

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

Consolidated Annual Report

31 December 2025

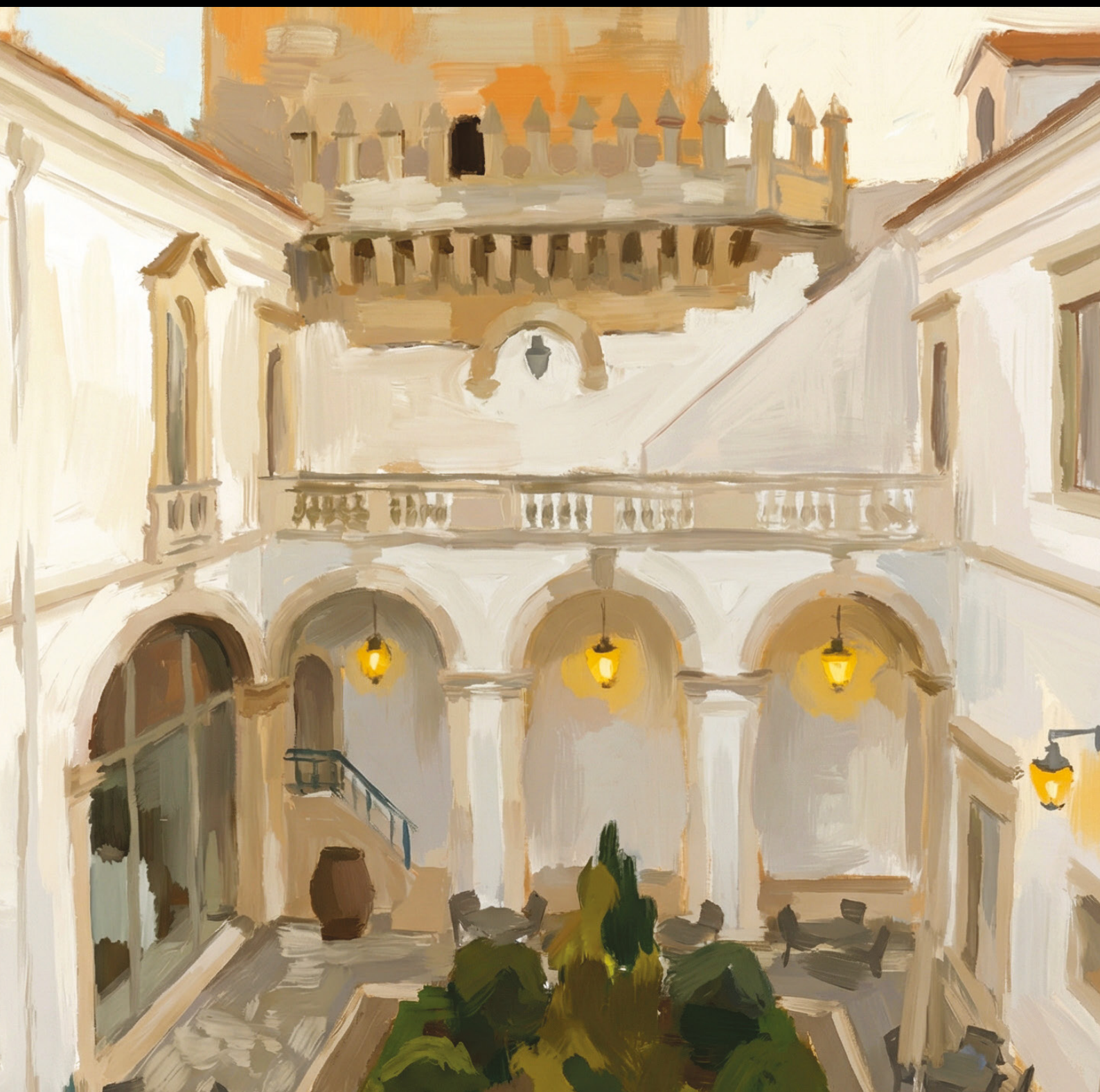
(Free translation from the Portuguese version. In case of doubt or misinterpretation the Portuguese version will prevail)



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Consolidated management report for 2025





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 2025.

1. Message to stakeholders



In 2025, the tourism sector continued the recovery trend seen in previous years, despite the challenges and threats it faced throughout the year. Despite this positive performance, growing uncertainty in the markets – whether due to ongoing armed conflicts or the imposition of tariffs and other restrictive measures by the US administration, not to mention the European industry's difficulty in adapting to Chinese dynamics – is preventing a more pronounced fall in inflation and interest rates, and is hampering investment.

As the post-Covid years progress, the economic and political model of globalisation is fading ever further, and the rifts between the various regional blocs are deepening, as a new world order is forged by those who hold greater economic and military power.

Despite this scenario, the US economy grew by 2.1% in 2025 and the European economy by 1.4%, thus showing signs of stabilisation, with the dynamism of their economies overcoming the aforementioned constraints. Despite the direct impact of the customs tariffs imposed by the US administration, the inflation rate in these two economic blocs has been approaching the 2% target announced by their respective central banks.

The year of 2025 thus saw the consolidation of the recovery in global tourist flows, with a particular focus on long-haul flights, and in particular, the Asian region. On the European continent, the countries of southern Europe benefited most from this increase in tourist numbers, as travellers sought safe and welcoming destinations that go to great lengths to provide unique experiences for their visitors. Meanwhile, the major cities of Central Europe face certain challenges, notably the reaction of the local population to the urban pressure caused by the high concentration of tourists in city centres. The United States saw the flow of foreign tourists fall by around 1.4% in 2025 due to the collateral impact of restrictive policies, particularly those aimed at reducing immigration into the country.

Grupo Pestana continued to develop its business strategy consistently with the sustainable growth of tourism supply, focusing on product and service quality and improving the perception of added value among its customers. To this end, refurbishment work was carried out at various hotels with a view to providing a more modern product that facilitates the creation of memorable experiences for our guests.

The ongoing effort to develop the portfolio of hotels continued, with a view to enhancing the offering for guests:

-  Pestana Quinta Perestrello – which opened in late 2024 – consolidated its position this year, bringing the quality and tradition of Madeira's renowned country estates;
-  Pestana Brussels Schuman – hotel located 100 metres from the European Commission, where the key measures shaping the reality of the European Union are discussed and approved – was acquired at the start of the second half of 2025 and has been operating under the Pestana Hotels & Resorts brand since 1 January 2026;

- ▮ The construction of the future Pestana Dunas on the idyllic island of Porto Santo will complement the range of resorts on offer to guests with a product focused on sustainability;
- ▮ In Italy, a hotel geared towards nature tourism was acquired, which Pestana will begin operating in the first half of 2026.

Meanwhile, the tourism real estate segment also maintained remarkable momentum with the development of various properties, particularly in Madeira with the launch of the Quinta das Maravilhas project, on the Alentejo coast with the Porto Covo projects, and in the Algarve with the Ferragudo, The Valley and Silves projects. This is a segment where the client combines an investment perspective with that of enjoyment, supported by a range of high value-added services provided by Grupo Pestana.

The climate of uncertainty and high volatility appears to have intensified at the start of 2026, calling for caution in any long-term investment strategy, even in an industry that just a few years ago suffered one of the greatest crises in its history. Aware of this, Grupo Pestana will continue its strategy of sustained growth based on a robust financial structure, a commitment to cutting-edge technology and a workforce dedicated to providing its guests and customers with a service of excellence.

2. The State of the Global Economy in 2025



The year 2025 was characterised by a global economic environment marked by a moderate slowdown, yet one that remained resilient in the face of historically high levels of geopolitical uncertainty and trade friction. According to the World Bank, the global economy grew by 2.7% in 2025, a figure higher than initially anticipated, underpinned by the strength of the major economies and robust investment in artificial intelligence technologies. Economic activity also benefited from more favourable financial conditions in the second half of the year, in line with the trend of global disinflation and the easing of monetary policy in the United States.

2.1. Geopolitical risks

Geopolitical risks continued to shape the global economy in 2025. Escalating trade tensions led to new barriers and tariffs, with the impact expected to be felt particularly in 2026. Persistent conflicts in various regions, notably in the Middle East and parts of Africa, introduced volatility into energy markets and contributed to widespread uncertainty. In Europe, political instability in some countries affected financial market confidence and increased the volatility of sovereign debt risk premiums. Despite these pressures, global supply chains proved resilient, with companies redirecting trade flows to markets with less exposure to tariff barriers.

2.2. Economic activity

Global economic activity proved resilient, underpinned by private consumption, a robust labour market and business investment focused on technological modernisation. In the United States, the economy grew by around 2.1%, driven by strong growth in investment in digital infrastructure and equipment related to artificial intelligence. In Europe, growth remained moderate, reflecting regional heterogeneity, but with positive performances in southern countries such as Spain and Portugal. The Chinese economy grew by 4.9%, supported by stimulus measures and efforts to stabilise the property market, although signs of structural slowdown persist.

Table 1.1 Real GDP1

(Percent change from previous year unless indicated otherwise)

	2023	2024	2025e	2026f	2027f	Percentage-point differences from June 2025 projections		
						2025e	2026f	2027f
World	2.8	2.8	2.7	2.6	2.7	0.4	0.2	0.1
Advanced economies	1.6	1.7	1.7	1.6	1.6	0.5	0.2	0.0
United States	2.9	2.8	2.1	2.2	1.9	0.7	0.6	0.0
Euro area	0.5	0.9	1.4	0.9	1.2	0.7	0.1	0.2
Japan	0.7	-0.2	1.3	0.8	0.8	0.6	0.0	0.0
Emerging market and developing economies	4.4	4.3	4.2	4.0	4.1	0.3	0.2	0.2

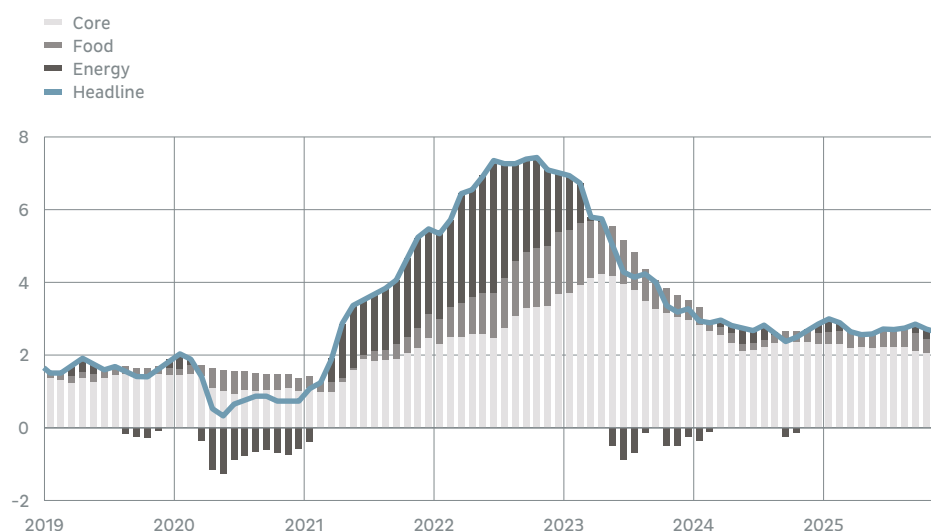
Source: World Bank

2.3. Inflation

Overall inflation continued to ease throughout 2025, approaching pre-pandemic levels. The early months of the year still saw some upward pressure on prices, resulting from the delayed impact of tariffs on goods and components. However, the readjustment of supply chains and cooling demand in some regions helped to mitigate these effects. Commodity markets remained volatile, particularly in segments linked to the energy transition and in agricultural products affected by adverse weather conditions, but without undermining the overall trend towards disinflation.

OECD CPI inflation

(year-on-year percentage changes, percentage point contributions)



Sources: OECD and ECB staff calculations.

Notes: The OECD aggregate includes euro area countries that are OECD members and excludes Türkiye. It is calculated using OECD CPI annual weights. The latest observations are for November 2025.

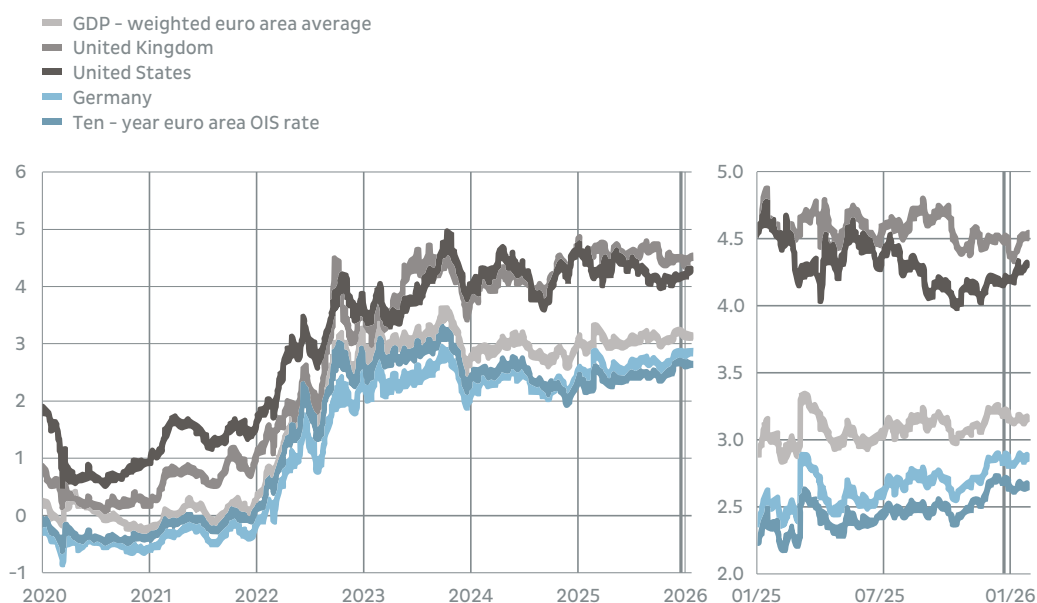
Source: BCE

2.4. Interest rates

The second half of the year was marked by more favourable financial conditions. In the United States, the cooling of the labour market encouraged a loosening of monetary policy. In Europe, although inflation continued to ease, the ECB maintained a cautious approach, with expectations of more significant rate cuts in 2026. The fall in financing costs supported the recovery in business investment and improved conditions in the property and tourism markets, despite high levels of political uncertainty in some European economies.

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 18 December 2025. The latest observations are for 4 February 2026.

Source: BCE

2.5. Exchange rates

The US dollar depreciated in 2025, due to monetary policy easing and increased risk appetite in global markets. This trend benefited emerging economies by attracting capital flows into local-currency debt securities. The euro remained relatively stable, influenced by political uncertainty in Europe and uneven economic growth across member states.

3. Tourism Trends in 2025



The year 2025 marked a new all-time high for global tourism. According to the UNWTO, international arrivals rose by 4% compared with 2024, totalling 1.52 billion international visitors. Tourism receipts reached \$2.2 trillion, a 5% increase, with many regions recording rises exceeding the growth in arrivals, reflecting increases in average tourist spending. Global demand remained robust, even amidst an environment of economic and geopolitical uncertainty, underpinned by strong source markets, increased connectivity and the ongoing recovery of the Asia-Pacific region.

The expansion of air connectivity, visa facilitation and growing demand for off-peak travel contributed to the growth of tourism activity in 2025. The United States, France, Spain and South Korea stood out as source markets with strong growth in terms of tourist expenditure. Global hotel occupancy stabilised at around 66% and international air transport grew by 7% up to October, reflecting highly dynamic demand.

GTS visitor growth forecasts, % change year-on-year

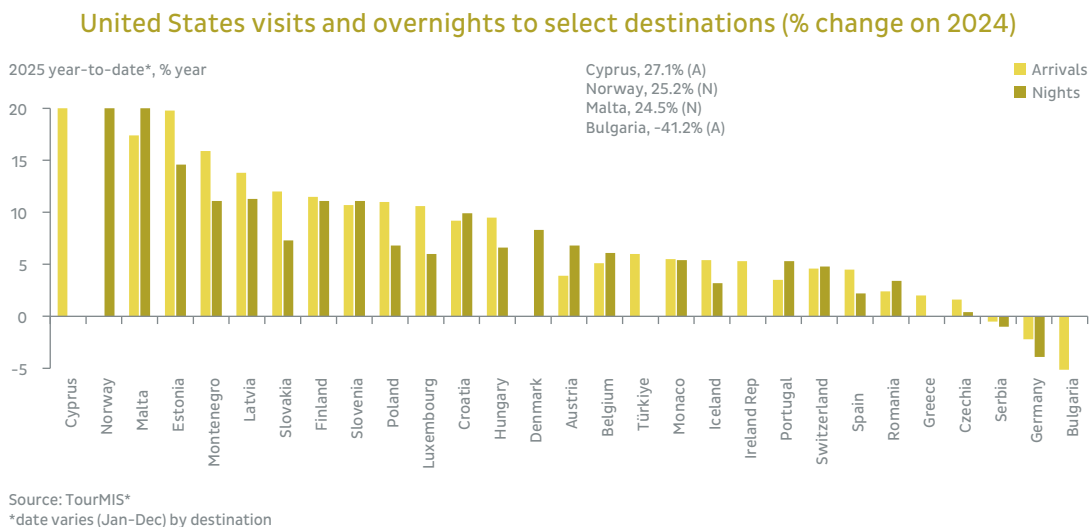
	Inbound*					Outbound**				
	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
data/estimate/forecast***	d	e	d/e	e	f	d	e	f	f	f
World	100.6%	37.1%	12.8%	5.4%	8.0%	106.5%	38.6%	13.1%	5.4%	7.9%
Americas	89.2%	27.1%	8.1%	1.9%	4.6%	95.5%	33.3%	9.0%	3.8%	4.8%
North America	78.2%	24.3%	8.4%	-0.6%	4.1%	83.9%	32.5%	8.9%	1.9%	4.7%
Caribbean	51.3%	17.5%	6.2%	0.8%	8.0%	94.1%	19.7%	6.7%	3.1%	6.4%
Central & South America	209.7%	43.4%	8.2%	9.6%	3.9%	172.2%	38.6%	9.7%	11.6%	4.8%
Europe	92.4%	18.7%	7.5%	5.2%	6.2%	101.4%	19.3%	7.6%	5.1%	6.2%
ETC+2	100.9%	18.0%	6.4%	4.2%	5.6%	107.0%	18.2%	6.8%	4.8%	5.7%
EU 27	106.8%	18.6%	6.0%	4.5%	5.2%	109.6%	18.5%	6.7%	4.7%	5.6%
Non-EU	47.4%	19.2%	14.3%	7.9%	10.3%	64.9%	23.6%	12.2%	7.1%	9.4%
Northern	203.0%	18.0%	7.5%	4.4%	4.6%	225.8%	20.7%	7.5%	3.7%	4.7%
Western	93.6%	22.1%	3.8%	3.8%	3.0%	83.2%	15.4%	4.7%	4.1%	6.0%
South Mediterranean	90.0%	16.4%	7.3%	3.2%	6.2%	109.9%	23.3%	11.1%	6.7%	5.2%
Central/Eastern	44.4%	18.4%	13.0%	13.1%	13.9%	58.4%	22.7%	10.8%	7.7%	8.5%
Central & Baltic	92.3%	16.5%	8.1%	8.0%	8.4%	78.9%	19.2%	8.4%	6.7%	6.6%
Asia & the Pacific	175.1%	177.0%	32.6%	7.5%	13.2%	170.6%	178.2%	33.5%	7.7%	14.2%
North East	15.8%	390.7%	45.9%	11.6%	11.0%	53.7%	361.5%	44.8%	8.9%	16.5%
South East	1216.5%	136.2%	25.2%	3.8%	17.1%	447.1%	114.8%	21.0%	5.0%	11.5%
South	99.6%	36.2%	10.7%	-1.1%	8.7%	173.5%	50.7%	20.6%	5.7%	9.5%
Oceania	827.9%	93.1%	16.8%	9.8%	13.5%	786.9%	75.4%	13.1%	8.8%	9.2%
Africa	89.3%	37.0%	16.4%	13.3%	7.1%	97.8%	43.1%	13.0%	9.7%	9.1%
Middle East	157.8%	38.1%	8.0%	1.3%	12.8%	132.3%	25.8%	8.5%	1.3%	7.1%

Source: ETC

3.1. Tourism in America

In 2025, the United States maintained its leading role in the global tourism landscape as a source market, further cementing its position as a key source market for Europe, with a significant impact on Portugal, Spain and France. The increase in spending by North American travellers abroad was one of the main drivers of tourism growth in various European destinations. Conversely, there was a 1.4% reduction in the volume of international arrivals to the country, resulting from the climate of uncertainty and tension caused by the policies of the current US administration, notably those relating to Canada, its largest tourism partner, and immigration control.

