A STAR ALLIANCE MEMBER

2024

Management Report and Consolidated Accounts

Transportes Aéreos Portugueses, S.A.

AIR PORTUGAL

Embrace the World

This document is a translation from the Portuguese original. In the event of any inconsistencies the Portuguese version shall prevail.

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1.

2024 Highlights

2024 Highlights

46%
FY24 Lisbon market share

16 million
FY24 passengers

86
Destinations

31
Countries

EUR 4,242 million
FY24 Operating Income

9.0%
Recurring EBIT margin FY24

+8
NPS points vs FY23

9.058
Employees

99
Aircraft

71%
Airbus NEO generation

59%
D15 On time Performance

99%
Regularity

100%
State ownership

Member Star Alliance

95 tons
Cargo chargeable weight

1.1
Direct labour hours

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2. Letter from the Chairman

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Letter from the Chairman

As we close the year 2024, I am pleased to share that TAP has continued its trajectory of recovery, financial sustainability, and structural transformation of the Group, building on the progress of recent years.

This year, we carried over 16 million passengers, operating approximately 118,000 flights and serving 86 destinations across 31 countries—most importantly, connecting Portugal to the World.

Despite being a challenging year, marked by a significant increase in competition in our key markets, strong currency devaluations, operational challenges such as air traffic control constraints, and increasingly frequent adverse weather events, TAP delivered a solid operational and financial performance, reaffirming the strength of its strategy.

Indeed, for the third consecutive year, TAP reported a positive net income of EUR 54 million.

This result was supported by the positive performance of flown passenger revenue (+2% versus 2023), driven by increased capacity and a higher load factor, confirming sustained demand and a strong network. Additionally, the Maintenance segment, particularly the engine shop, contributed substantially to revenue growth. However, these increases were offset by adjustments made to non-flown passenger revenue, necessary measures to safeguard operations and strengthen customer relationships.

Recurrent operating results remained stable compared to 2023, with the recurrent EBIT margin standing at 9%, reflecting effective cost control, which successfully accommodated the impact of the new Collective Labour Agreements (CLAs) and the resulting increase in employee costs, as 2024 was the first full year under the new agreements. Net income was also impacted by extraordinary provisions for labour claims dating back to 2006 and significant currency exchange losses.

Operationally, the progress achieved last year continued, with further improvements in punctuality and regularity, reflecting a more robust and resilient operation. These improvements were achieved not only due to the new CLAs, which provided greater operational flexibility, especially in disruption scenarios, but also as a result of the extensive reorganisation efforts carried out by the responsible teams and the collaboration with key industry stakeholders, such as ANAC, NAV, Vinci, and Turismo de Portugal. These improvements also had a positive impact on customer service, leading to an 8-point increase in NPS compared to 2023, a rise seen across all subcategories.

Our strategy to develop Lisbon as a hub connecting Europe with Africa, South America, and North America—strengthening transatlantic connectivity—continued with the launch of three new routes and increased weekly frequencies to North and South America. In 2024, TAP operated flights to 13 destinations in Brazil, of which 9 are exclusive routes, and, for the first time, carried over 2 million passengers between Brazil and Europe.

Our commitment to fleet modernisation remained firm, with the delivery of four new A320 NEO aircraft, replacing two A320 CEO and one A319 CEO. As a result, we ended the year with 71% of our medium- and long-haul operational fleet comprised of next-generation NEO aircraft, offering greater efficiency and sustainability.

Looking ahead to 2025, the final year of our restructuring plan, we remain focused on our strategic priorities. Competition in our key markets is expected to intensify, and macroeconomic uncertainty may continue to impact both costs and revenues. However, we are confident that TAP is well positioned to meet these challenges.

We will continue investing in our network, with three new routes in North America further strengthening our transatlantic connectivity. At the same time, we remain committed to fleet modernisation and initiatives focused on cost efficiency and productivity, ensuring that TAP remains competitive and prepared for future growth.

Finally, I would like to express my deep appreciation and gratitude for the commitment and dedication of all our people, who contribute daily to TAP's success, for the trust of our customers, and for the support of our shareholder and stakeholders.

We remain focused on transforming TAP into a sustainably profitable and one of the most attractive in the industry, **always staying true to our mission of connecting Portugal to the World**.

Obrigado,

Luís Rodrigues,
Chairman

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About TAP

Transportes Aéreos Portugueses, S.A. ("TAP", "TAP, S.A." or "Company") is the leading Airline in Portugal and has been a member of Star Alliance since 2005. Flying since 1945, TAP Air Portugal has its hub in Lisbon, a privileged access platform in Europe, at the crossroads with Africa and North, Central and South America.

TAP Air Portugal is the leading airline in Portugal, with a market share of 46% (measured in seats) in 2024 at Lisbon Airport, and the world's leading Airline between Europe and Brazil. During the summer of 2024, TAP offered more than 1,250 flights per week, serving 31 countries and 86 destinations: 7 in Portugal, 42 in Europe, 14 in Africa, 14 in South America, and 9 in North America.

TAP has made a clear commitment to modernizing its fleet and offering the best product in the sector to its customers. In 2024, TAP operated a fleet of 99 aircraft, one of the youngest fleets in the world, with 71% of its Airbus aircraft already being Airbus' NEO (New Engine Option) generation: A320neo, A321neo, A321LR, and A330neo, with significant improvements in fuel consumption and environmental efficiency. TAP also operates 19 Embraer aircraft in its regional fleet (TAP Express).

TAP was ranked by Airline Ratings as the safest airline in Europe and the eleventh safest in the world for 2025, having received a seven-star rating out of seven possible in the Safety category.

TAP Air Portugal is also recognized as and has been awarded the distinction of Europe's Leading Airline to Africa, as well as Europe's Leading Airline to South America by the World Travel Awards from 2014 to 2024.

Following the acquisition of Portugália in November 2024 and the acquisition of UCS in January 2025 (see section 6. Subsequent Events), the TAP Group has the following structure:

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4.

Accounting Policies

Accounting Policies

As disclosed in Note 2 of the notes to the consolidated financial statements of TAP, S.A., these financial statements were prepared in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS"), as permitted by the legislation in force. Nonetheless, the individual financial statements were prepared in accordance with the provisions of the Sistema de Normalização Contabilística ("SNC") issued in force on 31 December 2024.

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Business Performance in 2024

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Business Performance in 2024

Carried passengers

2024: 16,108 thousand (+1.6%)
2023: 15,856 thousand

Capacity (ASKs)

2024: 53,617 million (+1.6%)
2023: 52,797 million

Load Factor

2024: 82.3% (+1.5pp)
2023: 80.8%

Operating income (EUR million)

2024: 4,242 (+0.7%)
2023: 4,215

Recurring EBIT (EUR million)

2024: 383 (-0.8%)
2023: 386

Net income (EUR million)

2024: 54 (-69.7%)
2023: 177

RASK (EUR cents)

2024: 7.91 (-0.9%)
2023: 7.98

Recurring CASK (EUR cents)

2024: 7.20 (-0.7%)
2023: 7.25

Recurring CASK ex-fuel (EUR cents)

2024: 5.25 (+2.1%)
2023: 5.14

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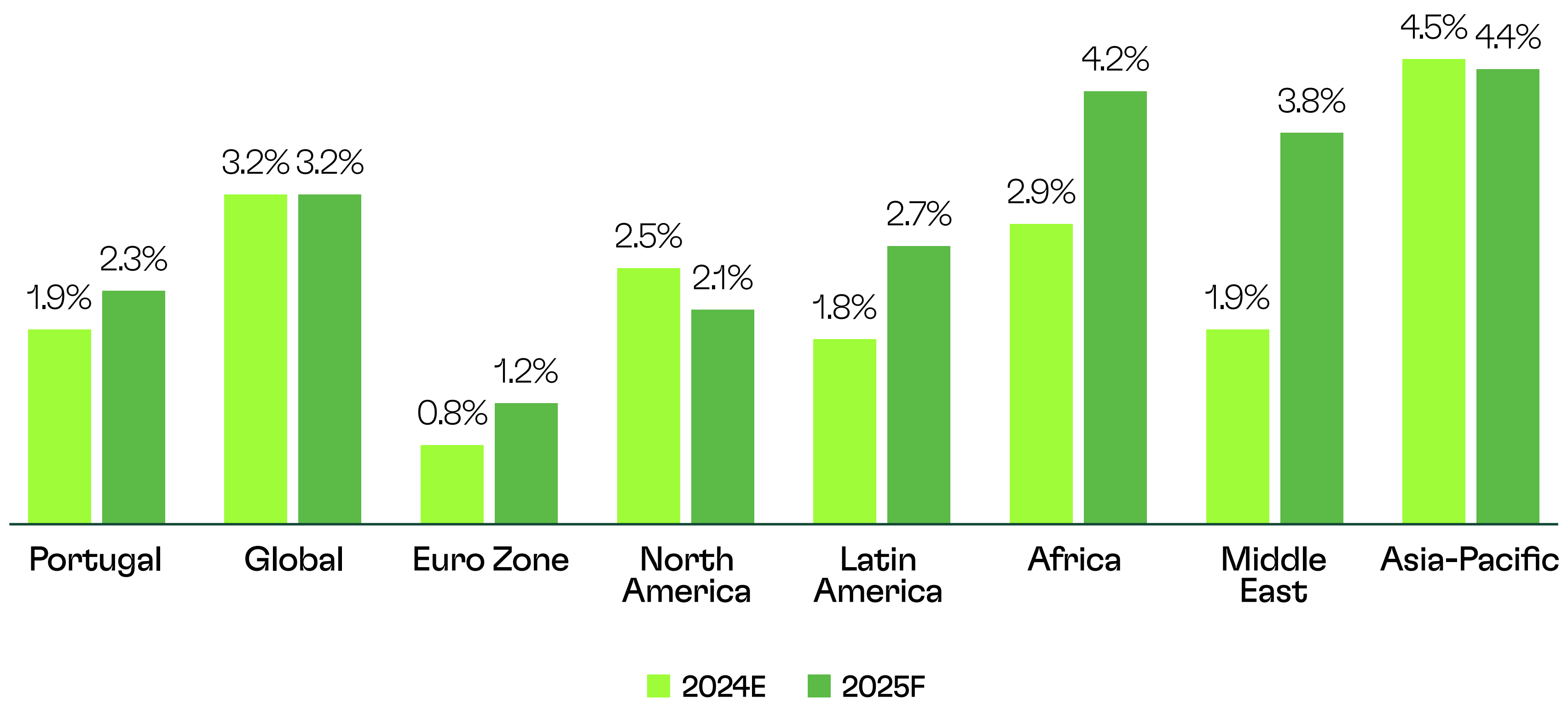
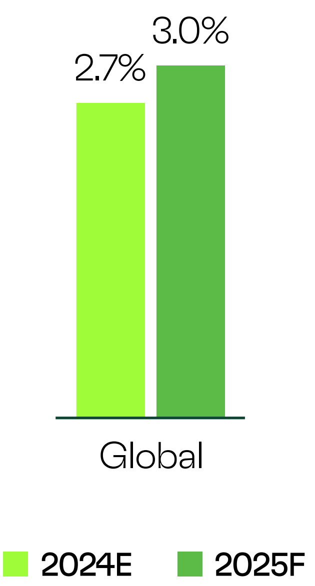
5.1 Sector Environment

Economic Framework

Real GDP Growth



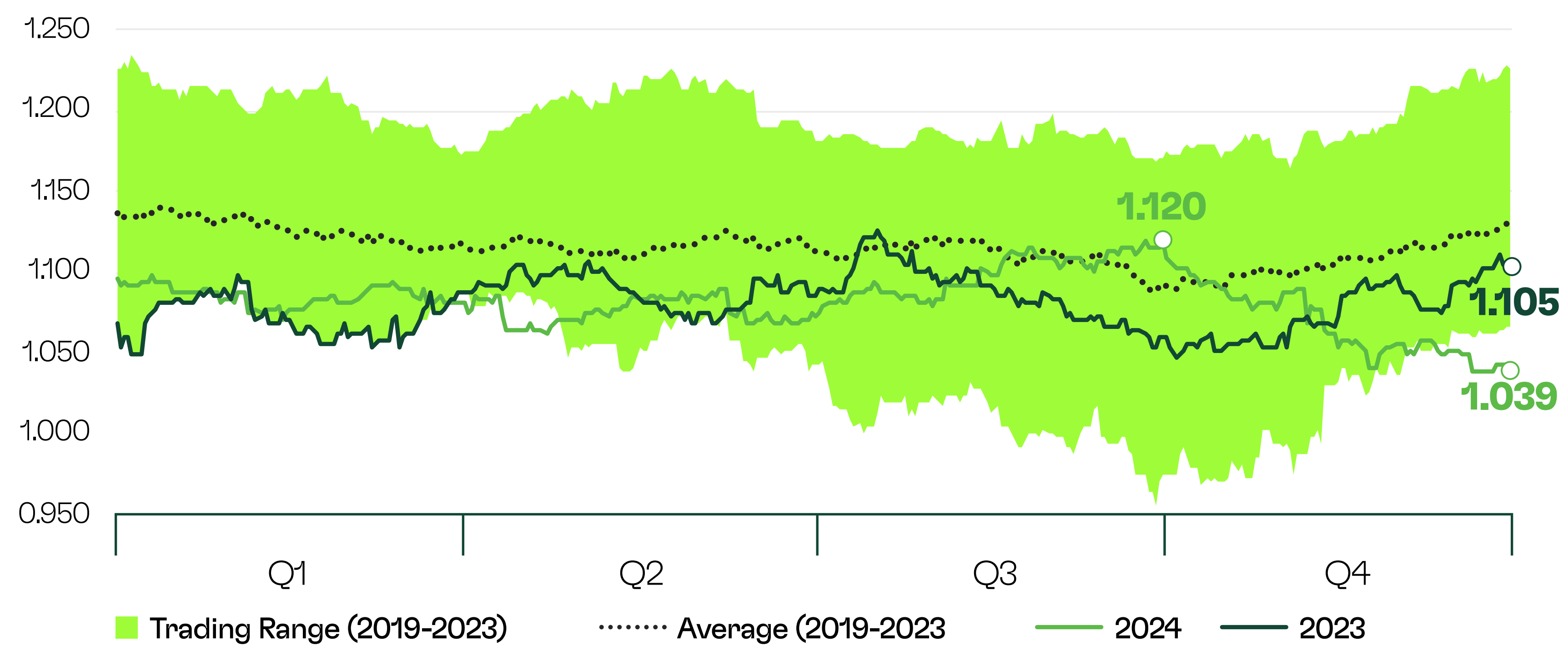
Trade Growth



Source: IMF (February 2025), World Trade Organization (October 2024).

In 2024, the global economy is estimated to have grown by 3.2%, in line with growth forecasts for the year. With an estimated real GDP increase of 2.3%, Portugal's economy is expected to continue converging with the Eurozone (1.2%), driven primarily by tourism.

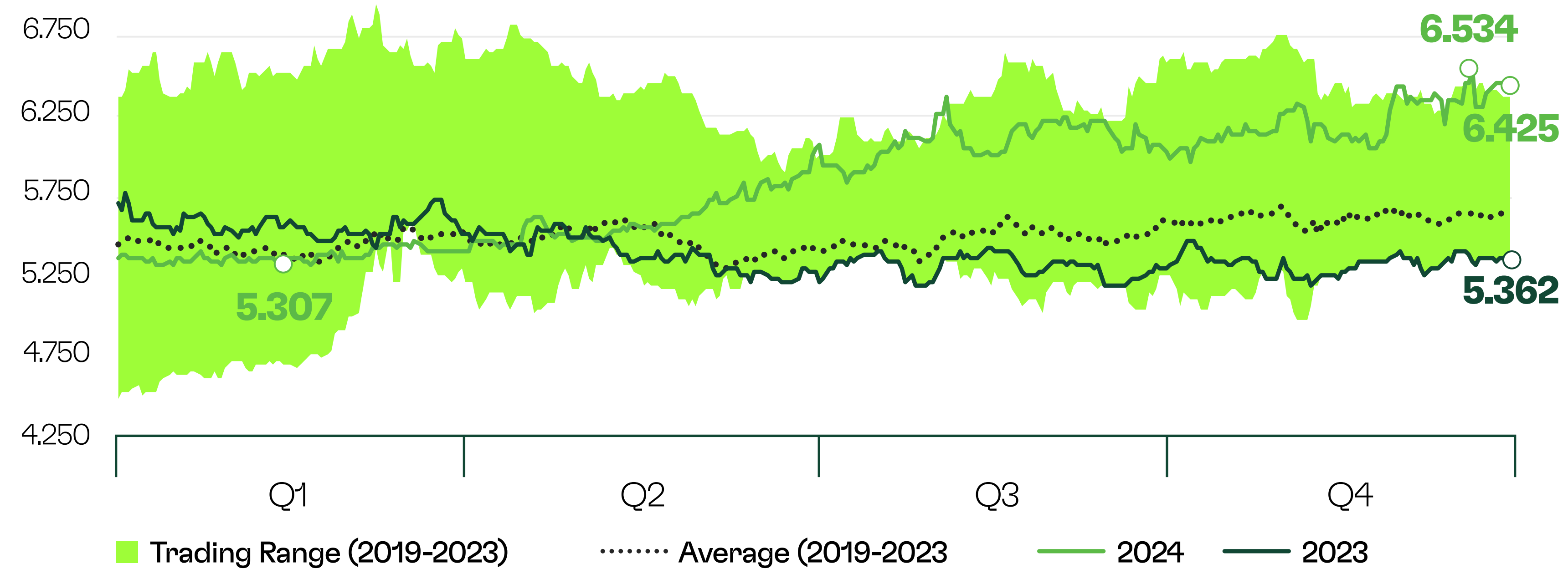
EUR/USD



Source: ECB (via Bloomberg), EUR/USD daily price.

2024 was a challenging year for the Euro, as the European currency depreciated by 6.0% against the US dollar. With particularly weak performance in the final quarter, the EUR/USD exchange rate peaked at 1.12 between the third and fourth quarters before ending the year at a low of 1.04 USD.

EUR/BRL



Source: ECB (via Bloomberg), EUR/BRL daily price.

After depreciating against the Brazilian real (BRL) over the past two years, the euro appreciated by around 20% in 2024, driven by the weaker performance of the Brazilian economy.

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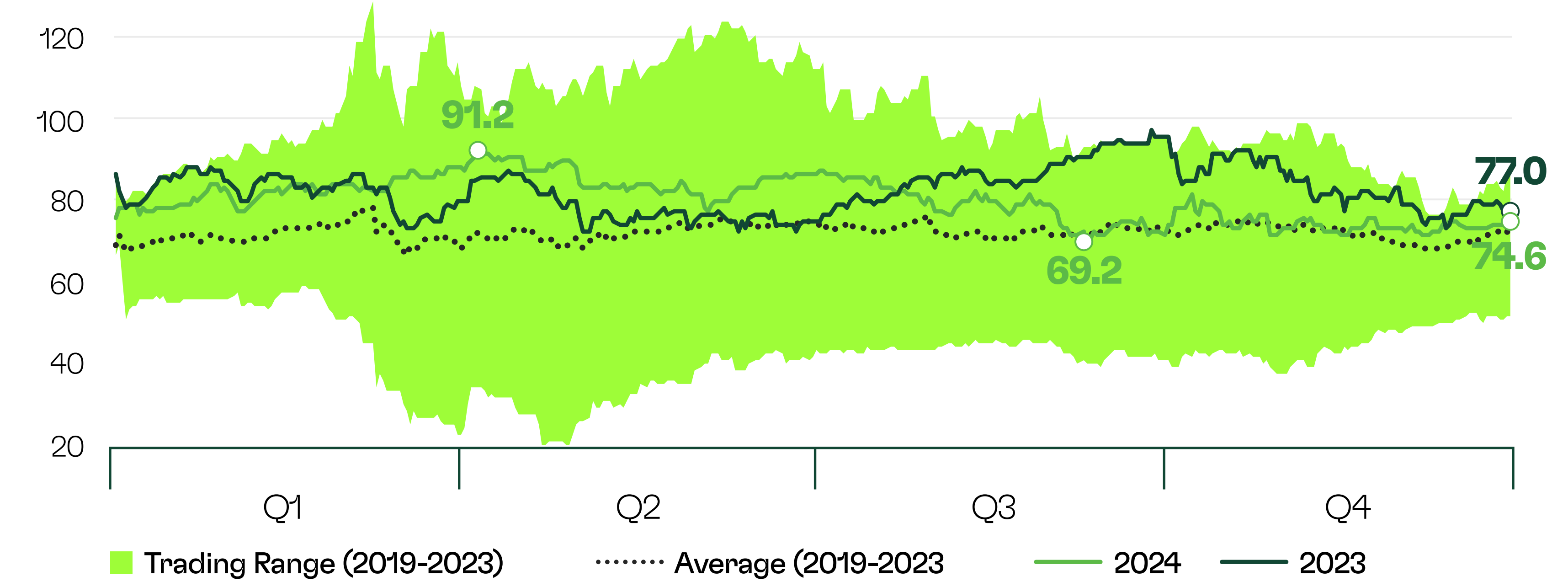
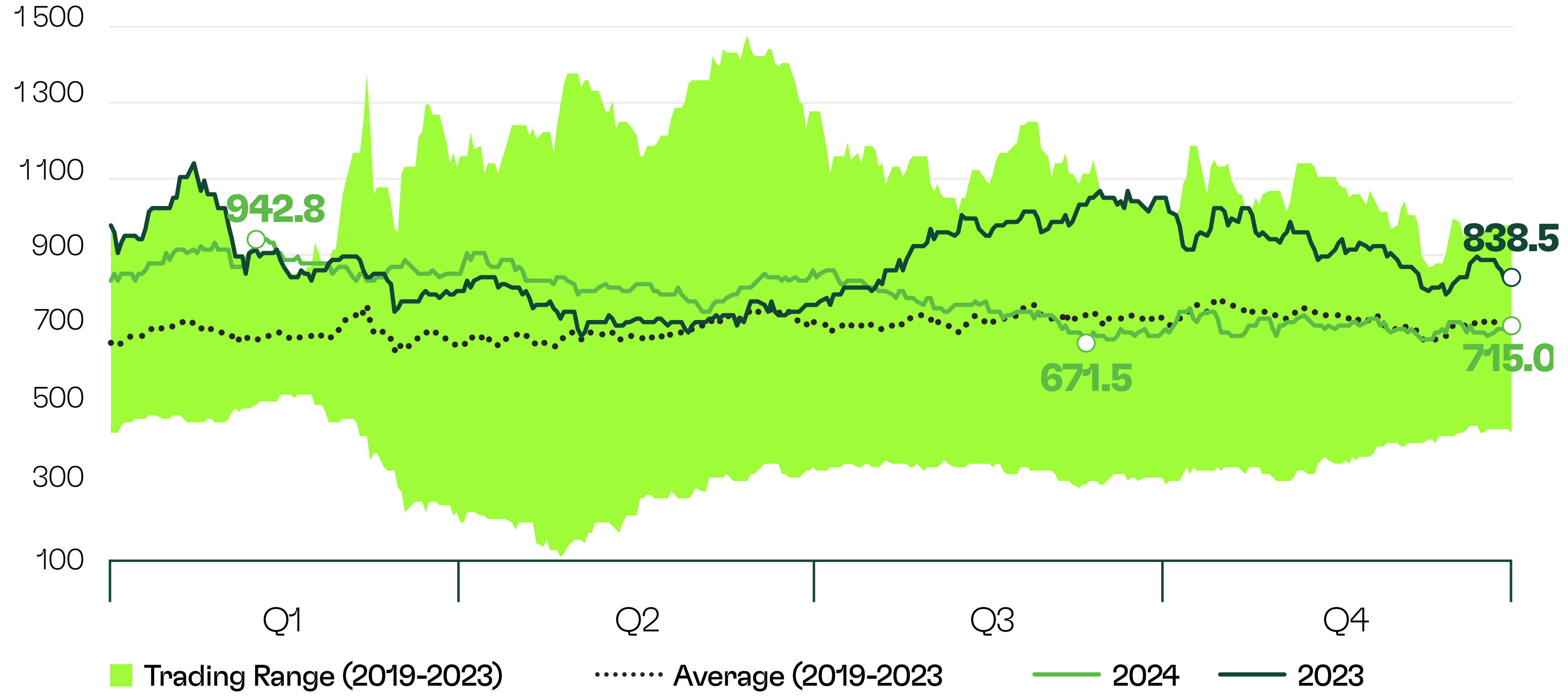
Brent price in USD



JetFuel price in USD



Source: Bloomberg (Brent) and Platts (Jet Fuel), average daily price.

Brent and Jet Fuel prices remained highly volatile in 2024, fluctuating between 91.2 USD/bbl and 69.2 USD/bbl, trading at levels similar to those of 2023. Jet Fuel prices performed worse, declining by 14.7% year-on-year and ending the year at 715 USD, more than 100 USD below the 2023 price of 838 USD. Overall, the price drop was driven by oversupply and slowing global growth.

Airline Sector Review

According to the International Air Transport Association (IATA), the industry maintained its recovery trajectory in 2024, although the pace of increase moderated compared to previous years. Global capacity (measured in ASK) is estimated to have increased by 10.1% in 2024, while passenger traffic (measured in RPK) is expected to have risen by 11.2%.

In Europe, the sector continues to stabilise following a sharp recovery in previous years, with capacity and passenger numbers increasing by 9% in 2024.

For 2025, the industry is expected to continue expanding, albeit at a slower rate, with capacity forecast to rise by 7.5% and passenger traffic by 8.0%, reflecting a return to pre-pandemic trends.

Capacity (ASK) % change vs previous year

Regions	2022	2023	2024E	2025F
Global	**40.1%**	**31.1%**	**10.1%**	**7.5%**
Europe	69.9%	16.0%	8.6%	6.5%
North America	28.7%	14.0%	5.1%	2.8%
Latin America	54.4%	14.4%	8.3%	7.9%
Asia-Pacific	15.5%	75.1%	15.2%	10.8%
Africa	51.4%	35.6%	11.7%	7.7%
Middle East	67.2%	24.7%	9.9%	9.2%

Passenger Traffic (RPK) % change vs previous year

Regions	2022	2023	2024E	2025F
Global	**64.9%**	**36.8%**	**11.2%**	**8.0%**
Europe	103.9%	20.3%	8.7%	7.0%
North America	45.7%	15.1%	5.3%	3.0%
Latin America	62.9%	16.8%	8.5%	8.0%
Asia-Pacific	32.3%	96.0%	18.6%	11.7%
Africa	84.3%	36.5%	13.5%	8.0%
Middle East	144.4%	32.4%	10.2%	9.5%

Source: IATA - Industry Statistics (Dec 2024)

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5.2 Operational and Financial Performance

Preliminary Relevant Information

TAP's Board of Directors believes that the preparation of TAP's financial statements as of December 31, 2024, shall be made on a going concern basis, based on:

(i) The Business Plan 2025-2030, which anticipates a gradual growth of the activity. It should be noted that for the fiscal years ended 31 December 2024 and 2023, both operating and net results, excluding non-recurring costs, were higher than those estimated in the Approved Restructuring Plan, which had served as the basis for the company's key projections up to 2023;

(ii) The cash position of the Company of EUR 651.6 million, with the company also receiving the final tranche of the State aid, totalling EUR 343.0 million, on 20 January 2025.

There are risks and uncertainties that should be considered when analysing TAP's financial statements as of 31 December 2024, namely those referred to in section 8 (Internal Control System and Risk Management) below.

Global passenger revenue in 2024 is estimated to reach USD 678 billion, reflecting a 5.0% increase compared to 2023, continuing the post-pandemic recovery trend. However, passenger yield is expected to decline by 4.7% in 2024 and by 3.4% in 2025, indicating a reduction in average revenue per passenger kilometre. The Load Factor is projected to have increased slightly to 83.0% in 2024 (+0.8 percentage points versus 2023), surpassing pre-crisis 2019 levels (82.6%), and is expected to rise further to 83.4% in 2025. Passenger traffic (RPK) is forecast to increase by 11.2%, reflecting strong demand for air travel.

In the cargo segment, total revenue is estimated to reach USD 149 billion in 2024, representing a 7.2% increase compared to 2023. Despite this recovery, cargo yield is expected to decline slightly (-3.7%), while the Load Factor is set to improve to 69.6% (+0.9 percentage points versus 2023). Cargo traffic (CTK) is projected to increase by 11.8%, reflecting stronger global trade volumes.

Looking ahead to 2025, passenger revenue is expected to continue increasing, reaching USD 705 billion (+4.0%), with a slight improvement in Load Factor and a further increase in traffic (RPK) of 8.0%. Cargo revenue is projected to reach USD 157 billion, supported by stable yields and a 6.0% increase in traffic.

Global Airline Industry	2022	2023	2024E	2025F
Revenue, USD billion	**738**	**909**	**964**	**1.007**
Passenger	437	646	678	705
Cargo	206	139	149	157
Ancillaries and others	95	124	137	145
Yield, % YoY				
Passenger	7.4%	5.8%	-4.7%	-3.4%
Cargo	7.0%	-31.8%	-3.7%	-0.7%
Load Factor, %				
Passenger	78.7%	82.2%	83.0%	83.4%
Cargo	67.2%	68.7%	69.6%	69.9%
Traffic, % YoY				
Passenger RPK	64.9%	36.8%	11.2%	8.0%
Cargo CTK	-8.1%	-1.7%	11.8%	6.0%

Source: IATA - Industry Statistics (Dec 2024)

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Operational Performance

TAP, S.A. Consolidated	2024	2023	Change Value	Change %
Passenger (´000)	16,108	15,856	+252	+1.6%
RPK (million)	44,136	42,673	+1,463	+3.4%
ASK (million)	53,617	52,797	+819	+1.6%
Load Factor (%)	82.3	80.8	+1,5	+1.8%
Number of Departures	117,905	119,697	-1,792	-1.5%
Active Staff (end of period) [1]	7,900	7,558	+342	+4.5%
PRASK (EUR cents)	7.13	7.30	-0.17	-2.3%
Recurring CASK (EUR cents) [2]	7.20	7.25	-0.05	-0.7%
Recurring CASK ex. fuel (EUR cents)	5.25	5.14	+0.11	+2.1%

1) Excludes staff not placed and not active.
2) Recurring CASK = CASK calculated on the basis of Operating Costs - Restructuring - Other non-recurring items.

Building on the strong recovery of previous years, 2024 was a record-breaking year for industry revenues, driven by continued growth in travel demand. However, challenges persisted, including cost pressures, supply chain disruptions, and labour shortages, as well as air traffic control disruptions and strikes, which continued to impact punctuality and operational efficiency. Despite this, TAP demonstrated its ability to adjust and, most importantly, adapt its capacity and resources to the strong demand, particularly for leisure travel.

In 2024, TAP carried a total of 16.1 million passengers, a 1.6% increase compared to 2023, reaching 94% of 2019 levels. It should be noted that in 2024, TAP transported over two million passengers between Brazil and Europe for the first time, surpassing this historic milestone and recording a 7.1% increase compared to 2023.

Capacity (measured in ASK) increased by 1.6% year-on-year, continuing its recovery trajectory and exceeding pre-crisis levels, representing 102% of 2019 figures. The Load Factor improved by 1.5 percentage points to 82.3%.

Financial Performance

TAP, S.A. Consolidated EUR million	2024	2023	Variação Valor	Variação %
Operating Income	**4,242.4**	**4,214.8**	**+27.6**	**+0.7%**
Passenger	3,820.6	3,851.6	-31.0	-0.8%
Maintenance	236.8	163.7	+73.0	+44.6%
Cargo and mail	162.7	173.1	-10.3	-6.0%
Gains and losses in associates	-2.5	-	-2.5	n.m.
Other operating income	24.8	26.4	-1.6	-6.0%
Operating Costs	**3,928.0**	**3,868.1**	**+60.0**	**+1.5%**
Aircraft fuel	1,045.8	1,114.8	-68.9	-6.2%
Traffic operating costs	870.1	906.5	-36.4	-4.0%
Employee costs	817.1	722.6	+94.5	+13.1%
Aircraft maintenance costs	60.8	56.1	+4.7	+8.3%
Cost of materials consumed	171.6	127.7	+43.9	+34.4%
Commercial, communication and marketing costs	217.4	211.9	+5.5	+2.6%
Impair. losses in inventories, receiv. and provisions	22.9	42.4	-19.5	-45.9%
Other operating expenses	161.3	161.2	+0.1	+0.1%
Restructuring	-0.9	-1.4	+0.5	+34.4%
Other non-recurring items	69.2	40.5	+28.7	+70.7%
Depreciation, amortisation and impairment losses	492.7	485.8	+6.9	+1.4%
EBIT (Operating Result)	**314.4**	**346.7**	**-32.3**	**-9.3%**
EBIT margin	***7.4%***	***8.2%***	***-0.8p.p.***	**s.s.**
Recurring EBIT [1]	**382.7**	**385.8**	**-3.2**	**-0.8%**
Recurring EBIT margin	***9.0%***	***9.2%***	***-0.1p.p.***	**s.s.**
Interest and similar income	79.9	64.6	+15.3	+23.6%
Interest and similar expenses	-249.8	-254.5	+4.8	+1.9%
Net currency exchange	-48.9	29.6	-78.6	<+200%
Earnings before taxes	**95.6**	**186.5**	**-90.6**	**-48.7%**
Income tax	-41.9	-9.2	-32.7	<+200%
Net income/ (loss)	**53.7**	**177.3**	**-123.5**	**-69.7%**
EBITDA	**807.1**	**832.5**	**-25.4**	**-3.1%**
EBITDA margin	***19.0%***	***19.8%***	***-0.7p.p.***	**s.s.**
Recurring EBITDA [2]	**875.3**	**871.6**	**+3.7**	**+0.4%**
Recurring EBITDA margin	***20.6%***	***20.7%***	***-0.0p.p.***	**s.s.**

1) Recurring EBIT = Operating Result + Restructuring + Other non-recurring items.
2) Recurring EBITDA = Operating Result + Depreciation, amortisation, and impairment losses + Restructuring + Other non-recurring items.

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Operating income

TAP reported a total operating income of EUR 4,242.4 million in 2024, an increase of EUR 27.6 million compared to the previous year, driven by higher maintenance revenues, which offset the decline in passenger and cargo and mail revenues.

Passenger revenues totalled EUR 3,820.6 million, decreasing by 0.8% compared to 2023, mainly due to adjustments in non-flown passenger revenue. On one hand, the Loyalty segment was affected by TAP's decision to refocus the Miles & Go program to better reward customers, leading to the renegotiation and termination of certain agreements, which negatively impacted revenue on the short-term. On the other hand, the reestablishment of ticket terms adjusted during the pandemic, combined with significantly lower expired ticket revenue due to reduced flight disruptions, also contributed to the decrease. Despite the negative impact of non-flown passenger revenue adjustments, flown passenger revenue remained positive, supported by increased capacity (+1.6%) and an improved Load Factor (+1.5 p.p.).

In the Maintenance segment, revenue increased by EUR 73.0 million (+44.6%) year-on-year to EUR 236.8 million, mainly driven by higher engine shop activity. As for the Cargo segment, revenue decreased by EUR 10.3 million to EUR 162.7 million, representing a 6.0% decline compared to 2023, despite an increase in Load Factor and improved yields in the second half of the year.

Operating costs

Total operating costs amounted to EUR 3,928.0 million in 2024, an increase of EUR 60.0 million (+1.5%) compared to the previous year. This increase was primarily driven by higher employee costs (up EUR 94.5 million or +13.1%), reflecting the impact of new Collective Labour Agreements in effect throughout 2024. These agreements had only come into force in the fourth quarter of 2023, except for the pilots' agreement, which had been in place since the third quarter of 2023. Additionally, the consolidation of Portugália in the last two months of the year also contributed to this increase. This cost increase was partially offset by a reduction in fuel costs (-EUR 68.9 million or -6.2%), due to lower jet fuel prices in 2024 compared to 2023, as well as a decrease in operational traffic costs (-EUR 36.4 million or -4.0%), mainly driven by lower ACMIs and reduced costs related to operational disruptions.

From a unit cost perspective, CASK from recurring operating costs decreased by 0.7% year-on-year to EUR 7.20 cents in 2024. Excluding fuel costs, CASK ex-fuel increased by 2.1% compared to 2023, reaching EUR 5.25 cents.

Operating results and Net income

The Operating Result (EBIT) totalled EUR 314.4 million, a decrease of EUR 32.3 million compared to 2023. When adjusted for non-recurring items and restructuring costs, the recurring EBIT reached EUR 382.7 million, with a margin of 9.0%. The recurring EBITDA totalled EUR 875.3 million, resulting in a margin of 20.6%.

For the third consecutive year, TAP recorded a positive net result, totalling EUR 53.7 million in 2024, despite being significantly impacted by foreign exchange losses of EUR 48.9 million. In 2023, TAP had recorded foreign exchange gains of EUR 29.6 million.

Financial Position

The negative change in total assets of EUR 152.7 million is primarily explained by the reduction in cash and cash equivalents and receivables, offset by the increase in Goodwill, following the acquisition of Portugália.

TAP, S.A. Consolidated EUR million	31 Dec 24	31 Dec 23	Change Value	Change %
Total Assets	**5,739.3**	**5,892.0**	**-152.7**	**-2.6%**
Non-current Assets	4,003.3	3,828.4	+175,0	+4.6%
Current Assets	1,736.0	2,063.7	-327,7	-15.9%
Equity	**585.3**	**613.9**	**-28.6**	**-4.7%**
Total Liabilities	**5,154.0**	**5,278.1**	**-124.1**	**-2.4%**
Non-current Liabilities	3,312.9	2,963.7	+349.2	+11.8%
Current Liabilities	1,841.0	2,314.4	-473.4	-20.5%

Financing and Lease Liabilities

TAP, S.A. Consolidated EUR million	31 Dec 24	31 Dec 23	Change Value	Change %
Financial Debt	**1,402.0**	**1,440.4**	**-38.5**	**-2.7%**
Bank Loans & Bonds	533.1	650.5	-117.4	-18.1%
Lease liabilities with purchase option	868.9	790.0	+79.0	+10.0%
Cash and cash equivalents	**651.6**	**789 .4**	**-137.7**	**-17.4%**
Net Financial Debt	**750.3**	**651.1**	**+99.3**	**+15.2%**
Lease liabilities without purchase option	**1,599.2**	**1,801.1**	**-201.9**	**-11.2%**

Gross financial debt, which excludes lease liabilities without purchase option, decreased by EUR 38.5 million compared to December 31, 2023. This was the combined result of the repayment of the 2019-2024 Bonds amounting to EUR 375 million and of a syndicated loan, with the issuance of the 2024-2029 Bonds amounting to EUR 400 million, and the increase in lease liabilities with purchase option following the acquisition of three aircraft.

Lease liabilities without purchase option decreased by EUR 201.9 million, mainly due to the consolidation of Portugália, which resulted in the de-recognition of the liability associated with the ACMI agreement between TAP and Portugália.

In July 2024, TAP announced the upgrade of the Corporate Family Rating assigned by Moody's Investors Service ("Moody's") from B1 to Ba3 (stable outlook), and in October 2024, the confirmation of its long-term credit rating assigned by S&P Global Ratings Europe Limited ("S&P") of BB- (stable outlook). In October, as part of the issuance of the 2024-2029 Bond, both ratings were confirmed by the agencies.

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5.3 Network and Fleet

TAP remains fully committed to its strategy of developing the Lisbon hub to connect Europe with Africa, South America, and North America. In 2024, TAP continued to reinforce its network with strategic capacity increases and a focus on expanding transatlantic connections.

In North America, TAP increased weekly frequencies to Washington, San Francisco, Montreal and Toronto and in South America to Belém, Brasília, Fortaleza, Natal/Maceió, Recife, Rio de Janeiro, Salvador and São Paulo. In Europe, it is worth highlighting the capacity increase in Rome, which now operates five daily flights departing from Lisbon (four in 2023).

Additionally, three new routes were launched:

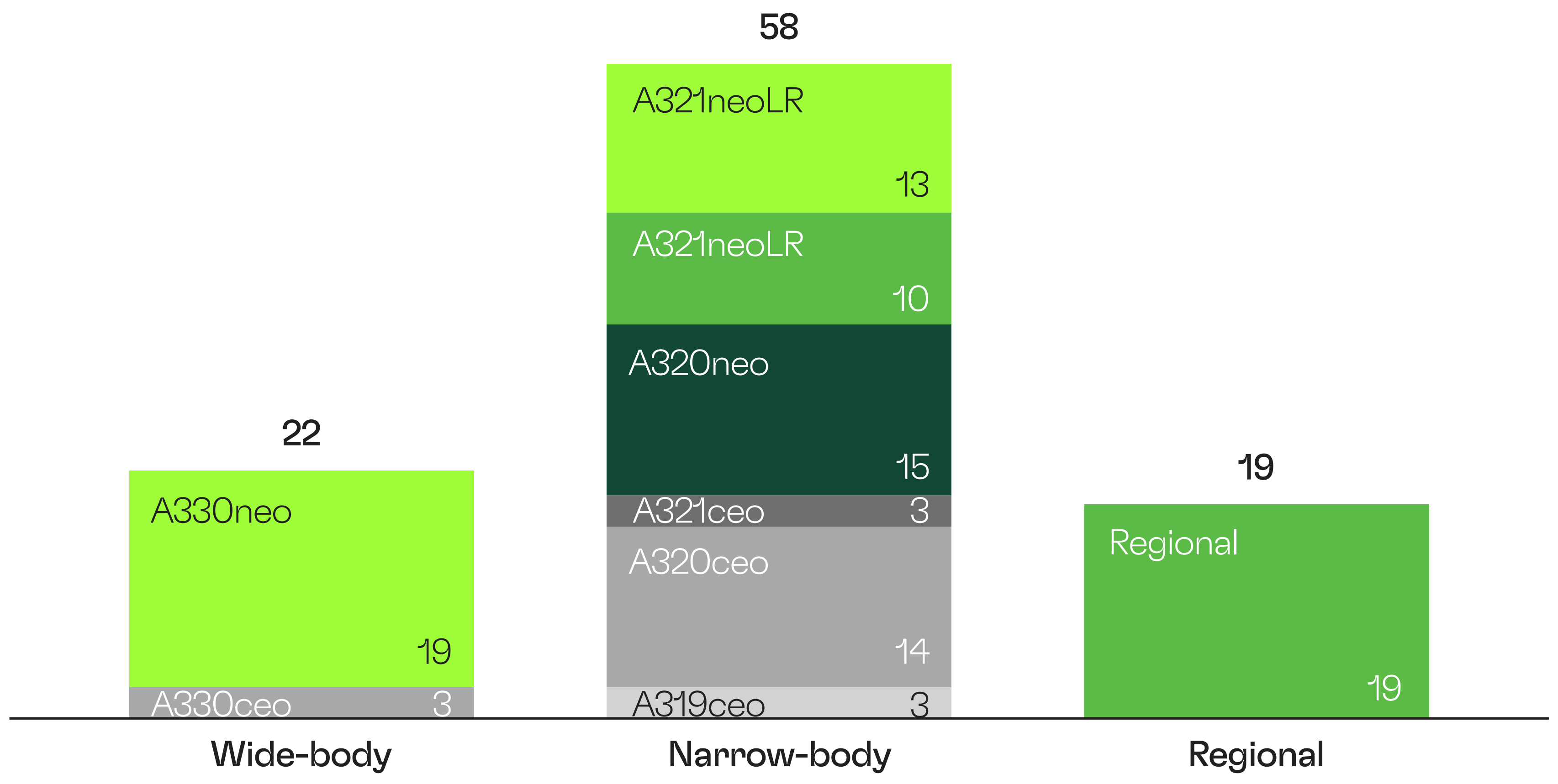
- Lisbon-Funchal-Caracas,
- Lisbon-Belém-Manaus
- Lisbon-Florianópolis.

Consequently, in 2024, TAP operated flights to 31 countries and 86 destinations: 7 in Portugal, 42 in Europe, 14 in Africa, 14 in South America, and 9 in North America.

At the end of 2024, TAP's operating fleet consisted of a total of 99 aircraft, compared to 98 aircraft in 2023. During the year, four A320 NEO aircraft entered into operation, while two A319s and one A320 aircraft were phased out.

As a result, by the end of 2024, 71% of the medium- and long-haul fleet was composed of NEO-family aircraft, highlighting the Group's strategy of using more fuel-efficient aircraft, with benefits both in terms of costs and sustainability.

Composition of TAP's operating fleet[1] as of 31 December 2024



1) TAP's total fleet may differ from its fleet in operation as it can include aircraft in process of phase-in/out.

5.4 Maintenance & Engineering

The year 2024 was a year of growth during which important steps were taken, not only to meet the defined targets but also to ensure continuous preparation for the future. M&E accommodated more aircraft inspections in Lisbon, increased revenue from third-party services, and has concluded essential IT projects, including the implementation of AMOS, eLogBook, and the deployment of tablets in production areas. The workforce training plan was completed, expanding the Production areas and ensuring continuous development of our technicians. The number of flights assisted and dispatched grew compared to the previous year, resulting in a high level of reliability.

Strategically, the M&E activity expansion plan was carried forward, with both short-term and medium-to-long-term objectives in place. Investments in infrastructure and improvements across various areas of Production, as well as Logistics, were considered. Many of these projects began in 2024 and are expected to be completed in 2025, with a direct positive impact on revenue growth and cost reduction through process optimization.

236.8 (+44.6%)
Operating income (EUR Million)

1,863
Employees

+900
Customers

53
Engine Shop Visits

375
A&C Checks

17,445
Components

1.1 million
Direct labour hours

5.5 Cargo

In 2024, TAP Air Cargo directed its focus to improve profitability in its online network, focusing on flight optimization and yield management. This strategy resulted in an improvement in average rates compared to the relevant markets for TAP's operations and a growth in Load Factor for the aircraft in 2024 compared to 2023, with demand in these markets increasing by 5.3%.

TAP Air Cargo also continued its digital journey, increasing the share of bookings through digital platforms, which now represent 17.5% of the total bookings.

In 2024, TAP Air Cargo operated a charter operation to Kigali (KGL) and operated regular freighter services between Brussels, Amsterdam, and Portugal to capture high-yield verticals, such as pharmaceutical cargo transportation.

162.7 (-6.0%)
Operating income
(EUR Million)

95 (+3.4%)
Chargeable Weight
(Tons)

48,7% (+3.5 pp)
Load Factor

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6. Subsequent Events

Subsequent Events

Execution of the third tranche of the capital increase

- On 17 January 2025, it was unanimously resolved in writing to increase the share capital of TAP S.A. by new cash contributions, to be made by its sole shareholder, the Portuguese Republic, through the Directorate-General of Treasury and Finance, in the amount of EUR 343,000,000, in replacement of its obligation to make a single additional contribution of the same amount.

- Consequently, the share capital of TAP S.A. became EUR 656,600,000, represented by 410,375,000 ordinary shares, with a nominal value of EUR 1.60 each.

- The EUR 343,000,000 tranche was received on 20 January 2025.

Acquisition of Shares

- On 21 January 2025, TAP S.A., as the buyer, and TAPGER, as the seller, signed a share purchase agreement, under which TAP S.A. acquired from TAPGER the shares representing 100% of the share capital of UCS.

- Also on 21 January 2025, TAP S.A., as the buyer, and TAPGER, as the seller, signed a share purchase agreement with the aim of TAP S.A. acquiring from TAPGER the shares representing 51% of the share capital of Cateringpor, which is subject to the fulfilment of suspensive conditions. The actual transfer of the shares will only take place after the verification of these suspensive conditions.

Bond Issuance

- Following the issuance of bonds in the total amount of EUR 400,000,000 with maturity in 2029, bearing interest at a rate of 5.125%, completed on 7 November 2024, TAP S.A. concluded, on 7 March 2025, a new financing operation through an additional bond issuance, placed through a private offering to international investors and admitted for trading on an unregulated market, in the total amount of EUR 200,000,000, with maturity in 2029, at a final purchase price of 102.750% and with an implied yield to maturity of 4.467%.

Uniformizing Ruling of the Supreme Court of Justice

- On 11 December 2024, a uniformizing ruling was issued by the Supreme Court of Justice regarding the reclassification of cabin crew following the nullity of the contract term. This issue arose from the interpretation of a clause in the Company Agreement that was in place between 2006 and 2023. TAP S.A. subsequently appealed this decision to the Supreme Court of Justice, and on 12 March 2025, it received a response rejecting the appeal. However, this decision, as of the approval date of these consolidated financial statements, has not yet become final.

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Outlook for 2025

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Outlook for 2025

In 2024, TAP continued its trajectory of recovery, financial stability, and structural transformation, which began in previous years. Despite solid performance, this year was also characterized by significant macroeconomic and operational challenges.

