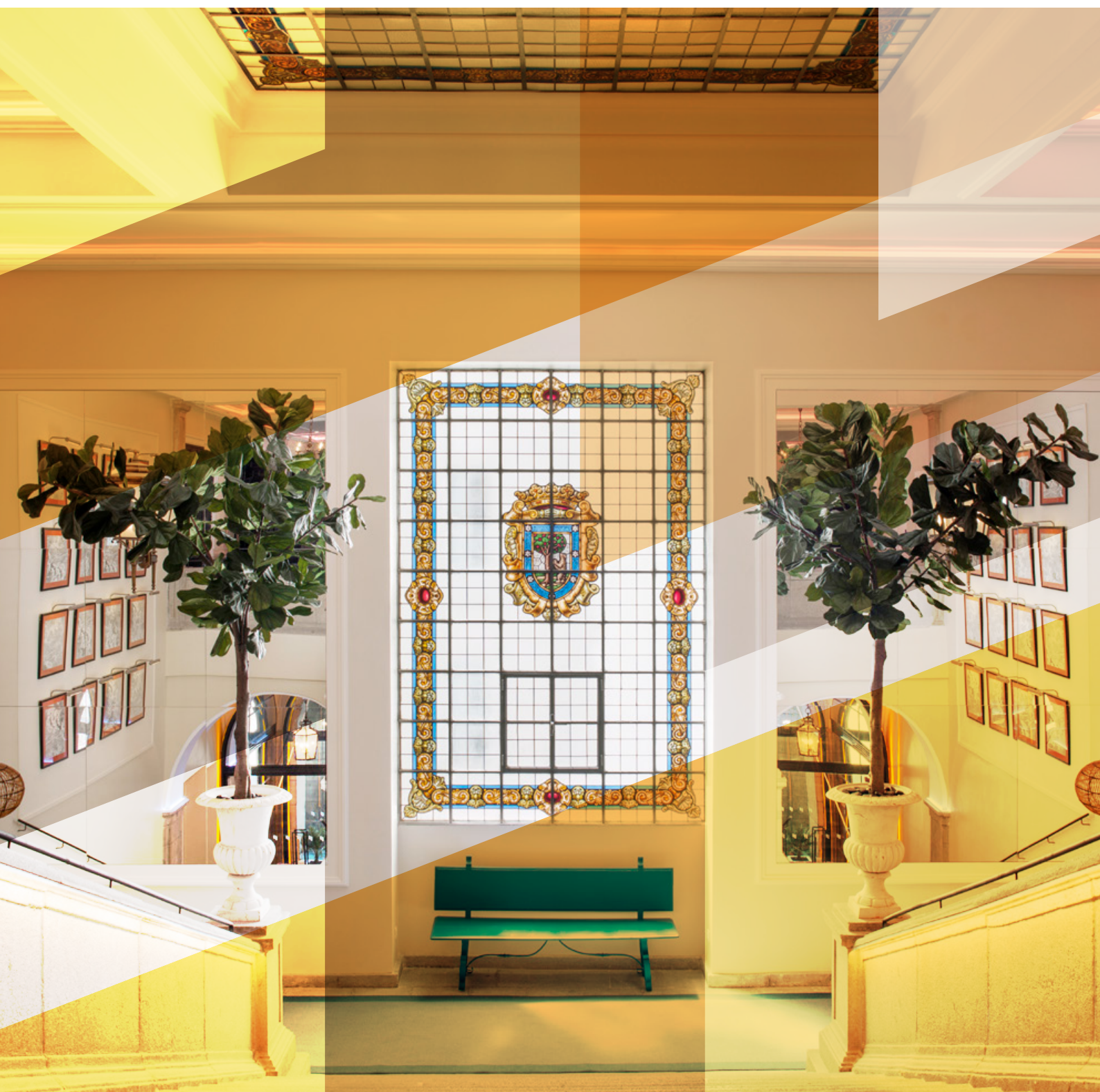


Pestana International Holdings S.A.

Consolidated Annual Report

31 December 2024



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Consolidated management report for 2024



1. Message to stakeholders



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

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

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

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

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

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

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

- ▮ To ensure tourist accessibility to the destination, with a unique travel and reception experience, including air or rail transport infrastructure and an efficient internal transport network;
- ▮ To diversify tourism provision and its marketing channels by boosting resilience;

- ▮ To provide authentic experiences while preserving local identity and environmental sustainability, and create new points of interest as a way of dispersing and reducing impacts on places in greatest demand.
- ▮ To focus on technological innovation and digitisation as ways to improve the customer experience and increase operational efficiency by leveraging the most value-added experiences;
- ▮ To focus on enhance human resources dedicated to tourism, incorporating 'soft and hard skills' that enhance the relationship with the customer.

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

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

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

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

2. Overview of the world economy



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

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

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

Table 1.1 Real GDP¹

(Percent change from previous year unless indicated otherwise)

	2022	2023	2024e	2025f	2026f	Percentage-point differences from June 2024 projections		
						2024e	2025f	2026f
World	3,2	2,7	2,7	2,7	2,7	0,1	0,0	0,0
Advanced economies	2,8	1,7	1,7	1,7	1,8	0,2	0,0	0,0
United States	2,5	2,9	2,8	2,3	2,0	0,3	0,5	0,2
Euro area	3,5	0,4	0,7	1,0	1,2	0,0	-0,4	-0,1
Japan	0,9	1,5	0,0	1,2	0,9	-0,7	0,2	0,0
Emerging market and developing economies	3,7	4,2	4,1	4,1	4,0	0,1	0,1	0,1

Source: World Bank

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

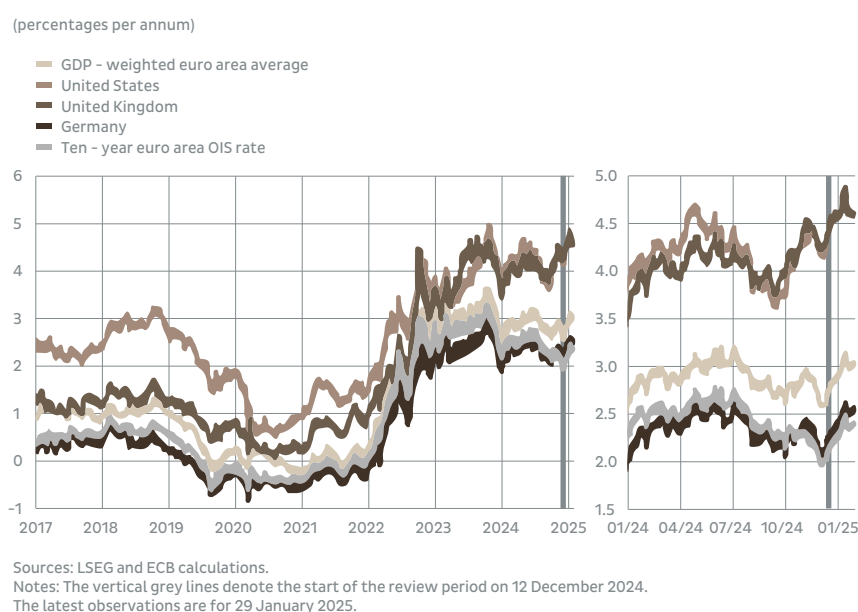
International trade in 2024 faced significant headwinds. Trade disputes between major economies, such as the United States and China, resulted in new tariffs and trade barriers, affecting global supply chains. The uncertainty surrounding the European Union's trade negotiations with key partners also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

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

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

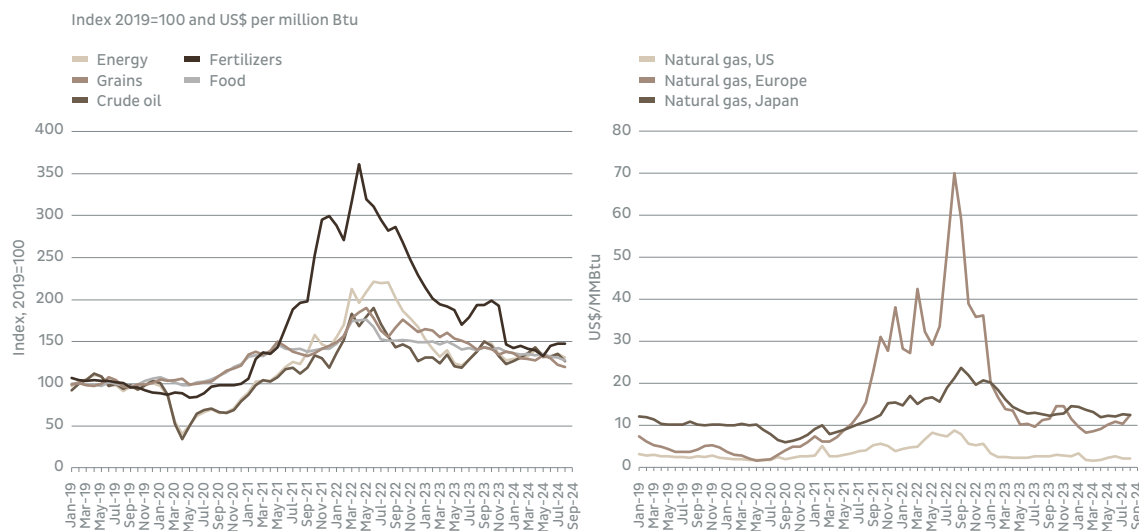
The central banks of major economies adopted diverse approaches in response to the economic conditions of 2024. The US Federal Reserve continued to raise interest rates to contain inflation, while the European Central Bank opted for a more cautious stance, keeping rates stable with the prospect of future revisions. In emerging economies, monetary policies were adjusted to balance economic growth and currency stability.

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



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

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



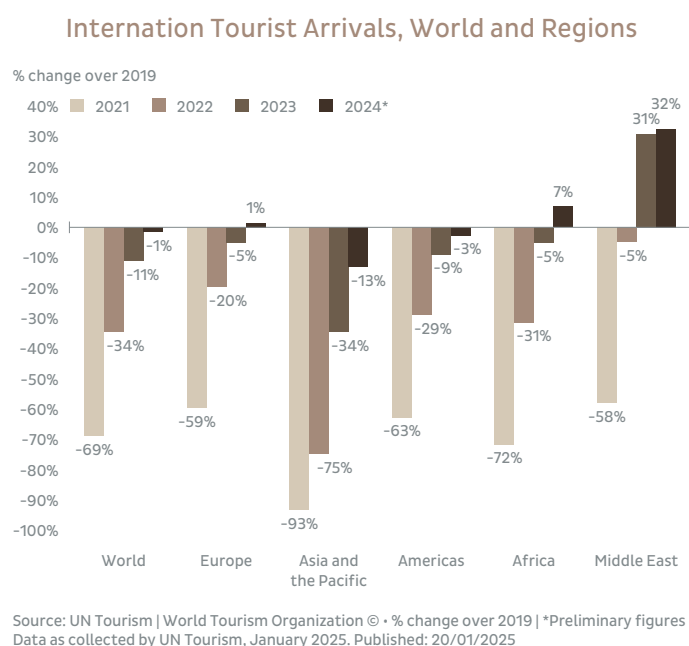
Source: World Bank.

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

3. Tourism



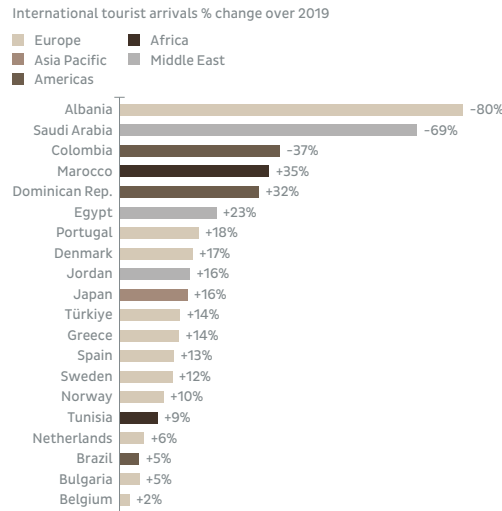
The year 2024 marked a significant turning point for global tourism, with a recovery to pre-pandemic levels. According to UNWTO's World Tourism Barometer, international tourism has nearly regained (99%) pre-pandemic levels, with most destinations surpassing 2019 figures. An estimated 1,4 billion international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



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

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

Large* best-performing destinations in 2024

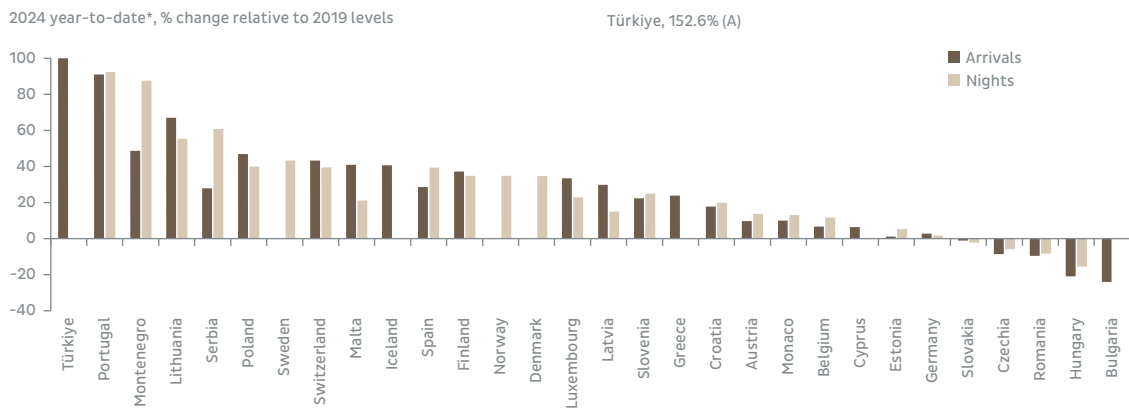


Source: UN Tourism (Data as of January 2025)

* Based on destinations recording 5 million arrivals or more in 2019 or 2023 and reporting monthly data up to October 2024 at least.

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

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

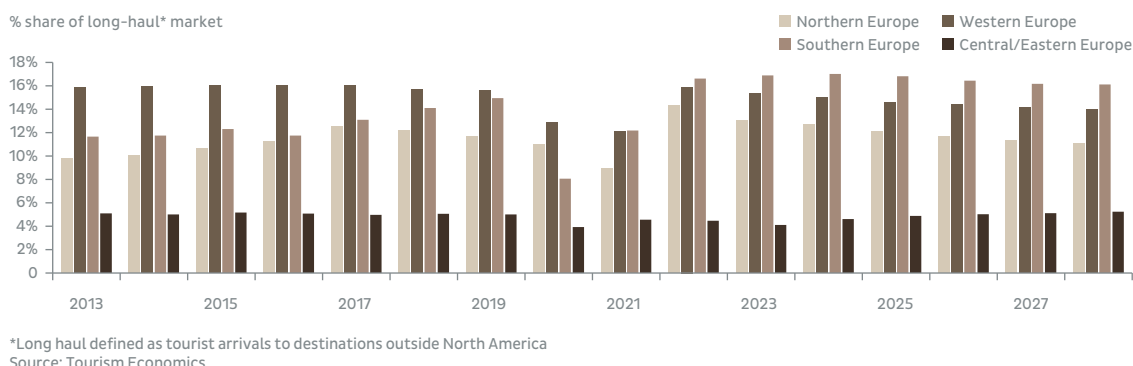


Source: TourMIS*

*date varies (Jan-Dec) by destination

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

Europe's share of American market

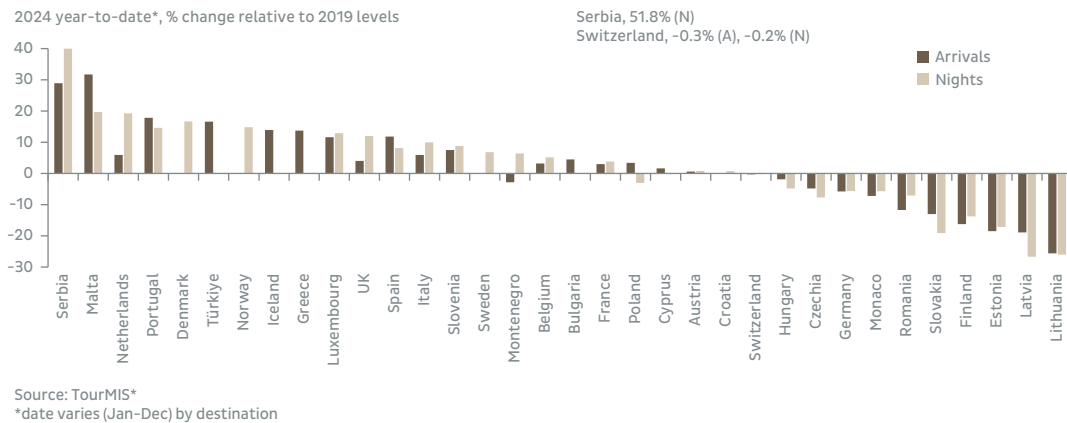


Tourism in Europe in 2024 showed a robust recovery, surpassing pre-pandemic levels. According to the UNWTO World Tourism Barometer, Europe recorded a 1% increase in international arrivals compared to 2019 and 5% compared to 2023. The region welcomed 747 million international arrivals in 2024, driven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

Europe's sub-regions performed differently:

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

Foreign visits and overnights to select destinations

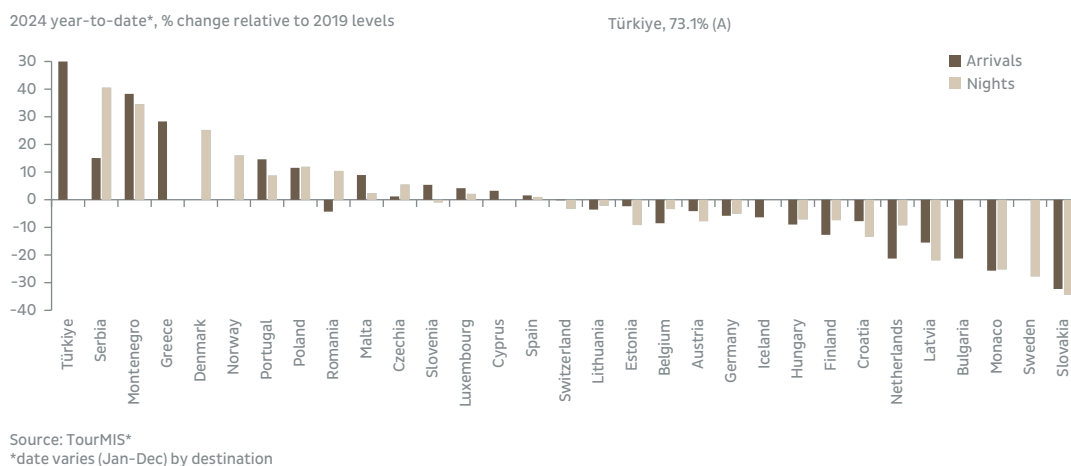


Source: ETC 2025/02 Trends & Quarterly Report Q4/2024

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

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

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



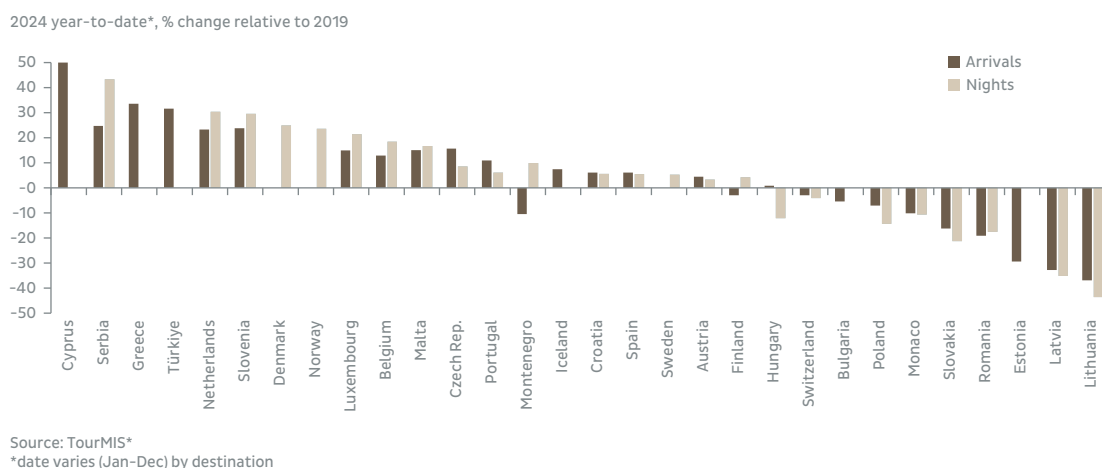
Source: ETC 2025/02 Trends & Quarterly Report Q4/2024

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

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

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

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



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

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

The main factors that contributed to this growth include:

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

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

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

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

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

4. Key figures



	2024	2023	Δ	Δ%
Number of rooms	11.653	11.763	(110)	-0,9%
Revenue	651,5	556,7	94,8	17,0%
Gross operating profit (GOP)	227,9	217,2	10,7	4,9%
EBITDA	252,3	188,8	63,5	33,6%
Profit for the period	150,0	105,1	44,9	42,7%
Total net financial debt	31,2	161,3	(130,1)	-80,7%
Net debt (Including IFRS 16)	217,4	329,4	(112,0)	-34,0%
EBITDA margin	39%	34%	5%	14,7%
Net debt / EBITDA	0,86	1,74	(0,9)	-50,6%
Net total financial debt / EBITDA	0,12	0,85	(0,7)	-85,9%
Assets	1.577,8	1.426,3	151,5	10,6%
Equity	736,4	590,9	145,5	24,6%
Average Room Rate (ARR)	152,7	144,2	8,5	5,9%
% occupancy	69,9%	67,7%	2,2%	3,2%
Guest Satisfaction Index (GSI)	87,9%	87,8%	0,1%	0,1%

5. Pestana Hotel Group



5.1 Description

Pestana International Holdings S.A.'s (in this document referred to as "Pestana Hotel Group" or "Group") origin dates back to 1972 with the establishment of M.&J. Pestana, S.A. to invest in what is today known as Pestana Carlton Madeira hotel in Madeira. Pestana Carlton Madeira hotel was the first of the current 110 units of touristic lodging now being operated by the Group in 16 countries under 4 different Pestana hotel sub-brands.

The Group started with resort operations in Madeira in the 1970's and then in Algarve in the late 1980's. The internationalization was initiated in the 1990's through investments in Portuguese speaking countries, first in Africa and then in Brazil. In 2003, Pestana Hotel Group won the tender to manage the concession of the "Pousadas de Portugal" network, a Portuguese boutique hotel chain. In the last 10 years the development strategy has focused on enlarging the Group's footprint throughout major European and North American cities such as London, Berlin, Miami, Amsterdam, Barcelona, Madrid, New York as well as Paris, with a hotel being built, and Orlando, acquired and opened in February 2024.

5.2. Corporate structure

Pestana Hotel Group is present in 16 countries spread out across five major regions, each one represented by a corresponding subholding company, including the Group's shared services entity and sub-holding for the partnership with Cristiano Ronaldo, namely:

- ▮ Grupo Pestana, S.G.P.S., S.A. – Portugal (Hospitality, Vacation Club, Real Estate, Residence, Golf, Entertainment and Brewery);
- ▮ Djebel, S.A. – Brazil as South American Portuguese speaking country (Hospitality and Vacation Club);
- ▮ Hotéis do Atlântico, S.A. – Europe and North America (Hospitality);
- ▮ Pestana CR7 Holding, S.A. – Pestana CR7's (Hospitality);
- ▮ Pestana Inversiones, Lda. – South American Spanish speaking countries (Hospitality);
- ▮ Pestana Management, S.A. – Group's shared services companies;
- ▮ Salvintur, S.A. – Africa (Hospitality, Real Estate, Residence and Entertainment).

Pestana International Holdings S.A. is the holding company and its share capital is 100% owned by Mr. Dionísio Pestana, its President and only son of the Group's founder.

Although the President still actively supervises the Group's operations, with special emphasis on the investment process, the Group's day-to-day management has been delegated to an executive committee board. This board meets on a monthly basis with the presence of all the directors responsible for each area to discuss the status of operations and execute major strategic plans. Smaller meetings occur on a weekly basis with fewer members of the board to discuss more operational matters.

5.3. Strategy

Pestana Hotel Group's development strategy is based on six vectors:

- ▮ Continue to expand the Group's geographic footprint, preferably through the expansion in major European and North American cities, but also exploring good opportunities in other markets. Investment decisions will continue to be done cautiously (low investment amounts per hotel room), based on the Group's capacity to generate cash flow and to maintain a reduced level of leverage;
- ▮ Continue to invest in innovation either through the implementation of new technology, partnerships with startups, adapting brands to new markets or exploring different business models or hotel concepts, which allows the Group to reinforce its unique strengths and always be willing to change and challenge itself;
- ▮ Continued operational focus on gaining/maintaining efficiency, constantly reviewing business processes, enhancing new technology and engaging new people and maintaining close relationships with business partners. The creation of the Group's shared services center enabled the hiring of specialized and talented people and created centers of excellence with enough scale for significant technology investments to be able to provide top quality services to all group business units around the globe;
- ▮ Continue to hire, train and maintain the best people always motivated to do their best and to exceed customer expectations. Partnerships with hotel management schools helps with the hiring of new skilled people and the Group continues to invest in ongoing its employees' training, which accounts for the long-term employee relationships the Group pursues and is able to maintain;
- ▮ Continue to provide top quality services to our guests generating demand for our products and services and providing excellent value for money thus earning the trust that our guests will have "The time of their lives" with Pestana Hotel Group;
- ▮ Continue the commitment with sustainability, which has been part of the Group's strategy for many years. The Group has been focusing on improving its performance in terms of ESG indicators by implementing action plans for the various operating units, in particular decarbonisation plans as well as to improve the well-being and quality of life of the local communities in which the Group operates, promoting their development and greater social equity, and being an active member of the local communities. Nowadays, the issue of sustainability has taken on a particular dynamism as a result of changing attitudes among the Group's stakeholders and the legislation and regulation that will come into force in Europe next year and for which the Group is already preparing.

All Group companies share the same IT network, the same front office per business line and the same back office financial system (SAP), which enables the setting up of standard procedures on a worldwide basis, as well as providing the Group's management with real time information at a centralized point on any figures, operations, sales, investments or cashflows from any Group operation in the world. Therefore, management can react to any event instantaneously.

Pestana Hotel Group's shared services also provide high quality specialized services to all Group companies under standardized processes that permit much faster reactions to certain events and allows for more efficiency in all administrative processes. Some examples are explained below:

- ▮ Central reservations – All hotels use the same PMS (Opera) and the same CRS (Opera) systems. This allows for a single central reservations and call centre department to record reservations for all Group hotels. It also allows automatic integration of reservations with all tour operators in the market as well as with the Pestana website.
- ▮ Sales – Although each sales team has its own sales objectives, by using the same systems they can cross sell, share resources and centrally monitor sales information and better manage the sales per channel. Using the same technology infrastructure also allows for innovative sales projects and partnerships with start-ups, easy to roll out for all portfolio of hotels. The pandemic contributed to a faster digitalization process in travel distribution. Thus, the Group focused its investment for this period mostly in the direct and OTA channels to capture significant volume of sales through them.
- ▮ Procurement – All of the Group's hotels benefit from the scale given by the Group in negotiations with vendors, therefore reducing unit costs or improving conditions, increasing quality of products and providing appropriate logistics.
- ▮ Finance – All major finance processes are centralized. This enables the monitoring of major finance risks more accurately and to spread them throughout the Group. Each hotel benefits from much better financing conditions due to the Group's global negotiations, risk dilution and in some cases support from holding companies. Implementation of cash pooling procedures continues to improve the Group's cash management. Entering into a credit insurance policy for the majority of the Group's accounts receivable has also contributed to reduce risk.
- ▮ HR and Operations – working as a Group enables hotels to share resources among themselves. In an activity with high seasonality (summer vs winter or weekends vs weekdays) this is an important factor for success.