In 2025, South America recorded a particularly significant recovery in tourism, standing out as one of the most dynamic regions on the American continent. According to preliminary UNWTO data, several South American destinations recorded double-digit growth in international arrivals, reflecting improved air connectivity, the gradual economic recovery in key countries and the region's growing appeal as a destination for nature, culture and ecotourism. Brazil stood out as the main driver of this growth, with a 37% increase in international arrivals for the year to date in 2025, driven by the expansion of international routes, the appeal of major urban centres and the repositioning of the tourism offering.

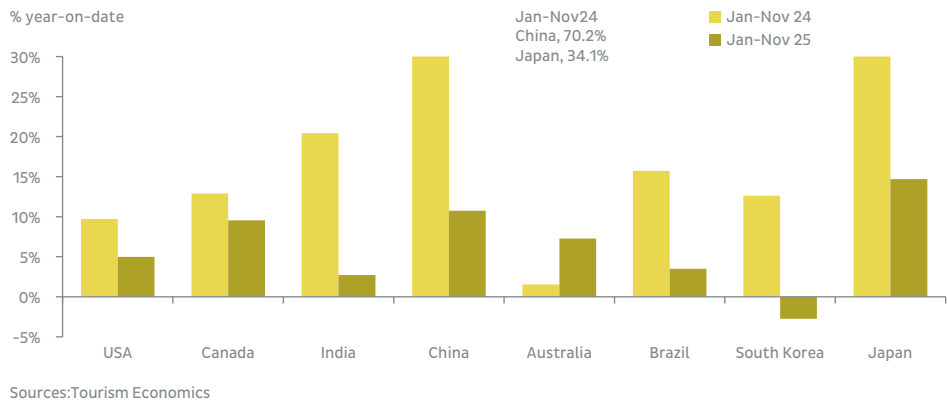


Source: ETC

3.2. Tourism in Europe

In 2025, Europe consolidated its position as the world's leading tourist destination, recording 793 million international arrivals – a 4% increase on 2024 and 6% higher than 2019 levels. The region benefited from robust domestic demand, the recovery of long-haul travel and the consolidation of policies geared towards sustainability and enhancing the tourist experience. Tourism expenditure grew by more than 9%, clearly outpacing the growth rate of arrivals and reflecting the increasing focus on higher value-added segments.

Inbound trips to Europe by selected long-haul source markets (% year)

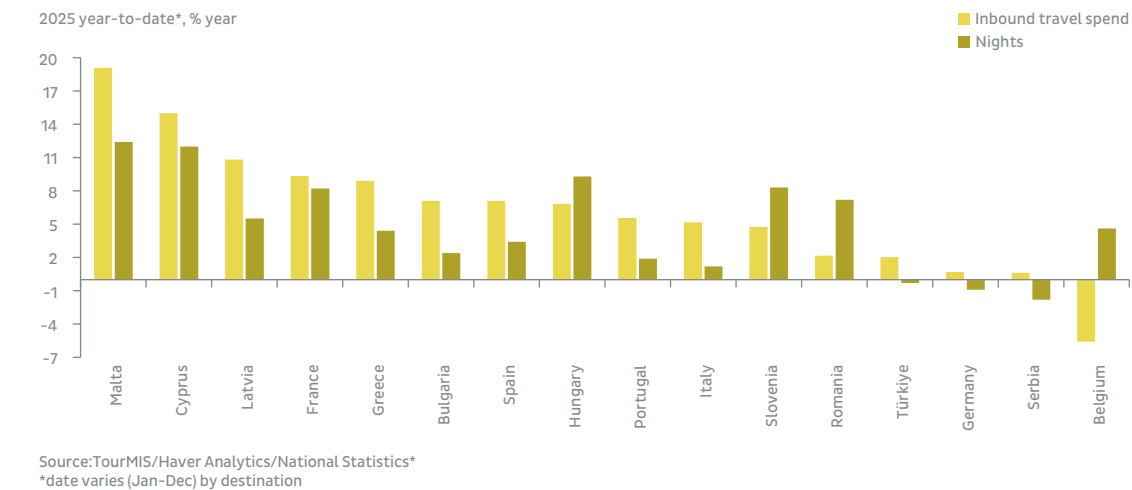


Source: ETC

Performance across the main European destinations varied considerably. Spain recorded a 3% increase in international arrivals and a rise of over 7% in tourist spending, driven by strong demand from North America and growth in the cultural and premium segments. The United Kingdom, despite moderate growth in tourist numbers, saw a rise in revenue of nearly 9%, reflecting a significant increase in the average spend of international visitors.

The Netherlands recorded solid growth of around 5% in arrivals. Amsterdam remained one of the most sought-after European cities, although it continues to face pressure from tourism control measures and structural airport constraints. Nevertheless, policies for the regional redistribution of demand and the diversification of supply are sustaining growth in tourism revenue. Germany, meanwhile, recorded a slight decline in arrivals (-0.9%) and overnight stays (-2%), influenced by one-off factors such as higher fares and calendar effects relating to major events in 2024 that did not recur this year (e.g. EURO 2024), compounded by the weak performance of the German economy. However, average expenditure per visitor stabilised and showed a slight recovery, reflecting a more discerning demand.

Foreign visits and inbound travel spending, 2025 year-to-date*



Source: ETC

3.3. Tourism in Portugal

In 2025, Portugal recorded another year of very positive results in the tourism sector. International tourism expenditure grew by around 5.2%, driven by the consolidation of long-haul markets such as the United States and Brazil, the diversification of the tourism offering, and the growing popularity of cultural, gastronomic and nature-based experiences. The country also benefited from reduced seasonality in demand and an increase in visitor numbers during the shoulder months, improving the annual distribution of tourism activity.

Indicators	Jan-Dec Accumulated			
	Value 2025	Var. 25/24 %	Abs.	Share 2025
Guests (thousands)	32.523,0	3,0%	934,8	100,0%
Domestic	12.777,7	4,7%	573,5	39,3%
Foreign	19.745,3	1,9%	361,2	60,7%
Hotels, Villages and Apartments	25.885,5	3,3%	834,6	79,6%
Local Accommodation	5.120,0	-0,0%	-0,8	15,7%
Rural Tourism	1.517,5	7,1%	101,0	4,7%
Total Revenue (€ million)	7.154,4	7,2%	479,8	100,0%
Room Revenue	5.483,9	6,8%	351,1	76,7%
Other Revenue	1.670,5	8,4%	128,8	23,3%
Hotels, Villages and Apartments - Total	6.223,2	7,5%	434,8	87,0%
Local Accommodation - Total	637,1	2,5%	15,5	8,9%
Rural Tourism - Total	294,1	11,1%	29,5	4,1%
Hotels, Villages and Apartments - Rooms	4.674,1	7,2%	312,4	85,2%
Local Accommodation - Rooms	580,3	2,9%	16,2	10,6%
Rural Tourism - Rooms	229,5	10,9%	22,5	4,2%
Occupancy Rates (%)				
Bed Occupancy	52,6%	0,7 p.p.		
Room Occupancy	66,3%	0,7 p.p.		
RevPAR (€)	72,4	4,3%	3,0	
Hotels, Villages and Apartments	81,4	4,7%	3,7	
Local Accommodation	43,9	0,4%	0,2	
Rural Tourism	44,6	6,9%	2,9	

Source: Turismo Portugal – Travel BI

The city of Porto continued to stand out for its dynamic tourism sector, underpinned by growing international visibility and the consolidation of the destination as a cultural and gastronomic hub. Francisco Sá Carneiro Airport played a key role, with improved connectivity and the expansion of routes, attracting visitors from strategic markets and contributing to high levels of hotel occupancy. Investment in cultural facilities, restaurants and tourist accommodation has enhanced the city's appeal.

Lisbon maintained an equally strong performance, albeit constrained by the limitations of Humberto Delgado Airport. Despite capacity restrictions, the capital benefited from high growth in tourist spending and strong international demand, particularly from markets such as the United States and Canada. The focus on business tourism, conferences, technology and executive events has consolidated the city as a leading urban destination in Europe.

However, the limited capacity of the capital's airport continued to pose a structural challenge, affecting route expansion and the availability of slots, particularly for long-haul markets. Nevertheless, Lisbon maintained high levels of appeal, benefiting from a diverse cultural offering and the loyalty of premium markets with higher return rates.

The island of Madeira enjoyed a particularly positive year, supported by its distinctive tourism offering centred on nature, a mild climate and environmental sustainability. The region continued to attract traditional markets such as Germany and the United Kingdom, whilst strengthening its presence in long haul markets. The focus on active tourism, wellness and exclusive experiences helped to increase hotel occupancy, but above all to boost average revenue per visitor.

The Algarve remained one of the country's most important tourist destinations, with strong performance during the summer months and a gradual reduction in seasonality throughout the year. The region benefited not only from its reputation as a premier seaside destination, but also from the expansion of segments such as golf, residential tourism and high-end gastronomy. The flow of visitors from markets such as the UK, Germany and the Netherlands remained consistent, whilst the increase in visitors from outside Europe contributed to greater diversification of demand and a rise in average spending.

4. Trends in the Tourism Property Market in Portugal in 2025

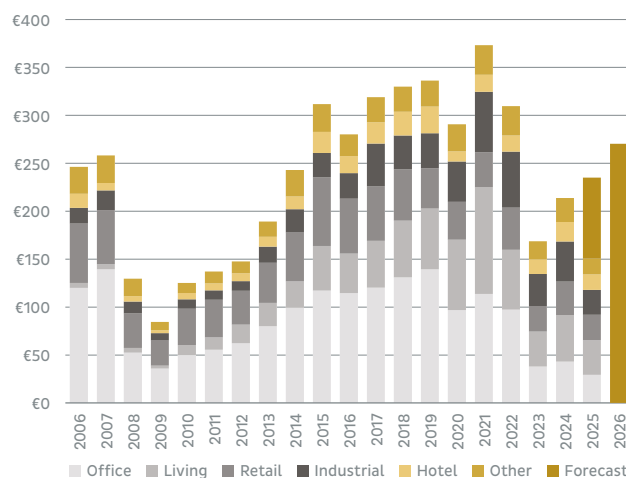


The tourism real estate market in Portugal experienced a year of strong growth in 2025, in line with the sustained growth of the tourism sector and benefiting from more favourable macroeconomic conditions in the second half of the year. Demand for tourism assets – notably hotels, resorts, mixed-use tourism developments and high-end local accommodation units – intensified throughout the year, driven by the expansion of international markets and increased interest from foreign investors in diversifying their portfolios through tourism-related real estate assets. The stabilisation of interest rates at the end of the year, coupled with expectations of cuts in 2026, contributed to greater investor confidence.

The growing popularity of cities such as Lisbon and Porto, as well as traditionally strong regions like the Algarve and Madeira, has had a direct impact on the tourism property market, with increased demand for high-quality accommodation, urban regeneration projects and integrated developments offering complementary services. The growing demand for distinctive experiences has reinforced interest in boutique properties, lifestyle hotels and projects targeting specific segments such as wellness, wine tourism and nature tourism – areas in which developments along the Alentejo coast excel. At the same time, pressure on infrastructure and the scarcity of available space in prime locations have led to greater selectivity on the part of investors and an increase in the value of existing assets.

In autonomous regions and destinations with significant environmental appeal, such as Madeira and the Algarve coast, demand for tourism-related real estate developments remained high, driven by the purchase of second homes by foreign buyers and the growth of long-stay tourism. The growth in long haul tourism, particularly from the United States and Brazil, has intensified interest in integrated tourism developments and mixed-use projects. The growing focus on sustainability has significantly influenced the development of new projects, with environmental and energy efficiency criteria becoming essential factors in asset valuation. Across the country as a whole, 2025 cemented the view that tourism real estate remains one of the most resilient and attractive sectors for investment.

Figure 2: European real estate investment volumes (EUR billion)



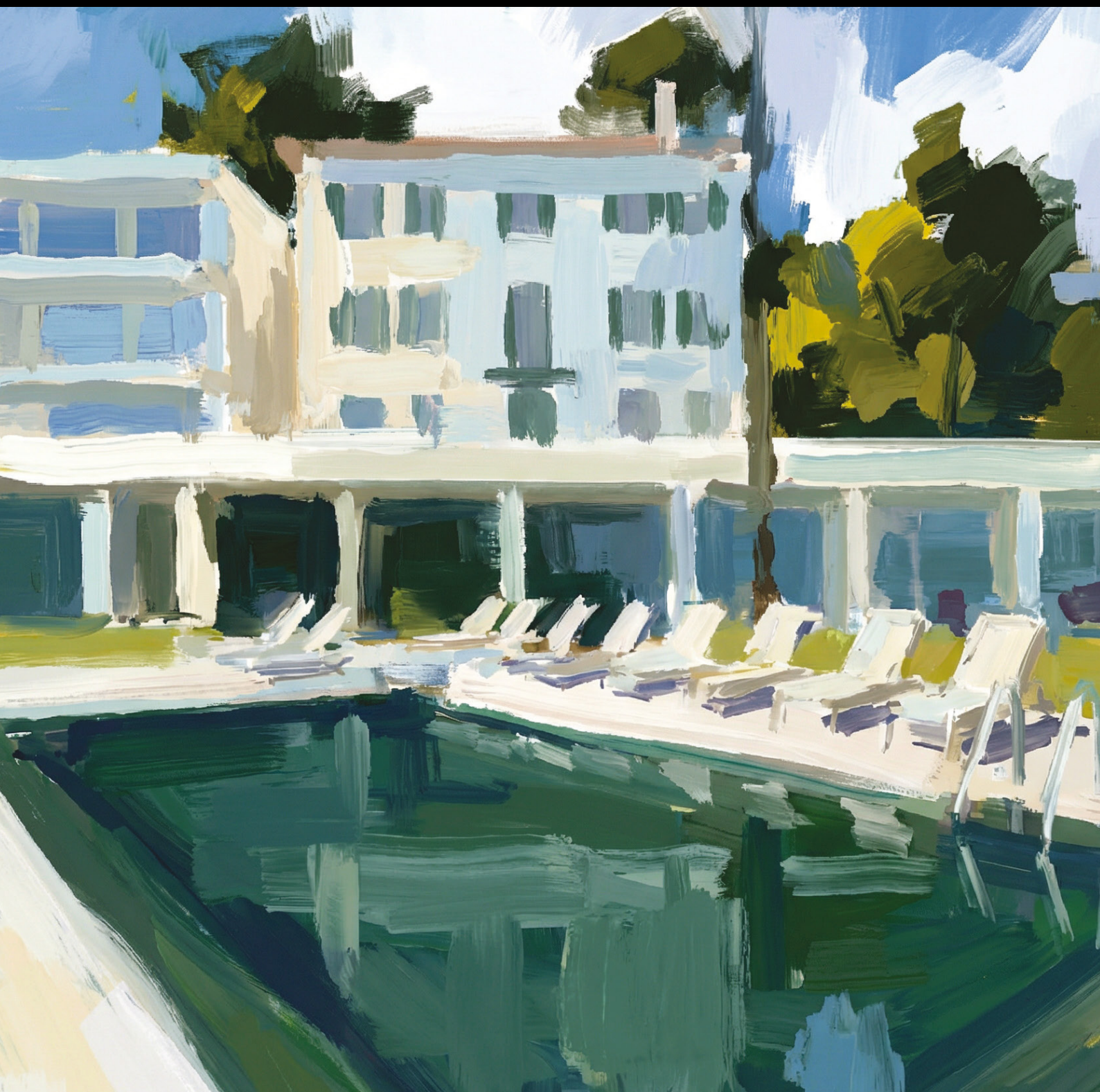
Source: CBRE Research

5. Key Figures



	2025	2024	Δ	Δ%
Number of rooms	7.688	7.591	97	1,3%
Revenue	539,3	558,8	(19,5)	-3,5%
Gross operating profit (GOP)	197,6	182,9	14,7	8,0%
EBITDA	209,6	206,7	2,9	1,4%
Profit for the period	128,9	130,7	(1,8)	-1,4%
Total net financial debt	(26,8)	52,5	(79,3)	-151,0%
Net debt (including IFRS 16)	109,5	200,5	(91,0)	-45,4%
EBITDA margin	38,9%	37,0%	1,9%	5,4%
Net total financial debt / EBITDA	(0,13)	0,25	(0,38)	-152%
Net debt / EBITDA	0,52	0,97	(0,45)	-46,4%
Assets	1.065,2	1.053,9	11,3	1,1%
Equity	577,0	461,1	115,9	25,1%
Average Room Rate (ARR)	158,5	150,4	8,1	5,4%
% occupancy	72,0%	69,8%	2,2%	3,2%
Guest Satisfaction Index (GSI)	89,1%	88,5%	0,6%	0,7%

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



6.1. 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 Pestana with operating units in Portugal.

Grupo Pestana’s origin dates 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 and promoting its internationalization.

Group’s offer is complemented by the management of 8 holiday club developments – Pestana Vacation Club (all owned), 6 golf courses (5 in ownership), the Madeira gambling concession, and, also, 9 tourist animation and tourist real estate developments, and an investment in the industrial sector.

The main projects carried out in 2025 were the following:

- ▮ Continuation of the construction of the future Pestana Dunas hotel on the island of Porto Santo, with a total area of 60,000 m², located on the island of Porto Santo, bordering the Pestana Porto Santo hotel to the west. This hotel will be built using innovative and more environmentally sustainable techniques. Construction began in September 2023, with the building of 218 rooms, a reception area, indoor and outdoor swimming pools and a restaurant. This hotel unit is predicted to start its activity in the second quarter of 2026;
- ▮ Renovation and modernization of the rooms at the Pestana Carlton Madeira Premium Ocean Resort, the public areas of the Pestana Royal All Inclusive Premium Ocean & SPA Resort, the Pestana Porto Santo All Inclusive, and the villas at Pestana Alvor Beach Villas, as well as their public areas, fencing, and parking;
- ▮ Completion of the second phase of the modernization project at Pestana Blue Alvor Beach All Inclusive Hotel, highlighting the construction of an indoor swimming pool and SPA, as well as the renovation and waterproofing of the terraces surrounding the main pool;
- ▮ Beginning of the renovation and expansion project for the Hotel Vila Sol, aiming to improve the garden rooms and build a swimming pool. The project is scheduled for completion in the first quarter of 2026.
- ▮ Continuation of energy efficiency projects and Technological Research and Development, which includes the acquisition of heat pumps, condensing boilers, and the implementation of photovoltaic panel systems on the roofs of buildings and parking lots of various hotel units for self-supply of energy. This will reduce electricity costs, CO₂ emissions, and dependence on the electrical grid. This project is part of the “Accelerate and Transform Tourism Program,” reflecting group’s longstanding concerns about sustainability, which have gained special momentum in recent times due to the ongoing shift in mindsets and the legislative and regulatory wave that accompanies it;

- Additionally, a series of rehabilitation works were carried out in different units, with restoration and updating of the state of the facilities to maintain the assets in optimal conditions to maximize their utilization.

Grupo Pestana continues to reinforce its investment in the real estate business, without leaving the hotel business accentuating diversification by type of business. The main investments in real estate projects made in 2025 were the following:

- Completion of the Pestana Comporta Village real estate project located 200 meters from the village of Comporta and 2 km from the beach, where accommodation units with swimming pools were developed. By 2024, three handovers and deeds had already been completed, and in 2025 the remaining units were handed over and deeded;
- Continuation of the Pestana Valley Nature Village real estate project, located south of Gramacho, established on a 30.14 hectare plot of land, which foresees the construction of independent units intended for sale and tourist operation. During 2025, additional accommodation units were delivered;
- Completion of the Madeira Acqua Residences project, resulting from the transformation of the former Hotel Madeira Palácio, acquired in 2021, into a new luxury residential complex composed of apartments, common areas, gardens, and a swimming pool, located in the prime area of Funchal. This project was entirely handed over and deeded in 2024, with the remaining deliveries and deed registrations occurring in 2025;

Pestana also holds other projects that will contribute to strengthening the available inventory, namely Silves Golf Resort, Lot G3 Vila Sol, and Quinta das Maravilhas. Still regarding the real estate sector, Pestana has significantly increased its focus on the Residence business, considered strategic in this area. Joined to the operation of Pestana Tróia Eco Resort and Pestana Gramacho and Pinta in 2025 were new units, namely Pestana Comporta Village Residence, The Valley Nature Resort, and Pestana Porto Covo Village. The expansion trajectory is expected to continue with the completion of new developments: Pestana Ferragudo Village and Pestana Porto Covo Beach, currently in the initial construction phase.

6.2. Results

In 2025, Pestana reported a total amount of Revenue of 539.3 million Euros, representing a decrease of 3% compared to 2024. This reduction is mainly due to the real estate projects delivered in 2025 being smaller than those in 2024, a year that stood out with the sale of the Madeira Acqua Residences project, which alone generated sales volume of 90.5 million Euros. In 2025, a key highlight has been the delivery and formalization of the deeds for all units at Pestana Comporta Village, as well as the continued deliveries of The Valley Nature Resort. Consequently, the lower scale of Sales and Real Estate Management activity in that year translated into a reduction of 59.5 million Euros in revenue for this business area.