The year 2025 will be a challenging one for TAP, with several factors that could impact its financial and economic performance, namely the current geopolitical instability, which, alongside weather volatility and climate change, is expected to affect demand and supply chains; the increasingly complex and restrictive regulatory environment; and sustainability, which comes with substantial costs.

The strategy for 2025 focuses on continuing the strategic roadmap already initiated to transform TAP into a sustainably profitable airline, with the following priorities:

- Improving our operations with a focus on punctuality (OTP), connectivity, and regularity
- Investing in our employees and customers to increase satisfaction and commitment
- Maintaining focus on key markets and executing the corresponding strategies
- Prioritizing social peace to allow concentration on operational efficiency and the recovery of passenger service and brand equity
- Enhancing cash flow generation and optimizing the financial structure

Forward bookings are in line with the previous year, despite the increase in capacity. However, competition in key markets is expected to intensify, putting further pressure on yields. Additionally, operating margins are expected to face challenges due to rising costs and macroeconomic uncertainty, which may impact both costs and revenue.

In terms of flights, TAP will continue to focus on transatlantic connections in 2025 with three new routes: Lisbon-Los Angeles, Porto-Boston, and Lisbon-Terceira-San Francisco. Additionally, TAP will resume operations to Porto Alegre and strengthen its service with increased frequencies to Ponta Delgada, now offering four daily flights from Lisbon (up from three in 2024).

Finally, the investment in fleet modernization will continue, with the delivery of three new NEO generation aircraft (one A320 NEO and two A321 NEO), replacing older aircraft and complying with the fleet cap of 99 aircraft, confirming TAP's commitment to a more sustainable and efficient fleet, with NEO-family aircraft representing 75% of the medium- and long-haul operational fleet.

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Internal Control System and Risk Management

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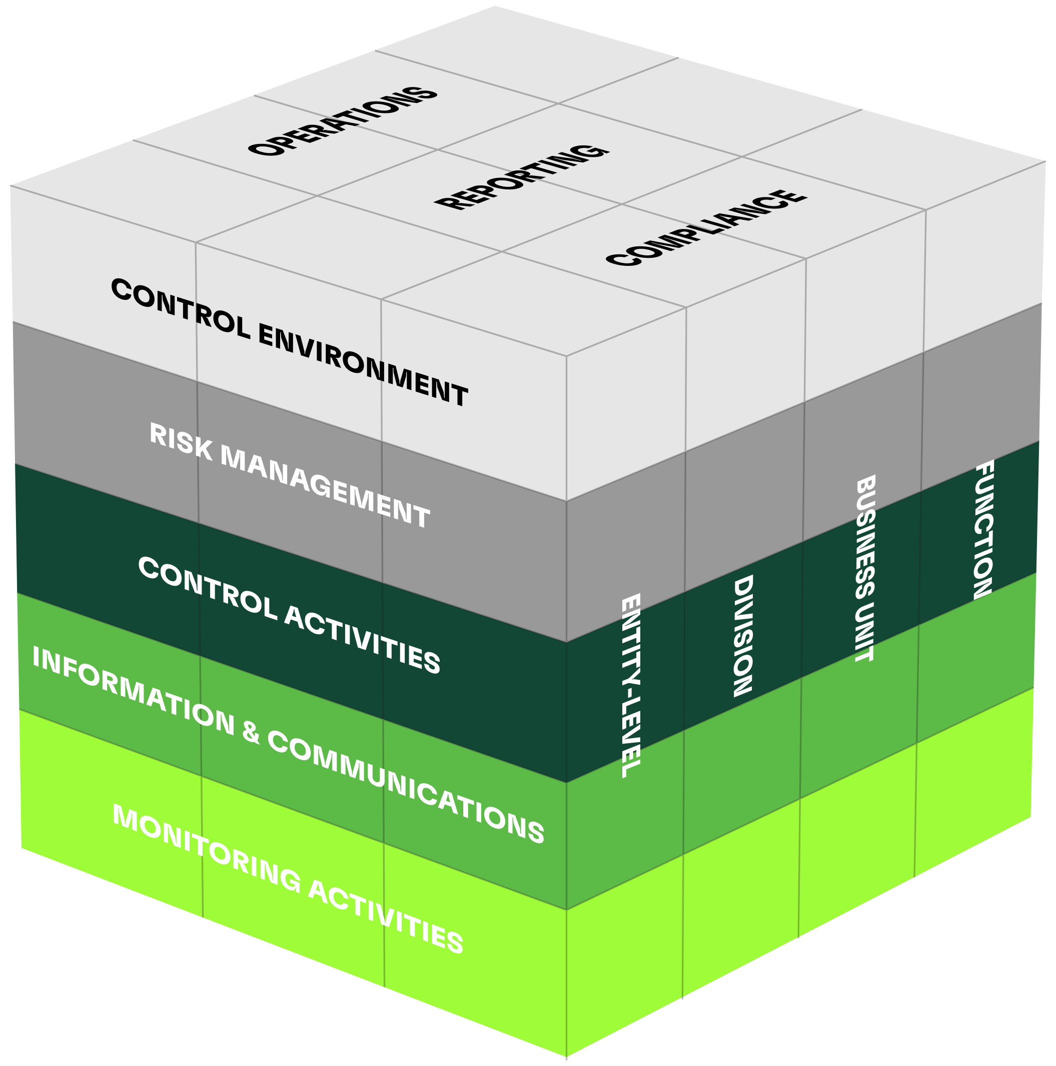
Internal Control and Risk Management

TAP, and in particular its Board of Directors and Executive Committee, pay special attention to issues related to internal control, risk management, fraud, transparency of information, and the reliability of financial reporting.

As these are cross-cutting concerns and to ensure that the existing internal control (IC) is systematized and adequately visible, TAP bases its operation and organisation on the regulatory requirements in force and on the best practices developed by internationally recognized entities in the areas of internal control and risk management, such as COSO (Committee of Sponsoring Organisations of the Treadway Commission), as it is considered a model that can be adapted to the structure of companies, as it is flexible for the entire entity and any of its business units or activities, and reliable in its response to existing challenges.

This model allows for a direct correlation between the objectives that the organisation wants to achieve at the category level (Operations, Reporting and Compliance) and the five components of internal control (Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities), which represent what is needed to achieve the objectives in the company's existing structure, as can be seen in the cube below.



Control Environment

- It should reflect the importance of IC and establish the discipline and structure of the other Internal Control System (ICS) elements. It is the set of rules, processes, and structures that provide the basis for conducting IC in the organisation.
- It defines the spirit of the organisation, influencing the risk awareness of other employees.
- It is the basis for all the other components of the ICS.

Risk Assessment

- Aimed at identifying, evaluating, monitoring, and controlling all risks that could influence the strategy and objectives defined by the organisation, ensuring that they are complied with and that the necessary actions are taken to respond appropriately to unwanted deviations.
- Risk is defined as the possibility of an event occurring and affecting (positively or negatively) the achievement of the objectives set by the organisation.
- It involves a dynamic and interactive process to identify and analyse the risks that affect the achievement of the organisation's objectives, serving as a basis for understanding how they should be managed.
- Objectives must be defined at the diverse levels of the organisation, consistently and by category, for operations, reporting, and compliance, with sufficient clarity to make it possible to identify and analyse the risks of these objectives.

Control Activities

- Activities designed to prevent or reduce the adverse impact of risks. Recurring process control activities.
- Control activities are actions established by policies and procedures that help ensure that management's directives to mitigate risks in the realization of objectives are carried out.
- Control activities are conducted at all levels of the organisation and various stages of the business process and in the technological environment.
- Control activities can be preventive or detective in nature and can cover a range of manual and automatic activities, such as authorizations and approvals, checks, reconciliations, and business performance analyses.
- Segregation of duties is typically incorporated into the selection and development of control activities. When segregation of duties is not possible, management must develop and implement alternative control activities.

Information and Communication

- Established to ensure that relevant, comprehensive, and consistent data is captured, processed, and exchanged within a timeframe and in a manner that enables the effective and timely performance of the management and control of the institution's activity and risks.

- Information is necessary for the organisation to carry out its IC responsibilities in support of achieving its objectives. Management obtains or generates and uses relevant and quality information from internal and external sources to support the functioning of the IC.

- Communication is a continuous process that allows the team to understand the IC's responsibilities and their importance in achieving the objectives. It can take place both internally and externally and provides the organisation with the information it needs to conduct controls daily. Internal communication is how information is disseminated throughout the company, flowing in all directions and throughout the organisation. It allows all employees to receive a clear message from management that control responsibilities must be taken seriously. External communication has a dual purpose: It allows relevant external information to enter the organisation and provides information to third parties in response to requirements and expectations.

Monitoring Activities

- This is conducted to ensure the adequacy and effectiveness of the ICS itself over time and ensure, in particular, the timely identification of any deficiencies or opportunities for improvement.

- Ongoing, one-off/independent assessments or a combination of both are used to determine whether each of the five IC components, including the controls that realize the principles within each component, is present and functioning.

- Ongoing assessments, incorporated into business processes at various levels of the organisation, provide timely information.

- One-off/independent assessments, conducted periodically, will vary in scope and frequency depending on the risk assessment, the effectiveness of ongoing evaluations, and other management considerations.

- The results are assessed per the criteria established by regulators, recognized regulatory bodies, or the Board of Directors. Any deficiencies are reported to the Board of Directors in suitable time, with the most relevant also reported to the Board of Directors.

Internal control is, therefore, an instrument for improving and perfecting processes, based on TAP's standards, procedures, and structures, which enable the Board to manage its strategy and objectives efficiently, optimizing its resources.

The internal control environment at TAP has a top-down philosophy, with the sponsorship of top management, and all employees are made aware of the importance of complying with the established procedures, in line with high standards of conduct, reflecting a commitment to ethical values, responsibilities, policies, standards, and procedures. All employees, teams, and business units at diverse levels of the organisation participate in the internal control and risk management process. The Internal Audit Department, through its independent assessment of the ICS, ensures that the procedures defined by the business areas are implemented and complied with.

In addition, TAP bases the operation of its ICS and Risk Management on the principles set out in the European Confederation of Institutes of Internal Auditing (ECIIA), the Risk Management Society (RIMS), the Federation of European Risk Management Associations (FERMA) and the International Organisation for Standardization (ISO), as internationally accepted good practices.

The existence of an ICS combined with a functional Enterprise Risk Management Model allows TAP Board of Directors and Executive Commission to focus their monitoring and analysis on the critical risks identified, inherent to its activity, and resulting from its daily operations.

The existence of an Enterprise Risk Management Model also enables to carry out an integrated assessment of risk in the company and to mature its risk culture, making it possible to create a common language in the definition and concept of each risk, to align objectives with the risks and respective controls in force in the company, to reduce the risk of loss of its investments and assets, and to help guarantee the reliability of the financial statements and compliance with laws and regulations.

The adequacy of the ICS is aligned with the Enterprise Risk Management Model and is adjusted whenever, through risk assessment, risks are identified that fall within a level considered to be unacceptable, or inadequacies or failures are detected in the analysis of the underlying controls.

To correctly implement the company's ICS, it is necessary to understand the distinct roles and responsibilities assigned to each organisational level. The methodological tool that clarifies risk control competences in the company is based on the Three Lines Model drawn up by ECIIA, RIMS, and FERMA and updated by the IIA. This model helps to identify the structures and processes that contribute to achieving the company's objectives and provides direct interaction between the various internal control and risk management players.

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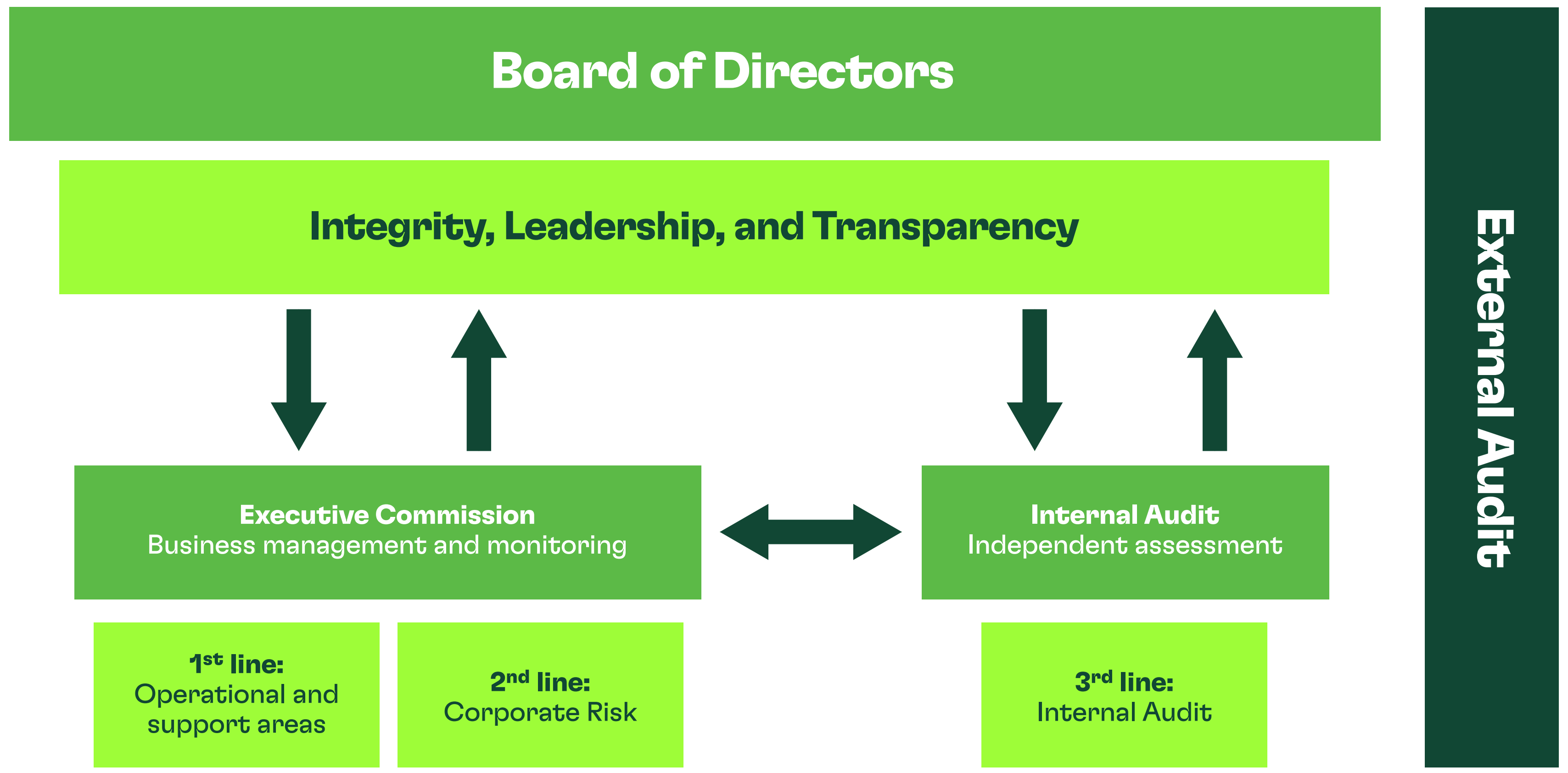

Baseado no Modelo das Três Linhas

1st Line: Operational Management
All employees, teams, or business units with operational management functions are part of the first line of risk control and management. The operational management function is primarily responsible for identifying, assessing, controlling, and mitigating risks, developing and implementing internal procedures to ensure that day-to-day work activities are aligned with the company's stipulated objectives.

2nd Line: Risk Management
All employees, teams, or business units with risk management functions are part of the second line and have the possibility of intervening, modifying, and developing the systems implemented by the first line, checking that they have been correctly designed and are operating as intended.

3rd Line: Internal Audit
By monitoring the controls in place, the risk management processes, and the internal control environment, the Internal Audit team defines the audit plan and conducts audit projects targeting the most relevant risks for the company.

Each of the lines of defence has defined responsible persons and discussion and decision committees, established to materialise each one at a corporate level and in the various departments and business areas, in a clear manner, avoiding duplication of effort and/or the existence of gaps and promoting cooperation and articulation between the various areas.

Considering TAP's complex external environment, with a multiplicity of risks inherent to its activity, it is essential to implement adequate internal control and risk management systems that mitigate the Company's exposure.

Organisations are constantly subject to various events that can favour them or expose them to new challenges, some of which have potential negative impacts on a wide range of aspects, which can affect their activity, their markets, their image, their profitability, and their asset value.

TAP's risk management structure is based on the best market practices and the main regulatory guidelines, including the COSO Framework and ISO 31001, which allows the various managers and heads of business units to identify the risks to which their areas are subject and define the procedures and strategies to be applied to manage and control them.

As there is currently no company Strategic Plan or Enterprise Risk Policy and to ensure the necessary independence between the three lines of defence mentioned above, TAP's Board of Directors decided to autonomise risk management in the Corporate Risk Management area, to give visibility to the model mentioned above, This area is responsible for implementing a Risk Management System, formalising a Risk Management Policy and implementing a Risk Management Model, comprising a governance model, a risk management process and a risk matrix, which are formalised and disclosed to all company employees.

The Corporate Risk Management area, created in October 2023, has the main mission of identifying the risks inherent in the company's business, as well as assessing the level of risk to which the company is subject and recommending measures to deal with risks that are above the defined acceptance threshold, in collaboration with all the company's other operational and support areas.

The approach to risks is ensured by the existing structures for monitoring and controlling the company's activity, which are responsible for identifying and managing the main risks.

The Board of Directors has set up periodic monitoring actions on the main risks identified to monitor their evolution and gauge the level of control, and these are being conducted as planned.

In addition to the individuals responsible for each business area and the monitoring carried out by the Corporate Risk Management team, the Company is also subject to compliance with a set of requirements and oversight by other entities, such as the Supervisory Board, the External Auditor, the Statutory Auditor, and various Public Entities.

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The Internal Audit Department plays an active role in monitoring the effectiveness, adequacy, and alignment of risk mitigation measures with the Company's strategic objectives through its supervision of internal control systems. It also contributes to the development of new preventive and reactive internal controls to strengthen its culture of compliance.

To regularly monitor the most relevant and critical aspects of internal control and risk management, TAP's governance structure includes two entities—the Finance, Audit and Risk Committee and the Legal, Audit and Risk Committee. These bodies ensure that designated members of the Executive Commission and the Board of Directors are regularly and systematically informed about the company's performance and development in these areas.

Additionally, other functional areas of the company have responsibilities in risk control, including the Company Secretary, Planning and Management Control, Legal Compliance, and Personal Data Protection, in areas such as Legal, Financial, and Reputational matters.

The risk management process aims to identify events that could potentially impact on the Group and prevent it from achieving its objectives.

TAP seeks to maintain a comprehensive view of the key risks it is exposed to at strategic, commercial, operational, financial, compliance, and governance levels, with defined processes in place to ensure their monitoring and initiative-taking management.

Therefore, the company has established a methodology that enables it to gain a global perspective on its key risks, assessing their materiality, quantifying their impact, and evaluating the likelihood of their occurrence, while identifying effective mitigation measures whenever possible.

The overall risk management process also serves as the foundation for the risk register document and represents a key contribution to defining the Annual Audit Plan.

TAP is in the process of defining and implementing an Enterprise Risk Management Model, which includes the establishment and approval of a Risk Matrix applicable to all its companies. This model is based on the COSO methodology, ensuring that risks are clearly defined and periodically reviewed under the prevailing operational and business landscape.

Annually, the company will conduct a risk assessment using an approved methodology, identifying risks that exceed an acceptable threshold. These risks will be subject to a treatment plan approved by TAP's Executive Commission if deemed necessary. The plan will define the corrective actions to be implemented, the corresponding risk treatment strategy (avoid, accept, reduce, or share the risk), the frequency of treatment, the responsible parties, and the implementation plan. Depending on the duration of the treatment period, monitoring dates and designated responsible parties may be established, with the impact of implemented actions assessed in subsequent evaluations.

The aviation industry operates in a demanding environment and continually faces a variety of risks. Not all risks can be eliminated and/or mitigated to a desired level due to technical and economic constraints, necessitating a rational risk management process for organisational decision-making. Selecting the most appropriate risk treatment option(s) requires balancing the potential benefits of achieving objectives against the costs, efforts, or disadvantages of implementation.

TAP aims to maintain a comprehensive perspective on the key risks to which it is exposed at diverse levels, with defined processes in place to ensure their monitoring and initiative-taking management.

Some of the main risks to which the company is exposed include:

- **Extreme weather events** - Loss of human lives, damage to ecosystems, species extinction, destruction of property and/or financial losses on a global scale, as well as operational disruptions impacting customer experience and financial performance due to potential compensation resulting from extreme weather events such as cold fronts, wildfires, floods, heatwaves, severe droughts, storms, and tornadoes, etc.
- **Information security** - Risk of loss of confidentiality, integrity, and availability of information systems due to the absence or inadequate implementation of information security policies.

- **Foreign exchange and commodities** - Risk of the Organisation's financial statements being affected by exposure to fluctuations in commodity costs, particularly energy and fuel costs, and exchange rate variations in the markets where the Company operates and/or to which it is directly or indirectly exposed.

The following risks stand out in particular because of their relevance:

Strategic and Commercial Risks

National and international political decisions have a strong influence on the global aviation sector, directly and indirectly impacting airlines. Over the past year, the ongoing effects of the war in Ukraine have triggered a food and energy crisis, reversing progress that had been achieved over decades. Additionally, the armed conflict between Israel and Hamas has had a significant impact on the aviation sector, particularly on TAP, leading to the suspension of the air bridge to Tel Aviv and requiring adjustments to the company's commercial and operational strategy to offset the resulting financial losses.

We continue to witness an intensification of long-standing risks, such as rising living costs, social unrest, and geopolitical tensions, which may affect people's willingness to travel, whether due to financial constraints or heightened instability and insecurity.

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Conversely, climate change is accelerating, leading to more frequent extreme weather events with varying degrees of impact across different regions worldwide. The aviation industry is highly dependent on weather conditions and can be affected by natural disasters (earthquakes, volcanic eruptions, floods, etc.), resulting in operational disruptions such as flight cancellations, delays, or diversions.

Such as many other industries, aviation is exposed to natural disasters and catastrophic events, which could jeopardise infrastructure operations and lead to revenue losses. To mitigate these risks, TAP has insurance policies in place to transfer such risks.

The growth of the aviation sector is highly dependent on the global political climate and is closely correlated with the macroeconomic environment. Structural changes in demand, whether due to pandemics, armed conflicts, infrastructure limitations, climate-related issues, or disruptive technological advancements, could result in a slowdown in growth compared to previous periods. These factors pose revenue risks for TAP, affecting both demand and cost structures, which are continuously monitored.

Additionally, these risks may lead to price fluctuations, overcapacity, economic volatility, market and competitive shifts, potential changes in consumer behaviour due to climate protection concerns, geopolitical developments, and unforeseen global events. These challenges are addressed in the short term through continuous capacity adjustments and effective revenue management, while in the long term, cost containment measures and efficiency gains resulting from internal transformation projects are implemented.

The strategic planning and composition of TAP's fleet are key factors in mitigating these risks, as they determine available capacity and significantly impact fixed costs and future capital expenditures. As part of its annual strategy and planning process, TAP assesses its network needs and makes necessary revisions and adjustments as required.

These economic impacts affect not only TAP and the airline industry but also its business partners, potentially causing disruptions in the supply of goods and services. Identifying critical suppliers essential to business continuity and ensuring timely supply chain management are key measures for maintaining smooth operations.

Furthermore, airports and air traffic control organisations, having suffered significant financial losses due to air traffic suspensions during the pandemic years, may transfer these accumulated losses to airlines, substantially and permanently increasing operating costs.

Currently, the aviation sector faces a renewed and urgent challenge in integrating ESG (Environmental, Social, and Governance) issues into its strategic agenda and priorities. The industry must fully embrace sustainability as a fundamental part of its business and economic evolution. Responsiveness to ESG concerns—now increasingly scrutinised by various stakeholders—is a crucial factor in attracting investment and maintaining a corporate reputation.

Recognising the vital importance of sustainability in the aviation sector, TAP will present its 2024 Non-Financial Information Report, known as the TAP 2024 Sustainability Report, with a strong commitment to accountability towards its stakeholders.

Financial Risks

TAP's activities are exposed to a variety of financial risk factors, including fuel price risk (including CO_2 emissions offset allowances), foreign exchange risk, interest rate risk, credit risk, liquidity risk, and capital management risk. The company has developed and implemented a risk management programme which, alongside continuous monitoring of financial markets, aims to minimise potential adverse effects on its financial performance. Risk management is conducted by the Corporate Finance & Risk department, based on policies approved by the Board of Directors. This department, through its Risk Management division, identifies, assesses, and conducts operations aimed at minimising financial risks, collaborating closely with operational units. The Board of Directors establishes principles for overall risk management, as well as specific policies covering areas such as foreign exchange risk, interest rate risk, credit risk, and the investment of surplus liquidity. The Board of Directors is responsible for setting general risk management principles and exposure limits. All transactions involving derivative financial instruments must first be presented to the Board of Directors or the Executive Commission (where it has been granted sufficient delegated authority). The parameters of each instrument, the intended objectives, and the associated risks must be outlined and approved before execution.

Interest Rate Risk

Interest rate risk arises from the company's short- and long-term borrowings. Loans with variable interest rates expose the company to cash flow risks, while loans with fixed interest rates expose it to fair value risks associated with interest rate fluctuations.

Foreign Exchange Risk

Foreign exchange exposure is a significant risk for an airline. This risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations that are not incurred or denominated in the company's functional currency.

Commodity Price Risk

TAP's annual fuel expenses account for approximately 30% of total supplies and external services. The company centrally negotiates and contracts the procurement of these raw materials.

Liquidity and Capital Management Risk

The company's liquidity risk results from a combination of factors, including operating performance, existing financing and debt servicing, conditions for negotiating new transactions, foreign exchange gains or losses, and significant investment activities. TAP must ensure the annual servicing of its debt, which, although carefully planned and spread over time, has a notable impact on cash flow and requires regular evaluation in response to business developments.

Liquidity risk management involves maintaining cash reserves at a reasonable level, ensuring the feasibility of consolidating floating debt through an adequate amount of credit facilities, and the ability to settle market positions.

Liquidity reserves are monitored by the Corporate Finance & Risk department, specifically through its Treasury division. This is done using forecasting exercises to anticipate future liquidity needs so that any potentially critical liquidity situation can be addressed at an early stage with appropriate measures, ensuring the company meets its financial and commercial obligations.

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Credit Risk

Credit risk is primarily related to the possibility of a counterparty failing to meet its contractual obligations, resulting in financial losses for the company. TAP is exposed to credit risk through its operational, investment, and treasury activities.

Additionally, it is important to highlight that the evolution of financial markets presents both opportunities and risks for TAP. Negative fluctuations in fuel prices - which are inherent to TAP's business model, exchange rates - primarily linked to international ticket sales, aircraft leasing, fuel and spare parts procurement, and interest rates - associated with loans and leasing contracts, can lead to increased costs and/or reduced revenue, depending on the assumptions used in the annual planning and control exercises. To mitigate the impact of such volatility, TAP has implemented measures that allow, to some extent, the anticipation and minimisation of these effects, either using hedging instruments and the monitoring of foreign exchange positions and interest rate exposure or through internal procedures for controlling budget execution.

The Board of Directors of TAP ensures the quality and improvement of the most relevant processes for the preparation and disclosure of financial reporting in accordance with the adopted accounting principles and with the objectives of transparency, consistency, simplicity, and materiality in mind. In this context, the company's approach to financial risk management has been conservative and prudent. The risks involved in financial reporting are thus mitigated through the segregation of responsibilities and the implementation of preventive and detection controls. Additional controls result from the oversight carried out by the Finance, Audit and Risk Committee, the monitoring actions developed by the Planning and Management Control and Legal departments, the reliability assessments ensured by the Corporate Finance department regarding the preparation and disclosure of financial information, as well as the analysis of deviations from approved plans.

The adequacy and quality of the financial information disclosed, which is processed in information systems, is guaranteed through the IT controls implemented, its monthly analysis via activity reports that explain and break down balance variations, the semi-annual external audits conducted on the financial statements, and the oversight provided by the Supervisory Board.

Legal and Compliance Risks

TAP operates in multiple countries and is therefore subject to various regulations and jurisdictions with different legal frameworks. During its normal activities, TAP may be involved in legal, administrative, criminal, labour, or arbitration proceedings related to civil liability, competition, tax, and environmental matters, among others. Appropriate provisions have been recorded to address any financial losses that may arise from known legal disputes.

Additionally, it is essential to highlight that protecting the privacy of its partners, including customers, employees, and suppliers, has always been a key and evident concern for TAP. To ensure compliance with the General Data Protection Regulation (GDPR), appropriate governance structures and processes have been established to identify and manage potential risks of non-compliance with legal requirements. Customers regularly exercise their rights to access and erase data.

It is also important to note that, despite the existence of an internal control system and its risk mitigation activities, individual infractions, investigations by public authorities, and potential sanctions cannot be entirely ruled out. Any infractions, even if duly investigated, may result in criminal proceedings for the individuals involved and could expose the company to sanctions and reputational damage that are difficult to quantify. TAP has been developing and implementing processes aimed at identifying and preventing specific compliance risks.

Operational Risks

Safety Risk

The risk of accidents, with the potential for harm to people and property, is inherent to air transport, which is why the airline industry is highly regulated by a set of strict standards. Compliance with these regulations is a fundamental requirement for obtaining the Air Operator Certificate (AOC), an essential document for an airline's operation. The National Civil Aviation Authority (ANAC) is responsible for ensuring the proper enforcement of these regulations, conducting various inspections that cover, among other aspects:

a. The appointment of a responsible administrator, previously approved by ANAC;
b. The nomination of Nominated Persons, also pre-approved by ANAC, responsible for the management and supervision of key operational areas, including flight operations, continuing airworthiness management, flight crew training, and ground operations;
c. The appointment of a supervisor, also pre-approved by ANAC, responsible for overseeing air transport operations involving dangerous goods;
d. The implementation of a Safety Management System (SMS);
e. The implementation of a management system integrating Safety and Compliance.

At TAP, safety is a fundamental value that underpins customer confidence and guides the company's daily operations, playing a crucial role in the long-term future of the airline industry. Operating under rigorous controls and certifications, TAP complies with the highest regulatory standards in the sector, both at the European level through the European Union Aviation Safety Agency (EASA) and at the international level with the International Air Transport Association (IATA). Notably, TAP undergoes the IATA Operational Safety Audit (IOSA), a benchmark in the industry, with certification renewed every two years. TAP was one of the first airlines to obtain this certification in 2004 and has consistently maintained high compliance standards in all subsequent audits. The certification record is available in the IOSA Registry.

To achieve the highest possible level of safety, TAP continuously updates and strengthens its SMS, which sets out concrete conditions for implementing its risk management system. The SMS is integrated into the company's organisational structure, procedures, and corporate culture, supported by a strong commitment from top management and training and awareness programmes directed at all employees. TAP has secured aviation liability insurance covering aircraft hulls, third-party damage, passenger injuries, baggage, cargo, and mail to mitigate this risk.

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Since 2023, TAP has implemented the Integrated Quality and Safety Management System (IQSMS), designed to enhance safety management and address the challenges posed by industry developments. This system aims to streamline and improve the management of occurrences and risk analysis across the organisation. It not only covers traditional aspects of risk management but also extends to optimising the reporting system, addressing information security risks across all operational areas.

The IQSMS operates independently of TAP's internal systems, in line with the confidentiality principles required for safety reporting. It enables automatic reporting to ANAC using the language mandated by regulations while also creating more consistent communication flows with Maintenance & Engineering as well as Compliance Monitoring. The system allows the company to assess the effectiveness of its organisational responsibility centres while serving as a basis for taking corrective action when necessary.

In parallel, TAP actively maintains and promotes a Safety Policy that encompasses strategies, processes, procedures, and principles related to Human Factors, ensuring the effective identification and management of risks.

Responsibility for operational safety is shared across all management levels. The Safety & Security Review Board (SSRB), the various Safety & Security Action Groups (SSAG), and the Departmental Safety Action Groups (DSAG) meet regularly to assess the effectiveness of risk mitigation measures in operations. During these meetings, various safety performance indicators from different operational areas are analysed and subsequently presented to the Executive Commission. Establishing, measuring, and regularly reviewing these indicators and safety objectives is essential to ensuring continuous progress in TAP's safety performance.

Security Risk

In strict compliance with national and international regulations and standards, TAP considers security to be one of the fundamental principles that underpin its operations. This ongoing commitment strengthens operational integrity and excellence, solidifying our unwavering dedication to safety and quality.

TAP's Security Management System (SEMS) is an organised, predictive, and initiative-taking aviation security management system, playing a key role in the daily operations of the company. With a focus on continuous improvement, a Security Policy has been established and approved by the CEO, along with a set of processes and procedures that are regularly updated to ensure its implementation.

Training is one of the pillars of the SEMS. In this regard, TAP's Security Training Programme, approved by ANAC, ensures that employees are trained according to their roles, promoting the acquisition, maintenance, and continuous development of the skills necessary to achieve the highest safety standards.

TAP assesses all risk analyses conducted by the authorities to identify and mitigate potential threats to onboard safety and flight security, including cases involving potentially disruptive passengers and non-compliance with immigration requirements. This collaborative work with the authorities enables the implementation of preventive measures, contributing to a safe flight experience and reducing the number of applicable fines.

Another fundamental pillar is quality control, which allows initiative-taking assessment of the proper implementation of security processes. This system enables continuous monitoring and ongoing improvement of safety standards, with an emphasis on preventing acts of unlawful interference.

In addition, security risk analyses are conducted, covering the airports and countries where we operate, as well as the airspace of the countries we fly over. These analyses are performed regularly and whenever there are changes in security conditions or information indicating potential changes in risk levels, ensuring the protection and integrity of our operation.

To disseminate the security culture across the company or to specific employees, documents are prepared to communicate alerts, changes in procedures, risk levels, or to reinforce the importance of strictly adhering to defined procedures.

During 2024, TAP implemented two new systems:

Osprey: TAP's Risk Analysis system was enhanced with the acquisition of Osprey Flight Solutions – Global Aviation Risk Intelligence, an essential tool that provides detailed, specialised, and near real-time information on events that could compromise TAP/PGA operations. This service aligns TAP with the best risk analysis practices adopted in global aviation.

Vertex PRO: One of the key investments by DSSecurity was in advanced security and protection management software that integrates, into a single platform, the prevention, mitigation, and management of security-related incidents. This system combines initiative-taking threat identification with rapid response capabilities, allowing TAP to safeguard its employees and operations.

DSSecurity provides all crew members with the VERTEX PRO App. This allows crew members to access real-time risk analyses and relevant information about TAP schedules, alternative airports, hotels, and crew transportation at any time.

The app enables users to share alerts, identifying the type of incident, ensuring that the IOC, DSSecurity, and colleagues on the same shift are immediately informed of the reported situation, highlighting procedures that require extra attention.

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Cybersecurity Risks

The widespread use of technology entails risks for business processes in terms of the availability, confidentiality, and integrity of information. These risks cannot be eliminated due to the increasing number and sophistication of cyber-attacks. At the root of these risks are criminal agents who act for financial gain, but also state-sponsored agents with geopolitical motivations, among others, and who constitute a permanent threat, which TAP constantly assesses and adapts to.

Due to the potential impacts, cybersecurity risks need to be monitored by senior management. In this respect, TAP has implemented a cybersecurity and information security governance structure, led by a director, who reports to a member of the Executive Commission (C-Level). In addition, cybersecurity risk is also reported and discussed in a specific committee of the Board of Directors. The rules for managing information security and cybersecurity are described in the policies that make up the Information Security Management System, which is aligned with the ISO 27001 standard.

Threats in cyberspace are constantly evolving, which requires a continuous assessment of exposure to these risks. For this reason, TAP maintains a comprehensive vulnerability management process, supported by assorted services and tools, with a mix of automated analyses and those produced by specialised personnel. TAP also compares its external cybersecurity rating with the industry average and with some of its peers so that at any given time, it has an accurate assessment of its cybersecurity posture in the context of evolving threats.

Another result of the risk management process is the definition of objectives for the state of cybersecurity, which guides the continuous improvement programme.

The ability to detect and react to cybersecurity incidents as promptly as possible is crucial to containing and mitigating their potential negative impacts. For this reason, TAP maintains a cybersecurity incident management team and a 24-hour operation with professionally trained resources. This team's responsibilities also include the continuous improvement of event monitoring, correlation, and automation in both detection and response.

Although there is a strong focus on the security of processes and technology, people are also at the heart of the Information Security programme. TAP runs training and awareness programmes for its employees to improve their knowledge of good practices and to increase their resilience to threats such as phishing.

Legal obligations in the field of cybersecurity have been expanding since 2016 when the first version of the European Network and Information Security Directive was published. TAP, which is an Essential Services Operator in the context of this legislation, fulfils its obligations in close coordination with the authority - the National Cyber Security Centre- and has been closely monitoring the legislative process to ensure that it remains compliant with the legislation that will replace the current Directive in 2025.

Human Capital Risks

Regarding working conditions and human capital development, it is essential to highlight that employees are TAP's most important asset. Maintaining their trust is vital for enabling the company to achieve its highest performance standards for the benefit of customers. Employee engagement, the development of their talent, and social stability are imperative for the long-term viability and success of the company. The measures taken to ensure compliance with the restructuring plan currently in place, as well as other factors external to the company or changes in the country's socio-economic context observed in recent years, may affect employee engagement, motivation, and commitment, impacting operations, profitability, and the company's image, as well as its organizational climate.

Additionally, TAP faces a risk related to the attraction and retention of qualified human capital, aligned with the company's growing needs, aimed at optimization and modernization, because of external constraints.

On the other hand, TAP may also be subject to lawsuits from current and/or former employees, and any of these lawsuits could have a material adverse effect on operations, operational and financial results, and/or outlook.

TAP acknowledges the risks it is exposed to and the need to constantly adapt to the limitations resulting from them, as well as to a faster and more unstable pace of change. It seeks, whenever possible, to preserve social and organizational cohesion, fostering constructive and transparent dialogue in the workplace and pursuing a policy based on respect, fairness, and the responsibility of its employees.

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Governing bodies

The composition of the Company's governing bodies as of 31 December 2024 was the following:

Board of the General Meeting

Chaiman	To be appointed*
Vice chairman	To be appointed**
Company Secretary	Manuela Ferreira e Silva de Vasconcelos Simões

(*) António de Macedo Vitorino resigned as Chairman of the Board of the General Meeting on February 20, 2023, with effect from March 31, 2023.

(**) David Fernandes de Oliveira Festas resigned as Vice-Chairman of the Board of the General Meeting on October 30, 2023, with effect from November 30, 2023.

Manuela Ferreira e Silva de Vasconcelos Simões was appointed to the position of Company Secretary, with effect from May 18, 2023, following the resignation of Ana Maria Sirgado Malheiro on May 12, 2023, with effect from May 18, 2023.

Board of Directors

Chairman	Luís Manuel da Silva Rodrigues
Member	Gonçalo Neves Costa Monteiro Pires
Member	Jose Mario Cruz Henriquez
Member	Maria João Santos Gomes Cardoso
Member	Mário Rogério Carvalho Chaves
Member	Sofia N. R. Lufinha de Mello Franco
Member	Ana Teresa C. P. Tavares Lehmann
Member	João Pedro Conceição Duarte
Member	Patrício Ramos Castro

Executive Committee

Chairman	Luís Manuel da Silva Rodrigues
Member	Gonçalo Neves Costa Monteiro Pires
Member	Jose Mario Cruz Henriquez
Member	Maria João Santos Gomes Cardoso
Member	Mário Rogério Carvalho Chaves
Member	Sofia N. R. Lufinha de Mello Franc

State Aid Monitoring Committee

Chairman	Patrício Ramos Castro
Member	To be appointed
Member	To be appointed

Company Secretary

Company Secretary	Manuela Ferreira e Silva de Vasconcelos Simões
Deputy Company Secretary	Ana Maria Sirgado Malheiro

Supervisory Board

Mandate (Start-End)	Position	Name	Appointment Doc.	Mandates help in the Company	
				Number	Date of 1st appointment to the SB
2021-2024	Supervisory Board	Baker Tilly, PG & Associados, SROC, S.A, representada por Paulo Jorge Duarte Gil Galvão André	General Meeting	3	13 Nov 2015
	Member	José Manuel Fusco Gato	General Meeting	1	24 Jun 2021

Chartered Accountant

Permanent	António Joaquim Brochado Correia, ou Hugo Miguel Patrício Dias on behalf of Pricewaterhousecoopers & Associados, SROC, Lda.
Deputy	Carlos Figueiredo Rodrigues

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1. Qualified shareholdings in the Company as of 31 December 2024

Shareholders with Qualified Holdings	Capital/Voting Rights (%)	Number of Shares
Direct Shareholders		
Portuguese Republic, through the Directorate General of Treasury and Finance ("Direção-Geral do Tesouro e Finanças")	100%	196,000,000
Indirect Shareholders		
Not applicable		

2. Indication of the number of securities issued by Transportes Aéreos Portugueses, S.A. and by companies with which it is in a relation of control or group, held by governing bodies and all the acquisitions, encumbrance or transmissions during the considered period.

Not applicable.

3. Identification of any shareholders holding special rights and a description of such rights

Nothing to declare.

4. Possible restrictions on voting rights, such as limitations on the exercise of voting rights depending on the ownership of a number or percentage of shares, time limits imposed for the exercise of voting rights, or systems for separating the financial rights attached to securities from the ownership of the securities

Pursuant to article 9, paragraph 2 of the articles of association of the Company, each 100 (one hundred) shares correspond to 1 (one) vote at the Shareholders' General Meeting. Shareholders holding less than 100 (one hundred) shares of the Company may group together with other shareholders in order to meet the necessary conditions for the joint exercise of the voting right.

Apart from this limitation on voting rights based on the number of shares of the Company, there are no restrictions or limitations on voting rights, nor any systems whereby the financial rights attached to securities remain separate from the ownership of the securities.

Pursuant to article 9, paragraph 3 of the articles of association of the Company, to obtain the right to vote, the respective shares must be registered in the name of the respective holders in the Company's share registry book at least 15 (fifteen) days before the date set for the Shareholders' General Meeting.

Shareholders may be represented at the Shareholders' General Meeting pursuant to the applicable law. In accordance with article 9, paragraph 4 of the articles of association of the Company, shareholders may be represented at the Shareholders' General Meeting by sending a letter addressed to the Chairman of the Shareholders' General Meeting before the beginning of the respective meeting.

Postal voting is allowed under the terms of Article 9, paragraph 10 of the Company's articles of association, and shareholders may exercise their voting right by post by means of a letter delivered by hand to the Chairman of the Board of the Shareholders' General Meeting or sent by registered mail with acknowledgement of receipt to the Company's registered office at least 3 (three) business days prior to the date of the Shareholders' General Meeting, unless a longer period is established in the Shareholders' General Meeting notice.

Lastly, as set out in article 9, paragraph 11 of the articles of association of the Company, electronic voting is permitted, in accordance with the authenticity requirements that shall be defined in the notice convening the meeting by the Chairman of the Shareholders' General Meeting.

5. Rules governing the appointment and replacement of members of the management body and amendments to the articles of association

The Board of Directors of the Company is composed by a minimum of 5 (five) and maximum of 11 (eleven) members. The members of the Board of Directors, including its chairman, are elected at a Shareholders' General Meeting, exercising their duties for a period of 4 (four) years, renewable according to the law.

Pursuant to article 14, paragraph 2 of the articles of association of the Company, the Board of Directors may delegate, within the limits established by law, day-to-day management of the Company to one or more appointed board members or an Executive Committee. The Board of Directors has appointed an Executive Committee formed of 6 (six) members, including its Chairman.

With regard to the absence and replacement of directors, article 13, paragraph 3 of the Company's articles of association states that the absence of a director from more than 4 (four) consecutive meetings or 6 (six) interspersed meetings of the Board of Directors, without reason that is accepted by the other members of the Board of Directors, leads to the situation of definitive absence. If a director is deemed to be definitively absent, he/she must be replaced in accordance with the terms

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of the applicable legislation, namely in accordance with the provisions of Articles 393 et seq. of the Portuguese Companies Code. Pursuant to article 13, no. 6 of the Company's Articles of Association, when a director is replaced by co-option or appointment by the Company's Supervisory Board, it must be submitted for ratification at the first general meeting following the replacement, with the new director's term of office expiring at the end of the term for which the other directors were elected.

Pursuant to article 10, paragraph 2 of the Company's Articles of Association, the Shareholders' General Meeting may only adopt resolutions, on first call, provided that shareholders holding shares representing at least 51% (fifty-one per cent) of the Company's share capital are present or represented. Pursuant to article 10, paragraph 4 of the Company's articles of association, any resolutions of the Shareholders' General Meeting on any amendments to the articles of association of the Company must be approved by a qualified majority of two-thirds of the votes cast. However, when the resolution is adopted at a Shareholders' General Meeting held on second call, where shareholders holding at least half of the share capital of the Company and with voting rights are present or duly represented, any resolutions to amend the Company's articles of association can be approved by a simple majority of the votes cast.

6. Powers of the management body, especially regarding resolutions for share capital increases

The Board of Directors manages the Company's business and affairs and may decide on any matter relating to its management while abiding by the resolutions adopted by the Shareholders' General Meeting whenever required by law or by the articles of association.

Article 14 of the Company's articles of association grants the following powers to the Board of Directors:

a. Manage the Company's activities;erir as atividades da Sociedade;

b. Manage the corporate business and perform all acts relating to the corporate purpose which do not fall within the powers attributed to the other corporate bodies of the Company;

c. Acquire, dispose of or encumber rights or movable and immovable property and shareholdings, pursuant to the law;

d. Enter into loan agreements on the national or foreign financial market;

e. Decide on the issuance of bonds or other securities, within the limits annually set by the Shareholders' General Meeting (as per section f) of article 11 of the Company's articles of association);

f. Represent the Company in court and out of court, as plaintiff and defendant, with the power to withdraw, transact and confess in any legal proceedings, as well as to enter into arbitration agreements;

g. Establish the technical and administrative organization of the Company and the rules of its internal functioning;

h. Appoint agents with the powers deemed appropriate;

i. Exercise any other powers that may be conferred by law or by the General Meeting.

Pursuant to the Company's articles of association, the Board of Directors determines the dates or frequency of its meetings. It must meet at least once every quarter and whenever convened by the Chairman, at his/her own initiative and, in his/her absence or impediment, by the substitute or at the request of two directors or at the request of the supervisory body.

The Board of Directors may not take decisions unless the majority of its members are present or represented, except in cases of urgency, recognised as such by the Chairman or by his/her substitute in the case of absence or impediment, in which case the votes may be cast by post.

The decisions of the Board of Directors are taken by majority vote of its members, and abstentions are not counted.

