

# Azul



**Quarterly Information - ITR  
Individual and Consolidated**

**AZUL S.A.**

June 30, 2022  
with auditor's report on  
review of individual and consolidated  
quarterly information - ITR

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## Declaration of the Officers on the Individual and Consolidated Quarterly Information

In compliance with CVM Instruction 480/09, the Officers declare that they have discussed, reviewed and agreed with the individual and consolidated quarterly information for the three and six-month periods ended June 30, 2022.

Barueri, August 8, 2022.

John Peter Rodgerson  
Chief Executive Officer

Alexandre Wagner Malfitani  
Chief Financial and Investor Relations Officer

Antonio Flavio Torres Martins Costa  
Chief Operating Officer

Abhi Manoj Shah  
Chief Revenue Officer



## **Declaration of the Officers on the Independent Auditor's Report on Review of Quarterly Information**

In compliance with CVM Instruction No. 480/09, the Officers declare that they have discussed, reviewed and agreed with the conclusions expressed in the independent auditor's report on review of the individual and consolidated quarterly information for the three and six-month periods ended June 30, 2022.

Barueri, August 8, 2022.

John Peter Rodgerson  
Chief Executive Officer

Alexandre Wagner Malfitani  
Chief Financial and Investor Relations Officer

Antonio Flavio Torres Martins Costa  
Chief Operating Officer

Abhi Manoj Shah  
Chief Revenue Officer



## Audit Committee Summary Report

The members of the Audit Committee, considering the documents presented and the information and clarifications provided by the Company's Officers and by Ernst & Young Auditores Independentes S.S., have reviewed the individual and consolidated quarterly information (ITR) for the three and six-month periods ended June 30, 2022.

Based on this information, they have expressed a favorable opinion on the individual and consolidated quarterly information (ITR) for the three and six-month periods ended June 30, 2022, accompanied by the report on review of quarterly information (ITR) to be issued by Ernst & Young Auditores Independentes S.S., recommending its approval to the Board Directors.

Barueri, August 8, 2022.

Sergio Eraldo de Salles Pinto  
Member and Coordinator of the Audit Committee

Gelson Pizzirani  
Member of the Audit Committee

Gilberto de Almeida Peralta  
Member of the Audit Committee





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**A free translation from Portuguese into English of Independent Auditor's Review Report on Quarterly Information prepared in Brazilian currency in accordance with NBC TG 21 and IAS 34 - Interim Financial Reporting, and with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR)**

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## **Report on the review of interim financial information**

The Shareholders, Board of Directors and Officers

**Azul S.A.**

Barueri – SP

### **Introduction**

We have reviewed the interim individual and consolidated financial information of Azul S.A. (the "Company") contained in the Quarterly Information Form – ITR form as of June 30, 2022, which comprise the statement of financial position on June 30, 2022, the statements of profit or loss and comprehensive income (loss) for the three and six-month period then ended and the statements of changes in equity and of cash flows for the six-month period then ended, including explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with the NBC TG 21 - Interim Financial Reporting and the international standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as for the presentation of this information in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with the Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion on the individual and consolidated interim financial information**



iew, nothing has come to our attention that causes us to believe that the individual l interim financial information included in the quarterly information referred to above l, in all material respects, in accordance with the NBC TG 21 and IAS 34 applicable n of Quarterly Information (ITR), and presented consistently with the rules issued Securities and Exchange Commission (CVM).



## **Other matters**

### **Statements of value added**

The quarterly information referred to above includes the individual and consolidated statements of value added (DVA) for the six-month period ended June 30, 2022, prepared under the responsibility of the Company management and presented as supplementary information under IAS 34. These statements have been subject to review procedures performed in conjunction with the review of the quarterly information, in order to determine whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria set forth by this Standard and consistently with the individual and consolidated interim financial information taken as a whole.

São Paulo, August 11, 2022.

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC-2SP034519/O-6

Márcio D. Berstecher  
Accountant CRC-1SP 259735/O-2





**AZUL S.A.**  
**Statements of financial position**  
June 30, 2022  
(In thousands of Brazilian reais – R\$)

Assets	Note	Parent company		Consolidated	
		06/30/22	12/31/21	06/30/22	12/31/21
<b>Current assets</b>					
Cash and cash equivalents	4	235,391	293,557	2,033,628	3,073,799
Short-term investments	5	-	-	915	1,430
Accounts receivable	6	-	-	1,561,404	997,893
Aircraft sublease	7	-	-	97,178	76,199
Inventories	8	-	-	658,199	571,924
Security deposits and maintenance reserves	9	8,076	-	438,822	410,912
Taxes recoverable	10	14,805	14,568	159,141	109,699
Derivative financial instruments	21	-	-	357,523	83,177
Prepaid expenses	11	8,208	3,097	224,378	244,413
Advances to suppliers	12	63	97	141,321	203,379
Other assets		-	199	47,322	73,511
Total current assets		266,543	311,518	5,719,831	5,846,336
<b>Non-current assets</b>					
Long-term investments	5	-	-	701,933	906,719
Aircraft sublease	7	-	-	145,538	197,999
Security deposits and maintenance reserves	9	-	-	1,753,518	1,553,507
Derivative financial instruments	21	-	-	185,989	270,640
Prepaid expenses	11	-	-	390,597	313,365
Other assets		44	53	32,707	126,100
Investments	14	762,642	763,059	-	-
Property and equipment	15	-	-	1,970,370	1,961,174
Right-of-use assets	16	-	-	6,255,951	5,999,595
Intangible assets	17	-	-	1,373,137	1,358,038
Total non-current assets		762,686	763,112	12,809,740	12,687,137
<b>Total assets</b>		<b>1,029,229</b>	<b>1,074,630</b>	<b>18,529,571</b>	<b>18,533,473</b>

The accompanying notes are an integral part of this individual and consolidated quarterly information.





