

Lisbon, Portugal, 24 October 2023

Transportes Aéreos Portugueses, S.A. ("TAP" or "Group") informs on the third quarter of 2023 ("3Q23") and nine months of 2023 ("9M23") results.

The financial information contained in this document refers to the preliminary, non-audited consolidated financial statements of TAP prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The analysis of this document does not exclude the reading of the "Cautionary Statement" section.

RECORD-BREAKING PERFORMANCE HIGHLIGHTS IN NINE MONTHS OF 2023

We are delighted to share our strong performance in the first nine months of the year, confirming TAP's consistent performance in delivering solid results and proving the recovery trend and the financial sustainability of the Group. This trend is due to a robust performance of the Group, marked by a range of significant achievements that underscore our strategic focus and adaptability in a challenging landscape.

- **Solid First Nine Months Net Income:** In the first nine months of 2023, TAP has once again achieved a historic milestone for this period by generating a record net income of EUR 203.5m, the highest since quarterly results are published. This accomplishment underscores the Group's adeptness at navigating through challenging times in today's aviation landscape and reinforces TAP's position as a benchmark company.
- **Robust Revenue Growth:** Our operating revenues in the first nine months of 2023 have surged to EUR 3.2bn, demonstrating a significant increase of EUR 725m (+29.7%) compared to the same period in 2022. This consistent revenue growth reflects TAP's strategic approach to seizing market opportunities.
- **Sound Operating Results:** The first nine months have witnessed a significant performance in our financial and commercial metrics. TAP has delivered a Recurring EBITDA of EUR 752.4m, with a margin of 24%, as well as a solid Recurring EBIT of EUR 400.7m, with a margin of 13%. These results underscore our commitment to delivering lasting value to our stakeholders whilst maintaining a balanced approach to financial performance.
- **Resilient Liquidity Position:** Despite a EUR 147.3m decrease compared to the end of 2022, following the usual cash-consuming seasonal pattern of the industry in the third quarter and the reimbursement of the 2019-2023 Bonds totalling EUR 200m at the end of June 2023, the Group maintains a robust liquidity position of EUR 768.8m. Even with this reduction, our financial strength has led to a significant improvement of the Net Debt / EBITDA ratio as of 30 September 2023, currently sitting at 2.4x, marking a noteworthy advancement from the 3.5x ratio recorded in 2022. This illustrates TAP's disciplined financial management and careful decision-making, which in turn inspires confidence amongst our investors.

Luís Rodrigues, TAP Chief Executive Officer, said:

"Q3 results are encouraging and validate the organizational focus of delivering a good summer to our passengers. We are moving headway to step up the robustness of our operations and the quality of our passenger service, accelerating the recovery from two difficult previous years. The remarkable surge in revenues, backed by resilient operating margins and a strong deleveraging plan in place, underscores our Group's financial strength in the face of critical challenges. On this path we rely on the commitment and dedication of all our people, to establish, together, TAP as a reference in the sector."