The day-to-day management of the Company was delegated to the Executive Committee, in accordance with the provisions of paragraphs 3 and 4 of article 407 of the Portuguese Companies Code and paragraphs 2 and 3 of article 14 of the Company's articles of association, which includes, in particular, and within the framework of the general policies approved by the Board of Directors, the following acts:

1. Preparation of the annual budget proposal and of the activity and budget plan ("plano de atividades e orçamento") proposal – including the investment plan and the respective funding sources – and the respective quarterly execution reports, both to be submitted to the Board of Directors for approval in terms and timings consistent with the applicable legal framework, notably Decree-law no. 133/2013, of 3 October (as subsequently amended, hereinafter "DL 133/2013"), having in mind the instructions to elaborate such proposals, as well as the preparation of the updates or revisions to the annual budget and/or to the activity and budget plan, which shall also be submitted to the Board of Directors for prior approval, including the assumptions of said updates or revisions;

2. Preparation of the new flight destinations' list proposal, on a yearly basis, and any substantial changes that occur to this list, for the Board of Directors' prior approval;

3. Preparation of the long-term fleet plan proposal, on a yearly basis, and any substantial changes that occur to this plan, for the Board of Directors' prior approval;

4. Subject to the conditions established in number 5 below, conducting the financial, operational, administrative, and human resources management of the Company, in accordance with the annual budget and the activity and budget plan, as updated and/or revised and approved. With respect to the commitments / expenses/ agreements / transactions expressly foreseen in the annual budget and in the activity and budget plan (as updated, and/or revised and approved), and in accordance with the same, the Executive Committee may, provided that always in compliance with applicable laws, namely DL 133/2013, conduct the management of the Company within the following thresholds, which shall be interpreted as thresholds per operation, including when the operation in question corresponds to a multiannual contract:

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a. Commitments for financial investments or other capital expenditure of the Company and / or its subsidiaries with an amount of up to 15 million Euro;

b. bCommitments for operational expenditure of the Company and / or of its subsidiaries, under the following terms:

i. Flight operations expenditure, namely, fuel and handling contracts, which shall not exceed 300 million Euro;

ii. All other flight operational contracts (such as, but not limited to, catering, ATC and other contracts with a similar scope) with an amount of up to 30 million Euro;

iii. Maintenance & Engineering expenditure of up to 50 million Euro;

iv. Corporate expenditure (marketing & sales, technology, payment solutions, consultancy and other expenditure with a similar scope), with an amount of up to 15 million Euro, except for strategic consultancy services, which threshold will be of up to 1 million Euro;

c. Aircraft fleet related investments or operational expenditures of the Company and / or its subsidiaries with an amount of up to 50 million Euro;

d. Financial instruments/ financing of the Company and / or its subsidiaries, such as, but not limited to, debt instruments, with a maturity of less than one year and with an amount of up to 100 million Euro (excluding, in any case, the provision of any kind of guarantees by the Company or its subsidiaries);

e. Proposals referring to all financing instruments of the Company and / or its Subsidiaries (i) with a maturity of less than one year and an amount higher than 100 million Euro or (ii) with a maturity of one year or more, to be submitted for the prior approval of the Board of Directors;

f. Hedging instruments within the following limits: (i) portfolio of jet fuel derivatives, swaps options and simple combinations thereof, up to an outstanding 500,000 metric tonnes or an outstanding notional value of up to $400 million (ii) average hedging activity of up to 80,000 metric tonnes each month;

g. Acquisition, encumbrance, assignment, divesture and/or sale of assets of the Company and / or its subsidiaries with an amount of up to 5 million Euro;

h. Without prejudice to the legal requirements under DL 133/2013, proposal for investment and / or divestiture of shares of incorporated companies, and/or the incorporation of new companies, and/or changes in the shareholding structure of the corporate group to which the Company belongs, to be submitted for the Board of Directors' prior approval;

i. Proposal of transactions with related parties within the meaning of article 397 of the Portuguese Companies Code to be submitted for the prior approval of the Board of Directors, exception made to transactions with the Company's subsidiaries, which shall not be subject to the Board of Director's prior approval;

j. Negotiation and signing of contracts to which the Company or any of its Subsidiaries are a party, which do not have the nature of contracts relating to the matters described in the preceding paragraphs (namely partnership or joint-venture agreement), with an amount or whose amount of liabilities is of up to 15 million euros;

k. Opening bank accounts, negotiating financial conditions with banks, making payments, deposits or withdrawing money from the Company's bank accounts, in compliance with all the other delegated powers.

5. The powers granted to the Executive Committee pursuant to number 4 above shall always comply with the requirements established in the applicable law and, shall be subject to compliance with the provisions of DL 133/2013, notably that:

a) The Executive Committee does not:

i. Grant any guarantee for the benefit of any other entity, regardless of whether there is any shareholding in the beneficiary's share capital;

ii. Enter into any agreement or transaction or perform any legal act resulting in financial liabilities for the Company, effective or contingent, that exceed the annual budget or that are not foreseen in the investment plan approved by the holder of the shareholding function;

iii. Enter into any agreement or perform any legal act, which results in obligations for the Company that exceed 5% of the Company's net asset, without the prior favourable opinion of the Statutory Board of the Company (except if expressly approved in the annual activity and budget plan); and

iv. Approve any investment or transaction, which is not foreseen and approved in the annual activity and budget plan;

b) Any agreement, act or transaction with a financial impact which exceeds 1 % of the Company's net asset must be expressly approved by the Executive member of the Board of Directors appointed or proposed by the government member responsible for the area of finance. In the absence of this approval, the matter shall be subject to the approval of the Company's General Shareholders Meeting.

6. Management of the institutional relationship with employees and external entities, including the representation of the Company before all Courts, namely civil, criminal, administrative, labour and tax in all instances, appointing an attorney when necessary or convenient, presenting petitions, requests, applications, oppositions, counterclaims, presenting evidence and filing both ordinary and extraordinary appeals; transacting and withdrawing in any Court, in all civil, criminal, administrative, labour and tax pleas, with the broadest powers, on behalf of the Company;

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7. Proposal on new collective labour agreements and major structural changes to labour agreements, to be submitted for the Board of Directors' prior approval;

8. In emergency situations, where the life of people and safety of assets is at stake, the Executive Committee should take all the necessary and appropriate measures, with the responsibility of informing the Board of Directors of the rationale and of all the measures taken as soon as possible;

9. Opening and closing of branches, agencies, representative offices, or other local forms of representation of the Company abroad.

The Executive Committee shall meet whenever it is convened by its Chairman or by two of its members. Those meetings shall occur at least once a month, with the possibility of establishing a monthly or annual meeting schedule.

The Executive Committee may not deliberate unless the majority of its members are present or represented. Any member of the Executive Committee may be represented at meetings by another member of the Executive Committee by means of written communication addressed to the President.

The decisions of the Executive Committee are taken by a simple majority of votes. The Chairman has a casting vote in the case of a tie.

Lastly, with regard to increases in the Company's share capital, although article 456 of the Portuguese Companies Code establishes that the articles of association may authorize the management body to approve capital increases through cash contributions, the Company's articles of association do not confer such powers on the Board of Directors.

7. Core information of the internal control and risk management systems implemented in the Company regarding the financial information disclosure process

The Board of Directors ensures the quality and improvement of the most relevant processes for preparing and disclosing the financial reporting, in accordance with the accounting principles adopted and bearing in mind the objectives of transparency, consistency, simplicity and materiality. In this context, the company's attitude towards financial risk management has been conservative and prudent. The risks involved in financial reporting are therefore mitigated through the segregation of responsibilities and the implementation of prevention and detection controls. Additional controls result from the supervision carried out by the Finance, Audit and Risk Committee, the monitoring activities carried out by the Planning and Management Control and Legal areas, the reliability assessments carried out by the Corporate Finance area in relation to the preparation and disclosure of financial information, as well as the analysis of approved plans´ deviations.

The suitability and quality of the financial information disclosed, which is processed in information systems, is guaranteed through the IT controls implemented, its monthly analysis through the preparation of activity reports, explaining and breaking down variations in balances, the biannual external audits carried out on the financial statements and the monitoring provided by the Supervisory Board.

8. Specialized committees within the management body

Finance, Audit and Risk Committee

Chairman	Ana Teresa C. P. Tavares Lehmann
Member	Luís Manuel da Silva Rodrigues
Member	Gonçalo Neves Costa Monteiro Pires
Member	Patrício Ramos Castro

Safety and Security Committee

Chairman	Carlos Miguel Carvalho Barros*
Member	Patrício Ramos Castro
Member	Mário Rogério Carvalho Chaves
Member	Maria João Santos Gomes Cardoso
Member	*Accountable Manager* da Portugália

*Appointed on January 9, 2025, by the Board of Directors in replacement of Timothy Anderson.

People and Culture Committee

Chairman	João Pedro Conceição Duarte
Member	Jose Mario Cruz Henriquez
Member	Maria João Santos Gomes Cardoso

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I. Compliance with the Guidelines and Legal Provisions Applicable to Non-Financial Public Companies

For the purposes of complying with the Legal Guidelines applicable to TAP, S.A., it was followed the structure and the instructions on the 2024 financial accounts process (circular letter SAI_DGT-F/2025/255 – 24/02/2025).

1. Management Objectives and Activity and Budget Plan

TAP is committed to the implementation of the Restructuring Plan, submitted by the Portuguese State, and approved by the European Commission on 21 December 2021.

The management objectives are aligned with the Plan, namely with the four pillars in which it was based:

1. **Focus on core business activities:** The Group should focus on the core activity, namely the aviation business carried out through TAP SA and Portugália, while gradually shifting away from and divesting non-core businesses.
2. **Adjustment of capacity:** Measures aimed at re-sizing TAP's fleet and optimizing TAP's network will lead to a more homogeneous fleet composition and to a reduction in operating costs, due to the lower fuel consumption.
3. **Reduction of costs:** Reducing operating costs over the course of the Restructuring Plan through renegotiation of contracts with aircraft suppliers and lessors, through measures to reduce third party costs, and downsizing of labour costs. In 2024, 1.832 contracts were renegotiated, generating around of EUR 67 million annualized savings.
4. **Enhancement of revenues:** Revenue increase through several measures and initiatives that have been implemented, with a focus on Ancillary Revenues, such as the new "Empty Seat Option" and the "Pack of Services."

As requested, TAP submitted the 2024 Activity and Budget Plan.

2. Financial Risk Management

Years	2024	2023	2022	2021	2020
Financial expenses (€)	**78,296,206**	82,983,430	72,819,936	115,817,276	74,730,846
Average financing rate (%)	**5.5%**	5.4%	4.7%	5.7%	3.8%

The financial debt (not including lease liabilities without purchase option) and, consequently, the financial expenses have followed the growth of TAP's activity over the last 5 years. The two bond loans issued in 2019 and in particular the financing from the Portuguese State in the context of the State Aid to Covid-19 in 2020 (later converted into equity), substantially contributed to the increase of the financial expenses in 2020, having these reached their maximum in 2021. Following this peak, the company has been reducing its debt. Notably, despite the significant increase in central bank benchmark rates in recent years, TAP has successfully lowered its credit risk spread, securing more favourable conditionsin both fixed and variable rate financing.

1) For the purposes of calculating financial debt and remunerated financing, lease liabilities without purchase option related to aircraft (i.e. aircraft in the service of TAP under operational lease) were excluded.

3. Limit to the growth of indebtedness

Under the terms of Decree-Law 39-B/2020 of 16 July, as amended by article 156 of Decree-Law 53/2022 of 12 August, it is expressly provided for the non-application to TAP SA, nor to the companies directly or indirectly held by them, of article 27 of the Legal Framework of the Public Business Sector, which provides that: "public companies are obliged to comply with the applicable rules regarding indebtedness, established in this decree-law and other applicable legislation."

Notwithstanding, the change in indebtedness, calculated in accordance with the formula provided in no. 1 of article 135 of Decree-Law no. 17/2024, of 29 January (DLEO 2024), would be as follows:

Variation in indebtedness (execution)	2024	2023
	Amounts (€)	
Remunerated financing (current and non-current)[1]	**1,401,980,000**	1,440,446,821
Share capital / Statutory capital Realised	**313,600,000**	294,000,000
New Investments in 2024 (with material expression)	**14,622,000**	
INDEBTEDNESS VARIATION	**-1.9%**	

1) For the purposes of calculating financial debt and remunerated financing, lease liabilities without purchase option related to aircraft (i.e. aircraft in the service of TAP under operational lease) were excluded.

4. Evolution of the Average Payment Term (APT)

APT	2024	2023	Change 24/23 Value	Change 24/23 %
Term (days)	**21**	18	3	17%

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Overdue debt (>90 days)	OVERDUE DEBTS Value of overdue debts in accordance with Article 1 of Decree-Law 65-A/2011 in conjunction with Paragraph 2 of Article 4 of Decree 127/2012 2024				2023
	90-180 days	180-365 days	>360 days	Total	>360 days
1. Acq of goods and services	4,878,013	1,013,231	2,518,064	8,409,308	16,032,106
2. Acq of capital	-	-	26,110	26.110	477,737
3. Total overdue debt >90 days (1+2)	4,878,013	1,013,231	2,544,174	8,435,418	16,509,843
4. Excluded situations (Paragraph 2. Article 4 of Decree-Law 127/2012)	-	-	-	-	-
4.1 Payment obligations under juridicial challenge until a final and enforceable decision is issued 4.2 Situations of impossibility of compliance due to an act attributable to the creditor 4.3 Amounts subject to payment agreements, provided that payment is made within the agreed deadlines					
5 OVERDUE PAYMENTS (3)-(4)	**4,878,013**	**1,013,231**	**2,544,174**	**8,435,418**	**16,509,843**

Balances older than 90 days mainly relate to account reconciliations under negotiation and pending credit issuance.

5. Diligences undertaken and the results obtained within the scope of compliance with shareholder recommendations issued at the time of the last approval of the financial statements

No recommendations were issued by the shareholder when the financial statements were approved, so this item is not applicable.

6. Diligences undertaken to solve situations relating to qualified opinion in the last Statutory Audit Report

In 2023 the statutory audit opinion was not qualified, and thus, this item is not applicable.

7. Remuneration

a. Governing bodies

Board of the General Meeting

Mandate (Begin-End)	Position	name	Attendance Ticket (€)	Gross Amount Paid (€)
2021-2024	Chairperson			
2021-2024	Vice-President			
2021-2024	Company Secretary	Manuela Ferreira e Silva de Vasconcelos Simões	700.00	490.00
				490.00

Board of Directors

BD Member	Fixed (S/N)	Classification (A/B/C)	EGP Gross monthly remuneration (€)	
			Monthly salary	Representation costs*
Luís Manuel da Silva Rodrigues	n.a.	n.a.	36,000.00	n.a.
Gonçalo Neves Costa Monteiro Pires	n.a.	n.a.	25,000.00	n.a.
Jose Mario Cruz Henriquez	n.a.	n.a.	25,000.00	n.a.
Maria João Santos Gomes Cardoso	n.a.	n.a.	25,000.00	n.a.
Mário Rogério Carvalho Chaves	n.a.	n.a.	25,000.00	n.a.
Sofia N. R. Lufinha de Mello Franco	n.a.	n.a.	25,000.00	n.a.
Ana Teresa C. P. Tavares Lehmann	n.a.	n.a.	6,000.00	n.a.
João Pedro Conceição Duarte	n.a.	n.a.	6,000.00	n.a.
Patrício Ramos Castro	n.a.	n.a.	6,000.00	n.a.

* In accordance with article 156 (amendment to article 2 of Decree-Law no. 39 -B/2020, of 16 July) of Decree-Law no. 53/2022 of 12 August, it does not apply to Transportes Aéreos Portugueses, S. A., nor to the companies directly or indirectly held by them, the Chapter VI (Remuneration and Pensions) of the Public Manager Statute, Decree-Law 71/2007, of 27 March (as amended by Law 64-A/2008, of 31/12, DL 8/2012, of 18/01, Rect. Nº 2/2012, of 25/01, DL nº 39/2016, of 28/07, DL nº 22-C/2021, of 22/03 and DL nº 50/2022, of 19/07).

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Mandate (Begin-End)	Position	Name	Appointment		OPRLO or Option for the average of the last 3 years (2)				No. os mandates
			Form (1)	Date	Yes / No	Entity os Origin	Paying Entity	Date of authorisation and form	
2021-2024	Chairman	Luís Manuel da Silva Rodrigues	DUE	14/04/2023	n.a.	n.a.	n.a.	n.a.	1
2021-2024	Member	Gonçalo Neves Costa Monteiro Pires	AG	24/06/2021	n.a.	n.a.	n.a.	n.a.	1
2021-2024	Member	Jose Mario Cruz Henriquez	DUE	18/07/2023	n.a.	n.a.	n.a.	n.a.	1
2021-2024	Member	Maria João Santos Gomes Cardoso	DUE	17/05/2023	n.a.	n.a.	n.a.	n.a.	1
2021-2024	Member	Mário Rogério Carvalho Chaves	DUE	17/05/2023	n.a.	n.a.	n.a.	n.a.	1
2021-2024	Member	Sofia N. R. Lufinha de Mello Franco	DUE	22/09/2022	n.a.	n.a.	n.a.	n.a.	1
2021-2024	Member	Ana Teresa C. P. Tavares Lehmann	AG	24/06/2021	n.a.	n.a.	n.a.	n.a.	1
2021-2024	Member	João Pedro Conceição Duarte	AG	24/06/2021	n.a.	n.a.	n.a.	n.a.	1
2021-2024	Member	Patrício Ramos Castro	AG	24/06/2021	n.a.	n.a.	n.a.	n.a.	1

(1) Indicate resolution (R)/GA/DUE/Order (D)
(2) Remunerations option for Entity of Origin – as provided for under no. 8 of article of EGP; indicate paying entity (O-origin/D-Destiny)

BD Member	Accumulation of roles			
	Entity	Position	Regime	Date of authorisation and form
Luís Manuel da Silva Rodrigues	SIAVILO	Chairman BD	Public	n.a.
	PGA	Chairman BD	Public	n.a.
	TAPGer	Chairman BD	Public	n.a.
	TAP Logistics	Chairman BD	Public	n.a.
	UCS	Chairman BD	Public	n.a.
Gonçalo Neves Costa Monteiro Pires	Cateringpor**	Chairman BD	Public	n.a.
	SIAVILO	BD Member	Public	n.a.
	PGA	BD Member	Public	n.a.
	TAPGer	BD Member	Public	n.a.
	TAP Logistics	BD Member	Public	n.a.
Jose Mario Cruz Henriquez	SIAVILO	BD Member	Public	n.a.
	PGA	BD Member	Public	n.a.
Maria João Santos Gomes Cardoso	SIAVILO	BD Member	Public	n.a.
	PGA	BD Member	Public	n.a.
	TAP Logistics	BD Member	Public	n.a.
Mário Rogério Carvalho Chaves	SIAVILO	BD Member	Public	n.a.
	PGA	BD Member	Public	n.a.
Sofia N. R. Lufinha de Mello Franco	Cateringpor*	Chairman BD	Public	n.a.
	SIAVILO	BD Member	Public	n.a.
	PGA	BD Member	Public	n.a.
	TAPGer	BD Member	Public	n.a.
Ana Teresa C. P. Tavares Lehmann	SIAVILO	BD Member	Public	n.a.
João Pedro Conceição Duarte	SIAVILO	BD Member	Public	n.a.
Patrício Ramos Castro	SIAVILO	BD Member	Public	n.a.

On 13 December 2024, the shareholders República Portuguesa, represented by the Directorate-General of Treasury and Finance, and PARPÚBLICA - Participações Públicas (SGPS), S.A., resolved to change the corporate name of TAP - Transportes Aéreos Portugueses, SGPS, S.A. to SIAVILO – SGPS, S.A.
* Chairman of the BD of Cateringpor until 15 May 2024
** Chairman of the BD of Cateringpor from 16 May 2024

BD Member	Annual remuneration (€)				
	Fixed (1)	Variable (2)	Gross amount (3)=(1)+(2)	Remuneration reductions* (4)	Final gross amount (5)=(3)-(4)
Luís Manuel da Silva Rodrigues	504,000.00	n.a.	504,000.00		504.000,00
Gonçalo Neves Costa Monteiro Pires	350,000.00	n.a.	350,000.00	105,000.00	245,000.00
Jose Mario Cruz Henriquez	350,000.00	n.a.	350,000.00	105,000.00	245,000.00
Maria João Santos Gomes Cardoso	350,000.00	n.a.	350,000.00	105,000.00	245,000.00
Mário Rogério Carvalho Chaves	350,000.00	n.a.	350,000.00	105,000.00	245,000.00
Sofia N. R. Lufinha de Mello Franco	350,000.00	n.a.	350,000.00	105,000.00	245,000.00
Ana Teresa C. P. Tavares Lehmann	84,000.00	n.a.	84,000.00	25,200.00	58,800.00
João Pedro Conceição Duarte	84,000.00	n.a.	84,000.00	25,200.00	58,800.00
Patrício Ramos Castro	84,000.00	n.a.	84,000.00	25,200.00	58,800.00
TOTAL			**2,506,000.00**	**600,600.00**	**1,905,400.00**

(1) The value of the fixed remuneration corresponds to salary + representation expenses (without reductions).
(4) Reduction set forth in article 12 of Law no.12-A/2010, of 30 June.
* Subject to the 30 % cut for the duration of the restructuring plan.

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BD Member	Social Benefits (€)							
	Meal allowance		Social protection		Annual health insurance cost	Annual life insurance cost	Other	
	Amount/ Day	Amount paid annualty	Identify	Annual charge			Identiffy	Amount
Luís Manuel da Silva Rodrigues	n.a.	n.a.	Social Security	119,729.81	1,692.21	3,704.00	n.a.	n.a.
Gonçalo Neves Costa Monteiro Pires	n.a.	n.a.	Social Security	58,248.67	2,395.29	3,704.00	n.a.	n.a.
Jose Mario Cruz Henriquez	n.a.	n.a.	Social Security	58,212.70	3,572.61	409.92	n.a.	n.a.
Maria João Santos Gomes Cardoso	n.a.	n.a.	Social Security	58,187.50	989.13	3,704.00	n.a.	n.a.
Mário Rogério Carvalho Chaves	n.a.	n.a.	Social Security	58,246.29	3,572.61	663.89	n.a.	n.a.
Sofia N. R. Lufinha de Mello Franco	n.a.	n.a.	Social Security	58,203.18	989.13.	3,704.00	n.a.	n.a.
Ana Teresa C. P. Tavares Lehmann	n.a.	n.a.	Social Security	13,965.00	n.a.	n.a.	n.a.	n.a.
João Pedro Conceição Duarte	n.a.	n.a.	Social Security	14,114.89	n.a.	n.a.	n.a.	n.a.
Patrício Ramos Castro	n.a.	n.a.	Social Security	13,984.54	n.a.	n.a.	n.a.	n.a.
TOTAL				**452,892.58**	**13,210.95**	**15,889.81**	-	-

Costs with Vehicles

Not applicable. In accordance with article 156 (amendment to article 2 of Decree-Law no. 39 -B/2020, of 16 July) of Decree-Law no. 53/2022 of 12 August, it does not apply to Transportes Aéreos Portugueses, S. A., nor to the companies directly or indirectly held by them, the Chapter VI (Remuneration and Pensions) of the Public Manager Statute, Decree-Law 71/2007, of 27 March (as amended by Law 64-A/2008, of 31/12, DL 8/2012, of 18/01, Rect. Nº 2/2012, of 25/01, DL nº 39/2016, of 28/07, DL nº 22-C/2021, of 22/03 and DL nº 50/2022, of 19/07).

Annual expenditures on business travel

Not applicable. In accordance with article 156 (amendment to article 2 of Decree-Law no. 39 -B/2020, of 16 July) of Decree-Law no. 53/2022 of 12 August, it does not apply to Transportes Aéreos Portugueses, S. A., nor to the companies directly or indirectly held by them, the Chapter VI (Remuneration and Pensions) of the Public Manager Statute, Decree-Law 71/2007, of 27 March (as amended by Law 64-A/2008, of 31/12, DL 8/2012, of 18/01, Rect. Nº 2/2012, of 25/01, DL nº 39/2016, of 28/07, DL nº 22-C/2021, of 22/03 and DL nº 50/2022, of 19/07).

Supervisory Board

Mandate (Begin-End)	Position	Name	Mandate		Monthly fixed remuneration (€)	No. of Mandates
			Form (1)	Date		
2021-2024	Chairman	Baker TilLy, PG & Associados, SROC, Lda	GA	13/11/2015	4,000.00	3
2021-2024	Member	José Manuel Fusco Gato	GA	24/06/2021	3,500.00	1

(1) Indicate GA/DUE/Order (D)

Name	Annual remuneration (€)		
	Gross (1)	Remuneration reductions* (2)	Final amount (3)=(1)-(2)
Baker Tily, PG & Associados, SROC, Lda	56,000.00	16,800.00	39,200.00
José Manuel Fusco Gato	49,000.00	14,700.00	34,300.00
			73,500.00

* Subject to the 30 % cut for the duration of the restructuring plan.

Chartered Accountant

Mandate (Begin-End)	Position	Identification of Chartered Accountant (CA)			Appointment			No. of years in fuction in the group	No. of years in fuction in the company
		Name	QROC registry No.	CMVM registry No.	Form (1)	Date	Date of contract		
2021-2024	Permanent	PricewaterhouseCoopers & Associados, SROC, Lda ("PwC")	183	20161485	DUE	17/12/2019	2020	5	5
2021-2024	Alternate Member	Carlos José Figueiredo Rodrigues	1737	20161347	DUE	17/12/2019	-	5	5

(1) Indicate GA/DUE/Order (D)

PricewaterhouseCoopers & Associados, SROC, Lda represented by António Joaquim Brochado Correia (n. º OROC 1076) and Hugo Miguel Patrício Dias (n. º OROC 1432)

Name CA	Annual amount of the services contract - 2024 (€)		Annual amount of additional services - 2024 (€)	
	Annual Amount (€)	Service identification	Annual amount (€)	Service identification
PricewaterhouseCoopers & Associados, SROC, Lda ("PwC")	112,145.00	Certificação Legal das Contas	50,790.00	Limited Review
			357,600.00	Reliability assurance services and other

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b. External Auditor

In 2024, the duties of External Auditor of TAP, S.A. were performed by PwC, registered with the Portuguese Securities Market Commission under No. 20161485, as provided in the previous chapter. Likewise, the period these duties were performed coincides with those of Statutory Auditor.

8. Application of the provisions of articles 32 and 33 of the Public Manager Statute (EGP)

a. The non-use of credit cards or other payment instruments by public managers, with the purpose of carrying out expenses in the service of the company

In accordance with article 156 (amendment to article 2 of Decree-Law no. 39 -B/2020, of 16 July) of Decree-Law no. 53/2022 of 12 August, it does not apply to Transportes Aéreos Portugueses, S. A., nor to the companies directly or indirectly held by them, the Chapter VI (Remuneration and Pensions) of the Public Manager Statute, Decree-Law 71/2007, of 27 March (as amended by Law 64-A/2008, of 31/12, DL 8/2012, of 18/01, Rect. Nº 2/2012, of 25/01, DL nº 39/2016, of 28/07, DL nº 22-C/2021, of 22/03 and DL nº 50/2022, of 19/07).

b. Not reimbursing public managers for any expenses that fall under the concept of personal representation expenses

In accordance with article 156 (amendment to article 2 of Decree-Law no. 39 -B/2020, of 16 July) of Decree-Law no. 53/2022 of 12 August, it does not apply to Transportes Aéreos Portugueses, S. A., nor to the companies directly or indirectly held by them, the Chapter VI (Remuneration and Pensions) of the Public Manager Statute, Decree-Law 71/2007, of 27 March (as amended by Law 64-A/2008, of 31/12, DL 8/2012, of 18/01, Rect. Nº 2/2012, of 25/01, DL nº 39/2016, of 28/07, DL nº 22-C/2021, of 22/03 and DL nº 50/2022, of 19/07).

c. The value of expenses regarding communications, which include mobile phones, home phones and internet

In accordance with article 156 (amendment to article 2 of Decree-Law no. 39 -B/2020, of 16 July) of Decree-Law no. 53/2022 of 12 August, it does not apply to Transportes Aéreos Portugueses, S. A., nor to the companies directly or indirectly held by them, the Chapter VI (Remuneration and Pensions) of the Public Manager Statute, Decree-Law 71/2007, of 27 March (as amended by Law 64-A/2008, of 31/12, DL 8/2012, of 18/01, Rect. Nº 2/2012, of 25/01, DL nº 39/2016, of 28/07, DL nº 22-C/2021, of 22/03 and DL nº 50/2022, of 19/07).

d. The monthly value of fuel and tolls allocated to service vehicles

In accordance with article 156 (amendment to article 2 of Decree-Law no. 39 -B/2020, of 16 July) of Decree-Law no. 53/2022 of 12 August, it does not apply to Transportes Aéreos Portugueses, S. A., nor to the companies directly or indirectly held by them, the Chapter VI (Remuneration and Pensions) of the Public Manager Statute, Decree-Law 71/2007, of 27 March (as amended by Law 64-A/2008, of 31/12, DL 8/2012, of 18/01, Rect. Nº 2/2012, of 25/01, DL nº 39/2016, of 28/07, DL nº 22-C/2021, of 22/03 and DL nº 50/2022, of 19/07).

9. Application of the provisions of no. 2 of article 16 of the RJSPE and of article 11 of the EGP

In accordance with the provisions of Article 16(2) of the RJSPE and Article 11 of the EGP, no undocumented or confidential expenses were incurred.

10. Preparation and disclosure of the report on gender remuneration

In compliance with the Council of Ministers Resolution no. 18/2014, of 8 March, TAP will publish the Report on Remuneration by Gender for 2024, which will be available on the company's website: **https://www.tapairportugal.com/en/about-us/annual-reports**. This report aims to diagnose, identify, and analyse gender pay differences within the company.

11. Equality Plan

TAP recognises that Diversity and Inclusion are fundamental topics for the Group, with clearly defined priorities that reinforce TAP's position as an inclusive company and, particularly in terms of gender equality, as a promoter of equal opportunities and working conditions for all. It is worth highlighting that inclusion, as a means of safeguarding diversity, is an integral part of TAP's essence, history, and culture.

TAP's Diversity and Inclusion Policy, along with its review and updates, serves as an important mechanism for implementing the company's diversity and inclusion values while ensuring compliance with legislation. This policy can be consulted on the company's website: **www.tapairportugal.com/pt**.

To ensure that its actions align with its commitments, TAP is working on the development of an annual Gender Equality Plan, which will be published on the aforementioned website.

Additionally, TAP remains attentive to the gender gap prevalent in the aviation industry and has been actively working to mitigate it. In this regard, the company is a signatory of IATA's "25by2025" initiative, which aims to increase the representation of women in leadership roles and underrepresented areas within organisations by 25% or to a minimum of 25% by 2025.

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12. Elaboração e divulgação do relatório anual sobre a prevenção da corrupção e do Plano de Prevenção de Riscos de Corrupção e infrações Conexas e do Relatório anual onde é indicado o grau de implementação das medidas elencadas

TAP remains committed to achieving a high standard of excellence in preventing and combating actions that violate the prevailing legal framework, with a particular focus on preventing corruption-related crimes and associated offences. In compliance with Decree-Law No. 109-E/2021 of 9 December, which established the General Corruption Prevention Framework ("RGPC") and created the National Anti-Corruption Mechanism ("MENAC"), TAP has implemented its Corruption Risk Prevention and Associated Offences Plan.

In April 2024, TAP published the annual execution report for the Plan, covering 2023. The report indicates that the majority of the preventive and corrective measures, as well as the action plans defined for identified risks, have been fully implemented. This report was submitted to the Ministry of Finance, the Ministry of Infrastructure, the Inspectorate-General of Finance, and MENAC. It is also available on TAP's official website at **https://www.tapairportugal.com/en/about-us/manuals**.

Additionally, the interim report published in October 2024 highlights that the action plans defined in the Corruption Risk Prevention and Associated Offences Plan for high-risk situations have already been fully implemented or are scheduled for completion by the end of the year. This report is also available on TAP's official website and has been submitted to the relevant authorities.

13. Public procurement

TAP S.A. is not considered to be a contracting entity under the provisions of the Public Procurement Code, as per Article 2 of Decree-Law 18/2008, of 29 January, in its current wording, given its pursuit of a corporate object with commercial purposes and operating in a competitive market. This allows TAP S.A. to operate in the market and contract with greater flexibility similar to its private sector competitors.

Notwithstanding the above, TAP S.A. has established internal processes for the procurement of goods and services, which are reviewed according to needs.

In 2024, TAP S.A. and its subsidiary Portugália submitted 66 contracts for prior review by the Court of Auditors. The total estimated value of these contracts is EUR 3,244,957,831.

14. Company registration in the National System of Public Purchases (SNCP)

TAP S.A. is not registered in the SNCP, as it is not considered to be a contracting entity under the provisions of the Public Procurement Code, pursuant to Article 2 of Decree-Law 18/2008 of 29 January, as amended, given that its corporate purpose is for commercial purposes, and it operates in a competitive market. This allows TAP S.A. to operate in the market and contract with greater flexibility similar to its private sector competitors.

15. Operating efficiency and evolution of operating costs

Operational Efficiency - Paragraph 1 and 2 of Article 134 ot the 2024 DLEO EUR Thousnd	2024	2023	2024/2023 Value	2024/2023 %
(1) Cost of materials consumed	171,631	127,714	+43,917	+34.4%
(2) External services and supplies	2,355,425	2,450,485	-95,060	-3.9%
Aircraft fuel	1,045,805	1,114,754	-68,949	-6.2%
Traffic operating costs	870,145	906,509	-36,364	-4.0%
Aircraft maintenance costs	60,798	56,129	+4,669	+8.3%
Comercial, communication and marketing costs	217,366	211,897	+5,470	+2.6%
Other operating expenses	161,310	161,197	+113	+0.1%
(3) Employee costs	817,130	722,621	+94,509	+13.1%
(4) Impacts on costs resulting from legal requirements	-	-	-	n.m.
(5) Adjusted operating costs (1)+(2)+(3)-(4)	**3,344,186**	**3,300,820**	+43,367	+1.3%
(6) Revenue	4,242,434	4,214,818	+27,616	+0.7%
(7) Impacts on Revenue resulting from legal requirements	-	-	-	n.m.
(8) Adjusted revenue (6)+(7)	4,242,434	4,214,818	+27,616	+0.7%
(9) Weight of Costs/Revenue = (5)/(8)	**78.8%**	**78.3%**	***+0.5 p.p.***	***n.m.***

The Restructuring Plan of TAP, approved by the European Commission on 21 December 2021, is levered on the optimisation of operating costs, having TAP made the commitment, while the plan is in force, to reduce its operating costs by renegotiating contracts with suppliers and aircraft lessors, reducing third party costs and downsizing labour costs.

To this end, TAP signed "Emergency Agreements" with the unions representing the large majority of TAP employees, in order to reach a consensual solution on the path to enable the recovery and restructuring of TAP.

At the beginning of 2023, with the Group's operating performance surpassing the projections in the Restructuring Plan, the decision to end the salary cuts applied to employees was taken. In addition, during the second half of 2023, negotiations were completed for the Collective Labour Agreements (CLAs) applied to almost all employee categories. As a result, 2024 was the first full year with the new collective agreements in effect.

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Thus, although TAP aims for operational efficiency and cost reduction, the labour measures that resulted in the restoration of salary cuts and the signing of new collective agreements led to a significant increase in personnel costs, making it more challenging to reduce the operational efficiency ratio. However, the ratio only increased by 0.5 percentage points in 2024 compared to 2023, demonstrating TAP's ability to maintain operational efficiency and cost reduction despite the significant rise in personnel costs.

16. Human Resources and Payroll

Human Resources	2024	2023	2024/2023 Change	2024/2023 %
N. Governing Bodies (GB)	9	12	-3	-25%
N. Diretors (D)	61	56	5	9%
N. Employees /withoutr GB and D)	8,988	7,769	1,219	16%
TOTAL	**9,058**	**7,837**	***1,221***	***16%***
N. Employees / N. D	147	139	9	6%
Employee costs / Total (GB+D+E)	90,211	92,206	-1,995	-2%
Salary bill (€)	**602,141,651**	**457,761,899**	***144,379,753***	***32%***

The change in the number of governing bodies refers to the dissolution of the Remuneration Committee, which was composed of two individuals who were considered governing bodies in 2023, and the resignation of a member of the Board of Directors and the Executive Committee at the end of 2023.

The increase in the number of employees between 2023 and 2024 includes the incorporation of Portugália employees (912) and the expansion of TAP's operations in 2024. In order to support this increase, a trend that has been observed since 2023, there was a net increase of 309 employees (447 hires and 138 departures throughout 2024), mostly in the operational areas. Considering only this net increase, the financial impact was approximately EUR 1.3 million (EUR 4.0 million for new hires and EUR 2.7 million for departures) in fixed remuneration.

Profissional category	31/12/2023	Entries	Exits	Internal Transfers	Portugália Consolidation	31/12/2024
Governing Bodies (GB)	12	-	3	-	-	9
Diretors (D)	56	-	-	-2	7	61
Employees	7,769	447	135	2	905	8,988
Flight deck crew	1,221	-	6	-	256	1,471
Cabin crew	3,159	173	16	-5	408	3,719
Maintenance	1,548	163	37	1	176	1,851
Other	1,841	111	76	6	65	1,947
TOTAL	**7,837**	**447**	**138**	**-**	**912**	**9,058**

17. Principle of State Treasury Unity (article 28 of the RJSPE, article 105 of the LOE 2024 and article 91 of the DLEO 2024)

ICGP	1st Quarter €	2nd Quarter €	3rd Quarter €	4th Quarter €
Availabilities	17,706,530	23,152,628	31,156,118	881,768
Financial Applications	550,000,000	400,000,000	350,000,000	214,672,695
Security deposits	445,982	480,593	480,593	480,593
TOTAL	**568,152,512**	**423,633,221**	**381,636,711**	**216,035,056**

Commercial banks	1st Quarter €	2nd Quarter €	3rd Quarter €	4th Quarter €
TOTAL	**565,207,563**	**752,023,907**	**561,394,502**	**435,536,711**
Interest received [1]	*6,897,839*	*6,705,615*	*7,021,345*	*3,202,127*

[1] It was considered interest resulting from financial investments and deposits. Interests on deposits include positive and negative interest

The interest received refers exclusively to investments in foreign currency and remunerated deposits in foreign currency.

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For the years 2024 and 2025, TAP was granted a partial exemption from complying with the State Treasury Unit through Order SGG No. 160, dated 11 November 2024, from IGCP - Public Debt and Treasury Management Agency, for the following services:

- Receipts and Payments in currencies other than the Euro
- Accounts of TAP Representations in foreign countries
- Purchase and Sale of Foreign Currency
- Receipts and Payments in Euros:
  - Receipts from public entities requiring an account with the NIF of the respective country
  - Receipts from entities incurring additional transfer costs to Portugal
  - Payments to passengers without the obligation to provide an NIF
- Bank Guarantees / Deposits, when not possible to replace them with deposits at IGCP
- Prepaid Cards
- Direct Debits (creditor side)
- Custody of Securities/Values
- Transport and handling of valuables
- Emergency Fund in Euros / Credit Cards Emergency Fund
- POS Receipts or Other Digital Payments / Receipts via Virtual POS / National Territory POS Receipts
- Receipts in cash and cheques outside the National Territory
- Operational and financial leases and financing
- Jet fuel hedging
- Pledging Bank Balances (when the authority does not authorise the change of bank account)
- Contracts entered into for receipts and payments until it is feasible to transfer to IGCP accounts
- Urgent payments without IGCP account balances
- Investments in foreign currency and derivative transactions for hedging purposes and to meet future commitments
- For the year 2024, receipts via MBWAY and Multibanco reference, through SIBS' DPG, are also exempt.

TAP is awaiting a response to the request for an exemption from the delivery of income earned in 2024, as provided for in paragraph 8, article 91, of Decree-Law No. 17/2024, dated 29 January.

18. Disclosure of the recommendations addressed to the company resulting from Audits conducted by the Tribunal de Contas (Court of Auditors) in the last three years

There were no recommendations directed to the company resulting from audits conducted by the Court of Auditors.

19. Non-financial reporting

The company prepares its Sustainability Report and Corporate Governance Report autonomously, meeting the requirements for non-financial information set out in the Commercial Companies Code.

20. Information to be included in the State Business Sector (SEE) website

As per guidelines received, TAP will report through SISEE (Sistema de Informação do Setor Empresarial do Estado), all the elements relating to the year 2024 and complementary to this document.

TAP is also available to provide any other information that may be necessary within the SEE monitoring.

Appendix 2

Compliance with Legal Guidelines - 2024	Compliance Y/N/N.A.	Qualification/Identification	Justification / report Reference
Management objectives	**Y**		See bullet 1
Financial risk management	**Y**	5.5%	See bullet 2
Limt to the growth of indebtedness	**N.A.**	-1.9%	See bullet 3
Evolution of the Average Payment Term	**Y**	3 days	See bullet 4
Disclosure of overdue debts	**Y**	8,435,950€	See bullet 4
Shareholder recommendations issued on last approval of the financial	**N.A.**		See bullet 5
Reserves issued in the last CLC	**N.A.**		See bullet 6
Remuneration			
Board - rductions in remunerations in force in 2024	Y	600,600€	See bullet 7
EGP - article no. 32 and 33			
Non-use of credits cards	N.A.		See bullet 8
No reimbursment os personal representation expenses	N.A.		See bullet 8
Maximum amount for communication expenses	N.A.		See bullet 8
Maximum monthly amount for fuel and tolls allocated to the service vehicles	N.A.		See bullet 8
No undocumented or confidential expenses - no. 2 article 16 of the RJSPE and of article 11 of the EGP	**Y**		See bullet 9
Promoting slary equality between womwn and men - no. 2 of RCM no. 18/2014			
Preparation and disclosure of the report on remunerations paid to women and men	Y	www.tapairportugal.com/en/about-us/annual-reports	See bullet 10
Prreparation and disclosure of the annual report on corruption prevention	Y	www.tapairportugal.com/en/about-us/manuals	See bullet 12
Public procurement			
Enforcement of publi procurement rules by the Company	N.A.		See bullet 13
Enforcement of publi procurement rules by the Subsidiary Companies	N.A.		See bullet 13
Contracts submitted for Cour os Auditors prior validation	Y	66 contracts in the amount of 3,244,957,831€	See bullet13
Company registration in the National System of Public Purchases	N.A.		See bullet 14
Publi companiess operating expenses	N.A.		See bullet 15
Principle os State Treasury Unity (article 28 of Decree-law no. 133/2013)			
Availabilities and aplications centralised at IGCP	Y	33.2%	See bullet 17
Availabilities and aplications centralised at Commercial banks	Y	435,536,711€	See bullet 17
Interests earned in non-compliance with UTE and paid to the State	N.A.		See bullet 17
Audits the Court Auditors	N.A.		See bullet 18
Preparation of the equality plan as per article 7 of Law 62/2017, of 1 August	Y	www.tapairportugal.com/en/about-us/annual-reports	See bullet 11
Presentation of the non-finacial statement	Y		See bullet 19

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II. Corporate structure of TAP, S.A. (Consolidated Accounts)

As of 31 December 2024, TAP held 100% of its subsidiary TAP Logistics Solutions, S.A., founded on 30 November 2015, and 100% of the share capital of its subsidiary Portugália, acquired on 8 November 2024. The financial statements of these companies were included using the full consolidation method in TAP's consolidated financial statements as of 31 December 2024. It should be noted that the consolidated income statement, consolidated comprehensive income statement, and consolidated cash flow statement include only the last two months of Portugália's activity for the year. The consolidated financial statements as of 31 December 2023, presented for comparative purposes, do not include the contributions of Portugália.

III. Statement issued in accordance with Article 29-G of the Portuguese Securities Code

In accordance and for the purposes of article 29-G, number 1 c) of the Portuguese Securities Code, the members of the Board of Directors of Transportes Aéreos Portugueses, S.A. identified below declare that, to the best of their knowledge, the management report, the 2023 consolidated annual accounts, the legal accounts certificate ("certificação legal de contas") and other accounting documents required for the approval of the annual accounts have been prepared in accordance with the applicable accounting standards, providing a true and fair view of the assets and liabilities, financial position and results of the Company and the companies included in the consolidation perimeter, and that the management report faithfully describes the important events that occurred in such period and the impact on the respective financial statements, as well as a description of the main risks and uncertainties that the Company and the companies included in the consolidation perimeter face.

Lisbon, 25 March 2025

Board of Diretors

Luís Manuel da Silva Rodrigues
Chairman of the Board of Directors and
Chairman of the Executive Committee

Gonçalo Neves Costa Monteiro Pires
Member of the Board of Directors and
Member of the Executive Committee

José Mario Cruz Henriquez
Member of the Board of Directors and
Member of the Executive Committee

Mário Rogério Carvalho Chaves
Vogal do Conselho de Administração
e Vogal da Comissão Executiva

Maria João Santos Gomes Cardoso
Member of the Board of Directors and
Member of the Executive Committee

Sofia N. R. Lufinha de Mello Franco
Member of the Board of Directors and
Member of the Executive Committee

Ana Teresa C. P. Tavares Lehmann
Member of the Board of Directors

João Pedro Conceição Duarte
Member of the Board of Directors

Patrício Ramos Castro
Member of the Board of Directors

IV. Glossary

ANAC	National civil aviation authority (“Autoridade Nacional da Aviação Civil”)
ASK	Available seat kilometre; total number of seats available for sale multiplied by the number of kilometres flown.
Hub	Term used to designate the operational base of an airline in which arrivals and departures are coordinated in order to reduce transit time to the maximum extent.
IATA	International Air Transport Association
Load Factor	Total number of revenue passenger-kilometres (RPK) divided by the total number of available seat-kilometres (ASK).
RPK	Revenue passenger kilometre; total number of passengers multiplied by the number of kilometres flown
Yield	Passenger income divided by total number of revenue passenger kilometres (RPK), adjusted for stage length
YoY	Year-over-year

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V. Consolidated Non-Financial Information

Consolidated non-financial information is not included in this report and will be presented in a separate report.

VI. Consolidated Financial Statements

TRANSPORTES AÉREOS PORTUGUESES, S.A.

CONSOLIDATED FINANCIAL STATEMENTS

2024

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts stated in euros	Notes	2024	2023
ASSETS			
Non-current assets			
Tangible fixed assets	4	3,153,399,157	3,181,168,268
Investment properties	5	1,198,000	1,903,882
Intagible assets	6	31,088,687	22,489,747
Goodwill	7	180,135,637	-
Other financial assets	8	680,937	488,745
Other non current assets	13	14,259,503	15,080,108
Deferred tax assets	9	471,047,253	486,302,382
Other receivables	10	151,525,928	120,939,688
		4,003,335,102	**3,828,372,820**
Current Assets			
Inventories	11	97,524,652	78,716,635
Other receivables	10	876,762,279	1,128,374,337
Income tax receivable	12	13,027,371	3,226,450
Other current assets	13	97,045,480	63,964,685
Cash and cash equivalents	14	651,642,530	789,387,698
		1,736,002,312	**2,063,669,805**
Total Assets		**5,739,337,414**	**5,892,042,625**
EQUITY AND LIABILITIES			
Equity			
Share Capital	15	313,600,000	980,000,000
Supplementary capital contributions	15	343,000,000	-
Legal reserves	16	8,300,000	8,300,000
Hedge reserves	16	(1,343,925)	(450,915)
Other reserves	16	(108,853,600)	(27,332,786)
Other variations in equity	16	-	(9,459,912)
Retained earnings	16	(23,075,867)	(514,393,395)
Net income/(loss) for the year		53,721,980	177,260,543
Total equity of the Group		**585,348,588**	**613,923,535**
Non-controlling interests	15	-	-
Total equity		**585,348,588**	**613,923,535**
Non-current liabilities			
Deferred tax liabilities	9	84,240,222	82,913,685
Post-employment benefits obligations	17	186,458,338	176,722,477
Provisions	18	472,792,114	305,234,778
Restructuring provision	18	182,792	2,108,784
Borrowings	19	513,045,714	200,003,376
Lease liabilities with purchase option	19	760,801,016	698,261,176
Lease liabilities without purchase option	19	1,295,428,780	1,498,461,708
		3,312,948,976	**2,963,705,984**
Current Liabilities			
Borrowings	19	20,007,773	450,485,093
Lease liabilities with purchase option	19	108,125,497	91,697,176
Lease liabilities without purchase option	19	303,795,617	302,656,699
Other payables	20	624,810,080	674,742,509
Income tax payable	12	31,607	19,326
Other current liabilities	21	85,267,840	79,028,839
Liabilities from unused flight documents	22	699,001,436	715,783,464
		1,841,039,850	**2,314,413,106**
Total liabilities		**5,153,988,826**	**5,278,119,090**
Total equity and liabilities		**5,739,337,414**	**5,892,042,625**

These notes are an integral part of the consolidated statement of financial position as of 31 December 2024.