**AZUL S.A.**  
**Statements of financial position**  
 June 30, 2022  
 (In thousands of Brazilian reais – R\$)

Liabilities and equity	Note	Parent company		Consolidated	
		06/30/22	12/31/21	06/30/22	12/31/21
<b>Current liabilities</b>					
Loans and financing	18	14,505	39,124	1,272,314	1,023,390
Leases	19	-	-	3,463,498	3,497,665
Accounts payable	20	2,380	3,436	1,722,690	1,530,480
Accounts payable - supplier finance		-	-	660,127	3,694
Airport fees		-	-	686,909	506,338
Air traffic liability	22	-	-	3,981,133	3,063,816
Reimbursement to customers		-	-	48,683	173,686
Salaries and benefits		2,121	2,317	456,337	459,697
Insurance payable		6,434	-	33,101	92,793
Taxes	23	4,116	1,354	103,086	150,084
Derivative financial instruments	21	-	-	65,899	77,509
Provisions	24	-	-	991,338	977,103
Other liabilities		-	-	84,235	153,998
<b>Total current liabilities</b>		<b>29,556</b>	<b>46,231</b>	<b>13,569,350</b>	<b>11,710,253</b>
<b>Non-current liabilities</b>					
Loans and financing	18	1,434,852	1,833,877	7,954,057	8,995,341
Leases	19	-	-	10,485,994	11,392,910
Accounts payable	20	-	-	512,219	342,200
Airport fees		-	-	480,481	472,364
Derivative financial instruments	21	-	-	129,915	209,542
Taxes	23	-	-	84,071	101,046
Provisions	24	-	-	2,378,288	2,522,486
Related parties	25	4,912	4,776	-	-
Provision for loss on investment	14	17,676,709	17,522,749	-	-
Other liabilities		-	-	1,051,996	1,120,334
<b>Total non-current liabilities</b>		<b>19,116,473</b>	<b>19,361,402</b>	<b>23,077,021</b>	<b>25,156,223</b>
<b>Equity</b>					
	26				
Issued capital		2,313,855	2,290,876	2,313,855	2,290,876
Advance for future capital increase		68	120	68	120
Capital reserve		1,954,094	1,946,471	1,954,094	1,946,471
Treasury shares		(12,882)	(11,959)	(12,882)	(11,959)
Other comprehensive income		5,799	5,799	5,799	5,799
Accumulated losses		(22,377,734)	(22,564,310)	(22,377,734)	(22,564,310)
		(18,116,800)	(18,333,003)	(18,116,800)	(18,333,003)
<b>Total liabilities and equity</b>		<b>1,029,229</b>	<b>1,074,630</b>	<b>18,529,571</b>	<b>18,533,473</b>

The accompanying notes are an integral part of this individual and consolidated quarterly information.





## AZUL S.A.

### Statements of profit or loss

Periods ended June 30, 2022 and 2021

(In thousands of Brazilian reais – R\$, except basic and diluted earnings (loss) per share)

	Note	Parent company			
		Three-month periods ended		Six-month periods ended	
		06/30/22	06/30/21	06/30/22	06/30/21
Administrative expenses		(12,686)	(8,685)	(35,226)	(14,799)
Other expenses, net		-	-	-	(12)
	30	(12,686)	(8,685)	(35,226)	(14,811)
Share of profit (loss) of subsidiaries		(2,616,900)	1,071,525	(162,000)	(1,593,649)
<b>Operating profit (loss)</b>		<b>(2,629,586)</b>	<b>1,062,840</b>	<b>(197,226)</b>	<b>(1,608,460)</b>
Financial income		7,709	2,840	14,521	4,628
Financial expenses		(56,366)	(43,565)	(111,611)	(110,044)
Derivative financial instruments		310,586	(22,845)	406,761	31,187
Foreign currency exchange, net		(112,814)	162,783	74,131	58,114
	31	149,115	99,213	383,802	(16,115)
<b>Net profit (loss) for the period</b>		<b>(2,480,471)</b>	<b>1,162,053</b>	<b>186,576</b>	<b>(1,624,575)</b>
Basic earnings (loss) per common share – R\$	27	(0.10)	0.04	0.01	(0.06)
Diluted earnings (loss) per common share – R\$	27	(0.10)	0.04	0.01	(0.06)
Basic earnings (loss) per preferred share – R\$	27	(7.13)	3.36	0.54	(4.70)
Diluted earnings (loss) per preferred share – R\$	27	(7.13)	2.86	0.54	(4.70)

The accompanying notes are an integral part of this individual and consolidated quarterly information.





## AZUL S.A.

### Statements of profit or loss

Periods ended June 30, 2022 and 2021

(In thousands of Brazilian reais – R\$, except basic and diluted earnings (loss) per share)

	Note	Consolidated			
		Three-month periods ended		Six-month periods ended	
		06/30/22	06/30/21	06/30/22	06/30/21
Passenger revenue		3,558,442	1,417,436	6,401,411	3,015,078
Other revenues		366,321	284,930	716,393	513,110
<b>Net revenue</b>	29	<b>3,924,763</b>	<b>1,702,366</b>	<b>7,117,804</b>	<b>3,528,188</b>
Cost of services	30	(3,500,628)	(1,821,842)	(6,521,463)	(3,648,712)
<b>Gross profit (loss)</b>		<b>424,135</b>	<b>(119,476)</b>	<b>596,341</b>	<b>(120,524)</b>
Selling expenses		(163,322)	(79,569)	(295,667)	(170,272)
Administrative expenses		(55,666)	(98,272)	(134,439)	(168,286)
Other expenses, net	30	(68,682)	(104,599)	(179,615)	(188,774)
		(287,670)	(282,440)	(609,721)	(527,332)
<b>Operating profit (loss)</b>		<b>136,465</b>	<b>(401,916)</b>	<b>(13,380)</b>	<b>(647,856)</b>
Financial income		42,084	30,484	90,998	55,833
Financial expenses		(1,125,665)	(866,272)	(2,149,823)	(1,781,424)
Derivative financial instruments		592,506	(33,638)	898,548	44,534
Foreign currency exchange, net		(2,125,861)	2,434,685	1,360,233	706,925
Financial result	31	(2,616,936)	1,565,259	199,956	(974,132)
Result from related party transactions		-	(1,290)	-	(2,587)
<b>Net profit (loss) for the period</b>		<b>(2,480,471)</b>	<b>1,162,053</b>	<b>186,576</b>	<b>(1,624,575)</b>
Basic earnings (loss) per common share – R\$	27	(0.10)	0.04	0.01	(0.06)
Diluted earnings (loss) per common share – R\$	27	(0.10)	0.04	0.01	(0.06)
Basic earnings (loss) per preferred share – R\$	27	(7.13)	3.36	0.54	(4.70)
Diluted earnings (loss) per preferred share – R\$	27	(7.13)	2.86	0.54	(4.70)

The accompanying notes are an integral part of this individual and consolidated quarterly information.





## AZUL S.A.

### Statements of comprehensive income

Periods ended June 30, 2022 and 2021

(In thousands of Brazilian reais – R\$)

	Parent company and Consolidated			
	Three-month periods ended		Six-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
Net profit (loss) for the period	(2,480,471)	1,162,053	186,576	(1,624,575)
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>	-	-	-	-
Total comprehensive income (loss) for the period	(2,480,471)	1,162,053	186,576	(1,624,575)

The accompanying notes are an integral part of this individual and consolidated quarterly information.





