

Trading Update

Third Quarter 2021 and 30 September 2021 Results

Lisbon, Portugal, 25 November 2021: Transportes Aéreos Portugueses, S.A. ("TAP" or "Company") informs on the third quarter of 2021 ("3Q21") and results as of 30 September 2021 ("9M21").

The financial information presented in this document refers to the unaudited consolidated financial statements of TAP (and therefore still subject to adjustments), which were 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 of the Third Quarter of 2021:

- Growth of passengers' number to 2,107 thousand, + 127% vs 2nd quarter 2021 ("2Q21")
- Increase of departures number to 20,622, + 64.4% vs 2Q21
- Revenues of EUR 443.7 million, + 90.3% vs 2Q21
- Recurring EBITDA positive for the first time after the surge of COVID-19 pandemic of EUR 65.6 million, an increase of EUR 120.4 million vs 2Q21
- As of 30 September 2021, cash position of EUR 397.6 million and gross financial debt (excluding lease liabilities without purchase option) of EUR 2.7 billion including the loan from the Portuguese Republic of EUR 1.2 billion

Message from TAP's CEO, Christine Ourmières-Widener: *"The opening of borders in TAP's main markets is reflected in our Company's financial performance and is the first indication of a slow recovery from a difficult and challenging period for the entire aviation industry, the Company and all its stakeholders. We are cautiously confident that this trend will be sustainable and will be reflected in TAP's financial situation".*

Financial Review of the Third Quarter of 2021:

- The world and Europe watched the vaccination progress which enabled a gradual lifting of air traffic restrictions and a recovery throughout the summer to most of the destinations where TAP operates. Nonetheless Brazil, a market that represented more than 20% of sales before the surge of COVID-19 pandemic, opened only on 1 September 2021
- As a result, TAP presented an increase of 127.0% in the number of passengers in 3Q21 when compared to the previous quarter and +144.7% when compared to the homologous period of the previous year ("3Q20"). The number of ASKs grew by +75.7%, when compared to the previous quarter with an increase in the load factor of 18.3 p.p. when compared to 2Q21.
- The increase of EUR 210.5 million in operating revenue to EUR 443.7 million (+90.3% compared to the previous quarter) was driven by the growth of passenger revenues that increased EUR 214.9 million reaching EUR 368.5 million (+139.9% vs 2Q21) with RPKs presenting a similar growth (+142.4%) when compared to 2Q21. Cargo and mail segment continued its good performance with revenues of EUR 57.0 million presenting although a small decrease vs 2Q21 (-5.0%). Maintenance is already reflecting the sector's recovery with an increase of 39.4% to EUR 14.2 million.
- While revenues almost doubled, operating costs reached EUR 489.5 million which shows a modest increase of +27.9% when compared to 2Q21. This increase is mostly explained by aircraft fuel and traffic operating costs captions, that increased +71.4% and +76.1% respectively.
- On personnel costs, and despite the variation of less 114 employees in the quarter, there was a slight increase of +11.7% mainly due to variable costs in result of the ramp-up of the activity. Most of the exits in the quarter were voluntary but there were already some exits in the context of the collective dismissal that started on 1 September and finished on 16 October 2021.
- Operating Result (EBIT) registered a negative value of EUR -45.9 million in 3Q21 (a figure that compares to EUR -149.6 million in 2Q21 and EUR -182.6 million in 3Q20), an improvement that results not only from the

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activity ramp-up but also from the restructuring measures. Recurring EBITDA¹ registered, for the first time since the COVID-19 pandemic started, a positive value of EUR 65.6 million in 3Q21.

- Net income was EUR -134.5 million in 3Q21, a slight decrease of EUR 6.4 million when compared to 2Q21, with a strong negative impact from currency exchange caption that hit TAP's P&L this quarter, the majority of which is non-cash.
- Cash and cash equivalents position was of EUR 397.6 million as of 30 September 2021.

