

## Lisbon, Portugal, 10 May 2023

Transportes Aéreos Portugueses, S.A. ("TAP" or "Group") informs on the first quarter of 2023 ("1Q23").

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.

## HIGHLIGHTS

- **Strong activity growth in the first quarter**, with the number of carried passengers and capacity exceeding pre-crisis levels of the first quarter of 2019 and generating a **significant growth in revenues to EUR 835.9m**, supported also by improved load factors.
- **Solid financial performance**, despite the increase in recurrent operating costs, with a **recurrent EBITDA of EUR 120.1m** and EBIT improving substantially when compared to 1Q22 and 1Q19.
- Negative **net income** of EUR 57.4m, but with a **significant improvement** when compared to the first quarters of 2022 and 2019 (+ EUR 64.3m and + EUR 49.2m, respectively).
- **Solid liquidity position of EUR 855.8m**, due to strong operating performance

### Luís Rodrigues, TAP Chief Executive Officer, said:

"The first quarter of 2023 showed a continuous demand growth, enabling TAP to carry, for the first time in a post-crisis quarter, more passengers than in 2019. TAP delivered, in this quarter, a strong operational and financial performance, despite the increase in costs and operational challenges. Addressing these challenges on the doorstep of Summer is the path we need to focus on. A path that cannot be achieved without the effort and dedication of all our employees."

## REVIEW OF THE FIRST QUARTER OF 2023

- In 1Q23, the **number of carried passengers increased by 66.9%**, compared with the same period of 2022 and exceeding pre-crises of 1Q19 levels, while operating 34.2% more flights than in the first quarter of 2022 ("1Q22"), or 92% of the same period of 2019.
- **Capacity** (measured in ASK) also exceeded pre-crises levels, reaching 109%, **increasing by 38.8%** in comparison to 1Q22. **Load Factor** improved 12.3 percentage points year-on-year when compared to the previous year, and 3.8 percentage points year-on-year when compared to pre-crisis levels.
- **Operating revenues recorded a 70.4% increase** when compared to the same period last year, having increased by EUR 345.2m to EUR 835.9m and **representing 136% of 1Q19 operating revenues**. This increase was predominantly driven by higher capacity and better load factors, resulting in an increase in **passenger segment revenues by EUR 324.8m**, compared to 1Q22, to EUR 737.6m, generating a **PRASK of EUR 6.17 cents** – an increase of 1.38 cents of 28.8% when compared to 1Q22.
- **The maintenance segment contributed to the increase in revenues** with EUR 34.4m, closing the first quarter **with revenues of EUR 43.6m, up >200%** from 1Q22, following the general recovery of the industry seen in the second half of 2022. **Revenues in the cargo segment contracted by EUR 15.9m and amounted to EUR 48.7m, declining by 24.6%**, compared to 1Q22, following the normalisation of cargo yields seen in the past quarters.
- **Recurring operating costs amounted to EUR 846.1m**, increasing by EUR 308.9m or 57.5% compared to 1Q22, **reflecting the higher level of activity**, verified by the **increase in fuel costs** (increase of EUR 144.8 million or 109.6%) and by the **increase in traffic operating costs** (increase of EUR 54.2 million or 42.7%). Overall CASK from recurring operating costs increased by 13.5%, compared to 1Q22, to EUR 7.08 cents. **Excluding fuel, CASK from recurring operating costs recorded an increase of 1.2%**, to EUR 4.76 cents.
- **Recurring EBITDA<sup>1</sup> remained positive for seventh consecutive quarter**, supporting the Group's positive trajectory, amounting to EUR 120.1m in 1Q23, representing a recurrent EBITDA margin of 14.4%. This represents an increase of EUR 46.4m compared to the same period of 2022. **Recurring EBIT<sup>2</sup> posted a negative amount of EUR 10.2m**, but with a favourable evolution of EUR 36.3m when compared to 1Q22. **When compared to 1Q19, recurrent EBIT improved by EUR 89.1m.**
- Although **Net income** was negative by EUR 57.4m, this represents a **significant improvement when compared to 1Q22 and 1Q19**, which presented EUR -121.6 million and EUR -106.6 million, respectively.