CONSOLIDATED INCOME STATEMENT

Amounts stated in euros	Notes	2024	2023
Revenue			
Passenger	24	3,820,622,937	3,851,624,072
Maintenance	24	236,766,190	163,732,236
Cargo and mail	24	162,730,935	173,077,981
Gains and losses in associates	7	(2,490,020)	-
Other operating income	24 and 25	24,803,978	26,383,921
		4,242,434,020	**4,214,818,210**
Aircraft fuel	26	(1,045,805,428)	(1,114,753,942)
Traffic operating costs	26	(870,145,352)	(906,509,030)
Aircraft maintenance costs	26	(60,797,940)	(56,128,515)
Cost of materials consumed	26	(171,630,953)	(127,713,853)
Comercial, communication and marketing costs	26	(217,366,433)	(211,896,653)
Employee costs	27	(817,129,659)	(722,620,603)
Impairment losses in receivables	28	10,588,508	(3,911,967)
Impairment losses in inventories	28	(1,232,465)	(3,041,248)
Provisions	28	(32,276,746)	(35,452,534)
Other operating expenses	29	(161,310,299)	(161,196,920)
Restructuring	30	934,997	1,426,055
Other non recurrent items	31	(69,191,977)	(40,525,393)
Depreciation, amortisation and impairment losses	32	(492,676,021)	(485,765,081)
Operating income/(loss)		**314,394,252**	**346,728,526**
Interests and similar income	33	79,892,564	64,629,424
Interests and similar expenses	33	(249,758,672)	(254,541,523)
Net currency exchange	33	(48,948,504)	29,649,279
Net income/(loss) before income tax		**95,579,640**	**186,465,706**
Income tax for the year	34	(41,857,660)	(9,205,163)
Net income/(loss) for the year		**53,721,980**	**177,260,543**
Net income/(loss) attributable to owners of TAP S.A.		53,721,980	177,260,543
Net income/(loss) attributable to non-controlling interests		-	-
Results per share			
Basic and diluted earnings per share	35	0.3	0.9

The notes are an integral part of the consolidated income statement as of 31 December 2024.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Amounts stated in euros	Notes	2024	2023
Net income/(loss) for the year		**53,721,980**	**177,260,543**
Items that may be reclassified to income statement:			
Gains and losses in derivate financial instruments - cash flow hedge	10 and 20	(114,716,885)	76,684,646
Deferred tax on derivative financial instruments - cash flow hedge	9	32,303,062	(22,004,179)
Other impacts	5	-	692,101
Items that will not be reclassified to income statement:			
Remeasurements of defined benefit plans	17	(10,411,629)	(78,004,252)
Deferred tax on remeasurements	9	1,068,613	23,011,254
Other comprehensive income/(loss) net of tax		**(91,756,839)**	**379,570**
Comprehensive income/(loss) for the year		**(38,034,859)**	**177,640,113**
Attributable to:			
Owners of TAP S.A.		(38,034,859)	177,640,113
Non-controlling interests		-	-
		(38,034,859)	**177,640,113**

The notes are an integral part of the consolidated comprehensive income statement as of 31 December 2024.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts stated in euros	Notes	Share Capital	Supplementary capital contributions	Legal reserves	Hedge reserves	Other reserves	Other variations in equity	Retained earnings	Net income/(loss) for the year	Subtotal	Non-controlling interests (Note 15)	Total
Equity as of 31 December 2022		**980,000,000**	**-**	**8,300,000**	**(5,741,822)**	**(76,722,347)**	**(28,118,831)**	**(525,689,915)**	**65,597,418**	**417,624,503**	**-**	**417,624,503**
Application of net income/(loss) of the year 2022		-	-	-	-	-	-	65,597,418	(65,597,418)	-	-	-
Capital increases and decreases	16	-	-	-	-	-	18,658,919	-	-	18,658,919	-	18,658,919
Remeasurement*	9 and 17	-	-	-	-	-	-	(54,992,999)	-	(54,992,999)	-	(54,992,999)
Fair value of derivative financial instruments*	9 and 23	-	-	-	5,290,907	-	-	-	-	5,290,907	-	5,290,907
Derivatives of foreing exchange risk hedging*	9 and 33	-	-	-	-	49,389,561	-	-	-	49,389,561	-	49,389,561
Other impacts	5	-	-	-	-	-	-	692,101	-	692,101	-	692,101
Net income/(loss) for the year		-	-	-	-	-	-	-	177,260,543	177,260,543	-	177,260,543
Equity as of 31 December 2023		**980,000,000**	**-**	**8,300,000**	**(450,915)**	**(27,332,786)**	**(9,459,912)**	**(514,393,395)**	**177,260,543**	**613,923,535**	**-**	**613,923,535**
Application of net income/(loss) of the year 2023		-	-	-	-	-	-	177,260,543	(177,260,543)	-	-	-
Capital and supplementary capital contributions increases and decreases	15 and 16	(666,400,000)	343,000,000	-	-	-	9,459,912	323,400,000	-	9,459,912	-	9,459,912
Remeasurement*	9 and 17	-	-	-	-	-	-	(9,343,015)	-	(9,343,015)	-	(9,343,015)
Fair value of derivative financial instruments*	9 and 23	-	-	-	(893,010)	-	-	-	-	(893,010)	-	(893,010)
Derivatives of foreing exchange risk hedging*	9 and 33	-	-	-	-	(81,520,814)	-	-	-	(81,520,814)	-	(81,520,814)
Net income/(loss) for the year		-	-	-	-	-	-	-	53,721,980	53,721,980	-	53,721,980
Equity as of 31 December 2024		**313,600,000**	**343,000,000**	**8,300,000**	**(1,343,925)**	**(108,853,600)**	**-**	**(23,075,867)**	**53,721,980**	**585,348,588**	**-**	**585,348,588**

*Net deferred tax amounts, where applicable.

These notes are an integral part of the consolidated statement of changes in equity as of 31 December 2024.

CONSOLIDATED CASH FLOW STATEMENT

Amounts stated in euros	Notes	2024	2023
Operating activities:			
Receipts from customers		4,591,003,754	4,581,408,978
Payments to suppliers		(3,070,786,181)	(2,973,838,142)
Payments to employees		(844,462,744)	(587,375,048)
Payments of low value and short-term leases		(15,719,526)	(6,023,147)
Cash generated from operations		**660,035,303**	**1,014,172,641**
Income tax (payment)/receipt		(4,222,046)	(686,882)
Other receipts/payments relating to operating activities		(6,477,609)	(8,235,939)
Cash flow from operating activities (1)		**649,335,648**	**1,005,249,820**
Receipts from:			
Financial investments			
Other financial assets	4, 8, 10 and 18	3,948,717	6,101,065
Tangible fixed assets	4	15,737,076	27,415,188
Investment grants		-	-
Loans granted		1,014,647,100	984,362,222
Interests and similar income		64,320,119	61,337,035
		1,098,653,012	**1,079,215,510**
Payments relating to:			
Financial investments	7 e 2.3	(3,303,319)	-
Other financial assets	4, 8, 10 and 18	(53,379,583)	(77,765,172)
Tangible fixed assets	4	(351,416,679)	(196,667,531)
Intangible assets		(15,825,327)	(5,638,559)
Loans granted		(1,063,049,438)	(1,023,857,100)
		(1,486,974,346)	**(1,303,928,362)**
Cash flow from investment activities (2)		**(388,321,334)**	**(224,712,852)**
Financing activities:			
Receipts from:			
Borrowings	19	400,000,000	2,763,456
Capital increases	15	343,000,000	-
		743,000,000	**2,763,456**
Payments relating to:			
Borrowings	19	(516,757,627)	(264,796,790)
Lease liabilities with purchase option	19	(138,004,580)	(77,777,963)
Lease liabilities without purchase option	19	(430,946,569)	(469,864,057)
Interests and similar costs	19	(37,363,897)	(86,175,613)
		(1,123,072,673)	**(898,614,423)**
Cash flow from financing activities (3)		**(380,072,673)**	**(895,850,967)**
Net increase (decrease) in cash and cash equivalents (1)+(2)+(3)		(119,058,359)	(115,313,999)
Effects of currency exchange differences		(18,686,809)	(11,375,354)
Cash and cash equivalents at the beginning of the year	14	789,387,698	916,077,051
Cash and cash equivalents at the end of the year	14	**651,642,530**	**789,387,698**

These notes are an integral part of the consolidated cash flow statement as of 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Introduction

Transportes Aéreos Portugueses, S.A. ("TAP S.A." or "Company") is essentially dedicated to the operation of public air transportation of passenger, cargo, and mail transport services, as well as the provision of services and the carrying out of commercial, industrial, and financial operations directly or indirectly related to such operations.

TAP S.A. and its subsidiaries, collectively referred to as “TAP S.A. Group” or “Group”, provide services in Portugal (Mainland and Autonomous Regions), Europe, Africa, North America, South America, and the Middle East. The Group has 19 representations in foreign countries.

Headquarters Edifício 25, Lisbon Airport, 1700-008 Lisbon
Share Capital EUR 656,600,000 as of the date of approval of these consolidated financial statements
Tax identification number 500 278 725

The Company is affiliated with IATA - International Air Transport Association, among other associations in the industry.

Following the outbreak of the COVID-19 pandemic, and like most companies operating in the aviation sector, all companies within the TAP Group (for this purpose, “TAP Group” refers to TAP S.A. and its subsidiaries, as well as SIAVILO – SGPS, S.A. (“SIAVILO”) (formerly known as TAP – Transportes Aéreos Portugueses, SGPS, S.A. and its subsidiaries) have, since March 2020, suffered a significant reduction in its activity as a result of a sharp drop in demand, resulting in large operating losses. These losses were mainly due to travel restrictions imposed by Portuguese State and many other TAP S.A. destination countries to limit the spread of COVID-19.

To address the impact of COVID-19, the TAP Group adopted a set of measures in 2020 to control and reduce costs, including the suspension or postponement of non-critical investments, renegotiation of contracts and payment deadlines, reduction of incidental expenses, the suspension hiring new workers and promotions, and the implementation of temporary unpaid leave programmes.

On 9 June 2020, the Portuguese State notified the European Commission of its intention to grant a state aid in the form of a loan to TAP S.A.'s sole shareholder, SIAVILO, amounting to EUR 1.2 billion. The aim of this support was to provide sufficient resources so that SIAVILO could meet the immediate liquidity needs of the TAP Group, and particularly TAP.S.A., in order to implement a long-term business viability plan.

On 10 June 2020, the European Commission announced its decision to approve the state aid to the TAP Group, as it understood that it was compatible with European Union rules on state aid.

Following the aforementioned decision of the European Commission, the Portuguese State granted an interest-bearing loan in favour of the TAP Group in the amount of EUR 1.2 billion, formalized through the signing, on 17 July 2020, of a financing agreement between the Portuguese Republic, TAP S.A., SIAVILO and Portugália - Companhia Portuguesa de Transportes Aéreos, S.A. ("Portugália"), as well as a complementary agreement thereto between the aforementioned parties to the financing agreement, Atlantic Gateway and Parpública – Participações Públicas, SGPS, S.A. ("Parpública") – ("Financing Agreement").

Regarding the above mentioned remunerated loan by the Portuguese State in the amount of EUR 1.2 billion, the first tranche, of EUR 250 million, was received on 17 July 2020, the second tranche of EUR 224 million, was received on 30 July 2020, the third tranche of EUR 25 million, was received on 31 August 2020, the fourth tranche of EUR 79.6 million was received on 30 September 2020, the fifth tranche of EUR 92 million was received on 5 November 2020, the sixth tranche of EUR 171.4 million was received on 21 December 2020 and the last tranche of EUR 358 million was received on 30 December 2020.

Following the verification of several preceding conditions under the operations described above, the following occurred on 2 October 2020:

(i) The acquisition by the Portuguese state, through the Treasury and Finance Directorate-General, of shares, economic rights and a portion of the incidental benefits held by Atlantic Gateway in SIAVILO, with the Portuguese state having effective control over 72.5% of SIAVILO ' share capital, the same percentage of economic rights in SIAVILO and some of the incidental benefits realised by Atlantic Gateway in SIAVILO; and

(ii) The reduction of the share held by HPGB in Atlantic Gateway, against the receipt of shares representing 22.5% of the share capital and voting rights of SIAVILO and some of the incidental benefits realised by Atlantic Gateway in SIAVILO, with Atlantic Gateway no longer a shareholder of SIAVILO and HPGB holding a direct share in SIAVILO.

In this context, as of that date SIAVILO changed to the following share structure:

- ✈ Parpública owning 750,000 ordinary shares, representing 50% of the share capital and voting rights of SIAVILO;
- ✈ The Portuguese state, through the Treasury and Finance Directorate-General, owning 337,500 ordinary shares, representing 22.5% of the share capital, voting rights and economic rights of SIAVILO;

- HPGB owning 337,500 ordinary shares representing 22.5% of the share capital, voting rights and economic rights of SIAVILO;
- A number of shareholders jointly hold 75,000 ordinary shares, representing 5% of the share capital, voting rights and economic rights of SIAVILO.

On 24 May 2021 the Portuguese State, through the General Directorate of Treasury and Finance ("DGTF"), carried out a capital increase in TAP S.A. in the amount of EUR 462 million.

Following that capital increase, the shareholder structure of TAP S.A. (which until that date was 100% owned by SIAVILO) changed to the following:

- The Portuguese Republic, through the General Directorate of Treasury and Finance, holding 91.8% of the shares representing the share capital and voting rights;
- SIAVILO holding 8.2% of the shares representing the share capital and voting rights.

On 31 August 2021, the repayment date of the Financing Agreement was extended from 1 September 2021 to 31 December 2021, in the event of non-adoption of a final decision by the European Commission on the restructuring aid to the TAP Group until that date.

Following the approvals by the European Commission on 21 December 2021 of State aid for (i) the restructuring of TAP Group and (ii) for the compensation of losses suffered by TAP S.A. as a result of the COVID-19 pandemic, on 30 December 2021, the following corporate transactions ("2021 Operations") were approved at the Extraordinary General Meeting of TAP S.A. and submitted to the Lisbon Commercial Registry Office for registration:

- The increase in the share capital of TAP S.A. from EUR 503,500,000 to EUR 657,853,400, fully subscribed by SIAVILO, through the conversion of supplementary contributions, in the total amount of EUR 154,353,400;
- The reduction of its share capital to EUR 0.00, for partial coverage of losses;
- The increase in its share capital from EUR 0.00 to EUR 1,794,544,230, fully subscribed by the Portuguese Republic, through the DGTF, with the amount of EUR 1,258,544,230 being paid exclusively through contributions in kind, by converting credits from the Portuguese Republic on TAP S.A. (which represented the value of the remunerated loan plus interest accrued up to the date of conversion), and the amount of EUR 536,000,000, realized through cash entries;
- The reduction of its share capital from EUR 1,794,544,230 to EUR 904,327,865, to partially cover losses.

As a result of the 2021 Operations, the share capital of TAP S.A. increased to EUR 904,327,865, represented by 180,865,573 shares, with a nominal unit value of EUR 5.00, and the Portuguese Republic as its sole and direct shareholder, through the Directorate-General for the Treasury and Finance.

Additionally, following the European Commission's decision dated 21 December 2021, approving the Restructuring Plan of the TAP Group and the granting of restructuring aid, which provided for the disbursement of a tranche of said aid by the end of the fiscal year 2022, on 27 December 2022, the following corporate transactions ("2022 Operations") were approved through a written decision by the sole shareholder of TAP S.A.:

a) The reduction of the share capital of TAP S.A. from EUR 904,327,865 to EUR 0.00, for partial coverage of losses;
b) The increase in its share capital from EUR 0.00 to EUR 980,000,000, fully subscribed by the Portuguese Republic, through the Directorate-General for Treasury and Finance, to be carried out by new contributions in cash, as follows:

   i) EUR 294,000,000 on 27 December 2022;
   ii) EUR 343,000,000 on 20 December 2023;
   iii) EUR 343,000,000 on 20 December 2024.

As a result of the aforementioned Operations in 2022, the share capital of TAP S.A. became EUR 980,000,000, represented by 196,000,000 shares, with a unit nominal value of EUR 5.00.

On 22 December 2023 it was resolved, through unanimous written resolution, to change the date of the second tranche to 3 January 2024.

On 18 October 2024 it was resolved, through unanimous written resolution, to reduce TAP S.A.'s share capital from EUR 980,000,000 to EUR 313,600,000 by decreasing the nominal value of shares from EUR 5 per share to EUR 1.60. From this reduction, EUR 323,400,000 were allocated to absorbing losses, and EUR 343,000,000 were designated for the specific purpose of extinguishing the obligation of the Portuguese Republic to pay the final tranche of the share capital it had subscribed on 27 December 2022 (amounting to EUR 343,000,000, as mentioned above in (iii)), in exchange for the assumption by the Portuguese Republic of an obligation to make an equivalent payment of ancillary contributions, subject to the regime of supplementary capital contributions, by 18 December 2024.

On 18 December 2024 it was resolved, through unanimous written resolution, to postpone the execution of the ancillary capital contribution of EUR 343,000,000, initially scheduled for December 2024, to January 2025.

On 17 January 2025 it was resolved, through unanimous written resolution, to increase TAP S.A.'s share capital through new cash contributions by its sole shareholder, the Portuguese Republic, via the Directorate-General of Treasury and Finance, in the amount of EUR 343,000,000, replacing its obligation to make a single ancillary contribution of the same amount. As a result, TAP S.A.'s share capital increased to EUR 656,600,000, represented by 410,375,000 ordinary shares, each with a nominal value of EUR 1.60.

TAP S.A. continues to have the Portuguese Republic, through the Directorate-General of Treasury and Finance, as its sole direct shareholder and ultimate beneficial owner.

On 7 November 2024, the company issued a 5-year bond offering with a fixed annual interest rate of 5.125%, amounting to EUR 400 million, named “TAP 2024-2029 Bonds”, targeted to European and American institutional investors.

The consolidated financial statements for the year ended 31 December 2024 (hereinafter referred to as the financial statements or consolidated financial statements) were approved at the Board of Directors' meeting on 25 March 2025.

The members of the Board of Directors signing this report declare that, to the best of their knowledge, the information contained herein has been prepared in accordance with the applicable Accounting Standards, providing a true and fair view of the assets and liabilities, financial position, and results of the Group.

Ongoing Restructuring Plan for the TAP Group - State Aid

Following the European Commission's decision of 10 June 2020 that authorized the granting of a State Aid to the sole shareholder of TAP S.A. as of that date - SIAVILO - in the form of a loan, in the amount of EUR 1.2 billion (“Decision of the European Commission”), and the Financing Contract which concluded the granting of the State aid to the TAP Group, it was foreseen the repayment date of the loan granted to the TAP Group, initially set at 10 December 2020, to be extended if the Portuguese State submitted a Restructuring Plan for the TAP Group (“Restructuring Plan” or “Plan”) to the European Commission by that date, within 6 (six) months from the date of the European Commission Decision.

In this context, on 10 December 2020, the Portuguese State submitted to the European Commission a draft Restructuring Plan for discussion and approval.

As part of the preparation of the Restructuring Plan that involves the key areas of the TAP Group, a steering committee was created and a strategic consultant was hired to assist the TAP Group in the elaboration of the Plan.

The Restructuring Plan incorporated a significant transformation of TAP S.A. operation in order to guarantee economic viability in 2023 and sustainability in 2025. This restructuring includes measures to improve operational efficiency, a resizing of the fleet and a reduction in payroll expenses.

The Restructuring Plan project presented to the European Commission had the purpose of ensuring the survival and sustainability of the TAP Group, the maintenance of approximately 7 thousand direct jobs, as well as the preservation of the whole eco-system of TAP Group suppliers, ensuring that it continues to contribute to the Portuguese economy.

This Restructuring Plan project is based on four pillars: (i) focus on the core business, (ii) capacity adjustment (fleet dimensioning and network optimization); (iii) optimization of operating costs (lease negotiation, review of third party costs and adjustment of labor costs); and (iv) revenue improvement (passenger revenues and other revenues). All these initiatives seek to achieve a balanced cash flow and, consequently, to balance the Group's capital structure.

In terms of the optimization of operational costs, EUR 1.3 billion were expected to arise from fleet-related negotiations, as well as EUR 200 million to EUR 225 million per year in negotiations with other operational suppliers of the TAP Group. From the labor costs perspective, it was foreseen to redimension the TAP Group's operations, through, among others, the implementation of voluntary measures, such as rescissions by mutual agreement, part-time work and long-term unpaid leave, without prejudice to other additional mechanisms, besides a reduction in the salaries of the Group's employees.

These adjustments to capacity, fleet and the workforce would ensure that the TAP Group, and in particular TAP S.A., would be large enough to respond to the activity resumption, while preserving its leadership of the Lisbon hub and its strategy of connecting Europe, the Americas and Africa.

As a part of the work related to the process of preparing the Restructuring Plan, a Resolution of the Council of Ministers was approved on 22 December 2020 at a meeting of the Council of Ministers declaring TAP S.A. (as well as Portugália and Cateringpor - Catering de Portugal, S.A. (“Cateringpor”)) in a difficult economic situation, attributing to that declaration the effects provided for in the applicable legislation, specifically the reduction of working conditions and the non-application or suspension, total or partial, of the clauses of the applicable company agreements or collective regulatory instruments, with the establishment of the respective substitute regime (Resolution of the Council of Ministers no. 3/2021, of 22 December 2020, regulated by Order no. 818-A/2021, of 14 January 2021). The status of difficult economic situation attributed to TAP S.A. (as well as Portugália and Cateringpor) was renewed by Council of Ministers Resolution No. 185/2021, of December 29, effective until 31 December 2022, and again renewed by Council of Ministers nº 138/2022, of December 28, with effect until 31 December 2023, with no renewal for the year 2024.

In accordance with this determination, a joint negotiation process was developed in December 2020 among unions, the Administration, and the Portuguese Government, aiming at reaching agreements known as "Emergency Agreements," seeking to find a consensual solution regarding the path to enable the restructuring and recovery of TAP S.A. This process concluded favorably, with all unions representing a vast majority of TAP S.A. employees ratifying the negotiated Emergency Agreements. The Emergency Agreements came into effect on 1 March 2021, allowing, without prejudice to the metrics proposed under the Restructuring Plan, the protection of a greater number of jobs compared to the substitute regime. Non-unionized employees of TAP S.A. benefited from a substitute regime identical to the Emergency Agreements in force within their professional group.

In parallel, between February and June 2021, TAP S.A. implemented a set of voluntary labor measures for its employees, which included mutual terminations, early retirements, pre-retirements, part-time work, and unpaid leaves. As a result of these voluntary measures, the initial resizing target of the Restructuring Plan could be lowered, and it allowed the number of workers eligible for unilateral measures to be reduced to 124 employees (about 94% less than the initial number forecasted and imposed by the Restructuring Plan). The continuation of the Restructuring Plan's execution led TAP S.A. to initiate a collective dismissal procedure involving these 124 workers on 8 July 2021, following its indicative schedule.

With these measures, TAP S.A. obtained the commitment of several unions in the Emergency Agreements, meeting the labor cost objectives included in the Restructuring Plan.

TAP S.A. continued to offer similar conditions to the ones in the voluntary phases for those targeted workers who chose to reconsider their previous decision not to adhere to the voluntary measures. It also maintained the possibility of applying for remaining vacancies at Portugália and other vacancies at TAP S.A. that emerged according to the company's needs. These initiatives reduced the number of workers with unilateral exits in the collective dismissal process to 62.

At the beginning of 2023, considering the Group's operational performance exceeded the expectations outlined in the Approved Restructuring Plan, the salary cuts previously applied to employees were reduced. The Company concluded negotiations on the Collective Labor Agreements applicable to Technical Flight Crew, Cabin Crew, and Ground Staff, which, in addition to introducing new working conditions, resulted in the full reinstatement of salary cuts for these groups, effective in the second half of 2023. The implementation of the newly agreed conditions for the Technical Flight Crew took place in 2023, while for most of the remaining professional categories, the processing and payment of the agreed monetary adjustments occurred in 2024.

In the context of State aid to TAP S.A., approved by the European Commission by decision of 23 April 2021, as compensation for COVID-19 damage verified during the period from 19 March to 30 June 2020, as already mentioned , a capital increase of TAP S.A. was carried out on 24 May 2021, through a cash contribution in the amount of EUR 462,000,000, by the Portuguese Republic, through the Directorate-General for the Treasury and Finance, and the subscription, by it, of 92,400,000 new ordinary shares representing the Company's share capital, with a nominal unit value of EUR 5.00. Following the aforementioned capital increase, the Portuguese Republic, through the Directorate-General of Treasury and Finance, came to hold a shareholding representing approximately 92% of TAP S.A., while the remaining approximately 8.2% of TAP S.A.'s share capital continued to be directly held by SIAVILO. As mentioned above, this shareholder structure remained unchanged until 30 December 2021, when the Portuguese Republic became the sole shareholder of TAP S.A..

Following interactions with the European Commission over the months, on 10 June 2021, the Portuguese State updated the Restructuring Plan initially submitted on 10 December 2020, having notified the European Commission of a EUR 3.2 billion restructuring aid, with the objective of financing a restructuring plan for SIAVILO, which establishes a package of measures to rationalize TAP S.A.'s operations and to reduce costs.

On 16 July 2021, the European Commission approved the following two autonomous decisions:

(i) Re-approval of EUR 1.2 billion rescue aid

The European Commission decided to re-approve the EUR 1.2 billion emergency loan to SIAVILO, which it had previously approved by decision of 10 June 2020, specifying the rationale for the approval of the aid (related to the situation of the TAP Group and its shareholders in June 2020), as required under the judgment of the General Court of the European Union of 19 May 2021 (case T465/20), which annulled the initial emergency aid decision, while suspending the effects of the cancellation until the adoption of a new decision by the European Commission.

Therefore, this new decision of the European Commission confirmed the previous decision of this authority of 10 June 2020, which considered that the said rescue aid of EUR 1.2 billion was compatible with the internal market under item c) of paragraph 3 of article 107 of the Treaty on the Functioning of the European Union and in accordance with the requirements of the European Commission Guidelines on State aid for rescuing and restructuring non-financial firms in difficulty.

(ii) TAP Group Restructuring Plan

The European Commission has decided to initiate an in-depth investigation procedure to further assess the compliance of the proposed Restructuring Plan and the corresponding aid with the conditions set out in the

European Commission's Guidelines on State aid for rescuing and restructuring non-financial companies in difficulty.

Following the interactions with the European Commission that took place after the date of the aforementioned decision of the European Commission, namely with regard to obtaining additional information, on 16 November 2021, the Portuguese State updated the Restructuring Plan submitted on 10 June 2021, which presented an update of the financial projections / sensitivity analysis for the restructuring period (until the year 2025), as well as the inclusion of the years 2026 and 2027, which incorporated the most recent perspectives of the air transport flow, as well as the price of jet fuel and the inflation rate, which generated an estimated increase in revenues and costs for the restructuring period until 2025, with no significant variations in terms of operating results.

This update of the TAP Group Restructuring Plan, including additionally the years 2026 and 2027, was approved by the Board of Directors of SIAVILO and TAP S.A. on 3 November 2021.
Based on an in-depth investigation by the European Commission and the observations of interested parties and the Portuguese State, the European Commission approved the TAP Group Restructuring Plan on 21 December 2021 (“Approved Restructuring Plan”), within the framework of the European Union rules on state aids, which is intended to be in force until 31 December 2025 and is currently being implemented.

More specifically, the European Commission evaluated the Restructuring Plan, which sets out a package of measures to rationalize the operations of the TAP Group and reduce costs. The plan provides for a division of activities in i) TAP S.A. airlines and Portugália (which will be supported and restructured) and ii) perimeter of non-core assets to be sold or liquidated during the restructuring, namely SPdH – Serviços Portugueses de Handling, S.A. (“SPdH”), TAP ME Brasil and Cateringpor. In addition, TAP S.A. made available 18 slots per day at Lisbon airport to a competing company. The European Commission considered to be relevant that the transfer of the slots did not compromise the viability of TAP S.A.

From the perspective of adjusting its capacity, the Restructuring Plan presented to the European Commission aims to adjust the TAP Group fleet to 99 aircraft, a number of aircraft greater than the 75 aircraft that constituted its fleet in 2015.

Based on the above, the European Commission concluded that the restructuring aid complies with the rules of the European Union, having considered that the Approved Restructuring Plan presents itself as realistic, coherent and credible, in order to achieve the objective of ensuring the viability medium/long term and solve the TAP Group's liquidity and insolvency problems.

State support approved by the European Commission amounts to a total value of EUR 3.2 billion, detailed as follows:

- EUR 2.55 billion related to restructuring support measures to allow the return to viability of TAP S.A. Group, including the conversion of the emergency loan of EUR 1.2 billion into equity;

- EUR 640 million aid as compensation for COVID-19 damage incurred during the years 2020 and 2021 between 19 March 2020 and 30 June 2021.

As of this date, with the latest capital injection into TAP S.A. occurred on 17 January 2025 (Note 41), the state aid foreseen in the Approved Restructuring Plan has been fully executed.

The Approved Restructuring Plan assumed as one of its key premises the corporate restructuring of the TAP Group, aiming to centralize within TAP S.A. all assets directly related to the air transport business.

Among the air transport related assets identified in the Restructuring Plan are Portugália, UCS - Cuidados Integrados de Saúde, S.A. ("UCS"), and Cateringpor – Catering de Portugal, S.A. ("Cateringpor") (albeit temporarily, since, under the European Commission's Decision of 21 December 2021, the TAP Group must divest from Cateringpor by the end of the Restructuring Plan's implementation period).

Thus, to comply with the provisions of the Restructuring Plan, it became necessary to carry out a series of corporate restructuring operations, including the following:

- On 8 November 2024, TAP S.A., as the buyer, and SIAVILO, as the seller, entered into a share purchase agreement under which TAP S.A. acquired from SIAVILO the shares representing 100% of the share capital of Portugália (Note 7).

- On 21 January 2025, TAP S.A., as the buyer, and TAPGER – Sociedade de Gestão e Serviços, S.A. ("TAPGER"), as the seller, entered into a share purchase agreement under which TAP S.A. acquired from TAPGER the shares representing 100% of the share capital of UCS (Note 41).

- On 21 January 2025, TAP S.A., as the buyer, and TAPGER, as the seller, entered into a share purchase agreement for TAP S.A. to acquire from TAPGER the shares representing 51% of the share capital of Cateringpor. This transaction is subject to the fulfilment of suspensive conditions (Note 41). The effective transfer of shares will only take place upon the verification of these conditions.

1.1 Going concern

It is the Board of Directors' understanding that the preparation of the consolidated financial statements of TAP S.A. as of 31 December 2024, should be based on the principle of going concern, considering the Business Plan 2025/2030 (Note 2.32) and the Approved Restructuring Plan. Moreover, the operational and net results obtained for the fiscal years ended 31 December 2024 and 2023 were significantly higher than those estimated in the Approved Restructuring Plan, which was the basis for the main estimations until the year fiscal year 2023.

Additionally, as of 31 December 2024, the Group reports cash and cash equivalents of EUR 651.6 million, resulting, among other factors, from the approved state aid measures and positive operating cash flows for the year 2024 amounting to EUR 649.3 million (EUR 1,005.2 thousand EUR for the year ended 31 December 2023). It should also be noted that on 20 January 2025, TAP S.A. received the final tranche of state aid in the amount of EUR 343.0 million (Introductory Note and Note 41).

As of 31 December 2024, the Group reports a positive working capital of EUR 594.0 million (compared to 465.0 million EUR as of 31 December 2023), representing current assets deducted by current monetary liabilities, excluding liabilities from unused flight documents.

Considering the above, it is the Board of Directors' understanding that the Group's operations continuity and liquidity are assured, based on the financing of estimated treasury needs for the next twelve months as of this date.

2 Material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are described below.

2.1. Preparation Base

These financial statements relate to the year ended 31 December 2024 and were prepared in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS" – previously called International Accounting Standards – "IAS") issued by the International Accounting Standards Board ("IASB") and the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), effective on 1 January 2023. From now on, all of those standards and interpretations will be generically called 'IFRS'.

The consolidated financial statements have been prepared on a going concern basis (Note 1.1), from the books and accounting records of the Group, and under the historical cost convention, except for derivative financial instruments and investment properties, which are stated at fair value.

In the preparation of the financial statements in accordance with IFRS, the Board of Directors has used critical estimates, assumptions, and judgments that impact on the value of assets and liabilities and the recognition of income and expenses for each reporting period. Although these estimates are based on the best information available at the time of preparing the financial statements, the current and future outcomes may differ from these estimates. The key assertions involving a higher level of judgment or complexity, or the most significant assumptions and estimates for the preparation of such financial statements, are published in Note 2.32.

The figures shown, unless otherwise indicated, are expressed in Euro.

New standards, changes to standards and interpretations as mandated on 31 December 2024

The new standards, interpretations, and changes to existing standards identified below, which became effective on 1 January 2024, are as follows:

Description	Changes	Effective date
1. New Standards, Amendments to Standards Effective 1 January 2024		
• IAS 1 – Classification of liabilities as non-current and current and non-current liabilities with covenants	Classification of a liability as current or non-current, depending on an entity's right to defer its settlement for at least 12 months after the reporting date, when subject to covenants	1 January 2024
• IAS 7 and IFRS 7 – Supplier finance arrangements	Requirement to provide additional disclosures about supplier finance arrangements, the impact in liabilities and cash flows, as well as the impact in liquidity risk analysis, and how the entity would be impacted if these arrangements were no longer available	1 January 2024
• IFRS 16 – Lease liability in a sale and leaseback	Criteria to account for sale and leaseback transactions after the date of the transaction, when some or all the lease payments are variable	1 January 2024

2. Standards (new and amended) that become effective on or after 1 January 2024, already endorsed by the EU		
• IAS 21 – The effects of changes in foreign exchange rates: Lack of exchangeability	Requirements for determining whether a currency is capable of being exchanged for another currency and, when exchange is not possible for a long period, the options for calculating the spot exchange rate to be used. Disclosure of the impacts of this situation on the liquidity, financial performance and financial position of the entity, as well as the spot exchange rate used on the reporting date	1 January 2025

3. Standards (new and amended) that become effective on or after 1 January 2024, not yet endorsed by the EU		
• IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	Introduction of a new exception to the definition of derecognition date when the settlement of financial liabilities is made through an electronic payment system. Additional guidance for assessing if contractual cash flows of a financial asset are solely payments of principal and interest. Requirement of new disclosures for certain instruments with contractual terms that may change cash flows. Updated disclosures for fair value gains or losses recognized in Equity in relation to equity instruments designated at fair value through other comprehensive income.	1 January 2026
• IFRS 7 and IFRS 9 – Contracts referencing nature-dependent electricity	Refers to the accounting of Power Purchase Agreements for nature-dependent electricity in relation to: i) clarifying the application of the 'own-use' requirements; ii) allowing hedge accounting if nature-dependent electricity contracts are designated as hedging instruments; and iii) adding new disclosure requirements on entity's financial performance and cash flows.	IFRS 7 and IFRS 9 – Contracts referencing nature-dependent electricity
• Annual Improvements – Volume 11	Clarification of the wording of several Accounting Standard: IFRS 1, IFRS 7, IFRS 9, IFRS 10 e IAS 7	1 January 2026

• IFRS 18 – Presentation and Disclosure in Financial Statements	Presentation and disclosure requirements in financial statements, focusing on the Statement of profit or loss, by determining a structure-model, with the classification of income and expenses into operational, investing and financing categories, and the introduction of relevant subtotals. Improvements to the disclosure of management performance measures and enhanced guidance on the principles of aggregation and disaggregation of information.	1 January 2027
• IFRS 19 – Subsidiaries without Public Accountability: Disclosures	Disclosure-only standard, with reduced disclosures requirements, which works alongside other IFRS Accounting Standards for recognition, measurement, and presentation requirements. Can only be applied by "Eligible" subsidiaries that have no public accountability and have a parent that prepares consolidated financial statements available for public use that comply with IFRS.	1 January 2027

The Group is currently assessing the potential impacts of IFRS 18, particularly, regarding the presentation of certain items in the consolidated income statement.

The new and changed standards referred to above in point 1, which became effective on 1 January 2024, did not impact the financial statements of the Group for the financial year ended 31 December 2024. It is not estimated that the new and amended standards referred in points 2 and 3 will have relevant impact in the financial statements of the Group.

2.2. Comparability of financial statements

The financial statements of 31 December 2023, presented for comparative purposes, are fully comparable.

2.3. Consolidation perimeter

As mentioned in the Introductory Note, on 8 November 2024, TAP S.A. acquired from SIAVILO the shares representing 100% of the share capital of Portugália, thus restructuring the Group's consolidation perimeter, resulting in a significant impact in the financial statements.

Unlike the consolidated statement of financial position as of 31 December 2023, the statement of financial position as of 31 December 2024 includes the full consolidation of Portugália's assets and liabilities.

Additionally, the consolidated income statement and the consolidated cash flow statement for the year ended 31 December 2024 reflect the impact of Portugália's operations for the last two months of the year.

Entities included in the consolidation perimeter are detailed below:

Name	Head office	Core business	Shareholders	% share capital held	
				2024	2023
Tap Logistics Solutions, S.A	Lisbon	Postal services	TAP S.A.	100.00%	100.00%
Portugália - Companhia Portuguesa de Transportes Aéreos, S.A.	Lisbon	Aeronautical activities	TAP S.A.	100.00%	0.00%

On 8 November 2024, TAP S.A. acquired from SIAVILO 100% of the shares representing the capital of Portugália for EUR 4,484,000. The impact of Portugália's inclusion in the consolidation perimeter of the TAP S.A. Group as of 8 November 2024 is detailed as follows:

Amounts stated in euros	Total
ASSETS	
Non-current assets	
Tangible fixed assets	(143,870,838)
Goodwill	180,135,637
Other financial assets	192,177
Other non current assets	204,906
Deferred tax assets	619,794
Other receivables	45,949,548
	83,231,224
Current Assets	
Inventories	10,189,664
Other receivables	155,692,500
Income tax receivable	13
Other current assets	1,978,077
Cash and cash equivalents	1,180,681
	169,040,935
Total Assets	**252,272,159**
Non-current liabilities	
Deferred tax liabilities	15,866,176
Post-employment benefits obligations	184,102
Provisions	101,154,322
Lease liabilities without purchase option	(119,150,010)
Other payables	43,893,413
	41,948,003
Current Liabilities	
Lease liabilities without purchase option	12,958,570
Other payables	172,905,803
Other current liabilities	3,755,531
	189,619,904
Total liabilities	**231,567,907**
Total equity and liabilities	**252,272,159**

For the purpose of determining the goodwill, the financial statements of the subsidiary as of 31 October 2024 were considered, along with the necessary adjustments to reflect the standardization of accounting policies and the fair value of its assets and liabilities:

Equity Portugália	(175,651,637)
Goodwill	180,135,637
	4,484,000

Additionally, this change in the consolidation perimeter resulted in a gain of EUR 14.6 million (net of deferred tax), related to the cancellation of pre-existing relationships with Portugália, which led to the derecognition of right-of-use assets and lease liabilities associated with the ACMI contract between TAP S.A. and Portugália. This impact was recognized in the “Other non-recurring items” (Note 31) and “Income tax” items, in the amounts of EUR 20.7 million and EUR 6.1 million, respectively.

2.4. Segment reporting

As recommended in IFRS 8, the Group presents operating segments based on internally produced management information. In fact, operating segments are reported consistently with the internal management information model, provided to the Group’s chief operational decision maker, who is responsible for allocating resources to the segment and evaluating its performance, as well as for strategic decision-making. The Group does not present segmental assets and liabilities, since this information is not presented to the chief operational decision maker.

Two operational segments were identified: air transportation and maintenance and engineering. The activities aggregated in “Others” do not qualify to be reported separately.

Segment reporting accounting policies are consistently used in the Group. All inter-segment revenues are priced at market prices and eliminated in consolidation. Information regarding identified segments is provided in Note 24.

2.5. Currency conversion

Functional and presentation currency

The details included in the financial statements of each of the entities in the Group are measured using the currency of the economic environment in which the entity operates (functional currency). Consolidated financial statements are presented in EUR, with the EUR being the functional currency of TAP S.A. and the Group’s display currency.

Balances and transactions in foreign currency

Transactions in currencies other than the EUR are translated into the functional currency using the exchange rates at the date of transactions. Foreign exchange gains or losses resulting from the payment/receipt of transactions, and the conversion, by the exchange rate, at the reporting date, of monetary assets and liabilities denominated in foreign currency, are recognised in the consolidated income statement under the net exchange rate financial differences item.

The exchange rates used to translate consolidated financial statements expressed in a currency other than the EUR or to update balances expressed in foreign currency on 31 December 2024 and 2023 were as follows:

			Average Rate	
Currency	**2024**	**2023**	**2024**	**2023**
USD	1.039	1.105	1.085	1.082
CHF	0.941	0.926	0.955	0.974
GBP	0.829	0.869	0.849	0.871
BRL	6.425	5.362	5.742	5.422
AOA	947.477	930.963	971.720	730.808

2.6. Tangible fixed assets

Tangible fixed assets, namely buildings and land, acquired until 1 January 2004 (date of transition to IFRS), are recorded at cost, or cost reassessed in accordance with generally accepted accounting principles in Portugal up to that date, minus accumulated depreciation and impairment losses.

Additionally, at the transition date, TAP S.A. applied the exception set forth in IFRS 1 – First-time Application of the International Financial Reporting Standards, by which the fair value of some categories of assets, reported at transition date (1 January 2004), can be considered as deemed cost.

Tangible fixed assets, acquired after the transition date, are presented at cost minus depreciation and impairment losses. Acquisition cost includes all expenditure directly attributable to the acquisition of the assets.

Subsequent costs, including fleet renewals and structural maintenance, are included in the cost of acquiring the asset whenever it is likely that future economic benefits will flow to the Group. Other current maintenance charges are recognised as an expense for the period in which they are incurred.

Depreciation is calculated on the acquisition cost, using the straight-line method by twelfths, at rates that best reflect their estimated useful life, as follows:

	Years of useful life	Residual value
Buildings and other constructions	20-50	-
Basic equipment:		
Flight equipment:		
Aircraft	20	0-5%
Aircraft under financial leasing	20	0-5%
Spare engines and spare parts	20	5%
Spare engines under financial leasing	20	5%
Other flight equipment	7-20	0-5%
Transport equipment	4-10	-
Tools	8-20	0-5%
Administrative equipment	5-16	-
Other tangible fixed assets	10	-

Residual asset values and their useful lives are reviewed and adjusted prospectively, if necessary, on the reporting date (Note 4). If the carrying amount is greater than the recoverable value of the asset, it is readjusted to the estimated recoverable value by recording impairment losses (Note 2.9.).

Gains or losses arising from write-downs or disposals are determined by the difference between the proceeds of disposals less transaction costs and the carrying amount of the assets and are recognised in the consolidated income statement as other operating income or costs.

For right-of-use assets please refer to Note 2.24.

2.7. Investment properties

Investment properties are properties (land, buildings or parts of buildings) held for the purpose of increasing capital, earning rent, or both. Investment properties were valued at fair value at the date of transition to IFRS and then valued according to the fair value model, which is applied to all assets classified as investment property.

The fair value of investment properties is determined on the basis of assessments by external appraisers taking into account the conditions of use or best use, depending on whether they are rented or not.

2.8. Intangible assets

Intangible assets essentially include software to support the activity, recorded at acquisition cost minus amortisations and impairment losses, according to the straight-line method, for a period ranging from 3 to 10 years.

The amounts capitalized under the caption “Computer programs” refer to the development and parameterization of information systems to support the activity.

2.9. Non-financial asset impairment

Non-financial assets, which have no defined useful life, are not subject to depreciation or amortisation, but are subject to annual impairment tests. Assets subject to amortisation/depreciation are revised for impairment whenever events or changes in circumstances indicate that the value at which they are carried may not be recoverable.

Where the recoverable value determined is less than the book value of the assets, the Group records the respective loss due to impairment.

An impairment loss is recognised by the amount of excess of the asset’s carrying amount over its recoverable value. The recoverable amount is the greater of the fair value of an asset, less costs for sale, and its value in use.

For impairment testing, assets are grouped at the lowest level at which cash flows (units that generate cash flows to which the asset belongs) can be identified separately, when it cannot be identified individually for each asset.

The reversal of impairment losses, recognised in previous years, is recorded when it is concluded that recognised impairment losses no longer exist or have decreased.

The reversal of impairment losses is recognised in the consolidated income statement under the heading “Depreciations, amortisations and impairment losses”. However, the impairment loss is reversed up to the limit of the amount that would have been recognised (net of amortisation or depreciation) had the impairment loss not been recorded in previous years.

2.10. Financial assets

Classification

The Group classifies its financial assets according to their characteristics and business model that it has defined to manage the receipt of contractual cash flows. Classification is determined at the time of initial recognition of financial assets.

Financial assets and liabilities are offset, their amounts being reported as net in the consolidated statement of financial position, only when: i) there is a legally enforceable and non-opposable right to offset such amounts, and ii) when there is an intention to settle on a net basis, or when the asset is realised at the same time as the liability is settled. The legal right to offset exists when it is exercised at all times, during the normal course of the activity, and is not contingent upon the occurrence of future events or cases of default, insolvency or bankruptcy of the entity.

All purchases and disposals of these investments are recognised at the time of signing their purchase and sale contracts, regardless of the date of financial settlement.

✈ **Debt instruments**

A financial asset is measured at amortised cost if (i) it is held to receive the contractual cash flows; and (ii) the underlying contractual cash flows represent only the payment of principal and interest. The assets in this category are initially recognised at their fair value and subsequently measured at their amortised cost. A financial asset is measured at fair value by other comprehensive income if (i) the purpose inherent in the business model used is achieved either by receiving the contractual cash flows or by selling the financial assets; and (ii) the underlying contractual cash flows represent only principal and interest payments. The assets in this category are initial and subsequently measured at their fair value, with changes in fair value recorded in other comprehensive income except for the recognition of impairment losses, interest and exchange rate gains or losses, values that are recorded directly in the consolidated income statement. When the financial asset is derecognised, the cumulative gain or loss on another comprehensive income is reclassified to a result of the period.

Financial assets that do not qualify for the above-mentioned situations are classified and measured at fair value through profit or loss, a residual category under IFRS 9.

✈ **Equity instruments**

Equity instruments are always measured at fair value. Equity instruments held for trading are measured at fair value by profit or loss. For all other equity instruments, the Group may choose to show changes in their fair value in other comprehensive income on initial recognition, instrument by instrument.

When the Group opts to do so, all changes in fair value except dividends that configure return on investment are recognised in other comprehensive income. In this case, on the date of derecognition of the asset, the cumulative gain or loss is not recognised in income for the period and is then transferred to retained earnings.

Impairment of financial assets

IFRS 9 establishes an impairment model based on “expected losses”, according to which the estimate of impairment is assessed from the initial recognition, taking into account the assessment of credit risk.

✈ **Other accounts receivable**

The Group uses the simplified approach set out in IFRS 9 to calculate and recognise impairment losses on client contract assets. Expected losses up to maturity are recorded, based on experience of actual losses over a period that has been considered statistically relevant and representative of the specific characteristics of the underlying credit risk, adjusted for forward-looking information.

The adjustment for impairment losses is posted against income for the period, under “Impairment losses in receivables”.

✈ **Other financial assets**

The Group considers that all debt instruments measured at amortised cost have zero credit risk.

If a financial instrument’s credit risk has not increased significantly since its initial recognition, the Group recognises a cumulative impairment equal to the loss expectation estimated to occur within the next 12 months.

If credit risk has risen significantly, the Group recognises an accumulated impairment equal to the expected loss that is estimated to occur until the respective maturity of the asset.

Any impairment loss on these financial assets is recognised in the income statement for the period under “Impairment losses in receivables”.

Derecognition of financial assets and financial liabilities

The Group only derecognises financial assets when the contractual rights to cash flows have expired or have been transferred, and the Group has substantially transferred all risks and benefits arising from the ownership of the asset.

Financial liabilities (or part of financial liabilities) are derecognized when, and only when, the obligations specified in the contracts are satisfied, canceled or expired. A substantial modification to the terms of an existing financial liability, or part thereof, should be accounted for as extinguishing the original financial liability and recognizing a new financial liability.

2.11. Derivatives

The Group uses derivatives to manage the financial and operational risks to which it is subject. Where the expectations of interest rate and jet fuel price developments justify this, the Group seeks to employ operations to protect against adverse movements, using derivative instruments such as interest rate swaps (“IRS”) and jet fuel swaps.

In the selection of derivative financial instruments, the economic aspects of these instruments are necessarily assessed. Derivatives are recorded in the financial position statement at their fair value.

To the extent that they are considered effective hedges, changes in the fair value of cash flow hedges are initially recorded in other comprehensive income for the period to which they relate and subsequently in operating profit or loss (“Aircraft fuel”), for jet fuel instruments, and net financial results (“Interest and similar income/expenses”) for interest rate instruments, at their settlement date. The ineffective part of the hedge is recorded in net operating profit or loss or financial results, depending on the nature of the derivative at the time it occurs.

Therefore, and in net terms, the expenses associated with the hedged finance are offset by the rate inherent in the contracted cover operation. Gains or losses arising from early termination of this type of instrument, which is only allowed under certain circumstances, are recognised in profit or loss when the hedged operation also affects income.

Whenever possible, the fair value of derivatives is estimated on the basis of quoted instruments. In the absence of market prices, the fair value of derivatives is estimated through the discounted cash flow method and option pricing models, in accordance with generally accepted market assumptions. The fair value of derivative financial instruments is essentially included in other accounts receivable and other accounts payable.

Hedge accounting

Derivatives, used for hedging purposes, may be classified as hedging if they meet all the following conditions:

- At the start date of the transaction the hedging relationship is identified and formally documented, including the identification of the hedged item, the hedging instrument and the assessment of the hedging effectiveness;
- The hedging relationship is aligned with the risk management strategy and management goals;
- The hedging effectiveness can be measured reliably at the start date of the transaction and throughout the life of the operation;
- There is an economic relationship (50%) between the hedged item and the hedging instrument; and
- Variation risk is not primarily a function of credit risk.