On the other hand, the hospitality business maintained its growth trajectory in 2025, which began in 2022, registering a continuous increase in demand across most of the markets where Pestana operates. This evolution resulted in an increase in hotel sales, with a 3% rise in occupancy rate and a 5% increase in the average room rate. This increase in average price has also been driven by changes in customers' preferred

sales channels, who are increasingly using online platforms. In this context, Pestana's investment strategy, focused on strengthening and energizing direct and digital channels, has allowed it to benefit from this trend and consequently maximize generated revenue. As a result, Grupo Pestana's hotel units recorded approximately 10% growth in Revenue and an 11% increase in hotel operational results (GOP) compared to the previous year. However, it is important to highlight the excellent operational performance of the units, evidenced by the fact that, for yet another consecutive year, GOP growth exceeded Revenue growth in hospitality. This performance reflects the policy that the group has been implementing for several years, based on rigorous cost control and maintaining a structure with a high proportion of variable expenses, thus allowing greater flexibility in response to evolving demand.

Regardless of its cost structure, Pestana continues to seek quality products and services from its suppliers under the best possible conditions. Unlike previous years, 2025 was marked by a more controlled inflation rate, despite ongoing concerns from Central Banks in some regions, and consequently, by a reduction in interest rates. However, conflicts between Ukraine and Russia and between Israel and Palestine continue, placing some pressure on certain regions and impacting tourism and economic flows.

In Madeira and Porto Santo, 2025 was marked by yet another very positive performance in the tourism sector of the Autonomous Region of Madeira, supported by robust international demand and stable air operations throughout the year, resulting in an approximate 12% increase in revenue and a 15% increase in GOP compared to 2024. The Region continued to benefit from high levels of recognition as a safe and high-quality destination. Madeira's appeal was further boosted by high-profile cultural and sporting events and a consolidated tourism promotion strategy, which strengthened its attractiveness in traditional European markets.

The year 2025 consolidated the Algarve as one of Portugal's main tourist destinations, with revenue increasing by around 10% and GOP by approximately 12% compared to 2024. The region benefited from the opening of new air routes, including direct connections between Faro and cities such as Newark. These routes directly contributed to market diversification, especially in the North American segment, considered to have high potential for value-added tourism, attracting a greater number of international tourists from diverse markets throughout the year. Furthermore, there was a continuous effort to diversify the tourism offer, promoting not only beaches but also cultural, gastronomic, and nature-related activities. This diversified approach helped attract different tourist profiles, contributing to a significant increase in occupancy rates and sector revenues.

The Pousadas de Portugal also delivered excellent results in 2025, increasing sales by approximately 7% and GOP by 10% compared to 2024. The main highlights were the Pousadas in the Lisbon region, Algarve, Madeira, and Porto.

City destinations, namely Lisbon and Porto, continue to establish themselves as outstanding tourist destinations thanks to their heritage, cultural dynamism, and unique personality, consistently garnering international accolades such as the World Travel Awards. In 2025, Lisbon was awarded Europe's Best City Break Destination, while Porto won Europe's Best City Destination and Europe's Best Tourist Destination awards. These distinctions enhance the global visibility of both cities and contribute to their strong ability to attract and retain visitors throughout the year, reflected in consistently high occupancy levels

in group's units, which increased revenue by around 5% and GOP by 10%. However, this performance is still affected by operational and capacity limitations at Lisbon Airport, which continues to operate at the edge of its capacity and faces structural issues, including delays at border control and flow management constraints, negatively impacting the arrival experience and limiting the growth of tourism demand.

Like hospitality, the Vacation Club and Options business, supported by its main tourism markets in the United Kingdom and Germany, enabled a revenue increase of approximately 14% generated from timeshare contracts and Options.

As in previous years, Pestana continued to strengthen working and remuneration conditions for its employees, resulting in an approximately 9% increase in personnel expenses.

Thus, despite the reduction in the real estate business, Pestana recorded an EBITDA of 209.6 million Euros in 2025, representing a 1% increase compared to the previous year. However, it is important to highlight that GOP growth exceeded EBITDA variation by about 7%, due to the impact of the future Quinta das Maravilhas real estate project, which became eligible for GOP purposes in 2025. This effect results from the signing of the first preliminary sale contracts, which generated significant contractual receipts from customers.

31 December:	2025	2024
Rooms (total keys)	7.688	7.591
Hotel units	76	77
(Amounts in millions of Euros)		
Revenue:	539,3	558,8
Tourist activities	490,3	519,7
Non-tourist activities	49,0	39,1
GOP (a)	197,6	182,9
EBITDA (b)	209,6	206,7
Depreciation / Amortization / Impairment / Investment Subsidies	(45,2)	(43,0)
EBIT	164,4	163,7
Interest net	(11,2)	(12,9)
Income taxes (c)	(24,3)	(20,1)
Net income including non-controlling interests	128,9	130,7
EBITDA margin (%)	39%	37%
EBIT margin (%)	30%	29%
ROE (%)	22%	28%
EPS	1,54	1,56
EBITDA / Net interests (.x)	18,7	16,0
Average cost of gross debt (%)	3,4%	6,4%

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

6.3. Consolidated statement of financial position (Balance sheet) highlights

Pestana presents total capital investments amounting to 760.8 million Euros, resulting from its strategy to own a large portion of the assets (hotels, golf courses, and land) where Pestana business units are located. This explains the significant value and weight of its fixed assets, which are recorded at historical cost and therefore have a lower value than their market value.

Pestana follows a prudent liquidity policy based on low levels of debt and high financial autonomy. The total non-interest-bearing liabilities cover 85% of adjusted assets, demonstrating their strong financial autonomy and robustness.

It is also important to highlight that 92.3% of the Group's total borrowings, excluding bank overdrafts and pledged accounts, bear fixed interest rates. Therefore, interest rate volatility will not impact future results, with debt concentrated in the medium/long term and its debt service aligned with the cash flow generation capacity.

Despite the significant investments made during the year, namely in the future Pestana Dunas hotel unit and sustainability projects, Pestana presents a liquidity ratio of 61% and a total net financial debt of -26.8 million Euros. This net debt amount demonstrates that the available cash at the reporting date exceeds the financial liabilities, evidencing the capacity to fully repay its financial debt, if it so desired.

Pestana also has credit lines amounting to 90.3 million Euros and working capital of 23.9 million Euros, figures that demonstrate an excellent financial position and justify, among other factors, the upgrade of its rating to A-, a rating considered at the "investment" level with a stable outlook according to the rating agency Ethifinance.

In 2025, 10 million Euros were distributed to shareholders in proportion to their respective holdings, and 3.1 million Euros were also distributed to non-controlling interests.

(Amounts in millions of Euros)

Net assets	2025	% TOTAL	Var 25/24	2024	% TOTAL	Var 24/23	2023
Investment (Fixed assets) (a)	698,1	92%	-1%	706,1	96%	3%	682,4
Deferred tax liabilities	-12,7	-2%	-20%	-15,8	-2%	-9%	-17,3
Total adjusted fixed assets	685,4	90%	-1%	690,3	93%	4%	665,1
Investment (Fixed assets) (b)	40,9	5%	7%	38,3	5%	9%	35,2
Other non-current assets (c)	10,6	1%	26%	8,4	1%	147%	3,4
Current assets – Current liabilities (d)	23,9	3%	1095%	2,0	0%	-91%	22,8
Total adjusted assets	760,8	100%	3%	739,0	100%	2%	726,5
Funding origins	2025	% TOTAL	Var 25/24	2024	% TOTAL	Var 24/23	2023
Equity	577,0	76%	25%	461,1	62%	31%	351,1
Collected deferred revenues (e)	106,2	14%	-6%	112,8	15%	-5%	118,6
Deferred sales costs (f)	-35,1	-5%	-10%	-38,9	-5%	-8%	-42,1
Total non-remunerated funding (adjusted equity)	648,1	85%	21%	535,0	72%	25%	427,6
Long term financial debt (g)	254,0	33%	-9%	279,2	38%	-8%	304,6
Other non-current liabilities (h)	3,2	0%	-9%	3,5	0%	9%	3,2
Total non-current funding	905,2	119%	11%	817,7	111%	11%	735,4
Short term financial debt (g)	31,9	4%	-44%	58,7	8%	81%	32,5
Cash and cash equivalents	-176,3	-23%	28%	-137,4	-19%	232%	-41,4
Net current debt	-144,4	-19%	82%	-78,7	-11%	784%	-8,9
Total funding origins	760,8	100%	3%	739,0	100%	2%	726,5
Net debt (i)	109,5		-45%	200,5		-32%	295,7
Net total financial debt	-26,8		-151%	52,5		-68%	163,6
EBITDA	209,6		1%	206,7		39%	148,5
Working capital	23,9		1095%	2,0		-91%	22,8
Net Capex (j)	39,9		-39%	64,9		-20%	80,7
Capex under construction	55,7		23%	45,3		53%	29,6
Net Debt/ EBITDA	0,52		-46%	0,97		-51%	1,99
Net total financial debt / EBITDA	-0,13			0,25		-79%	1,10
Debt / Equity	0,17		-55%	0,37		-46%	0,69
Net debt / Total adjusted assets (%)	14%		-47%	27%		-33%	41%
Liquidity Ratio (%)	61%		52%	40%		231%	12%

Notes:

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

(b) 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 (excluding contract costs)

(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 financial instruments

(i) Long term financial debt plus Net current debt

(j) Additions net of Disposals

7. Objectives and policies of Grupo Pestana regarding risk management



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 exchange rate risk, interest rate risk, liquidity risk, credit risk and capital risk, 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 on the Consolidated financial statements which are appended.

8. Relevant issues that occurred after the year end



At the General Meeting held in February 2026, it was agreed that the total reimbursement of Accessory contributions in the amount of 7.779.027 Euros and the distribution of retained earnings amounting to 15.000.000 Euros in proportion to the respective shareholding percentages.

9. The near future



The European economy saw modest growth in 2025, and this trend is expected to continue in 2026 with an increase of around 1%. The ongoing uncertainty caused by constant geopolitical events is dampening stakeholders' confidence in the market, despite positive macroeconomic indicators. The US administration's policy of imposing customs tariffs has contributed to a significant increase in the volatility of the affected markets and their respective inflation rates.

On the other hand, European industry is grappling with structural problems, notably its dependence on cheaper external energy sources, and needs to innovate in the face of strong competition from the Chinese economy. The German and French automotive industries are finding it difficult to compete with their Chinese counterparts, which have taken the lead in the transition from fossil fuels to electric power, thereby controlling the relevant supply sources.

Meanwhile, the European and US central banks are seeking to ensure the stability of financial markets, focusing their measures on the objective of reducing inflation.

Summary of Economic Outlook, % change*

Country	2024					2025				
	GDP	Consumer expenditure	Unemployment**	Exchange rate***	Inflation	GDP	Consumer expenditure	Unemployment**	Exchange rate***	Inflation
UK	1.1%	-0.2%	4.4%	2.7%	2.5%	1.4%	0.9%	4.4%	-1.2%	3.4%
France	1.1%	1.0%	7.2%	0.0%	2.0%	0.9%	0.5%	7.5%	0.0%	1.0%
Germany	-0.5%	0.5%	6.0%	0.0%	2.3%	0.2%	1.0%	6.3%	0.0%	2.2%
Netherlands	1.1%	1.0%	3.7%	0.0%	3.3%	1.6%	1.5%	3.9%	0.0%	3.3%
Italy	0.5%	0.6%	6.6%	0.0%	1.0%	0.6%	0.8%	6.2%	0.0%	1.6%
Spain	3.5%	3.1%	11.3%	0.0%	2.8%	2.9%	3.4%	10.6%	0.0%	2.7%
Russia	4.3%	5.4%	2.5%	-8.0%	8.4%	0.5%	2.6%	2.3%	5.9%	8.9%
US	2.8%	2.9%	4.0%	-0.1%	3.0%	2.0%	2.6%	4.3%	-4.3%	2.8%
Canada	2.0%	2.2%	6.4%	-1.6%	2.4%	1.7%	2.1%	6.8%	-6.2%	2.0%
Brazil	3.0%	5.1%	6.8%	-7.4%	4.4%	2.6%	1.3%	6.0%	-7.5%	5.0%
China	5.0%	4.9%	3.3%	-1.7%	0.2%	4.8%	3.9%	3.9%	-4.3%	-0.1%
Japan	-0.2%	-0.3%	2.5%	-7.2%	2.7%	1.3%	1.2%	2.5%	-3.0%	3.1%
India	6.7%	7.3%	8.0%	-1.4%	4.9%	7.7%	7.1%	7.3%	-7.8%	2.0%

Source: Tourism Economics based on GEM as of 08.12.2025

* 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

Against this backdrop of sluggish growth, a structural decline in tourist numbers is anticipated by 2026, a trend that has already begun in some European cities in 2025.

However, this trend does not preclude the possibility of continued significant cyclical growth in countries with a strong tourism tradition and those geographically further removed from conflict zones, such as Portugal, Spain and Morocco.

It is important for companies to maintain a consistent investment policy, both in expanding their product portfolio and in applying next-generation technology, now enhanced by the wave of artificial intelligence.

But it is equally essential to ensure their sustainability during this period of high volatility that their risk management policy is flexible and capable of adapting rapidly to different market trends and their associated threats.

Aware of these constraints, in 2026 Grupo Pestana will continue to operate consistently, in line with the principles that have guided it over the past 53 years, and always with the aim of providing its guests with memorable moments and its employees with enriching experiences and opportunities for personal and professional development.

10. Recognitions



The members of the Board of Directors want to express they're 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 our employees for their high level of professionalism and sense of duty. Their effort and dedication drive the creation of value in Grupo Pestana.

Funchal, 9 March 2026

The Board of Directors

Dionísio Fernandes Pestana

President

Hermanus Roelof Willem Troskie

Director

José Alexandre Lebre Theotónio

Director

José de Melo Breyner Roquete

Director

Pedro Miguel Fino da Silva

Director

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 2025, and 2024, Dionísio Fernandes Pestana holds 835.300 shares of Grupo Pestana S.G.P.S., S.A. and the 82.694.700 remaining shares, by virtue of being the ultimate shareholder of the company that holds them directly.

Funchal, 9 March 2026

The Board of Directors

Dionísio Fernandes Pestana

President

Hermanus Roelof Willem Troskie

Director

José Alexandre Lebre Theotónio

Director

José de Melo Breyner Roquete

Director

Pedro Miguel Fino da Silva

Director

Consolidated Financial Statements



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December	
(Amounts expressed in Euros)	NOTES	2025	2024
ASSETS			
Non-current			
Tangible fixed assets	6	710.906.601	721.578.448
Intangible assets	7	9.637.092	9.671.480
Investment properties	8	5.628.563	5.686.292
Investment in joint ventures	9	2.880.526	2.840.088
Investment in associates	10	12.782.841	12.195.548
Financial assets at fair value through profit and loss	11	25.191.244	23.242.951
Deferred tax assets	12	8.752.902	6.564.915
Trade and other receivables	14	8.100.476	8.746.277
		783.880.245	790.525.999
Current			
Inventories	15	51.259.415	74.971.902
Trade and other receivables	14	52.468.479	50.304.247
Income tax receivable	16	1.906.353	672.581
Cash and cash equivalents	17	176.308.531	137.417.454
		281.942.778	263.366.184
Total Assets		1.065.823.023	1.053.892.183
EQUITY			
Equity	18	125.000.000	125.000.000
Other reserves	19	37.640.063	36.328.159
Retained earnings	20	272.985.318	157.456.063
Profit for the period attributable to shareholders		124.811.030	126.829.356
Non-controlling interest	21	16.568.343	15.528.280
Total Equity		577.004.754	461.141.858
LIABILITIES			
Non-current			
Provisions	22	3.143.122	3.491.654
Borrowings	23	134.670.484	148.957.722
Lease Liabilities	24	119.301.831	130.272.170
Derivatives	25	14.326	29.102
Deferred tax liabilities	12	12.721.903	15.780.669
Deferred revenue	26	80.056.517	89.878.007
Advances from customers	14	1.032.795	-
		350.940.978	388.409.324
Current			
Provisions	22	1.449.512	1.289.025
Borrowings	23	14.861.335	40.914.784
Lease Liabilities	24	17.002.226	17.813.304
Deferred revenue	26	26.169.567	22.675.382
Advances from customers	14	13.361.023	32.267.753
Trade and other payables	27	61.693.385	79.445.587
Income tax liabilities	16	3.340.242	9.935.166
		137.877.291	204.341.001
Total Liabilities		488.818.269	592.750.325
Total Equity and Liabilities		1.065.823.023	1.053.892.183

The following notes form an integral part of the Consolidated statement of financial position as of 31 December 2025.

CONSOLIDATED INCOME STATEMENT

(Amounts expressed in Euros)	NOTES	Period	
		2025	2024
Revenue	28	539.272.653	558.763.016
Cost of goods sold	15	(89.230.763)	(130.862.900)
External services and supplies	29	(155.352.038)	(143.999.532)
Personnel expenses	30	(84.112.645)	(77.137.883)
Charges of depreciation and amortization	6;7,8	(45.704.986)	(44.247.505)
(Impairment) / Reversals of losses of tangible assets	6	(31.457)	787.878
Reversal of receivables	14	240.685	619.502
Impairment of inventories	15	(461.469)	(71.168)
Provisions	22	(200.319)	(547.793)
Other income	31	5.773.628	5.742.410
Other expenses	32	(8.782.761)	(9.754.624)
Gains on disposal of investments, equity method and financial assets at fair value through profit and loss	33	1.605.075	3.045.778
Operating profit		163.015.603	162.337.179
Financial expenses	34	(14.025.260)	(14.436.782)
Financial income	34	2.869.934	1.540.340
Profit before tax		151.860.277	149.440.737
Income tax	35	(22.910.934)	(18.699.249)
Profit for the period		128.949.343	130.741.488
Profit for the period attributable to:			
Shareholders		124.811.030	126.829.356
Non-controlling interests	21	4.138.313	3.912.132
		128.949.343	130.741.488

The following notes form an integral part of the Consolidated income statement for the year ended 31 December 2025.

EBITDA (Note 42)	209.574.549	206.722.475
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts expressed in Euros)	NOTES	Period	
		2025	2024
Profit for the Period		128.949.343	130.741.488
Items that can be recycled through profit or loss:			
Change in fair value of hedging derivatives	25	14.776	(52.861)
Tax impact in items booked directly in equity	12	(2.566)	9.897
Tax rate change impact	12	(407)	–
Other comprehensive income for the period – net of income tax		11.803	(42.964)
Total comprehensive income for the period		128.961.146	130.698.524
Profit for the period attributable to:			
Shareholders		124.822.833	126.786.392
Non-controlling interests		4.138.313	3.912.132
		128.961.146	130.698.524

The following notes form an integral part of the Consolidated statement of comprehensive income for the year ended 31 December 2025.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		ATTRIBUTABLE TO SHAREHOLDERS							
		EQUITY							
NOTES		SHARE CAPITAL	OTHER EQUITY INSTRUMENTS	SHARE PREMIUM	OTHER RESERVES	RETAINED EARNINGS	PROFIT FOR THE PERIOD	NON-CONTROLLING INTERESTS	TOTAL
(Amounts expressed in Euros)									
AT 1 JANUARY 2025		83.530.000	7.779.027	33.690.973	36.328.159	157.456.063	126.829.356	15.528.280	461.141.858
Changes in the period									
Profit for the period application	19,20				1.300.101	125.529.255	(126.829.356)	–	–
					1.300.101	125.529.255	(126.829.356)	–	–
Change in fair value reserve – hedging derivatives	25				14.776	–	–	–	14.776
Deferred tax adjustments	12				(2.973)	–	–	–	(2.973)
Profit for the period							124.811.030	4.138.313	128.949.343
Comprehensive income					11.803	–	124.811.030	4.138.313	128.961.146
Transactions with shareholders in the period									
Dividends	20,21,36	–	–	–	–	(10.000.000)	–	(3.098.250)	(13.098.250)
		–	–	–	–	(10.000.000)	–	(3.098.250)	(13.098.250)
AT 31 DECEMBER 2025		83.530.000	7.779.027	33.690.973	37.640.063	272.985.318	124.811.030	16.568.343	577.004.754

		ATTRIBUTABLE TO SHAREHOLDERS							
		EQUITY							
	NOTES	SHARE CAPITAL	OTHER EQUITY INSTRUMENTS	SHARE PREMIUM	OTHER RESERVES	RETAINED EARNINGS	PROFIT FOR THE PERIOD	NON-CONTROLLING INTERESTS	TOTAL
(Amounts expressed in Euros)									
AT 1 JANUARY 2024									
Changes in the period									
Profit for the period application	19;20	83.530.000	7.779.027	33.690.973	35.199.704	96.623.902	82.003.580	12.216.148	351.043.334
					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	25				(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									
Dividends	20;21;36	–	–	–	–	(20.000.000)	–	(600.000)	(20.600.000)
		–	–	–	–	(20.000.000)	–	(600.000)	(20.600.000)
AS 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

The following notes form an integral part of the Consolidated statement of changes in equity for the year ending 31 December 2025.

