

## Earnings Release

### Second Quarter and First Half Year 2021 Results

**Lisbon, Portugal, August 27, 2021:** Transportes Aéreos Portugueses, S.A. ("TAP" or "Company") informs on the second quarter of 2021 ("2Q21") and half year 2021 ("1H21") results.

The financial information presented in this document refers to the unaudited consolidated financial statements of TAP (still subject to adjustments), which were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The revision of this document does not exclude the reading of the cautionary statement section.

#### **Highlights of the Second Quarter of 2021:**

While activity is still below pre pandemic levels, TAP experienced a ramp-up in the 2Q21:

- Increase of passengers' number to 928 thousand, + 136% vs 1<sup>st</sup> quarter 2021 ("1Q21")
- Increase of departures number to 12,546, more than 100% vs 1Q21
- Revenues of EUR 233.2 million, + EUR 83.2 million vs 1Q21
- Recurring EBITDA of EUR -54.9 million, an increase of EUR 54.9 million vs 1Q21
- Fleet reduction through phasing out of less efficient aircraft and reduction of operating costs, executing the Company's transformation plan
- Capital increase of EUR 462 million completed by the Portuguese Republic through the Directorate General of Treasury and Finance ("DGTF") assuring a final direct stake of circa 92% in the share capital of the Company
- As of June 30, 2021 cash position of EUR 542.8 million and Gross Financial Debt (excluding lease liabilities without purchase option) of EUR 2,670.4 million including the loan from the Portuguese Republic of EUR 1.2 billion

#### **Review of the Second Quarter of 2021:**

- Increase of 136.1% in the number of passengers in 2Q21 when compared to the previous quarter and almost 23x when compared to the homologous period of the previous year ("2Q20"), as a result of the gradual opening of markets in which TAP operates, following vaccination rate increase against COVID-19. ASK growth of +124.4%, compared to the previous quarter with a slight decrease in the load factor of 1.8 p.p. when compared to 1Q21.
- Increase in operating revenue to EUR 233.2 million (+55.5% compared to previous quarter), with the growth in RPK of 116.2% compared to 1Q21, supported by the growth of passenger revenues that increased 77.2% to EUR 153.6 million when compared to 1Q21.
- Operating costs of EUR 382.8 million show a slight increase (+1.4%) when compared to 1Q21. Nonetheless, the breakdown in operating costs shows some important trends in the most relevant captions: on the one hand, there was an increase in fuel and traffic operating costs (+58.3% and +31.1%, respectively), which reflect the activity ramp-up while, on the other hand, there was a decrease in personnel costs (-30.4%), with 722 employees leaving TAP during 2Q21. Also, it is worth mentioning the increase in impairment costs (EUR 28.8 million), being part compensated by the reversion on restructuring costs (EUR -23.8 million).
- Operating Result (EBIT) registered a negative value of EUR -149.6 million in 2Q21, a figure that compares to EUR -227.7 million in 1Q21 and EUR -272.2 million in 2Q20.
- Recurring EBITDA<sup>1</sup> registered a negative value of EUR 54.9 million in 2Q21, which shows a material improvement of EUR 54.9 million when compared to the previous quarter and EUR 47.5 million when compared to the homologous period of 2020.
- Net income was EUR -128.1 million in 2Q21, an increase of EUR 237.0 million when compared to 1Q21 and of EUR 58.9 million when compared to 2Q20.

<sup>1</sup> Recurring EBITDA = Operating Result + Depreciation, amortization and impairment losses + Restructuring + Other non recurrent items.

- Cash and cash equivalents position of EUR 542.8 million as of June 30, 2021, on the back of the May 24th capital increase approved by the European Commission to compensate the COVID-19 damages incurred during the period from March 19, 2020 to June 30, 2020, with the value of EUR 462 million.