## AZUL S.A.

### Statements of changes in equity

Periods ended June 30, 2022 and 2021  
(In thousands of Brazilian reais – R\$)

Description	Note	Issued capital	Advance for future capital increase	Treasury shares	Capital reserve	Other comprehensive income	Accumulated losses	Total
At December 31, 2020		2,246,367	20,625	(13,182)	1,947,887	655	(18,351,102)	(14,148,750)
Net loss for the period		-	-	-	-	-	(1,624,575)	(1,624,575)
<b>Total comprehensive income</b>		-	-	-	-	-	(1,624,575)	(1,624,575)
Share buyback	26	-	-	(4,208)	-	-	-	(4,208)
Share-based payment	28	42,945	(19,601)	-	11,639	-	-	34,983
At June 30, 2021		2,289,312	1,024	(17,390)	1,959,526	655	(19,975,677)	(15,742,550)

Description	Note	Issued capital	Advance for future capital increase	Treasury shares	Capital reserve	Other comprehensive income	Accumulated losses	Total
At December 31, 2021		2,290,876	120	(11,959)	1,946,471	5,799	(22,564,310)	(18,333,003)
Net profit for the period		-	-	-	-	-	186,576	186,576
<b>Total comprehensive income</b>		-	-	-	-	-	186,576	186,576
Share buyback	26	-	-	(923)	-	-	-	(923)
Share-based payment	28	22,979	(52)	-	7,623	-	-	30,550
At June 30, 2022		2,313,855	68	(12,882)	1,954,094	5,799	(22,377,734)	(18,116,800)

The accompanying notes are an integral part of this individual and consolidated quarterly information.





**AZUL S.A.**  
**Statements of cash flows**  
 Periods ended June 30, 2022 and 2021  
 (In thousands of Brazilian reais – R\$)

	Parent company		Consolidated	
	Six-month periods ended		Six-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
<b>Cash flows from operating activities</b>				
Net profit (loss) for the period	186,576	(1,624,575)	186,576	(1,624,575)
<b>Result reconciliation items</b>				
Depreciation and amortization	-	-	1,000,193	693,032
Gain (loss) from impairment of assets and onerous liabilities	-	-	-	(103,017)
Unrealized derivative results	(406,761)	(31,187)	(898,548)	(44,534)
Share-based payment	-	-	(17,919)	11,639
Foreign currency exchange, net	(73,610)	(58,103)	(1,337,196)	(690,362)
Financial income and expenses	111,098	97,654	1,996,024	1,601,239
Provisions	10,702	-	110,523	12,533
Sale and leaseback	-	-	-	(22,736)
Result from modification of lease contracts	-	-	(17,480)	(17,123)
Proceeds from sale and/or disposal of property and equipment and intangible assets	-	-	12,671	22,443
Share of profit (loss) of subsidiaries	162,000	1,593,649	-	-
<b>Adjusted net loss (profit) for the period</b>	(9,995)	(22,562)	1,034,844	(161,461)
<b>Changes in operating assets and liabilities</b>				
Accounts receivable	-	-	(620,807)	(247,226)
Aircraft sublease	-	-	28,036	17,733
Inventories	-	-	(87,451)	(80,293)
Security deposits and maintenance reserves	(8,437)	-	(235,543)	(189,629)
Prepaid expenses	(5,111)	(6,854)	(130,054)	(14,617)
Taxes recoverable	(237)	(668)	(47,580)	10,217
Advances to suppliers	34	(187)	61,714	(9,498)
Other assets	(1,455)	17,644	(10,222)	(6,650)
Rights and obligations with derivatives	-	-	210,855	(14,642)
Accounts payable	(1,084)	(31,555)	747,325	621,629
Accounts payable - supplier finance	-	-	(160,919)	(463,969)
Airport fees	-	-	188,688	28,292
Air traffic liability	-	-	917,317	75,362
Reimbursement to customers	-	-	(129,078)	(11,252)
Salaries and benefits	(10,894)	1,674	45,935	149,511
Insurance payable	6,239	6,180	(54,334)	(32,312)
Taxes	2,762	(16,073)	(64,754)	168,689
Contingencies	-	-	(83,983)	(65,634)
Other liabilities	-	-	(66,842)	(150,647)
Interest paid	(50,725)	-	(680,199)	(201,676)
<b>Total changes in operating assets and liabilities</b>	(68,908)	(29,839)	(171,896)	(416,612)
<b>Net cash provided (used) by operating activities</b>	(78,903)	(52,401)	862,948	(578,073)
<b>Cash flows from investing activities</b>				
Short-term investments				
Acquisition of short-term investments	-	-	(500)	(97,688)
Redemption of short-term investments	-	-	1,076	188,720
Payment for acquisition of subsidiary	-	-	(30,317)	(20,000)
Acquisition of intangible assets	-	-	(72,842)	(67,942)
Acquisition of property and equipment	-	-	(457,278)	(281,906)
<b>Net cash used by investing activities</b>	-	-	(559,861)	(278,816)
<b>Cash flows from financing activities</b>				
Loans and financing				
Proceeds	-	-	187,692	3,008,874
Repayment	-	-	(165,611)	(295,310)
Lease payment	-	-	(1,379,893)	(580,292)
Proceeds from sale and leaseback	-	-	-	21,256
Advance for future capital increase	68	23,345	68	23,345
Capital increase	22,859	-	22,859	-
Treasury shares	(923)	(4,208)	(923)	(4,208)
<b>Net cash provided (used) by financing activities</b>	22,004	19,137	(1,335,808)	2,173,665
Exchange rate changes on cash and cash equivalents	(1,267)	(3,660)	(7,450)	(42,517)
<b>Increase (decrease) in cash and cash equivalents</b>	(58,166)	(36,924)	(1,040,171)	1,274,259
<b>Cash and cash equivalents at the beginning of the period</b>	293,557	437,896	3,073,799	3,064,815
<b>Cash and cash equivalents at the end of the period</b>	235,391	400,972	2,033,628	4,339,074

The accompanying notes are an integral part of this individual and consolidated quarterly information.





## AZUL S.A.

### Statements of value added

Periods ended June 30, 2022 and 2021

(In thousands of Brazilian reais – R\$)

