

ANNUAL REPORT AND ACCOUNTS 2024

CARAVELA SEGUROS

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MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

2024 continued to be a particularly challenging time for economic entities and the population in general, with the low growth of GDP at an international level (world and European) and in the Portuguese economy, as well as the uncertainty caused by geopolitical outbreaks of war.

Nevertheless, CARAVELA continued on its journey of value creation, a full decade after assuming its current corporate name, which brought in new shareholders and a new business model.

In the 2024 financial year, it achieved the various strategic objectives it had established for itself:

- A turnover of close to 190 million euros, which allowed us to increase our market share to 2.5 %, reaching 7th place in the non-life market;
- 8.7 % of turnover located internationally (France, Greece, Spain, the Netherlands), underlining the Company's position as a European player in the development of MGAs (Management General Agents);
- Managing our customers through our increasingly consolidated network of agents, brokers and partners;
- Consolidation of the distribution model, both in the private and SME segments, based on a multi-channel collaborative model;
- Development of the technological infrastructure that will enable not only the adoption of all the digital innovations that will mark the coming years, namely Artificial Intelligence, but also cross-selling and up-selling capabilities based on the aforementioned collaborative multi-channel model;
- Strengthening the governance model following the reformulation of the management team, the incorporation of new employees for key functions, and the reinforcement/reorganisation of operational committees;
- Consolidation and appropriation in day-to-day management of the adoption of new IFRS 17 and IFRS9 accounting rules;
- Strengthening an inclusive internal culture, promoting ethics and the enhancement of human capital as its pillars;
- Reaffirmation of productivity indicators – 1.2 million euros in turnover per employee – which represents growth of 17.1 % compared to 2023 and is the result of an operating model based on digitalisation and process integration;
- Comprehensive income of 2.1 million euros, following a comprehensive review of the Company's past services consistent with the objective of positioning global reserves at their highest level;
- Cash flow generated by operating activities of 30.4 million euros;
- Increasing the Company's book value (70 million euros).

We remain optimistic about our trajectory for 2025. We will continue with focus and determination to achieve our strategic objectives, namely consolidating our position in the domestic insurance market and strengthening it in the European market, being recognised as a benchmark player in matters of sustainability, innovation and digital services. We will continue to focus on operational agility and efficiency in our relationship with our customers and partners, consistently counting on the collaboration of our employees who help us materialise our purpose, vision and values every day.

A word of thanks to all those who contributed overall to our performance in 2024. Your dedication, commitment, collaboration and critical spirit have been remarkable and are absolutely critical factors in our success as an organisation.

Luís Cervantes

Chairman of the Board of Directors

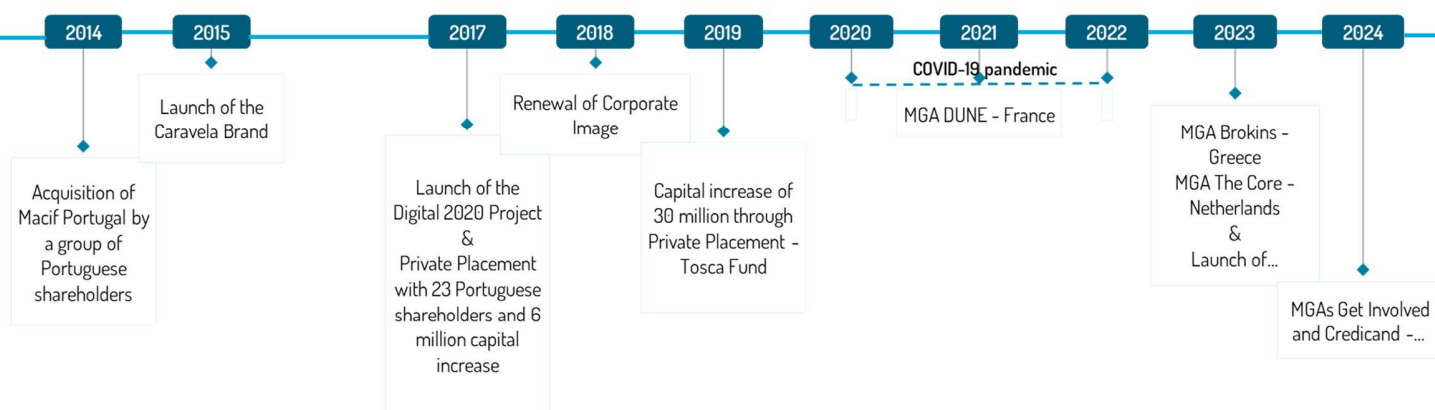
CARAVELA

In addition to its goal of supporting the construction of a sustainable society, Caravela's mission is to uphold fundamental values such as professionalism, integrity, trust, rigour and dedication, based on partnerships with quality mediation and all its suppliers and collaborators under the banner of belonging and sharing, in order to serve the community well in the important area of risk-taking.

Its origins date back to 1996, when it was established under the name Euresa Portugal, Companhia de Seguros, S.A. Over the years it has undergone various changes, such as its corporate name. In 2001, it adopted the name Companhia de Seguros Sagres, S.A.; in 2010 it became Macif Portugal, Companhia de Seguros, S.A.; and finally, in 2015 it officially took on the current name of Caravela – Companhia de Seguros, S.A., following changes to its articles of association, shareholders and business model last year. The logo of the current name also underwent several transformations until this latest version.



As an insurance company that has been in the national insurance market for a long time, it has continued to evolve to this day, as shown below:



GOVERNING BODIES

As of 31 December 2024, the Governing Bodies at Caravela – Companhia de Seguros, S.A. is broken down as follows:

Shareholders' Meeting

Chairman: Nuno Miguel Marques dos Santos Horta

Secretary: Nuno Miguel Novais Grangeon Cárcomo Lobo

Board of Directors

Chairman: Luís Filipe Sampaio Cervantes

Vice-Chairman: David Angulo Rubio

Member: Fabrizio Cesário

Member: Félix Serrano Sanchez Carrillejo

Member: George Koulouris

Member: Pedro Miguel Ferreira Mata

Member: Beatriz da Conceição Macário Aguiar da Rosa Pereira

Supervisory Board

Chairman: Manuel Augusto Lopes de Lemos

Member: José António Truta Pinto Rabaça

Member: José Elísio Lopes da Siva Quintas

Statutory Auditor

Current: PRICEWATERHOUSECOOPERS & ASSOCIADOS – Sociedade de Revisores Oficiais de Contas, LDA. SROC no. 183, represented by Carlos Manuel Sim Maia, ROC no. 1138

Alternate: Carlos José Figueiredo Rodrigues, ROC no. 1737

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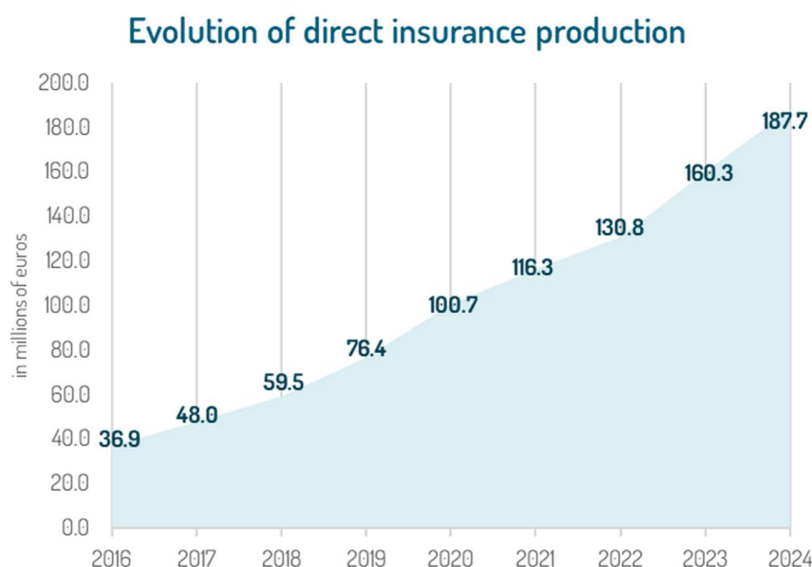
MANAGEMENT REPORT

1 INTRODUCTION

2024, despite predictions of a slowdown, surprised us with a higher estimate than that expected in the same period of the previous year. According to the Organisation for Economic Cooperation and Development (OECD), factors such as falling inflation, exponential growth in employment and the adoption of less restrictive monetary policies have boosted demand in various regions of the world, despite the restrictions imposed by budgetary policy in many countries and the geopolitical tensions that have arisen.

In the domestic insurance market, 2024 was marked by the resumption of growth in the Life segment (+34.9 %) and the continuation of the sustained trajectory in the Non-Life segment (+10.5 %). Both segments contributed to the volume of direct insurance production reaching 14.3 billion euros, an increase of 21.2 % compared to 2023.

Caravela – Companhia de Seguros, S.A. continued its path of consistent organic growth, consolidating its position in the Portuguese insurance market, supported by innovative international partnership projects. This growth is expressed in a volume of gross written premiums of 187.70 million euros at the end of the financial year, representing growth of 17.1 % compared to 2023. This performance contributed to the rise in the ranking of Provisional Production – Activity in Portugal and Abroad – 2024, in the Non-Life segment, published by the Insurance and Pension Funds Supervisory Authority (ASF).



From a balance sheet perspective, net assets grew significantly by 22.6 % to 287.1 million euros, while equity increased by 3.2 % compared to 2023, reinforcing financial strength and creating a robust base

for future expansion. The 30.5 % increase in liabilities reflects the dynamism of the insurance portfolio, which has been keeping pace with the growth in turnover.

Financial income and gains grew significantly (+57.8 % compared to 2023), totalling 6.26 million euros, driven by an effective strategy of diversifying the investment portfolio. At the same time, continued investment in technology and processes resulted in an increase in operating costs of 16.0 %, contributing to the modernisation and efficiency of internal operations.

This growth, combined with technological development efforts and continuous process improvement, has allowed Caravela to continue to improve its productivity levels. In terms of productivity, measured by the volume of gross written premiums per employee, there was an increase of 17.10 % compared to 2023, while maintaining the same number of employees.

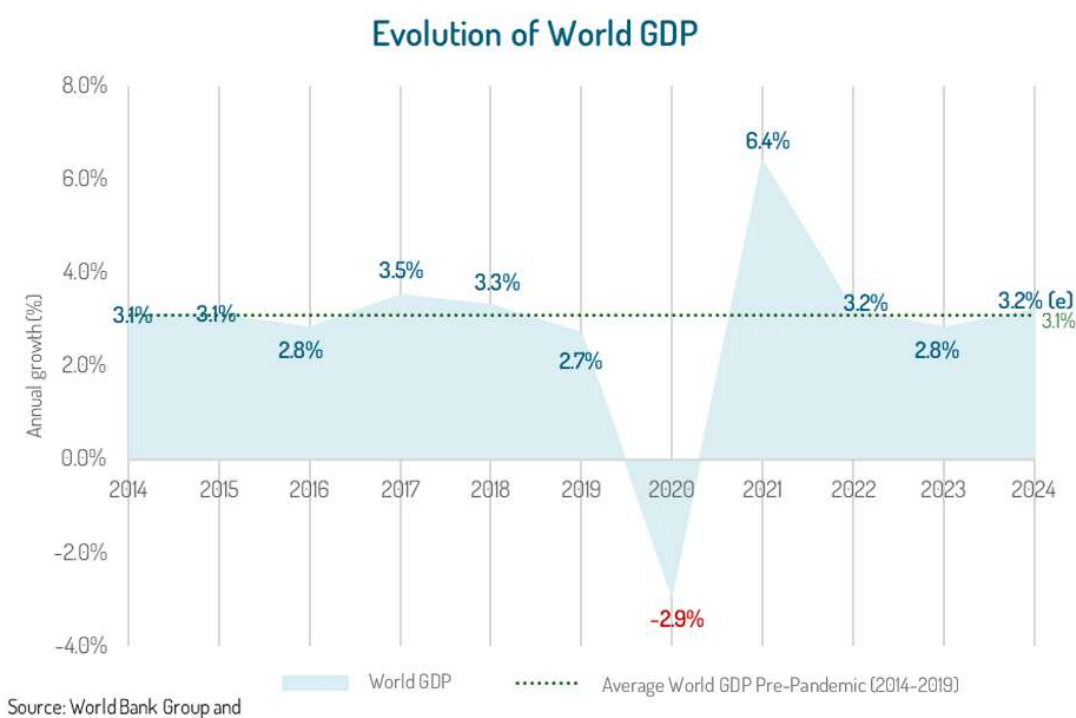
Risk management continued to be a priority for Caravela, with reinsurance playing a crucial role in mitigating loss ratio, allowing for a more sustainable and balanced approach. Similarly, 2024 was characterised by a comprehensive review from past services with a view toward maintaining solid technical reserves and a structured strategic plan, aimed at strengthening competitiveness in the market and ensuring a long-term trajectory of profitability recovery.

The entity's comprehensive income in 2024 amounted to 2.1 million euros and equity stood at 69.5 million euros, corresponding to an increase of 3.2 % compared to the same period last year. Cash flow generated by operating activities amounted to 30.4 million euros, representing an increase of 64.5 % compared to 2023.

2 MACROECONOMIC CONTEXT

2.1 International Situation¹

Throughout 2024, a series of events and trends have had a strong impact on the world economy. Although it remains stable compared to the same period last year, the global economy is still recovering from events such as the pandemic, the war in Ukraine and the inflation crisis. According to forecasts by the International Monetary Fund (IMF), world Gross Domestic Product (GDP) growth in 2024 is expected to reach 3.2 %. Despite being slightly above the pre-pandemic historical average of 3.1 %, this growth continues to raise questions about inequality and sustainability in the different countries.



¹ Source:

European Central Bank - "Economic Bulletin No. 8/2024" - January 2025 <https://www.bportugal.pt/page/listagem-de-publicacoes-do-banco-central-europeu>

International Monetary Fund - IMF Annual Report 2024 - "Resilience in the face of change" - September 2024 - <https://www.imf.org/pt/Publications/AREB>

International Monetary Fund - "World Economic Outlook Update, January 2025" - <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

Research and Strategy Office - Portuguese Republic/Economy - "Quarterly Bulletin of the Portuguese Economy, Janeiro 2025" - <https://www.gee.gov.pt/pt/publicacoes/boletim-mensal-de-economia-portuguesa>

World Bank Group - "Global Economic Prospects - January 2025" - <https://www.worldbank.org/en/publication/global-economic-prospects>

World Bank Group - World GDP growth from 2017 to 2023 - <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2023&start=2010>

The main challenges most influencing the stability of world GDP in 2024 include:

- Geopolitical tensions, such as the war between Russia and Ukraine and the escalation of conflicts in the Middle East, generating economic uncertainty;
- Intensification of geo-economic fragmentation, with increased trade restrictions, whose new measures were five times higher than the annual average of the previous decade, creating trade tensions between major powers, impacting world trade and regional growth;
- Protectionist industrial policies, including subsidies, import tariffs and trade restrictions, which alter world trade and reduce economic efficiency. The main impacts include reduced international trade due to barriers that limit the flow of goods and services between countries, increased production costs, lower economic efficiency and possible trade retaliation between nations;
- Changes in monetary and fiscal policy, requiring central banks to take a more cautious approach to avoid premature or prolonged easing, a general increase in global indebtedness and fiscal deficits and the alteration of fiscal policies to encourage innovation and sustainable (“green”) investment;
- Technological advances and accelerated digitalisation, bringing both new opportunities and challenges, such as increased cyber risks and growing inequality in the labour market;
- The impact of artificial intelligence (AI) on the labour market, with 60 % of jobs in advanced economies expected to be affected;
- Climate change, with an increase in the frequency and intensity of extreme events such as floods, droughts, heat waves, tropical storms and forest fires. These events cause damage to the agricultural sector, resulting in product shortages and higher commodity prices, as well as affecting critical infrastructure such as transportation and energy networks, affecting the economy and quality of life in different regions.

In advanced economies, estimated growth for 2024 stands at 1.7 %. The United States stands out positively, with growth of 2.8 %, while the Eurozone is expected to perform more modestly and Japan will see a slight contraction in the economy. Therefore:

- The United States, where GDP grew above initial projections, driven by strong domestic consumption and the robust performance of the services sector, consolidated its position as one of the main drivers of the world economy in 2024. The unemployment rate remained low, with strong job creation in key sectors such as technology, healthcare and manufacturing. Inflation slowed throughout the year, remaining above the 2 % target set by the Federal Reserve (Fed), representing a persistent challenge in the services sector. There was an increase in global trade barriers, especially in relations with China, negatively impacting export industries. The country remained one of the largest exporters of Liquefied

- Natural Gas (LNG), although it continues to rely heavily on fossil fuels. It has invested significantly in technology, including artificial intelligence and green infrastructure, driven by policies such as the Inflation Reduction Act.
- The Eurozone performed poorly compared to the pre-pandemic period, with an estimated growth of just 0.8 %. The main economies, such as Germany and France, faced difficulties due to the reduction in industrial demand and the slowdown in world trade. The continuing war in Ukraine directly affected investor confidence, increasing economic instability in the Eurozone and generating disruptions in the distribution of goods and raw materials, affecting trade and production. In regard to the energy supply, prices remained volatile, putting pressure on consumers and industries. Although inflation declined, it remained above the targets set in many countries, especially in the food and services sectors. The high cost of living limited domestic consumption, weakening economic growth. The European Central Bank (ECB) adopted a preventive stance, maintaining high interest rates to combat inflation, restricting credit and investment. In many economies, such as Italy and Greece, public debt remained high, limiting the implementation of expansionary fiscal policies. The ageing of the population continues to be a major challenge in the Eurozone, with a significant impact on the workforce. Essential sectors saw their growth limited due to the shortage of qualified workers, while the increase in social security spending burdened public accounts.
 - Japan recorded an economic contraction of around -0.2 %, mainly due to temporary supply disruptions, which resulted in a drop in external demand, especially from China and the US, and domestic consumption weakened by inflation and the devaluation of the Yen, which had a strong impact on the population's purchasing power. Although the devaluation of the Yen has boosted some exports, it has also increased the cost of importing energy and food. In addition, the Bank of Japan ended its policy of negative interest rates, after decades of aggressive monetary stimulus. Japan's public debt remains one of the highest in the world, which has made it difficult to implement fiscal stimuli to boost the economy. In the labour market, labour shortages remain a major challenge, leading companies to invest more and more in automation and artificial intelligence.

In the emerging market and developing economies (EMDEs), estimated average growth stands at 4.1 %, led by Asian economies such as China, with estimated growth of 4.8 %, and India, with 6.5 %. Therefore:

- China's growth was below the IMF's initial forecasts, due to a weak real estate market and falling consumer confidence, reflecting the need for structural reforms. Growth was sustained by resilient exports, despite the slowdown in global demand and trade tensions with the United States, and by government investment in infrastructure, such as in the transportation and renewable energy sectors. China continued to lead investments in technology, including artificial intelligence, semiconductors and electric vehicles, accelerating

the transition to renewable energies, such as the expansion of solar and wind capacity. However, extreme weather events, such as flooding, affected the country's agriculture and infrastructure.

- India recorded strong economic growth, in line with the country's potential, remaining one of the fastest-growing economies in the world. This growth was essentially driven by robust domestic consumption, public investment in infrastructure and a dynamic services sector. There has also been a significant increase in intra-Asian trade, in sectors such as technology, pharmaceuticals and manufacturing. The Indian government has implemented incentives to attract foreign direct investment, strengthening domestic industry.

The IMF points out that global inflation, at 5.7 %, despite continuing to decelerate over the course of the year due essentially to the fall in commodity prices and the delayed effects of restrictive monetary policies implemented in previous years, has registered different rhythms between countries, reflecting in some regions increased difficulties in combating rising prices. In terms of commodities, generalised energy and food prices fell due to improved supply conditions. In terms of monetary policy, the central banks in advanced and emerging economies began to soften interest rates, which helped to stabilise prices without causing major impacts on economic activity. As a result, the advanced economies achieved their inflation targets more quickly, while the emerging economies and developing countries, where inflation was uneven, took longer to control inflation, mainly due to political instability, exchange rate fluctuations, the crisis in commodity prices and rising import costs. Inflation in services remained high in some economies, due to the rigidity of the labour market in specific sectors.



After the slight rise at the end of 2024, especially in the Eurozone due to rising energy and food prices, it is estimated that inflation may be more persistent than expected in the coming years. This could happen if service prices remain high, if extreme weather events increase, affecting the price of commodities, and if crises related to geopolitical conflicts arise.

The Euro's loss of value against the Dollar, which fell to 1.04 USD at the end of 2024, compared to 1.11 USD a year earlier, was close to the lowest value in the last two years. Factors contributing to the devaluation of the Euro:

- Global political uncertainty, especially after Donald Trump's victory in the US presidential race;
- Poor performance of the Eurozone economy, where Germany, France and Italy recorded growth of less than 1 %;
- Greater volatility in international financial markets, driven by geopolitical risks and more protectionist measures in the United States;

- Divergences between the European Central Bank (ECB) and the US Federal Reserve (Fed) on monetary policies. The ECB began to cut interest rates, while the Fed opted to be more cautious.

All in all, the world economy has shown resilience and recovery, despite geopolitical tensions in the Middle East and Ukraine, economic fragmentation and high public debt. Inflation has fallen significantly since the peaks of 2022, due to the actions of central banks and the stabilisation of supply chains. Increased political uncertainty in several governments that have been subject to elections and fluctuations in the Dollar have essentially impacted emerging markets, hampering global financial stability. For the coming years, the IMF predicts that global growth will remain below 3.8 % until 2029, recommending that countries adopt balanced fiscal and monetary policies to avoid new economic crises.

2.2 National Situation²

Since 2014, the Portuguese economy had been recovering and growing steadily until the outbreak of the Covid-19 pandemic in March 2020. This growth was being driven essentially by exports and tourism. Between 2016 and 2019, Portugal's GDP grew at a rate of more than 2 % per year. Unemployment fell considerably, from 16 % in 2013 to less than 7 % in 2019, and public debt was gradually decreasing.

However, between 2020 and 2021 the country entered a recession due to the Covid-19 pandemic, recording the largest contraction in recent history, with GDP falling by -8.2 % in 2020. Portugal's public debt skyrocketed to over 130 % of GDP, due to increased public spending to deal with the crisis. Unemployment rose temporarily and tourist activity fell by more than 60 %. In 2021, due to the easing of pandemic restrictions and an increase in domestic consumption, the Portuguese economy recovered strongly, with GDP growth of 5.6 %.

In 2022, GDP continued to grow, reaching 7 %, benefiting from the reopening of the economy and the global tourism boom, making it one of the fastest-growing economies in the Eurozone. The increase in inflation in 2022, which reached 7.8 %, led the European Central Bank (ECB) to raise key

² Source:

Portuguese Motor Association (ACAP) – Motor reference values

Bank of Portugal (December 2024) – “Economic Bulletin” Available at: <https://www.bportugal.pt/publicacao/boletim-economico-dezembro-2024>

European Central Bank – “European Economic Bulletin No. 8/2024” – January 2025 Available at <https://www.bportugal.pt/page/listagem-de-publicacoes-do-banco-central-europeu>

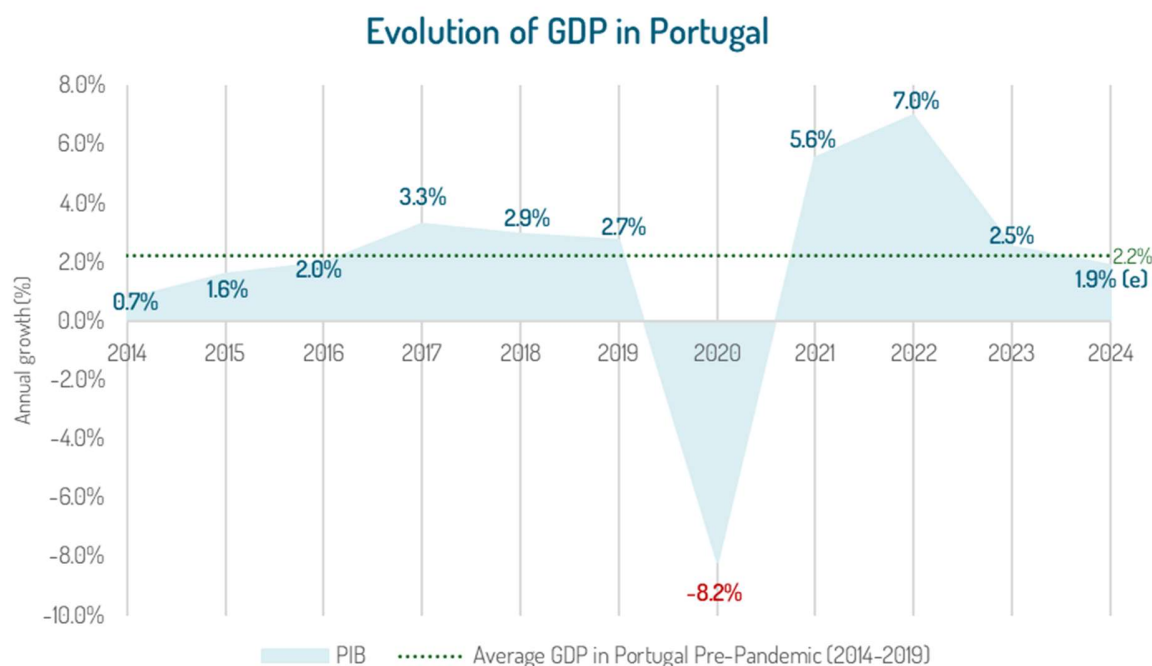
National Statistics Institute (INE) 30 January 2025 – GDP Quick GDP Estimate 2024 – https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaques&DESTAQUESdest_boui=645504700&DESTAQUESmodo=2

Economic Activity Indicators – Bank of Portugal, INE, Eurostat, Strategy and Research Office – Portuguese Republic/Economy

Ministry of Finance – “State Budget Report 2025”- <https://www.dgo.gov.pt>

Portuguese Republic – Office of Strategy and Research – “Quarterly Bulletin of the Portuguese Economy no. 4 2024” – January 2025 Available at <https://www.gee.gov.pt/pt/publicacoes/boletim-mensal-de-economia-portuguesa>

interest rates. As a result, growth fell to 2.5 % in 2023, in line with the slowdown in the European economy.



Source: INE and Banco de Portugal

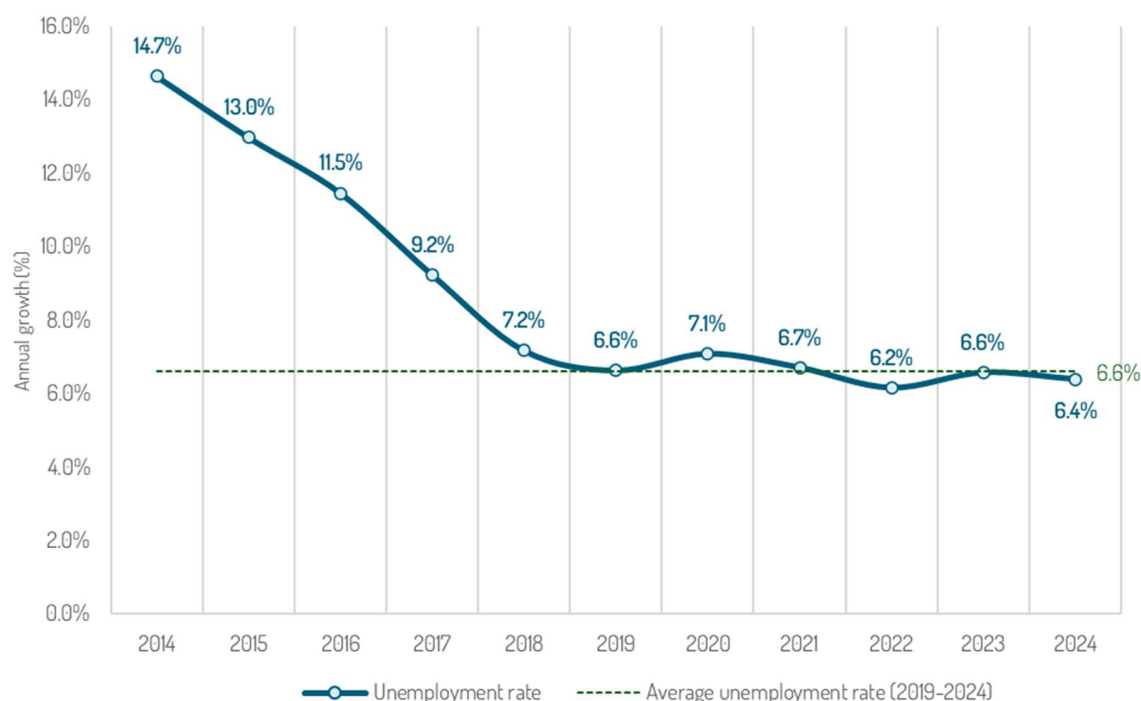
According to the Bank of Portugal, the Portuguese economy is expected to grow by 1.9 % in 2024. This growth exceeded expectations of 1.7 %, driven by an increase in domestic demand, with a particular acceleration in private consumption expenditures. This acceleration was due to the increase in household disposable income, the fall in interest rates, which eased financial burdens, and greater activity in the trade and tourism sectors.

Net external demand made a negative contribution when compared to the same period last year, where imports of goods and services grew more sharply than exports, which continued to grow at a similar rate. The economic slowdown in the Eurozone, which grew by around 0.7 %, and its consequent reduction in consumption in the region may be holding back part of the recovery in the national economy, due to the dependence on European trade.

Investment has been losing momentum throughout 2024, with a gross fixed capital formation (GFCF) rate of 1.3 % in the first three quarters of the year. The slowdown in investment was marked by restrictive financial conditions, with interest rates still high, affecting business and real estate investment. In addition, delays in the disbursement of European funds led to the postponement of infrastructure and innovation projects, and low investor confidence due to global economic uncertainty contributed to this scenario.

In terms of the budget balance, 2024 was favourable, recording a budget surplus of around 0.6 % of GDP, exceeding 2025 State Budget expectations, which indicated 0.4 %. However, forecasts for 2025 indicate that the balance will return to a deficit due to expansionary fiscal policy, such as tax exemptions and reductions that directly impact revenue, and the increase in public spending, including the increase in civil service salaries, pensions and social benefits, and public investment associated with the Recovery and Resilience Plan (RRP).

The labour market in Portugal remains solid, with the unemployment rate remaining at 6.5 %, practically unchanged from 2023. This rate is slightly below the average of 6.6 % recorded since 2019, when unemployment began to stabilise in Portugal.

