TRANSPORTES AÉREOS PORTUGUESES, S.A.

CONSOLIDATED FINANCIAL STATEMENTS CONDENSED
30 JUNE 2024

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts stated in euros	Notes	Jun 24	Dec 23
ASSETS			
Non-current assets			
Tangible fixed assets	3	3,230,627,181	3,181,168,268
Investment properties	4	1,903,882	1,903,882
Intagible assets	5	27,013,284	22,489,747
Financial holdings	6	1,883,053	-
Other financial assets	7	488,745	488,745
Other non current assets	12	14,520,097	15,080,108
Deferred tax assets	8	487,122,094	486,302,382
Other receivables	9	162,939,986	120,939,688
		3,926,498,322	**3,828,372,820**
Current Assets			
Inventories	10	73,250,260	78,716,635
Other receivables	9	893,334,796	1,128,374,337
Income tax receivable	11	25,474,091	3,226,450
Other current assets	12	97,264,897	63,964,685
Cash and cash equivalents	13	1,175,734,135	789,387,698
		2,265,058,179	**2,063,669,805**
Total Assets		**6,191,556,501**	**5,892,042,625**
EQUITY AND LIABILITIES			
Equity			
Share Capital	14	980,000,000	980,000,000
Legal reserves	15	8,300,000	8,300,000
Hedge reserves	15	(1,196,042)	(450,915)
Other reserves	15	(67,987,419)	(27,332,786)
Other variations in equity	15	(4,763,026)	(9,459,912)
Retained earnings	15	(345,055,379)	(514,393,395)
Net income/(loss) for the year		383,991	177,260,543
Total equity of the Group		**569,682,125**	**613,923,535**
Non-controlling interests	14	-	-
Total equity		**569,682,125**	**613,923,535**
Non-current liabilities			
Deferred tax liabilities	8	80,146,888	82,913,685
Post-employment benefits obligations	16	186,328,250	176,722,477
Provisions	17	329,243,423	305,234,778
Restructuring provision	17	1,384,946	2,108,784
Borrowings	18	175,912,590	200,003,376
Lease liabilities with purchase option	18	714,124,367	698,261,176
Lease liabilities without purchase option	18	1,456,464,863	1,498,461,708
		2,943,605,327	**2,963,705,984**
Current Liabilities			
Borrowings	18	452,407,232	450,485,093
Lease liabilities with purchase option	18	99,265,523	91,697,176
Lease liabilities without purchase option	18	291,874,368	302,656,699
Other payables	19	670,451,722	674,742,509
Income tax payable	11	19,326	19,326
Other current liabilities	20	94,607,775	79,028,839
Liabilities from unused flight documents	21	1,069,643,103	715,783,464
		2,678,269,049	**2,314,413,106**
Total liabilities		**5,621,874,376**	**5,278,119,090**
Total equity and liabilities		**6,191,556,501**	**5,892,042,625**

The accompanying notes form an integral part of the consolidated statement of financial position as of 30 June 2024.

CONSOLIDATED INCOME STATEMENT

Amounts stated in euros	Notes	Jun 24	Jun 23
Operating Income			
Revenue			
Passenger	23	1,761,193,783	1,715,745,576
Maintenance	23	116,875,162	85,500,760
Cargo and mail	23	75,956,156	92,311,153
Gains and losses in associates	6	(606,967)	-
Other operating income	23 and 24	15,155,866	12,700,555
		1,968,574,000	**1,906,258,044**
Operating costs			
Aircraft fuel	25	(517,102,704)	(542,802,338)
Traffic operating costs	25	(403,081,287)	(419,563,287)
Aircraft maintenance costs	25	(29,982,743)	(27,771,432)
Cost of materials consumed	25	(85,452,708)	(68,678,639)
Commercial, communication and marketing costs	25	(102,756,711)	(97,728,007)
Employee costs	26	(380,061,023)	(281,101,961)
Impairment losses in receivables	27	11,481,676	(2,923,859)
Impairment losses in inventories	27	115,030	(2,020,754)
Provisions	27	(13,041,426)	(21,790,964)
Other operating expenses	28	(75,955,999)	(80,186,126)
Restructuring	29	(272,493)	359,905
Other non recurrent items	30	(27,983,234)	(16,882,830)
Depreciation, amortisation and impairment losses	31	(233,509,620)	(237,204,310)
Operating income/(loss)		**110,970,758**	**107,963,442**
Interests and similar income	32	40,258,643	32,006,085
Interests and similar expenses	32	(134,311,406)	(129,636,287)
Net currency exchange	32	(17,544,323)	27,591,493
Net income/(loss) before income tax		**(626,328)**	**37,924,733**
Income tax for the year	33	1,010,319	(14,980,069)
Net income/(loss) for the year		**383,991**	**22,944,664**
Net income/(loss) attributable to owners of TAP SA		**383,991**	**22,944,664**
Net income/(loss) attributable to non-controlling interests		**-**	**-**

The accompanying notes form an integral part of the consolidated income statement as of 30 June 2024.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Amounts stated in euros	Notes	Jun 24	Jun 23
Net income/(loss) for the year		**383,991**	**22,944,664**
Items that may be reclassified to income statement:			
Gains and losses in derivate financial instruments - cash flow hedge	8 and 22	(58,723,062)	9,352,558
Deferred tax on derivative financial instruments - cash flow hedge	8	17,323,302	(5,171,852)
Items that will not be reclassified to income statement:			
Remeasurements of defined benefit plans	16	(11,237,628)	(18,297,889)
Deferred tax on remeasurements	8	3,315,103	5,397,877
Other comprehensive income/(loss) net of tax		**(49,322,285)**	**(8,719,306)**
Comprehensive income/(loss) for the year		**(48,938,294)**	**14,225,358**
Attributable to:			
Owners of TAP SA		(48,938,294)	14,225,358
Non-controlling interests		-	-
		(48,938,294)	**14,225,358**

The accompanying notes form an integral part of the consolidated comprehensive income statement as of 30 June 2024.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts stated in euros	Notes	Share Capital	Legal reserves	Hedge reserves	Other reserves	Other variations in equity	Retained earnings	Net income/(loss) for the year	Subtotal	Non-controlling interests (Note 14)	Total
Equity as of 1 January 2023		**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	15	-	-	-	-	9,264,230	-	-	9,264,230	-	9,264,230
Remeasurement*	8 and 16	-	-	-	-	-	(12,900,011)	-	(12,900,011)	-	(12,900,011)
Fair value of derivative financial instruments*	8 and 22	-	-	(22,425,294)	-	-	-	-	(22,425,294)	-	(22,425,294)
Derivatives of foreing exchange risk hedging*	8 and 32	-	-	-	26,605,999	-	-	-	26,605,999	-	26,605,999
Net income/(loss) for the year		-	-	-	-	-	-	22,944,664	22,944,664	-	22,944,664
Equity as of 30 June 2023		**980,000,000**	**8,300,000**	**(28,167,116)**	**(50,116,348)**	**(18,854,601)**	**(472,992,508)**	**22,944,664**	**441,114,091**	**-**	**441,114,091**
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 increases and decreases	15	-	-	-	-	4,696,886	-	-	4,696,886	-	4,696,886
Remeasurement*	8 and 16	-	-	-	-	-	(7,922,527)	-	(7,922,527)	-	(7,922,527)
Fair value of derivative financial instruments*	8 and 22	-	-	(745,127)	-	-	-	-	(745,127)	-	(745,127)
Derivatives of foreing exchange risk hedging*	8 and 32	-	-	-	(40,654,633)	-	-	-	(40,654,633)	-	(40,654,633)
Net income/(loss) for the year		-	-	-	-	-	-	383,991	383,991	-	383,991
Equity as of 30 June 2024		**980,000,000**	**8,300,000**	**(1,196,042)**	**(67,987,419)**	**(4,763,026)**	**(345,055,379)**	**383,991**	**569,682,125**	**-**	**569,682,125**

*Amount net of deferred taxes, when applicable.

The accompanying notes form an integral part of the consolidated statement of changes in equity as of 30 June 2024.

CONSOLIDATED CASH FLOW STATEMENT

Amounts stated in euros	Notes	Jun 24	Jun 23
Operating activities:			
Receipts from customers		2,423,383,999	2,447,849,080
Payments to suppliers		(1,450,692,305)	(1,498,192,386)
Payments to employees		(411,577,022)	(267,569,525)
Payments of low value and short-term leases		(3,251,778)	(2,903,648)
Cash generated from operations		**557,862,894**	**679,183,521**
Income tax (payment)/receipt		(243,966)	(412,559)
Other receipts/payments relating to operating activities		(6,765,790)	(3,333,335)
Cash flow from operating activities (1)		**550,853,138**	**675,437,627**
Receipts from:			
Financial investments			
Other financial assets	3, 7, 9 and 17	662,293	4,340,004
Tangible fixed assets	3	10,660,707	8,645,252
Loans granted		398,080,000	394,152,399
Interests and similar income		25,091,744	24,155,913
		434,494,744	**431,293,568**
Payments relating to:			
Other financial assets	3, 7, 9 and 17	(24,342,773)	(29,367,006)
Tangible fixed assets	3	(157,780,401)	(108,288,269)
Intangible assets		(3,041,001)	(2,688,755)
Loans granted		(421,211,525)	(407,290,000)
		(606,375,700)	**(547,634,030)**
Cash flow from investment activities (2)		**(171,880,956)**	**(116,340,462)**
Financing activities:			
Receipts from:			
Capital increases	14	343,000,000	-
		343,000,000	**-**
Payments relating to:			
Borrowings	18	(23,425,684)	(241,392,517)
Lease liabilities with purchase option	18	(69,804,430)	(56,766,790)
Lease liabilities without purchase option	18	(223,776,545)	(251,266,294)
Interests and similar costs	18	(17,598,361)	(24,284,155)
		(334,605,020)	**(573,709,756)**
Cash flow from financing activities (3)		**8,394,980**	**(573,709,756)**
Net increase (decrease) in cash and cash equivalents (1)+(2)+(3)		387,367,162	(14,612,591)
Effects of currency exchange differences		(1,020,725)	(1,728,529)
Cash and cash equivalents at the beginning of the year	13	789,387,698	916,077,051
Cash and cash equivalents at the end of the year	13	**1,175,734,135**	**899,735,931**

The accompanying notes form an integral part of the consolidated cash flow statement as of 30 June 2024.

1 Introduction

Transportes Aéreos Portugueses, S.A. ("TAP S.A." or "Company") essentially operates public air transport services for passengers, freight and mail, as well as the provision of services and the performance of commercial, industrial and financial operations relating directly or indirectly to such operation.

On 30 December 2019, TAP S.A. established TAP Logistics Solutions, S.A. ("TAP Logistics"; TAP S.A. and TAP Logistics together are called "TAP S.A. Group" or “Group”). As such, TAP S.A. presents consolidated financial statements in accordance with Decree-Law No 158/2009 of 13 July (as amended).

TAP S.A. Group provides services in Portugal (Mainland and Autonomous Regions), Europe, Africa, North America, South America and the Middle East. TAP S.A. Group has 19 offices in foreign countries.

Headquarters Edifício 25, Lisbon Airport, 1700-008 Lisbon
Share Capital EUR 980,000,000, of which EUR 637,000,000 have been paid up
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 disease pandemic and like most companies operating in the aviation sector, all TAP Group companies (understood for this purpose as “TAP Group” TAP S.A. and respective subsidiaries, as well as TAP – Transportes Aéreos Portugueses, SGPS, S.A. (“TAP SGPS”) and respective subsidiaries) suffered, from March 2020, a significant reduction in their activity as a result of a sharp drop in demand, which resulted in high operating losses. These losses were mainly due to the imposition, by the Portuguese State and by many TAP S.A. destination countries, of travel restrictions to limit the spread of the COVID-19 disease.

To face the impact of the COVID-19 disease pandemic, the TAP Group adopted a set of measures initiated in 2020, with a view to controlling and reducing costs, including the suspension or postponement of non-critical investments, the renegotiation of contracts and payment terms, cutting ancillary expenses, suspending the hiring of new workers and progressions, and the implementation of temporary unpaid leave programs.

On 9 June 2020, the Portuguese State notified the European Commission of its intention to grant State aid, in the form of a loan, in favor of what, at that date, was the sole shareholder of TAP S.A., the TAP SGPS, in the amount of EUR 1.2 billion. This support aimed to provide sufficient resources so that TAP SGPS could meet the immediate liquidity needs of the TAP Group, and in particular TAP S.A., with a view to implementing a long-term viability plan.

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

Following the aforementioned decision of the European Commission, and as approved by the European Commission, the Portuguese State granted an interest-bearing loan in favor 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., TAP SGPS 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 remunerated loan by the Portuguese State referred to above, in the amount of EUR 1.2 billion, the first tranche (in the amount of EUR 250 million) was carried out on 17 July 2020; the second tranche (in the amount of EUR 224 million) was carried out on 30 July 2020; the third tranche (in the amount of EUR 25 million) was carried out on 31 August 2020; the fourth tranche (in the amount of EUR 79.6 million) was carried out on 30 September 2020; the fifth tranche (in the amount of EUR 92 million) was carried out on 5 November 2020; the sixth tranche (in the amount of EUR 171.4 million) was carried out on 21 December 2020; and the last tranche (in the amount of EUR 358 million) was made on 30 December 2020.

Following the verification of several precedent conditions foreseen in the contracts, on 2 October 2020, the following occurred:

(i) The acquisition, by the Portuguese State, through the Directorate-General for Treasury and Finance, of shareholdings, economic rights and part of the supplementary capital contributions held by Atlantic Gateway in TAP SGPS, with the Portuguese State holding effective control over 72.5% of the share capital of TAP SGPS, over an equal percentage of economic rights in TAP SGPS and over part of the supplementary capital contributions made by Atlantic Gateway in TAP SGPS; and

(ii) Amortization 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 TAP SGPS and part of the supplementary capital contributions made by Atlantic Gateway in TAP SGPS, which made Atlantic Gateway no longer a shareholder of TAP SGPS and HPGB holding a direct stake in TAP SGPS.

In this context, on 2 October 2020, TAP SGPS had the following shareholder structure (which has already undergone changes to the present date):

- Parpública, with 750,000 common shares, representing 50% of the share capital and voting rights of TAP SGPS;
- The Portuguese State, through the General Directorate of Treasury and Finance, holder of 337,500 ordinary shares, representing 22.5% of the share capital, voting rights and economic rights of TAP SGPS;
- HPGB with 337,500 common shares, representing 22.5% of the share capital, voting rights and economic rights of TAP SGPS; and
- A group of shareholders with a total of 75,000 common shares, representing 5% of the share capital, voting rights and economic rights of TAP SGPS.

On 24 May 2021, the Portuguese State, through the Directorate-General for Treasury and Finance, 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 TAP SGPS) was detailed as follows:

- The Portuguese Republic, through the Directorate-General for Treasury and Finance, now holds 91.8% of the shares representing the share capital and voting rights; and
- TAP SGPS now holds 8.2% of the shares representing the share capital and voting rights of TAP S.A.

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 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 the 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 Extraordinary General Meeting of TAP S.A. and submitted for registration at the Lisbon Commercial Registry Office, the following corporate transactions (“2021 Transactions”):

a) The increase in the share capital of TAP S.A. from EUR 503,500,000 to EUR 657,853,400, fully subscribed by TAP SGPS, through the conversion of supplementary capital contributions, in the total amount of EUR 154,353,400;
b) The reduction of its share capital to EUR 0.00, for partial coverage of losses;
c) 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. arising from the Financing Agreement (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;

d) The reduction of its share capital from EUR 1,794,544,230 to EUR 904,327,865, to partially cover losses.

