

Grupo Pestana, S.G.P.S., S.A.

Consolidated Annual Report
31 December 2024

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Consolidated management report for 2024

In accordance with the Portuguese Commercial Companies Code ("Código das Sociedades Comerciais"), we have the honor to submit for consideration and approval the consolidated management report and the consolidated financial statements for the year ended as of 31 December 2024.

1. Message to stakeholders

Uncertainty, unpredictability and increased volatility are the defining characteristics of 2024. The ongoing Russian invasion of Ukraine continued to stoke geopolitical divisions, with significant impacts in different parts of the world. Tension in the Middle East reached a peak of violence, with Israel's military invasion of the Gaza Strip in response to the terrorist attack on it.

In the western world, extreme positions took centre stage. The countries of Europe, and their governments in particular, increasingly took individual positions to combat their internal problems, thereby weakening Europe's influence in international affairs. Its alliance with the United States of America (USA) was threatened by the re-election of President Trump and his negotiating stance on the international stage. Warnings and threats about changing rules for managing migration flows at borders and the imposition of customs tariffs on its main trading partners are causing an increase in tension.

Despite this scenario, the American economy grew by 2,8% in 2024 giving clear signs of momentum that tended to be leveraged in the short term by the Republican policies of Donald Trump's team. The European economy grew by 0,9% that same year. Lower growth than that of the USA was particularly evident in the German economy, which has been stagnant for the last two years, with its industry struggling to overcome the challenge posed by rising energy costs due to the supply of Russian gas being cut off. In addition, the European automotive industry had difficulties in implementing the energy conversion of cars, compared with the Chinese dominance in the electricity segment of batteries and components.

The rise in inflation, which had been the main concern of both the FED and the ECB in 2022 and 2023, has been slowing. This concern started to diminish as soon as the restrictive measures taken by these central banks took effect. First the ECB and then the FED took decisions to reduce key interest rates with the aim of returning to inflation rates of around 2%. In view of the different behaviour between the USA and the European economy, the behaviour of the two central banks is expected to be more discordant in the year 2025.

With the recovery of tourism in Asia, international tourism completed its recovery to reach volumes similar to those in the pre-pandemic period.

In this respect, the countries of Southern Europe benefited significantly from the current situation, and positioned themselves as safe, financially accessible destinations with authentic experiences, taking advantage of cultural and climatic factors, the hospitality of their people and ease in speaking English, or the beauty of their natural landscapes. Portugal stands out as one of these main destinations.

Once this recovery has been achieved, the most sought-after destinations have the capability to remain competitive and important in the tourist experience, and are crucial:

- To ensure tourist accessibility to the destination, with a unique travel and reception experience, including air or rail transport infrastructure and an efficient internal transport network;
- To diversify tourism provision and its marketing channels by boosting resilience;
- To provide authentic experiences while preserving local identity and environmental sustainability, and create new points of interest as a way of dispersing and reducing impacts on places in greatest demand.

- To focus on technological innovation and digitization as ways to improve the customer experience and increase operational efficiency by leveraging the most value-added experiences;
- To focus on enhance human resources dedicated to tourism, incorporating 'soft and hard skills' that enhance the relationship with the customer.

Grupo Pestana has been preparing for this future based on the following pillars:

- A strong commitment in the commercial area by boosting direct sales, integrated management of key partners and the reorganization of regional and local sales teams in the corporate and group segments;
- A strong investment in the digital transformation in recent years, with the adoption of cutting-edge technology that makes it possible, on the one hand, to digitize processes in order to achieve efficiency gains, and on the other to produce knowledge for the different areas of business, whether operational and commercial, through the treatment of the ever greater volumes of information available, with the aim of becoming more agile in the face of market volatility, and improve communication and the customer experience;
- Improvements in working conditions, through increases in pay packages, or investments in exclusive premises for employees. These initiatives actively aim to integrate policies and significantly increase vocational training, enhancing human resources and thus improving the relationship between employees and customers and taking advantage of the most effective use of the new technologies that are being adopted;
- Increasing the collaborative spirit in the relationship with the various group stakeholders, stimulating the competitive advantages of each one, so as to improve the final product/service to the customer;
- A sustainable investment policy, which has an action plan to reduce the Group's carbon footprint and enable us to grow consistently, maintaining high profitability and low financial risk, being resilient to high volatility and market uncertainty, and have a positive presence with communities through actions to promote effective improvement of quality of life;
- Boosting the real estate and residential tourist business, leveraged in the business model developed in the hotel, so as to provide its customers with the enjoyment of unique experiences and as a way of diversifying risk.

The positive results of these years within the Grupo Pestana have been shared in a significant way with its employees, as a way of recognizing merit and encouraging people to contribute to a service of added value for the customer.

We are convinced that having a team prepared to face the challenges of the near future, in the consistent and passionate way that is typical of our company, will continue to provide our guests and customers with 'The time of their lives'.

2. Overview of the world economy

2024 proved to be a period of transition and adaptation for the world economy. The dynamics observed this year are indicative of a global economic environment that continues to evolve in response to structural changes and global events. The climate of constant uncertainty is worsened by two wars (Ukraine and Gaza), the outcome and impacts of which are unpredictable. The early days following the election of Donald Trump as President of the United States increased the unpredictability in the country's policy towards its allies, sparking shock waves which impacted the European Union.

In 2024, developed economies experienced moderate growth. The United States, with its tighter monetary policy, experienced a slight slowdown in growth from the previous year. The eurozone faced similar challenges, exacerbated by internal and external trade tensions, as well as persistent inflation in some member states. Japan, meanwhile, continued to struggle with long-term economic stagnation, despite the government's ongoing efforts to stimulate the economy.

Emerging markets performed unevenly in 2024. China, still dealing with the impacts of debt-containment policies and structural reforms, reported slower growth compared to previous years. India, on the other hand, maintained a robust pace of growth, driven by economic reforms and a more favourable business environment. In Brazil, the economic recovery continued gradually, supported by a rise in commodity prices and improvements in market conditions.

TABLE 1.1 Real GDP¹

(Percent change from previous year unless indicated otherwise)

Percentage-point differences
from June 2024 projections

	2022	2023	2024e	2025f	2026f	2024e	2025f	2026f
World	3.2	2.7	2.7	2.7	2.7	0.1	0.0	0.0
Advanced economies	2.8	1.7	1.7	1.7	1.8	0.2	0.0	0.0
United States	2.5	2.9	2.8	2.3	2.0	0.3	0.5	0.2
Euro area	3.5	0.4	0.7	1.0	1.2	0.0	-0.4	-0.1
Japan	0.9	1.5	0.0	1.2	0.9	-0.7	0.2	0.0
Emerging market and developing economies	3.7	4.2	4.1	4.1	4.0	0.1	0.1	0.1

Source: World Bank

Portugal showed signs of a moderate recovery, with significant growth in tourism driven by an increase in demand by European and North American tourist destinations. The real estate sector also performed well, with increased foreign investments and urban development projects.

International trade in 2024 faced significant headwinds. Trade disputes between major economies, such as the United States and China, resulted in new tariffs and trade barriers, affecting global supply chains. The uncertainty surrounding the European Union's trade negotiations with key partners also created volatility in the markets. However, regional agreements such as the Regional Comprehensive Economic Partnership (RCEP) showed signs of strengthening trade relations in Asia Pacific.

Countries sought to diversify their trade partnerships and reduce dependency on single suppliers, fostering greater resilience in supply chains. Digitization of trade and implementation of blockchain technologies helped increase transparency and efficiency in international transactions. Organizations such as the WTO played a crucial role in mediating disputes and promoting fair and equitable trade.

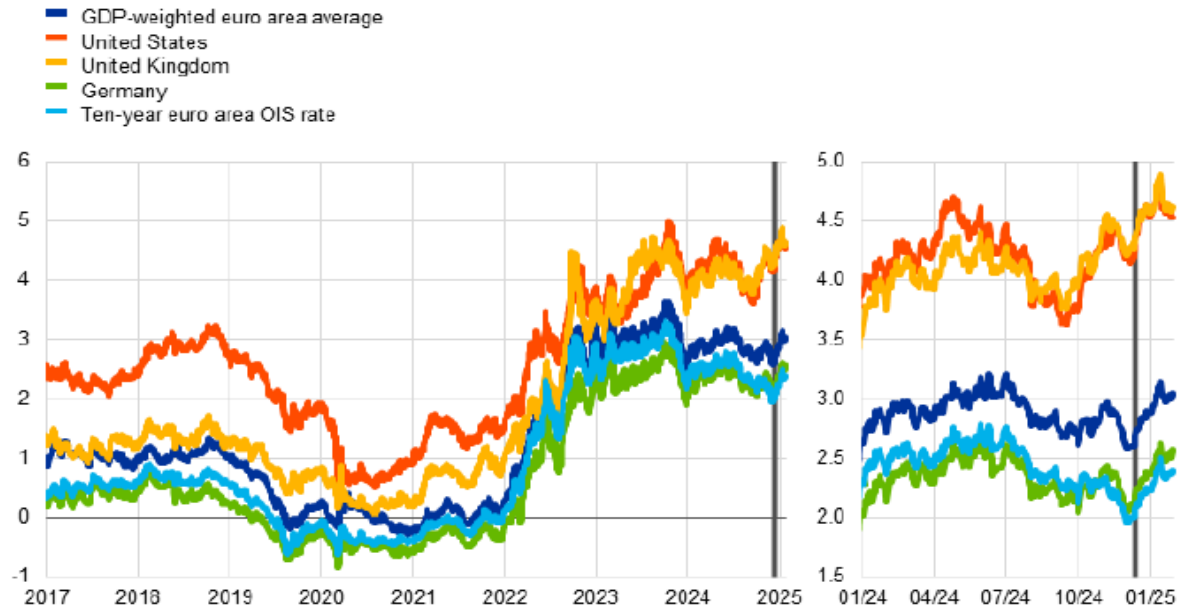
In addition, sustainable trade initiatives gained prominence, with a growing focus on environmental and social responsibility in trade practices. Businesses and governments adopted policies to ensure that trade contributes to sustainable development and equity. The integration of ESG (environmental, social and governance) criteria into supply chains became common practice, reflecting consumers' demand for more ethical products.

The central banks of major economies adopted diverse approaches in response to the economic conditions of 2024. The US Federal Reserve continued to raise interest rates to contain inflation, while the European Central Bank opted for a more cautious stance, keeping rates stable with the prospect of future revisions.

In emerging economies, monetary policies were adjusted to balance economic growth and currency stability.

Ten-year sovereign bond yields and the ten-year OIS rate based on the €STR

(percentages per annum)



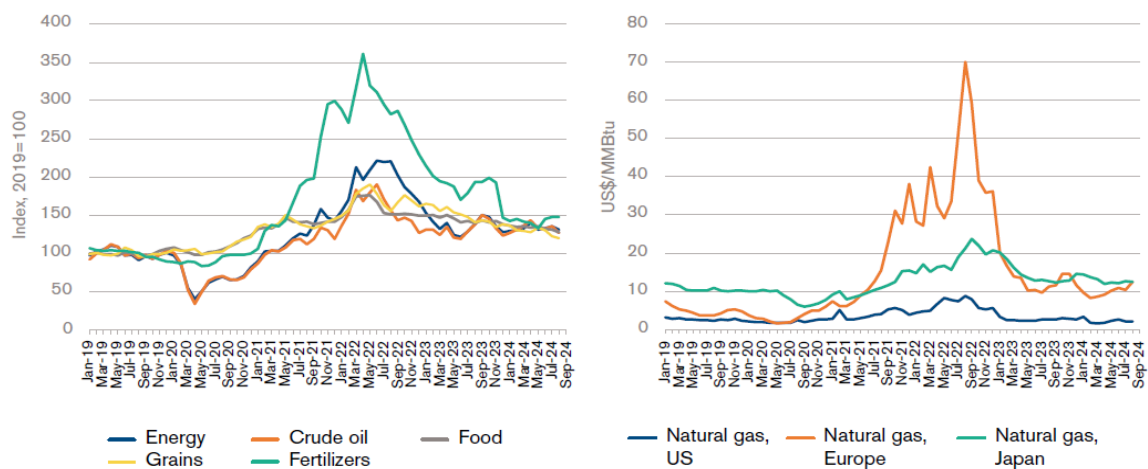
Sources: LSEG and ECB calculations.

Notes: The vertical grey line denotes the start of the review period on 12 December 2024. The latest observations are for 29 January 2025.

Inflation remained an overall challenge in 2024. In the United States of America and the eurozone, inflation continued to exceed central bank targets, leading to continued adjustments in monetary policy. In emerging markets, inflation varied widely, with some countries such as Turkey facing extremely high rates, while others, such as India, managed to keep inflation under control due to effective government measures.

Chart 5: Global primary commodity prices, January 2019-August 2024

Index 2019=100 and US\$ per million Btu



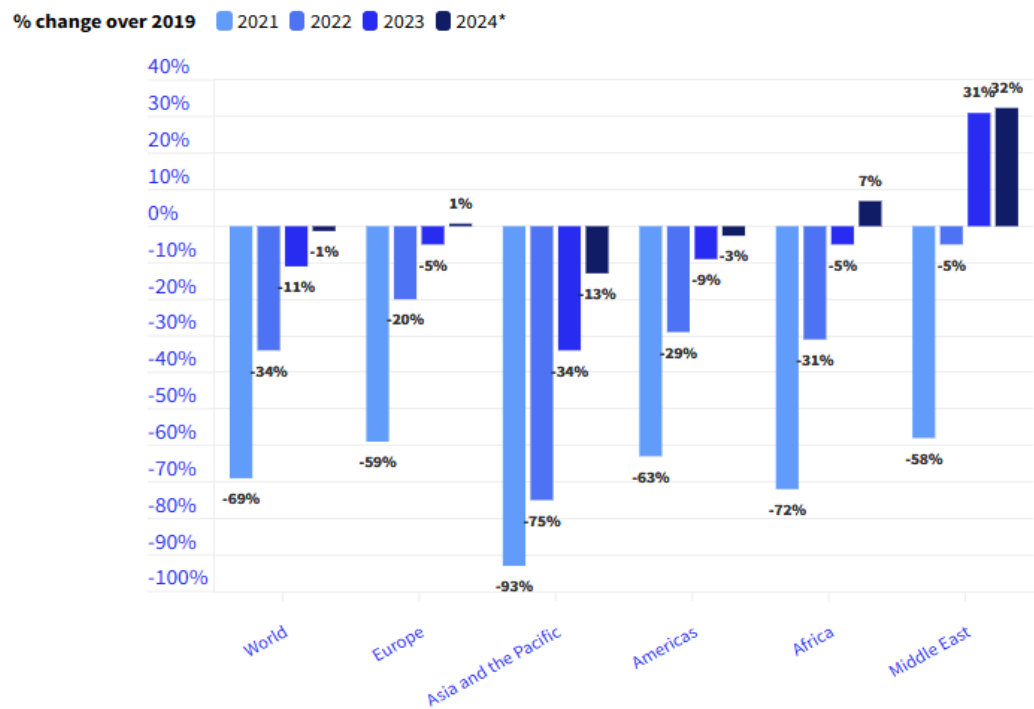
Source: World Bank.

Global financial markets in 2024 experienced considerable volatility. Stock exchanges in the United States and Europe experienced significant fluctuations due to economic and geopolitical uncertainties. Emerging markets, however, showed resilience, with some registering substantial gains driven by foreign investment and robust economic growth.

3. Tourism

The year 2024 marked a significant turning point for global tourism, with a recovery to pre-pandemic levels. According to UNWTO's World Tourism Barometer, international tourism has nearly regained (99%) pre-pandemic levels, with most destinations surpassing 2019 figures. An estimated 1,4 billion international tourists were recorded worldwide in 2024, an 11% increase from 2023. This growth was driven by strong post-pandemic demand, the robust performance of large global issuing markets and the continued recovery of destinations in Asia and the Pacific.

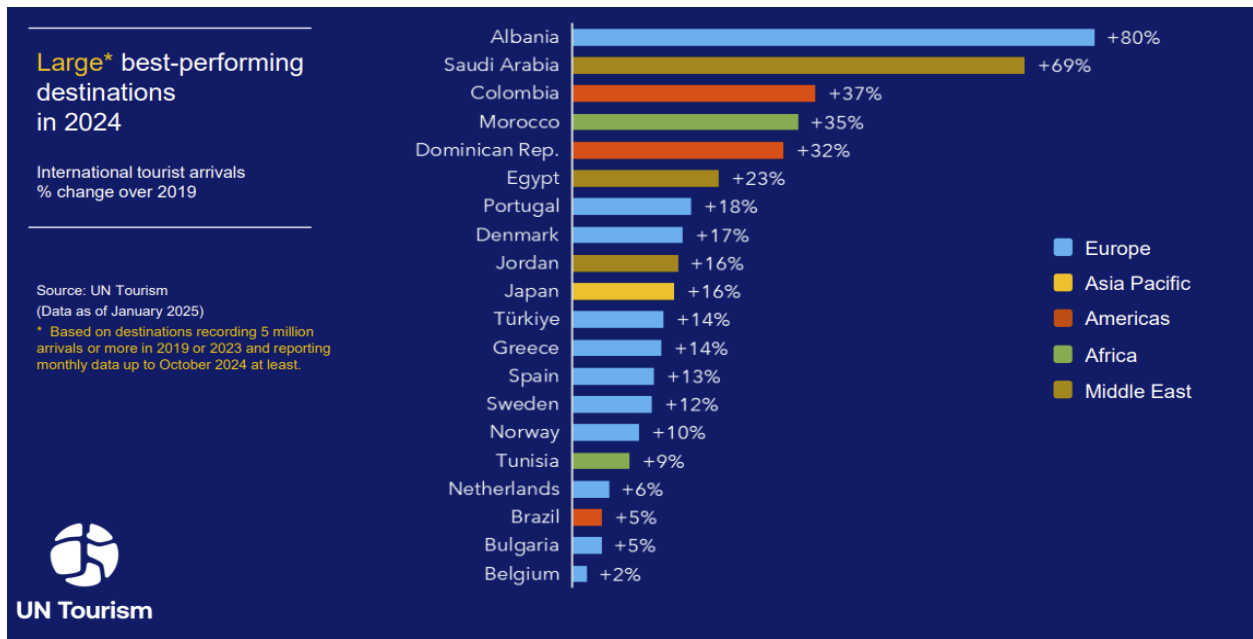
International Tourist Arrivals, World and Regions



Source: UN Tourism | World Tourism Organization © • % change over 2019 | *Preliminary figures
Data as collected by UN Tourism, January 2025. Published: 20/01/2025

Source: <https://www.unwto.org/un-tourism-world-tourism-barometer-data>

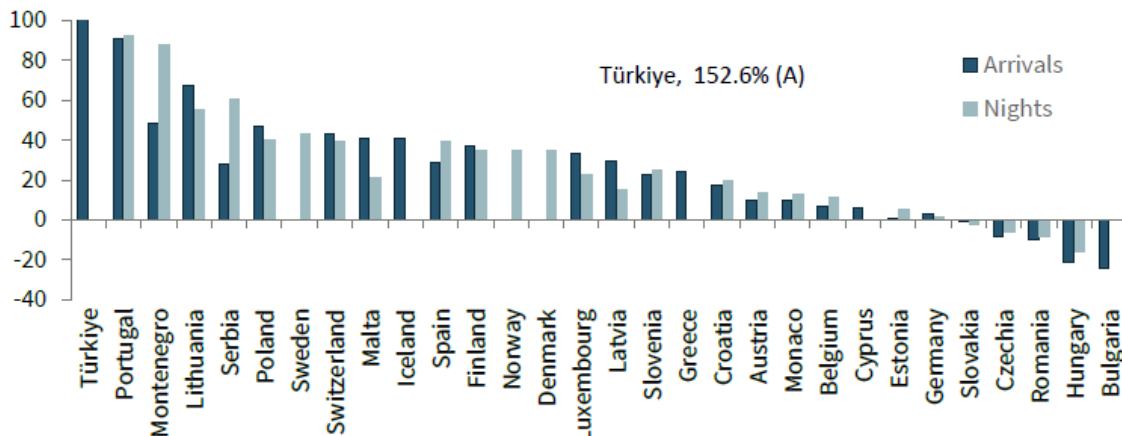
Europe, the Middle East and Africa were the best performing regions in 2024, outperforming pre-pandemic numbers. The Middle East saw a 32% increase in international arrivals compared to 2019, while Europe and Africa recorded increases of 1% and 7% respectively. America recovered 97% of pre-pandemic arrivals, and Asia and the Pacific 87%.



Results were also driven by increased air connectivity and visa facilitation, which supported international travel. Revenues from international tourism reached 1,6 trillion US dollars in 2024, about 3% more than in 2023 and 4% more than in 2019 (in real terms). Total export revenues from tourism (revenues and passenger transport) are estimated at a record 1,9 trillion US dollars in 2024, about 3% more than in 2019.

United States visits and overnights to select destinations (% change on 2019)

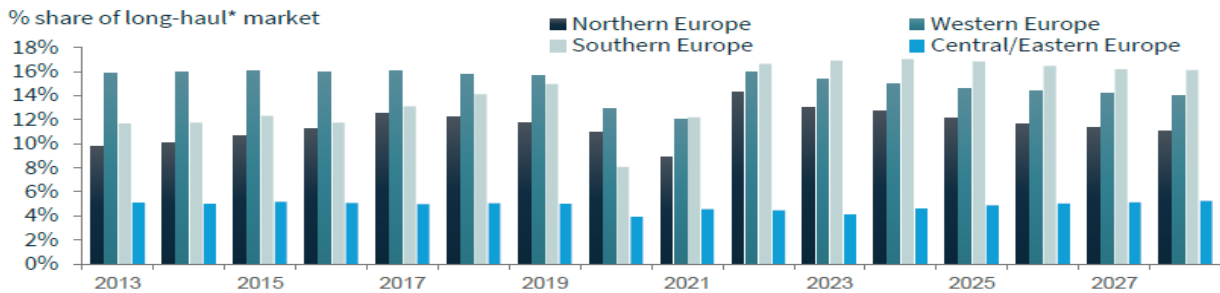
2024 year-to-date*, % change relative to 2019 levels



Source: TourMIS* *date varies (Jan-Dec) by destination

The level of international tourist arrivals to North America in 2024 did not reach the 2019 levels (-9%). However, the outflow of American tourists abroad broke the 2019 record, with particular impacts in countries such as Turkey, Portugal and Spain.

Europe's share of American market



*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics

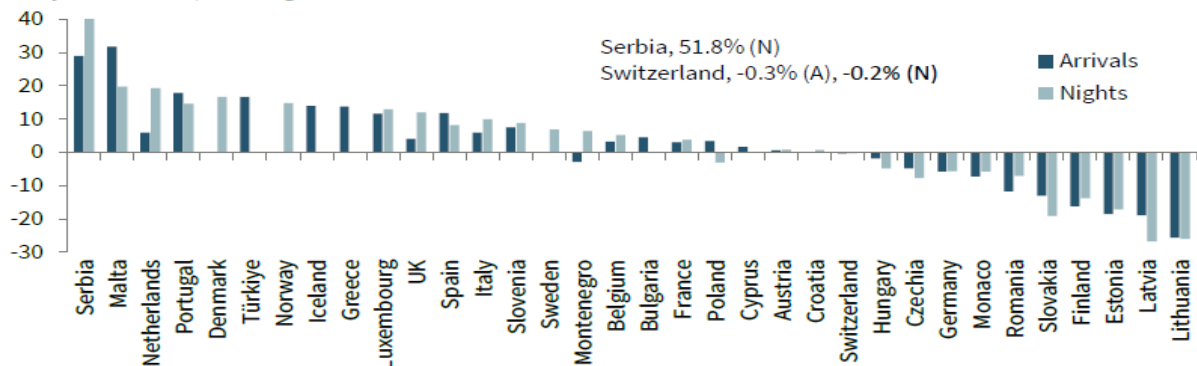
Tourism in Europe in 2024 showed a robust recovery, surpassing pre-pandemic levels. According to the UNWTO World Tourism Barometer, Europe recorded a 1% increase in international arrivals compared to 2019 and 5% compared to 2023. The region welcomed 747 million international arrivals in 2024, driven by strong intra-regional demand and the continued recovery of European destinations.

Europe's sub-regions performed differently:

- **Northern Europe:** This sub-region saw a 5% increase in international arrivals compared to 2019, with destinations such as Iceland benefiting from favourable weather conditions that increased the visibility of the Northern Lights.
- **Western Europe:** Western Europe saw a 2% growth in international arrivals compared to 2019, with destinations such as France and the Netherlands experiencing the most significant increases.
- **Central and Eastern Europe:** This sub-region still faces challenges due to the persistent effects of Russian aggression in Ukraine, but destinations such as Albania and Malta recorded a notable increase in arrivals.
- **Southern and Mediterranean Europe:** This sub-region saw an 8% increase in international arrivals compared to 2019, with destinations such as Portugal, Greece and Spain showing robust growth (18%, 14% and 13% respectively).

Foreign visits and overnights to select destinations

2024 year-to-date*, % change relative to 2019 levels



Source: TourMIS* *date varies (Jan-Dec) by destination

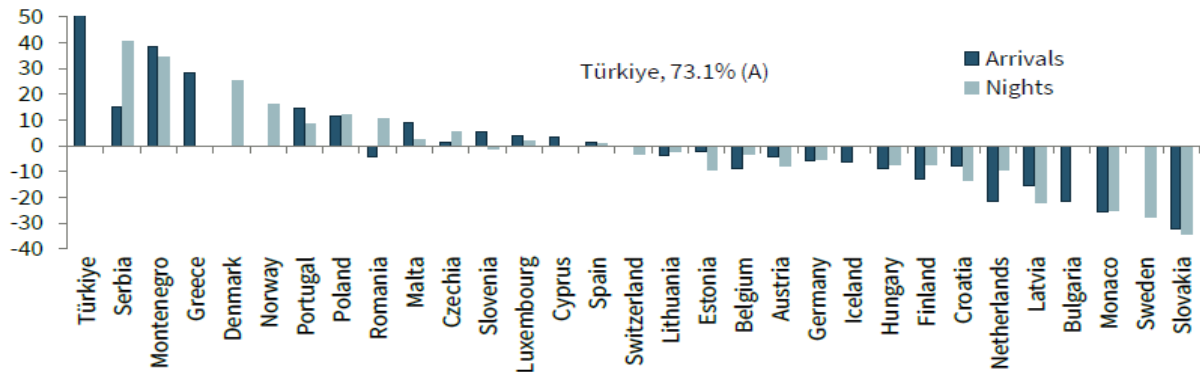
Source: ETC 2025/02 Trends & Prospects Quarterly Report Q4/2024

British tourists continue to show a greater preference for closer traditional destinations (Spain 31%, France 22% and Italy with 17%). Portugal is the 6th most popular destination for Britons with an 11% share.

Growth dynamics are most visible among young British tourists, contributing to the significant relative growth of other destinations (Turkey, Serbia, Montenegro or Greece).

British visits and overnights to select destinations (% change on 2019)

2024 year-to-date*, % change relative to 2019 levels



Source: TourMIS* *date varies (Jan-Dec) by destination

Source: ETC 2025/02 Trends & Prospects Quarterly Report Q4/2024

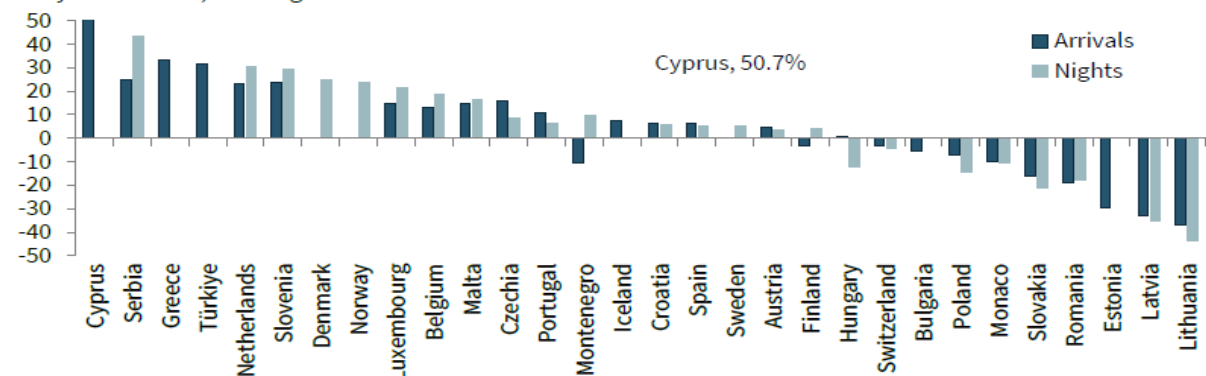
Italy, France and Austria each account for around 12% of outbound market share of German tourists in the year 2024. Portugal represents only about a 1,3% share of this market with anemic growth (+0,3%) in 2024.

More than 50% of German tourists chose land transport to reach their tourist destination, which reduced the proportion of air travel to less than 40%.

More and more German travellers are prioritising natural values and landscapes and the adrenaline associated with active experiences. In general, only about 15% attach importance to a healthy lifestyle on holiday, while 85% take advantage of holidays to indulge in gastronomic experiences and alcohol consumption.

German visits and overnights to select destinations (% change on 2019)

2024 year-to-date*, % change relative to 2019



Source: TourMIS* *date varies (Jan-Dec) by destination

Source: ETC 2025/02 Trends & Prospects Quarterly Report Q4/2024

According to the UNWTO World Tourism Barometer, Portugal saw an 18% increase in international arrivals in 2024 compared to 2019. This growth was driven by strong demand from Europe and the continued recovery of global tourism.

The main factors that contributed to this growth include:

- **Increased air connectivity:** The expansion of air routes and improvements in airport infrastructure which facilitated access of international tourists to Portugal, particularly on the island of Madeira.
- **Effective tourism promotion:** Marketing and tourism promotion campaigns, both nationally and internationally, highlighted the natural beauty, rich culture and gastronomy of Portugal.
- **Events and festivals:** The holding of cultural events, music and sports festivals attracted a large number of visitors that helped increase international arrivals.

In addition, tourism in Portugal benefited from a significant recovery in the hotel sector. According to JLL's Global Hotel Investment Outlook 2025 report, the volume of hotel investment in Portugal increased 56% compared to 2023, reflecting traders' confidence in the Portuguese tourism market.

The adoption of advanced technologies, such as artificial intelligence, to optimize operations and improve the guest experience, also played a crucial role in attracting tourists and increasing the sector's competitiveness.

According to the most recent statistics released by *Turismo de Portugal*, the number of guests in the hotel industry in 2024 grew by 5,2%, while its income grew by 10,9%, resulting in a very significant increase in average spending per guest. This growth is mainly sustained by an increase in the number of guests from the US (+11,8%) and Canada (+16,8%).

The Azores is the region with the highest overall increase in hospitality income in 2024 (+20,2%), followed by Madeira (+15,3%) and the Alentejo (+12%).