As of 1 January 2022, the Group designated in a hedging relationship the exchange rate risk associated with highly probable forecasted sales which fare is determined in USD, using as hedging instruments a portion of aircraft lease liabilities denominated in USD, according to the amounts and dates of future cash flows from expected sales and lease liabilities. It is expected that there is an economic relationship between (i) the hedging instrument, which exposure is to EUR/USD, namely lease payments in USD, and (ii) the hedged item, which exposure is to EUR/USD, namely denominated sales in USD. Thus, when the hedged item varies in one direction, the hedging instrument will vary in the opposite direction.

2.12. Assets and liabilities at fair value

Fair value measurements and related disclosures are based on a fair value hierarchy. The hierarchy categorises entries used in evaluation techniques into three levels.

Level 1 inputs are prices quoted in active markets for identical assets or liabilities, which the Group can access on the balance sheet date.

Level 2 inputs are inputs other than the listed market prices included in level 1, which are directly or indirectly observable for the asset or liability.

Level 3 inputs are not observable for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, allowing for situations where there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which may include the entity's own data.

2.13. Income tax

Income tax includes current tax and deferred tax. Current income tax is determined on the basis of net income, adjusted in accordance with the tax legislation in force at the reporting date.

Deferred tax liabilities are recorded based on the temporary differences between the book values of assets and liabilities and their tax base. Deferred tax assets are recognised whenever there is a reasonable probability that future tax will be generated, or if there are deferred tax liabilities they can be offset against. Deferred tax assets are reviewed periodically and diminished whenever they are likely not to be used.

The income tax rate expected to be in force in the period in which the temporary differences will be reversed is used in calculating the deferred tax.

Deferred tax is recorded as an expense or income for the fiscal year, unless it is due to amounts recorded directly in equity, in which case deferred tax is also recorded under the same heading, i.e. amounts to be included in current and deferred tax, resulting from transactions and events recognised in reserves, are recorded directly under those same headings, not affecting the net profit for the financial year. Thus, the impact of tax rate changes is also recognised in net income, except for items recognised directly in equity, in which case that impact is also recognised directly in equity.

The recording of the tax impacts of the transactions carried out by the Group corresponds to management's understanding of the tax treatment applicable in the light of the legislation issued. In situations where there is an interpretation and this is questioned by the Tax Authorities, management reviews the interpretation, evaluating the probability (above or below 50%) that the adopted tax treatment will be accepted and consequently determines the most probable or expected value of tax assets or liabilities to be recorded.

2.14. Inventories

Goods and raw, subsidiary and consumable materials are valued at the lower of the acquisition cost and the net realisable value. Acquisition cost includes expenses incurred up to the arrival of the goods at the warehouse, using the weighted average cost as a cost method.

The inventories held relate essentially to parts for maintaining engines and aircraft components. Recovered material refers essentially to equipment and spare parts to be used in aircraft and engines and is valued at cost.

The net realisable value is the estimated sales price minus the estimated finishing and marketing costs. The difference between cost and net realisable value, if lower, is recorded under “Impairment in accounts receivable and inventories”.

2.15. Customers and other accounts receivable

Customer balances and other current accounts receivable are initially accounted for at the agreed consideration value unless they have a significant financing component, in which case they are accounted for at fair value. The Group holds current customer and other receivable balances for the purpose of recovering them, so that they are subsequently measured at amortised cost deducted by impairment losses (Note 10).

Impairment losses are recorded based on the experience of actual losses over a period that has been considered statistically relevant and representative of the specific characteristics of the underlying credit risk, adjusted for forward-looking information.

2.16. Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other short-term investments with an initial maturity of up to 3 months that can be immediately mobilised without significant risk of value fluctuations. For the purposes of the consolidated cash flow statement, this item also includes bank overdrafts, which are shown in the consolidated statement of financial position under current liabilities under the heading of interest-bearing liabilities.

2.17. Share capital

Ordinary shares are classified in shareholder equity (Note 15).

Expenses directly attributable to the issuance of new shares or other equity instruments are presented as a deduction, after tax, from the amount received following the issue.

Expenses directly attributable to the issuance of new shares or options for the purchase of a business are included in the acquisition cost as part of the purchase amount.

2.18. Interest-bearing liabilities

Interest-bearing liabilities and lease liabilities are initially recognised at fair value, net of transaction costs incurred and subsequently presented at amortised cost. Any difference between receipts (net of transaction costs) and the amount refunded is recognised in the consolidated income statement over the debt period using the effective interest rate method.

Interest-bearing liabilities and lease liabilities with option to purchase are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the consolidated financial position (Note 19).

2.19. Borrowing costs on loans

Borrowing costs for generic and specific loans, directly related to the acquisition, construction (if the construction or development period exceeds one year) or production of fixed assets that take a substantial period of time to be completed, are capitalised, and form part of the cost of the asset.

Capitalization of these costs begins after the start of the preparation for constructing or developing the asset and is terminated after the start of use or when the execution of the project in question is suspended or substantially completed.

Other financial charges are recognised as expenses when incurred.

2.20. Provisions

Provisions are recognised where the Group has a legal, contractual or constructive obligation as a result of past events, and it is likely that outflows and/or resources will become necessary to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions for ongoing legal proceedings are made according to the risk assessments by the Group and its legal advisers, based on historical success rates, by nature of the case and the likelihood of an unfavourable outcome for the Group.

The Group recognises a provision for restructuring costs when the general criteria for recognising provisions are met, in particular when there is a detailed formal plan for restructuring and a valid expectation has been created for those affected that it will carry out the restructuring by beginning to implement that plan or by announcing its main characteristics to those affected by it. Underlying expenses are recognised in the consolidated income statement under “Restructuring”.

Provisions for future operating losses are not recognised. Provisions are revised at the reporting date and adjusted to reflect the best estimate at that date (Note 18).

The costs of aircraft restorations performed immediately prior to return to the *lessor* at the end of the lease (defined as *redelivery* for the purposes of IFRS 16) are recognised as a provision, provided that they can be reliably estimated. Additionally, an asset component is recognised in the right-of-use asset that is depreciated by the linear method across the lease term.

2.21. Post-employment employee benefits

The Group has committed to paying its employees cash benefits in the form of supplementary pensions, early retirement benefits, health care and retirement bonuses. The Group has set up autonomous pension funds as a way of financing some of its liabilities for these payments.

In order to estimate its liability for the benefit plans defined above, the Group periodically obtains actuarial calculations of the liabilities determined according to the "Projected Unit Credit Method".

Remeasurements resulting from differences in assumptions used for calculating liabilities and what actually occurred (as well as changes made to them and the difference between the expected return on fund assets and the actual return) are recognised when incurred directly in the consolidated statement of the entire income.

Liabilities, recognised under the heading "Pensions and other post-employment benefits" in the consolidated statement of financial position, represent the present value of bonds with defined benefit plans, minus the fair value of the fund assets.

Plans that are overfinanced are recorded as an asset when there is express permission for their compensation with future employers' contributions, or if the repayment of that financial surplus is expressly authorised or permitted.

Gains and losses, generated by cutting or settling a defined benefit pension plan, are recognised in income for the year when the cut or settlement occurs. A cut occurs when there is a material reduction in the number of employees.

Expenses for past liabilities resulting from the implementation of a new plan or accruals of assigned benefits are immediately recognised in Group results. The increase in spending on past services resulting from early retirement (retirement before the employee reaches the retirement age) or plan changes is recognised in the income statement when it is incurred.

Contributions made under the defined contribution plans are recorded as expenses in the consolidated income statement at the time they are due. According to these plans, in the event that the fund does not have sufficient assets to pay all employees the benefits related to the services provided this year and in previous years, the sponsor does not have a legal or constructive obligation to make additional contributions.

2.22. Other accounts payable

Supplier balances and other current amounts payable are initially recorded at fair value and subsequently measured at amortised cost (Note 20).

2.23. Grants

State grants are only recognised after there is certainty that the Group will meet the conditions for them and that the grants will be received.

Operating grants, received for the purpose of compensating the Group for costs incurred, are recorded systematically in the consolidated income statement during the periods when the expenses that those grants are intended to offset are recognised.

Investment grants, received with the purpose of compensating the Group for investments made in tangible/intangible assets, are recorded as a reduction to the value of the respective subsidized assets and are recognized in the Income statement, over the estimated useful life, by deducting from the amount of depreciations/amortizations.

2.24. Leases

The Group evaluates whether a contract is or contains a lease at the start of the contract. The Group recognises a right-of-use asset and its lease liability for all lease contracts under which it is a lessee, except for short-term leases (defined as leases of 12 months or less) and low-value asset leases (such as tablets and personal computers, small office furniture and telephones).

For such leases, the Group recognises lease payments as an operating expense linearly over the lease term, unless another systematic basis is more representative of the pattern of time during which the economic benefits of the leased assets are generated.

Lease liabilities are initially measured by the present value of payments not made on the date each lease takes effect, discounted based on the implicit rate of the lease. If that rate cannot be readily determined, the Group uses its incremental financing rate.

Lease payments included in the measurement of lease liabilities include:

- Fixed lease payments (including in-substance fixed payments), minus any receivable incentives associated with the lease;
- Variable payments that depend on an index or rate, measured initially based on the index or rate at the start date of the contract;
- Amounts relating to residual value guarantees that are expected to be paid;
- The price of exercising any purchase options, if the lessee reasonably believes that its exercise is certain; and
- Payments for early cancellation of the lease if the contract term reflects the exercise of an option to terminate the contract early.

Lease liabilities are shown on two separate lines in the consolidated statement of financial position under the headings “Lease liabilities with option to purchase” and “Lease liabilities without option to purchase”.

Lease liability is measured subsequently with increases that reflect past due interest on the liability and reductions that reflect payments made.

The Group remeasures the leasing liability (and makes an adjustment corresponding to the related right-of-use asset) whenever:

i) The lease term changes or a significant event or change in circumstances occurs, resulting in a change in the evaluation of exercising a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments, using a revised discount rate.

ii) Lease payments are changed due to changes in an index or rate or there is a change in the expectation of payment of a guaranteed residual value. In such cases the lease liability is remeasured, discounting revised lease payments using an unchanged discount rate (unless in circumstances where changes in payments result from a change in the variable interest rate, in which case a revised discount rate is used).

A lease contract is modified and the modification of the lease is not accounted for as a separate lease, in which case the lease liability is remeasured based on the modified term of the modified lease, discounting the revised lease payments using a revised discount rate on the effective date of the modification. As a result of renegotiations on lease contracts without option to purchase, the Group has reviewed the discount rate applicable to these leases.

Right-of-use assets include initial measurement of the corresponding liabilities, payments made before or on the day of the start of the lease, minus the incentives received, plus any initial direct costs. They are subsequently measured at cost, minus accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation to spend on dismantling and removing a leased asset, restoring its location, or restoring the underlying asset to the condition required by the lease terms and conditions, a provision is recognised and measured in accordance with IAS 37. To the extent that expenses are related to a right-of-use asset, expenses will be included in the related right-of-use asset.

Right-of-use assets are depreciated for the shortest period between the lease term and the life of the underlying asset. If a lease transfers the underlying asset's ownership or the right-of-use asset's value reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the life of the underlying asset. Depreciation starts on the start date of the lease. Right-of-use assets are shown in the statement of financial position under "Tangible fixed assets".

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Tangible fixed assets" policy.

Variable-value leases that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. Their payments are recognised as being spent in the period in which the event or condition that determines the occurrence of such payments occurs and are included under the heading "Other expenses" (Note 29) in the consolidated income statement.

IFRS 16 allows the lessee to not separate non-lease components and to account for any associated lease and non-lease components as a single contract. The Group did not use this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the contractual consideration for each lease component based on the price, independent of the lease component, and on the price independent of the non-lease components.

2.25. Revenue

The Group recognises revenue in accordance with the core principle introduced by IFRS 15, i.e. to reflect the transfer of contracted goods and services to customers, in an amount corresponding to the consideration that the entity expects to receive in return for the delivery of those goods or services, based on a 5-stage model, namely: (i) identifying a contract with a customer; (ii) identifying performance obligations; (iii) determining a transaction price; (iv) allocating the transaction price to performance obligations and (v) recognising revenue when or as the entity meets a performance obligation.

The value of the sale of passenger and cargo transport Is, at the time of sale, recorded as a liability under the heading "Unused flight documents". When the transport takes place or the ticket expires, the value of the sale is transferred from this line to income for the financial year or to an account payable depending on whether the transport was: (i) by the Group or the ticket expired without right to refund; (ii) by another air carrier or the ticket expired with right to refund, respectively, for an amount generally different from that recorded at the time of the sale. Periodic checks are carried out on the balance of the unused flight documents item in order to correct the balances of tickets sold in order to verify those which have already been used or whose coupons have lost their validity and cannot therefore be used or refunded.

Commitments, allocated to third parties by the Group on the sale of tickets, are deferred and recorded as expenses in the financial year according to the year-to-year accruals of their respective transport revenues.

The Group recognises revenue from maintenance contracts according to the *cost-to-cost* method (also called the percentage of completion method), which is defined as the ratio of spending on each contract to a given date to the estimated spending to complete it. Differences obtained between the amounts resulting from applying the percentage of completion method to the total estimated revenue and the amounts already invoiced are recorded in the accounts receivable as creditor accruals (Note 10). In addition, the Group Board of Directors believes that the *cost-to-cost* method is the most appropriate method for measuring the degree to which performance obligations are met in maintenance contracts.

When total spending for an agreement is likely to exceed total revenue, the expected loss is recognised immediately as an expense. Please note that maintenance contracts typically have a duration of less than 3 months.

In the frequent flyer programme “TAP Miles&Go” (formerly “TAP Victoria”), the Group follows the procedure of allocating miles to customers participating in the loyalty programme under defined conditions and on the basis of the flights taken, which can then be used to book flights under preferential conditions, in particular at reduced rates.

At the time of ticket sale, the Group considers it has a separate performance obligation corresponding to the points from the “TAP Miles&Go” program awarded. Based on the historical number of awarded miles not used or expired at the end of each reporting period and the assigned unit valuation, adjusted for the estimate of unused miles to expire, the Group recognizes deferred revenue estimated to correspond to the miles allocation. The valuation of miles is determined using the stand-alone price, which is based on the average equivalent ticket value considering the historical redemption of miles. Revenue is thus recognized when miles are used or expire.

Revenue is recognised net of indirect taxes, discounts and other costs incurred in delivering it.

2.26. Contingent assets and liabilities

Contingent liabilities, in which the possibility of an outflow of funds affecting future economic benefits is only possible, are not recognised in the consolidated financial statements and are disclosed in the Notes unless the possibility of an outflow of funds affecting future economic benefits is remote, in which case they are not disclosed.

Provisions are recognised for liabilities that meet the conditions in Note 2.20.

Contingent assets are not recognised in the consolidated financial statements but are disclosed in the annex when a future economic benefit is likely to exist.

2.27. Non-recurring items

In accordance with the provisions of paragraphs 85 and 86 in IAS 1, non-recurring items reflect unusual income and expenses that should be reported separately from the usual income statement lines, given their magnitude and relevance to understanding Group operations. The Group seeks to display an underlying performance measure that is not impacted by relevant non-recurring items. Items classified as non-recurring include significant or unusual events not directly related to the operating activity, in particular events intrinsic to its business, aviation activity, as described in Notes 30 and 31.

2.28. Subsidiaries

Subsidiaries are the entities controlled by the Group.

The Board of Directors considers that there is control over an entity when the Group is exposed and/or has the right, as a result of its involvement, to the return of the entity's activities and is able to affect that return through existing control over that entity, in particular when it directly or indirectly holds more than half of the voting rights.

The existence and effect of possible voting rights that are currently exercisable or convertible are taken into consideration when the Group evaluates whether it has control over another entity.

The participation of third parties in their equity and net income is shown separately in the consolidated statement of financial position and in the consolidated statement of income, respectively, under the heading "Non-controlling interests".

Costs directly associated with acquisitions (consulting services, legal advice, administrative expenses, etc.) are recorded in the Group's consolidated financial statements as expenses for the year in which the acquisition took place, as recognised in the consolidated income statement.

Identifiable assets acquired, liabilities, and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date, regardless of uncontrolled interests. The excess of acquisition cost over the fair value of the Group's share, the identifiable assets and liabilities acquired, is recorded as goodwill.

Any contingent amount to be transferred by the Group is recognized at fair value on the acquisition date. In accordance with IFRS 3 – Business Combinations, if the initial acquisition price of the acquired assets and liabilities ("Purchase Price Allocation") is considered provisional, the acquiring entity must, within 12 months after the business combination, allocate the acquisition price to the fair values of the acquired assets and liabilities. Adjustments affecting the amounts of goodwill previously recognized require the restatement of comparative information, reflecting the corresponding impact on the items of the statement of financial position, with reference to the date of the business combination.

Investments in subsidiaries where the Group has control are fully consolidated from the date the Group takes control of its financial and operational activities until the moment the control no longer exists.

If the acquisition cost is less than the fair value of the acquired subsidiary's net assets (negative goodwill), the difference is recognised directly in the consolidated income statement.

Internal transactions, balances, unrealised gains on transactions, and dividends distributed among Group companies are discarded. Unrealized losses are also eliminated, unless the transaction reveals evidence of impairment on a transferred asset.

When, at the time of acquisition of control, the Group already has a previously acquired share, the fair value of that share goes to determining goodwill or negative goodwill.

When the acquisition of control is less than 100%, in applying the purchase method, non-controlling interests can be measured at fair value or in the proportion of the fair value of the assets and liabilities acquired, and that option is defined for each transaction.

Subsequent transactions in the sale or acquisition of non-controlling interest, which do not imply change in control, do not result in the recognition of gains, losses, or goodwill, and any difference is determined between the transaction value and the book value of the traded equity recognised.

The equity and net income corresponding to the participation of third parties in the subsidiary companies are shown separately in the consolidated statement of financial position and in the of consolidated profit statement, respectively, under the heading of uncontrolled interests. The losses and gains applicable to the interests they do not control are attributable to them.

Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.29. Associates

Associates are all entities over which the Group exercises significant influence through participation in decisions related to their financial and operational policies, but does not have control or joint control, typically representing between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method.

Under the equity method, financial interests are recorded at their acquisition cost, adjusted by the Group's share of changes in the equity (including net income) of the associates and by dividends received.

When the share of losses attributable to the Group is equivalent to, or exceeds, the value of the financial interest in the associates, the Group recognizes additional losses if it has assumed obligations or made payments on behalf of the associate. Otherwise, the value of the interest is reduced to zero. If the associate later reports profits, the entity only resumes recognizing its share in those profits once the share equals the previously unrecognized portion of the losses.

The differences between the acquisition cost and the fair value of the identifiable assets, liabilities, and contingent liabilities of the associate at the acquisition date, if positive, are recognized as goodwill and maintained under the respective item. If these differences are negative, they are recorded as a gain in the period under the item "Gains and losses on associates".

An assessment of investments in associates is made when there are indications that the asset may be impaired, with impairment losses being recorded as an expense in that item. When previously recognized impairment losses no longer exist, they are reversed.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's share in the associates. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the transferred asset.

When necessary, the accounting policies of associates are adjusted to ensure consistency with the practices adopted by the Group.

The entity qualifying as an associate is as follows:.

Name	Head office	Core business	Shareholders	% share capital held	
				2024	2023
SPdH – Serviços Portugueses de Handling, S.A.	Lisbon	*Handling*	TAP S.A.	49.90%	0.00%

The details of the investments in associates are presented in note 7.

2.30. Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of the identifiable assets, liabilities, and contingent liabilities of subsidiaries at the acquisition date, in accordance with IFRS 3 – Business Combinations, and is presented net of accumulated impairment losses, if any.

Goodwill is not subject to amortization but is tested for impairment at least annually, or whenever there are indications of impairment. Impairment losses related to goodwill are recognized in the income statement and cannot be reversed. Gains or losses from the sale of control of an entity include the corresponding amount of goodwill.

For impairment testing purposes, goodwill is allocated to the lowest cash-generating units to which it belongs, limited to the operational segment determined based on IFRS 8 – Operating Segments. This means that cash-generating units cannot be at a level higher than the operational segments defined by The Board of Directors, where benefits from synergies created by the acquisition of investments or business combinations are expected. Cash-generating units represent the Group's investment in each business area. If the recoverable amount of the operating segment is lower than its carrying amount, the difference is first allocated to goodwill, and then to the carrying amount of the remaining assets of the segment, proportionally to their respective value in the total assets of the operational segment to which they are allocated.

2.31. Consolidated cash flow statement

The consolidated cash flow statement is prepared in accordance with IAS 7 using the direct method. The Group classifies under "Cash and cash equivalents" those investments maturing in less than three months and for which the risk of changing value is insignificant. For the purposes of the consolidated cash flow statement, the cash and cash equivalents item also includes bank overdrafts included in the consolidated statement of financial position under "Current interest-bearing liabilities".

Cash flows are classified in the consolidated cash flow statement, depending on their nature, in (1) operating activities, (2) investment activities, and (3) financing activities.

Operating activities mainly include customer receipts and payments to suppliers and staff. They also include net indirect tax payments, income tax payments and payments relating to retirement benefits.

Cash flows covered in investment activities include, but are not limited to, the acquisition and disposal of financial investments, dividends received from associated companies, and receipts and payments from the purchase and sale of intangible and tangible assets.

Cash flows related to financing activities include, but are not limited to, payments and receipts in respect of loans obtained, lease contracts, interest and related expenses, the acquisition of own shares and payment of dividends.

Lease payments are shown in the cash flow statement as follows:

i) Lease payments representing cash payments from the principal portion of the lease liabilities are shown as cash flows arising from financing activities;
ii) Lease payments representing the interest portion are also shown as cash flows arising from financing activities; and
iii) Lease payments that have not been included in the measurement of lease liabilities, including variable payments, short-term leases, and low-value asset leases, are displayed as operating cash flows.

2.32. Estimates and judgements

Preparing the financial statements requires that the Group's management make judgments and estimates that affect the amounts of income, expenses, assets, liabilities, and disclosures at the reporting date.

These estimates are determined by the judgements of TAP S.A. Board of Directors, based on: (i) the best information and knowledge of present events and, in some cases, reports by independent experts and (ii) the actions that the Group believes it can take in the future. However, at the time of completing the transactions, their results may differ from these estimates. As set out in IAS 8, changes to these estimates that occur after the date of the financial statements are corrected in income prospectively.

Until the 2023 financial year, the Board of Directors considered that the best estimate was reflected in the projections included in the Approved Restructuring Plan, which were approved by the Board of Directors of

TAP SGPS and TAP S.A. on 26 May 2021, updated by the Board of Directors on 3 November 2021, and submitted to the European Commission, with the projections for the years 2026 and 2027.

For the purpose of these consolidated financial statements, considering the various changes that occurred in the operations of the Group between May 2021 and December 2024, the time frame of the projections in the Restructuring Plan, as well as future perspectives regarding a potential privatization process of the TAP S.A. Group, in early 2025, a Business Plan 2025/2030 was approved by the Executive Committee and by the Board of Directors, whose projections and assumptions were considered the best estimate at this date for the preparation of these financial statements.

It should be noted that, for the years 2022, 2023, and 2024, there was a significantly positive deviation between the actual operational performance and the estimate in the Approved Restructuring Plan.

Estimates and assumptions that present a significant risk of material adjustment to the book value of assets and liabilities for the following period are shown below:

- **Deferred taxes (Note 9)**

The Group recognises net income tax on the basis of the results of transactions settled in accordance with the tax legislation in force. In accordance with IAS 12, the Group recognises deferred tax assets and liabilities based on the difference between the book value and the tax bases of the assets and liabilities. The Group periodically analyses the recoverability of deferred tax assets based on the projection of the future taxable profit and the estimated period to roll back the time differences.

It is important to emphasize that any future unfavorable deviations between actual results and those estimated in the Business Plan 2025/2030 may significantly impact the value of the Group's recognized deferred tax assets.

- **Post-employment benefits (Note 17)**

The present value of liabilities on retirement benefits is calculated on the basis of actuarial methodologies, which use certain assumptions. Any changes to those assumptions will have an impact on the book value of these liabilities. The main demographic and financial assumptions used in calculating retirement benefit liabilities are described in Note 17. The Group’s policy is to periodically review the main demographic and financial assumptions.

✈ **Recognition of provisions and impairments (Notes 7, 10, 11, and 18)**

The Group has a number of ongoing legal cases for which, based on the opinion of its legal advisers, it makes a judgment as to whether provision should be made for such contingencies.

Impaired accounts receivable (Note 10) are calculated based on the estimated credit risk for each customer profile and their financial situation.

Inventory impairments are calculated based on criteria considering the nature, purpose of use, age, and rotation of materials.

Although SPdH has negative equity both at the time of the conversion of credits into capital and as of 31 December 2024, no additional provision has been recognized, as TAP S.A. has not assumed any contractual obligation to (i) finance its subsidiary or (ii) assume responsibilities arising from its financial situation.

✈ **Customer loyalty programme (Notes 2.25 and 21)**

The performance obligations associated with the attribution of miles to members of the "TAP Miles&Go" program are measured, based on historical information on the number of miles awarded and not used or expired at the end of each financial year, adjusted by the estimated number of miles to expire without use, and the "stand-alone price", corresponding to the equivalent average value of the ticket, considering the mileage redemption history. Changes in the assumptions used by the Group, in calculating this estimate, may have a significant impact on the financial statements.

Changing the percentage of miles to expire by 10% would result in an impact on results of EUR 11,220 thousand and changing the stand-alone price by 10% would result in an impact on results of EUR 4,712 thousand.

✈ **Unused flight documents (Note 22)**

This item reflects the tickets sold to customers which flight have not taken place as of the reporting date and issued vouchers that have not been used as of the reporting date.

The Group carries out a periodic analysis of the balance of this caption, in order to correct the values of tickets sold and issued vouchers which coupons are no longer valid. Estimating the amount of these coupons, which cannot be exchanged or refunded, requires judgment by the Board of Directors, therefore, changes in the assumptions used by the Group, in calculating this estimate, may have a significant impact on the Group's consolidated financial statements.

✈ **Useful life and residual value of tangible fixed assets (Note 4)**

The determination of the useful lives of assets, the determination of the residual value and the depreciation method to be applied, are essential in determining the depreciations to be recognised in the consolidated income statement for each period.

These parameters are defined according to the Board of Directors' best judgment for the assets in question and also taking into account practices adopted by industry companies at international level.

✈ **Lease liabilities with and without purchase option (Notes 4 and 19)**

The Group recognises the right to use lease assets and liabilities with and without a purchase option (rent falling due on lease contracts) where the contract provides the right to control the use of an identifiable asset for a certain period in exchange for a consideration. To check whether there is control over the use of an identifiable asset, the Group evaluates whether: (i) the contract involves the use of an identifiable asset; (ii) it is entitled to substantially obtain all economic benefits from the use of the asset during the lease period; and (iii) has the right to control the use of the asset. The analysis of the lease contracts, in particular the cancellation and renewal options provided for in the contracts and the determination of the incremental rate of funding to be applied for each portfolio of leases identified, requires that the Group use judgements.

The Group determines the useful life of these assets based on the non-cancellable lease period and reviews their periods of use whenever there are changes to the lease contracts that modify the non-cancellable lease period.

✈ **Redelivery provision *(*Notes 4 and 18)**

The TAP S.A. Group is responsible for maintenance costs for aircraft operated under leases without option to purchase. These are derived from legal and constructive contractual obligations regarding the condition of the aircraft when returned to the lessor. In order to meet these obligations, the Group will normally have to undertake structural maintenance during the lease period. The TAP S.A. Group specialises in this responsibility on the basis of the actual use of the aircraft, such as hours or cycles flown. In measuring this responsibility, several assumptions are considered, the most relevant of which are: (i) the use (flight hours, cycles etc.) and condition of the aircraft, (ii) the expected costs of structural maintenance interventions at the time they are expected to occur, and (iii) the discount rate used.

The key assumptions are reviewed periodically, taking into account available information, and there may be circumstances that significantly change this estimate, such as renegotiating aircraft redelivery conditions, significantly changing the use of the aircraft and their navigability conditions, renegotiating leasing contracts, and changes in the cost of such structural maintenance. The estimated future cost of the structural maintenance of aircraft requires judgement by the Board of Directors, so changes in the assumptions used by the Group in the calculation of this estimate may have a significant impact on the consolidated financial statements.

✈ **Exchange rate hedging (Notes 16 and 33)**

In accordance with the financial risk management policy, as of 1 January 2022, the Group designated in a hedging relationship the exchange rate risk associated with highly probable forecast sales whose fare is determined in USD, using as hedging instruments a portion of aircraft lease liabilities denominated in USD, according to the amounts and dates of future cash flows from forecast sales and lease liabilities.

It is considered that the future transaction is highly probable since the Group's objective is to cover the risk of variation in cash flows with the sale of tickets, which fare is determined in USD, resulting from the development of its activity. Historically, with the exception of the pandemic period, more than 50% of sales have been made in geographies where the USD is used to determine the fare.

For the purpose of determining the highly probable sales estimate, a time horizon of 6 years was considered, based on the Business Plan 2025/2030.

On 31 December 2024, the determined coverage percentage amounts to 96%. A 5% change in this percentage would have an impact of approximately EUR 8.1 million in the Group's financial results.

✈ **Impairment of goodwill (Note 7) and non-current assets related to the cash-generating unit of air transportation (Notes 4 and 6)**

The Group tests annually, for impairment analysis purposes, the goodwill recognized in the consolidated statement of financial position, in accordance with the accounting policy outlined in Note 2.30.

As of 31 December 2024, the total consolidated non-current assets related to the cash-generating unit of air transportation amounts to EUR 3,249 million (EUR 180 million related to goodwill, EUR 3,038 million related to tangible fixed assets, and EUR 31 million related to intangible assets). As of 31 December 2023, this amount was EUR 3,092 million.

The recoverable amount of these assets was determined based on discounted cash flow models, which required the use of estimates and assumptions by the Board of Directors, dependent on economic and market projections, including those regarding the cash flows associated with the Group’s operational activity, exchange rates, perpetual growth rates, and discount rates to be used in the respective model.

The projections approved by the Board of Directors, as outlined in the Business Plan 2025/2030, were considered for the purpose of this test.

It is important to note that any unfavorable variations in future periods between actual cash flows and those estimated in the Business Plan 2025/2030 may lead to significant impacts on the calculation of the recoverable amount of these assets and, consequently, significantly affect the Group’s financial and economic position.

For additional information, refer to Note 7 regarding the assumptions and estimates incorporated in the impairment test of goodwill.

3 Financial risk management policies

Risk management is conducted at the strategic level by the Group and subject to continuous monitoring by management bodies. The guidelines defined and decisions made in the field of risk management are fundamental elements for the Group's positioning against external threats posed by the markets and the economic-financial environment. Given the multitude of possible scenarios and developments, the Group's risk management strategy incorporates elements of flexibility and discretion that allow for timely adaptation to changes in the operating environment.

The Group's activities are exposed to a variety of financial risk factors, including the effects of market price changes, notably fuel price and CO_2 emission permit risk, as well as currency risk, interest rate risk, credit risk, and liquidity risk.

The Group's risk management is directed and monitored by the Executive Committee and by the Board of Directors, being executed by the competent management areas of the Group and, in particular, regarding financial risk management instruments, including fuel, interest rate, and currency derivatives operations, by the Risk Management department, following the defined and disclosed guidelines and policies, as well as specific instructions.

✈ **Market risk**

The year 2024 was positive for the aviation industry, with global RPK and ASK indicators surpassing pre-pandemic levels for the first time. Although IATA projects a lower passenger growth for 2025 compared to 2024, 10.7% globally and 9.1% in Europe, the entity still anticipates growth in the next year of 6.2% and 4.2%, respectively, with an average annual growth rate of 3.8% for the industry until 2043 (source: IATA, Global Outlook for Air Transport December 2024).

In this global context, TAP S.A. has maintained its presence in its usual markets, with the exception of the Middle East (since it suspended its Tel Aviv route). The Group continued to consolidate its operations in the North American market, in addition to Brazil, which remains its main foreign market. The South Atlantic and North Atlantic markets together represented about 50% of the Group's passenger air transport revenues, compared to about 49% in 2023.

In the European market, competition is based on: (i) price, particularly depending on the route and type of customer (leisure or business), and (ii) business models and route networks used by airlines to adjust their services to customer needs. This differentiated product incorporates elements such as reliability, regularity, punctuality, variety of schedules, flight frequency, equipment comfort, product quality, and flight experience quality.

The Group has been improving these services, as well as adapting its network and capacity on various routes to ensure greater profitability, maintaining some seasonal destinations.

Regarding aircraft characteristics, namely comfort levels, modernity, technological advancements, fuel efficiency, low consumption and noise, reduced emissions, and flexibility in terms of flight autonomy, the fleet renewal has been a key competitive advantage. During 2024, four new generation aircraft (4 Airbus A320 NEO) were brought into operation, while three aircraft from the A320 CEO family (2 Airbus A319 and 1 Airbus A320) were phased out, with two of them still in the phase-out process as of 31 December 2024.

✈ **Fuel price risk**

Fuel is one of the main costs incurred by the Group, with strong exposure to fluctuations in its price, which is usually mitigated through the use of financial derivatives. Therefore, like other airlines, in order to cope with significant changes in fuel prices, the Group contracts various types of financial derivative instruments to hedge fuel prices, including swaps and options.

After a year of 2023 marked by some volatility but without a significant variation in jet fuel prices from the start to the end of the period, the year 2024 saw a downward trend in the prices of this commodity, driven by several factors. Notably, although production did not increase materially, there was an excess of supply compared to demand, with consumption below expectations, particularly from certain economies like China.

Thus, jet fuel, after ending 2023 at a price of USD 838.5 per ton, peaked at USD 942.75 in February and reached a low of USD 671.5 in September, ultimately settling at USD 715 by the end of 2024, marking a 14.7% reduction compared to the closing price on 29 December 2023 (USD 838.5).

The fair value of jet fuel derivatives as of 31 December 2024, showed an unfavourable position of EUR 1.9 million, with no overhedge derivatives existing at this date (Note 23). During the year ended 31 December 2024, the contracting of jet fuel derivatives resulted in an increase in fuel expenses of EUR 26.2 million (Note 26), as the price fixed through swaps was higher than the market price.

Based on the jet fuel price hedging positions as of March 19, 2025, assuming (i) an exchange rate of EUR/USD of 1.06 and (ii) the forward curve of Jet CIF NWE as of March 19, 2025, as a baseline scenario, a 10% increase in jet fuel prices would raise the expected fuel cost item for 2025 by 5.9%.

Sharp fluctuations in the price of jet fuel after 31 December 2024, may have a significant impact on the Group's results.

The Group has been subject to changes in the prices of CO2 emission allowances for several years, which are purchased annually to comply with the European Union regulations ("EU ETS") and the United Kingdom system ("UK ETS") since Brexit. In 2024, the prices of eligible allowances for the EU ETS decreased from EUR 78.06 to EUR 71.57 per allowance, and the prices of eligible allowances for the UK ETS decreased from GBP 44.07 to GBP 34.68 per allowance.

It should be noted that in the coming years, the Group is also subject to the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), a CO2 emission offsetting and reduction scheme for international flights, with an estimated expense of EUR 2.0 million for the purchase of licenses to offset these emissions during the 2024 financial year (Note 26).

On the other hand, TAP S.A. has committed to incorporating at least 10% sustainable aviation fuel (SAF) on its operation by 2030, reflecting its ambition to play an active role in the energy transition, going beyond the minimum requirements of the European Union, and reaffirming its commitment to building a more sustainable and responsible aviation sector. In fact, in the long term, the industry's environmental commitment to carbon neutrality by 2050 - the first such commitment in the industry - represents another significant challenge, as it requires a global economic model that is sustainable, inclusive, and prosperous, likely involving additional investment efforts and/or an increase in operational expenses. As such, until real progress can be observed towards the goals of the Paris Agreement, climate change and its multiple consequences will most likely weigh on the potential global growth rate of the aviation industry.

✈ **Exchange rate risk**

The Group acquires a significant portion of goods and services from third parties in USD, assuming a set of obligations in USD with lease contracts (Note 19). On the other hand, the Group has some assets in foreign currency, namely receivables from its revenues generated in currencies other than EUR (essentially USD and BRL).

In 2024, compared to the closing on 31 December 2023, the EUR depreciated by 6.0% against the USD and appreciated by 19.8% against the BRL. The depreciation of the EUR against the USD was due to several factors, such as performance indicators for the economies and monetary policies of their central banks, leading to a recovery of the EUR against the USD, reaching an annual high near 1.12 USD per EUR at the end of September, but closing at annual lows near 1.04 USD. It is worth noting that this appreciation of the USD in the last quarter of 2024 was influenced by the U.S. presidential elections and the policies advocated by the winning candidate, particularly regarding the potential imposition of tariffs on foreign products, targeting economies like the European Union and China.

Regarding revenues, the North American market accounted for approximately 21% of total passenger revenue at the end of 2024. The strategy remains to focus on this market, as expansion in the North Atlantic continues to be a key element of the commercial strategy and a significant source of diversification, both economically and in terms of currency exposure.

However, the Group's various costs in foreign currencies contribute to a significant imbalance in its foreign exchange balance, which is in deficit relative to the USD. In general, the Group's cost items are predominantly dependent on the EUR and USD, with other currencies, except for BRL, having a limited impact.

The USD is the reference currency in the aviation sector and covers key and diverse inputs, such as fuel, aircraft leasing, maintenance materials and services, aviation insurance, navigation and airport fees in many of the geographical areas in which the Group operates. In the case of fuel, even in contracts invoiced and settled in EUR, particularly in the Portuguese market, the amounts to be charged are indexed and established based on the USD/EUR exchange rate, making fuel expenses almost entirely exposed to the USD, except for certain fees and commercial commissions.

Also, in the case of leases and wet leases, the market is denominated in USD, including monthly rents, maintenance reserves, and security deposits. Aircraft maintenance is another source of USD exposure that is not always passed on to the final customer in terms of invoicing in that currency. Many materials incorporated into the Group's fleet are also predominantly purchased in USD. Financially speaking, as some of the Group's loans are denominated in USD, the respective interest and principal repayments also represent liabilities and additional exposure to the U.S. dollar.

The exposure to USD also has a long-term dimension resulting from commitments made with the purchase of aircraft under the current investment framework contracted with Airbus (Note 36). The aircraft order with this manufacturer, to be delivered over the next few years, translates into significant medium- to long-term USD exposure, but also implies, in the short term, a substantial annual investment effort in USD as advance payments to the manufacturer.

As of 31 December 2024, approximately 68% of the Group's interest-bearing financial debt was denominated in USD (65% as of 31 December 2023).

The BRL had one of the worst performances in recent years in 2024, with the EUR appreciating by 19.8% against the BRL at the close of 2023. This depreciation of the BRL is largely due to the country's fiscal policy, which altered its risk perception and reduced investor confidence, as well as inflation surpassing the target set by the Central Bank of Brazil. Consequently, in September 2024, Brazil had to reverse the cycle of interest rate cuts that had started in August 2023, ending 2024 with the SELIC rate set at 12.25%.

Another market with significant currency exposure for the Group is the Angolan market, although only a portion of the revenue from this market is denominated in AOA. At the end of 2024, assets denominated in AOA accounted for about 2% of the total cash and cash equivalents denominated in foreign currency.

In Angola, after the events of 2023 related to public debt and oil prices, which led to an extreme appreciation of around 72.3% of the EUR against the AOA, policies controlling the entry and exit of foreign currency allowed for a new balance in the exchange rate pair, with the EUR appreciating by around 1.8% annually in 2024.

The Group's exposure to exchange rate risk, as of 31 December 2024 and 2023, based on the Group's financial position, financial assets and liabilities in currencies converted to Euros at the reporting date, is as follows:

				2024			
	USD	BRL	AOA	GBP	MZN	OTHER	TOTAL
ASSETS							
Cash and cash equivalents (Note 14)	345,972,150	60,612,253	10,317,816	2,292,075	10,433,970	4,930,033	434,558,297
Other financial assets (Note 8)	648,089	-	-	-	-	-	648,089
Receivables - customers (Note 10)	51,764,454	113,906,086	2,465,260	1,128,607	1,076,046	11,210,555	181,551,008
Receivables - other (Note 10)	292,290,839	8,012,609	205,275	4,197,113	187,262	10,058,453	314,951,551
	690,675,532	**182,530,948**	**12,988,351**	**7,617,795**	**11,697,278**	**26,199,041**	**931,708,945**
LIABILITIES							
Borrowing and lease liabilities with purchase option (Note 19)	441,094,442	-	-	(480,934)	-	-	440,613,508
Lease liabilities without purchase option (Note 19)	1,597,121,248	-	-	-	-	-	1,597,121,248
Payables - suppliers (Note 20)	55,580,088	3,507,123	1,869,876	311,128	1,918,788	7,164,083	70,351,086
Payables - other (Note 20)	23,379,154	13,658,925	3,770,320	638,558	86,048	3,532,350	45,065,355
	2,117,174,932	**17,166,048**	**5,640,196**	**468,752**	**2,004,836**	**10,696,433**	**2,153,151,197**
				2023			
	USD	**BRL**	**AOA**	**GBP**	**MZN**	**OTHER**	**TOTAL**
ASSETS							
Cash and cash equivalents (Note 14)	628,880,030	39,317,355	22,854,589	887,726	7,439,536	5,341,505	704,720,741
Other financial assets (Note 8)	455,915	-	-	-	-	-	455,915
Receivables - customers (Note 10)	61,273,722	130,883,420	1,495,777	4,780,711	830,403	14,903,337	214,167,370
Receivables - other (Note 10)	209,200,925	11,462,135	223,668	4,638,681	137,517	9,697,296	235,360,222
	899,810,592	**181,662,910**	**24,574,034**	**10,307,118**	**8,407,456**	**29,942,138**	**1,154,704,248**
LIABILITIES							
Borrowing and lease liabilities with purchase option (Note 19)	464,811,593	-	-	(502,494)	-	-	464,309,099
Lease liabilities without purchase option (Note 19)	1,651,356,819	-	-	-	-	-	1,651,356,819
Payables - suppliers (Note 20)	51,759,054	-	1,443,745	930,336	527,162	3,444,072	58,104,369
Payables - other (Note 20)	17,959,733	23,296,940	2,688,636	869,124	461,407	4,871,054	50,146,894
	2,185,887,199	**23,296,940**	**4,132,381**	**1,296,966**	**988,569**	**8,315,126**	**2,223,917,181**

In the fiscal year 2024, net foreign exchange losses of EUR 162.4 million were recorded, of which EUR 48.9 million were recorded in the consolidated statement of income (Note 33) and EUR 113.5 million in the consolidated other comprehensive income (Note 16), mainly including the negative effect related to the appreciation of the USD on recorded liabilities, notably future lease payments related to aircraft leases and the negative impact of the depreciation of the BRL on receivables denominated in that currency. As stated in Note 2.32, starting from 1 January 2022, the Company designated in a hedging relationship the foreign exchange risk associated with highly probable forecasted sales whose fare is determined in USD, using as hedging instruments a portion of the aircraft lease liabilities denominated in USD, in accordance with the amounts and dates of future cash flows of forecasted sales and lease liabilities. The cumulative impact of the exchange rate update of hedged sales in the amount of EUR 152.0 million was recorded in the "Other reserves" item (Note 16).

The volatility of foreign exchange markets could significantly affect the measurement of the Group's assets and liabilities and significantly impact the amounts of receipts and payments in foreign currency.

As of 31 December 2024, a variation (positive or negative) of 10% in all exchange rates with reference to the Euro would result in an impact on equity of approximately EUR 111.0 million (2023: EUR 106.9 million).

✈ Interest rate risk

After central banks implemented one of the fastest interest rate hikes in history to combat the skyrocketing inflation of previous years, in 2024 we saw a shift toward a reduction in these rates, though cautiously and with multiple delays. The European Central Bank decided to reduce base rates by 25 basis points four times, ending the deposit rate at 3%. The Federal Reserve opted to keep rates unchanged during the first half of 2024, later making 3 cuts and ending the year in the range of 4.25% - 4.50%.

At the end of December 2024, the 3-month EURIBOR stood at 2.7% (compared to 3.9% at the end of 2023).

The Group maintained two fixed-rate bond issues for most of the year, refinancing one of these issues (worth 375 million Euros) in November with a new 400 million Euro issue, also at a fixed rate, resulting in a significant portion of its debt being shielded from interest rate fluctuations. On the other hand, part of the debt associated with lease contracts that include purchase options is contracted at a variable rate. However, the potential impact of future interest rate increases will be significant for the Group, primarily concerning the debt it may contract and the increase in lease costs, as long-term interest rate levels are reflected in aircraft rent.

Regarding its credit risk, TAP S.A. maintained the long-term credit rating assigned by S&P Global Ratings Europe Limited ("S&P") at BB- (Stable Outlook), and in June 2024, Moody’s upgraded TAP S.A.'s rating to Ba3 (Positive Outlook).
As of 31 December 2024 and 2023, financial liabilities subject to the risk of interest rate variation are summarised as follows:

	2024					
	< 1 year	**1 - 2 years**	**3 - 5 years**	**6 - 10 years**	**> 10 years**	**Total**
Variable Rate						
Borrowings	10,140,444	9,591,096	28,937,091	15,159,418	-	63,828,049
Lease liabilities with purchase option	47,668,512	56,173,639	92,207,572	160,388,211	33,637,185	390,075,119
	57,808,956	**65,764,735**	**121,144,663**	**175,547,629**	**33,637,185**	**453,903,168**
Fixed Rate						
Borrowings	9,867,328	3,061,862	405,333,006	50,963,241	-	469,225,437
Lease liabilities with purchase option	60,456,985	55,139,122	221,277,706	141,977,583	-	478,851,396
	70,324,313	**58,200,984**	**626,610,712**	**192,940,824**	**-**	**948,076,833**
Total	**128,133,269**	**123,965,719**	**747,755,375**	**368,488,453**	**33,637,185**	**1,401,980,001**
% fixed rate	**55%**	**47%**	**84%**	**52%**	**0%**	**68%**

	2023					
	< 1 year	**1 - 2 years**	**3 - 5 years**	**6 - 10 years**	**> 10 years**	**Total**
Variable Rate						
Borrowings	45,220,267	43,439,443	62,734,324	24,830,184	-	176,224,218
Lease liabilities with purchase option	36,541,953	34,889,120	84,916,715	97,961,800	28,960,963	283,270,551
	81,762,220	**78,328,563**	**147,651,039**	**122,791,984**	**28,960,963**	**459,494,769**
Fixed Rate						
Borrowings	405,264,826	5,908,295	9,468,172	11,373,943	42,249,016	474,264,252
Lease liabilities with purchase option	55,155,222	56,042,588	162,984,696	229,856,577	2,648,714	506,687,797
	460,420,048	**61,950,883**	**172,452,868**	**241,230,520**	**44,897,730**	**980,952,049**
Total	**542,182,268**	**140,279,446**	**320,103,907**	**364,022,504**	**73,858,693**	**1,440,446,818**
% fixed rate	**85%**	**44%**	**54%**	**66%**	**61%**	**68%**

It should be noted that the disclosure of financial liabilities traded at fixed interest rates is only presented in the tables above for the purposes of reconciliation with the financial statements, as they are not subject to change. The Group uses the sensitivity analysis technique which measures estimated changes in output, an immediate increase or decrease in market interest rates, and all other constant variables. This analysis is for illustrative purposes only, since in practice market rates rarely change in isolation.

Sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or expenses of variable financial instruments;
- Changes in market interest rates only affect interest income or expenses, in relation to financial instruments with fixed interest rates, if they are recognised at fair value.

Under these assumptions and also considering: (i) theoretical assumptions of interest rate and EUR/USD exchange rate and (ii) that the intra-annual amortization rhythm is linear for the purpose of calculating future interest (simplifying assumption), a 1% increase or decrease in market interest rates, for all currencies in which the Group has variable rate loans, as of 31 December 2024, would result in a decrease or increase in the amount of interest due by approximately , EUR 22.4 million (2023: EUR 18.5 million).

Note 19 presents the detail of the interest-bearing debt.

- **Liquidity risk**

The liquidity risk of the Group is a confluence of factors resulting from operations, existing financing and its respective debt service, trading conditions for new operations, gains or losses on foreign exchange, and investment activities, when significant. The Group must ensure annually a debt service that, although properly planned and distributed over time, weighs on cash flow and must be regularly assessed in light of developments occurring in the fiscal year. Any dysfunctions observed in financial markets, such as those that occurred during the sovereign debt crisis, or market shocks at the level of current expenditures or revenues, such as those resulting from the COVID-19 pandemic, condition, to a greater or lesser extent, the treasury, liquidity, economic and financial balance, and prosperity of the Group.

