

## Copa Holdings Reports Financial Results for the Second Quarter of 2023

August 9, 2023

PANAMA CITY, Aug. 9, 2023 /PRNewswire/ -- Copa Holdings, S.A. (NYSE: CPA), today announced financial results for the second quarter of 2023 (2Q23). The terms "Copa Holdings" and the "Company" refer to the consolidated entity. The following financial information, unless otherwise indicated, is presented in accordance with International Financial Reporting Standards (IFRS). See the accompanying reconciliation of non-IFRS financial information to IFRS financial information included in the financial tables section of this earnings release. Unless otherwise stated, all comparisons with prior periods refer to the second quarter of 2022 (2Q22).

### OPERATING AND FINANCIAL HIGHLIGHTS

- Copa Holdings reported a net profit of US\$17.5 million for 2Q23 or US\$0.44 per share. Excluding special items comprised of the unrealized mark-to-market net loss of US\$137.0 million related to the Company's convertible notes, as well as changes in the value of financial investments, the Company would have reported a net profit of US\$154.5 million or US\$3.92 per share.
- Copa Holdings reported an operating profit of US\$194.7 million and a 24.1% operating margin for the quarter, as compared to an operating profit of US\$42.3 million and an operating margin of 6.1% in 2Q22.
- Passenger traffic, measured in terms of revenue passenger miles (RPMs), increased by 15.4% year over year, while capacity (available seat miles or ASMs) increased by 13.6%. As a result, the load factor for the quarter increased by 1.3 percentage points to 86.1%, as compared to 2Q22.
- Total revenues for 2Q23 increased 16.7% to US\$809.2 million, mainly driven by higher capacity, while yields increased 2.0% to 13.3 cents. Revenue per available seat mile (RASM) increased 2.7% to 12.0 cents, as compared to 2Q22.
- Operating cost per available seat mile (CASM) decreased 17.0% from 10.9 cents in 2Q22 to 9.1 cents in 2Q23, mainly driven by a decrease of 35.9% in the price of jet fuel per gallon. CASM excluding fuel (Ex-fuel CASM) decreased by 0.8% in the quarter to 5.9 cents, when compared to 2Q22.
- The Company ended the quarter with approximately US\$1.3 billion in cash, short-term and long-term investments, which represent 39.6% of the last twelve months' revenues.
- The Company closed the quarter with total debt, including lease liabilities, of US\$1.8 billion, while our Adjusted Net Debt to EBITDA ratio ended at 0.5 times.
- During the quarter, the Company announced that it will start service to Barquisimeto, Venezuela, bringing the total number of destinations in its network to 81. This new route is scheduled to start in October of 2023.
- During the quarter, the Company took delivery of two Boeing 737 MAX 9 aircraft, ending the quarter with a consolidated fleet of 101 aircraft – 67 Boeing 737-800s, 24 Boeing 737 MAX 9s, 9 Boeing 737-700s, and 1 Boeing 737-800 freighter.
- Copa Airlines had an on-time performance for the quarter of 91.6% and a flight completion factor of 99.8%, once again positioning itself among the very best in the industry.

### Subsequent Events

- In July, the Company took delivery of one Boeing 737 MAX 9 and expects to receive five additional aircraft during the remainder of 2023. The Company expects to end the year with 107 aircraft.
- On July 14, 2023, Copa Holdings publicly announced the redemption of all its outstanding 4.50% Convertible Senior Notes due in 2025, which will be completed on September 18, 2023. Notes surrendered for conversion will be settled through a combination of cash (up to the principal amount of US\$350 million) and shares of Copa common stock, the latter to cover the remainder of the conversion obligation.
- In July, Copa Airlines was recognized by Skytrax – for the eighth consecutive year – as the "Best Airline in Central America and the Caribbean".
- Copa Holdings will make its third dividend payment of the year of US\$0.82 per share on October 13, 2023, to all Class A and Class B shareholders on record as of September 29, 2023.

Consolidated Financial & Operating Highlights	2Q23	2Q22	Variance vs. 1Q19	1Q23	Variance vs. 1Q23	YTD23	YTD22	Variance vs. YTD22
Revenue Passengers Carried (000s)	2,980	2,481	20.1 %	2,881	3.4 %	5,860	4,765	23.0 %
Revenue Passengers OnBoard (000s)	4,469	3,796	17.7 %	4,295	4.0 %	8,764	7,272	20.5 %
RPMs (millions)	5,826	5,047	15.4 %	5,723	1.8 %	11,550	9,632	19.9 %