4. Key figures

	2024	2023	Δ	Δ%
Number of rooms	7.591	7.829	(238)	-3,0%
Revenue	558,8	457,1	101,7	22,2%
Gross Operating Profit (GOP)	182,9	180,5	2,1	1,2%
EBITDA	206,7	148,5	58,2	39,2%
Profit for the period	130,7	85,0	45,7	53,8%
Net total financial debt	52,5	163,6	(111,1)	-67,9%
Net debt (including IFRS 16)	200,5	295,7	(95,2)	-32,2%
EBITDA margin	37%	32%	5%	13,9%
Net debt / EBITDA	0,97	1,99	(1,02)	-51,1%
Net total financial debt / EBITDA	0,25	1,10	(0,85)	-77,0%
Assets	1.053,9	977,7	76,2	7,8%
Equity	461,1	351,0	110,1	31,4%
Average Room Rate (ARR)	150,4	140,0	10,4	7,4%
% occupancy	69,8%	68,8%	1,0%	1,5%
Guest Satisfaction Index (GSI)	88,5%	88,5%	0,0%	0,0%

5. Activity of Grupo Pestana, S.G.P.S., S.A.

5.1 Overall activity

The activity of Grupo Pestana, S.G.P.S., S.A. (in this document referred to as "Grupo Pestana" or "Group"), with registered office in Funchal, is characterized by its role as manager of shareholdings of all companies in the Pestana Hotel Group with operating units in Portugal.

Grupo Pestana's origin dates back to 1972, with the establishment of M.&J. Pestana - Sociedade de Turismo da Madeira, S.A. to invest on the currently denominated Pestana Carlton Madeira, to be operated, at the time, under the Sheraton brand. Pestana Carlton Madeira was the first of the 77 hotels currently operated by Grupo Pestana in Portugal under 4 different brands.

In 2003, Grupo Pestana won the tender for the management of the Pousadas de Portugal network, thus assuming the operation of the existing "Pousadas" in the national territory.

The Group's offer is complemented by the management of 9 holiday club developments - Pestana Vacation Club (all owned), 6 golf courses (5 in ownership), the Madeira gambling concession, and, also, 9 tourist real estate developments and an investment in the industrial sector.

The main projects carried out in 2024 were the following:

- Construction of Pestana Dunas hotel continued in 2024 on the island of Porto Santo, Madeira. This unit will have a total area of 60.000 m² and it will confine with Pestana Porto Santo on the west and this proximity will allow for concentration and optimization between operations. It will be built using innovative and more environmentally sustainable techniques. Construction began in 2023 with the construction of 218 rooms, reception and indoor, outdoors swimming pool and a restaurant and its completion is scheduled for 2026;
- Acquisition of Quinta do Perestrelo, located next to Pestana Miramar Garden & Ocean Hotel. The Group carried out construction work to convert it to a new 4-star luxurious hotel with 37 rooms, that started exploring from November 2024. The Group also acquired a land that allowed these two units to be connected.
- Completion of the refurbishment of Pestana Blue Alvor Beach All Inclusive Hotel with a view to modernizing this unit and transforming it into an all-inclusive hotel dedicated to families. This investment was planned in two phases, the first being the refurbishment of the rooms, which was completed in June 2023 and the second being the renovation of the unit's common areas, the improvement of existing spaces and the creation of new leisure areas which was completed in May 2024;
- New right of use relating to the new hotel Pestana Porto - A Brasileira, which began on 1 June 2024, for a period of 15 years, with an initial impact on Right of Use assets and Lease Liabilities of approximately 12,6 million Euros. Following this agreement, the hotel's FF&E was acquired for approximately 0,8 million Euros;
- Extension of the Pestana Cascais and Pestana Sintra Golf lease term for 5 years, with an impact of approximately 9,4 million Euros on Right-of-use assets and Lease liabilities;
- Continuation of energy efficiency and technological investigation and development projects which include the purchase of heat pumps, condensing boilers and the implementation of photovoltaic panels systems on the roofs of the buildings and car parks of the various hotel units, for self-supply of energy, which will allow a significant reduction in the energy costs of each hotel unit, CO₂ emissions and dependence on the grid. This project is included in the scope of the application made in the Recovery and Resilience Facility (RRF) in the "Accelerate and Transform Tourism Program", from which it is

expected to obtain a non-refundable incentive of an amount between 40% and 65% on the expenses that are approved as eligible. The non-refundable grant received as part of this RRF application related with Assets under construction, calculated in accordance with the methodology used by IAPMEI - Agência para a Competitividade e Inovação, amounting to approximately 1,8 million Euros. These investments are in line with the Group's long-standing commitment to sustainability, which has gained particular momentum in recent years as a result of the change in attitudes among the Group's stakeholders and the legislation and regulation that follows it;

- Completion of the refurbishment of the Pestana Vila Lido Madeira Ocean Hotel, a 5-star hotel located very close to the Lido bathing complex with an outdoor swimming pool overlooking the coastal cliffs of Funchal;
- A series of rehabilitation works were carried out in different units in 2024, replacing and updating the condition of the facilities, in order to keep the assets in ideal conditions to optimize their operation;
- On October 2024, the Group also signed a lease agreement for a future new hotel unit, of at least 4 stars, on Rua Rodrigo da Fonseca in Lisbon. The Group estimates that the definitive lease agreement will only be signed in 2027, when the current tenants are fully vacated.

Grupo Pestana continues to reinforce its investment in the real estate business, without leaving the hotel business, with the ambition of increasingly accentuating diversification by type of business. The main investments in real estate projects made in 2024 were the following:

- Completion of the Madeira Acqua Residences project, which resulted from the acquisition of the former Madeira Palácio hotel in 2021 in a new luxury housing complex, comprising flats, communal areas, gardens and a swimming pool, located in the prime area of Funchal, with almost all the deeds having been completed during the year and sales totaling 90,5 million Euros;
- Continuation of the Valley Nature Resort project, which is located in South of Gramacho, in Algarve. This project is located on a plot of land with 30,14 hectares where independent units are being constructed for sale and tourist exploitation. During 2024 more units were delivered to customers in the amount of 9 million Euros;
- Continuation of Pestana Comporta Village real estate project located 200 meters from Vila da Comporta and 2 km from the beach, where accommodation units with swimming pool are being constructed. Due to the high demand for this type of development, with all the Promissory Purchase and Sale Contracts have already been signed and in 2024 the first units were sold to customers for an amount of approximately 1,1 million Euros;

The Group also has other projects in the license phase that will contribute to reinforce the available inventory in the short term, namely Silves Golf Resort, Vila Sol G3 and Quinta das Maravilhas. By continuing to invest in the development of new real estate projects, the Group will also strengthen the growth of the Residence business with the signing of new tourist operation contracts.

5.2 Results

In 2024, Grupo Pestana presented a total amount of Revenues of 558,3 million Euros, which sets a new record, with an increase of 22% compared to 2023.

Grupo Pestana's hotel units achieved an increase in Revenues of approximately 13% and in the hotel operating result (GOP) of 23% compared to the previous year, which are due to the increase in demand in the locations where the Group is present and, consequently, the increase in the average price of its stays of approximately 7%. This increase in average price has also been boosted by a change in the sales channel adopted by customers, who are increasingly opting for online channel. Thus, Grupo Pestana's investment policy is focused on boosting direct and online channels to benefit from this trend and maximize

its revenue. The excellent performance of the units is also noteworthy, as the increase in G.O.P. was 10% higher than the growth in revenue, as a result of its highly variable cost structure policy, which allows the Group to be flexible in its management according to the evolution of demand. In addition to this factor, the Group has had a continuous policy of negotiation with its suppliers in order to obtain high quality products/services under the best possible conditions.

Although 2024 continued to be affected by the effects of the war in Ukraine and Palestine, the efforts of the European Central Bank and the Federal Reserve in the United States made it possible to reduce and, in some cases, stabilize the inflation that had been felt since 2022 to levels considered normal. Notwithstanding the reduction in inflation and interest rates compared to 2023, the Group continued to reinforce the remunerational package of its employees, as well as their working conditions.

In Madeira and Porto Santo, despite the termination of the contracts of Pestana Ilha Dourada and Pestana Colombos, there was a 13% increase in revenue compared to the previous year and 28% in GOP. These results are sustained growth of international tourism, particularly in key markets such as the United Kingdom and France, that continue to make a significant contribution to these units' revenue.

In 2024, the Algarve's tourism sector performed remarkably well, with the Group's hotel units recording a 16% increase in sales and a GOP increase of around 22% compared to 2023. The region benefited from the opening of new air routes, including direct connections to cities such as Helsinki, Southampton and Brest. These new connections have facilitated access to the Algarve, attracting a greater number of international tourists from different markets throughout the year. Additionally, there was also a continuous effort to diversify the tourist offer, promoting not only beaches, but also cultural, gastronomic and nature activities. This diversified focus has helped attract different tourist profiles, contributing to a significant increase in occupancy rates and industry revenue.

Regarding Pousadas de Portugal, they also had excellent results having increased their sales by around 14% and GOP by 30% compared to 2023. It is worth noting that 2024 was also the year in which several Pousadas had their best result ever. This was mainly due to the increase in the average room rate, as well as the good results from the Pousadas in Lisbon, mainly Pousada de Alfama, opened in May 2023, which had in 2024 its first full year of operation. The generic growth of Pousadas do Algarve, as well as the very significant increase in revenue from Pousada do Mosteiro de Amares were also particularly relevant in achieving this positive performance of the Pousadas brand.

The city destinations, Lisbon and Oporto, have been attracting more and more tourists for their beauty and culture, resulting in numerous awards and highlights over the years, including several awards received from World Travel Awards. The Pestana Palace Lisboa Hotel & National Monument stands out, having received two distinctions, with the award for City Family & Wellness Resort and Luxury Business Hotel. All these recognitions allow us to attract and retain tourists year after year, which contributes to the increase in demand, occupancy rates and price of the units operated by the Group, factors that justify the increase in sales by 6% and GOP by 11%, as well as the start of operations of the new Pestana Porto – A Brasileira hotel unit, starting 1 June 2024.

As well as the hospitality industry, the Vacation Club and Options business with the contribution of its main tourist markets in the United Kingdom and Germany, Pestana Vacation Club made it possible to obtain revenue from periodic accommodation and Options contracts of approximately 29,5 million Euros.

The real estate sales business continued to demonstrate excellent results in 2024, essentially resulting from the completion of the Madeira Acqua Residences project, having completed almost all of the deeds in the year, resulting in a sales volume of 90,5 million Euros. The Group also continued to deliver units to customers of The Valley Nature Resort, worth around 9 million Euros, as well as Silves Golfe Resort, worth approximately 2,3 million Euros.

In 2024, the Group also started the deed process for the first units of Pestana Comporta Village, generating revenues of around 1,1 million.

Thus, the Grupo Pestana recorded an EBITDA of 206,7 million in 2024, which corresponds to an increase of 39% compared to the previous year. However, it should be noted that although the growth of GOP in the hotel business was quite significant, the Group's total GOP growth was around 1%, since the main real estate projects, especially Madeira Acqua, were mostly eligible for GOP in 2022 and 2023, when most of the promissory contracts were signed and which implied a significant contractual receipt from customers.

	2024	2023
31 December:		
Rooms (total keys)	7.591	7.829
Hotel units	77	76
(Amounts in millions of Euros)		
Revenue:	558,8	457,1
Tourist activities	519,7	420,3
Non-tourist activities	39,1	36,8
GOP (a)	182,9	180,5
EBITDA (b)	206,7	148,5
Depreciation / Amortization / Impairment / Investment subsidies	(43,0)	(41,9)
EBIT	163,7	106,6
Interest net	(12,9)	(13,7)
Income taxes (c)	(20,1)	(7,9)
Net income including non-controlling interests	130,7	85,0
EBITDA margin (%)	37%	32%
EBIT margin (%)	29%	23%
ROE (%)	28%	24%
EPS	1,56	1,02
EBITDA / Net interests (...x)	16,0	10,8
Average cost of gross debt (%)	6,4%	4,6%

Notes:

(a) "Gross operating profit" calculated from a management perspective (uniform system of accounts for the lodging industry)

(b) Operating income excluding Charges of depreciation and amortization, Impairment losses and reversals of depreciable assets, Gambling tax paid by Casino and other minor accounts

(c) includes Gambling tax paid by Casino

5.3 Consolidated statement of financial position (Balance sheet) highlights

Grupo Pestana has a total capital investment of 739 million Euros which results from its strategy of holding a large part of the assets (hotels, golf courses and land) where the business units that the Group manages are installed, thus explaining the value and significant weight of its fixed assets, which are recorded at historical costs and, therefore, with a value substantially lower than their market value.

Grupo Pestana also maintained its prudent liquidity policies, based on low debt levels, and an adequate financial autonomy. The total non-remunerated funding represents 72% of the total adjusted assets, which reflects the strong financial autonomy of the Group.

It is also noteworthy that 94,4% of the Group's total financial debt is at fixed rate, therefore, the general increase in index rates did not and will not have any significant impact on the Group's future results. In addition, the Group's debt is concentrated in the medium to long term and its payments are aligned with the Group's ability to generate cash.

Despite the significant investments made during the year, namely in the new future hotel unit, Pestana Dunas, the Group has a Total Net Financial Debt/EBITDA ratio of just 0,25, which means that the Group would need just 3 months to pay off all its existing financial debt. The Group also has available credit lines worth 83,1 million Euros and has a net current debt of -78,7 million Euros, that is, the value of existing cash and cash equivalents exceeds the short-term financial liabilities. These figures demonstrate even more its excellent financial position and justify, among others, the improvement of the risk profile to 'investment' level with a stable outlook according to the Ethifinance rating agency.

In 2024, 20 million Euros were distributed to shareholders in proportion to their respective holdings and 0,6 million Euros were also distributed to non-controlling interests.

(Amounts in millions of Euros)							
Net assets	2024	% TOTAL	Var 24/23	2023	% TOTAL	Var 23/22	2022
Investment (Fixed assets) (a)	706,1	96%	3%	682,4	94%	4%	654,4
Deferred tax liabilities	-15,8	-2%	-9%	-17,3	-2%	-18%	-21,0
Total adjusted fixed assets	690,3	93%	4%	665,1	92%	5%	633,4
Investment (Fixed assets) (b)	38,3	5%	9%	35,2	5%	14%	31,0
Other non-current assets (c)	8,4	1%	147%	3,4	0%	3%	3,3
Current assets - Current liabilities (d)	2,0	0%	-91%	22,8	3%	-63%	61,7
Total adjusted assets	739,0	100%	2%	726,5	100%	0%	729,4
Funding origins	2024	% TOTAL	Var 24/23	2023	% TOTAL	Var 23/22	2022
Equity	461,1	62%	31%	351,1	48%	-3%	361,2
Collected deferred revenues (e)	112,8	15%	-5%	118,6	16%	-6%	125,9
Deferred sales costs (f)	-38,9	-5%	-8%	-42,1	-6%	-6%	-45,0
Total non remunerated funding (adjusted equity)	535,0	72%	25%	427,6	59%	-3%	442,1
Long term financial debt (g)	279,2	38%	-8%	304,6	42%	-21%	386,8
Other non-current liabilities (h)	3,5	0%	9%	3,2	0%	3%	3,1
Total non-current funding	817,7	111%	11%	735,4	101%	-12%	832,0
Short term financial debt (g)	58,7	8%	81%	32,5	4%	-52%	67,2
Cash and cash equivalents	-137,4	-19%	232%	-41,4	-6%	-76%	-169,8
Net current debt	-78,7	-11%	784%	-8,9	-1%	-91%	-102,6
Total funding origins	739,0	100%	2%	726,5	100%	0%	729,4
Net debt (i)	200,5		-32%	295,7		4%	284,2
Net debt excluding IFRS 16	52,5		-68%	163,6		24%	131,9
EBITDA	206,7		39%	148,5		-14%	173,1
Working capital	2,0		-91%	22,8		-63%	61,7
Net capex (j)	64,9		-20%	80,7		1048%	7,0
Capex under construction	45,3		53%	29,6		-16%	34,6
Net debt / EBITDA	0,97		-51%	1,99		21%	1,64
Net debt / EBITDA excluding IFR16	0,25			1,10		43%	0,76
Net debt / Adjusted equity	0,37		-46%	0,69		8%	0,64
Net debt / Total adjusted assets (%)	27%		-33%	41%		5%	39%
Liquidity ratio (%)	40%		231%	12%		-67%	37%

Notes:

(a) Includes Tangible fixed assets, Intangible assets, Investment properties and excludes Deferred sales costs of Pestana Vacation Club

(b) Includes Investments in joint ventures, associates and financial assets at fair value through profit or loss

(c) Includes Deferred tax assets, Derivatives and Trade and other receivables

(d) Excludes Cash and cash equivalents, Borrowings, Lease liabilities and Deferred revenue

(e) Collected sales of Pestana Vacation Club

(f) Deferred sales costs of Pestana Vacation Club and Options

(g) Includes Lease liabilities

(h) Includes Provisions and Derivatives

(i) Long term financial debt plus Net current debt

(j) Additions net of Disposals

6. Objectives and policies of Grupo Pestana regarding risk

Grupo Pestana's financial risk management is controlled by the finance department in accordance with policies approved by the Board of Directors.

The Board of Directors has defined global risk management principles as well as specific policies for some areas defining limits, measures and adequate controls to mitigate the potential impact of these risks.

Grupo Pestana is exposed to the following general risk areas:

- Strategic and operational risks regarding business models and portfolio;
- Financial risks;
- Corporate structure risks;
- Technology and Cybersecurity risks;
- Human capital risks;
- Other risks.

Strategic and operational risks regarding business models and portfolio include risks associated with ownership, brand, service quality, guest satisfaction, guest behaviour, seasonality, regulation, staff turnover, staff commitment and outdated equipment.

Financial risks include risks such as the effects of changes in market prices, exchange rate risk, credit risk, liquidity risk and cash flow risk associated with interest rates, among others.

Corporate structure risks include shareholder succession and corporate governance structure.

Technology and cybersecurity risks include risks related to the implementation of new technology, its maintenance and update, monitoring the reliance and dependence on existing systems and its control environment. With the development of internet and cloud systems, the importance of GDPR rules and brand protection, monitoring the cybersecurity risks became vital.

Human capital risks in a labour-intensive activity with significant development in progress include the risks of lack of availability of qualified professionals, need for intensive recruitment, training and retention plans to provide the human capital needed to support operations expansion plan.

Other risks include environmental risks.

The management of financial risks is described in the Notes to the Consolidated financial statements which are appended.

7. Relevant issues that occurred after the year end

There are no relevant subsequent events to report.

8. The near future

Despite the high market volatility resulting from the increased level of risk observed, the tourism sector showed remarkable growth capacity, particularly as regards the behaviour of the southern European countries, which have been taking advantage of their unique historical, cultural and natural resources to provide high value-added stays for tourists who visit them.

The high demand seen in recent years has caused average prices to rise significantly in these destinations, which is why growth of the same order of magnitude is not expected in the near future.

As a result of these flows, the real estate business in these countries also benefited, with a significant increase in the demand for premium products in their main cities, but without any corresponding increase in supply, leading to a general rise in house prices in these cities.

Summary of Economic Outlook, % change*

Country	2023					2024				
	GDP	Consumer expenditure	Unemployment**	Exchange rate***	Inflation	GDP	Consumer expenditure	Unemployment**	Exchange rate***	Inflation
UK	0.3%	0.5%	4.0%	-2.0%	7.3%	0.9%	0.8%	4.4%	2.7%	2.5%
France	1.1%	0.9%	7.1%	0.0%	4.9%	1.1%	0.9%	7.2%	0.0%	2.0%
Germany	-0.1%	-0.2%	5.7%	0.0%	5.9%	-0.1%	0.1%	6.0%	0.0%	2.2%
Netherlands	0.1%	0.8%	3.6%	0.0%	3.8%	0.9%	0.6%	3.7%	0.0%	3.4%
Italy	0.8%	1.0%	7.7%	0.0%	5.6%	0.5%	0.5%	6.5%	0.0%	1.0%
Spain	2.7%	1.8%	12.2%	0.0%	3.5%	3.1%	2.7%	11.6%	0.0%	2.7%
Russia	3.6%	6.5%	3.2%	-21.2%	5.9%	3.8%	5.4%	2.5%	-8.5%	8.3%
US	2.9%	2.5%	3.6%	-2.6%	4.1%	2.8%	2.7%	4.1%	-0.5%	2.9%
Canada	1.5%	1.9%	5.4%	-6.1%	3.9%	1.2%	1.9%	6.4%	-1.9%	2.4%
Brazil	3.2%	3.3%	8.0%	0.7%	4.6%	3.2%	5.3%	6.8%	-8.3%	4.3%
China	5.2%	9.2%	3.4%	-7.6%	0.2%	4.8%	5.9%	3.4%	-1.9%	0.2%
Japan	1.7%	0.7%	2.6%	-9.2%	3.3%	-0.2%	-0.2%	2.5%	-8.0%	2.5%
India	7.7%	3.4%	8.2%	-7.4%	5.7%	6.4%	6.0%	8.0%	-1.7%	4.8%

Source: Tourism Economics based on GEM as of 9.12.2024

* Unless otherwise specified

** Percentage point change

*** Exchange rates measured against the euro. A positive change indicates stronger local currency against the euro and therefore a positive impact on outbound tourism demand. A negative change indicates weaker local currency against the euro and therefore a negative impact on outbound tourism demand.

The American economy has been demonstrating a more dynamic behaviour than the European economy, despite the Federal Reserve's tighter financial policy. Donald Trump's election as USA president is supposed to give this economy even more momentum, so the FED is not expected to move forward in the short term with significant interest rate cuts for fear of the return of an inflationary surge in the country.

However, Donald Trump's behaviour in the first few weeks after his appointment has been disruptive to existing agreements and the actions of his predecessors, whether in the economic, political or military arenas, and this has exacerbated the degree of uncertainty on the international scene.

The European Union cannot be seen as a decisive player in the war in Ukraine with which it has a border without concerted action on both the economic and military fronts.

The anemic growth of the main European countries, particularly in Germany which is facing a systemic crisis in its metal and automobile industries and is unable to adapt to increased Chinese competition, has led the ECB to pursue a less restrictive financial policy than the FED, and it is expected to continue the interest rate reduction initiated in the post-Covid period.

While the level of bookings continues the trend seen in previous years, the growth in tourism flows in 2025 is therefore highly dependent on economic and geopolitical constraints during the coming year. Nevertheless, the hospitality industry demonstrated a few years ago with the Covid crisis that it is prepared to effectively overcome the challenges it faces.

9. Recognitions

The members of the Board of Directors want to express their thanks to all public and private entities that, directly or indirectly, have supported and worked together with Grupo Pestana.

We show gratitude and note with high esteem the trusted relationship that our customers, suppliers and financial institutions have honored us with throughout the development of our activities.

We appreciate the support and collaboration of the governing bodies of the group companies, members of the General Assembly and Supervising Bodies in carrying out their duties.

Finally, and we cannot stress this enough, we thank all of our employees for their high level of professionalism and sense of duty. Their effort and dedication drive the creation of value in the Grupo Pestana.

Funchal, 7 March 2025

The Board of Directors

Dionísio Fernandes Pestana

Presidente

Hermanus Roelof Willem Troskie

Member

José Alexandre Lebre Theotónio

Member

José de Melo Breyner Roquete

Member

Pedro Miguel Fino da Silva

Member

Appendix to the Consolidated Annual Report

In accordance with Article 447, paragraph 5 of the Portuguese Commercial Companies Code ("Código das Sociedades Comerciais"), we present the number of shares of Grupo Pestana, S.G.P.S., S.A. owned by the members of the management bodies.

As of 31 December 2024 and 2023, Dionísio Fernandes Pestana holds 835.300 shares of Grupo Pestana S.G.P.S., S.A. and also the 82.694.700 remaining shares, by virtue of being the ultimate shareholder of the company that holds them directly.

Funchal, 7 March 2025

The Board of Directors

Dionísio Fernandes Pestana
Chairman

Hermanus Roelof Willem Troskie
Member

José Alexandre Lebre Theotónio
Member

José de Melo Breyner Roquete
Member

Pedro Miguel Fino da Silva
Member

Consolidated Financial Statements

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Consolidated statement of financial position

(Amounts expressed in Euros)

		31 December	
	Notes	2024	2023
Assets			
Non-current			
Tangible fixed assets	6	721.578.448	700.570.564
Intangible assets	7	9.671.480	9.527.376
Investment properties	8	5.686.292	5.752.087
Investment in joint ventures	9	2.840.088	2.840.831
Investment in associates	10	12.195.548	11.701.729
Financial assets at fair value through profit and loss	11	23.242.951	20.666.742
Deferred tax assets	12	6.564.915	1.562.201
Derivatives	14	-	23.759
Trade and other receivables	15	8.746.277	9.413.473
		790.525.999	762.058.762
Current			
Inventories	16	74.971.902	109.514.322
Trade and other receivables	15	50.304.247	51.465.350
Income tax receivable	17	672.581	13.238.160
Cash and cash equivalents	18	137.417.454	41.410.081
		263.366.184	215.627.913
Total Assets		1.053.892.183	977.686.675
Equity			
Capital	19	125.000.000	125.000.000
Other reserves	20	36.328.159	35.199.704
Retained earnings	21	157.456.063	96.623.902
Profit for the period attributable to shareholders		126.829.356	82.003.580
Non-controlling interest	22	15.528.280	12.216.148
Total Equity		461.141.858	351.043.334
Liabilities			
Non-current			
Provisions	23	3.491.654	3.166.786
Borrowings	24	148.957.722	188.202.900
Lease Liabilities	25	130.272.170	116.352.928
Derivatives	14	29.102	-
Deferred tax liabilities	12	15.780.669	17.341.659
Deferred revenue	26	89.878.007	97.729.903
		388.409.324	422.794.176
Current			
Provisions	23	1.289.025	1.112.339
Borrowings	24	40.914.784	16.797.228
Lease Liabilities	25	17.813.304	15.746.818
Deferred revenue	26	22.675.382	20.897.542
Advances from customers	15	32.267.753	65.757.981
Trade and other payables	27	79.445.587	78.211.910
Income tax liabilities	17	9.935.166	5.325.347
		204.341.001	203.849.165
Total do Liabilities		592.750.325	626.643.341
Total Equity and Liabilities		1.053.892.183	977.686.675

The following notes form an integral part of the Consolidated statement of financial position as of 31 December 2024.

Consolidates income statement

(Amounts expressed in Euros)

		Period	
		2024	2023
Revenue	28	558.763.016	457.100.280
Cost of goods sold	16	(130.862.900)	(97.583.647)
External services and supplies	29	(143.999.532)	(137.725.840)
Personnel expenses	30	(77.137.883)	(74.218.941)
Charges of depreciation and amortization	6;7;8	(44.247.505)	(42.611.849)
Reversals of losses of tangible assets	6	787.878	259.161
Reversal / (Impairment) of receivables	15	619.502	(365.240)
(Impairment) / Reversal of inventories	16	(71.168)	19.463
Provisions	23	(547.793)	(141.955)
Other income	31	5.742.410	9.566.792
Other expenses	32	(9.754.624)	(7.411.447)
Gains / (Losses) on equity method and financial assets at fair value through profit and loss	33	3.045.778	(1.724.023)
Operating profit		162.337.179	105.162.754
Financial expenses	34	(14.436.782)	(16.348.282)
Financial income	34	1.540.340	2.635.629
Profit before tax		149.440.737	91.450.101
Income tax	35	(18.699.249)	(6.430.811)
Profit for the period		130.741.488	85.019.290
Profit for the period attributable to:			
Shareholders of the group		126.829.356	82.003.580
Non-controlling interests	22	3.912.132	3.015.710
		130.741.488	85.019.290

The following notes form an integral part of the Consolidated income statement for the year ended 31 December 2024.

EBITDA (Note 42)	206.722.475	148.536.407
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Consolidated statement of comprehensive income

(Amounts expressed in Euros)

		Period	
		2024	2023
Profit for the period		130.741.488	85.019.290
Items that can be recycled through profit or loss:			
Change in fair value of hedging derivatives	14	(52.861)	(173.363)
Tax impact in items booked directly in equity	12	9.897	32.418
Tax rate change impact		-	11.917
Other comprehensive income for the period - net of income tax		(42.964)	(129.028)
Total comprehensive income for the period		130.698.524	84.890.262
Profit for the period attributable to:			
Shareholders		126.786.392	81.874.552
Non-controlling interests		3.912.132	3.015.710
		130.698.524	84.890.262

The following notes form an integral part of the Consolidated statement of comprehensive income for the year ended 31 December 2024.

Consolidated statement of changes in equity

Attributable to shareholders									
Capital									
(Amounts expressed in Euros)	Notes	Share capital	Other equity instruments	Share premium	Other reserves	Retained earnings	Profit for the period	Non-controlling interests	Total
At 1 January 2024		83.530.000	7.779.027	33.690.973	35.199.704	96.623.902	82.003.580	12.216.148	351.043.334
Changes in the period									
Profit for the period application	20;21				1.171.419	80.832.161	(82.003.580)	-	-
					1.171.419	80.832.161	(82.003.580)	-	-
Change in fair value reserve - hedging derivatives	14				(52.861)	-	-	-	(52.861)
Deferred tax adjustments	12				9.897	-	-	-	9.897
Profit for the period							126.829.356	3.912.132	130.741.488
Comprehensive income					(42.964)	-	126.829.356	3.912.132	130.698.524
Transactions with shareholders in the period									
Distributions	21;22;36	-	-	-	-	(20.000.000)	-	(600.000)	(20.600.000)
		-	-	-	-	(20.000.000)	-	(600.000)	(20.600.000)
At 31 December 2024		83.530.000	7.779.027	33.690.973	36.328.159	157.456.063	126.829.356	15.528.280	461.141.858

Consolidated statement of changes in equity

		Attributable to shareholders							
		Capital							
(Amounts expressed in Euros)									
	Notes	Share capital	Other equity instruments	Share premium	Other reserves	Retained earnings	Profit for the period	Non-controlling interests	Total
At 1 January 2023		83.530.000	7.779.027	33.690.973	32.917.772	95.925.994	96.608.868	10.703.948	361.156.582
Changes in the period									
Profit for the period application	20;21				2.410.960	94.197.908	(96.608.868)	–	–
					2.410.960	94.197.908	(96.608.868)	–	–
Change in fair value reserve - hedging derivatives	14				(173.363)	–	–	–	(173.363)
Deferred tax adjustments	12				32.418	–	–	–	32.418
Tax rate change impact	12				11.917	–	–	–	11.917
Profit for the period							82.003.580	3.015.710	85.019.290
Comprehensive income					(129.028)	–	82.003.580	3.015.710	84.890.262
Transactions with shareholders in the period									
Distributions	21;22;36	–	–	–	–	(93.500.000)	–	(1.503.510)	(95.003.510)
		–	–	–	–	(93.500.000)	–	(1.503.510)	(95.003.510)
As at 31 December 2023		83.530.000	7.779.027	33.690.973	35.199.704	96.623.902	82.003.580	12.216.148	351.043.334

The following notes form an integral part of the Consolidated statement of changes in equity for the year ended 31 December 2024.