Pestana Hotel Group has an asset-based model which limits its pace of portfolio growth and exposes it to higher demand risk relative to asset-light business models. However, this model results in a high-quality asset portfolio and provides for additional financial flexibility.

Pestana Hotel Group has very consistent operations and had many profitable years which allowed the Group to generate sufficient cash to significantly reduce its leveraging. The Group has virtually no net financial debt. Only a very small proportion of the Group's total financial debt (3,6%) is remunerated at variable rates and net debt including lease liabilities (IFRS 16) could be repaid in just 10 months. All debt reimbursement plans have been aligned with the ability of each company to generate cash. No significant dividends were requested by the shareholder, which means that most of the available cashflow could be either reinvested in the business or used to reduce leverage.

During the last years, the Group significantly developed its real estate business, benefitting from this sector's dynamic. The results obtained contributed to disperse risk and reduce the Group's dependence on the Hospitality business.

The Group also continues to value its people, not only improving working conditions, but also providing opportunities for training and professional and personal development and growth, as well as keeping a strong corporate mission and culture. Also, the Group is always open for change, transformation and innovation, continuing to invest in its operational and IT systems, which allows for efficiency gains.

In 2024 Pestana Hotel Group continued its commitment to Sustainability energy efficiency and decarbonization projects were maintained and developed and sustainable investment projects were made. On the other hand, support was maintained for projects of a social nature.

6. Investment



The main projects carried out in 2024 were the following:

- The Group continued to invest in its state-of-the-art operational and IT systems, which enable efficiencies and greater agility in decision making, namely PMS Opera Cloud, SAP S/4HANA, Salesforce and cybersecurity;
- Acquisition of the Group's new unit, Pestana Orlando Comfort Suites Lake Buena Vista, at the end of January 2024, which is a newly-built 127-room hotel located near Walt Disney World in Orlando that began operating under the Pestana brand on 1 February 2024;
- Construction of Pestana Dunas hotel continued in 2024 on the island of Porto Santo, Madeira. This unit will have a total area of 60.000 m² and it will confine with Pestana Porto Santo on the west and this proximity will allow for concentration and optimization between operations. It will be built using innovative and more environmentally sustainable techniques. Construction began in 2023 with the construction of 218 rooms, reception and indoor, outdoors swimming pool and a restaurant and its completion is scheduled for 2026;
- Acquisition of Quinta do Perestrelo, located next to Pestana Miramar Garden & Ocean Hotel. The Group carried out construction work to convert it to a new 4-star luxurious hotel with 37 rooms, that started exploring from November 2024. The Group also acquired a land that allowed these two units to be connected.
- Completion of the refurbishment of Pestana Blue Alvor Beach All Inclusive Hotel with a view to modernising this unit and transforming it into an all-inclusive hotel dedicated to families. This investment was planned in two phases, the first being the refurbishment of the rooms, which was completed in June 2023 and the second being the renovation of the unit's common areas, the improvement of existing spaces and the creation of new leisure areas which was completed in May 2024;
- New right of use relating to the new hotel Pestana Porto – A Brasileira, which began on 1 June 2024, for a period of 15 years, with an initial impact on Right of Use assets and Lease Liabilities of approximately 12,6 million Euros. Following this agreement, the hotel's FF&E was acquired for approximately 0,8 million Euros;
- Extension of the Pestana Cascais and Pestana Sintra Golf lease term for 5 years, with an impact of approximately 9,4 million Euros on Right-of-use assets and Lease liabilities;
- Continuation of energy efficiency and technological investigation and development projects which include the purchase of heat pumps, condensing boilers and the implementation of photovoltaic panels systems on the roofs of the buildings and car parks of the various hotel units, for self-supply of energy, which will allow a significant reduction in the energy costs of each hotel unit, CO₂ emissions and dependence on the grid. This project is included in the scope of the application made in the Recovery and Resilience Facility (RRF) in the "Accelerate and Transform Tourism Program", from which it is expected to obtain a non-refundable incentive of an amount between 40% and 65% on the expenses that are approved as eligible. The non-refundable grant received as part of this RRF application related with Assets under construction, calculated in accordance with the methodology used by IAPMEI – Agência para a Competitividade e Inovação, amounting to approximately 1,8 million Euros.

These investments are in line with the Group's long-standing commitment to sustainability, which has gained particular momentum in recent years as a result of the change in attitudes among the Group's stakeholders and the legislation and regulation that will come into force in Europe next year;

- ▮ Completion of the refurbishment of the Pestana Vila Lido Madeira Ocean Hotel, a 5-star hotel located very close to the Lido bathing complex with an outdoor swimming pool overlooking the coastal cliffs of Funchal, Madeira;
- ▮ A series of refurbishments were carried out on various units in 2024, restoring and updating the condition of the buildings in order to keep them in the best possible condition to optimise their operation;
- ▮ On 29 October 2024, the Group also signed a promissory lease agreement for a future new hotel unit, of at least 4 stars, on Rua Rodrigo da Fonseca in Lisbon. The Group estimates that the definitive lease will only be signed in 2027, when the current tenants are fully vacated.

Pestana Hotel Group continued to follow its risk diversification strategy, such as in real estate business with the aim of making real estate 20% of the Group's activity in near future without leaving the hotel business. The main investments in real estate projects carried out in 2024 were as follows:

- ▮ Continuation of construction work on the Pestana Porto Covo Villages project which corresponds to a land for the development of a real estate project in Porto Covo, Sines, Portugal. This project will consist of a set of tourist apartments, all with private pools, in a closed condominium with services and a central nucleus with gardens and leisure spaces in the picturesque fishing village of Porto Covo, 400 meters from the beach and inserted in the Southwest Alentejano and Costa Vicentina Natural Park. All the apartments were already reserved and all the units are expected to be delivered to customers by 2025;
- ▮ Completion of the Madeira Acqua Residences project, which resulted from the acquisition of the former Madeira Palácio hotel in 2021 in a new luxury housing complex, comprising flats, communal areas, gardens and a swimming pool, located in the prime area of Funchal, with almost all the deeds having been completed during the year and sales totalling 90,5 million Euros;
- ▮ Continuation of the Valley Nature Resort project which is located in South of Gramacho, in Algarve. This project is located on a plot of land with 30,14 hectares where independent units are being constructed for sale and tourist exploitation. During 2024 more units were delivered to customers in the amount of 9 million Euros;
- ▮ Continuation of Pestana Comporta Village real estate project, located 200 meters from Vila da Comporta and 2 km from the beach, where accommodation units with swimming pool are being constructed. Due to the high demand for this type of development, with all the Promissory Purchase and Sale Contracts have already been signed and in 2024 the first units were sold to customers for an amount of approximately 1,1 million Euros;

The Group also has other projects in the licence phase that will contribute to reinforce the available inventory in the short term, namely Pestana Porto Covo Beach, Vila Sol G3, Silves Golf Resort and Pestana Ferragudo Village & Golf. By continuing to invest in the development of new real estate projects, the Group will also strengthen the growth of the Residence business with the signing of new tourist operation contracts.

7. Activity of Pestana Hotel Group



7.1 Profit and loss highlights

	TOTAL 2024	Grupo Pestana SGPS	Djebel	Hotéis do Atlântico	Pestana Inversiones	Salvintur	Pestana CR7 Holding and other	TOTAL 2023	TOTAL 2022
Rooms (total keys)	11.653	7.591	1.111	1.013	329	816	793	11.763	11.775
of which Rooms under management contract (keys)	337	334	0	0	0	3	0	442	628
Hotel units (total)	110	77	4	8	2	12	7	108	106
of which Units under management contract	10	9	0	0	0	1	0	8	8
(Amounts in millions of Euros)									
Revenue	651,5	532,5	19,6	69,6	3,2	19,0	7,6	556,7	453,1
GOP (a)	227,9	182,8	8,7	29,9	0,7	5,8	0,0	217,2	215,3
EBITDA (b)	252,3	206,3	5,3	20,7	2,2	2,3	15,5	188,8	200,0
EBITDA excluding disposals of tangible fixed assets	251,7	205,7	5,3	20,7	2,2	2,3	15,5	187,8	158,1
Depreciation, amortization and investment subsidies	-58,5	-43,0	-1,8	-5,8	-0,0	-5,6	-2,3	-58,4	-50,2
EBIT	193,8	163,3	3,5	14,9	2,2	-3,3	13,2	130,4	149,8
Interest net (includes fees)	-16,0	-12,8	-1,7	0,6	-1,5	-0,2	-0,4	-16,8	-21,4
Income taxes (c)	-27,8	-20,6	0,0	-4,0	-0,1	-0,7	-2,5	-8,5	-18,9
Net income including non controlling interests share	150,0	130,0	1,8	11,5	0,6	-4,2	10,3	105,1	109,5
EBITDA margin (%)	39%	39%	27%	30%	69%	12%	N/A	34%	44%
EBITDA margin (%) excluding disposals of tangible fixed assets	39%	39%	39%	27%	30%	12%	N/A	34%	35%
EBIT margin (%)	30%	31%	18%	21%	70%	-17%	N/A	23%	33%
ROE (%)	17,6%	25,2%	4,0%	6,3%	9,0%	-13,3%	N/A	14,5%	16,8%
EPS	113,7	N/A	N/A	N/A	N/A	N/A	N/A	79,7	83,0
EBITDA / Net interests (..x)	15,8	16,1	3,12	-34,5	1,47	11,5	38,8	11,2	9,3
Average cost of gross debt (%)	4,6%	4,2%	N/A	6,5%	N/A	3,9%	N/A	6,1%	4,1%

Notes:

(a) "Gross operating profit" - management accounts (uniform system of accounts for the lodging industry (USALI)) only includes fully consolidated companies

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

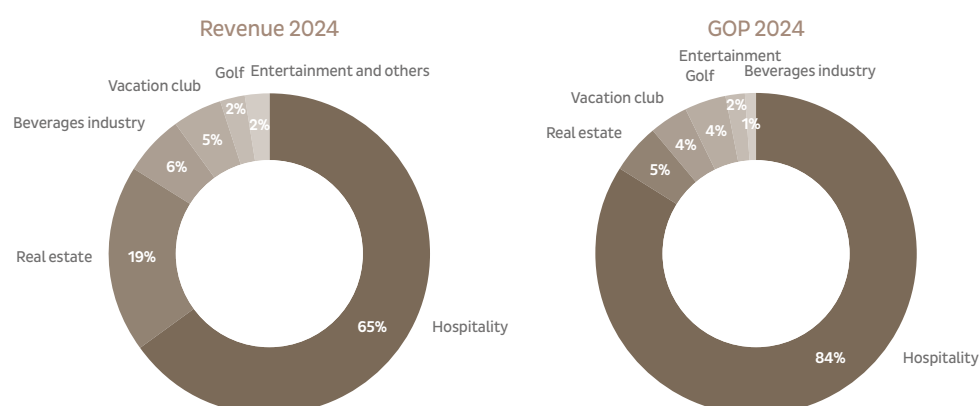
(c) Includes Gambling tax paid by Casino

In 2024, the Pestana Hotel Group had for the third consecutive year the biggest year of activity in its history, with revenue of 651,5 million Euros, an EBITDA of 252,3 million Euros and a profit of 150 million Euros. This represents an increase of 17% in revenue, 34% in EBITDA and 43% in profit when compared to 2023.

The growth in revenue and EBITDA in 2024 resulted mainly from increased travel demand across the Group's hotels, leading to a higher average room rate of approximately 6%, along with an increase in occupancy rates and guest satisfaction index stable. Additionally, the real estate activity contributed significantly for the EBITDA in 2024, highlighted by the sale of most of Madeira Acqua Residences apartments for 90,5 million Euros. However, it should be noted that although the G.O.P. growth in the hotel business of 22% was quite significant, the Group's total G.O.P. growth was around 5% because the main real estate projects, especially Madeira Acqua Residences, were mostly eligible for G.O.P. in 2022 and 2023, when most of the promissory contracts were signed and which implies a significant contractual receipts from customers.

These results have been obtained as a result of the Group's commitment to its cost control policy and ongoing investment in information systems to ensure that customers arrive at hotels through direct channels, maximising its profitability. The Group prioritise personalised service, ensuring that every guest feels valued and cared for from the moment they arrive. Our dedicated staff and unique local experiences are designed to create memorable stays that encourage repeat visits and ensure the experience of their lives.

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



Revenue and G.O.P. from hospitality businesses continue to be the main one in the structure of the Group. However, Real estate business is growing its importance and the other business segments continued to show similar weightings.

A. Hospitality

Hospitality business has showed excellent results comparing to 2023, given the G.O.P. increase of 22%, mainly driven by general increase in the average room rate of around 6% as well as an increase in occupancy, continuing the cost control policy and the increase in mix of sales distribution channels. This price increase is also the result of the change in the sales channel adopted by the customers, who are increasingly opting for online channels. Thus, Pestana Hotel Group's investment policy is focused on boosting direct and online channels to benefit from this trend and maximize its revenue and profitability.

The performance of Hospitality business is the result of the Group's highly variable cost structure, which allows the Group to be flexible in its management according to the evolution of demand.

In addition, the Group renegotiated its energy contracts in Portugal last year and, in line with the Group's sustainability policy and efforts to reduce energy consumption, was able to significantly reduce its costs.

In Portugal, G.O.P. from hospital business increased 23%. This increase was mainly motivated by the hotel units in Madeira and Algarve due to the increase in tourists from the Group's key markets like UK and France. In Algarve there was also the opening of some new flights in Helsinki, Southampton and Brest. In Madeira, these good results were achieved despite the termination of the contracts of Pestana Ilha Dourada and Pestana Colombos, which reinforces the excellent results achieved by the Group in this region when compared to last year. The city destinations, Lisbon and Oporto, also had good results following the several awards received by these destinations from World Travel Awards, which allows them to increase the influx of tourists. In Oporto, Pestana Hotel Group started to explore the new hotel unit Pestana Porto – A Brasileira from 1 June 2024 which also contributed to this increase in results. Regarding Pousadas de Portugal, they also had excellent results and had their best result ever. This was mainly due to the increase in average room rate, as well as the good results from the Pousadas in Lisbon, mainly Pousada de Alfama, which had in 2024 its first full year of operation.

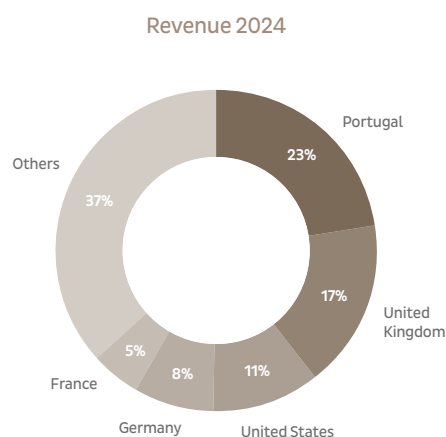
In Europe, the trend of excellent results continued in 2024 where every hotel unit had a positive performance. The average increase in G.O.P. was 12% and Pestana Plaza Mayor, Pestana Amsterdam, and Pestana Chelsea Bridge were the main contributors for this increase. The average room rate increased on average 8%.

In the United States, the hotels also had an excellent performance and increase its G.O.P. by 55%. These results were mainly achieved by the increase of occupancy rate of 16% on average and also the performance of the Group's new hotel unit Pestana Orlando, which was acquired in January 2024 and began operating under the Pestana brand on 1 February 2024 in a successful takeover operation.

In South America, Brazil achieved a good performance with a 24% increase in G.O.P., mainly driven by an improvement in room occupancy compared to last year.

In Africa, G.O.P. increased by 33%. The influx of tourists was higher than last year's, which allowed the Group to increase its average room rate by 7%. The main contributor for this increase in results was Morocco, where both units performed well and increased their results by 22% on aggregate.

The Group's main feeder markets remained almost the same: Portugal, United Kingdom, United States, Germany and France.



B. Real Estate

In 2024, the Real Estate business represents 19% of the Group's revenue. Pestana Hotel Group continued to follow its risk diversification strategy, not only in geographic terms, but also in different business segments, such as the residential and real estate business. The Group has several ongoing projects in its portfolio that will ensure good results in the next few years such as Pestana Comporta Village, Pestana Porto Covo Village, Pestana Porto Covo Beach, Pestana Valley Nature Village, Pestana Ferragudo Villages & Golf and Silves Golf Resort, most of them already reserved by clients. By continuing to bet on the development of new real estate projects the Group will also reinforce the growth of its Residence business through the signing of touristic exploration contracts.

In 2024, the main project with impact on results was Madeira Acqua Residences where almost all apartments were sold for 90,5 million Euros. Furthermore, the Group continued to deliver units to customers of The Valley Nature Resort, Silves Golfe Resort and started the deed process for the first units of Pestana Comporta Village with revenue totalling around 12,4 million Euros.

Real estate revenue also includes the residence activity, which had an excellent activity similar to the hotel business, namely the tourist exploration contracts for Pestana Troia Eco-Resort and Pestana Gramacho and Pinta.

C. Beverages industry

This business represents 6% of the Group's revenue in 2024, which is in line with the usual weight in Group revenue. In 2024, this business benefited from the increase in price/liter by 5%. The increase in the number of tourists in Madeira did not lead to a reflection of this rise in the net sales of the On-trade channel, as there was a transfer of consumption to the Off-trade channel, which increased by around 11%.

D. Pestana Vacation Club

Vacation Club & Options represents 5% of the Pestana Hotel Group's revenue and continues to be supported by many families that have been with the Group for the past 30 years. The Group continues to develop Pestana Vacation Club (PVC), also known as timeshare, which allows guests to travel all along its hotels around the world. This does not only give the buyer a legal temporary right to the property but is also a cash flow stream.

With the contribution of its main tourist markets in the UK and Germany, Pestana Vacation Club made it possible to obtain revenue from periodic accommodation and Options contracts of approximately 30 million Euros.

E. Golf

The Golf activity continues to represent 2% of the Group's revenue and 2% of the G.O.P., but with an increase of 16% in revenue and 29% in G.O.P. compared to 2023. The Pestana Hotel Group continues to operate the same golf courses, namely Alto Golf, Pinta, Gramacho, Silves and Vila Sol in Algarve and Beloura in Lisbon. The increase in revenue is mainly due to an increase in the number of rounds, especially in Algarve, which set the regional record in 2024, as well as an increase in the price per round.

F. Entertainment

The Entertainment business continues to represent 2% of the Group's revenue and 2% of the G.O.P., having maintained a stable level of activity compared to 2023. The Entertainment Group's activity is composed of two casinos, in Madeira and in São Tomé e Príncipe, but the Casino da Madeira represents the greatest weight of this segment.

7.2 Balance sheet highlights

(Amounts in millions of Euros)

	2024	% TOTAL	Grupo Pestana SGPS	Djebel	Hotéis do Atlântico	Pestana Inversiones	Salvintur	Other	2023	2022
Net Assets										
Investment (Fixed assets) (a)	990,1	92%	696,6	48,6	190,8	4,5	35,1	14,5	947,7	935,7
Deferred tax liabilities	-21,0	-2%	-11,6	-3,8	-1,9	0,0	-3,7	0,0	-20,6	-25,6
Total adjusted fixed assets	969,1	90%	685,0	44,8	188,9	4,5	31,4	14,5	927,1	909,9
Investment (Financial assets) (b)	99,9	9%	38,3	0,0	29,2	0,0	0,0	32,4	91,3	63,2
Other non-current assets (c)	22,7	2%	7,5	0,1	5,7	0,3	0,7	8,4	18,9	21,1
Current Assets – Current liabilities (d)	-18,3	-2%	-10,9	2,4	-5,1	0,0	-0,3	-4,4	24,0	48,5
Total adjusted assets	1.073,4	100%	719,9	47,3	218,7	4,8	31,8	50,9	1.061,3	1.042,7
Funding origins										
Equity (e)	771,8	72%	442,2	44,7	182,4	6,7	31,2	64,6	644,2	565,3
Collected deferred revenues (f)	117,7	11%	112,6	1,1	1,2	0,0	0,3	2,5	124,0	132,9
Deferred sales costs (g)	-39,2	-4%	-38,9	-0,3	0,0	0,0	0,0	0,0	-42,6	-46,0
Total non remunerated funding (adjusted equity)	850,3	79%	515,9	45,5	183,6	6,7	31,5	67,1	725,6	652,2
Long term financial debt (h)	389,9	36%	279,2	0,0	55,6	0,0	6,6	48,5	383,2	520,9
Other non-current liabilities (i)	5,7	1%	3,5	2,1	0,1	0,0	0,0	0,0	6,3	7,2
Total non-current funding	1.245,9	116%	798,6	47,6	239,3	6,7	38,1	115,6	1.115,1	1.180,3
Short term financial debt (h)	72,4	7%	58,7	0,0	5,7	0,0	1,4	6,6	49,2	86,7
Cash and cash equivalents	-244,9	-23%	-137,4	-0,3	-26,3	-1,9	-7,7	-71,3	-103,0	-224,3
Net current debt	-172,5	-16%	-78,7	-0,3	-20,6	-1,9	-6,3	-64,7	-53,8	-137,6
Total funding origins	1.073,4	100%	719,9	47,3	218,7	4,8	31,8	50,9	1.061,3	1.042,7
Net debt (j)	217,4		200,5	-0,3	35,0	-1,9	0,3	-16,2	329,4	383,3
Total net financial debt (excluding IFRS 16)	31,2		50,7	-0,3	6,3	-1,9	-7,4	-16,2	161,3	195,3
EBITDA	252,3		206,3	5,3	20,7	2,2	2,3	15,5	188,8	200,0
EBITDA excluding disposals of tangible fixed assets	251,7		205,7	5,3	20,7	2,2	2,3	15,5	187,8	158,1
Working capital	-18,3		-10,9	2,4	-5,1	0,0	-0,3	-4,4	24,0	48,5
Net capex (k)	93,6		65,0	0,8	20,9	0,2	1,1	5,6	84,8	12,8
Capex under construction	56,4		46,5	0,0	0,6	3,8	0,1	5,4	38,9	40,2
Net debt / EBITDA	0,86		0,97	N/A	1,69	N/A	N/A	-1,05	1,74	1,92
Total net financial debt / EBITDA	0,12		0,25	-0,06	0,30	-0,86	-3,22	-1,05	0,85	0,98
Net debt / Adjusted equity	0,26		0,39	N/A	0,19	N/A	N/A	-0,24	0,45	0,59
Net debt / Total adjusted assets ratio (%)	20%		28%	N/A	16%	N/A	N/A	-32%	31%	37%

Notes:

(a) Includes Tangible fixed assets, Intangible assets, Investment properties and Non-current assets held for sale and excludes Deferred sales costs of Pestana Vacation Club

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

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

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

(e) Including shareholder's loans

(f) Collected sales of Pestana Vacation Club

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

(h) Includes Lease liabilities and excludes loans from shareholders

(i) Includes Provisions and Trade and other payables

(j) Long term financial debt plus Net current debt

(k) Additions net of Disposals

Pestana Hotel Group has a total adjusted assets of 1.073,4 million Euros and follows an ownership model which means that it owns most of its assets making it a capital-intensive Group. The Group has a highly specialized shared services center which allows for the opening of new units without virtually any additional costs to the Group's cost structure. This fact combined with the Group's highly effective and constant cost control policies and investment in new technologies and in the digital area of the hospitality business makes it possible for the Group to continue to grow organically.

Pestana Hotel Group also has a total non-remunerated funding of 850,6 million Euros, having increased this weight on the total adjusted assets to 79% (2023: 68%). This reflects the strong financial autonomy of the Group

Pestana Hotel Group also maintained its prudent liquidity policies, ensuring that its debt is concentrated in the medium to long term and aligned with its ability to generate funds. Considering the high level of the liquidity from operations and the significant increase in interest rates which are expected to remain high at least in the medium term, the Group decided last year to prepay a significant part of its variable-rate debt, bringing the Group's total variable-rate debt to only 3,6% at the end of 2024.

Despite the significant investments made in CAPEX and Real estate by the Group throughout the year and the acquisition of a new unit in Orlando financed entirely by equity, Pestana Hotel Group has still managed to reduce its total net financial debt by 130,2 million Euros and has a Total net financial debt/EBITDA of 0,12 in 2024 indicating that the Group would need less than 2 months to repay all existing financial debt. It should be noted that these figures still include the new 40 million Euro bond with a low fixed interest rate, which will be repaid over 6 years. Even considering leases are taken into account, the net debt/EBITDA ratio is only 0,86 which means that the Group would only need less than one year's EBITDA to pay off all its debt, which is mainly non-current. It should also be noted that in 2024 lease liabilities increased by around 22 million Euros due to the new lease agreement for the new hotel unit Pestana Porto – A Brasileira for a period of 15 years and the extension of the Pestana Sintra and Pestana Cascais lease terms for a further 5 years.

In addition, Pestana Hotel Group has cash of 245 million Euros, 115 million Euros of available credit lines and a very low negative working capital excluding cash, demonstrating that the Group manages its short-term liabilities and assets prudently. This strategic approach not only improves liquidity, but also supports sustainable growth, reinforcing the Group's impeccable financial position. These figures justify, among others, the improvement of the risk profile to 'investment' level with a stable outlook according to the Ethifinance rating agency.

8. Objectives and policies of Pestana Hotel Group regarding risk

Pestana Hotel Group'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.

Pestana Hotel Group 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 such risks as exchange rate risk, interest rate risk, liquidity risk, credit risk and capital risk.

Corporate structure risks include shareholder succession and corporate governance structure.

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

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

Other risks include environmental risks.

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

9. Relevant issues that occurred after the year end



There are no relevant subsequent events to report.

