

Lisbon, Portugal, May 27, 2022

Transportes Aéreos Portugueses, S.A. ("TAP" or "Company") informs on the first quarter 2022 ("1Q22").

The financial information contained in this document refers to the consolidated unaudited financial statements of TAP prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

HIGHLIGHTS OF THE FIRST QUARTER OF 2022

- **Significant pick-up of activity** with revenues, number of passengers and departures all up more than 200% vs. 1Q21
- **Sequential decline** in these same metrics vs. 4Q21 **due to typical seasonality pattern** of the industry
 - 2.1 million carried passengers, -12.3%
 - 20,530 departures, -8.2%
 - Revenues of EUR 490.6m, -12.7%
- **Positive EBITDA of EUR 58.1m, exceeding pre-pandemic level of 1Q19** by EUR 54.7m and EBIT, despite still being negative, also improving in comparison to pre-pandemic crisis levels (+EUR 39.4m)
- **Cash position of EUR 787.4m and gross financial debt of EUR 1.5 bn** (excluding lease liabilities without purchase option) in line with 4Q21.

Christine Ourmières-Widener, TAP Chief Executive Officer, said:

"We have seen a clear pick-up in demand in this first quarter and current bookings lead us to be cautiously optimistic for the summer season. The good progress on the execution of our restructuring plan, allowed us to generate a positive EBITDA, that is higher than the pre-crisis level in the first quarter of 2019. This is a good achievement, but still fragile. We still have a long road full of challenges ahead. The expected ramp-up in capacity in the summer will likely bring operational issues for the entire industry, including infrastructure providers such as airports, air traffic control, ground services or border control, as some already struggle to handle the higher volumes today. Adding higher fuel prices to that, means that we cannot rest, and we need to stay focused on improving our cost structure sustainably".

REVIEW OF THE FIRST QUARTER OF 2022

- In 1Q22, the main operational indicators were moderately below the levels of the previous quarter (4Q21), due to the typical seasonality in the aviation industry - 1Q typically being the weakest quarter. However, the **activity showed a significant uplift** compared with the first quarter of 2021 and the Company is making **consistent progress towards reverting to 2019 pre-crisis operational levels**.
- **Number of carried passengers increased by more than 5x** in 1Q22, compared with the same period of 2021, gradually reaching 62% of 1Q19 levels, marking the **continuation on the path of demand recovery**. Additionally, during this period TAP operated 3x more flights than in 1Q21, or 68% of 1Q19 departures.
- **Capacity** (measured in ASK) **has increased by more than 4x** in comparison to 1Q21, **with Load Factor improving 16.6 p.p.** year-on-year, **reaching 66.8%**. Compared to 1Q19, ASK are at 79% and Load Factor at 89% of pre-crisis levels.
- Despite decreasing by 12.7% in comparison with previous quarter, **operating revenues are 3x higher** than in the same period last year, increasing by EUR 340.7m to EUR 490.6m, **already representing 80% of 1Q19 operating revenues**. This was largely driven by the performance of the **passenger segment**, which **increased revenues by EUR 326.1m** vs. 1Q21 and generated a **PRASK of EUR 4.80 cents, an improvement of 11.0%**.
- Both, the **cargo and maintenance segments continue to provide a relevant support for the recovery of revenue**, increasing by 45.3% and 37.5%, respectively, when compared to the 1Q21. The cargo segment achieved its second-best performing quarter ever, with revenues amounting to EUR 64.6m (+108.3% vs. 1Q19).
- **Recurring operating costs amounted to EUR 537.1m, decreasing 9.4% compared to the previous quarter**. The significant increase of 42.2% vs. 1Q21 reflects the higher level of activity. **Comparing to the same period of 2019, recurring operating costs were 24.7% lower, reflecting successful crisis-measures and structural cost reduction**. CASK from recurring operating costs posted an improvement of -2.7% comparing to 4Q21 and a reduction of two-thirds when compared to the same period last year, down to EUR 6.24 cents, which also compares with the EUR 6.53 cents from 1Q19 (*i.e.*, -4.4%). The reduction of unit costs is even more visible when excluding fuel with **CASK ex. fuel reducing by 3.6% vs. 4Q21, 72.2% vs. 1Q21 and 8.0% vs. 1Q19**.