	Note	Parent company		Consolidated	
		Six-month periods ended 06/30/22	Six-month periods ended 06/30/21	Six-month periods ended 06/30/22	Six-month periods ended 06/30/21
<b>Gross sales revenue</b>					
Passenger revenue	29	-	-	6,596,065	3,111,152
Other revenues	29	-	-	792,229	576,527
Allowance for expected credit losses		-	-	(468)	(617)
		-	-	7,387,826	3,687,062
<b>Inputs acquired from third parties</b>					
Aircraft fuel	30	-	-	(2,887,157)	(1,207,028)
Materials, energy, third-party services and others		(17,142)	(7,432)	(2,189,639)	(1,445,255)
Aircraft insurance		-	-	(38,754)	(26,072)
		(17,142)	(7,432)	(5,115,550)	(2,678,355)
<b>Gross value added</b>					
		(17,142)	(7,432)	2,272,276	1,008,707
<b>Retentions</b>					
Depreciation and amortization	30	-	-	(1,000,193)	(693,032)
Impairment	30	-	-	-	103,017
<b>Net value added produced by the entity</b>					
		(17,142)	(7,432)	1,272,083	418,692
<b>Value added received in transfers</b>					
Share of profit (loss) of subsidiaries	14	(162,000)	(1,593,649)	-	-
Financial income	31	14,521	4,628	90,998	55,833
Result from related party transactions		-	-	-	(2,587)
		(147,479)	(1,589,021)	90,998	53,246
<b>Total value added to be distributed</b>					
		(164,621)	(1,596,453)	1,363,081	471,938
<b>Distribution of value added:</b>					
<b>Personnel</b>					
		17,076	6,244	766,516	692,411
Salaries and wages		4,768	4,876	644,694	515,285
Benefits		12,043	1,158	60,639	130,064
F.G.T.S.		265	210	61,183	47,062
<b>Taxes, fees and contributions</b>					
		1,008	1,135	351,528	272,667
Federal		508	816	321,196	248,339
State		-	-	22,376	18,358
Municipal		500	319	7,956	5,970
<b>Third party capital remuneration</b>					
		(369,281)	20,743	58,461	1,131,435
Financial expenses	31	111,611	110,044	2,149,823	1,781,424
Derivative financial instruments	31	(406,761)	(31,187)	(898,548)	(44,534)
Foreign currency exchange, net	31	(74,131)	(58,114)	(1,360,233)	(706,925)
Rentals		-	-	167,419	101,470
<b>Own capital remuneration</b>					
		186,576	(1,624,575)	186,576	(1,624,575)
Net profit (loss) for the period		186,576	(1,624,575)	186,576	(1,624,575)

The accompanying notes are an integral part of this individual and consolidated quarterly information.





# AZUL S.A.

## Notes to the individual and consolidated quarterly information

June 30, 2022

(In thousands of Brazilian reais – R\$, unless otherwise indicated)

### 1. OPERATIONS

Azul S.A. (“Azul” or “Company”) is a corporation governed by its bylaws, as per Law No. 6404/76 and by the corporate governance level 2 listing regulation of B3 S.A. – Brasil, Bolsa, Balcão (“B3”). The Company was incorporated on January 3, 2008, and its core business comprises the operation of regular and non-regular airline passenger services, cargo or mail, passenger charter, provision of maintenance and hangarage services for aircraft, engines, parts and pieces, aircraft acquisition and lease, development of frequent-flyer programs, development of related activities and equity holding in other companies since the beginning of its operations on December 15, 2008.

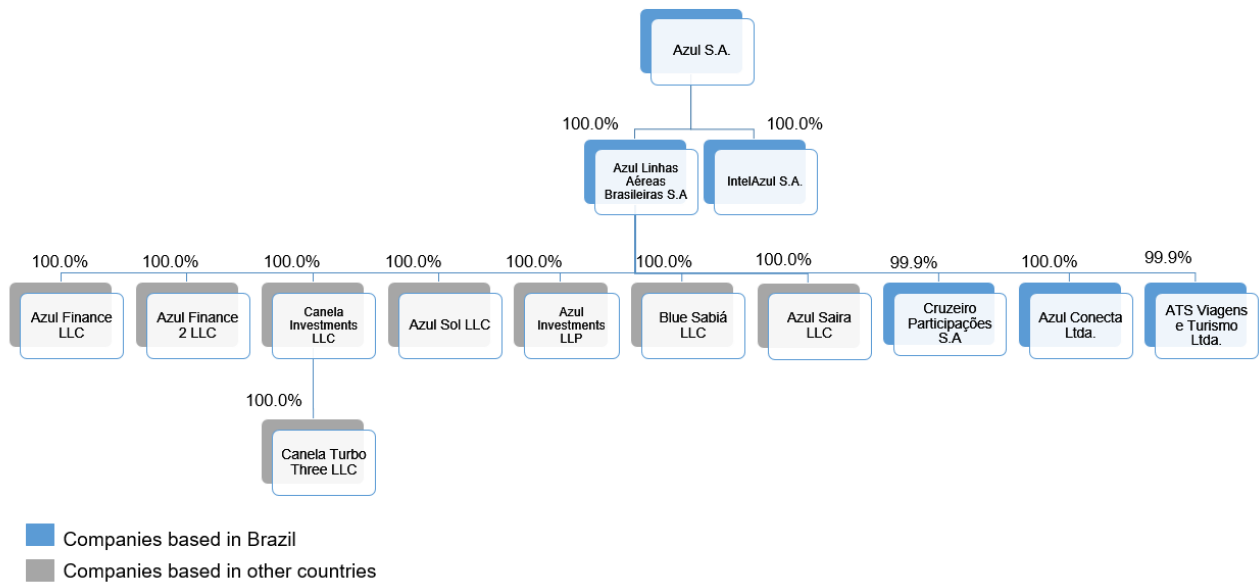
The Company carries out its activities through its subsidiaries, mainly Azul Linhas Aéreas Brasileiras S.A. (“ALAB”), which holds authorization from government authorities to operate as an airline.

The Company’s shares are traded on B3 and on the New York Stock Exchange (“NYSE”) under tickers AZUL4 and AZUL, respectively.

The Company is headquartered at Avenida Marcos Penteadro de Ulhôa Rodrigues, 939, 8<sup>th</sup> floor, in the city of Barueri, state of São Paulo, Brazil.

#### 1.1 Structure

The Company and its subsidiaries organizational structure as of June 30, 2022 is as follows:







## AZUL S.A.

### Notes to the individual and consolidated quarterly information

June 30, 2022

(In thousands of Brazilian reais – R\$, unless otherwise indicated)

The table below lists the operational activities in which the Company's subsidiaries are engaged, as well as the changes in ownership that occurred in the period, when applicable.

Company	Type of investment	Main activity	Country	% equity interest	
				06/30/22	12/31/21
IntelAzul S.A. (*)	Direct	Frequent-flyer program	Brazil	100.0%	100.0%
AZUL Linhas Aéreas Brasileiras S.A. (ALAB)	Direct	Airline operations	Brazil	100.0%	100.0%
Azul Conecta Ltda.	Indirect	Airline operations	Brazil	100.0%	100.0%
ATS Viagens e Turismo Ltda.	Indirect	Travel packages	Brazil	99.9%	99.9%
Cruzeiro Participações S.A.	Indirect	Holding of equity interests in other companies	Brazil	99.9%	99.9%
Azul Investments LLP	Indirect	Funding	USA	100.0%	100.0%
Azul SOL LLC	Indirect	Aircraft financing	USA	100.0%	100.0%
Azul Finance LLC	Indirect	Aircraft financing	USA	100.0%	100.0%
Azul Finance 2 LLC	Indirect	Aircraft financing	USA	100.0%	100.0%
Blue Sabiá LLC	Indirect	Aircraft financing	USA	100.0%	100.0%
Canela Investments LLC	Indirect	Aircraft financing	USA	100.0%	100.0%
Canela Turbo Three LLC	Indirect	Aircraft financing	USA	100.0%	100.0%
Azul Saíra LLC	Indirect	Aircraft financing	USA	100.0%	100.0%

(\*) At the Extraordinary General Meeting ("EGM") held on March 18, 2022, Tudo Azul S.A. decided to change name, which is currently IntelAzul S.A.