### **Highlights of the Half Year 2021 results:**

- Globally, activity in the first 1H21 was still very affected by the pandemic effect and consequent mobility restrictions.
- Total operating income of EUR 383.1 million was strongly affected by the 1Q21 restrictions, with a decrease of 40.7% when compared to the same period in 2020 ("1H20") and of 73.6% when compared to 1<sup>st</sup> half 2019 ("1H19"). The breakdown shows a decrease in passenger revenues of EUR 305.2 million (-55.9% YoY), bringing the 1H21 figure to EUR 240.3 million, which was partially offset by the better performance of cargo and mail segment, which increased EUR 51.3 million (+96.3% YoY).
- In spite of the encouraging increase in 2Q21 vs 1Q21, ASKs in 1H21 still present a decrease of 40.6% when compared to 1H20. When compared to pre Covid levels, they were c. 73% below 1H19 value while RPK still presents a level 83% below 2019.
- Total operating costs amounted to EUR 760.5 million in 1H21, a decrease of EUR 313.1 million (-29.2%) when compared to 1H20, mainly explained by the material reduction of the following captions: fuel costs (-40.4%), traffic operating costs (-43.7%), personnel costs (-8.6%) and depreciation and amortization (-20.8%).
- This reduction is the result of the restructuring measures executed by the company, namely the headcount reduction – since December 31, 2020 a total of 1,302 employees left TAP, representing a decrease of 16% in total labour workforce number, as well as the negotiation of the agreements with unions by which salary revisions were defined.
- Operating Result (EBIT) was EUR -377.4 million, registering an increase of EUR 50.2 million YoY. When adjusted from non-recurring items and restructuring costs, recurring EBIT is EUR -401.2 million and recurring EBITDA is EUR -164.7 million.
- Half year 2021 net income was negative in EUR 493.1 million, which represents an increase of EUR 88.8 million when compared to the homologous period. The most relevant captions were interest expense (EUR -149.2 million) and foreign exchange differences (EUR -62.8 million), which are mostly related to the EUR depreciation against USD, although the majority represents a non-cash impact, as it relates to future rents. Whereas the most relevant tailwind for net income was the positive value of Jet Fuel over hedge of EUR 8.7 million.
- Fleet reduction during this semester with the exit of 2 Airbus A330 and 3 Airbus A320, while 1 A321LR and 2 A320 Neo phased in. The aircraft that joined TAP's operating fleet reinforce the Company's strategy on using aircraft with more efficient consumptions which allows TAP to adapt its operation according to the pace of the recovery in demand.
- On the shareholder's equity, it should be mentioned the capital increase of EUR 462 million which nearly covered the negative net income of the semester. With this capital increase by the Portuguese Republic, through DGTF, TAP's share capital has increased from EUR 41.5 million to EUR 503.5 million, and the Portuguese Republic, through the DGTF, become a direct shareholder of TAP, with a shareholding of circa 92% in TAP, with the remaining circa 8% still being held directly by TAP – Transportes Aéreos Portugueses, SGPS, S.A. ("TAP SGPS").
- Regarding gross financial debt, there was an increase of EUR 80 million, result of the increase of lease liabilities with purchase option and of the increase on the Portuguese Government loan due to capitalized interests.
- Cash and cash equivalents increased EUR 24 million to EUR 542.8 million, due to the already referred capital increase of EUR 462 million.

- Moreover, on June 24, 2021 the members for the Board of Directors of TAP were elected for the term of office 2021-2024 having this Board of Directors designated the Company's Executive Committee for the same mandate, on June 28 2021.
- The Company is expecting the approval of TAP Group restructuring plan ("Restructuring Plan") by the European Commission, while it continues to develop and execute measures to continue to decrease costs.
- The Restructuring Plan appreciation process by the European Commission has recently entered in a new processual phase (please see section Subsequent Events).
- The European Commission re-approved the EUR 1.2 billion rescue aid to TAP SGPS and decided to initiate an investigation to, complementarily, evaluate the compliance of the proposed Restructuring Plan and the corresponding aid with the European rules on State aid. The opening of this investigation gives Portugal and interested third parties the opportunity to submit comments and does not prejudice the final result of the investigation.