Following the 2021 Transactions described above, the share capital of TAP S.A. amounted to EUR 904,327,865, represented by 180,865,573 shares, with a nominal unit value of EUR 5.00, having the Portuguese Republic as its sole and direct shareholder, through the Directorate-General for the Treasury and Finance, not materially altering the control exercised over TAP S.A., insofar as the Portuguese Republic was already the beneficial owner of TAP S.A.

Still following the decision of the European Commission dated 21 December 2021 which approved the TAP Group's Restructuring Plan and the granting of restructuring aid, under the terms of which it was foreseen to grant a tranche of the said aid until the end of the fiscal year 2022, on 27 December 2022, the following corporate transactions (“2022 Transactions”) were approved by means of 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.

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

As a result of the 2022 Transactions described above, the share capital of TAP S.A. became EUR 980,000,000, represented by 196,000,000 shares, with a nominal unit value of EUR 5.00, of which EUR 637,000,000 have been paid up as of 30 June 2024. TAP S.A. maintains the Portuguese Republic as the sole direct shareholder and effective beneficiary, through the Directorate-General for Treasury and Finance.

The condensed consolidated financial statements for the six-month period ended 30 June 2024 (hereinafter referred to as financial statements or consolidated financial statements), approved at the

Board of Directors meeting of 12 September 2024, were prepared for presentation to multiple stakeholders.

The members of the Board of Directors who sign this report declare that, to the best of their knowledge, the information contained herein was prepared in accordance with the applicable Accounting Standards, giving a true and appropriate image of the assets and liabilities of the financial situation 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 State Aid to the sole shareholder of TAP S.A., TAP SGPS, in the form of a loan, in the amount of EUR 1.2 billion (“Decision of the European Commission”), and the Financing Agreement that carried out the granting of the State aid to the TAP Group, it was foreseen the possibility of the repayment date of the loan granted to the TAP Group, initially set for 10 December 2020, to be extended if the Portuguese State submitted a restructuring plan for the TAP Group (“Restructuring Plan”) to the European Commission by that date: within six months from the date of the Decision of the European Commission.

In this context, the Portuguese State submitted to the European Commission, on 10 December 2020, a draft Restructuring Plan with a view to its 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 incorporates a significant transformation of TAP S.A.'s 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 has 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 was 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 TAP Group's capital structure.

In terms of the optimization of operational costs, EUR 1.3 billion was expected to arise from fleet-related negotiations, as well as EUR 200 to EUR 225 million per year in negotiations with other operational suppliers of the TAP Group. From the labour 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 properly dimensioned to respond to the activity upturn, which meanwhile started, 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.) 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 to Portugália and Cateringpor – Catering de Portugal, SA) was renewed by the Council of Ministers Resolution no. 185/2021, dated 29 December 2021, producing effects until December 2022, and again renewed by Council of Ministers Resolution no. 138/2022, of December 28, with effects until 31 December 2023 (no renewal occurred for 2024).

In accordance with this determination, in December 2020, a joint negotiation process was developed, between unions, Board of Directors and the Portuguese Government, with a view to the celebration of the so-called "Emergency Agreements", seeking to find a consensual solution on a path to enable the recovery and restructuring of TAP S.A.. This process ended favorably, with all unions representing a vast majority of TAP S.A. workers ratifying the negotiated emergency agreements (“Emergency Agreements”). The Emergency Agreements came into force on 1 March 2021, allowing, without harming the metrics proposed under the Restructuring Plan, the protection of a greater number of jobs, when compared to the substitute regime. The non-unionized employees of TAP S.A. benefited from a substitute regime in everything equal to the Emergency Agreements in force in their professional group.

In parallel, between February and June 2021, TAP S.A. developed a set of labour measures for voluntary adherence for TAP S.A. employees, which included mutually agreed terminations, early retirement, pre-retirement, part-time work and unpaid leave. As a result of these voluntary measures, the initial target of resizing the Restructuring Plan could be adjusted downwards and allowed the number of workers eligible for unilateral measures to be reduced to 124 workers, that is, adjusted by about 94% compared to the number initially forecast. The continuation of the execution of the Restructuring Plan led, on 8 July 2021, to a collective dismissal procedure involving these 124 workers, which followed its procedures in accordance with an indicative timetable.

With these measures, TAP S.A. obtained the commitment of several unions, getting closer to the labor cost targets included in the Restructuring Plan.

During an initial phase of this collective dismissal process, TAP S.A. continued to offer conditions similar to those offered in the voluntary phases for workers who chose to reconsider their previous decision not to adhere to the voluntary measures, as well as maintained the possibility of candidacy for the remaining vacancies in Portugália and others in TAP S.A. that emerged according to the Company's needs, having these initiatives reduced the number of workers to 62 with unilateral departures in the process of collective dismissal.

At the beginning of 2023, taking into account the Group’s operational performance exceeding the expectations outlined in the Approved Restructuring Plan, the salary cuts previously applied to the employees were reduced. The Company concluded the negotiation of the Collective Labor Agreements applicable to the Technical Flight Crew, the Cabin Crew, and the Ground Staff, which, in addition to introducing new working conditions, resulted in the full removal of salary cuts for these groups, effective in the second half of 2023. The processing of the new conditions agreed upon for the Technical Flight Crew occurred in 2023, and for most of the other professional categories, the processing of the agreed-upon updates concerning pecuniary matters took place in 2024. As of 30 June 2024, a total amount of approximately EUR 6.6 million remains to be paid (Note 19).

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 damages verified during the period from March 19 to 30 June 2020, on 24 May 2021, a capital increase of TAP S.A. was carried out, through a contribution in cash, in the amount of EUR 462,000,000, by the Portuguese Republic, through the General Directorate of Treasury and Finance, and the subscription, by the latter, of EUR 92,400,000 new ordinary shares representing the Company's share capital, with a unit face value of EUR 5.00. Following the capital increase, the Portuguese Republic, through the Directorate-General of the Treasury and Finance, held a shareholding representing approximately 92% of TAP S.A., with the remaining approximately 8% of the share capital continuing to be held directly by TAP SGPS. As stated above, this shareholder structure remained until 30 December 2021, when the Portuguese Republic became the sole shareholder of TAP S.A.

Following interactions with the European Commission, 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 TAP SGPS, which establishes a package of measures to rationalize TAP S.A. 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 TAP SGPS, which had previously approved by decision on 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 Article 107 (3) (c) 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 presents 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 TAP SGPS 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 it 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 Restructuring Plan provides for a division of activities in i) TAP S.A. and Portugália airlines (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") and TAP ME Brasil. Additionally, 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 aimed to adjust the TAP Group fleet to 99 aircraft, a number of aircraft greater than the 75 aircraft that composed 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 1 July 2020 and 30 June 2021.

1.1. Financial risks

Market risk

The aviation industry demonstrated, in the first half of 2024, the continuation of the growth trend that had already been in place from the previous year. Despite persistent problems such as inflation, interruptions in the production chain caused by war conflicts, political instability and concerns about environmental sustainability, according to IATA (Global Outlook for Air Transport – June 2024), the sector managed to resist and maintain growth in the first half of this year, with an increase in passenger numbers of 10.4% YoY and RPKs of 11.6% compared to 2023 expected by the end of 2024.

According to the latest figures provided by IATA, despite the challenging contexts, the aviation industry is expected to continue to grow, and an increase of 4 billion passengers is expected until 2043. It is expected that in 2024 many of the indicators most used to measure the performance of the industry, such as total number of passengers or RPK, will exceed 2019 values (Source: IATA – Global Outlook for Air Transport – June 2024). In relation to the cargo segment, it has gained new impetus again with the disruptions in the Middle East, which have forced a diversion in maritime routes, increasing the costs and risks associated with this type of transport to the benefit of air transport.

In this global context, TAP S.A. has maintained a geographic presence in its usual markets, assuming the risks of each of these markets with exception of the Middle East (as it has suspended its Tel Aviv route). The Group continued to consolidate its operations in the North American market, in addition to Brazil, which continues to be its main foreign market, with the South Atlantic and North Atlantic markets jointly accounting for approximately 50% of passenger air transport revenues during the first half of 2024, compared to around 49% in the first half of 2023. The value of the RPK indicator was 109% pf the value recorded in the same period of 2019 and 104% when compared to the same period in 2023.

Fuel price risk

Fuel is one of the main costs borne by the Group, with strong exposure to fluctuations in its price, which is usually reduced through financial derivatives. Thus, like other airlines, in order to deal with significant changes in the price of fuel, the Group contracts different types of derivative financial instruments to hedge the price of fuel, namely swaps and options.

The price of jet fuel in the first half of 2024 had a very volatile behavior, influenced by the combination of several factors. Starting from a value of USD 838.50 per tonne on 31 December 2023, the closing price for the half-year was USD 837.25 (28 June 2024) reaching a maximum of USD 942.75 in February and a minimum of USD 752.50 on 5 June 2024.

Increased refining margins, supply-side constraints due to OPEC+ cuts and geopolitical factors, including the possibility of the conflict spreading in the Middle East, caused notable gains in the price of jet fuel at the beginning of the year. However, as of 30 June 2024, the possibility of extending the conflict to Iran (oil producer) had not materialized and, as a result, prices fell to half-year lows in early June, a trend further supported by some slowdown in economies and significant discoveries of oil reserves that contributed to an oversupply. In June, the price of jet fuel rose again, supported by the higher demand usual before the summer months.

The fair value of jet fuel derivatives as of 30 June 2024, presents an unfavorable position of EUR 1.7 million, with no overhedge derivatives existing as of that date (Note 19).

Any sharp variations in the price of jet fuel after 30 June 2024 could have a significant impact on the Group's consolidated financial statements.

The Group is currently subject to changes in the prices of CO_2 emission allowances, which are acquired every year to comply with European Union standards ("EU ETS") for offsetting these emissions and, more recently, as a result of Brexit also from the United Kingdom ("UK ETS"). During the first half of 2024, the prices of licenses eligible for the "EU ETS" fluctuated between EUR 78.06 and EUR 66.87 per license, registering a depreciation of 14,3% during that period, and the prices of eligible licenses for the UK ETS fluctuated between GBP 44.07 and GBP 46.26, per license, registering a valuation of 5% during this period.

It should be noted that in the coming years the Group will also be covered by the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), a scheme to offset and reduce CO_2 emissions for international flights.

On the other hand, TAP S.A. is committed to incorporating at least 10% of SAF sustainable aviation fuel ("SAF") in all flights by 2030, reflecting its ambition to play an active role in the energy transition, going beyond the minimums required by the European Union, and reaffirming its commitment to building a more sustainable and responsible aviation sector.

Indeed, in the long term, the industry's environmental commitment to the carbon neutrality of its activity by 2050 - the first commitment of this type at industry level - represents another relevant challenge, since it requires a global economic model that is sustainable, inclusive and prosperous, certainly implying additional investment efforts and/or an increase in operating expenses. As such, until real progress towards the goals of the Paris Agreement can be observed, climate change and its multiple consequences will, most likely, weigh on the overall potential growth rate of the aviation industry.

Exchange rate risk

The Group acquires a significant part of goods and services from third parties in USD, assuming a set of liabilities in USD with lease contracts (Note 18). On the other hand, the Group has some assets in foreign currency, namely accounts receivable from its revenues that are generated in currencies other than the EUR (essentially USD and BRL).

During the first half of 2024, and compared to 31 December 2023, the EUR depreciated by 3.1% against the USD and appreciated by 9.9% against the BRL.

The EUR/USD pair recorded a semester of low volatility given the stabilization of economic growth, inflation and predictability of monetary policy in both the Eurozone and the United States of America. Central banks remained cautious about further interest rate cuts. The resilience of economies, demonstrated by indicators such as GDP growth and low unemployment rates, are factors that continue to create some pressure on central banks, especially in the United States of America, although inflation remains above the desired levels. Geopolitical events and other external risks also continue to threaten the current stability of financial markets.

Regarding the BRL, in the first half of 2024, there was a drop of 9.9% against the EUR, which represented one of the worst semesters of the BRL against the EUR since 2020. This significant devaluation can be attributed to a combination of factors internal and external to Brazil that affected both investor confidence and the country's economic stability.

Tighter monetary policies in Europe and the United States of America, where there have been fewer interest rate cuts so far, supported the devaluation of emerging market currencies, including the BRL, ending the half-year at 5.89 BRL per EUR, the highest value in the last 2 years.

The recent floods in Rio Grande do Sul have also had an impact on the Brazilian currency, with the impact of this natural catastrophe estimated to have represented about 0.5% of GDP, reducing its growth estimates, exports and increased public spending.

On the other hand, the deterioration of the Brazilian fiscal scenario has also become a concern this year, making the zero-deficit goal for 2024 more difficult to achieve. Inflation expected for 2024 has been growing above the target and was approximately 4% at the end of the semester (source: Banco do Brasil). Additionally, on 30 June 2024, the SELIC was set at 10.50%, representing a reduction of 1.25% compared to 11.75% in December 2023.

Finally, the Brazilian trade balance once again showed a surplus of USD 42.3 billion in the first half of 2024, but below the USD 44.6 billion in the same period last year. Although the exported volume reached a new record, the reduction in the balance also affects the BRL.
In Angola, after last year's events related to public debt and the price of oil, which led to an extreme devaluation of about 72% of the AOA, policies to control the inflow and outflow of foreign currency, as well as the stabilization of oil prices, allowed a new balance of the currency pair, with a devaluation of the AOA since the beginning of the year of about 2%.

In this context, in the first half of 2024 net foreign exchange losses of EUR 75.2 million were recorded, of which EUR 17.5 million in the consolidated income statement (Note 32), including mainly the negative effect related to the impact of the appreciation of the USD in the liabilities recorded, namely future rents related to aircraft leases. Since 1 January 2022, the Group designated in a hedging relationship the exchange rate risk associated with highly probable forecast sales which fare is determined in USD, using as hedging instruments a part of the lease liabilities denominated in USD, according to the amounts and dates of future cash flows from forecast sales and lease liabilities. The impact of the exchange rate adjustment of covered sales in the amount of EUR 96.2 million was recorded under the caption Other reserves (Note 15).

Interest rate risk

Central banks continue to await economic data that can ensure that inflation is under control. Although the latter has decreased, central banks ended up postponing most of the interest rate cuts that were planned at the beginning of the year.

The US Federal Reserve System chose to keep rates unchanged until the end of the first half of the year and the European Central Bank decided to reduce base rates by 25 bps only in June.

On 30 June 2024, the 1, 3, 6 and 12-month EURIBOR stood at 3.655%, 3.709%, 3.678%, 3.567%, respectively. It is expected that in the second half of the year there will be more cuts in interest rates, and the expectation for the end of the year that the interest rates on the deposit facility will reach 3.25% in the case of the European Central Bank reference rate and 5.00% in the reference rate of the US Federal Reserve.

The Group maintains two fixed-rate bond issues, therefore there is a very significant part of its debt that is not exposed to interest rate variations. On the other hand, part of the debt associated with lease agreements with a purchase option is contracted with a variable rate. Even so, the potential impacts of an increase in the general level of interest rates in the future would be relevant for the Group, essentially with regard to the amounts of debt that it may contract and may lead to an increase in the cost of leases, with the level of long-term interest rates being passed on to the aircraft's lease payments.

Regarding its credit risk, the Group maintained its ratings in this semester. In 2023, TAP S.A. upgraded its long-term credit rating from Standard & Poor´s Global Ratings Europe Limited ("S&P") from B+ to BB- (stable outlook) and upgraded its Corporate Family Rating from Moody's Investors Service ("Moody's") from B3 to B1 and maintained its Outlook as positive. In July 2024, Moody's revised TAP S.A.'s rating to Ba3.