## 1.2 Impacts caused by the Russian invasion of Ukraine

Recent global developments related to the Russian invasion of Ukraine have resulted in the sharp rise in Brent oil prices of approximately US\$75 per barrel at the end of 2021 to US\$115 at the end of June 2022.

## 1.3 Impacts of the COVID-19 pandemic

Management has been closely monitoring the developments related to the COVID-19 pandemic, assessing the impact on its business.

During the COVID-19 pandemic, the Company's management adopted strict measures to preserve cash, especially the postponement of lease and supplier payments, freezing of contracts, suspension of projects that contained non-essential expenditures, and continuous search for opportunities to reduce costs and to raise funds in the capital market, seeking the economic and financial equilibrium among all stakeholders.

With the significant reduction in cases of COVID-19 infections and the resumption of operations, payments of lease and supplier considerations were also resumed. The Company continues to manage diligently its resources in order to fulfill the obligations assumed.

The Company continues to prioritize the well-being and health of its crew and customers and to help Brazil to face the pandemic.





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

June 30, 2022

(In thousands of Brazilian reais – R\$, unless otherwise indicated)

#### 1.4 Capital structure and net working capital

The position of consolidated net working capital and equity and their variations are presented below:

Description	06/30/22	12/31/21	Variation
Net working capital	(7,849,519)	(5,863,917)	(1,985,602)
Equity	(18,116,800)	(18,333,003)	216,203

The variation in the balance of net working capital is mainly due to the resumption of the Company's operations in the face of increased demand, leading to: (i) reduction in cash, as a result of payments related to investing activities in the amount of R\$530,120; (ii) increase in accounts payable due to the resumption of operations in the amount of R\$848,643; and (iii) additions of loans, financing and lease liabilities in current liabilities.

The reduction in the negative position of the equity balance is mainly due to the net profit for the period.

The Company's Management continuously monitors liquidity situation and will continue to adopt measures to strengthen its cash position, provide efficiency in costs and restrain operating expenses. These actions have proven to be efficient for the business continuity and sustainability.

During the first quarter of 2022, the Company raised R\$200,000 (note 18) and remains confident in its ability to access new sources of capital at competitive costs.

Management evaluated and concluded that the Company is in a position to continue its operations and comply with its obligations, according to the contracted maturities. This assessment is based on the Company's business plan approved by the Board of Directors on December 9, 2021. This assessment includes planned future actions, macroeconomic and aviation sector assumptions, such as: recovery in air transport demand, estimates of exchange rates and fuel prices.

The Company's Management monitors and informs the Board of Directors about the performance achieved in relation to the approved plan.

Based on this conclusion, this individual and consolidated quarterly information was prepared based on the principle of going concern.

#### 1.5 Seasonality

The Company's operating revenues depend substantially on the general volume of passenger and cargo traffic, which is subject to seasonal changes. Our passenger revenues are generally higher during the summer and winter holidays, in January and July respectively, and in the last two weeks of December, which corresponds to the holiday season. Considering the distribution of fixed costs, this seasonality tends to cause variations in operating results between the quarters of the fiscal year. It should be noted that the COVID-19 pandemic impacted the behavior related to the frequency of travels of the Company's customers, which may change the usual business seasonality.





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

June 30, 2022

(In thousands of Brazilian reais – R\$, unless otherwise indicated)

## 2. DECLARATION OF MANAGEMENT, BASIS FOR PREPARATION AND PRESENTATION OF THE INDIVIDUAL AND CONSOLIDATED QUARTERLY INFORMATION (“ITR”)

The Company’s individual and consolidated quarterly information has been prepared in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). The accounting practices adopted in Brazil include those included in the Brazilian corporation law and the technical pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee (“CPC”), approved by the Federal Accounting Council (“CFC”) and the Brazilian Securities and Exchange Commission (“CVM”).

The Company’s individual and consolidated quarterly information has been prepared based on the real (“R\$”) as a functional and presentation currency and is expressed in thousands, unless otherwise indicated.

The preparation of the Company's individual and consolidated quarterly information requires Management to make judgments, use estimates and adopt assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. However, the uncertainty related to these judgments, assumptions and estimates can lead to results that require a significant adjustment to the carrying amount of certain assets and liabilities in future years.

The Company reviews its judgments, estimates, and assumptions on an ongoing basis. When preparing this individual and consolidated quarterly information, Management used disclosure criteria considering regulatory aspects and the relevance of the transactions to understand the changes in the Company’s economic and financial position and its performance since the end of the year ended December 31, 2021, disclosed on February 24, 2022.

During the period ended June 30, 2022, there were no significant impacts related to changes in accounting estimates and/or provisions.

Management confirms that all relevant information specific to the individual and consolidated quarterly information, and only such information, is being evidenced and corresponds to that used by Management when carrying out its business management activities.

The individual and consolidated quarterly information has been prepared based on the historical cost, except for the following material items recognized in the statements of financial position at fair value:

- Short-term investments classified as cash and cash equivalents;
- Investments;
- Investments accounted for under the equity method;
- Derivative financial instruments; and
- Loans and financing conversion right.

The approval and authorization for issue of this individual and consolidated quarterly information occurred at the Board of Directors’ meeting held on August 8, 2022.





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

June 30, 2022

(In thousands of Brazilian reais – R\$, unless otherwise indicated)

### 3. SIGNIFICANT ACCOUNTING POLICIES

The Individual and consolidated quarterly information presented herein was prepared based on policies, accounting practices and estimate calculation methods adopted and presented in detail in the annual financial statements for the year ended December 31, 2021 disclosed on February 24, 2022 and should be read in conjunction with those statements.

The amounts included in “Accounts payable” and “Government installment program” referring to airport fees were reclassified to the item “Airport fees” on the base date of this quarterly information and in the opening balance for better comparability.

#### 3.1 New accounting standards and pronouncements not yet adopted

There are no other standards and interpretations issued and not yet adopted that, in Management’s opinion, may have a significant impact on the result or equity disclosed by the Company.

#### 3.2 Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate in effect at the date the transactions take place. Monetary assets and liabilities designated in foreign currency are calculated based on the exchange rate in effect at the reporting date, and any difference resulting from currency conversion is recorded under the line item “Foreign currency exchange, net” in the statement of profit or loss for the period.