10. The near future



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

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

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

Summary of Economic Outlook, % change*

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

Source: Tourism Economics based on GEM as of 9.12.2024

* Unless otherwise specified

** Percentage point change

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

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

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

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

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

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

11. Recognitions



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

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

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

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

Luxembourg, 24 March 2025

The Board of Directors

Dionísio Fernandes Pestana

Director

Chiara Louise Deceglie

Director

Hermanus Roelof Willem Troskie

Director

José Alexandre Lebre Theotónio

Director

Rodrigo de Freitas Branco

Director

Consolidated financial statements



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts expressed in Euros)	NOTES	2024	2023
ASSETS			
Non-current			
Tangible fixed assets	6	1.008.992.092	971.205.099
Intangible assets	7	6.306.079	4.162.727
Investment properties	8	5.686.292	5.752.087
Investment in joint ventures	9	60.088.961	55.129.458
Investment in associates	10	12.195.548	11.701.729
Financial assets at fair value through profit and loss	11	27.584.086	24.503.516
Deferred tax assets	12	20.591.007	16.798.637
Derivatives	14	2.057	152.830
Trade and other receivables	15	9.141.387	9.821.742
		1.150.587.509	1.099.227.825
Current			
Inventories	16	118.571.593	132.088.890
Trade and other receivables	15	62.779.606	67.033.187
Income tax receivable	17	968.337	14.215.694
Cash and cash equivalents	18	244.912.810	102.965.971
Non-current assets held for sale	19	–	10.806.480
		427.232.346	327.110.222
Total assets		1.577.819.855	1.426.338.047
EQUITY			
Capital	20	166.625.238	166.625.238
Other reserves	21	7.617.026	4.508.230
Retained earnings	22	400.089.650	305.057.556
Profit for the period attributable to shareholders		145.848.177	101.521.600
Non-controlling interests	23	16.197.052	13.194.005
Total equity		736.377.143	590.906.629
LIABILITIES			
Non-current			
Provisions	24	5.576.222	6.266.057
Borrowings	25	225.207.002	234.031.640
Lease liabilities	26	164.598.184	149.162.077
Derivatives	14	98.518	–
Deferred tax liabilities	12	21.042.587	20.630.966
Deferred revenue	27	91.614.268	99.703.110
Advances from customers	15	5.442.181	24.894.348
Trade and other payables	28	16.023	21.564
		513.594.985	534.709.762
Current			
Provisions	24	2.269.720	1.623.307
Borrowings	25	86.257.595	83.657.603
Lease liabilities	26	21.590.713	18.921.731
Deferred revenue	27	26.108.604	24.304.777
Advances from customers	15	83.720.052	71.921.575
Trade and other payables	28	96.019.935	90.327.090
Income tax liabilities	17	11.881.108	6.871.621
Non-current liabilities held for sale	19	–	3.093.952
		327.847.727	300.721.656
Total liabilities		841.442.712	835.431.418
Total equity and liabilities		1.577.819.855	1.426.338.047

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

CONSOLIDATED INCOME STATEMENT

(Amounts expressed in Euros)	NOTES	Period	
		2024	2023
Revenue	29	651.533.853	556.739.650
Cost of goods sold	16	(121.781.228)	(103.529.093)
External services and supplies	30	(153.531.128)	(145.354.526)
Personnel expenses	31	(119.925.313)	(112.648.441)
Charges of depreciation and amortization	6;7;8	(56.748.810)	(54.032.280)
Impairment losses of tangible assets	6;7;8	(2.356.519)	(4.743.437)
Reversal / (Impairment) of receivables	15	412.529	(488.488)
(Impairment) / Reversal of inventories	16	(71.168)	19.463
Provisions	24	(968.284)	(129.092)
Other income	32	7.070.519	11.279.020
Other expenses	33	(17.287.492)	(15.000.419)
Gains / (Losses) on equity method and financial assets at fair value through profit and loss	34	5.975.911	(3.171.246)
Operating profit		192.322.870	128.941.111
Financial expenses	35	(21.223.120)	(26.553.699)
Financial income	35	5.200.890	9.788.319
Profit before tax		176.300.640	112.175.731
Income tax	36	(26.347.133)	(7.111.756)
Profit for the period		149.953.507	105.063.975
Profit for the period attributable to:			
Shareholders of the group		145.848.177	101.521.600
Non-controlling interests		4.105.330	3.542.375
		149.953.507	105.063.975

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

EBITDA (Non-IFRS Measure)	43	252.330.769	188.771.228
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts expressed in Euros)	NOTES	Period	
		2024	2023
Profit for the period		149.953.507	105.063.975
Items that may be recycled through profit and loss:			
Foreign currency translation differences	21,22,23	(2.983.140)	(2.718.667)
Change in fair value of hedging derivatives	14	(225.494)	(2.757.506)
Tax impact in items booked directly in equity	12	44.412	499.655
Changes in tax rates	12	1.032	–
Other comprehensive income for the period – net of income tax		(3.163.190)	(4.976.518)
Total comprehensive income for the period		146.790.317	100.087.457
Comprehensive income attributable to:			
Shareholders of the group		142.667.467	96.439.073
Non-controlling interests		4.122.850	3.648.384
		146.790.317	100.087.457

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts expressed in Euros)

AT 1 JANUARY 2024

Changes in the period

Profit for the period application

Foreign currency translation differences

Change in fair value reserve – hedging derivatives (net of tax)

Profit for the period

Comprehensive income

Transactions with shareholders in the period

Distributions

Capital reductions

AT 31 DECEMBER 2024

NOTES	ATTRIBUTABLE TO SHAREHOLDERS				NON-CONTROLLING INTERESTS	TOTAL
	SHARE CAPITAL	OTHER RESERVES	RETAINED EARNINGS	PROFIT FOR THE PERIOD		
	166.625.238	4.508.230	305.057.556	101.521.600	13.194.005	590.906.629
21;22		6.498.260	95.023.340	(101.521.600)	–	–
		6.498.260	95.023.340	(101.521.600)	–	–
21;22;23		(3.209.414)	208.754	–	17.520	(2.983.140)
21		(180.050)	–	–	–	(180.050)
				145.848.177	4.105.330	149.953.507
		(3.389.464)	208.754	145.848.177	4.122.850	146.790.317
		3.108.796	95.232.094	44.326.577	4.122.850	146.790.317
22;23	–	–	(200.000)	–	(1.034.803)	(1.234.803)
23	–	–	–	–	(85.000)	(85.000)
	–	–	(200.000)	–	(1.119.803)	(1.319.803)
	166.625.238	7.617.026	400.089.650	145.848.177	16.197.052	736.377.143

		ATTRIBUTABLE TO SHAREHOLDERS						
		CAPITAL						
	NOTES	SHARE CAPITAL	OTHER EQUITY INSTRUMENTS	OTHER RESERVES	RETAINED EARNINGS	PROFIT FOR THE PERIOD	NON-CONTROLLING INTERESTS	TOTAL
(Amounts expressed in Euros)								
AT 1 JANUARY 2023		166.625.238	53.374.762	5.075.608	203.608.921	106.896.784	11.730.344	547.313.657
Changes in the period								
Profit for the period application	21;22			3.761.500	103.135.284	(106.896.784)	–	–
				3.761.500	103.135.284	(106.896.784)	–	–
Foreign currency translation differences	21;22;23			(2.073.027)	(751.649)	–	106.009	(2.718.667)
Change in fair value reserve – hedging derivatives (net of income tax)	21			(2.257.851)	–	–	–	(2.257.851)
Profit for the period						101.521.600	3.542.375	105.063.975
Comprehensive income				(4.330.878)	(751.649)	101.521.600	3.648.384	100.087.457
				(569.378)	102.383.635	(5.375.184)	3.648.384	100.087.457
Transactions with shareholders in the period								
Distributions	22;23	–	–	–	(935.000)	–	(2.184.723)	(3.119.723)
Transfers to Borrowings	20;25	–	(53.474.762)	–	–	–	–	(53.474.762)
		–	(53.474.762)	–	(935.000)	–	(2.184.723)	(56.594.485)
AT 31 DECEMBER 2023		166.625.238	–	4.508.230	305.057.556	101.521.600	13.194.005	590.906.629

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

CONSOLIDATED CASH FLOW STATEMENT

(Amounts expressed in Euros)	NOTES	Period ended 31 December	
		2024	2023
Cash flow from operating activities			
Receipts from customers		644.928.426	575.920.207
Payments to suppliers		(254.065.984)	(236.924.367)
Payments to personnel		(117.610.672)	(107.512.801)
Cash generated from operations		273.251.770	231.483.039
Income tax paid		(12.067.446)	(28.608.504)
Other payments		(9.693.180)	(1.066.140)
Net cash flow from operating activities		251.491.144	201.808.395
Cash flow from investing activities			
Receipts related to:			
Interest income and similar		2.212.285	4.875.471
Tangible fixed assets		774.902	1.430.232
Investments in financial assets at fair value through profit and loss	11	645.659	755.108
Investments in joint ventures	9,40	–	5.548.876
Investment in subsidiaries	40	–	3.406.529
Investments in associates	10	–	138.420
Payments related to:			
Tangible fixed assets, intangible assets and investment properties		(62.566.827)	(83.875.047)
Investments in financial assets at fair value through profit and loss	11	(1.461.168)	(9.894.697)
Investments in joint ventures	9	–	(28.681.065)
Net cash from investing activities		(60.395.149)	(106.296.173)
Cash flow from financing activities			
Receipts related to:			
Borrowings	25,42	82.500.000	22.168.190
Payments related to:			
Borrowings	25,42	(86.102.000)	(191.251.292)
Lease liabilities	42	(26.026.960)	(20.703.833)
Loan interest expenses and similar charges		(15.484.745)	(19.697.730)
Dividends to non-controlling interests	23,37	(1.034.803)	(935.000)
Dividends	22,37	(200.000)	(2.184.723)
Reimbursement of Share capital to Non-controlling interests	23	(85.000)	–
Net cash from financing activities		(46.433.508)	(212.604.388)
Changes in cash and cash equivalents		144.662.487	(117.092.166)
Effects of exchange differences		(783.600)	(312.211)
Cash and cash equivalents at beginning of the year	18	100.903.684	218.308.061
Cash and cash equivalents at end of the year	18	244.782.571	100.903.684

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Pestana International Holdings S.A. (in this document referred to as “Pestana Hotel Group” or “Group”) was incorporated in Luxembourg on 4 July 1980 and since 2005 is classified as a “Société de Participations Financières”.

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

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

In 2003, Pestana Hotel Group won the tender to manage the concession of the network of “Pousadas de Portugal”, taking the operation of “Pousadas”.

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

In the last years the Group has concentrated on enlarging the chain’s footprint throughout major European and North American cities such as Berlin, Amsterdam, Barcelona, Madrid, New York and Orlando. New hotels are also projected in Paris and Manchester.

Nowadays, Pestana Hotel Group is a 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 four brands (Pestana Hotels & Resorts, Pestana Collection, Pousadas de Portugal and Pestana CR7 Lifestyle), it currently operates 110 units of touristic lodging totalling 11.653 rooms, which makes it the largest network with Portuguese origin, being in the top 15 of European hotel networks ranking and in the top 105 worldwide.

In the leisure area, Pestana Hotel Group currently holds, besides its 69 hotels (16 in Madeira, 10 in Algarve, 9 in Lisbon/Cascais/Sintra, 1 in the centre of Portugal, 5 in Oporto, 1 in Azores, 2 in Madrid, 1 in Barcelona, 1 in London, 1 in Berlin, 1 in Amsterdam, 4 in United States of America, 3 in Mozambique, 3 in São Tomé and Príncipe, 3 in Morocco, 1 in South Africa, 1 in Cape Verde, 4 in Brazil, 1 in Argentina and 1 in Venezuela) and the management of the 30 “Pousadas de Portugal”, 8 units of Vacation Club, 11 real estate/touristic ventures, 6 golf courses, 2 casino gambling concessions (in Madeira and São Tomé and Príncipe), 1 entertainment company and 3 companies in the beverage industry. These numbers include franchised hotels and seven hotels resulting from the partnership between Pestana Hotel Group and Cristiano Ronaldo, namely Pestana CR7 Lisboa, Pestana CR7 Funchal, Pestana CR7 Madrid, Pestana CR7 Times Square, Pestana CR7 Marrakech, Pestana CR7 Manchester and Pestana CR7 Paris.

In January 2024, the Group acquired a new hotel unit, Pestana Orlando, in Orlando, Florida, United States, which began operating on 1 February 2024. This is a newly built hotel with 127 rooms, located near Walt Disney World.

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

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

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

These Consolidated financial statements were authorised for issue by the Board of Directors on 24 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 performance of Pestana Hotel Group, as well as its consolidated financial position and its consolidated cash flows.

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

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

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

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

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

Amendments and new standards

a) The impact of the adoption of the amendments to standards that became effective as of 1 January 2024 is as follows:

- **IAS 1 (amendment)**, 'Classification of liabilities as Non-current and Current' and 'Non-current liabilities with covenants'. These amendments clarify that liabilities are classified as either current or non-current balances depending on the rights that an entity has to defer its settlement for at least 12 months after the reporting date. They clarify also that the covenants that an entity is required to comply with, on or before the reporting date, affect the classification of a liability as current or non-current, even if the covenants are only assessed after the entity's reporting date. When an entity classifies liabilities arising from loan arrangements as non-current and those liabilities are subject to covenants, it is required to disclose information that enables investors to assess the risk that the liabilities could become repayable within 12 months, such as: a) the carrying amount of the liabilities; b) the nature of the covenants and the compliance dates; and c) the facts and circumstances that indicate that the entity may have difficulty complying with covenants when it is required to do so. This amendment had no impact on the Group's Consolidated financial statements.
- **IAS 7 (amendment) and IFRS 7 (amendment)**, 'Supplier finance arrangements'. These amendments require an entity to provide additional disclosures about its supplier finance arrangements to enable: i) the assessment of how supplier finance arrangements affect an entity's liabilities and cash flows; and ii) the understanding of the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available. The additional requirements complement presentation and disclosure requirements already in IFRS as set out in the IFRS IC's Agenda decision of December 2020. These amendments had no impact on the Group's Consolidated financial statements.
- **IFRS 16 (amendment)**, 'Lease liability in a sale and leaseback'. This amendment introduces guidance for the subsequent measurement of lease liabilities, in the scope of sale and leaseback transactions that qualify as "sales" under IFRS 15, with higher impact when some or all the lease payments are variable lease payments that do not depend on an index or rate. Whilst subsequently measuring lease liabilities, seller-lessees determine "lease payments" and "revised lease payments" in a way that does not result in the seller-lessees recognizing any gains/(losses) relating with the right of use that they retain. This amendment had no impact on the Group's Consolidated financial statements.

b) Amendments to standards that have been published and are mandatory on or after 1 January 2025 which have already been endorsed by the EU:

■ **IAS 21** (amendment), 'The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability'. This amendment adds requirements for determining whether a currency can be exchanged for another currency (exchangeability) and defining how to determine the spot exchange rate to be used when it is not possible to exchange a currency for a long period of time. This change also requires the disclosure of information that allows understanding how the currency that cannot be exchanged for another currency affects, or is expected to affect, the financial performance, financial position and cash flows of the entity, in addition to the spot exchange rate used on the reporting date and how it was determined. This amendment is applied retrospectively without restating the comparatives. The entity is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings (if between foreign and functional currency) or to the reserve for cumulative translation differences (if between functional and presentation currency). The Group will apply this amendment when it becomes effective with no relevant expected impacts on the Group's Consolidated financial statements.

c) Amendments to standards that have been published and are mandatory on or after 1 January 2025, but which the EU has not yet endorsed:

■ **IFRS 9** (amendment) and **IFRS 7** (amendment), 'Amendment to classification and measurement of financial instruments'. These amendments are still subject to endorsement by the European Union. These amendments intend to: i) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; ii) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion such as: 1) non-recourse assets; 2) contractually associated instruments; and 3) instruments with characteristics linked to compliance with environmental, social and governance ("ESG"); iii) add new disclosure requirements for instruments with contractual conditions that can change cash flows; and iv) update the disclosure requirements for equity instruments designated at fair value through other comprehensive income, separating the fair value reserve into the fair value gains or losses of the investments derecognized and those held at the end of the period. These amendments apply at the date they become effective without restating the comparatives. The Group will apply these amendments when they become effective with no relevant expected impacts on the Group's Consolidated financial statements.

■ **Annual Improvements – 'Volume 11'**. The annual improvements intend to clarify application issues or correct inconsistencies in standards. This volume of improvements affects the following accounting standards: IFRS 1, IFRS 7, IFRS 9, IFRS 10 e IAS 7. These amendments are still subject to endorsement by the EU. The Group will apply these amendments when they become effective with no relevant expected impacts on the Group's Consolidated financial statements.

■ **IFRS 18** (new standard), 'Presentation and Disclosure in Financial Statements'. This new standard is still subject to endorsement by the European Union. This new standard will replace the current IAS 1. While retaining many of the existing principles of IAS 1, it is focused on the specification of a structure for the

statement of profit or loss, composed of categories and required subtotals. Items in the statement of profit or loss will be classified into one of three categories: operating, investing, financing. Specified subtotals and totals will be required being the main change the mandatory inclusion of the subtotal "Operating profit or loss". This standard also includes improvements to the disclosure of management performance measures including the reconciliation with the most similar specified subtotal in IFRS Accounting standards. This standard also enhances guidance on the principles of aggregation and disaggregation of information in the financial statements and respective notes, based on their shared characteristics. This standard applies retrospectively. The Group will apply this amendment when it becomes effective with no relevant expected impacts on the Group's Consolidated financial statements.

3. Main accounting policies

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

3.1. Consolidation

3.1.1. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. Pestana Hotel Group 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 Pestana Hotel Group 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 Pestana Hotel Group.

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

Entities that qualify as Subsidiaries are listed in Note 39.

3.1.2. Joint ventures

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

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

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

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

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

3.1.3. Associates

Associates are entities in which Pestana Hotel Group owns between 20% and 50% of the voting rights or over which Pestana Hotel Group 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 Pestana Hotel Group's consolidated share of the profit and losses recognized from the date that significant influence begins until the date it ends.

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

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

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

3.1.4. Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss correspond to investments in entities in which Pestana Hotel Group holds less than 20% of the voting rights or over which Pestana Hotel Group 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. 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 Pestana Hotel Group.

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) Foreign Operating Units

The results and financial position of the foreign operating units of Pestana Hotel Group which have a different functional currency are translated into the presentation currency as follows:

- (a) assets and liabilities in each statement of financial position presented are translated at the closing rate on the reporting date;
- (b) income and expenses of the statement of comprehensive income are translated at the average exchange rate and;
- (c) All exchange rate differences are recognized as a separate component in equity.

The results and financial position in Argentina, considered an hyperinflationary economy since July 2018, are also translated as previously stated since the operations in this subsidiary are immaterial.

On the disposal of investments in foreign subsidiaries, foreign exchange differences associated with that investment recorded in equity are recognized in the Consolidated income statement.

iv) Exchange rates used

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

Currency	31-12-2024	31-12-2023
ARS – Argentine Peso	1.067,8104	892,2054
BRL – Brazilian Real	6,4023	5,3548
CVE – Cape Verde Escudo	110,2650	110,2650
GBP – Pound Sterling	0,8273	0,8668
MAD – Moroccan Dirham	10,4905	10,8890
MZN – Metical	65,5000	69,7800
STN – Dobra	24,5000	24,5000
USD – US Dollar	1,0353	1,1036
UYU – Uruguayan Peso	45,2010	43,0850
ZAR – Rand	19,5037	20,1626

The exchange rate used to translate transactions in foreign currencies, which corresponds to the average exchange rate during the entire year, were as follows:

Currency	2024	2023
ARS – Argentine Peso	989,1454	323,0747
BRL – Brazilian Real	5,8279	5,3993
CVE – Cape Verde Escudo	110,2650	110,2650
GBP – Pound Sterling	0,8465	0,8696
MAD – Moroccan Dirham	10,7515	10,9544
MZN – Metical	68,4385	68,4142
STN – Dobra	24,5000	24,5000
USD – US Dollar	1,0816	1,0813
UYU – Uruguayan Peso	43,4325	41,9792
ZAR – South African Rand	19,8201	19,9436

3.3. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. This cost includes: (a) the "deemed cost" determined at the date of transition to the IFRS, namely in 2010, which in the case of land and buildings allocated to the hotel business, timeshare and golf, were almost all measured at their revalued amount, whereas, for all other assets, these were measured at the net amount carried over from the previous GAAP, including legal revaluations, and (b) the acquisition cost of assets acquired or constructed after that date.

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

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

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

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

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

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

	YEARS
Land (Right of use), buildings and other constructions:	
Hotels and Vacation club Property	40 years
Golf Property	20 years
Right of use	Between 4 and 99 years
Other properties	Between 20 and 40 years
Basic equipment	Between 8 and 20 years
Transport equipment	Between 4 and 8 years
Tools	Between 4 and 10 years
Administrative equipment	Between 3 and 10 years
Other tangible assets	Between 10 and 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 3 to 30 years.

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

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

3.4. Intangible assets

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

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

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

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

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

Intangible assets of Pestana Hotel Group refer mainly to software and websites.

The website refers to the expenditures incurred in the development of internet sites to carry out bookings/services sales. The capitalized amount refers to costs incurred with the development of the application infrastructure, graphical design and contents.

Subsequent expenditures on the development of contents to promote Pestana Hotel Group and its services are registered in the Consolidated income statement as incurred.

Amortization is calculated on a straight-line basis, using estimated useful lives, being the most significant related to websites and softwares which are amortized in 4 years.

3.5. 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 Pestana Hotel Group's ordinary activity. On the date of transition to IFRS, Investment properties were valued at their revalued cost or the value carried from the previous standards. Subsequently, the Group continues to apply the cost model, which is applied to all assets classified as investment properties.

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

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

3.6. Impairment of non-financial assets

Assets with indefinite useful lives are not subject to depreciation/amortization and are subject to annual impairment tests. Pestana Hotel Group 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.

3.7. 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.

Pestana Hotel Group 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 Pestana Hotel Group uses internal estimates and assumptions. This is the third level of the hierarchy of fair value.

3.8. 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.

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

Financial assets can be classified as:

- (i) Financial assets at amortized cost: includes financial assets which correspond exclusively to the payment of the nominal value and interest and whose management's business model is contractual cash flow receipts;

- (ii) Financial assets through other comprehensive income: this category may include financial assets which qualify as debt instruments (contractual obligation to deliver cash flows) or as equity instruments (residual interest in an entity):
 - (a) In what concerns debt instruments this category includes financial assets whose contractual cash flows 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 Pestana Hotel Group 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 asset 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 less impairment losses. Interest income from these financial assets are 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 with the exception of changes concerning impairment losses, interest earned and exchange rate gains/(losses) which are recognized in 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 statement in the date they are attributed.

iii. Impairment

Pestana Hotel Group 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.

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

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

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

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

As at 31 December 2024 and 2023 all related parties are able to 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 of cost and net realizable value.

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

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

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

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

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

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

Deferred tax assets are recognized to the extent that it is probable that future taxable profits are available for the use of the temporary difference. Deferred tax liabilities are recognized for all taxable temporary differences, except for those arising from: i) the initial recognition of goodwill, or ii) the initial recognition of an asset or liability in a transaction which is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit 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. Non-current assets and liabilities held for sale

Non-current assets or liabilities (or disposal groups) are classified as assets held for sale when their book value is intended to be recovered through a sale transaction rather than continued use, and there is a decision by the Board of Directors with the consequent definition of the price and search for a buyer that allows the sale transaction to be classified as highly probable within a period of up to 12 months. The liabilities related to these assets are classified as Non-current liabilities held for sale in the same moment. When applicable, the length of the period required to complete the sale is taken into account, as provided for in IFRS 5 – Non-current assets held for sale.

These assets and liabilities are measured at the lower of book value and fair value less costs to sell on the date they are classified as held for sale. Assets with a defined useful life are no longer depreciated/ amortized from the date of classification as held for sale until the date of sale.

3.14. Capital

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

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

3.15. Provisions

Provisions are only recognized when Pestana Hotel Group 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 reasonably estimated. Whenever one of the criteria is not met or the existence of the obligation is conditional on the occurrence (or non-occurrence) of a certain future event, Pestana Hotel Group 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 Pestana Hotel Group are recognized in accordance with the assessment of the Group's internal legal department supported by the lawyers in charge for the processes.

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

Provisions are measured at the present value of 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.

3.16. Financial liabilities

Financial liabilities are classified into two categories:

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

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

Subsequently, all liabilities are measured at amortized cost with the exception of 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.

The Group recognizes as financial liabilities at fair value through profit or loss derivatives which at the reporting date have a credit balance.

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

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

3.17. Borrowings

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

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

3.18. Leases

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

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

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

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

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

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

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

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

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

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

If the transfer qualifies as an asset sale, Pestana Hotel Group 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, Pestana Hotel Group will perform the following adjustments to measure the results of a fair value sale: any conditions below market will be recognized as anticipated lease payments; and any conditions above market will be recognized as additional borrowings given by the third party to the Group.

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

The Group acts as a lessor under an operating lease in what regards to timeshare contracts, which give the lessee the right to use a timeshare unit during a defined period (weeks) that is repeated annually over a number of years, ranging from 3 to 30 years. The rents to be recognized as income refer to the upfront fee as defined in the contract. When payment is deferred and an interest is charged to the customer, this amount is added to the amount to be recognized as rents on a straight-line basis during the contract.

When Pestana Hotel Group 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, Pestana Hotel Group 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, Pestana Hotel Group derecognizes the Right of use asset and recognizes a receivable balance which is subsequently regulated by the interest incurred and the reimbursements made by the sublessee.

3.19. Government grants and incentives

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

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

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

Non-reimbursable subsidies granted to Pestana Hotel Group 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 Pestana Hotel Group. Revenue is recorded net of any taxes, trade discounts and assigned financial discounts.

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

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

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

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

i) Hospitality

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

Pestana Hotel Group has in force a loyalty program, denominated as PGC – Pestana Guest Club, according to which regular customers may obtain discounts and offers in future services. Considering that transactions that qualify for point's awarding is a separate performance obligation, at the date the services are rendered there is a segregation of the amount invoiced to the client between the revenue of product or services and the value of points awarded, considering the separate sale price of each performance obligation and the customer's point redemption history. Thus, the revenue of the product sold or service rendered is recognized immediately in the Consolidated income statement, and the value allocated to the points is deferred until the date the customer uses the points in the purchase of a product/service, as agreed in the loyalty program, or until the date the points expire, considering the historic average of expired points and the consumption pattern of the existing points (breakage) as foreseen in IFRS 15.

ii) Vacation club

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

Timeshare contracts include two revenue streams, namely, the right to use a unit of the timeshare resort accounted in accordance with IFRS 16 (see Note 3.18) and revenue from maintenance fees contractually defined as an amount to be charged to timeshare customers. The maintenance fee is recognized as revenue on the agreed date during the contract period since Pestana Hotel Group has the right to receive this amount regardless of the use of the accommodation unit by the customer at that time.

These maintenance fees include the management services performed by the Group as well as a component associated with the costs incurred by the Group relating to maintenance, insurance, cleaning, repairs and replacement of equipment at the timeshare units and resorts.

In cases of sale of Options contracts or in the Brazilian “Pestana Holiday Club”, 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 taking into account the rate of consumption of existing points (breakage) as provided for in IFRS 15.

iii) Touristic real estate business

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

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

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

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

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

iv) Construction contracts

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

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

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

v) Touristic entertainment

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

vi) Management contracts

Management services represent fees received for managing hotels owned by third parties and managed by Pestana Hotel Group and are recognized through the contract's period because it is considered that control over the service and the associated benefits are transferred to the customer as the Group provides the service. Revenue normally corresponds ordinarily to a percentage of the hotel revenue plus a payment of incentives that tend to be calculated by applying a percentage (fixed or variable) to the revenues and/or to the gross operating profits of the hotel (G.O.P.) therefore revenue is only recognized when the probability of reversal is considered to be low.

3.22. Subsequent events

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

4. Financial risk management policies

4.1. Financial risk factors

Pestana Hotel Group'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.

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

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

i. Market risk

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

Pestana Hotel Group's operating activity is mainly developed in the EU, and, therefore, the vast majority of its transactions are made in these countries' currency. The policy covering this specific risk is to avoid, when possible, contracts expressed in foreign currencies.

In the case of the investments in countries outside of the EU, the cash flows are mainly generated by operations in the currency of the country of each subsidiary, having the respective funding also been mainly obtained in that currency. Thus, a natural hedge to exchange rate risk over cash flows is obtained. Pestana Hotel Group's Consolidated financial statements, being presented in Euros, are subject to exchange rate impact caused by the periodic revaluation of its debt which will tend to fade away in the long term.

The risk associated with variable interest rate impacts the debt service. The interest rate risks are primarily related with the interest charges incurred with several bank loans with variable interest rates, which only represent 3,6% of the Group's total financial debt.