<sup>1</sup> Recurring EBITDA = EBITDA + Restructuring Costs + Non-recurring items.

<sup>2</sup> Recurring EBIT = Operating Result + Restructuring Costs + Non-recurring items.

- **The balance sheet presents a strengthened cash and cash equivalents position of EUR 855.8m** as of 31 March 2023, despite a decrease of EUR 60.3m when compared to 31 December 2022, maintaining the consistent levels of liquidity.
- From an operational perspective, **two destinations were relaunched** at the end of the quarter: Naples and Porto Santo (both seasonal summer routes). On the operating fleet<sup>3</sup>, during the quarter, **TAP operated a total of 95 aircraft**, of which one still as Cargo only, with the **addition of two new aircraft** when compared to 31 December 2022. As of 31 March 2023, **67% of the mid and long-haul operating fleet consisted of NEO-family aircraft** (compared to 65% by 31 March 2022 and 17% by 31 March 2019).

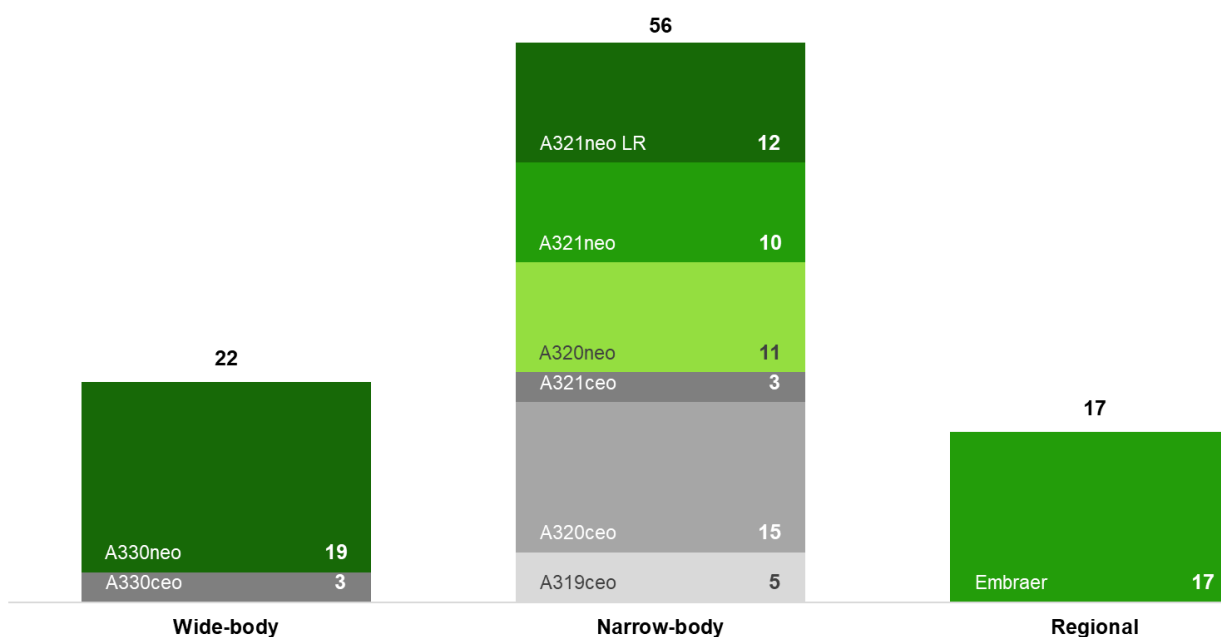
## MAIN OPERATING INDICATORS

TAP, S.A. Consolidated	1Q23	1Q22	Change	
			Value	%
Passenger ('000)	3,511	2,104	+1,407	+66.9%
RPK (million)	9,442	5,746	+3,696	+64.3%
ASK (million)	11,945	8,606	+3,339	+38.8%
Load Factor (%)	79.0	66.8	+12.3	+18.4%
Block Hours	88,723	65,752	+22,972	+34.9%
Number of Departures	27,557	20,530	+7,027	+34.2%
Average Stage Length (km)	2,159	2,394	-235	-9.8%
Active Staff (end of period) <sup>1)</sup>	6,962	6,698	+264	+3.9%
PRASK (EUR cents)	6.17	4.80	+1.38	+28.8%
Recurring CASK (EUR cents) <sup>2)</sup>	7.08	6.24	+0.84	+13.5%
Recurring CASK ex. fuel (EUR cents)	4.76	4.71	+0.06	+1.2%