The variations between the periods and the exchange rates in Brazilian reais at the date of this individual and consolidated quarterly information are as follows:

Description	Final rate						
	06/30/22	12/31/21	Six-month variation %	03/31/22	Three-month variation %	06/30/21	Annual variação %
U.S. dollar	5.2380	5.5805	-6.1%	4.7378	10.6%	5.0022	4.7%
Euro	5.4842	6.3210	-13.2%	5.2561	4.3%	5.9276	-7.5%

Description	Average rate						
	06/30/22	12/31/21	Six-month variation %	03/31/22	Three-month variation %	06/30/21	Annual variação %
U.S. dollar	5.0782	5.3956	-5.9%	4.9684	2.2%	5.3862	-5.7%
Euro	5.5568	6.3784	-12.9%	5.4740	1.5%	6.4902	-14.4%





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

June 30, 2022

(In thousands of Brazilian reais – R\$, unless otherwise indicated)

#### 4. CASH AND CASH EQUIVALENTS

Description	Weighted average rate p.a.	Parent company		Consolidated	
		06/30/22	12/31/21	06/30/22	12/31/21
Cash and bank deposits	-	1,789	10,724	491,565	229,745
Cash equivalents					
Bank Deposit Certificate - CDB	101% of CDI	233,602	282,833	1,535,089	2,750,776
Time Deposit - TD <sup>(a)</sup>	0.6%	-	-	6,974	91,043
Repurchase agreements	-	-	-	-	2,235
		235,391	293,557	2,033,628	3,073,799

(a) Investment in U.S. dollar.

#### 5. SHORT-TERM INVESTMENTS

Description	Weighted average rate p.a.	Consolidated	
		06/30/22	12/31/21
Investment funds	6.6%	915	1,430
TAP Bond <sup>(a)</sup>	7.5%	701,933	906,719
		702,848	908,149
<b>Current</b>		915	1,430
<b>Non-current</b>		701,933	906,719

(a) Investment in euro.

#### 6. ACCOUNTS RECEIVABLE

Description	Consolidated	
	06/30/22	12/31/21
<b>Local currency</b>		
Credit card companies	663,615	411,092
Cargo and travel agencies	385,430	209,621
Travel package financing entities	117,190	106,824
TudoAzul Program partners	189,553	128,018
Others	40,285	32,896
Total local currency	1,396,073	888,451
<b>Foreign currency</b>		
Credit card companies	22,072	19,211
Reimbursement receivable for maintenance reserves	86,677	18,197
Airline partner companies	47,270	36,693
Clearinghouse - agencies and cargo	19,205	26,085
Others	8,392	27,073
Total foreign currency	183,616	127,259
Total	1,579,689	1,015,710
Allowance for expected credit losses	(18,285)	(17,817)
Total net	1,561,404	997,893

In Brazil, receivable credit cards are not exposed to the credit risk of the holder, and therefore, they can be easily converted into cash when needed, through anticipation along with credit card companies.





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

June 30, 2022

(In thousands of Brazilian reais – R\$, unless otherwise indicated)

The breakdown of accounts receivable by maturity, net of allowance for expected losses, is as follows:

Description	Consolidated	
	06/30/22	12/31/21
Not past due	1,386,297	920,796
61 to 90 days	66,369	59,286
Over 90 days	108,738	17,811
Total	1,561,404	997,893

Up to the date of approve of this quarterly information, out of the total amount due within 90 days, R\$50,197 had already been received. Of the receivables past due for more than 90 days, approximately R\$56,801 refers to reimbursements receivable for maintenance reserves of a lessor that had just finished a court-supervised reorganization (“Chapter 11”), and the Management does not expect to incur losses on these operations. Therefore, we conclude that the allowance for expected credit losses is adequately estimated.

The movement of the allowance for expected losses is as follows:

Description	Consolidated	
	06/30/22	12/31/21
Balances at the beginning of the period	(17,817)	(16,131)
Additions	(784)	(5,921)
Write-off of uncollectible amounts	316	4,235
Balances at the end of the period	(18,285)	(17,817)

## 7. AIRCRAFT SUBLEASE

Description	Consolidated	
	06/30/22	12/31/21
2022	59,908	92,092
2023	82,278	87,658
2024	82,427	87,817
2025	51,521	54,890
2026	4,329	4,615
Gross sublease	280,463	327,072
Accrued interest	(37,747)	(52,874)
Net sublease	242,716	274,198
Current	97,178	76,199
Non-current	145,538	197,999

Description	Consolidated	
	06/30/22	12/31/21
Sublease past due	15,938	16,980

No provision was established as the Company has higher obligations arising from the receipt of security deposits advanced by the sub-lessor, and therefore there is no expectation of non-realization of such assets.





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

June 30, 2022

(In thousands of Brazilian reais – R\$, unless otherwise indicated)

## 8. INVENTORIES

Description	Consolidated	
	06/30/22	12/31/21
Maintenance parts and materials	682,461	597,204
Flight attendance and uniforms	15,849	13,655
Provision for obsolescence	(40,111)	(38,935)
Total, net	658,199	571,924

Set out below is the movement of the provision for obsolescence:

Description	Consolidated	
	06/30/22	12/31/21
Balances at the beginning of the period	(38,935)	(49,153)
Additions	(2,497)	(10,681)
Write-offs	1,321	2,566
Reversal of impairment	-	18,333
Balances at the end of the period	(40,111)	(38,935)

## 9. SECURITY DEPOSITS AND MAINTENANCE RESERVES

The movement of security deposits and maintenance reserves is as follows:

Description	Parent company		Consolidated	
	Security deposits	Security deposits	Maintenance reserves	Total
Balances at December 31, 2021	-	319,530	1,644,889	1,964,419
Additions	8,447	37,599	349,288	386,887
Provision for loss	-	-	(32,547)	(32,547)
Reimbursements	(10)	(10,929)	(2,040)	(12,969)
Foreign currency exchange	(361)	(18,905)	(94,545)	(113,450)
Balances at June 30, 2022	8,076	327,295	1,865,045	2,192,340
<b>Current</b>	8,076	70,663	368,159	438,822
<b>Non-current</b>	-	256,632	1,496,886	1,753,518

## 10. TAXES RECOVERABLE

Description	Parent company		Consolidated	
	06/30/22	12/31/21	06/30/22	12/31/21
PIS and COFINS	-	-	82,491	61,049
Withholding income tax	4,599	2,180	36,424	19,768
IRPJ and CSLL	10,206	12,388	15,719	15,488
ICMS	-	-	16,735	9,500
Others	-	-	7,772	3,894
	14,805	14,568	159,141	109,699





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

June 30, 2022

(In thousands of Brazilian reais – R\$, unless otherwise indicated)

#### 11. PREPAID EXPENSES

Description	Parent company		Consolidated	
	06/30/22	12/31/21	06/30/22	12/31/21
Insurances premiums	8,208	3,064	50,559	89,951
Maintenance	-	-	374,769	295,518
Commissions	-	-	129,239	112,599
Others	-	33	60,408	59,710
<b>Total</b>	<b>8,208</b>	<b>3,097</b>	<b>614,975</b>	<b>557,778</b>
<b>Current</b>	<b>8,208</b>	<b>3,097</b>	<b>224,378</b>	<b>244,413</b>
<b>Non-current</b>	<b>-</b>	<b>-</b>	<b>390,597</b>	<b>313,365</b>