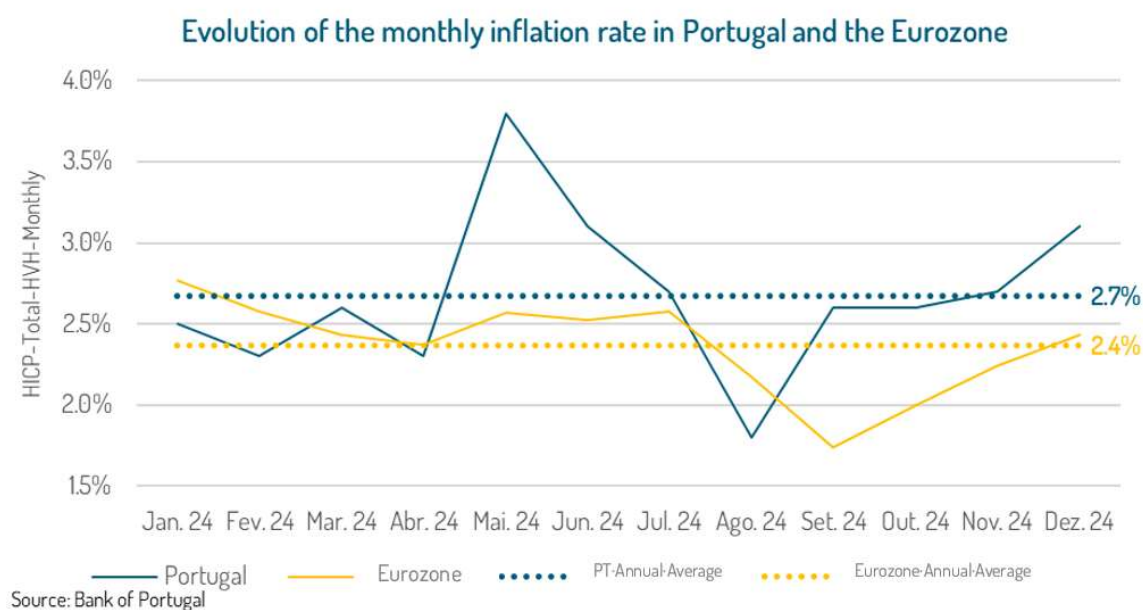


Employment grew by around 1.2 % due to strong demand for labour in sectors such as services and construction and an increase in the entry of foreign workers, which is offsetting ageing of the working population. The Recovery and Resilience Plan (RRP), aimed at public and private investment, has helped to create jobs, as has the moderate growth of the economy and increases in real wages for the population. However, the current structure of the labour market, both nationally and internationally, is beginning to face increased challenges due to the increase in digitalisation and automation, driven by Artificial Intelligence, thereby requiring new skills and qualifications from workers.

The average annual inflation rate in Portugal had a positive trajectory, comparing December 2024 with December 2023, dropping significantly from 5.3 % to 2.7 %, with a slight fluctuation in November 2024. This decrease was essentially due to the European Central Bank's (ECB) restrictive monetary policy, which helped to control prices throughout the year, the reduction in the impact of the energy and food crises, moderate wage growth and a reduction in external pressures on goods prices.



However, when analysing the evolution of the monthly inflation rate over the course of 2024, some volatility can be seen, with an upward trend in the last quarter of the year, following the path of the Eurozone, which ended the year with an average annual inflation rate of 2.4 %. This volatility in Portugal was due to one-time variations in service prices and the impact of fluctuating fuel prices.

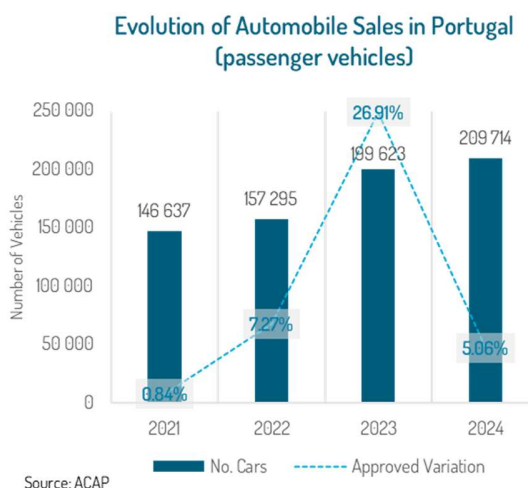


The main risks that inflation could face over the next year, and which could contribute to the upward trend continuing, include unexpected rises in the prices of raw materials (such as oil and gas), geopolitical conflicts that could cause disruptions in supply chains, which directly affect the prices of imports, and changes in the ECB's current monetary policy. If the ECB chooses to cut interest rates, this could stimulate demand.

In terms of private consumption, there was growth of around 3 % in 2024, with the consumption of services, such as tourism, leisure and restaurants, as the main driver of this growth, benefiting from the recovery in consumer confidence and the increase in consumers' incomes. Consumption of essential goods grew more moderately, with prices stabilising and buying habits becoming more

normal. Consumption of consumer durables, such as cars and household appliances, continued to be impacted by high interest rates.

According to the Portuguese Motor Association (ACAP) in 2024, the number of new passenger cars sales (including off-road vehicles) increased by 5.06 % year-on-year. Despite the moderate growth compared to the previous year, it is considered positive, as the number of new passenger vehicles is approaching pre-pandemic figures, which between 2016 and 2019 averaged around 220 000 a year. In 2024, loans to individuals for consumption recorded an annual growth of 7.5 %, demonstrating an improvement in consumer confidence. However, factors such as high interest rates and a higher savings rate, which grew by around 7.3 %, prevented private consumption from growing more.



Projections for the Portuguese economy in 2025 are generally favourable, pointing to moderate growth of 2.2 %. This growth should be stimulated by continued private consumption, investment, a reduction in inflation to 2.1 % (approaching the ECB's 2 % target) and stabilised budget balances.

There is, however, an increased need to monitor the evolution of public spending and to deal with possible impacts that external factors may have on the Portuguese economy, such as the economic slowdown in the Eurozone as well as the increase in global protectionism and geopolitical conflicts. Domestically, there may be greater difficulties in implementing European funds and a prolonged rise in interest rates, affecting the recovery of consumption and credit.

2.3 Financial System³

2024 was marked as a period of transition in the financial system, both in Portugal and in the Eurozone.

Throughout the year, the European Central Bank (ECB) eased monetary policy, cutting the three key interest rates it sets four times. At the end of 2024, the marginal lending facility rate stood at 3.4 %,

³ Source:

European Central Bank - "European Economic Bulletin No. 8/2024" - January 2025 Available at <https://www.bportugal.pt/page/listagem-de-publicacoes-do-banco-central-europeu>

Portuguese Republic - Office of Strategy and Research - "Quarterly Bulletin of the Portuguese Economy no. 4 2024" - January 2025 Available at <https://www.gee.gov.pt/pt/publicacoes/boletim-mensal-de-economia-portuguesa>

down from 4.75 % at the end of 2023. The main refinancing operations rate fell to 3.15 %, compared to 4.5 % at the end of 2023, and the deposit facility rate reached 3 %, compared to 4 % at the end of 2023. In addition to the decrease in key interest rates, the reduction in short-term interest rates in the Eurozone to 2.8 % in December 2024 also contributed to supporting the growth of the economy and containing possible recession risks, given the weak performance of the Eurozone economies. Despite the reduction in rates, the ECB considers that financing conditions are still restrictive, as the increases seen in previous years are still being absorbed by the market.

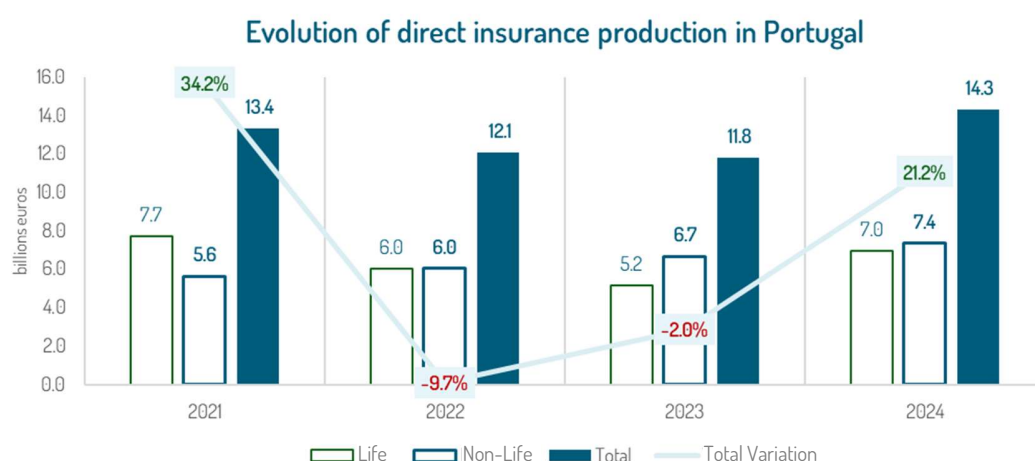
In the Eurozone, bank loans to companies and mortgage loans recovered slightly (+1.2 % and +0.8 % year-on-year), suggesting a gradual recovery in the economy, despite the economic uncertainty. In Portugal, there was an increase in the amount of new loans granted, of around 5.3 % in the first nine months of the year, with special emphasis on loans of up to 1 million euros, which grew by 13.9 %. Mortgage lending in Portugal rose by 36.9 % in the third quarter of the year and by 42.5 % in November, reflecting greater activity in the real estate market, strongly driven by legislative measures to support loans to young people.

Portugal's public debt ratio fell by 8.8 percentage points compared to the previous year, to 97.5 % of GDP, boosting its external position and strengthening financial stability. Therefore, an increase occurred in the Portuguese economy's financing capacity to 3.9 % of GDP by September 2024 and an improvement in its international investment position (IIP), reaching a lower negative value of GDP. The external sector benefited due to the greater increase in export prices in Portugal compared to imports.

The European financial system faced challenges that put pressure on the markets and contributed to the devaluation of the Euro against the Dollar, such as political instability in countries like Germany and France, which strongly impacted investor confidence, resulting in increased market volatility. The deterioration of France's public accounts increased the country's financing costs, and the economic policy in the United States of America following the election of Donald Trump also played a significant role. The Portuguese financial system tends to follow developments in the Eurozone and is heavily influenced by international challenges. However, it has remained resilient, achieving a reduction in the default rate and a slight recovery in credit granted, which has benefited Portuguese families and companies.

2.4 Insurance sector trends and developmental prospects⁴

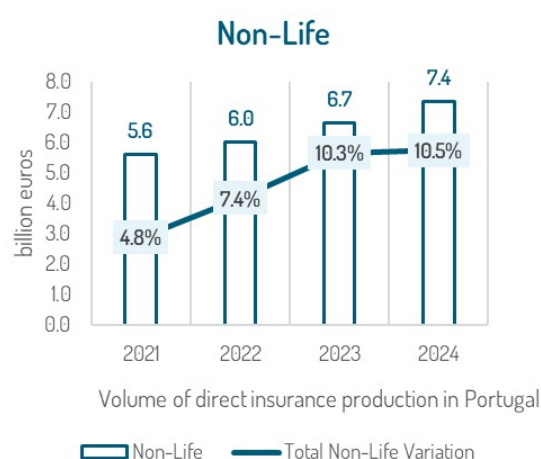
In 2024, the volume of direct insurance production in Portugal was around 14.3 billion, an increase of 21.2 % compared to 2023. The Life segment was the main driver of the overall expansion of the insurance sector in Portugal, with growth of 34.9 %, while the Non-Life segment contributed with growth of 10.5 %.



Despite the broad expansion of the Life segment, its total volume still fell short of that recorded in 2021. The significant growth in contributions from Retirement Savings Plans (RSP) of 49.6 % compared to 2023 corroborated the increase in the country's savings rate. Overall, the volume of products not linked to investment funds grew by around 34.9 %, while those linked contributed 37.09 %.

The Non-Life segment has maintained a robust trajectory, with growth similar to that of the same period last year. It continued to be the segment with the largest share of the insurance market, at around 51.4 %, with a direct insurance production volume of around 7.4 billion euros.

Growth in the Non-Life segment has been driven by society's increased awareness of the importance of protection and security against possible financial and property risks. Accordingly, there has been an increase in



⁴ Source:

ASF - Direct Insurance Premiums 2024

APS - Direct Insurance Production 2024, Segurdata, on 2024/12

demand for civil liability insurance and cyber risk insurance. The main trends in Non-Life insurance lines of business have therefore been as follows:

- Motor insurance continues to be highly representative in the sector, with growth of 9.88 %, driven by civil liability coverage and the robust evolution of individual damage coverage. Despite its growth, it has faced certain challenges, such as the increase in electric vehicle sales and new environmental regulations. The market has remained competitive in this line of business, with premium adjustments and new policies by insurers to adapt to constant technological changes;
- The workers' compensation line of business grew by 9.66 %, slightly below the previous year, but confirming the continued recovery of the country's economic activity. The increase in job creation and business activity, especially in construction, industry and logistics, has increased the need to take out workers' compensation insurance;
- The health line of business stood out with growth of 17.53 % compared to 2023, emphasizing the limitations that the National Health Service has faced, such as increased wait times and the lack of family doctors, which has increased the demand for private alternatives. The impact of inflation on healthcare costs, with rising prices for private consultations and treatments, has also influenced consumers' decision to seek health insurance, both to reduce medical costs and to deal with any unforeseen health problems;
- Fire and other damage insurance grew by 7.86 %, slowing down from 10.41 % in 2023. This slowdown was essentially due to the stabilisation of inflation and a more contained updating of insured capital. However, the greater frequency of external climatic events, such as floods, storms, earthquakes and forest fires, has increased consumers' perception of risk and, consequently, demand for property insurance to cover these adverse natural phenomena;
- Growth in the civil liability line of business was 5.4 %, slowing slightly compared to the 8.27 % growth recorded in the previous year, with special emphasis on demand for professional and operating liability insurance;
- The hull and cargo lines of business continued the downward trend already seen in the same period last year, with a variation of -0.55 % and -4.97 % respectively. Air insurance, on the other hand, resumed its growth, approaching the volume recorded in 2022;
- Miscellaneous insurance such as credit, suretyship and legal protection grew by 6.75 % overall, in line with growth in the same period last year.

In short, the Non-Life segment continues to grow solidly and consistently, with the healthcare, motor and workers' compensation lines of business driving the sector.

3 MAIN INDICATORS

The following table summarizes the Company's main indicators:

U: Thousand euros

	2024	2023	24/23 VAR [%]
Balance Sheet			
Net assets	287 051	234 103	22.6%
Equity	69 505	67 367	3.2%
Insurance contract liabilities from future services	21 596	19 074	13.2%
Insurance contract liabilities from past services	149 911	123 807	21.1%
Insurance contract liabilities from past services, net of reinsurance contracts	78 503	69 340	13.2%
Profit and Loss			
Insurance contracts revenue	132 826	157 315	-15.6%
Gross written premiums - direct insurance	4 911	160 255	-96.9%
Insurance contracts revenue, net of reinsurance contract expenses	82 261	131 685	-37.5%
Insurance contracts service expense	115 715	145 921	-20.7%
Insurance contracts service expense, net of reinsurance	79 368	121 855	-34.9%
Operating Costs	13 868	18 171	-23.7%
Income and capital gains/losses	6 259	3 966	57.8%
Net Income	446	7 013	-93.6%
Indicators			
Comprehensive income	2 138	12 098	-82.3%
Operating cash flow	30 403	18 487	64.5%
No. of employees	149	149	0.0%
Gross written premiums / No. of employees	33	1 076	-96.9%
Direct insurance loss ratio (1)	19.5%	2.6%	16.9p.p.
Loss ratio net of reinsurance (2)	42.9%	38.4%	4.5p.p.
Comprehensive income / Insurance Contracts Revenue	1.6%	7.7%	-79.1%
Insurance contract liabilities from past services / Insurance contracts revenue	112.9%	78.7%	43.4%
Comprehensive income / Share capital	4.8%	27.3%	-82.3%
Combined ratio (3)	90.4%	27.2%	63.2p.p.

(1) Direct insurance loss ratio = Insurance contracts service expenses from claims incurred / Insurance contracts revenue

(2) Loss ratio net of reinsurance = (Insurance contracts service expenses for claims incurred - Reinsurance contracts ceded revenue for claims incurred) / (Insurance contracts revenue - Ceded Reinsurance Premiums)

(3) Combined ratio = (Insurance contract expenses for claims incurred - Reinsurance contracts ceded revenue for claims incurred + Attributable costs - Reinsurance commissions) / (Revenues from insurance contracts - Ceded Reinsurance Premiums)

4 CARAVELA'S ACTIVITY

Caravela – Companhia de Seguros, S.A. practices its insurance and reinsurance activity exclusively in the non-life lines of business, with emphasis on the Motor, Fire and Other Damages and Workers'

Compensation segments. In addition to these segments, Caravela markets Health, Personal Accidents, General Liability, Assistance, Maritime, Cargo and, following the authorisation provided in October 2023 by the ASF, Suretyship products.

In 2021, the Company began the international expansion of its marketing under the freedom to provide services regime (FPS), which has been complementing the growth of production in Portugal.

4.1 Gross Written Premiums and Insurance contracts revenue

4.1.1 Overall Activity

Caravela closed the 2024 financial year with a volume of gross written premiums (GWP) at 187.71 million euros, which represents an increase in production of 27.45 million euros and a growth rate of 17.1 % compared to the same period last year. This growth reflects the increase in demand for certain lines of business and Caravela's consolidation in the insurance sector, with its market share in the Non-Life segment, including business in Portugal and abroad, growing by 0.14 p.p., going from 2.36 % in 2023 to 2.50 % in 2024.

Throughout its history, Caravela has been committed to a strategy of product diversification, such as the marketing of the suretyship line of business in 2024, thereby strengthening its growth and positioning in the market. In addition, growth has been sustained by maintaining the retail segment, by expanding commercial activity abroad and through its presence in the corporate segment.

This continuous expansion was transversal to practically all lines of business, with the exception of the Hull line of business (-5.2 %), which followed the downward trend of the market. The Accidents and Health segment (+18.1 %) was one of the main drivers, representing one of the highest volumes of production, 60.6 million euros.

The Personal Accidents line of business was the largest contributor, in percentage terms, to growth in this segment, with an increase of 79.9 %. This growth, which runs counter to the market trend, was mainly due to the start of marketing of the travel personal accidents product in France, accounting for 54.9 % in 2024. The Workers' Compensation and Healthcare lines of business also showed a significant growth, at 15.7 % and 16.6 % respectively, with Workers' Compensation as the line of business that grew the most and contributed the most to the segment in absolute terms.

U: Euro

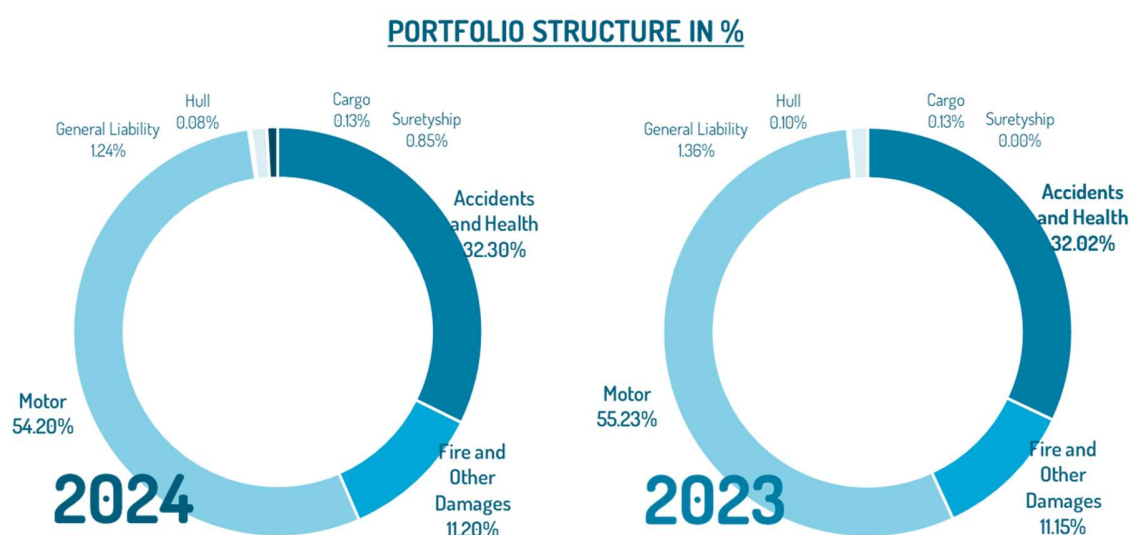
PRODUCTION STRUCTURE AND VARIATION	Gross Written Premiums		24/23 VAR (%)
	2024	2023	
Accidents and Health	60 625 580	51 320 045	18.1%
Workers' Compensation	55 680 522	48 109 892	15.7%
Personal Accidents	3 416 304	1 899 235	79.9%
Health	1 528 754	1 310 918	16.6%
Fire and Other Damages	21 025 389	17 863 822	17.7%
Motor	101 732 855	88 515 629	14.9%
Hull	158 127	166 727	-5.2%
Cargo	246 914	210 375	17.4%
General Liability	2 321 475	2 178 902	6.5%
Suretyship	1 598 299	0	0.0%
TOTAL	187 708 640	160 255 500	17.1%

Fire and Other Damages also stood out with solid growth of 17.7 %, outstripping the market average. This growth was driven by increased demand for insurance aimed at protecting property in the French market, where Caravela operates under the freedom to provide services regime (FPS). The sale of products in this market, such as construction and assembly insurance and entrepreneurial property insurance, played a significant role, accounting for approximately 19.7 % of the total.

Motor insurance, one of the Company's main lines of business, grew by 14.9 %, above the market average, even though it is in a very competitive segment.

Although with less significant results, the other lines of business, namely Civil Liability (+6.5 %) and Maritime and Cargo (+17.4 %), showed a positive growth.

The relative weight of the Gross Written Premiums (GWP) in the various lines of business of the Company's portfolio structure for 2023 and 2024 shows slight fluctuations:



In 2024, Caravela continued to maintain solid and consistent performance across all lines of business considered strategic, reflecting the effectiveness of the initiatives implemented and market confidence. Continued expansion has been based on a differentiated, high-quality service, always allied to the defined strategy, and is structured as follows:

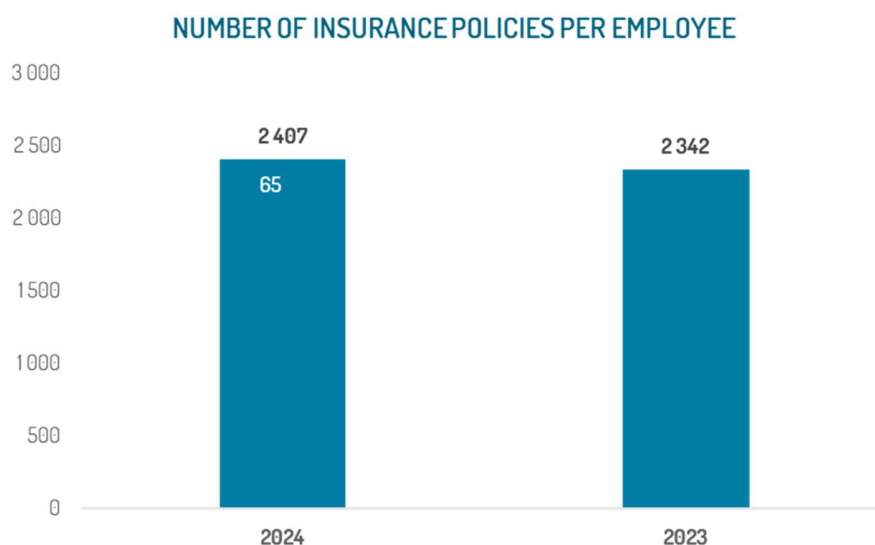
- In the retail segment: focus on developing and improving digital subscription platforms, as well as extending and consolidating the distribution network, ensuring greater accessibility and suitability to customer needs;
- In the corporate segment: focus on consolidating the subscription and distribution models, with proactive portfolio management to promote efficiency and added value for companies.

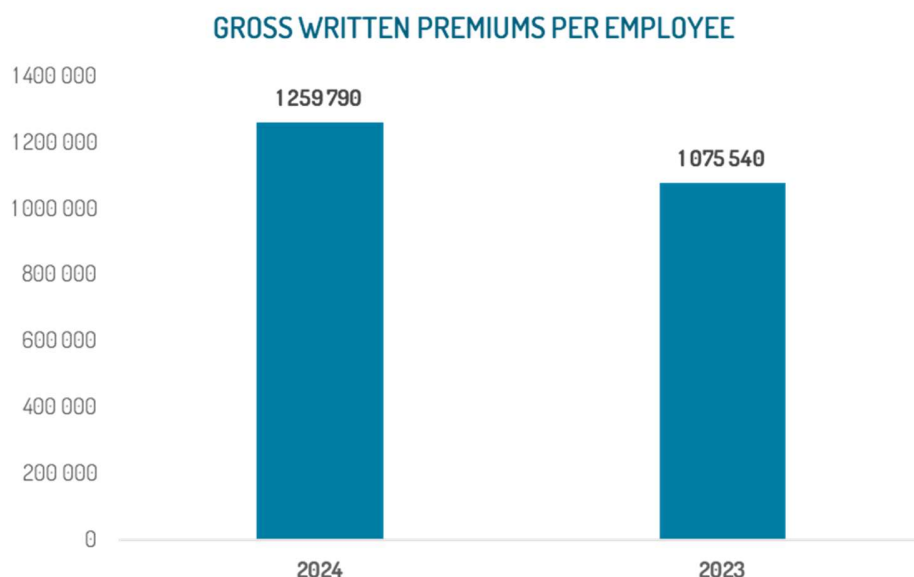
The development of commercial activity abroad has also strengthened the growth of the portfolio, especially in the Fire and Other Damages, Motor and Suretyship segments.

In regard to the premium structure of the current portfolio in 2024, Caravela maintains a distribution very similar to that of the same period in the previous year, based on the compulsory lines of business. It is confirmed that the Motor and Accidents and Health segments continued to represent the greatest weight, with 54.2 % and 32.3 % respectively, totalling 86.5 % of the premiums in the portfolio.

In regard to the number of insurance policies in the portfolio, the trend from the previous year continues, with the Motor and Fire and Other Damage lines of business predominating, accounting for 82.3 % and 10.9 % respectively, totalling 93.3 % of the insurance policies in Caravela's portfolio.

Constant progress has ensured continued improvement in performance in terms of the ratio of insurance policies per employee to gross written premiums (GWP) per employee. As the following graphs show, there was an increase of 65 insurance policies per employee and an increase of 184 200 euros in GWPs per employee, respectively.





Therefore, the activity described above resulted in a 16.7 % growth in insurance contracts revenue compared to 2023, where disaggregating the assistance coverage from the segments that Caravela sells shows that it will account for around 5.0 % of the portfolio in 2024. The Motor segment continues to lead with a weight of 48.9 %, followed by the Accidents and Health segment with 33.1 %. In terms of growth, the cargo segment stood out with an increase of 27.7 % over the same period in the previous year.

U: Euro

INSURANCE CONTRACTS REVENUE	2024		2023		24/23 VAR (%)
	SCR	Weight	SCR	Weight	
Accidents and Health	60 784 001	33.1%	50 825 848	32.3%	19.6%
Fire and Other Damages	20 973 776	11.4%	17 330 998	11.0%	21.0%
Motor	89 769 965	48.9%	78 476 367	49.9%	14.4%
Hull	157 812	0.1%	166 150	0.1%	-5.0%
Cargo	244 707	0.1%	191 609	0.1%	27.7%
General Liability	2 294 419	1.2%	2 171 628	1.4%	5.7%
Suretyship	203 977	0.1%	0	0.0%	0.0%
Assistance	9 173 488	5.0%	8 152 653	5.2%	12.5%
TOTAL	183 602 146	100%	157 315 253	100%	16.7%

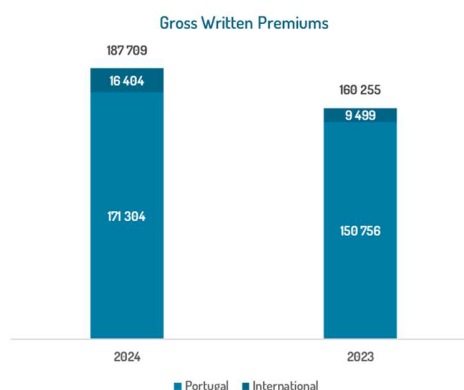
4.1.2 International Activity

Pursuant to article 235(1) under the legal framework for access and practice of insurance and reinsurance businesses, approved by Law 147/2015 of 9 September, and sections 3.2.1.1. and 3.2.1.2. from the decision on the collaboration of Supervisory Insurance Authorities in the European Economic Zone, (BoS-21-235, of 10 June 2021), Caravela – Companhia de Seguros, S.A. may conduct business under the freedom to provide services in Member States of the European Union from its registered office in Portugal.

Caravela is authorised to operate under the freedom to provide services regime (FPS) in the following countries and lines of business:

- In France, it is authorised to operate in the insurance lines of business of fire and other damages, accidents, general liability, suretyship and miscellaneous financial losses;
- In Greece, it is authorised to operate in motor insurance, suretyship and assistance;
- In the Netherlands, it is authorised to operate in motor insurance and assistance;
- In Spain, it is authorised to operate in the suretyship insurance line of business.

In 2024, the operations in France, Greece, Spain and the Netherlands together generated 16 404 000 euros in gross written premiums, representing around 9 % of turnover. Compared to 2023, there was an increase of 72.7 %, driven by new operations in Spain and the Netherlands and the business activity from two new lines of business in France.



Operations in France

Operations in France began in 2021, through a partnership with DUNE. Three years of experience have been accumulated, with satisfactory results in the distribution of a product aimed at construction operations. In 2024, the Personal Accidents and Suretyship lines of business began to be marketed.

Gross written premiums for the year amounted to 6 058 000 euros, which exceeds the previous year's premium production by 29.4 %.

Operations in Greece

Caravela began operations in Greece in February 2023, establishing a partnership with BROKINS S.A., already active in the Greek market as a broker and coordinator of insurance agents.

In 2024, gross written premiums amounted to 8 178 000 euros, an increase of 69.7 % compared to the same period last year.

Operations in the Netherlands

The marketing campaign in the Netherlands with the Biesbosch/The Core partnership made its debut in 2024, with marketing of the motor line of business, recording gross premiums of 1 105 000 euros.

Operation in Spain

In the last half of 2024, Caravela started operating in Spain with the business partners Get Involved and Credicand, expanding the marketing of the suretyship line of business, with gross written premiums at around 1 061 000 euros. This operation, with insurance contracts revenue at around 144 000 euros, represented 70.8 % of total insurance contract revenues in the suretyship line of business.

4.2 Insurance contracts service expense

In 2024, Caravela's overall claims ratio (Insurance contracts service expenses with Claims incurred/Insurance contracts revenue) reached 66.5 %, representing an increase of 6.4 p.p. compared to the 2023 financial year. The segments with the greatest weight in terms of costs in 2024 continued to be the Motor, Accidents and Health segments, which together account for 82.8 % of total insurance contracts service expense. In relative terms, the Hull segment saw the biggest increase in expenses (188.6 %), followed by the Cargo segment (90.7 %).

U: Euro

INSURANCE CONTRACTS SERVICE EXPENSE *	2024	2023	24/23 VAR (%)
Accidents and Health	32 648 034	23 220 632	40.6%
Fire and Other Damages	11 329 502	8 287 843	36.7%
Motor	68 431 048	54 950 318	24.5%
Hull	52 774	18 288	188.6%
Cargo	118 612	62 212	90.7%
General Liability	1 534 071	1 123 444	36.6%
Suretyship	84 425	0	0.0%
Assistance	7 941 065	6 869 233	15.6%
TOTAL	122 139 530	84 799 683	29.2%

**Insurance contracts service expense*

In the context of growth in the global loss ratio, when the rates by segment are analysed, it can be seen that Assistance coverage continues to have the highest loss ratio in the Company, 86.6 % in

2024 and 84.3 % in 2023, followed by the Motor segment with a ratio of 76.2 % in 2024 versus 70.0 % in 2023. The segments that incurred the biggest increases in costs, in percentage terms, were the ones that effectively incurred in the biggest increases in loss ratio: 203.8 % in the Hull segment and 49.3 % in the Cargo segment, but they remain among the Company's lowest loss ratios (33.4 % and 48.5 % respectively).