30 September 2021 results:

- Revenues as of 30 September 2021 were marked by a recovery in summer traffic but still 67% lower than 2019, with Brazil opening only by the beginning of September and the USA still closed. As such, total operating income reached EUR 826.8 million which is still slightly below in 1.7% when compared to the same period in 2020 ("9M20"). To this result contributed the decrease in passenger revenues of EUR 91.2 million (-13.0% YoY), partially compensated by the cargo and mail segment, which increased EUR 81.9 million (+102.8% YoY).
- ASKs continued to increase YoY although at modest pace (+1.4%) and load factor progressed to an average of 58.7% in the 9M21 given the higher Load Factors reached during the summer season (almost 70%).
- Total operating costs amounted to EUR 1,250.0 million in 9M21, a decrease of EUR 201.4 million (-13.9%) when compared to 9M20, mainly explained by the material reduction in depreciation and amortization caption (EUR -81.0 million) and traffic operating costs (EUR -35.7 million). On personnel costs, headcount presents less 1,820 employees than one year ago, with costs 5.3% lower.
- Operating Result (EBIT) increased by EUR 187.0 million YoY to EUR -423.2 million and recurring EBIT was EUR -447.1 million, given the partial reversion of the restructuring provision of EUR 23.8 million. EBITDA increased by EUR 106.0 million to EUR -75.2 million.
- Net income as of 30 September 2021 was negative in EUR 627.6 million, which represents an improvement of EUR 73.0 million when compared to the homologous period. To this result contributed the negative impact of foreign exchange differences in EUR -125.3 million of which EUR -104.6 million are due to EUR/USD depreciation in future rents and therefore without any cash impact.
- The Company continued the fleet reduction and renewal during the last quarter, with the phase out of 1 Airbus A320, and phase-in of new aircraft (1 A321LR and 1 A320 Neo). The Company continues the process of renewing its fleet assuring at the end of the 3rd quarter that 65% of the aircrafts in operation are last generation aircraft and highly energy efficient. In terms of fuel consumption, modern aircraft can save 20% more fuel than previous models (that have been phasing out) and produce less CO2 emissions.
- Regarding gross financial debt (excluding lease liabilities without purchase option), and comparing to 30 June 2021 figures, there was an increase of EUR 78.4 million, mainly in result of the increase of lease liabilities with purchase option (+ EUR 56.8 million).
- Cash and cash equivalents decreased EUR 145.2 million since 30 June 2021 to EUR 397.6 million. A note shall be made to the Company's effort to pay tickets refunds, an amount that has been gradually decreasing.
- The Company is still expecting the approval of TAP Group restructuring plan ("Restructuring Plan"), objective to which the management has been working closely with the Portuguese Government. Meanwhile TAP is focused in continuing its restructuring measures and restoring operations, serving its new and traditional destinations.

¹ Recurring EBITDA = Operating Result + Depreciation, amortization and impairment losses + Restructuring + Other non-recurrent items.

MAIN OPERATIONAL INDICATORS

TAP, S.A. Consolidated	3Q21	2Q21	3Q20	Change (%)		9M21	9M20	Change	
				3Q21 vs 2Q21	3Q21 vs 3Q20			Abs.	%
Passenger ('000)	2,107	928	861	+127.0%	+144.7%	3,428	3,862	-434	-11.2%
RPK (million)	5,277	2,177	1,876	+142.4%	+181.4%	8,461	9,738	-1,277	-13.1%
ASK (million)	7,914	4,503	3,266	+75.7%	+142.3%	14,424	14,224	200	+1.4%
Load Factor (%)	66.7	48.3	57.4	+18.3 p.p.	+9.3 p.p.	58.7	68.5	-9.8 p.p.	n.m.
Block Hours	63,578	38,865	29,182	+63.6%	+117.9%	123,522	113,319	10,203.5	+9.0%
Number of Departures	20,622	12,546	10,304	+64.4%	+100.1%	39,306	37,400	1,906	+5.1%
Average Stage Length (km)	2,079	2,091	1,904	-0.6%	+9.2%	2,132	1,999	132	+6.6%
Active Staff (end of period) ¹⁾	6,690	6,804	8,510	-1.7%	-21.4%	6,690	8,510	-1,820	-21.4%

1) Excludes staff not placed and not active.

MAIN FINANCIAL INDICATORS

TAP, S.A. Consolidated	3Q21	2Q21	3Q20	Change (%)		9M21	9M20	Change	
				3Q21 vs 2Q21	3Q21 vs 3Q20			Abs.	%
Total Operating Income (million €)	443.7	233.2	195.2	+90.3%	+127.3%	826.8	841.3	-14.4	-1.7%
Passenger Income (million €)	368.5	153.6	154.6	+139.9%	+138.4%	608.8	700.0	-91.2	-13.0%
Cargo and Mail Income (million €)	57.0	60.0	26.4	-5.0%	+115.7%	161.5	79.7	81.9	+102.8%
Recurring EBITDA (million €) ¹⁾	65.6	-54.9	-48.7	>+200%	>+200%	-99.1	-172.9	73.8	+42.7%
Recurring EBITDA margin	14.8%	-23.5%	-24.9%	n.m.	n.m.	-12.0%	-20.5%	n.m.	n.m.
Operating Result (EBIT) (million €)	-45.9	-149.6	-182.6	+69.4%	+74.9%	-423.2	-610.2	187.0	+30.6%
EBIT margin	-10.3%	-64.2%	-93.6%	n.m.	n.m.	-51.2%	-72.5%	n.m.	n.m.