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 31 MARCH 2023 <sup>3)</sup>



<sup>3)</sup> Operating fleet (passenger and cargo) may differ from total fleet, as it includes aircraft in phase-in and phase-out process.

## CONSOLIDATED INCOME STATEMENT

TAP, S.A. Consolidated EUR millions	1Q23	1Q22	Change	
			Value	%
<b>Operating Income</b>	<b>835.9</b>	<b>490.6</b>	<b>+345.2</b>	<b>+70.4%</b>
Passenger	737.6	412.7	+324.8	+78.7%
Maintenance	43.6	9.2	+34.4	>+200%
Cargo and Mail	48.7	64.6	-15.9	-24.6%
Other operating income	6.0	4.1	+1.9	+46.9%
<b>Operating Costs</b>	<b>852.2</b>	<b>552.7</b>	<b>+299.5</b>	<b>+54.2%</b>
Aircraft fuel	277.0	132.2	+144.8	+109.6%
Traffic operating costs	181.1	126.9	+54.2	+42.7%
Employee costs	123.8	81.1	+42.7	+52.6%
Aircraft maintenance costs	14.8	8.0	+6.9	+86.2%
Cost of materials consumed	33.3	3.4	+30.0	>+200%
Commercial, communication and marketing costs	42.8	30.9	+11.8	+38.3%
Impair. losses in inventories, receiv. and provisions	6.6	3.2	+3.4	+105.1%
Other operating expenses	36.4	31.3	+5.1	+16.3%
Restructuring	-	-	-	n.m.
Other non-recurring items	6.1	15.5	-9.4	-60.5%
Depreciation, amortisation and impairment losses	130.3	120.2	+10.1	+8.4%
<b>EBIT (Operating Result)</b>	<b>-16.3</b>	<b>-62.0</b>	<b>+45.7</b>	<b>+73.7%</b>
<b>EBIT margin</b>	<b>-2.0%</b>	<b>-12.6%</b>	<b>+10.7 p.p.</b>	<b>n.m.</b>
<b>Recurring EBIT <sup>1)</sup></b>	<b>-10.2</b>	<b>-46.5</b>	<b>+36.3</b>	<b>+78.1%</b>
<b>Recurring EBIT margin</b>	<b>-1.2%</b>	<b>-9.5%</b>	<b>+8.3 p.p.</b>	<b>n.m.</b>
Interest and similar income	14.4	8.7	+5.7	+66.2%
Interest and similar expenses	-63.4	-64.0	+0.6	n.m.
Net currency exchange	8.0	-14.7	+22.7	+154.0%
<b>Earnings before taxes</b>	<b>-57.3</b>	<b>-132.1</b>	<b>+74.7</b>	<b>+56.6%</b>
Income tax	-0.0	10.4	-10.5	-100.4%
<b>Net income/ (loss)</b>	<b>-57.4</b>	<b>-121.6</b>	<b>+64.3</b>	<b>+52.8%</b>
<b>EBITDA</b>	<b>113.9</b>	<b>58.1</b>	<b>+55.8</b>	<b>+96.0%</b>
<b>EBITDA margin</b>	<b>13.6%</b>	<b>11.8%</b>	<b>+1.8 p.p.</b>	<b>n.m.</b>
<b>Recurring EBITDA <sup>2)</sup></b>	<b>120.1</b>	<b>73.7</b>	<b>+46.4</b>	<b>+63.0%</b>
<b>Recurring EBITDA margin</b>	<b>14.4%</b>	<b>15.0%</b>	<b>-0.7 p.p.</b>	<b>n.m.</b>