LOSS RATIO *	2024	2023	24/23 VAR (%)
Accidents and Health	53.7%	45.7%	17.6%
Fire and Other Damages	54.0%	47.8%	13.0%
Motor	76.2%	70.0%	8.9%
Hull	33.4%	11.0%	203.8%
Cargo	48.5%	32.5%	49.3%
General Liability	66.9%	51.7%	29.2%
Suretyship	41.4%	0.0%	0.0%
Assistance	86.6%	84.3%	2.7%
TOTAL	66.5%	53.9%	10.7%

**Insurance contracts service expense/Insurance contracts revenue*

In terms of the number of claims incurred, the overall variation compared to the same period last year was practically nil, at just 0.1 %, where only +55 more claims had been opened in 2024. Despite this, the Workers' Compensation line of business led to the opening of 796 more cases (+9.3 %), and this increase was offset by a reduction in the number of cases opened in lines of business such as Fire and Other Damages, -459 (-11.1 %), Motor, -262 (0.6 %), Personal Accidents, -33 (-2.6 %), Cargo, -12 (-57.1 %) and Hull, -1 (-9.1 %). The General Liability line of business saw a slight increase of 26 opened cases, with a variation of 2.4 %.

In regard to the number of insurance policies in force, there was an increase of around 2.8 % compared to the previous year, while the change in claims was 0.1 %, representing a slight reduction in the overall loss ratio (-0.6 %). Together with the trending number of cases opened by segment, General Liability saw an increase in frequency compared to 2023, up 2.8 %, while the Workers' Compensation segment countered the 9.3 % increase in cases opened, with a 10.4 % drop in the loss ratio compared to the same period in the previous year.

LOSS RATIO*	2024	2023	24/23 VAR (%)
Accidents	1.7%	2.4%	-27.3%
Workers' Compensation	7.8%	8.7%	-10.4%
Personal Accidents	0.2%	0.4%	-37.7%
Fire and Other Damages	9.7%	10.7%	-9.3%
Motor	14.4%	14.6%	-1.4%
Hull	1.0%	1.0%	-3.0%
Cargo	3.9%	9.2%	-57.8%
General Liability	19.2%	18.7%	2.8%
Suretyship	0.0%	0.0%	0.0%
TOTAL	16.2%	16.3%	-0.6%

* - Note: Does not include Travel Assistance claims

4.3 Reinsurance

Caravela's reinsurance policy includes Proportional Reinsurance Treaties, Non-Proportional Reinsurance Treaties and Facultative Reinsurance, i.e. reinsurance arrangements suitable for protecting accepted risks.

The reinsurance programme approved by Caravela for 2024 in the Portuguese market has undergone changes compared to the previous year, in terms of the reinsurers involved and the existence of new proportional treaties for the Motor line of business and for the specific portfolio of Workers' Compensation within Professional Sports.

In 2024, the Suretyship line of business began operating in Portugal, as well as in the Spanish and French markets. Proportional treaties were approved for this line of business, specific to each geographic region.

In regard to the other portfolios operated internationally, in Greece and the Netherlands, the proportional and non-proportional treaties which started in 2023 are maintained, and as such, no changes have been made to them.

In regard to the proportional treaties applicable to the Fire and Other Damages, Maritime, Cargo and Engineering lines of business, the retention of the share and the limit on the surplus negotiated in 2023 were maintained.

The Excess of Loss treaties covering Motor, Personal Accidents, Workers' Compensation and General Liability did not undergo any changes in terms of priority or capacity, and the annual aggregate limit in the Motor – Personal Damages treaty was maintained.

The reinsurers involved are selected on the basis of their reliability and financial solvency, as well as their provision of services, monitoring and availability.

In this way, for renewal of treaties, the minimum rating required from a reinsurer is “A-”, according to the rating agencies S&P and/or AM Best. The table below shows the range of main reinsurers and their rating as of 31/12/2024:

Reinsurance 2024	
Reinsurer	S&P Rating
Axis Re	A+
CCR Re	A
DEVK Re	A+
Hannover Re	AA-
Helvetia	A+
Munich Re	AA
Nacional Re	A
Odyssey Re	A+
R+V	A+
Swiss Re	AA-

In regard to the items that contribute to the Company's ceded reinsurance income, there was significant growth in both assigned premiums (+77.2 %) and commissions (+98.2 %), due to the increase in ceded reinsurance turnover. As a result, reinsurance income worsened slightly, by 43 000 euros, also due to the lower weight of assigned claims.

U: Euro

REINSURANCE CEDED	2024	2023	24/23 VAR (%)
Premiums	(60 753 325)	(36 341 257)	67,2%
Commissions	10 188 795	9 023 380	12,9%
Claims and Variation in Technical Provisions	36 347 314	13 231 557	174,7%
Income	(14 217 216)	(14 086 321)	0,9%

4.4 Insurance contract liabilities

Insurance contract liabilities in 2024 amounted to 171 506 000 euros, resulting in a variation of 20.0 % (+28 625 000 euros) compared to 2023. This increase was due to the contribution of liabilities for past services, which grew by 21.1 % (26 104 000 euros) compared to the same period last year.

U: Euro

INSURANCE CONTRACT LIABILITIES	2024	2023	24/23 VAR (%)
Insurance contract liabilities - non-life line of business			
From future services	21 595 767	19 074 292	13.2%
From past services	149 910 608	123 806 795	21.1%
Total	171 506 375	142 881 088	20.0%

4.5 Investments

Financial investments in 2024 increased by 31 801 000 euros compared to the same period in the previous year, representing growth of 20.2 %. Securities were the main contributors to this growth, with a greater exposure to Miscellaneous Bonds, which saw an increase of around 24 370 000 euros (+34.4 %).

The management of financial assets, in partnership with OFI Asset Management, a provider of investment management services, has been implemented in accordance with the Company's investment policy. As in previous years, this management is guided by criteria of prudence, security and liquidity and respects the recommendations from the Insurance and Pension Funds Supervisory Authority (ASF) and the European Insurance and Occupational Pensions Authority (EIOPA).

The following table summarizes the situation as of 31 December 2024:

U: thousand euros

Asset Portfolio	2024			2023			24/23 VAR (%)
	Amount	% Weight	% Weight	Amount	% Weight	% Weight	
Real Estate Assets							
Public debt*	16 722	10.3%	8.8%	15 380	11.5%	9.8%	8.7%
Miscellaneous Bonds*	95 238	58.4%	50.3%	70 868	53.2%	45.0%	34.4%
Shares and Investment Funds	21 744	13.3%	11.5%	27 780	20.8%	17.6%	-21.7%
Loans and receivables	970	0.6%	0.5%	429	0.3%	0.3%	126.2%
Treasury funds	13 206	8.1%	7.0%	4 131	3.1%	2.6%	219.6%
Term deposits	8 696	5.3%	4.6%	6 910	5.2%	4.4%	25.9%
Demand deposits	6 499	4.0%	3.4%	7 832	5.9%	5.0%	-17.0%
Subtotal	163 074	100%	86.2%	133 330	100%	84.6%	22.3%
Real Estate Assets							
Properties	26 195		13.8%	24 234		15.4%	8.1%
Subtotal	26 195		13.8%	24 234		15.4%	8.1%
TOTAL	189 269		100.0%	157 565		100.0%	20.1%

* Valuation with accrued interest

Exposure to public debt securities increased by 8.7 % compared to 2023, while exposure to shares and investment funds fell by 6 036 000 euros. Also noteworthy is the investment in real estate with a variation of 8.1 % compared to 2023, due to its revaluation. This exposure is essentially due to compliance with the assets allocation strategy defined in the investment policy.

Liquidity, between Treasury Funds, Term Deposits and Demand Deposits, recorded an overall variation of +50.5 % compared to 2023, essentially due to the increasing investment in Treasury Funds (+219.6 %). However, this variation is in line with risk and capital management parameters.

In 2024, the financial results showed an increase of 2 293 000 euros (+57.8 %) compared to the same period last year, due essentially to the revaluation of real estate, which accounted for 75.7 % of the capital gains, although the increase in financial income generated was 140.2 %.

U: thousand euros

Financial Income	2024	2023	24/23 VAR (%)
Investment income	3 590	2 855	25.8%
Profit or loss on investments	2 669	1 111	140.2%
TOTAL	6 259	3 966	57.8%

Regarding the rate of return, the total assets portfolio recorded a positive average return of 3.7 % in 2024, an increase of 0.85 p.p. compared to 2023.

4.6 Operating Costs

4.6.1 Evolution of costs

Total operating costs amounted to 21 077 000 euros in 2024, an increase of 16.0 % compared to the same period last year. This increase of 2 906 000 euros was attributable to generalised growth in the various expense items.

The total referenced operating costs do not include the “Intermediary Remuneration” item.

U: thousand euros

Operating Costs	2024	2023	24/23 VAR (%)
Personnel expenses	6 291	6 736	-6.6%
External supplies and services	5 261	5 793	-9.2%
Taxes	1 033	1 283	-19.4%
Amortisation for the Financial Year	987	1 032	-4.3%
Provisions for Risk and Charges	0	0	0.0%
Interest Incurred	31	61	-49.4%
Commissions	265	336	-21.2%
TOTAL	13 868	15 240	-9.0%

4.6.2 Staff

In 2024, the number of employees at the end of the period remained at 149, with 11 employees leaving and 11 joining during the year.

Of particular note is the 17.1 % increase in the ratio of direct insurance premiums per permanent employee due to the increase in turnover.

Staff	2024	2023	24/23 VAR (%)
Employees at the beginning of the period	149	140	6.4%
Entries	11	17	-35.3%
Exits	11	8	37.5%
Employees at end of period	149	149	0.0%
Male	70	73	-4.1%
Female	79	76	3.9%
Gross Written Premiums Per Employee*	1 260	1 076	17.1%

* thousand euros

In 2024, the 41 to 50 age group continues to be the largest. Overall, there was an increase of 3 female employees and a decrease of 3 male employees compared to 2023. The average age has risen to 45, given the high level of employee retention.

Age Group	2024		2023	
	Male	Female	Male	Female
up to 30 years old	6	9	8	6
From 31 to 40 years old	14	18	15	18
From 41 to 50 years old	26	34	30	38
From 51 to 60 years old	17	17	15	13
More than 61 years	7	1	5	1
Total	70	79	73	76
Average Age	45		44	

4.7 Risk Management

The Board of Directors is responsible for establishing the appropriate organisational and operational structure. It is also responsible for ensuring the effectiveness of the risk management system, defining the risk appetite and overall risk tolerance limits, as well as the primary risk management strategies and policies.

In this context, CARAVELA has implemented a risk management policy and system which includes:

- the definition of rules and procedures to identify, prioritise and measure risks and the assets, liabilities and operations associated with those risks;
- appropriate qualitative and quantitative risk analyses,
- the definition of tolerance levels to be respected for each risk.
- the definition and monitoring of warning indicators for the timely detection of risks.

The risk management policy covers the areas of Investment and Assets/Liabilities Management, Liquidity Risk Management, Underwriting and Provisioning, Reinsurance and Operational Risk, among others.

The Company's governance includes a Risk Management Function, a Compliance Verification Function, an Actuarial Function and an Internal Audit Function, the details of which are described in the Corporate Governance Report chapter and which enable it to operate with the necessary levels of adequacy for its internal control system.

4.8 Solvency Margin

The solvency margin in 2024 showed a favourable evolution compared to the same period last year, rising from 148 % to 154.1 %. This ratio was influenced by the increase in the capital requirement due to Caravela's organic growth, the sale of investment holdings with an impact on market risk, and the risk mitigation policy, in particular new reinsurance treaties. The Company has estimated the solvency capital requirement (SCR) and the minimum capital requirement (MCR) ratios as of 31 December 2024, using the transitional and long-term measures authorised by the ASF.

With these figures, the Company comfortably exceeds the capital target and, consequently, the regulatory requirement.

It should be noted that the aforementioned figures are an estimate as a result of monitoring the solvency ratio in accordance with the Solvency II Regime in force as of 1 January 2016. In accordance with the provisions established in the legislation, the definitive solvency margin data will be made public next April in the Solvency and Financial Condition Report.

The Company's financial risk management objectives and policies are described under note 29 in the Annex to the Financial Statements.

4.9 Equity

As of 31 December 2024, the share capital stands at 44 388 315.20 euros, fully subscribed, paid and represented by 79 056 677 shares with no par value.

In regard to Revaluation reserves, this item grew by 222.3 % due to the fall in market interest rates, which impacted debt instruments (an increase of 1 543 815.78 euros compared to 2023) and through the revaluation of equity instruments (+6.1 %). Regarding the Finance reserve of insurance contracts, there was an improvement of 12 996 990.70 euros compared to 2023, due to the macroeconomic evolution of interest rates and the adoption of an interest rate structure for a reference portfolio relating to the Workers' Compensation portfolio.

Comprehensive income for 2024 amounted to 2 138 212.88 euros (2023: 12 097 809.27 euros). The net income was negative in the amount of 5 687 453.71 euros (2023: 7 013 006.99 euros) resulting from a comprehensive review of past services.

In regard to the distribution of profits, it is proposed to transfer the profit amount for 2024 to the Results brought forward account.

U: thousand euros

EQUITY	2024	2023	24/23 VAR (%)
Capital	44 388	44 388	0.0%
Revaluation reserves	2 863	888	222.3%
Finance reserve of insurance contracts	20 169	7 172	181.2%
Finance reserve of reinsurance contracts	(10 426)	(5 494)	89.8%
Tax reserve	(2 899)	(686)	322.9%
Other reserves	24 942	17 929	39.1%
Results brought forward	(3 844)	(3 844)	0.0%
Income for the financial year	(5 687)	7 013	-181.1%
TOTAL	69 505	67 367	3.2%

5 DEVELOPMENTS FOR 2025

For 2025, the outlook for the world economy is encouraging, with forecasts of stabilisation in gross domestic product (GDP), driven by the continued cutting of interest rates, as inflation slows down in the world's main economies. The United States, which continues to lead the world ranking, plays a central role in this scenario.

However, despite the optimistic outlook, geopolitical risks remain a threat to the growth of advanced, emerging and developing economies. Likewise, the protectionist policies of some countries and uncertainties at the political, social and economic performance levels of some economies, particularly the largest European economies, which could drag down peripheral economies such as Portugal, also create threats on the horizon.

On the other hand, market volatility, with potential asset devaluations of unpredictable magnitude, could result in an increase in risk premiums, across all types of assets (shares, bonds, real estate, etc.) and with an impact in terms of impairment, climate change and the transition to a sustainable, low-carbon economy, cyber risks, based on the massification of the digitalisation process, greater dependence on remote, digital solutions and the use of artificial intelligence. Also in 2025, there are governance, reputational, legal and technological risks, as well as growing challenges in terms of capital allocation and risk management.

The growth forecast for the Portuguese economy in 2025 foresees the unemployment rate kept at relatively low levels, the expectation of a slowdown in inflationary pressures, the application of funds from the Recovery and Resilience Plan (RRP), which aims to contribute to a more resilient society from a social point of view, in terms of productive potential and territorial competitiveness, all of which reinforce the optimism mentioned above.

In this context, growth in the Non-Life insurance market, where Caravela operates, is expected to continue.

Caravela intends to consolidate the strategic cycle achieved over the last decade, increase profitability and continue to invest in expanding sales under the freedom to provide services through an international network, as a developing area that complements growth in Portugal.

Similarly, for the retail market, the Company will continue to focus on the multi-channel collaborative model and aims to strengthen its business-to-business-to-consumer (B2B2C) offer. For the SME market, we will continue to solidify the existing relationship.

Innovation will continue to be a central axis that enables us to consolidate competitive advantages in the market, making our offer and value proposition and our services visible, thereby ensuring the satisfaction, loyalty and recommendation of our customers.

Technological development and further advances in artificial intelligence are also short-term goals for our Company.

Sustainability will also be at the heart of our work, promoting climate resilience and fostering inclusion in the business and brand.

Together with our partners, we intend to continue creating long-term synergies that allow us to evolve and grow together, distributing value between the parties, trusting and investing in the success of both.

We will continue to promote a collaborative culture of learning, development and well-being alongside integrated, responsible and humanised communication.

For the 2025 financial year, we maintain our ambition to meet our financial targets, ensure the Company's longevity and develop solid, trusting relationships that boost our performance.

Together with other stakeholders, we lead by example, collaborating on sustainable projects and initiatives that promote the common good and where there is added value for all parties.

6 SUBSEQUENT EVENTS

Within the scope of IAS 10, as of the date of issuing these Financial Statements, no subsequent events affecting them have been identified.

7 FINAL CONSIDERATIONS

The Board of Directors wishes to express its gratitude to all customers, agents and reinsurers, as well as to all employees, for their active and constructive participation in the development and life of the

Company.

It also notes with appreciation the work of the Supervisory Board for its willingness to monitor and advise throughout the financial year.

The Board of Directors would like to reiterate its thanks to the Insurance and Pension Funds Supervisory Authority for all the support it has received, as well as to the Portuguese Insurers' Association for its work on behalf of the Portuguese insurance market.

Finally, in concluding this report, the Board of Directors would like to thank the shareholders for their support and confidence in the Company's management team during the financial year just ended.

Lisbon, 06 March 2025

The Board of Directors,

Luís Cervantes
Chairman

David Angulo
Vice-Chairman

Fabrizio Cesário
Member

Félix Carrillejo
Member

George Koulouris
Member

Pedro Mata
Member

Beatriz Pereira
Member

Annual Report and Accounts 2024

CORPORATE GOVERNANCE REPORT

1 GOVERNANCE MODEL

The Company's governance model, which ensures the effective segregation of management and supervisory duties, follows the traditional Latin model and is comprised, in accordance with the Company's Articles of Association, of the following governing bodies:

- **Shareholders' Meeting;**
- **Board of Directors;**
- **Supervisory Board;**
- **Statutory Auditor / External Auditor;**

and also the **Remuneration Committee**, due to **key functions** - the Risk Management Function, Compliance Verification Function, the Actuarial Function and the Internal Auditing Function - in addition to a number of **committees supporting** the Board of Directors.

Shareholders' Meeting

The Shareholders' Meeting is responsible under the provisions of legislation, specifically, to elect the respective board, the members of the Board of Directors, the members of the Supervisory Body, and to set remuneration for members of the governing bodies.

The Board of the Shareholders' Meeting is comprised of a Chairman and a Secretary, elected for four years and re-electable one or more times.

As of 31 December 2024, the members of the Shareholders' Meeting are listed in the Governing Bodies section of this Annual Report.

Board of Directors

In accordance with article 11 of the Company's Articles of Association, day-to-day management is carried out by a Board of Directors comprised of seven members, appointed by the Shareholders' Meeting for four-year terms, with re-election permitted.

Therefore, the current Board of Directors, which has a mandate from 2023 to 2026, is comprised of seven directors, one of whom is Chairman, another Vice-Chairman and five Members. As of 31 December 2024, the members of the Shareholders' Meeting are listed in the Governing Bodies

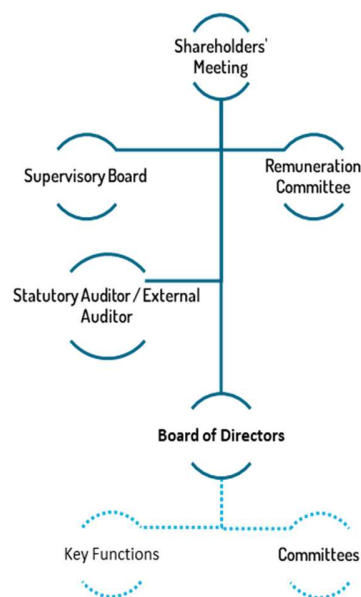


Figure 1: Organisational Structure at Caravela

section of this Annual Report.

The Board of Directors, as the Company's governing body, wields the broadest management and representative powers on behalf of the Company.

Under the terms of article 12 of Caravela's articles of association, it is particularly responsible for:

- Company management, exercising all acts that fall within its corporate purpose;
- The acquisition, encumbrance and disposal of all Company assets and rights;
- The conclusion of any financing contracts and the performance of other credit operations;
- Definition of the Company's organisational and work methods;
- The approval of annual plans and respective budgets;
- The delegation of its powers to one or more of its members and/or proxies;
- The creation of advisory boards;
- The implementation of and compliance with legal provisions, as well as the resolutions of the Shareholders' Meeting.

Supervisory Board

Supervision of management activity is conducted by a Supervisory Board comprised of three full members and one alternate member, with terms of office equal to those from the Board of Directors, who are also re-electable. These members are elected at the Shareholders' Meeting, which also appoints the respective Chairman.

As of 31 December 2024, the members of the Supervisory Board are listed in the Governing Bodies section of this Annual Report.

Statutory Auditor

Company supervision is also overseen by a Statutory Auditor, with an Auditing Firm appointed as a full member and a Statutory Auditor as an alternate member, both independent, and both elected by the Shareholders' Meeting for four years.

The identification of the Statutory Auditing firm, its current member and the Statutory Auditor, as of 31 December 2024, can be found in the Governing Bodies section of this Annual Report.

Remuneration Committee

The Remuneration Committee is comprised of three members – one of whom is the Chairman – appointed at the Shareholders' Meeting and also for four-year terms, with the possibility of re-election.

As of 31 December 2024, the Remuneration Committee is comprised of the following members:

- Fabrizio Cesário – Chairman
- Dalila Pinto de Almeida
- Hugo Salgueiro

The members of the Remuneration Committee are not compensated.

The Board of Directors is responsible for defining the level of risk to be assumed, as well as its management, and is assisted in this mission by the key functions provided for in the legal framework for insurance business (RJASR – Law 147/2015 of 9 September) and by the specialised committees, which in terms of corporate governance contribute to the decision-making process.

The key functions established in the Company under the aforementioned legal framework established by Law 147/2015 include:

- Actuarial Function – function responsible for: a) Coordinating the calculation of technical provisions; b) Ensuring the adequacy of methodologies, base models and assumptions used in the calculation of technical provisions; c) Assessing the sufficiency and quality of data used in the calculation of technical provisions; d) Comparing the best estimate amount for technical provisions with the amounts actually observed; e) Informing the management body on the degree of reliability and adequacy of the technical provisions calculation; f) Issuing an opinion on the overall underwriting policy; g) Issuing an opinion on the adequacy of reinsurance agreements; h) Contributing to the effective application of the risk management system, in particular with regard to the risk modelling on which the calculation of the Solvency Capital Requirement and the Minimum Capital Requirement is based, as well as its own risk and solvency assessment.
- Compliance Verification Function – this function establishes a compliance policy and a compliance plan, with the compliance policy defining the responsibilities, authorities and duties to report information on the compliance verification function. The compliance plan establishes the planned activities of the compliance verification function, taking into account all relevant areas of insurance and reinsurance Company activities and their exposure to compliance risk.
- Risk Management Function – the risk management function includes: (a) assisting the management body in the effective operation of the risk management system; (b) monitoring the risk management system; (c) monitoring the overall risk profile of the Company as a whole; (d) providing detailed information on risk exposures and advising the management body on risk management, including strategic issues such as business strategy, mergers and

acquisitions and major projects and investments; (e) identifying and assessing emerging risks.

- Internal Audit Function – an objective function independent of the operational functions and responsible for assessing the adequacy and effectiveness of the internal control system and other elements in the governance system, as well as reporting conclusions and recommendations to the Board of Directors, which determines the measures to be adopted in relation to each conclusion and recommendation and ensures that these measures are implemented.

The committees that form part of the corporate governance model include:

- Internal Audit Committee – aims to analyse the implementation of internal audit recommendations approved by the Board of Directors, involve different stakeholders on their formalisation and gather all useful information for the Board of Directors;
- Investment and ALM Committee – focuses on recommending the Asset Allocation strategy, evaluating new investments, as well as monitoring their implementation within its limits of competence, which are set out in the investment policy established by the Board of Directors;
- Compliance Risk and Verification Committee – its mission is to ensure that risks are managed effectively and in accordance with the risk management policy, as well as ensuring compliance with the Company's internal and external regulations;
- Technology & Innovation Committee – aims to monitor the Company's strategic projects as well as technological developments in terms of its architecture and innovation, and procedural innovation at the business level;
- Underwriting & Pricing Committee – aims to monitor the technical development of products, their price development, adjust underwriting rules; approve/review new products, in accordance with the delegation of powers established in the Product Approval Process policy;
- Claims Committee – its mission is to assess the operational developments in claims settlement, relations with providers and customer service;
- Management Committee and Sector Committees – committees for sharing the Company's strategic plan and activity, as well as its strategic projects, with its members and employees in general.

2 REMUNERATION POLICY FOR MANAGEMENT AND SUPERVISORY BODIES

When defining the remuneration policy for members of the management and supervisory bodies, the Remuneration Committee, appointed at the Caravela Shareholders' Meeting, takes into account the Company's internal constraints, the remuneration practices of companies in general and the remuneration practices in the financial sector and at other insurance companies.

When considering remuneration for members of the Board of Directors, a distinction must be made between non-executive and executive members:

- Non-executive members are paid a fixed amount, not including any component whose value depends on the Company's performance or value;
- Executive members are paid a fixed amount defined by the Remuneration Committee, in compliance with the limits established by law and by the Company's articles of association; in the event that variable remuneration is instituted, it will follow the principles established in this Policy and also the following specific rules:
 - i Each year, the Remuneration Committee will set the objectives and indicators applicable to each executive member that will allow them to measure their individual performance, in addition to Caravela's collective performance;
 - ii In setting these metrics, predetermined and measurable financial criteria will be adopted, which can be adjusted according to risk, as well as non-financial criteria, both aligned with the Company's strategic objectives and in order to promote sustainability;
 - iii The performance assessment will be made by the Supervisory Board;
 - iv Variable remuneration will have a maximum weight of 40 % (forty percent) compared to overall remuneration, without deferral;
 - v If deferred, the variable remuneration may reach 120 % (one hundred and twenty percent).

Pursuant to Law no. 50/2020, of 25 August, Caravela annually discloses information on the remuneration policy for members of the Company's management and supervisory bodies.

There are no other relevant non-pecuniary benefits that should be considered for the purposes of ASF Rules 5/2010-R and 4/2022-R.

The remuneration for members of the Supervisory Board is set by the Remuneration Committee and updated periodically.

3 REMUNERATION EARNED BY MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES (PURSUANT TO ARTICLE 29 OF LAW NO. 28/2009 OF 19 SEPTEMBER)

Basic remuneration for members of the management and supervisory bodies is shown in the following tables:

3.1 Aggregate

2024	Fixed remuneration	Variable Remuneration	TOTAL Annual Remuneration
Board of Directors	975 052	0	975 052
Supervisory Board	54 850	0	54 850
TOTAL	1 029 902	0	1 029 902

3.2 Individual

U: Euro

Position	Shareholders' Meeting	Fixed remuneration	Variable Remuneration	TOTAL Annual Remuneration
Chairman	Nuno Miguel Marques dos Santos Horta	1 500	0	1 500
Secretary	Nuno Miguel Novais Grangeon Cárcamo Lobo	0	0	0
TOTAL	TOTAL	1 500	0	1 500

U: Euro

Position	Board of Directors	Fixed remuneration	Variable Remuneration	TOTAL Annual Remuneration
Chairman	Luís Filipe Sampaio Cervantes	272 119	0	272 119
Vice-Chairman	David Angulo Rubio	55 000	0	55 000
Board Member	Fabrizio Cesário	0	0	0
Executive Director	Félix Serrano Sanchez Carrillejo	212 964	0	212 964
Board Member	George Koulouris	0	0	0
Executive Director	Gonçalo Lopes da Costa de Ramos e Costa*	71 378	0	71 378
Executive Director	José Paulo de Castro Trigo**	151 222	0	151 222
Executive Director	Pedro Miguel Ferreira Mata	148 463	0	148 463
Executive Director	Beatriz da Conceição Macário Aguiar da Rosa Pereira	63 906	0	63 906
TOTAL	TOTAL	975 052	0	975 052

* left office in April 2024, making way for Pedro Mata in May

** left office in September 2024, making way from Beatriz Pereira in October

U: Euro

Título	Supervisory Board	Fixed remuneration	Variable Remuneration	TOTAL Annual Remuneration
Chairman	Manuel Augusto Lopes de Lemos	24 600	0	24 600
Board Member	José Elísio Lopes da Siva Quintas	13 400	0	13 400
Board Member	José António Truta Pinto Rabaça	16 850	0	16 850
TOTAL	TOTAL	54 850	0	54 850

4 AUDITOR/STATUTORY AUDITOR REMUNERATION

The Statutory Auditor is compensated in accordance with legally defined conditions based on articles 59 and 60 of Decree-Law 487/99 of 16 November, amended by Decree-Law 224/2008 of 20 November. The fees are proposed by the Statutory Auditor and approved by the Board of Directors, with the opinion of the Supervisory Board. The fees for 2024 and the amounts paid on the date of preparing this report were as follows:

U: Euro

Description of Statutory Auditor Fees	2024	
	Fees	Settled
Solvency II		
PWC	30 573	0
Statutory Auditor		
PWC	104 012	78 008
Other Services (*)		
PWC	22 072	0
TOTAL	156 658	78 008

(*) Includes 12 300 euros to be invoiced by PWC Luxembourg

5 MANAGEMENT AND SUPERVISORY BODIES MEMBERS' HOLDINGS OF THE INSURER'S CAPITAL (ARTICLE 447 OF THE COMPANIES CODE)

Name	Number of shares held as of 31 December 2024
Luís Filipe Sampaio Cervantes (participation through Âncoras de Júpiter Unipessoal, Lda.)	3 288 760

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EMPLOYEE REMUNERATION POLICY

1 INTRODUCTION

The aim of the remuneration policy is to formalise and define the principles and procedures followed by Caravela so that all its employees are remunerated in accordance with the duties they perform and the actual results of their activity, in pursuit of a prudent and responsible risk culture, and ensuring that remuneration is aligned with the Company's strategy and objectives, in compliance with all legal and regulatory frameworks in force, preventing any possible conflicts of interest, which is consistent with the company's values and long-term interests, in particular with the prospects for sustainable growth and profitability and the protection of the interests of policyholders, insured persons and beneficiaries.

In accordance with constitutional and legal provisions, particularly the Labour Code, Caravela has instituted remuneration policies and practices that aim for equality and parity, and are therefore non-discriminatory, particularly with regard to gender.

The overall remuneration policy takes into account the different contributions made by the various bodies and functions toward the achievement of Caravela's annual and multi-annual objectives; with this in mind, the functions are described and evaluated using specific methodologies and evaluation criteria, which guarantee transparency and impartiality, in line with best market practices in terms of credibility and reliability in aligning objectives and calculating results.

Inspired by and based on principles of balance, proportionality, accountability, transparency and fairness, the remuneration policy is established from a perspective of continuity and prudent risk management, including due consideration of sustainability factors; and it necessarily uses as its reference both the national economic situation and Caravela's short- and medium-term strategy, which are determinative and basic vectors for the fair and correct implementation of this policy.

