

Lisbon, Portugal, 28 April 2023

Transportes Aéreos Portugueses, S.A. ("TAP" or "Group") informs on the fourth quarter of 2022 ("4Q22") and Full Year 2022 ("FY22") results.

As frequently communicated to the market, the financial information contained in this document refers to the consolidated financial statements of TAP, prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS), in accordance with the applicable legal provisions (Article 4 of Decree-Law 158/2009, dated 13 July, republished in Decree-Law 98/2015, dated 2 June), since TAP holds securities (bonds) admitted to trading in a regulated market (Euronext Lisbon) since 2019. The net profit for the year presented below (EUR 65.6m) is audited and in accordance with the provisions of the press release issued on 21 March 2023.

TAP additionally prepares individual financial statements, prepared in accordance with the Sistema de Normalização Contabilística ("SNC"), within the framework of the applicable legislation (Article 3 of Decree-Law 158/2009, dated 13 July, republished in Decree-Law 98/2015, dated 2 June), applicable for tax reporting purposes. The difference between the standards applicable to consolidated and individual financial statements may generate differences in the respective presentation and results obtained, due to the existence of different accounting policies.

The analysis of this document does not exclude the reading of the "Cautionary Statement" section.

HIGHLIGHTS

- **Strong fourth quarter revenues of EUR 1.0bn, exceeding pre-crisis levels by 29%**, driven by improved load factors and higher yields.
- **Record profitability** with recurring EBITDA of EUR 247.7m and recurring EBIT of EUR 94.7m, both above pre-crisis levels despite further increased fuel costs leading to margins of 23.7% and 9.1% respectively.
- **Positive net income of EUR 156.4m in 4Q22 and EUR 65.6m in FY22** driven by strong operating results, positive effects from the currency hedging policy implementation, as well as from the Group restructuring measures, and the recognition of deferred tax assets related to tax losses.
- **Liquidity position further strengthened**, driven by strong operating performance and the EUR 294m cash injection as part of the capital increase performed on 27 December 2022.

REVIEW OF THE FOURTH QUARTER OF 2022

- **Number of carried passengers increased by 50.7%** in 4Q22, compared with the same period of 2021, reaching 88% of fourth quarter of 2019, pre-crisis levels, while operating 24.8% more flights than in the fourth quarter of 2021 ("4Q21"), or 83% of the same period of 2019.
- **Capacity** (measured in ASK) reached 90% of pre-crisis levels, **increasing by 30.0%** in comparison to 4Q21. **Load Factor** improved 11.6 percentage points year-on-year, **reaching 81.5%** or 105% of pre-crisis levels.
- **Operating revenues were almost double the amount** of the same period last year, increasing by EUR 483.1m to EUR 1,044.8m, **representing 129% of 4Q19 operating revenues**. This was predominantly driven by increased fares and higher capacity, resulting in **passenger segment revenues increasing by EUR 459.3m** vs. 4Q21 to EUR 917.8m and generating a **PRASK of EUR 7.64 cents** - an improvement of 54.0% comparing to 4Q21 and 43.1% comparing to the same quarter in 2019.
- **The maintenance segment contributed to the increase in revenues** with EUR 33.7m, closing the fourth quarter **with revenues of EUR 56.8m, up 145.2%** from 4Q21, driven by the general recovery of the industry. **Revenues in the cargo segment contracted by EUR 12.6m and amounted to EUR 62.1m, declining by 16.9%**, compared to 4Q21 as global growth in belly capacity drives the normalisation of cargo yields.
- **Recurring operating costs amounted to EUR 950.2m**, increasing 60.3% compared to 4Q21. This **significant increase reflects the higher level of activity**. **Comparing to the same period of 2019, recurring operating costs were 18.0% higher, predominantly driven by higher fuel cost** as well as marketing and commercial expenses. Overall CASK from recurring operating costs increased by 23.3% compared to 4Q21. **Excluding fuel, CASK from recurring operating costs posted an increase of 8.2%**, to EUR 5.28 cents.
- **Fuel cost more than doubled**, increasing by EUR 174.2m year-on-year to EUR 315.7m.