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	31 Mar 23	31 Dec 22	Change	
			Value	%
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Tangible assets	3,096.1	3,077.6	+18.5	+0.6%
Investment properties	1.7	1.7	-	+0.0%
Intangible assets	22.1	23.3	-1.2	-5.3%
Deferred tax assets	447.4	447.4	-	+0.0%
Other non current assets	17.7	18.3	-0.6	-3.2%
Other receivables	452.3	442.0	+10.3	+2.3%
<b>Total Non-current Assets</b>	<b>4,037.3</b>	<b>4,010.4</b>	<b>+27.0</b>	<b>+0.7%</b>
<b>Non-current Assets held for sale</b>	<b>0.2</b>	<b>0.2</b>	<b>-</b>	<b>+0.0%</b>
<b>Current Assets</b>				
Inventories	67.9	66.4	+1.5	+2.3%
Clients and Other receivables	1,128.6	875.6	+253.0	+28.9%
Income tax receivable	0.5	0.4	+0.1	+17.1%
Other current assets	61.3	44.8	+16.5	+36.7%
Cash and cash equivalents	855.8	916.1	-60.3	-6.6%
<b>Total Current Assets</b>	<b>2,114.0</b>	<b>1,903.3</b>	<b>+210.8</b>	<b>+11.1%</b>
<b>Total Assets</b>	<b>6,151.6</b>	<b>5,913.9</b>	<b>+237.7</b>	<b>+4.0%</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share Capital	980.0	980.0	-	-%
Legal reserves	8.3	8.3	-	-%
Hedge reserves	-39.6	-5.7	-33.9	<-200%
Other reserves	-37.5	-76.7	+39.2	+51.1%
Adjustments in equity shares	-23.5	-28.1	+4.6	+16.4%
Retained earnings	-460.1	-525.7	+65.6	+12.5%
Net income/(loss) for the year	-57.4	65.6	-123.0	-187.5%
<b>Total Equity</b>	<b>370.2</b>	<b>417.6</b>	<b>-47.4</b>	<b>-11.3%</b>
<b>LIABILITIES</b>				
<b>Non-current Liabilities</b>				
Provisions	284.7	298.0	-13.2	-4.4%
Loans	540.3	552.0	-11.7	-2.1%
Lease liabilities with purchase option	662.4	634.7	+27.7	+4.4%
Lease liabilities without purchase option	1,589.3	1,660.7	-71.4	-4.3%
Post-employment benefits obligations	103.5	108.1	-4.5	-4.2%
Deferred tax liabilities	44.0	44.0	-	-%
<b>Total Non-current Liabilities</b>	<b>3,224.3</b>	<b>3,297.4</b>	<b>-73.1</b>	<b>-2.2%</b>
<b>Current Liabilities</b>				
Loans	360.4	356.8	+3.5	+1.0%
Lease liabilities with purchase option	79.8	74.6	+5.1	+6.9%
Lease liabilities without purchase option	346.2	377.4	-31.2	-8.3%
Suppliers and Other payables	667.1	584.4	+82.7	+14.2%
Income tax payable	0.0	0.0	-	-%
Liabilities from unused flight documents	1,057.3	737.8	+319.5	+43.3%
Other current liabilities	46.4	67.8	-21.5	-31.6%
<b>Total Current Liabilities</b>	<b>2,557.1</b>	<b>2,198.9</b>	<b>+358.2</b>	<b>+16.3%</b>
<b>Total Liabilities</b>	<b>5,781.4</b>	<b>5,496.2</b>	<b>+285.1</b>	<b>+5.2%</b>
<b>Total Equity and Liabilities</b>	<b>6,151.6</b>	<b>5,913.9</b>	<b>+237.7</b>	<b>+4.0%</b>
<b>Financial Debt</b>	<b>1,642.9</b>	<b>1,618.1</b>	<b>+24.8</b>	<b>+1.5%</b>
Bank Loans & Bonds	900.7	908.8	-8.1	-0.9%
Lease liabilities with purchase option	742.2	709.3	+32.9	+4.6%
<b>Cash and cash equivalents</b>	<b>855.8</b>	<b>916.1</b>	<b>-60.3</b>	<b>-6.6%</b>
<b>Net Financial Debt</b>	<b>787.1</b>	<b>702.0</b>	<b>+85.1</b>	<b>+12.1%</b>
<b>Lease liabilities without purchase option</b>	<b>1,935.5</b>	<b>2,038.1</b>	<b>-102.6</b>	<b>-5.0%</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