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

Pestana Hotel Group follows a growth strategy which implies significant volumes of investments with relatively long return dates and, therefore, associated with financing sources with adequate refund dates. Additionally, taking into account the widespread geography of these investments, there are some restrictions on free movement of capital which originates treasury excesses and needs with disparate behaviors at the same time. On the other hand, the hotel business presents a significant exposure to the variability of economic cycles and significant seasonality. However, this risk is minimized by the fact that Pestana Hotel Group has a significant variable cost structure, which allows for more flexibility.

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

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

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

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

Considering Pestana Hotel Group's consolidated financial debt with variable interest rates as at 31 December 2024, an increase of 0,25% in the interest rate would result in the increase in the net finance expenses for the year of approximately 28.000 Euros (31 December 2023: approximately 82.000 Euros).

ii. Credit risk

Pestana Hotel Group'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.

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

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

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

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

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

	Bank deposits		Bank loans, Commercial paper and Bank overdrafts	
	2024	2023	2024	2023
Rating				
Aa2	2.332.076	7.812.110	16.499.645	17.242.025
Aa3	29.317	437.855	–	–
A1	68.201.405	1.793.867	56.842.838	–
A2	140.138.862	53.595.766	56.140.118	126.418.329
A3	10.329.848	11.976.603	41.422.291	51.519.776
Baa1	5.771.103	1.559.960	–	–
Baa2	2.219.454	11.344.784	5.407.046	953.849
Baa3	–	413.914	–	–
No classification	12.222.329	8.967.302	3.456.555	11.778.078
	241.244.394	97.902.161	179.768.493	207.912.057

iii. Liquidity risk

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

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

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

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

	LESS THAN 1 YEAR	BETWEEN 1 YEAR AND 5 YEARS	MORE THAN 5 YEARS
31 DECEMBER 2024			
Borrowings:	57.474.260	151.974.205	98.906.122
– bank loans	16.120.419	70.816.539	72.701.296
– bond loans	31.500.000	46.600.000	18.000.000
– commercial paper	2.000.000	18.000.000	–
– bank overdrafts	130.239	–	–
– undiscounted interests payable until maturity	7.723.602	16.557.666	8.204.826
Lease liabilities	22.628.651	85.950.175	461.724.555
Trade and other payables – non group	95.825.249	16.023	–

31 DECEMBER 2023

	LESS THAN 1 YEAR	BETWEEN 1 YEAR AND 5 YEARS	MORE THAN 5 YEARS
Borrowings:	43.914.789	171.261.197	92.198.590
- bank loans	19.873.488	76.907.438	82.068.844
- bond loans	-	56.100.000	-
- commercial paper	7.000.000	20.000.000	-
- bank overdrafts	2.062.287	-	-
- undiscounted interests payable until maturity	14.979.014	18.253.759	10.129.746
Lease liabilities	19.281.036	65.064.520	422.641.320
Trade and other payables – non group	90.184.873	21.564	-

4.2. Capital risk management

Pestana Hotel Group'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 analyzed through the weighting of such factors as the cost of financing and the needs 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 unit which, that after being approved, will guide its management during the year. The results generated by operations are monitored on a regular and detailed basis to ensure that the expected results are met or exceeded.

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

	31-12-2024	31-12-2023
Total borrowings, excluding shareholder's loans	276.089.835	264.314.481
Total lease liabilities	186.188.897	168.083.808
Less: cash and cash equivalents	244.912.810	102.965.971
Net debt	217.365.922	329.432.318
Shareholder loans	35.374.762	53.374.762
Equity	736.377.143	590.906.629
Total capital	989.117.827	973.713.709
Gearing	22%	34%

If we considered the deferred revenue from Pestana Vacation Club sales (Note 27) as a component of equity and not as liability, since they do not represent future cash payments, the gearing moved be as follows:

	31-12-2024	31-12-2023
Total borrowings, excluding shareholder's loans	276.089.835	264.314.481
Total lease liabilities	186.188.897	168.083.808
Less: cash and cash equivalents	244.912.810	102.965.971
Net debt	217.365.922	329.432.318
Shareholder loans	35.374.762	53.374.762
Equity adjusted	839.237.678	702.240.937
Total capital	1.091.978.362	1.085.048.017
Gearing	20%	30%

4.3. Accounting for derivative financial instruments

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

5. Main accounting estimates and judgments

The estimates and judgments that have an impact on Pestana Hotel Group'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, Pestana Hotel Group assesses whether it is exposed to, or has rights over, variable returns from its involvement with the investee and if it has the ability to affect those returns through its power over the investee ("de facto" control).

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

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

5.2. Tangible fixed assets

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

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

5.3. Leases

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

5.4. Impairment of non-financial assets

The determination of whether a potential impairment loss exists may be triggered by the occurrence of various events, many of which are beyond Pestana Hotel Group'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. Pestana Hotel Group'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

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

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

5.6. Income taxes

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

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

6. Tangible fixed assets

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

	LAND	BUILDINGS AND OTHER CONSTRUCIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	OTHER TANGIBLE ASSETS	ASSETS UNDER CONSTRUCION	TOTAL
1 JANUARY 2024								
Acquisition cost	205.171.187	1.331.324.703	307.607.326	11.113.276	30.037.138	17.452.336	39.920.747	1.942.626.713
Accumulated depreciation	(3.300.876)	(666.978.843)	(243.976.009)	(9.501.695)	(28.359.712)	(11.096.836)	–	(963.213.971)
Accumulated impairment	(702.213)	(6.415.273)	(42.453)	–	(16.754)	–	(1.030.950)	(8.207.643)
Net book value	201.168.098	657.930.587	63.588.864	1.611.581	1.660.672	6.355.500	38.889.797	971.205.099
Changes in 2024								
Additions	5.006.766	53.130.229	6.893.017	3.359.849	881.311	2.423.925	20.040.768	91.735.865
Disposals – acquisition cost	(73.532)	(1.118.018)	–	–	–	(758.874)	–	(1.950.424)
Disposals – accumulated depreciation	–	307.903	–	–	–	535.509	–	843.412
Write-offs – acquisition cost	–	–	(9.634.973)	(1.122.310)	(2.004.929)	(286.975)	–	(13.049.187)
Write-offs – accumulated depreciation	–	–	9.179.770	561.099	1.972.855	75.101	–	11.788.825
Write-offs – accumulated impairment	–	–	24.699	–	7.697	–	–	32.396
Terminations – acquisition cost	–	(12.590.218)	–	(1.940.285)	–	–	–	(14.530.503)
Terminations – accumulated depreciation	–	11.346.119	–	1.940.285	–	–	–	13.286.404
Terminations – accumulated impairment	–	1.244.099	–	–	–	–	–	1.244.099
Transfers	1.199.852	816.337	1.340.318	–	168.175	–	(3.524.682)	–
Transfers from Non-current assets held for sale – acq. cost (Note 19)	3.884.282	15.106.363	1.036.819	5.092	1.169.817	5.125	–	21.207.498
Transfers from Non-current assets held for sale – acc. dep. (Note 19)	–	(8.250.047)	(971.345)	(5.092)	(1.169.409)	(5.125)	–	(10.401.018)
Depreciation	(246.143)	(42.222.783)	(9.903.365)	(1.197.387)	(792.102)	(1.273.661)	–	(55.635.441)
Foreign currency translation – acquisition cost	(3.102.284)	(6.801.902)	290.396	8.234	(535.202)	15.368	(207.309)	(10.332.699)
Foreign currency translation – acc. depreciation	1.569.800	4.081.377	(89.753)	(7.106)	522.041	(11.816)	–	6.064.543
Foreign currency translation – acc. impairment	(42.608)	(292.733)	–	–	2.051	–	48.262	(285.028)
Impairment – charge	–	(4.450.520)	–	–	–	–	–	(4.450.520)
Impairment – reversal	50.000	2.168.771	–	–	–	–	–	2.218.771
	8.246.133	12.474.977	(1.834.417)	1.602.379	222.305	718.577	16.357.039	37.786.993
31 DECEMBER 2024								
Acquisition cost	212.086.271	1.379.867.494	307.532.903	11.423.856	29.716.310	18.850.905	56.229.524	2.015.707.263
Accumulated depreciation	(1.977.219)	(701.716.274)	(245.760.702)	(8.209.896)	(27.826.327)	(11.776.828)	–	(997.267.246)
Accumulated impairment	(694.821)	(7.745.656)	(17.754)	–	(7.006)	–	(982.688)	(9.447.925)
Net book value	209.414.231	670.405.564	61.754.447	3.213.960	1.882.977	7.074.077	55.246.836	1.008.992.092

Notes to the consolidated
financial statements

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

	LAND	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	OTHER TANGIBLE ASSETS	ASSETS UNDER CONSTRUCTION	TOTAL
1 JANUARY 2023								
Acquisition cost	197.959.075	1.302.439.657	299.307.762	10.429.529	29.772.347	16.211.518	40.150.779	1.896.270.667
Accumulated depreciation	(3.082.876)	(642.117.000)	(235.496.970)	(9.341.104)	(28.618.141)	(11.029.171)	–	(929.685.262)
Accumulated impairment	(570.136)	(2.906.281)	(40.581)	–	(16.015)	–	–	(3.533.013)
Net book value	194.306.063	657.416.376	63.770.211	1.088.425	1.138.191	5.182.347	40.150.779	963.052.392
Changes in 2023								
Additions	10.376.007	56.346.632	8.747.407	1.373.091	1.084.178	2.454.590	10.264.864	90.646.769
Disposals – acquisition cost	–	(671.938)	–	(383.677)	(3.660)	(1.069.403)	–	(2.128.678)
Disposals – accumulated depreciation	–	234.775	–	353.868	3.618	914.850	–	1.507.111
Disposals – accumulated impairment	–	839	–	–	–	–	–	839
Write-offs – acquisition cost	–	–	(65.428)	–	(831)	(139.284)	–	(205.543)
Write-offs – accumulated depreciation	–	–	46.547	–	831	139.284	–	186.662
Terminations – acquisition cost	–	(22.701.069)	–	(318.772)	–	–	–	(23.019.841)
Terminations – accumulated depreciation	–	9.353.596	–	318.772	–	–	–	9.672.368
Transfers	358.848	9.296.657	735.120	–	–	–	(10.390.625)	–
Transfers to Non-current assets held for sale – acq. cost (Note 19)	(3.884.282)	(15.106.363)	(1.036.819)	(5.092)	(1.169.817)	(5.125)	–	(21.207.498)
Transfers to Non-current assets held for sale – acc. dep. (Note 19)	–	8.250.047	971.345	5.092	1.169.409	5.125	–	10.401.018
Transfers from Investment properties – acquisition cost (Note 8)	380.184	1.026.250	–	–	–	–	–	1.406.434
Transfers from Investment properties – acc. depreciation (Note 8)	–	(987.966)	–	–	–	–	–	(987.966)
Transfers to Investment properties – acquisition cost (Note 8)	–	(333.964)	–	–	–	–	–	(333.964)
Transfers to Investment properties – acc. depreciation (Note 8)	–	12.245	–	–	–	–	–	12.245
Depreciation	(295.816)	(40.878.358)	(9.462.218)	(819.734)	(566.945)	(1.126.668)	–	(53.149.739)
Foreign currency translation – acquisition cost	(18.645)	1.028.841	(80.716)	18.197	354.921	40	(104.271)	1.198.367
Foreign currency translation – acc. depreciation	77.816	(846.182)	(34.713)	(18.589)	(348.484)	(256)	–	(1.170.408)
Foreign currency translation – acc. impairment	13.220	30.202	(1.872)	–	(739)	–	27.157	67.968
Impairment – charge	(145.297)	(4.271.732)	–	–	–	–	(1.058.107)	(5.475.136)
Impairment – reversal	–	731.699	–	–	–	–	–	731.699
	6.862.035	514.211	(181.347)	523.156	522.481	1.173.153	(1.260.982)	8.152.707
31 DECEMBER 2023								
Acquisition cost	205.171.187	1.331.324.703	307.607.326	11.113.276	30.037.138	17.452.336	39.920.747	1.942.626.713
Accumulated depreciation	(3.300.876)	(666.978.843)	(243.976.009)	(9.501.695)	(28.359.712)	(11.096.836)	–	(963.213.971)
Accumulated impairment	(702.213)	(6.415.273)	(42.453)	–	(16.754)	–	(1.030.950)	(8.207.643)
Net book value	201.168.098	657.930.587	63.588.864	1.611.581	1.660.672	6.355.500	38.889.797	971.205.099

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

	LAND	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	TOTAL
1 JANUARY 2024					
Acquisition cost	18.591.678	240.939.020	1.966.800	5.162.496	266.659.994
Accumulated depreciation	(3.300.876)	(119.994.220)	(1.346.749)	(4.187.811)	(128.829.656)
Accumulated impairment	–	(1.862.594)	–	–	(1.862.594)
Net book value	15.290.802	119.082.206	620.051	974.685	135.967.744
Changes in 2024					
Additions	2.030.196	26.527.783	2.245.031	3.298.483	34.101.493
Terminations – acquisition cost	–	(12.590.218)	–	(1.940.285)	(14.530.503)
Terminations – accumulated depreciation	–	11.346.119	–	1.940.285	13.286.404
Terminations – accumulated impairment	–	1.244.099	–	–	1.244.099
Depreciation	(246.143)	(12.974.576)	(1.251.390)	(1.133.266)	(15.605.375)
Foreign currency translation – acquisition cost	(2.261.164)	229.625	–	32.841	(1.998.698)
Foreign currency translation – acc. depreciation	1.569.800	(108.752)	–	(32.841)	1.428.207
	1.092.689	13.674.080	993.641	2.165.217	17.925.627
31 DECEMBER 2024					
Acquisition cost	18.360.710	255.106.210	4.211.831	6.553.535	284.232.286
Accumulated depreciation	(1.977.219)	(121.731.429)	(2.598.139)	(3.413.633)	(129.720.420)
Accumulated impairment	–	(618.495)	–	–	(618.495)
Net book value	16.383.491	132.756.286	1.613.692	3.139.902	153.893.371
	LAND	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	TOTAL
1 JANUARY 2023					
Acquisition cost	18.416.512	257.338.853	1.715.790	4.350.534	281.821.689
Accumulated depreciation	(3.082.877)	(115.721.687)	(1.083.862)	(3.890.543)	(123.778.969)
Accumulated impairment	–	(1.440.056)	–	–	(1.440.056)
Net book value	15.333.635	140.177.110	631.928	459.991	156.602.664
Changes in 2023					
Additions	600.914	6.103.321	251.010	1.130.734	8.085.979
Terminations – acquisition cost	–	(22.701.069)	–	(318.772)	(23.019.841)
Terminations – accumulated depreciation	–	9.353.596	–	318.772	9.672.368
Foreign currency translation – acquisition cost	(425.748)	197.915	–	–	(227.833)
Foreign currency translation – acc. depreciation	77.817	(38.611)	–	–	39.206
Depreciation	(295.816)	(13.587.518)	(262.887)	(616.040)	(14.762.261)
Impairment – charge	–	(422.538)	–	–	(422.538)
	(42.833)	(21.094.904)	(11.877)	514.694	(20.634.920)
31 DECEMBER 2023					
Acquisition cost	18.591.678	240.939.020	1.966.800	5.162.496	266.659.994
Accumulated depreciation	(3.300.876)	(119.994.220)	(1.346.749)	(4.187.811)	(128.829.656)
Accumulated impairment	–	(1.862.594)	–	–	(1.862.594)
Net book value	15.290.802	119.082.206	620.051	974.685	135.967.744

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

The main additions in 2024 refer to:

- Acquisition at the end of January 2024 of the Group's new unit, Pestana Orlando Comfort Suites Lake Buena Vista, which is a newly-built 127-room hotel located near Walt Disney World that began operating on 1 February 2024;
- Acquisition of Quinta do Perestrelo, located next to Pestana Miramar Garden & Ocean Hotel. The Group carried out construction work to convert it to a new 4-star luxurious hotel with 37 rooms, that started exploring from November 2024. The Group also acquired a land that allowed these two units to be connected.
- Completion of the second phase of the modernisation project of Pestana Blue Alvor Beach All Inclusive Hotel, which began in 2022 with emphasis on the renovation of the unit's common areas, the improvement of existing spaces and the creation of new leisure areas;
- Acquisition of the FF&E from OPPA – Investimentos Imobiliários, S.A. as part of the agreement to transfer the operation of the hotel and the acquisition of the FF&E. The agreement was signed on 31 May 2024 and the Group began exploring this unit on 1 June 2024 and for which a right of use asset was recognized;
- Completion of the modernisation of the building and equipment of Pestana Vila Lido Madeira Ocean Hotel;
- Capitalization of direct costs on Vacation Club contract negotiations (Note 3.3);
- Acquisition of glass bottles for the beverage industry already in line with the Group's policy regarding reusable packaging and the shipment of returnable barrells;
- The remaining additions refer mainly to other renovations, remodelations and the acquisition of equipment necessary to the normal operation of the Group's hotel units.

The main additions in 2023 refer to:

- Acquisition of Pestana Vila Sol hotel and Vila Golf – Pestana Golf Resort golf course, which until the date of acquisition were classified as right-of-use assets. The right-of-use asset and the lease liability at the date of termination were approximately 12.700.000 Euros and 14.900.000 Euros, respectively, so the impact is presented in Other income and gains as a gain (Note 32);
- Renovation of Pestana Delfim, which was renamed to Pestana Blue Alvor Beach All Inclusive Hotel, especially in the bedroom area, with the aim of modernizing this hotel and converting it into an all inclusive unit;
- Refurbishment and modernization of the building and equipment of Pestana Vila Lido Madeira Ocean Hotel (formerly named Pestana Palms Ocean Hotel);
- The Group acquired the house attached to Pousada de Óbidos, which was already operated under a lease agreement. The right of use asset and the lease liability at the date of termination were around 111.000 Euros and 132.000 Euros, respectively;

- Additions to the Group's new hotel units at Pestana Rua Augusta Lisboa Historic Downtown and Pousada de Alfama Charming Hotel. The transfers of fixed assets mainly concern these units, which opened in May 2023 in the case of the Pousada de Alfama Charming Hotel and in October 2023 in the case of the Pestana Rua Augusta Lisboa Historic Downtown;
- Capitalization of direct costs on Vacation Club contract negotiations (Note 3.3);
- Acquisition of glass bottles for the beverage industry already in line with the Group's policy regarding reusable packaging and the shipment of returnable barrels;
- The remaining additions refer mainly to other renovations, remodelations and the acquisition of equipment necessary to the normal operation of the Group's hotel units.

Right of use asset additions and terminations

In 2024 additions to Right of use asset mainly refer to:

- New right of use relating to the Hotel Pestana Porto – A Brasileira, which began on 1 June 2024, with an initial impact on Right of Use Assets and Lease Liabilities of approximately 12.600.000 Euros.
- Extension of the Pestana Cascais and Pestana Sintra Golf lease terms for an additional 5 years, with an impact of approximately 9.400.000 Euros on Right-of-use assets and Lease liabilities;
- Adjustments made to reflect changes to the lease payments resulting from a change in Consumer Price Index as well as the extension of the term of some lease agreements and car fleet renewal.

In 2023 additions to Right of use asset mainly refer to:

- Extension of Pestana Colombo's contract, which will now expire in October 2024, reflecting an increase in the right of use of approximately 472.000 Euros;
- Adjustments made to reflect changes to the lease payments resulting from a change in Consumer Price Index as well as the extension of the term of some lease agreements.

In 2024 terminations to Right of use asset mainly refer to the the leases of the business units located in Madeira, Pestana Ilha Dourada and Pestana Colombos, which expired on 31 May and 31 October, respectively. In 2023 terminations to Right of use asset mainly refer to the lease on Pestana Vila Sol hotel and Vila Golf – Pestana Golf Resort golf course acquired as disclosed above.

Disposals

Disposals in 2024 include the disposal of flats at Pestana Gramacho Residence and fractions of Torre I, in Alvor, sold for 324.950 Euros and obtaining a gain of 184.079 Euros (Note 32). In 2023 disposals also mainly concerned to flats at Pestana Gramacho Residence sold for 357.125 Euros and obtaining a gain of 187.480 euros (Note 32).

Transfers from/to Non-current assets held for sale

In 2024 and 2023, Non-current assets held for sale correspond to the transfer of a hotel unit, Pestana Bahia in the amount of 10.806.480 Euros (Note 19).

Transfers to/from Investment Properties

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

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

Assets under construction

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

	2024	2023
Pestana Dunas (Madeira)	27.612.239	12.847.698
Quinta da Amoreira (Algarve)	6.345.437	6.345.437
Ferragudo Golf (Algarve)	5.429.417	4.713.079
Pestana Montevideo (Uruguay)	3.768.562	3.887.000
Energy efficiency projects (Portugal)	3.028.687	887.805
Pestana Vintage Porto expansion (Oporto)	2.678.449	2.617.565
Others	6.384.045	7.591.213
	55.246.836	38.889.797

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

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

Ferragudo Golf relates to the land where a new 18-hole golf course will be built. This golf course will be built as part of a new real estate project (Pestana Ferragudo Villages & Golf) to be developed by the Group (Note 16) which will include the construction of apartments and sale of plots of land. In June 2024 the Group received approval for the construction, which will begin in 2025.

Pestana Montevideo (Uruguay) relates to the development of a new 100-key hotel unit with spa, indoor pool and ample meeting and event areas. It will also have two restaurants, one of which on the top floor with an excellent view over the city of Montevideo.

In June 2024, the Group received approval for an energy efficiency and technological investigation and development projects that include the purchase of heat pumps, condensing boilers and the installation of photovoltaic panels on the roofs of the buildings and car parks of the various hotel units for self-sufficiency, which will reduce electricity costs, CO₂ emissions and dependence on the grid. This project is included in the application for the Recovery and Resilience Facility ("RRF") under the Accelerate and Transform Tourism Programme, which is expected to provide a non-refundable grant of between 40 and 65% of the eligible expenditure. The non-refundable grant received as part of this RRF application related with assets under construction, calculated in accordance with the methodology used by IAPMEI

– Agência para a Competitividade e Inovação, amounting to approximately 1.800.000 Euros, has already been charged to these investments and will be recognised over the estimated useful life of the assets financed (Note 27).

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

The value of the contractual commitments for the acquisition of tangible fixed assets as at 31 December 2024 is, approximately 24.200.000 Euros

Assets which are reversible to the State

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

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

Additionally, due to the cancellation by the competent entities of the financing operation of the Pousada da Serra da Estrela to Enatur, with the need already materialised to reintegrate the amounts of the Community funds in respect of the installation of the Pousada to the Portuguese State, and under this contract, Enatur has recognised in 2019 the Group's right to compensation for a period of 5,8 years. This recognition is subject to the resolute condition that Enatur wins the lawsuit brought against the Portuguese State for the return of said sums.

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

Foreign currency translation

This caption in 2024 is mainly explained by i) the depreciation of the Brazilian Real against the Euro, decreasing Brazilian fixed assets in the total amount of 9.900.000 Euros (2023: increase of 2.575.000 Euros); ii) the depreciation of Argentinian Peso in the amount of 22.000 Euros (2023: decrease of 345.000 Euros); iii) the appreciation of the Mozambican metical against the Euro increasing Mozambican fixed assets in the total amount of 400.000 Euros (2023: decrease of 285.740 Euros); iv) the appreciation of the US Dollar against the Euro increasing American fixed assets in the total amount of 4.400.000 Euros (2023: decrease of 1.863.000 Euros).

The exchange rate in the remaining countries where Pestana Hotel Group is present did not have a significant variance.

Impairment

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

In 2024 and 2023 all impaired assets were analyzed as well as those that with external or internal indicators of impairment based on the following hierarchy: market indicators, external assessments and internal assessments. When appropriate, internal evaluations were carried out in accordance with the discounted cash flow method, which reflects the best expectation at the time of the activity's evolution for the next 5 years, considering a growth rate in perpetuity of about 2% and using discount rates between 10% and 21% (2023: 9% and 23%) reflecting the risk and return expected by stakeholders.

Based on this approach, in 2024 an impairment loss of 4.321.558 Euros was recognized for Pestana Rovuma and reversals of 1.306.122 Euros and 737.879 Euros for Pestana São Tomé and Madeira Magic, respectively.

In 2023, following the same approach, there was an impairment loss reversal on Madeira Magic in the amount of 731.699 Euros. There were also impairment losses on Pestana São Tomé, Pestana Rovuma, Pestana Montevideo, Beloura Golfe and Pestana Inhaca in the amounts of 2.306.122 Euros, 1.529.946 Euros, 1.058.107 Euros, 400.000 Euros and 108.424 Euros, respectively.

Sensitivity analyses were performed on the internal valuation model, with the following assumptions: (i) in a pessimistic scenario with an increase in the WACC rate of 0.5% and simultaneously reductions in cash flows of 10%, as well as: (ii) in an optimistic scenario of maintaining the WACC rate and increasing cash flows by 10%, none of which has been considered as probable to occur. If we had used the assumptions under the pessimistic scenario accumulated impairment losses recognized as at 31 December 2024 would have increased by 1.300.000 Euros (2023: 1.405.000 Euros) and under the optimist scenario would have decreased by 1.100.000 Euros (2023: 1.325.000 Euros).

7. Intangible assets

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

	WEBSITE AND SOFTWARE
1 JANUARY 2024	
Acquisition cost	8.264.800
Accumulated amortization	(4.102.073)
Accumulated impairment	–
Net book value	4.162.727
Changes in 2024	
Additions	3.450.297
Write off – acquisition cost	(673.478)
Write off – accumulated amortization	524.805
Foreign currency translation – acquisition cost	(83)
Foreign currency translation – accumulated amortization	83
Amortization	(1.029.310)
Impairment – charge	(128.962)
	2.143.352
31 DECEMBER 2024	
Acquisition cost	11.041.536
Accumulated amortization	(4.606.495)
Accumulated impairment	(128.962)
Net book value	6.306.079

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

	WEBSITE AND SOFTWARE
1 JANUARY 2023	
Acquisition cost	6.798.521
Accumulated amortization	(3.867.426)
Accumulated impairment	–
Net book value	2.931.095
Changes in 2023	
Additions	2.020.222
Write off – acquisition cost	(545.828)
Write off – accumulated amortization	545.828
Foreign currency translation – acquisition cost	(8.115)
Foreign currency translation – accumulated amortization	8.115
Amortization	(788.590)
	1.231.632
31 DECEMBER 2023	
Acquisition cost	8.264.800
Accumulated amortization	(4.102.073)
Accumulated impairment	–
Net book value	4.162.727

In 2024 and 2023 the Group invested in new applications and actualizations of its existing software, so that it can continue its processes automatization, as well as reinforcing the cybersecurity procedures.

The most significant investment in 2024 and 2023 relate to new PMS Opera Cloud, a hotel management solution that provides fast and reliable information transfer, secure data storage and extensive integration with existing interfaces. This project was completed at the end of 2024 for the units in Portugal, with the exception of the Pousadas de Portugal.

In 2024, in order to improve the resilience of the Group's infrastructures and systems (both in the datacentre and in the cloud), as well as to provide the Group with mechanisms to respond to cyber attacks, data backup software was acquired. In addition, in order to secure the data of Office 365 users, it was also necessary to acquire a cloud backup solution. Therefore, the investment in Cyber Recovery Vault Solution was very significant in 2024.

In 2024 there was an investment in the new direct channel customer interface, which aims to innovate in the relationship with the hotel customer, facilitating their increasingly digital journey and consequently providing an increase in the revenue generated through direct channels, both in the core segment and in the complementary segments, considering the definition of a new User Interface and User Experience suitable for the new sites, ensuring additional personalisation features.

In 2024 and 2023 the Group also has other projects to improve the efficiency of the information that supports the planning and reporting process, namely in 2024 SAP Ariba, SAC for the Shared Services Center and SAP S/4Hana.