#### 12. ADVANCES TO SUPPLIERS

Description	Parent company		Consolidated	
	06/30/22	12/31/21	06/30/22	12/31/21
Advances – local currency	63	97	58,165	109,677
Advances – foreign currency	-	-	83,156	93,702
	<b>63</b>	<b>97</b>	<b>141,321</b>	<b>203,379</b>

#### 13. INCOME TAX AND CONTRIBUTION

##### 13.1 Reconciliation of deferred tax assets (liabilities)

Description	Consolidated		
	12/31/21	Profit or loss	06/30/22
<b>Temporary differences liabilities</b>			
Fair value of TAP Bond	(31,549)	31,549	-
Financial instruments	(95,208)	95,208	-
Deferred revenue TudoAzul program	(138,624)	(31,107)	(169,731)
Others	(516)	-	(516)
	<b>(265,897)</b>	<b>95,650</b>	<b>(170,247)</b>
<b>Temporary differences assets</b>	<b>265,897</b>	<b>(95,650)</b>	<b>170,247</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

##### 13.2 Reconciliation of the effective income tax rate

Description	Parent company			
	Three-month periods ended		Six-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
Loss before income tax and social contribution	(2,480,471)	1,162,053	186,576	(1,624,575)
Combined nominal tax rate	34%	34%	34%	34%
Taxes calculated at nominal rates	843,360	(395,098)	(63,436)	552,356
<b>Adjustments to determine the effective rate</b>				
Share of profit (loss) of investees	(889,746)	364,319	(55,080)	(541,841)
(Unrecorded) benefit on tax losses and temporary differences	(49,035)	18,988	85	(10,130)
Permanent differences	95,421	12,176	118,431	-
Others	-	(385)	-	(385)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>







## AZUL S.A.

### Notes to the individual and consolidated quarterly information

June 30, 2022

(In thousands of Brazilian reais – R\$, unless otherwise indicated)

Description	Consolidated			
	Three-month periods ended		Six-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
Loss before income tax and social contribution	(2,480,471)	1,162,053	186,576	(1,624,575)
Combined nominal tax rate	34%	34%	34%	34%
Taxes calculated at nominal rates	843,360	(395,098)	(63,436)	552,356
<b>Adjustments to determine the effective rate</b>				
Profits earned abroad (estimate)	-	3,694	-	-
Profits from investments not taxed abroad	116,731	33,053	78,878	33,053
(Unrecorded) benefit on tax losses and temporary differences	(1,137,753)	362,903	(263,320)	(599,938)
Permanent differences	167,775	(4,114)	238,881	14,968
Rate differential	12,649	-	12,649	-
Others	(2,762)	(438)	(3,652)	(439)
	-	-	-	-

The Company has tax losses that are available indefinitely for offset against 30% of future taxable profits, as follows:

Description	Parent company		Consolidated	
	06/30/22	12/31/21	06/30/22	12/31/21
Tax loss and negative social contribution base, net	384,098	316,407	10,501,408	8,843,805
Tax loss (25%)	96,025	79,102	2,625,352	2,210,951
Negative social contribution base (9%)	34,569	28,477	945,127	795,942

## 14. INVESTMENTS

Description	Company equity interest		
	Paid-up capital	Voting capital	Equity
<b>At December 31, 2021</b>			
ALAB	100%	100%	(17,522,749)
IntelAzul	100%	100%	(17,932)
Goodwill – IntelAzul	-	-	780,991
Total			<u>(16,759,690)</u>
<b>At June 30, 2022</b>			
ALAB	100%	100%	(17,676,709)
IntelAzul	100%	100%	(18,349)
Goodwill – IntelAzul	-	-	780,991
Total			<u>(16,914,067)</u>

### 14.1 Movement of the investments

Description	ALAB	IntelAzul	Total
Balances at December 31, 2021	(17,522,749)	763,059	(16,759,690)
Share of profit (loss) of subsidiaries	(161,583)	(417)	(162,000)
Share-based reserve of parent company	7,623	-	7,623
Balances at June 30, 2022	<u>(17,676,709)</u>	<u>762,642</u>	<u>(16,914,067)</u>



## AZUL S.A.

### Notes to the individual and consolidated quarterly information

June 30, 2022

(In thousands of Brazilian reais – R\$, unless otherwise indicated)

## 15. PROPERTY AND EQUIPMENT

Description	Weighted average rate (p.a.)	Consolidated				06/30/22
		12/31/21	Acquisitions	Write-offs	Transfers <sup>(a)</sup>	
<b>Cost</b>						
Aircraft and engines		2,519,231	140,524	(32,270)	13,903	2,641,388
Buildings and leasehold improvements		506,678	2,992	(5,750)	239	504,159
Equipment and facilities		199,119	6,893	(171)	1,183	207,024
Others		29,905	1,302	(4)	-	31,203
Construction in progress		52,174	22,651	-	(19,288)	55,537
Advance payments for acquisition of aircraft		85,607	-	-	-	85,607
		3,392,714	174,362	(38,195)	(3,963)	3,524,918
<b>Depreciation</b>						
Aircraft and engines	9%	(811,322)	(112,374)	20,250	-	(903,446)
Buildings and leasehold improvements	10%	(174,092)	(24,117)	5,667	-	(192,542)
Equipment and facilities	11%	(129,236)	(11,156)	114	-	(140,278)
Others	9%	(22,400)	(1,396)	4	-	(23,792)
		(1,137,050)	(149,043)	26,035	-	(1,260,058)
<b>Property and equipment</b>		2,255,664	25,319	(12,160)	(3,963)	2,264,860
<b>Impairment</b>		(294,490)	-	-	-	(294,490)
<b>Total property and equipment, net</b>		1,961,174	25,319	(12,160)	(3,963)	1,970,370

(a) The balances of transfers are between the groups of property and equipment and right-of-use assets.

## 16. RIGHT-OF-USE ASSETS

Description	Weighted average rate (p.a.)	Consolidated				06/30/22	
		12/31/21	Acquisitions	Disposals / Write-offs	Contractual modifications		
<b>Cost</b>							
Aircraft and engines		11,356,489	579,470	-	(23,121)	3,963	11,916,801
Maintenance of aircraft and engines		1,542,856	440,628	(97,463)	-	-	1,886,021
Restoration of aircraft and engines		1,387,738	47,496	-	-	-	1,435,234
Simulators		119,782	-	-	-	-	119,782
Properties		15,952	-	-	1,983	-	17,935
Others		73,274	-	-	1,720	-	74,994
		14,496,091	1,067,594	(97,463)	(19,418)	3,963	15,450,767
<b>Depreciation</b>							
Aircraft and engines	7%	(6,368,510)	(408,393)	-	-	-	(6,776,903)
Maintenance of aircraft and engines	19%	(1,052,190)	(143,311)	96,951	-	-	(1,098,550)
Restoration of aircraft and engines	31%	(380,649)	(216,785)	-	-	-	(597,434)
Simulators	24%	(70,256)	(14,515)	-	-	-	(84,771)
Properties	28%	(3,214)	(2,212)	-	-	-	(5,426)
Others	27%	(16,026)	(10,055)	-	-	-	(26,081)
		(7,890,845)	(795,271)	96,951	-	-	(8,589,165)
<b>Right-of-use assets</b>		6,605,246	272,323	(512)	(19,418)	3,963	6,861,602
<b>Impairment</b>		(605,651)	-	-	-	-	(605,651)
<b>Right-of-use assets, net</b>		5,999,595	272,323	(512)	(19,418)	3,963	6,255,951

(a) The balances of transfers are between the groups of property and equipment and right-of-use assets.