Consolidated cash flow statement

(Amounts expressed in Euros)

	Notes	Period ended 31 December	
		2024	2023
Cash flow from operating activities			
Receipts from customers		525.235.052	487.053.026
Payments to suppliers		(240.542.483)	(228.126.519)
Payments to personnel		(75.895.682)	(70.449.742)
Cash generated from operations		208.796.887	188.476.765
Income tax paid		(6.609.874)	(19.326.081)
Other payments		(3.997.009)	(4.081.676)
Net cash flow from operating activities		198.190.004	165.069.008
Cash flows from investing activities			
Receipts related to:			
Interest and similar income		979.797	1.963.670
Financial investments	11	638.877	4.161.637
Tangible and intangible assets		650.088	6.028.021
Loans granted	10	-	138.420
Payments related to:			
Tangible assets, intangible assets and investment properties		(36.918.314)	(79.022.266)
Financial investments	11	(936.168)	(6.794.697)
Net cash from investing activities		(35.585.720)	(73.525.215)
Cash flows from financing activities			
Receipts related to:			
Borrowings	24;41	11.500.000	11.830.594
Payments related to:			
Borrowings	24;41	(26.365.520)	(107.322.599)
Dividends	21;22;36	(20.600.000)	(95.003.510)
Lease liabilities	41	(21.153.321)	(17.599.545)
Loan interest expenses and similar charges		(9.999.225)	(11.860.109)
Net cash from financing activities		(66.618.066)	(219.955.169)
Changes in cash and cash equivalents		95.986.218	(128.411.376)
Effects of exchange differences		148.237	(39.144)
Cash and cash equivalents at the beginning of the period	18	40.963.772	169.414.292
Cash and cash equivalents at the end of the period	18	137.098.227	40.963.772

The following notes form an integral part of the Consolidated cash flow statement for the year ended 31 December 2024.

Notes to the consolidated financial statements

1. General Information

Grupo Pestana which origin dates back to 1972, with the establishment of M.&J. Pestana - Sociedade de Turismo da Madeira, S.A., develops its activity in the Hospitality business. The Group is led by its shareholder, Dionísio Fernandes Pestana, son of the founder of the Group.

In the late 90's the Group started its internationalization efforts, primarily in Africa and then in South America.

In 2003, Grupo Pestana won the tender to manage the concession of the network of "Pousadas de Portugal", taking the operation of "Pousadas".

In 2010, the Group initiated its business expansion in Europe, through the opening of Pestana Chelsea Bridge hotel, in London, having followed this with an expansion to North America, initiated in 2013, with the opening of Pestana South Beach in Miami.

Nowadays, Grupo Pestana is the largest Portuguese group in the hospitality business, with an operation focused on hotels, but complemented by other activities such as timeshare, real estate, residence, golf and touristic entertainment and distribution. It also includes some investments in industry.

Through the promotion of the Pestana brand and Pousadas de Portugal, as well as the launch in 2016 of the "Pestana CR7" brand, it currently operates 110 units of touristic lodging totaling 11.653 rooms, which makes it the largest network with Portuguese origin, being in the top 15 of European hotel networks ranking and in the top 105 worldwide.

In order to structure the Group's financial investments, Grupo Pestana S.G.P.S., S.A. was incorporated (referred to in this document as "Grupo Pestana" or "Group") in 2003, aggregating the businesses in Portugal.

In the leisure area, in Portugal, Grupo Pestana has 38 hotels (15 in Madeira, 8 in Algarve, 8 in Lisbon/Cascais/Sintra, 5 in Porto, 1 in Viseu and 1 in Azores), 8 Vacation Club units, 6 golf courses, 9 real estate/tourist resorts, 1 casino gambling concession for the Casino da Madeira, 1 entertainment company, 1 beverage company, and the management of the network of 30 "Pousadas de Portugal".

During 2024, the contracts for the operation of Pestana Ilha Dourada and Pestana Colombos hotel units ended on 31 May and 31 October, respectively.

In June 2024, the Group began exploring an 89-room 5-star hotel, Pestana Porto - A Brasileira, located in the historic center of Porto, by signing a 15-year sublease agreement, with renewals for 5-year periods unless waived by either party, establishing the payment of a fixed monthly rent, which will be updated annually with inflation.

On 29 October 2024, the Group signed a promissory lease agreement for a future new hotel unit of at least 4 stars, on Rua Rodrigo da Fonseca, in Lisbon. The Group estimates that the definitive lease will be signed in 2027, when the current tenants are fully vacated.

These Consolidated financial statements were authorized for issue by the Board of Directors on 7 March 2025 and are subject to the approval of shareholders. The Board of directors believes that the Consolidated financial statements give a true and fair view of the consolidated operations of Grupo Pestana, S.G.P.S., S.A., as well as its consolidated financial position, financial performance and its consolidated cash flows.

Grupo Pestana's Consolidated financial statements and corresponding Notes are presented in Euros.

2. Accounting standards used in the preparation of the Consolidated financial statements

The Consolidated financial statements are prepared by Grupo Pestana in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and effective as at 1 January 2024. IFRS include standards issued by the International Accounting Standards Board (IASB) as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor Board. IFRS were adopted by the Group for the first time in the year ended 31 December 2010.

The accounting policies presented were applied consistently to all periods presented in the Consolidated financial statements.

The preparation of the Consolidated financial statements in accordance with IFRS requires the use of estimates, assumptions and critical judgments in the process of determining the accounting policies to be adopted by Grupo Pestana, with significant impact on the book value of assets and liabilities, as well as on income and expenses of the reporting financial year.

The Consolidated financial statements have been prepared on a going concern basis under historical cost principle, except for the derivative financial instruments and Financial assets at fair value through profit or loss, measured at fair value.

Although, these estimates are based on the best experience of the Board of Directors and its best expectations in relation to the current and future actions and events, current and future events may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated financial statements are presented in Note 5 (Main accounting estimates and judgments).

Amendments and new standards

- a) The impact of the adoption of the amendments to standards that became effective as of 1 January 2024 is as follows:
 - **IAS 1** (amendment), 'Classification of liabilities as Non-current and Current' and 'Non-current liabilities with covenants'. These amendments clarify that liabilities are classified as either current or non-current balances depending on the rights that an entity has to defer its settlement for at least 12 months after the reporting date. They clarify also that the covenants that an entity is required to comply with, on or before the reporting date, affect the classification of a liability as current or non-current, even if the covenants are only assessed after the entity's reporting date. When an entity classifies liabilities arising from loan arrangements as non-current and those liabilities are subject to covenants, it is required to disclose information that enables investors to assess the risk that the liabilities could become repayable within 12 months, such as: a) the carrying amount of the liabilities; b) the nature of the covenants and the compliance dates; and c) the facts and circumstances that indicate that the entity may have difficulty complying with covenants when it is required to do so. This amendment had no impact on the Group's Consolidated financial statements.
 - **IAS 7** (amendment) and **IFRS 7** (amendment), 'Supplier finance arrangements'. These amendments require an entity to provide additional disclosures about its supplier finance arrangements to enable: i) the assessment of how supplier finance arrangements affect an entity's liabilities and cash flows; and ii) the understanding of the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available. The additional requirements complement presentation and disclosure requirements already in IFRS as set out in the IFRS IC's Agenda decision of December 2020. These amendments had no impact on the Group's Consolidated financial statements.

- **IFRS 16** (amendment), 'Lease liability in a sale and leaseback'. This amendment introduces guidance for the subsequent measurement of lease liabilities, in the scope of sale and leaseback transactions that qualify as "sales" under IFRS 15, with higher impact when some or all the lease payments are variable lease payments that do not depend on an index or rate. Whilst subsequently measuring lease liabilities, seller-lessees determine "lease payments" and "revised lease payments" in a way that does not result in the seller-lessees recognizing any gains/(losses) relating with the right of use that they retain. This amendment had no impact on the Group's Consolidated financial statements.
- b) Amendments to standards that have been published and are mandatory on or after 1 January 2025 which have already been endorsed by the EU:
- **IAS 21** (amendment), 'The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability'. This amendment adds requirements for determining whether a currency can be exchanged for another currency (exchangeability) and defining how to determine the spot exchange rate to be used when it is not possible to exchange a currency for a long period of time. This change also requires the disclosure of information that allows understanding how the currency that cannot be exchanged for another currency affects, or is expected to affect, the financial performance, financial position and cash flows of the entity, in addition to the spot exchange rate used on the reporting date and how it was determined. This amendment is applied retrospectively without restating the comparatives. The entity is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings (if between foreign and functional currency) or to the reserve for cumulative translation differences (if between functional and presentation currency). The Group will apply this amendment when it becomes effective with no relevant expected impacts on the Group's Consolidated financial statements.
- c) Amendments to standards that have been published and are mandatory on or after 1 January 2025, but which the EU has not yet endorsed:
- **IFRS 9** (amendment) and **IFRS 7** (amendment), 'Amendment to classification and measurement of financial instruments'. These amendments are still subject to endorsement by the European Union. These amendments intend to: i) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; ii) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion such as: 1) non-recourse assets; 2) contractually associated instruments; and 3) instruments with characteristics linked to compliance with environmental, social and governance ("ESG"); iii) add new disclosure requirements for instruments with contractual conditions that can change cash flows; and iv) update the disclosure requirements for equity instruments designated at fair value through other comprehensive income, separating the fair value reserve into the fair value gains or losses of the investments derecognized and those held at the end of the period. These amendments apply at the date they become effective without restating the comparatives. The Group will apply these amendments when they become effective with no relevant expected impacts on the Group's Consolidated financial statements.
 - **Annual Improvements – 'Volume 11'**. The annual improvements intend to clarify application issues or correct inconsistencies in standards. This volume of improvements affects the following accounting standards: IFRS 1, IFRS 7, IFRS 9, IFRS 10 e IAS 7. The Group will apply these amendments when they become effective with no relevant expected impacts on the Group's Consolidated financial statements.
 - **IFRS 18** (new standard), 'Presentation and Disclosure in Financial Statements'. This new standard is still subject to endorsement by the European Union. This new standard will replace the current IAS 1. While retaining many of the existing principles of IAS 1, it is focused on the specification of a structure for the statement of profit or loss, composed of categories and required subtotals. Items in the statement of profit or loss will be classified into one of three categories: operating, investing, financing. Specified subtotals and totals will be required being the main change the mandatory inclusion of the subtotal "Operating profit or loss". This standard also includes improvements to the disclosure of management performance measures including the reconciliation with the most similar specified subtotal in IFRS

Accounting standards. This standard also enhances guidance on the principles of aggregation and disaggregation of information in the financial statements and respective notes, based on their shared characteristics. This standard applies retrospectively. The Group will apply this amendment when it becomes effective with no relevant expected impacts on the Group's Consolidated financial statements.

- **IFRS 19** (new standard), Subsidiaries without Public Accountability: Disclosures'. This new standard is still subject to endorsement by the European Union. IFRS 19 is a voluntary standard which allows "Eligible" subsidiaries to use IFRS Accounting Standards with reduced disclosure requirements. IFRS 19 is a disclosure-only standard and works alongside other IFRS Accounting Standards for recognition, measurement, and presentation requirements. A subsidiary is "Eligible" if (i) it does not have public accountability; and (ii) has a parent that prepares consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 can be applied by "Eligible" subsidiaries when preparing their own consolidated, separate or individual financial statements. Complete comparative information needs to be prepared under IFRS 19 unless any exemption applies. This standard applies retrospectively. The Group will assess the potential application of this standard when it becomes effective.

3. Main accounting policies

The main accounting policies applied in the preparation of the Consolidated financial statements are described below. These policies were consistently applied to all years presented.

3.1. Consolidation

3.1.1. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. Grupo Pestana controls an entity when it is exposed to, or has rights over, the variable returns generated as a result of their involvement with the entity and has the ability to affect those returns through the power it exerts on the relevant activities of the entity.

Subsidiaries are consolidated from the date the control is transferred to Grupo Pestana and are excluded from consolidation from the date that control ceases.

The acquisition of subsidiaries is recorded under the purchase method. The cost of an acquisition is measured at fair value of assets delivered, equity instruments issued and liabilities incurred or assumed on the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value on the acquisition date, independently of the existence of non-controlling interests.

The surplus of the acquisition cost over the fair value of the identifiable net assets acquired is registered as goodwill. If the acquisition cost is less than the fair value of identifiable net assets acquired, the difference is directly recognized in the Consolidated income statement.

In the case of acquisitions and dilutions of non-controlling interests without change of control, the differences resulting between the purchase price and non-controlling interests acquired/disposed of are recorded against retained earnings.

Transactions, balances and unrealized gains in transactions with group companies are eliminated. Unrealized losses are also eliminated, except if considered as an impairment indicator of the transferred asset.

The losses registered by the subsidiaries are attributed to non-controlling interests in the proportion of their share in the capital of Grupo Pestana.

The accounting policies of the subsidiaries are changed, whenever needed, to ensure its consistent application by all the Group companies.

Entities that qualify as Subsidiaries are listed in Note 38.

3.1.2. Joint Ventures

The Group recognizes an investment in a joint venture when it is contractually agreed to share control over a business, or an entity and it only exists when strategic financial and operational decisions over that business or entity are taken by all investors unanimously. Investments in this kind of entities are supported by agreements signed between all investors.

Classification as a joint venture ceases when control of the entity is acquired which can happen when: i) the other parties' shares are acquired and the agreement ceases to be in effect; or ii) when the unconditional right to acquire (purchase option) the other parties' shares is obtained even if that right has not been exercised but can be done so at any time.

In the Consolidated financial statements, investments in joint ventures are measured by the amount resulting from applying the equity method. Under this method, the financial statements include Grupo Pestana's consolidated share of the profit and losses recognized from the date that joint control begins until the date it ends.

Dividends received from joint ventures are deducted from the carrying amount of the investment in the Consolidated statement of financial position. The accounting policies of the joint ventures are changed whenever needed, to ensure its consistent application by all Group companies.

Entities that qualify as Joint ventures are listed in Notes 9 and 39.

3.1.3. Associates

Associates are entities in which Grupo Pestana owns between 20% and 50% of the voting rights or over which Grupo Pestana has significant influence in the definition of the financial and operating policies.

The surplus of the acquisition cost over the proportion of the fair value of identifiable net assets acquired, the goodwill, is recognized as part of the financial investment in the associate. If the acquisition cost is less than the fair value of acquired net assets, the difference is directly recognized as a gain in the Consolidated income statement.

In the Consolidated financial statements, investments in associates are measured by the equity method. Under this method, the financial statements include Grupo Pestana's consolidated share of the profit and losses recognized from the date that significant influence begins until the date it ends.

Dividends received from associates are deducted from the carrying amount of the investment in the Consolidated statement of financial position. The accounting policies of the associates are changed, whenever needed, to ensure its consistent application by all Group companies.

When the Group's share of losses of an associate exceeds its interest in the associate, additional losses are provided for only to the extent that the Group has incurred obligations or made payments on behalf of the associate that are estimated as non-recoverable.

Entities that qualify as Associates are listed in Notes 10 and 39.

3.1.4. Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss correspond to investments in entities in which Grupo Pestana holds less than 20% of the voting rights or over which Grupo Pestana has no significant influence in the definition of the financial and operating policies. Dividends from these investments are recognized as gains in the financial year in which they are assigned.

Entities that qualify as Financial assets at fair value through profit and loss are in Note 11.

3.2. Business combinations under common control

Business combinations under common control refer to transactions between companies of the same group or controlled by the same shareholder and may consist of a merger or acquisition.

Grupo Pestana records the transactions of acquisitions of shares/businesses between entities under common control, which configure obtaining control over a business, in accordance with the principles associated with the application of the purchase method as foreseen in IFRS 3 - Business combinations. Thus, the entity identified as the purchaser in the transaction shall allocate the fair value of the consideration paid/delivered to the fair value of assets, liabilities and contingent liabilities acquired and any excess is recognized as goodwill. If the resulting difference is negative, a gain is recognized in the period.

3.3. Foreign currency translation

i. Functional and presentation currency

The Consolidated financial statements and related notes are presented in Euros, unless otherwise stated, the presentation currency of Grupo Pestana.

ii. Transactions and balances

Transactions in currencies other than Euro are translated into the functional currency using the exchange rates at the dates of the transactions. The exchange rate gains or losses resulting from payments/receipts as well as from the conversion using the exchange rate on the financial reporting date, of monetary assets and liabilities denominated in foreign currencies, are recognized in the Consolidated income statement, under financial income/expenses if related with loans and cash and cash equivalents, or under other income/expenses for all other balances/transactions.

iii. Exchange rates used

The exchange rates used to translate balances in foreign currencies were as follows:

Currency	31-12-2024	31-12-2023
GBP – Pound Sterling	0,8273	0,8668
NOK - Norwegian Krone	11,7689	11,2239
SEK - Swedish Crown	11,4601	11,1254
USD – US Dollar	1,0353	1,1036

3.4. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. This cost includes: (a) the "deemed cost" determined at the date of transition to the IFRS, namely in 2010, which in the case of land and buildings allocated to the hotel business, timeshare and golf, were almost all measured at their revalued amount, whereas, for all other assets, these were measured at the net amount carried

over from the previous GAAP, including legal revaluations, and (b) the acquisition cost of assets acquired or constructed after that date.

The Group presents its Right of use assets in the asset class it relates to integrating the Tangible fixed asset caption of the same nature.

The acquisition cost comprises the purchase price of the asset, costs directly attributable to the acquisition and costs incurred in preparing the asset to be in the intended conditions of use. The financial costs incurred with loans obtained for construction of tangible assets are recognized as part of the construction cost of the asset.

For buildings allocated in part or in whole to the timeshare business, initial direct costs incurred in negotiating and accepting these contracts, such as commissions paid to promoters, were added to the carrying amount of the leased asset in accordance with IFRS 16 - Leases.

Subsequent costs incurred with renovations and major repairs which result in increased lifetime or in the ability to generate further economic benefits are recognized in the carrying amount of the asset.

The cost of repairs and maintenance of recurring nature are recognized in the Consolidated income statement as incurred.

Depreciations are calculated on a straight-line basis, using estimated useful lives, being the most significant as follows:

	Years
Buildings and other constructions:	
Hotels and Vacation Club Property	40 years
Golf Property	20 years
Right of use	Between 4 e 70 years
Other Property	Between 20 e 40 years
Basic equipment	Between 10 e 20 years
Transport equipment	Between 4 e 8 years
Tools	Between 4 e 10 years
Administrative equipment	Between 3 e 10 years
Other tangible assets	Between 10 e 20 years

Initial direct costs incurred in negotiating and arranging timeshare contracts, added to buildings leased, are recognized as an expense over the lease term on the same basis as the lease income, as required by in IFRS 16, and this period varies between 1 to 30 years.

Grupo Pestana estimates the residual value of tangible fixed assets at zero since it has the expectation of using all the assets over all of their economic life.

Useful lives of assets are reviewed at each financial reporting date so that depreciation is charged in accordance with the consumption patterns of the assets. Changes to the useful lives, if any, are treated as a change in accounting estimate and are applied prospectively

3.5. Intangible assets

Intangible assets are recognized only when: i) they are identifiable, ii) it is probable that economic benefits will arise from them in the future, and iii) the cost can be reliably measured.

When purchased individually intangible assets are recognized at cost, which comprises: i) the purchase price, including costs related to intellectual property rights and fees after deducting any discounts, and ii) any costs directly attributable to preparing the asset for its intended use.

When purchased as part of a business combination, separate from goodwill, intangible assets are valued at fair value, as determined the scope of the application of purchase method as foreseen by IFRS 3 - Business Combinations.

Internally generated assets, including internal development costs are recorded as an expense when incurred if it is not possible to distinguish the research phase from the development phase, or if it is not possible to reliably determine costs incurred in the development phase or it is unlikely that there will be future economic benefits for the Grupo Pestana.

Expenditures on research and evaluations conducted during the course of operating activities are recognized in the Consolidated income statement of the financial year in which they are incurred.

Besides goodwill, Grupo Pestana's Intangible assets refer mainly to software and websites.

Goodwill refers to the difference between the acquisition cost of the investments in subsidiaries or businesses and the fair value of the acquired assets and liabilities of those companies or businesses as at the date of purchase. Goodwill is a residual amount and, therefore, it has no useful life and corresponds to: (a) the net value of the goodwill carried over from the previous GAAP, tested for impairment as at the transition date and in the subsequent annual periods, and (b) the goodwill resulting from acquisitions occurring after the transition date, subject to annual impairment tests.

Goodwill is allocated to the cash generating units to which it belongs, for impairment test purposes, which are performed at least once a year and during the month of December. Impairment losses of goodwill are not reversible.

Amortization is calculated on a straight-line basis, using estimated useful lives, the most significant being related to software, which are amortized over 6 years.

Assets which, by their nature, do not have a defined useful life are not amortized and are subject to annual impairment tests or whenever impairment indicators are identified.

3.6. Investment properties

Investment properties are real estate assets (land, buildings or parts of buildings) held for the purpose of capital appreciation, obtaining rental income, or both, and, therefore, not used in Grupo Pestana's ordinary activity. On the date of transition to IFRS, Investment properties were valued at their revalued cost or the value carried from the previous standards. Subsequently, the Group continues to apply the cost model, which is applied to all assets classified as investment properties.

Properties that are still under construction or development and which are intended to be used as investment properties are also recorded under this caption.

Depreciation is calculated on a straight-line basis, using estimated useful lives, which are similar to the ones applied to Tangible fixed assets

3.7. Impairment of non-financial assets

Assets with indefinite useful lives are not subject to depreciation/amortization and are subject to annual impairment tests. Grupo Pestana performs impairment tests every year, in December, and whenever events or changes in surrounding conditions indicate that the book value may not be recoverable.

An impairment loss is recognized by the excess of the book value of the asset over its recoverable amount, being the recoverable amount, the higher between the fair value of an asset less costs to sell and its value in use. For the determination of impairment, assets are allocated to the lowest level for which separate identifiable cash flows (cash generating units).

The non-financial assets other than goodwill, for which have been recognized impairment losses are assessed, at each reporting date, on the possible reversal of impairment losses.

When an impairment loss or its reversal, is recognized the depreciation/amortization of the related assets is recalculated prospectively in accordance with the recoverable amount adjusted by the impairment recognized.

3.8. Fair value of assets and liabilities

In determining the fair value of a financial asset or liability, if there is an active market, the market price is applied. This is the first level of the hierarchy of fair value.

In case there is no active market generally accepted valuation techniques used, based on market assumptions. This is the second level of the hierarchy of fair value.

Grupo Pestana applies valuation techniques for non-listed financial instruments, such as derivatives, financial assets at fair value through other comprehensive income and other financial assets and liabilities at fair value through profit and loss. The valuation models that are most often used are discounted cash flows and option valuation models that incorporate, for example, the interest rate curves and market volatility.

For some types of assets and liabilities valuation models are used considering data and assumptions that are not directly observable in the market, for which Grupo Pestana uses internal estimates and assumptions. This is the third level of the hierarchy of fair value.

3.9. Derivatives

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

A derivative is considered as hedging when: i) the hedging instrument and the hedged item qualify; ii) there is formal designation and documentation of the hedging relationship and the risk management objective defined by the management group; iii) the hedging relationship is effective.

A hedging relationship is effective if: i) there is an economic relationship between the hedging instrument and the hedged item; ii) the changes in fair value do not result mainly from credit risk; iii) the hedge ratio, in each transaction, is adequate and results from the quantity of the hedged item and the quantity of the hedging instrument that the entity effectively uses to hedge that quantity of the hedged item.

When dealing with trading derivatives, gains and losses in fair value are recognized in the Consolidated income statement for the period under financial income or financial expenses. When designated as hedging derivatives, the recognition of gains and losses in fair value depends on the nature of the hedged item, which may correspond to a fair value hedge or a cash flow hedge.

In a fair value hedge of an asset or liability ("fair value hedge"), the value of that asset or liability, determined based on the respective accounting policy, is adjusted to reflect the change in fair value attributable to the hedged risk. Changes in fair value of hedging derivatives are recognized in the Consolidated income statement, together with the changes in fair value of the hedged assets or liabilities attributable to the hedged risk.

In hedging the exposure to variability in future highly probable cash flows ("cash flow hedge"), the effective portion of changes in fair value of the hedging derivative is recognized in hedging reserves in equity, being transferred to the income statement when the hedged item affects the Consolidated income statement. The ineffective portion of the hedging relationship is recorded in the Consolidated income statement.

If a hedging relationship ceases to satisfy the hedging effectiveness criteria relating to the hedging ratio defined but the objective for risk management and the designated hedging relationship continues to be the same, the Group will readjust the hedging ratio (rebalance) in order to once again satisfy the eligibility criteria to be recognized as hedge accounting.

Hedge accounting may only be interrupted prospectively when the hedging relationship (or part of the hedging relationship) ceases to satisfy the eligibility criteria defined by the finance department which includes situations in which the hedging instrument expires or is sold, terminated or exercised.

3.10. Financial Assets

i. Classification

A Financial asset classification depends on the business model used in the management of financial assets (cash flow receipts or fair value variations) and on the contractual terms associated with cash in-flows.

Changes to a financial asset's classification can only be done when the business model is altered except in what relates to financial assets at fair value through comprehensive income which are equity instruments, and which may never be changed to a different category.

Financial assets can be classified as:

- (i) Financial assets at amortized cost: includes financial assets which correspond exclusively to the payment of the nominal value and interest and whose management's business model is contractual cash flow receipts;
- (ii) Financial assets through other comprehensive income: this category may include financial assets which qualify as debt instruments (contractual obligation to deliver cash flows) or as equity instruments (residual interest in an entity):
 - a) In what concerns debt instruments this category includes financial assets whose contractual cash flows which correspond exclusively to the payment of the nominal value and interest and whose management's business model is contractual cash flow receipts or occasionally its sale;
 - b) In what concerns equity instruments this category includes the percentage of interest held in an entity over which no control, joint control or significant influence is exercised and for which it has been irrevocably decided at the time of initial recognition to be designated as fair value through other comprehensive income;
- (iii) Financial assets at fair value through profit or loss: includes assets which do not fulfil the criteria for classification as financial assets at amortized cost or fair value through other comprehensive income whether they are debt or equity instruments.

Purchases and sales of investments in financial assets are recorded at the transaction date, which means, the date on which Grupo Pestana commits to purchase or sell the asset.

ii. Measurement

Financial assets are initially recognized at fair value plus transaction costs directly attributable to the asset's acquisition for financial assets which are not measured at fair value through profit or loss. Transaction costs

of financial asset at fair value through profit or loss are recognized in profit or loss in the Consolidated income statement in the financial year in which they occur.

Financial assets at amortized cost are subsequently measured according to the effective interest rate method less impairment losses. Interest income from these financial assets are included in "Interest income" in financial income.

Financial assets at fair value through other comprehensive income which constitute debt instruments are subsequently measured at fair value and fair value changes are recognized in other comprehensive income except for changes concerning impairment losses, interest earned and exchange rate gains/(losses) which are recognized in the Consolidated income statement. Financial assets at fair value through other comprehensive income are subject to impairment.

Financial assets through other comprehensive income which constitute equity instruments are initially and subsequently measured at fair value and fair value changes are recognized directly in other comprehensive income, in Equity, and no future reclassification can take place even after the investment is derecognized. Dividends obtained from these assets are recognized as gains in the Consolidated income statement in the date they are attributed.

iii. Impairment

Grupo Pestana prospectively assesses estimated credit losses associated with financial assets that qualify as debt instruments classified at amortized cost or at fair value through other comprehensive income.

The expected credit loss model is applied based on debtor's nature and credit risk profile, considering reasonable and support information that is available and that is relevant for the specific financial instrument being assessed.

Trade receivables or contract assets that result from transactions with customers are due to be always measured at an amount equal to lifetime expected credit losses.

Grupo Pestana's debtors from hospitality (tour operators, travel agencies and other companies) beverage industry, vacation club and golf are assessed for impairment when there are contractual payments overdue for more than 1 year and 6 months in the case of vacation club while also considering if there is any available information that indicates that a default may occur before that period.

The Group's debtors related to the real estate business (house owners) are assessed for impairment on an individual basis. The amounts due to the Group may result from accrued income of construction works not yet invoiced and accrued income of houses sold pending public deed.

Grupo Pestana's debtors related to the beverage industry business are subject to impairment analysis for all contractual payments due and it is also checked whether there is any information available to indicate a default.

The impairment loss calculation is based on qualitative information on its debtors' market performance, business model sustainability and other relevant information. For this purpose, only balances not covered by guarantees obtained, namely credit insurance contract, bank guarantees or retention of legal title of the houses until public deed takes place are considered.

As at 31 December 2024 and 2023 related parties are able to pay, having the probability of default in general been considered as close to 0% and therefore no impairment has been recognized.

iv. Write-offs

Financial assets' gross carrying amount is written-off when the entity has no reasonable expectation of recovering the financial asset, which occurs fundamentally when the customer ceases its core activities and/or litigations are dismissed.

v. Derecognition

Financial assets are derecognized when the right to receive cash flows originated by those assets have expired or been transferred. Financial assets at fair value through other comprehensive income which constitute debt instruments at the date of derecognition which have had their gains/(losses) recognized in equity/other comprehensive income previously are reclassified from the corresponding equity lines to the Consolidated income statement.

3.11. Inventories

Inventories refer to goods, finished goods and work in progress and the materials used in the activities of rendering service and construction.

Inventories are measured at acquisition cost, which includes all direct expenditure incurred with the purchase. Subsequently, inventories are valued at the lower of cost and net realizable value.

Acquisition cost refers to all costs of purchase and other direct costs incurred in bringing inventories to their present location and condition. On the other hand, the net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

As part of construction activities, finished goods refer to lands developed for future sale and houses built for sale. Land and houses are valued at the lower of cost of acquisition/construction and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the cost to complete the work and the selling expenses.

Works in progress refer to land under development (in process of approval and allotment), villas and apartments under construction measured at the construction costs. The construction cost includes land acquisition costs, costs incurred in obtaining permits and licenses and the cost of materials and labour incorporated in construction works.

Inventories also include materials, raw materials and consumables initially measured by the purchase price added up to the costs directly related to the acquisition.

The cost formula used for registering the consumption/sale of inventories in general is the weighted average cost. However, land, villas and apartments are recognized at their specific cost.

3.12. Income tax

The income tax for the period comprises current tax and deferred tax. The income taxes are recorded in the Consolidated income statement, except when they relate to items recognized directly in equity. The amount of current tax payable is determined based on profit before tax, adjusted in accordance with the applicable tax rules.

The Group periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax law is subject to interpretation and considers whether it is probable that the Tax Authority will challenge the tax treatment adopted. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty on the income tax return submitted.