Specifically, in more detail:

- The existing and enacted salary brackets make it possible to guarantee respect for internal fairness in terms of the remuneration policy, and they also serve as a guarantee in regard to fixed remuneration and any variable remuneration;
- Under no circumstances are the people subject to this policy allowed to use personal hedging strategies or remuneration or civil liability insurance that could compromise the effects of alignment with the risks underlying the respective remuneration arrangements;
- Severance payments will always take into account current legislation and regulations, and the respective amount must always be related to the performance demonstrated; likewise, such payments cannot reward situations of failure, but must be made in light of the legal and contractual limitations and constraints that exist at any given time and in any given case.

Among its goals, Caravela pursues the objective of long-term growth, integrating sustainability into its business and acting as a fundamental partner of its stakeholders.

Sustainability commitments are one of the Company's business priorities and are fully integrated into the remuneration policy and incentives system linked to the creation of value in the short, medium and long term, as this Policy is established at all times in accordance with the Company's strategic plan, which includes these commitments.

Therefore, measures may be adopted in terms of employees' performance objectives which, depending on the position held, will take into account different degrees of relevance.

2 LEGAL FRAMEWORK

Caravela's Remuneration Policy is established in compliance with the general principles and in accordance with the provisions in article 275 of (EU) Commission Delegated Regulation 2015/35 of 10 October (hereinafter the "Delegated Regulation"), in article 78(2) of the Insurance and Pension Funds Supervisory Authority (ASF) Regulatory Standard no. 4/2022, of 26 April and, finally, in article 5, (EU) Regulation 2019/2088 of 27 November on the disclosure of information relating to sustainability in the financial services sector (commonly referred to by the acronym and designation SFDR – Sustainable Finance Disclosure Regulation).

3 REMUNERATION COMPONENTS

The remuneration of Caravela's employees must include a fixed component and, in some positions, a variable component may also be considered.

In practical terms, the fixed component is the result of the application of the Collective Bargaining Agreements applicable to the insurance sector – specifically the Company Agreement (CA) – as adequate payment for the work performed.

Fixed remuneration is the primary remunerative component. It is a way of guaranteeing the necessary and sufficient remunerative stability for each Caravela employee so that, regardless of factors external to their job or performance, it can be permanently maintained and allocated.

It is based on legal and contractual framework criteria, an assessment of internal fairness and external competitiveness, and the different characteristics and skills associated with and demonstrated by the employee.

Fixed remuneration is composed of various components, which basically take into account three aspects:

- The legal framework to which the Company is bound by the application of AE1, signed on 13 March 2024 and published in the Bulletin of Labour and Employment No. 18 of 15 May 2024;

- Evaluation based on the criteria of internal fairness and the function's external competitiveness;
- The employee's skills, namely professional experience, qualifications, technical skill and potential, effectively reflected in their functional performance.

Caravela has not instituted any variable remuneration practices; however, it has defined the principles to be followed when this is appropriate and desirable for achieving Company objectives. The principles and rules to be considered with regard to variable remuneration are listed below:

- Alignment with the Company's strategic plan;
- Annual definition of objectives and consequent sectoral action plans, defined by management, always aligned with the annual action plan that contributes to Caravela's overall objective;
- Linked to Company results;
- Linked to the result of the employee's performance assessment;
- Taking into account the level of influence on the Company's results, employee percentage of overall remuneration varies according to the duties performed, depending on their greater or lesser complexity, responsibility and autonomy;
- It may, ultimately, be non-existent, taking into account both the individual performance assessment process - which is based on a multi-year framework - and the Company's results;
- Whenever it exists and is deemed necessary, this variable component may be paid with a deferral period which takes into account the time horizon of Caravela's activities and which, in extreme situations, may not be implemented, whenever the employee contributes to a significant deterioration in the Company's performance during any year within the deferral period;
- This deferral will apply to all variable components, regardless of their relation to the employee's short- or long-term performance, and must cover a period of no less than three years, as it is fixed according to the nature of the activity, the risks inherent to it and also the specific activities of the employees covered;
- To this extent, the substantial part of the variable remuneration subject to a deferral period will be determined according to its increasing weight in relation to fixed remuneration, with the percentage deferred increasing significantly according to the hierarchical level or responsibility of the employee concerned; the deferral of 40 % (forty percent) of variable remuneration is considered substantial, without prejudice to Caravela

reserving the right to defer higher percentages in cases of very high variable remuneration or according to the Company's risk profile;

- The deferral will not apply to variable remuneration that may be stipulated and awarded to employees in operational areas, provided that the established assumptions are met and the defined requirements are fulfilled;
- Finally, and bearing in mind that variable remuneration can only be paid if there are positive results in the respective financial years, Caravela determines that this remuneration may be subject to downward adjustments, as and when the financial situation so dictates.

4 REMUNERATION OF TOP MANAGERS AND KEY FUNCTION HOLDERS

All employees who fall within the definition of top managers and key function holders at the Company – the functions such as risk management, compliance verification, actuarial and internal auditing – as well as other functions that have a significant influence on the Company's risk profile, to be defined by the Board of Directors, advised by the risk management department, must be remunerated according to the pursuit of the objectives associated with their respective functions, regardless of the performance of the departments under their control, and the remuneration must provide a reward appropriate to the importance of carrying out such functions.

The entire global policy for these duties is defined and approved by the Board of Directors, taking into account all the instruments referenced in this document.

5 ASSESSMENT

The Performance Assessment is an opportunity to evaluate performance over the past year and to communicate the Company's objectives for the following year(s), discuss its philosophy and try to find the best way to reconcile individual objectives with organisational and business objectives.

Although an assessment process is bound to have an emotional component, the evaluators are expected to strive for the greatest possible objectivity and to establish fairness within the teams, so that the results obtained – which will have an impact on any variable remuneration – are as objective as possible.

The performance assessment process is divided into 7 blocks of analysis:

- Transversal Skills;
- Functional Skills;

- Specific Skills (of Managers);
- Specific Objectives;
- Strengths/Points for Improvement;
- Training Needs;
- Objectives for the following year.

Without prejudice to the necessarily multi-annual reference for the individual performance assessment process for each employee, since performance must always be considered, analysed and assessed from a career perspective and taking into account the natural development of the employee from a medium- and long-term perspective, this process must take place during the first quarter of each year, so that it effectively complies with the objectives it proposes to achieve.

Likewise, all the criteria used in the performance assessment process are reported to employees on an annual basis; in the case of variable remuneration, the employee's contribution in the year just ended and in the following years will also be reported, in order to achieve the Company's strategic plan and ensure its continuity.

6 OTHER BENEFITS

In addition to the fixed and variable remuneration already described, all Caravela employees also receive benefits enshrined in the Collective Labour Regulations or in Caravela's internal regulations, namely:

- Life and Health Insurance, the latter under more favourable conditions and premiums and extended to the employee's household, upon payment;
- More favourable personal insurance conditions and premiums;
- Retirement plans established in the Company Agreement.

7 COMPETENCE

Remuneration for top managers and key function holders is approved by the Board of Directors, upon a proposal from the Remuneration Committee.

Remuneration for other company positions is approved by the Board of Directors, advised by the Human Resources department.

8 DISCLOSURE

The remuneration policy is disclosed to the various departments where the law and regulations in force require it.

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FINANCIAL STATEMENTS

Statement of Financial Position

STATEMENT OF FINANCIAL POSITION (1/2)

U: Euro

					Amounts in euros
Notes to the Annex	ASSETS	2024 - 12			2023 - 12
		Gross amount	Impairment, depreciation/am ortisation or adjustments	Net Value	
ASSETS					
12	Cash, cash equivalents and demand deposits	6 499 225	0	6 499 225	7 832 483
13	Investments in subsidiaries, associated companies and joint ventures	532 769	0	532 769	6 787 394
14	Financial assets measured at fair value through profit or loss	24 110 567	0	24 110 567	14 800 481
15	Financial assets measured at fair value through reserves	122 265 239	0	122 265 239	96 571 267
16	Financial assets measured at amortised cost	9 666 614	0	9 666 614	7 338 866
17	Properties (Land and buildings)	26 291 637	96 873	26 194 764	24 234 210
	Own use properties	4 843 637	96 873	4 746 765	4 563 299
	Investment property	21 448 000	0	21 448 000	19 670 910
18	Other tangible assets	1 750 068	838 988	911 081	671 098
	Inventory	60 954	0	60 954	56 975
18	Assets under right of use	571 054	0	571 054	761 660
19	Other intangible assets	6 939 037	3 911 148	3 027 889	3 167 462
20	Assets from non-life reinsurance ceded contracts	68 715 702	0	68 715 702	58 890 317
	From future services	5 933 220	0	5 933 220	4 423 244
	From past services	62 782 482	0	62 782 482	54 467 073
21	Other debtors from insurance operations and other operations	12 040 212	74 805	11 965 407	9 723 206
	Accounts receivable from direct insurance operations	3 944 175	74 805	3 869 370	3 898 798
	Accounts receivable from reinsurance operations	5 457 857	0	5 457 857	3 225 282
	Accounts receivable from other operations	2 638 181	0	2 638 181	2 599 125
11	Tax assets	5 946 041	0	5 946 041	2 113 883
	Current tax assets	709 860	0	709 860	1 011 333
	Deferred tax assets	5 236 181	0	5 236 181	1 102 550
22	Accruals and deferrals	6 583 433	0	6 583 433	1 153 292
TOTAL ASSETS		291 972 553	4 921 813	287 050 739	234 102 593

Certified Accountant

Carla Perico

Chief Financial Officer

Ludovico Belo

Board of Directors

Luís Cervantes

David Angulo

Beatriz Pereira

Fabrizio Cesário

Félix Serrano Sanchez Carrillejo

George Koulouris

Pedro Mata

STATEMENT OF FINANCIAL POSITION (2/2)

		Amounts in euros	
Notes to the Annex	LIABILITIES AND EQUITY	2024 - 12	2023 - 12
	LIABILITIES		
20	Non-Life insurance contract liabilities	171 506 375	142 881 088
	Measured by the premium allocation approach	171 506 375	142 881 088
	From future services	21 595 767	19 074 292
	From past services	149 910 608	123 806 795
23	Other financial liabilities	3 164 720	2 459 266
	Deposits received from reinsurers	2 584 410	1 673 148
	Leasing liabilities	580 310	786 118
9	Post-employment benefit liabilities and other long-term benefits	289 718	252 047
24	Other creditors for insurance operations and other operations	33 040 919	16 059 251
	Accounts payable for direct insurance operations	9 395 926	9 538 766
	Accounts payable for reinsurance operations	22 795 699	5 807 667
	Accounts payable for other operations	849 294	712 819
11	Tax liabilities	6 593 166	3 229 093
	Current tax liabilities	3 198 321	2 575 729
	Deferred tax liabilities	3 394 844	653 364
22	Accruals and deferrals	2 950 597	1 854 814
	TOTAL LIABILITIES	217 545 494	166 735 559
	EQUITY		
25	Capital	44 388 315	44 388 315
26	Revaluation reserves	2 862 959	888 425
	By fair value adjustments of debt instruments measured at fair value through reserves	(1 773 816)	(3 317 632)
	By fair value adjustments of equity instruments measured at fair value through reserves	4 242 166	3 998 593
	Of exchange differences	347 947	118 861
	Provision for expected credit losses on debt instruments measured at fair value through reserves	46 662	88 603
26	Finance reserve of insurance contracts	20 168 888	7 171 897
26	Finance reserve of reinsurance contracts	(10 425 619)	(5 493 529)
26	Tax reserve	(2 899 433)	(685 662)
26	Other reserves	24 941 580	17 928 573
	Results brought forward	(3 843 992)	(3 843 992)
	Net income after taxes	(5 687 454)	7 013 007
	TOTAL EQUITY	69 505 246	67 367 034
	TOTAL LIABILITIES AND EQUITY	287 050 739	234 102 593

Certified Accountant

Carla Perico

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Ludovico Belo

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FINANCIAL STATEMENTS

Statement of Changes in Equity

STATEMENT OF CHANGES IN EQUITY (1/2)														Amounts in euro	
Notes to the Annex	Statement of Changes in Equity	Revaluation reserves						Tax reserve			Other reserves		Results brought forward	Income for the financial year	Total
		Capital	By fair value adjustments of debt instruments measured at fair value through reserves	Of exchange differences	Provision for expected credit losses on debt instruments measured at fair value through reserves	Finance reserve of insurance contracts	Finance reserve of reinsurance contracts	Deferred taxes	Legal reserve	Other reserve					
25	Balance sheets as of 31 December 2023 (opening position sheet)	44 388 315	13 317 632	3 988 583	118 881	88 603	7 171 897	15 435 529	685 682	3 168 674	14 766 589	13 843 992	7 003 007	67 367 034	
25	Net profits from fair value adjustments of debt instruments measured at fair value through reserves		1 543 816											1 543 816	
25	Net profits from fair value adjustments of equity instruments measured at fair value through reserves			243 573										243 573	
25	Net profits from foreign currency translation adjustments				223 086									223 086	
25	Provision for expected credit losses on debt instruments measured at fair value through reserves				(4 940)									(4 940)	
25/mi	Finance adjustments of reinsurance contracts					12 866 591		(4 932 089)						12 866 591	
25/mi	Finance adjustments of reinsurance contracts													(4 932 089)	
25	Adjustments from tax recognition								2 213 770					(2 213 770)	
25	Increases in reserves through appropriation of profits									701 301	6 317 706		6 701 007	6 701 007	
Total change to equity		0	1 543 816	243 573	223 086	(4 940)	12 866 591	(4 932 089)	2 213 770	701 301	6 317 706	0	6 701 007	7 825 688	
Net income after taxes														(5 887 454)	
Balance sheets as of 31 December 2024		44 388 315	0 775 860	4 242 166	347 947	46 662	20 868 888	10 425 691	2 899 433	3 883 275	21 078 305	13 843 992	15 887 454	69 505 246	

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STATEMENT OF CHANGES IN EQUITY (2/2)

Notes to the Annex	Statement of Changes in Equity	Amounts in euro (€ millions)												
		Capital	Revaluation reserves			Tax reserve			Other reserves		Results brought forward	Income for the financial year	Total	
			By fair value adjustments of debt instruments measured at fair value through reserves	By fair value adjustments of equity instruments measured at fair value through reserves	Of exchange differences	Provision for expected credit losses on debt instruments measured at fair value through reserves	Finance reserve of insurance contracts	Finance reserve of reinsurance contracts	Deferred taxes	Legal reserve				Other reserves
26	Balances sheets as of 31 December 2022 (opening position sheet)	44,388,315	(6,523,680)	0	(46,646)	14,998	77,986,096	(5,376,597)	930,098	2,757,065	11,022,598	(2,624,024)	2,828,921	55,269,224
26	Net profits from fair value adjustments of debt instruments measured at fair value through reserves		3,205,986											3,205,986
26	Net profits from fair value adjustments of equity instruments measured at fair value through reserves			3,998,593										3,998,593
26	Net profits from foreign currency translation adjustments				165,508									165,508
ma/25	Provision for expected credit losses on debt instruments measured at fair value through reserves					73,606								73,606
ma/25	Finance adjustments of insurance contracts						(626,193)							(626,193)
26	Finance adjustments of reinsurance contracts							(16,932)						(16,932)
26	Adjustments from tax recognition								(165,793)	404,869	3,644,000			(165,793)
26	Increases in reserves through appropriation of profits											(1,291,968)		
26	Changes in accounting estimates													
	Total changes to equity	0	3,205,986	3,998,593	165,508	73,606	(626,193)	0	0	0	0	(1,291,968)	0	0
	Net income after taxes													
	Balances sheets as of 31 December 2023	44,388,315	(3,317,632)	3,998,593	118,961	88,603	717,897	(5,493,529)	(685,882)	3,169,974	14,766,598	(3,843,992)	7,013,007	67,367,034

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FINANCIAL STATEMENTS

Consolidated Statements of
Comprehensive Income

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		2024 - 12			U: Euro
Notes to the Annex	Consolidated Statements of Comprehensive Income	Technical Non-Life	Non- technical	Total	2023 - 12
	Net income after taxes	(9 310 035)	3 622 582	(5 687 454)	7 013 007
	Other comprehensive income	1 745 448	0	1 745 448	7 278 185
	Equity instruments measured at fair value through reserves	243 573	0	243 573	3 998 593
	Net profit and loss	243 573	0	243 573	3 998 593
26	Debt instruments measured at fair value through reserves	1 501 875	0	1 501 875	3 279 592
	Net profit and loss	1 543 816	0	1 543 816	3 205 986
	Reclassification	(41 941)	0	(41 941)	73 606
	Provision for expected credit losses on debt instruments measured at fair value through reserves	(41 941)	0	(41 941)	73 606
26	Finance adjustments of insurance contracts	12 996 991	0	12 996 991	(626 198)
26	Finance adjustments of reinsurance contracts	(4 932 089)	0	(4 932 089)	(116 932)
26	Taxes	0	(2 213 770)	(2 213 770)	(1 615 761)
26	Foreign currency translation adjustments	0	229 086	229 086	165 508
	TOTAL COMPREHENSIVE INCOME NET OF TAXES	500 314	1 637 898	2 138 212	12 097 809

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FINANCIAL STATEMENTS

Consolidated Income Statement

CONSOLIDATED INCOME STATEMENT

		2024 - 12			2023 - 12
Notes to the Annex	Consolidated Income Statement	Technical Non-Life	Non-technical	Total	
4	Insurance contracts revenue	183 602 146		183 602 146	157 315 253
	Measured by the premium allocation approach	183 602 146		183 602 146	157 315 253
4	Insurance contracts service expense	189 277 477		189 277 477	145 921 033
8-9-10	Claims incurred and other expenses attributable to insurance contracts	127 676 982		127 676 982	98 857 493
8-9-10	Acquisition costs attributable to insurance contracts	34 808 128		34 808 128	27 041 860
	Changes related to past services	26 792 367		26 792 367	20 021 680
4	Reinsurance contracts ceded revenue	42 426 334		42 426 334	24 065 870
	Claims incurred and other expenses attributable to insurance contracts - reinsurers' share	32 696 282		32 696 282	14 282 529
	Changes related to past services - reinsurers' share	9 347 895		9 347 895	10 057 969
	Effect of changes in the reinsurer's default risk	382 157		382 157	(274 629)
4	Reinsurance contracts ceded expenses	44 033 449		44 033 449	25 629 792
	Measured by the premium allocation approach - reinsurers' share	44 033 449		44 033 449	25 629 792
	Insurance service result	(7 282 447)		(7 282 447)	9 830 297
5	Finance expenses from insurance contracts	2 658 365		2 658 365	234 681
5	Finance income from reinsurance contracts ceded	906 582		906 582	103 868
	Net insurance finance result	(1 751 783)		(1 751 783)	(130 813)
6	Earnings	3 590 229	0	3 590 229	2 854 800
	From interest on financial assets not measured at fair value through profit or loss	2 269 916	0	2 269 916	1 533 406
	From others	1 320 313	0	1 320 313	1 321 395
17	Net income on financial assets and liabilities not measured at fair value through profit or loss	2 178 231	0	2 178 231	(2 480)
	From financial assets measured at fair value through reserves	156 142	0	156 142	(2 480)
	From others	2 022 090	0	2 022 090	0
	Net income on financial assets and liabilities measured at fair value through profit or loss	371 586	0	371 586	(107 023)
7	Impairment losses (net of reversal)	(41 941)	0	(41 941)	42 025
	From financial assets measured at fair value through reserves	(41 981)	0	(41 981)	42 025
	From financial assets measured at amortised cost	41	0	41	0
8-9-10	Non-attributable expenses	6 457 793	0	6 457 793	6 588 512
	Other income/(expenses)	0	156 227	156 227	115 915
	Profits and losses from associated companies and joint ventures accounted for using the equity method	0	77 211	77 211	1 262 512
	NET INCOME BEFORE INCOME TAXES	(9 310 035)	233 438	(9 076 597)	7 192 671
11	Income tax - current		173 622	173 622	184 922
11	Income tax - deferred		(3 562 766)	(3 562 766)	(5 258)
	NET INCOME AFTER TAXES			(5 687 454)	7 013 007

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FINANCIAL STATEMENTS

Cash Flow Statement

CASH FLOW STATEMENT

		Amounts in euros	
Notes to the Annex	Cash Flow Statement	2024 - 12	2023 - 12
	Net income after taxes	(5 687 454)	7 013 007
	Depreciation and amortisation for the financial year	1 453 525	1 415 935
	Change in insurance contract liabilities	41 622 278	19 666 470
	Change in assets from ceded reinsurance contracts	(14 757 475)	(9 786 419)
	Impairment of other assets net of reversals and recoveries	(41 941)	73 606
	Change in adjustments and other provisions	(7 444)	(8 364)
	Variation in deferred tax assets/liabilities	(3 605 921)	(36 838)
	Adjustments	24 663 022	11 324 391
	Debtors for direct insurance, reinsurance and other operations	(2 234 758)	(3 209 260)
	Creditors for direct insurance, reinsurance and other operations	16 981 668	3 943 293
	Other financial liabilities	705 453	37 971
	Other assets and liabilities	(4 024 459)	(622 292)
	Changes in operating assets and liabilities	11 427 904	149 712
	Cash flows from operating activities	30 403 473	18 487 110
	Changes in investments in subsidiaries, associated companies and joint ventures	6 254 625	(1 262 512)
	Changes in financial assets valued at fair value through profit and loss	(9 310 086)	19 705 947
	Changes in financial assets valued at fair value through reserves	(23 677 497)	(28 468 452)
	Changes in financial assets valued at amortised cost	(2 327 748)	(4 060 607)
	Change in non-financial assets	(2 057 428)	(4 563 299)
	Acquisitions of tangible assets	(618 597)	(777 465)
	Cash flows from investment activities	(31 736 732)	(19 426 389)
	Change to Accounting Policies	0	(1 219 968)
	Capital increases/decreases	0	1 219 968
	Cash flows from financing activities	0	0
	Net change in cash and cash equivalents	(1 333 259)	(939 279)
12	Cash and cash equivalents at the beginning of the period	7 832 483	8 771 762
12	Cash and cash equivalents at the end of the period	6 499 225	7 832 483

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ANNEX TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Caravela – Companhia de Seguros, S.A., hereinafter referred to as Caravela or Company, is a public limited company registered with Corporate Taxpayer No. 503640549, registered with the Commercial Registry Office of Lisbon under the same number, which resulted from the name change from Macif Portugal – Companhia de Seguros, S.A. on 8 January 2015, as registered with the Commercial Registry Office of Lisbon.

The Company was incorporated in 1996 under the name Euresap – Euresa Portugal Companhia de Seguros S.A., which was changed in 2001 to Companhia de Seguros Sagres, S.A. and in 2010 to Macif Portugal – Companhia de Seguros, S.A., and on 12 November 2014, it had been acquired in its entirety by AAA, SGPS, S.A..

On 26 June 2017, the 26 600 000 shares owned by the shareholder AAA, SGPS, S.A., representing 100 % of the share capital, were transferred to various shareholders and, additionally, a capital increase was made in the amount of 6 000 101.96 euros, through the issuance of 14 509 472 new shares with the unit value of 0.413530 euros.

By decision of the Shareholders' Meeting held on 9 July 2019, a capital increase was made on 18 December 2019 in the amount of 30 000 000.00 euros, through the issuance of 37 947 205 new shares with no par value, and paid in cash in December 2019, for the amount of 10 000 000.00 euros, in December 2020 the same amount of 10 000 000.00 euros; and in December 2021 the remaining amount of 10 000 000.00 euros was paid in full, concluding the operation to comprehensively pay in Caravela's share capital.

The Company's share capital is represented by 79 056 667 registered shares with no par value, for a total amount of 44 388 315.20 euros, 48 % of which is held by the shareholder TPIF Douro BidCo S.à.r.l. with 37 947 205 shares, which has been controlling the Company since 2019.

Headquartered in Lisbon, at Avenida Marquês de Tomar, no. 2, Caravela has offices in Porto, Leiria and Faro, and conducts Non-Life insurance and reinsurance business activity under authorisation no. 1133, granted by the Insurance and Pension Funds Supervisory Authority (ASF).

All the figures in this Annex to the Financial Statements are expressed in euros, rounded to the nearest unit, so any differences identified in some tables are due to this rounding.

The Company's Financial Statements as of 31 December 2024 were presented, analysed and approved by the Board of Directors at its meeting held on 06 March 2025.

The Management Report and Financial Statements will be submitted for approval at the Shareholders' Meeting to be held on 09 April 2025.

2. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES

2.1. Basis for the preparation of the financial statements

Caravela's Financial Statements as of 31 December 2024 were prepared in accordance with the Accounting Plan for Insurance Companies (PCES), approved by Regulatory Standard no. 9/2022-R of 2 November, from the Insurance and Pension Funds Supervisory Authority (ASF).

The Financial Statements have been prepared in accordance with the historical cost principle, with the exception of financial assets valued at fair value through profit and loss, financial assets valued at fair value through reserves, investment properties, and insurance contract liabilities measured at fair value.

2.2. New standards

The following standards, interpretations, amendments and revisions endorsed by the European Union were applied for the first time in the financial year ended 31 December 2024:

Description	Amendment	Effective date
1. New standards, amendments to the current standards on 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 the right that an entity has to defer its payment beyond 12 months after the reporting date, when subject to covenants.	1 January 2024
• IAS 7 and IFRS 7 – Supplier financing arrangements	Additional disclosure requirements on vendor financing arrangements (or “reverse factoring”), the impact on liabilities and cash flows, as well as the impact on liquidity risk analysis and how the entity would be affected if these arrangements were no longer available	1 January 2024

Description	Amendment	Effective date
• IAS 16 - Lease liabilities in sale and leaseback transactions	Accounting requirements for sale and relocation transactions after the transaction date, when some or all of the lease payments are variable.	1 January 2024

In the financial year ended 31 December 2024, there were no material effects to report on the accompanying financial statements arising from the adoption of the standards/interpretations/ amendments and revisions referenced above

2. Standards (new and amendments) and interpretations that come into effect on or after 1 January 2025, already endorsed by the EU		
• IAS 21 - Effects from changes in 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 of time, the options for calculating the spot exchange rate to be used. Disclosure of impacts from this situation on the entity's liquidity, financial performance and equity position, as well as the spot exchange rate used on the reporting date.	1 January 2025

These amendments to the standards are not yet effective and have therefore not been adopted by the Company in these 2024 financial statements. The Company does not estimate the impact from the future adoption of these amendments to the standards.

3. Standards (new and amendments) that come into effect on or after 1 January 2025, not yet endorsed by the EU		
• IFRS 9 and IFRS 7 - Changes to the classification and measurement of financial instruments	Introduction of a new exception to the definition of the derecognition date when the settlement of financial liabilities is made through an electronic payment system. Additional guidance for assessing whether the contractual cash flows of a financial asset are solely payments of capital and interest. Requirement for new disclosures for certain instruments with contractual terms that may alter cash flows. New disclosures about fair value profit or loss recognised in equity in relation to equity instruments designated at fair value through other comprehensive income.	1 January 2026
• IFRS 9 and IFRS 7 - Contracts negotiated with reference to electricity generated from renewable sources	Concerning the accounting for Energy Purchase Agreements for electricity generated from a renewable source with regard to: i) clarifying the application of “own use” requirements; ii) allowing hedge accounting to be applied if renewable energy contracts are designated as hedging instruments; and iii) adding new disclosure requirements about the entity's financial performance and cash flows.	1 January 2026
• Annual Improvements – Volume 11	Various clarifications to the standards: IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	1 January 2026
• IFRS 18 - Presentation and Disclosure in Financial Statements	Presentation and disclosure requirements in the financial statements, with a focus on the consolidated income statement, through the specification of a model structure, with the categorisation of expenses and income into operating,	1 January 2027

	investment and financing, and the introduction of relevant subtotals. Improvements in the disclosure of management performance measurements and additional guidance on the application of the principles of aggregation and disaggregation of information.	
• IFRS 19 – Subsidiaries without public accountability: Disclosures	Standard that only deals with disclosures, with reduced disclosure requirements, which is applied in conjunction with other IFRS accounting standards for recognition, measurement and presentation requirements. It can only be adopted by “Eligible” subsidiaries that are not subject to public accountability requirements and have a parent company that prepares consolidated financial statements available for public use that comply with IFRS.	1 January 2027

These amendments to the standards are not yet effective and have therefore not been adopted by the Company in these 2024 financial statements. The Company does not estimate the impact from the future adoption of these amendments to the standards.

2.3. Material accounting policies

The material accounting policies applied by Caravela have been applied consistently to all periods presented.

2.3.1. Insurance contracts

The Company adopted IFRS 17 – Insurance Contracts from 1 January 2023. This results in significant changes to the accounting of insurance and reinsurance contracts, which are detailed below.

a) Classification of contracts

Insurance contracts

The Company currently issues contracts that include insurance risk, financial risk or a combination of both.

The Company recognises as insurance contracts those contracts in which the Company accepts a significant insurance risk from another party (the policyholder), agreeing to compensate the policyholder in the event that a specified uncertain future event (the event covered by the insurance) adversely affects the policyholder.

In the case of contracts in which the risk is essentially financial and the insurance risk assumed by the Company is not significant, but there is a discretionary share in results attributed to the policyholders, the Company considers these contracts to be insurance contracts and as such they are measured in accordance with IFRS 17.

Ceded reinsurance contracts

The Company concludes agreements with the aim of transferring the insurance risk, together with the respective premiums, to one or more reinsurance undertakings. If the reinsurer is unable to meet its obligations, the Company remains liable to its policyholders for the reinsured portion.

b) Level of aggregation

The Company determines the level of aggregation for the insurance contracts issued by dividing them into portfolios. Each portfolio must include insurance contracts subject to similar risks and managed together.

The Company has grouped its portfolios as follows:

Portfolios	
Code	Name
WC	Workers' Compensation
PA	Personal Accidents
Health	Health
IOD	Fire and Other Damages
AUTO	Motor
Maritime + Transp.	Hull
Goods	Cargo
GCL	General Liability
Suretyship	Suretyship

On initial recognition, the insurance contracts included in each portfolio are divided into groups of:

- Contracts that are onerous;
- Contracts that do not present a significant possibility of subsequently becoming onerous;
- The remaining contracts in the portfolio.

The Company applied the aforementioned methodology to ceded reinsurance contracts, as provided for in the regulations. The following portfolios were defined:

• Auto	• Professional sports
• Personal property damage - luxury cars	• Property;
• Long-Term Rental;	• Engineering;
• Environmental;	• Maritime;
• Workers' compensation;	• Catastrophic;
• Personal accidents;	• Health

IFRS 17 does not allow contracts issued more than one year apart to be included in the same portfolio. In this sense, each portfolio must be broken down into annual cohorts, or cohorts consisting of periods for less than one year.

The Company separates its contracts into annual cohorts based on the calendar year.

c) Separation of components

The regulations require the Company to separate the distinct investment components of the host insurance contract.

The Company does not currently have any separate investment components and therefore does not need to separate them.

Nor does the Company currently have any investment components that are not separate.

d) Initial recognition

The Company recognises a given group of insurance contracts issued by it from the first of the following events:

- the start of the coverage period for the group of contracts;
- the date on which the first payment from a policyholder in the group becomes due;
- the date on which the group becomes onerous, in the case of groups of onerous contracts.