### **Subsequent Events:**

#### **BEGINNING OF A COLLECTIVE DISMISSAL PROCESS**

- Pursuant to the implementation of the proposed Restructuring Plan submitted by the Portuguese State to the European Commission on December 10, 2020, which is still under assessment by the European Commission, and further to the execution of Temporary Emergency Agreements with all the Unions and to TAP's declaration as a company in a difficult economic situation (under the terms of Resolution of the Council of Ministers No. 3/2021, of 14 January 2021), TAP deployed, between February and June 2021, a set of labour measures on a voluntary and consensual basis for its employees, namely mutual agreement terminations, early retirement, pre-retirement, part-time work, unpaid leave, as well as applications for vacancies available at Portugália – Companhia Portuguesa de Transportes Aéreos, S.A.
- As a consequence of these voluntary measures, the initial downsizing target of the Restructuring Plan proposal submitted by the Portuguese State to the European Commission on December 10, 2020 could be adjusted downwards and enabled the reduction of the number of employees eligible for unilateral measures to 124 employees – that is, an adjustment of circa 94% of the original target planned and required by the Restructuring Plan.
- As such, on July 8, 2021, TAP initiated a collective dismissal process involving these 124 employees, which will follow its procedure in accordance with an indicative timetable that is targeted to be completed in the last quarter of this year.
- Currently, and following the adherence of 42 employees to voluntary measures, the collective dismissal process targets only 82 employees.

#### **EUROPEAN COMMISSION'S DECISIONS**

- According to a press release issued by the European Commission on July 16, 2021 ("European Commission's Press Release"), this authority adopted the following two separate decisions:
  - (i) Re-approval of the EUR 1.2 billion rescue aid**
- The European Commission has decided to re-approve the EUR 1.2 billion rescue loan to TAP SGPS, which had previously been approved by a decision dated June 10, 2020, by further specifying the reasons for approving the aid (in connection with the situation of the TAP Group and its shareholders in June 2020), as required pursuant to the judgment of the General Court of the European Union of May 19, 2021 (case T-465/20), which annulled the initial rescue aid decision, while suspending the effects of the annulment pending the adoption of a new decision by the European Commission.

- Therefore, this new decision of the European Commission confirms the previous decision adopted by this authority on June 10, 2020, which found that the said EUR 1.2 billion rescue aid was compatible with the internal market, pursuant to Article 107(3)(c) of the Treaty on the Functioning of the European Union and in accordance with the requirements of the European Commission's Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty ("R&R Guidelines").

### (ii) TAP Group's Restructuring Plan

- According to the European Commission's Press Release, on June 10, 2021, Portugal notified to this authority a EUR 3.2 billion restructuring aid, with the aim of financing a restructuring plan of TAP SGPS, which sets out a package of measures for streamlining TAP's operations and reducing costs.
- Following this notification of the Portuguese Republic, the European Commission has decided to open an in-depth investigation to further assess the compliance of the proposed Restructuring Plan and of the related aid with the conditions of the R&R Guidelines.

### RESULTS OF THE GENERAL BONDHOLDERS' MEETING "OBRIGAÇÕES TAP 2019-2023"

- After the occurrence of the General Bondholders' Meeting, by reference to the bond issuance "OBRIGAÇÕES TAP 2019-2023", with ISIN PTTAPBOM0007, which took place, on second call, on July 19, 2021, by 4 PM (GMT+1) ("General Meeting"), in the absence of quorum in the first scheduled date, the following resolutions have been adopted:
  - Regarding **Item One** of the agenda of the General Meeting – "To resolve on the appointment of the Bondholders' common representative" – since no proposal has been submitted regarding this item within the 5-day period counting from publication of the convening notice (as detailed in section III of such notice), Item One of the agenda was not resolved upon, having been dismissed;
  - Pursuant to **Item Two** of the agenda of the General Meeting – "Considering the information provided by the Board of Directors according to which from the 2020 annual reports and consolidated accounts of the Company, prepared in accordance with IFRS, results an excess of the ratio of Adjusted Net Debt / Adjusted EBITDAR of 7x, and also that the business plan (which includes the estimates of this ratio for the years of 2021 and 2022) does not foresee the reversal of such situation, to amend the terms and conditions of "Obrigações TAP 2019-2023", through the deletion of subparagraph (a) of paragraph (i) of section 6.9.3 of said terms and conditions, that determines the right of the Bondholders to request the early repayment of their bonds if, at the end of each fiscal year and up to the maturity, said ratio is exceeded." – it was resolved to approve the proposal submitted by TAP's Board of Directors, which has been passed with 32,138 votes in favour (correspondent to 96.46% of the votes cast), 1,180 votes against (correspondent to 3.54% of the votes cast) and with no abstentions among the Bondholders admitted to participate and vote in the General Meeting;
  - As a result of the approval of the proposal for Item Two of the agenda, as detailed above, **Item Three** of the agenda – "In case the resolution of Item Two of the agenda is not approved, to resolve the amendment of subparagraph (a) of paragraph (iii) of section 6.9.3 of the terms and conditions of "Obrigações TAP 2019-2023", as follows: «(a) considering the information of the annual reports and consolidated accounts (or individual accounts, in the case the Issuer does not present consolidated accounts) approved by the Issuer, prepared in accordance with IFRS, and the definitions of this Prospectus, the Issuer exceeds the ratio of Adjusted Net Debt / Adjusted EBITDAR of 7x and such excess is not remedied within 60 (sixty) days as of the date of approval of the relevant annual reports and accounts (if the reports and accounts are approved within the term set forth in the applicable law) or as of the term for the approval of the reports and accounts set forth in the applicable law (if the reports and accounts are not approved within the term set forth in the applicable law), as applicable, and as evidenced by certificate signed by two directors of the Issuer and audited, except for the fiscal year of 2020, in relation to which this subparagraph (a) shall not apply»." – has been dismissed, not having been subject to resolution.