Passenger revenue	773,781	656,943	17.8 %	834,018	-7.2 %	1,607,798	1,198,198	34.2 %
Cargo and mail revenue	23,888	26,734	-10.6 %	23,252	2.7 %	47,140	48,270	-2.3 %
Other operating revenue	11,521	9,718	18.6 %	9,995	15.3 %	21,516	18,508	16.3 %
<b>Total Operating Revenue</b>	<b>809,190</b>	<b>693,394</b>	<b>16.7 %</b>	<b>867,264</b>	<b>-6.7 %</b>	<b>1,676,454</b>	<b>1,264,976</b>	<b>32.5 %</b>
<b>Operating Expenses</b>								
Fuel	214,121	295,952	-27.7 %	265,498	-19.4 %	479,619	487,208	-1.6 %
Wages, salaries, benefits and other employees' expenses	105,788	88,995	18.9 %	102,652	3.1 %	208,441	178,754	16.6 %
Passenger servicing	21,460	16,074	33.5 %	20,391	5.2 %	41,852	31,681	32.1 %
Airport facilities and handling charges	54,146	47,280	14.5 %	50,479	7.3 %	104,625	93,067	12.4 %
Sales and distribution	56,596	56,222	0.7 %	61,406	-7.8 %	118,002	102,255	15.4 %
Maintenance, materials and repairs	31,430	28,311	11.0 %	40,296	-22.0 %	71,726	51,662	38.8 %
Depreciation and amortization	74,818	65,337	14.5 %	72,677	2.9 %	147,494	128,640	14.7 %
Flight operations	25,005	24,068	3.9 %	27,424	-8.8 %	52,429	46,106	13.7 %
Other operating and administrative expenses	31,158	28,894	7.8 %	33,228	-6.2 %	64,387	58,568	9.9 %
<b>Total Operating Expense</b>	<b>614,523</b>	<b>651,133</b>	<b>-5.6 %</b>	<b>674,053</b>	<b>-8.8 %</b>	<b>1,288,576</b>	<b>1,177,942</b>	<b>9.4 %</b>
<b>Operating Profit/(Loss)</b>	<b>194,667</b>	<b>42,261</b>	<b>360.6 %</b>	<b>193,212</b>	<b>0.8 %</b>	<b>387,878</b>	<b>87,035</b>	<b>345.7 %</b>
<b>Non-operating Income (Expense):</b>								
Finance cost	(30,517)	(21,270)	43.5 %	(24,365)	25.2 %	(54,882)	(41,715)	31.6 %
Finance income	11,970	3,526	239.5 %	8,842	35.4 %	20,812	6,071	242.8 %
Gain (loss) on foreign currency fluctuations	3,712	(6,834)	-154.3 %	1,201	209.0 %	4,914	(3,916)	-225.5 %
Net change in fair value of derivatives	(137,473)	113,670	-220.9 %	(37,933)	262.4 %	(175,406)	106,918	-264.1 %
Other non-operating income (expense)	925	(2,717)	-134.0 %	1,235	-25.1 %	2,160	(5,381)	-140.1 %
<b>Total Non-Operating Income/(Expense)</b>	<b>(151,382)</b>	<b>86,375</b>	<b>-275.3 %</b>	<b>(51,020)</b>	<b>196.7 %</b>	<b>(202,402)</b>	<b>61,977</b>	<b>-426.6 %</b>
<b>Profit before taxes</b>	<b>43,284</b>	<b>128,636</b>	<b>-66.4 %</b>	<b>142,192</b>	<b>-69.6 %</b>	<b>185,476</b>	<b>149,012</b>	<b>24.5 %</b>
Income tax expense	(25,775)	(4,560)	465.2 %	(20,671)	24.7 %	(46,447)	(5,177)	797.2 %
<b>Net Profit/(Loss)</b>	<b>17,509</b>	<b>124,076</b>	<b>-85.9 %</b>	<b>121,521</b>	<b>-85.6 %</b>	<b>139,030</b>	<b>143,835</b>	<b>-3.3 %</b>

#### EPS

Basic	0.44	3.01	-85.3 %	3.07	-85.5 %	3.52	3.49	1.0 %
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#### Shares used for calculation:

Basic	39,442,367	41,211,540	-4.3 %	39,565,223	-0.3 %	39,442,367	41,211,540	-4.3 %
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#### Copa Holdings, S. A. and subsidiaries

#### Consolidated statement of financial position (US\$ Thousands)

	June 2023	December 2022
	(Unaudited)	(Audited)
<b>ASSETS</b>		
Cash and cash equivalents	281,863	122,424
Short-term investments	833,576	812,323
<b>Total cash, cash equivalents and short-term investments</b>	<b>1,115,439</b>	<b>934,747</b>
Accounts receivable, net	162,333	135,415
Accounts receivable from related parties	2,388	2,168
Expendable parts and supplies, net	104,332	93,332
Prepaid expenses	46,025	52,322
Prepaid income tax	335	798
Other current assets	21,855	17,043
	<b>337,268</b>	<b>301,078</b>
<b>TOTAL CURRENT ASSETS</b>	<b>1,452,707</b>	<b>1,235,825</b>
Long-term investments	222,282	202,056
Long-term prepaid expenses	8,832	7,770

Property and equipment, net	3,025,624	2,883,524
Right of use assets	258,268	234,380
Intangible, net	82,919	78,555
Net defined benefit assets	1,732	504
Deferred tax assets	29,499	30,743
Other Non-Current Assets	16,796	17,005
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,645,952</b>	<b>3,454,537</b>