Deferred taxes are recognized using the liability method based on the Consolidated statement of financial position, considering temporary differences resulting from the difference between the tax basis of assets and liabilities and their amounts in the Consolidated financial statements.

Deferred taxes are calculated based on the enacted tax rate, or already officially announced at the financial reporting date, that is expected to apply in the financial year when the deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits are available for the use of the temporary difference. Deferred tax liabilities are recognized for all taxable temporary differences, except for those arising from: i) the initial recognition of goodwill, or ii) the initial recognition of an asset or liability in a transaction which is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit. However, for taxable temporary differences associated with investments in equity instruments, deferred tax liabilities should not be recognized to the extent that: i) Grupo Pestana is able to control the timing of the reversal of the temporary difference, and ii) it is probable that the temporary difference will not reverse in the foreseeable future.

3.13. Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other short-term investments of high liquidity, with initial maturities of up to 3 months and subject to insignificant risk of value change.

Bank overdrafts are shown in the Consolidated statement of financial position as current liabilities, under the captions Borrowing and are considered in the preparation of the Consolidated cash flows statement as Cash and cash equivalents

3.14. Capital

Ordinary shares are classified as equity. Costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of taxes, to the amount resulting from the issuance.

Additional contributions from shareholders without issuance of shares, without any payment or remuneration obligation defined and for which reimbursement is not expected within a foreseeable future, are recognized as Other equity instruments.

3.15. Provisions

Provisions are only recognized when Grupo Pestana has a present legal or constructive obligation resulting from past events exists, it is probable that an outflow of internal resources will be necessary to settle this obligation and its amount can be reasonably estimated. Whenever one of the criteria is not met or the existence of the obligation is conditional on the occurrence (or non-occurrence) of a certain future event, Grupo Pestana discloses this fact as a contingent liability, unless the assessment of the outflow of resources for the payment thereof is considered remote.

Provisions related to legal proceedings brought against Grupo Pestana are recognized in accordance with the assessment of the Group's internal legal department supported by the lawyers in charge for the processes.

Grupo Pestana recognizes a provision on future costs with the construction guarantee provided in the sale of houses. This provision is constituted on the date of the sale, impacting the profit of the sale. At the end of the legal guarantee period, any remaining amount of the provision is reversed through profit or loss.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, based on a discount rate that reflects the

time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

3.16. Financial Liabilities

Financial liabilities are classified into two categories:

- (i) Financial liabilities at fair value through profit or loss;
- (ii) Financial liabilities at amortized cost.

Financial liabilities are initially recognized at fair value less transaction costs directly attributable to the emission of the financial liability when the financial liability is not recognized at fair value through profit or loss.

Subsequently, all liabilities are measured at amortized cost apart from derivatives, recognized at fair value. Financial liabilities at amortized cost are measured according to the effective interest rate and include Borrowings and Trade and other payables.

Grupo Pestana recognizes as financial liabilities at fair value through profit or loss derivatives which at the reporting date have a debit balance.

Purchase and sale of investments in financial liabilities are registered at the transaction date meaning the date in which Grupo Pestana commits to purchase or liquidate the liability.

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

3.17. Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred directly attributable to the emission. Borrowings are subsequently measured at amortized cost, being the difference between nominal amount and the initial fair value recognized in the Consolidated income statement during the loan term, using the effective interest rate method.

Borrowings are classified as current liabilities unless Grupo Pestana has an unconditional right to defer the payment of the liability for at least 12 months after the reporting date, in which case they are classified as non-current liabilities.

3.18. Leases

A contract contains a lease when the lessee has the right to control the use of an identified asset for a period of time (including non-consecutive periods of time) in exchange for consideration.

The Group leases several buildings and vehicles. Lease contracts are usually negotiated for fixed periods but there may be extension options. Lease terms and conditions are negotiated on an individual basis.

The Group determines whether a contract is or includes a lease at the contract's initial date. In a lease contract the Group registers Right of use assets, with the corresponding Lease liability, at the date in which control over the asset's use is transferred to the Group, except for short term (under 12 months) or low value contracts (assets with a unit value in "new" condition below 5.000 USD) for which payments are recognized as an expense in the financial year in which the event or condition which gives rise to the payment occurs.

Lease liabilities are initially measured at the present value of lease payments which are due after the lease's initial date, discounted at the contract's implicit interest rate. When this rate cannot be determined, the Group's incremental borrowing rate, which corresponds to the interest rate the lessee would have to pay to obtain an asset of similar value in an economic environment with comparable terms and conditions, is applied.

Lease payments included in the measurement of Lease liabilities include: fixed payments, less receivable lease incentives; variable payments which depend on an index or rate; amounts which are expected to be paid by the lessee as residual value guarantees; the price to exercise the purchase option if the lessee is reasonably certain it will do so; penalty payments for terminating the contract in case terminating the lease reflects the exercise of the termination option.

The Group elected to consider as part of the lease payments the entire amount of the rents negotiated with lessors, even when these incorporate the value of services or products that the Group could obtain the right to use separately. This option is applied to all categories of assets classified as Right of use assets.

Lease liabilities are measured using the effective interest method and is remeasured when there are changes to the future payments resulting from the application of an index or rate or if there are other changes such as the lease term, the change in expectation concerning the purchase option, contract renewal or contract termination. In these cases, the Group recognizes the remeasured Lease liability as an adjustment to the Right of use asset.

Right of use assets are presented in their corresponding asset class in the Tangible fixed asset caption of the same nature and are initially measured using the cost model which includes the initial value of the Lease liability adjusted for any payments made before the lease's initial date, including any initial costs incurred and an estimate for dismantling costs (when applicable) less any incentives received. The Right of use asset is subsequently depreciated using the straight-line method according with the lease term. The right of use is periodically adjusted by Lease liability remeasurements, namely changes in the price resulting from renegotiations or indexes and by impairment losses (if any exist).

Variable rents that do not depend on an index or rate are not included in the measurement of a Lease liability or Right of use asset. Such payments are recognized as expenses in the financial year in which the event or condition which gives rise to the payments occurs.

When Grupo Pestana transfers an asset to a third party and simultaneously enters into a lease contract for the same asset with said third party, the Group applies the conditions in IFRS 15 to determine whether the transfer qualifies as an asset sale.

If the transfer qualifies as an asset sale, Grupo Pestana will measure the Right of use asset of the leaseback as a proportion of the previous net book value related to the right of use retained by the Group, recognizing a gain or loss in the proportion of the rights transferred to the third party.

In case the fair value consideration for the asset sale is not equivalent to the asset's fair value, or in case the lease's payments do not correspond to market values, Grupo Pestana will perform the following adjustments to measure the results of a fair value sale: Any conditions below market will be recognized as anticipated lease payments; and any conditions above market will be recognized as additional borrowings given by the third party to the Group.

When Grupo Pestana acts as a lessor in a contract that allows the right to control the use of an identified asset to a lessee, it is required to assess if it qualifies as an operating or finance lease, based on the assessment of the transfer of substantially all the risks and returns incidental to the ownership of an underlying asset (finance lease) or the retention of substantially all the risks and returns incidental to the ownership of an underlying asset (operating lease).

The Group acts as a lessor under an operating lease in what regards to timeshare contracts, which give the lessee the right to use a timeshare unit during a defined period (weeks) that is repeated annually over a number of years, ranging from 3 to 30 years. The rents to be recognized as income refer to the upfront

fee as defined in the contract. When payment is deferred and an interest is charged to the customer, this amount is added to the amount to be recognized as rents on a straight-line basis during the contract.

When Grupo Pestana subleases a Right of use asset to another entity, it begins acting as a lessee in relation to the main lessor and as a lessor in relation to the sublessee.

As a sublessor, Grupo Pestana determines at the leases initial date if a lease qualifies as financial or operational considering: i) the Right of use asset recognized in the main lease contract as a subjacent asset to the sublease contract; and ii) as a discount rate the sublease's implicit tax rate or the main lease contract's incremental interest rate.

When a sublease contract qualifies as a financial lease, Grupo Pestana derecognizes the Right of use asset and recognizes a receivable balance which is subsequently regulated by the interest incurred and the reimbursements made by the sublessee.

3.19. Government grants and incentives

Grupo Pestana recognizes the grants of the Portuguese State, the European Union or similar entities ("Government") at fair value when there is reasonable certainty that the grant will be received.

Operating grants to subsidize wages and salaries or other charges with employees are recognized as a decrease in Personnel expenses in the Consolidated income statement in the same period in which the related costs are incurred and recorded. Other Operating grants are recognized as income in the Consolidated income statement in the same financial year in which the related costs are incurred and recorded.

The support of the Government in the form of repayable borrowings at a reduced interest rate are discounted on the date of initial recognition based on the market interest rate at grant date, being the discount amount the grant. The grant shall be amortized over the period of the borrowing or the useful life of the asset which acquisition the grant aims to subsidize.

Non-reimbursable subsidies granted to Grupo Pestana to finance tangible assets acquisition are recorded in the Consolidated statement of financial position as deferred income and recognized in the Consolidated income statement in proportion to the depreciation of the tangible assets subsidized.

3.20. Income and Expenses

Income and expenses are recorded in the financial year to which they relate, regardless of the payment or receipt, according to the accrual basis. The differences between the amounts received and paid and the corresponding income and expenses are recognized as assets or liabilities, if they qualify as such.

3.21. Revenue

Revenue is the fair value of the amount received or receivable on the sale of products and / or services in the ordinary course of business of Grupo Pestana. Revenue is recorded net of any taxes, trade discounts and assigned financial discounts.

When determining the amount of revenue, Grupo Pestana assess for each transaction the performance obligations it assumes before customers, the transaction price to attribute to each identified performance obligation in the transaction and the existence of variable price conditions which may originate future corrections to the revenue recognized and for which the Group makes its best estimate.

Revenue is recognized in the Consolidated income statement when control over the product or service is transferred to the customer, meaning the moment the customer has the ability to manage the use of the product or service and obtain the associated remaining economic benefits.

Grupo Pestana considers that depending on the nature of product or service associated with the performance obligations assumed the transfer of control occurs mainly on a specific date but there may be transactions in which the transfer of control happens continuously and through a contractually defined period of time.

The revenue recognition policy for the Group's following main activities is as follows:

(i) Hospitality

Revenue corresponds mainly to accommodation services and sales related to the consumption of food and drinks in bars, restaurants and mini bars, which are recorded on the date of consumption. For other hospitality services revenue is recorded on the day of the service.

(ii) Touristic real estate business

Revenue refers primarily to the sale of land and apartments, also including recognized revenue from rents on Investment properties and management services for condominiums and touristic resorts.

Revenue from the sale of land and apartments is recognized when the Group transfers control of the land or apartments to the customer.

In the case of land, the sale's revenue is generally recognized when control over the land is transferred to the customer which generally occurs on the date that the deed of sale is signed, but it can also occur when the tradition of the land is verified, and the client has the possibility to start the licensing and construction process.

In the case of villas and apartments built at the risk of Grupo Pestana for sale to third parties (Inventories), revenue is recognized when control is transferred to the client. This happens at the date in which the asset's key is handed to the customer and may be prior to the date of signature of the property deed.

Revenue from management services for condominiums is recognized throughout the contract's period because it is considered that services rendered transfer control to the owners as they are rendered. Revenue to be recognized corresponds to the commission negotiated and does not include the recharge of costs inherent to the building/resort management, without margin, to the owners.

(iii) Vacation club

Grupo Pestana recognizes revenue from the sale of timeshare contracts, also known as Vacation club, from the commencement date of customer's right to use the timeshare unit and throughout the contract's period.

Timeshare contracts include two revenue streams, namely, the right to use a unit of the timeshare resort accounted in accordance with IFRS 16 (see Note 3.18) and revenue from maintenance fees contractually defined as an amount to be charged to timeshare customers. The maintenance fee is recognized as revenue on the agreed date during the contract period since Grupo Pestana has the right to receive this amount regardless of the use of the accommodation unit by the customer at that time. These maintenance fees include the management services performed by the Group as well as a component associated with the costs incurred by the Group relating to maintenance, insurance, cleaning, repairs and replacement of equipment at the timeshare units and resorts.

In cases of the sale of Options contracts, in which the customer acquires the right to use the accommodation without having to determine at that time which specific hotel to use, this right is represented in points. Revenue associated with these points is recognized by usage or at their expiration date, considering the

historic average of expired points and the consumption rhythm of the existing points (breakage), as provided for in IFRS 15.

(iv) Construction contracts

Grupo Pestana's touristic real estate business also includes construction services (villas) for clients. Since the construction of assets is a performance obligation in which the customer controls the asset as it is being built, revenue is recognized throughout the contract period.

Revenue in these types of contracts is recognized according to the percentage of completion using the input method, which means based on the costs incurred in each financial year versus the total estimated costs in each contract, with the recognition of the estimated profit for the contract. Any changes to the contract are only considered to calculate revenue if previously approved by the customer.

Whenever it is estimated that the costs associated with the construction services rendered exceed the agreed revenue, Grupo Pestana recognizes a provision for onerous contracts. The estimated cost associated with the construction warranty is also recognized as the Group transfers control to the customer. Estimated warranty costs are excluded from the contract's total estimated costs and do not affect the completion percentage in each financial year.

(v) Beverage industry

Revenue from this business corresponds to the fair value of the amount received or receivable from transactions carried out with customers in the normal course of activity. Revenue is recorded net of any taxes (including IEC), commercial discounts and financial discounts attributed.

Revenue is recorded in the Consolidated Income Statement when control over the product or service is transferred to the customer, that is, at the moment from which the customer becomes able to manage the use of the product or service and obtain all remaining economic benefits associated with it.

The Group considers that, given the nature of the product or service that is associated with the performance obligations assumed, the transfer of control occurs mostly on a specific date, but there may be transactions in which the transfer of control occurs continuously throughout the contractual period defined.

(vi) Tourist entertainment

Revenue from gambling, both from table games and gaming machines, is determined daily and recognized as revenue on a daily basis, for the difference between the bets placed and the prizes won less the estimated premiums payable and accrued gambling tax.

3.22. Subsequent events

Events after the reporting period that provide additional information about conditions that existed at the end of the reporting period (adjusting events or events after the reporting financial year that give rise to adjustments) are reflected in the Consolidated financial statements. Events after the reporting period that provide information on conditions occurring after the end of the reporting period (non-adjusting events or events after the Consolidated statement of financial position date that lead to no adjustments) are disclosed in the Consolidated financial statements, if considered to be material.

4. Financial risk management policies

4.1. Financial risk factors

Grupo Pestana's operations are exposed to a variety of financial risk factors, including the effects of changes in market prices: exchange rate risk, credit risk, liquidity risk and cash flow risk associated with interest rate, among others.

Grupo Pestana's risk management is controlled by the finance department under policies approved by the Board of Directors. Accordingly, the Board of Directors has defined the global risk management principles as well as specific policies for some areas.

The Board of Directors sets the principles for risk management as a whole and policies that cover specific areas, such as exchange rate risk, credit risk and interest rate risk, the use of derivatives and other non-derivative financial instruments, as well as the investment of liquidity surplus.

i. Market risk

The exchange rate risk refers to assets or liabilities denominated in other currencies than in Grupo Pestana's functional currency, the Euro.

Grupo Pestana's operating activity is mainly developed in the country in which it operates, and, therefore, the vast majority of its transactions are made in this country's currency. The policy covering this specific risk is to avoid, when possible, contracts expressed in foreign currencies.

The risk associated with variable interest rate impacts the debt service. The interest rate risks are primarily related with the interest charges incurred with several loans with variable interest rates, which only represent 5,6% of the Grupo Pestana loans.

Grupo Pestana contracts, when appropriate, cash-flows hedging derivatives (swaps) for its long-term loans to mitigate the risk associated with interest rates.

Grupo Pestana follows a growth strategy which implies significant volumes of investments with relatively long return dates and, therefore, associated with financing sources with adequate refund dates. On the other hand, the hotel business presents a significant exposure to the variability of economic cycles and resorts face significant seasonality. However, this risk is minimized by the fact that Grupo Pestana has a significant variable cost structure, which allows for more flexibility.

These factors are determinant in defining Grupo Pestana's financial risk management policy. This policy aims, above all else, to ensure the significant reductions of these risks in a prudent way, searching to focus on efficient hotel business management itself and ensuring for each new significant investment its medium and/or long-term financial structure and, whenever possible, with fixed rate interest.

Short-term treasury excesses, when existent, are firstly used in the reduction of short-term debt, then on the more expensive medium and/or long-term debt and on the equity financing component of the new projects. In order to reduce treasury risk, the remaining excess is applied on very short-term deposits with financial institutions with which Grupo Pestana already works and with which it presents most of its medium and long-term debt.

Sensitivity analysis of the finance results to changes in interest rate:

A sensitivity analysis was performed, based on Grupo Pestana total debt with variable interest rates deducted of the cash and cash equivalents as at 31 December 2024 and 2023.

Considering Grupo Pestana's consolidated financial debt with variable interest rates as at 31 December 2024, an increase of 0,25% in the interest rate would result in the increase in the net finance expenses for the year of approximately 27.000 Euros (31 December 2023: 37.000 Euros).

ii. Credit risk

Grupo Pestana's credit risk mainly arises from corporate customers and tour operators and from the other remaining receivables from third parties and the Group, classified as financial assets at amortized cost or as financial assets at fair value through other comprehensive income.

Sales to individual customers must be paid for upon check out which mitigates the credit risk generated. Additionally, and considering the significant number of different corporate customers and tour operators, the Group considers that the concentration of credit risk in the activity is reduced.

In order to increase the coverage of credit risk, Grupo Pestana has a credit insurance from a leading multinational insurance company which covers a significant part of the credit on corporate customers, travel agencies and tour operators from the main feeder markets for the Group's units. However, the last couple of years accelerated an already existing trend of change in the way tourists arrive at the Group's units, with a decrease in transactions through corporate customers and tour operators with credit granted in return for a significant increase in the use of direct channels and digital platforms, which have no collection risk and that have been gaining a more significant weight on the reserves.

The follow up of credit risk is made centrally by the finance department of Grupo Pestana, overseen by the Board of Directors, based on the credit rating attributed by the insurance company, the client's institutional nature, the type of transactions which originate the credit, the experience of past transactions performed, the established credit limits for each client and their financial information made available by a recognized entity specialized in the market for the effect.

Rating levels attributed to customers are: low, medium or high while taking into account that the Group considers related parties to have a credit risk rating close to 0% and therefore their impairment is in general considered to be zero.

According to Moody's Long term bank deposits (domestic) rating, credit ratings for the Group's bank deposits and loans contracted with financial institutions, classified as Cash and cash equivalents are as follow:

	Bank deposits		Bank loans, Commercial paper and Bank overdrafts	
	2024	2023	2024	2023
Rating				
A1	22.361.662	554.212	42.601.907	–
A2	96.479.355	22.577.043	55.352.500	107.525.806
A3	11.419.747	10.257.009	26.474.774	29.519.776
Baa1	88.707	–	–	–
Baa2	2.348.781	699.009	4.928.892	842.205
Baa3	–	413.914	–	–
No classification	1.598.058	3.468.296	4.091.363	10.868.396
Total	134.296.310	37.969.483	133.449.436	148.756.183

iii. Liquidity risk

The cash needs are managed centrally by Grupo Pestana's finance department, overseen by the Board of Directors, managing the liquidity surpluses and deficits of each of the group companies. Specific cash needs are covered, first by the existing funds available in other group companies and then by maintaining lines of credit negotiated with financial institutions.

The liquidity risk can occur if the sources of financing, such as operating cash flows, disinvestment cash flows and cash flows from funding operations, do not meet the liquidity needs, such as the cash outflows for operating and financing activities, for investments, for shareholders remuneration and debt repayment.

Regular analysis are carried out over estimated cash flows both in the short term and in the medium and long term, so as to adjust the type and amount of appropriate financing. Whenever necessary, the Group supports its subsidiaries by ensuring that they continue to have a solid financial capacity.

The following table analyzes Grupo Pestana's financial liabilities by relevant maturity groupings, based on the remaining period to the contractual maturity at the reporting date. The amounts in the table are undiscounted contractual cash flows:

	Less than 1 year	Between 1 and 5 years	More than 5 years
31 December 2024			
Borrowings:	44.920.653	88.774.058	80.376.922
- bank loans	12.524.639	42.904.274	72.701.296
- bond loans	27.100.000	29.000.000	-
- commercial paper	-	5.000.000	-
- bank overdrafts	319.227	-	-
- undiscounted interests payable until maturity	4.976.787	11.869.784	7.675.626
Lease liabilities	18.764.217	72.563.314	160.382.571
Trade and other payables - non group	73.156.216	-	-
	Less than 1 year	Between 1 and 5 years	More than 5 years
31 December 2023			
Borrowings:	21.245.857	122.541.361	91.638.338
- bank loans	15.178.276	46.446.619	81.684.979
- bond loans	-	56.100.000	-
- commercial paper	-	5.000.000	-
- bank overdrafts	446.309	-	-
- undiscounted interests payable until maturity	5.621.272	14.994.742	9.953.359
Lease liabilities	15.208.080	54.024.580	140.882.231
Trade and other payables - non group	67.095.194	-	-

4.2. Capital risk management

Grupo Pestana's goal in relation to capital management, which is a broader concept than the capital reflected in the Consolidated statement of financial position, is to maintain an optimal capital structure, through the prudent use of debt.

The negotiation of financing is periodically analysed through the weighting of such factors as the cost of financing and the needs for investment.

In general, borrowings are obtained in order to leverage the investments, being directly allocated to them. However, there is always a concern to ensure that the estimated investment cash flows ensure its

sustainability in the long term, being sufficient to meet the debt service and compensate the capital invested by the Shareholder.

Before the beginning of each year, detailed budgets are prepared by business unit which, that after being approved, will guide its management during the year. The results generated by operations are monitored on a regular and detailed basis to ensure that the expected results are met or exceeded.

The gearing ratios as at 31 December 2024 and 2023 were as follows:

	31-12-2024	31-12-2023
Total borrowings	189.872.506	205.000.128
Total lease liabilities	148.085.474	132.099.746
Less: cash and cash equivalents	137.417.454	41.410.081
Net debt	200.540.526	295.689.793
Equity	461.141.858	351.043.334
Total capital	661.682.384	646.733.127
Gearing	30%	46%

If we considered the deferred revenue from timeshare sales (Note 26) as a component of equity and not as a liability, since these do not represent future cash payments, the adjusted gearing would be as follow:

	31-12-2024	31-12-2023
Total borrowings	189.872.506	205.000.128
Total lease liabilities	148.085.474	132.099.746
Less: cash and cash equivalents	137.417.454	41.410.081
Net debt	200.540.526	295.689.793
Equity	563.009.647	460.480.319
Total capital	763.550.173	756.170.112
Adjusted gearing	26%	39%

4.3. Accounting for derivative financial instruments

As of 31 December 2024, and 2023, and whenever appropriate, Grupo Pestana has hedged its economic exposure to cash flows from existing borrowing through the negotiation of interest rate swaps.

If no hedge designation is made for a derivative financial instrument, this are classified as trading.

5. Main accounting estimates judgments

The estimates and judgments that have an impact on Grupo Pestana's Consolidated financial statements are continuously assessed, representing at each reporting date the best estimate of the Board of Directors, taking into account the historical performance, the accumulated experience and the expectations about future events considered reasonable under the circumstances.

The intrinsic nature of estimates may lead to the actual impact of situations under estimation, for financial reporting purposes, being different from the estimated amounts. The key estimates and judgments that

have a significant risk of causing a material adjustment to the net book value of assets and liabilities in the following year are as follows:

5.1. Entities included in the consolidation perimeter

In order to determine which entities must be included in the consolidation perimeter, Grupo Pestana assesses whether it is exposed to, or has rights over, variable returns from its involvement with the investee and if it has the ability to affect those returns through its power over the investee (“de facto” control).

This assessment requires the use of judgement, assumptions and estimates in order to determine whether the Group is in fact exposed to the variability of returns and has the ability to affect those returns through its control over the investee.

Other judgements could lead to a different consolidation perimeter of the Group, with direct impact on the Consolidated financial statements.

5.2. Tangible fixed assets

The determination of the useful lives of assets, as well as the depreciation method to apply is crucial to determine the amount of depreciations to be recognized each year in the Consolidated income statement.

These two parameters are defined in accordance with the best judgment of the Board of Directors for the specific assets and businesses, also considering the practices adopted by other companies in the same sector abroad.

5.3. Leases

Extension and termination options present in lease contracts were considered in the calculation of Lease liabilities for several of the Group’s building and equipment leases. In determining lease terms, the Group considers all facts and circumstances which create an economic incentive to exercise, or not, an extension or termination option. Extension options (or periods after extension options) are only included in lease terms which are reasonably certain to be extended (or not terminated).

5.4. Impairment of non-financial assets

The determination of whether a potential impairment loss exists may be triggered by the occurrence of various events, many of which are beyond Grupo Pestana’s control, such as: the future availability of financing, the cost of capital, as well as for any other changes, either internal or external to the Group.

The identification of impairment indicators, the estimate of future cash flows and the computation of the fair value of assets imply a high degree of judgment by the Board of Directors regarding the identification and evaluation of different impairment triggers, expected cash flows, applicable discount rates and useful lives. Grupo Pestana’s results obtained in this sector, for over 50 years, are, however, a good indicator to assess the estimates that have been used.

5.5. Provisions

Grupo Pestana periodically reviews potential liabilities arising from past events and that should be recognized or disclosed in the Consolidated financial statements.

The inherent subjectivity in determining the probability and amount of internal resources necessary to settle the obligations may lead to adjustments, either by changes in assumptions or future recognition of provisions previously disclosed as contingent liabilities.

5.6. Income taxes

The Group is subject to income taxes in numerous jurisdictions. Judgement is required in determining the Group's provision for income tax. For certain transactions the ultimate tax determination is uncertain, requiring judgement for the accounting or disclosure of the uncertain positions.

Deferred tax assets related to carry forward losses were assessed taking into consideration the existence of deferred tax liabilities and/or future taxable profit, under the same tax authority as well as the existence of any restrictions to its deductibility.

6. Tangible fixed assets

During the year ended as at 31 December 2024 and 2023 the movements occurred in Tangible fixed assets are as follows:

	Land	Buildings and other constructions	Basic equipment	Transport equipment	Administrative equipment	Tools	Other tangible assets	Assets under construction	Total
1 January 2024									
Acquisition cost	133.480.656	1.062.592.508	271.282.859	7.246.936	19.302.158	645.120	16.147.556	29.552.854	1.540.250.647
Accumulated depreciation	–	(584.656.894)	(216.904.020)	(6.363.513)	(18.435.901)	(611.422)	(10.062.052)	–	(837.033.802)
Accumulated impairment	(50.000)	(2.596.281)	–	–	–	–	–	–	(2.646.281)
Net book value	133.430.656	475.339.333	54.378.839	883.423	866.257	33.698	6.085.504	29.552.854	700.570.564
Changes in 2024									
Additions	1.493.284	36.710.240	4.154.948	2.372.992	343.075	1.300	2.076.316	18.648.180	65.800.335
Terminations - acquisition cost	–	(12.441.597)	(8.948.698)	(1.845.265)	(970.959)	(44.430)	(27.552)	–	(24.278.501)
Terminations - accumulated dep.	–	11.197.498	8.497.128	1.299.636	946.584	44.430	27.552	–	22.012.828
Terminations - accumulated imp.	–	1.244.099	–	–	–	–	–	–	1.244.099
Disposals - acquisition cost	(73.532)	(186.154)	–	–	–	–	(758.874)	–	(1.018.560)
Disposals - accumulated dep,	–	75.071	–	–	–	–	535.509	–	610.580
Transfers	1.199.852	661.594	876.765	–	165.837	–	–	(2.904.048)	–
Depreciation	–	(33.820.241)	(8.102.386)	(639.746)	(365.748)	(7.656)	(1.210.806)	–	(44.146.583)
Impairment – reversal	50.000	733.686	–	–	–	–	–	–	783.686
	2.669.604	4.174.196	(3.522.243)	1.187.617	118.789	(6.356)	642.145	15.744.132	21.007.884
31 December 2024									
Acquisition cost	136.100.260	1.087.336.591	267.365.874	7.774.663	18.840.111	601.990	17.437.446	45.296.936	1.580.753.921
Accumulated depreciation	–	(607.204.566)	(216.509.278)	(5.703.623)	(17.855.065)	(574.648)	(10.709.797)	–	(858.556.977)
Accumulated impairment	–	(618.496)	–	–	–	–	–	–	(618.496)
Net book value	136.100.260	479.513.529	50.856.596	2.071.040	985.046	27.342	6.727.649	45.296.986	721.578.448

Notes to the consolidated financial statements

	Land	Buildings and other constructions	Basic equipment	Transport equipment	Administrative equipment	Tools	Other tangible assets	Assets under construction	Total
1 January 2023									
Acquisition cost	122.966.533	1.021.299.490	262.450.710	7.131.159	18.475.470	623.442	15.108.334	34.595.579	1.482.650.717
Accumulated depreciation	-	(560.372.054)	(208.990.738)	(6.373.599)	(18.011.227)	(603.038)	(10.022.133)	-	(804.372.789)
Accumulated impairment	-	(2.906.281)	-	-	-	-	-	-	(2.906.281)
Net book value	122.966.533	458.021.155	53.459.972	757.560	464.243	20.404	5.086.201	34.595.579	675.371.647
Changes in 2023									
Additions	9.775.091	55.037.373	8.229.211	618.095	826.688	21.678	2.247.907	9.210.578	85.966.621
Write-offs - acquisition cost	-	-	(65.428)	(186.160)	-	-	(139.284)	-	(390.872)
Write-offs - accumulated depreciation	-	-	46.547	186.160	-	-	139.284	-	371.991
Terminations - acquisition cost	-	(22.618.283)	-	(108.687)	-	-	-	-	(22.726.970)
Terminations - accumulated depreciations	-	9.274.754	-	108.687	-	-	-	-	9.383.441
Disposals - acquisition cost	-	(427.166)	-	(207.471)	-	-	(1.069.401)	(4.617.281)	(6.321.319)
Disposals - accumulated dep.	-	142.125	-	190.299	-	-	727.201	-	1.059.625
Disposals - accumulated imp.	-	839	-	-	-	-	-	-	839
Transfers	358.848	8.608.808	668.366	-	-	-	-	(9.636.022)	-
Transfers from Inv. Properties - acquisition cost (Note 8)	380.184	1.026.250	-	-	-	-	-	-	1.406.434
Transfers from Inv. Properties – acc. depreciation (Note 8)	-	(987.966)	-	-	-	-	-	-	(987.966)
Transfers to Inv. Properties - acquisition cost (Note 8)	-	(333.964)	-	-	-	-	-	-	(333.964)
Transfers to Inv. Properties – acc. depreciation (Note 8)	-	12.245	-	-	-	-	-	-	12.245
Depreciation	-	(32.725.998)	(7.959.829)	(475.060)	(424.674)	(8.384)	(906.404)	-	(42.500.349)
Impairment – charge	(50.000)	(422.538)	-	-	-	-	-	-	(472.538)
Impairment – reversal	-	731.699	-	-	-	-	-	-	731.699
	10.464.123	17.318.178	918.867	125.863	402.014	13.294	999.303	(5.042.725)	25.198.917
31 December 2023									
Acquisition cost	133.480.656	1.062.592.508	271.282.859	7.246.936	19.302.158	645.120	16.147.556	29.552.854	1.540.250.647
Accumulated depreciation	-	(584.656.894)	(216.904.020)	(6.363.513)	(18.435.901)	(611.422)	(10.062.052)	-	(837.033.802)
Accumulated impairment	(50.000)	(2.596.281)	-	-	-	-	-	-	(2.646.281)
Net book value	133.430.656	475.339.333	54.378.839	883.423	866.257	33.698	6.085.504	29.552.854	700.570.564

During the year ended as at 31 December 2024 and 2023, the movements occurred in Right of use assets, by asset type, are as follows:

	Buildings and other	Basic equipment	Transport equipment	Total
1 January 2024				
Acquisition cost	223.560.300	1.966.798	2.787.515	228.314.613
Accumulated depreciation	(114.566.059)	(1.346.750)	(2.438.678)	(118.351.487)
Accumulated impairment	(1.862.595)	–	–	(1.862.595)
Net book value	107.131.646	620.048	348.837	108.100.531
Changes in 2024				
Additions	25.379.022	2.245.033	2.372.992	29.997.047
Terminations - acquisition cost	(12.216.644)	–	(798.738)	(13.015.382)
Terminations – acc. depreciation	10.972.545	–	798.738	11.771.283
Terminations – acc. impairment	1.244.099	–	–	1.244.099
Depreciation	(11.582.566)	(1.251.389)	(617.854)	(13.451.809)
	13.796.456	993.644	1.755.138	16.545.238
31 December 2024				
Acquisition cost	236.722.678	4.211.831	4.361.769	245.296.278
Accumulated depreciation	(115.176.080)	(2.598.139)	(2.257.794)	(120.032.013)
Accumulated impairment	(618.496)	–	–	(618.496)
Net book value	120.928.102	1.613.692	2.103.975	124.645.769
	Buildings and other	Basic equipment	Transport equipment	Total
1 January 2023				
Acquisition cost	240.612.417	1.715.788	2.562.080	244.890.285
Accumulated depreciation	(111.541.286)	(1.083.863)	(2.315.547)	(114.940.696)
Accumulated impairment	(1.440.057)	–	–	(1.440.057)
Net book value	127.631.074	631.925	246.533	128.509.532
Changes in 2023				
Additions	5.566.166	251.010	334.122	6.151.298
Terminations - acquisition cost	(22.618.283)	–	(108.687)	(22.726.970)
Terminations – acc. depreciation	9.274.754	–	108.687	9.383.441
Depreciation	(12.299.527)	(262.887)	(231.818)	(12.794.232)
Impairment – charge	(422.538)	–	–	(422.538)
	(20.499.428)	(11.877)	102.304	(20.409.001)
31 December 2023				
Acquisition cost	223.560.300	1.966.798	2.787.515	228.314.613
Accumulated depreciation	(114.566.059)	(1.346.750)	(2.438.678)	(118.351.487)
Accumulated impairment	(1.862.595)	–	–	(1.862.595)
Net book value	107.131.646	620.048	348.837	108.100.531

Additions and Transfers, excluding Right of use assets and Assets under construction

The main additions in 2024 refer to:

- Acquisition of Quinta do Perestrelo, located next to Pestana Miramar Garden & Ocean Hotel. The Group carried out construction work to convert it to a new 4-star luxurious hotel with 37 rooms, that started exploring from November 2024. The Group also acquired a land that allowed these two units to be connected;
- Completion of the second phase of the modernization project of Pestana Blue Alvor Beach All Inclusive Hotel, which began in 2022 with emphasis on the renovation of the unit's common areas, the improvement of existing spaces and the creation of new leisure areas;
- Acquisition of the FF&E from OPPA - Investimentos Imobiliários, S.A. as part of the agreement to transfer the operation of the hotel and the acquisition of the FF&E. The agreement was signed on 31 May 2024 and the Group began exploring this unit on 1 June 2024 and for which a right of use asset was recognized;
- Completion of the modernization of the building and equipment of Pestana Vila Lido Madeira Ocean Hotel;
- Capitalization of direct costs on Vacation Club contract negotiations (Note 3.4);
- Acquisition of glass bottles for the beverage industry already in line with the Group's policy regarding reusable packaging and the shipment of returnable barrels;
- The remaining additions refer mainly to other renovations, remodelations and the acquisition of equipment necessary to the normal operation of the Group's hotel units.