REVIEW OF THE THIRD QUARTER OF 2023

- In 3Q23, the **number of passengers carried increased by 5.2%** compared to the same period in 2022, while operating 5.7% more flights than in the third quarter of 2022 ("3Q22"). Comparing to pre-crisis levels of 3Q19, carried passengers reached 90% and operated flights 86%.
- **Capacity** (measured in ASK) **increased by 9.0%** compared to 3Q22, reaching 95% of pre-crisis levels. The **Load Factor stood at 84.8%**, decreasing by 2.2 p.p. year-on-year, but 1.9 p.p. higher than pre-crisis levels.
- **Operating revenues increased by 12.5 %** compared to 3Q22, increasing by EUR 139.5m to EUR 1,258.5m, surpassing and representing **121% of 3Q19 operating revenues**. This was mainly driven by higher yields along with increased capacity. Regarding the **passenger segment revenues, they increased by EUR 179.4m** (+17.9%) compared to 3Q22 to EUR 1,181.3m, generating a **PRASK of EUR 8.13 cents** - an improvement of 8.2% (+EUR 0.61 cents) compared to 3Q22 and 33.3% (+2.03 cents) with 3Q19.
- **The Maintenance division's revenues amounted to EUR 32.9m**, recording a decrease of EUR 15.2m compared to 3Q22, mainly due to supply chain issues delaying scheduled activities. **The Cargo segment's revenues decreased by EUR 26.2m to EUR 38.0m, marking a decline of 40.8%** compared to 3Q22, due to the normalisation of cargo yields observed in recent quarters, albeit surpassing 2019 levels.
- **Recurring operating costs reached EUR 982.2m**, representing a 1.7% increase or EUR 16.0m rise compared to the third quarter of 2022. This variation mainly derives from the **increase in traffic operating costs** (an increase of EUR 45.8m or 20.8%), reflecting increased levels of activity, and from the **increase in employee costs** (an increase of EUR 64.5m or 60.5%) resulting from the continued reinstatement of most of the remuneration packages, mostly offset by the **reduction in fuel costs** (a decrease of EUR 86.4m or 23.2%) due to a lower jet fuel price in this the quarter when compared to 3Q22. **When compared to the corresponding period in 2019, recurring operating costs have increased by 7.8%, primarily due to higher fuel and traffic operating costs**. The overall cost per available seat kilometre (CASK) from recurring operating costs **decreased by 6.7%**, reaching EUR 6.76 cents compared to the third quarter of 2022. **Excluding fuel costs, the cost per available seat kilometre (CASK) from recurring operating costs showed a 7.6% increase**, reaching EUR 4.79 cents.
- The **recurring EBITDA¹ amounted to EUR 390.7m in 3Q23**, representing an increase of EUR 110.7m compared to 3Q22, **and it has been positive for nine consecutive quarters since the pandemic crisis**. The **recurring EBIT² increased by EUR 123.6m compared to 3Q22, amounting to EUR 276.3m**. EBIT reached EUR 265.9m (+EUR 124.8m vs. 3Q22) when considering non-recurring items. **In comparison to 3Q19, Recurring EBIT and EBIT increased by EUR 146.4m and EUR 137.4m respectively**.
- The **net income amounted to EUR 180.5m, the highest quarterly net income since quarterly records are published**, showing an improvement of EUR 69.2m compared to 3Q22 and EUR 179.4m in comparison to 3Q19.
- As of 30 September 2023, despite the EUR 147.3m decrease compared to 31 December 2022, following the normal cash consuming seasonal pattern of the industry in the third quarter and the reimbursement of the EUR 200m 2019-2023 Bond, **the balance sheet showed a robust cash and cash equivalents position of EUR 768.8m**.
- The **Net Debt/EBITDA³ ratio significantly improved to 2.4x** compared to year-end 2022 (3.5x).
- Operationally, there were no changes in the network during the third quarter. In terms of the operating fleet⁴, it comprised **98 aircraft as of 30 September 2023**, where **68% of the medium and long-haul operating fleet consisted of NEO Family aircraft** (compared to 66% on 30 September 2022 and 33% on 30 September 2019).

¹ Recurring EBITDA = EBITDA + Restructuring Costs + non-recurring items.

² Recurring EBIT = Operating Result + Restructuring Costs + non-recurring items.

³ Net Debt / EBITDA = Net financial debt + Lease liabilities without purchase option - Brazil flown receivables & other cash equivalents / Recurring EBITDA trailing 12 months

⁴ TAP's total fleet may differ from its fleet in operation as it can include aircraft in process of phase-in and phase-out.