TAP, S.A. Consolidated EUR millions	31 Mar 23	31 Mar 22	Change	
			Value	%
<b>OPERATING ACTIVITIES</b>				
Receipts from customers	1,100.0	684.9	+415.1	+60.6%
Payments to suppliers	-783.3	-419.9	-363.4	-86.5%
Payments to employees	-142.6	-94.6	-48.0	-50.7%
Payments of low value and short-term leases	-1.5	-1.5	+0.0	+0.9%
<b>Cash generated from operations</b>	<b>172.6</b>	<b>168.8</b>	<b>+3.8</b>	<b>+2.2%</b>
Income Tax (payments)/receipts	-0.0	-0.0	-0.0	<-200%
Other (payments)/receipts relating to operating activities	3.1	-5.1	+8.2	+161.2%
<b>Cash flow from operating activities (1)</b>	<b>175.7</b>	<b>163.7</b>	<b>+11.9</b>	<b>+7.3%</b>
<b>INVESTMENT ACTIVITIES</b>				
<b>Receipts from:</b>				
Other financial assets	18.8	17.9	+0.9	+4.9%
Tangible fixed assets	-	1.1	-1.1	-100.0%
Investment subsidies	-	-	-	n.m.
Loans granted	89.8	61.2	+28.6	+46.8%
Interests and similar income	8.1	4.4	+3.8	+87.1%
<b>Total receipts</b>	<b>116.8</b>	<b>84.6</b>	<b>+32.2</b>	<b>+38.0%</b>
<b>Payments relating to:</b>				
Other financial assets	-24.4	-24.8	+0.5	+1.9%
Tangible fixed assets	-53.5	-35.7	-17.8	-49.9%
Intangible assets	-0.1	-1.1	+1.0	+90.8%
Loans granted	-91.9	-71.5	-20.3	-28.4%
<b>Total payments</b>	<b>-169.8</b>	<b>-133.1</b>	<b>-36.7</b>	<b>-27.6%</b>
<b>Cash flow from investment activities (2)</b>	<b>-53.0</b>	<b>-48.5</b>	<b>-4.5</b>	<b>-9.3%</b>
<b>FINANCING ACTIVITIES</b>				
<b>Receipts from:</b>				
Borrowings	-	-	-	n.m.
Capital increases, supplementary capital contributions and share issuance premium	-	-	-	n.m.
Lease liabilities with purchase option	-	-	-	n.m.
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>n.m.</b>
<b>Payments relating to:</b>				
Borrowings	-15.1	-9.6	-5.6	-58.1%
Lease liabilities with purchase option	-17.9	-12.8	-5.0	-39.1%
Lease liabilities without purchase option	-131.5	-112.4	-19.1	-17.0%
Interests and similar costs	-15.6	-12.1	-3.4	-28.3%
<b>Total payments</b>	<b>-180.0</b>	<b>-146.9</b>	<b>-33.1</b>	<b>-22.5%</b>
<b>Cash flow from financing activities (3)</b>	<b>-180.0</b>	<b>-146.9</b>	<b>-33.1</b>	<b>-22.5%</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)</b>	<b>-57.3</b>	<b>-31.7</b>	<b>-25.7</b>	<b>-81.0%</b>
EFFECT OF CURRENCY EXCHANGE DIFFERENCES	-3.0	6.5	-9.5	-145.2%
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>916.1</b>	<b>812.6</b>	<b>+103.5</b>	<b>+12.7%</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>855.8</b>	<b>787.4</b>	<b>+68.4</b>	<b>+8.7%</b>

## GLOSSARY

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**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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