CONSOLIDATED CASH FLOW STATEMENT

(Amounts expressed in Euros)	NOTES	Period ended 31 December	
		2025	2024
Cash flow from operating activities			
Receipts from customers		509.223.926	525.235.052
Payments to suppliers		(239.072.744)	(240.542.483)
Payments to personnel		(82.245.558)	(75.895.682)
Cash generated from operations		187.905.625	208.796.887
Income tax received paid		(34.696.110)	(6.609.874)
Other receipts/(payments)		1.829.823	(3.997.009)
Net cash flow from operating activities		155.039.338	198.190.004
Cash flows from investing activities			
Receipts related to:			
Interest and similar income		2.801.419	979.797
Financial investments	11;34	444.163	638.877
Tangible and intangible assets		–	650.088
Payments related to:			
Tangible assets, intangible assets and investment properties		(34.305.499)	(36.918.314)
Financial investments	11	(1.363.237)	(936.168)
Reimbursement of accessory contributions	9	(2.500)	–
Net cash from investing activities		(32.425.654)	(35.585.720)
Cash flows from financing activities			
Receipts related to:			
Borrowings	23;41	12.200.000	11.500.000
Payments related to:			
Borrowings	23;41	(52.376.272)	(26.365.520)
Dividends	20;21;36	(13.098.250)	(20.600.000)
Lease liabilities		(19.949.008)	(21.153.321)
Loan interest expenses and similar charges		(9.912.570)	(9.999.225)
Net cash from financing activities		(83.136.100)	(66.618.066)
Changes in cash and cash equivalents		39.477.584	95.986.218
Effects of exchange differences		(343.210)	148.237
Cash and cash equivalents at the beginning of the period	17	137.098.227	40.963.772
Cash and cash equivalents at the end of the period	17	176.232.601	137.098.227

The following notes form an integral part of the Consolidated cash flow statement for the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

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

In the late 90's, Pestana 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 the existing "Pousadas" in Portugal.

In 2010, Pestana 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. 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 111 units of touristic lodging totaling 11.979 rooms, which makes it the largest network with Portuguese origin, being in the top 15 of European hotel networks ranking and in the top 95 worldwide.

To structure the 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, 8 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".

These Consolidated financial statements were authorized for issue by the Board of Directors on 9 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., 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 Euro.

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 2025. 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 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 their 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 amendments to standards that became effective as of 1 January 2025 is as follows:

- 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, as well as the disclosure of 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). This amendment had no impact on the Consolidated financial statements.

b) Amendments to the standards that have been published and are mandatory for the accounting periods beginning on or after 1 January 2026, and have already been endorsed by the EU:

■ **IFRS 9 (amendment) and IFRS 7 (amendment)**, 'Amendment to classification and measurement of financial instruments. 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) financial assets for which the interest component corresponds to a basic lending arrangement (contingent cash flows or related to ESG targets); 2) financial assets with non-recourse features; and 3) contractually linked financial assets; iii) add new disclosure requirements for instruments with contractual conditions that can change cash flows in terms of period or amount and iv) new disclosure requirements for equity instruments designated at fair value through other comprehensive income. These amendments apply at the date they become effective without restating the comparatives. Pestana will apply these amendments when they become effective with no expected impact on the 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. Pestana will apply these amendments when they become effective with no expected impact on the Consolidated financial statements.

c) Amendments and new standards that have been published and are mandatory for the accounting periods beginning on or after 1 January 2026, but are not yet endorsed by the EU:

■ **IFRS 18 (new standard)**, 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 1 January 2027). 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 Income statement, composed of categories and required subtotals, being fundamental the identification of the existence of any of the defined specific main business activities. Items in the Income statement 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" and "Profit or loss before financing and income taxes" in the Income statement. This standard also includes new disclosure requirements for management performance measures including reconciliation with the most similar specified subtotal defined in IFRS 18. 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. Grupo Pestana will apply this standard when it becomes effective and it is expected that it will impact on the Consolidated income statement's structure and the disclosure on management performance metrics.

- **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 amendment will have no impact on the Consolidated financial statements.
- **IFRS 19** (amendment), 'Amendment to disclosure requirements. The amendment aims to reduce disclosure requirements for changes to standards and new standards issued between February 2021 and May 2024, namely: IFRS 18: Presentation and Disclosure in Financial Statements; Amendments to IAS 7 – Supplier Finance Arrangements; IAS 12 – International Tax Reform – Pillar Two Model Rules; Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability. The presentation of complete comparative information is mandatory unless an exemption applies. Pestana will apply this amendment when it becomes effective with no expected impact on the Consolidated financial statements.

3. Material accounting policies

The material 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 companies.

Entities that qualify as Subsidiaries are listed in Note 38.

3.1.2. Joint ventures

Pestana 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 entity 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 their consistent application by all Group companies.

Entities that qualify as Joint ventures are listed in Notes 9 and 38.

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 their consistent application by all Group companies.

When share of losses of an associate exceeds its interest in the associate, additional losses are provided for only to the extent that Pestana 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 38.

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	31-12-2025	31-12-2024
GBP – Pound Sterling	0,8715	0,8273
USD – US Dollar	1,1745	1,0353

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.

Grupo Pestana 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 part or 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:

Buildings and other constructions:
Hotels and Vacation Club Property
Golf Property
Right of use
Other Property
Basic equipment
Transport equipment
Tools
Administrative equipment
Other tangible assets

YEARS
40 years
20 years
Between 4 e 70 years
Between 20 e 40 years
Between 10 e 20 years
Between 4 e 8 years
Between 4 e 10 years
Between 3 e 10 years
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 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 Pestana.

Expenditure on research and evaluations conducted during 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 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 like 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. Financial assets

i. Classification

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 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 include 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 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 and loss. Transaction costs of financial assets at fair value through profit and loss are recognized 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 with less impairment losses. Interest income from these financial assets is included in "Interest income" in financial income.

Financial assets 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 Consolidated income statements 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.

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), vacation club, golf and beverage industry businesses are subject to impairment analyses for all contractual payments due, and checks are also made to see if there is any information available that indicates a situation of default prior to that period.

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

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 2025 and 2024 all related parties can pay, having the probability of default been considered as close to 0% and therefore no impairment has been recognized.

iv. Write-off

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.

3.10. 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 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 than the estimated costs of completion and the estimated costs necessary to make the sale.

As part of construction activities, finished goods refer to land 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 labor 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.

3.11. 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.

Grupo Pestana 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. Grupo Pestana measures its tax balances either based on the 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, which 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 and does not give rise to equal taxable and deductible temporary differences. However, for taxable temporary differences associated with investments in equity instruments, deferred tax liabilities should not be recognized to the extent that: i) the parent company 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.

3.12. 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.

3.13. 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 the issuance of shares, without any defined obligation of payment or remuneration, and for which no reimbursement is expected within a short timeframe, are recognized as other equity instruments.

3.14. Provisions

Provisions are only recognized when Grupo Pestana has a present legal or constructive obligation resulting from past events, it is probable that an outflow of internal resources will be necessary to settle this obligation, and its amount can be 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 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 on 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 the 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 recognised as interest expense.

3.15. 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 and 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 except for 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 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 committee to purchase or liquidate the liability.

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

3.16. 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, at the end of the reporting date, 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.

3.17. Leases

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

Grupo Pestana leases several buildings and vehicles. Lease contracts are usually negotiated for fixed periods but there may be extension options. Leases 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, Right of use assets is registered, with the corresponding Lease liability, at the date in which control over the asset's use is transferred to Grupo Pestana, 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 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.

Grupo Pestana 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.

The lease liability is subsequently measured, increased by interest costs and decreased by lease payments to the lessor, and is remeasured when there are changes to future payments resulting from the application of indices or rates, or if there are other changes such as a change in the lease term, a change in expectations regarding the exercise of a purchase option, renewal of the term or termination of the contract. In these cases, is recognized the amount of the remeasurement of the lease liability as an adjustment to Right-of-use assets.

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 a lease contract for the same asset with said third party, Grupo Pestana 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 Grupo Pestana.

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).

Pestana 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 1 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.

3.18. 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 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.

3.19. 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 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 could 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.

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

(i) Hospitality

Revenue corresponds 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) Real estate sales and management

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 it 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 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 recharging costs inherent to the building/resort management, without margin, to the owners.

(iii) 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 is 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 control is transferred 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.

(iv) Beverages Industry

Revenue from this business corresponds to the fair value of the amount received or receivable from transactions with customers in the normal course of business. Revenue is recorded net of any taxes, trade discounts and financial discounts granted.

Revenue is recognised in the Consolidated income statement when control over the product or service is transferred to the customer, i.e., at the point at which the customer gains the ability to manage the use of the product or service and obtain all the remaining economic benefits associated with it.

Pestana considers that, given the nature of the 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 occurs continuously throughout the defined contractual period.

(v) 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 3.17) 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 Pestana as well as a component associated with the costs incurred relating to maintenance, insurance, cleaning, repairs and replacement of equipment at the timeshare units and resorts.

In cases of 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. The revenue from these points is recognized according to their use and expiration date, considering the average of historically expired points and considering the rate of consumption of existing points (breakage) as provided for in IFRS 15.

(vi) Touristic entertainment

Revenue from gambling, both from table games and gaming machines, is determined daily and recognized as revenue daily, 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 led 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

Foreign exchange rate risks relate to assets or liabilities denominated in a currency different from the group's currency, the Euro.

Pestana's operational activity is conducted in the country where it operates, and consequently, most of its transactions are carried out in that country's currency. The policy for hedging this specific risk involves avoiding, as far as possible, contracting transactions in foreign currencies.

The risk associated with interest rate fluctuations impacts debt service. Interest rate risks are mainly related to interest paid on various loans with variable interest rates, which represent only 7.7% of Pestana's total borrowings. Whenever deemed appropriate, Pestana enters derivative financial instruments for cash flow hedging (also known as swaps) on long-term loans with the objective of managing the risk associated with interest rate variations.

Pestana pursues a growth strategy that involves very significant investment volumes, with long payback periods, and therefore relies on financing sources with appropriate repayment terms. Additionally, the hotel operation business is significantly exposed to economic cycle variability and notable seasonality in resort hotels. This risk is minimized by the fact that Pestana maintains a high proportion of variable costs, allowing for great flexibility.

These factors are decisive in defining Pestana's financial risk management policy. This policy primarily aims to prudently ensure the significant reduction of these risks, focusing management on the efficient operation of the hotel business itself, while continuing to guarantee structured medium- and long-term financing for each significant new investment, mostly with fixed interest rates.

Short-term cash surpluses, when available, are first applied to reduce short-term debt, then to reduce part of the medium and long-term debt – the most expensive portion – and to finance the equity component of new projects. To reduce treasury risk, the remaining surpluses are invested in very short-term time deposits with financial institutions with which Pestana has the closest relationship and holds the highest volume of medium and long-term debt.

Sensitivity analysis of the finance results to changes in exchange 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 2025 and 2024.

Considering Grupo Pestana's consolidated loans bearing interest at variable rates as at 31 December 2025, an increase of 0,25% in the interest rate would result in an increase in the net finance expenses for the year of approximately 29.000 Euros (31 December 2024: approximately 27.000 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 classified as financial assets at amortized cost or 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, Pestana considers that the concentration of credit risk in the activity is reduced.

To increase the coverage of credit risk, Grupo Pestana has a credit insurance from a leading insurance company in the Portuguese market 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 Pestana'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 considering that Grupo Pestana 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 bank deposits and loans contracted with financial institutions, classified as Cash and cash equivalents are as follow:

Rating	Bank deposits		Bank loans, Commercial paper and Bank overdrafts	
	2025	2024	2025	2024
A1	128.107.520	22.361.662	92.937.905	42.601.907
A2	43.523.880	96.479.355	24.750.000	55.352.500
A3	—	11.419.747	—	26.474.774
Aa3	2.905.096	—	—	—
Baa1	—	88.707	—	—
Baa2	—	2.348.781	—	4.928.892
No Classification	270.055	1.598.058	2.441.963	4.091.363
Total	174.806.551	134.296.310	120.129.868	133.449.436

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 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 analyses are carried out over estimated cash flows both in the short term and in the medium and long term, to adjust the type and amount of appropriate financing. Whenever necessary, Pestana International Holdings S.A. 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:

31 DECEMBER 2025

Borrowings:			
- bank loans	11.824.125	38.314.672	62.715.141
- bond loans	—	29.000.000	—
- commercial paper	—	5.000.000	—
- secured overdraft facility	2.200.000	—	—
- bank overdrafts	75.930	—	—
- undiscounted interests payable until maturity	3.813.564	9.278.587	5.461.803
Lease liabilities	18.809.838	66.567.036	140.929.207
Trade and other payables – non group	57.286.921	—	—

LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
17.913.619	81.593.259	68.176.944
11.824.125	38.314.672	62.715.141
—	29.000.000	—
—	5.000.000	—
2.200.000	—	—
75.930	—	—
3.813.564	9.278.587	5.461.803
18.809.838	66.567.036	140.929.207
57.286.921	—	—

31 DECEMBER 2024

Borrowings:			
- 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
44.920.653	88.774.058	80.376.922
12.524.639	42.904.274	72.701.296
27.100.000	29.000.000	—
—	5.000.000	—
319.227	—	—
4.976.787	11.869.784	7.675.626
18.764.217	72.563.314	160.382.571
73.156.216	—	—

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 need for investment.

In general, borrowings are obtained 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 units which, after being approved, will guide their 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 2025 and 2024 were as follows:

	31-12-2025	31-12-2024
Total borrowings	149.531.819	189.872.506
Total lease liabilities	136.304.057	148.085.474
Less: cash and cash equivalents	176.308.531	137.417.454
Net debt	109.527.345	200.540.526
Equity	577.004.754	461.141.858
Total Equity	686.532.099	661.682.384
Gearing	16%	30%

4.3. Accounting for derivative financial instruments

As of 31 December 2025, and 2024, 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, it is classified as held for trading.

5. Main accounting estimates and 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, considering 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 to determine whether it is in fact exposed to the variability of returns and could affect those returns through its control over the investee.

Other judgements could lead to a different consolidation perimeter, 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 number 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 building and equipment leases. In determining lease terms, Pestana 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 number 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

Pestana is subject to income taxes in numerous jurisdictions. Judgement is required in determining the 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 2025 and 2024 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 2025									
Acquisition cost	136.100.260	1.087.336.591	267.365.874	7.774.663	18.840.111	601.990	17.437.446	45.296.986	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
Changes in 2024									
Additions	—	12.054.493	8.274.814	1.717.146	649.155	760	981.933	16.004.809	39.683.110
Terminations – acquisition cost	—	(7.342.888)	(50.834.589)	(637.192)	(7.487.932)	(294.917)	(493.127)	—	(67.090.645)
Terminations – accumulated dep.	—	7.342.888	50.834.589	637.192	7.487.932	294.917	493.127	—	67.090.645
Contract changes	—	(4.741.202)	—	—	—	—	—	—	(4.741.202)
Transfers	—	1.616.502	3.669.601	—	314.902	—	—	(5.601.005)	—
Depreciation	—	(34.835.073)	(7.881.155)	(853.316)	(780.797)	(5.649)	(1.226.308)	—	(45.582.298)
Impairment – charge	—	(31.457)	—	—	—	—	—	—	(31.457)
	—	(25.936.737)	4.063.260	863.830	183.260	(4.889)	(244.375)	10.403.804	(10.671.847)
31 DECEMBER 2025									
Acquisition cost	136.100.260	1.088.923.496	228.475.700	8.854.617	12.316.236	307.833	17.926.252	55.700.790	1.548.605.184
Accumulated depreciation	—	(634.696.751)	(173.555.844)	(5.919.747)	(11.147.930)	(285.380)	(11.442.978)	—	(837.048.630)
Accumulated impairment	—	(649.953)	—	—	—	—	—	—	(649.953)
Net book value	136.100.260	453.576.792	54.919.856	2.934.870	1.168.306	22.453	6.483.274	55.700.790	710.906.601

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 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	45.296.986	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

During the year ending 31 December 2025 and 2024, the movements occurring in Right of use assets, by asset type, are as follows:

	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	TOTAL
1 JANUARY 2025				
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
Changes in 2025				
Additions	4.081.018	543.462	971.382	5.595.862
Terminations – acquisition cost	(882.761)	(611.988)	(342.778)	(1.837.527)
Terminations – accumulated dep.	882.761	611.988	342.778	1.837.527
Contract changes	(4.741.202)	–	–	(4.741.202)
Depreciation	(12.163.141)	(527.293)	(608.273)	(13.298.707)
Impairment – charge	(26.062)	–	–	(26.062)
	(12.849.387)	16.169	363.109	(12.470.109)
31 DECEMBER 2025				
Acquisition cost	235.179.733	4.143.305	4.990.373	244.313.411
Accumulated depreciation	(126.456.460)	(2.513.444)	(2.523.289)	(131.493.193)
Accumulated impairment	(644.558)	–	–	(644.558)
Net book value	108.078.715	1.629.861	2.467.084	112.175.660

	BUILDINGS AND OTHER CONSTRUCTIONS	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 – accumulated dep.	10.972.545	–	798.738	11.771.283
Terminations – accumulated imp.	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

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

The main additions in 2025 mainly relate to:

- Energy efficiency projects, which include the acquisition of heat pumps, condensing boilers, and the implementation of photovoltaic panel systems on the roofs of buildings and parking lots of various hotel units, for self-supply of energy, included in the scope of the application submitted under the Recovery and Resilience Plan (PRR) within the “Accelerate and Transform Tourism” Program;
- Renovation and modernization of some of new developments, namely the rooms at the Pestana Carlton Madeira Premium Ocean Resort, the public areas of the Pestana Royal All Inclusive Premium Ocean & SPA Resort, the Pestana Porto Santo All Inclusive, and the villas at Pestana Alvor Beach Villas, as well as their public areas, fencing, and parking;
- Completion of the second phase of the modernization project of the Pestana Blue Alvor Beach All Inclusive Hotel, highlighting the construction of an indoor pool and SPA, as well as the renovation and waterproofing of the terraces around the main pool;
- Capitalization of direct costs incurred in negotiating Vacation Club contracts (Note 3.4);
- Acquisition of beverage containers, in line with the group's policy regarding the use of reusable packaging and the shipping of returnable kegs;
- Renovations, refurbishments, and acquisition of equipment necessary for the normal operation of the units.

The main additions in 2024 mainly relate to:

- Acquisition of Quinta do Perestrelo, located adjacent to the Pestana Miramar & Ocean Hotel. Pestana conducted adaptation works at this new luxury 4-star hotel unit with 37 rooms, which began operations in November 2024. It was also acquired a plot of land, enabling a connection between these two units;
- Completion of the second phase of the modernization project of the former Pestana Delfim, started in 2022, Pestana Blue Alvor Beach All Inclusive Hotel, highlighting the renovation of the unit's common areas, improvement of existing spaces, and creation of new leisure areas;
- Acquisition of FF&E from Grupo OPPA – Investimentos Imobiliários, S.A. under the agreement for the hotel operation transfer and the acquisition of FF&E entered into on 31 May 2024, with operations starting on 1 June 2024, for which a right-of-use asset was recorded;
- Completion of modernization of the building and equipment at the new Pestana Vila Lido Madeira Ocean Hotel, formerly Pestana Palms Ocean Hotel;
- Capitalization of direct costs incurred in negotiating Vacation Club contracts (Note 3.4);
- Acquisition of beverage containers, in line with the group's policy regarding the use of reusable packaging and the shipping of returnable kegs;
- Renovations, refurbishments, and acquisition of equipment necessary for the normal operation of the units.

Right of use assets

As of 31 December 2025, and 2024, the right-of-use assets relate primarily to buildings and other constructions, as presented in Note 24.

In 2025, a lease contract modification was made concerning a future unit in Lisbon. The modification resulted from delays in the licensing process and, consequently, in the start of construction works, which led to the postponement of rent payments to the lessor as defined in the contract. Under IFRS 16, this modification was treated as a revaluation of the lease liability and the right-of-use asset, resulting in a decrease of both by the same amount.

In 2024, Pestana acquired the right of use related to the Pestana Porto – A Brasileira Hotel starting 1 June 2024, with an initial impact on right-of-use assets and lease liabilities of approximately 12,600,000 Euros. Additionally, in 2024, the lease contracts for Pestana Cascais and Pestana Sintra Golf were renewed for an additional five years, with an impact of approximately 9,400,000 Euros on right-of-use assets and lease liabilities.

Other additions to right-of-use assets in 2025 and 2024 mainly arise from rent value adjustments based on inflation, including the extension of the terms of some contracts.

In 2024, derecognitions mainly relate to the termination of the hotel operation assignment contracts for Pestana Ilha Dourada and Pestana Colombos, on May 31 and October 31, respectively (Note 24).