Liquidity risk and capital management

The COVID-19 pandemic was responsible for the larges crisis in the history of the aviation sector, which reflected in the difficulty of obtaining liquidity for its companies, with capital raising for most companies in the sector being heavily dependent on state aid. TAP S.A. received its state aid in 2020, 2021, 2022, and at the beginning of 2024, with the receipt of the last tranche of this aid under the Approved Restructuring Plan, amounting to EUR 343 million, expected in December 2024.

Since the beginning of 2022 and with the activity rebound, the Group has maintained very comfortable levels of liquidity, which has continued to be carefully managed taking into consideration the activity seasonality. As such, the Group ended the semester with a cash position of EUR 1,175.7 million.

1.2. Continuity of operations

The Board of Directors of the Group understands that the consolidated financial statements of TAP S.A. Group as of 30 June 2024 must be prepared using the principle of continuity, based on the Approved Restructuring Plan (Introductory Note) which foresees a gradual growth of the activity, combined with a strategy to reduce the fleet, operating costs and of investment, having been obtained in the six-month period ended 30 June 2024 and in the years ended 31 December 2023 and 2022 positive operating and net results, higher than those estimated in the Approved Restructuring Plan.

Additionally, as of 30 June 2024, the Group presents a cash and cash equivalents balance of EUR 1,175.7 million, resulting from the approved State aid measures and positive operating cash flows in the first half of 2024, in the amount of EUR 550.9 million. It should also be noted that on 28 December 2022, the sole shareholder subscribed to a capital increase of EUR 980 million, of which EUR 637 million had been paid by 30 June 2024, with the remaining amount of EUR 343 million expected to be paid in December 2024.

Considering the above, the Board of Directors is convinced that the continuity of the Group's operations and liquidity are assured, based on the funding of estimated cash needs, as of this date, for a period of twelve months.

2 Summary of key accounting policies

The main accounting policies applied in drawing up these financial statements are described below.

2.1. Preparation Base

These financial statements relate to the six-month period ended 30 June 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 2024. Onwards, all those standards and interpretations will be generically called "IFRS".

The Board of Directors understands that these financial statements and the notes follow ensure an adequate presentation of the interim financial information prepared under of IAS 34 - Interim Financial Reporting, so they do not include all the information required for the annual financial statements, therefore they should be read in conjunction with the financial statements for the year ended 31 December 2023.

Consequently, part of the notes contained in the financial statements of the year ended 31 December 2023 are not disclosed, either because they have not undergone significant change, or because not materially relevant to an understanding of these financial statements.

These condensed financial statements have been prepared in accordance therewith accounting principles and policies, adopted by the Group in the preparation of the annual financial statements for the year ended 31 December 2023, including, essentially, an explanation of the relevant events and changes occurred during the current semester to understand the variations the Group's financial position and operating performance since the last date of the annual report.

The attached consolidated financial statements were prepared under the assumption of continuity of operations (Note 1.2), from the Group's accounting books and records, and based on historical cost, except for derivative financial instruments and investment properties, which are recorded at fair value.

In preparing the financial statements, in accordance with IFRS, the Board of Directors resorted to the use of critical estimates, assumptions and judgments with an impact on the value of assets and liabilities and on the recognition of income and expenses for each reporting period. Although these estimates are based on the best information available at the date of preparation of the financial statements, current and future results may differ from these estimates. The main assertions that involve a greater level of judgment or complexity, or the most significant assumptions and estimates for the preparation of these financial statements, are disclosed in the Note 2.3.

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

New standards, changes to standards and interpretations as mandated

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, not yet 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

IFRS 7 and IFRS 9 – 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 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, that 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 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 first half of 2024. It is not estimated that the new and changed standards referred in point 2 will have relevant impact in the financial statements of the Group.

2.2. Comparability of financial statements

The financial statements as of 31 December 2023 and 30 June 2023, presented for comparative purposes, are fully comparable.

2.3. Estimates and judgements

Preparing the financial statements requires that the Group's Board of Directors 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.'s 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.

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 8)**

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 should be noted that any future unfavorable deviations between actual results and those estimated in the Approved Restructuring Plan may significantly alter the value of the Group's deferred tax assets.

✈ **Post-employment benefits (Note 16)**

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 16. The Group's policy is to periodically review the main demographic and financial assumptions. As of 30 June 2024, these assumptions were reviewed, and no significant changes were observed compared to 31 December 2023.

✈ **Recognition of provisions and impairments (Notes 9, 10 and 17)**

The Group has several 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.

Impairments on accounts receivable (Note 9) are calculated based on the estimated credit risk for each customer profile and their financial situation.

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

✈ Non-current asset impairment losses – Air fleet (Notes 3 and 5)

As of 30 June 2024, the total consolidated non-current assets related to the aircraft fleet amount to EUR 3,145 million (EUR 3,092 million as of 31 December 2023).

The declaration of the pandemic by the World Health Organization resulted in a set of limitations on population mobility, compounded by the economic and social effects of the pandemic itself, leading to a significant decrease in activities carried out by the Group. Therefore, the Board of Directors deemed it necessary to perform impairment tests on the non-current assets related to the aircraft fleet as of 31 December 2022 and 2021.

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

Consequently, and considering the Approved Restructuring Plan and the approval of financial projections for the years 2022 to 2027 by the Board of Directors of TAP SGPS and TAP S.A. on 3 November 2021, containing a set of medium and long-term assumptions related to the evolution of the aircraft fleet and the level of activity and operational performance, framing the current situation and its impacts on air transport activity, were the basis of the recoverability analysis of tangible and intangible fixed assets related to air transport conducted by the Group's Board of Directors as of 31 December 2022, despite the positive deviation between actual and projected figures in the Approved Restructuring Plan.

It should be noted that the positive evolution of the Group's operation during the first semester of 2024 and the fiscal year 2023 compared to the assumptions considered in the Approved Restructuring Plan, taking into account that the operational results significantly exceeded those forecasted for those periods, did not result in changes in the impairment assessment of non-current assets conducted by the Group as of 31 December 2022. Consequently, impairment tests were not conducted on non-current assets related to the aircraft fleet as of 30 June 2024 and 31 December 2023, as there were no indications of impairment as of those dates.

Nevertheless, any unfavorable variations in future fiscal years between actual cash flows and those estimated in the Approved Restructuring Plan may have significant impacts on the calculation of the recoverable amount of these assets and consequently affect the financial and economic position of the Group.

✈ **Customer loyalty programme (Note 20)**

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 allocated and not used or expired at the end of each financial year, adjusted by the estimated number of miles to expire without usage, and the "stand-alone price", corresponding to the equivalent average value of the ticket, considering the history of miles redemption. 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 10,742 thousand and changing the stand-alone price by 10% would result in an impact on results of EUR 3.869 thousand.

✈ **Unused flight documents (Note 21)**

This item includes the amount of tickets sold to customers whose flight has not yet taken place and issued vouchers that have not yet been used.

The Group periodically analyses the balance of the "Unused flight documents" item in order to correct the amounts of tickets sold and issued vouchers for which coupons are no longer valid. The estimated amount of such coupons, which may not be exchanged or refunded, requires judgement by the Board of Directors. As such, changes in the assumptions used by the Group in the calculation of this estimate may have a significant impact on the consolidated financial statements.

Considering the impact of the COVID-19 pandemic, the Board of Directors has reviewed the policy on the use of unused flight documents, in particular, regarding the possibility of rebooking tickets at no additional cost and reimbursing passengers with vouchers with mark-up and extended validity periods. As of 30 June 2024, from a prudence perspective, and considering the various legislation in force in the several markets in which the Group operates, no revenue was recognized associated with vouchers issued in some markets during the years of COVID-19 and expired before 30 June 2024.

Had the Group recognized revenue on all issued and expired vouchers, the Group's results would have had a positive impact of approximately EUR 19.8 million.

✈ **Useful life and residual value of tangible fixed assets (Note 3)**

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 considering the practices adopted by the industry companies at international level.

✈ **Lease liabilities with and without purchase option (Notes 3 and 18)**

The Group recognizes assets under the right of use of 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 uses 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 3 and 17)**

The TAP S.A. Group is responsible for maintenance costs for aircraft operated under leases without purchase option. 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 Group accrues 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, considering 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 15 and 32)

In accordance with the financial risk management policy, since 1 January 2022, the Group designated in a hedging relationship the exchange rate risk associated with highly probable forecast sales which fare is determined in USD, using as hedging instruments a portion of aircraft lease liabilities denominated in USD, in accordance with 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, whose 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 fare is determined in USD.

For the purpose of determining the highly probable sales estimate, a time horizon of 6 years was considered, based on the Approved Restructuring Plan.

As of 30 June 2024, the determined coverage percentage amounts to 90%, with a 5% change in this percentage having an impact of approximately EUR 4.8 million on the Group's financial results.

3 Tangible fixed assets

During the six-month period ended 30 June 2024 and the fiscal year ended 31 December 2023, the movement under the item Property, plant and equipment, 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**
Acquisitions	-	572,525	54,928,130	-	1,648,498	978,086	480,893	3,060,905	49,429,356	142,761,772	253,860,165
Disposals	-	-	(217,939)	(146,615)	-	-	-	-	-	-	(364,554)
Renegotiations	-	-	-	-	-	-	-	-	-	45,378,888	45,378,888
Regularisation, transfer and write-off	-	808,587	14,091,516	(15,202)	(24,835)	(76,313)	24,892	(4,147,508)	(9,362,535)	(25,498,739)	(24,200,137)
30 June 2024	**41,110,528**	**161,423,887**	**1,697,425,627**	**1,779,790**	**36,571,010**	**56,052,112**	**14,365,763**	**18,604,545**	**157,971,111**	**4,169,900,571**	**6,355,204,944**
Accumulated deprec. 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 31)	-	5,625,514	74,550,384	14,416	957,854	1,414,634	283,899	-	-	389,956,776	472,803,477
Impairment losses (Note 31)	-	-	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**
Depreciations (Note 31)	-	2,671,602	38,535,416	6,234	521,845	424,998	168,269	-	-	185,431,652	227,760,016
Impairment losses (Note 31)	-	-	879,292	-	(49,422)	-	-	-	-	-	829,870
Disposals	-	-	(114,468)	(146,615)	-	-	-	-	-	-	(261,083)
Regularisation, transfer and write-off	-	-	(2,891,745)	(15,202)	(24,837)	(181,570)	-	-	-	-	(3,113,354)
30 June 2024	**-**	**109,305,198**	**668,820,432**	**1,736,734**	**22,134,762**	**53,359,074**	**12,397,732**	**-**	**-**	**2,256,823,831**	**3,124,577,763**
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 30 June 2024	**41,110,528**	**52,118,689**	**1,028,605,195**	**43,056**	**14,436,248**	**2,693,038**	**1,968,031**	**18,604,545**	**157,971,111**	**1,913,076,740**	**3,230,627,181**

As of 30 June 2024 and 31 December 2023, the "Right of use" item had the following composition:

	Buildings and other constructions	Aircraft and engine leases	ACMI	Redelivery and Maintenance	Transport equipment	Other tangible assets	Total
Assets							
1 janeiro 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 dezembro 2023	**1,832,381**	**2,371,660,257**	**819,541,421**	**813,449,235**	**775,356**	**-**	**4,007,258,650**
Acquisitions	-	8,111	157,450	139,563,781	-	3,032,430	142,761,772
Renegotiations	-	-	45,378,888		-	-	45,378,888
Regularisation, transfer and write-off	-	-	-	(25,498,739)	-	-	(25,498,739)
30 junho 2024	**1,832,381**	**2,371,668,368**	**865,077,759**	**927,514,277**	**775,356**	**3,032,430**	**4,169,900,571**
Accumulated depreciations							
1 janeiro 2023	**1,832,381**	**823,284,795**	**469,638,277**	**385,905,005**	**774,945**	**-**	**1,681,435,403**
Depreciations (Note 31)	-	192,090,755	114,019,976	83,845,634	411	-	389,956,776
31 dezembro 2023	**1,832,381**	**1,015,375,550**	**583,658,253**	**469,750,639**	**775,356**	**-**	**2,071,392,179**
Depreciations (Note 31)	-	93,931,529	50,004,927	41,238,811	-	256,385	185,431,652
30 junho 2024	**1,832,381**	**1,109,307,079**	**633,663,180**	**510,989,450**	**775,356**	**256,385**	**2,256,823,831**
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 30 June 2024	**-**	**1,262,361,289**	**231,414,579**	**416,524,827**	**-**	**2,776,045**	**1,913,076,740**

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

To guarantee the payment of amounts due under a loan agreement, with a national institution, in the amount of EUR 75 million, a mortgage was constituted on an urban building belonging to TAP S.A., consisting of twenty-nine office buildings, construction material and others, located at Lisbon Airport. Additionally, in February 2020, a second mortgage was taken out relating to a loan in the amount of EUR 25 million. As of 30 June 2024, the amount relating to the two loan agreements amounted to approximately EUR 68.8 million.

The main movements during the first half of 2024 are detailed as follows:

- The additions of basic equipment in the amount of EUR 54,928 thousand refer mainly to: (i) acquisition of one aircraft in the amount of EUR 43,922 thousand (to which were added pre-delivery payments transferred from the item advances to suppliers of tangible assets in the amount of EUR 14,396); (ii) capitalization of aircraft structural maintenance expenses in the amount of EUR 3,911 thousand; and (iii) acquisition of spares in the amount of EUR 3,022 thousand;

- The additions of advances to suppliers of tangible assets amounting to EUR 49,429 thousand pertain to pre-delivery payments for one A330NEO aircraft, three A321NEO aircraft, and four A320NEO aircraft, in the amounts of EUR 20,017 thousand, EUR 16,166 thousand, and EUR 13,246 thousand, respectively;

- The additions of other assets in progress in the amount of EUR 3,061 thousand refer essentially to: (i) the Leap engine capacity building project in the amount of EUR 1,109 thousand; and (ii) aircraft structural maintenance works in progress in the amount of EUR 1,359 thousand;

- ✈ The regularizations, transfers and write-offs under the heading advances to suppliers of tangible assets include the transfer of pre-delivery payments in the amount of EUR 14,396 thousand when acquiring an aircraft through a lease agreement with purchase option;

- ✈ The additions recorded in the caption "Right of use", essentially include: (i) capitalization of expenses with major maintenance in the amount of EUR 96,215 thousand; and (ii) the increase in the provision for redelivery and capitalization of expenses with non-recoverable maintenance reserves in the amount of EUR 43,349 thousand;

- ✈ The regularisation, transfers and write-offs under the "Right of Use" item essentially include a reduction in the amount of EUR 25,499 thousand resulting from the review of the redelivery provision and the capitalization of expenses with non-recoverable maintenance reserves;

- ✈ The renegotiation of lease contracts without a purchase option resulted in an increase in the item in the amount of EUR 45,379 thousand.

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

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

- ✈ Increase of advanced payments in the amount of EUR 14,129 thousand concern pre-delivery payments;

- ✈ Additions of other assets in progress in the amount of EUR 9,301 thousand relate essentially to: (i) Leap engine training project in the amount of EUR 3,104 thousand and (ii) expenses with major maintenance in progress in the amount of EUR 2,823 thousand;

- ✈ Regularizations, transfers and write-offs under the heading of advances to suppliers of tangible assets include the transfer of pre-delivery payments in the amount of EUR 43,932 thousand when acquiring three aircraft through lease agreements with purchase option;

- ✈ The additions to the right of use caption include, essentially: (i) two new ACMI contracts in the amount of EUR 20,905 thousand (subsequently terminated in November 2023); (ii) capitalization of major maintenance expenses in the amount of EUR 148,337 thousand; and (iii) increase in the redelivery provision and capitalization of expenses with 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 in the amount of EUR 1,610 thousand resulting from the revision of the redelivery provision and the capitalization of expenses with non-recoverable maintenance reserves and a reduction in the amount of EUR 16,327 thousand following the termination of the two ACMI contracts in November 2023;

- ✈ The renegotiation of lease contracts without purchase option resulted in an increase in the item in the amount 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 31).