<b>TOTAL ASSETS</b>	<b>5,098,659</b>	<b>4,690,362</b>
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#### LIABILITIES

Loans and borrowings	445,083	142,484
Derivative financial instruments	426,555	-
Current portion of lease liability	71,940	80,084
Accounts payable	161,880	166,660
Accounts payable to related parties	2,340	1,004
Air traffic liability	649,054	651,805
Frequent flyer deferred revenue	114,570	111,526
Taxes Payable	49,178	43,878
Employee benefits obligations	39,537	44,913
Income tax payable	14,814	6,276
Other Current Liabilities	757	1,175
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,975,708</b>	<b>1,249,805</b>

Loans and borrowings long-term	1,107,037	1,301,819
Lease Liability	186,558	158,289
Derivative financial instruments	-	251,150
Deferred tax Liabilities	34,710	16,571
Other long - term liabilities	239,763	220,618
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,568,068</b>	<b>1,948,447</b>

<b>TOTAL LIABILITIES</b>	<b>3,543,776</b>	<b>3,198,252</b>
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#### EQUITY

Class A - 34,064,142 issued and 28,367,386 outstanding	21,366	21,327
Class B - 10,938,125	7,466	7,466
Additional Paid-In Capital	105,551	103,465
Treasury Stock	(360,001)	(344,541)
Retained Earnings	1,652,916	1,367,784
Net profit	139,030	348,054
Other comprehensive loss	(11,445)	(11,445)

<b>TOTAL EQUITY</b>	<b>1,554,883</b>	<b>1,492,110</b>
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<b>TOTAL EQUITY LIABILITIES</b>	<b>5,098,659</b>	<b>4,690,362</b>
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**Copa Holdings, S. A. and subsidiaries**  
**Consolidated Statement of Cash Flows**  
**For the six months ended June 30,**  
**(In US\$ thousands)**

	2023 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Cash flow from operating activities	420,171	327,833	149,669
Cash flow used in investing activities	(293,193)	(262,743)	(119,776)
Cash flow from (used in) from financing activities	32,461	(142,046)	107,806
<b>Net increase in cash and cash equivalents</b>	<b>159,439</b>	<b>(76,956)</b>	<b>137,699</b>
Cash and cash equivalents at January 1	122,424	211,081	119,065
<b>Cash and cash equivalents at June 30</b>	<b>\$ 281,863</b>	<b>\$ 134,125</b>	<b>\$ 256,764</b>

Short-term investments	833,576	801,132	925,680
Long-term investments	222,282	140,374	99,235
<b>Total cash and cash equivalents and investments at June 30</b>	<b>\$ 1,337,721</b>	<b>\$ 1,075,631</b>	<b>\$ 1,281,679</b>

## Copa Holdings, S.A.

### NON-IFRS FINANCIAL MEASURE RECONCILIATION

*This press release includes the following non-IFRS financial measures: Adjusted Net Profit, Adjusted Basic EPS, and Operating CASM Excluding Fuel. This supplemental information is presented because we believe it is a useful indicator of our operating performance and is useful in comparing our performance with other companies in the airline industry. These measures should not be considered in isolation and should be considered together with comparable IFRS measures, in particular operating profit, and net profit. The following is a reconciliation of these non-IFRS financial measures to the comparable IFRS measures:*

<b>Reconciliation of Adjusted Net Profit</b>	<u>2Q23</u>	<u>2Q22</u>	<u>1Q23</u>
Net Profit as Reported	\$ 17,509	\$ 124,076	\$ 121,521
Add: Net change in fair value of derivatives	\$ 137,473	\$ (113,670)	\$ 37,933
Add: Net change in fair value of financial investments	\$ (512)	\$ 2,761	\$ (1,655)
<b>Adjusted Net Profit</b>	<b>\$ 154,469</b>	<b>\$ 13,168</b>	<b>\$ 157,798</b>

<b>Reconciliation of Adjusted Basic EPS</b>	<u>2Q23</u>	<u>2Q22</u>	<u>1Q23</u>
Adjusted Net Profit	\$ 154,469	\$ 13,168	\$ 157,798
Shares used for calculation of Basic EPS	39,442	41,212	39,565
<b>Adjusted Basic Earnings per share (Adjusted Basic EPS)</b>	<b>\$ 3.92</b>	<b>\$ 0.32</b>	<b>\$ 3.99</b>

<b>Reconciliation of Operating Costs per ASM Excluding Fuel (CASM Excl. Fuel)</b>	<u>2Q23</u>	<u>2Q22</u>	<u>1Q23</u>
Operating Costs per ASM as Reported (in US\$ Cents)	9.1	10.9	10.2
Aircraft Fuel Cost per ASM (in US\$ Cents)	3.2	5.0	4.0
<b>Operating Costs per ASM excluding fuel (in US\$ Cents)</b>	<b>5.9</b>	<b>6.0</b>	<b>6.2</b>

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