Terminations

In 2025, disposals mainly relate to equipment that had become obsolete and was removed from the units.

Disposals

The disposals in the 2024 fiscal year include the sales of apartments at Pestana Gramacho Residence and units in Tower I, in Alvor, sold for 324,950 Euros and which generated a gain of 184,079 Euros (Note 31).

Assets under construction

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

	2025	2024
Pestana Dunas project (Porto Santo)	38.317.269	27.612.239
Quinta da Amoreira project (Algarve)	6.447.393	6.345.437
Pestana Vintage Porto expansion project (Porto)	2.678.449	2.678.449
Energy efficiency project	1.881.818	3.028.687
Renovation and expansion project of Hotel Vila Sol (Algarve)	1.856.319	—
Others	4.519.542	5.632.174
	55.700.790	45.296.986

The Pestana Dunas Project refers to a hotel project in Porto Santo with a total of 396 rooms and a total area of 60,000 m² on land acquired in 2020 for 8.000.000 Euros. This project will be bound to the west by Pestana Porto Santo, allowing for greater optimization of the two units, and the hotel will be built using innovative and environmentally sustainable techniques. Construction began in September 2023, including the development of 218 rooms, a reception area, indoor and outdoor pools, and a restaurant. Operations are expected to commence in the second quarter of 2026.

The Quinta da Amoreira Project corresponds to a plan to build an aparthotel with 98 units, to be developed on a plot located in the Alvor area of Portimão. The licensing process is currently underway, with the architectural project already submitted to the Municipality of Portimão, awaiting review and approval. Subsequent phases include the preparation and submission of all required specialized projects.

The Pestana Vintage Porto expansion project relates to the acquisition of adjacent buildings with the objective of increasing the capacity of this unit.

The energy efficiency and Technological Research and Development projects include the acquisition of heat pumps, condensing boilers, and the implementation of photovoltaic panel systems on the roofs of buildings and parking lots of various hotel units for self-supply of energy, which will reduce electricity costs, CO₂ emissions, and dependence on the electric grid. This project is part of the application submitted under the Recovery and Resilience Plan (PRR) in the “Accelerate and Transform Tourism” Program, and it is expected to receive a non-reimbursable incentive ranging from 30% to 65% on approved eligible expenses. A portion of the non-reimbursable subsidy received under this PRR application, calculated according to the method used by IAPMEI – Agency for Competitiveness and Innovation, amounting to approximately 1,300,000 Euros (2024: 1,800,000 Euros), has already been allocated to these investments and will be recognized over the estimated useful life of the financed assets (Note 26).

The renovation and expansion project of Hotel Vila Sol aims to improve the garden rooms as well as to construct a swimming pool, with completion expected in the first quarter of 2026.

The value of contractual commitments for the acquisition of tangible fixed assets as of 31 December 2025 and 2024 amounts to approximately 17.500.000 Euros and 22.100.000 Euros, respectively.

Assets which are reversible to the State

Grupo Pestana has recognized in its consolidated financial statements assets related to the concession of the Pousadas de Portugal network and the operation of gambling activities, which are reversible to the State at the end of their respective concessions without any right to compensation. The net book value of these assets as of 31 December 2025, amounts to 3.435.990 Euros (as of 31 December 2024: 4.284.255 Euros), with their useful life corresponding to their economic life or the concession term, whichever is shorter.

Under the operating concession agreement, due to the exit of certain units from the Pousadas network in recent years, Pestana has already been granted, as definitive compensation and without any conditions, an additional period of 3 years, thereby extending the contract term until 31 December 2026.

Additionally, due to the cancellation by the competent authorities of Enatur's financing operation for Pousada da Serra da Estrela, which required the repayment to the State of community funds related to the establishment of this Pousada, the Assignor recognized in 2019 the right to be compensated for a period of 5.8 years. This recognition is subject to the resolute condition of Enatur winning the lawsuit filed against the State for the reimbursement of these amounts.

Considering the maximum limit for compensation established in the operating concession agreement, Pestana may only extend the contract until 31 December 2028. In preparing its consolidated financial statements, since Enatur does not recognize in its own financial statements that it will be reimbursed from the action filed against the State, thereby assuming the loss of the lawsuit, the group revised in 2019 the useful lives of the assets associated with the concession of the Pousadas network. Consequently, the useful life assigned to these assets corresponds to their economic life or the concession term, specifically 2028, whichever is shorter.

Impairment

Grupo Pestana has historically made very prudent investments, incurring a low cost per room in its assets. Additionally, a significant portion of these assets were revalued under IFRS 1 in 2010, with reference to their fair value as of December 31, 2008, but using actual cash flows from 2009 and 2010 and budgets for 2011, during the height of the economic and financial crisis. All these assets have been depreciated since then.

In the fiscal years 2025 and 2024, assets that already had impairment losses recognized, as well as those showing internal and external indications of impairment, were reviewed based on the following hierarchy: market indicators, external valuations, and internal valuations. When appropriate, internal valuations were conducted using the discounted cash flow method, reflecting the best current expectations regarding business evolution over the next five years, considering a terminal growth rate of around 2% and discount rates between 7% and 10% that reflect the risk and expected return by stakeholders.

Based on this approach, in 2025 the impairment loss on the right of use of Beloura Golf and on the renovations conducted on that property was increased by 26.062 Euros and 5.395 Euros, respectively. In 2024, an impairment loss reversal of 737.879 Euros was recorded on Madeira Magic.

Sensitivity analyses were conducted on the valuation model based on the following assumptions: (i) pessimistic scenario: an increase of 0.5% in the WACC rate accompanied by a simultaneous 10% reduction in cash flows; and (ii) optimistic scenario: maintaining the WACC rate and a 10% increase in cash flows, neither of which are considered likely to occur. As of 31 December 2025, under the assumptions of the pessimistic scenario, the accumulated impairment losses would remain the same since the Beloura Golf asset is already fully impaired. As of 31 December 2024, under the pessimistic scenario assumptions, the accumulated impairment losses would be higher by 236.303 Euros, and under the optimistic scenario, they would be lower by 36.565 Euros.

7. Intangible assets

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

	GOODWILL	SOFTWARE	TOTAL
1 JANUARY 2025			
Acquisition cost	9.500.000	345.653	9.845.653
Accumulated amortization	–	(174.173)	(174.173)
Accumulated impairment	–	–	–
Net book value	9.500.000	171.480	9.671.480
Changes in 2025			
Write-offs – acquisition cost	–	(20.635)	(20.635)
Write-offs – accumulated amortization	–	20.635	20.635
Amortization	–	(34.388)	(34.388)
	–	(34.388)	(34.388)
31 DECEMBER 2025			
Acquisition cost	9.500.000	325.018	9.825.018
Accumulated amortization	–	(187.926)	(187.926)
Accumulated impairment	–	–	–
Net book value	9.500.000	137.092	9.637.092

	GOODWILL	SOFTWARE	TOTAL
1 JANUARY 2024			
Acquisition cost	9.500.000	262.096	9.762.096
Accumulated amortization	–	(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 amortization	–	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 amortization	–	(174.173)	(174.173)
Accumulated impairment	–	–	–
Net book value	9.500.000	171.480	9.671.480

In June 2016, following the corporate reorganization of Grupo Pestana, which concentrated the financial holdings in the Autonomous Region of Madeira and the Autonomous Region of the Azores within the subsidiary M.&J. Pestana – Sociedade de Turismo da Madeira, S.A., the sole shareholding of Empresa de Cervejas da Madeira, Sociedade Unipessoal, Lda. was acquired, resulting in the recognition of goodwill. As of 31 December 2025, and 2024, the goodwill amounts to 9.500.000 Euros.

The recoverability of goodwill is assessed annually as of December 31, regardless of whether there are indicators of impairment. The recoverable amount is determined based on the value in use of the assets, calculated using the discounted cash flow methodology, considering market conditions, budget values defined and approved by management, a perpetual growth rate of approximately 2%, and a discount rate between 6.5% and 8.5%, which Grupo Pestana considers to best reflect the specific risks involved.

A sensitivity analysis was performed on the valuation model considering a pessimistic scenario of an increase in the WACC rate by 0.5% and a 5% reduction in cash flows. Under this pessimistic scenario, which has a low probability of occurring, the goodwill as of 31 December 2025 and 2024 would remain fully recoverable.

8. Investment properties

During the fiscal years ending 31 December 2025 and 2024, the movements recorded under the Investment Properties heading are presented as follows:

	2025	2024
1 JANUARY		
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	5.686.292	5.752.087
Additions	57.073	14.072
Disposals – acquisition cost	(73.785)	–
Disposals – accumulated depreciation	47.283	–
Depreciation	(88.300)	(84.059)
Impairment – reversal	–	4.192
	(57.729)	(65.795)
31 DECEMBER		
Acquisition cost	7.946.282	7.962.994
Accumulated depreciation	(2.263.350)	(2.222.333)
Accumulated impairment	(54.369)	(54.369)
Net book value	5.628.563	5.686.292

As of 31 December 2025, and 2024, the fair value of each asset classified as Investment Properties is not lower than the carrying amount.

As of 31 December 2025, and 2024, the Investment Properties are primarily held for rental purposes and are detailed as follows:

	2025	2024
Funchal land, Madeira	2.342.455	2.342.455
Commercial properties leased to third parties, Algarve	2.074.159	2.108.826
Buildings for expansion, Oporto	780.729	792.992
Others	431.220	442.019
	5.628.563	5.686.292

The amounts recognized in the Consolidated Income Statement related to investment properties are presented as follows:

	2025	2024
Rents obtained	265.871	216.540
Operating expenses	(55.652)	(41.881)
Depreciation	(88.300)	(84.059)
	121.919	90.600

9. Investments in joint ventures

The movements occurred in Investments in joint ventures during 2025 and 2024 are as follows:

	2025	2024
1 JANUARY	2.840.088	2.840.831
Accessory contributions granted	2.500	–
Gains / (Losses) from equity accounting (Note 33)	37.938	(743)
31 DECEMBER	2.880.526	2.840.088

As of 31 December 2025, Investments in joint ventures refer to the following entities:

Entity	% OWNED	EQUITY METHOD			ACCESSORY CONTRIBUTIONS			TOTAL INVESTMENT
		INVESTMENT AMOUNT	IMPAIRMENT LOSS	TOTAL	INVESTMENT AMOUNT	IMPAIRMENT LOSS	TOTAL	
Solpor – Soc. de Turismo do Porto Santo Lda.	50,00%	2.448.026	–	2.448.026	432.500	–	432.500	2.880.526
		2.448.026	–	2.448.026	432.500	–	432.500	2.880.526

As of 31 December 2024, Investments in joint ventures refer to the following entities:

Entity	% OWNED	EQUITY METHOD			ACCESSORY CONTRIBUTIONS			TOTAL INVESTMENT
		INVESTMENT AMOUNT	IMPAIRMENT LOSS	TOTAL	INVESTMENT AMOUNT	IMPAIRMENT LOSS	TOTAL	
Solpor – Soc. de 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

The reconciliation between net assets, excluding ancillary contributions and loans granted, and the equity method of accounting for investments in joint ventures in 2025 and 2024 is as follows:

	2025	2024
	SOLPOR – SOCIEDADE TURISMO DO PORTO SANTO, LDA.	SOLPOR – SOCIEDADE TURISMO DO PORTO SANTO, LDA.
Opening net assets 1 January	70.284	71.770
Profit for the period	(1.425)	(1.486)
Closing net assets 31 December	68.859	70.284
Group's share in %	50,00%	50,00%
Group's share in value	34.430	35.142
Adjustment of purchase price allocation	2.413.596	2.374.946
Carrying amount 31 December	2.448.026	2.410.088

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 2025 and 2024 are as follows:

	2025	2024
1 JANUARY	12.195.548	11.701.729
Gains from equity accounting (Note 33)	587.293	493.819
31 DECEMBER	12.782.841	12.195.548

As at 31 December 2025 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%	12.287.841	–	12.287.841	–	–	–	12.287.841	3.837.382
Lean Company Ventures II, S.A.	10,00%	–	–	–	495.000	–	495.000	495.000	–
		12.287.841	–	12.287.841	495.000	–	495.000	12.782.841	3.837.382

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

The reconciliation between the net assets, excluding Accessory contributions and loans granted, and the carrying amount of the Associates in 2025 and 2024 is as follow:

	2025		2024	
	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	53.994.416	452.283	54.051.251	679.342
Profit for the period	1.198.557	(314.306)	1.007.794	22.419
Other comprehensive income	(358.938)	–	(1.064.629)	(249.478)
Closing net assets 31 December	54.834.035	137.977	53.994.416	452.283
Group's share in %	49,00%	20,00%	49,00%	20,00%
Group's share in value	26.868.677	27.595	26.457.264	90.457
Goodwill	3.837.382	–	3.837.382	–
Conversion to IFRS	(18.418.218)	–	(18.594.098)	–
Consolidation adjustments	–	(27.595)	–	(90.457)
31 December	12.287.841	–	11.700.548	–

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 occurring in financial assets at fair value through profit and loss during 2024 and 2023 are as follows:

	2025	2024
1 JANUARY	23.242.951	20.666.742
Acquisitions	1.363.237	936.168
Changes in fair value (Note 33)	979.844	2.278.918
Capital reimbursement	(394.788)	(638.877)
31 DECEMBER	25.191.244	23.242.951

In 2025, the acquisitions relate to participation units subscribed in the Faber Science II Fund, FCR (formerly designated as Fabertech III – Closed-End Venture Capital Fund), FaberBlue Pioneers I, and Faber Science I, FCR (formerly designated as Faber Tech II, FCR), totaling 1.223.237 Euros. Also in 2025, Pestana signed a preliminary purchase and sale agreement for all shares of Sociedade Subnauta Comércio e Aluguer de Equipamentos Náuticos, S.A., having made a payment of 140.000 Euros as an advance at that date.

In 2024, participation units were subscribed in the new Faber Science II Fund, the Faber Science I Fund, and the FaberBlue Pioneers I FCR, totalling 936.168 Euros.

The fair value changes in 2025 correspond to the appreciation of the Iberis Bluetech Fund, FCR, EuVECA, and Faber Science I, FCR, and to the depreciation of the Iberis Bluetech Fund III, FCR, Faber Science II, FCR, and FaberBlue Pioneers I. In 2024, the fair value changes related to the appreciation of the Bluetech Fund, Faber Science I Fund, and Iberis Bluetech Fund III, FCR, and to the depreciation of the FaberBlue Pioneers I Fund.

In 2025, Grupo Pestana obtained capital repayments without redemption of participation units totaling 394.788 Euros from the Iberis Bluetech Fund, FCR, EuVECA, and Faber Science II. In 2024, the group obtained capital repayments without redemption of participation units totaling 638.877 Euros from the Iberis Bluetech Fund, FCR, EuVECA, and Faber Science I Fund.

In 2025 and 2024, the appreciation of the Iberis Bluetech Fund, FCR, EuVECA was determined based on market information indicative of its market value, while the valuation of the other funds was determined by valuing the participation units according to the ownership percentage in the net equity of these funds.

The valuation of these funds is classified in Level 3 of the fair value hierarchy, except for the Iberis Bluetech Fund, FCR, EuVECA, which is classified as Level 2 (Note 13).

As of 31 December 2025, Grupo Pestana had outstanding obligations for capital payments related to subscribed unpaid participation units amounting to 1.533.230 Euros, 968.741 Euros, and 199.697 Euros related to the Faber Science II, Faber Blue Pioneers I, and Faber Science I funds, respectively.

As of 31 December 2025, financial assets at fair value through profit or loss relate to the following entities:

Entity	% OWNED	FAIR VALUE
Iberis Bluetech Fund III, FCR	n.a.	14.208.303
Iberis Bluetech Fund, FCR, EuVECA	n.a.	6.049.877
Faber Science I, FCR	n.a.	3.341.994
Faber Science II, FCR	n.a.	754.081
FaberBlue Pioneers I	n.a.	618.755
Others	—	218.234
		25.191.244

As of 31 December 2024, financial assets at fair value through profit or loss relate to the following entities:

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 Science I, FCR	n.a.	3.120.250
FaberBlue Pioneers I	n.a.	450.488
Faber Science II, FCR	n.a.	310.432
Others	—	77.333
		23.242.951

12. Deferred tax assets and liabilities

As at 31 December 2025 and 2024, the balance recognized as Deferred taxes is presented in Consolidated statement of financial position at net value.

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

	2025	2024
Impact on income statement		
Deferred tax assets	3.984.780	4.035.329
Deferred tax liabilities	1.264.946	2.518.478
	5.249.726	6.553.807
Impact on equity		
Deferred tax assets	(2.973)	5.453
Deferred tax liabilities	–	4.444
	(2.973)	9.897
Net effect of deferred taxes	5.246.753	6.563.704

The tax rate used to measure deferred tax differences as of the consolidated statement of financial position date for the year ended 31 December 2025, ranges between 13.3% and 22% (2024: 14.7% and 25%), this reduction resulting from the amendment approved by Law No. 64/2025 and the approval of the Madeira Regional Budget for 2026. In 2024, there was also a reduction in the tax rate used to measure deferred tax differences as of the consolidated statement of financial position date for the year ended 31 December 2024, due to changes approved in the 2025 State Budget.

Accordingly, as of 31 December 2025, deferred taxes were recalculated, resulting in a negative impact of 407 Euros in Other Reserves and a positive impact of 1.742.851 Euros in Profit for the Year (2024: positive impact of 575.068 Euros). This variation is explained by a decrease in deferred tax assets and deferred tax liabilities of 389.108 Euros and 2.131.959 Euros, respectively (2024: 81.830 Euros and 656.898 Euros, respectively).

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

	RFAI	LEASES	CARRY FORWARD TAX LOSSES	IMPAIRMENT OF TANGIBLE FIXED ASSETS	CONVENTIONAL SHARE CAPITAL REMUNERATION	FAIR VALUE	OTHERS	TOTAL
1 JANUARY 2025	6.457.398	1.257.084	104.264	44.328	121.057	5.442	29.860	8.019.433
Constitution / reversal through equity	–	–	–	–	–	(2.973)	–	(2.973)
Constitution through income statement	3.657.589	–	342.798	–	–	–	713.838	4.714.225
Reversal through income statement	(478.301)	(10.452)	(104.264)	(18.696)	(117.732)	–	–	(729.445)
Changes on Period	3.179.288	(10.452)	238.534	(18.696)	(117.732)	(2.973)	713.838	3.981.807
Offset of Deferred tax liabilities	9.636.686	1.246.632	342.798	25.632	3.325	2.469	743.698	12.001.240
	(888.247)	(1.246.632)	(342.798)	(25.632)	(3.325)	(2.469)	(739.235)	(3.248.338)
31 DECEMBER 2025	8.748.439	–	–	–	–	–	4.463	8.752.902

	RFAI	LEASES	CARRY FORWARD TAX LOSSES	IMPAIRMENT OF TANGIBLE FIXED ASSETS	CONVENTIONAL SHARE CAPITAL REMUNERATION	FAIR VALUE	OTHERS	TOTAL
1 JANUARY 2024	1.194.635	1.122.803	367.566	244.428	276.748	472.895	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)	(200.100)	(155.691)	(467.453)	(275.169)	(1.394.767)
Changes on Period	5.262.763	134.281	(263.302)	(200.100)	(155.691)	(467.453)	(269.716)	4.040.782
Offset of Deferred tax liabilities	6.457.398	1.257.084	104.264	44.328	121.057	5.442	29.860	8.019.433
	–	(1.257.084)	–	(44.328)	(121.057)	(5.442)	(26.607)	(1.454.518)
31 DECEMBER 2024	6.457.398	–	104.264	–	–	–	3.253	6.564.915

Investment Support Tax Regime ("RFAI")

As of 31 December 2025, and 2024, in relation to the investment in the future Pestana Dunas hotel, deferred tax assets were increased by 3.657.589 Euros and 5.295.815 Euros, respectively. In 2025 and 2024, amounts of 478.301 Euros and 33.052 Euros, respectively, were already utilized, with the remaining balance expected to be recovered over the next six years.

Leases

As a result of the conversion of individual financial statements that do not apply IFRS 16 – Leases, temporary differences arise from lease contracts that do not have the same tax treatment at the individual and consolidated levels. These differences led to the recognition of deferred tax assets in the consolidated financial statements.

Tax Losses

As of 31 December 2025, deferred tax assets amounting to 342.798 Euros were recognized, corresponding to tax losses generated by a subsidiary before its integration into the Special Tax Regime for Corporate Groups. The recognition of this deferred tax asset arises from the development of a new business area within this subsidiary, which is expected to generate taxable profits allowing the utilization of these tax losses in the coming years.

On 31 December 2025, deferred tax assets of 104.264 Euros (2024: 263.302 Euros) were reversed, relating to the utilization of tax losses.