REVIEW OF THE NINE MONTHS OF 2023

- In the first nine months of 2023, TAP registered a **record net income of EUR 203.5m**, which also represents a **historic achievement as it is the first positive net income in the first nine months** (since quarterly results are published). Compared to the previous year, there was an increase of EUR 294.3m, where it had recorded a negative result of EUR 90.8m, and an increase of EUR 314.3m compared to 2019, where it had also recorded a negative result of EUR 110.8m.
- In the first nine months of 2023, TAP transported a total of **12.1m passengers**, which is a 19.5% rise from last year, reaching 94% of the levels achieved in 2019. During this 2023 period, the total number of flights operated also increased by 13.2%, attaining 88% of pre-crisis levels.
- **Capacity surpassed pre-crisis levels**, reaching 101%, representing a **16.5% increase** from the first nine months of 2022 ("9M22"). The **Load Factor** increased by 2.4 p.p. year-on-year, **reaching 81.9% in 9M23**, also improving by 0.9 p.p. compared to the first nine months of 2019 ("9M19").
- **In 9M23, operating revenues amounted to EUR 3,164.7m**, which was a 29.7% increase from 9M22, and a 27.1% rise compared to 9M19. The **PRASK** in the first nine months of 2023 **was EUR 7.32 cents**, showing an improvement of 15.4% (+EUR 0.98 cents) compared to the same period in 2022 and 30.4% (+EUR 1.71 cents) compared to 2019.
- **Recurring operating costs rose** by 20.9% to reach EUR 2,764.0m. The overall **CASK from recurring operating costs increased by 3.8%** to EUR 6.99 cents compared to 9M22. Excluding fuel, the increase was 10.4% compared to 9M22, resulting in non-fuel unit costs of EUR 4.89 cents, up by 4.0% from 2019.
- **Recurring EBITDA reached EUR 752.4m in 9M23, with a 23.8% margin**, increasing by EUR 241.8m or 47.4% compared to 9M22. **Recurring EBIT amounted to EUR 400.7m, with a margin of 12.7%** in 9M23, which is EUR 246.7m higher than in 9M22.