### **DECLARATION OF INSOLVENCY OF SPdH –SERVIÇOS PORTUGUESES DE HANDLING, S.A.**

- Bearing in mind the release published on May 10, 2021, about the filing by TAP for the insolvency of SPdH - Serviços Portugueses de Handling, S.A., also known by its trademark Groundforce Portugal ("SPdH"), on August 3, 2021, the court decided to declare SPdH insolvent in the case 11437/21.1T8LSB pending before the Commercial Court of Lisbon of the Judicial Court of the District of Lisbon – Judge 2.
- Notwithstanding the possibility of the court's decision being appealed in accordance with the relevant legal provisions, the procedural steps of the insolvency proceedings will ensue, with the highlight on the following topics:
  - (i) the declaration of insolvency does not determine, on its own, the termination of the employment agreements with SPdH's workers nor the suspension of long-term services agreements of SPdH, including the ground handling services agreement with TAP;
  - (ii) if it proves viable, the possibility of the continuity of SPdH's activity may be evaluated in the insolvency proceedings and the creditors may decide to approve a recovery plan of this company.
- Also, TAP was elected by Court as member of the SPdH Creditors Commission.

### **Details for TAP's 1H21 Earnings Conference Call:**

- **Date:** August 27, 2021
- **Start time:** 6 pm Lisbon time (GMT +1)
- **Speakers:**
  - Christine Ourmières-Widener – TAP Chief Executive Officer
  - João Gameiro – TAP Chief Financial Officer
- **Webcast and dial-in:**
  - For details on the webcast and dial-in, please pre-register using the following link:  
<https://www.incommglobevents.com/registration/client/8501/tap-1h21-earnings-call/>

*You will receive your access details via email*

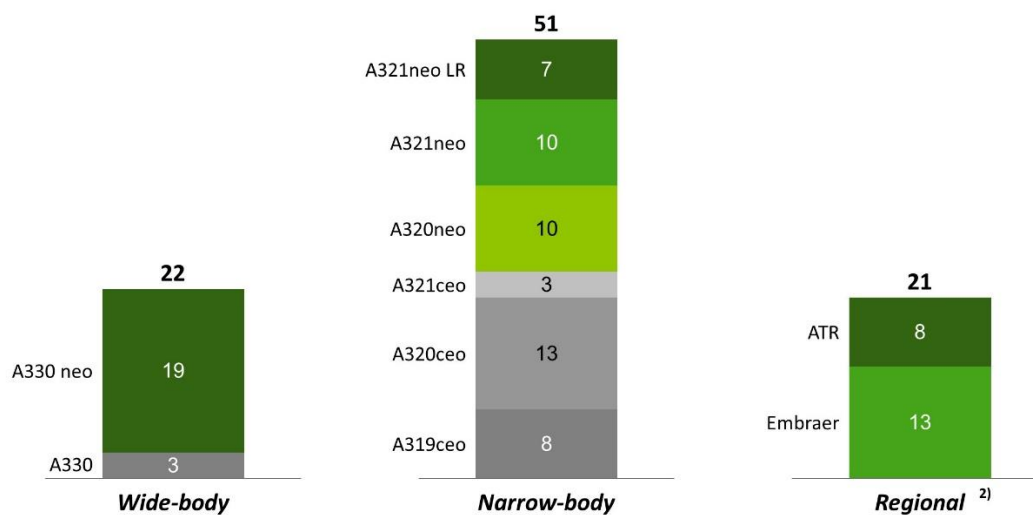
**This call is directed for investors and financial analysts.**