The main additions in 2023 refer to:

- Acquisition of Pestana Vila Sol hotel and Vila Golf - Pestana Golf Resort golf course, which until the date of acquisition were classified as right-of-use assets. The right-of-use asset and the lease liability at the date of termination were approximately 12.700.000 Euros and 14.900.000 Euros, respectively, so the impact is presented in Other income and gains as a gain (Note 31);
- Renovation of Pestana Delfim, which was renamed to Pestana Blue Alvor Beach All Inclusive Hotel, especially in the bedroom area, with the aim of modernizing this hotel and converting it into an all-inclusive unit;
- Refurbishment and modernization of the building and equipment of Pestana Vila Lido Madeira Ocean Hotel (formerly named Pestana Palms Ocean Hotel);
- The Group acquired the house attached to Pousada de Óbidos, which was already operated under a lease agreement. The right of use asset and the lease liability at the date of termination were around 111.000 Euros and 132.000 Euros, respectively;
- Additions to the Group's new hotel units at Pestana Rua Augusta Lisboa Historic Downtown and Pousada de Alfama Charming Hotel. The transfers of fixed assets mainly concern these units, which opened in May 2023 in the case of the Pousada de Alfama Charming Hotel and in October 2023 in the case of the Pestana Rua Augusta Lisboa Historic Downtown;
- Capitalization of direct costs on Vacation Club contract negotiations (Note 3.4);

- Acquisition of glass bottles for the beverage industry already in line with the Group's policy regarding reusable packaging and the shipment of returnable barrels;
- The remaining additions refer mainly to other renovations, remodulations and the acquisition of equipment necessary to the normal operation of the Group's hotel units.

Right of use asset additions

As at 31 December 2024 and 2023, right of use assets refer, mainly, to buildings and other constructions as presented in Note 25.

In 2024, the Group now holds the right of use relating to the Hotel Pestana Porto – A Brasileira, which began on 1 June 2024, with an initial impact on Right of Use Assets and Lease Liabilities of approximately 12.600.000 Euros. Additionally, the Group extended the Pestana Cascais and Pestana Sintra Golf lease terms for an additional 5 years with an impact of approximately 9.400.000 Euros on Right-of-use assets and Lease liabilities.

In 2023, the Group extended the Pestana Colombos lease terms, which will now expires in October 2024, reflecting an increase in the right of use of approximately 472.000 Euros

Em 2023, o Grupo extended the Pestana Colombos usage rights contract, which now expires in October 2024, reflecting an increase in the right of use of approximately 472.000 Euros.

The remaining additions of Right of use assets in 2024 and 2023 are essentially related to adjustments made to reflect changes to the lease payments resulting from a change in Consumer Price Index (CPI) as well as the extension of the term of some lease agreements.

Right of use asset terminations

In 2024 terminations to Right of use asset mainly refer to the leases of the business units of Pestana Ilha Dourada and Pestana Colombos, which expired on 31 May and 31 October, respectively (Note 25).

Disposals

Disposals in 2024 include the disposal of flats at Pestana Gramacho Residence and fractions of Torre I, in Alvor, sold for 324.950 Euros and obtaining a gain of 184.079 Euros (Note 31). In 2023 disposals also mainly concerned to flats at Pestana Gramacho Residence sold for 357.125 Euros and obtaining a gain of 187.480 euros (Note 31).

In 2023, Grupo Pestana sold a land located north of Gramacho to Pestana Properties – SIC Imobiliária fechada S.A. for 12.458.052 Euros. The sale value was defined based on an assessment carried out by an independent expert and certified by the Securities Market Commission.

Transfers to/from Investment Properties

In 2023, Transfers from Investment properties relate to a building in Alvor which is no longer rented out and has been converted into accommodation for Group employees (Note 8).

In 2023, Transfers to Investment properties relate to houses in Madeira which are now leased to third parties (Note 8).

Assets under construction

The most significant items included in Assets under construction are related to the following projects:

	31-12-2024	31-12-2023
Pestana Dunas (Porto Santo)	27.612.239	12.847.698
Quinta da Amoreira (Algarve)	6.345.437	6.345.437
Energy efficiency projects	3.028.687	887.805
Pestana Vintage Porto expansion (Oporto)	2.678.449	2.617.565
Others	5.632.174	6.854.349
	45.296.986	29.552.854

Pestana Dunas relates to a new hotel in Porto Santo, Madeira, with a total of 396 bedrooms and 60.000 m2 area on a land acquired in 2020 for 8.000.000 Euros. Pestana Dunas will confine with Pestana Porto Santo on the west and the proximity will allow for concentration and optimization between operations. The construction of 218 rooms began in 2023, including the reception and indoor and outdoors swimming pool and restaurant.

Quinta da Amoreira refers to a pre-project for a 98-apartment apart-hotel in a plot of land in the Alvor region, in Portimão (Algarve).

In June 2024, the Group received approval for an energy efficiency and technological investigation and development projects that include the purchase of heat pumps, condensing boilers and the installation of photovoltaic panels on the roofs of the buildings and car parks of the various hotel units for self-sufficiency, which will reduce electricity costs, CO2 emissions and dependence on the grid. This project is included in the application for the Recovery and Resilience Facility ("RRF") under the Accelerate and Transform Tourism Programme, which is expected to provide a non-refundable grant of between 40 and 65% of the eligible expenditure. The non-refundable grant received as part of this RRF application related with assets under construction, calculated in accordance with the methodology used by IAPMEI – Agência para a Competitividade e Inovação, amounting to approximately 1.800.000 Euros, has already been charged to these investments and will be recognised over the estimated useful life of the assets financed (Note 26).

Pestana Vintage Porto expansion refers to the acquisition of buildings next to the Pestana Vintage Porto with the objective of continuing the expansion of this Pestana Collection unit.

The value of the contractual commitments for the acquisition of tangible fixed assets as at 31 December 2024 is, approximately 22.100.000 Euros.

Assets which are reversible to the State

Grupo Pestana recognizes in its financial statements' assets related with the concession of the Pousadas de Portugal network and with gambling activities, which are reversible to the State at the end of the respective concessions without the right to any consideration. The net value of these assets as at 2024 is 4.284.255 Euros (2023: 4.965.484 Euros), and their useful life corresponds to their economic life or to the concession term, whichever is shorter.

Under the exploration assignment agreement, due to the units that were withdrawn from the Pousadas network in the last few years, the Group has now, as a definitive compensation without any conditions, an additional period of 3 years, with the guaranteed minimum term of this contract being extended to 31 December 2026.

Additionally, due to the cancellation by the competent entities of the financing operation of the Pousada da Serra da Estrela to Enatur, with the need already materialized to reintegrate the amounts of the Community funds in respect of the installation of the Pousada to the Portuguese State, and under this contract, Enatur

has recognized in 2019 the Group's right to compensation for a period of 5,8 years. This recognition is subject to the resolutive condition that Enatur wins the lawsuit brought against the Portuguese State for the return of said sums.

Considering the maximum limit for compensations foreseen in the exploration assignment agreement, the Group will only extend the contract to 31 December 2028. In the preparation of the Consolidated financial statements in 2019 the useful lives of the tangible fixed assets associated with the concession of the Pousada's network were revised since Enatur did not recognize in its own financial statements the reimbursement of the lawsuit brought against the State. Thus, the useful life of these assets corresponds to their economic life or the term of the concession, namely 2028, whichever is the lowest.

Impairment

Grupo Pestana has historically made very prudent investments, generally having a reduced cost per room in its fixed assets. Additionally, a significant part of these same assets have been revalued under IFRS 1 in 2010, with reference to the respective fair value as of 31 December 2008, but using real cash flows from 2009 and 2010 and with budgets for 2011, in full economic and financial crisis. All of these assets have depreciated since then.

In 2024 and 2023 all impaired assets were analyzed as well as those that with external or internal indicators of impairment based on the following hierarchy: market indicators, external assessments and internal assessments. When appropriate, internal evaluations were carried out in accordance with the discounted cash flow method, which reflects the best expectation at the time of the activity's evolution for the next 5 years, considering a growth rate in perpetuity of about 2% and using discount rates between 10% and 12% reflecting the risk and return expected by stakeholders.

Based on this approach, in 2024 and 2023 there was an impairment loss reversal on Madeira Magic in the amount of 737.879 Euros and 731.699 Euros, respectively. In 2023, there was an impairment loss charged on Beloura Golfe in the amount of 400.000 Euros.

Sensitivity analyses were performed on the internal valuation model, with the following assumptions: (i) in a pessimistic scenario with an increase in the WACC rate of 0.5% and simultaneously reductions in cash flows of 10%, as well as: (ii) in an optimistic scenario of maintaining the WACC rate and increasing cash flows by 10%, none of which has been considered as probable to occur. If we had used the assumptions under the pessimistic scenario accumulated impairment losses recognized as at 31 December 2024 would have increased by 236.303 Euros (2023: 365.367 Euros) and under the optimist scenario would have decreased by 36.565 Euros (2023: 265.214 Euros).

7. Intangible assets

During the year ended as at 31 December 2024 and 2023 the movements occurred in Intangible assets are as follows:

	Goodwill	Software	Total
1 January 2024			
Acquisition cost	9.500.000	262.096	9.762.096
Accumulated depreciation	–	(234.720)	(234.720)
Accumulated impairment	–	–	–
Net book value	9.500.000	27.376	9.527.376
Changes in 2024			
Additions	–	160.967	160.967
Write-offs - acquisition cost	–	(77.410)	(77.410)
Write-offs - accumulated depreciation	–	77.410	77.410
Amortization	–	(16.863)	(16.863)
	–	144.104	144.104
31 December 2024			
Acquisition cost	9.500.000	345.653	9.845.653
Accumulated depreciation	–	(174.173)	(174.173)
Accumulated impairment	–	–	–
Net book value	9.500.000	171.480	9.671.480
	Goodwill	Software	Total
1 January 2023			
Acquisition cost	9.500.000	634.738	10.134.738
Accumulated depreciation	–	(589.813)	(589.813)
Accumulated impairment	–	–	–
Net book value	9.500.000	44.925	9.544.925
Changes in 2023			
Write-offs - acquisition cost	–	(372.642)	(372.642)
Write-offs - accumulated depreciation	–	372.642	372.642
Amortization	–	(17.549)	(17.549)
	–	(17.549)	(17.549)
31 December 2023			
Acquisition cost	9.500.000	262.096	9.762.096
Accumulated depreciation	–	(234.720)	(234.720)
Accumulated impairment	–	–	–
Net book value	9.500.000	27.376	9.527.376

In June 2016, and following the corporate restructuring of Grupo Pestana, focusing on the subsidiary M.&J. Pestana, S.A. the financial investments held in the Autonomous Region of Madeira and in the Autonomous Region of the Azores, the single quota of Empresa de Cervejas da Madeira, Sociedade Unipessoal, Lda was acquired, resulting in the recognition of goodwill. As at 31 December 2024 and 2023, goodwill is 9.500.000 Euros.

The recoverability of goodwill is assessed on an annual basis with reference to 31 December, irrespective of the existence of indicators of loss of value. The recoverable amount was determined based on the value in use of the assets, calculated using the discounted cash flow valuation methodology, considering the market conditions, the value of the budgets set and approved by the Board, a growth rate in perpetuity of 2% and a discount rate between 8,5% e 9,5% that Grupo Pestana considers that reflects the best estimate of the associated specific risks.

A sensitivity analysis of the valuation model was performed considering a pessimistic scenario of an increase in the WACC rate by 0,5% and a 5% decrease in cash flows. On the application of this pessimistic scenario, *goodwill* as at 31 December 2024 and 2023 would continue to be fully recoverable

8. Investment properties

During the year ended as at 2024 and 2023 the movements occurred in Investment properties are as follows:

	<u>2024</u>	<u>2023</u>
1 January		
Acquisition cost	7.948.922	8.189.924
Accumulated depreciation	(2.138.274)	(3.020.044)
Accumulated impairment	(58.561)	(58.561)
Net book value	<u>5.752.087</u>	<u>5.111.319</u>
Additions	14.072	831.468
Transfers to Tangible fixed assets - acquisition cost (Note 6)	-	(1.406.434)
Transfers to Tangible fixed assets - acc. depreciation (Note 6)	-	987.966
Transfers from Tangible fixed assets - acquisition cost (Note 6)	-	333.964
Transfers from Tangible fixed assets - acc. depreciation (Note 6)	-	(12.245)
Depreciation	(84.059)	(93.951)
Impairment - reversal	4.192	-
	<u>(65.795)</u>	<u>640.768</u>
31 December 2023		
Acquisition cost	7.962.994	7.948.922
Accumulated depreciation	(2.222.333)	(2.138.274)
Accumulated impairment	(54.369)	(58.561)
Net book value	<u>5.686.292</u>	<u>5.752.087</u>

As at 31 December 2024 and 2023 the fair value of each one of the assets classified as Investment properties is not less than its carrying amount.

The additions in 2023 relate to the acquisition of a building in the municipality of Porto for 815.480 Euros to increase the number of rooms available at Pestana Vintage Porto. A promissory contract for this acquisition had already been signed on 28 November 2022 with a payment of 114.000 Euros. There is a lease in force for this building until 2029.

As at 31 December 2024 and 2023 Investment properties are mainly leased or intended to be leased and are detailed as follows:

	31-12-2024	31-12-2023
Funchal land, Madeira	2.342.455	2.342.455
Commercial properties leased to third parties, Algarve	2.108.826	2.234.317
Buildings for expansion, Oporto	792.992	815.480
Others	442.019	359.835
	5.686.292	5.752.087

Amounts recognized in the Consolidated income statement concerning Investment properties are as follows:

	2024	2023
Rents obtained	216.540	149.691
Operating expenses	(41.881)	(41.881)
Depreciation	(84.059)	(93.951)
	90.600	13.859

9. Investments in joint ventures

The movements occurred in Investments in joint ventures during 2024 and 2023 are as follows:

	2024	2023
1 January	2.840.831	2.667.551
(Losses) / Gains from equity accounting (Note 33)	(743)	173.280
31 December	2.840.088	2.840.831

As at 31 December 2024 Investments in joint ventures refer to the following entity:

Entity	% owned	Equity method			Accessory contributions			Total investment
		Investment amount	Impairment loss	Total	Investment amount	Impairment loss	Total	
Solpor – Soc. Turismo do Porto Santo Lda.	50,00%	2.410.088	–	2.410.088	430.000	–	430.000	2.840.088
		2.410.088	–	2.410.088	430.000	–	430.000	2.840.088

As at 31 December 2023 Investments in joint ventures refer to the following entity:

Entity	% owned	Equity method			Accessory contributions			Total investment
		Investment amount	Impairment loss	Total	Investment amount	Impairment loss	Total	
Solpor – Soc. Turismo do Porto Santo Lda.	50,00%	2.410.831	–	2.410.831	430.000	–	430.000	2.840.831
		2.410.831	–	2.410.831	430.000	–	430.000	2.840.831

The reconciliation between the net assets, excluding Accessory contributions and loans granted, and the carrying amount of the Investments in joint ventures in 2024 and 2023 is as follow:

	2024	2023
	Solpor - Sociedade Turismo do Porto Santo, Lda.	Solpor - Sociedade Turismo do Porto Santo, Lda.
Opening net assets 1 January	71.770	73.070
Profit for the period	(1.486)	(1.300)
Closing net assets 31 December	70.284	71.770
Group's share in %	50,00%	50,00%
Group's share in value	35.142	35.885
Adjustment of purchase price allocation	2.374.946	2.374.946
Carrying amount 31 December	2.410.088	2.410.831

The summary of financial statements from these joint ventures is presented in Note 38.

10. Investments in associates

The movements occurred in Investments in associates during 2024 and 2023 are as follows:

	2024	2023
1 January	11.701.729	11.439.033
Gains from equity accounting (Note 33)	493.819	401.116
Repayment of loans granted	–	(138.420)
31 December	12.195.548	11.701.729

The associate Enatur – Empresa Nacional de Turismo, S.A. repaid loans granted in the amount of 138.420 Euros in 2023.

As at 31 December 2024 the Investments in associates refer to the following entities:

Entity	% owned	Equity method			Loans granted			Total investment	Goodwill included
		Investment amount	Impairment loss	Total	Investment amount	Impairment loss	Total		
Enatur - Empresa Nacional de Turismo, S.A.	49,00%	11.700.548	-	11.700.548	-	-	-	11.700.548	3.837.382
Lean Company Ventures II, S.A.	10,00%	-	-	-	495.000	-	495.000	495.000	-
		11.700.548	-	11.700.548	495.000	-	495.000	12.195.548	3.837.382

As at 31 December 2023 the Investments in associates refer to the following entities:

Entity	% owned	Equity method			Loans granted			Total investment	Goodwill included
		Investment amount	Impairment loss	Total	Investment amount	Impairment loss	Total		
Enatur - Empresa Nacional de Turismo, S.A.	49,00%	11.206.729	-	11.206.729	-	-	-	11.206.729	3.837.382
Lean Company Ventures II, S.A.	10,00%	-	-	-	495.000	-	495.000	495.000	-
		11.206.729	-	11.206.729	495.000	-	495.000	11.701.729	3.837.382

The reconciliation between the net assets, excluding Accessory contributions and loans granted, and the carrying amount of the Associates in 2024 and 2023 is as follow:

	2024		2023	
	Enatur - Empresa Nacional de Turismo, S.A.	Lean Company Ventures II, S.A.	Enatur - Empresa Nacional de Turismo, S.A.	Lean Company Ventures II, S.A.
Opening net assets 1 January	54.051.251	679.342	54.740.507	761.935
Profit for the period	1.007.794	22.419	818.604	(115.745)
Other comprehensive income	(1.064.629)	(249.478)	(1.507.860)	33.152
Closing net assets 31 December	53.994.416	452.283	54.051.251	679.342
Group's share in %	49,00%	20,00%	49,00%	20,00%
Group's share in value	26.457.264	90.457	26.485.113	135.868
<i>Goodwill</i>	3.837.382	-	3.837.382	-
Conversion to IFRS	(18.594.098)	-	(19.115.766)	-
Consolidation adjustments	-	(90.457)	-	(135.868)
31 December	11.700.548	-	11.206.729	-

The summary of financial statements from these associates is presented in Note 38.

11. Financial assets at fair value through profit and loss

The movements occurred in Financial assets at fair value through profit and loss during 2024 and 2023 are as follows

	2024	2023
1 January	20.666.742	16.925.573
Acquisitions	936.168	6.794.696
Capital reimbursement	(638.877)	(249.893)
Changes in fair value (Note 33)	2.278.918	(2.298.419)
Disposals	-	(505.215)
31 December	23.242.951	20.666.742

In 2024 participation units were subscribed and realized in the new Fabertech III, FCR (Faber Tech III), in the Faber Tech II, FCR (Faber Tech II), and in the FaberBlue Pioneers I, FCR (Faber Blue Pioneers) for a total amount of 936.168 Euros. The new Fabertech III fund's main policy is to invest in early-stage start-ups from the Iberian Peninsula that focus on the areas of digital transformation, robotics and artificial intelligence. The subscription corresponds to the first capital call of a commitment to subscribe a total of 2.500.000 Euros.

In 2024, the Group obtained capital reimbursements without redemption of participation units of 638.877 Euros from the Iberis Bluetech Fund, FCR, EuVECA (Bluetech), Faber Tech II.

The changes in fair value in 2024 correspond to the appreciation of the Bluetech Fund, Fabertech II, Iberis Bluetech Fund III, FRC (Bluetech III) and the devaluation of the Faber Blue Pioneers I.

In 2024, the valuation of the Bluetech Fund was calculated on the basis of the information obtained indicating its market value and the other funds were calculated by valuing the investment units in proportion to the participation in the equity of each fund.

In 2023, participation units in Bluetech III, FaberBlue Pioneers I, Faber Tech II were subscribed for a total of 6.794.696 Euros. The policy of the funds Bluetech III is to invest in Research and Development (R&D) companies and projects, which is why the investment was eligible under SIFIDE II (Portuguese Tax Incentives for Research and Development). The investment in the fund was made by two subsidiaries of the Group, which submitted the respective application in May 2024, which was approved in February 2025 by the Agência Nacional de Inovação, S.A..

At the General Meeting of the subsidiary Turismo Fundos - SGOIC, S.A., held on 16 November 2023, the Group requested the redemption of the participation units it held in this fund, which will only be paid in November 2025.

The remaining reimbursements in 2023 related to the capital reduction without any redemption of participation units of the Bluetech Fund.

In 2023, due to the change in market conditions caused by the sudden rise in interest rates which had a significant impact on the business models of the start-ups invested in by the fund, the Iberis Bluetech Fund, FCR, EuVECA carried out a public sale of PU's on the secondary market. This operation resulted in the sale of a significant number of PU's to a group of new investors, at a unit price of 702,31 Euros, according to the communication received from the Fund's management company in November 2023. Following this operation, the Group adjusted the valuation of all the units in its portfolio at that time to this new unit value, also canceling out the revaluations recorded in previous years. In 2023, the Group sold 620 investment units for the aforementioned market unit value of 702,31 Euros.

The remaining change in fair value in 2023 relates to the devaluation of Fabertech II, Bluetech III and FaberBlue.

These funds are classified as Level 3 in the fair value hierarchy, except for Bluetech, FCR and EuVECA, which is classified as Level 2 (Note 13).

As at 31 December 2024, the Group had commitments regarding participating units subscribed but not realized in the amounts of 2.189.568 Euros, 1.284.939 Euros and 414.560 Euros regarding Fabertech III, Faber Blue Pioneers I and Fabertech II, respectively.

As at 31 December 2024 the Financial assets at fair value through profit and loss have the following detail:

Entity	% owned	Fair value
Iberis Bluetech Fund III, FCR	n.a.	14.990.060
Iberis Bluetech Fund, FCR, EuVECA	n.a.	4.294.388
Faber Tech II, FCR	n.a.	3.120.250
FaberBlue Pioneers I	n.a.	450.488
Fabertech III – Fundo de Capital de Risco Fechado	n.a.	310.432
Others	-	77.333
		23.242.951

As at 31 December 2023 the Financial assets at fair value through profit and loss have the following detail:

Entity	%	Fair value
Iberis Bluetech Fund III, FCR	n.a.	14.594.421
Iberis Bluetech Fund, FCR, EuVECA	n.a.	3.636.561
Faber Tech II, FCR	n.a.	1.891.239
FaberBlue Pioneers I	n.a.	467.188
Others	-	77.333
		20.666.742

12. Deferred tax assets and liabilities

As at 31 December 2024 and 2023 the balance recognized as Deferred taxes is presented in Consolidated statement of financial position at net value.

The impacts of the movements occurred in deferred taxes' items are as follows:

	2024	2023
Impact on income statement		
Deferred tax assets	4.035.329	1.017.859
Deferred tax liabilities	2.518.478	4.098.265
	<u>6.553.807</u>	<u>5.116.124</u>
Impact on equity		
Deferred tax assets	5.453	-
Deferred tax liabilities	4.444	44.335
	<u>9.897</u>	<u>44.335</u>
Net effect of deferred taxes	<u>6.563.704</u>	<u>5.160.459</u>

In 31 December 2024 and 2023, the tax rate applied to measure the main deferred taxes is comprised between 14,7% and 25% (2023: 14,7% - 26%) with this reduction resulting from the approval of the Portuguese State Budget for 2025.

Therefore, in 31 December 2024, deferred taxes were recalculated taking into account the changes in tax rates approved, with a positive impact on the profit for the year of 575.068 Euros. This impact result from the decrease in deferred tax assets and deferred tax liabilities of 81.830 Euros and 656.898 Euros, respectively.

The subsidiaries operating in Madeira and the Azores were taxed through a tax consolidation in Portugal (RETGS) until 2022, so their tax result contributed to the tax consolidated result calculated at Grupo Pestana, S.G.P.S., S.A. level. To apply the RETGS, all companies must be subject to the general corporate income tax rate, which in Portugal is 21%. Until 2022 these subsidiaries had to waive the reduced corporate income tax rate applicable in the Autonomous Region of Madeira (RAM) and the Autonomous Region of the Azores (RAA) of 14,7% to be included in the tax consolidation.

In 2023, the subsidiaries operating in Madeira and the Azores opted to stop waiving the reduced corporate income tax rate in force in the Autonomous Region of Madeira / Autonomous Region of Azores, which made them to no longer fulfil this requirement. Consequentially, they are no longer within the RETGS perimeter. Therefore, deferred taxes at 31 December 2023 were recalculated with a positive impact on the result of 1.534.577 Euros and on equity of 11.917 Euros. This change is explained by the decrease in deferred tax assets and deferred tax liabilities of 818.347 Euros and 2.364.841 Euros, respectively. The tax rate applied to measure tax differences at the Consolidated statement of financial position date as at 31 December 2024 and 2023, ranges between 14,7% and 18,7%.

The movements occurred in Deferred tax assets for the years presented were as follows:

	RFAI and SIFIDE	Carry forward tax losses	Fair value	Impairment of tangible fixed assets	Leases	Conventional share capital remuneration	Others	Total
1 January 2024	1.194.635	367.566	472.895	244.428	1.122.803	276.748	299.576	3.978.651
Constitution / reversal through equity	–	–	–	–	–	–	5.453	5.453
Constitution through income statement	5.295.815	–	–	–	134.281	–	–	5.430.096
Reversal through income statement	(33.052)	(263.302)	(467.453)	(200.100)	–	(155.691)	(275.169)	(1.394.767)
Changes on period	5.262.763	(263.302)	(467.453)	(200.100)	134.281	(155.691)	(269.716)	4.040.782
	6.457.398	104.264	5.442	44.328	1.257.084	121.057	29.860	8.019.433
Offset of Deferred tax liabilities	–	–	(5.442)	(44.328)	(1.257.084)	(121.057)	(26.607)	(1.454.518)
31 December 2024	6.457.398	104.264	–	–	–	–	3.253	6.564.915

	RFAI and SIFIDE	Carry forward tax losses	Fair value	Impairment of tangible fixed assets	Leases	Conventional share capital remuneration	Others	Total
1 January 2023	78.636	14.958	–	443.348	970.229	517.858	935.763	2.960.792
Constitution through income statement	1.194.635	367.566	472.895	–	152.574	3.709	–	2.191.379
Reversal through income statement	(78.636)	(14.958)	–	(198.920)	–	(244.819)	(636.187)	(1.173.520)
Changes on period	1.115.999	352.608	472.895	(198.920)	152.574	(241.110)	(636.187)	1.017.859
	1.194.635	367.566	472.895	244.428	1.122.803	276.748	299.576	3.978.651
Offset of Deferred tax liabilities	–	–	(472.895)	(244.428)	(1.122.803)	(276.748)	(299.576)	(2.416.450)
31 December 2023	1.194.635	367.566	–	–	–	–	–	1.562.201

Investment and research & development (R&D) incentives

In 2024 and 2023 deferred tax assets of 5.295.815 Euros and 1.194.635 Euros, respectively, were recognized in relation to the Portuguese benefit of the Investment Incentive Scheme ("RFAI") related to the investment in the future Pestana Dunas hotel, on the island of Porto Santo, which has not yet been possible to deduct the full amount. This asset is expected to be recovered over the next six years.