In the case of groups of ceded reinsurance contracts, the Company recognises them from the earliest of the following dates:

- the start of the coverage period for the group of ceded reinsurance contracts;
- the date on which the entity recognises an onerous group of underlying insurance contracts. However, if the Company concludes a related ceded reinsurance contract to the group of assigned reinsurance contracts, it recognises it on or before that date.

e) Measurement models

IFRS 17 provides for the use of three measurement models, the general measurement model, the premium allocation model and the variable fee model, in which insurance contracts revenue are recognised in profit and loss over time, as the services are provided. The models are based on the present value of estimated future cash flows, an adjustment to reflect the time value of money and the financial risks inherent in future cash flows, to the extent that they are not included in the estimates of future cash flows, a risk adjustment for non-financial risk and also a contractual services margin which represents the profit not yet made.

Given the type and materiality of the products held by the Company and also the applicability requirements for each of the measurement models, the Company applies the premium allocation model approach.

This approach is optional and can only be applied to short-term contracts. Although it is the most simplified model provided in IFRS 17, no significant differences are expected in relation to the general measurement model for this type of contract.

f) Contractual Boundaries

The regulations stipulate that the Company must include, in the calculation of cash flows linked to the fulfilment of insurance contracts and reinsurance contracts held, estimates of future cash flows that fall within the limits of each group contract. Cash flows fall within the limits of an insurance contract if they arise from the existing substantive rights and obligations during the reporting period through which the Company can obligate the policyholder to pay premiums or the Company has a material obligation to provide insurance contract services to the policyholder.

A material obligation to provide insurance contract services ends when:

- the Company has the practical possibility to reassess the policyholder's risks, whereby it can set a price or level of benefits that fully reflects those risks; or
- both of the following criteria are met:
 - i. the Company has the practical possibility of reassessing the risks in the portfolio of insurance contracts which contains the contract and, consequently, can set a price or level of benefits that fully reflects the risk of that portfolio; and
 - ii. the pricing of premiums up to the date on which the risks are revalued does not take account of risks relating to periods after the revaluation date.

In the case of ceded reinsurance contracts, the substantive obligation to receive services ends when the reinsurer has the practical possibility of revaluing the insurance risks that have been transferred to it and, consequently, can define the price or level of benefits that reflect that same risk, or when the reinsurer has the substantive right to cease coverage.

The Company does not recognise assets or liabilities relating to premiums or claims that fall outside the contractual boundaries – these amounts relate to future insurance contracts.

Application of measurement models to insurance contracts

Premium allocation approach

This is a simplified approach, so it should be noted that the Company has only applied it because the second requirement mentioned below has been met for all the products marketed by the Company.

These requirements state that the Company can only apply this approach if:

- it has reason to believe that this simplification will lead to a measurement of the group's remaining coverage liability that will not be significantly different from that which would be obtained by applying the general measurement model;
- the coverage period for each group contract (including insurance contract services arising from all premiums within the contractual limits) is equal to or less than one year.

Measurement on initial recognition

On initial recognition, in order to determine the carrying amount of the liability, the Company considered:

- any premiums received on initial recognition, if applicable;

- minus any cash flows from the acquisition of insurance on that date, unless the Company chooses to recognise the payments as expenses; and
- plus or minus any amount arising from the derecognition on that date of the following:
 - any assets for insurance acquisition cash flows;
 - any other assets or liabilities previously recognised for cash flows related to the group of contracts.

The acquisition cash flows referenced above may be deferred over the coverage period for the contracts or recognised as expenses when incurred. The Company has opted to defer the acquisition cash flows in a rational and systematic manner over the coverage period for the contracts.

Discount rate

The Company measures the time value of money using discount rates that reflect the liquidity characteristics of the insurance contracts and are consistent with observable current market prices. The discount rates exclude the effect from factors that influence these observable market prices, but do not affect the future cash flows of the insurance contracts.

The Company therefore applies two approaches: (i) for Non-Life insurance contracts (NSLT) except Workers' Compensation - bottom-up approach to calculate the discount rate and therefore uses the risk-free EIOPA curve published by the latter with reference to 31 December 2024 plus the illiquidity premium; (ii) for Workers' Compensation insurance contracts (NSLT and SLT), it follows a top-down approach to calculate the discount rate, using a portfolio of financial instruments (67.7 %) and real estate (32.3 %). The reference portfolio makes it possible, in terms of amount and time, to ensure the future cash flows of the insurance contracts, i.e., it reflects proper ALM – Asset Liability Management. In order to calculate this discount rate, the default risk factors of financial instruments, including real estate, are deducted.

In this way, the discount rate is determined by adjusting a net risk-free yield curve in order to reflect the differences between the liquidity characteristics of the financial instruments which are the basis of the rates charged on the market and the liquidity characteristics of the insurance contracts.

The discount rates used in 2024 and 2023 were as follows:

Maturity	Workers' Compensation		Other insurances	
	2024	2023	2024	2023
1	3.2%	3.8%	2.9%	3.8%
2	4.0%	3.1%	2.7%	3.1%
3	4.6%	2.9%	2.7%	2.9%
4	4.8%	2.8%	2.8%	2.8%
5	4.9%	2.8%	2.8%	2.8%
10	5.1%	2.8%	2.9%	2.8%
15	5.3%	2.9%	3.0%	2.9%
20	5.4%	2.8%	2.9%	2.8%
25	5.5%	2.9%	2.9%	2.9%
30	5.6%	3.0%	3.0%	3.0%

Risk adjustment

The risk adjustment reflects the compensation that the Company requires to sustain the uncertainty about the amount and occurrence of cash flows arising from non-financial risk.

The standard does not provide for a specific methodology for calculating the risk adjustment, dictating that judgment should be used by each entity to determine the most appropriate technique for estimating this metric.

The Company opted to use the Value at Risk (VaR) method to calculate the risk adjustment. VaR is a statistical measure that assesses the maximum expected loss for a given confidence level. In the case of a group of contracts, this value will represent the future cash flows calculated at that confidence level.

In order to define the confidence level to be applied in the VaR methodology, two types of liabilities were analysed within the Company's portfolio: those similar to life (Workers' Compensation Annuities) and those not similar to life (the remainder of the portfolio).

For liabilities valued using non-life techniques, as well as for liabilities valued using life techniques, the 75 % confidence level adopted translates into provisioning at the level of the best estimate.

The Company chose not to disaggregate the financial effect of the risk adjustment for non-financial risk between the insurance service result and net insurance finance result.

Subsequent measurement

To measure the carrying amount for the liability at the end of each subsequent reporting period, the Company has taken into account:

- the carrying amount at the beginning of the reporting period;

- plus the premiums received during the period;
- minus insurance acquisition cash flows;
- plus any amounts relating to the amortisation of insurance acquisition cash flows recognised as expenses in the reporting period;
- plus any adjustment to a financing component;
- minus the amount recognised as insurance revenue for services rendered in that period;
- minus any investment component paid or transferred to liabilities for claims incurred.

As mentioned in the regulations, it is not imperative to adjust future cash flows for the time value of money and the effect of financial risk if the entity has the expectation that those cash flows will be paid or received within one year or less from the claims reporting date.

As Caravela's portfolio consists of annual renewable products with a coverage period of one year or less, the Company has chosen not to adjust the value of the future cash flow component for the time value of money and the effect of financial risk.

The Company measures the liabilities for claims incurred from the group of insurance contracts as the cash flows linked to the fulfilment of contracts related to claims incurred, in line with the methodology that is applied for the general measurement model since the difference between the occurrence date for the claims and their settlement is not always less than one year.

For ceded reinsurance contracts, this approach is applied in line with the procedure described above.

Onerous contracts

If facts or circumstances arise during the coverage period that indicate that a group of insurance contracts is onerous, the Company calculates the difference between:

- the carrying amount of the remaining coverage liability; and
- the cash flows linked to compliance with contracts relating to the group's remaining coverage. However, as the Company adjusts the liability for claims incurred, for the time value of money and for the effects of financial risk, the Company includes these adjustments in the cash flows linked to the fulfilment of the contracts.

Finance income and expenses from insurance contracts (IFIE)

Finance income and expenses from insurance contracts (IFIE) comprise the change in the book value for groups of insurance contracts arising from:

- the effect of the time value of money and its variations; and
- the effect of financial risk and its variations.

The regulation sets out that, in this context, an entity makes an accounting policy choice regarding the need to disaggregate the financial income or expenses of the period between profit or loss and other comprehensive income. The accounting policy selected by the entity must be applied to insurance contract portfolios. In accordance with IAS 8.13, the choice of accounting policy must be applied consistently to similar insurance contract portfolios.

The Company has chosen to disaggregate the financial income or expenses for the period between profit or loss and other comprehensive income. This option was applied retrospectively.

2.3.2. Financial instruments

Initial recognition and measurement

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions in the instrument, with financial assets recognised on the trade date (i.e. the date on which there is a commitment to buy or sell the asset).

On initial recognition, the financial asset or liability is measured at fair value together with the transaction costs directly attributable to their acquisition or issuance, for financial assets or liabilities that are not measured at fair value through profit or loss. Transaction costs for financial assets and liabilities accounted for at fair value through profit or loss are recognised in the income statement when incurred.

Immediately after initial recognition, a provision for expected credit losses is recognised for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- a. When the fair value is evidenced by a quoted price in an active market (Level 1 of the IFRS 13 fair value hierarchy) or based on a valuation technique that uses observable market data, the difference is recognised as income or an expense.

- b. In other cases, the difference is deferred and amortised over the useful life of the financial instrument, until the fair value can be determined using observable market data, or settled

Amortised cost and effective interest rate

Amortised cost is the amount at which the financial asset or liability is initially recognised minus repayments of principal, together with cumulative amortisation using the effective interest method for any difference between the initial value and the maturity value, and for financial assets adjusted for any loss.

The effective interest rate is the rate that exactly discounts the estimated future cash payments/receipts of the financial assets or liabilities to the gross book value of a financial asset or the amortised cost of a financial liability. When the Company revises the estimates of future cash flows, the book value of the respective financial assets or liabilities is adjusted to reflect the new discounted estimate using the original effective interest rate. Any changes are recognised in the income statement.

Interest income from calculating the effective interest rate on the gross value of financial assets is recognised at amortised cost or at fair value through other comprehensive income.

2.3.3. Financial Assets

Classification and subsequent measurement

The Group recognises financial assets in the following categories:

- a. Financial assets valued at amortised cost
- b. Financial assets valued at fair value through other comprehensive income
- c. Financial assets valued at fair value through profit or loss

Debt instruments

The subsequent recognition and measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: assets held solely to collect contractual cash flows, when such cash flows represent only principal and interest payments, and are measured at amortised cost. Interest income from these financial assets is included in interest and other similar income using the effective interest rate method.

- Fair value through other comprehensive income: assets held for collection of contractual cash flows and for sale of these same financial assets, when the cash flows from the assets represent only principal and interest payments, are measured at fair value through other comprehensive income. Changes in book value are recognised in other comprehensive income, except for changes relating to the recognition of impairments, financial income from taxes and profit/(loss) on exchange differences, which are recognised in profit or loss for the period. When financial assets are derecognised, the cumulative profit/(loss) previously recognised in other comprehensive income are reclassified from equity to profit or loss for the financial year. Interest income from these financial assets is included in interest and financial income using the effective interest rate method.
- Fair value through profit or loss: assets that do not meet the amortised cost or fair value through other comprehensive income criteria are measured at fair value through profit or loss. A profit/(loss) on a debt investment that is subsequently measured at fair value through profit or loss is recognised and presented in the consolidated income statement.

Financial assets with embedded derivatives are considered in their entirety to determine whether their cash flows are payments of principal and interest. The Company reclassifies debt investments only when its asset management business model changes.

EQUITY INSTRUMENTS

The Company subsequently measures its equity instruments at fair value through profit or loss and through other comprehensive income. Profit/(loss) on equity instruments at fair value through income are included on the line, “Net gains on investments at fair value through income” in the income statement and profit/(loss) on equity instruments at fair value through other comprehensive income are included on the line “Revaluation reserves” in the statement of financial position.

Impairment losses

The Company assesses prospectively the estimated credit losses associated with its debt instruments recognised at amortised cost and at fair value through other comprehensive income.

The impairment methodology applied depends on whether or not there has been a significant increase in credit risk. The Credit Risk note details the procedures adopted by the Company to verify whether or not there has been a significant increase in credit risk.

The measurement of estimated credit losses reflects:

- a. An unbiased, probability-weighted value that is determined by the assessment of a possible event;
- b. Time value of money; and

- c. Reasonable and sustainable information about past events, current conditions and future economic forecasts that is available on the reporting date.

Derecognition (except modification)

Financial assets are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and:

- i) The Company transfers substantially all the risks and benefits of ownership; or

The Company does not transfer or retain substantially all the risks and benefits of ownership and does not retain control.

2.3.4. Financial liabilities

Classification and subsequent measurement

Financial liabilities are recognised and subsequently measured at amortised cost, except for derivatives, which are measured at fair value through income.

Changes in the fair value of financial liabilities measured at fair value through income related to own credit risk are presented in other comprehensive income, while all other changes in fair value are presented in the income statement.

Derecognition

Financial liabilities are derecognised when the related obligations are settled, cancelled or expire.

2.3.5. Cash and cash equivalents

The amounts included under the “Cash and cash equivalents and demand deposits” item correspond to cash, bank deposits and term deposits and other short-term investments that mature in less than three months and for which there is a negligible risk of change in value.

These assets are measured at amortised cost. Usually, the amortised cost of these financial assets does not differ from their nominal value.

2.3.6. Investment property

Investment property item includes properties held by the Company with the aim of obtaining income through leasing and/or appreciation.

The Investment property item follows the measurement principles for investment properties and such properties are initially recognised at acquisition cost, including directly related costs. They are subsequently measured at fair value according to the appraisals made by using independent appraisers, and are not subject to depreciation.

Given the low volatility of market values, Caravela has decided that independent appraisals should be carried out every 3 years. In the remaining years, Caravela assesses internally, using the income method, whether there are any signs of impairment.

If there are signs of impairment, Caravela will immediately conduct an independent appraisal of the properties, and, if impairment is confirmed, will reflect the loss in the balance sheet.

If there are no signs of impairment, Caravela will not record any change in valuation in the balance sheet.

Expenses incurred with Investment property are recorded as they are incurred. Rental income is recognised under the “Income from investments allocated to insurance contract liabilities” item in the income statement.

Investment properties are valued at each annual reporting date and changes in fair value are recorded in the income statement under the “Net income on the sale of non-financial assets which have not been recognised as non-current assets held for sale and discontinued operations” item.

2.3.7. Tangible assets

Tangible assets include the following items:

- Property and buildings for own use
- Other tangible assets

Tangible assets are valued at cost minus accumulated depreciation and impairment losses.

Subsequent costs for renovations and major repairs that increase the useful life of assets are recognised under assets cost.

Charges with current repairs and maintenance are recognised as an expense for the financial year during which they are incurred.

Tangible fixed assets are depreciated systematically on a straight-line basis over the period of their estimated useful life. Property is not depreciated.

The estimated useful lives for tangible fixed assets are determined according to the period during which the asset is expected to be available for use, as shown in the table below:

Description	Years of useful life
Furniture	8
Machinery and Tools	4 a 10
Computer Equipment	3 a 6
Interior Installations	5
Transport Material	4 e 5
Other Equipment	8 a 10
Building for Own Use	50

Depreciation is recorded in expenses for the financial year.

Whenever there is evidence of loss in value of tangible fixed assets, impairment tests are conducted in such a way as to estimate the recoverable amount of the asset and, when necessary, record an impairment loss. When it is not necessary to record or reverse impairment, amortisation and depreciation of the assets are recalculated prospectively in accordance with the recoverable amount.

The book value of tangible assets is derecognised when they are disposed or when no future economic benefits are expected from their use or sale. Profit or loss on the disposal of assets are recognised under the “Other expenses” item in the income statement.

2.3.8. Intangible assets

Intangible assets are only recognised if they are identifiable and it is probable that future economic benefits will flow to the Company, they are controllable by the Company and their value can be reasonably measured.

This item includes the costs associated with acquiring, developing or preparing the software used in the Company’s activities.

Intangible assets are recorded at acquisition cost, net of amortisations and accumulated impairment losses.

Amortisation is recorded systematically over the estimated useful life of the assets, which corresponds to a period of 3 to 6 years.

Research expenses incurred for new technical knowledge are recognised in the income statement when they are incurred.

2.3.9. Leases

A lease is defined as a contract granting the right to control the use of an identifiable asset for a certain period and in exchange for a certain amount.

From the lessee's perspective

On the start date of each contract, the Company assesses whether the scope of the contract corresponds to a lease or contains a lease, recognising a right-of-use asset and a lease liability on the effective contract date, i.e., the date on which the Company takes control of the asset.

The Company applies the recognition exception provided in IFRS 16 for lease agreements whose lease term is equal to or less than 12 months and for lease agreements on low-value assets.

The right-of-use asset is measured at the initial value of the lease liability adjusted for any payments made on or before the commencement date, initial direct costs incurred, estimated decommissioning and restoration costs (if applicable), and minus any incentives incurred.

The value of the lease liability corresponds to the present value of lease payments that are not paid on that date, discounted at the interest rate implicit in the lease or, if this cannot be easily identified, the Company's incremental financing rate.

In regard to subsequent measurement, assets under right of use are measured at cost minus depreciation and impairment losses and the lease liability is increased to reflect the interest thereof and is reduced by the lease payments made in the period.

The lease liability may also be remeasured if there are changes in future payments, and the Company must recognise this amount as an adjustment to the right-of-use asset.

Whenever the lease contract is modified and the modification does not qualify as a separate lease, the Company remeasures the lease liability (rents due under lease contracts) and adjusts the asset under right of use accordingly.

Variable rents that do not depend on an index or rate are recognised as expenses during the period in which the event or condition giving rise to the payments occurs.

The Company presents the right-of-use asset under a separate item in the statement of financial position, and presents the lease liability under the "Other financial liabilities" item in the statement of financial position.

From the lessor's perspective

Lease contracts are classified as finance leases if all the risks and rewards incidental to ownership are transferred substantially through them, and as (ii) operating leases when this transfer does not occur.

In a finance lease, on the effective date, the lessor must recognise the assets held under a finance lease in its statement of financial position, as a receivable for an amount equal to the net investment in the lease.

In leases where the Company acts as lessor under operating lease contracts, the values of the assigned assets are maintained in the Company's statement of financial position as "Investment property" and income is recognised on a straight-line basis over the period of the lease contract.

As a result of its activity, the Company only has contracts that qualify as operating leases.

2.3.10. Income tax

Income tax for the period comprises current taxes and deferred taxes. Income tax is recorded in the income statement, except when it is related to items that are directly recognised in equity.

Current tax

The amount of current tax payable is determined on the basis of net income before income taxes, adjusted in accordance with the tax rules in force, by the amount of expenses or financial income which are not relevant for tax purposes, or which will only be taken into account in other accounting periods.

The Company is subject to Corporate Income Tax (IRC) and the Municipal Surtax, of which the aggregate rate in 2024 was 21.5 % and in 2023 was 22.5 % plus the respective State Surtax, which corresponds to the application of an additional rate of 3 % on the part of the taxable profit exceeding 1 500 000 euros and less than 7 500 000 euros, 5 % on the part of the profit exceeding 7 500 000 euros and less than 35 000 000 euros and 9 % on the part of the taxable profit exceeding this amount.

IFRS 17 "Insurance contracts" came into force on 1 January 2023, which is the relevant transition date for tax purposes. Article 4(1), Law no. 82-A/2023, of 29 December, establishes the transitional rule for Corporate Income Tax ("IRC"), regarding the accounting impacts arising from IFRS 17 "Insurance contracts", which defines that the positive and negative asset variations not reflected in the net income after taxes that meet the following cumulative requirements contribute, in equal parts, to the formation of the taxable income corresponding to the tax period beginning in 2023 and in each of the nine subsequent tax periods: (i) arise from the first-time adoption of the Accounting Plan for Insurance Companies ("PCES"), approved in the annex to Regulatory Standard no. 9/2022-R, published in the *Diário da República*, 2nd series, no. 228, of 25 November 2022, from the Insurance and Pension Funds Supervisory Authority ("ASF"); and (ii) are considered fiscally relevant under the

terms of the IRC Code, resulting from the recognition or derecognition of assets or liabilities, or from changes in their measurement.

Deferred taxes

Deferred taxes correspond to the impact on the recoverable/payable tax in future periods resulting from deductible or taxable temporary differences between the book value of assets and liabilities and their tax basis used in determining the taxable profit.

Deferred tax liabilities are normally recorded for all taxable temporary differences; however, deferred tax assets are only recognised up to the amount at which it is probable that future taxable profits will exist that may allow the utilisation of the corresponding deductible temporary differences or tax losses carried forward.

Additionally, deferred tax assets are not recorded in cases where their recoverability can be challenged due to other situations, including issues of interpretation of the applicable tax legislation.

Deferred taxes are calculated based on the tax rates expected to be in force and applicable on the date of reversal of the temporary differences, which correspond to the rates approved or substantially enacted on the reporting date.

2.3.11. Employee benefits

Liabilities for employee benefits are recorded according to their nature, and may correspond to short-term benefits, long-term benefits or post-employment benefits, attributed in return for services rendered by employees.

The Company has attributed the following types of post-employment benefits:

a) Defined pension benefit plan

Under a defined benefit plan, the Company estimates the net defined benefit liabilities (assets) at each reporting date, taking into account: (i) the cost of current services incurred during the financial year and the effect of net interest calculated by the effect of the passage of time, which are recorded in Personnel costs in equity; and (ii) the remeasurements resulting from changes to the actuarial assumptions used and the difference between the actual return on the fund and the effect on net interest of the share of the remuneration of the fund balance. Actuarial experts are used to determine these impacts.

The Company has a defined benefit plan granted under the 2008 CBA, which is closed to new entrants (see Note 9.2).

b) Defined contribution pension plan

In regard to this plan, the Company does not assume any payment obligations beyond the agreed contributions. Obligations assumed with a defined contribution plan are recognised as an expense in the financial year in which the employee renders the service, in accordance with the conditions defined in the plan, usually a percentage calculated on remuneration, and no actuarial assumptions or discounts are applied.

The Company has a defined contribution plan under the “Zurich Vida Empresas Open Pension Plan” which covers all employees (see Note 9.2).

c) Long-term employee benefits

Long-term benefits correspond to benefits granted in exchange for the provision of services that become due on a specific future date. The calculation of benefits is similar to that adopted for defined benefit plans (actuarial and financial calculation), however, remuneration is recorded as personnel costs in the income statement.

The Company awards a Length-of-service bonus, which grants a bonus for every 5 years of service (see Note 9.2).

2.3.12. Investments in associates

Financial investments in associated companies are investments where the Company exercises significant influence, but where it does not have control or joint control. Significant influence (presumed when voting rights are equal to or greater than 20 %) is the power to participate in an entity’s financial and operating policy decisions without, however, exercising control or joint control of those policies. Likewise, influence is considered to exist even if the voting rights are less than 20 %, when there is the contractual possibility of appointing a director.

Financial investments in associated companies are recorded using the equity method, according to which holdings are recorded at their acquisition cost, adjusted by the amount corresponding to the Company’s share of the comprehensive income (including net income after taxes) of the associated companies, against other comprehensive income or profit or loss for the year, as applicable, in addition to dividends received.

The differences between the acquisition price and the fair value of the identifiable assets and liabilities of associates on the acquisition date, if positive, are recognised as goodwill and maintained in the value of the financial investment in associates. If these differences are negative, they are recorded as income for the financial year under the “Income or losses relating to associates” item, after reconfirmation of the fair value attributed.

An assessment of investments in associate companies is conducted whenever there is evidence that the asset may be impaired. Confirmed impairment losses are then recorded as expenses. When the impairment losses recognised in previous financial years no longer exist, they are subject to reversal.

When the Company's share of the associate's accumulated losses exceeds the value at which the investment is recorded, the investment is reported at nil value, except when the Company has assumed commitments towards the investee company.

2.3.13. Currency Conversion

Functional and reporting currency

The Caravela's financial statements and corresponding notes to this annex are presented in euros, the Company's functional currency, unless explicitly stated otherwise.

Transactions and balances

Transactions in currencies other than Euro are converted to the functional currency using the exchange rates on the transaction dates. Exchange profit or loss resulting from the payment/receipt of transactions as well as from the conversion at the exchange rate on the financial reporting date of monetary assets and liabilities denominated in foreign currency are recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The estimates and judgments that have an impact on the Company's financial statements are continuously evaluated, and represent Management's best estimates on each reporting date, taking into account the historical performance, the accumulated experience and the expectations of future events that, under present circumstances, are believed to be reasonable.

Estimates and judgments that present a significant risk of causing a material adjustment to the book value of assets and liabilities within the next financial year are as follows.

3.1. Estimates related to insurance liabilities

Insurance contracts under IFRS 17 are measured at the level of groups of insurance contracts. Up to a certain point, as explained in note 2.3.1. Accounting Policies for Insurance Contracts, which explains the process of determining the level of aggregation, there is an exercise of judgement when identifying portfolios and defining groups based on their profitability.

In addition, when determining the risk adjustment for non-financial risk or the discount rates to be used, judgment is exercised. The same applies to the criteria for allocating costs to the attributable and non-attributable categories.

Deterministic and stochastic methods linked to the statistical treatment of run-off triangles corresponding to indemnities paid net of reimbursements collected are used to estimate the Insurance Contract Liabilities – From Past Services, or Liabilities for Claims Incurred, which corresponds to the best possible estimate and complies with the conditions for considering cash flows to be included in the measurement of insurance contracts, as established in the regulations.

Specifically, in the Workers' Compensation line of business, the amounts relating to pension payments, which have already been ratified by the Labour Court or with a conciliation agreement, should be considered as part of the Liabilities for Claims Incurred, as well as the estimate of liabilities for presumed disabilities arising from claims that are pending final settlement or ruling.

3.2. Classification of financial assets

The Company makes judgments in classifying debt instruments as financial assets at fair value through profit or loss or financial assets at fair value through reserves.

In regard to compliance with the SPPI – Solely Payment of Principal and Interest criteria, since the Company only invests in financial instruments with contractual terms that only provide for the payment of the nominal plus interest for the effect of the passage of time, this assessment is not significant. However, taking into account market developments and ESG requirements, this is a situation that may change in the coming years.

Regarding the business model, in the Company's activity the funds from contractual financial assets cash flows essentially serve to settle insurance contract liabilities as they become due. To achieve this goal, the entity collects contractual cash flows as they become due and sells financial assets to maintain the desired asset portfolio profile. Therefore, both the collection of contractual cash flows and the sale of financial assets are essential to achieving the business model objective, thereby promoting the classification of investments made as financial assets at fair value through reserves, and alternatively as financial assets at fair value through profit and loss.

3.3. Determining the fair value of financial and non-financial assets

The calculation of fair value involves significant uncertainty when the assets subject to valuation are not traded on a regulated market. In these cases, although the use of observable market data is maximised, a significant part of the valuations also consider data that are unobservable and in some cases subject to adjustments.

a) Financial assets

The fair value of financial assets that are not traded on an active market requires the application of valuation techniques. The Company uses its judgment to select the valuation techniques to be used and makes assumptions that are mostly based on market data existing on the reporting date, such as interest rate curves.

b) Non-financial assets

The fair value of “Investment property” is determined through valuations on the reporting date, performed essentially by independent specialised entities.

Valuations may be supported by different valuation techniques, depending on the use made of each asset. In any case, the determination of fair value involves a great deal of uncertainty in relation to: i) the future projections made by Management regarding the rents to be charged (income method); or ii) the expected disposal value per square metre (comparative method) based on market transactions that have taken place, adjusted for the size/location of the properties.

The Company considers that the valuations obtained based on these methodologies correspond to the best estimate of fair value for the assets presented in the statement of financial position, measured at fair value.

3.4. Estimating expected credit losses

The calculation of expected credit losses involves the application of a general model that incorporates default probabilities (DP) and estimated losses given default (LGD), estimated by management according to historical information and adjusted by forward-looking information.

Expected credit losses are measured on a 12-month basis (stage 1), depending on whether a significant increase in credit risk has occurred since initial recognition (stage 2) or whether an asset is considered to be credit impaired (stage 3).

The Company has defined that for low credit risk financial assets, such as financial assets that are “investment grade” on the reporting date, the significant increase in credit risk is not assessed, and the expected credit loss over 12 months is calculated.

The Company considers financial assets with low credit risk to be those that meet the following conditions: (i) the financial instrument has a low risk of default; (ii) the counterparty has a strong capacity to meet its obligations in the short term; and (iii) adverse changes in economic and business conditions should not reduce the counterparty’s capacity to meet its obligations.

3.5. Taxes

Current and deferred income taxes were determined based on the best interpretation of the tax legislation applicable on each reporting date. Other interpretations and estimates could result in different taxes recognised in the financial year.

In accordance with current tax legislation, the Tax Authority has the possibility of reviewing the tax return for the financial year submitted for a period of 4 years, and from which corrections may arise, which Management believes will mainly result from differences in the interpretation of the application of tax law to non-recurring transactions carried out.

NOTES ON THE INCOME STATEMENT

4. REVENUES AND EXPENSES FROM INSURANCE AND REINSURANCE CONTRACTS SERVICE

Revenues and Expenses from Insurance Contracts Service

The Company's insurance contracts revenue can be analysed as follows:

U: Euro

	2024	2023
Release of premiums - Premium allocation approach	183 602 146	157 315 253

The "Insurance contracts service expense" item can be analysed as follows:

U: Euro

	2024	2023
Claims incurred and other attributable costs	127 676 982	98 857 493
Acquisition costs attributable to insurance contracts	34 808 128	27 041 860
Changes related to past services	26 792 367	20 021 680
Insurance contracts service expense	189 277 477	145 921 033

In regard to the "Changes related to past services" item, the amounts recorded are the result of a comprehensive Company review of past services consistent with the objective to position the overall reserves at their highest level.

The increase seen in the "Acquisition costs attributable to insurance contracts" item is explained in Note 8.

Revenues and Expenses from Reinsurance Contracts

The Company's revenues from reinsurance contracts can be analysed as follows:

U: Euro

	2024	2023
Claims incurred and other expenses attributable to insurance contracts - reinsurers' share	32 696 282	14 282 529
Changes related to past services - reinsurers' share	9 347 895	10 057 969
Effect of changes in the reinsurer's default risk	382 157	(274 629)
Insurance contracts revenues	42 426 334	24 065 870

The item "Expenses from reinsurance contracts" can be analysed as follows:

U: Euro

	2024	2023
Reinsurance contracts ceded expenses	44 033 449	25 629 792

The evolution of the items, “Revenues from Reinsurance Contracts” and “Reinsurance Contract Expenses” compared to the 2023 financial year is strongly influenced by two new quota share reinsurance treaties for Motor and Workers’ Compensation line of business taking effect from 1 July 2024.