The other significant investments relate to the technological transformation needed for the new commercial reality of the Group, such as the investment in Salesforce Service Cloud and Salesforce Sales Cloud which will support the Group's activities in B2C (business-to-consumer) and B2B (business-to-business).

8. Investment properties

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

	2024	2023
1 JANUARY		
Acquisition cost	7.948.929	8.189.931
Accumulated depreciation	(2.138.281)	(3.020.051)
Accumulated impairment	(58.561)	(58.561)
Net book value	5.752.087	5.111.319
Changes		
Additions	14.072	831.468
Transfers to Tangible fixed assets – acquisition cost (Note 6)	–	(1.406.434)
Transfers to Tangible fixed assets – acc. depreciation (Note 6)	–	987.966
Transfers from Tangible fixed assets – acquisition cost (Note 6)	–	333.964
Transfers from Tangible fixed assets – acc. depreciation (Note 6)	–	(12.245)
Depreciation	(84.059)	(93.951)
Impairment – reversal	4.192	–
	(65.795)	640.768
31 DECEMBER		
Acquisition cost	7.963.001	7.948.929
Accumulated depreciation	(2.222.340)	(2.138.281)
Accumulated impairment	(54.369)	(58.561)
Net book value	5.686.292	5.752.087

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

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

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

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

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

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

9. Investments in joint ventures

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

	2024	2023
1 JANUARY	55.129.458	34.018.420
Gains / (Losses) from equity accounting (Note 34)	2.943.247	(1.226.759)
Foreign currency translation (USD)	2.016.256	(794.392)
Share capital increases	–	20.681.065
Accessory contributions granted	–	8.000.000
Reimbursements of loans granted	–	(5.548.876)
31 DECEMBER	60.088.961	55.129.458

There is a joint venture agreement between Pestana Hotel Group and Cristiano Ronaldo with the aim of promoting, developing and operating various hotel units where a series of decisions have been defined on the relevant activities that require the consent of both parties.

In 2023, there was a Share capital increase of 20.681.065 Euros (22.440.000 USD) in Pestana CR7 Manhattan, LLC to allow the company to pay in advance all its loans, with variable interest rates, due to the general increase in interest rates. Therefore, Pestana CR7 Manhattan has repaid all its financial debt and the loan granted by the Group of 5.548.876 Euros (6.000.000 USD). The foreign currency translation of this investment in 2024 was positive in 1.803.191 Euros (2023: negative in 869.661 Euros).

Accessory contributions were granted in 2023 to Pestana CR7 Holding, S.A., in the amount of 8.000.000 Euros, mainly to finance the construction of the new hotel of the joint venture between Pestana Hotel Group and Cristiano Ronaldo in Paris.

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

Entity	% OWNED	EQUITY METHOD			ACESSORY CONTRIBUTIONS			TOTAL INVESTMENT
		INVESTMENT AMOUNT	IMPAIRMENT LOSS	TOTAL	INVESTMENT AMOUNT	IMPAIRMENT LOSS	TOTAL	
Pestana CR7 Manhattan 39, LLC	51,00%	29.226.388	–	29.226.388	–	–	–	29.226.388
Pestana CR7 Holding, S.A.	50,00%	13.601.087	–	13.601.087	8.000.000	–	8.000.000	21.601.087
Ponta de Lança, Sociedade Imobiliária, Lda.	50,00%	4.193.254	–	4.193.254	2.228.144	–	2.228.144	6.421.398
Solpor – Soc. Turismo do Porto Santo Lda.	50,00%	2.410.088	–	2.410.088	430.000	–	430.000	2.840.088
		49.430.817	–	49.430.817	10.658.144	–	10.658.144	60.088.961

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

Entity	% OWNED	EQUITY METHOD			ACESSORY CONTRIBUTIONS			TOTAL INVESTMENT
		INVESTMENT AMOUNT	IMPAIRMENT LOSS	TOTAL	INVESTMENT AMOUNT	IMPAIRMENT LOSS	TOTAL	
Pestana CR7 Manhattan 39, LLC	51,00%	27.143.111	–	27.143.111	–	–	–	27.143.111
Pestana CR7 Holding, S.A.	50,00%	10.709.260	–	10.709.260	8.000.000	–	8.000.000	18.709.260
Ponta de Lança, Sociedade Imobiliária, Lda.	50,00%	4.208.112	–	4.208.112	2.228.144	–	2.228.144	6.436.256
Solpor – Soc. Turismo do Porto Santo Lda.	50,00%	2.410.831	–	2.410.831	430.000	–	430.000	2.840.831
		44.471.314	–	44.471.314	10.658.144	–	10.658.144	55.129.458

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

	PESTANA CR7 MANHATTAN 39, LLC	PESTANA CR7 HOLDING, S.A.	PONTA DE LANÇA – SOC. IMOBILIÁRIA, LDA.	SOLPOR – SOC. TURISMO PORTO SANTO LDA.
Opening net assets 1 January (local currency)	58.735.566	21.418.520	(282.998)	71.770
Profit for the period	594.003	5.357.523	(29.716)	(1.486)
Other comprehensive income	–	426.131	–	–
Closing net assets 31 December (local currency)	59.329.569	27.202.174	(312.714)	70.284
Closing net assets 31 December (EUR)	57.306.643	27.202.174	(312.714)	70.284
Group's share in %	51,00%	50,00%	50,00%	50,00%
Group's share in value	29.226.388	13.601.087	(156.357)	35.142
Adjustment of purchase price allocation	–	–	4.349.611	2.374.946
Carrying amount 31 December	29.226.388	13.601.087	4.193.254	2.410.088

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

	PESTANA CR7 MANHATTAN 39, LLC	PESTANA CR7 HOLDING, S.A.	PONTA DE LANÇA – SOC. IMOBILIÁRIA, LDA.	SOLPOR – SOC. TURISMO PORTO SANTO LDA.
Opening net assets 1 January (local currency)	21.125.789	18.286.567	(172.566)	73.070
Share capital increase	44.000.000	–	–	–
Profit for the period	(6.390.223)	2.981.413	(110.432)	(1.300)
Other comprehensive income	–	150.540	–	–
Closing net assets 31 December (local currency)	58.735.566	21.418.520	(282.998)	71.770
Closing net assets 31 December (Euros)	53.221.787	21.418.520	(282.998)	71.770
Group's share in %	51,00%	50,00%	50,00%	50,00%
Group's share in value	27.143.111	10.709.260	(141.499)	35.885
Adjustment of purchase price allocation	–	–	4.349.611	2.374.946
Carrying amount 31 December	27.143.111	10.709.260	4.208.112	2.410.831

The summary of financial statements from these joint ventures is presented in Note 39.

10. Investments in associates

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

	2024	2023
1 JANUARY	11.701.729	11.439.033
Gains from equity accounting (Note 34)	493.819	401.116
Repayment of loans granted	–	(138.420)
31 DECEMBER	12.195.548	11.701.729

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

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

Entity	% OWNED	EQUITY METHOD			LOANS GRANTED			TOTAL INVESTMENT	GOODWILL INCLUDED
		INVESTMENT AMOUNT	IMPAIRMENT LOSS	TOTAL	INVESTMENT AMOUNT	IMPAIRMENT LOSS	TOTAL		
Enatur – Empresa Nacional de Turismo, S.A.	49,00%	11.700.548	–	11.700.548	–	–	–	11.700.548	3.837.382
Lean Company Ventures II, S.A.	10,00%	–	–	–	495.000	–	495.000	495.000	–
Soehotur, S.A.	25,00%	596.403	(596.403)	–	172.521	(172.521)	–	–	–
Fantasy Land, Ltd.	33,33%	150.068	(150.068)	–	–	–	–	–	–
		12.447.019	(746.471)	11.700.548	667.521	(172.521)	495.000	12.195.548	3.837.382

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

Entity	% OWNED	EQUITY METHOD			LOANS GRANTED			TOTAL INVESTMENT	GOODWILL INCLUDED
		INVESTMENT AMOUNT	IMPAIRMENT LOSS	TOTAL	INVESTMENT AMOUNT	IMPAIRMENT LOSS	TOTAL		
Enatur – Empresa Nacional de Turismo, S.A.	49,00%	11.206.729	–	11.206.729	–	–	–	11.206.729	3.837.382
Lean Company Ventures II, S.A.	10,00%	–	–	–	495.000	–	495.000	495.000	–
Soehotur, S.A.	25,00%	596.403	(596.403)	–	172.521	(172.521)	–	–	–
Fantasy Land, Ltd.	33,33%	150.068	(150.068)	–	–	–	–	–	–
		11.953.200	(746.471)	11.206.729	667.521	(172.521)	495.000	11.701.729	3.837.382

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

	ENATUR – EMPRESA NACIONAL DE TURISMO, S.A.	LEAN COMPANY VENTURES II, S.A.
Opening net assets 1 January	54.051.251	679.342
Profit for the period	1.007.794	22.419
Other comprehensive income	(1.064.629)	(249.478)
Closing net assets 31 December	53.994.416	452.283
Group's share in %	49,00%	10,00%
Group's share in value	26.457.264	90.457
Goodwill	3.837.382	–
Conversion to IFRS	(18.594.098)	(90.457)
Carrying amount 31 December	11.700.548	–

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

	ENATUR – EMPRESA NACIONAL DE TURISMO, S.A.	LEAN COMPANY VENTURES II, S.A.
Opening net assets 1 January	54.740.507	795.087
Profit for the period	818.604	(115.745)
Other comprehensive income	(1.507.860)	33.152
Closing net assets 31 December	54.051.251	679.342
Group's share in %	49,00%	10,00%
Group's share in value	26.485.113	135.868
Goodwill	3.837.382	–
Conversion to IFRS	(19.115.766)	(135.868)
Carrying amount 31 December	11.206.729	–

The summary of financial statements from these associates is presented in Note 39.

11. Financial assets at fair value through profit and loss

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

	2024	2023
1 JANUARY	24.503.516	17.709.530
Acquisitions	1.461.168	9.894.697
Capital reimbursement	(645.659)	(249.893)
Changes in fair value (Note 34)	2.265.061	(2.345.603)
Disposals	–	(505.215)
31 DECEMBER	27.584.086	24.503.516

In 2024 participation units were subscribed and realized in the new Fabertech III, FCR (Faber Tech III), Aldea Tech fund II – A,F.C.R. (Aldea II), in the Faber Tech II, FCR (Faber Tech II), Aldea Tech fund I-A,F.C.R. (Aldea I) and in the FaberBlue Pioneers I, FCR (Faber Blue Pioneers) for a total amount of 1.461.168 Euros.

The new Fabertech III fund's main policy is to invest in early-stage start-ups from the Iberian Peninsula that focus on the areas of digital transformation, robotics and artificial intelligence. The subscription corresponds to the first capital call of a commitment to subscribe a total of 2.500.000 Euros.

The new Aldea II fund is focused on frontier technology, namely on health, climate, energy, food-tech, and transportation. The portfolio consists of 60-80 earlystage companies approaching deep tech unconventional solutions that will become the norm in the future. The subscription corresponds to the first capital call of a commitment to subscribe a total of 2.500.000 Euros.

In 2024, the Group obtained capital reimbursements without redemption of participation units of 645.659 Euros from the Iberis Bluetech Fund, FCR, EuVECA (Bluetech), Faber Tech II and Aldea I.

The changes in fair value in 2024 correspond to the appreciation of the Bluetech Fund, Fabertech II, Iberis Bluetech Fund III, FRC (Bluetech III) and the devaluation of the Faber Blue Pioneers, FFCR Nowberry – Sub-Fundo B (Nowberry B) and Aldea I. In 2024, the valuation of the Bluetech Fund was calculated on the basis of the information obtained indicating its market value and the others funds were calculated by valuing the investment units in proportion to the participation in the equity of each fund.

In 2023, participation units in Bluetech III, Nowberry B, FaberBlue Pioneers, Faber Tech II and Aldea I were subscribed for a total of 9.894.697 Euros. The policy of the funds Bluetech III and Nowberry B is to invest in Research and Development (R&D) companies and projects which is why the investment was eligible under SIFIDE II (Portuguese Tax Incentives for Research and Development). The investment in these two funds was made by three subsidiaries of the Group, which submitted the respective application in May 2024, which was approved in February 2025 by the Agência Nacional de Inovação, S.A..

In 2023 Bluetech made capital reimbursements to its investors. The Group received the amounts of 249.893 Euros through a capital reduction without any redemption of participation units.

At the General Meeting of the subsidiary Turismo Fondos – SGOIC, S.A., held on 16 November 2023, the Group requested the redemption of the participation units it held in this fund in the amount of 69.782 Euros. This amount will only be paid in November 2025.

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

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

The change in the fair value of Financial assets at fair value through profit or loss was calculated by valuing the participation units at the fund's equity. These funds are classified as Level 3 in the fair value hierarchy, except for Bluetech, which is classified as Level 2 (Note 13).

As at 31 December 2024, the Group had commitments regarding participating units subscribed but not realized in the amounts of 2.189.568 Euros, 2.125.000 Euros, 1.284.939 Euros, 414.560 Euros and 88.102 Euros regarding Fabertech III, Aldea II, Faber Blue Pioneers I, Fabertech II and Aldea I, respectively.

As at 31 December 2024 and 2023 the Financial assets at fair value through profit and loss have the following detail:

Entity	% OWNED	FAIR VALUE	
		2024	2023
Iberis Bluetech Fund III, FCR	n.a.	14.990.060	14.594.421
Iberis Bluetech Fund, FCR, EuVECA	n.a.	4.294.388	3.636.561
Faber Tech II, FCR	n.a.	3.120.250	1.891.239
FFCR Nowberry B – Sub-Fundo B	n.a.	2.997.661	2.999.997
Aldea Tech fund I – A,F,C,R.	n.a.	968.474	836.777
Faber Blue Pioneers I, FCR	n.a.	450.488	467.188
Aldea Tech fund II – A,F,C,R.	n.a.	375.000	–
Fabertech III, FCR	n.a.	310.432	–
Others	n.a.	77.333	77.333
		27.584.086	24.503.516

12. Deferred tax assets and liabilities

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

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

	2024	2023
Impact on income statement		
Deferred tax assets	2.635.667	449.636
Deferred tax liabilities	1.341.491	4.638.129
	3.977.158	5.087.765
Impact on equity, excluding foreign currency translation		
Deferred tax assets	19.325	—
Deferred tax liabilities	26.119	499.655
	45.444	499.655

In 31 December 2024, the tax rate applied to measure the main deferred taxes are as follows: Portugal is comprised between 14,7% and 25% (2023: 14,7% – 26%); Brazil is 34% (2023: 34%), USA is comprised between 21% and 26,5% (2023: 21% – 26,5%) and Luxembourg is 23,87% (2023: 24,94%).

In 31 December 2024, deferred taxes were recalculated taking into account the changes in tax rates approved in the countries where the Group operates, namely in Portugal and Luxemburg, with a positive impact on the profit for the year of 315.047 Euros. This impact result from the decrease in deferred tax assets and deferred tax liabilities of 300.285 Euros and 615.332 Euros, respectively. The impact on equity was 1.032 Euros.

In 2023, the subsidiaries operating in Madeira and the Azores opted to stop waiving the reduced corporate income tax rate in force in the Autonomous Region of Madeira / Autonomous Region of Azores of 14,7%. Until then, the profits of these companies were included in the tax consolidation and were subject to the general corporate income tax rate, which in Portugal was 21%. They therefore no longer fulfil this requirement and are no longer tax consolidated at Grupo Pestana, S.G.P.S., S.A. level. Therefore, deferred taxes at 31 December 2023 were recalculated with a positive impact on the result of 1.534.577 Euros and on equity of 11.917 Euros. This change is explained by the decrease in deferred tax assets and deferred tax liabilities of 818.347 Euros and 2.364.841 Euros, respectively.

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

	CARRY FORWARD TAX LOSSES	INVESTMENT AND R&D INCENTIVES	LEASES	SUBSIDIARY'S CAPITAL INCREASE INCENTIVE	LITIGATIONS IN PROGRESS	DEEMED COST (IFRS 1)	IMPAIRMENT LOSSES	LOYALTY PROGRAM PGC	OTHERS	TOTAL
1 JANUARY 2024	20.340.378	1.194.635	2.697.906	845.992	1.136.039	1.271.162	741.660	523.352	3.442.087	32.193.211
Constitution / reversal through equity	–	–	–	–	–	–	–	–	19.325	19.325
Constitution through income statement	–	5.295.815	1.093.605	–	–	–	–	123.489	1.027.759	7.540.668
Reversal through income statement	(2.644.382)	(33.052)	–	(446.196)	(91.349)	(209.482)	(751.216)	–	–	(4.175.677)
Foreign currency translation	(986.290)	–	31.965	–	(131.362)	4.113	9.556	–	117.082	(954.936)
Changes on period	(3.630.672)	5.262.763	1.125.570	(446.196)	(222.711)	(205.369)	(741.660)	123.489	1.164.166	2.429.380
Offset of Deferred tax liabilities	16.709.706	6.457.398	3.823.476	399.796	913.328	1.065.793	–	646.841	4.606.253	34.622.591
	(5.771.348)	–	(1.267.848)	(399.796)	(913.328)	(1.065.793)	–	(646.841)	(3.966.630)	(14.031.584)
31 DECEMBER 2024	10.938.358	6.457.398	2.555.628	–	–	–	–	–	639.623	20.591.007

	CARRY FORWARD TAX LOSSES	INVESTMENT AND R&D INCENTIVES	LEASES	SUBSIDIARY'S CAPITAL INCREASE INCENTIVE	LITIGATIONS IN PROGRESS	DEEMED COST (IFRS 1)	IMPAIRMENT LOSSES	LOYALTY PROGRAM PGC	OTHERS	TOTAL
1 JANUARY 2023	22.235.264	78.636	2.020.661	1.115.799	1.480.916	1.298.295	651.571	591.622	2.276.533	31.749.297
Constitution through income statement	952.269	1.194.635	680.639	110.701	–	–	497.232	–	1.220.527	4.656.003
Reversal through income statement	(3.050.546)	(78.636)	(4.377)	(380.508)	(398.939)	(51.422)	(173.669)	(68.270)	–	(4.206.367)
Foreign currency translation	203.391	–	983	–	54.062	24.289	(233.474)	–	(54.973)	(5.722)
Changes on period	(1.894.886)	1.115.999	677.245	(269.807)	(344.877)	(27.133)	90.089	(68.270)	1.165.554	443.914
Offset of Deferred tax liabilities	20.340.378	1.194.635	2.697.906	845.992	1.136.039	1.271.162	741.660	523.352	3.442.087	32.193.211
	(7.401.479)	–	(1.705.578)	(845.992)	(1.136.039)	(1.271.162)	(741.660)	(523.352)	(1.769.312)	(15.394.574)
31 DECEMBER 2023	12.938.899	1.194.635	992.328	–	–	–	–	–	1.672.775	16.798.637

Carry forward tax losses

In 2024 the reversal of deferred taxes on tax losses resulted from the increase in the results of the Pestana Hotel Group which allowed the reversal of tax losses on activities in the United States of America, Luxembourg, Brasil and Portugal for a total amount of 2.281.624 Euros.

As at 31 December 2023, deferred tax assets for tax losses were constituted in the amount of 367.566 Euros relating to accumulated tax losses, of which 263.302 Euros have already been reverted in 2024, by the subsidiary that will operate the future Pestana Dunas hotel on the island of Porto Santo. The remaining contributions in 2023 relate to tax losses from the recent New York activities.

In 2023, the reversal of deferred taxes on tax losses resulted from the increase in the results of the Pestana Hotel Group, which allowed the recovery of almost all the tax losses generated and aggravated by Covid-19, namely in the Netherlands, Brazil, Spain, Miami, Morocco, the United Kingdom, Germany and Luxembourg.

Tax losses in Portugal, Brazil and in the United States do not expire. In the case of Luxembourg tax losses incurred until 31 December 2016 also do not expire and those generated from 1 January 2017 can be carried forward for 17 years.

Investment and research & development (R&D) incentives

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

Others

In 2024 and 2023 this caption includes deferred taxes of approximately 1.100.000 Euros in respect of the start-up costs of setting up and establishing hotel businesses in New York and will be amortized over 15 years.

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

	DEEMED COST (IFRS 1)	DIFFERENCES IN DEPRECIATION RATE	CHANGES IN FAIR VALUE	OTHERS	TOTAL
1 JANUARY 2024	33.500.951	781.108	29.996	1.713.485	36.025.540
Constitution through capital	–	–	(26.119)	–	(26.119)
Constitution through income statement	–	578.221	–	208.206	786.427
Reversal through income statement	(1.395.027)	–	(3.567)	–	(1.398.594)
Transfers from Non-current liabilities held for sale (Note 19)	1.459.904	–	–	–	1.459.904
Foreign currency translation	(132.340)	35.223	–	(1.675.870)	(1.772.987)
Changes on period	(67.463)	613.444	(29.686)	(1.467.664)	(951.369)
	33.433.488	1.394.552	310	245.821	35.074.171
Offset of Deferred tax assets	(14.031.584)	–	–	–	(14.031.584)
31 DECEMBER 2024	19.401.904	1.394.552	310	245.821	21.042.587

	DEEMED COST (IFRS 1)	DIFFERENCES IN DEPRECIATION RATE	CHANGES IN FAIR VALUE	OTHERS	TOTAL
1 JANUARY 2023	38.954.040	827.971	529.651	1.946.248	42.257.910
Reversal through capital	–	–	(499.655)	–	(499.655)
Reversal through income statement	(4.500.985)	(11.815)	–	(125.329)	(4.638.129)
Transfers to Non-current liabilities held for sale (Note 19)	(1.459.904)	–	–	–	(1.459.904)
Foreign currency translation	507.800	(35.048)	–	(107.434)	365.318
Changes on period	(5.453.089)	(46.863)	(499.655)	(232.763)	(6.232.370)
	33.500.951	781.108	29.996	1.713.485	36.025.540
Offset of Deferred tax assets	(15.394.574)	–	–	–	(15.394.574)
31 DECEMBER 2023	18.106.377	781.108	29.996	1.713.485	20.630.966

Deemed cost (IFRS 1) on tangible assets

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

Foreign currency translation

In 2024 foreign currency translation mainly refers to the variance of the Brazilian Real against the Euro, decreasing the Brazilian deferred tax liabilities in the total net amount of 2.019.418 Euros (2023: increase of 617.489 Euros) (Note 3.2 iv).

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 PROFIT AND LOSS	FAIR VALUE THROUGH COMPREHENSIVE INCOME	OTHER NON FINANCIAL ASSETS AND LIABILITIES	TOTAL
31 DECEMBER 2024					
Financial assets					
Cash and cash equivalents	244.912.810	–	–	–	244.912.810
Trade and other receivables	56.481.110	–	–	15.439.883	71.920.993
Derivatives	–	2.057	–	–	2.057
Financial assets at fair value through profit and loss	–	27.584.086	–	–	27.584.086
	301.393.920	27.586.143	–	15.439.883	344.419.946
Financial liabilities					
Borrowings	311.464.597	–	–	–	311.464.597
Derivatives	–	–	98.518	–	98.518
Advances from customers	–	–	–	89.162.233	89.162.233
Trade and other payables	75.429.162	–	–	20.606.796	96.035.958
	386.893.759	–	98.518	109.769.029	496.761.307
31 DECEMBER 2023					
Financial assets					
Cash and cash equivalents	102.965.971	–	–	–	102.965.971
Trade and other receivables	60.874.881	–	–	15.980.048	76.854.929
Derivatives	–	–	152.830	–	152.830
Financial assets at fair value through profit and loss	–	24.503.516	–	–	24.503.516
	163.840.852	24.503.516	152.830	15.980.048	204.477.246
Financial liabilities					
Borrowings	317.689.243	–	–	–	317.689.243
Advances from customers	–	–	–	96.815.923	96.815.923
Trade and other payables	71.719.223	–	–	18.629.431	90.348.654
	389.408.466	–	–	115.445.354	504.853.820

According to IFRS 13, Pestana Hotel Group established the way it obtains the fair value of its financial assets and liabilities. The levels used are presented in Note 3.7. and are as follows:

	31-12-2024			31-12-2023		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets						
Financial assets at fair value through profit and loss	–	4.294.388	23.289.698	–	3.636.561	20.866.955
Derivatives	–	–	2.057	–	–	152.830
	–	4.294.388	23.291.755	–	3.636.561	21.019.785
Financial liabilities						
Derivatives	–	–	98.518	–	–	–
	–	–	98.518	–	–	–

14. Derivatives

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

	31-12-2024		31-12-2023	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Interest rate swaps – non-current	2.057	98.518	152.830	–
	2.057	98.518	152.830	–

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

Subsidiary	CLASSIFICATION IFRS 9	INITIAL REFERENCE VALUE	MATURITY	PAYMENT PERIOD	FEES RECEIVABLE/ PAYABLE	FAIR VALUE AT 31-12-2024	FAIR VALUE AT 31-12-2023	VARIATION
Hóteis Atlântico – Soc. Imob. Gestão de Hóteis S.A.	Hedging	20.000.000	30/12/2027	Semiannual	Eur 6M / 2,36%	(69.416)	103.217	(172.633)
M&J Pestana – Soc. de Turismo da Madeira, S.A.	Hedging	5.000.000	30/12/2027	Semiannual	Eur 6M / 2,36%	(29.102)	23.759	(52.861)
Hotel Rauchstrasse 22, S.à.r.l. (i)	Trading	11.500.000	16/06/2025	Semiannual	Eur 6M / 2,10%	2.057	25.854	(23.797)
						(96.461)	152.830	(249.291)

- (i) This derivative was signed as part of the renegotiation of the borrowings of Hotel Rauchstrasse 22, SARL. It is classified as trading, therefore its fair value variations were recognized in the Income statement (Note 35).

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

	2024	2023
1 JANUARY	152.830	2.238.842
Hedging derivatives – fair value changes	(225.494)	(417.745)
Trading derivatives – fair value changes (Note 35)	(23.797)	(28.887)
Derivative termination	–	(1.639.380)
31 DECEMBER	(96.461)	152.830

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

	2024	2023
1 JANUARY	1.275.010	3.532.861
Hedging derivatives – fair value changes	(225.494)	(417.745)
Deferred tax (Note 12)	45.444	499.655
Derivative termination (Note 35)	–	(2.339.761)
31 DECEMBER	1.094.960	1.275.010

In 2023, Pestana Hotel Group entirely paid in advance one loan in GBP for which it had a hedging derivative associated. The fair value amount of that derivative was offset with the payment of that loan and the difference between that receivable and the fair value reserve constituted was recognized in Financial income in the amount of 2.339.761 Euros (Note 35).

Derivative financial instruments classified as trading are financial instruments contracted to hedge economic risks in the Pestana Hotel Group (Note 4) but which are not eligible under IFRS for the application of hedge accounting and so the changes in fair value are recognized in the income statement.

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).

Pestana Hotel Group recognizes derivative financial instruments in accordance with IFRS 9. However, it is noteworthy that borrowings subject to hedging have spreads much lower than the current market conditions.