Carry forward tax losses

As at 31 December 2023, deferred tax assets for tax losses were constituted in the amount of 367.566 Euros relating to accumulated tax losses, of which 263.302 Euros have already been reverted in 2024. The remaining amount is expected to be recovered next year.

The movements occurred in deferred tax liabilities for the years presented were as follows:

	<u>Deemed cost (IFRS1)</u>	<u>Hedge accounting reserves</u>	<u>Difference in depreciation rate</u>	<u>Others</u>	<u>Total</u>
1 January 2024	17.841.444	4.444	213.057	1.699.164	19.758.109
Constitution through equity	-	(4.444)	-	-	(4.444)
Constitution through income statement	-	-	181.186	-	181.186
Reversal through income statement	(2.460.078)	-	-	(239.586)	(2.699.664)
Changes on period	(2.460.078)	(4.444)	181.186	(239.586)	(2.522.922)
	15.381.366	-	394.243	1.459.578	17.235.187
Offset of Deferred tax liabilities	-	-	-	(1.454.518)	(1.454.518)
31 December 2024	15.381.366	-	394.243	5.060	15.780.669

	<u>Deemed cost (IFRS 1)</u>	<u>Hedge accounting reserves</u>	<u>Difference in depreciation rate</u>	<u>Others</u>	<u>Total</u>
1 January 2023	21.999.373	48.779	111.386	1.741.171	23.900.709
Constitution through equity	-	(44.335)	-	-	(44.335)
Constitution through income statement	-	-	101.671	-	101.671
Reversal through income statement	(4.157.929)	-	-	(42.007)	(4.199.936)
Changes on period	(4.157.929)	(44.335)	101.671	(42.007)	(4.142.600)
	17.841.444	4.444	213.057	1.699.164	19.758.109
Offset of Deferred tax liabilities	(717.286)	-	-	(1.699.164)	(2.416.450)
31 December 2023	17.124.158	4.444	213.057	-	17.341.659

Deferred tax liabilities include the non-deduction for tax purposes of 100% of the excess recorded on the determination of the deemed cost.

13. Financial assets and liabilities

The accounting policies for measuring financial instruments in accordance with IFRS 9 were applied to the following financial assets and liabilities:

31 December 2024	Amortized cost	Fair value through comprehensive income	Fair value through profit and loss	Other non-financial assets and liabilities	Total
Financial Assets					
Cash and cash equivalents	137.417.454	-	-	-	137.417.454
Trade and other receivables	47.636.713	-	-	11.413.811	59.050.524
Financial assets at fair value through profit and loss	-	-	23.242.951	-	23.242.951
	185.054.167	-	23.242.951	11.413.811	219.710.929
Financial liabilities					
Borrowings	189.872.506	-	-	-	189.872.506
Derivatives	-	29.102	-	-	29.102
Advances from customers	-	-	-	32.267.753	32.267.753
Trade and other payables	64.696.466	-	-	14.749.121	79.445.587
	254.568.972	29.102	-	47.016.874	301.614.948
31 December 2023	Amortized cost	Fair value through comprehensive income	Fair value through profit and loss	Other non-financial assets and liabilities	Total
Financial Assets					
Cash and cash equivalents	41.410.081	-	-	-	41.410.081
Trade and other receivables	48.350.579	-	-	12.528.244	60.878.823
Derivatives	-	23.759	-	-	23.759
Financial assets at fair value through profit and loss	-	-	20.666.742	-	20.666.742
	89.760.660	23.759	20.666.742	12.528.244	122.979.405
Financial liabilities					
Borrowings	205.000.128	-	-	-	205.000.128
Advances from customers	-	-	-	65.757.981	65.757.981
Trade and other payables	64.798.442	-	-	13.413.468	78.211.910
	269.798.570	-	-	79.171.449	348.970.019

According to IFRS 13, Grupo Pestana established the way it obtains the fair value of its financial assets and liabilities. The levels used are presented in Note 3.8 and are as follows:

	31-12-2024			31-12-2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Financial assets at fair value through profit and loss	-	4.294.388	18.948.563	-	3.636.561	17.030.181
Derivatives	-	-	-	-	-	23.759
	-	4.294.388	18.948.563	-	3.636.561	17.053.940
Financial liabilities						
Derivatives	-	-	29.102	-	-	-
	-	-	29.102	-	-	-

14. Derivatives

As at 31 December 2024 and 2023 Grupo Pestana had interest rate swaps (hedging derivatives) as follows:

	31-12-2024		31-12-2023	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps – non-current	-	29.102	23.759	-
	-	29.102	23.759	-

Detailed information about the characteristics and fair value of the swaps is as follows:

Classification IFRS 9	Initial reference value	Maturity	Payment period	Fees receivable/payable	Fair value at 31-12-2024	Fair value at 31-12-2023	Variation
Hedging	5.000.000	30/12/2027	Semiannual	Eur 6M / 2,36%	(29.102)	23.759	(52.861)
					(29.102)	23.759	(52.861)

The change in the fair value of the derivatives financial instruments occurred in 2024 and 2023 were as follows:

	2024	2023
1 January	23.759	197.122
Hedging derivatives - fair value changes	(52.861)	(173.363)
31 December	(29.102)	23.759

The changes in the fair value reserve related to cash flow hedges in 2024 and 2023 were as follows

	2024	2023
1 January	19.315	148.343
Hedging derivatives - fair value changes	(52.861)	(173.363)
Deferred tax (Note 12)	9.897	44.335
31 December	(23.649)	19.315

The fair value of the interest rate swaps corresponds to the mark-to-market value determined based on the agreed terms and the estimated interest rate yields as at the statement of financial position date, which corresponds to level 3 on the hierarchy of fair-value (Note 13).

Grupo Pestana recognizes derivative financial instruments in accordance with IFRS 9. However, it is noteworthy that borrowings underlying these derivatives have an all-in below current market conditions, considering that borrowings subject to hedging have spreads much lower than the current market conditions.

15. Trade and other receivables

As at 31 December 2024 and 2023 Trade and other receivables are detailed as follows:

	31-12-2024			31-12-2023		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables (i)	19.779.682	–	19.779.682	23.741.961	–	23.741.961
Other receivables (ii)	5.170.310	1.871.900	7.042.210	4.389.068	1.846.998	6.236.066
Prepayments (iii)	4.539.434	6.874.377	11.413.811	4.961.769	7.566.475	12.528.244
Accrued income (iv)	11.520.601	–	11.520.601	8.208.079	–	8.208.079
Taxes receivable (v)	9.294.220	–	9.294.220	10.164.473	–	10.164.473
	50.304.247	8.746.277	59.050.524	51.465.350	9.413.473	60.878.823
Advances from customers (vi)	(32.267.753)	–	(32.267.753)	(65.757.981)	–	(65.757.981)

Trade and other receivables have no significant difference between their carrying amount and fair value.

i) Trade receivables

	31-12-2024			31-12-2023		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables - group (Note 40)	1.285.440	–	1.285.440	4.206.324	–	4.206.324
Trade receivables - others	18.494.242	–	18.494.242	19.535.637	–	19.535.637
Doubtful debtors	2.783.050	–	2.783.050	3.590.425	–	3.590.425
	<u>22.562.732</u>	<u>–</u>	<u>22.562.732</u>	<u>27.332.386</u>	<u>–</u>	<u>27.332.386</u>
Impairment of trade receivables	(2.783.050)	–	(2.783.050)	(3.590.425)	–	(3.590.425)
	<u>19.779.682</u>	<u>–</u>	<u>19.779.682</u>	<u>23.741.961</u>	<u>–</u>	<u>23.741.961</u>

Impairment of Trade receivables – movements of the year:

	2024	2023
1 January	3.590.425	3.301.204
Increases	–	295.431
Utilizations	(684.684)	–
Reversals	<u>(122.691)</u>	<u>(6.210)</u>
31 December	<u>2.783.050</u>	<u>3.590.425</u>

ii) Other receivables

	31-12-2024			31-12-2023		
	Current	Non-current	Total	Current	Non-current	Total
Other debtors - group (Note 40)	574.513	1.871.900	2.446.413	246.542	1.674.125	1.920.667
Other debtors - others	<u>5.113.108</u>	<u>–</u>	<u>5.113.108</u>	<u>4.594.655</u>	<u>172.873</u>	<u>4.767.528</u>
Impairment of other receivables	<u>(517.311)</u>	<u>–</u>	<u>(517.311)</u>	<u>(452.129)</u>	<u>–</u>	<u>(452.129)</u>
	<u>5.170.310</u>	<u>1.871.900</u>	<u>7.042.210</u>	<u>4.389.068</u>	<u>1.846.998</u>	<u>6.236.066</u>

As at 31 December 2024 and 2023, the caption Other debtors – group includes the receivable amount of 1.876.437 Euros and 1.803.298 Euros, respectively, from the sub-lease resulting from the derecognition of the Right of use asset concerning the sub concession agreement signed in 2016 for the private use of Pestana CR7 Funchal hotel until 2044, with Pestana CR7 – Madeira, S.A. (Note 3.18).

Other debtors - group include receivables from companies included in the Special Taxation Regime for Group Companies (“RETGS”) (Notes 12 e 17), but which are not part of the consolidation perimeter, amounting to 473.912 Euros and 46.492 Euros, in 2024 and 2023, respectively. In 2024 and 2023, 23.357 Euros and 125 Euros, respectively, are being deducted of withholding tax paid by one of the companies included in the RETGS.

As at 31 December 2024 and 2023, Other debtors - others, also includes guarantees given to suppliers in the amount of 2.136.838 Euros and 1.926.774 Euros, respectively.

Impairment of Other receivables - movements of the year:

	<u>2024</u>	<u>2023</u>
1 January	452.129	382.320
Increases	<u>65.182</u>	<u>69.809</u>
31 December	<u>517.311</u>	<u>452.129</u>

The ageing of balances without impairment is as follows:

	<u>31-12-2024</u>	<u>31-12-2023</u>
0 to 6 months	18.447.519	20.836.976
6 to 12 months	2.415.890	5.030.750
12 to 18 months	1.028.816	96.870
18 to 24 months	164.932	264.058
More than 24 months	<u>4.764.736</u>	<u>3.749.373</u>
	<u>26.821.892</u>	<u>29.978.027</u>

As at 31 December 2024, the ageing balances without impairment for more than 24 months include, balances with other Group companies, namely the sublease already mentioned, and balances relating to guarantees provided to suppliers with balances to be paid.

The ageing of balances with impairment is as follows:

	<u>31-12-2024</u>	<u>31-12-2023</u>
0 to 6 months	205.470	126.344
6 to 12 months	446.885	1.078.025
12 to 18 months	139.136	162.079
18 to 24 months	54.507	160.566
More than 24 months	<u>2.454.363</u>	<u>2.515.540</u>
	<u>3.300.361</u>	<u>4.042.554</u>

Impairment losses are calculated as described in Note 3.10. iii). It is worth noting that, due to the Grupo Pestana's careful management in the attribution of credit and respective collections, there is no significant incidents of default on receivables from customers so far. Therefore, despite the risk covered by credit insurance, it was never necessary to use this coverage, nor recognize any relevant impairment in these values.

iii) Prepayments

	31-12-2024			31-12-2023		
	Current	Non-current	Total	Current	Non-current	Total
Contract costs	1.026.315	6.874.377	7.900.692	1.047.427	7.566.475	8.613.902
Insurance	198.858	-	198.858	320.503	-	320.503
Other services	3.314.261	-	3.314.261	3.593.839	-	3.593.839
	4.539.434	6.874.377	11.413.811	4.961.769	7.566.475	12.528.244

As at 31 December 2024 and 2023 the balance of Contract costs relates exclusively to commissions paid related to sales of Pestana Vacation Club – Options contracts (Note 3.21. ii). The Other services prepayments are essentially related real estate activity.

iv) Accrued income

As of 31 December 2024 and 2023, this caption essentially refers to the amounts that will be received upon the completion of the deeds of the housing units already delivered to owners, in the amount of around 7.969.814 Euros and 7.337.920 Euros, respectively.

v) Tax receivable

As at 31 December 2024 and 2023 this caption is mainly related to VAT receivable.

In 2024 and 2023 there were VAT refunds in the total amount of 2.139.816 Euros and 3.869.516 Euros, respectively.

vi) Advances from customers

Refers, mainly, to the amounts received along the construction works, amounting in total to 23.718.070 Euros (31 December 2023: 57.247.594 Euros) and maintenance fees charged in advance under timeshare contracts amounting to 4.215.240 Euros (31 December 2023: 5.408.252 Euros). The residual amount are mainly related to reservations made by tour operators, groups and individual customers.

In 31 December 2023, it was expected that the deeds for the Pestana Comporta Village villas would be signed during 2024, but this did not happen. Deeds only started at the end of 2024 and on a very residual number. The remainder of the deeds will be completed by the first half of 2025.

16. Inventory

As at 31 December 2024 and 2023 Inventories are detailed as follows:

	31-12-2024	31-12-2023
Goods	1.814.376	1.541.298
Raw and subsidiary materials	4.397.126	3.621.950
Finished goods	964.084	1.169.586
Work in progress	68.190.381	103.506.109
	75.365.967	109.838.943
Impairment of inventories	(394.065)	(324.621)
	74.971.902	109.514.322

Finished goods and Work in progress are as follow:

	31-12-2024	31-12-2023
Silves Golf Resort project (Algarve)	25.824.140	26.194.568
Pestana Comporta Village Residences (Comporta)	19.475.386	12.196.441
Abrunheira project (Portalegre)	6.349.235	6.349.235
Vila Sol G3 (Algarve)	5.368.953	5.314.276
The Valley - Nature Resort (Algarve)	4.194.048	4.943.778
Quinta das Maravilhas project (Madeira)	2.701.696	2.654.250
Madeira Acqua Residences (Madeira)	1.847.533	43.661.398
Tróia Eco-Resort project (Tróia)	1.789.794	1.789.794
Beverages and packaging	1.130.415	1.292.677
Others	473.265	279.278
	69.154.465	104.675.695

The Silves Golf Resort project is a tourist project which will include two 4-star touristic resorts and 1 aparthotel with a total of 269 accommodation units. The first tourist resort includes 175 accommodation units. In 2024, as in 2023, the construction of Phase 1 continued and more accommodation units were delivered to customers.

Pestana Comporta Village is located 200 meters from the village of Comporta, in Portugal, and 2 km from the beach, where all units have private swimming pools. The construction of the units finished in the last quarter of 2024 and the first deeds were done at the end of December 2024.

On a land with an area of about 450 ha, the Abrunheira project is formed by 13 touristic undertakings, divided in 10 tourist villages, 2 touristic apartments with houses and 1 hotel or apart-hotel, with an additional 32 plots of equipment, infrastructures and leisure spaces, including a golf course, a Club House and an equestrian center. This project is intended to be undertaken through phases, with the first one corresponding to an area of 63 ha and is composed of 1 tourist village with 13 lodging units, two tourist apartments and 1 apart-hotel.

Vila Sol G3 relates to a plot of land acquired in 2023 for a future residential real estate project in Vilamoura, in Algarve, next to the hotel and golf course also acquired in 2023.

The Valley - Nature Resort is a real estate project located in south of Gramacho that started in 2020. This project involves the construction of independent units that are being constructed for sale and tourist exploration. The Group continued to deliver accommodation units to customers during 2024.

The Quinta das Maravilhas project, which is still in its licensing stage, refers to a building located on Rua das Maravilhas, in Funchal, which has a privileged location for the development of a residential complex of apartments and luxury houses. This project was acquired in 2021 and is expected to be completed in 2027.

The Madeira Acqua Residences project concerns the former Madeira Palácio hotel acquired in 2021. One of the components of this transaction included the former hotel, which was converted into apartments for sale. Madeira Acqua Residences had a total investment of 61.400.000 Euros, including its acquisition cost. The project was completed in 2024 with almost all of the apartments delivered to customers.

The Pestana Tróia Eco Resort is related to the construction of houses and the infrastructures of a touristic village, where the last L3 units are yet to be delivered in 2024.

In 2024, the Cost of goods sold and materials consumed amounted to 130.862.900 Euros (31 December 2023: 97.583.647 Euros).

Impairment of Inventories – movements of the year:

	2024	2023
1 January	324.621	367.525
Increases	71.168	–
Utilizations	–	(19.463)
Reversals	(1.724)	(23.441)
31 December	394.065	324.621

17. Income tax

The balances of corporate income tax for the years ended 31 December 2024 and 2023 are as follows:

	31-12-2024		31-12-2023	
	Asset	Liability	Asset	Liability
Current income tax	672.581	9.935.166	13.238.160	5.325.347
	672.581	9.935.166	13.238.160	5.325.347

The balance of Current income tax is detailed as follows:

	31-12-2024	31-12-2023
Current income tax estimate (Note 35)	(24.780.817)	(13.461.326)
Current income tax through accounts receivable or payable (Note 15 and Note 27)	1.467.784	3.239.453
Advance payments	12.446.243	13.777.958
Additional advance payments	1.922.934	2.458.296
Withholding taxes	1.931.057	1.837.070
Withholding taxes – other companies (Note 15)	(1.649.607)	(1.310.848)
Reinstatement of tax benefits (Nota 35)	(1.046.673)	(504.274)
Claim for regional tax (Note 35)	446.494	446.494
Tax benefits from previous years (Note 35)	–	1.429.990
	(9.262.585)	7.912.813

Grupo Pestana, S.G.P.S., S.A. is covered by the Special Taxation Regime for Group Companies (R.E.T.G.S.). Accordingly, the Group's current income tax is calculated based on the taxable profit of the companies included in the consolidation and under that taxation regime, according to the applicable rules. For companies not covered by the special taxation regime, current income tax is calculated based on their respective taxable profit or loss, according to the tax rules in the registered office of each company.

Reinstatement of tax benefits in 2024 refers to the impact of not reinvesting the entire amount obtained from the sale in 2022 of the Pestana Blue hotel, which was located in Algarve, Portugal. Reinstatement of the tax benefits in 2023 corresponds to the amount of the Portuguese benefit of the Investment Incentive

Scheme ("RFAI") that has to be refunded, as the investment in two assets in Lisbon was considered as relevant investment for this incentive in 2022, but they are located in a non-eligible zone following the change in Portuguese law effective from 1 January 2022. Therefore, the tax not paid in 2022 was recognized as a liability in the amount of 490.095 Euros, as well as the corresponding compensatory interest of 14.179 Euros.

In 2024 and 2023 the income tax receivable includes 446.494 Euros resulting from two complaints submitted in 2023 to the Portuguese tax authorities for the 2021 and 2022 tax periods. These complaints arose because in 2021 and 2022 the Group's subsidiaries operating in the Autonomous Regions of Madeira and the Azores applied the higher national surtax rates provided for in the Portuguese tax code instead of the reduced Regional Surtax rates, when their individual taxable income exceeded 1.500.000 Euros.

Tax benefits from previous years relate to the excess tax paid in 2018 as a result of the investment scheme RFAI by two companies that are part of the tax consolidation in Portugal, which did not take into account the corresponding deduction to the localization of the investments. Therefore, the tax benefit was calculated by applying a rate of 10 per cent instead of the 25 per cent that should have been applied according to the Investment Tax Code in force in 2018 in relation to investments made in the North of Portugal. As a result, income tax was overpaid in 2018 in the amount of 1.494.398 Euros. In June 2022 a tax act revision request was submitted for the 2018 tax period, which was partially approved at the beginning of January 2024 in the amount of 1.429.990 Euros.

In 2024 e 2023, income tax payable of subsidiaries not included in R.E.T.G.S. is 7.469.334 Euros and 4.753.810 Euros, respectively.

18. Cash and cash equivalents

As at 31 December 2024 and 2023 Cash and cash equivalents are detailed as follows:

	31-12-2024	31-12-2023
Cash	3.121.144	3.440.598
Bank deposits	134.296.310	37.969.483
	137.417.454	41.410.081

The detail of the amount considered as final balance in Cash and cash equivalents for the purposes of the Consolidated statement of cash flows for the period ended 2024 and 2023 is as follows:

	31-12-2024	31-12-2023
Cash	3.121.144	3.440.598
Bank overdrafts	(319.227)	(446.309)
Bank deposits	134.296.310	37.969.483
	137.098.227	40.963.772

20. Capital

As at 31 December 2024 and 2023 Capital is as follows:

	2024	2023
Share capital (i)	83.530.000	83.530.000
Other equity instruments:		
Share premium (ii)	33.690.973	33.690.973
Accessory contributions (iii)	7.779.027	7.779.027
	125.000.000	125.000.000

(i) Share capital

As at 31 December 2024 e 2023, Grupo Pestana, S.G.P.S., S.A.'s subscribed Share capital amounts to 83.530.000 Euros, represented by 83.530.000 fully paid shares with the nominal value of 1 Euro each. The detail of the Share capital as at 31 December 2024 and 2023 is as follows:

Shareholders	Number of shares	Share capital
Pestana International Holdings S.A.	82.694.700	82.694.700
Dionísio Fernandes Pestana	835.300	835.300
	83.530.000	83.530.000

(ii) Share premium

The caption Share premium refers to the excess of fair value of the amounts delivered by the Shareholders to Grupo Pestana, S.G.P.S., S.A. on paying-up the share capital. This balance can only be used for incorporation in future capital increases.

(iii) Accessory contributions

As at 31 December 2024 and 2023, Accessory contributions relate to:

Shareholders	31-12-2024	31-12-2023
Dionísio Fernandes Pestana	5.700.000	5.700.000
Pestana International Holdings S.A.	2.079.027	2.079.027
	7.779.027	7.779.027

These Accessory contributions are not remunerated and do not have an established reimbursement date. Accessory contributions may only be reimbursed until the point where equity is not lower than the sum of the share capital and the legal reserve as disclosed in the Company's separate financial statements.

22. Other reserves

As at 31 December 2024 and 2023 the movements occurred in Other reserves were as follows:

	Legal reserve (i)	Fair value Reserve C.F.C	Total
1 January 2023	32.769.429	148.343	32.917.772
Profit for the period application	2.410.960	–	2.410.960
Change in fair value reserve - hedging derivatives (net of tax)	–	(129.028)	(129.028)
31 December 2023	35.180.389	19.315	35.199.704
Profit for the period application	1.171.419	–	1.171.419
Change in fair value reserve - hedging derivatives (net of tax)	–	(42.964)	(42.964)
31 December 2024	36.351.808	(23.649)	36.328.159

(i) Legal reserve

In accordance with the applicable commercial law in Portugal, at least 5% of the annual net profit must be used to increase the legal reserve until it is equal to 20% of the issued share capital. This reserve is not available for distribution except in the event of the Company's liquidation but may be used to absorb losses, after all other available reserves have been extinguished, and to increase share capital.

(ii) Fair value reserve C.F.H. (Cash Flow Hedge)

This reserve is not available for distribution and includes the effective portion of changes in fair value of hedging derivatives (Note 14). This reserve also includes the deferred tax impact related to the changes in fair value that are not tax deductible, at the reporting date

23. Retained earnings

As at 31 December 2024 and 2023 Retained earnings movements were as follows:

	Total
1 January 2023	95.925.994
Profit for the period application	94.197.908
Dividends (Note 36 and 40)	(93.500.000)
31 December 2023	96.623.902
Profit for the period application	80.832.161
Dividends (Note 36 and 40)	(20.000.000)
31 December 2024	157.456.063

24. Non-controlling Interests

As at 31 December 2024 and 2023 Non-controlling interests' movements were as follow:

	2024	2023
1 January	12.216.148	10.703.948
Profit for the period	3.912.132	3.015.710
Dividends (Notes 36 e 40)	<u>(600.000)</u>	<u>(1.503.510)</u>
31 December	<u>15.528.280</u>	<u>12.216.148</u>

Non-controlling interests relate to the following investments:

	31-12-2024		31-12-2023	
	% held	Value	% held	Value
Ponta da Cruz - Soc. Imobiliária e de Gestão de Hotéis, S.A.	48,00%	10.010.464	48,00%	7.380.661
Porto Carlton - Soc. Construção e Exploração Hoteleira, S.A.	40,00%	<u>5.517.816</u>	40,00%	<u>4.835.487</u>
		<u>15.528.280</u>		<u>12.216.148</u>

25. Provisions

As at 31 December 2024 and 2023 the movements in Provisions were as follows:

	Litigations and claims in progress (i)	Customer guarantees (ii)	Other provisions (iii)	Total
1 January 2024	2.815.053	76.558	1.387.514	4.279.125
Increases	–	568.088	–	568.088
Decreases	–	–	(20.295)	(20.295)
Utilizations	–	–	<u>(46.239)</u>	<u>(46.239)</u>
Changes on period	–	568.088	<u>(66.534)</u>	501.554
31 December 2024	<u>2.815.053</u>	<u>644.646</u>	<u>1.320.980</u>	<u>4.780.679</u>
Current balance	60.000	170.516	1.058.509	1.289.025
Non-current balance	<u>2.755.053</u>	<u>474.130</u>	<u>262.471</u>	<u>3.491.654</u>
	<u>2.815.053</u>	<u>644.646</u>	<u>1.320.980</u>	<u>4.780.679</u>

	Litigations and claims in progress (i)	Customer guarantees (ii)	Other provisions (iii)	Total
1 January 2023	2.785.053	78.117	1.323.319	4.186.489
Increases	30.000	–	113.514	143.514
Decreases	–	(1.559)	–	(1.559)
Utilizations	–	–	(49.319)	(49.319)
Changes on period	30.000	(1.559)	64.195	92.636
31 December 2023	2.815.053	76.558	1.387.514	4.279.125
Current balance	60.000	44.089	1.008.250	1.112.339
Non-current balance	2.755.053	32.469	379.264	3.166.786
	2.815.053	76.558	1.387.514	4.279.125

Details of provisions accounted for and main reasons for the movements occurred are as follows:

(i) Litigations and claims in progress

There are lawsuits and arbitration proceedings ongoing against some Group subsidiaries, classified as probable losses. These provisions were recorded based on the opinion of internal and external legal advisors, in order to address the probable outflow of resources with these claims.

The subsidiary Empresa de Cervejas da Madeira, Lda. (ECM) received an inspection carried out by Customs in Lisbon related to Special Tax on Consumption (IEC) for the years 2002, 2003 and the first half of 2004, an officious liquidation in the amount of 2.029.130 Euros with the addition of 321.270 Euros of compensatory interest. Until 2014, this claim was on hierarchical court appeal and the subsidiary ECM had constituted bank guarantees, and no outflow was expected to occur based on the opinion of reputable external advisors. However, in 2015, the court has taken its decision which was unfavourable to ECM. Despite the extraordinary judicial administrative appeal that was immediately submitted, considering the development occurred in the process, Grupo Pestana recognized a provision in the total amount of 2.755.053 Euros.

The lawsuit is currently under judicial review, and there are no further developments that imply changes to the balance of the provision. According to the external lawyer in charge of the process, the process is not expected to be concluded and paid within one year, so this provision is classified as a non-current liability.

(ii) Customer guarantees

Based on the history and typology of work developed, this provision includes the estimated costs to be incurred in future with the assurance that has been given on the construction of villas and apartments.

(iii) Other provisions

Following a promissory sale contract celebrated in 2011 in which the client committed to buying a lodging unit in the Pestana Tróia Eco-Resort and after several attempts the deed was not realized, therefore Grupo Pestana's subsidiary Carvoeiro Golfe, S.A. decided to exert its right to resolve the contract having booked the entirety of the advance received as revenue in 2017, in the amount of 950.000 Euros.

However, also in 2017, Carvoeiro Golfe, S.A. was notified that the process 324/14.0TELSB-AZ was being instated and was requested to post a bank guarantee in the amount of 950.000 Euros in favor of the

Portuguese state. The Public Ministry was of the understanding that there was substantiated reason to consider that the money delivered by the promissory buyer at the time of the celebration of the promissory sale contract came from illicit sources.

Therefore, even though Carvoeiro Golfe, S.A. always acted in good faith and in accordance with the law, and as is registered in the order it had condition to consider the act as formally valid and, consequently, withhold as its own the amount corresponding to the advance, following a prudent approach Grupo Pestana decided to book a provision in the same amount in the eventuality that the Portuguese state executes the mentioned bank guarantee.

In 2024 there is no evolution regarding this process, the bank guarantee remains active, and this provision continues to prudently be presented in current liabilities.

As at 31 December 2024 and 2023 the remaining Other provisions result from ordinary and inherent business risks.

26. Borrowings

The classification of Borrowings concerning the term (current and non-current) and nature at the end of the periods is as follows:

	31-12-2024			31-12-2023		
	Current	Non-current	Total	Current	Non-current	Total
Bank loans	12.524.639	115.605.570	128.130.209	15.178.276	128.131.598	143.309.874
Bond loans	27.100.000	29.000.000	56.100.000	–	56.100.000	56.100.000
Commercial paper	–	5.000.000	5.000.000	–	5.000.000	5.000.000
Bank overdrafts	319.227	–	319.227	446.309	–	446.309
	39.943.866	149.605.570	189.549.436	15.624.585	189.231.598	204.856.183
Interests payable - accrual	1.297.869	–	1.297.869	1.427.879	–	1.427.879
Interests paid - deferral	(326.951)	(647.848)	(974.799)	(255.236)	(1.028.698)	(1.283.934)
	40.914.784	148.957.722	189.872.506	16.797.228	188.202.900	205.000.128

The future payments of the outstanding bank loans, bond loans and commercial paper, by currency of denomination as at 31 December 2024 and 2023 are as follows:

	2025	2026	2027	2028	2029	Following years	Total
Bank loans							
Euro	12.524.639	12.152.362	12.038.065	9.887.343	8.826.504	72.701.296	128.130.209
	12.524.639	12.152.362	12.038.065	9.887.343	8.826.504	72.701.296	128.130.209
Bond loans							
Euro	27.100.000	–	29.000.000	–	–	–	56.100.000
	27.100.000	–	29.000.000	–	–	–	56.100.000
Commercial paper							
Euro	–	–	5.000.000	–	–	–	5.000.000
	–	–	5.000.000	–	–	–	5.000.000
	39.624.639	12.152.362	46.038.065	9.887.343	8.826.504	72.701.296	189.230.209
	2024	2025	2026	2027	2028	Following years	Total

Bank loans							
Euro	15.178.27	12.278.16	12.197.07	12.068.67	9.902.70	81.684.97	143.309.
	<u>15.178.27</u>	<u>12.278.16</u>	<u>12.197.07</u>	<u>12.068.67</u>	<u>9.902.70</u>	<u>81.684.97</u>	<u>143.309.</u>
Bond loans							
Euro	-	27.100.00	-	29.000.00	-	-	56.100.0
	<u>-</u>	<u>27.100.00</u>	<u>-</u>	<u>29.000.00</u>	<u>-</u>	<u>-</u>	<u>56.100.0</u>
Commercial paper							
Euro	-	-	-	5.000.000	-	-	5.000.00
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5.000.000</u>	<u>-</u>	<u>-</u>	<u>5.000.00</u>
	<u>15.178.27</u>	<u>39.378.16</u>	<u>12.197.07</u>	<u>46.068.67</u>	<u>9.902.70</u>	<u>81.684.97</u>	<u>204.409.</u>

As at 31 December 2024 94,4% of the total borrowings are contracted at fixed rate (2023 92,7%) and the remaining are subject to variable interest rate of 12M, 6M, 3M and 1M Euribor plus spread. As at 31 December 2024 fixed interest rate Borrowings with nominal amount of 178.924.542 Euros (2023: 189.954.247 Euros), have a fair value of 158.592.657 Euros (2023: 163.835.568 Euros). However, these borrowing cannot be transacted by the Group.