## MAIN OPERATING INDICATORS

TAP, S.A. Consolidated	2Q21	1Q21	2Q20	Change (%)		1H21	1H20	Change	
				2Q21 vs 1Q21	2Q21 vs 2Q20			Abs.	%
Passenger ('000)	928.1	393.0	41.0	+136.1%	>+200%	1,321.1	3,000.7	-1,679.5	-56.0%
RPK (million)	2,177.1	1,006.9	166.9	+116.2%	>+200%	3,184.1	7,862.5	-4,678.4	-59.5%
ASK (million)	4,503.0	2,007.0	253.7	+124.4%	>+200%	6,510.0	10,957.2	-4,447.2	-40.6%
Load Factor (%)	48.3	50.2	65.8	-1.8 p.p.	-17.4 p.p.	48.9	71.8	-22.8 p.p.	n.m.
Block Hours	38,865	21,079	3,022	+84.4%	>+200%	59,944	84,137	-24,192	-28.8%
Number of Departures	12,546	6,138	584	+104.4%	>+200%	18,684	27,096	-8,412.0	-31.0%
Average Stage Length (km)	2,091.0	2,394.1	3,922.3	-12.7%	-46.7%	2,189.9	2,035.5	154.4	+7.6%
Active Staff (end of period) <sup>1)</sup>	6,804	7,526	9,143	-9.6%	-25.6%	6,804	8,593	-1,789	-20.8%

1) Excludes staff not placed and not active.

## OPERATING FLEET AS OF JUNE 30, 2021 <sup>1)</sup>



1) Operating fleet as of June 30, 2021 may differ from total fleet.

2) Fleet from White – Airways, S.A. and Portugália – Companhia Portuguesa de Transportes Aéreos, S.A. (wet-lease).