- **Recurring EBITDA¹, was positive for the sixth consecutive quarter since the beginning of the crisis** and amounted to EUR 247.7m, in 4Q22. This is an increase of EUR 136.9m compared to the same period in 2021. **Recurring EBIT² amounted EUR 94.7m**, an increase of EUR 125.6m vs. 4Q21. Considering non-recurring items, EBIT amounted to EUR 122.7m (+ EUR 1,188.2m vs. 4Q21). **Compared to 4Q19 Recurring EBIT and EBIT improved by EUR 91.4m and EUR 119.1m respectively.**
- **Non-recurring items had a positive impact on EBIT of EUR 28.0m**, mainly consisting of effects from changes in the provision estimates due to Group restructuring.
- **Net Income was again positive this quarter** and improved by EUR 1,127.9m, compared with 4Q21, to EUR 156.4m, driven the strong operational performance, the implementation of an improved currency hedging policy in the context of TAP's current financial risk management strategy, aiming at reducing the volatility of impacts from currency movements on the P&L, and the recognition of deferred tax assets related to tax losses.
- **The balance sheet presented a strengthened cash and cash equivalents position of EUR 916.1m** as of 31 December 2022, increasing by EUR 103.5m. The capital increase of EUR 980m by the Portuguese Government, approved by the European Commission in the context of TAP's restructuring plan, was subscribed on 27 December 2022 and a first tranche of EUR 294m was injected in cash. Two further tranches of EUR 343m each will be injected on 20 December 2023 and 2024, respectively.
- From an operational perspective, there were no changes in the network in the fourth quarter. On the operating fleet³, during the quarter, **TAP operated a total of 93 aircraft**, of which one still as Cargo only. As of 31 December 2022, **66% of the mid and long-haul operating fleet consisted of NEO-family aircraft** (compared to 64% by 31 December 2021 and 43% by 31 December 2019).

REVIEW OF THE FULL YEAR 2022

- In the full year 2022, TAP carried a total of **13.8m passengers**, an increase of 136.1% compared to the previous year, reaching 81% of 2019 levels. The number of operated flights also grew significantly by 74.9% in that period, achieving 79% of pre-crisis levels.
- **Capacity** reached 87% of pre-crisis levels, **increasing by 94.2%** compared to the previous year. **Load Factor** improved 17.0 percentage points year-on-year, **reaching 80.0%** just 0.1 percentage point short of the level in 2019.
- **In FY22 revenues reached EUR 3,485.0m**, up 151.0% from fiscal year 2021 ("FY21"), along with a **higher level of activity** (ASK increased by 94.2%). Full year PRASK of EUR 6.68 cents improved 48.2% compared to the year before and 20.5% compared to 2019.
- **Recurring operating cost also increased visibly** by 73.4% to EUR 3,236.2m, **resulting in a positive recurring EBIT of EUR 248.8m**, an increase of EUR 726.7m or 4.7x the amount in fiscal year 2019.
- **Fuel cost more than tripled**, increasing by EUR 756.2m year-on-year to EUR 1,096.7m. Despite leading to a positive effect of EUR 85.5m, hedging could only marginally reduce the effect of higher jet-fuel prices, which contributed with EUR 458.4m to the fuel cost increase.
- **EBIT, including non-recurring items of EUR 19.4m, was also positive** with EUR 268.2m.
- In the full year, **CASK from recurring operating costs decreased by 10.7%** compared to the previous year, down to EUR 7.04 cents. Excluding fuel, the reduction was 27.8%, leading non-fuel unit costs to EUR 4.66 cents, just 0.5% below the EUR 4.68 cents level of 2019.
- TAP closed the year 2022 with a **Net Profit of EUR 65.6m**, up EUR 1,664.7m from the previous year.

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.