5. FINANCE INCOME/(EXPENSES) FROM INSURANCE AND REINSURANCE CONTRACTS

The details on the net insurance finance result and ceded reinsurance contracts in 2024 and 2023 are as follows:

U: Euro

	2024	2023
Finance income from insurance contracts	0	0
Finance expenses from insurance contracts	(2 658 365)	(234 681)
Income from the overlay adjustment of insurance contracts	(2 658 365)	(234 681)
Finance income from reinsurance contracts ceded	906 582	103 868
Finance expenses from reinsurance contracts ceded	0	0
Income from the overlay adjustment of ceded reinsurance contracts	906 582	103 868

The year-on-year changes in the “Finance expenses from insurance contracts” and “Finance income from reinsurance contracts ceded” items, of 2 423 684 euros and 802 714 euros, respectively, are related to the increase in the provisioning made in 2023 and a correction made to the method of calculating the overlay adjustment. This change had an impact of 708 942 euros on insurance contracts and 233 602 euros on ceded reinsurance contracts.

6. FINANCIAL EARNINGS/(EXPENSES) FROM FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

In 2024 and 2023, the breakdown of income from financial assets not measured at fair value through profit and loss is as follows:

U: Euro

Investment Category	Earnings on 2024	%	Earnings on 2023	%
From Financial assets valued at fair value through reserves				
Shares and other variable-income securities	104 431	2.9%	98 478	3.4%
Fixed-income securities (bonds)	2 044 618	56.9%	1 459 280	51.1%
Investment property	1 215 861	33.9%	1 222 916	42.8%
Loans granted	18 500	0.5%	0	0.0%
Term deposits with credit institutions	205 265	5.7%	73 681	2.6%
Demand deposits with credit institutions	1 555	0.0%	444	0.0%
Total Earnings	3 590 229	100%	2 854 800	100%

The increase recorded under this item in 2024 is due to the Company's increased exposure to income-producing financial assets and term deposits.

7. IMPAIRMENT LOSSES (NET OF REVERSAL)

In 2024 and 2023, Impairment is analysed as follows:

U: Euro

	2024	2023
From financial assets valued at fair value through reserves	(41 981)	42 025
From financial assets valued at amortised cost	41	0
From others	0	0
TOTAL	(41 941)	42 025

8. EXPENSES ATTRIBUTABLE AND NOT ATTRIBUTABLE TO INSURANCE CONTRACTS

Allocation of costs between those attributable and not attributable to insurance contracts in 2024 and 2023:

U: Euro

Attributable Costs	2024				
	Claims	Acquisition	Administrative	Investments	TOTAL
Personnel expenses	1 464 038	5 544 834	1 321 000	84 140	8 414 013
External supplies and services	1 331 450	2 805 704	668 430	42 575	4 848 159
Taxes	138 443	592 835	415 685	0	1 146 963
Depreciation and amortisation for the financial year	36 580	138 543	33 006	2 102	210 232
Interest incurred	0	0	0	0	0
Commissions	0	0	0	0	0
Mediation, brokerage and collection fees	0	25 726 212	0	0	25 726 212
TOTAL	2 970 512	34 808 128	2 438 122	128 818	40 345 580

U: Euro

Attributable Costs	2023				
	Claims	Acquisition	Administrative	Investments	TOTAL
Personnel expenses	1 291 324	4 940 064	1 216 247	60 062	7 507 697
External supplies and services	1 076 533	2 000 907	492 625	24 327	3 594 392
Taxes	0	0	0	0	0
Depreciation and amortisation for the financial year	82 684	316 313	77 876	3 846	480 718
Interest incurred	0	0	0	0	0
Commissions	0	0	0	0	0
Mediation, brokerage and collection fees	0	19 784 576	0	0	19 784 576
TOTAL	2 450 541	27 041 860	1 786 748	88 234	31 367 383

U: Euro

Non-Attributable Costs	2024
TOTAL	
Personnel expenses	633 583
External supplies and services	3 416 049
Taxes	460 053
Depreciation and amortisation for the financial year	1 243 293
Interest incurred	278 151
Commissions	426 665
Mediation, brokerage and collection fees	0
TOTAL	6 457 793

U: Euro

Non-Attributable Costs	2023
TOTAL	
Personnel expenses	755 582
External supplies and services	3 351 905
Taxes	937 478
Depreciation and amortisation for the financial year	935 217
Interest incurred	268 949
Commissions	339 380
Mediation, brokerage and collection fees	0
TOTAL	6 588 512

The evolution of attributable and non-attributable costs from 2023 to 2024 for Personnel Costs and Third-Party Suppliers and Services is explained in Notes 9 and 10, respectively. In regard to the amount of 1 146 000 euros recorded in 2024 as Attributable Costs - Taxes - it should be noted that this is fundamentally the result of requirements in terms of jurisdictions where the Company operates under the freedom to provide services framework.

The increase in Depreciation and Amortisation for the financial year is a result of changing the Company's registered office during 2024 to a building for its own use.

9. PERSONNEL EXPENSES

Personnel costs incurred during 2024 and 2023 were as follows:

U: Euro

Accounts		2024	2023	2024/2023
Personnel expenses				
6800	Remuneration of governing bodies	1 193 888	1 033 664	15.5%
6801	Personnel remuneration	5 696 736	5 234 257	8.8%
6802	Charges on Remuneration	1 604 260	1 423 229	12.7%
6803	Post-employment benefits	105 276	97 738	7.7%
6804	Other long-term employee benefits	50 119	53 577	-6.5%
6806	Compulsory insurance	199 299	181 708	9.7%
6807	Social welfare expenses	123 808	117 209	5.6%
6808	Other personnel expenses	74 210	121 896	-39.1%
TOTAL		9 047 596	8 263 278	9.5%

The increase in costs recorded during the financial year was due to the increase in the average number of employees (see Note 9.1), the updating of salary scales and the change from three to four executive members of the management body.

9.1. Average number of employees by professional category

In accordance with the Company Agreement (CA), the average number of employees, by professional category, working for Caravela in 2024 was 148, compared to 145 in 2023, and the absolute number on 31 December 2024 was 149, the same as in 2023.

AVERAGE FOR THE YEAR		TOTAL FOR THE YEAR	
COMPANY AGREEMENT		COMPANY AGREEMENT	
Director	1	Director	1
Technical Manager	20	Technical Manager	21
Commercial Manager	5	Commercial Manager	5
Operational Manager	2	Operational Manager	2
Technical	26	Technical	25
Operational Coordinator	19	Operational Coordinator	20
Operational Specialist	66	Operational Specialist	65
General Assistant	1	General Assistant	1
Operational Assistant	8	Operational Assistant	9
AVERAGE FOR THE YEAR	148	AVERAGE FOR THE YEAR	149

9.2. Post-employment benefit liabilities and other long-term benefits

The liabilities for post-employment benefits and long-term benefits on 31 December 2024 and 2023 are detailed as follows:

	U: Euro	
	2024	2023
Post-employment benefits	104 907	97 738
Other long-term benefits	184 811	154 308
TOTAL	289 718	252 047

Defined Pension Benefit Plan

This plan is associated with the share of financing liabilities covered by the provisions of the 2008 CBA, and which is independent of the public Social Security system, covering unionised workers hired by the business up to 22 June 1995 and who did not then sign up for any other proposed solutions.

The pension to be awarded was defined in accordance with the 2008 CBA, and this benefit was guaranteed to workers who retired from the insurance business.

This plan only covers one participant (a former director who retired due to age), as shown in the table below:

RETIRED POPULATION		ASSUMPTIONS	
Number of beneficiaries	1	Mortality chart	TV8890
Average Age	97	Technical rate	2.02%
Pension/Average Annual Benefit (€)	4 501	Charges	0.90%

Defined Contribution Pension Plan

This is a plan associated with the share of financing of the Individual Retirement Plan (IRP) which began on 1 January 2012.

Contributions to this plan correspond to the percentages indicated in Annex V of the Company Agreement, applied to the employee's annual basic salary, with the contribution in 2024 amounting to 104 907 euros (in 2023: 97 738 euros).

U: Euro

Liability for Post-Employment Benefits	Amount
Year 2023	97 738
Payment/Deliverables 2024 Plan	(97 738)
To be settled in 2025	(368)
2024 Increase	105 276
Balance as of 31 December 2024	104 907

The total expense for the year refers to the increased amount of the plan for 2024, which amounted to 105 276 euros, while in 2023 it was 97 738 euros.

WORKING POPULATION	
Number of participants	117
Average Age	47.0
Average Annual Salary (€)	25 364
Average length of service in the company (years)	17

For informational purposes, we present information on the position of the fund associated with the defined contribution plan.

U: Euro

INCOME	
Amount of liabilities as of 31 December 2023	535 435
Total value of Contributions (PIR)	575 204
Amount of liabilities as of 31 December 2024	575 204
Fund value as of 31 December 2024	624 850
Funding Ratio	109%

Length-of-service bonus

According to clause 42 of the 2016 ACT, published in the Bulletin of Labour and Employment no. 4, of 29 January, upon verification of the requirements mentioned in clause no. 42 of the 2016 ACT, whenever an employee completes one or more multiples of five-year service with the Company, they are entitled to receive a one-time bonus corresponding to 50 % of their monthly salary, either in cash or in kind (granting of paid leave days).

The total expense for 2024 amounted to 50 119 euros (in 2023: 53 577 euros).

The provision for length-of-service bonuses amounts to 184 811 euros (in 2023: 154 309 euros) and is estimated by using the following actuarial assumptions:

- mortality chart: TV 88/90;
- disability chart: EVK 80;
- salary growth rate: 2 %;
- discount rate: 2.5 %.

10. EXTERNAL SUPPLIES AND SERVICES

The costs of external supplies and services incurred during the period 2024 and 2023 were as follows:

U: Euro

External Supplies and Services	2024	%	2023	%	2024/2023
Electricity	40 274	0.5%	26 136	0.4%	54.1%
Fuel	156 695	1.9%	139 904	2.0%	12.0%
Water	4 916	0.1%	4 139	0.1%	18.8%
Forms	48 447	0.6%	34 080	0.5%	42.2%
Office supplies	9 647	0.1%	16 640	0.2%	-42.0%
Technical documentation and books	1 762	0.0%	2 107	0.0%	-16.3%
Promotional items	62 875	0.8%	23 770	0.3%	164.5%
Maintenance and repair	257 392	3.1%	132 312	1.9%	94.5%
Rents and leases	289 683	3.5%	290 845	4.2%	-0.4%
Representation expenses	72 808	0.9%	77 935	1.1%	-6.6%
Communication	793 283	9.6%	920 806	13.3%	-13.8%
Travel and accommodation	208 514	2.5%	203 414	2.9%	2.5%
Insurance	148 114	1.8%	128 788	1.9%	15.0%
Self-employment expenses	227 618	2.8%	191 677	2.8%	18.8%
Advertising and promotion	729 923	8.8%	783 629	11.3%	-6.9%
Cleaning, hygiene and comfort	54 356	0.7%	39 740	0.6%	36.8%
Litigation and notary services	2 889	0.0%	5 871	0.1%	-50.8%
Surveillance and security	20 040	0.2%	20 177	0.3%	-0.7%
Specialised works	4 454 279	53.9%	3 307 174	47.6%	34.7%
Fees (from activity)	105 923	1.3%	109 545	1.6%	-3.3%
Meals at the workplace	9 316	0.1%	7 167	0.1%	30.0%
Premium coverage costs	372 913	4.5%	348 019	5.0%	7.2%
Other supplies and services	192 539	2.3%	132 421	1.9%	45.4%
TOTAL	8 264 208	100%	6 946 297	100%	19.0%

The “specialised work” item records an increase in maintenance, upgrade and technical assistance services for IT platforms and services, an increase in the value of the licences acquired, an increase in contact centre services provided and also an increase in consultancy services incurred as part of the implementation of the IFRS17 standard.

The items “Preservation and repair”, and “Cleaning, hygiene, comfort and electricity” are influenced by the changes to the Company’s registered office and other offices in other parts of the country in 2024. Likewise, although in the opposite direction, due to the savings it has made, the item “Communication”.

The growth in the item “Independent Work Expenses” is chiefly related to fees associated with outsourcing services.

The fees for 2024 and 2023 and the amounts paid on the date of preparing this report were as follows:

U: Euro

Description of Statutory Auditor Fees	2024		2023	
	Fees	Settled	Fees	Settled
Solvency II				
PwC	30 573		29 828	29 828
Statutory Auditor				
PwC	104 012	78 008	76 875	76 875
Other Services (*)				
PwC	22 072		16 913	16 913
TOTAL	156 658	78 008	123 615	123 615

(*) Includes 12 300 euros to be invoiced by PwC Luxembourg

11. INCOME TAX

The breakdown of income tax asset balances (current and deferred) and income tax liabilities (current and deferred) as of 31 December 2024 and 2023 is as follows:

U: Euro

Tax assets and liabilities	2024	2023
Current tax assets		
Income tax	709 860	1 011 333
Income tax (withholdings made by third parties)	0	0
Value Added Tax (on behalf of the Company)	0	0
Other taxes	0	0
Social Security contributions (on behalf of the Company)	0	0
Total	709 860	1 011 333
Current tax liabilities		
Income tax payable	0	0
Withholding Tax	(188 407)	(189 995)
Value Added Tax	(50 678)	(36 687)
Other taxes	(2 781 243)	(2 175 959)
Social Security contributions	(131 635)	(119 212)
Local authority taxes	(46 358)	(53 876)
Total	(3 198 321)	(2 575 729)
Deferred Tax Assets		
For temporary differences		
Financial assets at fair value through reserves		
IFRS 17 Transition Impact	917 821	703 675
SIFIDE	1 752 000	0
Financial assets valued at fair value through profit or loss	108 586	44 691
Non-deductible provisions	1 334	0
Long-term employee benefits	12 279	0
For Tax Losses	2 444 161	354 184
Total	5 236 181	1 102 550
Deferred tax liabilities		
For temporary differences		
Financial assets at fair value through reserves	(658 481)	(203 955)
Reserve for overlay adjustment	(2 240 952)	(449 410)
Revaluation of investment properties	(495 412)	0
Total	(3 394 844)	(653 364)
TOTAL	(647 124)	(1 115 210)

The tax rate used to calculate deferred taxes is 24.5 % for 2024 and 25.5 % for 2023.

The breakdown of the income tax charges for the financial year in 2024 and 2023, recognised in the income statement, is as follows:

U: Euro

Income tax expenses	2024	2023
Current tax for the period	173 622	184 922
Insufficiency/ (excess) of estimates from previous years	0	0
Deferred tax for the period	(3 562 766)	(5 258)
TOTAL	(3 389 144)	179 664

Current tax for 2024 was calculated with the tax amortisation of one tenth of the transition adjustments resulting from the adoption of IFRS 17 pursuant to article 4(1), Law 82-A/2023 of 29 December.

The reconciliation of the effective tax rate as of 31 December 2024 and 2023 is detailed as follows:

U: Euro

Income tax expenses	2024	2023
Income before taxes	(9 076 597)	7 192 671
Tax rate	20%	21%
Tax	(1 815 319)	1 510 461
Non-taxable income	0	(320 448)
Non-deductible temporary differences without deferred tax	0	0
Autonomous taxation	173 622	90 781
State surtax	0	152 304
Surtax	0	98 652
Total current tax	(1 641 697)	1 531 750
SIFIDE* deferred tax	(1 752 000)	0
Savings with SIFIDE*	0	(1 342 317)
Current income tax	0	179 664
Other deferred income tax	4 553	0
Income tax	(3 389 144)	179 664
Effective tax rate	37.3%	2.5%

- * System of Tax Incentives for Corporate Research and Development (R&D)

In regard to Pillar II legislation, Caravela does not anticipate any relevant impact from the enactment of Law 41/2024 of 8 November, which transposed into the Portuguese tax system (EU) Directive 2022/2523 on ensuring an overall minimum level of taxation of 15 % for multi-national enterprise groups and large-scale domestic groups.

NOTES ON THE FINANCIAL POSITION

12. CASH, CASH EQUIVALENTS AND DEMAND DEPOSITS

As of 31 December 2024 and 2023, this item is broken down as follows:

U: Euro

	2024	2023
Cash and cash equivalents		
Registered office	266	200
Branches	600	600
Total	866	800
Demand deposits	6 498 358	7 831 683
Total	6 498 358	7 831 683
TOTAL	6 499 225	7 832 483

For the purposes of preparing the cash flow statement, the balances in the table above are taken into account. The cash flow statement was prepared using the indirect method (2024) and the direct method (2023) and is presented together with the other financial statements.

13. INVESTMENTS IN SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

As of 31 December 2024, the Company only holds investments in Associates, as follows:

U: Euro				
Associates	Shareholding %	% of votes held	Amounts held	Associate Accounts
				Income for the period
2024				
FSTAR II - ACCOUNT, S.A.	12%	12%	532 769	1 277 692

Transactions made in the 2024 financial year:

	U: Euro
Associates	Balance
Balance as of 1 January 2024	
Increase in FSTAR II shareholding	384 046
Disposal	0
Application of the equity method	148 723
Dividends received	0
Balance as of 31 December 2024	532 769

In 2024, the 29.1 % stake in the capital of the Your Group in the amount of 6 787 394 euros was sold, resulting in the repayment of supplementary capital contributions, classified as loans granted, under the item “Financial assets valued at amortised cost”, in the total amount of 354 118 euros (see Note 16). This disposal took place upon exercising the put option on the shareholding, which had already been planned and disclosed in the 2023 Annual Report.

Together with the option to sell the above-mentioned stake, Caravela would hold an 11.64 % stake in the holding company that owns the Your Group. As a result, as of 31 December 2024, the Company holds an 11.64 % stake in the FSTAR II entity in the amount of 8 209 euros. On the same date, the Company made Supplementary Capital Contributions in the amount of 375 837 euros, which was added to this item. Likewise, the Company made shareholder loans in the amount of 876 954 euros (see Note 16).

As of 31 December 2024, after an adjustment by the equity method, the investment in FSTAR II totals 532 769 euros.

14. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

As of 31 December 2024 and 2023, the balance of this item corresponds to the following types of investments:

2024
U: Euro

Financial Assets	Acquisition cost	Interest receivable	Value before impairment	Accumulated Impairment	Net Value	Exchange differences	Fair value reserve	Balance sheet value *
Other instruments								
Participation units								
From residents	9 850 620	0	9 850 620	0	9 850 620	0	(441 309)	9 409 311
From non-residents	14 510 610	0	14 510 610	(84 364)	14 426 246	0	275 010	14 701 256
TOTAL	24 361 230	0	24 361 230	(84 364)	24 276 866	0	(166 299)	24 110 567

* - Includes interest receivable

2023
U: Euro

Financial Assets	Acquisition cost	Interest receivable	Value before impairment	Accumulated Impairment	Net Value	Exchange differences	Fair value reserve	Balance sheet value *
Other instruments								
Participation units								
From residents	8 341 620	0	8 341 620	0	8 341 620	0	(433 346)	7 908 274
From non-residents	6 909 321	0	6 909 321	(82 818)	6 826 503	0	65 703	6 892 206
TOTAL	15 250 941	0	15 250 941	(82 818)	15 168 123	0	(367 642)	14 800 481

* - Includes interest receivable

The increase recorded in other instruments in 2024 is due to the strategy of reallocating financial assets in the company's portfolio.

15. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH RESERVES

• Debt instruments

On 31 December 2024 and 2023, the balance of this item corresponds to the following types of investments in debt instruments:

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2024
U: Euro

Financial Assets	Acquisition cost	Interest receivable	Value before impairment	Accumulated impairment	Net Value	Exchange differences	Fair value reserve	Balance sheet value *
Debt instruments								
Public debt								
Domestic issuers	10 132 101	94 730	10 226 830	0	10 226 830	0	47 143	10 273 974
Foreign issuers								
Spain	2 074 924	11 814	2 086 738	0	2 086 738	0	(141 919)	1 944 819
Belgium	2 070 348	9 468	2 079 816	0	2 079 816	0	(199 455)	1 880 361
France	698 259	12 130	710 389	0	710 389	0	8 675	719 064
Ireland	1 169 586	12 567	1 182 153	0	1 182 153	0	(84 970)	1 097 182
Austria	900 193	432	900 624	0	900 624	0	(93 559)	807 066
From other public issuers								
Domestic issuers	0	0	0	0	0	0	0	0
Foreign issuers	6 384 645	60 427	6 445 072	0	6 445 072	0	(184 700)	6 260 371
From other issuers								
Domestic issuers	200 333	2 773	203 105	0	203 105	0	(1 063)	202 042
Foreign issuers	89 046 615	944 093	89 990 709	(92 441)	89 898 268	0	(1 123 968)	88 774 300
TOTAL	112 677 003	1 148 433	113 825 436	(92 441)	113 732 996	0	(1 773 817)	111 959 179

* - Includes interest receivable

2023
U: Euro

Financial Assets	Acquisition cost	Interest receivable	Value before impairment	Accumulated impairment	Net Value	Exchange differences	Fair value reserve	Balance sheet value *
Debt instruments								
Public debt								
Domestic issuers	8 996 362	60 684	9 057 045	0	9 057 045	0	(58 362)	8 998 684
Foreign issuers								
Spain	2 095 721	11 781	2 107 502	0	2 107 502	0	(194 121)	1 913 381
Belgium	2 086 045	9 443	2 095 488	0	2 095 488	0	(227 845)	1 867 643
France	697 572	12 097	709 669	0	709 669	0	9 918	719 587
Ireland	1 184 811	12 532	1 197 344	0	1 197 344	0	(107 070)	1 090 273
Austria	900 234	430	900 665	0	900 665	0	(109 944)	790 720
From other public issuers								
Domestic issuers	0	0	0	0	0	0	0	0
Foreign issuers	6 327 936	60 382	6 388 318	0	6 388 318	0	(219 211)	6 169 107
From other issuers								
Domestic issuers	201 426	2 765	204 191	0	204 191	0	(5 086)	199 105
Foreign issuers	66 486 152	569 815	67 055 967	(92 441)	66 963 526	0	(2 464 358)	64 499 169
TOTAL	88 976 259	739 929	89 716 188	(92 441)	89 623 748	0	(3 376 078)	86 247 669

* - Includes interest receivable

The increase recorded in 2024 with investments in debt instruments measured at fair value through reserves results from the Company's investment strategy in "Other issuers".

- Equity instruments**

On 31 December 2024 and 2023, the balance of this item corresponds to the following types of investments in equity instruments:

2024

U: Euro

Financial Assets	Acquisition cost	Interest receivable	Value before impairment	Accumulated Impairment	Net Value	Exchange differences	Fair value reserve	Balance Sheet value
Equity instruments								
Domestic issuers	3 671	0	3 671	0	3 671	0	0	3 671
Foreign issuers	5 712 276	0	5 712 276	0	5 712 276	347 947	4 242 166	10 302 389
TOTAL	5 715 947	0	5 715 947	0	5 715 947	347 947	4 242 166	10 306 060

2023

U: Euro

Financial Assets	Acquisition cost	Interest receivable	Value before impairment	Accumulated Impairment	Net Value	Exchange differences	Fair value reserve	Balance Sheet value
Equity instruments								
Domestic issuers	3 671	0	3 671	0	3 671	0	0	3 671
Foreign issuers	6 202 472	0	6 202 472	0	6 202 472	118 861	3 998 593	10 319 926
TOTAL	6 206 143	0	6 206 143	0	6 206 143	118 861	3 998 593	10 323 597

Equity instruments include the investment made by the Company in December 2022 in F2X Group Limited, a software company located in London, whose main activity is the development and distribution of the INSTANDA digital platform, aimed at insurance companies, with regard to sophisticated integrated underwriting, analysis, distribution and integration systems adapted to the IT systems of insurance companies. The initial investment amounted to 1 618 122 shares worth £4 999 996 (5 712 276 euros), corresponding to 5.6 % of the shares and voting rights in F2X Group Limited. In 2023, the value of the stake was assessed by an external expert, based on the business projections provided by the company's management. This valuation amounted to £3 499 997 (4 117 455 euros), for a total investment of 9 829 731 euros. In 2024, an analysis on the evolution of the aforementioned entity shows no signs of impairment. After the exchange rate update, on 31 December 2024, of the holding and subsequent appreciation, the amount of this capital instrument totals 10 302 389 euros. The balance from other foreign issuers as of 31 December 2023 included the CA Life stake in the amount of 490 196 euros, sold on 17 December 2024, resulting in a capital gain of 154 166 euros.

16. FINANCIAL ASSETS VALUED AT AMORTISED COST

As of 31 December 2024 and 2023, the balance of this item corresponds to the following types of balances:

2024				
U: Euro				
Other Deposits and Loans Granted	Start	Expiration	Term (Days)	Value *
Term Deposit:				
Millennium BCP	18.11.2024	18.11.2025	365	611 877
Bankinter	10.07.2024	06.01.2025	180	5 084 583
Banco BPI	31.12.2024	29.06.2025	180	3 000 000
Total				8 696 460
Loans Granted:				
Supplementary COLMENA Contributions				74 700
FSTAR II shareholder loans				895 454
Total				970 154
TOTAL				9 666 614

* - Includes accrued interest

2023				
U: Euro				
Other Deposits and Loans Granted	Start	Expiration	Term (Days)	Value *
Term Deposit:				
Millennium BCP	19.11.2023	19.11.2024	365	600 048
Banco BBVA	26.09.2023	02.01.2024	100	3 028 292
Banco Carregosa	19.01.2023	19.01.2024	365	247 909
Bankinter	25.09.2023	02.01.2024	99	3 028 583
Bankinter	28.04.2023	27.04.2024	365	5 215
Total				6 910 048
Loans Granted:				
Supplementary COLMENA Contributions				74 700
Supplementary Contributions YOUR FINANCE				354 118
Total				428 818
TOTAL				7 338 866

* - Includes accrued interest

The Shareholder Loan amount of 876 954 euros is remunerated at a fixed annual interest rate equivalent to 7 %. In accordance with the contract, Caravela can request repayment of the shareholder loans within one year of the date on which they were made.

17. PROPERTY AND BUILDINGS

This item includes properties held for income and for own use, which are subject to different measurement policies (see Note 2.3.6)

On 31 December 2024 and 2023, the Property and Buildings item includes the following properties:

							2024
							U: Euro
Property	Year of purchase	Acquisition value	Year of Sale	Sale Price	Year of Revaluation	Net Balance Sheet Value	
From earnings							
Campo Vinha Braga	2016	1 231 882			2021	1 234 000	
Armazéns Tejo	2021	7 817 602			2024	8 807 500	
Villa Park	2022	10 374 309			2024	11 406 500	
Total		19 423 793				21 448 000	
From own use							
Registered Office Building	2023	4 843 637				4 843 637	
Total		4 843 637				4 843 637	
TOTAL		24 267 430				26 291 637	

							2023
							U: Euro
Property	Year of purchase	Acquisition value	Year of Sale	Sale Price	Year of Revaluation	Net Balance Sheet Value	
From earnings							
Campo Vinha Braga	2016	1 231 882			2021	1 234 000	
Armazéns Tejo	2021	7 817 602				8 062 602	
Villa Park	2022	10 374 309				10 374 309	
Total		19 423 793				19 670 910	
From own use							
Registered Office Building (assets in progress)	2023	4 563 299				4 563 299	
Total		4 563 299				4 563 299	
TOTAL		23 987 092				24 234 209	

In 2024 the Company had all its income properties appraised by an external expert. This valuation resulted in an increase in the value of the properties of 2 022 090 euros. In view of the resulting increase in value, it is concluded that there is no impairment.

The improvements incorporated into units A and B at the Armazéns Tejo property, which totalled 245 000 euros on 31-12-2023, were transferred by means of a contract for the purchase and sale of used personal property and the improvements made, in addition to the lease contract signed with the tenant occupying the aforementioned units, justifying the variation in the acquisition value of the property between 2023 and 2024.

The property for own use had a start date of 20 January 2024. The difference between the amounts recorded in 2023 and 2024 results from the improvements made to the building in order to make the company's head office operational (see Note 18).

This building for own use has been given a useful life of 50 years by an external expert, resulting in its depreciation at an annual rate of 2 %, which corresponds to 96 873 euros. The valuation of the property by an external expert shows that there are no signs of impairment.

18. OTHER TANGIBLE ASSETS

The “Other tangible assets” item includes equipment used to support Company activity, which recorded the following transactions in 2024 and 2023:

2024
U: Euro

	Opening Balance		Increases		Transfers and Write-offs	Divestments	Amortisations for the Financial		Closing balance (Net value)
	Gross Amount	Amortisations	Acquisitions	Revaluations			Increases	Settlements	
Tangible Assets									
Office equipment	260 242	260 242	203 390	0	219 483	0	120 941	220 898	83 865
Machinery and tools	245 974	242 988	0	0	221 424	0	1 865	221 098	795
Computer Equipment	712 362	551 788	306 372	0	338 540	0	73 348	338 280	393 339
Interior installations	2 989	2 989	327 373	0	0	0	19 064	0	308 309
Transport material	403 923	336 175	60 000	0	0	111 050	44 000	111 050	83 748
Hospital equipment	0	0	0	0	0	0	0	0	0
Other equipment	136 315	100 372	21 761	0	40 135	0	9 690	33 147	41 026
Tangible fixed assets in progress	403 848	0	0	0	403 848	0	0	0	0
Total	2 165 653	1 494 554	918 895	0	1 223 429	111 050	268 908	924 474	911 081

2023
U: Euro

	Opening Balance		Increases		Transfers and Write-offs	Divestments	Amortisations for the Financial		Closing balance (Net value)
	Gross Amount	Amortisations	Acquisitions	Revaluations			Increases	Settlements	
Tangible Assets									
Office equipment	254 694	254 694	7 430	0	1 882	0	7 430	1 882	0
Machinery and tools	245 974	239 967	0	0	0	0	3 021	0	2 986
Computer Equipment	677 549	467 921	34 814	0	0	0	83 867	0	160 574
Interior installations	2 989	2 576	0	0	0	0	413	0	0
Transport material	338 923	294 223	65 000	0	0	0	41 952	0	67 748
Hospital equipment	0	0	0	0	0	0	0	0	0
Other equipment	127 934	86 221	8 380	0	0	0	14 152	0	35 942
Tangible fixed assets in progress	0	0	403 848	0	0	0	0	0	403 848
Total	1 648 063	1 345 601	519 472	0	1 882	0	150 835	1 882	671 098

The amount of 403 848 euros recorded on 31 December 2023 as tangible fixed assets in progress corresponded to improvements in progress for the new head office. As they have been completed and are in use, they were transferred in 2024 to Property and buildings for own use (note 17) and other tangible asset items, depending on their nature.

As a result of changing the registered office and the consequent change in furniture, administrative equipment, as well as the obsolescence that motivates the acquisition of new IT equipment, there were write-offs of 820 411 euros in 2024.

Assets under right of use

Assets under right of use relate to property and vehicle leasing contracts.

2024

U: Euro

Nature	Right of Use	New leases	End of Contract	Depreciation - Financial	Interest Incurred	Amortisation of Financial	Right of Use
	31-12-2023	2024					31-12-2024
Properties	324 294	60 384	24 346	136 884	3 161	152 942	223 448
Vehicles	437 366	104 593	30 923	163 429	17 223	142 190	347 606
TOTAL	761 660	164 976	55 269	300 313	20 384	295 132	571 054

2023

U: Euro

Nature	Right of Use	New leases	End of Contract	Depreciation - Financial	Interest Incurred	Amortisation of Financial	Right of Use
	31-12-2022	2023					31-12-2023
Properties	836 021	103 212	230 171	396 852	7 665	395 277	324 294
Vehicles	189 802	372 867	0	125 303	10 213	123 214	437 366
TOTAL	1 025 822	476 080	230 171	522 155	17 878	518 491	761 660

19. OTHER INTANGIBLE ASSETS

On 31 December 2024 and 2023, the balance of intangible assets refers mainly to software to support Company activity.