As of 30 June 2024 and 31 December 2023, the "Basic equipment" (own assets) item had the following composition:

	Jun 24			Dec 23		
	Acquisition cost	Accumulated depreciation and impairment	Carrying amount	Acquisition cost	Accumulated depreciation and impairment	Carrying amount
Flight equipment						
Aircraft	181,364,186	(131,014,121)	50,350,065	74,700,311	(43,875,385)	30,824,926
Reserve engines	10,327,735	(2,678,439)	7,649,296	6,416,774	(2,532,088)	3,884,686
Spare parts	94,932,524	(60,016,079)	34,916,445	95,216,332	(60,114,417)	35,101,915
	286,624,445	(193,708,639)	92,915,806	176,333,417	(106,521,890)	69,811,527
Flight equipment under Leases with purcahse option						
Aircraft	1,169,637,579	(365,860,188)	803,777,391	1,212,368,925	(420,613,334)	791,755,591
Reserve engines	141,280,151	(33,114,858)	108,165,293	141,280,151	(29,771,261)	111,508,890
	1,310,917,730	(398,975,046)	911,942,684	1,353,649,076	(450,384,595)	903,264,481
Machinery and equipment	99,883,452	(76,136,747)	23,746,705	98,641,427	(75,505,452)	23,135,975
	1,697,425,627	**(668,820,432)**	**1,028,605,195**	**1,628,623,920**	**(632,411,937)**	**996,211,983**

As of 30 June 2024, the details of pre-delivery payments by aircraft type are presented as follows:

	Jun 2024			
	Nº. of aircraft	**Pre-delivery payments**	**Capitalized interest**	**Total**
Airbus A320 NEO	12	65,124,316	8,233,380	**73,357,696**
Airbus A321 NEO	10	45,268,921	7,293,768	**52,562,689**
Airbus A330 NEO	2	25,789,730	2,486,412	**28,276,142**
	24	**136,182,967**	**18,013,560**	**154,196,527**

In addition to the amounts presented in the table above, the item advances to suppliers of tangible assets includes an amount of EUR 3.8 million related to down payments for the acquisition of other assets.

As of 30 June 2024 and 31 December 2023, the Group's aircraft fleet is broken down as follows:

	Jun 24				Dec 23			
	Lease liabilities with purchase option	Lease liabilities without purchase option	ACMI	Total	Lease liabilities with purchase option	Lease liabilities without purchase option	ACMI	Total
Airbus A330	-	3	-	**3**	-	3	-	**3**
Airbus A330 NEO	3	16	-	**19**	3	16	-	**19**
Airbus A319	3	2	-	**5**	3	2	-	**5**
Airbus A320	3	12	-	**15**	3	12	-	**15**
Airbus A320 NEO	1	11	-	**12**	-	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**
	19	**61**	**19**	**99**	**18**	**61**	**19**	**98**

The Group ended the first half of 2024 with a fleet of 99 aircraft, a net increase of 1 aircraft compared to the end of 2023, in which the Group had a fleet of 98 aircraft. The increase is due to the integration into the operating fleet of an A-320 NEO aircraft in January 2024 which certification process was concluded in the end of 2023.

Additionally, one A-320 NEO aircraft was in phase-in process.

As of 30 June 2024, 68% of the medium and long-haul operational fleet was made up of NEO family aircraft.

4 Investment properties

For the six-month period ended 30 June 2024 and the year ended 31 December 2023, the movements under the caption investment properties were as follows:

	Jun 24	Dec 23
Opening Value	**1,903,882**	**1,690,000**
Transfers	-	717,703
Disposals	-	(492,000)
Fair value adjustments	-	(11,821)
Closing Balance	**1,903,882**	**1,903,882**

The transfers of EUR 717,703 in the year ended 31 December 2023, relate to the reclassification of two properties located in Argentina that were previously classified as tangible fixed assets (Note 3) and with a net book value of EUR 26 thousand. These assets were revalued at the time of the transfer, having generated a revaluation surplus of EUR 692 thousand recorded in the caption retained earnings. Also in that fiscal year, the Group sold the remaining fractions of a building in Portela whose carrying amount amounted to EUR 492 thousand, having generated a capital gain of EUR 97 thousand.

5 Intangible assets

For the six-month periods ended 30 June 2024 and the year ended 31 December 2023, "Intangible assets" roll-forward was as follows:

	Industrial property and other rights	Computer programmes	Assets in progress	Total
Acquisition cost				
Balance as of 01 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**
Acquisitions	-	5,792,434	3,650,838	**9,443,272**
Regularization, transfer and write-off	-	149,224	(149,224)	**-**
Balance as of 30 June 2024	**11,951,704**	**82,073,788**	**14,884,052**	**108,909,544**
Accumulated amort. and impairment losses				
Balance as of 01 January 2023	**11,951,704**	**53,364,271**	**-**	**65,315,975**
Amortisations and impairment losses (Note 31)	-	11,660,550	-	11,660,550
Balance as of 31 December 2023	**11,951,704**	**65,024,821**	**-**	**76,976,525**
Amortisations and impairment losses (Note 31)	-	4,919,735	-	4,919,735
Balance as of 30 June 2024	**11,951,704**	**69,944,556**	**-**	**81,896,260**
Carrying amount as of 31 December 2023	**-**	**11,107,309**	**11,382,438**	**22,489,747**
Carrying amount as of 30 June 2024	**-**	**12,129,232**	**14,884,052**	**27,013,284**

The main movements during the financial first half of 2024 are as follows:

- ✈ The increase in the computer programs line item, amounting to EUR 5,792 thousand, mainly relates to software licensing agreements;
- ✈ The increase in the assets in progress line item, amounting to EUR 3,651 thousand pertains to various software development and implementation projects supporting the operations, sales, and maintenance areas.

6 Financial holdings

The movement of financial holdings during the six-month period ended 30 June 2024 is detailed as follows:

	Jun 24				
	% Owned	Opening Balance	Acquisition	Increases/ Decreases	Closing Balance
SPdH	49.9%	-	2,490,020	(606,967)	1,883,053
		-		**2,490,020**	**1,883,053**

At the beginning of June 2024, the approval of SPdH's Insolvency Plan ("Insolvency Plan") became final, which includes the strategy for the financial recovery of SPdH. The Insolvency Plan establishes, among other aspects, a change in the shareholder structure of SPdH, with its capital now held by Menzies Aviation

(51.1%) and TAP S.A. (49.9%). The capital subscribed by TAP S.A. in the amount of EUR 2,490,020 was carried out through the conversion of credits into capital under the terms of articles 28 and 89 of the Portuguese Commercial Companies Code.

In addition, the 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. against SPdH, through the conversion of these credits into a shareholder loan (Notes 9 and 35).

As TAP S.A. does not control SPdH, as of 30 June 2024 the investment in that associate is recorded in accordance with the equity method. The decrease in the first half of 2024 in the amount of EUR 607 thousand refers to the appropriation of the net result for the month of June 2024 of this associate.

As of 30 June 2024, the financial investment in SPdH is detailed as follows:

	Jun 24
Financial participation - equity method	(15,781,473)
Goodwill	17,664,526
	1,883,053

As of 30 June 2024, the financial information relating to SPdH is detailed as follows:

	Jun 24				
	Assets	**Equity**	**Liabilities**	**Sales and services rendered**	**Net income/(loss) for the year**
SPdH	52,091,196	(27,892,279)	79,983,475	83,412,287	(5,592,134)

The financial information of SPdH has been adjusted for certain effects for the purposes of applying the equity method.

Given the current financial situation of SPdH, the Board of Directors determined the need to test the value of the financial participation in said associate for impairment, with reference to 30 June 2024. The impairment tests were based on the financial projections, payment plan to creditors and the recovery measures of SPdH included in the Insolvency Plan. Additionally, the impairment test considered a WACC of 9.2% and a perpetuity growth rate of 2%. Based on these assumptions, it was concluded that the carrying amount of the financial investment as of 30 June 2024, is recoverable.

7 Other financial assets

As of 30 June 2024 and 31 December 2023, the other financial assets item had the following composition:

	Jun 24	Dec 23
Bank deposits in Guinea Bissau	1,753,660	1,763,372
SITA Group Foundation	455,915	455,915
Other	47,388	47,388
	2,256,963	**2,266,675**
Impairment losses	(1,768,218)	(1,777,930)
	488,745	**488,745**

The amount presented for SITA Group Foundation mainly relates to 519,778 certificates (unquoted shares) in that company, which was founded by the *Société International de Télécommunications Aéronautiques* (SITA).

8 Deferred tax assets and liabilities

On 30 June 2024 and 31 December 2023, the tax rate used for calculating deferred tax assets relating to reportable tax losses was 21%. For the remaining temporary differences, the rate used was either 21% or 29.5%, depending on the estimated year of realization.

Tax relief, as it is a collection deduction, is considered to be 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 temporary differences between accounting and taxable amounts as of 30 June 2024 and 31 December 2023, the corresponding deferred tax assets and liabilities and the respective effect on the results for the six-month period ended 30 June 2024 and the fiscal year ended 31 December 2023, are as follows:

	Jun 24			
	Opening balance	Effect in results (Note 33)	Effect in other comprehensive income	Closing balance
Deferred tax assets				
Tax losses carried forward	144,558,662	-	-	144,558,662
Post-employment benefits obligations	51,430,125	(500,227)	3,315,103	54,245,001
Impairment losses in inventories	4,419,042	(742,452)	-	3,676,590
Impairment losses of receivables	234,812,262	2,286,386	-	237,098,648
Other provisions and adjustments not accepted for tax purposes	49,709,784	(3,763,550)	-	45,946,234
Impairment losses in fixed assets	1,183,826	(87,337)	-	1,096,488
Derivative financial instruments	188,681	-	311,790	500,471
	486,302,382	**(2,807,180)**	**3,626,893**	**487,122,094**
Deferred tax liabilities				
Revaluation of tangible fixed assets	12,837,745	(641,375)	-	12,196,370
Adjustments from IFRS 16 and IFRS 9	70,075,940	14,886,090	(17,011,512)	67,950,518
	82,913,685	**14,244,715**	**(17,011,512)**	**80,146,888**
	403,388,697	**(17,051,895)**	**20,638,405**	**406,975,206**

	Dec 23			
	Opening balance	Effect in results (Note 33)	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
Derivative financial instruments	-	-	-	-
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 2023 State Budget, approved in 2022, put an end to the time limit for reporting tax losses and reduced the annual limit for deduction from taxable income from 70% to 65%, applying these changes to the deduction of losses from taxable income tax periods beginning on or after 1 January 2023, as well as tax losses calculated in tax periods prior to 1 January 2023, whose deduction period is still in progress. The economic and social stabilization program published in 2020 established an increase in the percentage of deduction of tax losses generated in 2020 and 2021 by ten percentage points, having this increase been maintained with the approval of the 2023 State Budget.

The Group considers that the reportable tax losses generated in 2015, 2021 and 2022 are recoverable, through their use in reducing future taxable results (calculated based on the individual financial statements of TAP S.A., prepared in accordance with the Accounting Standards System – "SNC") considering the projections of future taxable income, as included in the Approved Restructuring Plan and in the projections approved by the Board of Directors of the TAP Group in the sensitivity analysis presented to the European Commission in November 2021 related to the period 2026 – 2027, with a linearization of fiscal results for the remaining periods.

It should be noted that, contrary to what was estimated in the Approved Restructuring Plan, for the fiscal year 2023 tax profits were generated, having been deducted to the income tax payable, tax losses from 2015 and 2021 in the amounts of EUR 45.3 million and EUR 7.0 million, respectively.

Considering the aforementioned assumptions, the recovery of deferred tax assets recorded as of 30 June 2024 is expected over a period between 10 and 12 years, considering different sensitivity scenarios.

For the purposes of analysing the recoverability of deferred taxes, a haircut/increasing risk premium factor arising from the time horizon (5.97%/year) was applied.

It should be noted that, despite the Group having exercised its legitimate right of challenge, no deferred tax assets were recorded related to the tax losses carried forward resulting from the securitisation operation in the years 2014 and 2015 amounting to EUR 99 million, currently under dispute in a tax court.

The detail of tax losses as of 30 June 2024, is as follows:

	Without securitization	Securitized	Total	Deadline for deduction
2014	-	31,071,827	31,071,827	No deadline
2015	56,046,478	67,927,000	123,973,478	No deadline
2021	542,258,732	-	542,258,732	No deadline
2022	90,069,372	-	90,069,372	No deadline
	688,374,582	**98,998,827**	**787,373,409**	

9 Other accounts receivable

As of 30 June 2024 and 31 December 2023, the detail of the other receivables item is as follows:

	Jun 24		Dec 23	
	Current	**Non-current**	**Current**	**Non-current**
Customers	396,359,554	-	352,648,295	-
Security deposits of lease contracts	2,864,815	36,976,289	2,713,652	35,981,107
Recoverable maintenance reserves	42,335,675	62,663,909	23,307,613	67,040,574
Advances to suppliers	31,649,973	-	18,701,192	-
Accrued income	68,342,267	-	38,735,235	-
Other debtors	1,519,276,631	65,221,176	1,844,332,616	19,839,395
	2,060,828,915	**164,861,374**	**2,280,438,603**	**122,861,076**
Receivables impairment losses	(1,167,494,119)	(1,921,388)	(1,152,064,266)	(1,921,388)
	893,334,796	**162,939,986**	**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 30 June 2024 and 31 December 2023, customers caption is detailed as follows:

	Jun 24	Dec 23
Private entities	221,782,316	204,198,199
Clients with doubtful payment	61,096,570	61,095,810
Travel agencies	65,845,775	44,178,765
Related parties (Note 37)	17,700,644	17,235,060
Airline companies	11,852,324	8,885,618
Other	18,081,925	17,054,843
	396,359,554	**352,648,295**
Impairment	(89,142,327)	(89,623,660)
	307,217,227	**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.

Following the approval by the European Commission on 21 December 2021 of the Restructuring Plan and the shareholder changes that occurred at TAP S.A., in 2021, the Board of Directors identified the need to recognize impairment losses on accounts receivable from related parties. Consequently, as part of the process of closing down TAP SGPS's Brazilian subsidiary, as of 30 June 2024, the related parties line includes an amount of EUR 16.5 million receivable from TAP ME Brasil, for which there is an equivalent accumulated impairment.

The increase in the balance of the customers caption is mainly due to the effect of the seasonality of air transport.

✈ Security deposits of lease contracts

Security deposits are made under lease contracts without purchase options for aircraft and engines which will be returned, without interest, as such aircraft and engines are returned to the lessors. In addition, as of 30 June 2024, the deferred costs item includes an amount of EUR 16.5 million related to the financial discount cost of these receivables, to be recognised during the term of the respective lease contracts (Note 12).

✈ Recoverable maintenance reserves

The recoverable maintenance reserves item refers to maintenance reserves paid on lease contracts without purchase option, which will be carried out during the contract period.

✈ Advances to suppliers

As of 30 June 2024 and 31 December 2023, the “Advances to suppliers” item is detailed as follows:

	Jun 24	Dec 23
Related parties (Note 37)	556,596	601,155
Others	31,093,377	18,100,037
	31,649,973	**18,701,192**

The item “Others” includes advanced payments to suppliers of several natures, namely insurance companies and airport management entities.