The movements in the Deferred Tax Liabilities line for the presented fiscal years are as follows:

	DEEMED COST (IFRS1)	DIFFERENCE IN DEPRECIATION RATE	OTHERS	TOTAL
1 JANUARY 2025	15.381.366	394.243	1.459.578	17.235.187
Constitution through income statement	887.528	–	–	887.528
Reversal through income statement	(1.111.583)	(37.705)	(1.003.186)	(2.152.474)
Changes on Period	(224.055)	(37.705)	(1.003.186)	(1.264.946)
	15.157.311	356.538	456.392	15.970.241
Offset of Deferred tax liabilities	(3.248.338)	–	–	(3.248.338)
31 DECEMBER 2025	11.908.973	356.538	456.392	12.721.903

	DEEMED COST (IFRS1)	HEDGE ACCOUNTING RESERVES	DIFFERENCE IN DEPRECIATION RATE	OTHERS	TOTAL
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

As of 31 December 2025, a deferred tax liability related to deemed cost amounting to 887.528 Euros was recognized, associated with the revaluation of the land and buildings where Pestana Casino Park is located, conducted at the time of adopting IFRS. This liability was not recognized in previous years because the unit is covered by the tax regime provided in Article 84 of Decree-Law No. 422/89, of December 2, which grants it income tax exemption under the current concession, and therefore, no taxable temporary differences existed that would be subject to recognition. Considering the expiration of the concession on 31 December 2026, and the expectation that the new concession will be granted through a tender rather than a renewal, without the tax exemptions currently in place, the corresponding temporary differences have now been recognized and will become relevant for tax purposes from 2027 onward.

Deferred tax liabilities include the nondeductibility for tax purposes of 100% of the excess recorded related to 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:

	AMORTIZED COST	FAIR VALUE THROUGH COMPREHENSIVE INCOME	FAIR VALUE THROUGH PROFIT AND LOSS	OTHER NON- FINANCIAL ASSETS AND LIABILITIES	TOTAL
31 DECEMBER 2025					
Financial Assets					
Cash and cash equivalents	176.308.531	—	—	—	176.308.531
Trade and other receivables	50.451.778	—	—	10.117.177	60.568.955
Financial assets at fair value through profit and loss	—	—	25.191.244	—	25.191.244
	226.760.309	—	25.191.244	10.117.177	262.068.730
Financial liabilities					
Borrowings	149.531.819	—	—	—	149.531.819
Derivatives	—	14.326	—	—	14.326
Trade and other payables	45.216.030	—	—	16.477.355	61.693.385
Advances from customers	—	—	—	14.393.818	14.393.818
	194.747.849	14.326	—	30.871.173	225.633.348
31 DECEMBER 2024					
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
Trade and other payables	64.696.466	—	—	14.749.121	79.445.587
Advances from customers	—	—	—	32.267.753	32.267.753
	254.568.972	29.102	—	47.016.874	301.614.948

In accordance with the requirements of IFRS 13, Grupo Pestana has classified the method by which the fair value of its financial assets and liabilities recognized at fair value is determined. The levels are disclosed in Note 3.8.

	31-12-2025			31-12-2024		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets						
Financial assets at fair value through profit and loss	–	6.049.877	19.141.367	–	4.294.388	18.948.563
	–	6.049.877	19.141.367	–	4.294.388	18.948.563
Financial liabilities						
Derivatives	–	–	14.326	–	–	29.102
	–	–	14.326	–	–	29.102

14. Trade and other receivables

As at 31 December 2025 and 2024 Trade and other receivables are detailed as follows:

	31-12-2025			31-12-2024		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Trade receivables (i)	26.414.563	–	26.414.563	19.779.682	–	19.779.682
Other receivables (ii)	5.182.568	1.821.455	7.004.023	5.170.310	1.871.900	7.042.210
Prepayments (iii)	3.838.156	6.279.021	10.117.177	4.539.434	6.874.377	11.413.811
Accrued income (iv)	10.553.478	–	10.553.478	11.520.601	–	11.520.601
Taxes receivable (v)	6.479.714	–	6.479.714	9.294.220	–	9.294.220
	52.468.479	8.100.476	60.568.955	50.304.247	8.746.277	59.050.524
Advances from customers (vi)	(13.361.023)	(1.032.795)	(14.393.818)	(32.267.753)	–	(32.267.753)

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

(i) Trade receivables

	31-12-2025			31-12-2024		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Trade receivables – group (Note 40)	6.492.035	–	6.492.035	1.285.440	–	1.285.440
Trade receivables – others	19.922.528	–	19.922.528	18.494.242	–	18.494.242
Doubtful debtors	1.073.453	–	1.073.453	2.783.050	–	2.783.050
	27.488.016	–	27.488.016	22.562.732	–	22.562.732
Impairment of trade receivables	(1.073.453)	–	(1.073.453)	(2.783.050)	–	(2.783.050)
	26.414.563	–	26.414.563	19.779.682	–	19.779.682

Impairment of Trade receivables – movements of the year:

	2025	2024
1 JANUARY	2.783.050	3.590.425
Reversals	(392.074)	(684.684)
Utilizations	(1.317.523)	(122.691)
31 DECEMBER	1.073.453	2.783.050

(ii) Other receivables

	31-12-2025			31-12-2024		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Other debtors – Group (Note 40)	442	1.821.455	1.821.897	574.513	1.871.900	2.446.413
Other debtors – others	5.850.826	–	5.850.826	5.113.108	–	5.113.108
Impairment of other receivables	(668.700)	–	(668.700)	(517.311)	–	(517.311)
	5.182.568	1.821.455	7.004.023	5.170.310	1.871.900	7.042.210

As of 31 December 2025 and 2024, the balance Other debtors – group line item essentially includes the amount receivable from the subtenant resulting from the derecognition of the right-of-use asset related to the sublease agreement entered into in 2016 for the use of the Pestana CR7 Funchal hotel until 2044, with the company Pestana CR7 – Madeira Hotel Investimentos Turísticos, S.A. (Note 3.17).

The Other debtors – group also included in 2024 amounts receivable from companies included in the Special Tax Regime for Corporate Groups (“RETGS”) (Notes 12 and 17), but not included in the consolidation scope, amounting to 473.912 Euros. In 2024, this amount included 23.357 Euros of withholding tax paid by one of the companies included in RETGS.

As of 31 December 2025, and 2024, the Other debtors – others line item also includes deposits provided to suppliers amounting to 1.044.271 Euros and 2.136.838 Euros, respectively.

Impairment – movements of the year:

	2025	2024
1 JANUARY	517.311	452.129
Increases	151.389	65.182
31 DECEMBER	668.700	517.311

The ageing of balances without impairment is as follows:

	2025	2024
0 to 6 months	27.289.827	18.447.519
6 to 12 months	1.580.214	2.415.890
12 to 18 months	339.717	1.028.816
18 to 24 months	134.371	164.932
More than 24 months	4.074.457	4.764.736
	33.418.586	26.821.892

The impairment-free balances with ageing over 24 months relate to non-overdue balances with other Group companies, namely the sublease previously mentioned, and to balances related to deposits provided to suppliers with outstanding amounts.

The aging of overdue balances with impairment is presented as follows:

	2025	2024
0 to 6 months	280.558	205.470
6 to 12 months	117.699	446.885
12 to 18 months	118.869	139.136
18 to 24 months	86.539	54.507
More than 24 months	1.138.488	2.454.363
	1.742.153	3.300.361

Impairment losses are calculated as described in Note 3.9. iii). Additionally, it is noteworthy that due to the prudent credit management applied by Grupo Pestana, there have been no significant incidents of uncollectibility of amounts receivable from its customers. Moreover, although credit risk is covered through credit insurance, it has never been necessary to activate this coverage nor to recognize any significant impairment on these amounts.

(iii) Prepayments

	31-12-2025			31-12-2024		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Contract costs	921.450	6.279.021	7.200.471	1.026.315	6.874.377	7.900.692
Rents	187.124	–	187.124	–	–	–
Insurance	212.622	–	212.622	198.858	–	198.858
Other services	2.516.960	–	2.516.960	3.314.261	–	3.314.261
	3.838.156	6.279.021	10.117.177	4.539.434	6.874.377	11.413.811

As of 31 December 2025, and 2024, the Contract Costs line item relates entirely to the deferral of commissions associated with the acquisition of Pestana Vacation Club – Options sales contracts (Note 3.21 v). Prepayments related to other services are associated with the real estate activity.

(iv) Accrued Income

As of 31 December 2025, the balance of the Accrued Income line relates to amounts receivable at the time of deed execution for accommodation units already delivered to owners, totaling 8.320.464 Euros (31 December 2024: 7.969.814 Euros).

(v) Taxes receivable

As of 31 December 2025, and 2024, this line item mainly relates to VAT recoverable.

In 2025 and 2024, Grupo Pestana obtained VAT refunds amounting to 7.130.128 Euros and 2.139.816 Euros, respectively.

In 2025, VAT refunds in the amount of 2.124.819 Euros were also requested; these are fully deferred, with 707.201 Euros already received at the beginning of 2026.

(vi) Advances from customers

These amounts essentially relate to funds received from the signing of purchase and sale preliminary agreements and reservations in the tourist real estate business, totaling 4.785.708 Euros (31 December 2024: 23.718.070 Euros), and advances for annual timeshare maintenance fees amounting to 3.786.233 Euros (31 December 2024: 4.215.240 Euros). The remaining balance is related to bookings from tour operators and individual customers.

The non-current Customer Advances balance relates to the Quinta das Maravilhas project in Funchal, with deliveries scheduled for 2028.

15. Inventory

As at 31 December 2025 and 2024 Inventories are detailed as follows:

	2025	2024
Goods	1.893.084	1.814.376
Raw and subsidiary materials	3.785.603	4.397.126
Finished goods	960.907	964.084
Work in progress	45.321.095	68.190.381
	51.960.689	75.365.967
Impairment of inventories	(701.274)	(394.065)
	51.259.415	74.971.902

Finished goods and Work in progress are as follow:

	2025	2024
Silves Golf Resort project (Algarve)	27.995.225	25.824.140
Abrunheira project (Portalegre)	6.349.235	6.349.235
Vila Sol G3 (Algarve)	5.397.867	5.368.953
Quinta das Maravilhas project (Madeira)	3.155.455	2.701.696
The Valley - Nature Resort (Algarve)	1.992.426	4.194.048
Beverages and packaging	1.110.722	1.130.415
Pestana Comporta Village (Comporta)	–	19.475.386
Madeira Acqua (Madeira)	–	1.847.533
Tróia Eco-Resort project (Tróia)	–	1.789.794
Other work in progress	281.072	473.265
	46.282.002	69.154.465

The Silves Golf Resort development refers to a tourism project that will comprise 2 four-star villages and an aparthotel, totaling 269 accommodation units. The Tourist Village 1, composed of 175 accommodation units, is currently under development. Following 2024, construction of Phase 1 of Tourist Village 1 continued and additional accommodation units were delivered.

Located on a plot of approximately 450 hectares, the Abrunheira Project consists of 13 tourism developments, divided into 10 tourist villages, 2 tourist apartment complexes with villas, and 1 aparthotel, as well as 32 plots for facilities, infrastructure, and recreational and landscaping areas, including a golf course, clubhouse, and equestrian center. This project is intended to be executed in phases, covering an area of approximately 63 hectares, comprising 1 tourist village with 13 accommodation units, two tourist apartment complexes, and 1 aparthotel.

The Vila Sol G3 Lot corresponds to a plot of land located in Vilamoura, Algarve, adjacent to the Vila Sol Hotel and Golf Course, acquired in 2023 for the development of a residential real estate project for sale with 60 units. As of 31 December 2025, the project had already been approved, with licensing expected to be obtained and construction to commence in 2026.

Quinta das Maravilhas project is still in the licensing phase and refers to a property located on Rua das Maravilhas, in Funchal, boasting a prime location for the development of a luxury residential complex comprising apartments and houses. It was acquired in 2021, with completion estimated for 2028.

The Valley Nature Resort project refers to a real estate development located south of Gramacho, initiated in 2020. This project foresees the construction of units intended for sale and tourist operation, and during 2025, the group proceeded with the delivery of additional units of the development.

Pestana Comporta Village is located 200 meters from the village of Comporta and 2 km from the beach, where accommodation units with swimming pools were developed. Grupo Pestana completed the construction of the development in the last quarter of 2024, with the initial handovers and deed registrations taking place in December 2024. In 2025, the remaining handovers and deed registrations of the development were completed.

The Madeira Acqua Residences project refers to the former Madeira Palácio hotel acquired in 2021. This transaction included, as one of its components, the former hotel which was converted into apartments for sale. Madeira Acqua Residences had a total investment of 61.400.000 Euros, including acquisition costs. In 2025, the final apartments were delivered to customers, with the remaining deed registrations conducted, marking the completion of this project.

Pestana Tróia Eco-Resort involved the construction of villas, apartments, and respective infrastructure within the tourist village, with the last units delivered in 2025.

In the 2025 fiscal year, the Cost of Goods Sold and Materials Consumed totaled 89.230.763 Euros (31 December 2024: 130.862.900 Euros).

The movements in Inventory Impairment are presented as follows:

	2025	2024
1 JANUARY	394.065	324.621
Increases	461.469	71.168
Utilizations	(154.260)	(1.724)
31 JANUARY	701.274	394.065

16. Income Tax

The balances of corporate income tax for the years ended 31 December 2025 and 2024 are as follows:

	31-12-2025		31-12-2024	
	ASSET	LIABILITY	ASSET	LIABILITY
Current Income Tax	1.906.353	3.340.242	672.581	9.935.166
	1.906.353	3.340.242	672.581	9.935.166

The balance of Current income tax is detailed as follows:

	2025	2024
Advance payments	19.375.783	12.446.243
Additional advance payments	3.266.383	1.922.934
Advances payments – other companies (Note 14 and 27)	(936.188)	–
Withholding taxes	648.802	1.931.057
Withholding taxes – other companies (Note 14 and 27)	1.994.242	(1.649.607)
Current income tax estimate (Note 35)	(25.574.381)	(24.780.817)
Current income tax through accounts receivable or payable (Note 14 and Note 27)	1.458.312	1.467.784
Claim for regional tax	446.494	446.494
Reinstatement of tax benefits (Note 35)	(2.113.336)	(1.046.673)
	(1.433.889)	(9.262.585)

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 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 incentives in 2025 includes an amount payable of 1.312.413 Euros related to a company under the Special Taxation Regime for Group Companies (RETGS), resulting from an inspection of 2021 fiscal year. Tax Authority found that between 2019 and 2021, this subsidiary considered as eligible investment for the Investment Incentive Scheme (RFAI) – within the total investment made – the expenses related to properties located in the municipality of Lisbon, which, because they are not in an eligible area as defined in Article 43 of the Investment Tax Code, did not constitute relevant applications for the calculation of RFAI, leading to a correction of the respective incentive amounting to 797.061 Euros.

Subsequently, at the group level, and given that at the end of 2021 there was a carryforward of the RFAI benefit, the Tax Authority verified that the RFAI deduction was not limited to 50% of the total assessed tax liability, which is the maximum limit deductible for each period in which the incentive is carried forward. In other words, if RFAI is carried forward from more than one taxation period, the entire tax liability can be absorbed, provided that the RFAI deduction related to each of the carried forward periods and/or the current period does not individually exceed the amount corresponding to 50% of the corporate income tax (CIT) due for the period in which the deduction is made. As a result of this interpretation, a new corporate income tax settlement was issued by the Tax Authority, determining the amount receivable by the group of 515.352 Euros.

Similarly, the CIT payable related to another subsidiary, amounting to 800.924 Euros, corresponds to amounts identified following an inspection of 2022 fiscal year, during which the Tax Authority detected corrections related to capital gains that were incorrectly added and deducted in the tax results for that year, as well as the improper deduction of the RFAI tax benefit. Both subsidiaries have voluntarily regularized the detected situations and the tax regularization at the parent company level is expected to occur during 2026 fiscal year.

Reinstatement of tax incentives in 2024 refers to the impact of not reinvesting the full amount of the proceeds obtained from the sale of Pestana Blue hotel in 2022. In 2023, the reinstatement of tax incentives referred to the amount generated under the RFAI during 2022 by one of the subsidiaries within RETGS, which had considered two assets as eligible relevant investments that ceased to be eligible due to a legislative amendment dated 27 June 2022 (Law No. 12/2022), effective from 1 January 2022. It was found that, in accordance with the national map of state aid for regional purposes for the period from 1 January 2022 to 31 December 2027, approved by the European Commission, the region where the two new units – previously considered relevant investments (Lisbon) – are located is not regarded as an eligible region under point (c) of paragraph 3 of Article 107 of the Functioning of the European Union Treaty. Consequently, the unpaid tax for 2022 was calculated at 490.095 Euros, along with corresponding compensatory interest amounting to 14.179 Euros.

In 2025 and 2024, the asset balance includes 446.494 Euros resulting from two amicable claims submitted in 2023 to the Tax Authority regarding tax periods of 2021 and 2022. These amicable claims arose from the application of higher State Surtax rates provided under the CIRC by subsidiaries operating in the Autonomous Regions of Madeira and Azores, instead of the reduced Regional Surtax rates, when the taxable profit determined individually in 2021 and 2022 fiscal years exceeded 1.500.000 Euros.

In 2025 and 2024, tax receivable and payable for subsidiaries not included in RETGS amounted to 1.459.859 Euros and 221.465 Euros, respectively (2024: 122.968 Euros and 7.469.334 Euros, respectively).

17. Cash and cash equivalents

As at 31 December 2025 and 2024 Cash and cash equivalents are detailed as follows:

	31-12-2025	31-12-2024
Cash	1.501.980	3.121.144
Bank deposits	174.806.551	134.296.310
	176.308.531	137.417.454

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 2025 and 2024 is as follows:

	31-12-2025	31-12-2024
Cash	1.501.980	3.121.144
Bank overdrafts	(75.930)	(319.227)
Bank deposits	174.806.551	134.296.310
	176.232.601	137.098.227

18. Capital

As at 31 December 2025 and 2024 Capital is as follows:

	2025	2024
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

	NUMBER OF SHARES	SHARE CAPITAL
Shareholders		
Pestana International Holdings S.A.	82.694.700	82.694.700
Dionísio Fernandes Pestana	835.300	835.300
	83.530.000	83.530.000

As at 31 December 2025 and 2024, 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 details of Share capital as at 31 December 2025 and 2024 are as follows:

(ii) Share premium

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 2025 and 2024, Accessory contributions relate to:

Shareholders	31-12-2025	31-12-2024
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.

19. Other reserves

As at 31 December 2025 and 2024 the movements occurred in Other reserves were as follows:

	LEGAL RESERVE (i)	FAIR VALUE RESERVE C.F.C (ii)	TOTAL
1 JANUARY 2024	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
Profit for the period application	1.300.101	–	1.300.101
Change in fair value reserve – hedging derivatives (net of tax)	–	11.803	11.803
31 DECEMBER 2025	37.651.909	(11.846)	37.640.063

(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 non-distributable and includes the fair value changes of derivative financial instruments designated as cash flow hedges to the extent that the hedge is considered effective (Note 25). This reserve also records the effect of deferred tax associated with the fair value changes not recognized for tax purposes as of the reporting date.

20. Retained earnings

As at 31 December 2025 and 2024 Retained earnings movements were as follows:

	TOTAL
1 JANUARY 2024	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
Profit for the period application	125.529.255
Dividends (Note 36 and 40)	(10.000.000)
31 DECEMBER 2025	272.985.318

21. Non-controlling Interests

As at 31 December 2025 and 2024 Non-controlling interest movements were as follows:

	2025	2024
1 JANUARY	15.528.280	12.216.148
Profit for the period	4.138.313	3.912.132
Dividends (Notes 36 e 40)	(3.098.250)	(600.000)
31 DECEMBER	16.568.343	15.528.280

Non-controlling interests relate to the following investments:

	31-12-2025		31-12-2024	
	% HELD	VALUE	% HELD	VALUE
Ponta da Cruz – Soc. Imob. e de Gestão de Hotéis, S.A.	48,00%	10.254.861	48,00%	10.010.464
Porto Carlton – Soc. Const. e Exploração Hoteleira, S.A.	40,00%	6.313.482	40,00%	5.517.816
		16.568.343		15.528.280

22. Provisions

As at 31 December 2025 and 2024 the movements in Provisions were as follows:

	LITIGATIONS AND CLAIMS IN PROGRESS (i)	CUSTOMER GUARANTEES (ii)	OTHER PROVISIONS (iii)	TOTAL
1 JANUARY 2025	2.815.053	644.646	1.320.980	4.780.679
Increases	185.730	14.589	–	200.319
Utilizations	(369.355)	–	(19.009)	(388.364)
Changes on period	(183.625)	14.589	(19.009)	(188.045)
31 DECEMBER 2025	2.631.428	659.235	1.301.971	4.592.634
Current balance	198.317	196.600	1.054.595	1.449.512
Non-current balance	2.433.111	462.635	247.376	3.143.122
	2.631.428	659.235	1.301.971	4.592.634

	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	–	–	(46.239)	(46.239)
Changes on period	–	568.088	(66.534)	501.554
31 DECEMBER 2024	2.815.053	644.646	1.320.980	4.780.679
Current balance	60.000	170.516	1.058.509	1.289.025
Non-current balance	2.755.053	474.130	262.471	3.491.654
	2.815.053	644.646	1.320.980	4.780.679

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, to address the probable outflow of resources with these claims.

