licenses. The variation compared to last year in which the value was null is due to the acquisition of the Futura group.

	Assets	Liabilities	Due Date
Fair Value Hedging	21 558 585	14 536 623	
Raw material Swaps	21 558 585	14 536 623	
Electricity	20 222 340	13 383 674	2020
Electricity	1 107 346	970 303	2021
Electricity	228 899	182 646	2022
Deposits			
Other instruments - Guarantees received		3 697 010	
Other instruments - guarantees provided	8 312 559		
	29 871 143	18 233 633	

The valuation of derivatives is based on quotations indicated by external entities, which are compared on each reporting date with market quotations available on financial information platforms, so in accordance with the requirements of the IFRS 13, the fair value of derivatives is classified as level 2 with no changes between levels in the period. These entities use market information and generally accepted discount techniques for future cash flows.

All financial instruments contracted are to hedge the price. These instruments do not bear interest.

14. DEFERRED TAXES

Deferred tax assets and liabilities as at 31 March 2020 and 31 December 2019 can be detailed as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Amortisation and Depreciation harmonisation adjustments	371 379	362 168	4 145 485	4 196 711
Provisions and impairment losses of non-tax deductible	4 998 639	5 047 662	-	-
Write off of tangible and intangible assets	71 250	71 250	-	-
Revaluation of tangible assets	-	-	187 091	245 870
Tax losses carried forward	14 371 852	14 371 852	-	-
Write off of stocks	-	-	265 944	265 944
Taxable temporary differences arising from the fair value of non-current liabilities	-	-	6 461 637	6 456 560
Others	818 081	818 138	1 250 871	1 267 005
	20 631 200	20 671 070	12 311 028	12 432 090

During the periods ended 31 March 2020 and 31 December 2019, movements in deferred tax are as follows:

	Deferred tax assets		Deferred tax liabilities	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Opening balance	20 671 070	22 997 895	12 432 090	12 984 582
Effect in results (Note 42):				
Amortisation and Depreciation harmonisation adjustments	9 211	(16 894)	(51 226)	(331 018)
Provisions and impairment losses of non-tax deductible	-	-	-	-
Write off of tangible and intangible assets	-	-	-	-
Write off of accruals	-	-	-	-
Revaluation of tangible assets	-	-	(118 529)	-
Tax losses carried forward	-	(2 380 000)	-	-
Impairment of Assets	(49 024)	(59 158)	-	-
Financial Instruments	-	-	-	-
Changes in tax rates	-	-	-	-
Others	(57)	2 653	(11 058)	(221 475)
	(39 870)	(2 453 399)	(180 812)	(552 493)
Effect in reserves:				
Financial Instruments	-	-	-	-
Others	-	-	59 750	-
	-	-	59 750	-
Changes in consolidation perimeter (Note 8)	-	126 575	-	-
Others	-	-	-	-
Closing balance	20 631 200	20 671 070	12 311 028	12 432 090

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In accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward, as at 31 March 2020 and 31 December 2019, and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

	31 March 2020			31 December 2019		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2014	13 046 930	2 739 855	2026	13 046 930	2 739 855	2026
Generated in 2015	43 839 192	9 206 230	2027	43 839 192	9 206 230	2027
Generated in 2016	11 551 269	2 425 767	2028	11 551 269	2 425 767	2028
Generated in 2017	-	-	2022	-	-	2022
Generated in 2018	-	-	2023	-	-	2023
Generated in 2019	-	-	2024	-	-	2024
Generated in 2020	-	-	2025	-	-	-
	68 437 391	14 371 852		68 437 391	14 371 852	
With a time limit different from the above mentioned	-	-		-	-	
	68 437 391	14 371 852		68 437 391	14 371 852	

An analysis was made on the relevance of the recognition of deferred taxes, taking into account the possibility of them to be recovered in accordance with the medium and long term prospects of the Group.

Deferred tax assets and liabilities are calculated and annually evaluated using the tax rates in effect, at the date of reversal of the temporary differences.

Deferred tax assets arising from tax losses have been recorded only when it is likely to occur taxable income in the future.

Deferred tax assets were reassessed against each Group's business plans, which are regularly updated.

Since fiscal year 2014, most of the Group's subsidiaries based in Portugal belong to the perimeter of the group of companies that are taxed in accordance with the special taxation regime for Group groups (RETGS), being Sonae Capital, SGPS, S.A. the dominant Group.

Of the analysis made at 31 March 2020, it is concluded that there is a reasonable expectation on the recovery of the recorded deferred tax assets before their limited time use expires.

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As at 31 March 2020, tax losses carried forward amounting to 35,082,374 euros (30,133,980 euros as at 31 December 2019) have for prudential reasons not originated deferred tax assets and are detailed as follows:

	31 March 2020			31 December 2019		
	Tax losses carried forward	Tax Credit	Time limit	Tax losses carried forward	Tax Credit	Time limit
With limited time use						
Generated in 2014	1 064 865	223 622	2026	1 064 865	223 622	2026
Generated in 2015	1 912 800	401 688	2027	1 912 800	401 688	2027
Generated in 2016	1 375 530	288 861	2028	1 375 530	288 861	2028
Generated in 2017	21 131 360	4 437 586	2022	21 131 360	4 437 586	2022
Generated in 2018	3 220 254	676 253	2023	3 220 254	676 253	2023
Generated in 2019	921 377	193 489	2024	921 377	193 489	2024
Generated in 2020	4 933 792	1 036 096	2025	-	-	
	34 559 978	7 257 595		29 626 186	6 221 499	
Without limited time use	-	-		-	-	
With a time limit different from the above mentioned	522 396	115 863		507 794	112 797	
	522 396	115 863		507 794	112 796	
	35 082 374	7 373 458		30 133 980	6 334 296	

15. CASH AND CASH EQUIVALENTS

As at 31 December 2020 and 2019, cash and cash equivalents can be detailed as follows:

	31 March 2020	31 December 2019
Cash at hand	442 004	364 406
Bank deposits	19 668 756	7 218 230
Treasury applications	4 719	4 719
Cash and cash equivalents on the balance sheet	20 115 478	7 587 355
Bank overdrafts (Note 18)	-	-
Guarantee deposit	-	-
Cash and cash equivalents in the statement of cash-flows	20 115 478	7 587 355

Bank overdrafts include creditor balances of current accounts in financial institutions, and are disclosed in the balance sheet under current bank loans (Note 18).

16. EQUITY

The share capital of Sonae Capital SGPS, S.A. is represented by 250,000,000 ordinary shares, which do not have the right to a fixed remuneration, with a nominal value of 1 euro each.

As at 31 March 2020, Sonae Capital SGPS, S.A. owns 3,212,789 own shares (3,670,823 own shares at 31 December 2019) booked at 1,020,877euros (1,105,573 euros at 31 December 2020).

Other reserves includes amounts equal to the value of own shares held by the Group's parent Group. This reserve should be unavailable while these shares are kept by the Group.

The Reserves and retained earnings of Sonae Capital Group in the periods ended 31 March 2020 and 31 December 2019 are as follows:

	31 March 2020	31 December 2019
Demerger reserve	132 638 253	132 638 253
Translation reserves	143 670	145 508
Fair value reserves	-	-
Hedging reserves	-	-
Others	(165 799 020)	(152 302 516)
	-	-
Other reserves and retained earnings	(33 017 097)	(19 518 755)

Demerger reserve

The demerger originated a reserve in the amount of 132,638,253 euros, which has a treatment similar to that of a Legal Reserve. According to Group Law, it cannot be distributed to shareholders, unless the Group is liquidated, but can be used to make good prior year losses, once other reserves have been used fully, or for capital increases.

Translation reserves

These reserves are comprised by the conversion into euro of the financial statements of the subsidiaries that have other functional currencies and will be presented as results when the subsidiaries are liquidated or sold off.

Changes in Equity are detailed in the Consolidated Statements of Changes in Equity.

17. NON-CONTROLLING INTERESTS

Movements in non-controlling interests in the periods ended 31 March 2020 and 31 December 2019 are as follows:

	31 March 2020	31 December 2019
Opening balance as at 1 January	2 184 277	9 440 091
Changes in percentage by acquisition / increase capital	-	-
Changes in hedging reserves	-	-
Changes in the percentage of capital held in affiliated companies	-	(7 540 682)
Changes resulting from currency translation	9 588	(160 038)
Dividends paid	-	(854 377)
Others	(35 422)	15 993
Profit for the period attributable to minority interests	220 150	1 283 289
Closing balance	2 378 594	2 184 277

The Non-Controlling Interests are primarily from companies in the Energy segment.

18. BORROWINGS

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

	31 March 2020		31 December 2019	
	Outstanding amount		Outstanding amount	
	Current	Non-Current	Current	Non-Current
Bank loans				
Sonae Capital SGPS - commercial paper ^{a)}	4 000 000	-	8 900 000	-
Sonae Capital SGPS - commercial paper ^{b)}	-	17 500 000	-	17 500 000
Sonae Capital SGPS - commercial paper ^{c)}	10 000 000	-	10 000 000	-
Sonae Capital SGPS - commercial paper ^{d)}	2 000 000	5 000 000	2 000 000	6 000 000
Sonae Capital SGPS - commercial paper ^{e)}	18 000 000	-	33 800 000	-
Sonae Capital SGPS - commercial paper ^{f)}	-	8 250 000	-	-
Sonae Capital SGPS - commercial paper ^{g)}	-	30 000 000	-	-
Up-front fees	-	(14 830)	-	(16 545)
Others	1 492 546	948 930	1 867 612	1 158 248
	35 492 546	61 684 100	56 567 612	24 641 703
Bank overdrafts (Note 15)	-	-	-	-
Bank loans	35 492 546	61 684 100	56 567 612	24 641 703
Bond Loans				
Sonae Capital 2016/2021 Bonds ^{h)}	-	15 000 000	-	15 000 000
Sonae Capital 2019/2024 Bonds ⁱ⁾	-	15 000 000	-	15 000 000
Sonae Capital 2019/2026 Bonds ^{j)}	2 000 000	13 000 000	2 000 000	13 000 000
Sonae Capital 2019/2024 II Bonds ^{k)}	-	12 500 000	-	12 500 000
Sonae Capital 2020/2024 Bonds ^{l)}	-	15 000 000	-	-
Up-front fees	-	(438 229)	-	(407 013)
Bond Loans	2 000 000	70 061 771	2 000 000	55 092 987
Other loans	2 330 272	-	2 213 099	-
	39 822 818	131 745 871	60 780 711	79 734 690