The transactions in intangible assets in 2024 and 2023 were as follows:

2024

U: Euro

	Opening Balance		Increases		Transfers and Write-offs	Divestments	Amortisations for the Financial		Closing balance (Net value)
	Gross Amount	Amortisations	Acquisitions	Revaluations			Increases	Settlements	
Intangible Assets									
Development expenses	937 755	937 755	0	0	0	0	0	0	0
Expenses with computer applications	5 822 066	3 006 639	852 631	0	842 082	0	787 040	823 843	2 862 779
Intangible assets in progress	350 786	0	731 878	0	918 411	0	0	0	164 253
Others	4 414	3 166	0	0	0	0	391	0	857
TOTAL	7 115 021	3 947 560	1 584 509	0	1 760 493	0	787 431	823 843	3 027 888

2023
U: Euro

	Opening Balance		Increases		Transfers and Write-offs	Divestments	Amortisations for the Financial		Closing balance (Net value)
	Gross Amount	Amortisations	Acquisitions	Revaluations			Increases	Settlements	
Intangible Assets									
Development expenses	937 755	937 755	0	0	0	0	0	0	0
Expenses with computer applications	3 541 556	2 263 693	2 280 510	0	0	0	742 945	0	2 815 427
Intangible assets in progress	2 193 070	0	580 557	0	2 422 841	0	0	0	350 786
Others	4 414	3 166	0	0	0	0	0	0	1 248
TOTAL	6 676 795	3 294 615	2 861 066	0	2 422 841	0	742 945	0	3 167 461

In 2024, 842 082 euros were written off relating to discontinued software, which had been recorded under Expenses with computer applications. The corresponding amount of amortisation was 823 843 euros.

The amount of intangible assets in progress on 31 December 2023 corresponds to projects under development in the IT area that were fully completed during 2024. On the other hand, new projects were started this year. The amount of 164 253 euros under this item as of 31 December 2024 corresponds to IT projects, which are expected to be completed in 2025.

20. INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES

The breakdown of the “Ceded reinsurance contract assets” and “Insurance contract liabilities” items, both measured by using the Premium Allocation Approach, is as follows:

U: Euro

	2024	2023
Assets from ceded reinsurance contracts		
From future services	5 933 220	4 423 244
From past services	62 782 482	54 467 073
TOTAL	68 715 702	58 890 317
Insurance contract liabilities		
From future services	21 595 767	19 074 292
From past services	149 910 608	123 806 795
TOTAL	171 506 375	142 881 088

20.1. Reconciliation of ceded reinsurance contract assets

In December 2024 and 2023, the reconciliation of amounts recognised in the statement of financial position and income statement for ceded reinsurance contracts can be analysed as follows:

2024

U: Euro

CEDED REINSURANCE CONTRACTS	Future Services		Claims incurred for contracts measured using the simplified approach		Total
	Excluding the loss component	Loss component	Current value of cash flows	Risk adjustment for non-financial risk	
Reinsurance contract assets as of 31 December 2023	4 423 244	0	51 983 026	2 484 047	58 890 317
Reinsurance contract expenses	44 033 449	0	0	0	44 033 449
Revenues from reinsurance contracts					
Claims incurred and other expenses incurred with reinsurance contracts	0	0	32 194 064	502 217	32 696 282
Changes relating to past services - changes in cash flows linked to the fulfilment of contracts relating to liability for claims incurred	0	0	10 796 028	(1 448 132)	9 347 895
Amortisation of reinsurance acquisition cash flows	0	0	0	0	0
Effect of any reinsurance contract issuer performance risk	0	0	382 157	0	382 157
Reinsurance contract income	44 033 449	0	43 372 249	(945 915)	86 459 783
Overlay adjustment of reinsurance contracts	0	0	(4 025 508)	0	(4 025 508)
Total recognised in comprehensive income	44 033 449	0	39 346 741	(945 915)	82 434 275
Cash flows					
Premiums from ceded reinsurance contracts	(55 682 457)	0	0	0	(55 682 457)
Claims paid and other reinsurance contract expenses arising from ceded reinsurance contracts	0	0	(30 085 417)	0	(30 085 417)
Reinsurance acquisition cash flows	13 158 984	0	0	0	13 158 984
Total cash flows	(42 523 473)	0	(30 085 417)	0	(72 608 890)
Reinsurance contract assets as of 31 December 2024	5 933 220	0	61 244 350	1 538 132	68 715 702

2023

U: Euro

CEDED REINSURANCE CONTRACTS	Future Services		Claims incurred for contracts measured using the simplified approach		Total
	Excluding the loss component	Loss component	Current value of cash flows	Risk adjustment for non-financial risk	
Reinsurance contract assets as of 1 January 2023	3 055 519	0	44 095 599	2 069 712	49 220 830
Reinsurance contract expenses	25 629 792	0	0	0	25 629 792
Revenues from reinsurance contracts					
Claims incurred and other expenses incurred with reinsurance contracts	0	0	(15 975 945)	224 902	(15 751 043)
Changes relating to past services - changes in cash flows linked to the fulfilment of contracts relating to liability for claims incurred	0	0	(8 778 888)	189 433	(8 589 455)
Amortisation of reinsurance acquisition cash flows	0	0	0	0	0
Effect of any reinsurance contract issuer performance risk	0	0	274 629	0	274 629
Reinsurance contract income	25 629 792	0	(24 480 204)	414 335	1 563 923
Overlay adjustment of reinsurance contracts	0	0	13 065	0	13 065
Total recognised in comprehensive income	25 629 792	0	(24 467 140)	414 335	1 576 987
Cash flows					
Premiums from ceded reinsurance contracts	(24 262 068)	0	0	0	(24 262 068)
Claims paid and other reinsurance contract expenses arising from ceded reinsurance contracts	0	0	32 354 567	0	32 354 567
Reinsurance acquisition cash flows	0	0	0	0	0
Total cash flows	(24 262 068)	0	32 354 567	0	8 092 499
Reinsurance contract assets as of 31 December 2023	4 423 243	0	51 983 026	2 484 047	58 890 317

20.2. Reconciliation of insurance contract liabilities

In December 2024 and 2023, the reconciliation of amounts recognised in the statement of financial position and income statement for insurance contracts can be analysed as follows:

2024
U: Euro

INSURANCE CONTRACTS ISSUED	Future Services		Claims incurred for contracts measured using the simplified approach		Total
	Excluding the loss component	Loss component	Current value of cash flows	Risk adjustment for non-financial risk	
Insurance contract liabilities as of 31 December 2023	19 074 292	0	118 964 687	4 842 109	142 881 088
Insurance contracts revenue	(183 602 146)	0	0	0	(183 602 146)
Insurance contracts service expense					
Claims incurred	0	0	120 610 681	1 528 850	122 139 530
Changes relating to past services - changes in cash flows linked to the fulfilment of contracts relating to liability for claims incurred	0	0	28 962 721	(2 170 354)	26 792 367
Losses on groups of onerous contracts and reversals of such losses	0	0	0	0	0
Amortisation of reinsurance acquisition cash flows	34 808 128	0	0	0	34 808 128
Insurance service result	(148 794 018)	0	149 573 402	(641 504)	137 880
Overlay adjustment of insurance contracts	0	0	(10 338 626)	0	(10 338 626)
Total recognised in comprehensive income	(148 794 018)	0	139 234 776	(641 504)	(10 200 746)
Cash flows					
Premiums received on insurance contracts issued	184 942 364	0	0	0	184 942 364
Claims paid and other insurance service expenses arising from insurance contracts issued	0	0	(112 489 460)	0	(112 489 460)
Cash flows from insurance acquisitions	(33 626 871)	0	0	0	(33 626 871)
Total cash flows	151 315 494	0	(112 489 460)	0	38 826 034
Insurance contract liabilities as of 31 December 2024	21 595 767	0	145 710 003	4 200 604	171 506 375

2023
U: Euro

INSURANCE CONTRACTS ISSUED	Future Services		Claims incurred for contracts measured using the simplified approach		Total
	Excluding the loss component	Loss component	Current value of cash flows	Risk adjustment for non-financial risk	
Insurance contract liabilities as of 1 January 2023	20 054 983	0	97 235 641	5 297 795	122 588 419
Insurance contracts revenue	(157 315 253)	0	0	0	(157 315 253)
Insurance contracts service expense					
Claims incurred	0	0	99 491 368	(911 372)	98 579 996
Changes relating to past services - changes in cash flows linked to the fulfilment of contracts relating to liability for claims incurred	0	0	19 843 491	455 686	20 299 177
Losses on groups of onerous contracts and reversals of such losses	0	0	0	0	0
Amortisation of reinsurance acquisition cash flows	27 041 860	0	0	0	27 041 860
Insurance service result	(130 273 393)	0	119 334 859	(455 686)	(11 394 220)
Overlay adjustment of insurance contracts	0	0	860 879	0	860 879
Total recognised in comprehensive income	(130 273 393)	0	120 195 738	(455 686)	(10 533 340)
Cash flows					
Premiums received on insurance contracts issued	160 255 500	0	0	0	160 255 500
Claims paid and other insurance service expenses arising from insurance contracts issued	0	0	(98 466 692)	0	(98 466 692)
Cash flows from insurance acquisitions	(30 962 798)	0	0	0	(30 962 798)
Total cash flows	129 292 702	0	(98 466 692)	0	30 826 010
Insurance contract liabilities as of 31 December 2023	19 074 291	0	118 964 687	4 842 109	142 881 088

No loss components were identified during either financial year.

20.3. Nature and extent of specific insurance risks

Specific insurance risk corresponds to the risk inherent in the marketing of insurance contracts, associated with the design of products and their rates, the underwriting process and the provision of liabilities in addition to the management of claims and reinsurance.

In Non-Life insurance, the specific insurance risk includes, among others, premium risk, provision risk and catastrophic risk.

The underwriting, provisioning and reinsurance processes are duly documented with regard to the main activities, risks and controls.

In brief terms, the most important control mechanisms are:

- ⇒ Delegation of authorities formally defined for the different processes;
- ⇒ Segregation of duties between the areas that conduct risk analysis, prepare rates;
- ⇒ Limited access to the different applications according to the respective user profile;
- ⇒ Digital documentation for issuance and claims handling processes;
- ⇒ Case-by-case checking procedures.

Insurance and market risk

The sensitivity analyses conducted by the Company for risk variables – interest rate and inflation – and their respective impact on capital, results and the contractual services margin can be analysed as follows:

U: Euro

	2024				2023			
	Claims incurred on 31 December	Impact on claims incurred	Impact on income before taxes	Impact on capital	Claims incurred on 31 December	Impact on claims incurred	Impact on income before taxes	Impact on capital
Insurance contract liabilities	149 910 608				123 806 795			
Reinsurance contract assets	(62 782 482)				(54 467 073)			
Net insurance of contract liabilities	87 128 125				69 339 723			
Interest rate – 100 b.p.								
Insurance contract liabilities		7 285 038	(7 285 038)	(5 500 204)		906 340	(906 340)	(675 223)
Reinsurance contract assets		(3 402 438)	3 402 438	2 568 841		(454 924)	454 924	338 918
Net insurance of contract liabilities		3 882 600	(3 882 600)	(2 931 363)		451 416	(451 416)	(336 305)
Inflation + 200 b.p.								
Insurance contract liabilities		509 597	(509 597)	(384 746)		1 979 721	(1 979 721)	(1 474 892)
Reinsurance contract assets		53 043	(53 043)	(40 047)		(428 330)	428 330	319 106
Net insurance of contract liabilities		562 640	(562 640)	(424 793)		1 551 391	(1 551 391)	(1 155 786)

The development of claims by year of occurrence can be analysed as follows:

U: Euro

	Year of Occurrence						Total
	2019	2020	2021	2022	2023	2024	
Year of payment	39 839 487	46 512 268	74 343 384	78 256 082	94 956 864	117 042 837	
Year 1	41 985 541	60 097 098	64 501 610	83 605 223	106 792 203	0	
Year 2	53 387 684	52 790 858	65 245 792	90 012 829	0	0	
Year 3	46 915 605	53 625 562	68 975 287	0	0	0	
Year 4	47 964 807	53 623 764	0	0	0	0	
Year 5	45 965 462	0	0	0	0	0	
Accrued claims and other attributable expenses paid	(44 459 902)	(51 368 018)	(62 438 532)	(78 825 062)	(90 826 336)	(61 602 506)	(389 520 356)
Claims incurred between 2019 and 2024	1 505 560	2 255 746	6 536 755	11 187 767	15 965 866	55 440 331	92 892 025
Claims incurred in previous years							3 989 364
Pensions							104 663 127
Effect from discounts							(55 834 512)
Effect from risk adjustment							4 200 604
Insurance contract liabilities relating to past services							149 910 608

Concentration risk

Risk concentrations arising from contracts under IFRS 17 ascertained by the Company were as follows:

U: Euro

Insured capital for Seismic Phenomena in a mantle zone	2024				2023			
	Gross of reinsurance	%	Net of reinsurance	%	Gross of reinsurance	%	Net of reinsurance	%
1	1 282 082 527	21%	172 644 298	25%	1 291 977 687	24%	173 684 073	26%
2	1 068 840 873	18%	126 461 132	19%	971 931 798	18%	126 180 522	19%
3	928 358 283	15%	129 194 050	19%	919 946 073	17%	129 707 464	19%
4	571 638 275	9%	51 850 530	8%	395 707 376	7%	56 184 944	8%
5	2 101 430 563	35%	198 890 534	29%	1 795 534 706	33%	186 599 121	28%
6	1 598 170	0%	479 451	0%	1 589 870	0%	476 961	0%
7	64 459 171	1%	844 282	0%	64 077 610	1%	700 220	0%
Total	6 018 407 862	100%	680 364 279	100%	5 440 765 120	100%	673 533 306	100%

Credit risk

The Company, in the context of credit risk arising from ceded reinsurance contracts under IFRS 17, considers its maximum exposure to credit risk at the end of the reporting period is as follows:

U: Euro

	2024					2023				
	A	AA	BBB	Unrated	Total	A	AA	BBB	Unrated	Total
Maximum credit risk exposure	52 727 732	11 182 527	231 082	56 634	64 197 975	42 892 407	9 250 929	281 234	56 634	52 481 204

Liquidity risk

The analysis of maturities conducted by the Company for insurance contracts and for investments and financial assets was as follows:

	1	2	3	4	5	10/jun	>10	Total
Investments and financial assets	60 658 706	11 726 742	16 520 972	19 100 900	14 986 515	15 949 391	50 325 952	189 269 178
Insurance contract liabilities net of reinsurance	61 293 817	8 142 027	4 751 957	3 367 026	2 111 965	5 890 011	13 882 450	99 439 253

U: Euro

21. OTHER DEBTORS FOR INSURANCE OPERATIONS AND OTHER OPERATIONS

As of 31 December 2024 and 2023, the detail of this item refers to the following balances:

	2024	2023
U: Euro		
Receivables from direct insurance operations:		
Intermediaries:		
- Current accounts	2 482 596	3 666 296
- Commissions receivable	109 604	136 399
Subtotal	2 592 200	3 802 695
Co-insurers:		
- Current accounts	11 771	171 540
- Other Balances	217	217
Subtotal	11 988	171 757
Others		
- Other Balances	0	6 595
- Other Policyholders	1 339 987	0
Subtotal	1 339 987	6 595
Credit impairment	(74 805)	(82 249)
Subtotal	(74 805)	(82 249)
Total	3 869 370	3 898 798
Receivables from ceded reinsurance operations:		
Current accounts	5 457 857	3 225 282
Credit impairment	0	0
Total	5 457 857	3 225 282
Accounts receivable from other operations:		
Personnel	14 757	15 418
Workers' Compensation Fund	48 367	23 491
Other miscellaneous debtors	2 575 057	2 560 216
Credit impairment	0	0
Total	2 638 181	2 599 125
Balance Sheet	11 965 407	9 723 206

The increase shown under the “Other debtors from insurance operations and other operations” item from 9 723 206 euros in December 2023 to 11 965 407 euros in December 2024 is the result of:

- (i) A reduction in the current account balances of intermediaries, reflecting the positive evolution of the company’s collection management;
- (ii) The existence of a debit balance in the amount of 1 339 987 euros relating to several policyholders, which was settled at the beginning of January 2025;
- (iii) An increase in the balance of accounts receivable from reinsurance operations resulting from compensation receivable as part of the settlement of claims.

The transactions recorded in the impairment of “Accounts receivable for insurance operations” refer to the adjustment made to doubtful debts on current accounts with intermediaries and are recorded under the “Other income and expenses” item in the Income Statement.

U: Euro

	Opening Balance	Increase	Reduction	Closing Balance
<u>Doubtful debt adjustment</u>				
Insurance Intermediaries	82 249	0	7 444	74 805
Other debtors	0	0	0	0
Sub-total	82 249	0	7 444	74 805
TOTAL	82 249	0	7 444	74 805

22. ACCRUALS AND DEFERRALS

As of 31 December 2024 and 2023, the “Accruals and deferrals, assets and liabilities” items were broken down as follows:

U: Euro

	2024	2023
Deferred expenses:		
Insurance	127 559	116 908
Rents and leases	19 182	35 048
IT services	177 004	223 458
Other expenses	507 135	777 878
Total	830 881	1 153 292
Accrued income:		
Rents and leases	0	0
Others	5 752 552	0
Total	5 752 552	0
Balance Sheet Total	6 583 433	1 153 292

The change under accrued income is related to the share of the reinsurance contract that came into force on 1 July 2024 for the motor line of business mentioned in Note 4 and for which the reinsurance fee will be calculated at the end of the annuity.

U: Euro

	2024	2023
Accrued expenses:		
Interest pending settlement	0	0
Remuneration payable to personnel (holidays and allowances)	885 843	809 103
Charges on remuneration	215 037	196 339
Bonuses payable to personnel	0	0
Commissions payable	1 595 593	633 338
Other accruals	151 447	125 591
Total	2 847 920	1 764 370
Deferred Income:		
Rents and leases	102 676	90 444
Total	102 676	90 444
Balance Sheet Total	2 950 597	1 854 814

The growth in the company's turnover explains the aforementioned increase in the amount of fees payable.

23. OTHER FINANCIAL LIABILITIES

As of 31 December 2024 and 2023, the breakdown of the "Other financial liabilities" item is as follows:

U: Euro

	2024	2023
Deposits Received from Reinsurers		
Premiums	0	0
Claims	2 584 410	1 673 148
Total	2 584 410	1 673 148
Operating Leases (IFRS 16)		
Transportation Equipment	355 809	441 553
Leased Buildings	224 500	344 565
Total	580 310	786 118
TOTAL	3 164 720	2 459 266

Transactions under the “Lease Liabilities” item in 2024 and 2023:

2024

U: Euro

Nature	Financial Liabilities	New leases	End of Contract	Interest Incurred	Amortisation of Financial Liabilities	Financial Liabilities
	31-12-2023	2024				31-12-2024
Properties	344 565	60 384	24 346	3 161	152 942	224 500
Vehicles	441 553	104 593	30 923	17 223	142 190	355 809
Total	786 118	164 976	55 269	20 384	295 132	580 310

2023

U: Euro

Nature	Financial Liabilities	New leases	End of Contract	Interest Incurred	Amortisation of Financial Liabilities	Financial Liabilities
	31-12-2022	2023				31-12-2023
Properties	866 801	103 212	230 171	7 665	395 277	344 565
Vehicles	191 900	372 867	0	10 213	123 214	441 553
Total	1 058 701	476 080	230 171	17 878	518 491	786 118

24. OTHER CREDITORS FOR INSURANCE OPERATIONS AND OTHER OPERATIONS

As of 31 December 2024 and 2023, the detail of this item refers to the following balances:

	U: Euro	
	2024	2023
Accounts payable for direct insurance operations:		
Intermediaries:		
- Current accounts	1 163 719	1 212 743
- Commissions payable	1 225 902	1 015 723
Subtotal	2 389 621	2 228 466
Co-insurers:		
- Current accounts	119 710	111 758
- Other Balances	34	34
Subtotal	119 745	111 793
Policyholders:		
- Premiums received in advance	6 886 560	7 191 912
Sub-total	6 886 560	7 191 912
Others:		
- Other Balances	0	6 595
Subtotal	0	6 595
Total	9 395 926	9 538 765
Accounts payable for ceded reinsurance operations:		
Current accounts	22 795 699	5 807 667
Total	22 795 699	5 807 667
Accounts payable for other operations:		
Personnel	1 070	2 018
Suppliers	607 679	596 237
Other miscellaneous creditors	240 546	114 564
Total	849 294	712 819
Balance Sheet	33 040 919	16 059 251

25. CAPITAL

As of 31 December 2024, Caravela's subscribed and paid share capital was 44 388 315 euros, represented by 79 056 677 registered shares with no par value, and distributed among various shareholders, both individuals and legal entities.

As of 31 December 2024 and 2023, the subscribed share capital is broken down as follows:

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U: Euro

Shareholders	Ultimate Beneficiary	2024		2023	
		No. of shares	% of share capital	No. of shares	% of share capital
TPIF Douro Bidco S.A.R.L.	Martin Brian Hughes	37 947 205	48.00%	37 947 205	48.00%
VALENS Private Equity Unipessoal, Lda	Mário Nuno dos Santos Ferreira	5 533 967	7.00%	5 533 967	7.00%
NELSON QUINTAS PATRIMÔNIO, LDA	Jorge Nelson Ferreira de Aguiar Quintas	5 533 967	7.00%	5 533 967	7.00%
VIOLAS SGPS, SA	Manuel Soares de Oliveira Violas Rita Celeste Soares Violas e Sá	5 533 967	7.00%	5 533 967	7.00%
ANCORAS DE JUPITER UNIPESSOAL, LDA	Luís Filipe Sampaio Cervantes	3 288 760	4.16%	3 288 760	4.16%
IBG – HOLDING, LTD	Isabel Maria Araújo Rodrigues de Sá	3 288 760	4.16%	3 288 760	4.16%
MONSEUL UNIPESSOAL, LDA	Francisco Miguel Cubelo Faria Vasconcelos Machado	2 156 279	2.73%	2 156 279	2.73%
SUSTENTÁVELXITO UNIPESSOAL, LDA	Fernando José Lopes Araújo	2 156 279	2.73%	2 156 279	2.73%
DAXA PARTICIPAÇÕES, SGPS, UNIPESSOAL, LDA	António Ferreira da Silva	2 055 475	2.60%	2 055 475	2.60%
BLUE WAVE, SA	António Manuel Nestor Ribeiro	1 541 606	1.95%	1 541 606	1.95%
FEMACOSA, UNIPESSOAL, LDA	Fernando Manuel Fernandes da Costa Santos	1 541 606	1.95%	1 541 606	1.95%
TLCI 2 - SOLUÇÕES INTEGRADAS DE TELECOMUNICAÇÕES, SA	António Jorge Pereira Martins	1 233 286	1.56%	1 233 286	1.56%
	João Pedro de Freitas Pereira Martins				
	Guilherme Pereira Martins				
GOL HEALTH, LDA	António Miguel Gouveia de Brito Pinheiro Pereira	1 233 285	1.56%	1 233 285	1.56%
	Carlos Manuel Ribeiro de Sousa				
	Carlos Alberto Fernandes Barbosa				
IMOMINIUS - Soc. Imobiliária, S.A.	José Manuel Capa Pereira	1 233 285	1.56%	1 233 285	1.56%
IMPACTO MAGNÉTICO UNIPESSOAL, LDA	Inácio da Silva Sousa	1 233 257	1.56%	1 233 257	1.56%
Manuel Salgueiro Rodrigues	Manuel Salgueiro Rodrigues	822 190	1.04%	822 190	1.04%
Gilberto Almeida Romeiro	Gilberto Almeida Romeiro	770 803	0.98%	770 803	0.98%
DIVAD, LDA	Maria Filomena de Brito Vargas Lopes David	411 095	0.52%	411 095	0.52%
	Mário Henrique de Almeida Santos David				
GDBGEST, LDA	Jorge Filipe Araújo Pontes	616 642	0.78%	411 095	0.52%
Francisco José Pereira Gonçalves	Francisco José Pereira Gonçalves	411 095	0.52%	411 095	0.52%
José António Carvalho Pereira	José António Carvalho Pereira	308 321	0.39%	308 321	0.39%
TCO INVESTIMENTOS – SGPS LDA	Carlos Alberto da Cunha Oliveira	0	0.00%	205 547	0.26%
Luís Afonso Cortez Rodrigues Queiró	Luís Afonso Cortez Rodrigues Queiró	205 547	0.26%	205 547	0.26%
TOTAL		79 056 677	100%	79 056 677	100%

The following table shows the breakdown of Caravela's equity at the end of the financial years under review – 2024 and 2023:

U: Euro

Equity	2024	2023
Share Capital	44 388 315	44 388 315
Revaluation Reserves	2 862 959	888 425
Reserve for deferred taxes	(2 899 433)	(685 662)
Reserves for the overlay adjustment in insurance and reinsurance contracts	9 743 270	1 678 368
Other Reserves:		
Legal Reserves	3 863 275	3 161 974
Discretionary Reserves	21 078 305	14 766 599
Results brought forward	(3 843 992)	(3 843 992)
Income for the Financial Year	(5 687 454)	7 013 007
TOTAL	69 505 246	67 367 034

The overlay adjustment of insurance and ceded reinsurance contracts as of 31 December 2024 and 2023 are as follows:

U: Euro

	2024	2023
Adjustments to the overlay adjustment in insurance contracts	12 996 991	(626 198)
Adjustments to the overlay adjustment in ceded reinsurance contracts	(4 932 089)	(116 932)
Other comprehensive income	8 064 901	(743 130)

The changes made under the “Adjustments to the overlay adjustment of insurance contracts” and “Adjustments to the overlay adjustment of ceded reinsurance contracts” items are the result of adopting a new interest rate curve for discounting the best estimate of insurance and reinsurance contracts, respectively, for the Workers’ Compensation line of business (NSLT and SLT), which corresponds to a reference portfolio as described in Note 2.3.1 f) – Discount rate. Last year, the EIOPA risk-free interest rate + Illiquidity Premium was used for discounting insurance contracts in this group (Workers’ Compensation – NLST and SLT). For the remaining Non-Life insurance contracts, the curve used in both years is the risk-free EIOPA + Illiquidity Premium curve, with reference to 31 December.

26. RESERVES

The following table shows the breakdown of reserves as of 31 December 2024 and 2023:

U: Euro

Reserves	31-12-2024	31-12-2023
Revaluation Reserves	2 862 959	888 425
Reserve for deferred taxes	(2 899 433)	(685 662)
Reserves for the overlay adjustment in insurance and reinsurance contracts	9 743 270	1 678 368
Other Reserves:		
Legal Reserves	3 863 275	3 161 974
Discretionary Reserves	21 078 305	14 766 599
TOTAL	34 648 376	19 809 703

Legal reserve

In accordance with article 62, Law no. 145/2015, of 9 September, a percentage of no less than ten percent of annual net profits is transferred to this account, up to the amount of share capital. It must only be used to increase share capital or cover losses and cannot be distributed.

The balance of this item increased by 701 301 euros during the financial year, corresponding to 10 % of the previous year's net profit, which was transferred to Legal Reserve.

Discretionary reserves

These are reserves which result from the surplus portion of net profit not needed to replenish the legal reserve or to cover losses carried forward.

Their balance increased by 6 311 706 euros during the financial year, corresponding to the amount remaining after the Legal Reserve was replenished.

Reserve for the overlay adjustment of insurance/reinsurance contracts

This reserve arises from the option taken regarding the recognition of insurance financial income and expenses, according to which the Company disaggregates financial income or expenses for insurance in the period, including in financial year profit or loss, an amount determined by a defined systematic allocation of the total financial income or expenses expected throughout the duration of a group of contracts. This reserve is established when the insurance is initially recorded and adjusted against profit or loss over time.

The financial income or expenses result from the interest on the insurance/reinsurance obligations (future cash flows from the contracts) calculated on the basis of the initial discount rate (locked-in).

The change in the balance of this item, which corresponds to an increase of 8 064 902 euros, is explained by the discount rate described in Note 3.3.1 f) – discount rate.

Revaluation reserves

The revaluation/fair value reserve is intended to record adjustments to the fair value of financial assets measured at fair value through reserves, net of impairment recognised during the financial year and/or in previous years. The amounts recorded in this reserve cannot be recycled through profit or loss and are transferred to results brought forward on the date of disposal or extinction of the associated financial assets.

The breakdown of the revaluation reserve at the end of 2024 and 2023 can be seen in the Statements of Changes in Equity.

The evolution of this item is directly related to macroeconomic developments and the investment strategy followed by the Company.

Deferred taxes reserve

Deferred taxes are recognised directly in profit or loss when they relate to temporary differences between the book values of assets and liabilities and the respective tax bases, unless they relate to equity items, in which case they are recognised directly in equity.

The subsequent recording of these deferred taxes follows the same accounting treatment as the Reserve to which they relate.

In 2024, the evolution of this item in the amount of 2 213 771 euros is directly related to the positive development of the Revaluation Reserve and the overlay adjustment reserve of insurance and reinsurance contracts.

27. RELATED PARTIES

The Company's related parties are persons or entities which:

- i) Have control or joint control of the Company;
- ii) Have significant influence over the Company;
- iii) Are members of the Board of Directors;
- iv) Is an entity controlled or jointly controlled by a person or entity identified in sub-section (i) above; and
- v) Provide services to key personnel at the Company or its parent company.

Transactions between related parties are made on a rational economic basis and are enacted at market value.

On 31 December 2024, the entities considered to be related parties and their respective balances and transactions were as follows:

Entities	Statement of Financial Position		Income Statement	
	Debit	Credit	Expenses	Earnings
YOUR INSURANCE				
Other Debtors and Creditors	72 000	0	0	0
Insurance Intermediaries	0	2 264	160 944	0
Premiums in Collection	7 473	0	0	0
FSTAR II - ACCOUNT, S.A.				
Loans granted and accounts receivable	895 454	0	0	18 500
Other Debtors and Creditors	1 321 068	0	63 404	0
TPIF Douro Bidco S.A.R.L.				
Equity Instruments	0	21 306 391		
Other Debtors and Creditors	20 910	0		

The remuneration of members of the Board of Directors is disclosed in the Corporate Governance Report (Note 3.2).