Following the state aid and compensation for COVID-19 damages approved and the resulting capital injections made between 2020 and 2024, as well as the recovery of activity over the last few years, the Group achieved adequate liquidity levels throughout 2024, ending the year with 651.6 million Euros. It is important to note that this amount does not reflect the injection of the final tranche of 343 million Euros of capital under the Restructuring Plan, which occurred only in January 2025 (Note 41).

In the table below, covering capital and interest, theoretical assumptions were made for market interest rates and EUR/USD exchange rates. The liabilities are the amounts payable within the specified time limits, including the estimate of all contractual cash flows with amortisation and undiscounted interest, until the end of the life of the loans. A simplifying assumption for the straight-line intra-annual depreciation rate for future interest calculation was considered:

	2024					
	< 1 year	1 - 2 years	3 - 5 years	6 - 10 years	> 10 years	Total
Other payables	624,810,080	-	-	-	-	624,810,080
Borrowings	44,490,269	41,782,755	505,895,060	75,001,598	-	667,169,682
Lease liabilities with purchase option	148,403,489	149,336,040	395,635,034	343,993,908	35,088,765	1,072,457,236
Lease liabilities without purchase option	303,795,617	277,201,947	641,656,266	376,570,567	-	1,599,224,397
Total	**1,121,499,455**	**468,320,742**	**1,543,186,360**	**795,566,073**	**35,088,765**	**3,963,661,395**

	2023					
	< 1 year	1 - 2 years	3 - 5 years	6 - 10 years	> 10 years	Total
Other payables	674,742,509	-	-	-	-	674,742,509
Borrowings	471,202,455	58,714,876	87,731,214	47,905,138	42,889,710	708,443,393
Lease liabilities with purchase option	129,379,541	127,538,117	328,262,675	370,714,745	33,066,516	988,961,594
Lease liabilities without purchase option	302,656,699	337,374,045	673,244,205	480,112,955	7,730,503	1,801,118,407
Total	**1,577,981,204**	**523,627,038**	**1,089,238,094**	**898,732,838**	**83,686,729**	**4,173,265,903**

✈ Credit risk

The following table shows items relating to the Group's assets as of 31 December 2024 and 2023, as well as accounts receivable balances, which reflect the maximum credit risk on those same dates:

	2024	2023
Non-current assets		
Other financial assets (Note 8)	680,937	488,745
Other receivables (Note 10)	151,525,928	120,939,688
Current assets		
Cash and cash equivalents (Note 14)	651,642,530	789,387,698
Other receivables (Note 10)	876,762,279	1,128,374,337
	1,680,611,674	**2,039,190,468**

The Group applies the simplified approach in IFRS 9 to measure expected credit losses, which uses an expected loss expectation for all accounts receivable. To measure expected credit losses, the accounts receivable have been grouped based on common credit risk characteristics and maturity. Expected loss rates are based on the payment profiles of the sales and services provided over a period of 36 months prior to 31 December 2024 and the corresponding historical credit losses incurred during this period. As a result of the analysis carried out and given that a substantial part of the Group's revenue is received in advance, the expected rate of credit loss is very low, and thus the resulting impact is immaterial.

Airline and travel agent balances customer accounts receivable, as identified in Note 10, are settled mainly through the IATA Billing and Settlement Plan (“BSP”) and IATA Clearing House (“ICH”) systems, which substantially minimises the Group’s credit risk.

Regarding the balances receivable from related entities, the credit impairment is assessed against the following criteria: (i) whether the receivable balance is due immediately (“*on demand”*); (ii) whether the receivable balance is low-risk; or (iii) whether the term is less than 12 months. In cases where the receivable value is due immediately and the related entity is able to pay, the probability of default is close to 0% and therefore the impairment is considered to be zero. In cases where the receivable balance is not due immediately, the related entity’s credit risk is assessed, and if this is “low” or if the term is less than 12 months, then the Group only evaluates the likelihood of a default occurring for the cash flows due in the next 12 months.

In 2021, an impairment on receivables from related parties amounting to EUR 902 million was recognized, which was primarily related to the balance receivable from SIAVILO amounting to EUR 884.7 million. In the subsequent years, this impairment was increased, reaching EUR 1,082.7 million as of 31 December 2024. The increase in the impairment loss recorded in the year ended 31 December 2024, amounting to EUR 49.4 million (Note 31), mainly relates to accrued interest. For all other receivables, the Group applies the general approach of the impairment model.

As part of its business, Group advanced payments to Airbus for the acquisition of new aircraft and entered into lease liabilities without purchase option contracts for the acquisition of aircraft in which it pays the lessors maintenance reserves and security deposits. In analysing the credit losses for these amounts, the Group considers the financial position of the counterparties and all transactions it has in progress with them.

In addition to short- and long-term financial and cash management, strict monitoring of customer positions and the impact of the economic crisis on their credit quality has also been adopted in the context of managing current assets, for example, it has been possible to limit the worsening of adjustments to a value that is not significant for the size of the activity.

As of 31 December 2024 and 2023, the Group's exposure by credit rating to cash and cash equivalents, whose counterparties are financial institutions, is detailed as follows:

Rating notation (*)	2024	2023
Aa1	24,154	26,620
Aa3	62,082,289	408,424,806
A1	19,037	99,813
A2	1,421,405	46,073
A3	515,722,500	337,784,695
Baa1	43,944	5,849,063
Baa2	22,094	106,830
Baa3	-	39,497
Ba1	60,615,712	165,602
Ba2	2,383,471	8,936,530
B3	-	16,484,306
Caa1	241,073	150,533
No rating	8,996,089	11,242,131
	651,571,767	**789,356,498**

(*) Moodys

✈ Capital management

In general terms, the Group's objective in relation to capital management, which is a broader concept than the capital revealed on the face of the consolidated statement of financial position, is to maintain a balanced capital structure, with the contracting of debt being analyzed periodically through the weighting of factors such as the cost of financing, the maturity profile of the financing and the existing debt and cash needs.

As a result of the COVID-19 pandemic and the Restructuring Plan, capital management has been significantly altered, relying largely on the State Aid obtained. Changes to the equity items made in this context aimed to strengthen the capital structure.

With regards to the interest-bearing liabilities, both current and non-current, there was a decrease of about 18% compared to 2023, primarily due to the repayment of a bank loan, while the remaining bank loans were amortized without contracting new loans of this nature. Additionally, in November 2024, the total outstanding debt of a bond loan amounting to 375 million Euros was repaid, and a new bond loan of 400 million Euros was issued in the same month (Note 19). In relation to the financial liabilities from lease agreements with purchase options, there was an increase of about 10% due to new financing contracted.

The Group's debt, in addition to financing contracts, includes lease contracts under IFRS 16. The increase in the set of charges for aircraft leases without purchase option corresponds to an increase in significant future liabilities, as these are medium and long-term contracts, resembling phased debt payments, although without the risk of residual value of the asset at the end of the lease term. In addition to fleet renewal under lease arrangements, future debt increase, whether in the form of financing or leasing, in the coming years will be relevant for risk management and in terms of return on invested capital.

4 Tangible fixed assets

During the years ended 31 December 2024 and 2023, the movement under the item Tangible assets, as well as the respective accumulated depreciations and impairment losses, was as follows:

	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Tools and utensils	Administrative equipment	Other tangible fixed assets	Other assets in progress	Advances to suppliers of tangible assets	Right-of-use assets	Total
Acquisition Cost											
1 January 2023	**41,125,597**	**160,074,533**	**1,412,787,209**	**2,075,520**	**31,557,987**	**53,232,772**	**13,110,218**	**26,028,070**	**146,230,120**	**3,636,920,331**	**5,523,142,357**
Acquisitions	-	2,607	172,216,136	-	3,415,419	2,210,551	758,243	9,301,197	14,128,747	240,236,634	442,269,534
Disposals	-	-	(319,787)	(22,942)	-	(2,171)	-	-	-	-	(344,900)
Renegotiations	-	-	-	-	-	-	-	-	-	148,038,586	148,038,586
Regularisation, transfer and write-off	(15,069)	(34,365)	43,940,362	(110,971)	(26,059)	(290,813)	(8,483)	(15,638,119)	(42,454,577)	(17,936,901)	(32,574,995)
31 December 2023	**41,110,528**	**160,042,775**	**1,628,623,920**	**1,941,607**	**34,947,347**	**55,150,339**	**13,859,978**	**19,691,148**	**117,904,290**	**4,007,258,650**	**6,080,530,582**
Change in consolidation perimeter	-	2,800,356	7,843,360	61,230	2,320,259	1,323,064	107,361	-	-	(597,363,382)	(582,907,752)
Acquisitions	-	584,248	160,340,760	74,371	3,972,413	1,358,580	949,653	8,412,444	126,097,378	243,755,959	545,545,806
Disposals	-	-	(9,507,185)	(146,615)	-	-	-	-	-	-	(9,653,800)
Renegotiations	-	-	-	-	-	-	-	-	-	95,483,653	95,483,653
Regularisation, transfer and write-off	-	652,619	42,232,823	(62,397)	3,136,069	(767,981)	(646,513)	(9,147,456)	(37,307,221)	(575,642,403)	(577,552,460)
31 December 2024	**41,110,528**	**164,079,998**	**1,829,533,678**	**1,868,196**	**44,376,088**	**57,064,002**	**14,270,479**	**18,956,136**	**206,694,447**	**3,173,492,477**	**5,551,446,029**
Accumulated depreciation and impairment losses											
1 January 2023	**-**	**101,031,912**	**576,215,015**	**2,011,814**	**20,860,276**	**51,993,864**	**11,954,047**	**-**	**-**	**1,681,435,403**	**2,445,502,331**
Depreciations (Note 32)	-	5,625,514	74,550,384	14,416	957,854	1,414,634	283,899	-	-	389,956,776	472,803,477
Impairment losses (Note 32)	-	-	1,407,511	-	(106,457)	-	-	-	-	-	1,301,054
Disposals	-	-	(136,575)	(22,942)	-	(2,045)	-	-	-	-	(161,562)
Regularisation, transfer and write-off	-	(23,830)	(19,624,398)	(110,971)	(24,497)	(290,807)	(8,483)	-	-	-	(20,082,986)
31 December 2023	**-**	**106,633,596**	**632,411,937**	**1,892,317**	**21,687,176**	**53,115,646**	**12,229,463**	**-**	**-**	**2,071,392,179**	**2,899,362,314**
Change in consolidation perimeter	-	2,660,876	2,114,092	61,230	1,479,017	1,282,757	79,197	-	-	(446,714,083)	(439,036,914)
Depreciations (Note 32)	-	5,384,680	76,676,247	14,517	1,195,279	1,174,069	387,743	-	-	396,092,027	480,924,562
Impairment losses (Note 32)	-	-	64,119	-	(99,598)	-	-	521,386	-	-	485,907
Disposals	-	-	(8,600,981)	(146,615)	-	-	-	-	-	-	(8,747,596)
Regularisation, transfer and write-off	-	(108,313)	(2,510,650)	(62,397)	(44,045)	(873,237)	(671,404)	-	-	(530,671,355)	(534,941,401)
31 December 2024	**-**	**114,570,839**	**700,154,764**	**1,759,052**	**24,217,829**	**54,699,235**	**12,024,999**	**521,386**	**-**	**1,490,098,768**	**2,398,046,872**
Carrying amount as of 31 December 2023	**41,110,528**	**53,409,179**	**996,211,983**	**49,290**	**13,260,171**	**2,034,693**	**1,630,515**	**19,691,148**	**117,904,290**	**1,935,866,471**	**3,181,168,268**
Carrying amount as of 31 December 2024	**41,110,528**	**49,509,159**	**1,129,378,914**	**109,144**	**20,158,259**	**2,364,767**	**2,245,480**	**18,434,750**	**206,694,447**	**1,683,393,709**	**3,153,399,157**

During the years ended 31 December 2024 and 2023, the movement in the Right-of-use assets is detailed as follows:

	Buildings and other constructions	Aircraft and engine leases	ACMI	Redelivery and Maintenance	Transport equipment	Other assets	Total
Assets							
1 January 2023	**1,832,381**	**2,335,338,755**	**700,384,890**	**598,588,949**	**775,356**	**-**	**3,636,920,331**
Acquisitions	-	952,912	22,813,317	216,470,405	-	-	**240,236,634**
Renegotiations	-	35,368,590	112,669,996	-	-	-	**148,038,586**
Regularisation, transfer and write-off	-	-	(16,326,782)	(1,610,119)	-	-	**(17,936,901)**
31 December 2023	**1,832,381**	**2,371,660,257**	**819,541,421**	**813,449,235**	**775,356**	**-**	**4,007,258,650**
Change in consolidation perimeter	-	129,028,201	(896,763,015)	170,371,432	-	-	**(597,363,382)**
Acquisitions	-	186,061	157,450	240,342,055	-	3,070,393	**243,755,959**
Disposals	-	13,175,867	82,307,786	-	-	-	**95,483,653**
Renegotiations	-	(198,572,440)	(5,243,642)	(326,855,273)	-	-	**(530,671,355)**
Regularisation, transfer and write-off	-	-	-	(44,971,048)	-	-	**(44,971,048)**
31 December 2024	**1,832,381**	**2,315,477,946**	**-**	**852,336,401**	**775,356**	**3,070,393**	**3,173,492,477**
Accumulated depreciations							
1 January 2023	**1,832,381**	**823,284,795**	**469,638,277**	**385,905,005**	**774,945**	**-**	**1,681,435,403**
Depreciations (Note 32)	-	192,090,755	114,019,976	83,845,634	411	-	**389,956,776**
31 December 2023	**1,832,381**	**1,015,375,550**	**583,658,253**	**469,750,639**	**775,356**	**-**	**2,071,392,179**
Change in consolidation perimeter	-	91,707,043	(664,666,450)	126,245,324	-	-	**(446,714,083)**
Depreciations (Note 32)	-	190,060,340	81,008,197	124,379,884	-	643,606	**396,092,027**
Regularisation, transfer and write-off	-	(203,816,083)	-	(326,855,272)	-	-	**(530,671,355)**
31 December 2024	**1,832,381**	**1,093,326,850**	**-**	**393,520,575**	**775,356**	**643,606**	**1,490,098,768**
Carrying amount as of 31 December 2023	**-**	**1,356,284,707**	**235,883,168**	**343,698,596**	**-**	**-**	**1,935,866,471**
Carrying amount as of 31 December 2024	**-**	**1,222,151,096**	**-**	**458,815,826**	**-**	**2,426,787**	**1,683,393,709**

Land and buildings and other constructions of the headquarters were transferred to TAP S.A.'s property under Decree-Law 351/89 of 13 October.

To guarantee payment of the amounts due under a loan agreement with a national institution in the amount of EUR 75 million, a mortgage was placed on one of the TAP S.A. urban properties, consisting of twenty-nine office buildings, construction material workshops and others, located at Lisbon Airport. In addition, a second mortgage for funding in the amount of EUR 25 million was contracted in February 2020. As of 31 December 2024, the amount of the borrowing was approximately EUR 63.5 million.

The main movements during the financial year ended 31 December 2024 were as follows:

- ✈ The additions of basic equipment amounting to EUR 160,341 thousand mainly relate to: (i) the acquisition of three aircraft amounting to EUR 133,749 thousand (to which pre-delivery payments transferred from the advances for tangible fixed assets caption in the amount of EUR 43,477 thousand were added); (ii) the capitalization of structural aircraft maintenance expenses amounting to EUR 16,108 thousand; (iii) the acquisition of spare equipment amounting to EUR 4,582 thousand; and (iv) the acquisition of reactor equipment amounting to EUR 3,950 thousand;

- ✈ The additions of advances to suppliers of tangible assets amounting to EUR 126,097 thousand refer to pre-delivery payments for three A330 NEO aircraft, five A321 NEO aircraft, and ten A320 NEO aircraft in the amounts of EUR 58,562 thousand, EUR 28,268 thousand, and EUR 39,268 thousand, respectively;

- ✈ Additions of other assets in progress in the amount of EUR 8,412 thousand refer essentially to: i) building works at the TAP S.A. Campus amounting to EUR 5,368 thousand; ii) Leap engine capacity project amounting to EUR 1,987 thousand; and iii) capitalization of structural aircraft maintenance expenses amounting to EUR 530 thousand;

- ✈ The regularisations, transfers and write-offs in the Advances to suppliers of tangible assets category include the refund of pre-delivery payments amounting to EUR 43,477 thousand upon the acquisition of three aircraft through lease contracts with purchase option;

- ✈ The transfers and write-offs in the Right-of-use assets caption relate to the derecognition of fully depreciated assets amounting to EUR 530,671 thousand;

- ✈ The additions to the Right-of-use assets caption include, essentially: (i) capitalization of major maintenance expenses in the amount of EUR 185,973 thousand; and (ii) the increase in the redelivery provision and capitalization of non-recoverable maintenance reserves in the amount of EUR 54,369 thousand;

- ✈ Additionally, the regularizations, transfers and write-offs under the caption Right-of-use assets include a reduction of EUR 44,971 thousand resulting from the revision of the redelivery provision;

- ✈ Renegotiation of lease contracts without purchase option resulted in an increase in the caption of EUR 95,484 thousand;

- ✈ The inclusion of Portugália in the Group's consolidation perimeter led to a net reduction in tangible fixed assets amounting to EUR 150,649 thousand, mainly related to the cancellation of pre-existing relationships with Portugália (ACMI contracts) and, on the other hand, the recognition of Portugália's tangible fixed assets.

The main movements during the financial year ended 31 December 2023 were as follows:

- ✈ The additions of basic equipment amounting to EUR 172,216 thousand mostly relate to: (i) the acquisition of three aircraft amounting to EUR 144,536 thousand (to which were added pre-delivery payments transferred from the caption Advances to suppliers of tangible assets in the amount of EUR 47,716 thousand), (ii) the capitalization of structural aircraft maintenance expenses amounting to EUR 14,697 thousand, and (iii) the acquisition of spare parts amounting to EUR 5,882 thousand;

- ✈ Increase of advances to suppliers of tangible assets in the amount of EUR 14,129 thousand essentially relate to pre-delivery payments;

- ✈ Additions of other assets in progress in the amount of EUR 9,301 thousand refer essentially to a maintenance and engineering on-going project in the amount of EUR 3,104 thousand and (ii) major maintenance works in progress in the amount of EUR 2,823 thousand;

- ✈ The regularisations, transfers and write-offs in the Advances to suppliers of tangible assets category include the refund of pre-delivery payments amounting to EUR 43,932 thousand upon the acquisition of three aircraft through lease contracts with purchase option;

- The additions to the Right-of-use caption include, essentially: (i) two new ACMI contracts amounting to EUR 20,905 thousand (later terminated in November 2023); (ii) capitalization of major maintenance expenses in the amount of EUR 148,337 thousand; and (iii) the increase in the redelivery provision and capitalization of non-recoverable maintenance reserves in the amount of EUR 68,134 thousand;

- Additionally, the regularizations, transfers and write-offs under the heading Right-of-use include a reduction of EUR 1,610 thousand resulting from the revision of the redelivery provision and capitalization of non-recoverable maintenance reserves, and a reduction of EUR 16,327 thousand following the termination of the two ACMI contracts in November 2023;

- Renegotiation of lease contracts without purchase option resulted in an increase in the caption of EUR 148,039 thousand.

Depreciation of property, plant and equipment is recognised in full under the item “Depreciations, amortisations and impairment losses” in the income statement (Note 32).

As of 31 December 2024 and 2023, the “Basic equipment” (own assets) item had the following composition:

	2024			2023		
	Acquisition cost	Accumulated depreciation and impairment	Carrying amount	Acquisition cost	Accumulated depreciation and impairment	Carrying amount
Flight equipment						
Aircraft	194,030,788	(139,544,659)	54,486,129	74,700,311	(43,875,385)	30,824,926
Reserve engines	9,148,525	(1,961,153)	7,187,372	6,416,774	(2,532,088)	3,884,686
Spare parts	95,109,480	(54,283,751)	40,825,729	95,216,332	(60,114,417)	35,101,915
	298,288,793	(195,789,563)	102,499,230	176,333,417	(106,521,890)	69,811,527
Flight equipment under Leases with purcahse option						
Aircraft	1,288,775,861	(388,915,291)	899,860,570	1,212,368,925	(420,613,334)	791,755,591
Reserve engines	141,280,151	(36,458,454)	104,821,697	141,280,151	(29,771,261)	111,508,890
	1,430,056,012	(425,373,745)	1,004,682,267	1,353,649,076	(450,384,595)	903,264,481
Machinery and equipment	101,188,873	(78,991,456)	22,197,417	98,641,427	(75,505,452)	23,135,975
	1,829,533,678	**(700,154,764)**	**1,129,378,914**	**1,628,623,920**	**(632,411,937)**	**996,211,983**

As of 31 December 2024, the breakdown of pre-delivery payments by aircraft type is as follows:

	2024			
	Nº. of aircraft	***Pre-delivery payments***	**Capitalized interest**	**Total**
Airbus A320 NEO	10	61,878,176	5,766,641	**67,644,817**
Airbus A321 NEO	10	57,371,073	8,830,855	**66,201,927**
Airbus A330 NEO	2	64,333,586	3,405,230	**67,738,816**
	22	**183,582,836**	**18,002,725**	**201,585,561**

In addition to the amounts presented in the table above, the advances to suppliers of tangible assets include an amount of EUR 5.1 million related to advances for the acquisition of other assets.

As of 31 December 2024 and 2023, the Group's operating air fleet is broken down as follows:

	2024				2023			
	Lease with purchase option	Lease without purchase option	ACMI	Total	Lease with purchase option	Lease without purchase option	ACMI	Total
Airbus A330	-	3	-	**3**	-	3	-	**3**
Airbus A330 NEO	3	16	-	**19**	3	16	-	**19**
Airbus A319	3	-	-	**3**	3	2	-	**5**
Airbus A320	3	11	-	**14**	3	12	-	**15**
Airbus A320 NEO	4	11	-	**15**	-	11	-	**11**
Airbus A321	2	1	-	**3**	2	1	-	**3**
Airbus A321 NEO	-	10	-	**10**	-	10	-	**10**
Airbus A321 NEO LR	7	6	-	**13**	7	6	-	**13**
Embraer 190	-	12	-	**12**	-	-	12	**12**
Embraer 195	-	7	-	**7**	-	-	7	**7**
	22	**77**	**-**	**99**	**18**	**61**	**19**	**98**

The Group ended the year 2024 with an active fleet of 99 aircraft, a net increase of 1 aircraft compared to the end of 2023, when the Group had an active fleet of 98 aircraft. During the year ended 31 December 2024, four A320 NEO aircraft entered operation, while two A319 aircraft (one in phase-out process as of 31 December 2024) and one A320 aircraft (in phase-out process as of 31 December 2024) were retired from operation.

At the end of 2024, 71% of the operational medium- and long-haul fleet consisted of NEO family aircraft.

The 19 Embraer aircraft that were presented as "ACMI" as of 31 December 2023, are presented as leases without a purchase option as of 31 December 2024, following Portugália's inclusion in the Group's consolidation perimeter.

5 Investment properties

During the years ended 31 December 2024 and 2023, the movement in the investment properties caption was as follows:

	2024	2023
Opening Value	**1,903,882**	**1,690,000**
Transfers	-	717,703
Disposals	(705,882)	(492,000)
Fair value adjustments	-	(11,821)
Closing Balance	**1,198,000**	**1,903,882**

During the year ended 31 December 2024, the Group sold two properties located in Argentina, with a net book value of EUR 706 thousand, generating a loss of EUR 25 thousand.

During the year ended 31 December 2023, the Group sold a building in Portela, with a carrying amount of EUR 492 thousand, generating a gain of EUR 97 thousand.

6 Intangible assets

During the years ended 31 December 2024 and 2023, "Intangible assets" roll-forward was as follows:

	Industrial property and other rights	Computer programmes	Assets in progress	Total
Acquisition cost				
Balance as of 1 January 2023	**11,951,704**	**68,095,287**	**8,559,158**	**88,606,149**
Acquisitions	-	7,705,824	3,117,883	**10,823,707**
Regularization, transfer and write-off	-	331,019	(294,603)	**36,416**
Balance as of 31 December 2023	**11,951,704**	**76,132,130**	**11,382,438**	**99,466,272**
Change in consolidation perimeter		716,944		716,944
Acquisitions	-	15,463,633	4,254,090	19,717,723
Regularization, transfer and write-off	-	11,260,477	(11,235,581)	**24,896**
Balance as of 31 December 2024	**11,951,704**	**103,573,184**	**4,400,947**	**119,925,835**
Accumulated amort. and impairment losses				
Balance as of 1 January 2023	**11,951,704**	**53,364,271**	**-**	**65,315,975**
Amortisations and impairment losses (Note 32)	-	11,660,550	-	11,660,550
Balance as of 31 December 2023	**11,951,704**	**65,024,821**	**-**	**76,976,525**
Change in consolidation perimeter		595,070		595,070
Amortisations and impairment losses (Note 32)	-	11,265,553	-	11,265,553
Balance as of 31 December 2024	**11,951,704**	**76,885,444**	**-**	**88,837,148**
Carrying amount as of 31 December 2023	**-**	**11,107,309**	**11,382,438**	**22,489,747**
Carrying amount as of 31 December 2024	**-**	**26,687,740**	**4,400,947**	**31,088,687**

The main movements during the financial year ended 31 December 2024 were as follows:

- The increase in the item Computer programs in the amount of EUR 15,464 thousand essentially refers to software licensing contracts and a support solution for the maintenance area;

- The regularizations, transfers, and write-offs amounting to EUR 11,260 thousand mainly refer to the completion of a project for the implementation of a support solution for the maintenance area;

- The increase in the item Assets in progress in the amount of EUR 4,254 thousand refers to several development and implementation projects in progress, concerning support software in the areas of operations, sales and maintenance.

The main movements during the financial year ended 31 December 2023 were as follows:

- The increase in the item Computer programs in the amount of EUR 7,705 thousand essentially refers to software licensing contracts;

- The increase in the item Assets in progress in the amount of EUR 3,118 thousand refers to several development and implementation projects in progress, concerning support software in the areas of operations, sales and maintenance.

The amounts presented related to industrial property and other rights mainly refer to the entry of TAP S.A. into the Star Alliance.

7 Financial interests and Goodwill

Financial interests in associates

The movement of financial interests during the year ended 31 December 2024 is detailed as follows:

	2024				
	% Owned	Opening Balance	Acquisition	Increases/ Decreases	Closing Balance
SPdH	49.9%	-	2,490,020	(2,490,020)	-
		-		**2,490,020**	**-**

In early June 2024, the approval of SPdH's Insolvency Plan (“Insolvency Plan”) became final, which includes the strategy for its recovery. The Insolvency Plan establishes, among other aspects, a change in SPdH's shareholder structure, with its capital now being held by Menzies Aviation (50.1%) and TAP S.A. (49.9%). The capital contribution by TAP S.A., amounting to EUR 2,490,020, was made through the conversion of credits into capital under the provisions of Articles 28 and 89 of the Portuguese Commercial Companies Code.

Additionally, the Insolvency Plan stipulates that, in order to finance SPdH, its shareholders are obliged to make contributions in the form of shareholder loans, subject to certain conditions, with TAP S.A. making contributions up to the amount of the credits claimed and recognized by TAP S.A. against SPdH, by converting those credits into shareholder loans (Notes 10 and 36).

Since TAP S.A. does not have control over SPdH, as of 31 December 2024, the investment in this associate is recorded using the equity method. The decrease in the year ended 31 December 2024, amounting to EUR 2,490 thousand, relates to the recognition of the negative net result of this associate during the period, up to the limit of its acquisition value. After the interest in the associate was reduced to zero under the equity method, no further provision was recognized, as TAP S.A has not assumed any contractual obligation to (i) finance its subsidiary or (ii) assume responsibilities arising from its financial situation. Had the Group recognized all the associate’s losses according to its share under the equity method, it would have recognized a provision of approximately EUR 4.8 million.

As of 31 December 2024, the financial interest in SPdH is detailed as follows:

	2024
Financial participation - equity method	(17,162,275)
Goodwill	17,162,275
	-

At the date of the acquisition of SPdH, the fair value assigned to its assets and liabilities (in the portion held by TAP S.A.) amounted to a negative amount of EUR 14.7 million, resulting in goodwill equal to the difference relative to the value of the credits converted into capital, which was included in the carrying amount of the financial interest presented.

As of 31 December 2024, the financial information relating to SPdH is detailed as follows:

	2024		
	Equity	Sales and services rendered	Net income/(loss) for the year
SPdH	(44,082,734)	174,545,800	(19,126,120)

The financial information of SPdH has been adjusted for certain effects for the purposes of applying the equity method.

✈ Goodwill

On 8 November 2024, TAP S.A., as the buyer, and SIAVILO, as the seller, entered into a share purchase agreement, under which TAP S.A. acquired from SIAVILO the shares representing 100% of the share capital of Portugália for an amount of EUR 4,484,000.

The allocation of the acquisition price of Portugália to its assets and liabilities is detailed as follows:

Amounts stated in euros	Purchase price allocation
ASSETS	
Non-current assets	
Tangible fixed assets	91,394,185
Goodwill	180,135,637
Other financial assets	192,177
Other non current assets	204,906
Deferred tax assets	619,794
Other receivables	45,949,548
	318,496,247
Current Assets	
Inventories	10,189,664
Other receivables	37,456,617
Income tax receivable	13
Other current assets	756,183
Cash and cash equivalents	1,180,681
	49,583,158
Total Assets	**368,079,405**
Non-current liabilities	
Deferred tax liabilities	15,866,176
Post-employment benefits obligations	184,102
Provisions	101,154,322
Lease liabilities without purchase option	24,249,579
Other payables	43,893,413
	185,347,592
Current Liabilities	
Lease liabilities without purchase option	15,713,505
Other payables	158,778,777
Other current liabilities	3,755,531
	178,247,813
Total liabilities	**363,595,405**

As part of this transaction, the Group recognized a goodwill amounting to EUR 180,135,637, reflecting the future economic benefits that were not allocated to separately identifiable assets, which may be subject to revaluation for a period of 12 months from the date of acquisition of the Portugália shares, in accordance with IFRS 3.

This goodwill mainly reflects the value attributed to Portugália's operational and human resources, allowing the Group to use these resources immediately and exclusively. This acquisition strengthens the Group's operational capacity, ensuring continuity and efficiency of operations while reducing the need to acquire new aircraft or recruit and train new professionals in the short term.

As stipulated by IAS 36, goodwill is subject to impairment tests, which are performed on an annual basis, as per the accounting policy described in Note 2.30.

Goodwill is allocated to the Group’s cash-generating units ("CGUs"), identified according to the business segment. For impairment testing purposes, the recoverable amount of the CGUs is determined based on the value in use, using the discounted cash flow method.

The goodwill associated with the acquisition of Portugália is part of the Air Transport CGU, with its recoverable amount being assessed together with other non-current assets related to Air Transport, whose carrying amount as of 31 December 2024 amounts to EUR 3,249 million. For this purpose, the recoverable value of these assets was determined using discounted cash flow models, based on the 2025/2030 Business Plan approved by the Executive Committee and the Board of Directors. A perpetuity was considered for subsequent periods, and a discount rate aligned with the business's inherent risk as of 31 December 2024 was used.

The Board of Directors believes that the best estimate as of 31 December 2024 is reflected in the projections embedded in the impairment test performed.

The main assumptions used for the impairment test were as follows:

	2024
Discount rate (WACC)*	8.2%
Revenue CAGR**	5.6%
Operational costs CAGR**	5.4%
Growth in perpetuity (g)	2.0%
Income tax rate	28.5%

* Discount rate net of taxes
** Average growth rate

The 2025/2030 Business Plan is based on assumptions related to the opportunity to capture additional traffic through the expansion of capacity in recovery time slots, considering the maximum capacity of Lisbon Airport, as well as fleet growth starting in 2026. The considered CAGR is aligned with the pre-pandemic period and forecasts for European competitors, supporting a trajectory of balanced and efficient growth.

The Board of Directors, based on the discounted cash flows considered in the 2025/2023 Business Plan and the applicable rate, concluded that, as of 31 December 2024, the carrying amount of assets related to air transport activities does not exceed their recoverable amount.

A change in the main assumptions used in the calculation of the recoverable amount would have the impacts shown in the tables below:

	Base Scenario	Increase on WACC by 1 pp	Decrease of g by 1 pp	Joint effect (WACC + g)
Discount rate	8.2%	9.2%	8.2%	9.2%
Growth in perpetuity (g)	2.0%	2.0%	1.0%	1.0%
Sensitivity analysis conclusions	No impairment	No impairment	No impairment	No impairment

Based on the assumptions considered in the 2025/2030 Business Plan, the following sensitivity analyses are additionally presented:

Scenario 1 – Slower recovery of demand (between -2% to -5% of passengers for the years 2025 to 2030)

Scenario 2 – Increase in jet fuel price (+5% to +10%)

Scenario 3 – Evolution of yield/operating profitability (-2% to -5%)

	Base Scenario	Scenario 1 (Passengers)		Scenario 2 (Fuel)		Scenario 3 (Yield)	
		-2%	-5%	+5%	+10%	-2%	-5%
Discount rate	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
Growth in perpetuity (g)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sensitivity analysis conclusions	No impairment	No impairment	Impairment	No impairment	No impairment	No impairment	Impairment

It is important to highlight that the sensitivity scenarios presented above were not considered by the Board of Directors as the base scenario in the 2025/2030 Business Plan, as the underlying assumptions are not considered likely, based on the operational strategy defined in the 2025/2030 Business Plan and the known macroeconomic market estimates at this date.

Any unfavorable variations in the coming periods between actual cash flows and those estimated in the 2025/2030 Business Plan could result in significant impacts on the calculation of the recoverable amount of the related assets and, consequently, significantly affect the Group's financial and economic position.

Notwithstanding the above, given the relevance of the Approved Restructuring Plan, an alternative scenario was also carried out based on the projections approved by the European Commission, with no impairment identified.

Furthermore, it is important to highlight that the actual operational performance for the years 2022, 2023, and 2024 showed a significantly positive deviation compared to the estimate in the Approved Restructuring Plan.

8 Other financial assets

As of 31 December 2024 and 2023, the other financial assets item had the following composition:

	2024	2023
Bank deposits in Guinea Bissau	1,828,402	1,763,372
SITA Group Foundation	648,089	455,915
Other	47,407	47,388
	2,523,898	**2,266,675**
Impairment losses	(1,842,961)	(1,777,930)
	680,937	**488,745**

The amount presented for SITA Group Foundation mainly relates to certificates (unquoted shares) in that company, which was founded by the *Société International de Télécommunications Aéronautiques* (SITA).

9 Deferred tax assets and liabilities

As of 31 December 2024, the tax rate used to calculate the deferred tax assets related to reportable tax losses was 20% (21% as of 31 December 2023). For the other temporary differences recognized within TAP S.A., the rate used in 2024 was 20% and 28.5% (21% and 28.5% as of 31 December 2023), depending on the estimated year of realization. The reduction in the tax rates used to calculate deferred taxes results from the State Budget approved for 2025, which establishes a 1% reduction in the corporate income tax rate compared to 2024. Regarding the temporary differences recognized for Portugália, a deferred tax rate of 24% was considered, based on the projected future taxable results.

Tax benefits are tax collection deductions, therefore are considered 100% recoverable. In some cases, its full acceptance is also subject to the approval of the authorities granting such tax benefits. The deferred taxes arising from tax benefits are recorded when the authorities granting these tax benefits have approved them.

The main natures of temporary differences between accounting and taxable amounts as of 31 December 2024 and 2023, the corresponding deferred tax assets and liabilities and the respective effect on the results for the years ended 31 December 2024 and 2023 are as follows:

	2024						
	Opening balance	Change in consolidation perimeter	Effect in results (Note 34)		Effect in other comprehensive income		Closing balance
			Impact of the period	Impact of the change of income tax rate	Impact of the period	Impact of the change of income tax rate	
Deferred tax assets							
Tax losses carried forward	144,558,662	-	(8,663,266)	(6,471,209)	-	-	129,424,187
Post-employment benefits obligations	51,430,125	46,026	(334,395)	164,832	3,071,431	(2,002,818)	52,375,201
Impairment losses in inventories	4,419,042	488,700	(1,650,407)	(112,989)	-	-	3,144,346
Impairment losses of receivables	234,812,262	80,132	6,863,257	(11,395,144)	-	-	230,360,507
Other provisions and adjustments not accepted for tax purposes	49,709,784	-	6,102,563	(1,891,944)	-	-	53,920,403
Impairment losses in fixed assets	1,183,826	4,936	143,343	(45,186)	-	-	1,286,919
Derivative financial instruments	188,681	-	-	-	347,009	-	535,690
	486,302,382	**619,794**	**2,461,095**	**(19,751,640)**	**3,418,440**	**(2,002,818)**	**471,047,253**
Deferred tax liabilities							
Revaluation of tangible fixed assets	12,837,745	1,030	(1,495,246)	(384,533)	-	-	10,958,996
Adjustments from IFRS 16 and IFRS 9	70,075,940	15,865,146	20,768,242	(1,472,049)	(30,436,430)	(1,519,623)	73,281,226
	82,913,685	**15,866,176**	**19,272,996**	**(1,856,582)**	**(30,436,430)**	**(1,519,623)**	**84,240,222**
	403,388,697	**(15,246,382)**	**(16,811,901)**	**(17,895,058)**	**33,854,870**	**(483,195)**	**386,807,031**

	2023			
	Opening balance	Effect in results (Note 34)	Effect in other comprehensive income	Closing balance
Deferred tax assets				
Tax losses carried forward	160,171,263	(15,612,601)	-	144,558,662
Post-employment benefits obligations	32,143,044	(3,724,173)	23,011,254	51,430,125
Impairment losses in inventories	4,537,353	(118,311)	-	4,419,042
Impairment losses of receivables	227,225,047	7,587,215	-	234,812,262
Tax benefits	1,150,497	(1,150,497)	-	-
Other provisions and adjustments not accepted for tax purposes	19,350,150	30,359,634	-	49,709,784
Impairment losses in fixed assets	1,326,190	(142,363)	-	1,183,826
Derivative financial instruments	1,526,307	-	(1,337,626)	188,681
	447,429,851	**17,198,904**	**21,673,628**	**486,302,382**
Deferred tax liabilities				
Revaluation of tangible fixed assets	14,227,624	(1,389,879)	-	12,837,745
Adjustments from IFRS 16 and IFRS 9	29,773,066	19,636,321	20,666,553	70,075,940
	44,000,690	**18,246,442**	**20,666,553**	**82,913,685**
	403,429,161	**(1,047,538)**	**1,007,075**	**403,388,697**

✈ Reportable tax losses

The State Budget for 2023, approved in 2022, ended the time limitation for the reporting of tax losses and reduced the annual limit for deducting taxable profits from 70% to 65%. These changes apply to the deduction of tax losses from taxable profits for tax periods beginning on or after 1 January 2023, as well as to tax losses incurred in tax periods prior to 1 January 2023, whose deduction period is still ongoing. The economic and social stabilization program published in 2020 established an increase of ten percentage points in the deduction of tax losses generated in 2020 and 2021, which was maintained in the 2023 State Budget and subsequent budgets.

Following this change, the Group considers that there is a higher probability of realizing deferred tax assets.

The detail of the Group's tax losses as of 31 December 2024 is presented as follows:

Fiscal Year	TAP S.A.	Portugália	TAP Logistics	Total
2014	31,071,827	-	-	31,071,827
2015	88,219,930	-	-	88,219,930
2020	-	-	3,269	3,269
2021	536,758,246	-	4,798	536,763,044
2022	90,069,372	-	2,521	90,071,893
2023	-	-	2,432	2,432
2024 (estimation)	-	68,487,624	3,356	68,490,980
	746,119,375	**68,487,624**	**16,376**	**814,623,375**

The change in the shareholder structure of Portugália in November 2024 led to its exit from the Special Tax Regime for Group Taxation ("RETGS") of SIAVILO. As a result, tax losses accumulated by this entity prior to 2024 are no longer deductible within Portugália.

Due to the lack of recent taxable profit history generated by Portugália and TAP Logistics, no deferred tax assets have been recognized for the reportable tax losses accumulated by these entities.

It is worth mentioning that, despite TAP S.A. exercising its legitimate right to contest, no deferred tax assets have been recognized for the reportable tax losses resulting from the securitization operation in the years 2014 and 2015, amounting to EUR 99 million, which are currently under discussion in the tax court.

The Group considers that the reportable tax losses generated by TAP S.A. in 2015, 2021, and 2022 are recoverable through their use in future taxable profit deductions (calculated based on the individual financial statements of TAP S.A., prepared in accordance with the SNC), considering the projections of taxable results as included in the Business Plan 2025/2030 approved by the Executive Committee and the Board of Directors of the Group, with a linearization of the fiscal results for the remaining periods. An additional scenario for the analysis of the recovery of deferred taxes has also been considered, based on the Approved Restructuring Plan (used as the base scenario in previous periods).

It is also important to highlight that, contrary to the estimates in the Approved Restructuring Plan, a taxable profit was determined for 2023, and thus tax losses from 2015 and 2021 in the amounts of EUR 43.9 million and EUR 6.8 million, respectively, were utilized. The tax estimate for the year ended 31 December 2024 also showed a taxable profit higher than the estimate based on the Approved Restructuring Plan and includes the use of tax losses generated in 2015 and 2021 in the amounts of EUR 25.7 million and EUR 3.9 million, respectively.

Considering the assumptions mentioned, it is expected that the recovery of the deferred tax assets recorded as of 31 December 2024 will take between 10 and 12 years, depending on different sensitivity scenarios.

For the purposes of analyzing the recoverability of the deferred taxes, a growing risk premium/haircut factor due to the time horizon (5.12% per year) was applied.

The detail of tax losses of TAP S.A. as of 31 December 2024 is as follows:

	Without securitization	Securitized	Total
2014	-	31,071,827	31,071,827
2015	20,293,317	67,926,613	88,219,930
2021	536,758,246	-	536,758,246
2022	90,069,372	-	90,069,372
	647,120,935	**98,998,440**	**746,119,375**

10 Other accounts receivable

As of 31 December 2024 and 2023, the detail of the other receivables item is as follows:

	2024		2023	
	Current	**Non-current**	**Current**	**Non-current**
Customers	305,984,780	-	352,648,295	-
Security deposits of lease contracts	4,826,681	41,685,545	2,713,652	35,981,107
Recoverable maintenance reserves	67,768,247	107,078,559	23,307,613	67,040,574
Swaps jet fuel (Note 23)	4,808,692	-	-	-
Advances to suppliers	22,077,780	-	18,701,192	-
Accrued income	99,439,133	-	38,735,235	-
Other debtors	1,561,829,978	4,683,212	1,844,332,616	19,839,395
	2,066,735,291	**153,447,316**	**2,280,438,603**	**122,861,076**
Receivables impairment losses	(1,189,973,012)	(1,921,388)	(1,152,064,266)	(1,921,388)
	876,762,279	**151,525,928**	**1,128,374,337**	**120,939,688**

There are no differences between the book values and fair value for the periods in question.

✈ Customers

As of 31 December 2024 and 2023, Customers item is detailed as follows:

	2024	2023
Private entities	156,703,476	204,198,199
Clients with doubtful payment	61,747,514	61,095,810
Travel agencies	44,020,573	44,178,765
Related parties (Note 38)	22,027,979	17,235,060
Airline companies	9,948,799	8,885,618
Other	11,536,439	17,054,843
	305,984,780	**352,648,295**
Impairment	(91,285,741)	(89,623,660)
	214,699,039	**263,024,635**

The receivable balances from travel agencies and airline companies are primarily settled through IATA Billing and Settlement Plan (BSP) and IATA Clearing House (ICH), which does not fully cover the bankruptcy risks of Travel Agencies and Aviation Companies.

As a result of the approval by the European Commission on 21 December 2021 of the Restructuring Plan and the shareholder change that occurred in TAP S.A. in 2021, the Board of Directors identified the need to record impairment losses on receivables from related parties. Therefore, as a result of the closure process of TAP ME Brasil, as of 31 December 2024, the related entities item includes an amount of EUR 17.0 million receivable from SIAVILO's Brazilian subsidiary, for which there is an accumulated impairment of the same amount.

✈ Security deposits of lease contracts

Security deposits are paid under lease contracts without purchase for aircraft and engines, and will be recovered, without interest, when such aircraft and engines are returned to the lessors. In addition, as of 31 December 2024, the deferred costs item includes an amount of EUR 16.5 million related to the financial discount of these receivables, to be recognized in the period of the respective lease contracts (Note 13).

✈ Recoverable maintenance reserves

The recoverable maintenance reserves item refers to maintenance reserves paid on lease contracts with no option to purchase, which will be carried out during the contract period. The increase in the balance is mainly due to the inclusion of Portugália within the Group's consolidation perimeter.

✈ Advances to suppliers

As of 31 December 2024 and 2023, the “Advances to suppliers” item is detailed as follows:

	2024	**2023**
Related parties (Note 38)	510,772	601,155
Others	21,567,008	18,100,037
	22,077,780	**18,701,192**

The item “Others” includes advances to suppliers of several natures, namely airport management entities and insurance companies.

✈ Accrued income

As of 31 December 2024 and 2023, “Accrued income” item is detailed as follows:

	2024	**2023**
Works for aviation companies	80,007,810	19,940,489
Miles	1,951,699	7,453,100
Related parties (Note 38)	8,100,164	4,053,182
Airport facilities - incentives	1,528,118	312,999
Other	7,851,342	6,975,465
	99,439,133	**38,735,235**

The increase in the balance of the item “Work for aviation companies” primarily relates to ongoing works for third parties, resulting from the growth in maintenance and engineering activities.

✈ Other debtors

As of 31 December 2024 and 2023, the other debtors item is detailed as follows:

	2024		2023	
	Current	Non-current	Current	Non-current
Related parties (Note 38)	1,106,765,421	-	1,094,610,455	14,501,042
Unrealized share capital and supplementary contributions (Notes 15, 16 and 38)	343,000,000	-	676,540,088	-
Deposits and guarantees	42,110,279	-	16,024,293	-
Employees	22,773,569	-	18,944,312	-
Interline and other invoicing	9,983,817	-	9,537,870	-
Insurance	7,662,816	-	4,100,432	
Doubtful accounts	5,473,148	-	5,329,910	-
Representations VAT	5,222,508	-	4,634,605	-
Withholding tax - foreign markets	1,045,703	-	1,074,765	-
Post-employment benefits (Note 17)	-	2,659,743	-	2,383,062
Other	17,792,717	2,023,469	13,535,886	2,955,291
	1,561,829,978	**4,683,212**	**1,844,332,616**	**19,839,395**
Impairment	(1,098,687,271)	(1,921,388)	(1,062,440,606)	(1,921,388)
	463,142,707	**2,761,824**	**781,892,010**	**17,918,007**

As mentioned in the Introductory Note, on 27 December 2022, the sole shareholder subscribed to a capital increase of EUR 980 million, with EUR 637 million having been paid up to 31 December 2024 (EUR 294 million in December 2022 and EUR 343 million in January 2024). The remaining balance of the capital increase, in the form of supplementary contributions, as of 31 December 2024, amounted to EUR 343 million, which is recorded under the item “Unrealized share capital and supplementary contributions”. This amount was received in January 2025 (Notes 15 and 41).

As of 31 December 2024, the “Related parties” item includes EUR 1,082.7 million receivable from SIAVILO, which primarily relates to its management of financial investments, notably TAP ME Brasil, for which there is an accumulated impairment of the same amount. This item also includes EUR 10.5 million receivable from TAP ME Brasil, which is fully impaired, following the closure of the subsidiary’s operations in Brazil by SIAVILO.

As of 31 December 2023, the “related parties” item included EUR 42.3 million receivable from Portugália (EUR 27.8 million in current assets and EUR 14.5 million in non-current assets), primarily related to the re-invoicing of maintenance reserves paid by Portugália under lease contracts without a purchase option. Following Portugália’s inclusion in the Group's consolidation perimeter in November 2024, this balance, which amounted to EUR 53.7 million as of 31 December 2024, was eliminated in the consolidation process.

The increase in the balance of deposits and guarantees item is mainly due to the payment of collateral in connection with the contracting of jet fuel derivative instruments.

✈ Impairment losses on current receivables

The movement that occurred under the impairment losses on receivables item during the years ended 31 December 2024 and 2023 was as follows:

	2024		2023	
	Clients	Others	Clients	Others
Opening balance	89,623,660	1,062,440,606	90,018,096	1,024,683,205
Change in consolidation perimeter	697,913	172,000	-	-
Increases (Notes 18, 28 and 31)	2,287,950	48,888,247	4,371,721	40,256,893
Reversals (Note 28)	(1,556,243)	(10,804,944)	(40,872)	(418,882)
Utilization	(656,822)	(40,683)	(4,204,002)	(2,709,120)
Exchange (Note 33)	889,283	(1,967,955)	(521,283)	628,510
Closing balance	**91,285,741**	**1,098,687,271**	**89,623,660**	**1,062,440,606**

During the year ended 31 December 2024, impairment losses on accounts receivable from SIAVILO were increased by EUR 49.4 million (Note 31).