✈ Accrued income

As of 30 June 2024 and 31 December 2023, “Accrued income” item is detailed as follows:

	Jun 24	Dec 23
Works for aviation companies	39,733,656	19,940,489
Miles	7,455,817	7,453,100
Related parties (Note 37)	5,632,869	4,053,182
Airport facilities - incentives	312,999	312,999
Interest on bank deposits	10,105,703	2,489,151
Other	5,101,223	4,486,314
	68,342,267	**38,735,235**

The increase in the balance of the work for aviation companies line primarily relates to ongoing projects for third parties, resulting from the growth in maintenance and engineering activity.

The increase in the interest balance of bank deposits is essentially related to the increase in the balance of term deposits.

✈ Other debtors

As of 30 June 2024 and 31 December 2023, the other debtors is detailed as follows:

	Jun 24		Dec 23	
	Current	Non-current	Current	Non-current
Related parties (Note 37)	1,085,063,531	60,719,613	1,094,610,455	14,501,042
Unrealized share capital (Notes 14 and 37)	338,236,974	-	676,540,088	-
Deposits and guarantees	48,617,758	-	16,024,293	-
Employees	15,210,601	-	18,944,312	-
Interline and other invoicing	8,124,364	-	9,537,870	-
Doubtful accounts	5,421,539	-	5,329,910	-
Representations VAT	4,231,589	-	4,634,605	-
Post-employment benefits (Note 16)	-	2,446,891	-	2,383,062
Other	14,370,275	2,054,672	18,711,083	2,955,291
	1,519,276,631	**65,221,176**	**1,844,332,616**	**19,839,395**
Impairment	(1,078,351,792)	(1,921,388)	(1,062,440,606)	(1,921,388)
	440,924,839	**63,299,788**	**781,892,010**	**17,918,007**

As mentioned in the Introductory Note, on 27 December 2022 the sole shareholder subscribed a capital increase of EUR 980 million, having paid until 30 June 2024 the total amount of EUR 637 million (EUR 294 million in December 2022 and EUR 343 million in January 2024), with the remaining amount expected to be received in December 2024. As of 30 June 2024, the balance of the capital increase to be carried out, financially discounted, is recorded under unrealized share capital item, in the amounts of EUR 338.2 million.

As of 30 June 2024, the related parties line includes a balance receivable from TAP SGPS amounting to EUR 1,061.7 million, which primarily arises from its management of financial investments in TAP ME Brasil, Portugália (and previously also SPdH), for which there is an accumulated impairment of EUR 1,061.3 million. The line also includes EUR 56.9 million receivable from Portugália (EUR 6.3 million in current assets and EUR 50.6 million in non-current assets), mainly related to the re-invoicing of maintenance reserves paid by Portugália under lease agreements without purchase option. Additionally, it includes EUR 11.6 million receivable from TAP ME Brasil, for which it is recorded an accumulated impairment in the same amount, resulting from the process of closing down TAP SGPS's Brazilian subsidiary.

The increase in the balance of the deposits and guarantees item is essentially due to the collateral payments related with the contracting of jet fuel derivatives.

✈ Impairment losses on current receivables

The movement that occurred under the impairment losses on receivables item during the six-month period ended 30 June 2024 and during the year ended 31 December 2023 is as follows:

	Jun 24		Dec 23	
	Clients	Others	Clients	Others
Opening balance	89,623,660	1,062,440,606	90,018,096	1,024,683,205
Increases (Notes 27 and 30)	446,276	28,109,071	4,371,721	40,256,893
Reversals (Note 27)	(934,739)	(11,119,050)	(40,872)	(418,882)
Utilization	452,572	-	(4,204,002)	(2,709,120)
Exchange (Note 32)	(445,442)	(1,078,835)	(521,283)	628,510
Closing balance	**89,142,327**	**1,078,351,792**	**89,623,660**	**1,062,440,606**

During the first half of 2024, impairment losses on accounts receivable from TAP SGPS were reinforced by EUR 28.0 million (Note 30).

Following the approval of SPdH's Insolvency Plan, which sets, among others, a payment plan for TAP S.A.'s credits, in June 2024 it was reversed the impairment loss in the amount of EUR 10.8 million that was recorded as of 31 December 2023 regarding those credits.

The detail of the accumulated impairment losses for related parties is disclosed in Note 37.

10 Inventories

The caption "Inventories" as of 30 June 2024 and 31 December 2023, is detailed as follows:

	Jun 24	Dec 23
Raw materials and consumables	85,713,276	93,696,437
Inventory impairment losses	(12,463,016)	(14,979,802)
	73,250,260	**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 that occurred under the impairment losses on inventories item for the six-month period ended 30 June 2024 and the fiscal year ended 31 December 2023, is detailed as follows:

	Jun 24	Dec 23
Opening balance	14,979,802	15,380,857
Increases (Note 27)	13,356	3,052,181
Decreases (Note 27)	(128,386)	(10,933)
Utilization	(2,401,756)	(3,442,303)
Closing balance	**12,463,016**	**14,979,802**

11 Income tax receivables / payables

As of 30 June 2024 and 31 December 2023, the balance concerning income tax receivables or payables is detailed as follows:

	Jun 24		Dec 23	
	Current assets	Current liabilities	Current assets	Current liabilities
State and Other Public Entities				
Other	(96,545)	(19,326)	-	(19,326)
Withholding taxes	15,652,987	-	11,371,015	-
Current income tax 2023 (Note 33)	(8,144,565)	-	(8,144,565)	-
Current income tax 2024 (Note 33)	18,062,214	-	-	-
	25,474,091	**(19,326)**	**3,226,450**	**(19,326)**
	25,474,091	**(19,326)**	**3,226,450**	**(19,326)**

12 Other current and non-current assets

Other current and non-current assets as of 30 June 2024 and 31 December 2023, are detailed as follows:

	Jun 24		Dec 23	
	Current	Non-Current	Current	Non-Current
Deferred costs	91,453,615	14,520,097	57,701,140	15,080,108
State and other public entities	5,811,282	-	6,263,545	-
	97,264,897	**14,520,097**	**63,964,685**	**15,080,108**

✈ Deferred costs

As of 30 June 2024 and 31 December 2023, the caption “Deferred costs” is detailed as follows:

	Jun 24		Dec 23	
	Current	Non-Current	Current	Non-Current
Security deposits (Note 9)	1,992,673	14,520,097	1,934,007	15,080,108
Related Parties (Note 37)	112,967	-	112,967	-
Commissions	39,338,789	-	28,075,581	-
CO2 emission rights	22,677,524	-	13,685,631	-
Maintenance	7,175,128	-	6,753,935	-
Specialized work	4,983,710	-	5,602,462	-
Rental costs	141,278	-	33,132	-
ACMI	3,487,625	-	-	-
Other	11,543,921	-	1,503,425	-
	91,453,615	**14,520,097**	**57,701,140**	**15,080,108**

The caption Commissions relates to amounts paid to agents for tickets sold, but not yet flown and not expired.

The balance of CO_2 emission rights refers to the surplus of allowances acquired by the Group compared to its consumptions in 2023 and 2024

The increase in the balance of the item “Others” compared to 31 December 2023 is essentially due to the deferral period of expenses invoiced annually at the beginning of the year and the fact that as of 30 June 2024 the item includes the amount of EUR 5.2 million relating to IT projects.

- **State**

As of 30 June 2024 and 31 December 2023, the caption “State” is detailed as follows:

	Jun 24	Dec 23
VAT	3,216,718	4,465,510
Other taxes	2,594,564	1,798,035
	5,811,282	**6,263,545**

As of 30 June 2024 and 31 December 2023, the balance of VAT owed refers to requests for reimbursement not yet received.

13 Cash and cash equivalents

As of 30 June 2024 and 31 December 2023, the detail of cash and cash equivalents is detailed as follows:

	Jun 24	Dec 23
Bank deposits available on demand	522,852,638	455,174,298
Term deposits	652,323,898	333,736,218
Other deposits	480,593	445,982
Cash	77,006	31,200
Cash and cash equivalents	**1,175,734,135**	**789,387,698**

14 Equity

As mentioned in the Introductory Note, on 24 May 2021 the Portuguese State, through the Directorate-General for Treasury and Finance, carried out a capital increase in TAP S.A. in the amount of EUR 462 million.

In this context, the shareholder structure of TAP S.A. changed to the following:

- The Portuguese Republic, through the Directorate-General for the Treasury and Finance, holding 91.8% of the shares representing share capital and voting rights; and
- TAP SGPS holding 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) 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 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 TAP SGPS, through the conversion of supplementary payments, in the total amount of EUR 154,353,400;
- The reduction of its share capital to EUR 0, for partial coverage of losses;
- The increase in its share capital from EUR 0 to EUR 1,794,544,230, fully subscribed by the Portuguese Republic, through the Directorate-General for the Treasury and Finance, 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., 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 these operations, TAP S.A. has the Portuguese Republic as its sole and direct shareholder, through the Directorate-General for Treasury and Finance, with no material change in the control exercised over TAP S.A., as the Portuguese Republic was already the beneficial owner of TAP S.A..

Still following the decision of the European Commission dated 21 December 2021 which approved the TAP Group's Restructuring Plan and the granting of restructuring aid, under the terms of which it was foreseen to grant a tranche of the said aid until the end of the fiscal year 2022, on 27 December 2023, the following corporate transactions were approved by means of 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, for partial coverage of losses;
b) The increase in its share capital from EUR 0 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.

Consequently, the share capital of TAP S.A. became EUR 980,000,000, represented by 196,000,000 shares, with a nominal unit value of EUR 5.00, of which EUR 637,000,000 have been paid up as of 30 June 2024 and the receipt of the last tranche of EUR 343,000,000 from the sole shareholder is scheduled for December 2024.

15 Other equity items

✈ 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 but may be incorporated into the capital or used to absorb losses after the other reserves have been exhausted.

Following the capital increases in 2021 and 2022, as of 30 June 2024, the legal reserve is not yet fully constituted.

✈ Fair value reserves

As of 30 June 2024, the amount of EUR 1,196,042, presented under the “Fair value reserves” item, is the fair value of financial instruments classified as hedging amounting to EUR 1,696,513, net of deferred tax amounting to EUR 500,471 (Notes 8 and 19).

✈ Other reserves

As of 30 June 2024, the caption “Other reserves” includes the amount of EUR 96,151,534, net of deferred tax in the amount of EUR 28,364,702 (Notes 8 and 32), referring to net exchange losses arising from the exchange rate adjustment of lease liabilities in USD, for which a hedging relationship was defined with highly probable forecast sales which fare is determined in USD, with reference to 1 January 2022 (Note 2.3).

This caption also includes the reserve set up in 2010 resulting from the merger by the incorporation of Air Portugal Tours, S.A. in the amount of EUR 200,588.

Other variations in equity

The balance recorded under the caption as of 30 June 2024 in the amount of EUR 4.8 million (EUR 9.5 million as of 31 December 2023) concerns the financial discount effect on accounts receivable scheduled for December 2024 from the sole shareholder (Note 9), relating to the capital increase subscribed on 27 December 2022 and not realized yet (Note 14).

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.

16 Pensions and other post-employment benefits

✈ 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 establishes 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:

- <u>Pilots recruited before 31 May 2007</u>: 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;

- <u>Pilots recruited after 1 June 2007</u>: 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 30 June 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 liabilities of the Group were calculated through actuarial studies reported as of 30 June 2024 and 31 December 2023, prepared by independent entities, individually for each company, using the "Projected Unit Credit Method" and essentially based on the following financial and demographic assumptions:

	Jun 24		Dec 23	
	Portugal VIVA	Portugal Jubileu	Portugal VIVA	Portugal Jubileu
Mortality table	TV 88/90	TV 88/90	TV 88/90	TV 88/90
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 rate				
Wages	[3.73%(2024)-2.33%(2025)-5.17%(2026)-2.13%(2027+)]	[5.10%(2024)-4.10%(2025)-4.00%(2026)-3.00%(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 reviews the actuarial assumptions periodically whenever relevant events occur, based on market financial information and information related to the beneficiaries covered by these plans. The salary growth rate is based on the best estimate at the time, taking into account the Group's ongoing Restructuring Plan.

Liabilities as of 30 June 2024 and 31 December 2023, are detailed as follows:

	Jun 24							
	VIVA Fund	VIVA Pensions	Health Care	Jubileu Bonus	Brazil Representation	Sub-total Pensions	England Representation (Note 9)	Total
Liabilities from past services								
- Active employees	503,040	106,837,764	-	94,846,258	525,408	202,712,470	-	202,712,470
- Early retirement	197,500	2,359,719	115,492	-	-	2,672,711	-	2,672,711
- Retired	8,753,988	30,691,468	2,132,616	-	-	41,578,072	20,223,777	61,801,849
Fair value of the fund	(13,903,945)	-	-	(46,329,578)	(401,480)	(60,635,003)	(22,670,668)	(83,305,671)
Defit/(surplus)	**(4,449,417)**	**139,888,951**	**2,248,108**	**48,516,680**	**123,928**	**186,328,250**	**(2,446,891)**	**183,881,359**

	Dec 23							
	VIVA Fund	VIVA Pensions	Health Care	Jubileu Bonus	Brazil Representation	Sub-total Pensions	England Representation (Note 9)	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 to pension defined benefit plans for the second half of 2024, amounts to approximately EUR 3 million.

As of 30 June 2024 and 31 December 2023, the Group's defined benefit plans in Portugal (excluding the UK and Brazil representations) covered 1,250 beneficiaries in active employment. The total number of retired and pre-retired employees entitled to a pension supplement on 30 June 2024 and 31 December 2023, was 475 and 492 recipients, respectively.