28. FAIR VALUE

The following table summarizes, for each group of financial assets and liabilities, their fair values with reference to 31 December 2024 and 2023:

					2024
					U: Euro
Financial Instrument	Measured at Fair Value	Measured at Amortised Cost	Book Value	Fair Value	
Assets					
Cash, cash equivalents and demand deposits	0	6 499 225	6 499 225	6 499 225	
Financial assets at fair value through profit and loss	24 110 567	0	24 110 567	24 110 567	
Financial assets at fair value through reserves					
Equity Instruments	10 306 060	0	10 306 060	10 306 060	
Debt Instruments	111 959 179	0	111 959 179	111 959 179	
Financial assets valued at amortised cost	0	9 666 614	9 666 614	9 666 614	
Other debtors for insurance operations and other operations	0	11 965 407	11 965 407	11 965 407	
Total Assets	146 375 806	28 131 246	174 507 052	174 507 052	
Liabilities					
Other Financial Liabilities	0	3 164 720	3 164 720	3 164 720	
Other creditors for insurance operations and other operations	0	33 040 919	33 040 919	33 040 919	
Total Liabilities	0	36 205 639	36 205 639	36 205 639	
					2023
					U: Euro
Financial Instrument	Measured at Fair Value	Measured at Amortised Cost	Book Value	Fair Value	
Assets					
Cash, cash equivalents and demand deposits	0	7 832 483	7 832 483	7 832 483	
Financial assets at fair value through profit and loss	14 800 481	0	14 800 481	14 800 481	
Financial assets at fair value through reserves					
Equity Instruments	10 323 597	0	10 323 597	10 323 597	
Debt Instruments	86 247 669	0	86 247 669	86 247 669	
Financial assets valued at amortised cost	0	7 338 866	7 338 866	7 338 866	
Other debtors for insurance operations and other operations	0	9 723 206	9 723 206	9 723 206	
Total Assets	111 371 747	24 894 555	136 266 302	136 266 302	
Liabilities					
Other Financial Liabilities	0	2 459 266	2 459 266	2 459 266	
Other creditors for insurance operations and other operations	0	16 059 251	16 059 251	16 059 251	
Total Liabilities	0	18 518 517	18 518 517	18 518 517	

The main assumptions used in calculating the fair value of financial instruments recorded at amortised cost, by type of financial instrument, were as follows:

- For demand deposits and variable-rate term deposits it was assumed that the fair value was equal to the balance sheet value;

- For loans granted, fixed-rate term deposits and other accounts receivable, the fair value of the credit granted was determined by taking into account the applicable market interest rate, taking into account the counterparty's risk, the amount and the term.
- For loans obtained, the market interest rates contracted for operations of a similar amount and maturity were taken into account.

As of 31 December 2024 and 2023, the book value of financial instruments measured at fair value was as follows by valuation technique:

2024				
U: Euro				
Financial Instrument	Active Market Price	Other Valuation Techniques		TOTAL
	Level 1	Level 2	Level 3	
Assets				
Financial assets at fair value through profit and loss	0	24 110 567	0	24 110 567
Financial assets at fair value through reserves				
Equity Instruments	0	0	10 306 060	10 306 060
Debt Instruments	111 959 179	0	0	111 959 179
TOTAL	111 959 179	24 110 567	10 306 060	146 375 806
2023				
U: Euro				
Financial Instrument	Active Market Price	Other Valuation Techniques		TOTAL
	Level 1	Level 2	Level 3	
Assets				
Financial assets at fair value through profit and loss	0	14 800 481	0	14 800 481
Financial assets at fair value through reserves				
Equity Instruments	0	0	10 323 597	10 323 597
Debt Instruments	86 247 669	0	0	86 247 669
TOTAL	86 247 669	14 800 481	10 323 597	111 371 747

The valuation at fair value of the Company's financial assets and liabilities comprises three levels:

- Level 1 - Financial instruments recorded at fair value based on prices published on active markets, comprised primarily of public debt and some private debt.

Level 2 - Financial instruments recorded at fair value using market prices that are not active or for which it is necessary to use valuation models or techniques with inputs that can be observed in the market, either directly (such as prices) or indirectly (derived from prices). This category includes some securities in the portfolio of other financial assets at fair value through reserves measured with indicative market bids or based on internal valuation models and hedging and trading derivatives financial instruments. It should be noted that the internal valuation models used correspond mainly to models for updating future cash flows.

Level 3 - The company classifies financial instruments at this level, which are measured using internal models with some inputs that do not correspond to observable market data. This category includes securities not quoted on active markets for which the Company uses extrapolations of market data.

In 2024 and 2023, the transactions in financial instruments classified as Level 3 were as follows:

U: Euro

	Financial Assets at Fair Value (Level 3)		Total
	Through profit and loss	Through Reserves	
On 1 January 2023	0	6 159 496	6 159 496
Acquisitions	0	0	0
Divestments	0	0	0
Refunds	0	0	0
Reclassifications	0	0	0
Changes in Fair Value	0	4 164 101	4 164 101
As of 31 December 2023	0	10 323 597	10 323 597
Acquisitions	0	0	0
Divestments	0	(490 196)	(490 196)
Refunds	0	0	0
Reclassifications	0	0	0
Changes in Fair Value	0	472 659	472 659
As of 31 December 2024	0	10 306 060	10 306 060

Changes in Fair Value include foreign exchange gains of 229 096 euros in 2024 (2023: 165 508 euros).

29. RISK MANAGEMENT

29.1. Financial Risks

a) Market Risk

Market risk consists of the risk of loss or adverse movements in the value of assets related to variations in the market prices of financial instruments. This risk includes exchange rate risk, share price risk and interest rate risk.

b) Share price risk

The investment policy defines guiding principles for the prudent management of investments as well as their control and reporting activities.

To ensure appropriate risk management, portfolio exposure limits have been established based on 6 specific criteria:

- Asset class;
- Type of issuer (legal form);
- Rating level;

- Sector of activity;
- Geographical area;
- Concentration by issuer group.

c) Liquidity risk

Liquidity risk arises from the possibility of the Company not holding assets with sufficient liquidity to meet its obligations towards policyholders and other creditors as they become due.

In order to mitigate this risk, the Company has a monthly treasury plan, which is reviewed weekly and analysed daily.

The treasury plan also aims to invest surplus capital, namely in short- and medium-term deposits, with the safeguard of early withdrawal.

Whenever there are strong outflows, the Finance Department, in conjunction with investment management, makes provision for the need for liquidity.

d) Credit risk

Credit risk consists of the risk of loss due to default or deterioration in the credit levels of counterparties that are mitigating the existing risk, such as reinsurance contracts, and amounts receivable from intermediaries, as well as other credit exposures that have not been considered in spread risk.

The Company has control procedures for mitigating this risk in relation to customers and agents, namely the systematic monitoring of the evolution of amounts and the maturity of outstanding receipts.

In regard to reinsurers, they are carefully selected not only on the basis of their economic and financial soundness, but also their technical capacity. An analysis of the evolution of reinsurer ratings is done periodically.

The maximum exposure to credit risk by rating for financial assets measured at fair value through reserves – debt instruments, is as follows:

U:Euro

Bonds by Credit Rating	2024	%	2023	%
AAA	6 052 791	5%	3 064 159	4%
AA +	1 415 543	1%	2 948 369	3%
AA	3 938 331	4%	3 087 898	4%
AA -	14 379 290	13%	13 540 920	16%
A +	10 407 212	9%	6 987 863	8%
A	13 432 762	12%	7 894 986	9%
A -	52 898 189	47%	38 387 342	45%
BBB +	6 632 766	6%	7 042 773	8%
BBB	2 256 793	2%	2 137 898	2%
BBB-	545 479	0%	0	0%
BB	0	0%	0	0%
BB +	0	0%	0	0%
BBB -	0	0%	1 155 451	1%
BB -	0	0%	0	0%
B +	0	0%	0	0%
CC	0	0%	0	0%
CCC	0	0%	0	0%
Not quoted	10	0%	10	0%
Total	111 959 165	100%	86 247 669	100%

For cash and cash equivalents operations and the level of exposure to risk is as follows:

U:Euro

Rating	Description	Amount
BBB	Demand Deposit - Millennium	447 297
BBB	Demand Deposit - CGD	1 393 837
CCC or lower	Demand Deposit - BPG	16 561
A	Demand Deposit - BBVA	4 296 002
A	Demand Deposit - CACEIS	53 112
BBB	Demand Deposit - ABANCA	618
CCC or lower	Demand Deposit - BANCO J.L. CARREGOSA, S.A.	271 775
A	Demand Deposit - BANCO BPI, S.A.	13 617
BBB	Demand Deposit - BANKINTER	5 540
Total		6 498 358

29.2. Solvency Risk

a) Operational risk

Operational risk corresponds to the risk of significant losses resulting from inadequate or failed processes, people or systems, or external events.

The next point, which deals with the internal control system, encompasses operational risks with a higher degree of granularity.

The aim of operational risk management is to identify and understand the risks faced by the Company and monitor them in accordance with defined tolerances.

The methodological approach used follows the following 3 stages:

⇒ Identification and classification of risks

The identification of risks is performed by interviewing those responsible for the Company's main areas.

In these interviews, the main top-down risks in the area will be identified and categorised in accordance with the guidelines issued by the ASF.

In addition to the category and subcategory of risk, the Company defines the risk to which it is exposed, as well as the causes and consequences.

⇒ Evaluation of controls and their effectiveness

This assessment is of great importance for correctly identifying the inherent and residual risk in each one of the respective risks, which is fundamental for defining the mitigation actions/additional controls to be implemented.

To calculate the impact and probability (inherent and residual), it is necessary to resort to a number of methods such as: internal loss data; external loss data; experience and intuition of the risk owners.

⇒ Identification of KRIs⁵ and action plans

The Key Risk Indicator (KRI) is related to a specific risk and serves as a warning for any change in the probability and impact of the risk event occurring.

Once the Company's main top-down risks have been identified and classified, the risks that will be subject to stress tests are identified as part of the own risk and solvency assessment process.

These should reflect high impact and medium/low probability risks so that budget variables can be used to test their impact.

b) Internal control system

The internal control system comprises a set of methods, behaviours, procedures and actions adapted to its own characteristics and is designed to provide reasonable assurance as to the achievement of Company objectives.

⁵ Key Risk Indicator

The main expected effects of an effective internal control and operational risk management system are:

- ⇒ Identifying the potential events likely to affect the achievement of Company objectives, ensuring treatment in the event of the risk occurring and predicting the actions to be taken;
- ⇒ Define a control system proportional to the risks that the organisation is willing to accept in order to increase its value;
- ⇒ Allow management to make informed decisions.

The company follows the COSO Report definition and matrices.⁶

Caravela understands the term “internal control” as a method to:

- ⇒ Control its processes;
- ⇒ Optimise its activities;
- ⇒ Strengthen its competitiveness.

Internal control is an obligation for everyone: anyone who conducts an activity within the organisation must manage their risks and controls in their respective field of activity.

Based on this principle, the risks identified for each company activity (macro processes) are formalised through risk mapping.

- ⇒ Each compilation includes the Company’s activities in processes and sub-processes;
- ⇒ Risk events are identified for each sub-process;
- ⇒ A control objective is associated with each risk event;
- ⇒ For each control objective, one or more examples of control activities are described in order to clarify the understanding of the control objective, if necessary.

For each control objective, operatives must:

- ⇒ Describe the control implemented, to provide reasonable assurance regarding the occurrence (frequency) and severity (cost) of the identified risk event;
- ⇒ And self-assess the effectiveness of the control by means of a questionnaire.

Self-assessment of the internal control system takes place in several phases:

- ⇒ Self-assessment campaign;
- ⇒ Description of control activities;
- ⇒ Self-assessment of control activities;
- ⇒ Action plans, if necessary;
- ⇒ Independent tests;

⁶ Committee-Sponsoring Organisation of the Treadway Commission

- ⇒ Testing the effectiveness of controls (design and operational);
- ⇒ Recommendations, if necessary.

c) Currency risk

Foreign exchange risk is caused by the volatility of exchange rates against the Euro. Exposure to this risk has increased compared to 2023. The risk exposure is as follows:

U:Euro		
	2025	2023
Exposure	10 302 389	9 829 730

d) Equity risk

Equity risk stems from the volatility of stock market prices, with securities that represent the capital exposed to this risk, specifically, investment funds wholly or partially composed of these securities. The exposure is described as follows:

U:Euro		
	2024	2023
Exposure	22 642 239	27 817 262

e) Real estate risk

Property risk arises from the volatility of real estate market prices. In 2023, this risk had a significant variation in terms of the capital requirement, since the assets subject to exposure changed, so the exposure to the risk is described as follows:

U:Euro		
	2024	2023
Exposure	26 515 086	24 558 504

f) Interest rate risk

Interest rate risk arises from changes in the time structure or volatility of interest rates. Assets - bonds and term deposits and liabilities - and technical provisions, mainly the mathematical provision for Workers' Compensation, are exposed to interest rate risk.

The exposure is described in the following table:

U:Euro

	Exposure	
	2024	2023
Assets	131 999 478	94 466 803
Liabilities	109 152 912	91 207 410

g) Spread risk

Spread risk consists of the risk of unexpected losses caused by the depreciation of credit quality or default of a business partner, reflecting the volatility of credit spreads along the risk-free interest rate curve. The securities exposed to this risk are mainly corporate bonds and term deposits.

Assets with direct exposure to spread risk have the following profile:

U:Euro

Rating	2024			2023		
	% of exposure	Duration	Exposure	% of exposure	Duration	Exposure
AAA	6%	1,7	6 052 791	4%	3,2	3 064 159
AA	12%	3,7	12 007 460	17%	3,7	11 951 337
A	71%	3,3	69 565 613	64%	2,8	45 756 273
BBB	10%	2,3	10 046 914	15%	2,7	10 588 633
BB	0%	0,0	0	0%	0,0	0
B	0%	0,0	0	0%	0,0	0
CCC or lower	0%	0,0	0	0%	0,0	0
Unrated	0%	0,0	0	0%	0,1	247 909
Total	100%	3,1	97 672 778	100%	2,8	71 609 311

h) Concentration risk

Concentration risk refers to the additional volatility that exists in highly concentrated portfolios. The distribution of the portfolio by sector of activity is analysed as follows:

U:Euro

Sector of Activity	2024			2023		
	%	Exposure	Impairment	%	Exposure	Impairment
Communication	1%	1 707 390	0	1%	1 057 392	0
Consumption – Cyclical	12%	18 972 977	0	11%	14 392 985	0
Consumption – Non-cyclical	9%	13 910 053	0	8%	9 418 545	0
Financial	30%	46 651 909	0	33%	41 453 505	0
Funds	15%	24 110 567	0	12%	14 800 481	0
Governments	131%	20 211 038	0	15%	18 788 310	0
Services	17%	25 996 773	0	17%	21 905 673	0
Other	3%	5 014 467	0	3%	3 681 117	0
Total	100%	156 545 175	0	100%	125 498 007	0

The set of the 10 largest securities, by issuer group, is comprised of:

U:Euro

Issuer Group	2024			
	Exposure	Rating	Exposure	Weight
Portuguese Public Debt	OBG	A	10 273 974	6,6%
Banco Bankinter	CPZ	A	5 084 583	3,2%
BANCO BPI-BANCO PORTUGUES DE INVESTIMENTO S	CPZ	A	3 000 000	1,9%
Spanish Public Debt	OBG	A	2 578 308	1,6%
Region Of Ile De France	OBG	AA	2 392 783	1,5%
Societe Generale, SA	OBG	A	2 068 814	1,3%
Banque Federative Du Credit Mutuel	OBG	A	2 060 915	1,3%
ICO - Instituto de Crédito Oficial	OBG	A	2 052 734	1,3%
ABN Amro Holding NV	OBG	AA	1 967 856	1,3%
IBM - International Business Machines Company	OBG	A	1 881 277	1,2%
Total			33 361 243	21%
Total Investment Portfolio			156 575 175	100%

U: Euro

Issuer Group	2023			
	Exposure	Rating	Exposure	Weight
Portuguese Public Debt	OBG	A	8 998 684	7,4%
Banco Bankinter	CPZ	A	3 033 798	2,5%
Banco Bilbao & Vizcaya Argentaria Sa.	CPZ	A	3 028 292	2,5%
Spanish Public Debt	OBG	A	2 535 826	2,1%
Region Of Ile De France	OBG	AA	2 339 826	1,9%
Thales, Sa	OBG	A	2 278 432	1,9%
ICO – Instituto de Crédito Oficial	OBG	A	2 041 499	1,7%
Banque Federative Du Credit Mutuel	OBG	A	2 039 776	1,7%
Belgian Public Debt	OBG	AA	1 867 643	1,5%
IBM – International Business Machines Company	OBG	A	1 863 796	1,5%
Total			30 027 572	25%
Total Investment Portfolio			121 450 471	100%

30.COMMITMENTS

Caravela holds operating lease and finance lease contracts relating to transportation equipment and hardware representing future commitments in the amount of 743 768 euros.

The details as of 31 December 2024, by year of maturity for the operating lease contracts, are shown in the following table:

2024

U: Euro

Contract Period	No. of Vehicles	Maximum Amount
2025	3	6 986
2026	7	79 074
2027	20	340 373
2028	2	56 192
Total	32	482 625

As of 31 December 2024, the details for finance lease contracts are shown in the following tables:

2024

U: Euro

Contract Period	No. of Vehicles	Contract No.	Amount Payable	
			Interest	Capital
2025	1	2060004900	48	14 918
Total			48	14 918

2024

U: Euro

Contract Period	No. of IT devices	Contract No.	Amount Payable	
			Interest	Capital
2027	1	6,015E+10	13 782	130 013
2027	62	6,0851E+10	9 813	92 569
Total			23 595	222 582

31. CONTINGENCIES

As of 31 December 2024, the Company had provided guarantees of 15 949 euros and 598 557 euros related to public tenders and claims processes, respectively.

32. SUBSEQUENT EVENTS

No material events occurred after 31 December 2024, which, while not affecting the Company's financial position or performance, are significant for disclosure.

Annual Report and Accounts 2024

REPORT AND OPINION OF THE SUPERVISORY BOARD

REPORT AND OPINION OF THE SUPERVISORY BOARD

Dear Shareholders of

CARAVELA - Companhia de Seguros, S.A.

1. REPORT

In compliance with the legal and statutory provisions, the Supervisory Board of CARAVELA - Companhia de Seguros, S.A., presents the report on the supervisory action conducted, as well as its opinion on the Management Report and Accounts for the 2024 Financial year as well as the proposal for the distribution of profits presented by the Company's Board of Directors.

Throughout the financial year, the Supervisory Board monitored the Company's management and the evolution of its activity, and was very pleased to note the Company's good performance this year.

The Supervisory Board held meetings in 2024 as often and as extensively as it deemed appropriate. These meetings were mostly held by video conference. They were attended by those responsible for the Company's finance department and the Board of Directors, taking into account the matters under analysis. We also kept in contact with the Statutory Auditor, who kept us informed of the nature and conclusions of the audits conducted. In fulfilling these duties, the Supervisory Board has always obtained all information and clarifications it has requested from the Board of Directors, the various departments in the Company and from the Statutory Auditor, in particular for a proper understanding and assessment of the business' development, performance and financial position, as well as the risk management and internal control systems. The Supervisory Board paid particular attention to the process of adopting IFRS 9 and IFRS 17 and their impact on the 2024 accounts.

It also monitored the process of preparing and disclosing financial information, as well as reviewing the Company's financial statements, having received all the information and clarifications requested from the Statutory Auditor. In addition, as part of its duties, the Supervisory Board examined the balance sheet, the consolidated income statement by nature, the cash flow statement, the statement of changes in equity and other documents relating to the financial year ended 31 December 2024, prepared in accordance with the applicable accounting and legal standards.

It also examined the management report issued by the Board of Directors, the legal certification of the accounts and the additional audit report on the accounts, issued by the statutory auditor, which were approved by the Supervisory Board.

The Supervisory Board would like to express its appreciation for the cooperation received from the Board of Directors, the company departments and the Statutory Auditor.

2. OPINION

As a result of the above, the Supervisory Board is of the opinion that the conditions are met for the Shareholders' Meeting to approve:

- a) The Management Report and the other financial statements for the financial year ended 31 December 2024, as presented by the Board of Directors;
- b) the proposal for earnings distribution presented by the Board of Directors,

3. STATEMENT OF RESPONSIBILITY

In compliance with the provisions in article 420(6) from the Code of Commercial Companies and article 245(1)(c) from the Real Estate Code, the members of the Supervisory Board declare that, to the best of their knowledge, the annual accounts and other accounting documents required by law have been prepared in accordance with the applicable accounting standards and give a true and fair view of the company's assets and liabilities, financial position and net income.

They also declare that, to the best of their knowledge, the Management Report faithfully describes the evolution of the Company's business, performance and position, and that the report mentions the risks and uncertainties of the activity.

Lisbon, 21 March 2025

Supervisory Board

Chairman:

[Illegible signature]

(Manuel Augusto Lopes de Lemos)

Member:

[Illegible signature]

(José António Truta Pinto Rabaça)

Member:

[Signature: *José Elísio Quintas*]

(José Elísio Lopes da Silva Quintas)

Annual Report and Accounts 2024

STATUTORY AUDIT CERTIFICATE



Statutory Audit Certificate

Report on the financial statements audit

Opinion

We have audited the accompanying financial statements of Caravela - Companhia de Seguros, S.A. (the Entity), which comprise the statement of financial position as of 31 December 2024 (showing total assets of 287 050 739 euros and total equity of 69 505 246 euros, including a net loss of 5 687 454 euros), the consolidated income statement, the consolidated statements of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and the notes to the financial statements, including material information on the accounting policy.

In our opinion, the accompanying financial statements present accurately and appropriately, in all material respects, the financial position of Caravela - Companhia de Seguros, S.A. as of 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with generally accepted accounting principles in Portugal for the insurance sector established by the Insurance and Pension Funds Supervisory Authority.

Basis for opinion

Our audit was performed in compliance with the International Standards on Auditing (ISA) and other technical and ethical standards and guidelines of the Portuguese Institute of Statutory Auditors. Our responsibilities under these standards are described below in "Auditor's responsibilities for the audit of the financial statements". We are independent from the Entity under the law and comply with the other ethical requirements under the Code of Ethics of the Portuguese Institute of Chartered Accountants.

We consider the auditing evidence that we obtained to be sufficient and appropriate to provide a basis for our opinion.

Relative auditing matters

Relevant auditing matters are those which, in our professional judgment, were of most significance in auditing the current year's financial statements. These matters were considered in the context of auditing the financial statements as a whole and in forming our opinion, and we do not express a separate opinion on these matters.

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

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Relative auditing matters

Overview of the auditing approach

Fair value of financial instruments

Measurement and disclosures related to the fair value of financial instruments presented in notes 2.3.2, 2.3.3, 3.2, 3.3, 14, 15 and 28 to the financial statements.

The financial instruments presented in the statement of financial position on the lines of financial assets measured at fair value through profit or loss and from financial assets measured at fair value through reserves, for the total amount of 146 376 euros as of 31 December 2024, were a relevant matter for the purposes of our audit, not only because of their significant weight in assets, but also because their valuation requires the application of a series of assumptions and judgments by the Entity's management.

In regard to financial assets valued at fair value through reserves, the Entity determines the amount of the expected impairment loss in accordance with IFRS 9.

The valuation of financial assets involves judgment in determining their fair value, primarily in regard to the selection of prices/quotations disclosed through trading platforms, also considering the liquidity and quality of the prices. For financial instruments that are actively traded and for which quotations or other market indicators are available, the determination of fair value is based on their closing price or quotation on the date for the statement of financial position.

In this context, changes in the assumptions utilised in the measurement techniques used by the Entity may have a material impact on the calculation of the fair value of the financial assets recognised in the financial statements.

The financial instruments measured at fair value that may prove to be less liquid represent around 14 % of the total portfolio (21 207 000

The auditing procedures we performed included:

- (i) Analysing the reconciliation of financial instrument inventory with the accounting records;
- (ii) Identifying, understanding and evaluating the key controls relating to the valuation of financial instruments;
- (iii) Verifying the effectiveness of the main key controls associated with the selection of prices/quotations for valuing financial instruments;
- (iv) Verifying prices/quotations from external sources for positions held by the Entity, selected in accordance with the criteria defined in internal policies;
- (v) For less liquid positions, reviewing, on a sample basis, the main assumptions adopted for the valuation adopted; and
- (vi) Conducting tests to assess the reasonableness of expected impairment losses.

In addition, our audit procedures also included a review of the disclosures about the fair value and respective valuation techniques for financial assets valued at fair value contained in the notes to the financial statements, taking into account the accounting standards in force.

Relative auditing matters

euros), including venture capital funds and shares, which are included in levels 2 and 3, in terms of the fair value hierarchy set out in IFRS 13, which is determined through the use of valuation models that incorporate professional judgment and using a set of assumptions or techniques.

Impairment losses on debt instruments valued at fair value through reserves involve a significant degree of judgment by the Entity's management about future results, namely regarding i) the probability of default, ii) expected loss due to default and iii) exposure to default. The expected loss takes into account the discount rate, which incorporates market perspectives.

Overview of the auditing approach

Non-Life insurance contract liabilities

Measurement and disclosures related to non-life insurance contract liabilities are presented in notes 2.3.1, 3.1 and 20 to the financial statements.

Non-life insurance contract liabilities amounted to 171 506 000 euros as of 31 December 2024 (representing 79 % of total liabilities), having been measured in accordance with IFRS 17 - Insurance contracts, as of 1 January 2023.

These liabilities include liabilities for past services in the amount of 149 911 000 euros, corresponding to estimates of amounts payable for claims already incurred, but not yet settled/paid. These liabilities for past services accommodate the Entity's expectation of future payments for known and unknown claims at the time, as well as the respective expenses associated with managing them.

The measurement of these liabilities requires a significant level of judgment by the Entity's management regarding assumptions made, such as the impact of changes in the inflation

We had an understanding of the process for estimating and recording non-life insurance contract liabilities, which included an assessment of the respective internal control environment, including the respective IT system controls.

The audit procedures we performed on non-life insurance contract liabilities, with the contribution of actuarial and IT systems and processes specialists, included:

- (i) Evaluating the adequacy of current actuarial methodologies, as well as the processes associated with determining assumptions and estimates to measure liabilities for past services under non-life insurance contracts;
- (ii) Verification of the completeness, accuracy and reconciliation of the data used in the

Relative auditing matters

rate, expected developments in the filing of claims and regulatory changes. Significant management judgment is also exercised when determining the discount rates used to estimate these liabilities. In particular, real lines of business with low loss ratios, and individual claims of significant amounts or with long claim settlement periods are subject to greater uncertainty when determining the respective estimated liability.

Taking into account the material relevance of past service liabilities to the Entity's statement of financial position and financial performance, as well as the level of judgment exercised by management and the uncertainties associated with the estimates made, we considered non-life insurance contract liabilities and, in particular, past service liabilities, to be a relevant matter for the purposes of our audit.

Overview of the auditing approach

calculation engines for these liabilities at the end of the financial year; and

(iii) Recalculating the amount of past service liabilities for certain lines of business, taking into account their relevance. As part of this substantive auditing test, we compared the amounts we calculated with those determined by the Entity.

Our audit procedures also included a review of the disclosures on non-life insurance contract liabilities in the notes to the financial statements, taking into account the accounting standards in force.

Management and supervisory body responsibilities for the financial statements

The management body is responsible for:

- a) Preparation of financial statements that present a true and fair view of the Entity's financial position, financial performance and cash flows in accordance with generally accepted accounting principles in Portugal for the insurance sector established by the Insurance and Pension Funds Supervisory Authority;
- b) Preparing the management report in compliance with the applicable law and regulations;
- c) Creating and maintaining an appropriate internal control system to enable the preparation of financial statements free from material distortions due to fraud or mistake;
- d) Adopting accounting policies and criteria appropriate to the circumstances; and
- e) Assessing the Entity's business continuity, and if applicable, disclosing matters that reveal significant doubt about business continuity.

The supervisory body is responsible for supervising the preparation and disclosure of the Entity's financial information.

Auditor's responsibilities for auditing financial statements

Our responsibility is to achieve a reasonable degree of confidence that the financial statements as a whole are free from material misstatements due to fraud or error, and issue a report with our opinion. Reasonable confidence does not guarantee that an audit performed in accordance with the ISAs will always detect material misstatements when they exist. Misstatements may be caused by fraud or error, and are considered material if, alone or jointly, it is reasonable to expect they will influence economic decisions based on the corresponding financial statements.

As part of an ISA-compliant audit, we make professional judgments and maintain professional impartiality during the audit and also:

- a) Identify and assess the risks of material misstatements in the financial statements, due to fraud or error, set and implement auditing procedures that address such risks, and obtain audit evidence that is an accurate and appropriate basis for our opinion. The risk of not detecting a material misstatement due to fraud is greater than that of not detecting material distortion due to error, since fraud may entail collusion, forgery, intentional omissions, false statements, or competition to internal control;
- b) Ensure relevant understanding of internal control with the aim of designing appropriate auditing procedures, and not to express an opinion about the effectiveness of the Entity's internal control;
- c) Assess the suitability of accounting policies used and the reasonableness of the accounting estimates and corresponding disclosures made by the Management Body;
- d) Based on the management body's assumption of continuity, and on audit evidence obtained, we assess if there is any material uncertainty surrounding events that may raise significant doubts about the Entity's business continuity. If we conclude that there is material uncertainty, we must highlight the related disclosures made in the financial statements in our report or, should the disclosures be inaccurate, modify our opinion. Our conclusions are based on audit evidence obtained as of our report's date. However, future events or conditions may affect the Entity's business continuity.
- e) Assess the presentation, structure and the overall content of the financial statements, including disclosures, and if such statements represent the underlying transactions and events, to ensure an appropriate presentation;
- f) Report to those officials in charge of governance and supervision, among other matters, within the scope of the planned audit circuit and calendar, in addition to significant audit findings, including any significant deficiency with internal control identified during the audit;
- g) On the matters we reported to those charged with governance, including the supervisory body, we determined those matters that were of most significance in the audit of the current year's financial statements, of which include the key audit matters. We describe these matters in our report, except where the law or regulation prohibits their public disclosure; and
- h) We declare to the supervisory body that we comply with the relevant ethical requirements relating to independence and report all relationships and other matters that may be perceived as conflicts to our independence and, where applicable, what measures have been taken to eliminate said conflicts or what safeguards have been applied.

Our responsibilities also include the verification that information in the management report conforms with the financial statements.

Report on other legal and regulatory requirements

On the management report

In compliance with article 451(3)(e) from the Code of Commercial Companies, we are of the opinion that the management report was prepared in accordance with the applicable laws and regulations in force, the information contained therein is in agreement with the audited financial statements, and taking into account our knowledge and assessment of the Entity, we have not identified any material misstatements.

On the additional information provided in Article 10, (EU) Regulation No. 537/2014

In compliance with article 10, (EU) Regulation No. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the relevant auditing matters indicated above, we also report the following:

- a) We were appointed auditors of the Entity for the first time at the shareholders' meeting held on 24 March 2023 for a term of office from 2023 to 2026.
- b) The management body has confirmed to us that it is not aware of any fraud or suspected fraud with a material effect on the financial statements. In planning and performing our audit in accordance with the ISAs, we maintained professional scepticism and designed audit procedures to address the possibility of material misstatement in the financial statements due to fraud. As a result of our work, we did not identify any material misstatements in the financial statements due to fraud.
- c) We confirm that the audit opinion we have issued is consistent with the additional report we prepared and delivered to the Entity's supervisory body on 21 March 2025.
- d) We declare that we have not provided any services prohibited under article 5(1), (EU) Regulation No. 537/2014 from the European Parliament and Council, of 16 April 2014 and that we have maintained our independence from the Entity during the audit.

21 March 2025

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

DocuSigned by:
Carlos Maia
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Carlos Manuel Sim Maia, Statutory Auditor no. 1138
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