Following the approval and homologation of SPdH's Insolvency Plan, which foresees, among other aspects, a payment plan for TAP S.A.'s credits or the conversion of these credits into shareholder loans (Note 7), during the year ended 31 December 2024, an impairment loss of EUR 10.8 million, previously recorded as of 31 December 2023, was reversed regarding those credits. As of 31 December 2024, the accounts receivable from SPdH include EUR 3.0 million relating to credits converted into shareholder loans.

The details of accumulated impairment losses referring to related parties are disclosed in Note 38.

11 Inventories

The caption "Inventories" as of 31 December 2024 and 2023 is detailed as follows:

	2024	2023
Raw materials and consumables	108,823,588	93,696,437
Inventory impairment losses	(11,298,936)	(14,979,802)
	97,524,652	**78,716,635**

Raw materials and consumables refer to technical material for use in the maintenance and repair of own aircraft and in works for other airlines.

The movement of the impairment losses on inventories item for the years ended 31 December 2024 and 2023 is detailed as follows:

	2024	2023
Opening balance	14,979,802	15,380,857
Change in consolidation perimeter	1,954,800	-
Increases (Note 28)	1,718,001	3,052,181
Decreases (Note 28)	(485,536)	(10,933)
Utilization	(6,868,131)	(3,442,303)
Closing balance	**11,298,936**	**14,979,802**

The amounts recorded as utilizations during the years ended 31 December 2024 and 2023, mainly concern materials sold and/or scrapped for which impairment losses had been recorded in previous years.

12 Income tax receivables / payables

As of 31 December 2024 and 2023, the balance concerning income tax receivables or payables is detailed as follows:

	2024		2023	
	Current assets	**Current liabilities**	**Current assets**	**Current liabilities**
State and Other Public Entities				
Other	-	(19,326)	-	(19,326)
Payments on account	4,155,481	-	-	-
Withholding taxes	12,917,016	13	11,371,015	-
Income tax 2023	3,434,953	-	(8,144,565)	-
Current income tax (Note 34)	(7,480,079)	(12,294)	-	-
	13,027,371	**(31,607)**	**3,226,450**	**(19,326)**
	13,027,371	**(31,607)**	**3,226,450**	**(19,326)**

As of 31 December 2024, the balance of withholding taxes mainly pertains to withholdings made by SIAVILO on the year's interest related to the loans granted by TAP S.A. (Note 10).

The estimated corporate income tax payable related to Portugália, amounting to EUR 12,294, refers to the entire fiscal year ended 31 December 2024. However, only the amount corresponding to the period after Portugália's inclusion in the Group's consolidation perimeter, which totals EUR 920, is reflected in the consolidated income statement.

13 Other current and non-current assets

Other current and non-current assets as of 31 December 2024 and 2023 are detailed as follows:

	2024		2023	
	Current	Non-Current	Current	Non-Current
Deferred costs	88,097,127	14,259,503	57,701,140	15,080,108
State and other public entities	8,948,353	-	6,263,545	-
	97,045,480	**14,259,503**	**63,964,685**	**15,080,108**

✈ Deferred costs

As of 31 December 2024 and 2023, the caption "Deferred costs" is detailed as follows:

	2024		2023	
	Current	Non-Current	Current	Non-Current
Security deposits (Note 10)	2,255,971	14,259,503	1,934,007	15,080,108
Related Parties (Note 38)	112,967	-	112,967	-
Commissions	29,128,530	-	28,075,581	-
CO2 emission rights	43,029,165	-	13,685,631	-
Maintenance	6,913,375	-	6,753,935	-
Specialized works	1,564,556	-	5,602,462	-
Rental costs	1,302,428	-	33,132	-
Other	3,790,135	-	1,503,425	-
	88,097,127	**14,259,503**	**57,701,140**	**15,080,108**

As of 31 December 2024 and 2023, "Commissions" relate to amounts paid to agents for tickets sold, but not yet flown or expired.

The "CO2 emission rights" balance relates to the surplus of allowances acquired by the Group compared to its consumption in 2024.

✈ State and other public entities

As of 31 December 2024 and 2023, the balances of this caption are detailed as follows:

	2024	2023
VAT	5,746,229	4,465,510
Other taxes	3,202,124	1,798,035
	8,948,353	**6,263,545**

As of 31 December 2024 and 2023, the VAT balance refers to refunds not yet received.

14 Cash and cash equivalents

As of 31 December 2024 and 2023, the detail of cash and cash equivalents is detailed as follows:

	2024	2023
Bank deposits available on demand	134,726,289	455,174,298
Term deposits	516,364,885	333,736,218
Other deposits	480,593	445,982
Cash	70,763	31,200
Cash and cash equivalents	**651,642,530**	**789,387,698**

15 Share capital and supplementary capital contributions

As stated in the Introductory Note, on 24 May 2021, the Portuguese State, through the Directorate-General of the Treasury and Finance, carried out a capital increase in TAP S.A. in the amount of EUR 462 million.

In this context, the shareholding structure of TAP S.A. was detailed as follows:

- The Portuguese Republic, through the Directorate-General of the Treasury and Finance, came to hold 91.8% of the shares representing the share capital and voting rights; and
- SIAVILO came to hold 8.2% of the shares representing the share capital and voting rights of TAP S.A.

Following the approvals by the European Commission of State aid for (i) the restructuring of the TAP Group and (ii) the compensation for losses suffered by TAP S.A. as a result of the COVID-19 pandemic, on 30 December 2021, the following corporate operations were approved at an Extraordinary General Meeting of TAP S.A. and submitted for registration with the Commercial Registry Office of Lisbon:

- The increase of TAP S.A.'s share capital from EUR 503,500,000 to EUR 657,853,400, fully subscribed by SIAVILO, through the conversion of supplementary contributions, in the total amount of EUR 154,353,400;
- The reduction of its share capital to EUR 0.00, to partially cover losses;
- The increase of its share capital from EUR 0.00 to EUR 1,794,544,230, fully subscribed by the Portuguese Republic, through the Directorate-General of the Treasury and Finance, with the amount of EUR 1,258,544,230 being exclusively realized by in-kind contributions, by conversion of credits from the Portuguese Republic against TAP S.A., and the amount of EUR 536,000,000, realized by cash contributions;
- The reduction of its share capital from EUR 1,794,544,230 to EUR 904,327,865, to partially cover losses.

As a result of the aforementioned operations, TAP S.A. became directly and solely owned by the Portuguese Republic, through the Directorate-General of the Treasury and Finance, with no material change in control exercised over TAP S.A., as the Portuguese Republic was already the effective beneficiary of TAP S.A.

Additionally, following the European Commission's decision dated 21 December 2021, which approved the TAP Group's Restructuring Plan and the granting of restructuring aid—including a tranche of said aid to be provided by the end of the 2022 financial year—the following corporate transactions were approved on 27 December 2022 by written resolution of TAP S.A.'s sole shareholder:

- The reduction of TAP S.A.'s share capital from EUR 904,327,865 to EUR 0.00, to partially cover losses;
- The increase of its share capital from EUR 0.00 to EUR 980,000,000, fully subscribed by the Portuguese Republic, through the Directorate-General of the Treasury and Finance, to be realized by new cash contributions.

Consequently, TAP S.A.'s share capital became EUR 980,000,000, represented by 196,000,000 shares, with a nominal unit value of EUR 5.00, of which EUR 294,000,000 was paid in as of 31 December 2023. In January 2024, the second tranche of EUR 343,000,000 was executed, leaving the final tranche of the same amount outstanding, scheduled for December 2024.

On 18 October 2024, it was approved, through unanimous written resolution, to reduce TAP S.A.'s share capital from EUR 980,000,000 to EUR 313,600,000 by decreasing the nominal value of shares from EUR 5.00 per share to EUR 1.60 per share. Of this reduction, EUR 323,400,000 was allocated to absorb losses, and EUR 343,000,000 was allocated for the specific purpose of extinguishing the Portuguese Republic's obligation to execute the final tranche of the subscribed share capital from 27 December 2022 (amounting to EUR 343,000,000, as mentioned above) in exchange for the Portuguese Republic's assumption of the obligation to make an equivalent payment of supplementary capital contributions by 18 December 2024.

On 18 December 2024, it was approved, through unanimous written resolution, to postpone the execution of the supplementary capital contribution of EUR 343,000,000, initially scheduled for December 2024, to January 2025.

On 17 January 2025, it was approved, through unanimous written resolution, to increase TAP S.A.'s share capital through new cash contributions to be made by its sole shareholder, the Portuguese Republic, through the Directorate-General of Treasury and Finance, in the amount of EUR 343,000,000, replacing its obligation to execute a single supplementary contribution of the same amount. As a result, TAP S.A.'s share capital increased to EUR 656,600,000, represented by 410,375,000 ordinary shares, each with a nominal unit value of EUR 1.60. The final tranche of EUR 343,000,000 was received on 20 January 2025 (Note 41).

16 Other equity captions

Reserves

✈ **Legal reserve**

Commercial legislation provides that at least 5% of the annual net income must be earmarked for strengthening the legal reserve until it represents at least 20% of the capital.

This reserve is not distributable except in the event of the liquidation of the Group, however, it may be incorporated into the capital or used to absorb losses after the other reserves have been exhausted.

As of 31 December 2024 the legal reserve is not yet fully constituted.

✈ **Fair value reserves**

As of 31 December 2024, the negative amount of EUR 1,343,295, presented under the “Fair value reserves” item, is the fair value of financial instruments classified as hedging amounting to EUR 1,879,615, net of deferred taxes amounting to EUR 535,690 (Notes 9, 10 and 20).

✈ **Other reserves**

As of 31 December 2024, the item "Other reserves" includes the amount of EUR 151,962,253, net of deferred tax of EUR 43,309,242 (Notes 9 and 33), related to the accumulated net foreign exchange losses resulting from the revaluation of lease liabilities in USD, for which a hedging relationship has been defined with highly probable forecasted sales which fare is determined in USD, with reference to 1 January 2022 (Note 2.32).

This item also includes a reserve set up in 2010 resulting from the merger by incorporation of Air Portugal Tours, S.A. in the amount of EUR 200,588.

Other variations in equity

The balance recorded under this item as of 31 December 2023, amounting to EUR 9.5 million, corresponds to the financial effect of accounts receivable from the sole shareholder (Note 10) as of that date, related to the capital increase subscribed on 27 December 2022 and yet to be executed (Note 15). As of 31 December 2024, the carrying amount of the receivable from the sole shareholder corresponds to its nominal value, having been received on 20 January 2025, resulting in no financial discount effect as of 31 December 2024.

Retained earnings

The item "Retained earnings" corresponds to the net income of previous years, as per the decisions made at the General Meetings. In addition, changes resulting from the application of International Financial Reporting Standards for the first time, as well as gains or losses from remeasurements of post-employment benefits, net of tax and adjustments arising from the adoption of IFRS 16, are recorded under this item.

On 27 December 2022 and 30 December 2021, the Extraordinary General Meeting of TAP S.A. approved share capital reductions in the amounts of EUR 904,327,865 and EUR 1,548,069,765, respectively, to partially cover losses. On 18 October 2024, it was reduced TAP S.A.'s share capital to absorb negative retained earnings in the amount of EUR 323,400,000, by means of an unanimous written resolution.

17 Pensions and other post-employment benefits

As mentioned in Note 2.21, TAP S.A. is responsible for paying post-employment benefits to retired, pre-retired, and still active employees.

✈ Retirement pension supplements and early retirement instalments ("VIVA")

According to current rules at the Group, this guarantees employees hired before 31 May 1993 the difference between the pension, for age or disability, allocated by Social Security, and a minimum amount guaranteed by the Group. This amount corresponds to a fixed percentage of part of the salary (basic salary + annuities), at the retirement date, for each year in the Group's service, up to a maximum of 20 years, as follows:

- Flight deck crew (pilots and flight technicians) – 3.2% per year of service;
- Ground staff and cabin crew – 4% per year of service.

In addition, the Group has undertaken to pay early retirement pensions, whose value is fixed so that the respective net value receivable in situations of early retirement ranges from 75% to 100% of the net value that the employees received when active on the date of early retirement.

In October 2008, the Labour Agreement TAP S.A. with the Civil Aviation Pilots Union ("SPAC") was amended, with the following main changes:

- Pilots recruited before 31 May 2007: the pension plan includes the seniority bonus guaranteed by the State (of 15% or 10%, according to the start date of the contributory career) and the possibility of an additional bonus (up to 25% or 30%) as an option for the beneficiary upon retirement (this additional bonus will be paid by the Group);

- Pilots recruited after 1 June 2007: the pension plan consists of a defined contribution scheme of 7.5% of the base remuneration effectively earned (14 times a year), of which 80% is paid by the Group. This plan is guaranteed by contracts of participation in open pension funds managed by Banco Português de Investimento ("BPI"). The participation contracts and their management are optional to SPAC, as established in the collective regulations.

The Group has recorded all its liabilities related to past services for the payment of pension supplements and early retirement benefits relative to the defined benefit plan.

The measurement of liabilities took into consideration that, under the terms of the collective regulations establishing the aforementioned pension plan, the total pension guaranteed by the Group, i.e. the social security pension and pension supplement will never exceed the base monthly remuneration, net of personal income tax (IRS) and Social Security payments during employment. This requirement is not applicable because it is not enshrined in the collective regulations governing the technical flight crew, for which the limit does not exist and the pensionable salary is the basic salary of the salary scale, plus the financial year salary and seniority.

In order to cover the liabilities related to the defined benefit plan, the Group concluded a contract to join the VIVA open pension fund. As of 2011, the cost related to retirement pension supplements, constituted since 1998, is assumed by this participation. Annual expenditure on pensions is determined in accordance with the actuarial study, reviewed and adjusted annually according to the updating of salaries and the evolution of the participant group. Costs relating to retirement supplements constituted by December 1997, early retirement instalments and the portion of pilot retirement supplements, which exceeds the limit referred to in the preceding paragraph, are assumed directly by TAP S.A. and covered by a specific provision.

✈ **Retirement Bonus ("Jubileu")**

The Company Agreement concluded between TAP S.A. and SPAC established that TAP S.A. undertakes to pay to pilots recruited before 31 May 2007, in addition to a pension scheme, a one-off retirement bonus to every pilot upon retirement due to old age, which is funded by the capital accumulated in a collective insurance policy constituted by TAP S.A. on behalf of the pilots. The main conditions of the collective retirement policy agreed with the insurance company, describing this Retirement Benefits Plan for Pilots, are as follows:

- Admission conditions: pilots who are still in active service;
- Standard retirement age: 65 years;
- Guarantees: each participant is entitled, upon the retirement date, to an amount equal to 16 times the last declared monthly wage.

The Benefit Plan is funded through an insurance policy that is reinforced by contributions (premiums) paid by the Group and by income obtained from investments made by the insurance company in an Autonomous Fund which supports this type of insurance.

In October 2008, the agreement between TAP S.A. and SPAC was amended, with the main changes being as follows:

- Pilots recruited before 31 May 2007: the one-off retirement bonus is maintained, but will only be paid if, on the retirement date, the person is entitled to the full pension, with the possibility of increasing the capital for every additional year of service after the full pension age has been reached;

- Pilots recruited after 1 June 2007: there is no entitlement to a retirement bonus.

✈ **Healthcare**

The Group ensures that both pre-retired and early-retired employees, below the age of 65, are awarded with a healthcare plan providing access to medical care at reduced prices. In addition, the Group provides its retired employees with access to medical services from UCS – Cuidados Integrados de Saúde, S.A. ("UCS"), as a freely granted benefit, for which they pay a portion of the cost of each clinical service with the remainder being paid by TAP S.A.

The Group considers that although it provides its former employees with access to the health care services of UCS, this is not an obligation but rather a freely granted benefit that, therefore, does not constitute a liability to provide any healthcare for workers after they leave employment at the Group. Therefore, as of this date, the Company assumes no liability regarding the provision of health care services for pre-retired, early-retired and retired employees. As of 31 December 2024, the provision recorded covers all liabilities for medical acts with pre-retired, early-retired and retired persons, having the said liability been determined based on an actuarial study calculated by an independent entity.

Assumptions used in the evaluation of liabilities

The Group liabilities were calculated through actuarial studies reported as of 31 December 2024 and 2023, prepared by independent entities, using the "Projected Unit Credit Method" and essentially based on the following financial and demographic assumptions:

	2024		2023	
	Portugal VIVA	**Portugal Jubileu**	**Portugal VIVA**	**Portugal Jubileu**
Mortality table	TV 88/90	TPRV/93	TV 88/90	TPRV/93
Disability table	EKV1980	EKV1980	EKV1980	EKV1980
Discount rate	3.50%	3.50%	3.50%	3.50%
Fund yield rate	3.50%	2.00%	3.50%	2.00%
Growth rates:				
Wages	[3.25%(2025)-6.17%(2026)-1.83%(2027+)]	[3.75%(2025)-6.50%(2026)-3.50%(2027+)]	[3.73%(2024)-2.33%(2025)-5.17%(2026)-2.13%(2027+)]	[5.10%(2024)-4.10%(2025)-4.00%(2026)-3.00%(2027+)]
Pensions	1.00%	1.00%	1.00%	1.00%
Salaries (Social Security)	3.70%	--	3.70%	--
Trend of medical costs	1.50%	--	1.50%	--
Regular retirement age	65	65	65	65

The Group proceeds with the periodic review of actuarial assumptions whenever relevant events occur, based on information from financial markets and data from the universe of beneficiaries covered by the plans. The salary growth rate stems from the best estimate as of this date, taking into account the new collective labor agreements negotiated with some groups of workers.

Liabilities as of 31 December 2024 and 2023 are detailed as follows:

	2024								
	VIVA Fund	**VIVA Pensions**	**Health Care**	**Jubileu Bonus**	**Portugália**	**Sub-total Pensions**	**England Representation (Note 10)**	**Brazil Representation (Note 10)**	**Total**
Liabilities from past services									
- Active employees	201,087	99,292,914	-	104,832,069	-	204,326,070	-	193,879	204,519,949
- Early retirement	127,451	1,907,790	94,948	-	164,412	2,294,601	-	-	2,294,601
- Retired	8,550,775	31,082,386	2,077,353	-	-	41,710,514	20,643,286	-	62,353,800
Fair value of the fund	(14,155,044)	-	-	(47,717,803)	-	(61,872,847)	(23,140,934)	(355,974)	(85,369,755)
Defit/(surplus)	**(5,275,731)**	**132,283,090**	**2,172,301**	**57,114,266**	**164,412**	**186,458,338**	**(2,497,648)**	**(162,095)**	**183,798,595**

	2023							
	VIVA Fund	**VIVA Pensions**	**Health Care**	**Jubileu Bonus**	**Brazil Representation**	**Sub-total Pensions**	**England Representation (Note 10)**	**Total**
Liabilities from past services								
- Active employees	235,219	99,627,481	-	92,120,187	552,845	192,535,732	-	192,535,732
- Early retirement	224,183	3,012,830	166,422	-	-	3,403,435	-	3,403,435
- Retired	8,704,305	29,982,210	2,203,256	-	-	40,889,771	19,696,220	60,585,991
Fair value of the fund	(13,299,756)	-	-	(46,384,260)	(422,445)	(60,106,461)	(22,079,282)	(82,185,743)
Defit/(surplus)	**(4,136,049)**	**132,622,521**	**2,369,678**	**45,735,927**	**130,400**	**176,722,477**	**(2,383,062)**	**174,339,415**

The best estimate of contributions for defined benefit pension plans for the subsequent fiscal year is approximately EUR 6 million.

As of 31 December 2024 and 2023, the Group's defined benefit plans in Portugal (excluding representations from England and Brazil) covered 1,243 and 1,257 active beneficiaries, respectively. The total number of retired and pre-retired employees entitled to a retirement pension supplement on 31 December 2024 and 2023, was 468 and 492 beneficiaries, respectively.

As of 31 December 2024, the average maturity of liabilities for the defined benefit plans “Fundo VIVA” and “Jubileu Bonus” is 8 years and 14 years, respectively.

Sensitivity analyses

✈ Annual discount rate

An increase (decrease) of 0.25% in the annual discount rate of the defined benefit plans “VIVA Fund” and “Jubileu Bonus” would correspond to the following impacts on the Group’s liabilities as of 31 December 2024 and 2023:

2024	Rate	VIVA Plan*	Jubileu Bonus
Annual discount rate of pensions	3.50%	141,162,403	104,832,069
0.25% increase in the discount rate	3,75%	136,146,197	101,783,089
0.25% decrease in the discount rate	3,25%	146,468,944	108,000,468

* Includes "VIVA Pensions" and "VIVA Fund"

2023	Rate	VIVA Plan*	Jubileu Bonus
Annual discount rate of pensions	3.50%	141,786,228	92,120,187
0.25% increase in the discount rate	3,75%	137,360,590	89,318,500
0.25% decrease in the discount rate	3,25%	146,490,761	95,035,181

* Includes "VIVA Pensions" and "VIVA Fund"

✈ Healthcare cost growth rate

If the growth rate of medical care costs increases or decreases by one percentage point, the respective impact on the Group’s liabilities as of 31 December 2024 and 2023 is as follows:

	Rate	2024	2023
Annual growth rate of medical costs	1.50%	2,172,301	2,369,678
1% increase in the growth rate of medical costs	2.50%	2,312,247	2,525,818
1% decrease in the growth rate of medical costs	0.50%	2,046,256	2,229,429

✈ Pension growth rate

If the pension growth rate increase or decreases by 0.25 percentage points, the respective impact on the Group’s liabilities as of 31 December 2024 and 2023 is as follows:

	Rate	2024	2023
Growth rate of VIVA Pension fund (*)	1.00%	141,162,403	141,786,228
0.25% increase in the Pension growth rate	1.25%	144,997,358	144,834,055
0.25% decrease in the Pension growth rate	0.75%	137,480,248	138,866,358

* Includes "VIVA Pensions" and "VIVA Fund"

Evolution of liabilities from past services

The evolution of liabilities for past services, reflected in the statement of financial position, during the years ended 31 December 2024 and 2023, is as follows:

	2024							
	VIVA Fund	VIVA Pensions	Health Care	Jubileu Bonus	Brazil Representation	England Representation	Portugália	Total
Liabilities at the beginning of the year	9,163,707	132,622,521	2,369,678	92,120,187	552,845	19,696,220	-	256,525,158
Currency translation differences	-	-	-	-	(70,821)	947,066	-	876,245
Values recorded through profit or loss for the year:								
Current services	134,989	3,661,087	-	5,376,034	(284,034)	-	-	8,888,076
Net interest	325,196	4,630,321	82,939	3,204,070	-	-	(10,000)	8,232,526
Actuarial gain and losses	174,541	622,413	(280,316)	9,581,721	-	-	-	10,098,359
Other movements	-	(1,922,746)	-	-	-	-	-	(1,922,746)
Benefits paid	(919,120)	(7,330,506)	-	(5,449,943)	(4,111)	-	(9,689)	(13,713,369)
Changes in consolidation perimeter	-	-	-	-	-	-	184,101	184,101
Liabilities at the end of the year	**8,879,313**	**132,283,090**	**2,172,301**	**104,832,069**	**193,879**	**20,643,286**	**164,412**	**269,168,350**

	2023						
	VIVA Fund	VIVA Pensions	Health Care	Jubileu Bonus	Brazil Representation	England Representation	Total
Liabilities at the beginning of the year	13,518,950	85,008,252	2,521,365	59,779,842	525,706	27,516,264	188,870,379
Currency translation differences	-	-	-	-	43,071	566,125	609,196
Values recorded through profit or loss for the year:							
Current services	11,604	2,348,783	-	2,803,160	-	-	5,163,547
Net interest	477,629	3,094,439	88,248	1,010,239	-	(1,488,982)	3,181,573
Actuarial gain and losses	(4,844,476)	53,389,205	(239,935)	29,699,458	-	(6,897,187)	71,107,065
Other movements	-	(3,664,593)	-	-	-	-	(3,664,593)
Benefits paid	-	(7,553,565)	-	(1,172,512)	(15,932)	-	(8,742,009)
Liabilities at the end of the year	**9,163,707**	**132,622,521**	**2,369,678**	**92,120,187**	**552,845**	**19,696,220**	**256,525,158**

Evolution of funds allocated to pensions benefit schemes

During the years ended 31 December 2024 and 2023, the evolution of the assets of the funds was as follows:

	2024				
	VIVA Fund	Jubileu Bonus	Brazil Representation	England Representation	Total
Opening balance	13,299,756	46,384,260	422,445	22,079,282	82,185,743
Other movements	-	(74,295)	-	-	(74,295)
Contributions in the year	-	5,940,000	-	-	5,940,000
Net interest	465,490	1,620,849	-	-	2,086,339
Benefits paid	-	(5,449,943)	(4,111)	-	(5,454,054)
Return of plan assets	389,798	(703,068)	-	-	(313,270)
Exchange variation	-	-	(62,360)	1,061,652	999,292
Closing Balance	**14,155,044**	**47,717,803**	**355,974**	**23,140,934**	**85,369,755**

	2023				
	VIVA Fund	Jubileu Bonus	Brazil Representation	England Representation	Total
Opening balance	12,216,494	40,667,788	386,415	28,392,320	81,663,017
Contributions in the year	-	6,000,000	-	-	6,000,000
Net interest	1,083,262	858,985	-	-	1,942,247
Benefits paid	-	(1,142,513)	(15,933)	-	(1,158,446)
Return of plan assets (excluding net interest)	-	-	-	(6,897,187)	(6,897,187)
Exchange variation	-	-	51,963	584,149	636,112
Closing Balance	**13,299,756**	**46,384,260**	**422,445**	**22,079,282**	**82,185,743**

The composition of the funds as of 31 December 2024 and 2023 is as follows:

	2024			
	VIVA Fund	**Jubileu Bonus**	**England Representation**	**Total**
Shares	5,388,587	-	4,419,919	9,808,506
Bonds	3,378,841	45,117,183	2,337,234	50,833,258
Public debt	4,510,935	-	-	4,510,935
Real estate	499,749	-	-	499,749
Liquidity	376,932	2,600,620	-	2,977,552
Other current investments	-	-	16,383,781	16,383,781
	14,155,044	**47,717,803**	**23,140,934**	**85,013,781**

	2023			
	VIVA Fund	**Jubileu Bonus**	**England Representation**	**Total**
Shares	4,950,866	-	2,851,943	7,802,809
Bonds	4,072,450	43,276,515	1,211,326	48,560,291
Public debt	3,310,111	-	-	3,310,111
Real estate	459,601	-	-	459,601
Liquidity	506,728	3,107,745	446,652	4,061,125
Other current investments	-	-	17,569,361	17,569,361
	13,299,756	**46,384,260**	**22,079,282**	**81,763,298**

Expenses related to pensions and other post-employment benefits

The expenses relating to pensions and other post-employment benefits are detailed as follows:

	2024							
	VIVA Fund	**VIVA Pensions**	**Health Care**	**Jubileu Bonus**	**Brazil Representation**	**England Representation**	**Portugália**	**Total**
Current Services	134,989	3,661,087	-	5,376,034	(284,034)	-	-	8,888,076
Net interest	(140,294)	4,630,321	82,939	1,583,221	-	-	(10,000)	6,146,187
Total (notes 27 and 33)	**(5,305)**	**8,291,408**	**82,939**	**6,959,255**	**(284,034)**	**-**	**(10,000)**	**15,034,263**

	2023						
	VIVA Fund	**VIVA Pensions**	**Health Care**	**Jubileu Bonus**	**Brazil Representation**	**England Representation**	**Total**
Current Services	11,604	2,348,783	-	2,803,160	-	-	5,163,547
Net interest	(605,633)	3,094,439	88,248	151,254	-	(1,488,982)	1,239,326
Total (note 27)	**(594,029)**	**5,443,222**	**88,248**	**2,954,414**	**-**	**(1,488,982)**	**6,402,873**

As mentioned, Group pilots recruited after 1 June 2007 benefit from a defined contribution plan. During the year ended 31 December 2024, expenses related to on post-employment benefits were recognised in the amount of EUR 5,145 thousand (2023: EUR 3,653 thousand), relating to contributions made during the year in favour of its employees (Note 27).

Expenses related to pensions and other post-employment benefits for the years ended 31 December 2024 and 2023 are recorded under staff costs (Note 27), interest and similar expenses incurred (Note 33), and interest and similar income (Note 33).

Remeasurement gains/losses

The remeasurement gains/losses related to post-employment benefit plans are detailed as follows:

	2024					
	VIVA Fund	VIVA Pensions	Health Care	Jubileu Bonus	England Representation	Total
Remeasurements						
Return of assets, excluding amounts included in net income	(389,798)	-	-	703,068	-	313,270
	(389,798)	**-**	**-**	**703,068**	**-**	**313,270**
(Gains)/losses due to demographics	-	-	-	-	-	-
(Gains)/losses due to changes in financial assumptions	-	-	-	9,071,795	-	9,071,795
(Gains)/losses due to experience	174,541	622,413	(280,316)	509,926	-	1,026,564
	174,541	**622,413**	**(280,316)**	**9,581,721**	**-**	**10,098,359**
Total remeasurements	**(215,257)**	**622,413**	**(280,316)**	**10,284,789**	**-**	**10,411,629**

	2023					
	VIVA Fund	VIVA Pensions	Health Care	Jubileu Bonus	England Representation	Total
Remeasurements						
Return of assets, excluding amounts included in net income	-	-	-	-	6,897,187	6,897,187
	-	**-**	**-**	**-**	**6,897,187**	**6,897,187**
(Gains)/losses due to changes in financial assumptions	-	47,984,537	-	30,153,752	(6,897,187)	71,241,102
(Gains)/losses due to experience	(4,844,476)	5,404,668	(239,935)	(454,294)	-	(134,037)
	(4,844,476)	**53,389,205**	**(239,935)**	**29,699,458**	**(6,897,187)**	**71,107,065**
Total remeasurements	**(4,844,476)**	**53,389,205**	**(239,935)**	**29,699,458**	**-**	**78,004,252**

The actuarial losses recognized for the year ended 31 December 2024, related to changes in financial assumptions, amounting to a total of EUR 9,072 thousand, mainly result from changes in salary growth rate assumptions.

The actuarial losses recognized for the year ended 31 December 2023, related to changes in financial assumptions for VIVA pensions and Jubileu Bonus, amounting to a total of EUR 78,004 thousand, mainly result from labour agreements reached with employee unions regarding pilots' salary conditions.

The actuarial gains/losses were recognised directly in the Group's other comprehensive income.

18 Provisions

During the years ended 31 December 2024 and 2023, the item "Provisions" had the following movement:

	Provision for legal claims (Note 28)	Other (Notes 28 and 31)	Redelivery costs (Notes 4 and 28)	Sub-total Provisions	Restructuring provision (Note 30)	Total
1 January 2023	**52,569,166**	**39,556,775**	**190,753,250**	**282,879,191**	**15,072,695**	**267,918,329**
Increases	18,892,044	31,189,426	58,026,462	108,107,932	-	108,107,932
Reversals	(6,040,172)	(1,877,737)	(8,321,146)	(16,239,055)	(503,220)	(16,742,275)
Utilization	(3,592,172)	(25,148,171)	(37,651,678)	(66,392,021)	(12,460,691)	(78,852,712)
Exchange and interests	-	-	(3,121,269)	(3,121,269)	-	(3,121,269)
31 December 2023	**61,828,866**	**43,720,293**	**199,685,619**	**305,234,778**	**2,108,784**	**277,310,005**
Changes in consolidation perimeter	-	-	101,154,322	101,154,322	-	101,154,322
Increases	8,972,180	70,272,409	49,943,190	129,187,779	-	129,187,779
Reversals	(3,031,438)	(248,091)	(22,240,988)	(25,520,517)	(1,176,003)	(26,696,520)
Utilization	(965,105)	(28,886,830)	(27,976,220)	(57,828,155)	(749,989)	(58,578,144)
Exchange and interests	-	-	20,563,907	20,563,907	-	20,563,907
31 December 2024	**66,804,503**	**84,857,781**	**321,129,830**	**472,792,114**	**182,792**	**442,941,349**

✈ **Provision for ongoing legal processes**

Provisions for ongoing legal processes are recorded in accordance with the risk assessments carried out by the Group and its legal advisors, based on historical success rates by nature of legal action and probability of unfavourable outcomes for the Group. As of 31 December 2024, the existing provision of EUR 66.8 million is intended to deal with various legal proceedings brought against the Group in Portugal and abroad.

✈ **Others**

As of 31 December 2024, the balance of this item includes, among other estimates, a provision of EUR 28.0 million (EUR 28.4 million as of 31 December 2023, fully utilized in 2024) related to estimated passenger compensations following operational irregularities.

On 11 December 2024, the Supreme Court of Justice issued a uniformizing jurisprudence ruling regarding the reclassification of cabin crew following the nullity of the contract term, under the Company Agreement signed with the National Union of Civil Aviation Flight Personnel ("SPNVAC") in 2006. TAP S.A. subsequently appealed against this Supreme Court decision but received a response on 12 March 2025 rejecting the appeal, a decision that has not yet become final. Consequently, for the year ended 31 December 2024, a provision was recognized under other non-recurring items in the amount of EUR 40.6 million (Note 31), related to potential cases of a similar nature affected by this ruling. In 2024 and in previous years, the Group had already recognized a provision for ongoing legal proceedings of this nature, amounting to EUR 37.3 million.

✈ **Redelivery costs**

Increases in the redelivery provision are recognised against the asset under the right of use and are then subject to depreciation. The increase in the provision refers to the effect of updating the redelivery estimate performed with reference to 31 December 2024, taking into account the best available information at that date, the negative exchange rate effect resulting from the appreciation of USD against EUR, and the inclusion of Portugália in the Group's consolidation perimeter.

Provision for restructuring

Within the scope of the ongoing Restructuring Plan, organizational restructuring and operational efficiency measures were defined, including a reduction in the number of employees, in order to guarantee the financial and economic sustainability of the Group.

As of 31 December 2024, and considering the payments already made, the balance of the provision for restructuring expenses amounts to EUR 183 thousand, which relates to future payments already agreed upon.

19 Borrowings and Lease liabilities with and without purchase option

As of 31 December 2024 and 2023, Borrowings and lease liabilities with and with no option to purchase are detailed as follows:

	2024		2023	
	Current	Non-Current	Current	Non-Current
Bank loans	11,148,090	55,319,807	44,936,621	134,044,959
Interest accrued	599,900	-	1,947,945	-
Initial expenses	(157,688)	(167,174)	(326,957)	(321,686)
Remunerated bank debt	**11,590,302**	**55,152,633**	**46,557,609**	**133,723,273**
Bonds	5,360,003	466,331,743	404,038,713	71,859,487
Interest accrued	4,853,466	-	2,272,500	-
Initial expenses	(1,795,998)	(8,438,662)	(2,383,729)	(5,579,384)
Bond issuance	**8,417,471**	**457,893,081**	**403,927,484**	**66,280,103**
Total borrowings	**20,007,773**	**513,045,714**	**450,485,093**	**200,003,376**
Lease liabilities with purchase option	104,808,614	761,544,313	87,998,018	699,249,104
Interest accrued	3,586,774	-	4,066,290	-
Initial expenses	(269,891)	(743,297)	(367,132)	(987,928)
Lease liabilities with purchase option	**108,125,497**	**760,801,016**	**91,697,176**	**698,261,176**
Lease liabilities without purchase option	**303,795,617**	**1,295,428,780**	**302,656,699**	**1,498,461,708**
Total borrowings and lease liabilities	**431,928,887**	**2,569,275,510**	**844,838,968**	**2,396,726,260**

✈ Net debt

As of 31 December 2024 and 2023, net debt is detailed as follows:

	2024	2023
Borrowings except Lease liabilities without purchase option		
Non-Current	1,273,846,730	898,264,552
Current	128,133,270	542,182,269
	1,401,980,000	**1,440,446,821**
Cash and Cash Equivalents (Note 14)		
Cash	70,763	31,200
Bank deposits available on demand	134,726,289	455,174,298
Other deposits	516,845,478	334,182,200
	651,642,530	**789,387,698**
Net debt	**750,337,470**	**651,059,123**

As of 31 December 2024 and 2023, the interest-bearing debt and leasing liabilities with a purchase option, by maturity and by type of interest rate, is broken down as follows:

	2024	2023
Variable rate		
Up to 1 year	57,808,957	81,762,221
1 to 2 years	65,764,734	78,328,564
2 to 3 years	40,057,171	89,199,993
Over 3 years	290,272,305	210,203,993
	453,903,167	**459,494,771**
Fixed rate		
Up to 1 year	70,324,313	460,420,048
1 to 2 years	58,200,984	61,950,882
2 to 3 years	52,760,972	56,138,272
Over 3 years	766,790,564	402,442,848
	948,076,833	**980,952,050**
	1,401,980,000	**1,440,446,821**

✈ Bank loans

As of 31 December 2024, the bank loans heading includes two loans with a national credit institution, totalling EUR 63.5 million.

This heading also includes a loan obtained from a U.S. financial institution in the total amount of EUR 3.0 million.

As of 31 December 2023, this heading also included a balance of EUR 101.7 million related to a loan with a syndicate of banks. This loan was fully repaid in November 2024.

✈ Bond loans

TAP S.A. made a bond issuance through a private offer, fully subscribed on 14 January 2019, amounting to EUR 137.2 million, with maturity in 2034. The payment of the subscribed amount and its respective interest is secured by a guarantee from the depositary bank provided by the issuer for a specific purpose (presented in the Consolidated Financial Position as a deduction from gross financial debt) and additional guarantees on contractual rights that do not affect any assets recognized in the Group's financial position. As of 31 December 2024, the outstanding principal of this loan amounted to EUR 71.7 million.

In June 2023, TAP S.A. fully repaid the "TAP 2019-2023 Bonds" bond loan. This loan consisted of a 4-year public bond offer with a fixed interest rate of 4.375% per annum, totaling EUR 200 million. The issuance, financial and physical settlement of the transaction, and the listing of the bonds took place on 24 June 2019 on Euronext Lisbon.

In December 2019, TAP S.A. also issued a 5-year bond offer with a fixed interest rate of 5.625% per annum, totaling EUR 375 million, called the “TAP 2019-2024 Bonds.” The issuance, financial and physical settlement of the transaction, and the listing of the bonds occurred on 2 December 2019. This loan was fully repaid in November 2024.

Additionally, on 7 November 2024, TAP S.A. issued a 5-year bond offer with a fixed interest rate of 5.125% per annum, totaling EUR 400 million, called the “TAP 2024-2029 Bonds,” aimed at European and American institutional investors.

As of 31 December 2024 and 2023, all the bond loans are denominated in EUR.

✈ Lease liabilities with purchase option

As of 31 December 2024 and 2023, leasing liabilities with option to purchase (plus interest expense minus initial charges) essentially relate to aircraft and engines.

Leases with purchase option are denominated in the following currencies:

	2024	2023
Lease liabilities in EUR	431,176,023	329,587,559
Lease liabilities in USD	437,750,490	460,370,793
	868,926,513	**789,958,352**

As of 31 December 2024 and 2023, lease liabilities with purchase option, by maturity, are broken down as follows:

	2024	2023
Up to 1 year	108,125,497	91,697,176
1 to 2 years	111,312,760	90,931,708
2 to 3 years	81,289,027	97,919,406
3 to 4 years	97,469,144	67,519,837
4 to 5 years	134,727,106	82,462,168
More than 5 years	336,002,979	359,428,057
	868,926,513	**789,958,352**

✈ Lease liabilities without purchase option

The Lease liabilities without purchase option item refers essentially to the Company’s non-cancellable payments under lease contracts, which vary in duration up to 14 years and may be extended at the express wish of the contracting parties, which are recognised in the statement of financial position from 1 January 2019 with the adoption of IFRS 16.

As of 31 December 2024, there were 78 aircraft (two in phase-out process), and 7 engines on lease agreements without purchase option (as per Note 4).

As of 31 December 2024 and 2023, lease liabilities without purchase option per maturity are detailed as follows:

	2024	2023
Up to 1 year	303,795,617	302,656,699
1 to 2 years	277,201,947	337,374,045
2 to 3 years	239,278,641	271,034,527
3 to 4 years	214,274,686	217,312,155
4 to 5 years	188,102,939	184,897,523
Over 5 years	376,570,567	487,843,458
	1,599,224,397	**1,801,118,407**

The inclusion of Portugália in the Group's consolidation perimeter resulted in a net reduction in lease liabilities without purchase options amounting to EUR 106.191 million, related to the derecognition of liabilities associated with the ACMI contract between TAP S.A. and Portugália.

Liabilities without purchase option are determined mainly in USD.

✈ Financial Covenants

The financial covenants in the lease and financing contracts are typical for operations of this nature, including provisions such as the obligation to maintain activity as an air operator, commitments to provide periodic financial information, as well as, in the specific case of leases without purchase option, operational obligations related to records in official entities, information regarding leased aircraft, strict compliance with all regulations, procedures defined by authorities, among others.

Additionally, commitments were made to monitor the Group's financial performance through the analysis and compliance with certain ratios related to the Group's consolidated financial statements, namely Net Debt/EBITDAR and a minimum amount of unrestricted cash and cash equivalents.

As of 31 December 2024, there is no breach of covenants with reference to the financial statements as of that date.

✈ **Reconciliation of finance cash flows**

The evolution of borrowings and lease liabilities and their reconciliation to the consolidated statement of cash flows is as follows:

	Remunerated bank debt and Bonds	Leases with purchase option	Leases without purchase option	Total
1 January 2023	**908,799,432**	**709,301,561**	**2,038,113,044**	**3,656,214,037**
Receipts	2,763,456	-	-	2,763,456
Payments	(308,811,214)	(119,939,153)	(469,864,057)	(898,614,424)
New lease agreements / renegotiations	-	172,462,979	152,485,411	324,948,390
Exchange variation	(167,721)	(17,634,450)	(61,513,955)	(79,316,126)
Interest cost (Note 33)	40,822,240	42,161,190	150,937,285	233,920,715
Other	7,082,276	3,606,225	(9,039,321)	1,649,180
31 December 2023	**650,488,469**	**789,958,352**	**1,801,118,407**	**3,241,565,228**
Receipts	400,000,000	-	-	400,000,000
Payments	(554,121,524)	(138,004,580)	(430,946,569)	(1,123,072,673)
New lease agreements / renegotiations	-	143,881,905	98,554,047	242,435,952
Change in consolidation perimeter	-	-	(106,191,440)	(106,191,440)
Exchange variation	178,753	27,243,768	97,103,298	124,525,819
Interest cost (Note 33)	32,457,594	45,838,612	136,932,552	215,228,758
Other	4,050,195	8,456	2,654,102	6,712,753
31 December 2024	**533,053,487**	**868,926,513**	**1,599,224,397**	**3,001,204,397**

The amounts considered as “Other” refer essentially to the impact of the recognition of the effective interest rate.

20 Other accounts payable

As of 31 December 2024 and 2023 the detail of “Other payables” item is as follows:

	2024	2023
Accrued expenses	278,791,737	352,160,074
Suppliers	203,193,642	185,957,007
Jet fuel swaps (Note 23)	1,984,535	639,596
Advances from customers	410,838	522,454
Other	140,429,328	135,463,378
	624,810,080	**674,742,509**

✈ Accrued expenses

As of 31 December 2024 and 2023, the accrued expenses item is broken down as follows:

	2024	2023
Accrued expenses	278,791,737	352,160,074
Suppliers	203,193,642	185,957,007
Jet fuel swaps (Note 23)	1,984,535	639,596
Advances from customers	410,838	522,454
Other	140,429,328	135,463,378
	624,810,080	**674,742,509**

The reduction in the remunerations payable compared to 31 December 2023 is primarily due to the settlement during 2024 of the impacts arising from the collective labour agreements signed with certain employee groups (Introductory Note), which, as of 31 December 2023 were accrued, as they had not been fully processed and paid as of that date.

The special charges for sales activities refer to commissions attributed to agents based on the revenue flown over the period obtained through this channel.

✈ Suppliers

As of 31 December 2024 and 2023, the Suppliers item presents the following composition:

	2024	2023
Suppliers - pending invoices	151,986,825	121,795,856
Suppliers - current account	42,936,744	54,613,150
Suppliers - related parties (Note 38)	8,270,073	9,548,001
	203,193,642	**185,957,007**

✈ Others

As of 31 December 2024 and 2023, the Others item is detailed as follows:

	2024	2023
Taxes and fees	123,991,493	115,385,193
Fixed assets suppliers	2,569,004	3,989,133
Compensation for accidents at work	-	1,124,264
Employees	1,046,048	819,686
Related Parties (Note 38)	427,005	596,713
Other	12,395,778	13,548,389
	140,429,328	**135,463,378**

The heading taxes and fees essentially refers to amounts payable to various entities, related to fees charged to customers on tickets issued.

21 Other current liabilities

As of 31 December 2024 and 2023, the other current liabilities item mainly relates to:

	2024	2023
Deferred income	57,562,101	46,494,920
State	27,705,739	32,533,919
	85,267,840	**79,028,839**

Deferred income

As of 31 December 2024 and 2023, the deferred income line is broken down as follows:

	2024	2023
Customer loyalty program	49,790,683	37,639,085
Related Parties (Note 38)	327,988	339,612
Other deferred income	7,443,430	8,516,223
	57,562,101	**46,494,920**

In the scope of the application of IFRS 15 – Revenue from contracts with customers, in the assignment of air miles to customers participating in the loyalty program called “TAP Miles&Go”, a contractual obligation is recognised based on the unit value of the air mile.

The increase in the customer loyalty program heading is primarily due to the rise in the number of miles available for use and the revision of the estimate of miles that will expire unused (Note 2.32).

✈ **State**

As of 31 December 2024 and 2023, this item’s balances are detailed as follows:

	2024	2023
Personal income tax	12,569,513	16,976,036
Social Security	14,640,995	15,063,944
Others	495,231	493,939
	27,705,739	**32,533,919**

22 Unused flight tickets

As of 31 December 2024 and 2023, the item for the Group's liabilities relating to unused flight tickets issued and unused was as follows:

	2024	2023
Passengers	685,264,648	681,541,199
Voucher	12,064,075	32,385,793
Cargo	1,672,713	1,856,472
	699,001,436	**715,783,464**

23 Derivatives

As of 31 December 2024 and 2023, the Group had negotiated derivative financial instruments.

The Group's risk hedging policy includes a statistical risk tool and fundamental market analysis to support the determination of the hedging level for forecasted consumption. The factors assessed by the statistical tool include, in particular, market volatility, the bookings curve, future price behavior, and the risk of over-hedging. The hedging policy aims to cover estimated jet fuel consumption levels for the next 12 months, with the possibility of extending to up to 24 months. The macroeconomic environment and the complexity introduced by geopolitical conflicts justify the uncertainty in market forecasts and their volatility, reinforcing the need for continuous monitoring and adjustment of hedging strategies.

For contracts where it is possible to meet the requirements of hedge accounting, a negative amount of EUR 1.3 million (net of deferred tax of EUR 0.5 million – Note 9) is recorded as of 31 December 2024 under reserves in equity, related to the fair value of derivatives still open at that date (EUR 0.5 million negative as of 31 December 2023).

As of 31 December 2024, the Group had contracted derivatives for 21% of the estimated jet fuel consumption for the following year, with a market value of EUR 2.8 million positive (Notes 10 and 20) and maturities in 2025.

During the year ended 31 December 2024, the contracting of derivatives on the purchase price of jet fuel had a negative impact on aircraft fuel expenses amounting to EUR 27.2 million (Note 26).

24 Segment Reporting

The following operational segments have been identified: air transport and maintenance. The results of each segment correspond to those directly attributable to them and those that can be reasonably assigned to them. The activities aggregated in "Others" do not qualify to be reported separately.

Financial information by business segments for the years ended 31 December 2024 and 2023 is as follows:

	2024				2023			
	Air Transport	**Maintenance and engeneering**	**Other**	**Total**	**Air Transport**	**Maintenance and engeneering**	**Other**	**Total**
Operating Income	3,981,796,334	242,362,167	18,275,519	4,242,434,020	4,036,800,017	168,589,732	9,428,461	4,214,818,210
Operating results	324,579,209	47,097,515	(57,282,472)	314,394,252	387,933,009	15,548,542	(56,753,025)	346,728,526
External net financial results	(213,184,974)	(5,629,638)	-	(218,814,612)	(161,500,743)	1,237,923	-	(160,262,820)
Income tax	(45,872,660)	(10,931,851)	14,946,851	(41,857,660)	(5,958,892)	979,559	(4,225,830)	(9,205,163)
Net Income	**65,521,575**	**30,536,026**	**(42,335,621)**	**53,721,980**	**220,473,374**	**17,766,024**	**(60,978,855)**	**177,260,543**

The Group does not present segmental assets and liabilities, considering that this information is not disclosed to the primary decision-makers for operational decisions.