- a) Commercial paper programme, with subscription guarantee, issued on 4 January 2017, with automatic annual renewals, unless denounced by either party;
- b) Commercial paper programme, with subscription guarantee, issued on 29 September 2017 and valid until September 2021;
- c) Commercial paper programme, with subscription guarantee, issued on 30 June 2017, with automatic annual renewals, unless denounced by either party;
- d) Commercial paper programme, with subscription guarantee, issued on 24 February 2017 and valid until February 2023, with semi-annual payments beginning from 2019;

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- e) *Commercial paper programme, with subscription guarantee, issued on 20 December 2017, with automatic annual renewals. Placed with institutional investors;*
- f) *Commercial paper programme, with subscription guarantee, issued on 31 December 2013 and valid until February 2024, with semi-annual payments beginning from 2022;*
- g) *Commercial paper programme, with subscription guarantee, issued on 26 August 2009 and valid until August 2022;*
- h) *Sonae Capital SGPS - 2016/2021 bond loan in the amount of 15,000,000 euros, with a 5 year maturity, and a sole reimbursement on 29 July 2021, unless the issuer requests a full or partial refund (call option). This bond loan bears interest every six months.*
- i) *Sonae Capital SGPS - 2019/2024 bond loan in the amount of 15,000,000 euros, with a 5 year maturity, and with reimbursements on the 8th and 10th coupon, with maturity on 26 June 2024. This bond loan bears interest every six months.*
- j) *Sonae Capital SGPS - 2019/2026 bond loan in the amount of 15,000,000 euros, with a 7 year maturity, and with reimbursements in annual installments beginning from the 2nd coupon, inclusive, with maturity on 28 June 2026. This bond loan bears interest every six months.*
- k) *Sonae Capital SGPS - 2019/2024 II bond loan in the amount of 12,500,000 euros, with a 5 year maturity, and with reimbursement via a single installment on 8 August 2024. This bond loan bears interest every six months.*
- l) *Sonae Capital SGPS - 2020/2024 bond loan in the amount of 15,000,000 euros, with a 4 year maturity, and with reimbursement via a single installment on 20 March 2024. This bond loan bears interest every six months.*

The interest rate on bonds and bank loans in force on 31 March 2020 was on average 1.11% (1.10% in 31 December 2019).

Bank loans pay interest rates that are indexed to the Euribor market rates of the period, and its fair value is considered close to its book value.

In the case that any bank or investor do not renovate a commercial paper programme, at the given maturity dates, the Group has credit facilities available to cover this gap.

The item Others includes investment grants received in 2019 and 2020.

The repayment schedule of the nominal value of borrowings may be summarised as follows:

	31 March 2020		31 December 2019	
	Nominal value	Interest	Nominal value	Interest
N+1	43 453 970	1 682 063	64 426 440	1 442 393
N+2	43 246 105	1 139 944	40 384 194	1 172 157
N+3	41 169 725	830 797	7 899 454	729 481
N+4	25 858 474	707 441	10 098 372	526 589
N+5	25 266 204	258 543	25 258 873	363 507
After N+5	5 000 000	69 375	5 000 000	69 375
	183 994 478	4 688 163	153 067 334	4 303 502
Discontinued Operations	-	-	-	-
Total	183 994 478	4 688 163	153 067 334	4 303 502

19. OTHER NON-CURRENT CREDITORS

As at 31 March 2020 and 31 December 2019 other non-current creditors liabilities can be detailed as follows:

	31 March 2020	31 December 2019
Loans and other amounts payable to related parties		
Others	216 645	216 645
	216 645	216 645
Other creditors		
Creditors in the restructuring process of Torralta	875 556	853 007
Others	3 235 376	6 551 628
	4 110 932	7 404 635
Deferred income		
Obligations by share-based payments (Note 20)	386 943	386 943
	386 943	386 943
Pension fund responsibilities	-	-
Other non-current creditors	4 714 519	8 008 222
Discontinued Operations	-	-
Other non current liabilities	4 714 519	8 008 222

20. SHARE-BASED PAYMENTS

In 2012 and in previous years, the Sonae Capital Group granted deferred performance bonuses to employees, based on shares of Sonae Capital SGPS, SA to be acquired at nil cost, three years after they were attributed to the employee. In any case, the acquisition can be exercised during the period commencing on the third year of the grant date and the end of that year. The Group has the choice to settle in cash instead of shares. The option can only be exercised if the employee still works for the Sonae Capital Group on the vesting date.

As at 31 March 2020 and 31 December 2019, the market value of total liabilities arising from share-based payments, which have not yet vested, may be summarised as follows:

	Year of grant	Vesting year	Number of participants	Fair Value	
				31 March 2020	31 December 2019
Shares					
	2016	2019	-	-	114 344
	2017	2020	13	28 962	469 633
	2018	2021	16	326 524	401 908
	2019	2022	12	391 351	391 351
Total				746 837	1 377 236

As at 31 March 2020 and 31 December 2019, the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which have not yet vested:

	31 March 2020	31 December 2019
Other non-current creditors (Note 19)	157 666	392 748
Other current creditors (Note 21)	264 043	659 361
Reserves	(421 709)	(670 544)
Staff Costs	-	381 564

21. SUPPLIERS AND OTHER CURRENT LIABILITIES

As at 31 March 2020 and 31 December 2019 trade accounts payable can be detailed as follows:

	31 March 2020	31 December 2019
Suppliers	23 843 383	31 993 293
Loans and other payables of related companies	421 872	732 495
Other Current Liabilities		
Fixed assets suppliers	2 985 211	2 978 336
Advances from customers	3 873 451	3 300 637
Other creditors	10 210 909	7 742 060
State and other public entities	4 142 205	4 149 161
Accrued personnel expenses	6 675 222	7 824 249
Works not yet completed	-	3 455 130
Accruals of purchase expenses - Energy segment	490 551	513 924
Financial charges payable	220 779	268 048
Investment subsidies	-	-
Other liabilities	54 096 750	25 532 372
	82 695 078	55 763 917
Suppliers and other current liabilities	106 960 334	88 489 705

The amount considered in the caption Others includes amounts related to creditors for accrued expenses and income to be recognized.

22. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in provisions and accumulated impairment losses over the period ended 31 March 2020 and 31 December 2019 were as follows:

Captions	Balance as at 1 January 2020	Increases	Decreases	Utilisations	Transfers	Balance as at 31 March 2020
Accumulated impairment losses on:						
Tangible Assets (Note 8)	31 058 922	2 397	(509 890)	-	-	30 551 429
Intangible Assets (Note 8)	689 536	-	-	-	-	689 536
Goodwill (Note 9)	29 221 018	-	-	-	-	29 221 018
Other Investments (Note 6)	291 838	-	-	-	-	291 838
Other non-current assets (Note 10)	34 916	-	-	-	-	34 916
Trade accounts receivable (Note 12)	3 230 862	9 966	(133 878)	(59 768)	-	3 047 182
Other current assets (Note 12)	1 669 193	-	-	-	-	1 669 193
Stocks (Note 11)	4 423 970	-	(425 288)	-	-	3 998 682
Non-current provisions	3 123 285	4 195	-	-	-	3 127 481
Current provisions	2 907 863	85 081	(3 134)	(6 250)	-	2 983 560
Total	76 651 402	101 639	(1 072 190)	(66 018)	-	75 614 835

Captions	Balance as at 1 January 2019	Increases	Decreases	Utilisations	Transfers	Balance as at 31 December 2019
Accumulated impairment losses on:						
Tangible Assets (Note 8)	31 136 308	29 196	(106 582)	-	-	31 058 922
Intangible Assets (Note 8)	689 536	-	-	-	-	689 536
Goodwill (Note 9)	25 478 909	3 742 109	-	-	-	29 221 018
Other Investments (Note 6)	291 838	-	-	-	-	291 838
Other non-current assets (Note 10)	34 916	-	-	-	-	34 916
Trade accounts receivable (Note 12)	6 230 300	442 589	(1 562 563)	(8 306)	(1 871 158)	3 230 862
Other current assets (Note 12)	1 848 583	246 233	(425 623)	-	-	1 669 193
Stocks (Note 11)	6 152 875	1 127 700	(2 856 605)	-	-	4 423 970
Non-current provisions	3 079 824	43 461	-	-	-	3 123 285
Current provisions	3 286 698	485 881	(504 071)	(360 646)	-	2 907 863
Total	78 229 787	6 117 169	(5 455 444)	(368 952)	(1 871 158)	76 651 402

In March 2020 and December 2019, the amounts recorded in provisions and impairment losses were recognized for prudence; it is not possible to predict when these provisions and impairment charges will result in future cash flows.

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As at 31 March 2020 and 31 December 2019 detail of other provisions was as follows:

	31 March 2020	31 December 2019
Judicial claims	1 657 060	1 657 060
Provision for secured income	695 465	632 625
Others	3 758 516	3 741 464
	6 111 041	6 031 148

The amount considered in Provision for secured income is calculated estimating the difference between the amount to be charged through the properties leased in Tróia and the secured income to be paid to property owners. The amount to be charged through the marketing of real estate is estimated based on the average of the values obtained in previous years.

The judicial claims in progress relate essentially to litigation / damages in companies Inparvi SGPS, S.A. and Societe de Tranchage Isoroy SAS.

In Others, the provisions refer to dismantling of assets.