## INCOME STATEMENT FOR 2Q21 AND 1H21

TAP, S.A. Consolidated EUR million	2Q21	1Q21	2Q20	Change (%)		1H21	1H20	Change	
				2Q21 vs 1Q21	2Q21 vs 2Q20			Abs.	%
<b>Operating Income</b>	<b>233.2</b>	<b>150.0</b>	<b>62.9</b>	<b>+55.5%</b>	<b>&gt;+200%</b>	<b>383.1</b>	<b>646.1</b>	<b>-263.0</b>	<b>-40.7%</b>
Passenger	153.6	86.7	32.1	+77.2%	>+200%	240.3	545.4	-305.2	-55.9%
Maintenance	10.2	6.7	6.5	+51.5%	+56.1%	16.9	38.5	-21.6	-56.2%
Cargo and mail	60.0	44.4	20.5	+35.1%	+192.3%	104.5	53.2	51.3	+96.3%
Other operating income	9.4	12.1	3.7	-22.7%	+154.3%	21.5	9.0	12.5	+140.0%
<b>Operating Costs</b>	<b>382.8</b>	<b>377.7</b>	<b>335.1</b>	<b>+1.4%</b>	<b>+14.2%</b>	<b>760.5</b>	<b>1,073.6</b>	<b>-313.1</b>	<b>-29.2%</b>
Aircraft fuel	59.5	37.6	9.7	+58.3%	>+200%	97.1	163.0	-65.9	-40.4%
Traffic operating costs	69.5	53.1	48.9	+31.1%	+42.1%	122.6	217.9	-95.3	-43.7%
Employee costs	83.0	119.3	58.5	-30.4%	+41.8%	202.3	221.2	-18.9	-8.6%
Aircraft maintenance costs	3.2	6.6	1.7	-51.9%	+86.9%	9.8	15.0	-5.3	-35.0%
Cost of materials consumed	2.6	5.3	6.2	-51.8%	-58.3%	7.9	29.3	-21.4	-73.0%
Commercial, communication and marketing costs	13.1	10.4	4.1	+25.9%	>+200%	23.5	49.0	-25.6	-52.2%
Impair. losses in inventories, receiv. and provisions	28.8	0.9	8.7	>+200%	>+200%	29.8	9.7	20.1	>+200%
Other operating expenses	28.4	26.6	27.4	+6.8%	+3.7%	54.9	65.1	-10.2	-15.7%
Restructuring	-23.9	0.0	1.1	<-200%	<-200%	-23.8	1.8	-25.6	<-200%
Other non recurrent items	0.0	0.0	2.8	-200.0%	-99.9%	0.0	2.8	-2.8	>+200%
Depreciation, amortisation and impairment losses	118.6	117.9	166.1	+0.6%	-28.6%	236.6	298.8	-62.2	-20.8%
<b>EBIT (Operating Result)</b>	<b>-149.6</b>	<b>-227.7</b>	<b>-272.2</b>	<b>+34.3%</b>	<b>+34.3%</b>	<b>-377.4</b>	<b>-427.6</b>	<b>50.2</b>	<b>+11.7%</b>
<b>EBIT margin</b>	<b>-64.2%</b>	<b>-151.9%</b>	<b>-433.0%</b>	<b>n.m.</b>	<b>n.m.</b>	<b>-98.5%</b>	<b>-66.2%</b>	<b>-32.3 p.p.</b>	<b>n.m.</b>
<b>Recurring EBIT <sup>1)</sup></b>	<b>-173.5</b>	<b>-227.7</b>	<b>-268.4</b>	<b>+23.8%</b>	<b>+35.4%</b>	<b>-401.2</b>	<b>-423.0</b>	<b>21.8</b>	<b>+5.2%</b>
<b>Recurring EBIT margin</b>	<b>-74.4%</b>	<b>-151.9%</b>	<b>-426.9%</b>	<b>n.m.</b>	<b>n.m.</b>	<b>-104.7%</b>	<b>-65.5%</b>	<b>-39.2 p.p.</b>	<b>n.m.</b>
Interest and similar income	8.4	8.2	8.3	+1.6%	+1.1%	16.6	16.9	-0.3	-2.0%
Interests and similar expenses	-75.8	-73.5	-59.7	+3.1%	+26.9%	-149.2	-119.2	-30.1	+25.2%
Overhedge Costs	1.1	7.5	14.0	-84.8%	-91.8%	8.7	-136.3	145.0	-106.4%
Net currency exchange	46.9	-109.8	42.6	-142.8%	+10.3%	-62.8	-58.0	-4.9	+8.4%
<b>Earnings before taxes</b>	<b>-168.9</b>	<b>-395.2</b>	<b>-267.1</b>	<b>+57.3%</b>	<b>+36.8%</b>	<b>-564.2</b>	<b>-724.1</b>	<b>159.9</b>	<b>+22.1%</b>
Income tax	40.9	30.2	80.1	+35.5%	-49.0%	71.0	142.1	-71.1	-50.0%
<b>Net income/ (loss)</b>	<b>-128.1</b>	<b>-365.1</b>	<b>-187.0</b>	<b>+64.9%</b>	<b>+31.5%</b>	<b>-493.1</b>	<b>-582.0</b>	<b>88.8</b>	<b>+15.3%</b>
<b>Recurring EBITDA <sup>2)</sup></b>	<b>-54.9</b>	<b>-109.8</b>	<b>-102.3</b>	<b>+50.0%</b>	<b>+46.4%</b>	<b>-164.7</b>	<b>-124.2</b>	<b>-40.4</b>	<b>-32.6%</b>
<b>Recurring EBITDA margin</b>	<b>-23.5%</b>	<b>-73.2%</b>	<b>-162.7%</b>	<b>n.m.</b>	<b>n.m.</b>	<b>-43.0%</b>	<b>-19.2%</b>	<b>-23.7 p.p.</b>	<b>n.m.</b>

- 1) Recurring EBIT = Operating Result + Restructuring Costs + Non recurring items.
- 2) Recurring EBITDA = Operating Result + Restructuring Costs + Non recurring items + Depreciation, amortization and impairment losses.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2021 AND DECEMBER 31, 2020**