As of 30 June 2024, the average maturity of the liabilities related to the defined benefit plan for the VIVA fund 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 of the VIVA pension fund and Retirement Bonus would correspond to the following impacts on the Group's liabilities as of 30 June 2024 and 31 December 2023, as follows:

Jun 24	Rate	VIVA Plan*	Jubileu Bonus
Annual discount rate of pensions	3.50%	149,343,479	94,846,258
0.25% increase in the discount rate	3,75%	144,673,270	91,901,318
0.25% decrease in the discount rate	3,25%	154,304,476	97,791,198

* Includes "VIVA Pensions" and "VIVA Fund"

Dec 23	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 30 June 2024 and 31 December 2023, is as follows:

	Rate	Jun 24	Dec 23
Annual growth rate of medical costs	1.50%	2,248,108	2,369,678
1% increase in the growth rate of medical costs	2.50%	2,395,444	2,525,818
1% decrease in the growth rate of medical costs	0.50%	2,115,607	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 30 June 2024 and 31 December 2023, is as follows:

	Rate	Jun 24	Dec 23
Growth rate of VIVA Pension fund (*)	1.00%	149,343,479	141,786,228
0.25% increase in the Pension growth rate	1.25%	152,420,234	144,834,055
0.25% decrease in the Pension growth rate	0.75%	146,394,233	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 period ended 30 June 2024 and 31 December 2023, is as follows:

	Jun 24						
	VIVA Fund	VIVA Pensions	Health Care	Jubileu Bonus	Brazil Representation	England Representation	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	-	-	-	-	(27,437)	527,557	500,120
Values recorded through profit or loss for the year:							
Current services	131,296	1,666,733	-	2,097,822	-	-	3,895,851
Net interest	162,598	2,315,161	82,939	1,596,870	-	-	4,157,568
Anticipated liquidation	-	-	-	(2,148,574)	-	-	(2,148,574)
Actuarial gain and losses	(3,073)	6,856,674	(204,509)	4,588,536	-	-	11,237,628
Benefits paid	-	(3,572,138)	-	(3,408,583)	-	-	(6,980,721)
Liabilities at the end of the year	**9,454,528**	**139,888,951**	**2,248,108**	**94,846,258**	**525,408**	**20,223,777**	**267,187,030**

	Dec 23						
	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
Transfers	-	-	-	-	-	-	-
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
Benefits paid	-	(11,218,158)	-	(1,172,512)	(15,932)	-	(12,406,602)
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 period ended 30 June 2024 and 31 December 2023, the evolution of the assets of the funds was as follows:

	Jun 24				
	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
Contributions in the year	-	3,000,000	-	-	3,000,000
Net interest	604,189	353,901	-	-	958,090
Benefits paid	-	(3,408,583)	-	-	(3,408,583)
Exchange variation	-	-	(20,965)	591,386	570,421
Closing Balance	**13,903,945**	**46,329,578**	**401,480**	**22,670,668**	**83,305,671**

	Dec 23				
	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 and their category of amounts included as of 30 June 2024 and 31 December 2023, is as follows:

	Jun 24			
	VIVA Fund	Jubileu Bonus	England Representation	Total
Shares	5,397,559	-	2,928,332	8,325,891
Bonds	3,857,220	45,815,320	1,243,771	50,916,311
Public debt	3,674,158	-	-	3,674,158
Real estate	465,591	-	-	465,591
Liquidity	509,417	514,258	458,615	1,482,290
Other current investments	-	-	18,039,950	18,039,950
	13,903,945	**46,329,578**	**22,670,668**	**82,904,191**

	Dec 23			
	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:

	Jun 24						
	VIVA Fund	VIVA Pensions	Health Care	Jubileu Bonus	Brazil Representation	England Representation	Total
Current Services	131,296	1,666,733	-	2,097,822	-	-	3,895,851
Early redemptions	-	-	-	(2,148,574)	-	-	(2,148,574)
Net interest	(441,591)	2,315,161	82,939	1,242,969	-	-	3,199,478
Total (notes 26 and 32)	**(310,295)**	**3,981,894**	**82,939**	**1,192,217**	**-**	**-**	**4,946,755**

	Dec 23						
	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 (notes 26 and 32)	**(594,029)**	**5,443,222**	**88,248**	**2,954,414**	**-**	**(1,488,982)**	**6,402,873**

The Group pilots recruited after 1 June 2007 by TAP S.A., benefit from a defined contribution plan. During the first half of 2024, expenses related to on post-employment benefits were recognised in the amount of EUR 2,500 thousand (30 June 2023: EUR 1,406 thousand), relating to contributions made during the year in favour of its employees (Note 26).

Expenditures with pensions and other post-employment benefits during the six-month periods ended 30 June 2024 and 2023 are recorded under the employee costs caption (Note 26), interest and similar expenses caption (Note 32) and other income caption (Note 24).

Remeasurement gains/losses

The remeasurement gains/losses related to post-employment benefit plans are detailed as follows:

	Jun 24					
	VIVA Fund	VIVA Pensions	Health Care	Jubileu Bonus	England Representation	Total
Remeasurements						
Return of assets, excluding amounts included in net income	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**
(Gains)/losses due to changes in financial assumptions	-	-	-	-	-	-
(Gains)/losses due to experience	(3,073)	6,856,674	(204,509)	4,588,536	-	11,237,628
	(3,073)	**6,856,674**	**(204,509)**	**4,588,536**	**-**	**11,237,628**
Total remeasurements	**(3,073)**	**6,856,674**	**(204,509)**	**4,588,536**	**-**	**11,237,628**

	Dec 23					
	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 in the first half of 2024 referring to deviations of experience in the amount of EUR 11,239 thousand were motivated, among other factors, by deviations in the payment of premiums, early redemptions and mortality considered in the actuarial calculation.

The actuarial losses recognized in the year ended 31 December 2023 referring to changes in financial assumptions in the VIVA pensions and Jubilee Awards, in the total amount of EUR 78,004 thousand, are essentially due to agreements entered into with employee unions, regarding the salary conditions of pilots.

The remeasurement gains/losses were recognised directly in the Group’s comprehensive income.

17 Provisions

During the six-month period ended 30 June 2024 and the fiscal year ended 31 December 2023, the caption “Provisions” had the following movement:

	Provision for legal claims (Note 27)	Other (Note 27)	Redelivery costs (Notes 3 and 27)	Total	Restructuring provision (Note 29)	Total
1 January 2023	**52,569,166**	**39,556,775**	**190,753,250**	**282,879,191**	**15,072,695**	**297,951,886**
Increases	18,892,044	31,189,426	58,026,462	108,107,932	-	108,107,932
Reversals	(6,040,172)	(1,877,737)	(6,711,028)	(14,628,937)	(503,220)	(15,132,157)
Uses	(3,592,172)	(25,148,171)	(39,261,796)	(68,002,139)	(12,460,691)	(80,462,830)
Exchanges 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**	**307,343,562**
Increases	3,932,658	13,092,983	37,754,497	54,780,138	-	54,780,138
Reversals	(1,629,653)	(25,869)	(2,328,693)	(3,984,215)	-	(3,984,215)
Utilization	(824,922)	(25,101,068)	(13,083,822)	(39,009,812)	(723,838)	(39,733,650)
Exchange and interests	-	-	12,222,534	12,222,534	-	12,222,534
30 June 2024	**63,306,949**	**31,686,339**	**234,250,135**	**329,243,423**	**1,384,946**	**330,628,369**

✈ Provision for legal claims

Provisions for ongoing legal proceedings 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 30 June 2024, the existing provision of EUR 63.3 million is intended to deal with various legal proceedings brought against the Group in Portugal and abroad.

- ✈ **Others**

As of 30 June 2024, the balance of the caption includes, among other estimations, a provision in the amount of EUR 16.1 million (EUR 28.4 million as of 31 December 2023) regarding indemnities to be paid to passengers.

- ✈ **Redelivery costs**

Increases in the redelivery provision are recognised against the Right-of-use caption (Note 3) and are then subject to depreciation. The variation recognised against 31 December 2023, is the effect of the redelivery estimate update made on 30 June 2024, considering the best information available on that date.

- ✈ **Restructuring provision**

As part 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 Group's financial and economic sustainability.

As of 30 June 2024, and considering the payments already made, the balance of the provision for restructuring expenses amounts to EUR 1.4 million, which refers to future payments already agreed upon.

18 Borrowings and Lease liabilities with and without purchase option

As of 30 June 2024 and 31 December 2023, Borrowings and lease liabilities with and without purchase option are detailed as follows:

	Jun 24		Dec 23	
	Current	**Non-Current**	**Current**	**Non-Current**
Bank loans	44,935,374	111,638,147	44,936,621	134,044,959
Interest accrued	1,775,065	-	1,947,945	-
Initial expenses	(103,262)	(323,295)	(326,957)	(321,686)
Remunerated bank debt	**46,607,177**	**111,314,852**	**46,557,609**	**133,723,273**
Bonds	404,696,674	70,188,697	404,038,713	71,859,487
Interest accrued	2,224,005	-	2,272,500	-
Initial expenses	(1,120,624)	(5,590,959)	(2,383,729)	(5,579,384)
Bond issuance	**405,800,055**	**64,597,738**	**403,927,484**	**66,280,103**
Lease liabilities with purchase option	95,613,719	715,125,090	87,998,018	699,249,104
Interest accrued	3,816,647	-	4,066,290	-
Initial expenses	(164,843)	(1,000,723)	(367,132)	(987,928)
Lease liabilities with purchase option	**99,265,523**	**714,124,367**	**91,697,176**	**698,261,176**
Lease liabilities without purchase option	**291,874,368**	**1,456,464,863**	**302,656,699**	**1,498,461,708**
Total borrowings and lease liabilities	**843,547,123**	**2,346,501,820**	**844,838,968**	**2,396,726,260**

✈ Net debt

As of 30 June 2024 and 31 December 2023, net debt is detailed as follows:

	Jun 24	Dec 23
Borrowings except Lease liabilities without purchase option		
Non-Current	890,036,957	898,264,552
Current	551,672,755	542,182,269
	1,441,709,712	**1,440,446,821**
Cash and Cash Equivalents (Note 13)		
Cash	77,006	31,200
Bank deposits available on demand	522,852,638	455,174,298
Other deposits	652,804,491	334,182,200
	1,175,734,135	**789,387,698**
Net debt	**265,975,577**	**651,059,123**

As of 30 June 2024 and 31 December 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:

	Jun 24	Dec 23
Variable rate		
Up to 1 year	86,589,931	81,762,221
1 to 2 years	83,275,976	78,328,564
2 to 3 years	68,629,279	89,199,993
Over 3 years	235,384,313	210,203,993
	473,879,499	**459,494,771**
Fixed rate		
Up to 1 year	465,082,824	460,420,048
1 to 2 years	62,751,591	61,950,882
2 to 3 years	53,906,589	56,138,272
Over 3 years	386,089,209	402,442,848
	967,830,213	**980,952,050**
	1,441,709,712	**1,440,446,821**

✈ Bank loans

This item includes EUR 85.6 million related to financing with a syndicate of banks. According to the conditions established in the Share Purchase Agreement, supplemented by the TAP Group’s Debt Restructuring and Monitoring Agreement (entered into by various banking entities, TAP SGPS, TAP S.A., and Portugália as borrowers, and Parpública and Atlantic Gateway as shareholders), as of 30 June 2017, the bank debt was restructured, with the main changes relating to the maturities and conditions of the financing, namely the applicable interest rate and spread.

In addition, the bank loans caption includes two loans with a national credit institution of EUR 68.8 million.

This caption also includes a borrowing from an American bank in the amount of EUR 3.5 million.

✈ Bond loans

TAP S.A. issued a private bond subscribed on 14 January 2019, in the amount of EUR 137.2 million and maturity in 2034. The fulfilment of the principal and interest repayment obligations related to these bonds benefit from a pledge on a bank deposit constituted by the Issuer for this specific purpose (presented, in the Financial Position Statement, as a deduction to the Gross Financial Debt) and from additional guarantees over contractual rights that do not affect any assets recognised in the financial position of the Group.

TAP S.A. made a public offering in Portugal of 4-year bonds, with a fixed interest rate of 4.375% per year, in the amount of EUR 200 million, called “TAP 2019-2023 Bonds”. The issuance, physical and financial settlement of the transaction, as well as the admission to trading of bonds on Euronext Lisbon, took place on 24 June 2019. This borrowing was fully amortized in June 2023.

In December 2019, TAP S.A. made a private offering to institutional investors of 5-year bonds, with a fixed interest rate of 5.625 % per year, in the amount of EUR 375 million, called "TAP 2019-2024 Bonds". The issue and financial and physical settlement of the transaction, as well as the bonds' admission to trading, took place on 2 December 2019. Considering its maturity date, as of 30 June 2024 and 31 December 2023, this loan is classified as current liabilities.

As of 30 June 2024 and 31 December 2023, all bond loans are denominated in Euro.

✈ Lease liabilities with purchase option

As of 30 June 2024 and 31 December 2023, leasing liabilities without purchase option (plus interest expense minus initial charges) essentially relate to aircraft and engines.

Leases with purchase option are denominated in the following currencies:

	Jun 24	Dec 23
Lease liabilities in EUR	363,157,042	329,587,559
Lease liabilities in USD	450,232,848	460,370,793
	813,389,890	**789,958,352**

As of 30 June 2024 and 31 December 2023, lease liabilities with purchase option, by maturity, are broken down as follows:

	Jun 24	Dec 23
Up to 1 year	99,265,523	91,697,176
1 to 2 years	96,563,757	90,931,708
2 to 3 years	92,605,507	97,919,406
3 to 4 years	79,932,639	67,519,837
4 to 5 years	120,127,543	82,462,168
More than 5 years	324,894,921	359,428,057
	813,389,890	**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 30 June 2024, there are 61 aircraft, 5 engines on lease agreements without purchase option and 19 aircraft under ACMI (as per Note 3). As of 30 June 2024, the lease liabilities without purchase option caption is reduced by EUR 103.6 million, pertaining to advanced payments made to Portugália related to the leases and ACMI contracts of these 19 aircraft.

As of 30 June 2024 and 31 December 2023, lease liabilities without purchase option per maturity are detailed as follows:

	Jun 24	Dec 23
Up to 1 year	291,874,368	302,656,699
1 to 2 years	337,884,982	337,374,045
2 to 3 years	272,459,278	271,034,527
3 to 4 years	228,513,416	217,312,155
4 to 5 years	190,644,624	184,897,523
Over 5 years	426,962,563	487,843,458
	1,748,339,231	**1,801,118,407**

Liabilities without purchase option are mainly determined in USD.

✈ Financial Covenants

The financial covenants in the lease and loan contracts are the usual ones in operations of this nature, including compulsory provisions such as the maintenance of the airline operator activity, commitments to periodically disclose the available financial information, and, in the specific case of leases without purchase option, operating duties relative to registrations at official entities, information relative to leased aircraft, strict compliance with all the regulations, and procedures defined by the authorities, among others.

Additionally, following the restructuring of the financial debt and the issue of bond loans, commitments were made to monitor the financial performance of the TAP Group, through the analysis and compliance with certain ratios related to the consolidated financial statements of the TAP Group, particularly with equity, EBITDAR, Net Debt/EBITDAR, unsecured net financial debt and minimum amount of unrestricted cash and its equivalents. These ratios are intended to monitor the financial situation of the TAP Group and measure its ability to comply with the service debt.

Due to the reorganization of the TAP Group within the scope of the Restructuring Plan resulting from the COVID-19 pandemic, it was breached a certain financial covenant regarding the maintenance of equity in one of the companies of the TAP Group. In this context, regarding the financing with a syndicate of Portuguese banks in the outstanding amount of EUR 84.7 million (to which interest and other charges are added) as of 30 June 2024, there is a financial covenant of one of the companies of the TAP Group which is not complied. However, its non-compliance does not generate the possibility of early repayment. Additionally, as of the date of approval of these financial statements, it is expected to obtain a waiver regarding this non-compliance.

Regarding the remaining borrowings, there are no breaches of covenants with reference to the financial statements as of 30 June 2024.

✈ Reconciliation of finance cash flows

The evolution of borrowings and lease liabilities with purchase option 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	-	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 32)	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**
Payments	(41,024,045)	(69,804,430)	(223,776,545)	(334,605,020)
New lease agreements	-	53,082,511	48,411,318	101,493,829
Exchange variation	101,794	14,632,633	51,690,921	66,425,348
Interest cost (Note 32)	18,217,124	22,658,554	71,124,067	111,999,745
Other	536,480	2,862,270	(228,937)	3,169,813
30 june 2024	**628,319,822**	**813,389,890**	**1,748,339,231**	**3,190,048,943**

19 Other payables

As of 30 June 2024 and 31 December 2023, the detail of “Other payables” item is as follows:

	Jun 24	Dec 23
Accrued expenses	261,959,125	352,160,074
Suppliers	233,838,838	185,957,007
Swaps jet fuel (Note 22)	1,696,513	639,596
Advances from customers	528,951	522,454
Other	172,428,295	135,463,378
	670,451,722	**674,742,509**

✈ Accrued expenses

As of 30 June 2024 and 31 December 2023, the caption “Accrued expenses” is detailed as follows:

	Jun 24	Dec 23
Remunerations to be settled	141,990,063	213,989,084
Aircraft fuel	27,462,487	27,688,408
Special sales charge	9,750,668	13,805,632
Navigation fees	20,129,490	19,718,470
Insurance to be settled	5,660,052	8,540,105
Commissions	7,754,674	6,108,066
Specialized work	12,630,966	13,590,392
Related parties (Note 37)	6,945,135	7,281,117
Handling services	1,696,928	4,533,038
Other accrued expenses	27,938,662	36,905,762
	261,959,125	**352,160,074**

The reduction in the item “Remunerations to be settled” compared to 31 December 2023 is essentially due to the payment during the first half of 2024 of the majority of impacts arising from the conclusion of collective bargaining agreements with some groups of workers (Introductory Note), which as of 31 December 2023 were accrued, since they had not been fully processed and paid as of that date.