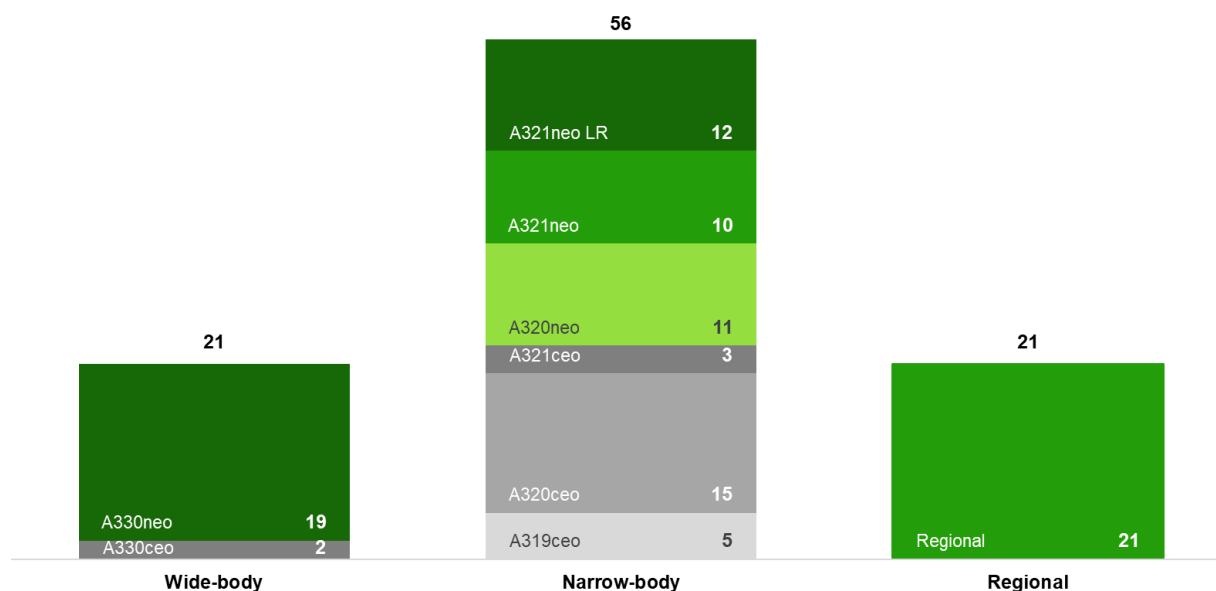
MAIN OPERATING INDICATORS

TAP, S.A. Consolidated	3Q23	3Q22	Change		9M23	9M22	Change	
			Value	%			Value	%
Passenger ('000)	4,543	4,320	+223	+5.2%	12,123	10,144	+1,979	+19.5%
RPK (million)	12,326	11,601	+726	+6.3%	32,394	26,993	+5,400	+20.0%
ASK (million)	14,537	13,338	+1,199	+9.0%	39,553	33,947	+5,606	+16.5%
Load Factor (%)	84.8	87.0	-2.2	-2.5%	81.9	79.5	+2.4	+3.0%
Block Hours	106,313	99,219	+7,094	+7.1%	290,948	255,098	+35,850	+14.1%
Number of Departures	32,888	31,112	+1,776	+5.7%	90,478	79,946	+10,532	+13.2%
Average Stage Length (km)	2,172	2,141	+31	+1.4%	2,157	2,139	+18	+0.8%
Active Staff (end of period) ¹⁾	7,548	7,024	+524	+7.5%	7,548	7,024	+524	+7.5%
PRASK (EUR cents)	8.13	7.51	+0.61	+8.2%	7.32	6.35	+0.98	+15.4%
Recurring CASK (EUR cents) ²⁾	6.76	7.24	-0.49	-6.7%	6.99	6.73	+0.25	+3.8%
Recurring CASK ex. fuel (EUR cents)	4.79	4.46	+0.34	+7.6%	4.89	4.43	+0.46	+10.4%

1) Excludes staff not placed and not active.

2) Recurring CASK = CASK calculated on the basis of Operating Costs - Restructuring - Other non-recurring items.

OPERATING FLEET AS OF 30 SEPTEMBER 2023 ³⁾



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

CONSOLIDATED INCOME STATEMENT

TAP, S.A. Consolidated EUR millions	3Q23	3Q22	Change		9M23	9M22	Change	
			Value	%			Value	%
Operating Income	1,258.5	1,118.9	+139.5	+12.5%	3,164.7	2,440.1	+724.6	+29.7%
Passenger	1,181.3	1,001.9	+179.4	+17.9%	2,897.0	2,154.6	+742.4	+34.5%
Maintenance	32.9	48.0	-15.2	-31.6%	118.4	75.2	+43.2	+57.4%
Cargo and Mail	38.0	64.3	-26.2	-40.8%	130.4	196.3	-65.9	-33.6%
Other operating income	6.3	4.7	+1.6	+33.3%	19.0	14.0	+4.9	+35.2%
Operating Costs	992.5	977.8	+14.7	+1.5%	2,790.8	2,294.6	+496.2	+21.6%
Aircraft fuel	285.4	371.9	-86.4	-23.2%	828.2	781.0	+47.2	+6.0%
Traffic operating costs	266.0	220.2	+45.8	+20.8%	685.6	522.2	+163.4	+31.3%
Employee costs	171.1	106.6	+64.5	+60.5%	452.2	294.3	+157.9	+53.6%
Aircraft maintenance costs	12.8	11.5	+1.3	+11.1%	40.6	25.2	+15.4	+61.3%
Cost of materials consumed	27.9	38.6	-10.7	-27.8%	96.6	55.8	+40.8	+73.2%
Commercial, communication and marketing costs	62.1	51.5	+10.6	+20.5%	159.8	127.0	+32.8	+25.8%
Impair. losses in inventories, receiv. and provisions	3.9	1.8	+2.1	+120.6%	30.6	21.1	+9.5	+45.2%
Other operating expenses	38.6	36.8	+1.8	+4.8%	118.8	103.0	+15.8	+15.3%
Restructuring	-0.5	0.0	-0.5	<-200%	-0.9	-3.7	+2.8	+76.4%
Other non-recurring items	10.8	11.6	-0.7	-6.3%	27.7	12.3	+15.5	+126.1%
Depreciation, amortisation and impairment losses	114.5	127.4	-12.9	-10.1%	351.7	356.5	-4.8	-1.4%
EBIT (Operating Result)	265.9	141.1	+124.8	+88.4%	373.9	145.5	+228.4	+156.9%
EBIT margin	21.1%	12.6%	+8.5 p.p.	n.m.	11.8%	6.0%	+5.9 p.p.	n.m.
Recurring EBIT ¹⁾	276.3	152.7	+123.6	+80.9%	400.7	154.1	+246.7	+160.1%
Recurring EBIT margin	22.0%	13.6%	+8.3 p.p.	n.m.	12.7%	6.3%	+6.3 p.p.	n.m.
Interest and similar income	15.7	10.5	+5.2	+50.1%	47.7	28.3	+19.4	+68.4%
Interest and similar expenses	-62.5	-68.5	+6.0	+8.7%	-192.1	-201.0	+8.9	+4.4%
Net currency exchange	6.2	34.5	-28.3	-82.1%	33.8	-38.4	+72.2	+188.0%
Earnings before taxes	225.4	117.7	+107.7	+91.5%	263.3	-65.6	+328.9	>+200%
Income tax	-44.8	-6.4	-38.4	<-200%	-59.8	-25.2	-34.6	-137.2%
Net income/ (loss)	180.5	111.3	+69.2	+62.2%	203.5	-90.8	+294.3	>+200%
EBITDA	380.4	268.5	+111.9	+41.7%	725.6	502.0	+223.6	+44.5%
EBITDA margin	30.2%	24.0%	+6.2 p.p.	n.m.	22.9%	20.6%	+2.4 p.p.	n.m.
Recurring EBITDA ²⁾	390.7	280.1	+110.7	+39.5%	752.4	510.6	+241.8	+47.4%
Recurring EBITDA margin	31.0%	25.0%	+6.0 p.p.	n.m.	23.8%	20.9%	+2.9 p.p.	n.m.