<b>TAP, S.A. Consolidated</b> EUR million	<b>30 -Jun-21</b>	<b>31-Dec-20</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Tangible fixed assets	2,863.1	2,944.3
Investment Properties	1.6	1.5
Intangible assets	24.4	24.9
Investments in associates	0.2	0.2
Deferred tax assets	156.2	129.1
Other non current assets	24.9	24.3
Other receivables	99.8	92.2
	<b>3,170.1</b>	<b>3,216.4</b>
<b>Current Assets</b>		
Inventories	72.2	80.2
Clients and Other receivables	1,126.7	1,115.6
Income tax receivable	0.1	0.3
Other current assets	27.0	26.0
Other financial assets	-	-
Cash and cash equivalents	542.8	518.8
	<b>1,768.7</b>	<b>1,740.7</b>
<b>Total Assets</b>	<b>4,938.8</b>	<b>4,957.1</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share Capital	503.5	41.5
Supplementary contributions and other capital instruments	154.4	154.4
Legal reserves	8.3	8.3
Foreign currency translation reserves	-	-
Hedge reserves	4.5	(22.9)
Other reserves	(0.2)	(0.2)
Retained earnings	(1,330.9)	(105.0)
Group Net income/(loss)	(493.1)	(1,230.3)
<b>Total equity</b>	<b>(1,153.5)</b>	<b>(1,154.3)</b>
<b>Non-current liabilities</b>		
Provisions	141.9	109.0
Provisions for restructuring	36.3	93.2
Loans	587.5	596.0
Lease liabilities with purchase option	443.4	397.2
Lease liabilities without purchase option	1,616.4	1,611.4
Post-employment benefits obligations	95.8	109.6
Deferred tax liabilities	73.0	108.0
Other payables	(0.0)	(0.0)
	<b>2,994.3</b>	<b>3,024.4</b>
<b>Current Liabilities</b>		
Loans	354.9	345.0
Loan from Portuguese Government	1,238.2	1,210.8
Lease liabilities with purchase option	46.4	41.3
Lease liabilities without purchase option	403.5	427.3
Suppliers and Other payables	338.1	386.5
Income tax payable	0.0	0.0
Liabilities from unused flight documents	657.5	602.0
Other current liabilities	59.4	74.0
	<b>3,098.1</b>	<b>3,087.0</b>
<b>Total liabilities</b>	<b>6,092.3</b>	<b>6,111.4</b>
<b>Total equity and liabilities</b>	<b>4,938.8</b>	<b>4,957.1</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS FOR 1H2021 AND 1H2020

TAP, S.A. Consolidated EUR million	1H2021	1H2020
<b>Operating Activities</b>	<b>-153.5</b>	<b>90.2</b>
Cash generated from operations	-155.1	64.3
Receipts from customers	449.3	940.5
Payments to suppliers	-350.1	-644.9
Payments to employees	-251.4	-227.7
Payments of low value and short-term leases	-2.9	-3.5
Income Tax (payment/receipt)	0.0	-0.3
Other receipts/payments relating to operating activities	1.6	26.2
<b>Cash flow from investment activities</b>	<b>-10.2</b>	<b>-48.6</b>
<b>Receipts from:</b>	<b>388.7</b>	<b>341.7</b>
Other financial assets	19.6	10.1
Tangible fixed assets	38.7	0.0
Investment government grants	0.0	0.5
Loans granted	317.6	316.8
Interests and similar income	12.9	14.4
<b>Payments relating to:</b>	<b>-398.9</b>	<b>-390.3</b>
Other financial assets	-33.0	-26.7
Tangible fixed assets	-31.6	-18.2
Intangible assets	-1.4	-1.9
Loans granted	-332.9	-343.5
<b>Cash from financing activities</b>	<b>186.0</b>	<b>-323.6</b>
<b>Receipts from:</b>	<b>462.0</b>	<b>41.3</b>
Borrowings	0.0	25.0
Portuguese Government	0.0	0.0
Other	0.0	25.0
Capital increases, supplementary capital contributions	462.0	0.0
Lease liabilities with purchase option	0.0	16.3
<b>Payments relating to:</b>	<b>-276.0</b>	<b>-364.9</b>
Borrowings	-5.5	-172.1
Lease liabilities with purchase option	-14.4	-17.9
Lease liabilities without purchase option	-201.1	-77.7
Interests and similar costs	-28.3	-33.6
Interest elements of lease liabilities without purchase option	-15.1	-11.8
Overhedge fuel derivatives	-11.6	-51.8
<b>Net increase/decrease in cash and cash equivalents</b>	<b>22.3</b>	<b>-281.9</b>
Effects of currency exchange differences	1.8	-7.5
<b>Cash and cash equivalents - beginning of the period</b>	<b>518.8</b>	<b>426.3</b>
<b>Cash and cash equivalents - end of the period</b>	<b>542.8</b>	<b>136.9</b>

### GLOSSARY

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

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

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

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

**Wet lease:** Contract in which an airline provides the aircraft, the complete crew, carries out maintenance and covers the aircraft insurance (ACMI – Aircraft, Crew, Maintenance and Insurance), receiving, in return, the payment for the hours operated. The company that contracts this service provides the flight number and, therefore, is responsible for the passengers and for the cargo, as well as for supporting the remaining operating costs such as fuel, airport fees and reservations.