- **Recurring EBITDA¹, was again positive for the third quarter in a row since the beginning of the crisis** and reached EUR 73.7m, in 1Q22. This represents a decrease of EUR 37.1m (-33.5%) from the previous quarter and an increase of EUR 183.5m (+167.1%) compared to the same period in 2021. **Recurring EBIT² registered a negative EUR 46.5m**, a decrease of EUR 15.6m (-50.3%) from the previous quarter but increasing EUR 181.2m (+79.6%) vs. 1Q21. **Compared to 1Q19 there was an improvement of both Recurring EBITDA and Recurring EBIT of EUR 68.2m and EUR 52.8m, respectively.**
- Non-recurring costs, related to the reorganization of the Group, had an impact of EUR 15.5m on results. As such, **even considering these costs, the Company was able to generate a positive EBITDA of EUR 58.1m**, in the first quarter, **exceeding 1Q19 level by roughly EUR 55m**. The **Operating Result (EBIT) amounted to a negative EUR 62.0m, reducing the operating loss by 72.8% compared to 1Q21.**
- **Net Income registered a material improvement when compared to 1Q21 with the net loss reducing by 66.7% to EUR -121.6m**, despite the net loss from exchange rate differences of EUR 14.7m resulting from a positive effect on receivables from the appreciation of the BRL on one side, and a larger, non-cash negative effect from the depreciation of the EUR against the USD, mainly affecting future lease payments, on the other side.
- **The balance sheet presented a strong cash and cash equivalents position of EUR 787.4m** at the end of the quarter, maintaining consistent liquidity levels resulting from continuous treasury control efforts. **The cash position as of March 31, 2022, was more than 3x higher than a year ago**, increasing by EUR 549.8m.
- From an operational perspective, **a total of 9 temporarily suspended destinations were reopened** predominantly towards the very end of the quarter (mostly summer seasonal flights), such as: Casablanca, Marrakech, Tel Aviv, Naples, Zagreb, Porto Santo, Bologna, Florence and Porto Alegre. On the operating fleet³, during the quarter, **TAP went through a net reduction of 1 aircraft down to 93**. As of March 31, 2022, **65% of the mid and long-haul operating fleet consisted of NEO-family aircraft** (compared to 60% by March 31, 2021 and 45% by March 31, 2019).

SUBSEQUENT EVENTS

INFORMATION ON RATING REVISION

- On 21 April, 2022, S&P Global Ratings Europe Limited (“Standard & Poor’s”) announced its decision to raise the long-term issuer credit rating on TAP from B- to B+. Simultaneously, the agency has raised the rating on the EUR 375m senior unsecured notes due 2024 from B- to B+. The outlook is stable. This rating revision was made taking into consideration the State Aid approval by the European Commission and the improvement on TAP’s liquidity.
- On 22 April, 2022, Moody’s Investors Service (“Moody’s”) has upgraded TAP Corporate Family rating to B3 and the rating on TAP’s EUR 375m global senior notes due 2024 has also been upgraded to B3. The outlook is stable. The revision of TAP’s rating from Caa2 to B3 is due to the materiality of the State Aid provided by the Portuguese government (and the resulting significant improvement in TAP’s liquidity profile), the simplification of TAP’s corporate structure following the capital increase of December 2021, the credible restructuring plan presented to the European Commission for approval of the State Aid and the cost improvement measures already implemented so far, given a history of weak profitability before the pandemic and the execution risk of the restructuring plan in a market environment that remains volatile.

INFORMATION ABOUT RECRUITMENT OF DIRECTOR

- In the executive recruitment process for a new member of the Board of Directors of TAP, Sofia Lufinha, an Industrial Engineering graduate, moving from Jerónimo Martins Group, has been selected. Further actions will now ensue for the appointment as member of the Board of Directors of TAP for the current mandate (2021-2024) and, subsequently, of the appointment of the new director as member of TAP’s Executive Committee, where she is to take up the position of Chief Strategy Officer.

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

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

³ Operating fleet may differ from total fleet, as it includes aircraft in phase-in / phase-out process. Includes White and Portugália’s fleet, operated under wet-lease agreements.

MAIN OPERATING INDICATORS

TAP, S.A. Consolidated	1Q22	4Q21	1Q21	Change (%)	
				1Q22 vs 4Q21	1Q22 vs 1Q21
Passenger ('000)	2,104	2,399	393	-12.3%	>+200%
RPK (million)	5,746	6,456	1,007	-11.0%	>+200%
ASK (million)	8,606	9,240	2,007	-6.9%	>+200%
Load Factor (%)	66.8	69.9	50.2	-3.1 p.p.	+16.6 p.p.
Block Hours	65,752	72,114	21,079	-8.8%	>+200%
Number of Departures	20,530	22,358	6,138	-8.2%	>+200%
Average Stage Length (km)	2,159	2,174	2,394	-0.7%	-9.8%
Active Staff (end of period) ¹⁾	6,698	6,626	7,526	+1.1%	-11.0%
PRASK (EUR cents)	4.80	4.96	4.32	-3.3%	+11.0%
Recurring CASK (EUR cents) ²⁾	6.24	6.41	18.82	-2.7%	-66.8%
Recurring CASK ex. fuel (EUR cents)	4.71	4.88	16.95	-3.6%	-72.2%

1) Excludes staff not placed and not active.