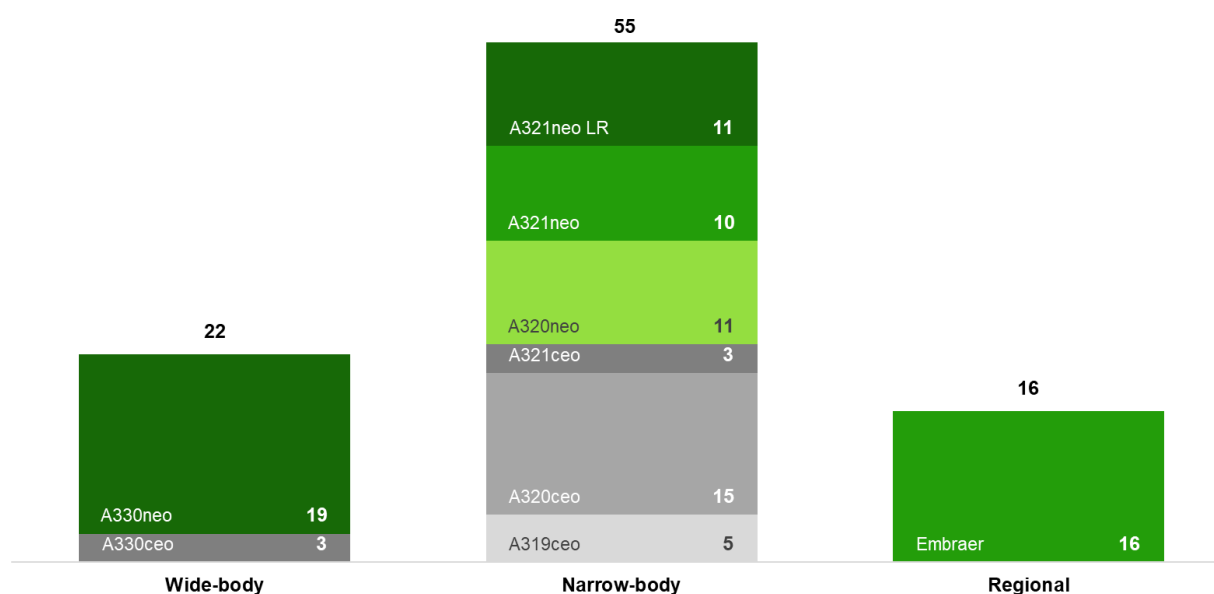
MAIN OPERATING INDICATORS

TAP, S.A. Consolidated	4Q22	4Q21	Change		FY22	FY21	Change	
			Value	%			Value	%
Passenger ('000)	3,615	2,399	+1,217	+50.7%	13,759	5,827	+7,932	+136.1%
RPK (million)	9,789	6,456	+3,333	+51.6%	36,782	14,917	+21,865	+146.6%
ASK (million)	12,013	9,240	+2,773	+30.0%	45,960	23,663	+22,297	+94.2%
Load Factor (%)	81.5	69.9	+12	+16.6%	80.0	63.0	+17	+27.0%
Block Hours	89,802	72,114	+17,688	+24.5%	344,900	195,636	+149,264	+76.3%
Number of Departures	27,910	22,358	+5,552	+24.8%	107,856	61,664	+46,192	+74.9%
Average Stage Length (km)	2,155	2,174	-19	-0.9%	2,143	2,147	-4	-0.2%
Active Staff (end of period) ¹⁾	6,988	6,626	+362	+5.5%	6,988	6,626	+362	+5.5%
PRASK (EUR cents)	7.64	4.96	+2.68	+54.0%	6.68	4.51	+2.17	+48.2%
Recurring CASK (EUR cents) ²⁾	7.91	6.41	+1.50	+23.3%	7.04	7.89	-0.85	-10.7%
Recurring CASK ex. fuel (EUR cents)	5.28	4.88	+0.40	+8.2%	4.66	6.45	-1.79	-27.8%