The Operating income, excluding gains and losses in associates, for the year ended 31 December 2024 and 2023 is as follows:

	2024				
	Passenger	**Maintenance**	**Cargo and Mail**	**Other**	**Total**
Revenue					
Sales	-	7,148,141	-	1,053,736	8,201,877
Services provided	3,820,622,937	229,618,049	162,730,935	10,160,333	4,223,132,254
Other income	-	-	-	13,589,909	13,589,909
	3,820,622,937	**236,766,190**	**162,730,935**	**24,803,978**	**4,244,924,040**

	2023				
	Passenger	**Maintenance**	**Cargo and Mail**	**Other**	**Total**
Revenue					
Sales	-	2,107,064	-	894,048	3,001,112
Services provided	3,851,624,072	161,625,172	173,077,981	8,716,857	4,195,044,082
Other income	-	-	-	16,773,016	16,773,016
	3,851,624,072	**163,732,236**	**173,077,981**	**26,383,921**	**4,214,818,210**

The change in the "services rendered" heading is primarily due to the growth in the Maintenance segment, with revenue from work for other airline companies increasing.

The sales and services provided by geographical area in the fiscal years ended 31 December 2024 and 2023 are as follows:

	2024					2023				
	Air Transport	**Maintenance**	**Cargo and Mail**	**Other**	**Total**	**Air Transport**	**Maintenance**	**Cargo and Mail**	**Other**	**Total**
Mainland and islands	254,754,346	21,333,185	9,195,166	6,625,502	291,908,199	244,931,774	18,040,278	8,272,725	6,282,519	277,527,296
Europe	1,280,517,904	206,588,430	10,258,145	2,968,855	1,500,333,334	1,257,866,581	135,561,403	11,539,255	2,169,784	1,407,137,023
South Atlantic	1,105,911,271	104,374	89,864,936	695,482	1,196,576,063	1,126,764,423	210,826	91,433,887	481,483	1,218,890,619
North Atlantic	788,312,411	4,827,563	28,456,728	523,460	822,120,162	761,150,316	706,871	31,357,203	366,025	793,580,415
Mid Atlantic	25,898,102	-	3,921,755	19,669	29,839,526	33,803,877	143,910	3,837,137	15,823	37,800,747
Africa	364,872,313	3,671,738	20,859,452	381,101	389,784,604	403,880,898	8,700,264	25,001,143	278,623	437,860,928
Other	356,590	240,900	174,753	-	772,243	23,226,203	368,684	1,636,631	16,648	25,248,166
	3,820,622,937	**236,766,190**	**162,730,935**	**11,214,069**	**4,231,334,131**	**3,851,624,072**	**163,732,236**	**173,077,981**	**9,610,905**	**4,198,045,194**

25 Other income

For the years ended 31 December 2024 and 2023, the "Other income" caption is detailed as follows:

	2024	2023
Shared Services	10,160,333	8,716,857
Recovered warehouse material	4,715,532	4,855,425
Rents and Subleases	2,742,872	2,687,911
Operating government grants	487,614	619,092
Gains from tangible fixed assets (Notes 4 and 5)	482,884	472,572
Publicity	345,488	326,291
Other supplementary income	5,869,255	8,705,773
	24,803,978	**26,383,921**

26 Expenses by nature

During the years ended 2024 and 2023, operational expenditures by nature were as follows:

	2024	2023
Traffic operating costs	870,145,352	906,509,030
Aircraft fuel	1,045,805,428	1,114,753,942
Comercial, communication and marketing costs	217,366,433	211,896,653
Cost of materials consumed	171,630,953	127,713,853
Aircraft maintenance costs	60,797,940	56,128,515
	2,365,746,106	**2,417,001,993**

✈ Traffic operating costs

In the fiscal years ended 31 December 2024 and 2023, the "Traffic operating costs" item is as follows:

	2024	2023
Handling services	218,002,619	215,808,431
Navigation fees	170,903,228	166,316,162
Landing charges	129,154,733	109,151,590
In-flight expenses	112,304,801	105,175,312
Operational irregularities	59,558,097	95,917,963
Facilities at airports	47,019,453	44,254,591
Accommodation and meals during stopovers	39,173,302	35,343,437
Air traffic control charges	35,021,892	33,710,575
Baggage, cargo and mail charges	20,402,811	18,671,576
Aircraft charters	17,615,178	65,434,931
Ground costs related to executive class passengers	14,976,491	14,749,675
Insurance	2,729,659	667,840
Other traffic operating costs	3,283,088	1,306,947
	870,145,352	**906,509,030**

During the year ended 31 December 2024, there was a lower volume of operational irregularities compared to previous periods, resulting in a reduction in expenses associated with those irregularities.

The aircraft charters heading mainly refers to short-term ACMI contracts, with the Group having used a lower volume of these services in 2024 compared to 2023.

✈ Aircraft fuel

For the years ended 31 December 2024 and 2023, the "Aircraft fuel" item is detailed as follows:

	2024	2023
Aircraft fuel		
Consumption	963,600,226	1,047,379,902
Jet fuel hedge	26,209,270	12,848,833
Derivative contracts commissions	978,486	-
CO2 emission licenses	55,017,446	54,525,207
	1,045,805,428	**1,114,753,942**

The variation in aircraft fuel expenses is essentially due to the reduction in the average price of jet fuel in 2024 compared to 2023 (Note 3).

✈ Commercial, marketing and communication costs

The "Commercial, marketing and communication costs" item for the financial years ended 31 December 2024 and 2023 contains the following composition:

	2024	2023
Commissions	88,112,366	78,045,014
Booking fees	55,914,885	67,228,131
Publicity	28,602,638	25,334,297
Special sales charges - air transport	37,261,209	32,614,907
Specialized work	7,124,278	8,313,619
Other comercial, communication and marketing expenses	351,057	360,685
	217,366,433	**211,896,653**

✈ Cost of materials consumed

In the fiscal years ended 31 December 2024 and 2023, the "Cost of materials consumed" item is as follows:

	2024	2023
Sold and consumed inventories	158,855,302	118,475,948
Maintenance subcontracting for third parties flight equipment	12,775,651	9,237,905
	171,630,953	**127,713,853**

The increase in the Cost of materials consumed is primarily justified by the increase in activity within the Maintenance segment.

✈ Aircraft maintenance costs

In the fiscal years ended 31 December 2024 and 2023, the "Aircraft maintenance costs" item is detailed as follows:

	2024	2023
Maintenance subcontracting of TAP flight equipment	35,679,269	34,115,425
Consumed inventories	25,118,671	22,013,090
	60,797,940	**56,128,515**

The aircraft maintenance costs caption refers to recurring maintenance expenses, including line maintenance, of the TAP S.A. fleet.

27 Employee costs

The "Employee costs" item for the years ended 31 December 2024 and 2023 has the following detail:

	2024	2023
Fixed remuneration	407,419,004	359,975,974
Variable remuneration	219,509,158	195,672,261
Social security contributions	127,934,858	115,551,807
Insurance	19,901,451	17,114,971
Social action costs	10,247,170	9,409,690
Post-employment benefits (Note 17)	14,033,145	10,296,755
Work accident insurance	7,239,544	5,359,179
Meals allowance	6,954,180	5,423,582
Uniform and work clothes	1,557,718	1,627,721
Training and recruitment	1,453,179	1,251,594
Other expenses with employees	880,252	937,069
	817,129,659	**722,620,603**

The increase observed in 2024 compared to 2023 in the employee costs heading is primarily due to the revision of the salary cuts agreed with employees under the Restructuring Plan, the new collective labour agreements implemented from the second half of 2023 (Introductory Note), and the inclusion of Portugália in the Group's consolidation perimeter since November 2024.

The remuneration allocated to the Governing Bodies and other personnel expenses in 2024 and 2023 are detailed as follows:

	2024	2023
Remunerations		
Employees	814,708,955	720,187,813
Governing Bodies	2,420,704	2,432,790
	817,129,659	**722,620,603**

During fiscal years 2024 and 2023 the average number of employees serving the Group was 8,108 and 7,662, respectively:

	2024	2023
Head office		
Cabin Crew employees	3,273	3,050
Maintenance and engineering employees	1,933	1,501
Ground employees	1,365	1,624
Technical flight employees	1,265	1,221
Representations		
Brazil	80	80
USA	33	30
Spain	29	29
Angola	20	20
Italy	18	19
France	15	13
UK/Ireland	11	11
Germany	12	10
Venezuela	6	6
Switzerland	4	3
Other	44	45
	8,108	**7,662**

28 Impairment losses in inventories, receivables and provisions

In the fiscal years ended 31 December 2024 and 2023, the “Impairment losses in inventories, receivables and provisions” had the following detail:

	2024	2023
Inventory impairment (Note 11)	1,232,465	3,041,248
Receivables impairment (Note 10)	(10,588,508)	3,911,967
Provisions (Nota 18)	32,276,746	35,452,534
	22,920,703	**42,405,749**

29 Other expenses

The caption “Other expenses” in the financial years ended 31 December 2024 and 2023, had the following detail:

	2024	2023
Specialised work and subcontracts	81,139,844	91,811,650
Rents	21,853,898	19,555,666
Conservation and repair of other assets	13,609,418	9,943,563
Insurance	11,222,606	8,274,284
Comunication	7,921,356	7,835,460
Transportation	5,522,236	4,727,791
Taxes	2,825,321	2,377,741
Surveillance and security	2,590,956	2,335,013
Electricity	2,546,769	1,938,005
Losses in fixed assets	2,454,218	72,996
Travel costs	2,220,773	1,694,505
Cleaning, hygiene and comfort	1,922,236	1,754,060
Books and technical documentation	1,310,618	1,828,176
Licenses and fees	857,614	2,497,647
Penalties	815,621	713,830
Fair value	-	11,821
Other operating expenses	2,496,815	3,824,712
	161,310,299	**161,196,920**

The decrease in the specialized work and subcontracts heading is primarily due to the lower volume of expenses related to subcontracting customer service.

In the fiscal year ended 31 December 2024, the caption Rentals and leases includes short-term lease contracts for engines, real estate, and software in the amounts of EUR 6.6 million, EUR 4.5 million, and EUR 8.8 million, respectively.

30 Restructuring

The “Restructuring” item for the financial years ended 31 December 2024 and 2023 had the following detail:

	2024	2023
Restructuring provision (Note 18)	1,176,003	503,220
Employee indemnities	(241,006)	922,835
	934,997	**1,426,055**

31 Other non-recurring items

The caption “Other non-recurring items”, for the years ended 31 December 2024 and 2023, presents the following detail:

	2024	2023
TAP Group corporate restructuring	49,403,518	40,256,892
Anulation of pre-existing relationships Portugália – ACMI contracts	(20,704,253)	-
Other non-recurring losses	40,600,000	268,501
Other non-recurring gains	(107,288)	-
	69,191,977	**40,525,393**

Based on the projections included in the Approved Restructuring Plan and the resulting ongoing corporate reorganization of the TAP Group arising from this approval, since 2021, the Board of Directors has been recording impairment losses on receivables from SIAVILO.

During the year ended 31 December 2024, the Board of Directors reinforced the recognition of impairment losses on receivables from SIAVILO in the amount of EUR 49.4 million (Note 10), mostly related to interest income and the respective stamp duty recorded in the year ended 31 December 2024 (Note 33).

Following the entry of Portugália into the consolidation perimeter of the Group on 8 November 2024 (Note 2.3), the assets and liabilities related to the ACMI contract between TAP S.A. and Portugália that were recognized as of that date were de-recognized, generating a gain of EUR 20.7 million, recognized under "Other non-recurring items".

On 11 December 2024, an uniformizing jurisprudence ruling was issued by the Supreme Court of Justice regarding the reclassification of cabin crew following the nullification of the contract term during the validity of the Collective Labour Agreement signed with SNPVAC in 2006. TAP S.A. subsequently appealed against this decision, receiving a response on 12 March 2025, which rejected the appeal request, a decision that is not yet final. Consequently, in the year ended 31 December 2024, a provision of EUR 40.6 million (Note 18) was recognized under "Other non-recurring losses", considered as unusual, related to potential lawsuits of a similar nature arising from the mentioned ruling.

Given their context and nature, these situations were considered by the Board of Directors as non-recurring in the context of these consolidated financial statements.

32 Depreciation, amortization and impairment losses

In the fiscal years ended 31 December 2024 and 2023, the item depreciation, amortisation and impairment losses is broken down as follows:

	2024	2023
Depreciation of Tangible Fixed Assets (Note 4)		
Buildings and other constructions	5,384,680	5,625,514
Basic equipment	76,676,247	74,550,384
Transport equipment	14,517	14,416
Tools and utensils	1,195,279	957,854
Administrative equipment	1,174,069	1,414,634
Other tangible fixed assets	387,743	283,899
	84,832,535	**82,846,701**
Depreciation of Right-of-use (Note 4)		
Basic equipment	395,448,421	389,956,365
Transport equipment	-	411
Other assets	643,606	-
	396,092,027	**389,956,776**
Amortization of Intangible Assets (Note 6)		
Computer Programs	11,265,553	11,660,550
	11,265,553	**11,660,550**
Impairment losses in tangible assets (Note 4)		
Basic equipment	64,119	1,407,511
Tools and utensils	(99,598)	(106,457)
Administrative equipment	521,386	-
	485,907	**1,301,054**
Total	**492,676,021**	**485,765,081**

33 Financial results

The financial results item for the year ended 31 December 2024 and 2023 is as follows:

	2024	2023
Interest expenses	(32,457,594)	(40,822,240)
Lease interests related with contracts with purchase option	(45,838,612)	(42,161,190)
Lease interests related with contracts without purchase option	(156,627,321)	(164,302,068)
Interests related with post-employment benefits (Note 17)	(8,232,526)	-
Other financial expenses	(6,602,619)	(7,256,025)
Interests and similar expenses	**(249,758,672)**	**(254,541,523)**
Interest income	79,892,564	64,629,424
Interests and similar income	**79,892,564**	**64,629,424**
Net foreign exchange differences	(48,948,504)	29,649,279
Net currency exchange	**(48,948,504)**	**29,649,279**
Total	**(218,814,612)**	**(160,262,820)**

In the year ended 31 December 2024, the interests and similar income item refers to interest from bank deposits and also includes an amount of EUR 40.1 million regarding interest on loans granted to SIAVILO (Note 38).

The variation of the EUR against the USD during 2024 resulted in losses from the foreign exchange revaluation of lease liabilities with and without purchase option amounting to EUR 125.4 million (gains of EUR 79.1 million in 2023). However, the net foreign exchange losses and gains resulting from the revaluation of lease liabilities in USD for the years ended 31 December 2024 and 2023, for which a hedging relationship was established since 1 January 2022, with highly probable forecast sales whose fares are denominated in USD, were recorded under the item of other reserves in other comprehensive income in the amounts of EUR 113.5 million (loss) and EUR 70.1 million (gain), respectively (Notes 2.32 and 16). Thus, the amounts recorded in the consolidated income statement correspond to the portions not covered by the hedging.

Additionally, during the year ended 31 December 2024, the item of net foreign exchange differences includes the effect of the devaluation of the BRL against the EUR during that period, negatively impacting accounts receivable and bank deposits denominated in BRL.

34 Income tax

The income tax item for the years ended 31 December 2024 and 2023 is detailed as follows:

	2024	2023
Deferred taxes (Note 9)	(34,706,959)	(1,047,538)
Current taxes (Note 12)	(7,481,000)	(8,144,565)
Differences from prior years tax estimates	330,299	(13,060)
	(41,857,660)	**(9,205,163)**

The tax assessment is calculated in the sphere of individual accounts of the entities included in the consolidation perimeter, prepared in accordance with Portuguese GAAP (SNC).

The income tax rate reconciliation in the fiscal years ended 31 December 2024 and 2023 is as follows:

	2024	2023
Net income/(loss) before income tax	95,579,640	186,465,706
Nominal tax rate	31.5%	31.5%
Expected tax	(30,107,587)	(58,736,697)
Permanent differences	4,783,351	(96,060)
Temporary differences with no deferred tax	-	17,877,467
Change in nominal income tax rate	(17,895,058)	-
Income tax rate differences	2,015,937	4,652,232
Tax losses without deferred tax assets	(656,611)	-
Autonomous taxation	(69,515)	(75,720)
Differences from tax estimates for the previous year	330,299	(13,060)
Deferred tax assets related with prior years	(258,476)	27,186,675
	(41,857,660)	**(9,205,163)**
Effective tax rate	(44%)	(5%)

The reduction of one percentage point in the nominal rate determined in the 2025 State Budget resulted in a negative impact on deferred taxes recorded as of 31 December 2024, amounting to EUR 17.9 million.

The permanent differences of EUR 4.8 million include, among others, the impact of applying the tax regime for business capitalization incentives under Article 43-D of the Tax Benefits Statute.

Additionally, considering the expected year for the realization of temporary differences for which deferred taxes were previously recognized, a tax rate of 28.5% was applied, except for deferred taxes related to carry-forward tax losses, impairments of receivables from TAP ME Brazil and SIAVILO, for which a tax rate of 20% was applied. The impact of the tax rate difference is presented in the tax rate reconciliation under the line Income tax rate differences.

In 2023, deferred tax assets amounting to EUR 27.2 million were recognized on temporary differences from previous years, mainly related to non-deductible financial charges for tax purposes, for which corresponding deferred taxes had not been recognized due to the absence of prospects for their realization.

In 2023, the amount of temporary differences without associated deferred tax relates to financial charges not deducted from taxable income in previous years for which no deferred tax assets were recognized, and in 2023 are reducing taxable profit.

Pillar 2 Directive

On 8 November 2024, Law No. 41/2024 was published, transposing into domestic law Council Directive (EU) 2022/2523 of 15 December 2022, regarding the guarantee of a global minimum level of taxation for multinational corporate groups and large national groups within the European Union. This Law establishes the so-called Global Minimum Tax Regime (“GMT Regime”), which applies to groups with consolidated annual revenues equal to or greater than EUR 750 million.

This Directive, also known as the Pillar 2 Directive, represents one of the largest changes in international taxation in recent decades, establishing a minimum effective tax rate of 15%, which may result in the payment of complementary tax. This minimum rate will be applied through the implementation of local laws in jurisdictions adopting these Pillar 2 rules, or, in the case of entities located in jurisdictions that do not adopt these rules, it will be applied at the level of the multinational group’s parent jurisdiction (whenever this jurisdiction has implemented Pillar 2 rules) or the other entities of the group located in jurisdictions with Pillar 2 rules in place. Portugal adopted these rules in 2024, with the publication of Law 41/2024 on November 8.

Aware of this matter, the Group has been making efforts to identify the potential impacts associated with the implementation of the GMT Regime, as it meets the eligibility criteria and is subject to the rules, having reported consolidated annual revenues exceeding EUR 750 million in two of the last four fiscal years immediately preceding the application of the GMT Regime.

In this context, and following other tests carried out earlier, an assessment was developed based on the most recent and available financial and tax information at the time of preparing this report to confirm that the Group benefits from the transitional safeguard provision (for 2024) based on the declaration of financial and tax information by country or jurisdiction or equivalent information. This provision establishes that the complementary tax due is zero, provided that at least one of the three tests outlined in the legislation approving the GMT Regime is met.

The assessment began with identifying the Group’s entities subject to the regime (constituent entities). In this context, 37 jurisdictions where the group had a presence in the period under review were identified, of which 36 had a presence through permanent establishments (“PE”) of the parent entity (TAP S.A.), all of which are engaged in international aircraft traffic operations.

As stated in the Consolidated Comments to the Global Anti-Base Erosion Model Rules and in point a) of paragraph 2 of article 14 of the GMT Regime, the net result of the PEs in jurisdictions with which Portugal has Double Taxation Agreements (“DTAs”), as drafted in accordance with article 7 of the OECD Model Convention, must be adjusted to reflect only income and expenditure items attributable to them in accordance with the DTAs. Since the applicable DTAs establish that profits from international aircraft traffic operations must be taxed in the TAP S.A. jurisdiction, it was concluded that the results recorded by the PEs in 28 jurisdictions are not relevant for the application of the Pillar 2 Rules in those jurisdictions, and their respective profits or losses should be considered in the Portuguese jurisdiction.

For the remaining PEs, the analysis continued with their financial data and the evaluation of the jurisdiction in which their respective profits should be allocated. In these cases, based on the provisions of paragraphs

5 and 6 of article 14 of the GMT Regime, it was concluded that the net result of such PEs (in jurisdictions that do not have DTAs with Portugal) should be adjusted to zero, with the respective positive and negative values being allocated to the parent entity, since the negative results recorded by some of the PEs appear to be greater than the positive results of other PEs. In this context, for jurisdictions without DTAs with Portugal, the total net results are attributed to Portugal for the purposes of applying the Pillar 2 rules, and the Complementary Tax in those jurisdictions should be considered zero.

Given the results obtained, Portugal is the only jurisdiction where the safeguard provisions were applied based on the available financial and tax information per country or jurisdiction (also known as CbCR), in order to determine whether, by this route, the Complementary Tax will be zero. The results obtained from the application of the condition (Simplified Tax / EBT) ≥ Transitional Rate (15%) show that in Portugal, the Group has an effective simplified tax rate higher than the transitional rate (15%) for the 2024 financial year.

Therefore, the Group does not anticipate, at this time and based on the available information and known facts, being subject to Complementary Tax.

35 Earnings per share

There are no convertible financial instruments on the shares of TAP S.A., therefore, there is no dilution of earnings. The detail of earnings per share for the fiscal years ended 31 December 2024 and 2023 is as follows:

	2024	2023
Net income/(loss) for the year	53,721,980	177,260,543
Weighted average number of shares	196,000,000	196,000,000
Basic and diluted earnings per share	0.3	0.9

36 Commitments

✈ Purchase commitments

The aircraft acquisition contract with Airbus S.A.S. ("Airbus") for the purchase of 53 aircraft (39 A320 NEO Family and 14 A330 NEO), originally scheduled for delivery between 2018 and 2025, was renegotiated to defer the delivery of some aircraft due to the impacts of the COVID-19 pandemic on the commercial aviation sector. The 2 A330 NEO aircraft not yet delivered as of the reporting date were rescheduled from 2022 to 2024 and have recently been renegotiated again to defer their delivery to the last quarter of 2025 (A339 #11) and the second quarter of 2026 (A339 #12). In April 2024, the delivery of these 2 A330 NEO aircraft was rescheduled again, with both deliveries now deferred to the third and fourth quarters of 2026.

Regarding the A320 NEO Family aircraft, 13 aircraft initially scheduled for delivery in the 2021-2022 period were rescheduled for 2025-2027 during 2020, as part of the mitigation actions due to the impact of the

COVID-19 pandemic. In 2022, another 8 A320 NEO Family aircraft had their delivery dates adjusted. Of these 8 aircraft, 2 (A320 NEO #32 and #34) were postponed from 2024 to 2028, extending TAP S.A.'s commitment to Airbus until 2028. This update to the delivery dates of the 8 aircraft was formalized through an agreement between TAP S.A. and Airbus, in the form of Amendment #11 to the A320 NEO Family acquisition contract. In this same document, the conversion of aircraft #30 to an A320 NEO (initially planned as an A321 LR) was also agreed. In 2023, under Amendment #12 to the A320 NEO Family acquisition contract, the delivery dates of a total of 22 aircraft were rescheduled, with all aircraft now scheduled for delivery by 2028. This acquisition contract stems from the novation to TAP S.A. of the previously negotiated and signed acquisition contract between Airbus and DGN Corporation.

As part of the commitments made in the contract with Airbus, related to the future entry of aircraft, pre-delivery payments were made as follows: in 2021, a total of USD 53.3 million was paid in pre-delivery payments; in 2022, a total of USD 58.2 million was paid in pre-delivery payments; and in 2023, a total of USD 15.2 million was paid. All amounts paid in 2022 and 2023 align with the adjusted delivery dates of the 8 aircraft mentioned above, which are duly documented in Amendment #12 to the A320 NEO Family acquisition contract. In 2024, TAP S.A. paid a total of USD 135.1 million in pre-delivery payments.

Additionally, a contract is in effect with Rolls-Royce for the maintenance support of all TRENT 7000 engines used in the A330 NEO aircraft. This contract was restructured in the first half of 2023. As a result of this restructuring, there is a commitment to acquire one T7000 engine during 2025, with pre-delivery payments amounting to USD 3.5 million, which was paid in March 2024.

There is also a contract with CFM International Inc., S.A. for the acquisition of 83 LEAP-A1 engines, including 5 spare engines, to equip and service the new A320 NEO Family aircraft fleet. These engines will be purchased directly by Airbus, except for the spare engines. Regarding the spare engines, all 5 planned engines have already been delivered, with the last one being acquired in October 2022. Following the increase in A320 NEO Family aircraft, the purchase of a 6th spare LEAP 1A engine was approved by the Executive Committee in 2023, in order to comply with contractual obligations regarding the minimum number of spare engines that TAP S.A. must maintain. The delivery of this 6th spare engine is scheduled for the second quarter of 2026.

✈ **External Hiring Regulation**

Following the review of the External Hiring Regulation negotiated with SPAC throughout 2023 and early 2024, installment payments were agreed as compensation for the aforementioned regulation, including extraordinary installments, to be paid in 2026 to employees who are active at that date.

✈ **Shareholder loans to SPdH**

Following the approval of the Insolvency Plan of SPdH, in June 2024, TAP S.A. became a shareholder of that company, with a stake corresponding to 49.9% of its share capital (Note 7).

In addition, the aforementioned Insolvency Plan provides that, in order to finance SPdH, its shareholders undertake to make contributions in the form of shareholder loans, subject to certain conditions, and in the case of TAP S.A. the contributions will be made up to the limit of the amount of the credits claimed and recognized by TAP S.A. from SPdH, through the conversion of these credits into a shareholder loan (Note 10). As of 31 December 2024, the receivables from SPdH include an amount of 3.0 million Euros related to credits converted into loans, with an additional 2.5 million Euros being converted in January 2025.

37 Contingencies

As of 31 December 2024 and 2023, the Group does not have contingent assets that are required to be disclosed. The contingent liabilities of a fiscal, civil, and regulatory nature as of those dates were as follows:

	2024	**2023**
Tax contingencies	204,038	577,121
Civil contingencies	28,584,636	24,048,365
Regulatory contingencies	16,012,678	17,701,633
Total	**44,801,352**	**42,327,118**

Civil contingencies essentially include proceedings initiated by clients regarding irregularities in the activity.

Regulatory contingencies essentially include proceedings initiated by national regulators.

The Group, supported by the opinion of the Lawyers, considered that an adverse outcome of these proceedings is not likely.

Guarantees provided

As of 31 December 2024 and 2023, the Group's guarantees are broken down as follows:

	2024	**2023**
Bank guarantees provided by Head Office		
Aircrafts	34,074,829	32,038,081
Fuel	-	226,244
Airports	2,396,817	1,261,137
Labour Court	415,242	415,241
Other	4,402,821	3,209,800
Bank guarantees provided by Representations	3,444,575	2,780,414
Bank guarantees provided by other Group companies	7,349	-
	44,741,633	**39,930,917**

In accordance with the TAP Group's capitalization plan, defined under the scope of the TAP Group's Reprivatization Process conducted in 2015, on 8 March 2016, it was resolved at the General Assembly to issue a bond loan by SIAVILO, with a 10-year term, convertible into up to 130,800 special equity shares of SIAVILO, in the amount of EUR 120 million. This issuance is composed of two series: the first (series A), amounting to EUR 90 million, was subscribed by Azul Linhas Aéreas Brasileiras, S.A. (“Azul”) on 16 March 2016, and the second (series B), amounting to EUR 30 million, was subscribed by Parpública on 14 June 2016. As of 31 December 2024, these series amount to EUR 173 million and EUR 57 million, respectively.

According with the memorandum of understanding signed on 15 July 2020, between the Portuguese Republic, SIAVILO, Parpública, Azul S.A., and Azul Linhas Aéreas Brasileiras, S.A., Parpública and Azul waived their respective right to convert the bonds they subscribed to, through a unanimous written resolution by the bondholders, made by Parpública and Azul on 26 August 2020, which amended the terms and conditions applicable to the bond issuance to eliminate the said conversion right, with the collateral package related to the Miles&Go program of TAP S.A. remaining to be fully constituted, as per the bond issuance documentation.

Based on the opinion of its legal advisors regarding the classification of those bond loans as shareholder loans, the Board of Directors understands that this situation will not result in material impacts for the company that could affect the consolidated statement of financial position as of 31 December 2024.

38 Related parties

As of 31 December 2024, the related parties identified are the following:

Shareholder:	**Associates:**
Portuguese State	SPdH - Serviços Portugueses de Handling, S.A.
TAP Group entities with significant influence by members of the Board of Directors:	**Other entities with significant influence by members of the Board of Directors:**
Aeropar	Atlasquare, Lda.,
Cateringpor	Ceres Capital, Lda.,
Grupo Navigator	J.P.Duarte – Agropecuária, Lda.,
Portugália	JDCJ, Lda., Turhis Rtn, Lda
SIAVILO	Abelha Austera, Lda..
TAP ME Brasil	Zolve – Logística e Transporte, S.A.
TAP SGPS	The Navigator Company, S.A.
TAPGER	BCR-Brisa Concessão Rodoviária, S.A.
UCS	Futebol Clube do Porto, Futebol S.A.D.

Within the scope of the identification of related parties, for the purposes of financial reporting, the members of the Board of Directors and other Governing Bodies were also assessed as related parties. See Management Report.

The balances and transactions with related entities as of 31 December 2024 and 2023 are as follows:

✈ Balances

	2024 - Assets									
	Customers (Note 10)	Advances to suppliers (Note 10)	Accrued income (Note 10)	Deferred expenses (Note 13)	Right-of-use assets	Other receivables non-current (Note 10)	Supplementary capital contributions (Nota 10)	Other receivables current (Note 10)	Impairment on accounts receivable (Note 10)	Total
Portuguese State	-	-	-	-	-	-	343,000,000	-	-	**343,000,000**
SIAVILO SGPS	(67)	-	885	-	-	-	-	1,082,706,085	(1,082,705,989)	**914**
SPdH	4,806,447	-	6,081,872	-	-	-	-	13,266,363	-	**24,154,682**
TAP ME Brasil	17,009,173	510,772	-	112,967	-	-	-	10,508,038	(27,647,671)	**493,279**
Cateringpor	145,720	-	2,017,407	-	-	-	-	166,577	-	**2,329,704**
UCS	66,706	-	-	-	-	-	-	118,358	-	**185,064**
	22,027,979	**510,772**	**8,100,164**	**112,967**	**-**	**-**	**343,000,000**	**1,106,765,421**	**(1,110,353,660)**	**370,163,643**

	2023 - Assets									
	Customers (Note 10)	Advances to suppliers (Note 10)	Accrued income (Note 10)	Deferred expenses (Note 13)	Right-of-use assets	Other receivables non-current (Note 10)	Unrealized share capital current (Note 10)	Other receivables current (Note 10)	Impairment on accounts receivable (Note 10)	Total
Portuguese State	-	-	-	-	-	-	676,540,088	-	-	**676,540,088**
SIAVILO SGPS	-	-	416,223	-	-	-	-	1,033,306,320	(1,033,302,471)	**420,072**
TAPGER	788	-	-	-	-	-	-	-	-	**788**
PGA	266,875	-	1,064,638	-	247,018,201	14,501,042	-	27,805,688	-	**290,656,444**
SPdH	897,864	-	2,572,321	-	-	-	-	18,412,384	(10,773,100)	**11,109,469**
TAP ME Brasil	16,012,627	600,155	-	112,967	-	-	-	13,069,333	(29,681,683)	**113,399**
Cateringpor	56,906	-	-	-	-	-	-	204,070	-	**260,976**
UCS	-	1,000	-	-	-	-	-	1,812,660	-	**1,813,660**
	17,235,060	**601,155**	**4,053,182**	**112,967**	**247,018,201**	**14,501,042**	**676,540,088**	**1,094,610,455**	**(1,073,757,254)**	**980,914,896**

	2024 - Liabilities						
	Suppliers (Note 20)	Accrued expenses (Note 20)	Deferred income (Note 21)	Lease liabilities without purchase option non-current (Note 19)	Lease liabilities without purchase option current (Note 19)	Other payables current (Note 20)	Total
SIAVILO SGPS	(30)	-	-	-	-	-	**(30)**
SPdH	(5,672,854)	(3,205,374)	(89,006)	-	-	-	**(8,967,234)**
TAP ME Brasil	(373,737)	-	-	-	-	-	**(373,737)**
Cateringpor	(2,207,692)	(2,374,943)	(238,982)	-	-	-	**(4,821,617)**
UCS	(15,760)	(70,643)	-	-	-	(427,005)	**(513,408)**
	(8,270,073)	**(5,650,960)**	**(327,988)**	**-**	**-**	**(427,005)**	**(14,676,026)**

	2023 - Liabilities						
	Suppliers (Note 20)	Accrued expenses (Note 20)	Deferred income (Note 21)	Lease liabilities without purchase option non-current (Note 19)	Lease liabilities without purchase option current (Note 19)	Other payables current (Note 20)	Total
SIAVILO SGPS	(30)	-	-	-	-	(420,042)	**(420,072)**
PGA	(613,241)	(1,200,000)	(20,547)	(142,761,259)	(33,775,833)	344	**(178,370,536)**
SPdH	(4,588,535)	(2,276,491)	(87,124)	-	-	2,951	**(6,949,199)**
TAP ME Brasil	7,028	(7,460)	-	-	-	-	**(432)**
Cateringpor	(4,220,930)	(2,311,782)	(231,941)	-	-	-	**(6,764,653)**
UCS	(132,293)	(1,485,384)	-	-	-	(179,966)	**(1,797,643)**
	(9,548,001)	**(7,281,117)**	**(339,612)**	**(142,761,259)**	**(33,775,833)**	**(596,713)**	**(194,302,535)**

As of 31 December 2023, the balance of current lease liabilities owed to Portugália is reduced by advances made by TAP S.A. in the amount of EUR 81 million.

Additionally, as of 31 December 2024, the Group presented receivables from other entities with significant influence by members of the Board of Directors in the amount of EUR 0.8 thousand and payables to these entities in the amount of EUR 27.6 thousand.

✈ Transactions

	2024					
	Operating income	Operating expenses	Depreciation right-of-use	Interest income	Interest expenses	Total
SIAVILO SGPS	-	(60)	-	40,073,520	-	40,073,460
PGA	2,406,069	(1,152,889)	(74,588,999)	-	(16,220,638)	(89,556,457)
SPdH	6,762,599	(105,650,525)	-	-	(993,018)	(99,880,944)
Cateringpor	1,920,765	(56,827,057)	-	-	-	(54,906,292)
UCS	670,091	(5,401,448)	-	-	-	(4,731,357)
	11,759,524	**(169,031,979)**	**(74,588,999)**	**40,073,520**	**(17,213,656)**	**(209,001,590)**

	2023					
	Operating income	Operating expenses	Depreciation right-of-use	Interest income	Interest expenses	Total
SIAVILO SGPS	-	414,752	-	38,073,784	-	38,488,536
PGA	3,492,237	(6,785,059)	(110,491,934)	-	(17,258,025)	(131,042,781)
SPdH	6,485,474	(105,351,346)	-	-	-	(98,865,872)
Cateringpor	1,850,662	(54,162,582)	-	-	-	(52,311,920)
UCS	647,850	(4,422,004)	-	-	-	(3,774,154)
	12,476,223	**(170,306,239)**	**(110,491,934)**	**38,073,784**	**(17,258,025)**	**(247,506,191)**

Operating expenses with SPdH refer to ground handling services provided by SPdH to support aircraft, passengers, luggage, cargo and mail.

These transactions are carried out under terms and conditions similar to those practiced in commercial agreements usually celebrated with other airlines.

Additionally, during the year ended 31 December 2024, the Group provided services to other entities with significant influence by members of the Board of Directors in the amount of EUR 49.7 thousand and purchased inventories from these entities in the amount of EUR 160.6 thousand.

39 Financial assets and liabilities

The accounting policy described in Note 2.10 was applied according to the categories shown below:

2024	Financial assets and liabilities at amortised cost	Financial assets and liabilities at fair value through other comprehensive income	Financial assets and liabilities at fair value through profit or loss	Financial assets and liabilities out of IFRS 9 scope	Total
Assets					
Other financial assets	680,937	-	-	-	680,937
Other receivables	1,001,401,735	4,808,692	-	22,077,780	1,028,288,207
Cash and cash equivalents	651,642,530	-	-	-	651,642,530
Total Assets	**1,653,725,202**	**4,808,692**	**-**	**22,077,780**	**1,680,611,674**
Liabilities					
Borrowings	(533,053,487)	-	-	-	(533,053,487)
Lease liabilities with purchase option	-	-	-	(868,926,513)	(868,926,513)
Lease liabilities without purchase option	-	-	-	(1,599,224,397)	(1,599,224,397)
Other payables	(626,383,777)	1,984,535	-	(410,838)	(624,810,080)
Total Liabilities	**(1,159,437,264)**	**1,984,535**	**-**	**(2,468,561,748)**	**(3,626,014,477)**

2023	Financial assets and liabilities at amortised cost	Financial assets and liabilities at fair value through other comprehensive income	Financial assets and liabilities at fair value through profit or loss	Financial assets and liabilities out of IFRS 9 scope	Total
Assets					
Other financial assets	488,745	-	-	-	488,745
Other receivables	1,230,612,833	-	-	18,701,192	1,249,314,025
Cash and cash equivalents	789,387,698	-	-	-	789,387,698
Total Assets	**2,020,489,276**	**-**	**-**	**18,701,192**	**2,039,190,468**
Liabillities					
Borrowings	(650,488,469)	-	-	-	(650,488,469)
Lease liabilities with purchase option	-	-	-	(789,958,352)	(789,958,352)
Lease liabilities without purchase option	-	-	-	(1,801,118,407)	(1,801,118,407)
Other payables	(673,580,459)	(639,596)	-	(522,454)	(674,742,509)
Total Liabilities	**(1,324,068,928)**	**(639,596)**	**-**	**(2,591,599,213)**	**(3,916,307,737)**

The following tables present the assets and liabilities measured at fair value as of 31 December 2024 and 2023, according to the following fair value hierarchical levels established in IFRS 13:

2024	Level 1	Level 2	Level 3
Non-financial assets			
Investment Properties	-	1,198,000	-
Financial assets			
Derivate financial instruments	-	4,808,692	-
Financial liability			
Derivate financial instruments	-	1,984,535	-

2023	Level 1	Level 2	Level 3
Non-financial assets			
Investment Properties	-	1,903,882	-
Financial liability			
Derivate financial instruments	-	(639,596)	-

Level 1: the fair value of financial instruments is based on prices available on active, liquid markets at the date of the financial position;

Level 2: the fair value of financial instruments is not determined based on active market prices, but rather through valuation models. The main inputs of these models are observable on the market; and

Level 3: the fair value of financial instruments is not determined based on active market prices, but rather through valuation models, whose main inputs are not observable on the market.

Derivative financial instruments

The fair value of derivative financial instruments is recorded under the item “Other payables” when negative and under the item “Other receivables” when positive.

The breakdown of the derivative financial instruments fair value is detailed in Note 23.

40 Statutory audit fees

During the years ended 31 December 2024 and 2023, the fees for the services provided by the Statutory Auditor and by other entities belonging to the same network are detailed as follows:

	2024	2023
Audit and statutory audit	112,145	123,040
Limited Review Services	50,790	49,600
Other services	357,600	127,100
	520,535	**299,740**

The Limited Review services were performed with reference to the months of June 2024 and 2023.

During the year 2024, the Statutory Auditor and other entities belonging to the same network provided assurance services on financial ratios, issued a comfort letter regarding the financial information in the bond issuance prospectus, and conducted financial due diligence, with a total value of EUR 357,600.

During the year 2023, the Statutory Auditor and other entities within the same network provided reliability assurance services, training, sustainability advisory/information non-financial services, and financial due diligence, amounting to a total of EUR 127,100.

41 Subsequent events

Execution of the third tranche of the capital increase

On 17 January 2025, it was unanimously resolved in writing to increase the share capital of TAP S.A. by new cash contributions, to be made by its sole shareholder, the Portuguese Republic, through the Directorate-General of Treasury and Finance, in the amount of EUR 343,000,000, in replacement of its obligation to make a single additional contribution of the same amount. As a result, the share capital of TAP S.A. became EUR 656,600,000, represented by 410,375,000 ordinary shares, with a nominal value of EUR 1.60 each. The EUR 343,000,000 tranche was received on 20 January 2025.

Acquisition of Shares

On 21 January 2025, TAP S.A., as the buyer, and TAPGER, as the seller, signed a share purchase agreement, under which TAP S.A. acquired from TAPGER the shares representing 100% of the share capital of UCS for EUR 4,338,000.

Also on 21 January 2025, TAP S.A., as the buyer, and TAPGER, as the seller, signed a share purchase agreement for EUR 11,685,000, with the aim of TAP S.A. acquiring from TAPGER the shares representing 51% of the share capital of Cateringpor, which is subject to the fulfillment of suspensive conditions. The actual transfer of the shares will only take place after the verification of these suspensive conditions.

Bond Issuance

Following the issuance of bonds in the total amount of EUR 400,000,000 with maturity in 2029, bearing interest at a rate of 5.125%, completed on 7 November 2024, TAP S.A. concluded, on 7 March 2025, a new financing operation through an additional bond issuance, placed through a private offering to international investors and admitted for trading on an unregulated market, in the total amount of EUR 200,000,000, with maturity in 2029, at a final purchase price of 102.750% and with an implied yield to maturity of 4.467%.

Uniformizing Ruling of the Supreme Court of Justice

On 11 December 2024, a uniformizing ruling was issued by the Supreme Court of Justice regarding the reclassification of cabin crew following the nullity of the contract term. This issue arose from the interpretation of a clause in the Company Agreement that was in place between 2006 and 2023. TAP S.A. subsequently appealed this decision to the Supreme Court of Justice, and on 12 March 2025, it received a response rejecting the appeal. However, this decision, as of the approval date of these consolidated financial statements, has not yet become final (Note 18).

42 Environmental matters

In order to comply with the requirements of the European Environmental Taxonomy, the Group will present in its sustainability report information regarding the eligibility of its activities in relation to climate objectives.

43 Note added for translation

The accompanying consolidated financial statements are a translation of financial statements originally issued in Portuguese. In the event of any discrepancies, the Portuguese version prevails.

CERTIFIED ACCOUNTANT	**BOARD OF DIRECTORS**
Martinho Nazareth de Sousa	Luís Manuel da Silva Rodrigues Chairman and President of the Executive Commission
	Ana Teresa C. P. Tavares Lehmann Director
	Gonçalo Neves Costa Monteiro Pires Director
	João Pedro Conceição Duarte Director
	José Mario Cruz Henriquez Director
	Maria João Santos Gomes Cardoso Director
	Mário Rogério Carvalho Chaves Director
	Patrício Ramos Castro Director
	Sofia Norton dos Reis Lufinha de Mello Franco Director

Statutory Audit Report

(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Transportes Aéreos Portugueses, S.A. (the Group), which comprise the consolidated statement of financial position as at December 31, 2024 (which shows total assets of Euros 5,739.337,414 and total shareholders' equity of Euros 585,348,588 including a net profit of Euros 53,721,980), the consolidated income statement, the consolidated comprehensive income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for opinion

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

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

Emphasis

We draw attention to the disclosure in Introduction note of the accompanying notes to the consolidated financial statements, namely regarding the approval of the TAP Group's Restructuring Plan by the European Commission, on December 21, 2021, within the scope of the State aid to the Group ("Approved Restructuring Plan"), and the consequent future monitoring until December 31, 2025 by the European Commission as to its compliance.

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Considering the various changes that occurred in TAP S.A. Group between May 2021 and December 2024, as disclosed in note 2.32 of the accompanying notes to the consolidated financial statements, the Business Plan 2025/2030 was approved by TAP S.A. Board of Directors in March 2025, whose projections and assumptions were considered the best estimate, as of this date, for the purposes of analysing the recoverability of non-current assets.

As also disclosed in note 2.32 of the accompanying notes to the consolidated financial statements, despite the positive deviation observed from 2022 to 2024 in operational performance compared to that estimated in the Approved Restructuring Plan, it should be noted that unfavourable future variations between the actual cash flows and /or actual incomes and those estimated in the Business Plan 2025/2030 may lead to relevant impacts on the calculation of the recoverable value of non-current assets related with air transport cash-generating unit and deferred tax assets and consequently significantly affect the Group's financial and economic position.

Our opinion is not modified in respect of this matter.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

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

b) the preparation of the consolidated Management' report in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria; and

e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

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

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

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

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

a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion; and

g) communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on other legal and regulatory requirements

Consolidated Management' report

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

March 27, 2025

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

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

<u>REPORT AND OPINION OF THE SUPERVISORY BOARD</u>

<u>(CONSOLIDATED ACCOUNTS)</u>

(Translation of a report originally issued in Portuguese)
(In case of discrepancies, the Portuguese version prevails)

To the shareholder of
Transportes Aéreos Portugueses, S.A.

In accordance with the legislation in force and the mandate we are entitled to, we submit to your appreciation our Report and Opinion, that covers the activity developed by us and about the statutory consolidated accounts of Transportes Aéreos Portugueses, S.A. ("Company" or "Group TAP"), related to the year ended 31 December 2024, that are the responsibility of the Board of Directors.

We monitored, with the periodicity and debt considered adequate, the evolution of the activity of the Group TAP, the regularity of its accounting records and the compliance of the legislation and statutory requirements in force, having obtained from the Board of Directors and from the various services of the Company and its subsidiaries, the information and the clarifications requested.

In the scope of our functions, we examined the consolidated financial statements, prepared in accordance with the International Financial and Reporting Standards (IFRS) as adopted in the European Community, that comprise the consolidated Statement of the Financial Position as of 31 December 2023, the consolidated Statement of Results, the consolidated Statement of the Integral Income, the consolidated Statement of the Changes in Equity and the consolidated Statement of Cash Flows, related to the year then eneded and the related Appendix.

In addition, we reviewed the consolidated Board of Director's Report of 2024, prepared by the Board of Directors, having verified that this document, as well as the Appendix of the consolidated financial statements, include relevant disclosures, namely the disclosures included in Note 1 of the Appendix, related with the approval of the Restructuring Plan of Group TAP, by the European Commission, which compliance, will be monitored by that entity, as well as the information disclosed in Note 3, related to the evolution of the Company's future operations.

We also reviewed the Legal Certification of Accounts and Audit Report about the consolidated financial statements, issued by the statutory auditors, dated 27 March 2025, that does not include any qualification, and includes an emphasis paragraph, related with the Restructuring Plan of Group TAP approved by the European Comission as of 21 December 2021, in the scope of the State aid to Group TAP (Approved Restructuring Plan) and its subsequent monitoring by the European Comission of its compliance and related impacts in the financial position and future operational activity of Group TAP, and related to the disclosures included in Note 2.32 of the Appendix, being considered that the emphasis paragraph included in the Legal Certification of Accounts and Audit Report, is part of this report.

We confirm that as far as it is our knowlegde the Company complied with the legal requirements applicable to the Corporate Public Sector (SEE), as well as we confirmed the compliance with the requirement of the n.º 1 of the article 54.º of the RJSPE, being confirmed by the Company that, will prepare an authonomous report from the Consolidated Board of Directors Report, that will include the information referred to in this rule, which should be reported to the shareholder and disclosed in the Company´s website.

Tanking all into consideration, and considering the matter described in the section "Emphasis" of the Legal Certification of Accounts and Audit Report, about the consolidated financial statements, as well as the matter described in the previous paragraph, of this report, it is our opinion that the consolidated financial statements, mentioned above and the consolidated Board of Director's Report, are in accordance with the accounting, legal and statutory applicable requirements, and consequently, can be approved by the Shareholder in the General Assembly.

We thanks to the Company's Board of Directors and to the services of the Company and its subsidiaries, all collaboration and assistance provided, namely the availability of its key employees to clarify the questions raised during the monitoring activities of the Supervisory Board.

Lisbon, 27 March 2025

Baker Tilly, PG & Associado, SROC, Lda.
Represented by Paulo Jorge Duarte Gil Galvão André (President)

José Manuel Fusco Gato (Effective member)

Transportes Aéreos Portugueses, S.A.

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