Bank loans

Bank loans have as collateral the mortgage over some assets which are booked as tangible fixed assets.

In 2023, considering the increase in interest rates, the expectation of them remaining high at least in the medium term, and the Group's high liquidity, the Group decided to pay in advance loans remunerated at variable rate in the amount of 16.133.767 Euros.

As part of the subsidized Covid credit lines, namely the Apoiar Madeira credit line, in 2024 the Group received approval to convert the amount of 314.145 Euros into a non-refundable incentive.

In 2023, the Group received approval to convert the amount of 617.562 relating to the credit line expiring in 2025. In addition, it received an incentive of 230.594 Euros from the Incentive System for the Enhancement and Qualification of the Autonomous Region of Madeira for the application submitted with the energy efficiency project, repayable in 18 fixed semi-annual instalments of capital without interest and ending in 2035. In 2023 there was also the conversion of 308.800 Euros into a non-refundable amount of part of the Credit Line, obtained during the Covid pandemic period from BPI, as the Group met the criteria for maintaining jobs during that period.

The repayment of loan instalments bearing interest at variable rate is in the following quarters:

	<u>2024</u>	<u>2023</u>
1st quarter	3.211.013	4.775.624
2nd quarter	2.090.777	2.976.811
3rd quarter	3.531.790	3.679.420
4th quarter	1.791.314	3.023.772
	<u>10.624.894</u>	<u>14.455.627</u>

Bond loans

All bond loans have a fixed interest rate.

In 14 July 2023, the Group redeemed in advance, with a discount of 493.500 Euros, the amount of 32.900.000 euros of the bond loan signed in September 2019 with BBVA (Banco Bilbao Viscaia Argentaria) relating to the issue by private subscription of 600 green bonds, represented by securities in book-entry and registered form with a nominal value of 100.000 Euros, in the total amount of 60.000.000 Euros, called Pestana Green Bond. Green bonds are a debt instrument that allows companies to raise investment for existing projects or for new projects with associated environmental benefits. The funds raised from this issue were used to refinance sustainable investments. The remaining maturity date is September 2025.

On 5 November 2021, Grupo Pestana entered into a paying service contract with BBVA (Banco Bilbao Viscaia Argentaria) for the issuance by private subscription of 290 bonds with a nominal value of 100.000 Euros, in the total amount of 29.000.0000 Euros, called Grupo Pestana 2021/2027. This issue was initially foreseen to be 20.000.000 Euros, however since the demand was much higher than the targeted amount, it consequently led to an increase to 29.000.000 Euros. Most of the bonds were subscribed by entities that already held bonds of Grupo Pestana, namely that participated in the issuance of 60.000.000 Euros of green bonds in 2019.

Commercial paper

These programs are remunerated at a fixed interest rate.

During 2024, the Group received and reimbursed the amount of 10.000.000 Euros.

Bank overdrafts

During 2024, the Group benefit from a bank overdraft in the amount of 1.500.000 Euros, which was fully repaid in the same year.

Unused contracted credit lines

Grupo Pestana holds, as at 31 December 2024, a set of unused contracted credit lines in Financial Institutions, with a total amount of 83.100.000 Euros related to authorized credit lines and overdrafts.

27. Lease liabilities

As at 31 December 2024 and 2023 Lease liabilities refer to:

	31-12-2024	31-12-2023
Current	17.813.304	15.746.818
Non-current		
1 to 5 years	61.471.334	50.163.774
More than 5 years	68.800.836	66.189.154
	148.085.474	132.099.746

As at 31 December 2024 Lease liabilities essentially refer to 21 hotel leases (9 in Lisbon, 6 in Madeira, 3 in Algarve, 2 in Oporto and 1 in Viseu), and the management of the 30 Pousadas of the network.

As at 31 December 2023 Lease liabilities essentially refer to 22 hotel leases (9 in Lisbon, 8 in Madeira, 3 in Algarve, 1 in Oporto and 1 in Viseu), and the management of the 31 Pousadas of the network.

In 2024 the Group started to explore the new hotel unit Pestana Porto – A Brasileira as of 1 June 2024, whose initial impact on the Right of use assets and lease liabilities was approximately 12.600.000 Euros. Additionally, in 2024, the Group also renewed the lease contracts for Pestana Cascais and Pestana Sintra

Golf for a period of 5 years, with an impact of around 9.400.000 Euros on the Right of use assets and Lease liabilities.

During 2024, the contracts for the hotel units located in Madeira, Pestana Ilha Dourada and Pestana Colombos, ended on 31 May and 31 October, respectively (Note 6).

28. Deferred revenue

As at 31 December 2024 and 2023 the detail of Deferred revenue is as follows:

	31-12-2024			31-12-2023		
	Current	Non-current	Total	Current	Non-current	Total
Pestana Vacation Club – D.R.H.P. (i)	17.892.753	56.669.673	74.562.426	16.257.141	64.499.474	80.756.615
Pestana Vacation Club – Options (ii)	3.338.539	23.966.824	27.305.363	3.308.245	25.372.125	28.680.370
Government investment grants (iii)	797.323	7.091.350	7.888.673	390.708	5.864.569	6.255.277
Others (iv)	646.767	2.150.160	2.796.927	941.448	1.993.735	2.935.183
	22.675.382	89.878.007	112.553.389	20.897.542	97.729.903	118.627.445

(i) *Pestana Vacation Club – Timeshare rights (Direitos reais de habitação periódica “D.R.H.P.”)*

This balance refers to the sale of Pestana Vacations Club rights, which are deferred over the period of the award of temporary right of use of hotels and apartments at the Grupo Pestana (Note 3.21.iii)), which will end between 2025 and 2039.

The movement that occurred in 2024 and 2023 was as follows:

	2024	2023
1 January	80.756.615	85.584.511
Increases/Reductions	8.142.282	9.194.290
Consumption	(14.336.471)	(14.022.186)
Movements	(6.194.189)	(4.827.896)
31 December	74.562.426	80.756.615

The increases/reductions relate to new contracts, upgrades and cancellations.

(ii) *Pestana Vacation Club – Options*

This item refers to the sale of the timeshare program Options. The customer acquires points that give him the right to use accommodation without having to choose the specific hotel at that time. Revenue is recognized according to the redemption of points in the program and their validity date (Note 3.21. iii)).

The movement that occurred in 2024 and 2023 was as follows:

	2024	2023
1 January	28.680.370	30.225.141
Increases/Reductions	3.731.427	3.011.918
Consumption	<u>(5.106.434)</u>	<u>(4.556.689)</u>
Movements	<u>(1.375.007)</u>	<u>(1.544.771)</u>
31 December	<u>27.305.363</u>	<u>28.680.370</u>

Increases/reductions relate to new contracts and cancels.

(iii) Government grants

This balance relates to grants obtained, the revenue of which is recognized throughout the useful life of the subsidized assets which is comprised between 6 and 40 years.

The variation of the year is mainly due to the subsidy obtained as part of the application for the Recovery and Resilience Facility (RRF) in the “Accelerate and Transform Tourism Program”, which approved a non-refundable incentive of between 40% and 65% on the expenses approved as eligible. The non-refundable subsidy received as part of this RRF application, calculated in accordance with the method used by IAPMEI - Agência para a Competitividade e Inovação, amounting to 1.830.228 Euros, has already been charged to these investments and will be recognized over the estimated useful life of the assets financed.

In 2024, under the Valorizar 2020 system of incentives for business development and qualification in the Autonomous Region of Madeira and Azores, the Group received approval to convert 314.145 Euros into a non-refundable incentive (Note 24). In 2023, after validation by a competent authority to validate eligible expenses and compliance with objectives, it received a total of 329.421 euros, of which 230.594 euros was considered a refundable incentive in 18 fixed semi-annual installments of interest-free capital ending in 2035 (Note 24) and 98.827 euros as a non-refundable investment incentive.

(iv) Other deferred income

This caption includes the contracted amount to Pestana CR7 – Madeira Hotel Investimentos Turísticos, S.A. relating to the agreement for the private use of plots integrated in the infrastructure constructed in Praça do Mar, for 28 years.

29. Trade and other payables

As at 31 December 2024 and 2023 the detail of Trade and other payables is as follows:

	31-12-2024			31-12-2023		
	Current	Non-current	Total	Current	Non-current	Total
Trade payables						
Suppliers (i)	35.534.273	-	35.534.273	36.681.922	-	36.681.922
Other payables						
Other payables	2.340.361	-	2.340.361	1.810.231	-	1.810.231
Other payables - group (Note 40) (ii)	1.957.806	-	1.957.806	3.301.430	-	3.301.430
Suppliers of property, plant and equipment	1.176.116	-	1.176.116	2.910.183	-	2.910.183
Taxes payable (iii)	3.864.314	-	3.864.314	4.087.986	-	4.087.986
Accrued expenses						
Wages and corresponding taxes	14.749.121	-	14.749.121	13.413.468	-	13.413.468
Construction works	5.257.554	-	5.257.554	3.102.162	-	3.102.162
Property taxes	989.558	-	989.558	946.578	-	946.578
Others (iv)	13.576.484	-	13.576.484	11.957.950	-	11.957.950
	79.445.587	-	79.445.587	78.211.910	-	78.211.910

Trade and other payables presented have no significant difference between carrying amount and fair value.

(i) Suppliers

	31-12-2024			31-12-2023		
	Current	Non-current	Total	Current	Non-current	Total
Suppliers - group (Note 40)	4.331.565	-	4.331.565	7.815.286	-	7.815.286
Suppliers - others	31.202.708	-	31.202.708	28.866.636	-	28.866.636
	35.534.273	-	35.534.273	36.681.922	-	36.681.922

(ii) Other payables – group

Other payables - group essentially include the amount payable for tax losses ascertained in 2024 and 2023 by the companies included in the Special Taxation Regime for Group Companies (Note 17), but which are not part of the consolidation perimeter, in the amount of .941.696 Euros and 3.286.070 Euros, respectively. In 2024 and 2023, this amount is deducted from withholding taxes amounting to 1.626.250 Euros and 1.310.723 Euros, respectively.

(iii) Taxes payable

	31-12-2024			31-12-2023		
	Current	Non-current	Total	Current	Non-current	Total
Personnel income tax withheld	557.477	-	557.477	956.780	-	956.780
Value added tax	1.399.537	-	1.399.537	1.461.455	-	1.461.455
Social security contributions	1.480.737	-	1.480.737	1.437.125	-	1.437.125
Others	426.563	-	426.563	232.626	-	232.626
	3.864.314	-	3.864.314	4.087.986	-	4.087.986

(iv) Other accrued expenses

This caption includes accruals for operational expenses of individual reduced value, such as professional fees, cleaning, commissions and energy, among others.

30. Revenue

The detail of Revenue recognized in the Income statement is as follows:

	2024	2023
Hospitality business (i)	314.568.710	278.425.640
Real estate (ii)	142.367.507	82.455.602
Beverages (industry) (iv)	39.138.859	36.754.685
Pestana Vacation Club (iii)	29.454.663	28.264.932
Golf	14.741.163	12.740.459
Entertainment	10.792.114	10.758.962
Others (v)	7.700.000	7.700.000
	558.763.016	457.100.280

(i) Hospitality business

Grupo Pestana's hotel units achieved an increase in Revenue of 13% compared to the previous years. This increase is the reflection of the rise in demand in the locations where the Group is present and also the increase in the average room rate of approximately 7%. This price increase is also the consequence of the change in the sales channel adopted by the customers, who are increasingly opting for online channels. Thus, Grupo Pestana's investment policy is focused on boosting direct and online channels to benefit from this trend and maximize its revenue.

In Madeira and Porto Santo, despite the termination of the contracts of Pestana Ilha Dourada and Pestana Colombos, there was a 13% increase in sales compared to the previous year. These results are sustained growth of international tourism, particularly in key markets such as the United Kingdom and France, that continue to make a significant contribution to the units' revenue.

In 2024, the Algarve's tourism sector performed remarkably well, with the Group's hotel units recording a 16% increase in sales, compared to 2023. The region benefited from the opening of new air routes, including direct connections to cities such as Helsinki, Southampton and Brest. These new connections

have facilitated access to the Algarve, attracting a greater number of international tourists from different markets throughout the year. Additionally, there was also a continuous effort to diversify the tourist offer, promoting not only beaches, but also cultural, gastronomic and nature activities. This diversified focus has helped attract different tourist profiles, contributing to a significant increase in occupancy rates and industry revenue.

Regarding Pousadas de Portugal, they also had excellent results having increased their sales by around 14% compared to 2023. It is worth noting that 2024 was also the year in which several Pousadas had their best result ever. This was mainly due to the increase in the average room rate, as well as the good results from the Pousadas in Lisbon, mainly Pousada de Alfama, opened in May 2023, which had in 2024 its first full year of operation. The generic growth of Pousadas do Algarve, as well as the very significant increase in revenue from Pousada do Mosteiro de Amares were also particularly relevant in achieving this positive performance of the Pousadas brand.

The city destinations, Lisbon and Oporto, have been attracting more and more tourists for their beauty and culture, resulting in numerous awards and highlights over the years, including several awards received from World Travel Awards. The Pestana Palace Lisboa Hotel & National Monument stands out, having received two distinctions, with the award for City Family & Wellness Resort and Luxury Business Hotel. All these recognitions allow us to attract and retain tourists year after year, which contributes to the increase in demand, occupancy rates and price of the units operated by the Group, factors that justify the increase in sales by 6%, as well as the start of operations of the new Pestana Porto – A Brasileira hotel unit, starting June 1, 2024.

The 2024 and 2023 detail of Revenue rendered in Hospitality business by country of origin are as follows:

Country	Hospitality business	
	2024	2023
Portugal	27,9%	30,8%
United Kingdom	18,0%	18,0%
Germany	9,0%	9,0%
United States	8,4%	7,8%
France	5,3%	5,3%
Spain	3,8%	4,2%
Ireland	2,9%	2,7%
Netherlands	2,5%	2,1%
Poland	2,3%	1,4%
Switzerland	1,8%	1,9%
Brazil	1,8%	1,9%
Others	16,3%	14,9%
	100%	100%

(ii) Real Estate

In 2024, the Group booked almost all Madeira Acqua Residences real estate deeds (Note 16) for approximately 90.500.000 Euros. The Group also continued with the projects The Valley Nature Resort that continued to deliver accommodation units to customers around 9.000.000 Euros (2023: 17.300.000 Euros), Silves Golfe Resort with delivers of approximately 2.300.000 Euros (2023: 2.000.000 Euros). Still in 2024, the Group booked the first Pestana Comporta Village real estate deeds for approximately 1.100.000 Euros.

In 2023, the projects in Porto Covinho, Norte do Gramacho and the land in Alvor were sold to the Group company, Pestana Properties – SIC Imobiliária Fechada SA, for the respective values of 14.670.000 Euros,

12.458.052 Euros and 1.492.000 Euros. The sales values were defined based on assessments carried out by independent experts and certified by the Securities Market Commission. In the case of land in the North of Gramacho, the defined price also included land allocated to a future golf course that was still in the development phase (Note 6). In 2023, real estate revenue also includes 2.600.000 Euros related to Pestana Tróia Eco Resort.

Real estate includes revenue that was recognized according to the measurement of performance obligation satisfaction based on the percentage of completion method, which corresponds to the proportion of incurred costs to the total estimated contract costs. In 2024, the Group continued the construction of Pestana Porto Covo, initiated in 2023, that generated around 16.500.000 Euros of revenue, being at the date the main work in progress (2023: 3.200.000 Euros). This project will have an estimated construction cost of 31.300.000 Euros. In 2024 and 2023, the amount recognized in revenue with respect to these contracts was 16.500.000 Euros and 4.900.000 Euros, respectively, and the costs amounted to 15.700.000 Euros and 3.300.000 Euros, respectively. As at 31 December 2024 and 2023, the accumulated revenue recognized from these in-progress construction contracts amounted to 19.700.000 Euros and 4.800.000 Euros, respectively, and the accumulated costs amounted to 18.800.000 Euros and 3.300.000 Euros, respectively. For all Construction contracts in progress it was possible to make a reliable estimate of their outcome.

(iii) Pestana Vacation Club

With the contribution of its main tourist markets in the UK and Germany, Pestana Vacation Club made it possible to obtain revenue from periodic accommodation and Options contracts of approximately 29.500.000 Euros. It should be noted that the Group continues to make it possible to enjoy the contracted weeks whose use was impacted by the pandemic and whose maintenance fees were paid, but the revenue had been deferred for the remaining period of the contract.

The 2024 and 2023 detail of Revenue rendered in Vacation Club & Options by country of origin related to the number of customers are as follows:

País	Pestana Vacation Club	
	2024	2023
United Kingdom	60,2%	60,3%
Germany	11,3%	11,0%
Portugal	8,1%	8,2%
Finland	6,9%	7,0%
Sweden	2,6%	2,7%
Norway	2,2%	2,2%
France	1,6%	1,6%
Denmark	1,4%	1,4%
Others	5,7%	5,6%
	100%	100%

31. External services and supplies

The detail of External services and supplies is as follow:

	2024	2023
Professional fees	30.049.284	30.653.507
Subcontracts	29.511.902	25.733.619
Cleaning	25.807.676	23.508.342
Commissions	16.095.927	14.909.908
Energy	10.993.331	12.817.164
Advertising	8.965.966	7.328.758
Maintenance	7.814.064	7.871.833
Property management exploration counterpart	4.654.655	4.518.817
Rents	2.932.064	3.915.407
Insurance	1.259.736	1.189.139
Others	5.914.927	5.279.346
	143.999.532	137.725.840

Grupo Pestana has a mostly variable cost structure, which allows it to be flexible in its management according to the evolution of demand. In July 2023, the Group renegotiated its energy contracts in Portugal and managed to significantly reduce its costs, with 2024 being the first full year with the new prices.

In accordance with Article 66, paragraph 1, section b) of the Portuguese Commercial Companies Code ("Código das Sociedades Comerciais"), it is hereby informed that the 2024 Group auditor's consolidated audit fees for all subsidiaries amounted 121.300 Euros. Audit services performed on the remaining companies included in the consolidation perimeter by other auditors amounted to 7.600 Euros.

Fees for other services provided by the Group Auditor amounted to 10.500 Euros.

32. Personnel expenses

The detail of Personnel expenses is as follows:

	2024	2023
Board of Directors		
Wages and salaries	1.346.078	1.253.470
Social security contributions	184.515	182.273
	1.530.593	1.435.743
Staff		
Wages and salaries	61.506.808	59.497.350
Social security contributions	12.357.349	11.922.105
Others	1.743.133	1.363.743
	75.607.290	72.783.198
	77.137.883	74.218.941

The average number of employees of the consolidation perimeter in 2024 was 2.918 (31 December 2023: 2.862).

In 2024 and 2023 Personnel expenses includes 4.360.000 Euros and 4.920.000 Euros, respectively, of profit-sharing expenses.

33. Other income

The detail of Other income is presented as follows:

	2024	2023
Supplementary income	2.983.935	2.903.722
Foreign currency exchange gains	782.136	891.537
Gains on disposal of assets	578.479	816.592
Investment government grants	498.045	408.467
Operating government grants	26.951	1.565.369
Rent concessions	–	2.269.042
Others	872.864	712.063
	5.742.410	9.566.792

Supplementary income relates to the exchange of services and charges to Group companies that are not part of the consolidation perimeter of Grupo Pestana SGPS, SA.

In 2024, Gains on disposals includes the gain on the sale of Gramacho Residences apartments in the amount of 184.079 Euros (2023: 187.400 Euros) (Note 6).

In 2023, Operating government grants essentially refer to subsidies granted under non-repayable Covid credit lines that were converted to non-refundable (Note 24).

In 2023, Rent concessions includes the termination of the lease contract for the Pestana Vila Sol asset and the adjacent golf course, acquired in September 2023, which generated a gain of 2.195.153 Euros (Note 6).

34. Other expenses

The detail of Other expenses is as follows:

	2024	2023
Taxes	3.845.359	3.744.579
Credit card commissions	2.525.499	2.210.584
Donations	717.149	517.620
Write-offs	520.646	32.652
Inventory gifts and samples	174.652	148.320
Losses on inventories	87.238	163.836
Foreign currency exchange losses	58.334	107.440
Disposal of tangible assets	6.647	38.638
Others	1.819.100	447.778
	9.754.624	7.411.447

Taxes refers essentially to expenses incurred with property taxes, with solid waste and sewage conservation rates.

As of 31 December 2024, the caption Others includes the amount paid of 681.747 Euros for the transfer of the operation of Pestana Porto - A Brasileira hotel for the period of its lease, resulted from the agreement signed on 31 May 2024 between the Group and OPPA - Investimentos Imobiliários, S.A. and the subsequent addendum to the agreement, dated 7 January 2025.

35. Gains/(losses) on equity method and financial assets at fair value through profit and loss

The detail of Gains and losses on equity method and financial assets at fair value through profit and loss is as follows:

	<u>2024</u>	<u>2023</u>
Gains/(losses) from equity method in Joint ventures (Note 9):		
Solpor - Sociedade de Turismo do Porto Santo, Lda.	(743)	173.280
Gains/(losses) from equity method in Associates (Note 10):		
Enatur - Empresa Nacional de Turismo, S.A.	493.819	401.116
Gains/(losses) in Financial assets at fair value through profit or loss (Note 11):	2.278.918	(2.298.419)
Gains from perimeter (Note 40):	<u>273.784</u>	<u>–</u>
	<u>3.045.778</u>	<u>(1.724.023)</u>

36. Financial expenses and income

The detail of Financial expenses and income is presented as follows:

	2024	2023
Financial expenses		
Lease liabilities interest	7.142.002	6.674.248
Interest expenses	5.804.902	7.816.640
Commissions and guarantee fees	1.075.699	1.367.518
Taxes	270.833	332.519
Interest rate swaps	119.967	119.639
Foreign currency exchange losses	23.379	37.718
	14.436.782	16.348.282
Financial income		
Interest income	1.061.483	2.277.711
Interest rate swaps	191.445	169.760
Foreign currency exchange gains	171.624	–
Sublease interest	105.393	185.884
Guarantee fees	10.395	2.274
	1.540.340	2.635.629

37. Income tax

The detail of the Income tax for the year recognized in the financial statements is as follows:

	2024	2023
Current income tax:		
Current period income tax	24.780.817	13.461.326
Reinstatement of tax benefits (Note 17)	1.046.673	504.274
Tax benefits from previous years (Note 17)	-	(1.429.990)
Claim for regional tax (Note 17)	-	(446.494)
Adjustments in respect of prior year estimates	(574.434)	(542.181)
	25.253.056	11.546.935
Deferred income tax:		
Origin and reversal of temporary differences (Note 12)	(6.553.807)	(5.116.124)
	(6.553.807)	(5.116.124)
	18.699.249	6.430.811

The income tax rates applicable to each subsidiary, in the calculation of the income tax to recognize in the Consolidated financial statements, are as follows:

	2024	2023
Tax rate	14,7% - 21,0%	14,7% - 21,0%
Municipal surcharge	0,0% - 1,5%	0,0% - 1,5%
State surcharge:		
> 1.500.000 e < 7.500.000	2,1% - 3,0%	2,1% - 3,0%
> 7.500.000 e < 35.000.000	3,5% - 5,0%	3,5% - 5,0%
> 35.000.000	6,3% - 9,0%	6,3% - 9,0%

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2024	2023
Profit before tax	149.440.737	91.450.101
Tax calculated at domestic tax rates applicable to profits in the respective subsidiaries	25.791.987	16.673.975
Differences of taxes rates on income and deferred taxes	(122.793)	152.647
Income not subject to tax	(6.394.300)	(3.829.550)
Expenses not deductible for tax purposes	436.464	538.086
	19.711.358	13.535.158
Reinstatement of tax benefits (Note 17)	1.046.673	504.274
Tax losses (Note 12)	263.302	(367.566)
Differences of taxes rates on income and deferred taxes (Note 12)	(575.068)	(1.534.577)
RFAI	(5.695.142)	(1.290.915)
SIFIDE	-	(4.950.644)
Tax benefits from previous years (Note 17)	-	(1.429.990)
Claim for regional tax (Note 17)	-	(446.494)
Other taxation	78.505	155.268
Municipal surcharge	738.702	585.935
State surcharge	3.705.353	2.212.543
Adjustments in respect of prior year estimates	(574.434)	(542.181)
	18.699.249	6.430.811

Grupo Pestana, S.G.P.S., S.A. is taxed under the Special Taxation Regime for Group Companies ("RETGS"). Consequently, the current income tax is calculated based on the taxable profit/(loss) of the companies included in the consolidation and in said regime, according to this regime's rules.

RETGS includes all companies in which the Group holds directly or indirectly at least 75% of the share capital and that are resident in Portugal and taxed under the Portuguese Corporate Income Tax Code ("CIRC").

Under the terms of Article no. 69-A of the Portuguese Corporate Income Tax Code, the Group chose to widen the concept of Special Taxation Regime for Group Companies, to Pestana International Holdings, S.A, with Grupo Pestana, S.G.P.S., S.A. assuming the role defined in number 3 of the referred article, regarding the fulfilment of all obligations imposed on the dominant company.

For companies not covered by the special taxation regime, current income tax is calculated based on their respective taxable profit/(loss), according to the tax rules applied in the location of their registered office.

Income not subject to tax consists mainly of non-taxable income from the Funchal gaming concession, the amount of the Portuguese tax benefit for the capitalization of companies and reversals of impairment losses on tangible fixed assets.

Expenses not deductible for tax purposes refers mainly to the excess recorded for the determination of deemed cost non-deductible depreciations (IFRS1), as well as impairment losses.

Until the 2022 tax period, the subsidiaries operating in the Autonomous Regions of Madeira and the Azores were taxed through the tax consolidation in Portugal (RETGS), so their result contributed to the tax consolidated result calculated at Grupo Pestana, S.G.P.S., S.A. level. In 2023 these subsidiaries opted out from the group tax consolidation (RETGS) and begun being taxed at a reduced rate, this change is included in the caption of Differences of taxes rates on income and deferred taxes and had an impact of 1.534.577 Euros in results due to the change in the tax rate on deferred taxes (Note 12).

In 2023, 5.826 participation units were subscribed in the Iberis Bluetech Fund III, FCR (Bluetech Fund III) for 6.000.780 Euros (Note 11). These funds' policy is to invest in Research and Development (R&D) companies and projects, reason why the investment is eligible under SIFIDE II (Portuguese tax incentives for Research and Development). The Group presented the respective application on 16 May 2024, which was approved at the end of February 2025 by Agência Nacional de Inovação, S.A..

38. Dividends

In 2024 and 2023, dividends were paid to the shareholders in the total amount of 20.000.000 Euros (0,24 Euros per share) and 935.000.000 Euros (1,12 Euros per share), respectively.

In 2024 and 2023, dividends paid to Non-controlling interests amount to 600.000 Euros and 1.503.510 Euros, respectively.

39. Contingencies

Grupo Pestana has the following contingent liabilities arising from bank guarantees provided:

	2024	2023
Mortgages		
Mortgages over hotel units	114.098.845	124.343.267
	114.098.845	124.343.267
Guarantees		
Sureties and Liability coverage	5.370.223	4.816.932
Bank guarantees	41.366.899	42.528.799
	46.737.122	47.345.731

Contingent assets

The special tax regime in Portugal for pure Holding Companies (with the legal status of "S.G.P.S."), in effect until 31 December 2013, foresaw that capital gains or losses arising from the sale, under specified conditions, of equity shares held by these companies, would not concur for the calculation of taxable profit. On the other hand, this regime did not allow for the tax deduction of financial expenses associated with the

acquisition of said equity shares. However, this regime was revoked on 1 January 2014, without the creation of any transitional regime.

Thus, under the revoked regime, the company Grupo Pestana S.G.P.S., S.A. had been taxed, between 2004 and 2013, on financial expenses associated with equity shares that (i) never benefitted from the exemption of taxation on capital gains or losses obtained under the regime; and (ii) that due to the revoking of the regime – cannot come to benefit from that exemption in the future

In the current context, even though they may benefit from the participation exemption, provided for in Article 51-C of the Portuguese Tax Code, Grupo Pestana understands that to impose on S.G.P.S. the taxation of past financial charges as a requirement for access to the participation exemption, not being such taxation required to other companies that can also benefit from it, would be harmful to the constitutional principles of legality, equality, justice and proportionality.

In this context, Grupo Pestana presented, in March 2017, a gracious complaint requesting the recovery of the tax levied on the financial expenses related to shares that did not benefit from the capital gains tax regime. As this administrative claim was dismissed by the Tax and Fiscal Affairs Authority of the Autonomous Region of Madeira, the Group presented, in November 2017, a judicial challenge in the Administrative and Fiscal Court of Funchal, which is pending decision

In June 2022, and in light of the unfavourable decision handed down by the Administrative and Tax Court of Funchal, the Group filed an Appeal with the Supreme Administrative Court, which is pending a decision.

In September 2023, an appeal was made to the Constitutional Court, which issued an order admitting the appeal. The respective pleadings were presented in December 2023 and in June 2024 the Constitutional Court issued a ruling dismissing the appeal and concluding that the verdict was unfavorable and that there could be no appeal against the decision.

Contingent liabilities

As at 31 December 2024, Grupo Pestana has ongoing claims, assessed as contingent liabilities of approximately 1.779.027 Euros.