15. Trade and other receivables and Advances from customers

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

	31-12-2024			31-12-2023		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Trade receivables (i)	26.196.951	–	26.196.951	27.601.414	–	27.601.414
Other receivables (ii)	7.393.062	2.165.236	9.558.298	9.301.108	1.987.059	11.288.167
Prepayments (iii)	8.463.732	6.976.151	15.439.883	8.145.365	7.834.683	15.980.048
Accrued income (iv)	10.747.100	–	10.747.100	10.616.000	–	10.616.000
Taxes receivable (v)	9.978.761	–	9.978.761	11.369.300	–	11.369.300
	62.779.606	9.141.387	71.920.993	67.033.187	9.821.742	76.854.929
Advances from customers (vi)	(83.720.052)	(5.442.181)	(89.162.233)	(71.921.575)	(24.894.348)	(96.815.923)

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

(i) Trade receivables

	31-12-2024			31-12-2023		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Trade receivables – other	22.310.830	–	22.310.830	22.592.561	–	22.592.561
Trade receivables – group (Note 41)	3.886.121	–	3.886.121	5.008.853	–	5.008.853
Doubtful debtors	5.516.304	–	5.516.304	7.116.808	–	7.116.808
	31.713.255	–	31.713.255	34.718.222	–	34.718.222
Impairment of trade receivables	(5.516.304)	–	(5.516.304)	(7.116.808)	–	(7.116.808)
	26.196.951	–	26.196.951	27.601.414	–	27.601.414

Impairment of Trade receivables – movements of the year:

	2024	2023
1 JANUARY		
Utilizations	7.116.808	6.710.354
Reversals	(1.163.734)	(60.000)
	(443.166)	–
Foreign currency translation	6.396	22.854
Increases	–	443.600
31 DECEMBER	5.516.304	7.116.808

(ii) Other receivables

	31-12-2024			31-12-2023		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Other debtors	7.832.783	293.336	8.126.119	9.313.568	312.934	9.626.502
Other debtors – group (Note 41)	77.590	1.871.900	1.949.490	474.214	1.674.125	2.148.339
Impairment	(517.311)	–	(517.311)	(486.674)	–	(486.674)
	7.393.062	2.165.236	9.558.298	9.301.108	1.987.059	11.288.167

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

Impairment of Other receivables – movements of the year:

	2024	2023
1 JANUARY	486.674	441.786
Increases	30.637	44.888
31 DECEMBER	517.311	486.674

The ageing of balances without impairment is as follows:

	2024	2023
0 to 6 months	25.991.079	26.382.138
6 to 12 months	2.436.559	5.270.860
12 to 18 months	1.013.645	122.200
18 to 24 months	173.502	442.727
more than 24 months	6.140.464	6.671.656
	35.755.249	38.889.581

As at 31 December 2024 and 2023 the ageing balances without impairment for more than 24 months include the receivable amount from the sub-lease of Pestana CR7 Funchal as already mentioned, as well as judicial deposits made for provisioned lawsuits in the current balance in the total amount 2.022.744 Euros (2023: 2.851.603 Euros) (Note 24). The remaining amount mainly refers to pledges granted to suppliers which are safeguarded by their open balances.

The ageing of balances with impairment is as follows:

	2024	2023
0 to 6 months	505.554	527.226
6 to 12 months	536.789	1.147.745
12 to 18 months	152.953	239.837
18 to 24 months	152.236	170.824
more than 24 months	4.686.083	5.517.850
	6.033.615	7.603.482

Impairment losses are calculated as described in Note 3.9. iii). It is worth noting that, due to the Pestana Hotel Group's careful management in the attribution of credit and respective collections, there is no significant incidents of default on receivables from customers so far. Therefore, despite the risk covered by credit insurance, it was never necessary to use this coverage, nor recognize any relevant impairment in these values.

(iii) Prepayments

	31-12-2024			31-12-2023		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Contract costs	1.252.521	6.976.151	8.228.672	1.409.146	7.834.683	9.243.829
Maintenance services	2.422.265	–	2.422.265	2.223.573	–	2.223.573
Insurance	487.178	–	487.178	461.772	–	461.772
Rentals	56.983	–	56.983	18.051	–	18.051
Other services	4.244.785	–	4.244.785	4.032.823	–	4.032.823
	8.463.732	6.976.151	15.439.883	8.145.365	7.834.683	15.980.048

As at 31 December 2024 and 2023 the balance of Contract costs relates exclusively to commissions paid related to sales of Pestana Vacation Club – Options contracts (Note 3.21. ii).

(iv) Accrued income

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

(v) Taxes receivable

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

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

(vi) Advances from customers

Refers, mainly, to the amounts received along the construction works, amounting in total to 79.607.077 Euros (31 December 2023: 86.992.802 Euros) and maintenance fees charged in advance under timeshare contracts amounting to 4.215.240 Euros (31 December 2023: 5.408.252 Euros). The residual amount in 31 December 2024 and 2023 are mainly related to reservations made by tour operators, groups and individual customers.

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

In 2024, Advance payments from customers of 29.745.208 Euros are related to the Pestana Porto Covo Village real estate project, which were classified as non-current in the previous year, since the delivery of these villas to the customer is expected to take place in 2025.

In 2023, there were transfers to Non current liabilities held for sale in the amount of 1.634.048 Euros (Note 19).

16. Inventories

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

	2024	2023
Goods	1.814.148	1.540.836
Raw and subsidiary materials	4.530.374	3.712.378
Finished goods	1.648.315	2.061.543
Work in progress	110.974.595	125.100.615
	118.967.432	132.415.372
Impairment of inventories	(395.839)	(326.482)
	118.571.593	132.088.890

Finished goods and Work in progress are as follows:

	2024	2023
Porto Covo Villages (Sines, Portugal)	30.009.578	9.904.956
Pestana Comporta Village Residences (Tróia, Portugal)	19.475.386	12.196.441
Pestana Porto Covo Beach (Sines, Portugal)	16.297.536	15.818.870
Silves Golf Resort project (Algarve, Portugal)	11.066.093	11.118.614
Pestana Ferragudo Village & Golf (Algarve, Portugal)	9.131.829	8.879.396
Abrunheira project (Portalegre, Portugal)	6.349.235	6.349.235
Vila Sol G3 (Algarve, Portugal)	5.368.953	5.314.276
The Valley – Nature Resort (Algarve, Portugal)	4.194.048	4.943.778
Madeira Acqua Residences (Madeira, Portugal)	1.847.533	43.661.398
Others	8.882.719	8.975.194
	112.622.910	127.162.158

Pestana Porto Covo Villages corresponds to a land for the development of a real estate project in Porto Covo, Sines, Portugal. This project will consist of a set of tourist apartments, all with private pools, in a closed condominium with services and a central nucleus with gardens and leisure spaces in the picturesque fishing village of Porto Covo, 400 meters from the beach and inserted in the Southwest Alentejano and Costa Vicentina Natural Park. Construction work continued in 2024 and all the apartments were already reserved. All the units are expected to be delivered to customers in 2025.

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

Pestana Porto Covo Beach corresponds to the development of a real estate project in the heart of the fishing town of Porto Covo, Sines, Portugal, only 50 metres away from the beach. This project shall comprise apartments with private swimming pools located in a gated community with services included and a communal area with gardens and recreational spaces.

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

Pestana Ferragudo Village & Golf relates to a new real estate project already licenced in 2024. This project will consist of apartments and plots of land for sale and will be located near of the beautiful and picturesque town of Ferragudo and very close to the Gramacho and Pinta golf courses and other real estate projects made by the Group in the area.

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

Vila Sol G3 relates to a plot of land acquired in 2023 for a future residential real estate project in Vilamoura, in Algarve, next to the hotel and golf course also acquired in 2023 (Note 6).

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

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

In 2024, the Cost of goods sold and materials consumed amounted to 121.781.228 Euros (31 December 2023: 103.529.093 Euros).

Impairment of Inventories – movements of the year:

	2024	2023
1 JANUARY		
Increases	326.482	369.421
Reversals	71.168	–
Utilizations	–	(19.463)
Foreign currency translation	(1.724)	(23.441)
	(87)	(35)
31 DECEMBER	395.839	326.482

17. Income tax

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

	31-12-2024		31-12-2023	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Current income tax	968.337	11.881.108	14.215.694	6.871.621
	968.337	11.881.108	14.215.694	6.871.621

The balance of Current income tax is detailed as follows:

	2024	2023
Current income tax estimate (Note 36)	(233.275)	(5.997.127)
Advance payments	715.088	15.814.271
Withholding taxes	40.030	2.522.066
Claim for regional tax (Note 36)	446.494	446.494
Tax benefits from previous years (Note 36)	–	1.429.990
Corporate Income tax receivable	968.337	14.215.694
Current income tax estimate (Note 36)	(29.221.744)	(9.148.613)
Reinstatement of tax benefits (Note 36)	(1.046.673)	(504.274)
Advance payments	16.456.252	2.617.017
Withholding taxes	1.931.057	164.249
Corporate Income tax payable	(11.881.108)	(6.871.621)

The current income tax charge is calculated on the basis of the tax laws enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Some companies are subject to tax business groups, namely in Portugal and in the United States of America. The remaining companies, not included in tax business groups, are taxed individually, based on their respective taxable income and applicable tax rates.

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

Reinstatement of tax benefits in 2024 refers to the impact of not reinvesting the entire amount obtained from the sale in 2022 of the Pestana Blue hotel, which was located in Algarve, Portugal. Reinstatement of the tax benefits in 2023 corresponds to the amount of the Portuguese benefit of the Investment Incentive Scheme ("RFAI") that has to be refunded, as the investment in two assets in Lisbon was considered as relevant investment for this incentive in 2022, but they are located in a non-eligible zone following the change in Portuguese law effective from 1 January 2022. Therefore, the tax not paid in 2022 was recognised as a liability in the amount of 490.095 Euros, as well as the corresponding compensatory interest of 14.179 Euros.

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

18. Cash and cash equivalents

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

	31-12-2024	31-12-2023
Cash	3.668.416	5.063.810
Bank deposits	241.244.394	97.902.161
	244.912.810	102.965.971

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

	31-12-2024	31-12-2023
Cash	3.668.416	5.063.810
Bank overdrafts	(130.239)	(2.062.287)
Bank deposits	241.244.394	97.902.161
	244.782.571	100.903.684

Balances in foreign currency are included in Bank deposits and are mainly composed by 13.701.801 USD and 9.600.863 GBP (31 December 2023: 7.334.636 USD and 3.859.643 GBP).

19. Non-current Assets and Liabilities held for sale

In 2016 the Group decided to close the hotel operation of Pestana Bahia, as this asset was no longer strategic. Since the hotel was part of a joint condominium, it was necessary to carry out work in the common areas in order to legally separate the two properties, thus allowing the hotel to be sold.

By 2023, the Group had already carried out all the necessary works that allowed for the creation of the two separate condominiums and in 2023 obtained the court's approval to do so.

As a result, in 2023 the conditions for the sale had been met and a buyer had been identified, whose acquisition proposal, which was higher than its book value, had been accepted by the Group, and the terms of the deed were being discussed. Thus, at 31 December 2023 the Group considered it was probable that the sale would take place within 12 months and had decided to classify all tangible assets and liabilities of the Pestana Bahia Hotel as a Non-current assets and liabilities held for sale.

However, near the end of 2024, for reasons beyond the Group's control, the conditions for the sale were not met. Despite still considering the possibility of selling, it is not possible to reliably predict a sale within the next 12 months, the Group has prudently decided to reclassify all the assets and liabilities related to Pestana Bahia Hotel from Non-current assets and liabilities held for sale to their original classes.

In 2024 and 2023, Non current assets and liabilities held for sale detail as follows:

	2024	2023
Non-current assets held for sale		
Tangible fixed assets – acquisition cost (Note 6)	–	21.207.498
Tangible fixed assets – accumulated depreciation (Note 6)	–	(10.401.018)
	–	10.806.480
Non-current liabilities held for sale		
Deferred tax liabilities (Note 12)	–	1.459.904
Advances from customers (Note 15)	–	1.634.048
	–	3.093.952

20. Capital

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

	2024	2023
Share capital	166.625.238	166.625.238
	166.625.238	166.625.238

As at 31 December 2024 and 2023 Pestana International Holdings S.A.'s subscribed Share capital amounts to 166.625.238 Euros, represented by 1.319.177 fully paid shares in registered form without nominal value.

The authorized capital of the Company is set at 250.000.000 Euros divided into 2.000.000 shares without nominal value.

The detail of the Share capital as at 31 December 2024 and 2023 is as follows:

	NUMBER OF SHARES	CAPITAL
Shareholders		
Dionísio Fernandes Pestana	1.319.176	166.625.111
José Alexandre Lebre Theotónio	1	127
	1.319.177	166.625.238

21. Other reserves

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

	LEGAL RESERVE (I)	FAIR VALUE RESERVE C.F.H. (II)	CUMULATIVE TRANSLATION ADJUSTMENTS (III)	TOTAL
1 JANUARY 2023	47.597.272	3.532.861	(46.052.525)	5.077.608
Profit for the period application	3.761.500	–	–	3.761.500
Change in fair value reserve – hedging derivatives (net of tax)	–	(2.257.851)	–	(2.257.851)
Foreign currency translation	–	–	(2.073.027)	(2.073.027)
31 DECEMBER 2023	51.358.772	1.275.010	(48.125.552)	4.508.230
Profit for the period application	6.498.260	–	–	6.498.260
Change in fair value reserve – hedging derivatives (net of tax)	–	(180.050)	–	(180.050)
Foreign currency translation	–	–	(3.209.414)	(3.209.414)
31 DECEMBER 2024	57.857.032	1.094.960	(51.334.966)	7.617.026

(i) Legal reserve

In accordance with the applicable commercial law in several countries where Pestana Hotel Group operates, a specific percentage of net profit must be set aside in a legal reserve until that reserve is equal to another specific percentage of the subsidiary's issued share capital. This reserve is usually not available for distribution until the company's liquidation but may be used to offset losses if no other reserves are available and to increase share capital.

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

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

(iii) Currency translations adjustments

The differences arising from the conversion of the Income statement and the Statement of financial position of the subsidiaries that have a functional currency other than Euro, as described in Note 3.2 iii), are recognized under this caption and are detailed as follows as at 31 December 2024 and 2023:

	2024	2023
BRL – Brazilian Real	(37.731.171)	(29.478.640)
ARS – Argentinian Peso	(11.485.555)	(11.413.713)
MZN – Mozambican Metical	(6.781.232)	(7.192.707)
UYU – Uruguayan Peso	(1.801.665)	(1.568.504)
GBP – Pound sterling	(60.845)	(78.224)
ZAR – South African Rand	391.506	320.618
USD – US Dollar	6.211.220	769.349
Others	(77.224)	516.269
	(51.334.966)	(48.125.552)

22. Retained earnings

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

	TOTAL
1 JANUARY 2023	203.608.921
Profit for the period application	103.135.284
Dividends (Note 37)	(935.000)
Foreign currency translation	(751.649)
31 DECEMBER 2023	305.057.556
Profit for the period application	95.023.340
Dividends (Note 37)	(200.000)
Foreign currency translation	208.754
31 DECEMBER 2024	400.089.650

23. Non-controlling interests

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

	2024	2023
1 JANUARY	13.194.005	11.730.344
Profit for the period	4.105.330	3.542.375
Capital reduction	(85.000)	–
Foreign currency translation	17.520	106.009
Dividends (Note 37)	(1.034.803)	(2.184.723)
31 DECEMBER	16.197.052	13.194.005

Non-controlling interests relate to the following investments:

	31-12-2024		31-12-2023	
	% HELD	VALUE	% HELD	VALUE
Pestana S.G.P.S. Sub-group (Portugal) (i)	n.a.	15.528.680	n.a.	12.215.957
URP – Urban Renew – Projetos Imobiliários – SIC Imobiliária Fechada, S.A. (Portugal)	10,00%	91.594	10,00%	237.856
Hotéis do Atlântico Sub-group (Europe and North America) (i)	n.a.	1.044.863	n.a.	1.093.927
Pestana Inversiones Sub-group (Latin America) (i)	n.a.	10	n.a.	14
Salvintur Sub-group (Africa) (i)	n.a.	(468.095)	n.a.	(353.749)
		16.197.052		13.194.005

- (i) Not disclosed because it relates to a subgroup aggregation. Corresponding financial information is disclosed in Note 39.

24. Provisions

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

	LITIGATIONS AND CLAIMS IN PROGRESS (i)	CUSTOMER GUARANTEES (ii)	OTHER PROVISIONS (iii)	TOTAL
1 JANUARY 2024	6.425.292	76.558	1.387.514	7.889.364
Increases	34.235	568.088	365.961	968.284
Utilizations	(1.531.668)	–	(46.239)	(1.577.907)
Interest charges (Note 35)	1.048.330	–	–	1.048.330
Transfers from accruals	–	–	44.078	44.078
Foreign currency translation	(526.207)	–	–	(526.207)
Changes on period	(975.310)	568.088	363.800	(43.422)
31 DECEMBER 2024	5.449.982	644.646	1.751.314	7.845.942
Current balance	610.362	170.516	1.488.842	2.269.720
Non-current balance	4.839.620	474.130	262.472	5.576.222
	5.449.982	644.646	1.751.314	7.845.942

	LITIGATIONS AND CLAIMS IN PROGRESS (i)	CUSTOMER GUARANTEES (ii)	OTHER PROVISIONS (iii)	TOTAL
1 JANUARY 2023	7.364.347	78.117	1.330.134	8.772.598
Increases	17.137	–	113.514	130.651
Decreases	–	(1.559)	–	(1.559)
Utilizations	(1.808.049)	–	(56.134)	(1.864.183)
Interest charges (Note 35)	665.383	–	–	665.383
Foreign currency translation (iv)	186.474	–	–	186.474
Changes on period	(939.055)	(1.559)	57.380	(883.234)
31 DECEMBER 2023	6.425.292	76.558	1.387.514	7.889.364
Current balance	570.968	44.089	1.008.250	1.623.307
Non-current balance	5.854.324	32.469	379.264	6.266.057
	6.425.292	76.558	1.387.514	7.889.364

In 2024, court deposits were made for provisioned lawsuits in the current balance in the total amount of 2.022.744 Euros (2023: 2.851.603 Euros) (Note 15). Details of provisions accounted for and main reasons for the movements occurred are as follows:

(i) Litigation and claims in progress

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

As at 31 December 2024, the Brazilian subsidiary Brasturinvest, S.A. is an involved party in several processes in the total amount of 2.456.027 Euros (31 December 2023: 3.522.171 Euros), mainly related with labour processes, which essentially correspond to claims from past employees of greater compensation than paid by the subsidiary at the time they were laid off. However, it has been the subsidiary's practice to settle several of these cases outside of court for amounts lower than those which have been provided considering the estimated losses calculated by the Brazilian external expert legal entities.

The subsidiary Empresa de Cervejas da Madeira, Lda. (ECM) received an inspection carried out by Customs in Lisbon related to Special Tax on Consumption (IEC) for the years 2002, 2003 and the first half of 2004, an officious liquidation in the amount of 2.029.130 Euros with the addition of 321.270 Euros of compensatory interest. Until 2014, this claim was on hierarchical court appeal and the subsidiary ECM had constituted bank guarantees, and no outflow was expected to occur based on the opinion of reputable external advisors. However, in 2015, the court has taken its decision which was unfavorable to ECM. Despite the extraordinary judicial administrative appeal that was immediately submitted, considering the development occurred in the process, Pestana Hotel Group recognized a provision in the total amount of 2.755.053 Euros. The lawsuit is currently under judicial review, and there are no further developments that imply changes to the balance of the provision, which was classified as a current liability. According to the external lawyer in charge of the process, the process is not expected to be concluded and paid within one year, so this provision is classified as a non-current liability.

(ii) Customer guarantees

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

(iii) Other provisions

Following a promissory sale contract celebrated in 2011 in which the client committed to buying a lodging unit in the Pestana Tróia Eco-Resort and after several attempts the deed was not realized, therefore Pestana Hotel Group'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 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 Pestana Hotel Group decided to book a provision in the same amount in the eventuality that the Portuguese state executes the mentioned bank guarantee.

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

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

(iv) Foreign currency translation

This caption refers to the variance of the Brazilian Real against the Euro (Note 3.2. iii).

25. Borrowings

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

	31-12-2024			31-12-2023		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Bank loans	16.120.419	143.517.835	159.638.254	19.873.488	158.976.282	178.849.770
Bond loans	31.500.000	64.600.000	96.100.000	–	56.100.000	56.100.000
Shareholder's loans	35.374.762	–	35.374.762	53.374.762	–	53.374.762
Commercial paper	2.000.000	18.000.000	20.000.000	7.000.000	20.000.000	27.000.000
Bank overdrafts	130.239	–	130.239	2.062.287	–	2.062.287
	85.125.420	226.117.835	311.243.255	82.310.537	235.076.282	317.386.819
Interests payable – accrual	1.459.344	–	1.459.344	1.620.508	–	1.620.508
Interests paid – deferral	(327.169)	(910.833)	(1.238.002)	(273.442)	(1.044.642)	(1.318.084)
	86.257.595	225.207.002	311.464.597	83.657.603	234.031.640	317.689.243

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

	2025	2026	2027	2028	2029	FOLLOWING YEARS	TOTAL
Bank loans							
Euro	16.120.419	25.049.742	27.052.950	9.887.343	8.826.504	72.701.296	159.638.254
	16.120.419	25.049.742	27.052.950	9.887.343	8.826.504	72.701.296	159.638.254
Bond loans							
Euro	31.500.000	4.400.000	33.400.000	4.400.000	4.400.000	18.000.000	96.100.000
	31.500.000	4.400.000	33.400.000	4.400.000	4.400.000	18.000.000	96.100.000
Commercial paper							
Euro	2.000.000	2.000.000	16.000.000	–	–	–	20.000.000
	2.000.000	2.000.000	16.000.000	–	–	–	20.000.000
	49.620.419	31.449.742	76.452.950	14.287.343	13.226.504	90.701.296	275.738.254

	2024	2025	2026	2027	2028	FOLLOWING YEARS	TOTAL
Bank loans							
Euro	19.873.488	15.075.559	24.999.442	27.006.616	9.825.821	82.068.844	178.849.770
	19.873.488	15.075.559	24.999.442	27.006.616	9.825.821	82.068.844	178.849.770
Bond loans							
Euro	–	27.100.000	–	29.000.000	–	–	56.100.000
	–	27.100.000	–	29.000.000	–	–	56.100.000
Commercial paper							
Euro	7.000.000	2.000.000	2.000.000	16.000.000	–	–	27.000.000
	7.000.000	2.000.000	2.000.000	16.000.000	–	–	27.000.000
	26.873.488	44.175.559	26.999.442	72.006.616	9.825.821	82.068.844	261.949.770

Fixed / variable rate borrowings

As of 31 December 2024, 96,4% of the total borrowings are contracted at fixed rate and the remaining are subject to variable interest rate of 12M, 6M, 3M and 1M Euribor plus spread. As of 31 December 2024, fixed interest rate Borrowings with nominal amount of 300.191.396 Euros have a fair value of 271.658.752 Euros (31 December 2023: total nominal amount of 296.836.432 Euros with fair value of 248.060.794 Euros). However, these borrowing cannot be transacted by the Group.

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

	2024	2023
1 st quarter	3.211.013	5.125.620
2 nd quarter	2.517.742	4.593.914
3 th quarter	3.531.790	3.707.332
4 th quarter	1.791.314	5.061.234
	11.051.859	18.488.100

Bank loans

Bank loans have as collateral the mortgage over some assets which are booked as tangible fixed assets (Note 38).

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

In 2023, considering the increase in interest rates and the expectation of them remaining high at least in the medium term, the Group decided to pay in advance loans remunerated at variable rate in the amount of 61.907.412 Euros.

In 2023, the Group received approval to convert the amount of 617.561 relating to the credit line expiring in 2025. In addition, it received an incentive of 230.594 Euros from the Incentive System for the Enhancement and Qualification of the Autonomous Region of Madeira for the application submitted with the energy efficiency project, repayable in 18 fixed semi-annual instalments of capital without interest and ending in 2035.

In 2023 there was also the conversion of 308.800 Euros into a non-refundable amount of part of the Credit Line, obtained during the Covid pandemic period, as the Group met the criteria for maintaining jobs during that period.

Bond loans

All bond loans have a fixed interest rate.

On the 27 November 2024, Pestana Hotel Group entered into an agreement with Banco BPI, S.A. for the issuance by private subscription of 400 bonds with a nominal value of 100.000 Euros, for the amount of 40.000.000 Euros, repayable in 6 yearly installments and with a fixed interest rate, called PIH 2024-2030.

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

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

Commercial paper

These programs are remunerated at a fixed interest rate.

During 2024 the Group reimbursed the amount of 48.000.000 Euros while receiving the amount 41.000.000 Euros as renewals of these programs.

Shareholder loans

In 2024 and 2023 the Group reimbursed to its Shareholder the amount of 18.000.000 Euros. Despite being classified as Current the Shareholder's loan of 35.374.762 Euros is not expected to be fully repaid by 2025.

Covenants

Borrowings engaged by Group companies include, in some cases, clauses that require specific covenants to be accomplished such as: i) the maintenance of the subsidiaries share capital inside the group; and ii) the maintenance of ratios, namely related to the capital structure, profitability and indebtedness. In 2024 and 2023 the Group did not breach any covenants.

Bank overdrafts

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

Unused contracted credit lines

Pestana Hotel Group holds, as at 31 December 2024, a set of unused contracted credit lines in Financial Institutions, with a total amount of 115.000.000 Euros related to authorized credit lines and overdrafts.

26. Lease liabilities

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

	31-12-2024	31-12-2023
Current	21.590.713	18.921.731
Non-current:		
1 to 5 years	72.903.171	60.707.934
More than 5 years	91.695.013	88.454.143
	186.188.897	168.083.808

As at 31 December 2024 Lease liabilities essentially refer to 27 hotel leases (21 in Portugal, 3 in Africa, 2 in Europe and 1 in United States of America), 1 entertainment concession, 1 gambling concession and the management of the 30 Pousadas of the network.

As at 31 December 2023 Lease liabilities essentially refer to 28 hotel leases (22 in Portugal, 3 in Africa, 2 in Europe and 1 in United States of America), 1 entertainment concession, 1 gambling concession and the management of the 31 Pousadas of the network.

In 2024 the Group started to explore the new hotel unit Pestana Porto – A Brasileira as of 1 June 2024, whose initial impact on the Right of use assets and lease liabilities was approximately 12.600.000 Euros. In 2024, the Group also renewed the lease contracts for Pestana Cascais and Pestana Sintra Golf for a period of 5 years, with an impact of around 9.400.000 Euros on the Right of use assets and Lease liabilities.

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

27. Deferred revenue

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

	31-12-2024			31-12-2023		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Pestana Vacations Club (i)	18.605.647	56.949.525	75.555.172	17.374.791	65.279.147	82.653.938
Pestana Vacations Club – Options (ii)	3.338.539	23.966.824	27.305.363	3.308.245	25.372.125	28.680.370
Government grants (iii)	1.208.683	8.532.758	9.741.441	1.068.426	6.772.138	7.840.564
Customer loyalty program ("PGC") (iv)	2.281.571	–	2.281.571	1.916.021	–	1.916.021
Other deferred income (v)	674.164	2.165.161	2.839.325	637.294	2.279.700	2.916.994
	26.108.604	91.614.268	117.722.872	24.304.777	99.703.110	124.007.887

(i) Pestana Vacation Club

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

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

	2024	2023
1 JANUARY	82.653.938	88.518.903
Increases/Reductions	7.879.545	9.173.991
Consumption	(14.726.444)	(15.164.648)
Foreign exchange translations	(251.867)	125.692
Movement	(7.098.766)	(5.864.965)
31 DECEMBER	75.555.172	82.653.938

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. ii)).

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

	2024	2023
1 JANUARY	28.680.370	30.225.141
Increases/Reductions	3.731.427	3.011.918
Consumption	(5.106.434)	(4.556.689)
Movement	(1.375.007)	(1.544.771)
31 DECEMBER	27.305.363	28.680.370

Increases/reductions relate to new contracts and cancels.