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 DECEMBER 2022 ¹⁾



1) 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	4Q22	4Q21	Change		FY22	FY21	Change	
			Value	%			Value	%
Operating Income	1,044.8	561.7	+483.1	+86.0%	3,485.0	1,388.5	+2,096.4	+151.0%
Passenger	917.8	458.4	+459.3	+100.2%	3,072.4	1,067.2	+2,005.2	+187.9%
Maintenance	56.8	23.2	+33.7	+145.2%	132.1	54.2	+77.9	+143.6%
Cargo and Mail	62.1	74.7	-12.6	-16.9%	258.3	236.2	+22.1	+9.4%
Other operating income	8.2	5.4	+2.8	+50.8%	22.2	30.9	-8.7	-28.2%
Operating Costs	922.1	1,627.2	-705.0	-43.3%	3,216.8	2,877.2	+339.5	+11.8%
Aircraft fuel	315.7	141.5	+174.2	+123.1%	1,096.7	340.5	+756.2	>+200%
Traffic operating costs	176.9	127.1	+49.8	+39.2%	699.1	372.2	+326.9	+87.8%
Employee costs	122.4	78.4	+44.0	+56.2%	416.7	373.4	+43.3	+11.6%
Aircraft maintenance costs	8.3	3.2	+5.0	+154.4%	33.4	19.4	+14.0	+72.1%
Cost of materials consumed	46.1	15.2	+31.0	>+200%	101.9	30.2	+71.7	>+200%
Commercial, communication and marketing costs	54.0	29.4	+24.6	+83.6%	181.0	71.4	+109.6	+153.5%
Impair. losses in inventories, receiv. and provisions	35.0	21.3	+13.7	+64.7%	56.1	51.4	+4.6	+9.0%
Other operating expenses	38.8	34.9	+4.0	+11.4%	141.9	118.3	+23.5	+19.9%
Restructuring	0.3	9.6	-9.3	n.m.	-3.4	-14.2	+10.8	+75.9%
Other non-recurring items	-28.3	1,024.9	-1,053.2	-102.8%	-16.0	1,024.9	-1,041.0	-101.6%
Depreciation, amortisation and impairment losses	153.0	141.7	+11.2	+7.9%	509.5	489.7	+19.8	+4.0%
EBIT (Operating Result)	122.7	-1,065.5	+1,188.2	+111.5%	268.2	-1,488.7	+1,756.9	+118.0%
EBIT margin	11.7%	-189.7%	>+100p.p	n.m.	7.7%	-107.2%	>+100p.p	n.m.
Recurring EBIT ¹⁾	94.7	-30.9	+125.6	>+200%	248.8	-478.0	+726.7	+152.0%
Recurring EBIT margin	9.1%	-5.5%	+14.6 p.p	n.m.	7.1%	-34.4%	+41.6 p.p	n.m.
Interest and similar income	11.8	8.7	+3.0	+34.6%	40.1	34.0	+6.1	+18.1%
Interest and similar expenses	-60.6	-67.7	+7.1	n.m.	-261.6	-293.6	+32.0	+10.9%
Overhedge Gains / Losses	-	-	-	n.m.	-	8.7	-8.7	-100.0%
Net currency exchange	25.6	-50.2	+75.8	+151.0%	-12.8	-175.5	+162.7	+92.7%
Earnings before taxes	99.5	-1,174.6	+1,274.2	+108.5%	33.9	-1,915.1	+1,949.1	+101.8%
Income tax	56.9	203.1	-146.3	-72.0%	31.7	316.0	-284.4	-90.0%
Net income/ (loss)	156.4	-971.5	+1,127.9	+116.1%	65.6	-1,599.1	+1,664.7	+104.1%
EBITDA	275.7	-923.7	+1,199.4	+129.8%	777.7	-999.0	+1,776.6	+177.8%
EBITDA margin	26.4%	-164.4%	>+100p.p	n.m.	22.3%	-71.9%	+94.3 p.p	n.m.
Recurring EBITDA ²⁾	247.7	110.8	+136.9	+123.5%	758.2	11.7	+746.5	>+200%
Recurring EBITDA margin	23.7%	19.7%	+4.0 p.p	n.m.	21.8%	0.8%	+20.9 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	31 Dec 22	31 Dec 21	Change	
			Value	%
ASSETS				
Non-current Assets				
Tangible assets	3,077.6	2,955.1	+122.6	+4.1%
Investment properties	1.7	1.6	+0.1	+4.6%
Intangible assets	23.3	23.5	-0.2	-0.8%
Investments in associates	-	0.2	-0.2	-100.0%
Deferred tax assets	447.4	363.5	+83.9	+23.1%
Other non current assets	18.3	23.4	-5.1	-21.7%
Other receivables	442.0	112.1	+329.9	>+200%
Total Non-current Assets	4,010.4	3,479.3	+531.1	+15.3%
Non-current Assets held for sale	0.2	-	+0.2	n.m.
Current Assets				
Inventories	66.4	56.6	+9.8	+17.4%
Clients and Other receivables	875.6	347.7	+527.9	+151.8%
Income tax receivable	0.4	-	+0.4	n.m.
Other current assets	44.8	21.9	+22.9	+104.4%
Cash and cash equivalents	916.1	812.6	+103.5	+12.7%
Total Current Assets	1,903.3	1,238.7	+664.5	+53.6%
Total Assets	5,913.9	4,718.1	+1,195.8	+25.3%
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	980.0	904.3	+75.7	+8.4%
Supplementary contributions and other capital instruments	-	-	-	n.m.
Legal reserves	8.3	8.3	-	-%
Hedge reserves	-5.7	0.2	-5.9	<-200%
Other reserves	-76.7	-0.2	-76.5	<-200%
Adjustments in equity shares	-28.1	-	-28.1	n.m.
Retained earnings	-525.7	218.4	-744.1	<-200%
Net income/(loss) for the year	65.6	-1,599.1	+1,664.7	+104.1%
Total Equity	417.6	-468.1	+885.7	+189.2%
LIABILITIES				
Non-current Liabilities				
Provisions	298.0	349.9	-52.0	-14.9%
Loans	552.0	795.7	-243.8	-30.6%
Lease liabilities with purchase option	634.7	488.9	+145.7	+29.8%
Lease liabilities without purchase option	1,660.7	1,683.0	-22.3	-1.3%
Post-employment benefits obligations	108.1	89.3	+18.8	+21.1%
Deferred tax liabilities	44.0	34.0	+10.0	+29.3%
Other payables	-	-	-	n.m.
Total Non-current Liabilities	3,297.4	3,440.9	-143.5	-4.2%
Current Liabilities				
Loans	356.8	141.5	+215.4	+152.3%
Loan from Portuguese Government	-	-	-	n.m.
Lease liabilities with purchase option	74.6	54.8	+19.9	+36.3%
Lease liabilities without purchase option	377.4	435.6	-58.2	-13.4%
Suppliers and Other payables	584.4	406.2	+178.2	+43.9%
Income tax payable	0.0	0.1	-0.1	-81.6%
Liabilities from unused flight documents	737.8	643.6	+94.2	+14.6%
Other current liabilities	67.8	63.7	+4.2	+6.5%
Total Current Liabilities	2,198.9	1,745.3	+453.6	+26.0%
Total Liabilities	5,496.2	5,186.1	+310.1	+6.0%
Total Equity and Liabilities	5,913.9	4,718.1	+1,195.8	+25.3%
Financial Debt	1,618.1	1,480.9	+137.2	+9.3%
Bank Loans & Bonds	908.8	937.2	-28.4	-3.0%
Lease liabilities with purchase option	709.3	543.7	+165.6	+30.5%
Cash and cash equivalents	916.1	812.6	+103.5	+12.7%
Net Financial Debt	702.0	668.3	+33.7	+5.0%
Lease liabilities without purchase option	2,038.1	2,118.5	-80.4	-3.8%