“Special sales charge” item refers to commissions awarded to agents based on the flow revenue obtained through this channel.

✈ Suppliers

As of 30 June 2024 and 31 December 2023, the caption “Suppliers” is detailed as follows:

	Jun 24	Dec 23
Suppliers - pending invoices	99,001,510	121,795,856
Suppliers - current account	122,607,395	54,613,150
Suppliers - related parties (Note 37)	12,229,933	9,548,001
	233,838,838	**185,957,007**

The increase in the balance of the suppliers’ caption is mainly due to the seasonality of the Air Transport segment.

✈ Others

As of 30 June 2024 and 31 December 2023, the caption "Others" is detailed as follows:

	Jun 24	Dec 23
Taxes and fees	152,905,019	115,385,193
Fixed assets suppliers	3,681,376	3,989,133
Compensation for accidents at work	-	1,124,264
Employees	540,528	819,686
Related Parties (Note 37)	892,383	596,713
Other	14,408,989	13,548,389
	172,428,295	**135,463,378**

The item of taxes and fees essentially refers to amounts payable to various entities, related to fees charged to customers on tickets issued. The increase in the balance is mainly due to the effect of the seasonality of Air Transport.

20 Other current liabilities

As of 30 June 2024 and 31 December 2023, the other current liabilities item mainly relates to:

	Jun 24	Dec 23
Deferred income	48,165,924	46,494,920
State	46,441,851	32,533,919
	94,607,775	**79,028,839**

✈ Deferred income

As of 30 June 2024 and 31 December 2023, the deferred income line is broken down as follows:

	Jun 24	Dec 23
Customer loyalty program	40,730,820	37,639,085
Related Parties (Note 37)	339,612	339,612
Other deferred income	7,095,492	8,516,223
	48,165,924	**46,494,920**

Within the scope of the attribution of miles to customers adhering to the loyalty program called "TAP Miles&Go", a contractual obligation is recognized based on the unit value of the mile.

✈ State

As of 30 June 2024 and 31 December 2023, this item's balances are detailed as follows:

	Jun 24	Dec 23
Personal income tax	23,566,476	16,976,036
Social Security	22,363,031	15,063,944
Others	512,344	493,939
	46,441,851	**32,533,919**

The increase in the balance of the caption is essentially due to the implementation of the new collective bargaining agreements for some groups of employees and to payments made in June 2024 as a means of compensation under the External Hiring Regulation.

21 Unused flight tickets

As of 30 June 2024 and 31 December 2023, the Unused flight tickets caption was detailed as follows:

	Jun 24	Dec 23
Passengers	1,040,337,780	681,541,199
Voucher	27,200,290	32,385,793
Cargo	2,105,033	1,856,472
	1,069,643,103	**715,783,464**

The increase in the balance of the item compared to 31 December 2023 is essentially due to seasonality effect.

22 Derivatives

As of 30 June 2024 and 31 December 2023, the Group had negotiated financial derivatives relating to jet fuel swaps.

The Group's risk hedging policy includes a statistical risk tool and fundamentalist market analyzes to define the coverage level for forecast consumption. The factors evaluated by the statistical tool include market volatility, the bookings curve, the behavior of future prices and the risk of over-hedge. The hedging policy aims to cover levels of estimated jet fuel consumption for the following 12 months and may cover its position for periods of up to 24 months. The macroeconomic environment and the complexity introduced by conflicts in the international geopolitical context justify the uncertainty in market evolution forecasts and their volatility, reinforcing the need for continuous monitoring and adjustment of the hedging policy.

For contracts in which it is possible to ensure compliance with hedge accounting requirements, a negative amount of EUR 1.2 million is recorded as of 30 June 2024 (net of deferred tax in the amount of EUR 0.5

million – Note 8) referring to the fair value of the derivatives still outstanding on that date (negative EUR 0.5 million as of 31 December 2023).

As of 30 June 2024, the Group had contracted derivatives for 44% of the estimated consumption of jet fuel in the following months, with maturities between July and December 2024, which market value at that date was negative and amounted to EUR 1.7 million (Note 19).

23 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 six-month periods ended 30 June 2024 and 2023, is detailed as follows:

	Jun 24				Jun 23			
	Air Transport	Maintenance and engeneering	Other	Total	Air Transport	Maintenance and engeneering	Other	Total
Operating Income	1,842,714,532	121,126,154	4,733,314	1,968,574,000	1,814,588,722	87,392,161	4,277,161	1,906,258,044
Operating results	120,867,840	24,664,083	(34,561,165)	110,970,758	123,397,471	10,981,376	(26,415,405)	107,963,442
External net financial results	(116,710,177)	5,113,091	-	(111,597,086)	(70,093,304)	54,595	-	(70,038,709)
Income tax	(478,263)	(9,265,452)	10,754,034	1,010,319	(14,936,871)	32,266	(75,464)	(14,980,069)
Net Income	**3,679,400**	**20,511,722**	**(23,807,131)**	**383,991**	**38,367,296**	**11,068,237**	**(26,490,869)**	**22,944,664**

The Group does not present segmental assets and liabilities, since this information is not presented to the chief operational decision maker.

The Operating income and gains item for the first half of 2024 and 2023, excluding Gains and losses in associates, is detailed as follows:

	Jun 24				
	Passenger	**Maintenance**	**Cargo and Mail**	**Other**	**Total**
Revenue					
Sales	-	2,365,187	-	479,097	2,844,284
Services provided	1,761,193,783	114,509,975	75,956,156	5,117,505	1,956,777,419
Other income	-	-	-	9,559,264	9,559,264
	1,761,193,783	**116,875,162**	**75,956,156**	**15,155,866**	**1,969,180,967**

	Jun 23				
	Passenger	**Maintenance**	**Cargo and Mail**	**Other**	**Total**
Revenue					
Sales	-	604,411	-	366,058	970,469
Services provided	1,715,745,576	84,896,349	92,311,153	4,271,872	1,897,224,950
Other income	-	-	-	8,062,625	8,062,625
	1,715,745,576	**85,500,760**	**92,311,153**	**12,700,555**	**1,906,258,044**

The sales and services provided by geographical area in the first half of 2024 and 2023, are detailed as follows:

	Jun 24					Jun 23				
	Air Transport	Maintenance	Cargo and Mail	Other	Total	Air Transport	Maintenance	Cargo and Mail	Other	Total
Mainland and islands	117,770,723	10,295,150	4,509,287	3,306,177	135,881,337	106,205,352	7,290,624	3,821,082	3,060,914	120,377,972
Europe	589,990,751	101,577,307	5,364,697	1,490,923	698,423,678	556,709,697	74,065,761	6,133,302	1,039,150	637,947,910
South Atlantic	523,651,052	97,395	40,816,363	338,639	564,903,449	509,605,109	167,577	49,765,659	223,057	559,761,402
North Atlantic	349,148,914	1,571,130	13,381,986	257,549	364,359,579	332,072,125	2,554	17,073,604	164,665	349,312,948
Mid Atlantic	11,563,777	-	1,851,524	9,207	13,424,508	13,794,288	143,344	1,974,453	6,722	15,918,807
Africa	168,996,054	3,146,332	9,858,161	194,107	182,194,654	183,206,601	3,750,747	13,000,605	132,703	200,090,656
Other	72,512	187,848	174,138	-	434,498	14,152,404	80,153	542,448	10,719	14,785,724
	1,761,193,783	**116,875,162**	**75,956,156**	**5,596,602**	**1,959,621,703**	**1,715,745,576**	**85,500,760**	**92,311,153**	**4,637,930**	**1,898,195,419**

24 Other income

For the first half of 2024 and 2023, the "Other income" caption is detailed as follows:

	Jun 24	Jun 23
Shared Services	5,117,505	4,271,871
Recovered warehouse material	3,103,874	1,781,308
Rents and Subleases	1,386,980	1,335,659
Operating government grants	234,715	40,386
Gains from tangible fixed assets (Notes 3 and 4)	314,442	93,787
Publicity	100,828	51,795
Other supplementary income	4,897,522	5,125,749
	15,155,866	**12,700,555**

25 Expenses by nature

During the financial of the first half of 2024 and 2023, operational expenditure by nature is as follows:

	Jun 24	Jun 23
Traffic operating costs	403,081,287	419,563,287
Aircraft fuel	517,102,704	542,802,338
Commercial, communication and marketing costs	102,756,711	97,728,007
Cost of materials consumed	85,452,708	68,678,639
Aircraft maintenance costs	29,982,743	27,771,432
	1,138,376,153	**1,156,543,703**

✈ Traffic operating costs

In the first half of 2024 and 2023, the “Traffic operating costs” item is detailed as follows:

	Jun 24	Jun 23
Handling services	104,966,112	104,271,774
Navigation fees	83,125,315	79,530,738
Landing charges	62,339,297	51,359,311
In-flight expenses	53,200,915	49,011,177
Operational irregularities	15,834,257	36,978,162
Facilities at airports	20,215,462	20,009,377
Baggage, cargo and mail charges	9,687,780	9,332,172
Air traffic control charges	16,873,065	16,179,115
Accommodation and meals during stopovers	19,048,920	15,721,069
Ground costs related to executive class passengers	7,480,597	6,327,812
Aircraft charters	8,284,282	30,773,861
Other traffic operating costs	2,025,285	68,719
	403,081,287	**419,563,287**

During the first half of 2024, there was a lower volume of operational irregularities compared to previous periods, which resulted in a reduction of expenses associated with these irregularities.

The “Aircraft charters” item mainly pertains to the hiring of short-term ACMI services. During the first half of 2024 the Group used a smaller volume of these services compared to the first half of 2023.

✈ Aircraft fuel

For the first half of 2024 and 2023, the “Aircraft fuel” item is detailed as follows:

	Jun 24	Jun 23
Aircraft fuel		
Consumption	489,671,152	483,734,165
Jet fuel hedge	1,128,949	28,333,220
CO2 emission licenses	26,302,603	30,734,953
	517,102,704	**542,802,338**

✈ Commercial, marketing and communication costs

The “Commercial, marketing and communication costs” item for the first half of 2024 and 2023, contains the following composition:

	Jun 24	Jun 23
Commissions	36,535,148	33,563,494
Booking fees	31,523,312	32,562,705
Publicity	13,060,653	11,431,309
Special sales charges - air transport	17,789,150	15,811,598
Specialised work	3,679,940	4,231,885
Other commercial, communication and marketing expenses	168,508	127,016
	102,756,711	**97,728,007**

The special sales charges refer to commissions paid to agents based on the flown revenue generated through this channel.

✈ Cost of materials consumed

As of 30 June 2024, and 2023, the "Cost of materials consumed" item is detailed as follows:

	Jun 24	Jun 23
Sold and consumed inventories	80,556,772	61,641,434
Maintenance subcontracting for third parties flight equipment	4,895,936	7,037,205
	85,452,708	**68,678,639**

The increase in the caption is essentially the result of the increase in the maintenance segment activity in the first half of 2024 compared to the first half of 2023.

✈ Aircraft maintenance costs

In the first half of 2024 and 2023, the line "Aircraft maintenance costs" item is detailed as follows:

	Jun 24	Jun 23
Maintenance subcontracting of TAP flight equipment	15,022,324	18,681,548
Consumed inventories	14,960,419	9,089,884
	29,982,743	**27,771,432**

26 Employee costs

The "Employee costs" item for the first half of 2024 and 2023 has the following detail:

	Jun 24	Jun 23
Fixed remuneration	186,244,342	153,355,413
Variable remuneration	105,875,418	61,798,276
Social security contributions	59,829,388	44,028,100
Insurance	10,698,906	8,831,887
Social action costs	4,923,843	4,566,525
Post-employment benefits (Note 16)	4,371,799	3,627,141
Work accident insurance	2,801,175	249,479
Meals allowance	3,690,489	2,710,122
Uniform and work clothes	737,482	865,316
Training and recruitment	417,728	637,174
Other expenses with employees	470,453	432,528
	380,061,023	**281,101,961**

The increase in the first half of 2024 compared to the first half of 2023 in the "Employee costs" item is essentially due to the removal of the salary cuts agreed with employees under the Restructuring Plan and the new collective bargaining agreements implemented since the second half of 2023.

27 Impairment losses in inventories, receivables and provisions

In the first half of 2024 and 2023, the “Impairment losses in inventories, receivables and provisions” had the following detail:

	Jun 24	Jun 23
Inventory impairment (Note 10)	(115,030)	2,020,754
Receivables impairment (Note 9)	(11,481,676)	2,923,859
Provisions (Note 17)	13,041,426	21,790,964
	1,444,720	**26,735,577**

28 Other expenses

The caption “Other expenses” in the six-month periods ended 30 June 2024 and 2023, had the following detail:

	Jun 24	Jun 23
Specialised work and subcontracts	38,993,514	46,264,817
Rents	10,274,168	9,775,705
Conservation and repair of other assets	6,714,044	4,197,423
Insurance	5,371,805	3,838,902
Comunication	3,862,787	3,912,612
Transportation	2,446,126	2,609,612
Electricity	1,265,991	794,337
Surveillance and security	1,119,647	1,166,232
Cleaning, hygiene and comfort	1,053,240	810,698
Taxes	1,046,784	1,109,657
Travel costs	1,001,966	638,602
Books and technical documentation	599,753	842,039
Losses in inventories	513,744	313,457
Other operating expenses	1,692,430	3,912,033
	75,955,999	**80,186,126**

The caption “Rents” includes expenses with short-term lease contracts for engines, buildings and software amounting to EUR 3.2 million, EUR 2.1 million and EUR 3.9 million, respectively.

29 Restructuring

The caption restructuring for the first half of 2024 and 2023, as follows:

	Jun 24	Jun 23
Restructuring provision (Note 17)	-	503,220
Employee indemnities	(272,493)	(143,315)
	(272,493)	**359,905**

30 Other non-recurring items

For the first half of 2024 and 2023, the caption "Other non-recurring items" is detailed as follows:

	Jun 24	Jun 23
TAP Group corporate restructuring	27,983,234	16,851,245
Other non-recurring losses	-	31,585
	27,983,234	**16,882,830**

Considering the projections included in the Approved Restructuring Plan and the consequent ongoing corporate reorganization of the TAP Group resulting from this approval, since 2021 the Board of Directors has recorded impairment losses in accounts receivable from TAP SGPS.

During the first half of 2024, the Board of Directors reinforced the impairment losses on accounts receivable from TAP SGPS in the amount of EUR 28.0 million (Note 9).

Given their framework and nature, these situations were considered by the Board of Directors as non-recurring in the context of these financial statements.