23. LEASE LIABILITIES

As at 31 March 2020 and 2019 the impact of the adoption of the IFRS 16 was as follows:

	Notes	31 March 2020	31 March 2019
Depreciation Expenses	8	1 856 507	1 779 052
Interest Rate Expenses		1 162 403	1 086 783
Short-term Lease Expenses		353 080	386 624
Expenses related to low value leases		89 850	360 157
Expenses related to variable costs		20 059	17 737
Payments made		2 470 702	3 510 405
Net Right-of-Use Assets at the end of the period	8	53 514 875	50 031 620
Obligations related to Lease liabilities - Current Liabilities		8 869 080	10 165 858
Obligations related to Lease liabilities - Non-Current Liabilities		57 220 814	50 835 619

As at 31 March 2020 and 2019 the amount of the lease liabilities was as follows:

	31 March 2020	31 March 2019
Current lease liabilities	10 902 831	17 697 925
Non-Current lease liabilities	67 126 985	57 738 403
Total passivos da locação	78 029 816	75 436 328

24. OTHER OPERATIONAL INCOME

Other operational income for the year ended 31 March 2020 and 2019 was as follows:

	31 March 2020	31 March 2019
Own work capitalised	327 640	416 941
Gains on sales of assets	729 988	317 107
Supplementary income	195 474	133 849
Others	(14 596)	255 245
Continued Operations	1 238 506	1 123 142
Discontinued Operations	(3 218)	305 268
Total	1 235 288	1 428 410

25. CONTINGENT ASSETS AND LIABILITIES

As at 31 March 2020 and 31 December 2019 the most important contingent liabilities referred to guarantees given and were made up as follows:

	31 March 2020	31 December 2019
Guarantees given:		
on VAT reimbursements	5 199 346	5 199 346
on tax claims	16 439 274	16 244 854
on judicial claims	-	-
on municipal claims	556 599	556 599
on loans	20 153 464	20 489 349
Others	24 160 711	24 499 690

Others include the following guarantees:

- 10,752,959 euros as at 31 March 2020 (10,752,959 euros as at 31 December 2019) of guarantees given concerning building permits in the Resorts segments.

The Group has not registered provisions for the events/disagreements for which these guarantees were given since the Group believes that the above mentioned events will not result in a loss for the Group.

26. INVESTMENT INCOME

As at 31 March 2020 and 2019, Investment income was made up as follows:

	31 March 2020		31 March 2019	
Dividends		-		-
Adjustment to the selling price of "Box Lines Navegação"	-		3 652	
Others	-		(228 808)	
Losses on sales of group companies	-		-	
Gains in the acquisition of group companies	-		584 834	
Gains of investments in group companies		-		359 678
Equity settlement in other investments (Note 6)	-		-	
Impairment losses (Note 22)	-		-	
Gains/(Losses) on sale of other investments		-		-
Others		-		-
Investment Income	-	-	-	359 678
Discontinued Operations		-		-
Total Operations	-	-	-	359 678

27. TAXATION

As at 31 March 2020 and 2019, Taxation was made up as follows:

	31 March 2020	31 March 2019
Current tax	219 199	(32 372)
Deferred tax	(140 942)	(104 625)
Taxation	78 256	(136 997)

28. RECONCILIATION OF CONSOLIDATED NET PROFIT

As at 31 March 2020 and 2019, the reconciliation of consolidated net profit can be analysed as follows:

	31 March 2020	31 March 2019
Aggregate net profit - continued operations	(3 607 506)	(5 521 090)
Aggregate net profit - discontinued operations	(26 763)	19 622
Harmonisation adjustments	630 390	431 821
Elimination of intragroup dividends	(2 500 000)	(700 000)
Share of gains/(losses) of associated undertakings	104 425	109 106
Elimination of intragroup capital gains/(losses)	-	-
Elimination of intragroup impairment	-	-
Adjustments of gains/(losses) of financial shareholdings sale	-	584 834
Others	(1 712)	9 800
Consolidated net profit for the year - continued operations	(5 374 403)	(5 029 556)
Consolidated net profit for the year - discontinued operations	(26 763)	(36 352)
Consolidated net profit for the year	(5 401 166)	(5 065 908)

29. RELATED PARTIES

Balances during the periods ended 31 March 2020 and 31 December 2019 and transactions during the periods ended 31 March 2020 and 2019 with related parties are detailed as follows:

	31 March 2020		31 March 2019	
Transactions	Sales and services rendered	Purchases and services obtained	Sales and services rendered	Purchases and services obtained
Parent company				
Associated companies	5 542	(1 075)	5 750	10 554
Feneralt - Produção de Energia, ACE	5 542	(5 129)	3 937	(6 292)
Lidergraf - Artes Gráficas, Lda	-	4 054	1 813	16 846
Entidades parceiras, accionistas e participadas	1 361 320	1 286 420	5 661 707	(1 479 789)
Alpêssego - Sociedade Agrícola, SA	-	-	-	(6 940)
Casa Agrícola de Ambrães, S.A.	-	-	-	(350)
Aqualuz - Turismo e Lazer, Lda	-	-	-	(803)
Arrábidasshopping- Centro Comercial, S.A.	-	-	467	(445)
BB Food Service, SA	-	-	31 638	(24 221)
Bertimóvel - Sociedade Imobiliária, S.A.	-	-	-	-
BOM MOMENTO - Comércio Retalhista, SA	-	-	4 160	(8 632)
Prod. Agric.Biológica, S.A.	-	-	10 077	(1 346)
Cascaishopping- Centro Comercial, S.A.	-	(3 520)	-	3 411
Coimbrashopping- Centro Comercial, S.A.	-	-	-	2 136
Centro Colombo- Centro Comercial, S.A.	167 505	116 763	137 815	119 535
Continente Hipermercados, S.A.	-	3 527	1 301 367	(370 278)
Contimobe-Imobil.Castelo Paiva,SA	-	-	-	(300)
Companhia Térmica Tagol, Lda.	-	(443 460)	-	-
Digitmarket-Sistemas de Informação,SA	-	80 182	-	75 306
Efanor Investimentos, SGPS, S.A.	1 066	-	498	-
Efanor Serviços de Apoio à Gestão, S.A.	17 462	-	17 458	-
Sierra Spain, Shop. Centers Serv.,S.A.U.	-	-	-	-
Capwatt Lousado - Heat Power, Unipessoal, Lda.	-	(344 810)	-	-
Euroresinas-Indústrias Químicas,SA	-	10 176	-	10 141
Fashion Division, S.A.	-	-	293	(2 107)
Gaiashopping I- Centro Comercial, S.A.	-	-	-	(133)
Gaiashopping II- Centro Comercial, S.A.	-	-	-	68
Go Well, S.A.	-	(1 500)	-	-
RCG - Risk Consulting Group, Ltda.	476	-	476	-
Imoplamac Gestão de Imóveis,SA	5 001	113 627	8 770	111 978
Fundo de Invest. Imobiliário Imosedo	-	-	-	(1 572)
Imosistema-Sociedade Imobiliária,SA	-	-	108 199	-
Fundo Invest. Imobiliário Imosona e Dois	-	-	-	-
Infofield-Informática,SA	-	-	475	-
Inovretail, S.A.	-	-	14 382	(102 884)
Isoroy SAS	-	1 387	-	-
Le Terrazze - Shopping Centre S.r.l.	-	-	(1 750)	(629)
Loop 5 - Shopping Centre, GmbH	-	-	-	(27)
NOS Lusomundo Audiovisuais, S.A.	-	-	-	(63)
Maiequipa-Gestão Florestal,SA	-	(5 420)	-	-
Pátio Sertório Shopping Ltda	-	-	4 079	-
Modelo - Dist.de Mat. de Construção,S.A.	(50 759)	162 583	2 222 486	(3 123 480)
Modelo Hipermercados Trading, S.A.	115 922	(3 501)	108 214	(2 644)
MDS RE-Mediador de Resseguros, S.G.P.S., S.A.	164	-	82	-
MDS Africa SGPS, S.A.	634	-	634	-
MDS Auto - Mediação de Seguros, SA	3 505	207	3 023	2 000
RCG - Risk Consulting Group, S.A.	-	-	-	-
Mds Knowledge Centre, Unipessoal, Lda	553	-	1 302	(588)
Modalfa-Comércio e Serviços,SA	-	-	-	112
Modelo Hiper Imobiliária,SA	-	-	88	-
Nova Equador P.C.O. e Eventos	-	50 755	-	47 005
Norteshopping-Centro Comercial, S.A.	-	628 986	59 307	679 927
Pareuro, BV	-	-	-	(14 065)
PCI-Público, Comunic e Jornalismo, SA	-	1 765	-	-
Predilugar - Sociedade Imobiliária, SA	5 039	4 070	-	(3 337)
Prosa - Produtos e Serviços Agrícolas,S.A.	3 971	5 748	134	-
Rio Sul - Centro Comercial, SA	-	-	-	35 459
Saphety Level - Trusted Services S.A.	1 554	-	-	-
Sierra Developments Italy S.r.l.	-	-	9 047	(6 396)
SONAESR - Serviços e logística, S.A.	-	-	-	6 107

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Sondis Imobiliária,SA	-	-	661	-
Sonae Investimentos, SGPS, SA	924 966	565 056	930 830	554 955
Sonae Arauco Portugal, S.A.	123 542	108 562	136 435	94 923
Sonae Industria de Revestimentos,SA	(50)	7 620	-	3 844
Sierra Management II-Gestão de C.C. S.A.	-	41 847	1 750	39 364
Sociloures-Soc.Imobiliária,SA	-	171	46 301	940
Siaf-Soc.Iniciat.Aprov.Florestais,SA	-	1 523	-	-
Sonae Holdings, SA	3 091	70 466	4 783	201 566
Sonaecom - Serviços Partilhados, S.A	-	56 264	-	55 408
SFS - Gestão de Fundos, SGFI, S.A.	-	-	-	(815)
Modelo Continente, SGPS, S.A.	-	10 459	445 563	29 235
Sonaerp - Retail Properties, SA	9 922	11 938	1 882	12 500
Sonae UK,Ltd.	-	-	1 090	-
SPF- Sierra Portugal	262	4 999	-	7 257
Sport Zone España-Com.Art.de Deporte,SA	-	11 725	2 263	12 711
Tafiber,Tableros de Fibras Ibéricas,SL	294	-	-	-
Sonae Arauco Suisse, S.A.	27 200	-	28 605	-
Torre Occidente, Imobiliária,SA	-	-	3 651	-
VALOR N, S.A.	-	976	-	1 951
Via Catarina- Centro Comercial, S.A.	-	-	-	17 996
We Do Consulting-SJ,SA	-	-	-	53 481
We Do Technologies Mexico,S	-	1 030	12 592	(14 356)
Worten España Distribución, SL	-	16 219	2 433	27 366
ZIPPY - Comercio y Distribución, S.A.	-	-	147	(60)
	1 366 862	1 285 345	5 667 457	(1 469 235)

CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2020

31 Março 2020

31 December 2019

	Balances		Accounts receivable		Accounts payable	
Parent company						
Associated companies						
	8 767	1 125	8 871	1 980		
Andar-Sociedade Imobiliária,SA	-	-	-	-		
Feneralt - Produção de Energia, ACE	8 733	-	8 837	-		
Lidergraf - Artes Gráficas, Lda	34	1 125	34	1 980		
Other partners and Group companies	1 540 562	2 603 837	1 488 884	3 398 831		
Águas Furtadas - Soc. Agrícola, SA	408	(1 002)	279	(1 002)		
Alpêssego - Sociedade Agrícola, SA	266	-	266	-		
Bright Brands SportsGoods, S.A.	(28 688)	-	(28 688)	-		
Casa Agrícola de Ambrães, S.A.	182	-	186	-		
Cascaishoping- Centro Comercial, S.A.	-	-	416	-		
Centro Colombo- Centro Comercial, S.A.	30 860	165 734	54 384	109 832		
Centro Vasco da Gama-Centro Comercial,SA	1 200	-	-	-		
Continente Hipermercados, S.A.	144 366	4 384	144 366	12 965		
Digitmarket-Sistemas de Informação,SA	106 487	27 452	164 531	100 577		
Efanor Investimentos, SGPS, S.A.	15 388	16 365	15 136	8 168		
Efanor Serviços de Apoio à Gestão, S.A.	749	10 487	3 311	10 487		
Sonaerp - Retail Properties, SA	-	6 595	-	17 758		
Euroresinas-Indústrias Químicas,SA	-	12 516	-	-		
Go Well, S.A.	1 845	-	1 845	-		
Sonae Arauco Deutschland AG	231	-	231	-		
Fundo de Invest. Imobiliário Imosede	15 640	196 360	24 244	131 398		
Inovretail, S.A.	-	-	-	107 716		
Inesco Insular de Hipermercados, S.A.	2 237	-	2 237	-		
S21SEC Portug-Cyber Security Services,S.A.	12 948	-	14 335	-		
MDS Africa SGPS, S.A.	178	-	89	4		
RCG - Risk Consulting Group, S.A.	797	936	-	922		
MDS Corretor de Seguros, SA	24 870	370 158	62 695	95 954		
MDS RE-Mediador de Resseguros, S.G.P.S., S.A.	(838)	-	(838)	4		
Modalfa-Comércio e Serviços,SA	46	-	46	-		
Modelo Continente Hipermercados,SA	182 053	364 200	494 032	1 197 088		
Modelo Hipermercados Trading, S.A.	150	-	150	-		
Norteshopping-Centro Comercial, S.A.	15 879	79 612	15 846	108 739		
NOS Sistemas S.A.	-	65 141	-	70 561		
NOS Comunicações, S.A.	-	301 024	(1 545)	258 763		
PHARMACONTINENTE - Saúde e Higiene, S.A.	-	872	-	15 593		
Prosa - Produtos e Serviços Agrícolas,S.A.	2 066	626	-	2 716		
Público-Comunicação Social,SA	4 722	5 748	237	-		
Grupo Salsa	(966)	-	(966)	-		
SEKIWI, SGPS., S.A.	(25)	-	-	-		
SFS, Gestão e Consultoria, S.A.	410	147 545	36	116 589		
SFS - Financial Services, IIME, S.A.	350	350	404	350		
Sierra Management Portugal-Gest. CC,S.A.	18 907	24 458	29 729	12 653		
SIRS-Soc.Ind.Radiodifusão Sonora,SA	-	9 429	4 889	9 282		
Sonae Indústria - Management Services, S.A.	-	-	-	2		
Sohi Meat Solut-Distr. Carnes	-	4 251	-	4 832		
Sonae Arauco Portugal, S.A.	700 031	393 786	331 486	358 930		
Sonae MC - Serviços Partilhados, SA	45 412	154 082	47 828	417 934		
Sonae Industria de Revestimentos,SA	203 195	200 860	92 624	137 700		
Sonae Indústria-SGPS,SA	271	-	765	14		
Sonae Investimentos, SGPS, SA	-	11 250	-	-		
Sonae SGPS, SA	10 604	390	2 887	50 044		
Sonae.com,SGPS,SA	-	216	-	216		
Sonae Holdings, SA	-	1 905	-	13 219		
SONAESR - Serviços e logística, S.A.	-	3 262	-	3 262		
SFS - Gestão de Fundos, SGFI, S.A.	-	16 417	-	17 113		
Sonae Arauco South Africa (Pty) Ltd.	17	-	17	-		
Sonae Arauco France SAS	-	-	395	10		
Sport Zone-Comércio Art.Desporto,SA	422	-	422	-		
Tableros Tradema,S.L.	130	-	130	-		
Sonae Arauco, S.A.	79	2	812	8		
Textil do Marco,SA	27 200	-	9 067	-		
Worten-Equipamento para o Lar,SA	(50)	8 426	-	8 430		
ZIPPY - Comércio e Distribuição, SA	(36)	-	-	-		
Sonae Corporate, S.A.	569	-	568	-		
	1 549 329	2 604 962	1 497 755	3 400 811		

30. EARNINGS PER SHARE

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

	31 March 2020	31 March 2019
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	(5 621 317)	(5 269 819)
Net profit taken into consideration to calculate diluted earnings per share	(5 621 317)	(5 269 819)
Number of shares		
Weighted average number of shares used to calculated basic earnings per share	246 329 177	248 471 740
Weighted average number of shares used to calculated diluted earnings per share	246 329 177	248 471 740
Earnings per share (basic and diluted) - Continued operations	(0,02271)	(0,02106)
Earnings per share (basic and diluted) - Discontinued operations	(0,00011)	(0,00015)
Earnings per share (basic and diluted)	(0,02282)	(0,02121)

There are no convertible instruments based on shares in Sonae Capital, SGPS, S.A., hence there is no dilutive effect in earnings.

31. SEGMENT INFORMATION

In 31 March 2020 and 31 December 2019, the following segments were identified:

- Troia Resort Operations
- Hospitality
- Fitness
- Energy
- Refrigeration & HVAC
- Industrial Engineering
- Holding & Others

The contribution of the business segments to the Income Statement of the periods ended 31 March 2020 and 2019 can be detailed as follows:

31 March 2020										
Profit and Loss Account	Troia Resort Operations	Hospitality	Fitness	Energy	Refrigeration & HVAC	Industrial Engineering	Real Estate	Holding & Others	Intersegment Adjustments	Consolidated
Turnover	1 455 168	2 326 400	10 649 826	80 473 550	-	2 786 196	1 926 225	1 181 629	(2 437 510)	98 361 486
Other operational income	165 522	87 885	259 632	59 052	-	74 196	855 746	5 427	(268 955)	1 238 506
Total operational income	1 620 690	2 414 286	10 909 459	80 532 602	-	2 860 392	2 781 971	1 187 057	(2 706 465)	99 599 992
Operational cash-flow (EBITDA)	(402 210)	(1 170 648)	3 278 590	3 825 272	-	(573 404)	904 124	(968 315)	(1 007 058)	3 886 351

31 March 2019										
Profit and Loss Account	Troia Resort Operations	Hospitality	Fitness	Energy	Refrigeration & HVAC	Industrial Engineering	Real Estate	Holding & Others	Intersegment Adjustments	Consolidated
Turnover	1 375 232	3 047 564	10 023 861	14 019 382	7 959 948	2 579 244	3 525 186	1 447 713	(3 112 972)	40 865 158
Other operational income	117 080	90 105	104 829	9 083	39 238	194 350	558 420	2 700	7 337	1 123 142
Total operational income	1 492 312	3 137 670	10 128 690	14 028 465	7 999 186	2 773 594	4 083 606	1 450 413	(3 105 636)	41 988 300
Operational cash-flow (EBITDA)	(415 350)	(923 031)	3 220 930	3 601 422	(88 853)	(661 706)	868 697	(654 087)	(1 048 104)	3 899 917

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The contribution of the business segments to the Balance Sheet Statement for the periods ended 31 March 2020 and 31 December 2019 can be detailed as follows:

31 March 2020										
Balance Sheet	Troia Resort Operations	Hospitality	Fitness	Energy	Refrigeration & HVAC	Industrial Engineering	Real Estate	Holding & Others	Intersegment Adjustments	Consolidated
Fixed Assets Tangible, Intangible and Goodwill	57 067 226	44 842 025	100 039 490	102 882 658	-	16 603 136	124 533 839	(1 391 373)	(72 020 310)	372 556 691
Investments	157 934 867	10 744 213	83 797	315 488	-	61 978	11 193 186	222 056 015	(400 154 109)	2 235 436
Other Assets	70 100 532	4 941 901	2 433 592	109 328 867	-	8 357 493	55 301 096	470 239 929	(484 382 575)	236 320 834
Total Assets	285 102 625	60 528 139	102 556 879	212 527 013	-	25 022 607	191 028 120	690 904 571	(956 556 994)	611 112 961
Total Liabilities	190 686 512	56 352 776	86 113 803	190 724 699	-	34 597 775	168 417 574	180 540 945	(509 040 426)	398 393 658
Technical investment	1 124 531	1 693 853	2 135 009	3 316 089	-	61 642	183 785	9 385	-	8 524 296
Gross Debt	7 432 220	31 881 605	59 536 186	10 753 587	-	1 439 251	35 856	167 309 855	(28 790 056)	249 598 505
Net Debt	6 536 966	31 702 670	59 263 118	8 913 485	-	1 407 164	(2 659 203)	153 106 150	(28 790 056)	229 483 027

31 December 2019										
Balance Sheet	Troia Resort Operations	Hospitality	Fitness	Energy	Refrigeration & HVAC	Industrial Engineering	Real Estate	Holding & Others	Intersegment Adjustments	Consolidated
Fixed Assets Tangible, Intangible and Goodwill	58 241 210	42 082 180	97 016 681	100 872 650	-	16 846 311	126 389 345	(825 642)	(70 629 894)	369 992 842
Investments	157 934 939	10 742 460	78 920	265 234	-	60 305	11 194 759	251 617 462	(429 772 229)	2 121 850
Other Assets	68 217 032	5 415 018	3 236 793	70 893 966	54 941	8 057 780	57 915 897	436 370 769	(463 348 180)	186 814 016
Total Assets	284 393 181	58 239 658	100 332 394	172 031 850	54 941	24 964 396	195 500 001	687 162 589	(963 750 303)	558 928 708
Total Liabilities	188 275 483	51 249 819	83 594 319	151 000 311	471 909	33 514 537	169 460 572	148 954 371	(485 570 886)	340 950 435
Technical investment	3 303 298	1 605 016	2 731 095	28 675 288	-	939 449	1 898 864	397 930	(320 627)	39 230 313
Gross Debt	7 966 002	29 955 604	55 744 730	11 591 379	-	1 635 758	35 970	135 648 109	(26 625 823)	215 951 729
Net Debt	7 757 521	29 689 032	55 381 285	10 540 325	-	1 410 854	(4 995 729)	135 206 909	(26 625 823)	208 364 374

32. SUBSEQUENT EVENTS

In addition to that described in chapter 2 of the management report on the Covid 19 pandemic, which began in the first quarter of 2020, and impacted the financial statements, no significant events have occurred since 31 March 2020 to this date that require be disclosed.

33. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 13 May 2020. However, they are still subject to approval at the General Shareholders' Meeting.

The Board of Directors

Duarte Paulo Teixeira de Azevedo

Chairman of the Board of Directors

Álvaro Carmona e Costa Portela

Vice Chairman of the Board of Directors

Maria Cláudia Teixeira de Azevedo

Member of the Board of Directors

Francisco de La Fuente Sánchez

Member of the Board of Directors

Paulo José Jubilado Soares de Pinho

Member of the Board of Directors

Miguel Jorge Moreira da Cruz Gil Mata

CEO

Ivone Pinho Teixeira

CFO

Isabel Maria Pereira Aníbal Vaz

Member of the Board of Directors

Pedro Manuel Martins Bruno

Member of the Board of Directors

Ângelo Gabriel Ribeirinho dos Santos Paupério

Member of the Board of Directors

SONAE CAPITAL

**PART III
SEPARATED FINANCIAL
STATEMENTS**

31 MARCH 2020



SONAE CAPITAL



SEPARATED FINANCIAL STATEMENTS
31 MARCH 2020

SONAE CAPITAL, SGPS, SA

INDIVIDUAL BALANCE SHEET AS AT 31 MARCH 2020 AND 31 DECEMBER 2019

(Amounts expressed in euro)

	Notes	31 March 2020	31 December 2020
ASSETS			
NON-CURRENT ASSETS:			
Tangible assets		91 453	97 580
Investments	4	236 108 359	236 108 359
Investments in associated companies and joint ventures	4	1 125 301	1 125 301
Other investments	4	24 394	24 394
Deferred tax assets	7	14 371 852	14 371 852
Other non-current debtors	5	399 281 247	398 798 247
Total non-current assets		651 002 605	650 525 733
CURRENT ASSETS:			
Trade account receivables		1 215	141 688
Other debtors	6	35 726 176	14 068 628
Income tax receivable	6	1 812 250	1 487 561
Other taxes receivable	6	98 224	98 224
Other current assets	6	2 180 845	3 913 225
Cash and cash equivalents	8	14 160 097	386 696
Total Current Assets		53 978 807	20 096 022
TOTAL ASSETS		704 981 412	670 621 755
EQUITY:			
Share capital	9	250 000 000	250 000 000
Own Shares	9	(1 020 877)	(1 105 573)
Reserves	10	280 439 969	280 340 993
Retained earnings		2 278 295	
Profit/(Loss) for the year		2 599 920	2 278 295
TOTAL EQUITY		534 297 307	531 513 716
NON-CURRENT LIABILITIES:			
Bank Loans	11	60 735 170	23 483 637
Bonds	11	70 061 771	55 092 987
Obligation under finance leases	11	37 694	42 648
Other non-current liabilities	13	158 790	158 790
Total Non-Current Liabilities		130 993 424	78 778 062
CURRENT LIABILITIES:			
Bank Loans	11	34 000 000	54 700 000
Bonds	11	2 000 000	2 000 000
Obligation under finance leases	11	28 402	28 911
Trade creditors	13	747 999	166 515
Other creditors	12	2 264 683	2 196 727
Income tax payable	13	-	
Other taxes payable	13	69 760	69 475
Other current liabilities	13	579 837	1 168 350
Total Current Liabilities		39 690 681	60 329 978
TOTAL LIABILITIES		170 684 106	139 108 039
TOTAL EQUITY AND LIABILITIES		704 981 412	670 621 755

The accompanying notes are part of these financial statements.

SEPARATED FINANCIAL STATEMENTS
31 MARCH 2020

SONAE CAPITAL, SGPS, SA

INDIVIDUAL INCOME STATEMENTS BY NATURE

FOR THE THREE MONTHS ENDED 31 MARCH 2020 AND 2019

(Amounts expressed in euro)

	Notes	31 March 2020	31 March 2019
Other operating income	17	14 217	14 610
External supplies and services	14	(602 913)	(332 308)
Staff costs	15	(362 728)	(273 430)
Depreciation and amortisation		(7 828)	(9 139)
Other operating expenses	17	(13 727)	(10 613)
Operational profit/(loss)		(972 980)	(610 880)
Financial Income	16	1 882 386	2 647 657
Financial Expenses	16	(566 989)	(899 636)
Net financial income / (expenses)		1 315 397	1 748 021
Investment income	16	1 862 820	296 433
Profit/(Loss) before taxation		2 205 236	1 433 575
Taxation	18	394 683	119 012
Profit/(Loss) for the year		2 599 920	1 552 586
Profit/(Loss) per share			
Basic	19	0.0106	0.0063
Diluted	19	0.0106	0.0063

The accompanying notes are part of these financial statements.

SEPARATED FINANCIAL STATEMENTS

31 MARCH 2020

SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 31 MARCH 2020 AND 2019

(Amounts expressed in euro)

	31 March 2020	31 March 2019
Net profit/(loss) for the period	2 599 920	1 552 586
Total comprehensive income for the period	2 599 920	1 552 586

The accompanying notes are part of these financial statements.

SEPARATED FINANCIAL STATEMENTS

31 MARCH 2020

SONAE CAPITAL, SGPS, SA
INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2020 AND 2019
(Amounts expressed in euro)

	Share Capital (Note 9)	Own Shares (Note 9)	Attributable to Equity Holders of Sonae Capital			Subtotal	Net Profit/(Loss)	Total Equity
			Legal Reserves (Note 10)	Other Reserves (Note 10)	Retained Earnings			
Balance as at 1 January 2019	250 000 000	(1 192 808)	10 789 547	282 191 290	-	292 980 837	5 294 899	547 082 928
Total comprehensive income for the period	-	-	-	-	-	-	1 552 586	1 552 586
Appropriation of profit of 2018:								
Transfer to legal reserves and retained earnings	-	-	279 467	-	5 015 432	5 294 899	(5 294 899)	-
Dividends paid	-	-	-	-	-	-	-	-
(Acquisition)/Sales of own shares	-	77 338	-	-	-	-	-	77 338
Changes in the percentage of capital held in affiliated companies	-	-	-	-	-	-	-	-
Other changes	-	-	-	258 291	-	258 291	-	258 291
Balance as at 31 March 2019	250 000 000	(1 115 470)	11 069 014	282 449 581	5 015 432	298 534 027	1 552 586	548 971 143
Balance as at 1 January 2020	250 000 000	(1 105 573)	11 054 292	269 296 702	-	280 350 994	2 278 295	531 523 716
Total comprehensive income for the period	-	-	-	-	-	-	2 599 920	2 599 920
Appropriation of profit of 2019:								
Transfer to legal reserves and retained earnings	-	-	-	-	2 278 295	2 278 295	(2 278 295)	-
Dividends paid	-	-	-	-	-	-	-	-
(Acquisition)/Sales of own shares	-	84 696	-	-	-	-	-	84 696
Changes in the percentage of capital held in affiliated companies	-	-	-	-	-	-	-	-
Other changes	-	-	-	88 976	-	88 976	-	88 976
Balance as at 31 March 2020	250 000 000	(1 020 877)	11 054 292	269 385 678	2 278 295	282 718 264	2 599 920	534 297 307

The accompanying notes are part of these financial statements.

SEPARATED FINANCIAL STATEMENTS
31 MARCH 2020

SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED 31 MARCH 2020 AND 2019

(Amounts expressed in euro)

	Notes	31 March 2020	31 March 2019
OPERATING ACTIVITIES:			
Cash receipts from trade debtors		-	-
Cash paid to trade creditors		(456 868)	(447 012)
Cash paid to employees		(325 483)	(157 344)
Cash flow generated by operations		(782 351)	(604 356)
Income taxes (paid) / received		(465 712)	(131 304)
Other cash receipts and (payments) relating to operating activities		774 306	155 346
Net cash from operating activities (1)		(473 757)	(580 314)
INVESTMENT ACTIVITIES:			
<u>Cash receipts arising from:</u>			
Investments	23	-	19 163
Interest and similar income		3 706 943	4 767 894
Others		1 862 820	528 220
Changes in consolidation perimeter (companies in)		-	-
		5 569 762	5 315 277
<u>Cash Payments arising from:</u>			
Investments	23	-	(3 495)
Loans granted	23	(22 243 362)	(16 704 392)
		(22 243 362)	(16 707 887)
Net cash used in investment activities (2)		(16 673 600)	(11 392 610)
FINANCING ACTIVITIES:			
<u>Cash receipts arising from:</u>			
Loans obtained	11	53 250 000	287 400 000
Sale of own shares		-	77 338
		53 250 000	287 477 338
<u>Cash Payments arising from:</u>			
Loans obtained	11	(21 704 000)	(275 397 900)
Interest and similar charges		(625 241)	(587 446)
Dividends		-	-
		(22 329 241)	(275 985 346)
Net cash used in financing activities (3)		30 920 759	11 491 992
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)	-	13 773 402	(480 932)
Cash and cash equivalents at the beginning of the period	8	386 696	888 068
Cash and cash equivalents at the end of the period	8	14 160 097	407 136

The accompanying notes are part of these financial statements.

* Prepared in accordance with IAS 34 - Interim Financial Reporting

1. INTRODUCTION

Sonae Capital, SGPS, SA (the Company» or Sonae Capital») whose registered office is at Lugar do Espido, Via Norte, Apartado 3053, 4471-907 Maia, Portugal, was set up on 14 December 2007 by public deed, following the demerger from Sonae, SGPS, SA of the whole of the shareholding in the company formerly named Sonae Capital, SGPS, SA, now named SC, SGPS, SA, in compliance with paragraph a) of article 118 of the Commercial Companies Code.