CONSOLIDATED STATEMENT OF CASH FLOWS

TAP, S.A. Consolidated EUR millions	31 Dec 22	31 Dec 21	Change	
			Value	%
OPERATING ACTIVITIES				
Receipts from customers	3,760.7	1,433.0	+2,327.7	+162.4%
Payments to suppliers	-2,558.5	-1,070.3	-1,488.2	-139.0%
Payments to employees	-404.8	-407.0	+2.2	+0.5%
Payments of low value and short-term leases	-6.0	-5.7	-0.3	-5.7%
Cash generated from operations	791.4	-50.0	+841.3	>+200%
Income Tax (payments)/receipts	-0.2	-0.0	-0.2	<-200%
Other (payments)/receipts relating to operating activities	-17.4	21.3	-38.7	-181.5%
Cash flow from operating activities (1)	773.8	-28.6	+802.4	>+200%
INVESTMENT ACTIVITIES				
Receipts from:				
Other financial assets	58.3	28.0	+30.3	+108.0%
Tangible fixed assets	-	38.7	-38.7	-100.0%
Investment subsidies	-	-	-	n.m.
Loans granted	913.8	883.4	+30.4	+3.4%
Interests and similar income	37.6	35.0	+2.6	+7.3%
Total receipts	1,009.7	985.1	+24.6	+2.5%
Payments relating to:				
Other financial assets	-117.3	-100.8	-16.5	-16.3%
Tangible fixed assets	-145.2	-57.1	-88.1	-154.4%
Intangible assets	-3.0	-5.4	+2.4	+44.9%
Loans granted	-985.3	-930.8	-54.5	-5.9%
Total payments	-1,250.7	-1,094.1	-156.7	-14.3%
Cash flow from investment activities (2)	-241.0	-108.9	-132.1	-121.3%
FINANCING ACTIVITIES				
Receipts from:				
Borrowings	-	-	-	n.m.
Capital increases, supplementary capital contributions and share issuance premium	294.0	998.0	-704.0	-70.5%
Lease liabilities with purchase option	-	-	-	n.m.
Total receipts	294.0	998.0	-704.0	-70.5%
Payments relating to:				
Borrowings	-34.2	-16.4	-17.7	-107.8%
Lease liabilities with purchase option	-62.8	-34.4	-28.5	-82.8%
Lease liabilities without purchase option	-541.0	-443.6	-97.4	-22.0%
Interests and similar costs	-78.7	-61.4	-17.3	-28.1%
Interest elements of lease liabilities without purchase option	-	-11.6	+11.6	+100.0%
Overhedge fuel derivatives	-	-	-	n.m.
Total payments	-716.7	-567.4	-149.3	-26.3%
Cash flow from financing activities (3)	-422.7	430.6	-853.3	-198.2%
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)	110.1	293.1	-182.9	-62.4%
EFFECT OF CURRENCY EXCHANGE DIFFERENCES	-6.6	0.7	-7.4	<-200%
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	812.6	518.8	+293.8	+56.6%
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	916.1	812.6	+103.5	+12.7%

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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