Subsidiary Empresa de Cervejas da Madeira, Lda. (ECM) was subject to an official tax assessment by the Lisbon Customs Services related to Special Tax on Consumption (IEC) for the years 2002, 2003, and the first half of 2004, amounting to 2.029.130 Euros plus 321.270 Euros in late payment interest.

Until 2014, this case was under hierarchical appeal, and the subsidiary ECM had provided bank guarantees. In December 2015, an unfavorable ruling was issued against the company, which was subsequently appealed by extraordinary review to the Supreme Administrative Court. In 2017, the Supreme Administrative Court admitted an extraordinary review appeal. However, at the end of 2017, the Court decided to suspend the proceedings, awaiting a decision on the appeal against the Director-General of Customs order that revoked the Small Brewery Status, considering this matter a preliminary issue. In 2021, the suspension of the proceedings for this appeal was maintained. In 2024, a ruling was issued that upheld the appeal and ordered the Secretary of State for Tax Affairs to issue a decision on the hierarchical appeal filed against the order of the Director-General of the Tax and Customs Authority, thus maintaining the suspension of the current proceedings. In March 2025, an order was issued maintaining the suspension of the proceedings, as initially determined in 2017, due to the persistence of the reasons justifying the suspension.

As a result of the same inspection action, an official tax assessment was issued against the company João Melo Abreu, Lda., amounting to 375.993 Euros, plus another 28.659 Euros relating to compensatory interest. Since ECM is contractually responsible for this IEC process of João Melo Abreu, Lda., due to the merger conducted with the latter, the respective bank guarantees were provided. This dispute, which dates to the period between 2002 and the first half of 2004, was duly secured by bank guarantees.

In April 2025, a decision was issued denying the review appeal and concluding that there was no basis for consideration by the Conference. The Conference subsequently confirmed this position through a ruling issued on 18 September 2025, upholding the dismissal of the said appeal. As a result, the tax in question was fully regularized using bank guarantees, and the corresponding process was fully closed with no possibility of ordinary appeal. However, the external lawyer believes that the case may be reconsidered through a review appeal by ECM itself.

(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 2025 there is no evolution regarding this process, the bank guarantee remains active, and this provision continues to prudently be presented in current liabilities.

The remaining Other provisions result from ordinary and inherent business risks.

23. Borrowings

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

	31-12-2025			31-12-2024		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Bank loans	11.824.125	101.029.813	112.853.938	12.524.639	115.605.570	128.130.209
Bond loans	–	29.000.000	29.000.000	27.100.000	29.000.000	56.100.000
Commercial paper	–	5.000.000	5.000.000	–	5.000.000	5.000.000
Secured overdraft facility	2.200.000	–	2.200.000	–	–	–
Bank overdrafts	75.930	–	75.930	319.227	–	319.227
	14.100.055	135.029.813	149.129.868	39.943.866	149.605.570	189.549.436
Interests payable – accrual	1.018.916	–	1.018.916	1.297.869	–	1.297.869
Interests paid – deferral	(257.636)	(359.329)	(616.965)	(326.951)	(647.848)	(974.799)
	14.861.335	134.670.484	149.531.819	40.914.784	148.957.722	189.872.506

The future payments of the outstanding bank loans, bond loans and commercial paper, by currency of denomination as at 31 December 2025 and 2024 are as follows:

	2026	2027	2028	2029	2030	FOLLOWING YEARS	TOTAL
Bank loans							
Euro	11.824.125	11.624.688	9.438.120	8.472.239	8.779.625	62.715.141	112.853.938
	11.824.125	11.624.688	9.438.120	8.472.239	8.779.625	62.715.141	112.853.938
Bond loans							
Euro	–	29.000.000	–	–	–	–	29.000.000
	–	29.000.000	–	–	–	–	29.000.000
Commercial paper							
Euro	–	5.000.000	–	–	–	–	5.000.000
	–	5.000.000	–	–	–	–	5.000.000
	11.824.125	45.624.688	9.438.120	8.472.239	8.779.625	62.715.141	146.853.938

	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

As of 31 December 2025, 92.3% of total borrowings are contracted at fixed interest rates (2024: 94.4%), and the remaining loans accrue interest at variable rates linked to 1M, 3M, 6M, and 12M Euribor plus spread. As of 31 December 2025, borrowings with fixed interest rates with a total nominal amount of 137.681.001 Euros (2024: 178.924.542 Euros), have a fair value of 124.973,965 Euros (2024: 158.592.657 Euros). However, these borrowing cannot be transacted by Grupo Pestana.

Bank loans

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

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.

The repayment of loan instalments bearing interest at variable rate, excluding Secured overdraft facility and Bank overdrafts, is in the following quarters:

	2025	2024
1 st quarter	3.058.959	3.211.013
2 nd quarter	1.258.525	2.090.777
3 rd quarter	3.139.813	3.531.790
4 th quarter	1.715.640	1.791.314
	9.172.937	10.624.894

Bond loans

Bond loans have a fixed interest rate.

In 14 July 2023, Pestana 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. In September 2025, the remaining amount of 27.100.000 Euros was repaid.

On 5 November 2021, Grupo Pestana entered 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 issuances bear interest at the Euribor rate for the respective issuance term plus a spread.

In 2025, there were issuances of 10.000.000 Euros and utilizations of the same amount (2024: 10.000.000 Euros).

Secured overdraft facility

In 2025, Grupo Pestana benefited from Secured overdraft facility in the amount of 2.200.000 Euros.

During 2024, the group benefited from Secured overdraft facility in the amount of 1.500.000 Euros, which was fully settled in the same year.

Unused contracted credit lines

Grupo Pestana holds, as at 31 December 2025, a set of unused contracted credit lines in Financial Institutions, with a total amount of 90.300.000 Euros related to authorized credit lines and overdrafts.

24. Lease liabilities

As at 31 December 2025 and 2024 Lease liabilities refer to:

	31-12-2025	31-12-2024
Current	17.002.226	17.813.304
Non-current		
1 to 5 years	57.923.607	61.471.334
More than 5 years	61.378.224	68.800.836
	136.304.057	148.085.474

As at 31 December 2025 and 2024 Lease liabilities 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.

In 2025 there was a lease modification relating to a future unit in Lisbon. This lease modification was due to a delay in the licensing process and, consequently, in the start of construction, which led to the postponement of the start of rent payments to the lessor, as defined in the agreement. Under IFRS 16, this modification was treated as a revaluation of the lease liability and right-of-use asset, resulting in a decrease in both by 4.741.202 Euros.

25. Derivatives

As at 31 December 2025 and 2024 Grupo Pestana had interest rate swaps (hedging derivatives) as follows:

	31-12-2025		31-12-2024	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Interest rate swaps – non-current	–	14.326	–	29.102
	–	14.326	–	29.102

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 31-12-2025	FAIR VALUE AT 31-12-2024	VARIATION
Hedging	5.000.000	30-12-2027	Semestral	Eur 6M / 2,36%	(14.326)	(29.102)	14.776
					(14.326)	(29.102)	14.776

The changes in the fair value of the derivatives financial instruments occurred in 2025 and 2024 were as follows:

	2025	2024
1 JANUARY		
Hedging derivatives – fair value changes	(29.102)	23.759
	14.776	(52.861)
31 DECEMBER	(14.326)	(29.102)

The changes in the fair value reserve related to cash flow hedges in 2025 and 2024 were as follows:

	2025	2024
1 JANUARY		
Hedging derivatives – fair value changes	(23.649)	19.315
	14.776	(52.861)
Deferred tax (Note 12)	(2.973)	9.897
31 DECEMBER	(11.846)	(23.649)

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 subject to hedging have spread much lower than the current market conditions.

26. Deferred revenue

As at 31 December 2025 and 2024 the detail of Deferred revenue is as follows:

	31-12-2025			31-12-2024		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Pestana Vacation Club – D.R.H.P. (i)	17.085.175	48.817.887	65.903.062	17.892.753	56.669.673	74.562.426
Pestana Vacation Club – Options (ii)	4.842.746	20.685.032	25.527.778	3.338.539	23.966.824	27.305.363
Government investment grants (iii)	991.693	7.643.601	8.635.294	797.323	7.091.350	7.888.673
Others (iv)	3.249.953	2.909.997	6.159.950	646.767	2.150.160	2.796.927
	26.169.567	80.056.517	106.226.084	22.675.382	89.878.007	112.553.389

(i) Pestana Vacation Club – 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 (Note 3.21 v)), which will end between 2026 and 2039.

The movement that occurred in 2025 and 2024 was as follows:

	2025	2024
1 JANUARY	74.562.426	80.756.615
Increases/Reductions	7.898.779	8.142.282
Consumption	(16.558.143)	(14.336.471)
Movements	(8.659.364)	(6.194.189)
31 DECEMBER	65.903.062	74.562.426

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

(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 v)).

The movement that occurred in 2025 and 2024 was as follows:

	2025	2024
1 JANUARY	27.305.363	28.680.370
Increases/Reductions	4.225.046	3.731.427
Consumption	(6.002.631)	(5.106.434)
Movements	(1.777.585)	(1.375.007)
31 DECEMBER	25.527.778	27.305.363

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.

In 2025 and 2024, 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 30% and 65% on the expenses approved as eligible. The nonrefundable 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 approximately 1.316.426 Euros and 1.830.228 Euros, respectively, 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 23).

(iv) Others

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.

In 2025, the Other deferred revenue also includes revenue to be recognized from construction works for companies within Grupo Pestana but outside the consolidation scope, amounting to approximately 2.400.000 Euros, as well as the amount related to initial and advance payments made by operators recognized in the national market for the operation of photovoltaic plants installed in some of the units for a period ranging between 5 and 7 years, totaling around 900.000 Euros.

27. Trade and other payables

As at 31 December 2025 and 2024 the detail of Trade and other payables is as follows:

	31-12-2025			31-12-2024		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Trade payables						
Suppliers (i)	20.786.275	–	20.786.275	35.534.273	–	35.534.273
Other payables						
Other payables	2.403.009	–	2.403.009	2.340.361	–	2.340.361
Other payables – group (Note 40) (ii)	2.516.584	–	2.516.584	1.957.806	–	1.957.806
Suppliers of property, plant and equipment	957.865	–	957.865	1.176.116	–	1.176.116
Taxes payable (iii)	4.056.106	–	4.056.106	3.864.314	–	3.864.314
Accrued expenses						
Wages and corresponding taxes	16.477.355	–	16.477.355	14.749.121	–	14.749.121
Property taxes	1.051.866	–	1.051.866	989.558	–	989.558
Construction works	1.021.827	–	1.021.827	5.257.554	–	5.257.554
Other accrued expenses (iv)	12.422.498	–	12.422.498	13.576.484	–	13.576.484
	61.693.385	–	61.693.385	79.445.587	–	79.445.587

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

(i) Suppliers

	31-12-2025			31-12-2024		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Suppliers – Group (Note 40)	1.889.880	–	1.889.880	4.331.565	–	4.331.565
Suppliers – others	18.896.395	–	18.896.395	31.202.708	–	31.202.708
	20.786.275	–	20.786.275	35.534.273	–	35.534.273

(ii) Other payables – group

As of 31 December 2025, and 2024, this line item includes amounts payable by companies included in the Special Taxation Regime for Group Companies (Note 16), but which are not part of the consolidation perimeter, in the amount of 2.516.366 Euros and 1.941.696 Euros, respectively. In 2025, this amount includes withholding taxes of 1.994.242 Euros and payments on account totaling 936.188 Euros. In 2024, the amount included withholding taxes of 1.626.250 Euros.

(iii) Taxes payable

	31-12-2025			31-12-2024		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Personnel income tax withheld	704.033	–	704.033	557.477	–	557.477
Value added tax	1.415.663	–	1.415.663	1.399.537	–	1.399.537
Social security contributions	1.589.235	–	1.589.235	1.480.737	–	1.480.737
Others	347.175	–	347.175	426.563	–	426.563
	4.056.106	–	4.056.106	3.864.314	–	3.864.314

(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.

28. Revenue

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

	2025	2024
Hospitality business (i)	345.565.032	314.568.710
Real estate (ii)	82.904.455	142.367.507
Beverages (industry) (iv)	39.435.803	39.138.859
Pestana Vacation Club (iii)	33.630.370	29.454.663
Golf	15.910.768	14.741.163
Entertainment	11.866.225	10.792.114
Others (v)	9.960.000	7.700.000
	539.272.653	558.763.016

(i) Hospitality business

Grupo Pestana hotel units achieved an increase in Revenue of approximately 10% compared to the previous year. This growth reflects the continuation of the trend observed since 2022, characterized by a steady rise in demand across most of the markets where Grupo Pestana operates. Consequently, this led to an increase in occupancy rates and average room rates by approximately 3% and 5%, respectively.

As in previous years, this increase in average room rate was boosted by a change in customers preferred sales channels, with online channels continuing an upward trajectory. Group's ongoing investment policy aimed at enhancing direct and online channels has enabled the group to benefit from this market trend and thus maximize its revenue.

In Madeira and Porto Santo, 2025 was marked by a very positive performance in the tourism sector of the Autonomous Region of Madeira, supported by sustained robust international demand and stable air traffic operations throughout the year, resulting in a revenue increase of approximately 12%. The region continued to benefit from high levels of recognition as a safe and high-quality destination. Madeira's appeal as a destination was further boosted by high-profile cultural and sports events and a consolidated tourism promotion strategy that strengthened its attractiveness among traditional European markets.

The year 2025 consolidated the Algarve as one of Portugal's main tourist destinations, with revenue growing by around 10% compared to 2024. The region benefited from the opening of new air routes, including direct flights between Faro and cities such as Newark. These routes directly contributed to the diversification of markets, especially in the North American segment, which is considered to have high potential for value-added tourism, attracting a greater number of international tourists from different markets throughout the year. Furthermore, there was a continuous effort to diversify the tourism offer, promoting not only beaches but also cultural, gastronomic, and nature-based activities. This diversified approach helped attract different tourist profiles, contributing to a significant increase in occupancy rates and revenue.

Pousadas de Portugal also reported excellent results in 2025, increasing revenue by approximately 7% compared to 2024. The main highlights were the Pousadas located in the Lisbon, Algarve, Madeira, and Porto regions.

City destinations, namely Lisbon and Porto, continue to establish themselves as outstanding tourist destinations thanks to their heritage, cultural dynamism and unique personality, consistently accumulating World Travel Awards. In 2025, Lisbon was awarded Europe's Best City Break Destination, while Porto won Europe's Best City Destination and Europe's Best Tourist Destination. These distinctions enhance the global visibility of the cities and contribute to their strong ability to attract and retain visitors throughout the year, reflected in consistently high occupancy levels across the units, which consequently increased their revenue by around 5%. However, this level of revenue is still affected by the operational and capacity limitations of Lisbon Airport, which continues to operate at the edge of its limits and faces structural issues, including delays at border control and constraints in flow management, negatively impacting the arrival experience at the destination and limiting the growth of tourism.

The 2025 and 2024 details of revenue rendered in Hospitality business by country of origin are as follows:

Country	Hospitality business	
	2025	2024
Portugal	28,8%	27,9%
United Kingdom	17,8%	18,0%
United States of America	8,6%	8,4%
Germany	7,9%	9,0%
France	4,8%	5,3%
Spain	3,6%	3,8%
Ireland	3,0%	2,9%
Poland	2,6%	2,3%
Netherlands	2,2%	2,5%
Switzerland	1,7%	1,8%
Brazil	1,5%	1,8%
Others	17,5%	16,3%
	100%	100%

(ii) Real Estate

In 2025, Pestana recorded the sale of the remaining units of Pestana Comporta Village, generating revenue of approximately 30.000.000 Euros (2024: 1.100.000 Euros). Additional units of The Valley Nature, Pestana Tróia Eco-Resort, and Silves Golf Resort were also delivered, totaling approximately 8.000.000 Euros (2024: 11.300.000 Euros). Furthermore, the remaining units of Madeira Acqua Residences were delivered and registered, generating approximately 3.900.000 Euros (2024: 90.500.000 Euros).

The Real estate revenue also includes revenue from construction contracts, which is recognized based on the measurement of the performance obligation, applying the input method corresponding to the proportion of costs incurred to total estimated costs. In 2025, the group continued the works on Pestana Porto Covo Village, which generated revenue of approximately 12.300.000 Euros (2024: 16.500.000 Euros). This has been the main ongoing project over the past two years and is expected to be completed during 2026. Still in 2025, also started the Pestana Ferragudo Village project, a real estate development expected to involve a subdivision operation including the construction of 225 apartments and the potential construction of villas on 91 plots, as well as the construction of a Club House and an eighteen-hole golf course. This project generated revenue of approximately 2.900.000 Euros in 2025. In 2025 and 2024, revenue recognized for these contracts amounted to approximately 15.200.000 Euros and 16.500.000 Euros, respectively, and the corresponding costs amounted to 14.500.000 Euros and 15.700.000 Euros, respectively.

As of 31 December 2025, and 2024, the cumulative amount of revenue recognized from ongoing Construction Contracts totaled 34.900.000 Euros and 19.700.000 Euros, respectively, and the cumulative costs amounted to 33.300.000 Euros and 18.800.000 Euros, respectively. For all ongoing Construction Contracts, it was possible to reliably estimate their outcome.

(iii) Beverages (industry)

The beverage industry is part of the group's industrial activity and is the largest regional producer and distributor of beverages in the Autonomous Region of Madeira, dedicated to the production and sale of beer and soft drinks. Its portfolio includes well-known brands, namely Cerveja Coral, the leading brand in the beer segment, available in several varieties such as Coral Lager, Coral Branca, Coral Tónica (Stout) and non-alcoholic versions. In the soft drinks segment, Brisa stands out, produced in multiple flavours, including passion fruit, pineapple, apple and orange. Pestana continued to invest in innovation, industrial modernization and in the sustainability of this business area, which allowed it to strengthen its competitive position and diversify the revenue portfolio, as well as increasing its revenue compared to the previous year.

(iv) Pestana Vacation Club

Like the hospitality business, the Vacation Club and Options segment, with the contribution of its main tourist markets in the UK and Germany, it was possible to obtain revenue from periodic accommodation and Options contracts of approximately 33.600.000 Euros. It should be noted that Pestana 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 2025 and 2024 details of revenue rendered in Vacation Club by country of origin related to the number of customers are as follows:

Country	Pestana Vacation Club	
	2025	2024
United Kingdom	60,4%	60,2%
Germany	11,6%	11,3%
Portugal	7,9%	8,1%
Finland	6,9%	6,9%
Sweden	2,6%	2,6%
Norway	2,2%	2,2%
France	1,5%	1,6%
Denmark	1,4%	1,4%
Others	5,5%	5,7%
	100%	100%

29. External services and supplies

The details of External services and supplies are as follows:

	2025	2024
Professional fees	33.292.558	30.049.284
Subcontracts	32.328.262	29.511.902
Cleaning	28.274.331	25.807.676
Commissions	16.705.764	16.095.927
Energy	11.247.617	10.993.331
Maintenance	7.983.235	8.965.966
Advertising	7.942.186	7.814.064
Property management exploration counterpart	6.735.270	4.654.655
Rents	2.776.423	2.932.064
Insurance	1.491.401	1.259.736
Others	6.574.991	5.914.927
	155.352.038	143.999.532

Grupo Pestana has a mostly variable cost structure, which allows it to be flexible in its management according to the evolution of demand.

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 2025 Group auditor's consolidated audit fees for all subsidiaries amounted 123.800 Euros. Audit services performed on the remaining companies included in the consolidation perimeter by other auditors amounted to 7.800 Euros.

Fees for other services provided by the Group Auditor amounted to 21.650 Euros.

30. Personnel expenses

The detail of Personnel expenses is as follows:

	2025	2024
Board of Directors		
Wages and salaries	1.240.530	1.346.078
Social security contributions	209.425	184.515
	1.449.955	1.530.593
Staff		
Wages and salaries	67.393.276	61.506.808
Social security contributions	13.011.627	12.357.349
Others	2.257.787	1.743.133
	82.662.690	75.607.290
	84.112.645	77.137.883

As in previous years, Pestana continued to improve the working conditions and remuneration of its employees, with personnel costs increasing by around 9%.

The average number of employees of the consolidation perimeter in 2025 was 2.942 (31 December 2024: 2.918).

In 2025 and 2024 Personnel expenses includes 5.929.191 Euros and 4.360.000 Euros, respectively, of profit-sharing expenses.