The Company's financial statements are presented as required by the Commercial Companies Code. According to Decree-Law 158/2009 of 13 July of 2009, the Company's financial statements have been prepared in accordance with International Financial Reporting Standards

The functional and presentation currency is the euro.

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted are consistent with those used in the financial statements presented for the year ended 31 December 2019.

2.1. BASIS OF PREPARATION

The interim financial statements are presented on a quarterly basis in accordance with IAS 34 - "Interim Financial Reporting".

These financial statements were prepared based on the books and accounting records on the assumption of continuity of operations and based on the historical cost, except for some financial instruments that are recorded at fair value.

3. CHANGES IN ACCOUNTING POLICIES

Changes in international accounting standards that took effect on or after 1 January 2020, had no significant impact on the financial statements at 31 March 2020.

4. FINANCIAL INVESTMENTS

As at 31 March 2020 and 31 December 2019 Investments are detailed as follows:

	31 March 2020	31 December 2019
Investments in affiliated and associated undertakings	358 030 635	358 030 635
Investments in other companies		
Sonae RE - (0,04%)	1 360	1 360
Matadouro Alto Alentejo, S.A. - (0,89%)	-	-
NET Novas Tecnologias, S.A. - (0,98%)	23 034	23 034
Fundo F HITEC - (6,48%)	-	-
	358 055 029	358 055 029
Impairment	(120 796 975)	(120 796 975)
	237 258 054	237 258 054

4.1. INVESTMENTS IN AFFILIATED AND ASSOCIATED UNDERTAKINGS

As at 31 March 2020 and 31 December 2019, the detail of Investments in Affiliated and Associated Companies is as shown in the table below:

	31 March 2020			
	% Held	Book Value	Equity	Profit / (Loss) for the period
CAPWATT, S.G.P.S., S.A.	100%	19 225 000	22 578 515	(565 174)
Fundo Esp de Invest. Imob Fechado WTC	60%	52 823 047	71 444 627	601 093
Troiare resort, SGPS, S.A.	100%	167 132 793	78 902 579	(223 470)
Lidergraf - Artes Gráficas, SA.	25%	1 125 301	8 974 625	714 027
SC Assets S.G.P.S., SA	100%	38 603 728	3 741 223	(350 781)
SC Hospitality, S.G.P.S., S.A.	100%	5 857 175	5 155 472	(25 336)
SC Finance B.V.	100%	10 963 698	5 504 943	(20 731)
SC-Industrials, S.G.P.S., S.A.	100%	35 353 624	805 911	(80 087)
SC Fitness, S.A.	100%	26 946 268	25 748 973	(318 657)
		358 030 635		

	31 March 2019			
	% Held	Book value	Equity	Profit / (Loss) for the period
CAPWATT, S.G.P.S., S.A.	100%	19 225 000	23 143 689	3 354 495
Fundo Esp de Invest. Imob Fechado WTC	60%	52 823 047	73 343 535	4 663 599
Troiare resort, SGPS, S.A.	100%	167 132 793	79 126 048	(742 710)
Lidergraf - Artes Gráficas, SA.	25%	1 125 301	8 974 625	714 027
SC Assets S.G.P.S., SA	100%	38 603 728	4 092 004	351 321
SC Hospitality, S.G.P.S., S.A.	100%	5 857 175	5 180 808	3 852 794
SC Finance B.V.	100%	10 963 698	5 525 674	(95 327)
SC-Industrials, S.G.P.S., S.A.	100%	35 353 624	885 999	(314 001)
Race, SGPS, S.A.	70%	-	25 179 941	1 445 336
SC Fitness, S.A.	100%	26 946 268	26 067 630	(465 830)
		358 030 635		

SEPARATED FINANCIAL STATEMENTS

31 MARCH 2020

Investments recorded at acquisition cost correspond to investments not traded in regulated markets and for which the fair value is not reliably estimated.

In 2020, financial investments were subject to impairment tests in order to measure their fair value, the calculation of which took into account external valuations obtained from the real estate assets of the subsidiaries, or valuations from the perspective of Discounted Cash Flows (DCF).

These assessments use discount rates that correspond to the weighted average rates of the cost of capital (WACC), calculated on the basis of the business type in which they operate and its target capital structures, and are in the range [6,68%- 9,63%]. 5 years projections were considered and growth rates in perpetuity were considered void.

As at 31 March 2020 and 31 December 2019, the detail of Impairments on Investments in Affiliated and Associated Companies is as shown in the table below.

	31 March 2020	31 December 2019	Variation
Troiioresort, SGPS, S.A.	(48 317 116)	(48 317 116)	-
SC Assets, SGPS, S.A.	(38 603 728)	(38 603 728)	-
SC Finance BV	(2 022 507)	(2 022 507)	-
SC, Industrials, SGPS, S.A.	(31 853 624)	(31 853 624)	-
	(120 796 975)	(120 796 975)	-

5. OTHER NON-CURRENT ASSETS

As at 31 March 2020 and 31 December 2019, other non-current assets are detailed as follows:

	31 March 2020	31 December 2019
Loans granted		
CAPWATT, SGPS, S.A.	69 386 000	68 725 000
SC Assets, SGPS, S.A.	123 418 826	123 596 826
SC Finance BV	6 458 900	6 458 900
SC Fitness, S.A.	12 041 300	12 041 300
SC Hospitality, SGPS, S.A.	6 418 072	6 418 072
SC Industrials, SGPS, S.A.	25 301 000	25 301 000
Solinca - Health & Fitness, S.A.	-	-
Troiioresort, SGPS, S.A.	155 677 495	155 677 495
	398 701 592	398 218 592
Impairment		
SC Assets, SGPS, S.A.	(6 995 093)	(6 995 093)
SC-Industrials, S.G.P.S., S.A.	(1 228 759)	(1 228 759)
SC Finance BV	-	-
	(8 223 852)	(8 223 852)
Up-front fees not yet charged to income statement		
	-	-
	390 477 741	389 994 741
Other debtors		
	8 803 506	8 803 506
	8 803 506	8 803 506
	399 281 247	398 798 247

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The balance recorded under the heading Other debtors refers to the amount receivable for the sale of Race SGPS, SA
As at 31 March 2020, loans granted matured as follows:

2020	2021	2022	2023	2024	Total
199 764 800	9 489 072	3 811 000	50 190 200	134 963 520	398 218 592

These assets were not due or impaired as at 31 March 2020. The fair value of loans granted to Group companies is basically the same as their book value.

Loans to group companies interest at market rates and are repayable within a period exceeding one year. The interest rate as at 31 March 2020 stood, in average, at approximately de 1.82% (2019: 1.82%).

6. OTHER CURRENT ASSETS AND INCOME TAX

As at 31 March 2030 and December 2019, other current assets and Income tax are made up as follows:

	31 March 2020	31 December 2019
Other debtors - Group	3 427 778	2 951 006
Loans granted	31 154 463	9 394 101
Other debtors	1 143 935	1 723 521
	35 726 176	14 068 628
Deferred costs	292 058	163 707
	2 180 845	3 913 225
Income tax	1 802 250	1 487 561
Income tax withheld	98 224	98 224
	39 807 495	19 567 639

The balance registered at Shareholding, other Operations is related to the values transferred from subsidiaries under the IRC regime (RETGS).

As at 31 March 2020 and 31 December 2019, the item Loans Granted is related to financial operations with the following subsidiaries:

	31 March 2020	31 December 2019
Loans granted		
CAPWATT, SGPS, S.A.	17 046 801	2 149 000
SC Assets, SGPS, S.A.	171 301	225 500
SC Finance BV	65 500	-
SC Fitness, S.A.	2 425 900	3 303 500
SC Hospitality, SGPS, S.A.	1 858 051	912 000
SC Industrials, SGPS, S.A.	2 163 200	640 500
SC SGPS, S.A.	1 317 401	663 900
Troiareort, SGPS, S.A.	6 106 308	1 499 700
	31 154 463	9 394 101

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Loans to group companies interest at market rates and are repayable within a period inferior to one year. The interest rate as at 31 March 2020 stood, in average, at approximately de 0.99% (2019: 0.99%).

As at 31 March 2020, the item Other Debtors includes includes the amount of 825,822 euros (2019: 1,568,022 euros) related to credits acquired from Race, SA.

The amount recorded in the accrued income includes 1,878,621 euros relating to interest on loans granted to subsidiaries (2019: 3,703,178 euros) as well as 10,166 euros relating to commissions of guarantees given to subsidiaries (2019: 46,341 euros) (Nota 22).

Deferred costs include 229,669 euros relating to bank charges, which are deferred over the loan period (2019: 100,682 euros).

Income Tax

Under current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for Social Security), except if there have been tax losses or tax benefits, or ongoing tax inspections or claims. In these cases, and depending on the circumstances, the time limits are extended or suspended. In this way the Company tax return, from the years 2016 to 2019, could still be subject to review. However, in the opinion of the Company's Board of Directors, it is not expected that any correction relating to the said financial years will be significant for the financial statements as at 31 March 2020. As mentioned in 2.9 note the Company is subject to the special regime for the taxation of groups of companies (RETGS) provided for in Article 69 and following of the IRC Code, integrating the taxation group, which is the mother company.

In the fiscal year 2020, the Company is subject to taxation on Corporate Income Tax at the normal rate of 21%, plus municipal taxes at a maximum rate of 1.5%.

In addition, on the part of the taxable profit of more than 1,500,000 euros subject to and not exempt from Corporate Income Tax, the following state levy fees are levied: 3% over 1,500,000 euros and less than 7,500,000 euros; 5% on the upper part to 7,500,000 euros and up to 35,000,000 euros; and 7% that is levied on the part of the taxable income that exceeds 35,000,000 euros.

Under the terms of Article 88 of the Portuguese Income Tax Code, the company is also subject to autonomous taxation on a set of charges at the rates provided for in the mentioned article.

The Corporate income tax rate in force for 2020 is 21%.