**YoY:** Year-on-year; meaning, the change from the same period of the previous year.

### CAUTIONARY STATEMENT

This document was prepared by TAP for information purposes and may be subject to amendments. All data included in the present document shall refer to the document date. TAP shall not be under any obligation to update or revise this document.

The information contained in this document is not and shall not be understood as an offer (public or private) of securities issued by TAP or as advice or recommendation for investment/divestment in these securities. Information herein included shall be read together with other public information. Any person that, at some point, decides to trade securities issued by TAP or other financial instruments indexed to these securities, shall decide based in its own judgment regarding its value or adequacy of these securities to its own objective and only based in public information included in the relevant documentation disclosed by TAP, and having considered all professional advices or other that may deem necessary or appropriate in the circumstances and not based in the information included in this document.

This document may contain forward-looking information and statements, based on TAP management's current expectations or beliefs. Forward-looking statements are statements that shall not be interpreted as historical facts.

These forward-looking statements are subject to a number of factors and uncertainties that can cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, in the airline industry, in competition and in economic conditions. Forward-looking statements may be identified by words such as "believes", "expects", "anticipates", "projects", "intends", "should", "seeks", "estimates", "future" or similar expressions, or also by verbs in the future or conditional tense.

Although these statements reflect our current expectations, which we believe are reasonable, investors, and, generally, all the recipients of this document are cautioned that forward-looking information and statements included in this document are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control, that can cause actual results and developments to differ materially from those expressed in, or implied or projected by the forward-looking information and statements included in this document. All the recipients of this document are cautioned not to put undue reliance on any forward-looking information or statements, and it is not advised that any forward-looking information or statements constitute the base or the support of any agreement, commitment, or investment decision in relation to securities issued by TAP or other financial instruments indexed to these securities. TAP does not assume any obligation to update, supplement or review any forward-looking information or statements contained herein.

TAP's Management believes that the preparation of TAP's financial statements as at June 30, 2021 shall be made on a going concern basis, based on (i) the approval by the European Commission, on June 10, 2020, of the State aid to TAP Group, in the form of a loan in the amount of EUR 1.2 billion (also taking into consideration that the judgment of the General Court of the European Union of May 19, 2021, which annulled the initial rescue aid decision from the European Commission, suspended the effects of the annulment pending the adoption of a new decision by the European Commission, which was effectively adopted by this entity subsequently on July 16, 2021), (ii) the Restructuring Plan project approved by TAP, which presents a perspective of gradual growth of its activity, despite the relevant reduction embedded in the projections for the activity when compared to its activity prior to the COVID-19 pandemic levels, combined with a strategy of fleet reduction, reduction of operational costs and investment, although one cannot exclude a scenario of aggravation of the pandemic situation or activity growth below what is estimated in the Restructuring Plan under assessment by the European Commission (iii) the concession of an aid to TAP by the Portuguese State approved by the European Commission, by decision in April 23 2021 and subsequently amended to include damages for COVID in the period between march 20 and June 30 2020 in the context of which, in May 24 2021, there was a capital increase in TAP through the injection of EUR 462 million in cash by the Portuguese Republic through DGTf and subscription by this entity of 92.4 million of shares representing TAP share capital with the nominal value of EUR 5 each (iv) the expectation, although no commitment has been undertaken and no certainty exists in that regard, of the gathering of the direct or indirect TAP shareholders' financial support and/or ability to obtain external financial resources that TAP may need namely through subsequent state aids in the context of COVID damages approved by the European Commission that may be granted to TAP until the Restructuring Plan approval (v) as well as the full commitment and availability assumed by the Portuguese Government to work with the European Commission in order to obtain the approval of the Restructuring Plan by this entity, along with the ongoing interactions with the European Commission about the adequacy of the Restructuring Plan, the fundamental purpose of which is to ensure the financial and economic sustainability, viability and continuity of the operations of TAP Group.

The financial information included in this Earnings Release is not audited and therefore it is still subject to further adjustments.