31. Other income

The detail of Other income is presented as follows:

	2025	2024
Supplementary income	2.732.131	2.983.935
Foreign currency exchange gains	612.490	782.136
Investment government grants	569.805	498.045
Operating government grants	406.533	26.951
Gains on disposal of assets	–	578.479
Others	1.452.669	872.864
	5.773.628	5.742.410

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 (Note 6).

32. Other expenses

The detail of Other expenses is as follows:

	2025	2024
Taxes	3.847.832	3.845.359
Credit card commissions	3.473.997	2.525.499
Donations	481.721	717.149
Losses on inventories	269.542	87.238
Inventory gifts and samples	152.288	174.652
Foreign currency exchange losses	–	58.334
Disposal of tangible assets	–	6.647
Write-offs	–	520.646
Others	557.381	1.819.100
	8.782.761	9.754.624

Taxes refer 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 799.651 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 Grupo Pestana and OPPA – Investimentos Imobiliários, S.A. and the subsequent addendum to the agreement, dated 7 January 2025.

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

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

	2025	2024
Gains/(losses) from equity method in Joint ventures (Note 9):		
Solpor – Sociedade de Turismo do Porto Santo, Lda.	37.938	(743)
Gains/(losses) from equity method in Associates (Note 10):		
Enatur – Empresa Nacional de Turismo, S.A.	587.293	493.819
Gains in Financial assets at fair value through profit or loss (Note 11):	979.844	2.278.918
Impact from perimeter entering of Colunas Geladas and Misturas Glaciares (Note 39)	–	273.784
	1.605.075	3.045.778

34. Financial expenses and income

The details of financial expenses and income is presented as follows:

	2025	2024
Gastos financeiros		
Financial expenses	7.312.931	7.142.002
Lease liabilities' interest	4.942.833	5.804.902
Interest expenses	985.684	1.075.699
Foreign currency exchange losses	357.056	23.379
Taxes	307.117	270.833
Interest rate swaps	119.639	119.967
	14.025.260	14.436.782
Financial income		
Interest income	2.581.181	1.061.483
Interest rate swaps	116.840	191.445
Sublease interest	102.420	105.393
Dividends	49.375	–
Foreign currency exchange gains	13.843	171.624
Guarantee fees	6.275	10.395
	2.869.934	1.540.340

35. Income tax

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

	2025	2024
Current income tax:		
Current period income tax	25.574.381	24.780.817
Reinstatement of tax benefits (Note 16)	2.113.336	1.046.673
Adjustments in respect of prior year estimates	472.943	(574.434)
	28.160.660	25.253.056
Deferred income tax:		
Origin and reversal of temporary differences (Note 12)	(5.249.726)	(6.553.807)
	(5.249.726)	(6.553.807)
	22.910.934	18.699.249

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:

	2025	2024
Tax rate	14,0% – 20%	14,7% – 21,0%
Municipal surcharge	0,0% – 1,5%	0,0% – 1,5%
State surcharge:		
> 1.500.000 and < 7.500.000	2,1% – 3,0%	2,1% – 3,0%
> 7.500.000 and < 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 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:

	2025	2024
Profit before tax	151.860.277	149.440.737
Tax calculated at domestic tax rates applicable to profits in the respective subsidiaries	26.191.720	25.791.987
Difference in tax rate applied to deferred taxes	(37.779)	(122.793)
Income not subject to tax	(6.005.674)	(6.394.300)
Expenses not deductible for tax purposes	418.059	436.464
	20.566.326	19.711.358
RFAI	(3.657.589)	(5.695.142)
Differences of taxes rates on income and deferred taxes (Note 12)	(1.742.851)	(575.068)
Tax losses (Note 12)	(342.798)	263.302
Other taxation	86.223	78.505
Municipal surcharge	504.334	738.702
Deferred tax liability related to revaluations (Note 12)	888.248	-
Reinstatement of tax benefits (Note 16)	2.113.336	1.046.673
State surcharge	4.022.762	3.705.353
Adjustments in respect of prior year estimates	472.943	(574.434)
	22.910.934	18.699.249

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 Pestana 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, Grupo Pestana 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 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 refer mainly to the excess recorded for the determination of deemed cost non-deductible depreciations (IFRS1), as well as impairment losses.

36. Dividends

Dividends paid during 2025 fiscal year to shareholders amounted to 10.000.000 Euros, corresponding to 0,12 Euros per share (2024: 20.000.000 Euros, equivalent to 0,24 Euros per share).

Dividends paid by Grupo Pestana subsidiaries to non-controlling interests during 2025 and 2024 amounted to 3.098.250 Euros and 600.000 Euros, respectively.

37. Contingencies

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

	2025	2024
Mortgages		
Mortgages over hotel units	122.631.444	135.329.440
	122.631.444	135.329.440
Guarantees		
Sureties and Liability coverage	3.650.816	5.370.223
Bank guarantees	35.151.652	41.366.899
	38.802.468	46.737.122

There are properties pledged as collateral for loans of companies within Grupo Pestana that do not belong to this consolidation perimeter.

Contingent assets and liabilities

As at 31 December 2025 and 2024 there are no contingent assets considered to be material. As of 31 December 2025, contingent liabilities amounting to a maximum of approximately 89.680 Euros were assessed in relation to ongoing legal proceedings.

In 2020, Grupo Pestana sold its investment in its subsidiary SDM – Sociedade de Desenvolvimento da Madeira, S.A. The sale agreement contained a price adjustment clause linked to an existing contingency, the value of which was deducted from the sale price. The value considered at the time of the transaction was assessed based on the opinion of four lawyers recognised in the market, and therefore the likelihood of a price change is remote.

38. 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	31-12-2025	5.428.458	6.472.602	1.044.144	–	148.698	100,00%	100,00%
Carlton Palácio – Soc. de Const. e Exploração Hoteleiras, S.A.**	Portugal	Hospitality	31-12-2025	77.248.498	167.092.759	89.844.261	67.569.891	15.041.821	100,00%	100,00%
Carvoeiro Golfe – Soc. de Mediação Imob., Unip. Lda.**	Portugal	Real estate	31-12-2025	1.341.643	2.044.982	703.339	2.809.857	892.679	100,00%	100,00%
Carvoeiro Golfe, S.A.**	Portugal	Golf / Real estate	31-12-2025	67.144.280	91.063.950	23.919.670	105.018.912	14.807.105	100,00%	100,00%
Cota Quarenta – Gestão e Adm. de Centros Comercias, S.A.**	Portugal	Real estate	31-12-2025	19.819.187	19.910.059	90.872	2.845.202	2.075.134	100,00%	100,00%
ECM – Empresa Cervejas da Madeira, Soc. Unip. Lda.**	Portugal	Beverages	31-12-2025	11.809.883	33.949.889	22.140.006	38.320.885	(231.545)	100,00%	100,00%
Eurogolfe, S.A.**	Portugal	Golf	31-12-2025	17.366.054	20.185.314	2.819.260	1.776.323	616.614	100,00%	100,00%
Grupo Pestana Pousadas – Inv. Turísticos, S.A.*	Portugal	Hospitality	31-12-2025	56.410.832	64.543.607	8.132.775	48.140.745	4.945.304	100,00%	100,00%
Herdade da Abrunheira – Proj. Desenv. Turístico e Imob., S.A.**	Portugal	Real estate	31-12-2025	6.894.074	6.915.417	21.343	–	295.703	100,00%	100,00%
Indústria Açoreana Turístico-Hoteleira (I.A.T.H.), S.A.**	Portugal	Hospitality	31-12-2025	3.538.896	5.388.321	1.849.425	5.088.204	1.458.611	100,00%	100,00%
ITI – Soc. de Inv. Turísticos na Ilha da Madeira, S.A.**	Portugal	Hospitality/ Entertainment	31-12-2025	96.499.129	106.538.373	10.039.244	48.136.814	22.713.952	100,00%	100,00%
M. & J. Pestana – Soc. de Turismo da Madeira, S.A.**	Portugal	Hospitality/Timeshare	31-12-2025	166.596.467	362.870.884	196.274.417	119.433.001	39.627.079	100,00%	100,00%
Mistura Glaciár, Lda.*	Portugal	Beverages	31-12-2025	143.984	755.527	611.543	1.194.137	(10.510)	100,00%	100,00%
Mundo da Imaginação – Projectos de Animação Turística, S.A.**	Portugal	Entertainment	31-12-2025	932.128	3.279.943	2.347.815	590.430	155.719	100,00%	100,00%
Natura XXI, Lda.**	Portugal	Real estate	31-12-2025	1.713.237	1.718.183	4.946	–	(42.696)	100,00%	100,00%
Pestana Cidadela – Inv. Turísticos, S.A.**	Portugal	Hospitality	31-12-2025	13.347.504	19.948.692	6.601.188	8.594.444	1.462.845	100,00%	100,00%
Ponta da Cruz – Soc. Imob. e de Gestão de Hotéis, S.A.**	Portugal	Hospitality/Timeshare	31-12-2025	21.363.565	26.436.313	5.072.748	15.181.344	5.713.705	52,00%	52,00%
Porto Carlton – Soc. de Const. e Exploração Hoteleira, S.A.**	Portugal	Hospitality	31-12-2025	15.783.703	16.688.508	904.805	9.954.763	3.489.164	60,00%	60,00%
Salvor – Soc. de Inv. Hoteleiro, S.A.**	Portugal	Hospitality/Timeshare	31-12-2025	190.341.489	258.592.302	68.250.813	79.502.767	19.057.044	100,00%	100,00%
Soc. de Inv. Hoteleiros D. João II, S.A.**	Portugal	Hospitality/Timeshare	31-12-2025	1.126.700	2.879.165	1.752.465	860.955	39.080	100,00%	100,00%

* Local GAAP

** IFRS

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 Constr. 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	15.549.439	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 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 Glaciár, 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 Joint ventures included in the consolidation, under the equity method, as at 31 December 2025 and 2024, are as follows:

	2025	2024
	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	4.662	1.011
Others	929.291	929.291
Total assets	933.953	930.302
Total current liabilities		
Others	94	18
Total liabilities	94	18
Total equity	933.859	930.284
Revenue	–	–
Charges of depreciation and amortization	–	–
Others	(1.425)	(1.486)
Operating results	(1.425)	(1.486)
Profit for the period	(1.425)	(1.486)
Dividends received from joint ventures	–	–

The Associates included in the consolidation, under the equity method, as at 31 December 2025 and 2024, are as follows:

	2025		2024	
	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	63.555.291	836.436	66.438.519	1.053.667
Total current assets	1.930.079	37.435	1.581.549	40.043
Total assets	65.485.370	873.871	68.020.068	1.093.710
Total non-current liabilities	9.819.725	693.183	12.470.465	596.196
Total current liabilities	831.610	43.232	1.555.188	45.231
Total liabilities	10.651.335	736.415	14.025.653	641.427
Total equity	54.834.035	137.455	53.994.415	452.283
Revenue	2.977.631	2.500	2.881.444	15.100
Profit / (Loss) for the period	1.198.557	(314.306)	1.007.794	22.418
Dividends received	–	–	–	–

39. Changes in the perimeter

With reference to 1 January 2025, Colunas Geladas, Lda. was merged into the subsidiary ECM – Empresa Cervejas da Madeira, Soc. Unipessoal, Lda. There was no impact on the Consolidated statement of financial position.

In 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 in 2024 with reference to the entry date 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)

40. Related Parties

As at 31 December 2025 and 2024, 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. During the years ended 31 December 2025 and 2024, the remuneration received by the Board of Directors is described in Note 30.

Transactions and balances with related parties

During the year of 2025 Grupo Pestana conducted the following transactions with those entities:

	DIVIDENDS PAID	SERVICES OBTAINED	INTEREST INCURRED	SERVICED RENDERED	INTEREST EARNED
Shareholder	10.000.000	13.403	20.000	–	–
Pestana International Holdings S.A.	9.900.000	13.403	20.000	–	–
Dionísio Fernandes Pestana	100.000	–	–	–	–
Associates	–	2.977.631	–	–	–
Enatur – Empresa Nacional de Turismo, S.A.	–	2.977.631	–	–	–
Other group companies	–	49.183.426	–	29.394.554	108.333
Hotéis do Atlântico – Sociedade Imobiliária e de Gestão de Hotéis, S.A.	–	–	–	6.002	3.701
Pestana Management – Serviços de Gestão, S.A.	–	40.602.454	–	11.707.469	–
Pestana Segurança – Serviços de Segurança e Vigilância, Unipessoal, Lda.	–	2.358.292	–	12.328	–
Pestana CR7 – Madeira Investimentos Turísticos, S.A.	–	63.444	–	151.446	104.632
Intervisa Viagens e Turismo, Unipessoal Lda.	–	6.094.169	–	1.027.887	–
URP – Urban Renew – Projetos imobiliários – SIC Imobiliária Fechada, S.A.	–	–	–	12.425.701	–
Pestana Properties – SIC Imobiliária Fechada, S.A.	–	–	–	3.835.247	–
Salvintur – Sociedade de Investimentos Turísticos, S.A.	–	–	–	1.379	–
Empreendimentos Turísticos, Lda.	–	1.106	–	4.422	–
Afrotours, S.A.	–	800	–	311	–
Pestana Marrocos, S.à.r.l.	–	–	–	12.816	–
Brasturinvest Investimentos Turísticos, S.A.	–	656	–	125.233	–
Pestana Miami, LLC	–	627	–	36.130	–
Pestana CR7 Manhattan 39, LLC	–	59	–	6.945	–
Pestana New York East Side 39 LLC	–	462	–	4.807	–
Pestana Management UK, Limited	–	25.485	–	22.514	–
Pestana Berlin S.à.r.l.	–	33.871	–	12.863	–
Desarrollos Hoteleros Barcelona S.A.	–	919	–	104	–
Global Mandalay, S.L.	–	310	–	790	–
Amesteldijk Hotel Ontwckeling B.V.	–	–	–	160	–
Pestana CR7 Madrid, S.L.	–	772	–	–	–
Other related parties	3.098.250	–	–	–	–
Sociedade Agrícola Quinta do Cisne	600.000	–	–	–	–
AJJ, SGPS, S.A.	2.498.250	–	–	–	–
Key management personnel	–	–	–	–	–
	13.098.250	52.174.460	20.000	29.394.554	108.333

During the year 2024 Grupo Pestana conducted the following transactions with those entities:

	DIVIDENDS PAID	SERVICES OBTAINED	INTEREST INCURRED	SALES OF ASSETS	SERVED 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 – Proj. imobiliários – SIC Imobiliária Fechada, S.A.	–	–	–	–	15.264.260	–
Pestana Properties – SIC Imobiliária Fechada, S.A.	–	–	–	–	328.815	–
Salvintur – Soc. 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	–	–	–	–	–
AJJ, SGPS, S.A.	600.000	–	–	–	–	–
Key management personnel	–	–	–	–	–	–
	20.600.000	47.173.636	20.031	8.785	25.544.546	3.701

The balances arising from transactions with related parties as of 2025 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	–	–	–	–	13.403	–	13.403
Pestana International Holdings S.A.	–	–	–	–	13.403	–	13.403
Associates	–	–	–	–	59.955	–	59.955
Enatur – Empresa Nacional de Turismo, S.A.	–	–	–	–	59.955	–	59.955
Other group companies	6.492.477	1.821.455	–	8.313.932	4.333.106	–	4.333.106
Hotéis do Atlântico – Soc. Imobiliária e de Gestão de Hotéis, S.A.	44.072	–	–	44.072	1.005.424	–	1.005.424
Djebel, S.A.	25	–	–	25	–	–	–
Pestana Management – Serviços de Gestão, S.A.	1.443.388	–	–	1.443.388	2.140.783	–	2.140.783
Pestana Segurança – Serviços Segurança e Vigilância, Unip., Lda.	1.110	–	–	1.110	217.798	–	217.798
Pestana CR7 – Madeira Investimentos Turísticos, S.A.	52.041	1.821.455	–	1.873.496	15.795	–	15.795
Intervisa Viagens e Turismo, Unipessoal Lda.	173.763	–	–	173.763	804.504	–	804.504
Rotas de África – Inv. Turísticos e Imobiliários Unipessoal, Lda.	265	–	–	265	4.773	–	4.773
URP – Urban Renew – Projetos imob. – SIC Imob. Fechada, S.A.	2.376.647	–	–	2.376.647	37	–	37
Ponta de Lança – Sociedade Imobiliária, Lda.	4.782	–	–	4.782	175	–	175
Pestana Properties – SIC Imobiliária Fechada, S.A.	2.318.613	–	–	2.318.613	–	–	–
Salvintur – Sociedade de Investimentos Turísticos, S.A.	180	–	–	180	106.406	–	106.406
Wild Break 29 (PTY), Ltd	984	–	–	984	–	–	–
Empreendimentos Turísticos, Lda.	177	–	–	177	1.106	–	1.106
Afrotours, S.A.	–	–	–	–	318	–	318
Pestana Marrocos, S.à.r.l.	39.385	–	–	39.385	–	–	–
Pestana CR7 Marrakech, S.à.r.l.	455	–	–	455	–	–	–
Brasturinvest Investimentos Turísticos, S.A.	12.811	–	–	12.811	400	–	400
Pestana Miami, LLC	2.045	–	–	2.045	98	–	98
Pestana CR7 Manhattan 39, LLC	4.381	–	–	4.381	–	–	–
Pestana USA, Inc.	334	–	–	334	–	–	–
Pestana New York East Side 39 LLC	161	–	–	161	–	–	–
Pestana Orlando	7.068	–	–	7.068	–	–	–
Pestana Inversiones, Unipessoal, Lda.	457	–	–	457	28.640	–	28.640
Pestana Management UK, Limited	7.935	–	–	7.935	2.870	–	2.870
Pestana Berlin S.à.r.l.	1.102	–	–	1.102	3.795	–	3.795
Desarrollos Hoteleros Barcelona S.A.	118	–	–	118	184	–	184
Amesteldijk Hotel Ontwckeling B.V.	178	–	–	178	–	–	–
Key management personnel	–	–	–	–	–	–	–
	6.492.477	1.821.455	–	8.313.932	4.406.464	–	4.406.464

The balances arising from transactions with related parties as of 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 Seg. e Vigilância, Unip., 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 – Inv. turísticos e imobiliários Unipessoal, Lda.	–	–	–	–	19.735	–	19.735
URP – Urban Renew – Proj. Imob. – 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 – Sociedade de Investimentos 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

41. 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 2025 and 2024:

	2024	CASH FLOWS		CASH FREE TRANSACTIONS			2025
		RECEIPTS	PAYMENTS	INCREASES	CHANGES IN CONTRACTS	ACCRUAL / DEFERRAL	
Bond loans	56.548.397	–	(27.100.000)	–	–	13.284	29.461.681
Lease liabilities	148.085.474	–	(19.949.008)	5.595.862	(4.741.202)	7.312.931	136.304.057
Bank loans	128.005.881	–	(15.276.272)	–	–	65.465	112.795.074
Commercial paper	4.999.001	10.000.000	(10.000.000)	–	–	133	4.999.134
Bank overdrafts	–	2.200.000	–	–	–	–	2.200.000
Cash flow from financing activities	337.638.753	12.200.000	(72.325.280)	5.595.862	(4.741.202)	7.391.813	283.559.946

	2023	CASH FLOWS		CASH FREE TRANSACTIONS			2024
		RECEIPTS	PAYMENTS	INCREASES	TRANSFERS	ACCRUAL / DEFERRAL	
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

42. 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	2025	2024
Profit for the period		128.949.343	130.741.488
Income tax	35	22.910.934	18.699.249
Financial results	34	11.155.326	12.896.442
Charges of depreciation and amortization	6;7;8	45.704.986	44.247.505
Reversals and impairment losses of tangible assets	6	31.457	(787.878)
Gambling tax paid by Casino		1.342.933	1.423.714
Investment government grants	31	(569.805)	(498.045)
Dividends	34	49.375	–
EBITDA		209.574.549	206.722.475

43. Subsequent events

At the General Meeting held in February 2026, it was resolved to fully reimburse the Accessory contributions amounting to 7.779.027 Euros and to distribute retained earnings totaling 15.000.000 Euros in proportion to the respective shareholding percentages.

Funchal, 9 March 2026

The Certified Accountant

Board of Directors

Luis Miguel Miranda Fernandes

Dionísio Fernandes Pestana

President

Hermanus Roelof Willem Troskie

Director

José Alexandre Lebre Theotónio

Director

José de Melo Breyner Roquete

Director

Pedro Miguel Fino da Silva

Director

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.)

2025 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 2025 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 2025, 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 2025 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, 25 March 2026

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 December 31, 2025 (which shows total assets of Euros 1.065.823.023 and total equity of Euros 577.004.754 including a profit for the period attributable to shareholders of Euros 124.811.030, 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 December 31, 2025, 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;

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.

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Receção: Palácio Sottomayor, Avenida Fontes Pereira de Melo, nº16, 1050-121 Lisboa, Portugal

- 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.

March 25, 2026

PricewaterhouseCoopers & Associados
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