(iii) Government grants

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

The variation of the year is mainly due to the subsidy obtained as part of the application for the Recovery and Resilience Facility (RRF) in the “Accelerate and Transform Tourism Program”, which approved a non-refundable incentive of between 40% and 65% on the expenses approved as eligible. The non-refundable subsidy received as part of this RRF application, calculated in accordance with the method used by IAPMEI – Agência para a Competitividade e Inovação, amounting to 2.100.000 Euros, has already been charged to these investments and will be recognized over the estimated useful life of the assets financed.

In 2024, under the Valorizar 2020 system of incentives for business development and qualification in the Autonomous Region of Madeira and Azores, the Group received approval to convert 314.145 Euros into a non-refundable incentive (Note 25). In 2023, after validation by a competent authority to validate eligible expenses and compliance with objectives, it received a total of 329.421 euros, of which 230.594 euros was considered a refundable incentive in 18 fixed semi-annual installments of interest-free capital ending in 2035 (Note 25) and 98.827 euros as a non-refundable investment incentive.

(iv) Customer Loyalty Program (PGC)

This item refers to the customer loyalty program of Pestana Hotel Group, named PGC – Pestana Guest Club. The program consists of points earned in consumption and accommodation in hotels of the Pestana Hotel Group, enabling the exchange of points for accommodation in hotels of the Group and direct discounts at restaurants and bars as well as other benefits by the customers. Considering that transactions that qualify for point's award is a separate performance obligation, at the date the services are rendered there is a segregation of the amount invoiced to the client between the revenue of product or services and the value of the points awarded, considering the separate sale price of each performance obligation and the customer's point redemption history. Thus, revenue is recognized when the customer redeems the points to purchase a product / service, as agreed in the loyalty program, or until the date the points expire, considering the historic average of expired points and the consumption rhythm of the existing points (breakage) as foreseen in IFRS 15.

(v) Other deferred income

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

28. Trade and other payables

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

	31-12-2024			31-12-2023		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Trade payables						
Suppliers	38.001.167	–	38.001.167	36.205.402	–	36.205.402
Other payables						
Other payables	2.522.930	16.023	2.538.953	1.487.266	21.564	1.508.830
Other payables – group (Note 41)	194.686	–	194.686	142.217	–	142.217
Suppliers of property, plant and equipment (i)	2.061.279	–	2.061.279	3.529.365	–	3.529.365
Taxes payable (ii)	7.634.732	–	7.634.732	8.561.334	–	8.561.334
Accrued expenses						
Wages and corresponding taxes	20.606.796	–	20.606.796	18.629.431	–	18.629.431
Construction works	4.099.081	–	4.099.081	3.102.162	–	3.102.162
Property taxes	1.045.401	–	1.045.401	1.008.102	–	1.008.102
Others (iii)	19.853.863	–	19.853.863	17.661.811	–	17.661.811
	96.019.935	16.023	96.035.958	90.327.090	21.564	90.348.654

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

(i) Suppliers of property, plant and equipment

In 2024 the decrease in Suppliers of property, plant and equipment is mainly due to the significant refurbishment work carried out in 2023 at Pestana Blue Alvor Beach All inclusive and the new Pestana Vila Lido.

(ii) Taxes payable

	31-12-2024			31-12-2023		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Personnel income tax withheld	1.053.616	–	1.053.616	1.380.565	–	1.380.565
Value added tax	3.456.037	–	3.456.037	4.044.294	–	4.044.294
Social security contributions	2.208.615	–	2.208.615	2.018.023	–	2.018.023
Others	916.464	–	916.464	1.118.452	–	1.118.452
	7.634.732	–	7.634.732	8.561.334	–	8.561.334

(iii) Other accrued expenses

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

29. Revenue

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

	2024	2023
Hospitality business (i)	423.092.889	373.811.823
Real estate (ii)	126.928.121	86.852.284
Beverages (industry) (iii)	39.138.859	36.754.685
Vacation club (iv)	30.273.125	29.839.522
Golf	14.741.163	12.740.459
Entertainment	10.949.388	10.955.272
Others	6.410.308	5.785.605
	651.533.853	556.739.650

(i) Hospitality business

Pestana Hotel Group's hotel units achieved an increase in Revenue of 13% compared to the previous years. This increase is the reflection of the rise in demand in the locations where the Group is present and also the increase in the average room rate of approximately 6%. This price increase is also the consequence of the change in the sales channel adopted by the customers, who are increasingly opting for online channels. Thus, Pestana Hotel Group's investment policy is focused on boosting direct and online channels to benefit from this trend and maximize its revenue.

In Portugal, revenue from hospitality business increased 13%. This increase was mainly motivated by the hotel units in Madeira and Algarve due to the increase in tourists from the Group's key markets like UK and France. In Algarve there was also the opening of some new flights in Helsinki, Southampton and Brest. In Madeira, these good results were achieved despite the termination of the contracts of Pestana Ilha Dourada and Pestana Colombos, which reinforces the excellent results achieved by the Group in region when compared to last year. The city destinations, Lisbon and Oporto, also had good results following several awards received by these destinations from World Travel Awards, which allows them to increase the influx of tourists. In Oporto, Pestana Hotel Group started to explore the new hotel unit Pestana Porto – A Brasileira from 1 June 2024 which also contributed to this increase in revenue. Regarding Pousadas de Portugal, they also had excellent results and had their best result ever. This was mainly due to the increase in the average room rate, as well as the good results from the Pousadas in Lisbon, mainly Pousada de Alfama, which had in 2024 its first full year of operation.

In Europe, the trend of excellent results continued in 2024 where every hotel unit had a positive performance. The average increase in revenue was 11% and Pestana Amsterdam, Pestana Chelsea Bridge and Pestana Plaza Mayor were the main contributors. The average room rate increased on average 8%.

In the United States, the hotels also had an excellent performance and increase their revenue. These results were mainly achieved by the increase of occupancy rate by 16% on average and also the performance of the Group's new hotel unit Pestana Orlando, which was acquired in January 2024 and began operating under the Pestana brand on 1 February 2024 in a successful takeover operation.

In South America, 2024 was a difficult year. Despite Brazil's good performance and increase in revenue of 6%, in Argentina the year was impacted by several economic and social reforms following the political changes in the country. These reforms aim for the long-term stability of the country. However, they were followed by some negative impacts in unemployment and inflation, which was the highest since 1990.

In Africa Revenue increased by 14%. The influx of tourists was higher than last year's, which allowed the Group to increase its average room rate by 7%. The main contributor for this increase in revenue was Morocco, where both units performed well and increase their revenues by 16% on aggregate.

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

Country	Hospitality business	
	2024	2023
Portugal	22,5%	24,5%
United Kingdom	16,9%	17,0%
United States	10,6%	9,5%
Germany	8,2%	8,2%
France	5,0%	5,0%
Brazil	4,6%	4,9%
Spain	3,8%	4,3%
Netherlands	2,6%	2,7%
Ireland	2,3%	2,2%
Switzerland	1,6%	1,7%
Others	21,9%	20,0%
	100%	100%

(ii) Real estate

Pestana Hotel Group continued to follow its risk diversification strategy, not only in geographic terms, but also in different business segments, such as the residential and real estate business.

The real estate business continued its upward trend in 2024 with total sales of approximately 127.000.000 Euros, representing 19% of Pestana Hotel Group's total revenue and an increase of 46% comparing to last year.

In 2024, the Group booked almost all Madeira Acqua Residences real estate deeds (Note 16) for approximately 90.500.000 Euros. The Group also continued with the projects The Valley Nature Resort, Silves Golfe Resort and Pestana Comporta Village with revenue of 12.400.000 Euros (2023: 19.300.000 Euros).

In 2023, two real estate projects were fully completed and delivered to customers, namely Oasis 28, located in Lisbon, for around 31.500.000 million Euros and A Fábrica, Apartments & Lofts, located in the heart of the city of Funchal for around 12.400.000 Euros. In 2023, the Group also delivered some more units of Pestana Tróia Eco-Resort for approximately 2.600.000 Euros.

Real estate revenue also includes the residence activity, namely the tourist exploration contracts of Pestana Gramacho and Pinta, Pestana Tróia Eco-Resort, as well as other residence units in the amount of 20.900.000 Euros (2023: 19.200.000 Euros). The remaining amount essentially refers to real estate management, gardening and maintenance services.

(iii) Beverages (industry)

Regarding the Beverages industry, sales increased 6%, essentially due to the increase in price/liter by 5%. The increase in the number of tourists in Madeira did not lead to a reflection of this rise in the net sales of the On-trade channel, as there was a transfer of consumption to the Off-trade channel, which increased by around 11%.

(iv) Pestana Vacation Club

With the contribution of its main tourist markets in the UK and Germany, Pestana Vacation Club made it possible to obtain revenue from periodic accommodation and Options contracts of approximately 30.000.000 Euros. It should be noted that the Group continues to make it possible to enjoy the contracted weeks whose use was impacted by the pandemic and whose maintenance fees were paid, but the revenue had been deferred for the remaining period of the contract.

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

Country	Vacation club	
	2024	2023
United Kingdom	60,2%	60,3%
Germany	11,3%	11,0%
Portugal	8,1%	8,2%
Finland	6,9%	7,0%
Sweden	2,6%	2,7%
Brazil	1,5%	0,6%
Others	9,4%	10,2%
	100%	100%

30. External services and supplies

The detail of External services and supplies is as follow:

	2024	2023
Cleaning	32.906.708	29.721.457
Professional fees	32.795.674	30.121.031
Commissions	19.683.647	19.988.535
Energy	16.136.901	17.538.507
Maintenance	12.200.370	10.824.506
Advertising	10.159.218	8.074.023
Subcontracts	6.111.344	5.752.403
Rents	5.165.755	5.996.216
Property management exploration counterpart	4.727.012	4.606.766
Travelling and transport expenses	2.979.472	2.662.102
Insurance	2.389.807	2.227.799
Others	8.275.220	7.841.181
	153.531.128	145.354.526

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

In 2024, the audit fees for Pestana International Holdings' auditors for all the subsidiaries amounted to 213.020 Euros. Audit services performed on the remaining companies included in the consolidation perimeter by other auditors amounted to 108.616 Euros. Fees for other services provided by Pestana International Holdings' auditors amounted to 212.325 Euros.

31. Personnel expenses

The detail of Personnel expenses is as follows:

	2024	2023
Board of Directors		
Wages and salaries	2.426.482	2.199.471
Social security contributions	772.615	679.913
	3.199.097	2.879.384
Staff		
Wages and salaries	94.450.413	89.717.156
Social security contributions	18.458.839	16.984.203
Others	3.816.964	3.067.698
	116.726.216	109.769.057
	119.925.313	112.648.441

The average number of employees of Pestana Hotel Group in 2024 was 4.328 (2023: 4.211). The average number of Board directors of Pestana Hotel Group's subsidiaries in 2024 was 42 (2023: 43).

In 2024 and 2023 Personnel expenses includes 6.376.176 Euros and 7.538.993 Euros, respectively, of profit sharing expenses.

32. Other income

The detail of Other income is presented as follows:

	2024	2023
Supplementary income	3.306.529	3.104.446
Foreign currency exchange gains	1.205.015	1.381.585
Gains on disposal of assets	588.785	1.002.572
Investment government grants (Note 27)	560.341	472.558
Operating government grants	26.951	1.820.569
Rent concessions	–	2.269.860
Others	1.382.898	1.227.430
	7.070.519	11.279.020

Supplementary income refers to the exchange of services and recharges to joint ventures and companies that are not included in the perimeter.

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

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

In 2023, Operating government grants essentially refer to subsidies granted under non-repayable Covid credit lines that were converted to non-refundable (Note 25).

33. Other expenses

The detail of Other expenses is as follows:

	2024	2023
Taxes	7.204.444	6.374.690
Credit card commissions	5.322.607	4.076.943
Donations	870.446	281.959
Foreign currency exchange losses	512.117	1.136.490
Losses on inventories	261.890	312.156
Others	3.115.988	2.818.181
	17.287.492	15.000.419

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

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

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

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

	2024	2023
Gains/(losses) from equity method in Joint ventures (Note 9):		
Pestana CR7 Holding, S.A.	2.678.762	1.490.707
Pestana CR7 Manhattan 39 LLC	280.086	(2.835.530)
Solpor, Lda.	(743)	173.280
Ponta de lança, S.A.	(14.858)	(55.216)
Gains from equity method in Associates (Note 10):		
Enatur – Empresa Nacional de Turismo, S.A.	493.819	401.116
Gains from perimeter entries (Note 40)	273.784	–
Gains/(losses) in Financial assets at fair value through profit or loss (Note 11)	2.265.061	(2.345.603)
	5.975.911	(3.171.246)

35. Financial expenses and income

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

	2024	2023
Financial expenses		
Lease liabilities interest	9.339.573	8.570.868
Interest expenses	8.038.773	12.661.800
Commissions and guarantee fees	1.615.893	2.754.208
Provisions interest charges (Note 24)	1.048.330	665.383
Interest rate swaps	551.383	561.942
Taxes	324.840	452.274
Foreign currency exchange losses	280.531	858.337
Derivatives fair value (Note 14)	23.797	28.887
	21.223.120	26.553.699
Financial income		
Interest income	2.439.579	3.871.401
Foreign currency exchange gains	1.335.662	1.762.266
Interest rate swaps	889.883	812.921
Derivatives termination (Note 14)	–	2.339.761
Guarantee fees	–	71.695
Others	535.766	930.275
	5.200.890	9.788.319

The variation in fair value of swaps corresponds in its entirety to the variation in fair value of derivative financial instruments considered as held for trading (Note 14).

In 2023, derivatives termination in Financial income refers to the impact of the hedging derivative liquidation, which was terminated at the time of the loan payment. The difference between the fair value reserve and the fair value amount of that derivative at the date of the loan liquidation was of 2.339.761 Euros.

36. Income tax

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

	2024	2023
Current income tax:		
Current period income tax	29.455.019	13.773.530
Reinstatement of tax benefits (Note 17)	1.046.673	504.274
Tax benefits from previous years (Note 17)	–	(1.429.990)
Claim for regional tax (Note 17)	–	(446.494)
Adjustments in respect of prior year estimates	(177.401)	(201.799)
	30.324.291	12.199.521
Deferred income tax (Note 12):		
Origin and reversal of temporary differences	(3.977.158)	(5.087.765)
	(3.977.158)	(5.087.765)
	26.347.133	7.111.756

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

	2024	2023
Profit before tax	176.300.640	112.175.731
Tax calculated at domestic tax rates applicable to profits in the respective countries	31.261.147	20.731.100
Reinstatement of tax benefits (Note 17)	1.046.673	504.274
Expenses not deductible for tax purposes	4.380.014	735.283
Income not subject to tax	(9.019.151)	(5.584.131)
Investment incentives (RFAl)	(5.695.142)	(1.290.915)
Differences of taxes rates on income and deferred taxes	(462.141)	(1.324.934)
Tax losses (Note 12)	263.302	(367.566)
Portuguese state and municipal surcharge	4.598.396	2.961.471
Other taxation	151.436	250.711
R&D incentives	–	(7.425.254)
Tax benefits from previous years	–	(1.429.990)
Claim for regional tax	–	(446.494)
Adjustments in respect of prior year estimates	(177.401)	(201.799)
	26.347.133	7.111.756

Pestana Hotel Group companies are taxed, whenever possible, on a consolidated basis as allowed by the tax legislation of the respective countries.

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

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

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

In December 2023, two subsidiaries of the group subscribed for 5.826 participation units in the Iberis Bluetech Fund III, FCR (Bluetech Fund III) for 6.000.780 Euros (Note 11) and another subsidiary of the Group subscribed 3.000.000 participation units in the Nowberry B Fund for 3.000.000 Euros. These funds' policy is to invest in Research and Development (R&D) companies and projects, reason why the investment is eligible under SIFIDE II (Portuguese tax incentives for Research and Development). The subsidiaries presented the respective application on 16 May 2024, which was approved at the end of February 2025 by Agência Nacional de Inovação, S.A..

The statutory corporate income tax rates applicable in the countries in which Pestana Hotel Group operates are as follows:

	2024	2023
Argentina	25%	29%
Brazil	34%	34%
Cape Verde	21%	22%
Germany	32,93%	33,75%
Luxembourg	24,94%	24,94%
Morocco	20%	31%
Mozambique	32%	32%
Netherlands	25,8%	25,8%
Portugal	14,7% – 31,5%	14,7% – 31,5%
São Tomé and Príncipe	25%	25%
South Africa	27%	27%
Spain	25%	25%
United Kingdom	19% – 25%	19% – 25%
United States	21% – 35,95%	21% – 35,95%
Uruguay	25%	25%

37. Dividends

In 2024 and 2023, dividends were paid to the shareholders in the total amount of 200.000 Euros and 935.000 Euros, respectively.

In 2024 and 2023, dividends paid to Non-controlling interests amount to 1.034.803 Euros and 2.184.723 Euros, respectively.

38. Contingencies

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

	2024	2023
Mortgages over lands and buildings	144.943.608	158.908.146
Bank guarantees	51.925.595	48.660.288

Contingent assets

The special tax regime in Portugal for pure Holding Companies (with the legal status of “S.G.P.S.”), in effect until 31 December 2013, foresaw that capital gains or losses arising from the sale, under specified conditions, of equity shares held by these companies, would not concur for the calculation of taxable profit. On the other hand, this regime did not allow for the tax deduction of financial expenses associated with the acquisition of said equity shares. However, this regime was revoked on 1 January 2014, without the creation of any transitional regime.

Thus, S.G.P.S. companies may have an amount of financial expenses, the deductibility of which was not allowed for at the same time that no tax exemption could be applied for capital gains or losses obtained under the regime, and for which it will not be possible to benefit from in the future since this tax regime was revoked.

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

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

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

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

Contingent liabilities

As at 31 December 2024, Pestana Hotel Group has ongoing claims, assessed as contingent liabilities of, approximately, 9.400.000 Euros (local currency: approximately 1.900.000 Euros and 43.800.000 Brazilian Reals). Contingent liabilities in Brazil mainly correspond to claims from past employees of greater compensation than paid by the subsidiary at the time they were laid off.

39. Consolidation perimeter

The information on the Subsidiaries of the Pestana Hotel Group, expressed in Euros, as at 31 December 2024 is as follows:

Name	HEADQUARTERS	ACTIVITY	EQUITY	ASSETS	LIABILITIES	SALES	PROFIT/ (LOSS)	% OWNED	% CONTROL
Afrotours, S.A.*	São Tomé	Hospitality	4.945.225	12.773.276	7.828.051	4.581.568	524.579	100,00%	100,00%
Amesteldijk Hotel Ontwikkeling B.V.*	Netherlands	Hospitality	14.023.232	38.312.296	24.289.064	13.807.791	2.157.799	100,00%	100,00%
Amoreira – Aldeamentos Turísticos, Lda.**	Portugal	Real Estate	5.179.759	6.404.053	1.224.294	–	119.920	99,00%	100,00%
Argentur Inversiones Turísticas S.A.*	Argentina	Hospitality	711.110	1.061.086	349.976	3.152.556	688.215	100,00%	100,00%
Bazaruto, Lda.*	Mozambique	Hospitality	4.450.871	6.575.707	2.124.836	946.762	(177.520)	96,97%	100,00%
Brasturinvest Investimentos Turísticos, S.A.*	Brazil	Hospitality	37.924.165	48.415.340	10.491.175	19.580.177	3.403.601	100,00%	100,00%
Carlton Palácio – Soc. Construção e Exploração Hoteleiras, S.A.**	Portugal	Hospitality	62.206.677	162.037.984	99.831.307	61.065.736	12.814.516	99,00%	100,00%
Carolgud, S.A.**	Uruguai	Hospitality	639.656	678.181	38.525	–	(44.768)	100,00%	100,00%
Carvoeiro Golfe – Soc. de Mediação Imobiliária, Unip.Lda**.	Portugal	Real Estate	448.964	974.037	525.073	1.748.538	441.464	99,00%	100,00%
Carvoeiro Golfe, S.A.**	Portugal	Golf / Real Estate	52.337.175	101.108.242	48.771.067	95.053.696	7.831.628	99,00%	100,00%
Colunas Geladas, Lda.*	Portugal	Beverages	158.576	397.878	239.303	696.160	(12.426)	99,00%	100,00%
Cota Quarenta – Gestão e Adm. Centros Comercias, Unip., Lda.**	Portugal	Real Estate	17.744.053	17.958.878	214.825	2.688.649	1.920.103	99,00%	100,00%
Desarollos Hoteleros Barcelona S.A.*	Spain	Hospitality	18.536.642	19.753.020	1.216.378	4.361.858	1.409.950	100,00%	100,00%
Djebel, S.A.**	Portugal	Sub-Holding	62.635.378	81.912.369	19.276.991	158.400	18.987.020	100,00%	100,00%
ECM – Empresa Cervejas da Madeira, Soc. Unipessoal Lda.**	Portugal	Beverages	11.901.574	34.990.006	23.088.432	38.303.360	600.434	99,00%	100,00%
Empreendimentos Turísticos, Lda.*	Cape Verde	Hospitality	2.372.119	2.745.903	373.784	3.506.043	912.384	100,00%	100,00%
Eurogolfe, Unipessoal, Lda.**	Portugal	Golf / Real Estate	15.549.439	17.393.622	1.844.183	3.147.073	926.937	99,00%	100,00%
Global Mandalay, S.L.*	Spain	Hospitality	1.280.665	9.143.049	7.862.384	10.667.078	2.400.772	100,00%	100,00%
Grupo Pestana – S.G.P.S., S.A.**	Portugal	Sub-Holding	273.012.932	349.141.899	76.128.967	7.700.000	4.948.372	99,00%	99,00%
Grupo Pestana Pousadas – Investimentos Turísticos, S.A.*	Portugal	Hospitality	51.602.673	62.023.878	10.421.205	45.726.446	5.104.721	99,00%	100,00%
Herdade da Abrunheira – Proj. Desenv. Turíst. e Imobiliário, Lda.**	Portugal	Real Estate	6.598.371	6.602.580	4.209	–	(25.776)	99,00%	100,00%
Hotéis do Atlântico – Soc. Imobiliária de Gestão de Hotéis, S.A.**	Portugal	Sub-Holding	143.133.984	201.315.161	58.181.177	5.947.550	4.221.849	100,00%	100,00%
Hotel Rauchstrasse 22, S.à.r.l.*	Luxembourg	Hospitality	13.920.926	16.087.252	2.166.326	2.182.568	1.327.396	96,04%	100,00%
Indústria Açoreana Turístico-Hoteleira (I.A.T.H.), S.A.**	Portugal	Hospitality / Real Estate	2.080.285	4.473.619	2.393.334	5.062.088	1.480.285	99,00%	100,00%
Intervisa Viagens e Turismo, Unipessoal Lda.**	Portugal	Distribution	3.408.257	10.081.463	6.673.206	9.044.237	689.256	100,00%	100,00%
ITI – Soc. de Investimentos Turísticos na Ilha da Madeira, S.A.**	Portugal	Hospitality / Entertainment	78.785.177	91.831.008	13.045.831	43.913.412	21.531.929	99,00%	100,00%
M. & J. Pestana – Sociedade de Turismo da Madeira, S.A.**	Portugal	Hospitality / Timeshare	149.957.575	376.216.961	226.259.386	189.800.022	48.089.901	99,00%	100,00%
Misturas Glaciares, Lda.*	Portugal	Beverages	154.494	508.814	354.319	1.147.787	(47.009)	99,00%	100,00%

Notes to the consolidated financial statements

Name

Mundo da Imaginação – Proj. Animação Turística, Unip., Lda.**
Natura XXI, Lda.**
Pestana Berlin S.à.r.l.*
Pestana Cidadela – Investimentos Turísticos, S.A.**
Pestana International Holdings S.A.*
Pestana Inversiones Unipessoal, Lda.**
Pestana Management – Serviços de Gestão, S.A.**
Pestana Management UK, Limited*
Pestana Marrocos, S.à.r.l.*
Pestana Miami, LLC**
Pestana Newark LLC**
Pestana NY East Side 39 LLC**
Pestana Orlando LLC**
Pestana Properties – SIC Imobiliária fechada, S.A.*
Pestana Segurança – Serv. de Segur. e Vigilância, Unip., Lda.**
Pestana USA, Inc.**
Ponta da Cruz – Soc. Imobiliária e de Gestão de Hotéis, S.A.**
Porto Carlton – Soc. de Construção e Exploração Hoteleira, S.A.**
Rotas de África – Inv. turísticos e imobiliários Unipessoal, Lda.**
Rotas de África – Investimentos turísticos e imobiliário, Lda.*
Salvintur – Sociedade de Investimentos Turísticos, S.A.**
Salvor – Sociedade de Investimento Hoteleiro, S.A.**
Salvorhotéis Moçambique – Investimentos Turísticos, S.A.*
São Tomé Invest Unipessoal, Lda.*
Sociedade de Investimentos Hoteleiros D. João II, Lda.**
Surinor, S.A.**
URP – Projetos imobiliários – SIC Imobiliária fechada, S.A.*
Wild Break 29 (PTY), Ltd*

HEADQUARTERS	ACTIVITY	EQUITY	ASSETS	LIABILITIES	SALES	PROFIT/ (LOSS)	% OWNED	% CONTROL
Portugal	Entertainment	776.406	3.196.991	2.420.585	585.840	414.748	99,00%	100,00%
Portugal	Real Estate	1.755.935	1.761.234	5.299	–	(60.075)	99,00%	100,00%
Luxembourg	Hospitality	549.254	1.630.660	1.081.404	7.237.785	(135.399)	100,00%	100,00%
Portugal	Hospitality	11.884.659	19.240.031	7.355.372	8.943.894	1.918.508	99,00%	100,00%
Luxembourg	Administration	547.846.018	637.585.521	89.739.504	309.834	22.919.681	100,00%	100,00%
Portugal	Sub-Holding	11.406.868	11.513.337	106.469	264.000	850.824	100,00%	100,00%
Portugal	Services	11.380.336	31.785.167	20.404.831	48.732.210	4.960.612	100,00%	100,00%
United Kingdom	Hospitality	899.663	2.602.824	1.703.161	15.703.994	761.123	75,00%	75,00%
Morocco	Hospitality	1.036.785	5.569.781	4.532.997	6.250.236	640.293	100,00%	100,00%
United States	Hospitality	16.554.821	17.043.387	488.566	5.633.763	724.085	100,00%	100,00%
United States	Hospitality	376.661	378.145	1.484	–	(9.737)	100,00%	100,00%
United States	Hospitality	28.290.972	45.174.429	16.883.457	8.237.937	1.379.341	100,00%	100,00%
United States	Hospitality	21.170.844	21.544.542	373.697	3.616.739	(121.880)	100,00%	100,00%
United States	Hospitality	32.170.428	38.750.280	6.579.852	1.589	(39.743)	100,00%	100,00%
Portugal	Services	411.135	962.366	551.231	2.032.232	150.405	100,00%	100,00%
United States	Hospitality	82.669.272	104.944.055	22.274.782	–	(633.593)	100,00%	100,00%
Portugal	Hospitality / Timeshare	20.854.546	27.058.246	6.203.700	14.404.820	5.478.617	51,48%	52,00%
Portugal	Hospitality	13.794.539	17.561.366	3.766.827	9.195.655	3.201.734	59,40%	60,00%
Portugal	Services	1.359.687	1.365.915	6.228	–	(53.247)	100,00%	100,00%
São Tomé	Hospitality	812.566	937.958	125.392	–	(275.284)	100,00%	100,00%
Portugal	Sub-Holding	15.386.654	31.757.022	16.370.368	275.100	(2.607.010)	100,00%	100,00%
Portugal	Hospitality / Timeshare	171.284.445	249.580.833	78.296.388	72.905.596	16.398.397	99,00%	100,00%
Mozambique	Hospitality	11.403.680	13.394.359	1.990.679	1.231.780	(499.504)	97,95%	97,95%
São Tomé	Hospitality	43.869	953.272	909.403	954.401	(158.450)	100,00%	100,00%
Portugal	Hospitality / Timeshare	1.087.619	2.956.167	1.868.548	696.082	(87.664)	99,00%	100,00%
Uruguai	Hospitality	5.059.835	5.073.475	13.639	–	(52.601)	100,00%	100,00%
Portugal	Real Estate	27.826.364	49.959.657	22.133.293	72	12.407.405	90,00%	90,00%
South Africa	Hospitality	1.955.597	3.202.524	1.246.928	1.741.960	(163.473)	100,00%	100,00%