1) Recurring EBITDA = EBIT + Depreciation, amortisation and impairment losses + Restructuring Costs + Other non-recurrent items

FINANCING AND CONTRACTUAL OBLIGATIONS

TAP, S.A. Consolidated EUR million	30 -Set-21	30-Jun-21	Variation	
			Abs.	%
Financial Debt	2,748.8	2,670.4	78.4	+2.9%
Bank Loans & Bonds	950.0	942.4	7.5	+0.8%
Portuguese State Loan	1,252.2	1,238.2	14.0	+1.1%
Lease liabilities with purchase option	546.6	489.8	56.8	+11.6%
Cash and cash equivalents	397.6	542.8	-145.2	-26.8%
Net Financial Debt	2,351.2	2,127.6	223.6	+10.5%
Lease liabilities without purchase option	2,012.7	2,019.9	-7.2	-0.4%

INCOME STATEMENT

TAP, S.A. Consolidated EUR million	3Q21	2Q21	3Q20	Change (%)		9M21	9M20	Change	
				3Q21 vs 2Q21	3Q21 vs 3Q20			Abs.	%
Operating Income	443.7	233.2	195.2	+90.3%	+127.3%	826.8	841.3	-14.4	-1.7%
Passenger	368.5	153.6	154.6	+139.9%	+138.4%	608.8	700.0	-91.2	-13.0%
Maintenance	14.2	10.2	8.9	+39.4%	+58.6%	31.0	47.4	-16.4	-34.5%
Cargo and mail	57.0	60.0	26.4	-5.0%	+115.7%	161.5	79.7	81.9	+102.8%
Other operating income	4.0	9.4	5.2	-57.4%	-23.7%	25.5	14.2	11.3	+79.7%
Operating Costs	489.5	382.8	377.8	+27.9%	+29.6%	1,250.0	1,451.4	-201.4	-13.9%
Aircraft fuel	102.0	59.5	43.4	+71.4%	+134.9%	199.0	206.4	-7.3	-3.6%
Traffic operating costs	122.5	69.5	62.9	+76.1%	+94.7%	245.1	280.8	-35.7	-12.7%
Employee costs	92.7	83.0	90.4	+11.7%	+2.5%	295.0	311.7	-16.7	-5.3%
Aircraft maintenance costs	6.4	3.2	2.3	+103.0%	+173.8%	16.2	17.4	-1.2	-6.8%
Cost of materials consumed	7.1	2.6	6.7	+174.8%	+4.9%	15.0	36.1	-21.1	-58.4%
Commercial, communication and marketing costs	18.6	13.1	10.2	+41.9%	+82.1%	42.0	59.2	-17.2	-29.1%
Impair. losses in inventories, receiv. and provisions	0.4	28.8	-0.6	-98.6%	+163.1%	30.2	9.1	21.1	>+200%
Other operating expenses	28.5	28.4	28.4	+0.6%	+0.4%	83.4	93.5	-10.1	-10.8%
Restructuring	0.0	-23.9	0.6	n.m.	n.m.	-23.8	2.3	-26.2	>-200%
Other non recurrent items	0.0	0.0	3.2	n.m.	n.m.	0.0	6.0	-6.0	-100.0%
Depreciation, amortisation and impairment losses	111.4	118.6	130.2	-6.1%	-14.4%	348.0	429.0	-81.0	-18.9%
EBIT (Operating Result)	-45.9	-149.6	-182.6	+69.4%	+74.9%	-423.2	-610.2	187.0	+30.6%
EBIT margin	-10.3%	-64.2%	-93.6%	n.m.	n.m.	-51.2%	-72.5%	n.m.	n.m.
Recurring EBIT ¹⁾	-45.9	-173.5	-178.8	+73.6%	+74.4%	-447.1	-601.8	154.8	+25.7%
Recurring EBIT margin	-10.3%	-74.4%	-91.6%	n.m.	n.m.	-54.1%	-71.5%	n.m.	n.m.
Interest and similar income	8.6	8.4	8.2	+3.3%	+4.8%	25.2	25.2	0.1	+0.2%
Interests and similar expenses	-76.7	-75.8	-58.7	-1.2%	-30.5%	-225.9	-177.9	-48.0	-27.0%
Overhedge Costs - Covid Effect	0.0	1.1	-6.6	n.m.	n.m.	8.7	-142.9	151.6	+106.1%
Net currency exchange	-62.4	46.9	97.6	-233.0%	-164.0%	-125.3	39.6	-164.8	-416.4%
Earnings before taxes	-176.3	-168.9	-142.2	-4.4%	-24.0%	-740.5	-866.3	125.8	+14.5%
Income tax	41.8	40.9	23.5	+2.4%	+77.7%	112.9	165.6	-52.8	-31.9%
Net income/ (loss)	-134.5	-128.1	-118.7	-5.0%	-13.3%	-627.6	-700.6	73.0	+10.4%
EBITDA ²⁾	65.6	-31.0	-52.5	>+200%	>+200%	-75.2	-181.2	106.0	+58.5%
EBITDA margin	+14.8%	-13.3%	-26.9%	n.m.	n.m.	-9.1%	-21.5%	n.m.	n.m.
Recurring EBITDA ³⁾	65.6	-54.9	-48.7	>+200%	>+200%	-99.1	-172.9	73.8	+42.7%
Recurring EBITDA margin	+14.8%	-23.5%	-24.9%	n.m.	n.m.	-12.0%	-20.5%	n.m.	n.m.