As at 31 March 2020 and 31 December 2019, the item Income tax is made up as follows:

	31 March 2020	31 December 2019
Income tax withheld	1 208 572	742 860
Income tax (advanced payment)	1 335 797	1 335 797
Income tax	(732 119)	-
	1 812 250	1 487 561
Others	98 224	-
	98 224	98 224

7. DEFERRED TAXES

Deferred tax assets and liabilities as at 31 March 2020 and 31 December 2019 can be detailed as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Tax losses carried forward	14 371 852	14 371 852	-	-

During the periods ended 31 March 2020 and 31 December 2019, movements in deferred tax are as follows:

	Deferred tax assets		Deferred tax liabilities	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Opening balance	14 371 852	16 751 852	-	-
Effect in results:				
Tax losses carried forward	-	(2 380 000)	-	-
Effect in reserves	-	-	-	-
Closing balance	14 371 852	14 371 852	-	-

In accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward, as at 31 March 2020 and 31 December 2019, tax losses carried forward can be summarized as follows:

	31 March 2020			31 December 2019		
	Tax loss	Deferred tax assets	To be used until	Tax loss	Deferred tax assets	To be used until
Generated in 2014	13 046 930	2 739 855	2026	13 046 930	2 739 855	2026
Generated in 2015	43 839 192	9 206 230	2027	43 839 192	9 206 230	2027
Generated in 2016	11 551 269	2 425 766	2028	11 551 269	2 425 766	2028
Generated in 2017	-	-	2022	-	-	2022
	68 437 391	14 371 852		68 437 391	14 371 852	

The constitution of deferred tax assets was based on the analysis of the relevance of its recognition, notably as regards the possibility of their recovered, given the prospects for medium and long term of the company.

The deferred tax assets recognized resulting from fiscal losses are recorded to the extent that it is probable that taxable profit will occur in the future.

The valuation of deferred tax assets is based on the business plans of the Group companies, periodically reviewed and updated.

Since fiscal year 2014, most of the Group's subsidiaries, based in Portugal, are part of the perimeter of the taxed Corporate Group in accordance with the Special Taxation Regime for Company Groups (RETGS), whose parent company is the Sonae Capital, SGPS, SA. Gains generated by the application of this tax regime are allocated to Sonae Capital SGPS.

The analysis carried out on 31 March 2020, resulted that there is reasonable expectation of recovery of deferred tax assets recorded before their date of expiry.

8. CASH AND CASH EQUIVALENTS

As at 31 March 2020 and 31 December 2019, cash and cash equivalents can be detailed as follows:

	31 March 2020	31 December 2019
Cash	-	-
Bank deposits	14 160 097	386 696
Cash and cash equivalents in the balance sheet	14 160 097	386 696

9. EQUITY

The share capital of Sonae Capital SGPS, S.A. is represented by 250,000,000 ordinary shares, which do not have the right to a fixed remuneration, with a nominal value of 1 euro each.

As at 31 March 2020, Sonae Capital SGPS, S.A. owns 3,212,789 own shares (3,670,823 own shares at 31 December 2019) representing 1.285% of the share capital and booked at 1,020,877 euros (1,105,573 euros at 31 December 2019) (Note 10).

10. RESERVES

As at 31 March 2020 and 31 December 2019 this caption can be detailed as follows:

	31 March 2020	31 December 2019
Legal reserves	11 054 292	11 054 292
Free reserves	135 727 895	135 544 223
Demerger reserve **	132 636 906	132 636 906
Own shares reserve	1 020 877	1 105 573
	280 439 969	280 340 993

** at 31 December 2019 this item included an adjustment related to the application of the IFRS 16 in the amount of -1,346.95 euros.

Free Reserves: These reserves result from the transfer of the positive results obtained in retained exercises and can be distributed to shareholders provided they are not required to cover losses.

Demerger Reserve: The overall value of the demerger reserve (Note 1), representing the difference between the book value of the stake in SC, SGPS, SA (382,638,253 euros) which was highlighted Sonae, SGPS, SA for the Company and the amount of capital social Society (250,000,000 euros) which is comparable to the legal Reserve, according to the Companies Code, may not be distributed to the shareholders except in the event of liquidation of the Company, but may be used to absorb accumulated losses, after other reserves are exhausted, or can be incorporated into capital.

Legal Reserve: Under the law, at least 5% of annual net profit is positive, should be allocated to the legal reserve until it represents 20% of the share capital. This reserve is not distributable except in the event of liquidation of the company, but can be used to absorb losses after the other reserves, or increase capital.

As at 31 March of 2020 this item amounts to 11,054,292 euros (December 2019: 11,054,292 euros).

Reserve own shares: This reserve, established in accordance with article 342 of the CSC, is the same amount of the own shares value held by the company. This reserve is unavailable while the own shares are in possession of the company.

11. BORROWINGS

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

	31 March 2020		31 December 2019	
	Current	Non-current	Current	Non-current
Bank loans				
Sonae Capital SGPS - commercial paper a)	4 000 000	-	8 900 000	-
Sonae Capital SGPS - commercial paper b)	-	17 500 000	-	17 500 000
Sonae Capital SGPS - commercial paper c)	10 000 000	-	10 000 000	-
Sonae Capital SGPS - commercial paper d)	2 000 000	5 000 000	2 000 000	6 000 000
Sonae Capital SGPS - commercial paper e)	18 000 000	-	33 800 000	-
Sonae Capital SGPS - commercial paper f)	-	8 250 000	-	-
Sonae Capital SGPS - commercial paper g)	-	30 000 000	-	-
Up-front fees not yet charged to income statement	-	(14 830)	-	(16 363)
	34 000 000	60 735 170	54 700 000	23 483 637
Bank overdrafts (Note 8)	-	-	-	-
	34 000 000	60 735 170	54 700 000	23 483 637
Bond Loans				
Sonae Capital 2016/2021 h)	-	15 000 000	-	15 000 000
Sonae Capital 2019/2024 i)	-	15 000 000	-	15 000 000
Sonae Capital 2019/2026 j)	2 000 000	13 000 000	2 000 000	13 000 000
Sonae Capital 2019/2024 II k)	-	12 500 000	-	12 500 000
Sonae Capital 2020/2024 l)	-	15 000 000	-	-
Up-front fees not yet charged to income statement	-	(438 229)	-	(407 013)
	2 000 000	70 061 771	2 000 000	55 092 987
	36 000 000	130 796 941	56 700 000	78 576 624

- a) Commercial paper programme, with subscription guarantee, issued on 4 January 2017, with automatic annual renewals, unless denounced by either party;
- b) Commercial paper programme, with subscription guarantee, issued on 29 September 2017 and valid to October 2021;
- c) Commercial paper programme, with subscription guarantee, issued on 30 June 2017 with annual payments, unless denounced by either party;
- d) Commercial paper programme, with subscription guarantee, issued on 24 February 2017 and valid until February 2023, with semi-annual payments starting in 2019;

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- e) Commercial paper programme, without subscription guarantee, issued on 20 December 2017 with annual payments, issued to investors;
- f) Commercial paper programme, with subscription guarantee, issued on 31 December 2013 and valid until February 2024, with annual payments starting in 2022;
- g) Commercial paper programme, with subscription guarantee, issued on 26 August 2009 and valid to August 2022;
- h) Sonae Capital SGPS - 2016/2021 bond loan in the amount of 15.000.000 euro, with a 5 year maturity, and a sole reimbursement on 29 July 2021, unless the issuer requests a full or partial refund (call option). This bond loan bears interest every six months;
- i) Sonae Capital SGPS - 2019/2024 bond loan in the amount of 15.000.000 euros, with a 5 year maturity, and with reimbursements on the 8th and 10th coupon, with maturity on 26 June 2024. This bond loan bears interest every six months;
- j) Sonae Capital SGPS - 2019/2026 bond loan in the amount of 15.000.000 euros, with a 7 year maturity, and with reimbursements in annual installments beginning from the 2nd coupon, inclusive, with maturity on 28 June 2026. This bond loan bears interest every six months;
- k) Sonae Capital SGPS - 2019/2024 II bond loan in the amount of 12.500.000 euros, with a 5 year maturity, and with reimbursement via a single installment on 8 August 2024. This bond loan bears interest every six months;
- l) Sonae Capital SGPS - 2020/2024 bond loan in the amount of 15.000.000 euro, with a 4 year maturity, and a sole reimbursement on 20 March 2024. This bond loan bears interest every six months;

The interest rate on bonds and bank loans in force on 31 March 2020 was on average 1.06%.

Bank loans pay interest rates that are indexed to the Euribor market rates of the period, and its fair value is considered close to its book value.

In case of any Bank institution or commercial paper investor do not renew, at the maturity date, its respective loans, the Company has credit lines available to overcome such renewables

The repayment schedule of the nominal value of borrowings may be summarised as follows:

The nominal value of the loans have the following maturity dates:

	31 December 2020		31 December 2019	
	Capital	Interests	Capital	Interests
N+1	36 000 000	1 439 076	56 700 000	1 167 322
N+2	39 250 000	1 014 931	36 500 000	1 033 958
N+3	37 750 000	760 521	4 000 000	576 424
N+4	24 750 000	678 861	9 000 000	495 174
N+5	24 500 000	253 542	24 500 000	355 764
After N+5	5 000 000	69 375	5 000 000	69 375
	167 250 000	4 216 306	135 700 000	3 698 017

12. OTHER CREDITORS

As at 31 March 2020 and 31 December 2019 other creditors can be detailed as follows:

	31 March 2020	31 December 2019
<u>Other creditors:</u>		
Group companies - Short term loans	874 000	878 000
Other creditors	1 390 683	1 318 727
	2 264 683	2 196 727

As at 31 March 2020 and 31 December 2019 the caption loans granted is relative to financial operations granted to the following subsidiaries:

	31 March 2020	31 December 2019
Inparvi, SGPS, S.A.	874 000	878 000
	874 000	878 000

Loans obtained from group companies bear interest at market rates and are repayable within one year. The interest rate as at 31 March 2020 was, in average, approximately 0.050%.

Within the item Other Creditors, it is included 1,241,910 euros (2019: 1,300,845 euros) regarding transfers from subsidiaries of tax estimates under the special regime RETGS (Note 22).

13. SUPPLIERS, TAXES, OTHER NON-CURRENT AND CURRENT LIABILITIES

As at 31 March 2020 and 31 December 2019 these items were as follows:

	31 December 2019		31 December 2018	
	Current	Non-Current	Current	Non-Current
Suppliers	747 999	-	166 515	-
Taxes payable - income tax	-	-	-	-
Taxes payable - other taxes	69 760	-	69 475	-
Other current liabilities				
Accruals:				
Staff costs	327 135	158 790	825 350	158 790
Interest payable	208 703	-	237 780	-
Other accruals	26 789	-	88 010	-
Deferred income	17 210	-	17 210	-
	579 837	158 790	1 168 350	158 790

At 31 March 2020, the items Suppliers, Other Accruals and Staff costs include balances with related entities amounting to 101,032 euros, and 50,023 euros respectively (Note 22).