* Local GAAP

** IFRS

The information on the Joint ventures of Pestana Hotel Group, expressed in Euros, as at 31 December 2024 is as follows:

	PESTANA CR7 HOLDING, S.A.	PESTANA CR7 MANHATTAN 39 LLC	PONTA DE LANÇA – SOCIEDADE IMOBILIARIA, LDA	SOLPOR – SOCIEDADE TURISMO DO PORTO SANTO, LDA.
Headquarters	Portugal	USA	Portugal	Portugal
Activity	Holding	Hospitality	Realestate	Realestate
% owned	50,00%	51,00%	50,00%	49,50%
% control	50,00%	50,00%	50,00%	50,00%
Total non-current assets	105.491.509	79.488.542	43.018	–
Total current assets				
Of which cash and cash equivalents	26.935.163	5.255.875	7.494.811	1.011
Others	2.044.866	124.011	6.103.377	929.291
Total assets	134.441.548	84.868.428	13.641.206	930.302
Total non-current liabilities				
Of which borrowings	28.496.452	–	–	–
Others	48.776.076	23.725.073	–	–
Total current liabilities				
Of which borrowings	1.274.743	–	–	–
Others	12.722.092	3.836.711	8.623.492	18
Total liabilities	91.269.363	27.561.784	8.623.492	18
Total equity	43.202.175	57.306.644	4.143.573	930.284
Revenue	30.169.829	13.166.642	–	–
Charges of depreciation and amortization	(3.820.846)	(1.706.747)	–	–
Others	(18.504.069)	(8.846.121)	(266.934)	(1.486)
Operating results	7.844.914	2.613.774	(266.934)	(1.486)
Financial expenses	(1.407.654)	(2.182.553)	–	–
Financial income	490.660	117.968	232.450	–
Income tax	(1.570.397)	–	4.767	–
Profit for the period	5.357.523	549.189	(29.717)	(1.486)
Dividends received from joint ventures	–	–	–	–
Net financial debt	2.836.032	(5.255.875)	(7.494.811)	(1.011)

The information on the Associates of Pestana Hotel Group, expressed in Euros, as at 31 December 2024 is as follows:

	ENATUR - EMPRESA NACIONAL DE TURISMO, S.A.	LEAN COMPANY VENTURES II, S.A.
Headquarters	Portugal	Portugal
Activity	Hospitality	Tech innovation
% owned	46,43%	10,00%
% control	49,00%	20,00%
Total non-current assets	66.438.519	1.053.667
Total current assets	1.581.549	40.043
Of which cash and cash equivalents	1.029.133	4.521
Total assets	68.020.068	1.093.710
Total non-current liabilities	12.470.465	596.196
Of which borrowings	2.059.734	596.196
Total current liabilities	1.555.187	45.231
Of which borrowings	708.999	43.500
Total liabilities	14.025.652	641.427
Total equity	53.994.416	452.283
Revenue	2.881.444	15.100
Profit for the period	1.007.794	22.418
Dividends received from associates	—	—
Net financial debt	1.739.600	635.175

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The information on the Subsidiaries of the Pestana Hotel Group, expressed in Euros, as at 31 December 2023 is as follows:

Name	HEADQUARTERS	ACTIVITY	EQUITY	ASSETS	LIABILITIES	SALES	PROFIT/ (LOSS)	% OWNED	% CONTROL
Afrotours, S.A.*	São Tomé	Hospitality	12.590.646	12.919.767	329.121	4.100.118	277.880	100,00%	100,00%
Amesteldijk Hotel Ontwckeling B.V.*	Netherlands	Hospitality	15.865.432	40.929.621	25.064.189	12.744.045	2.393.702	100,00%	100,00%
Amoreira – Aldeamentos Turísticos, Lda.**	Portugal	Real Estate	5.063.548	6.450.901	1.387.353	–	(37.808)	99,00%	100,00%
Argentur Inversiones Turísticas S.A.*	Argentina	Hospitality	883.542	1.254.468	370.926	4.276.865	1.982.455	100,00%	100,00%
Bazaruto, Lda.*	Mozambique	Hospitality	4.234.648	5.988.552	1.753.904	236.025	(481.014)	96,97%	100,00%
Brasturinvest Investimentos Turísticos, S.A.*	Brazil	Hospitality	44.358.050	60.005.668	15.647.619	18.115.680	2.839.052	100,00%	100,00%
Carlton Palácio – Soc. de Const. Exploração Hoteleiras, S.A.**	Portugal	Hospitality	49.392.161	130.041.315	80.649.154	51.222.837	12.413.278	99,00%	100,00%
Carolgud, S.A.**	Uruguai	Hospitality	716.200	751.070	34.871	–	(37.407)	100,00%	100,00%
Carvoeiro Golfe – Soc. de Mediação Imobiliária, Unip. Lda.**	Portugal	Real Estate	53.876	326.147	272.271	16.460.312	46.376	99,00%	100,00%
Carvoeiro Golfe, S.A.**	Portugal	Golf / Real Estate	50.505.547	95.315.524	44.809.977	92.390.298	10.810.856	99,00%	100,00%
Cota Quarenta – Gestão e Adm. de Centros Comercias, S.A.**	Portugal	Real Estate	17.323.950	18.181.181	857.231	14.551.003	2.537.730	99,00%	100,00%
Desarrollos Hoteleros Barcelona S.A.*	Spain	Hospitality	22.776.692	23.508.710	732.018	3.938.160	1.870.823	100,00%	100,00%
Djebel, S.A.**	Portugal	Sub-Holding	43.148.358	64.386.290	21.237.933	158.400	(854.050)	100,00%	100,00%
ECM – Empresa Cervejas da Madeira, Soc. Unip. Lda.**	Portugal	Beverages	11.353.461	33.705.542	22.352.082	37.746.152	942.776	99,00%	100,00%
Empreendimentos Turísticos, Lda.*	Cape Verde	Hospitality	2.553.879	2.996.876	442.997	3.403.094	842.283	100,00%	100,00%
Eurogolfe, Unipessoal, Lda.**	Portugal	Golf / Real Estate	15.622.502	17.622.927	2.000.425	2.851.651	570.929	99,00%	100,00%
Global Mandalay, S.L.*	Spain	Hospitality	9.161.612	10.357.676	1.196.064	9.182.438	1.122.342	100,00%	100,00%
Grupo Pestana – S.G.P.S., S.A.**	Portugal	Sub-Holding	288.064.559	351.696.040	63.631.481	7.700.000	105.627.485	99,00%	99,00%
Grupo Pestana Pousadas – Investimentos Turísticos, S.A.*	Portugal	Hospitality	46.987.552	58.282.999	11.295.447	43.250.701	3.120.150	99,00%	100,00%
Herdade da Abrunheira – Proj. Desenv. Turístico e Imob., S.A.**	Portugal	Real Estate	6.774.146	6.793.722	19.575	–	(31.635)	99,00%	100,00%
Hoteis do Atlântico – Soc. Imob. e de Gestão de Hotéis, S.A.**	Portugal	Sub-Holding	119.549.207	188.981.357	69.432.148	5.552.352	1.461.751	100,00%	100,00%
Hotel Rauchstrasse 22, S.à.r.l.*	Luxembourg	Hospitality	13.167.359	17.372.686	4.205.326	2.151.153	1.079.893	96,04%	100,00%
Indústria Açoreana Turístico-Hoteleira (I.A.T.H.), S.A.**	Portugal	Hospitality / Real Estate	1.726.390	4.452.708	2.726.318	4.211.242	1.126.390	99,00%	100,00%
Intervisa Viagens e Turismo, Unipessoal Lda.**	Portugal	Distribution	4.219.001	8.952.864	4.733.863	6.561.274	3.979.001	100,00%	100,00%
ITI – Soc. de Investimentos Turísticos na Ilha da Madeira, S.A.**	Portugal	Hospitality / Entertainment	57.203.248	73.023.228	15.819.980	44.691.295	15.367.819	99,00%	100,00%
M. & J. Pestana – Sociedade de Turismo da Madeira, S.A.**	Portugal	Hospitality / Timeshare	101.910.650	367.238.852	265.328.202	86.753.965	29.851.337	99,00%	100,00%
Mundo da Imaginação – Projectos de Animação Turística, Unip, Lda.**	Portugal	Entertainment	361.658	2.751.283	2.389.625	549.213	(633.180)	99,00%	100,00%
Natura XXI, Lda.**	Portugal	Real Estate	1.816.010	1.828.391	12.381	–	(51.802)	99,00%	100,00%
Pestana Berlin S.à.r.l.*	Luxembourg	Hospitality	1.278.477	2.351.428	1.072.950	6.737.399	51.567	100,00%	100,00%

Notes to the consolidated financial statements

Name	HEADQUARTERS	ACTIVITY	EQUITY	ASSETS	LIABILITIES	SALES	PROFIT/ (LOSS)	% OWNED	% CONTROL
Pestana Cidadela – Investimentos Turísticos, S.A.**	Portugal	Hospitality	11.666.152	19.067.890	7.401.739	8.615.011	1.645.389	99,00%	100,00%
Pestana International Holdings S.A.*	Luxembourg	Administration	524.926.337	595.451.310	70.524.973	281.950	91.742.537	100,00%	100,00%
Pestana Inversiones Unipessoal, Lda.**	Portugal	Sub-Holding	10.556.044	10.630.866	74.822	264.000	(419.928)	100,00%	100,00%
Pestana Management – Serviços de Gestão, S.A.**	Portugal	Services	6.419.724	28.414.922	21.995.198	44.680.713	5.419.724	100,00%	100,00%
Pestana Management UK, Limited*	United Kingdom	Hospitality	798.874	2.478.686	1.679.812	14.116.046	681.307	75,00%	75,00%
Pestana Marrocos, S.à.r.l.*	Morocco	Hospitality	824.636	4.490.822	3.666.186	5.306.195	567.392	100,00%	100,00%
Pestana Miami, LLC**	United States	Hospitality	14.820.620	15.678.953	858.333	4.881.462	739.230	100,00%	100,00%
Pestana Newark LLC**	United States	Hospitality	353.832	360.625	6.793	–	(15.429)	100,00%	100,00%
Pestana NY East Side 39 LLC**	United States	Hospitality	30.863.693	45.321.410	14.457.717	6.562.912	(869.687)	100,00%	100,00%
Pestana Orlando LLC**	United States	Hospitality	45.306	588.982	543.675	–	–	100,00%	100,00%
Pestana Properties – SIC IMOBILIÁRIA FECHADA, S.A.*	Portugal	Real Estate	32.210.536	32.347.435	136.899	–	(789.464)	100,00%	100,00%
Pestana Segurança – Serv. de Seg. e Vigilância, Unip. Lda.**	Portugal	Services	484.279	982.916	498.636	1.801.049	12.410	100,00%	100,00%
Pestana USA, Inc.**	United States	Hospitality	78.173.969	78.572.409	398.440	1.044.126	2.179.785	100,00%	100,00%
Ponta da Cruz – Soc. Imobiliária e de Gestão de Hotéis, S.A.**	Portugal	Hospitality / Timeshare	15.375.929	22.292.350	6.916.421	12.822.779	3.881.359	51,48%	52,00%
Porto Carlton – Soc. de Constr. e Exploração Hoteleira, S.A.**	Portugal	Hospitality	12.088.719	16.889.194	4.800.475	8.728.435	2.881.526	59,40%	60,00%
Rotas de África – Investimentos turísticos e imobiliários Unip., Lda.**	Portugal	Services	1.362.934	1.371.698	8.764	–	(226.760)	100,00%	100,00%
Rotas de África – Investimentos turísticos e imobiliário, Lda.*	São Tomé	Hospitality	1.007.850	1.017.188	9.338	–	(297.057)	100,00%	100,00%
Salvintur – Sociedade de Investimentos Turísticos, S.A.**	Portugal	Sub-Holding	16.656.718	34.971.897	18.315.179	217.275	(4.335.518)	100,00%	100,00%
Salvor – Sociedade de Investimento Hoteleiro, S.A.**	Portugal	Hospitality / Timeshare	154.886.048	238.424.533	83.538.485	62.611.148	37.478.596	99,00%	100,00%
Salvorhotéis Moçambique – Investimentos Turísticos, S.A.*	Mozambique	Hospitality	11.194.129	13.172.897	1.978.768	1.169.430	(517.280)	97,06%	97,06%
São Tomé Invest Unipessoal, Lda.*	São Tomé	Hospitality	590.319	835.054	244.734	812.259	(398.132)	100,00%	100,00%
Sociedade de Investimentos Hoteleiros D. João II, Lda.**	Portugal	Hospitality / Timeshare	1.175.283	3.423.158	2.247.875	655.336	(139.046)	99,00%	100,00%
Surinor, S.A.**	Uruguai	Hospitality	5.361.360	5.371.505	10.145	–	(55.342)	100,00%	100,00%
URP – Urban Renew – Projetos imobiliários SICAFI, S.A.*	Portugal	Real Estate	17.153.959	49.946.926	32.792.967	–	16.189.320	90,00%	90,00%
Wild Break 29 (PTY), Ltd*	South Africa	Hospitality	2.052.386	2.958.312	905.926	1.391.556	(245.965)	100,00%	100,00%

* Companies in Local GAAP

** Companies in IFRS

The information on the Joint ventures of Pestana Hotel Group, expressed in Euros, as at 31 December 2023 is as follows:

	PESTANA CR7 HOLDING, S.A.	PESTANA CR7 MANHATTAN 39 LLC	PONTA DE LANÇA, S.A.	SOLPOR - SOCIEDADE TURISMO DO PORTO SANTO, LDA.
Headquarters	Portugal	USA	Portugal	Portugal
Activity	Holding	Hospitality	Real Estate	Real Estate
% owned	50,00%	51,00%	50,00%	49,50%
% control	50,00%	50,00%	50,00%	50,00%
Total non-current assets	105.509.891	75.957.185	38.251	—
Total current assets				
Of which cash and cash equivalents	23.549.294	3.526.051	7.318.858	2.768
Others	3.180.541	98.566	5.373.854	929.291
Total assets	132.239.726	79.581.803	12.730.963	932.059
Total non-current liabilities				
Of which borrowings	29.213.032	—	—	—
Others	50.165.344	21.828.180	—	—
Total current liabilities				
Of which borrowings	1.443.758	—	—	—
Others	13.999.072	4.531.836	8.557.674	289
Total liabilities	94.821.206	26.360.016	8.557.674	289
Total equity	37.418.520	53.221.787	4.173.289	931.770
Revenue	26.940.955	11.601.601	—	—
Charges of depreciation and amortization	(4.378.633)	(1.828.696)	—	—
Others	(17.155.477)	(7.823.372)	(208.690)	(1.300)
Operating results	(5.406.845)	1.949.533	(208.690)	(1.300)
Financial expenses	(1.523.595)	(5.134.517)	(20)	—
Financial income	216.272	68.855	79.703	—
Income tax	(1.118.109)	(3.274.093)	18.575	—
Profit for the period	2.981.413	(6.390.223)	(110.432)	(1.300)
Dividends received from joint ventures	—	—	—	—
Net financial debt	7.107.496	(3.526.051)	(7.318.858)	(2.768)

The information on the Associates of Pestana Hotel Group, expressed in Euros, as at 31 December 2023 is as follows:

	ENATUR – EMPRESA NACIONAL DE TURISMO, S.A.	LEAN COMPANY VENTURES II, S.A.
Headquarters	Portugal	Portugal
Activity	Real Estate	Tech innovation
% owned	46,43%	10,00%
% control	49,00%	20,00%
Total non-current assets	69.241.153	1.290.984
Total current assets	2.660.936	15.791
Of which cash and cash equivalents	2.045.937	2.825
Total assets	71.902.089	1.306.775
Total non-current liabilities	14.109.292	596.196
Of which borrowings	3.416.550	596.196
Total current liabilities	3.741.547	31.237
Of which borrowings	2.224.955	30.000
Total liabilities	17.850.839	627.433
Total equity	54.051.250	679.342
Revenue	2.703.278	–
Profit for the period	818.604	(115.745)
Dividends received from associates	–	–
Net financial debt	3.595.568	623.371

40. Changes in the perimeter

On 1 January 2024, Pestana Hotel Group 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 34).

In January 2024, the Group acquired a new hotel unit, Pestana Orlando, in Orlando, Florida, United States, which began operating on 1 February 2024. This is a newly built hotel with 127 rooms, located near Walt Disney World.

The financial position of the subsidiaries that entered the consolidation perimeter 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 34)			(273.784)

With reference to 1 January 2023, the subsidiary ESGAP – Empresa de Serviços de Gestão e Administração Partilhados, S.A. was merged into the subsidiary Pestana Management – Serviços de Gestão, S.A.. There was no impact on the Consolidated statement of financial position.

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

In 30 June 2023, the Group received the amount of 3.406.529 Euros regarding the sale in 2020 of its subsidiary SDM – Sociedade de Desenvolvimento da Madeira, S.A.

41. Related parties

As at 31 December 2024 and 2023 Pestana Hotel Group is owned and controlled by Mr. Dionísio Pestana, who owns 99,99% of the capital.

Board of Directors' remuneration

Pestana Hotel Group's Board of Directors as well as the members of the Board of Directors of the Pestana Hotel Group's subsidiaries were considered, in accordance with IAS 24, as the only key management personnel of the Group. The remuneration paid is detailed in Note 31.

Transactions and balances with related parties

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

	DIVIDENDS PAID	SERVICES OBTAINED	SERVICES RENDERED
Shareholder	200.000	–	–
Dionísio Fernandes Pestana	200.000	–	–
Joint ventures	–	129.223	8.673.878
Pestana CR7 – Madeira Investimentos Turísticos, S.A.	–	53.667	1.741.817
Ponta de Lança – Sociedade Imobiliária, Lda.	–	–	115.551
Pestana CR7 Holding, S.A.	–	–	25.413
Pestana CR7 Marrakech S.à.r.l.	–	32.178	1.754.087
Pestana CR7 Manhattan 39, LLC	–	28.199	2.404.613
Pestana CR7 Manchester, LLC	–	–	31.766
Pestana CR7 Paris SAS	–	–	40.717
Pestana CR7 Madrid, S.L.	–	15.179	2.559.914
Associates	–	2.881.444	–
Enatur – Empresa Nacional de Turismo, S.A.	–	2.881.444	–
Other related parties	948.803	–	58.165
Sociedade Agrícola Quinta do Cisne, S.A.	600.000	–	–
Zibal Holdings S.A.R	174.974	–	–
Pássaro Amarelo, S.A.	173.829	–	–
Quanlux, S.A.	–	–	23.790
Quanlux II, Lda.	–	–	34.375
Key management personnel	86.000	–	–
	1.234.803	3.010.667	8.732.043

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

	DIVIDENDS PAID	SERVICES OBTAINED	SALE OF ASSETS	SERVICES RENDERED	INTEREST EARNED
Shareholder	935.000	-	-	-	-
Dionísio Fernandes Pestana	935.000	-	-	-	-
Joint ventures	-	164.247	31.018	6.858.203	290.499
Pestana CR7 – Madeira Inv. Turísticos, S.A.	-	82.426	31.018	1.562.188	-
Pestana CR7 Holding, S.A.	-	-	-	27.867	-
Pestana CR7 Marrakech S.à.r.l.	-	21.770	-	1.094.531	-
Pestana CR7 Manhattan 39 LLC	-	49.927	-	1.848.102	290.499
Pestana CR7 Madrid, S.L.	-	10.124	-	2.286.135	-
Pestana CR7 Manchester, LLC	-	-	-	17.488	-
Pestana CR7 Paris SAS	-	-	-	21.892	-
Associates	-	2.703.278	-	-	3.269
Enatur – Empresa Nacional de Turismo, S.A.	-	2.703.278	-	-	3.269
Other related parties	1.503.510	-	-	-	-
AJJ, SGPS, S.A.	1.503.510	-	-	-	-
Key management personnel	-	-	466.015	-	-
	2.438.510	2.867.525	497.033	6.858.203	293.768

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

	TRADE RECEIVABLES CURRENT	TRADE RECEIVABLES NON CURRENT	IMPAIRMENT OF TRADE RECEIVABLES	NET TRADE RECEIVABLES	TRADE PAYABLES CURRENT
Joint ventures	2.665.312	1.871.900	–	4.537.212	135.997
Pestana CR7 – Madeira Inv. Turísticos, S.A.	234.278	1.871.900	–	2.106.178	53.498
Ponta de Lança – Sociedade Imobiliária, Lda.	11.561	–	–	11.561	143
Pestana CR7 Holding, S.A.	2.494	–	–	2.494	–
Pestana CR7 Marrakech, S.à.r.l.	1.776.145	–	–	1.776.145	35.816
Pestana CR7 Manhattan 39, LLC	331.015	–	–	331.015	37.694
Pestana CR7 Madrid, S.L.	304.782	–	–	304.782	8.846
Pestana CR7 Paris SAS	2.524	–	–	2.524	–
Pestana CR7 Manchester, LLC	2.513	–	–	2.513	–
Associates	1.298.399	–	(1.298.399)	–	58.689
Enatur – Empresa Nacional de Turismo, S.A.	–	–	–	–	58.689
Soehotur, S.A.	1.298.399	–	(1.298.399)	–	–
Other related parties	76.499	–	–	76.499	–
Pestana CR7 – Lisboa Hotel Inv. Turísticos, S.A.	276	–	–	276	–
Quanlux, S.A.	2.535	–	–	2.535	–
Quanlux II, Unipessoal, Lda.	73.688	–	–	73.688	–
Key management personnel	–	–	–	–	–
	4.040.210	1.871.900	(1.298.399)	4.613.711	194.686

The balances arising from transactions with related parties as at 31 December 2023 were as follows:

	TRADE RECEIVABLES CURRENT	TRADE RECEIVABLES NON CURRENT	IMPAIRMENT OF TRADE RECEIVABLES	NET TRADE RECEIVABLES	TRADE PAYABLES CURRENT
Joint ventures	4.112.940	1.674.125	–	5.787.065	87.336
Pestana CR7 – Madeira Inv. Turísticos, S.A.	827.648	1.674.125	–	2.501.773	61.136
Pestana CR7 Holding, S.A.	8.648	–	–	8.648	–
Pestana CR7 Manhattan 39 LLC	1.848.732	–	–	1.848.732	16.989
Pestana CR7 Madrid, S.L.	1.416.618	–	–	1.416.618	9.211
Pestana CR7 Madrid, S.L.	6.361	–	–	6.361	–
Pestana CR7 Manchester, LLC	4.933	–	–	4.933	–
Associates	1.370.127	–	(1.298.399)	71.728	54.881
Enatur – Empresa Nacional de Turismo, S.A.	71.728	–	–	71.728	54.881
Soehotur, S.A.	1.298.399	–	(1.298.399)	–	–
Key management personnel	–	–	–	–	–
	5.483.067	1.674.125	(1.298.399)	5.858.793	142.217

42. Note to the Consolidated cash flow statement

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

	2023	CASH FLOWS		CASH FREE TRANSACTIONS				2024
		RECEIPTS	PAYMENTS	INCREASES / DECREASES	TRANSFERS	EFFECTS OF EXCHANGE DIFFERENCES	ACCRUAL / DEFERRAL	
Bank loans	178.905.657	–	(18.602.000)	–	(314.145)	(295.371)	728.916	160.423.057
Lease liabilities	168.083.808	–	(26.026.960)	33.588.505	–	1.203.971	9.339.573	186.188.897
Bond loans	56.313.309	40.000.000	–	–	–	–	(772.773)	95.540.536
Commercial paper	27.033.228	41.000.000	(48.000.000)	–	–	–	(37.225)	19.996.003
Shareholder's loans	53.374.762	–	(18.000.000)	–	–	–	–	35.374.762
Bank overdrafts	–	1.500.000	(1.500.000)	–	–	–	–	–
Cash flow from financing activities	483.710.764	82.500.000	(112.128.960)	33.588.505	(314.145)	908.600	9.258.491	497.523.255

	2022	CASH FLOWS		CASH FREE TRANSACTIONS					2023
		RECEIPTS	PAYMENTS	INCREASES / DECREASES	TERMINATIONS	DISCOUNTS	TRANSFERS	EFFECTS OF EXCHANGE DIFFERENCES	
Bank loans	272.942.141	2.168.190	(96.844.792)	–	–	–	(926.361)	447.348	178.905.657
Lease liabilities	188.016.230	–	(20.703.833)	8.085.979	(15.617.333)	–	–	(268.103)	168.083.808
Bond loans	89.339.223	–	(32.406.500)	–	–	(493.500)	–	–	56.313.309
Commercial paper	51.207.419	20.000.000	(44.000.000)	–	–	–	–	–	27.033.228
Shareholder's loan	18.000.000	–	(18.000.000)	–	–	–	53.374.762	–	53.374.762
Cash flow from financing activities	619.505.013	22.168.190	(211.955.125)	8.085.979	(15.617.333)	(493.500)	52.448.401	179.245	483.710.764

43. Other informations

EBITDA (Non-IFRS measure) refers to the Profit for the period excluding financial results, income taxes, gambling tax, depreciation, amortization, impairment losses of tangible/intangible assets and Investment government grants and other low value items.

	NOTES	2024	2023
Profit for the period		149.953.507	105.063.975
Financial results	35	16.022.230	16.765.380
Income tax	36	26.347.133	7.111.756
Gambling tax paid by Casino		1.462.911	1.475.001
Charges of depreciation and amortization	6,7,8	56.748.810	54.032.280
Impairment losses of assets	6,7,8	2.356.519	4.743.437
Investment government grants	32	(560.341)	(472.558)
Others		–	51.957
EBITDA		252.330.769	188.771.228

44. Subsequent events

There are no relevant subsequent events to report.

Luxembourg, 24 March 2025

The Board of Directors

Dionísio Fernandes Pestana

Director

Chiara Louise Deceglie

Director

Hermanus Roelof Willem Troskie

Director

José Alexandre Lebre Theotónio

Director

Rodrigo de Freitas Branco

Director



Audit report

To the Shareholders of
Pestana International Holdings S.A.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Pestana International Holdings S.A. (the "Company") and its subsidiaries (the "Group") as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report.

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

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated management report but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are 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 audit 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 the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 consolidated financial statements.



As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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;
- 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' 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 audit 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 audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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.



We 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.

Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 27 March 2025

Electronically signed by:
Mickaël Le Bras

A handwritten signature in black ink, appearing to read "MeB", written over a horizontal line.

Mickaël Le Bras

PESTANA WORLD

16 COUNTRIES - MORE THAN 100 HOTELS - MORE THAN 11000 ROOMS



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