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

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

Subsequent Events:

INFORMATION ON A DIRETOR'S RESIGNATION

- By letter delivered on 30 September 2021 to the Chairperson of the Board of Directors of TAP, Mr. João Weber Ramos dos Reis Gameiro resigned to his office of director of TAP, which became effective, under the terms of the law, at the end of the month of October 2021. Following the resignation submitted by this director, who was a member of the Executive Committee of TAP as Chief Financial Officer, on 30 September 2021 at the end of the day, the Board of Directors of TAP resolved to amend the composition of the Executive Committee of TAP, by replacing the resigning director by the director Mr. Gonçalo Neves da Costa Monteiro Pires, with effect as of 15 October 2021.

REPLACEMENT OF THE REPRESENTATIVE FOR THE RELATIONS WITH CAPITAL MARKETS AND THE PORTUGUESE SECURITIES MARKET COMMISSION

- On 15 October 2021, TAP has appointed Mr. Gonçalo Neves da Costa Monteiro Pires, member of the Board of Directors of TAP and member of the Executive Committee of TAP, as its Representative for the Relations with Capital Markets and the Portuguese Securities Market Commission ("CMVM"), replacing Mr. João Weber Ramos dos Reis Gameiro, who held this position until that date. This replacement of the Representative for the Relations with Capital Markets and the CMVM is effective from 15 October 2021 onwards.

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-kilometer (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.

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 only and may be subject to amendments. All data included in the present document shall refer to the document's date. TAP shall not be under any obligation to update or revise this document.

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

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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 unaudited financial statements as of 30 September 2021 shall be made on a going concern basis, based on (i) the approval by the European Commission, on 10 June 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 19 May 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 16 July 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 23 April 2021 and subsequently amended to include damages for COVID-19 in the period between 20 March 2020 and 30 June 2020 in the context of which, in 24 May 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-19 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.

Taking into account the current situation of TAP Group, the continuity of its operations depends on (i) the approval of the Restructuring Plan by the European Commission (ii) the obtention of shareholder direct/indirect financial support and/or external financial resources that may be necessary, and/or the approval by the European Commission of support for compensation of COVID-19 damages until the date of approval of the Restructuring Plan by the European Commission and (iii) the evolution of the COVID-19 pandemic and the evolution of activity in the air transport sector, namely regarding the scenarios of a possible worsening of the pandemic or of a lower growth of the TAP Group's activity compared to what is estimated in the Restructuring Plan that may be approved, which may lead to the need to obtain additional financial resources compared to those currently estimated. The potential impacts of these factors on the TAP Group's future operating and financial activity, as well as on the air transport sector, represent a material uncertainty that may cast doubt on the TAP Group's ability to maintain the continuity of its operations.