1) Recurring EBIT = Operating Result + Restructuring + Other non-recurring items.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TAP, S.A. Consolidated EUR millions	30 Sep 23	31 Dec 22	Change	
			Value	%
ASSETS				
Non-current Assets				
Tangible assets	3,114.1	3,077.6	+36.5	+1.2%
Investment properties	2.2	1.7	+0.5	+27.4%
Intangible assets	22.1	23.3	-1.2	-5.3%
Deferred tax assets	424.5	447.4	-22.9	-5.1%
Other non current assets	16.7	18.3	-1.6	-8.9%
Other receivables	464.9	442.0	+22.9	+5.2%
Total Non-current Assets	4,044.5	4,010.4	+34.1	+0.8%
Non-current Assets held for sale	-	0.2	-0.2	-100.0%
Current Assets				
Inventories	76.2	66.4	+9.9	+14.8%
Clients and Other receivables	1,027.1	875.6	+151.5	+17.3%
Income tax receivable	0.3	0.4	-0.1	-32.5%
Other current assets	51.9	44.8	+7.1	+15.9%
Cash and cash equivalents	768.8	916.1	-147.3	-16.1%
Total Current Assets	1,924.3	1,903.3	+21.1	+1.1%
Total Assets	5,968.8	5,913.9	+54.9	+0.9%
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	980.0	980.0	-	-%
Legal reserves	8.3	8.3	-	-%
Hedge reserves	16.5	-5.7	+22.2	>+200%
Other reserves	-86.5	-76.7	-9.7	-12.7%
Adjustments in equity shares	-14.2	-28.1	+13.9	+49.6%
Retained earnings	-472.3	-525.7	+53.4	+10.2%
Net income/(loss) for the year	203.5	65.6	+137.9	>+200%
Total Equity	635.4	417.6	+217.7	+52.1%
LIABILITIES				
Non-current Liabilities				
Provisions	275.2	298.0	-22.8	-7.6%
Loans	609.8	552.0	+57.8	+10.5%
Lease liabilities with purchase option	689.1	634.7	+54.5	+8.6%
Lease liabilities without purchase option	1,572.8	1,660.7	-87.9	-5.3%
Post-employment benefits obligations	118.1	108.1	+10.1	+9.3%
Deferred tax liabilities	64.2	44.0	+20.2	+46.0%
Total Non-current Liabilities	3,329.2	3,297.4	+31.9	+1.0%
Current Liabilities				
Loans	52.3	356.8	-304.5	-85.3%
Lease liabilities with purchase option	88.3	74.6	+13.7	+18.3%
Lease liabilities without purchase option	335.0	377.4	-42.4	-11.2%
Suppliers and Other payables	601.7	584.4	+17.3	+3.0%
Income tax payable	11.7	0.0	+11.7	>+200%
Liabilities from unused flight documents	863.9	737.8	+126.1	+17.1%
Other current liabilities	51.2	67.8	-16.6	-24.4%
Total Current Liabilities	2,004.2	2,198.9	-194.7	-8.9%
Total Liabilities	5,333.4	5,496.2	-162.8	-3.0%
Total Equity and Liabilities	5,968.8	5,913.9	+54.9	+0.9%
Financial Debt	1,439.5	1,618.1	-178.6	-11.0%
Bank Loans & Bonds	662.1	908.8	-246.7	-27.1%
Lease liabilities with purchase option	777.5	709.3	+68.2	+9.6%
Cash and cash equivalents	768.8	916.1	-147.3	-16.1%
Net Financial Debt	670.7	702.0	-31.3	-4.5%
Lease liabilities without purchase option	1,907.8	2,038.1	-130.3	-6.4%