The amount of staff cost (Non-current) refers to deferred compensation payable in periods exceeding one year.

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As at 31 March 2020 and 31 December 2019 interest payable can be detailed as follows:

	31 March 2020	31 December 2019
Interest payable:		
Bank Loans	208 363	237 757
Group companies loans	341	24
	208 703	237 780

As at 31 March 2020 and 31 December 2019 the Income tax and Other taxes can be detailed as follows:

	31 December 2019	31 December 2018
Taxes payable - income taxes		
Income tax (advanced payment)	-	-
Income tax withheld	-	-
Income tax	-	-
Income tax (provision)	-	-
	-	-
Taxes payable - other taxes		
Income taxation - amounts withheld	36 363	31 611
VAT	70	9 269
Social security contributions	33 327	28 595
Others	-	-
	69 760	69 475

14. EXTERNAL SUPPLIES AND SERVICES

As at 31 March 2020 and 2019 External Supplies and services can be detailed as follows:

	31 March 2020	31 March 2019
Operational rents	1 719	2 777
Insurance costs	12 464	13 578
Travelling expenses	3 006	7 093
Services obtained	559 610	297 064
Office supplies	-	18
Other services	26 115	11 778
	602 913	332 308

Within the item Services obtained the following stands out, Consulting with an amount of 245,229 euros (2019: 9,594 euros) and costs related to the Holding which was debited by the subsidiary SC Sociedade de Consultadoria, S.A. which in 2020 amounted to 189,737 euros, the same value as in 2019.

As at 31 March 2020, the item Other services included costs related to bank services in the amount of 7,502 euros (2019: 5,430 euros), fuel 3,718 euros (2019: 3,417 euros) and communication 6,697 euros (2019: 2,496 euros).

15. STAFF COSTS

As at 31 March 2020 and 2019, staff costs can be detailed as follows:

	31 March 2020	31 March 2019
Governing bodies' remunerations	299 804	198 076
Staff and other sectors remunerations	-	30 147
Social security contributions	53 369	38 334
Other staff costs	9 555	6 873
	362 728	273 430

16. NET FINANCIAL EXPENSES AND INCOME

As at 31 March 2020 and 2019, Net Financial Expenses and Income can be detailed as follows:

	31 March 2020	31 March 2019
Financial expenses		
Interest arising from:		
Bank loans	(118 049)	(106 706)
Bonds	(241 056)	(481 916)
Other	(401)	(2 430)
Other financial expenses	(207 483)	(308 583)
	(566 989)	(899 636)
Interest receivable and similar income		
Interest income	1 882 386	2 647 657
	1 882 386	2 647 657
Net financial expenses	1 315 397	1 748 021

As at 31 March 2020, the amount mentioned in Interest arising from Other includes only interest on current loans obtained from group companies (Note 22).

As at 31 March 2020, the amount mentioned in interest receivable and similar income includes interest on loans granted to group companies (Note 22).

As at 31 March 2020, the amount mentioned in Other financial expenses refers to commissions incurred with the assembly and management of bank loans and bonds.

17. NET INVESTMENT EXPENSES AND INCOME

As at 31 March 2020 and 2019, Net Investment Expenses and Income can be detailed as follows:

	31 March 2020	31 March 2019
Losses on financial investments	-	(235 440)
Other income	1 862 820	531 873
Investment income	1 862 820	296 433

As at 31 March 2020, the amount recorded under Other income relates essentially to income obtained from the WTC Fund, 1,862,820 euros.

18. OTHER OPERATIONAL PROFIT AND OTHER OPERATIONAL EXPENSES

As at 31 March 2020 and 2019 these items were as follows:

	31 December 2019	31 December 2018
Other operating income		
Other supplementary income - Comissions	12 014	14 610
Other	2 203	-
	14 217	14 610
Other operating expenses		
Taxes	(11 874)	(10 433)
Other	(1 853)	(180)
	(13 727)	(10 613)

19. TAXATION

As at 31 March 2020 and 2019, Taxation was made up as follows:

	31 March 2020	31 March 2019
Current tax (Note 6)	394 683	119 012
Deferred tax (Note 7)	-	-
	394 683	119 012

As stated in Note 6, the Company is taxable in terms of Corporate Income Tax according to the RETGS.

19.1. RECONCILIATION OF THE EFFECTIVE INCOME TAX

The reconciliation between the profit before taxation and the tax charge for the periods ended 31 March 2020 and 2019 may be summarised as follows:

	31 March 2020		31 March 2019	
	Basis of incidence	Tax amount	Basis of incidence	Tax amount
Profit before income tax	2 205 236		1 433 575	
tax charge	21%		21%	
Tax charged		(463 100)		(301 051)
Increases or (decreases) in taxable profit				
Payment base on shares	(84 028)	17 646	(162 876)	34 204
Gain/loss on financial investments	-	-	235 440	(49 442)
Others	(202)	42	(2 076)	436
Deduction of tax losses	-	-	(1 052 843)	221 097
Tax savings (RETGS)		892 477		238 048
Municipality and state tax		(50 444)		(22 683)
Autonomous taxes		(1 939)		(1 598)
Effect of increases or decreases in deferred taxes		-		-
Taxation		394 683		119 012

20. EARNINGS PER SHARE

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

	31 March 2020	31 March 2019
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	2 599 920	1 552 586
Effect of dilutive potential shares	-	-
Net profit taken into consideration to calculate diluted earnings per share	2 599 920	1 552 586
Number of shares		
Weighted average number of shares used to calculate basic earnings per share	246 329 177	248 471 740
Earnings per share (basic and diluted)	0,0106	0,0062

21. COMPLIANCE WITH LEGAL REQUIREMENTS

Art 5 nr 4 of Decree-Law nr 495/88 of 30 December changed by art 1 of Decree-Law nr 318/94 of 24 December.

In the period ended 31 March 2020 shareholders' loan contracts were entered into with the companies: SC Assets SGPS, S.A. and Capwatt, S.A.

In the period ended 31 March 2020 short-term loan contracts were entered with the companies:

2ndRoom – Exploração Hoteleira, S.A	Imoresort - Sociedade Imobiliária, S.A.
Aqualuz Tróia – Exploração Hoteleira e Imobiliária, S.A.	Marina de Tróia, S.A.
Aqualuz - Turismo e Lazer, Lda.	Marvero - Exploração Hoteleira e Imobiliária, S.A.
Atelgen - Produção de Energia, ACE	Porto Palácio Hotel – Exploração Hoteleira, S.A.
Atlantic Ferries - Tráfego Local Fluvial e Marítimo, S.A.	SC Finance BV
Capwatt ACE, S.A.	SC Fitness, S.A.
Capwatt Alrota – Wind Power, S.A	Soc.Inic.Aprov.Florest.-Energias, S.A.
Capwatt Chamusca – Bio Power, Unipessoal Lda	SII Soberana - Investimentos Imobiliários, S.A.
Capwatt Colombo - Heat Power, S.A.	Soltróia - Soc. Imobiliária Urbanização e Turismo Tróia, S.A.
Capwatt Estuário – Heat Power, Unipessoal Lda	Soternix - Produção de Energia, ACE
Capwatt Évora – Solar Power, S.A	Suncoutim - Solar Energy, S.A.
Capwatt Ferreira – Solar Power, S.A	Companhia Térmica Tagol, Unipessoal, Lda
Capwatt IV – Heat Power, Unipessoal Lda	The Artist Porto Hotel & Bistro - Actividades hoteleiras, S.A.
Capwatt Lousado - Heat Power, Unip., Lda	The House Ribeira - Actividades hoteleiras, S.A.
Capwatt Maia - Heat Power, S.A.	Tróia-Natura, S.A.
Capwatt Martim Longo - Solar Power, S.A.	Tróia Market, S.A.
Capwatt, S.A.	Troiaresort - Investimentos Turísticos, S.A.
Capwatt Services, S.A.	Troiaresort, SGPS, S.A.
Capwatt Vale do Caima - Heat Power, S.A.	Tulipamar - Exploração Hoteleira e Imobiliária, S.A.
Carvemagere - Manutenção e Energias Renováveis, Lda.	
Golf Time - Golfe e Investimentos Turísticos, S.A.	
Imobeauty, S.A.	
Imopeninsula Sociedade Imobiliária, S.A.	

As at 31 March 2020 amounts due by affiliated companies can be summarized as follows:

Shareholders' Loans and Short term loans granted

Companies	Closing Balance
CAPWATT, SGPS, S.A.	86 432 801
SC Assets, SGPS, S.A.	123 590 127
SC Finance BV	6 524 400
SC Fitness, S.A.	14 467 200
SC Hospitality, SGPS, S.A.	8 276 123
SC Industrials, SGPS, S.A.	27 464 200
SC SGPS, S.A.	1 317 401
Troiaresort, SGPS, S.A.	161 783 803
	429 856 055

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As at 31 March 2020 amounts due to affiliated companies can be summarized as follows:

Short term loans obtained

	Companies	Closing Balance
Inparvi, SGPS,S.A.		874 000

22. SUBSEQUENT EVENTS

No significant events, requiring further disclosure have occurred after 31 March 2020.

23. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 13 May 2020.

The Certified Accountant

Rui Manuel Machado Morais

The Board of Directors

Duarte Paulo Teixeira de Azevedo
Chairman of the Board of Directors

Álvaro Carmona e Costa Portela
Vice Chairman of the Board of Directors

Maria Cláudia Teixeira de Azevedo
Member of the Board of Directors

Francisco de La Fuente Sánchez
Member of the Board of Directors

Paulo José Jubilado Soares de Pinho
Member of the Board of Directors

Miguel Jorge Moreira da Cruz Gil Mata
CEO

Ivone Pinho Teixeira
CFO

Isabel Maria Pereira Aníbal Vaz
Member of the Board of Directors

Pedro Manuel Martins Bruno
Member of the Board of Directors

Ângelo Gabriel Ribeirinho dos Santos Paupério
Member of the Board of Directors