31 Depreciation, amortization and impairment losses

In the first half of 2024 and 2023, the caption depreciation, amortisation and impairment losses is broken down as follows:

	Jun 24	Jun 23
Depreciation of Tangible Fixed Assets (Note 3)		
Buildings and other constructions	2,671,602	2,818,024
Basic equipment	38,535,416	34,875,901
Transport equipment	6,234	7,881
Tools and utensils	521,845	451,524
Administrative equipment	424,998	325,055
Other tangible fixed assets	168,269	126,658
	42,328,364	**38,605,043**
Depreciation of Right-of-use (Note 3)		
Other tangible fixed assets	256,385	-
Basic equipment	185,175,267	192,464,233
Transport equipment	-	411
	185,431,652	**192,464,644**
Amortization of Intangible Assets (Note 5)		
Computer Programs	4,919,735	5,417,304
	4,919,735	**5,417,304**
Impairment losses in tangible assets (Note 3)		
Basic equipment	879,292	769,637
Tools and utensils	(49,422)	(52,318)
	829,870	**717,319**
Total	**233,509,620**	**237,204,310**

32 Financial results

The caption financial results for the first half of 2024 and 2023, is detailed as follows:

	Jun 24	Jun 23
Interest expenses	(18,217,124)	(22,221,242)
Lease interests related with contracts with purchase option	(22,658,554)	(19,799,915)
Lease interests related with contracts without purchase option	(84,542,178)	(83,770,486)
Interest related to post-employment benefits (Note 16)	(4,157,568)	-
Other financial expenses	(4,735,982)	(3,844,644)
Interests and similar expenses	**(134,311,406)**	**(129,636,287)**
Related parties (Note 37)	19,702,937	18,680,876
Interest income	20,555,706	13,325,209
Interests and similar income	**40,258,643**	**32,006,085**
Net foreign exchange differences	(17,544,323)	27,591,493
Net currency exchange	**(17,544,323)**	**27,591,493**
Total	**(111,597,086)**	**(70,038,709)**

The increase in interest related to lease agreements with and without purchase option is mainly due to the hiring and extension of aircraft and engine lease agreements during the year ended 31 December 2023 and during the first half of 2024.

The variation of the EUR against the USD during the first half of 2024 generated losses resulting from the exchange rate update of lease liabilities with and without purchase option in the amount of EUR 67.2 million (gains in the amount of EUR 43.7 million in the first half of 2023). Nevertheless, the net foreign exchange gains and losses arising from the exchange rate adjustment, during the six-month periods ended 30 June 2024 and 2023, regarding the lease liabilities in USD for which a hedging ratio was defined as of 1 January 2022 with the highly probable forecasted sales which fare is determined in USD, were recorded under the caption of other reserves in other comprehensive income in the amounts of EUR 57.7 million (loss) and EUR 36.9 million (gain), respectively (Notes 2.3 and 15). Therefore, the amounts recorded in the consolidated income statement correspond to the portions not covered by exchange rate hedging.

The increase in the item interest and similar income obtained essentially refers to interest on term deposits.

33 Income tax

The income tax item for the first half of 2024 and 2023, is detailed as follows:

	Jun 24	Jun 23
Deferred taxes (Note 8)	(17,051,895)	(14,905,969)
Current taxes (Note 11)	18,062,214	(61,040)
Differences from prior years tax estimates	-	(13,060)
	1,010,319	**(14,980,069)**

The tax assessment is made in the sphere of individual accounts of TAP S.A. prepared in accordance with SNC.

The income tax rate reconciliation in the first half of 2024 and 2023, is as follows:

	Jun 24	Jun 23
Net income/(loss) before income tax	(626,328)	37,924,733
Nominal tax rate	31.5%	21.0%
Expected tax	197,293	(7,964,194)
Permanent differences	2,215,954	(248,109)
Income tax rate differences	(1,366,241)	3,603,267
Tax losses without deferred tax assets	-	(8,567,784)
Autonomous taxation	(36,687)	(61,040)
Differences from tax estimates for the previous year	-	(13,060)
Deferred tax assets related with prior years	-	(1,729,149)
	1,010,319	**(14,980,069)**
Effective tax rate	(161%)	(39%)

34 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 first half of 2024 and 2023 is as follows:

	Jun 24	Jun 23
Net income/(loss) for the shareholder of TAP S.A.	383,991	22,944,664
Weighted average number of shares	196,000,000	196,000,000
Basic and diluted earnings per share	0.0	0.1

35 Commitments

✈ Purchase commitments

The aircraft purchase agreement with Airbus S.A.S. ("Airbus") for the acquisition of 53 aircraft (39 A320NEO Family and 14 A330NEO Family), initially scheduled to receive between 2018 and 2025, was subject to renegotiation with a view to deferring the delivery of some of the aircraft given the impacts of the COVID-19 pandemic on the commercial aviation sector. The 2 aircraft A330NEO not delivered to date, were replanned from 2022 to 2024, having recently been renegotiated again in order to postpone delivery to the last quarter of 2025 (A339 #11) and second quarter of 2026 (A339 #12). In April 2024, the 2 A330NEO aircraft were again replanned, with the delivery of both being deferred to the third and fourth quarters of 2026.

Regarding the A320NEO Family aircraft, the delivery of 13 of those, which was initially scheduled for the period 2021-2022, was replanned for 2025-2027 during 2020, following actions to mitigate the impact of the COVID-19 Pandemic. In 2022, another 8 A320NEO Family aircraft were subject to readjustment in the expected delivery dates. Of these 8 aircraft, 2 (A320NEO #32 and #34) were postponed from 2024 to 2028, extending TAP S.A.'s commitment to Airbus until 2028. This update to change 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 agreement. In the same document, it was also agreed to convert aircraft #30 to an A320NEO, which was initially planned to be an A321LR. In 2023, under Amendment #12 to the A320NEO Family purchase contract, the delivery dates of a total of 22 aircraft were subject to replanning, with delivery dates for all aircraft scheduled between 2023 and 2028. This purchase contract arises from the novation to TAP S.A. of the purchase contract previously negotiated and signed between Airbus and DGN Corporation.

Pursuant to commitments agreed with Airbus regarding the future entry of aircraft, in 2021 a total of USD 53.3 million was paid in pre-delivery payments. In 2022, a total amount of USD 58.2 million in pre-delivery payments was paid and the total pre-delivery payments performed during 2023 amounted to USD 15.2 million. All amounts paid in 2022 and 2023 are in accordance with the modified delivery dates of the eight aforementioned aircraft, as formally recorded in Amendment #12 to the A320 NEO Family purchase agreement. In the first half of 2024, TAP S.A. paid USD 53.6 million. In the second half of 2024, a payment of USD 81.5 million in pre-delivery payments is planned.

Additionally, a contract with Rolls-Royce is in place, which includes maintenance support for all the TRENT 7000 reactors that equip the A330 NEO aircraft, which was subject to restructuring in the first half of 2023. A commitment to acquire a T7000 engine during the year 2025 resulted from this restructuring, whose total pre-delivery payments in the amount of USD 3.5 million were paid in March 2024.

A contract is also in effect with CFM International Inc., S.A. for the acquisition of 83 LEAP-A1 engines, including 5 reserve engines, which will equip and serve the new fleet of A320NEO Family aircraft. It should be noted that these engines will be purchased directly by Airbus, with the exception of reserve engines. All 5 planned reserve engines have already been delivered, the last one having been acquired in October 2022. Following the increase in A320NEO Family aircraft, the Executive Committee approved in 2023 the purchase of a 6th LEAP 1A spare engine to comply with contractual obligations regarding the minimum number of spare engines that TAP S.A. must keep.

✈ **External Hiring Regulation**

Following the review of the External Hiring Regulation negotiated with SPAC throughout the year 2023 and the beginning of 2024, installment payments were agreed upon as compensation for the aforementioned regulation, including extraordinary installments, to be paid in 2026 to the pilots on active duty as of that date.

✈ **SPdH shareholder loan**

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 6).

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 9).

36 Contingencies

As of 30 June 2024 and 31 December 2023, the Group had no contingent assets. The contingent liabilities were as follows:

	Jun 24	Dec 23
Tax contingencies	201,242	577,121
Civil contingencies	23,731,746	24,048,365
Regulatory contingencies	16,817,958	17,701,633
Total	**40,750,946**	**42,327,118**

Civil contingencies primarily include lawsuits filed by clients regarding operational irregularities.

Regulatory contingencies primarily include actions taken by national regulators.

The Group, supported by the opinion of its legal advisors, considers that an unfavourable outcome in these cases is not probable.

Guarantees provided

As of 30 June 2024 and 31 December 2023, the Group's guarantees are broken down as follows:

	Jun 24	Dec 23
Bank guarantees provided by Head Office		
Aircrafts	33,070,016	32,038,081
Fuel	233,536	226,244
Airports	1,301,233	1,261,137
Labour Court	415,241	415,241
Other	3,209,800	3,209,800
Bank guarantees provided by Representations	3,318,407	2,780,414
	41,548,233	**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 TAP SGPS, with a 10-year term, convertible into up to 130,800 special equity shares of TAP SGPS, 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 30 June 2024, these series amount to EUR 167 million and EUR 55 million, respectively.

In accordance with the memorandum of understanding signed on 15 July 2020, between the Portuguese Republic, TAP SGPS, 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 statement of financial position as of 30 June 2024.

37 Related parties

As of 30 June 2024, the related parties identified are as follows:

Aeropar	TAP ME Brasil
Cateringpor	TAP SGPS
Estado Português	TAPGER
Portugália	UCS
SPdH - Serviços Portugueses de Handling, S.A.	

The balances and transactions with related entities as of 30 June 2024 and 31 December 2023, are as follows:

✈ Balances

Jun 24 - Assets	Customers (Note 9)	Advances to suppliers (Note 9)	Accrued income (Note 9)	Deferred expenses (Note 12)	Right-of-use assets	Other receivables non-current (Note 9)	Unrealized share capital current (Note 9)	Other receivables current (Note 9)	Impairment on accounts receivable (Note 9)	Total
Portuguese State	-	-	-	-	-	-	338,236,974	-	-	**338,236,974**
TAP SGPS	-	30	885	-	-	-	-	1,061,711,977	(1,061,285,705)	**427,187**
TAPGER	788	-	-	-	-	-	-	-	-	**788**
PGA	302,510	-	845,888	-	233,199,017	50,626,150	-	6,327,821	-	**291,301,386**
SPdH	782,998	4,065	4,786,096	-	-	10,093,463	-	4,748,257	-	**20,414,879**
TAP ME Brasil	16,518,974	551,501	-	112,967	-	-	-	11,635,261	(28,347,820)	**470,883**
Cateringpor	95,374	-	-	-	-	-	-	153,627	-	**249,001**
UCS	-	1,000	-	-	-	-	-	486,588	-	**487,588**
	17,700,644	**556,596**	**5,632,869**	**112,967**	**233,199,017**	**60,719,613**	**338,236,974**	**1,085,063,531**	**(1,089,633,525)**	**651,588,686**

Dec 23 - Assets	Customers (Note 9)	Advances to suppliers (Note 9)	Accrued income (Note 9)	Deferred expenses (Note 12)	Right-of-use assets	Other receivables non-current (Note 9)	Unrealized share capital current (Note 9)	Other receivables current (Note 9)	Impairment on accounts receivable (Note 9)	Total
Portuguese State	-	-	-	-	-	-	676,540,088	-	-	**676,540,088**
TAP 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**

Jun 24 - Liabilities	Suppliers (Note 19)	Accrued expenses (Note 19)	Deferred income (Note 20)	Lease liabilities without purchase option non-current (Note 19)	Lease liabilities without purchase option current (Note 19)	Other payables current (Note 19)	Total
TAP SGPS	-	-	-	-	-	(426,302)	**(426,302)**
PGA	(1,438,152)	-	(20,547)	(144,835,520)	(12,996,160)	(344)	**(159,290,723)**
SPdH	(5,270,525)	(3,459,424)	(87,124)	-	-	(1,318)	**(8,818,391)**
TAP ME Brasil	(360,414)	(6,789)	-	-	-	-	**(367,203)**
Cateringpor	(5,160,842)	(2,741,373)	(231,941)	-	-	-	**(8,134,156)**
UCS	-	(737,549)	-	-	-	(464,419)	**(1,201,968)**
	(12,229,933)	**(6,945,135)**	**(339,612)**	**(144,835,520)**	**(12,996,160)**	**(892,383)**	**(178,238,743)**

Dec 23 - Liabilities	Suppliers (Note 19)	Accrued expenses (Note 19)	Deferred income (Note 20)	Lease liabilities without purchase option non-current (Note 19)	Lease liabilities without purchase option current (Note 19)	Other payables current (Note 19)	Total
TAP 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)**

✈ Transactions

	Jun 24					
	Operating income	Operating expenses	Depreciation right-of-use	Interest income	Interest expenses	Total
TAP SGPS	-	-	-	19,702,937	-	19,702,937
PGA	1,434,543	(20,525,489)	(43,225,848)	-	(10,842,293)	(73,159,087)
SPdH	3,315,334	(49,824,237)	-	-	(1,531,351)	(48,040,254)
TAP ME Brasil	-	-	-	-	-	-
Cateringpor	931,518	(27,805,469)	-	-	-	(26,873,951)
UCS	352,570	(2,823,041)	-	-	-	(2,470,471)
	6,033,965	**(100,978,236)**	**(43,225,848)**	**19,702,937**	**(12,373,644)**	**(130,840,826)**

	Jun 23					
	Operating income	Operating expenses	Depreciation right-of-use	Interest income	Interest expenses	Total
Estado Português	-	-	-	-	-	-
TAP SGPS	-	-	(480)	18,680,876	-	18,680,396
TAPGER	-	-	-	-	-	-
PGA	2,167,483	(3,367,605)	(67,454,511)	-	(8,417,578)	(77,072,211)
SPdH	3,035,651	(51,511,549)	-	-	-	(48,475,898)
TAP ME Brasil	-	-	-	-	-	-
Cateringpor	908,849	(25,561,696)	-	-	-	(24,652,847)
UCS	309,260	(2,324,387)	-	-	-	(2,015,127)
	6,421,243	**(82,765,237)**	**(67,454,991)**	**18,680,876**	**(8,417,578)**	**(133,535,687)**

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 concluded with other airlines.

38 Subsequent events

The Board of Directors is not aware of any events subsequent to the reporting date that could have a material impact on the Group's consolidated financial statements

39 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

Martinho Nazareth de Sousa

BOARD OF DIRECTORS

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 Mário 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

Review Report on the Condensed Consolidated Financial Statements

(Free translation from the original in Portuguese)

Introduction

We have reviewed the accompanying condensed consolidated financial statements of Transportes Aéreos Portugueses, S.A. (TAP SA Group), which comprise the consolidated statement of financial position as at June 30, 2024 (which shows total assets of Euros 6,191,556,501 and total equity of Euros 569,682,125, including a net income of Euros 383,991), the consolidated income statement, comprehensive income, changes in equity and cash flows for the six-month period then ended, and the accompanying explanatory notes to these condensed consolidated financial statements.

Management's responsibility

The Management is responsible for the preparation of the condensed consolidated financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, as well as to create and maintain appropriate systems of internal control to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying condensed consolidated financial statements. We conducted our review in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Those standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

A review of financial statements is a limited assurance engagement. The procedures performed mainly consist of making inquiries and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISAs). Accordingly, we do not express an opinion on these consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying condensed consolidated financial statements of Transportes Aéreos Portugueses, S.A. as at June 30, 2024 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

Emphasis

Without qualifying our conclusions expressed in the paragraph above, we draw attention to the disclosure in note 1 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 TAP Group ("Approved Restructuring Plan"), and the consequent future monitoring by the European Commission as to its compliance and on the respective impacts on the future financial position and operational activity of TAP SA Group.

As also disclosed in note 2.3 of the accompanying notes to the consolidated financial statements, despite the positive deviation observed in operational performance in the first semester of 2024 and in the years of 2023 and 2022 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 Approved Restructuring Plan may lead to relevant impacts on the calculation of the recoverable value of tangible and intangible assets related with air transport and deferred tax assets and consequently significantly affect the TAP SA Group's financial and economic position.

September 12, 2024

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

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Registered with the Portuguese Securities Market Commission under no. 20161042