40. Consolidation perimeter

The Subsidiaries included in the consolidation perimeter, by the full consolidation method, as at 31 December 2024 are as follows:

Name	Headquarters	Activity	Reference date	Equity	Assets	Liabilities	Sales	Profit / (Loss)	% owned	% control
Amoreira - Aldeamentos Turísticos, Lda.**	Portugal	Real Estate	31/12/2024	5.179.759	6.404.053	1.224.294	–	119.920	100,00%	100,00%
Carlton Palácio - Soc. de Construção e Exploração Hoteleiras, S.A.**	Portugal	Hospitality	31/12/2024	62.206.677	162.037.984	99.831.307	61.065.736	12.814.516	100,00%	100,00%
Carvoeiro Golfe - Soc. de Mediação Imob., Unip. Lda.**	Portugal	Real Estate	31/12/2024	448.964	974.037	525.073	1.748.538	441.464	100,00%	100,00%
Carvoeiro Golfe, S.A.**	Portugal	Golf / Real Estate	31/12/2024	52.337.175	101.108.242	48.771.067	95.053.696	7.831.628	100,00%	100,00%
Colunas Geladas Unipessoal, Lda.*	Portugal	Beverages	31/12/2024	158.576	397.878	239.303	696.160	(12.426)	100,00%	100,00%
Cota Quarenta - Gestão e Admin. de Centros Comercias, S.A.**	Portugal	Real Estate	31/12/2024	17.744.053	17.958.878	214.825	2.688.649	1.920.103	100,00%	100,00%
ECM - Empresa Cervejas da Madeira, Soc. Unip. Lda.**	Portugal	Beverages	31/12/2024	21.401.574	44.490.006	23.088.432	38.303.360	600.434	100,00%	100,00%
Eurogolfe, S.A.**	Portugal	Golf	31/12/2024	15.349.439	17.393.622	1.844.183	3.147.073	926.937	100,00%	100,00%
Grupo Pestana Pousadas - Inv. Turísticos, S.A.*	Portugal	Hospitality	31/12/2024	51.602.673	62.023.878	10.421.205	45.726.446	5.104.721	100,00%	100,00%
Herdade da Abrunheira - Proj. de Desenv. Turístico e Imob., S.A.**	Portugal	Real Estate	31/12/2024	6.598.371	6.602.580	4.209	–	(25.776)	100,00%	100,00%
Indústria Açoreana Turístico-Hoteleira (I.A.T.H.), S.A.**	Portugal	Hospitality	31/12/2024	2.080.285	4.473.619	2.393.334	5.062.088	1.480.285	100,00%	100,00%
ITI - Soc. de Inv. Turísticos na Ilha da Madeira, S.A.**	Portugal	Hospitality/ Entertainment	31/12/2024	78.785.177	91.831.008	13.045.831	43.913.412	21.531.929	100,00%	100,00%
M. & J. Pestana - Soc. de Turismo da Madeira, S.A.**	Portugal	Hospitality/ Timeshare	31/12/2024	149.957.575	376.216.961	226.259.386	189.800.022	48.089.901	100,00%	100,00%
Mistura Glaciar, Lda.*	Portugal	Beverages	31/12/2024	154.494	508.814	354.319	1.147.787	(47.009)	100,00%	100,00%
Mundo da Imaginação - Projectos de Animação Turística, S.A.**	Portugal	Entertainment	31/12/2024	776.406	3.196.391	2.420.585	585.840	414.748	100,00%	100,00%
Natura XXI, Lda.**	Portugal	Real Estate	31/12/2024	1.755.935	1.761.234	5.299	–	(60.075)	100,00%	100,00%
Pestana Cidadela - Inv. Turísticos, S.A.**	Portugal	Hospitality	31/12/2024	11.884.659	19.240.031	7.355.372	8.943.894	1.918.508	100,00%	100,00%
Ponta da Cruz - Soc. Imob. e de Gestão de Hotéis, S.A.**	Portugal	Hospitality/ Timeshare	31/12/2024	20.854.546	27.058.246	6.203.700	14.404.820	5.478.617	52,00%	52,00%
Porto Carlton - Soc. de Construção e Exploração Hoteleira, S.A.**	Portugal	Hospitality	31/12/2024	13.794.539	17.561.366	3.766.827	9.195.655	3.201.734	60,00%	60,00%
Salvor - Soc. de Inv. Hoteleiro, S.A.**	Portugal	Hospitality/ Timeshare	31/12/2024	171.284.445	249.580.833	78.296.388	72.905.596	16.398.397	100,00%	100,00%
Soc. de Inv. Hoteleiros D. João II, S.A.**	Portugal	Hospitality/ Timeshare	31/12/2024	1.087.619	2.956.167	1.868.548	696.082	(87.664)	100,00%	100,00%

* Local GAAP

** IFRS

The Subsidiaries included in the consolidation perimeter, by the full consolidation method, as at 31 December 2023 are as follows:

Name	Headquarters	Activity	Reference date	Equity	Assets	Liabilities	Sales	Profit / (Loss)	% owned	% control
Amoreira - Aldeamentos Turísticos, Lda.**	Portugal	Real Estate	31/12/2023	5.063.548	6.450.901	1.387.353	–	(37.808)	100,00%	100,00%
Albar - Sociedade Imobiliária do Barlavento, S.A.**	Portugal	Real Estate	31/12/2023	–	–	–	1.519.400	236.484	100,00%	100,00%
Carlton Palácio - Soc. de Construção e Exploração Hoteleiras, S.A.**	Portugal	Hospitality	31/12/2023	49.392.161	130.041.315	80.649.154	51.222.837	12.413.278	100,00%	100,00%
Carvoeiro Golfe - Soc. de Mediação Imob., Unip. Lda.**	Portugal	Real Estate	31/12/2023	53.876	326.147	272.271	16.460.312	46.376	100,00%	100,00%
Carvoeiro Golfe, S.A.**	Portugal	Real Estate	31/12/2023	50.505.547	95.315.524	44.809.977	92.390.298	10.810.856	100,00%	100,00%
Cota Quarenta - Gestão e Admin. de Centros Comercias, S.A.**	Portugal	Real Estate	31/12/2023	17.323.950	18.181.181	857.231	14.551.003	2.537.730	100,00%	100,00%
ECM - Empresa Cervejas da Madeira, Soc. Unip. Lda.**	Portugal	Beverages	31/12/2023	11.353.460	33.705.542	22.352.082	37.746.152	942.776	100,00%	100,00%
Eurogolfe, S.A.**	Portugal	Golf	31/12/2023	15.622.502	17.622.927	2.000.425	2.851.651	570.929	100,00%	100,00%
Grupo Pestana Pousadas - Inv. Turísticos, S.A.*	Portugal	Hospitality	31/12/2023	46.987.552	58.282.999	11.295.447	42.250.701	3.120.150	100,00%	100,00%
Herdade da Abrunheira - Proj. de Desenv. Turístico e Imob., S.A.**	Portugal	Real Estate	31/12/2023	6.774.147	6.793.722	19.575	–	(31.635)	100,00%	100,00%
Indústria Açoreana Turístico-Hoteleira (I.A.T.H.), S.A.**	Portugal	Hospitality	31/12/2023	1.726.390	4.452.708	2.726.318	4.211.242	1.126.390	100,00%	100,00%
ITI - Soc. de Inv. Turísticos na Ilha da Madeira, S.A.**	Portugal	Hospitality/ Entertainment	31/12/2023	57.203.248	73.023.228	15.819.980	44.691.295	15.367.819	100,00%	100,00%
M. & J. Pestana - Soc. de Turismo da Madeira, S.A.**	Portugal	Hospitality/ Timeshare	31/12/2023	101.910.650	367.238.852	265.328.202	86.753.965	29.851.337	100,00%	100,00%
Mundo da Imaginação - Projectos de Animação Turística, S.A.**	Portugal	Entertainment	31/12/2023	361.658	2.751.283	2.389.625	549.213	(633.180)	100,00%	100,00%
Natura XXI, Lda.**	Portugal	Real Estate	31/12/2023	1.816.008	1.828.390	12.382	–	(51.802)	100,00%	100,00%
Pestana Cidadela - Inv. Turísticos, S.A.**	Portugal	Hospitality	31/12/2023	11.666.151	19.067.890	7.401.739	8.615.011	1.645.389	100,00%	100,00%
Ponta da Cruz - Soc. Imob. e de Gestão de Hotéis, S.A.**	Portugal	Hospitality/ Timeshare	31/12/2023	15.375.929	22.292.350	6.916.421	12.822.779	3.881.359	52,00%	52,00%
Porto Carlton - Soc. de Construção e Exploração Hoteleira, S.A.**	Portugal	Hospitality	31/12/2023	12.088.719	16.889.194	4.800.475	8.728.435	2.881.526	60,00%	60,00%
Salvor - Soc. de Inv. Hoteleiro, S.A.**	Portugal	Hospitality/ Timeshare	31/12/2023	154.886.048	238.424.533	83.538.485	62.611.148	37.478.596	100,00%	100,00%
Soc. de Inv. Hoteleiros D. João II, S.A.**	Portugal	Hospitality/ Timeshare	31/12/2023	1.175.283	3.423.158	2.247.875	655.336	(139.046)	100,00%	100,00%

* Local GAAP

** IFRS

The Joint ventures included in the consolidation, under the equity method, as at 31 December 2024 and 2023, are as follows:

	2024	2023
	Solpor - Sociedade Turismo do Porto Santo, Lda.	Solpor - Sociedade Turismo do Porto Santo, Lda.
Headquarters	Portugal	Portugal
Activity	Real Estate	Real Estate
% owned	50,00%	50,00%
% control	50,00%	50,00%
Total current assets		
Of which cash and cash equivalents	1.011	2.768
Others	929.291	929.291
Total assets	930.302	932.059
Total current liabilities		
Others	18	289
Total liabilities	18	289
Total equity	930.284	931.770
Revenue	–	–
Charges of depreciation and amortization	–	–
Others	(1.486)	(1.300)
Operating results	(1.486)	(1.300)
Loss for the period	(1.486)	(1.300)
Dividends received	–	–

The Associates included in the consolidation, under the equity method, as at 31 December 2024 and 2023, are as follows:

	2024		2023	
	Enatur - Empresa Nacional de Turismo, S.A.	Lean Company Ventures II, S.A.	Enatur - Empresa Nacional de Turismo, S.A.	Lean Company Ventures II, S.A.
Headquarters	Portugal	Portugal	Portugal	Portugal
Activity	Hospitality	Innovation	Hospitality	Innovation
% owned	49,00%	10,00%	49,00%	10,00%
% control	49,00%	20,00%	49,00%	20,00%
Total non-current assets	66.438.519	1.053.667	69.241.153	1.290.984
Total current assets	1.581.549	40.043	2.660.937	15.791
Total assets	68.020.068	1.093.710	71.902.090	1.306.775
Total non-current liabilities	12.470.465	596.196	14.109.292	596.196
Total current liabilities	1.555.188	45.231	3.741.547	31.237
Total liabilities	14.025.653	641.427	17.850.839	627.433
Total equity	53.994.415	452.283	54.051.251	679.342
Revenue	2.881.444	15.100	2.703.278	-
Profit / (Loss) for the period	1.007.794	22.418	818.604	(115.745)
Dividends received	-	-	-	-

41. Changes in the perimeter

1 January 2024, Grupo Pestana acquired Sociedade Colunas Geladas Unipessoal, Lda., consequently incorporating its subsidiary Mistura Glaciar, Lda., for 46.000 Euros, corresponding to total net assets of 319.784 Euros, which generated a gain of 273.784 Euros (Note 33).

The financial position of the subsidiaries that entered the consolidation perimeter with reference to the entry date in 2024 is as follows:

	Colunas Geladas Unipessoal, Lda.	Mistura Glaciar, Lda.	Total
Purchase price	46.000	-	46.000
Assets			
Tangible fixed assets	39.072	24.930	64.002
Financial assets at fair value through profit and loss	-	3.252	3.252
Trade and other receivables	201.544	103.183	304.727
Income tax receivable	-	6.138	6.138
Inventories	-	220.464	220.464
Cash and cash equivalents	63.873	125.134	189.007
Total Assets at fair value	304.489	483.101	787.590
Liabilities			
Borrowings	4.000	18.632	22.632
Trade and other payables	182.210	246.089	428.299
Income tax liabilities	-	16.875	16.875
Total Liabilities at fair value	186.210	281.596	467.806
Net assets			319.784
% acquired			100,00%
Gains on entry (Note 33)			(273.784)

With reference to 22 November 2023, the subsidiary Albar - Sociedade imobiliária do Barlavento, S.A. was merged into the subsidiary Carvoeiro Golfe, S.A. There was no impact on the Consolidated statement of financial position.

42. Related Parties

As at 31 December 2024 and 2023, Grupo Pestana is owned and controlled by Pestana International Holdings S.A., which holds 99% of the share capital. The ultimate owner of that Company is Mr. Dionísio Pestana, who also holds the remainder of the share capital.

Board of Director's remuneration

The members of the Boards of Directors of the companies that comprise Grupo Pestana were considered, in accordance with IAS 24, as the only key management personnel of the Group. During the years ended 31 December 2024 and 2023, the remuneration received by the Board of Directors is described in Note 30.

Transactions and balances with related parties

During the year of 2024 Grupo Pestana carried out the following transactions with those entities:

	Dividends paid	Services obtained	Interest incurred	Sale of assets	Serviced rendered	Interest earned
Shareholder	20.000.000	13.403	20.031	-	160	-
Pestana International Holdings S.A.	19.800.000	13.403	20.031	-	160	-
Dionísio Fernandes Pestana	200.000	-	-	-	-	-
Associates	-	2.881.444	-	-	-	-
Enatur - Empresa Nacional de Turismo, S.A.	-	2.881.444	-	-	-	-
Other group companies	-	44.278.789	-	8.785	25.544.386	3.701
Hotéis do Atlântico - Sociedade Imobiliária e de Gestão de Hotéis, S.A.	-	-	-	-	28	3.701
Pestana Management - Serviços de Gestão, S.A.	-	36.779.152	-	95	8.719.796	-
Pestana Segurança - Serviços de Segurança e Vigilância, Unip., Lda.	-	1.824.618	-	-	13.359	-
Pestana CR7 - Madeira Investimentos Turísticos, S.A.	-	44.090	-	8.651	189.308	-
Intervisa Viagens e Turismo, Unipessoal Lda.	-	5.552.742	-	39	653.895	-
URP - Urban Renew - Projetos imobiliários - SIC Imob. Fechada, S.A.	-	-	-	-	15.264.260	-
Pestana Properties - SIC Imob. Fechada, S.A.	-	-	-	-	328.815	-
Salvintur - Sociedade de Investimentos Turísticos, S.A.	-	-	-	-	2.146	-
Empreendimentos Turísticos, Lda.	-	5.392	-	-	14.557	-
Afrotours, S.A.	-	-	-	-	1.477	-
Pestana Marrocos, S.à.r.l.	-	31	-	-	20.957	-
Brasturinvest Investimentos Turísticos, S.A.	-	1.213	-	-	210.454	-
Pestana Miami, LLC	-	84	-	-	10.957	-
Pestana CR7 Manhattan 39, LLC	-	4.089	-	-	16.383	-
Pestana USA, Inc.	-	-	-	-	91	-
Pestana New York East Side 39 LLC	-	3.868	-	-	3.336	-
Pestana Management UK, Limited	-	32.145	-	-	56.348	-
Pestana Berlin S.à.r.l.	-	25.016	-	-	36.821	-
Desarrollos Hoteleros Barcelona S.A.	-	3.221	-	-	189	-
Global Mandalay, S.L.	-	1.784	-	-	303	-
Amesteldijk Hotel Ontwckeling B.V.	-	-	-	-	557	-
Pestana CR7 Madrid, S.L.	-	1.344	-	-	349	-
Other related parties	600.000	-	-	-	-	-
Sociedade Agrícola Quinta do Cisne, Lda.	600.000	-	-	-	-	-
Key management personnel	-	-	-	-	-	-
	20.600.000	47.173.636	20.031	8.785	25.544.546	3.701

During the year of 2023 Grupo Pestana carried out the following transactions with those entities:

	Dividends paid	Services obtained	Interest incurred	Sale of assets	Serviced rendered	Interest earned
Shareholder	93.500.000	14.641	19.969	–	57	–
Pestana International Holdings S.A.	92.565.000	14.641	19.969	–	57	–
Dionísio Fernandes Pestana	935.000	–	–	–	–	–
Associates	–	2.703.278	–	–	–	3.269
Enatur - Empresa Nacional de Turismo, S.A.	–	2.703.278	–	–	–	3.269
Other group companies	–	40.252.402	–	28.651.070	13.969.815	104.884
Hotéis do Atlântico - Sociedade Imobiliária e de Gestão de Hotéis, S.A.	–	–	–	–	–	3.701
Pestana Management - Serviços de Gestão, S.A.	–	34.149.165	–	–	9.235.395	–
Pestana Segurança - Serviços de Segurança e Vigilância, Unipessoal, Lda.	–	1.816.943	–	–	3.881	–
Pestana CR7 - Madeira Investimentos Turísticos, S.A.	–	70.694	–	31.018	191.478	101.183
Intervisa Viagens e Turismo, Unipessoal Lda.	–	4.181.390	–	–	753.340	–
URP - Urban Renew - Projetos imobiliários - SIC Imobiliária Fechada, S.A.	–	–	–	–	3.477.681	–
Pestana Properties	–	–	–	28.620.052	–	–
Salvintur – Soc. de Investimentos Turísticos, S.A.	–	–	–	–	640	–
Empreendimentos Turísticos, Lda.	–	–	–	–	314	–
Afrotours, S.A.	–	937	–	–	3.490	–
Pestana Marrocos, S.à.r.l.	–	–	–	–	16.616	–
Brasturinvest Investimentos Turísticos, S.A.	–	515	–	–	79.869	–
Pestana Miami, LLC	–	10.355	–	–	27.466	–
Pestana CR7 Manhattan 39, LLC	–	1.144	–	–	42.882	–
Pestana USA, Inc.	–	–	–	–	267	–
Pestana New York East Side 39 LLC	–	3.962	–	–	4.821	–
Pestana Management UK, Limited	–	12.610	–	–	91.756	–
Pestana Berlin S.à.r.l.	–	621	–	–	36.702	–
Desarrollos Hoteleros Barcelona S.A.	–	1.540	–	–	–	–
Global Mandalay, S.L.	–	384	–	–	1.046	–
Amesteldijk Hotel Ontwckeling B.V.	–	–	–	–	352	–
Pestana CR7 Madrid, S.L.	–	2.142	–	–	1.819	–
Other related parties	1.503.510	–	–	–	–	–
AJJ, SGPS, S.A.	1.503.510	–	–	–	–	–
Key management personnel	–	–	–	466.015	–	–
	95.003.510	42.970.321	19.969	29.117.085	13.969.872	108.153

The balances arising from transactions with related parties as at 2024 are as follows:

	Trade receivables current	Trade receivables non-current	Impairment of trade receivables	Net trade receivables	Trade payables current	Trade payables non-current	Total trade payables
Shareholder	178	-	-	178	13.403	-	13.403
Pestana International Holdings S.A.	178	-	-	178	13.403	-	13.403
Associates	-	-	-	-	58.689	-	58.689
Enatur - Empresa Nacional de Turismo, S.A.	-	-	-	-	58.689	-	58.689
Other group companies	1.859.775	1.871.900	-	3.731.675	6.217.279	-	6.217.279
Hotéis do Atlântico - Sociedade Imobiliária e de Gestão de Hotéis, S.A.	8.630	-	-	8.630	465.666	-	465.666
Djebel, S.A.	-	-	-	-	409.993	-	409.993
Pestana Management - Serviços de Gestão, S.A.	455.519	-	-	455.519	4.371.023	-	4.371.023
Pestana Segurança - Serviços de Segurança e Vigilância, Unipessoal, Lda.	65.431	-	-	65.431	169.838	-	169.838
Pestana CR7 - Madeira Investimentos Turísticos, S.A.	88.660	1.871.900	-	1.960.560	45.783	-	45.783
Intervisa Viagens e Turismo, Unipessoal Lda.	697.812	-	-	697.812	269.434	-	269.434
Rotas de África - Investimentos turísticos e imobiliários Unipessoal, Lda.	-	-	-	-	19.735	-	19.735
URP - Urban Renew - Projetos imobiliários - SIC Imobiliária Fechada, S.A.	101.408	-	-	101.408	-	-	-
Ponta de Lança – Sociedade Imobiliária, Lda.	826	-	-	826	143	-	143
Pestana Properties – SIC Imobiliária Fechada, S.A.	309.541	-	-	309.541	-	-	-
Salvintur – Soc. Inv.Turísticos, S.A.	820	-	-	820	364.401	-	364.401
Empreendimentos Turísticos, Lda.	7.832	-	-	7.832	4.036	-	4.036
Afrotours, S.A.	582	-	-	582	5.529	-	5.529
Pestana Marrocos, S.à.r.l.	52.909	-	-	52.909	7.095	-	7.095
Pestana CR7 Marrakech S.à.r.l.	455	-	-	455	8.187	-	8.187
Brasturinvest Investimentos Turísticos, S.A.	39.539	-	-	39.539	1.923	-	1.923
Argentur Inversiones Turísticas S.A.	421	-	-	421	-	-	-
Pestana Miami, LLC	67	-	-	67	4.111	-	4.111
Pestana CR7 Manhattan 39, LLC	4.074	-	-	4.074	-	-	-
Pestana USA, Inc.	1.666	-	-	1.666	-	-	-
Pestana New York East Side 39 LLC	1.686	-	-	1.686	975	-	975
Pestana Orlando, LLC	10.596	-	-	10.596	-	-	-
Pestana Inversiones, Unipessoal, Lda.	383	-	-	383	66.056	-	66.056
Pestana Management UK, Limited	7.330	-	-	7.330	1.305	-	1.305
Pestana Berlin S.à.r.l.	2.841	-	-	2.841	1.716	-	1.716
Desarrollos Hoteleros Barcelona S.A.	178	-	-	178	330	-	330
Global Mandalay, S.L.	296	-	-	296	-	-	-
Amesteldijk Hotel Ontwckeling B.V.	233	-	-	233	-	-	-
Pestana CR7 Madrid, S.L.	40	-	-	40	-	-	-
Key management personnel	-	-	-	-	-	-	-
	1.859.953	1.871.900	-	3.731.853	6.289.371	-	6.289.371

The balances arising from transactions with related parties as at 2023 are as follows:

	Trade receivables current	Trade receivables non- current	Impairment of trade receivables	Net trade receivables	Trade payables current	Trade payables non- current	Total trade payables
Shareholder	85	-	-	85	20.000	-	20.000
Pestana International Holdings S.A.	85	-	-	85	20.000	-	20.000
Associates	-	-	-	-	54.881	-	54.881
Enatur - Empresa Nacional de Turismo, S.A.	-	-	-	-	54.881	-	54.881
Other group companies	4.452.781	1.674.125	-	6.126.906	11.041.835	-	11.041.835
Hotéis do Atlântico - Sociedade Imobiliária e de Gestão de Hotéis, S.A.	31.989	-	-	31.989	565.492	-	565.492
Djebel, S.A.	-	-	-	-	331.776	-	331.776
Pestana Management - Serviços de Gestão, S.A.	1.104.991	-	-	1.104.991	6.958.855	-	6.958.855
Pestana Segurança - Serviços de Segurança e Vigilância, Unipessoal, Lda.	20.952	-	-	20.952	519.272	-	519.272
Pestana CR7 - Madeira Investimentos Turísticos, S.A.	73.142	1.674.125	-	1.747.267	50.249	-	50.249
Intervisa Viagens e Turismo, Unipessoal Lda.	642.788	-	-	642.788	2.294.585	-	2.294.585
Rotas de África - Investimentos turísticos e imobiliários Unipessoal, Lda.	313	-	-	313	16.227	-	16.227
URP - Urban Renew - Projetos imobiliários - SIC Imobiliária Fechada, S.A.	2.255.980	-	-	2.255.980	-	-	-
Salvintur - Sociedade de Investimentos Turísticos, S.A.	11.382	-	-	11.382	281.461	-	281.461
Wild Break 29 (PTY), Ltd	5	-	-	5	-	-	-
Empreendimentos Turísticos, Lda.	-	-	-	-	1.340	-	1.340
Afrotours, S.A.	-	-	-	-	5.735	-	5.735
Pestana Marrocos, S.à.r.l.	30.535	-	-	30.535	7.064	-	7.064
Pestana CR7 Marrakech S.à.r.l.	30	-	-	30	1.511	-	1.511
Brasturinvest Investimentos Turísticos, S.A.	179.664	-	-	179.664	906	-	906
Argentur Inversiones Turísticas S.A.	138	-	-	138	-	-	-
Pestana Miami, LLC	18.592	-	-	18.592	82	-	82
Pestana CR7 Manhattan 39, LLC	21.876	-	-	21.876	2.541	-	2.541
Pestana USA, Inc.	1.789	-	-	1.789	-	-	-
Pestana New York East Side 39 LLC	6.045	-	-	6.045	975	-	975
Pestana Inversiones, Unipessoal, Lda.	26.961	-	-	26.961	376	-	376
Pestana Management UK, Limited	17.457	-	-	17.457	1.400	-	1.400
Pestana Berlin S.à.r.l.	7.104	-	-	7.104	1.570	-	1.570
Global Mandalay, S.L.	289	-	-	289	418	-	418
Amesteldijk Hotel Ontwikkeling B.V.	759	-	-	759	-	-	-
Key management personnel	-	-	-	-	-	-	-
	4.452.866	1.674.125	-	6.126.991	11.116.716	-	11.116.716

43. Notes to the Consolidated cash flow statement

Reconciliation of the changes recognized in financial liabilities with the cash flow from financing activities presented in the Consolidated cash flow statement in 2024 and 2023:

	Cash flows			Cash free transactions			
	2023	Receipts	Payments	Increases	Transfers	Accrual / Deferral	2024
Bond loans	56.313.309	-	-	-	-	235.088	56.548.397
Lease liabilities	132.099.746	-	(21.153.321)	29.997.047	-	7.142.002	148.085.474
Bank loans	143.242.492	-	(14.865.520)	-	(314.145)	(56.946)	128.005.881
Commercial paper	4.998.018	10.000.000	(10.000.000)	-	-	983	4.999.001
Bank overdrafts	-	1.500.000	(1.500.000)	-	-	-	-
Cash flow from financing activities	336.653.565	11.500.000	(47.518.841)	29.997.047	(314.145)	7.321.127	337.638.753

	Cash flows			Cash free transactions					
	2022	Receipts	Payments	Increases	Discounts	Terminations	Transfers	Accrual / Deferral	2023
Bond loans	89.339.223	–	(32.406.500)	–	(493.500)	–	–	(125.914)	56.313.309
Lease liabilities	152.338.538	–	(17.599.545)	6.151.298	–	(15.464.793)	–	6.674.248	132.099.746
Bank loans	184.765.757	1.830.594	(42.916.099)	–	–	–	(926.361)	488.601	143.242.492
Commercial paper	27.207.419	10.000.000	(32.000.000)	–	–	–	–	(209.401)	4.998.018
Cash flow from financing activities	453.650.937	11.830.594	(124.922.144)	6.151.298	(493.500)	(15.464.793)	(926.361)	6.827.534	336.653.565

44. Other information

EBITDA refers to Profit for the period excluding financial results, income taxes, gambling tax, depreciation, amortization and impairment of tangible/intangible assets and investment government grants, also including dividends.

	Notes	2024	2023
Profit for the period		130.741.488	85.019.290
Income tax	35	18.699.249	6.430.811
Financial results	34	12.896.442	13.712.653
Charges of depreciation and amortization	6;7;8	44.247.505	42.611.849
Reversals and impairment losses of tangible assets	6	(787.878)	(259.161)
Gambling tax paid by Casino		1.423.714	1.429.432
Investment government grants	31	(498.045)	(408.467)
EBITDA		206.722.475	148.536.407

45. Subsequent events

There are no relevant subsequent events to report.

Funchal, 7 March 2025

The Certified Accountant

The Board of Directors

Luis Miguel Miranda Fernandes

Dionísio Fernandes Pestana
Chairman

Hermanus Roelof Willem Troskie
Member

José Alexandre Lebre Theotónio
Member

José de Melo Breyner Roquete
Member

Pedro Miguel Fino da Silva
Member

Report and Opinion of the Supervisory Board

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

2024 Period

Dear Shareholders of
Grupo Pestana S.G.P.S, S.A.

In accordance with the law and statutes we present the Report on the supervisory activity developed by the Supervisory Board as well as our Opinion on the consolidated management report, consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and notes on the consolidated financial statements presented by **Grupo Pestana S.G.P.S, S.A.**'s Board of Directors (Company) regarding the 2024 period.

While exercising our powers, we monitored i) the verification of Accounting records and corresponding supporting documentation and ii) the assessment of the accounting policies and valuation criteria adopted by the Company, tasks performed by PWC-PricewaterhouseCoopers & Associados – SROC, Lda. (PwC) as the Company's Auditor.

The Supervisory Board became aware of the terms of the Auditor's Report for the period of 2024, issued with no reserves.

We also proceeded to analyse the Consolidated management report prepared by the Board of Directors which, in our understanding, is in accordance with the annual report, complements the information presented in the consolidated financial statements, reports the most significant facts regarding the Company's activity, therefore fulfilling all the applicable legal and statutory requirements.

In line with the previously presented, we are of the opinion that **Grupo Pestana S.G.P.S, S.A.**'s General Assembly approve the consolidated management report as well as the remaining accounting documents for the 2024 period.

Finally, the Supervisory Board would like to acknowledge **Grupo Pestana S.G.P.S, S.A.**'s Board of Directors, its Finance Directors and remaining employees, as well as the Auditor, PwC, for the cooperation and support provided while carrying out their work.

Lisbon, 14 March 2025

SIGNED ON THE ORIGINAL

Dr. José Manuel Castelão Costa
(President)

Dra. Rita de Sousa Franco Pais Beirão Gonçalves
(Member)

Dr. João Albino Cordeiro Augusto
(Member)



Statutory Audit Report

(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Grupo Pestana, S.G.P.S., S.A. (the Group), which comprise the consolidated statement of financial position as at 31 December 2024 (which shows total assets of Euros 1.053.892.183 and total equity of Euros 461.141.858 including a profit for the period attributable to shareholder of Euros 126.829.356), the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Grupo Pestana, S.G.P.S., S.A. as at 31 December 2024, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

- a) the preparation of the consolidated financial statements, which present fairly the consolidated financial position, the consolidated financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;
- b) the preparation of the consolidated management report in accordance with the applicable law and regulations;

- c) the creation and maintenance of an appropriate system of internal control to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- d) the adoption of appropriate accounting policies and criteria; and
- e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- f) plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion; and
- g) communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibility also includes verifying that the information included in the consolidated management report is consistent with the consolidated financial statements.

Report on other legal and regulatory requirements

Consolidated management report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the consolidated management report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the consolidated management report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

14 March 2025

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Hugo Miguel Patrício Dias, ROC No. 1432
Registered with the Portuguese Securities Market Commission under No. 20161042