MAIN FINANCIAL INDICATORS

TAP, S.A. Consolidated EUR million	1Q22	4Q21	1Q21	Change (%)	
				1Q22 vs 4Q21	1Q22 vs 1Q21
Total Operating Income	490.6	561.7	150.0	-12.7%	>+200%
Passenger Income	412.7	458.4	86.7	-10.0%	>+200%
Cargo and Mail Income	64.6	74.7	44.4	-13.5%	+45.3%
Recurring EBITDA ¹⁾	73.7	110.8	-109.8	-33.5%	+167.1%
<i>Recurring EBITDA margin</i>	15.0%	19.7%	-73.2%	-4.7p.p.	+88.2p.p.
Operating Result (EBIT)	-62.0	-1,065.5	-227.7	+94.2%	+72.8%
<i>EBIT margin</i>	-12.6%	-189.7%	-151.9%	>+100p.p	>+100p.p

1) Recurring EBITDA = EBITDA + Restructuring + Other non-recurrent items.

FINANCIAL AND CONTRACTUAL OBLIGATIONS

TAP, S.A. Consolidated EUR million	31-Mar-22	31-Dec-21	Change	
			Value	%
Financial Debt	1,520.7	1,480.9	39.9	+2.7%
Bank Loans & Bonds	935.0	937.2	-2.2	-0.2%
Lease liabilities with purchase option	585.7	543.7	42.0	+7.7%
Cash and cash equivalents	787.4	812.6	-25.2	-3.1%
Net Financial Debt	733.3	668.3	65.0	+9.7%
Lease liabilities without purchase option	2,097.3	2,118.5	-21.3	-1.0%

INCOME STATEMENT FOR 1Q22

TAP, S.A. Consolidated EUR million	1Q22	4Q21	1Q21	Change (%)	
				1Q22 vs 4Q21	1Q22 vs 1Q21
Operating Income	490.6	561.7	150.0	-12.7%	>+200%
Passenger	412.7	458.4	86.7	-10.0%	>+200%
Maintenance	9.2	23.2	6.7	-60.2%	+37.5%
Cargo and mail	64.6	74.7	44.4	-13.5%	+45.3%
Other operating income	4.1	5.4	12.1	-24.9%	-66.4%
Operating Costs	552.7	1,627.2	377.7	-66.0%	+46.3%
Aircraft fuel	132.2	141.5	37.6	-6.6%	>+200%
Traffic operating costs	126.9	127.1	53.1	-0.2%	+139.2%
Employee costs	81.1	78.4	119.3	+3.5%	-32.0%
Aircraft maintenance costs	8.0	3.2	6.6	+144.9%	+20.8%
Cost of materials consumed	3.4	15.2	5.3	-77.9%	-37.1%
Commercial, communication and marketing costs	30.9	29.4	10.4	+5.2%	+198.1%
Impair. losses in inventories, receiv. and provisions	3.2	21.3	0.9	-84.9%	>+200%
Other operating expenses	31.3	34.9	26.6	-10.2%	+17.9%
Restructuring	0.0	9.6	0.0	-100.0%	-100.0%
Other non-recurring items	15.5	1,024.9	0.0	-98.5%	>+200%
Depreciation, amortisation and impairment losses	120.2	141.7	117.9	-15.2%	+1.9%
EBIT (Operating Result)	-62.0	-1,065.5	-227.7	+94.2%	+72.8%
EBIT margin	-12.6%	-189.7%	-151.9%	>+100p.p	>+100p.p
Recurring EBIT ¹⁾	-46.5	-30.9	-227.7	-50.3%	+79.6%
Recurring EBIT margin	-9.5%	-5.5%	-151.9%	-4.0p.p.	>+100p.p
Interest and similar income	8.7	8.7	8.2	-0.8%	+5.3%
Interest and similar expenses	-64.0	-67.7	-73.5	-5.5%	-12.9%
Overhedge Gains / Losses	0.0	0.0	7.5	n.m.	+100.0%
Net currency exchange	-14.7	-50.2	-109.8	+70.7%	+86.6%
Earnings before taxes	-132.1	-1,174.6	-395.2	+88.8%	+66.6%
Income tax	10.4	203.1	30.2	-94.9%	-65.4%
Net income/ (loss)	-121.6	-971.5	-365.1	+87.5%	+66.7%
EBITDA	58.1	-923.7	-109.8	+106.3%	+152.9%
EBITDA margin	11.8%	-164.4%	-73.2%	>+100p.p	+85.1p.p.
Recurring EBITDA ²⁾	73.7	110.8	-109.8	-33.5%	+167.1%
Recurring EBITDA margin	15.0%	19.7%	-73.2%	-4.7p.p.	+88.2p.p.

1) Recurring EBIT = Operating Result + Restructuring Costs + Non-recurring items.

2) Recurring EBITDA = EBITDA+ Restructuring Costs + Non-recurring items.

GLOSSARY

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

PRASK: Passenger revenue per available seat kilometer; passenger revenue divided by available seat kilometers.

CASK: Cost per available seat kilometer; operating costs divided by available seat kilometers.

RPK: Revenue passenger kilometer; total number of passengers multiplied by the number of kilometers flown.

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

Block Hours: Number of hours between departure and arrival of a flight, measured from the time the chocks are off or on.

EBIT: Operating Result = Operating Income less Operating Cost

EBITDA: Operating Result + Depreciation, amortisation and impairment losses

CAUTIONARY STATEMENT

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