CONSOLIDATED STATEMENT OF CASH FLOWS

TAP, S.A. Consolidated EUR millions	30 Sep 23	30 Sep 22	Change	
			Value	%
OPERATING ACTIVITIES				
Receipts from customers	3,418.5	2,737.0	+681.5	+24.9%
Payments to suppliers	-2,268.0	-1,838.6	-429.4	-23.4%
Payments to employees	-407.6	-280.6	-127.0	-45.2%
Payments of low value and short-term leases	-4.5	-4.6	+0.1	+2.5%
Cash generated from operations	738.4	613.2	+125.2	+20.4%
Income Tax (payments)/receipts	-0.4	-0.1	-0.3	<-200%
Other (payments)/receipts relating to operating activities	-2.7	-17.3	+14.5	+84.1%
Cash flow from operating activities (1)	735.2	595.8	+139.4	+23.4%
INVESTMENT ACTIVITIES				
Receipts from:				
Other financial assets	5.7	35.0	-29.3	-83.8%
Tangible fixed assets	26.0	-	+26.0	n.m.
Loans granted	653.5	601.3	+52.3	+8.7%
Interests and similar income	41.4	23.4	+18.0	+77.0%
Total receipts	726.6	659.7	+66.9	+10.1%
Payments relating to:				
Other financial assets	-45.1	-79.5	+34.3	+43.2%
Tangible fixed assets	-158.1	-72.8	-85.3	-117.2%
Intangible assets	-4.4	-2.4	-2.0	-84.3%
Loans granted	-677.4	-657.5	-19.9	-3.0%
Total payments	-885.0	-812.1	-72.9	-9.0%
Cash flow from investment activities (2)	-158.4	-152.4	-6.0	-3.9%
FINANCING ACTIVITIES				
Receipts from:				
Lease liabilities with purchase option	-	6.1	-6.1	-100.0%
Total receipts	-	6.1	-6.1	-100.0%
Payments relating to:				
Borrowings	-253.9	-26.7	-227.2	<-200%
Lease liabilities with purchase option	-56.5	-45.4	-11.0	-24.3%
Lease liabilities without purchase option	-360.0	-377.0	+17.0	+4.5%
Interests and similar costs	-60.7	-51.9	-8.8	-17.0%
Total payments	-731.1	-501.0	-230.1	-45.9%
Cash flow from financing activities (3)	-731.1	-494.9	-236.2	-47.7%
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)	-154.3	-51.5	-102.8	-199.5%
EFFECT OF CURRENCY EXCHANGE DIFFERENCES	7.1	14.0	-7.0	-49.7%
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	916.1	812.6	n.m.	n.m.
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	768.8	775.1	n.m.	n.m.

GLOSSARY

ASK: Available seat kilometre; total number of seats available for sale multiplied by the number of kilometres flown.

PRASK: Passenger revenue per available seat kilometre; passenger revenue divided by available seat kilometres.

CASK: Cost per available seat kilometre; operating costs divided by available seat kilometres.

RPK: Revenue passenger kilometre; total number of passengers multiplied by the number of kilometres flown.

Load Factor: Total number of revenue passenger-kilometres (RPK) divided by the total number of available seat-kilometres (ASK).

EBIT: Operating Result = Operating Income less Operating Cost

EBITDA: Operating Result + Depreciation, amortization, and impairment losses

CAUTIONARY STATEMENT

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