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

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(In thousands of Brazilian reais – R\$, unless otherwise indicated)

#### 17. INTANGIBLE ASSETS

Description	Weighted average rate (p.a.)	Consolidated		
		12/31/21	Acquisitions	06/30/22
<b>Cost</b>				
Goodwill		901,417	-	901,417
Slots		126,547	-	126,547
Software		748,049	72,841	820,890
		<u>1,776,013</u>	<u>72,841</u>	<u>1,848,854</u>
<b>Amortization</b>				
Software	15%	(417,975)	(57,742)	(475,717)
		<u>(417,975)</u>	<u>(57,742)</u>	<u>(475,717)</u>
<b>Total intangible assets, net</b>		<u>1,358,038</u>	<u>15,099</u>	<u>1,373,137</u>





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

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(In thousands of Brazilian reais – R\$, unless otherwise indicated)

## 18. LOANS AND FINANCING

### 18.1 Movement of loans and financing

Description	Average nominal rate p.a.	Maturity	Consolidated									
			12/31/21	Funding / (-) Costs	Variation of conversion right	Payment of principal	Payment of interest	Interest incurred	Foreign currency exchange	Amortized cost	06/30/22	
<b>In foreign currency – US\$</b>												
Working capital												
Senior notes – 2024	5.9%	Oct/24	2,236,910	-	-	-	(58,358)	58,600	(137,743)	3,011	2,102,420	
Senior notes – 2026	7.3%	Jun/26	3,298,018	-	-	-	(111,367)	108,124	(199,540)	6,104	3,101,339	
Others	1.0%	Jun/25	5,002	-	-	(4,030)	(2)	8	(277)	-	701	
Convertible debentures (a)	6.0%	Oct/25	1,873,001	-	(406,761)	-	(50,725)	108,909	(77,256)	2,189	1,449,357	
Aircraft and engines	5.6%	Mar/29	1,091,953	-	-	(20,036)	(20,686)	26,658	(68,252)	2,802	1,012,439	
	Libor 3M + 2.6%	Mar/22	1,561	-	-	(1,428)	-	6	(139)	-	-	
<b>In local currency - R\$</b>												
Working capital	CDI + 4.9%	Feb/24	643,699	200,000	-	(114,145)	(49,654)	50,122	-	94	730,116	
	8.8%	Sep/25	23,202	-	-	(13,399)	(1,000)	1,046	-	-	9,849	
Debentures (b)	CDI + 5%	Dec/27	733,017	(12,308)	-	-	(50,901)	51,859	-	2,554	724,221	
Aircraft and engines	6.1%	Mar/27	84,330	-	-	(13,628)	(2,484)	2,459	-	61	70,738	
	Selic + 5.1%	May/25	28,038	-	-	(2,941)	(2,156)	2,230	-	20	25,191	
Total in R\$			10,018,731	187,692	(406,761)	(169,607)	(347,333)	410,021	(483,207)	16,835	9,226,371	
Current			1,023,390								1,272,314	
Non-current			8,995,341								7,954,057	

(a) The balance recorded in the Parent company includes the right to convert the debt into Company shares in the amount of R\$230,025 (as of December 31, 2021 – R\$636,786).

(b) The amount of R\$12,308 refers to costs to be amortized due to the renegotiation of the debentures (note 18.3).





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

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(In thousands of Brazilian reais – R\$, unless otherwise indicated)

#### 18.2 New funding

In the first quarter of 2022, the subsidiary ALAB raised funds in the amount of R\$200,000 with a rate equivalent to CDI + 5.4% p.a. and quarterly payments of interest and principal with maturity on September 29, 2023. For this funding, the Company assigned receivables and the resources will be used for general corporate purposes.

#### 18.3 Renegotiation of debentures

In the second quarter of 2022, the subsidiary ALAB carried out a renegotiation of debentures, changing the conditions and maturities. The rate was changed to CDI+5.0% p.a. with maturity on December 20, 2027. The indicators for measuring the covenants were changed to adjusted debt service coverage ratio (DSCR) equal to or greater than 1.2x; and financial leverage less than or equal to 6.5x in 2023; 5.0x in 2024 and 2025; and 4.5x in 2026 and 2027.

#### 18.4 Schedule of amortization of long-term debt

Description	Consolidated	
	06/30/22	12/31/21
2023	394,752	1,242,042
2024	2,391,160	2,417,304
2025	1,673,400	1,959,558
2026	3,314,395	3,357,741
After 2026	180,350	18,696
	<u>7,954,057</u>	<u>8,995,341</u>

#### 18.5 Covenants

The Company has covenants in some of its financing contracts, as disclosed in the annual financial statements for the year ended December 31, 2021.

The Company previously requested a waiver from the counterparties, and obtained it for the year 2022. Therefore, the related debt is still classified in this quarterly information in accordance with the contractual flow originally established.





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

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(In thousands of Brazilian reais – R\$, unless otherwise indicated)

## 19. LEASES

### 19.1 Movement of leases

Consolidated									
Description	Average remaining term	Weighted average rate	12/31/21	Additions	Contractual modifications	Payments	Interest incurred	Foreign currency exchange	06/30/22
<b>Lease without purchase option:</b>									
Aircraft and engines	7.69	21%	13,724,647	556,335	5,907	(1,650,908)	1,146,506	(827,461)	12,955,026
Others	4.63	9%	71,869	-	3,703	(10,346)	2,917	(63)	68,080
<b>Lease with purchase option:</b>									
Aircraft and engines	5.19	11%	1,094,059	27,075	(46,508)	(116,352)	36,405	(68,293)	926,386
<b>Total</b>			<b>14,890,575</b>	<b>583,410</b>	<b>(36,898)</b>	<b>(1,777,606)</b>	<b>1,185,828</b>	<b>(895,817)</b>	<b>13,949,492</b>
<b>Current</b>			3,497,665						3,463,498
<b>Non-current</b>			11,392,910						10,485,994





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

June 30, 2022

(In thousands of Brazilian reais – R\$, unless otherwise indicated)

## 19.2 Schedule of amortization of leases

Description	Consolidated	
	06/30/22	12/31/21
2022	1,806,481	3,802,070
2023	3,929,911	4,056,001
2024	3,877,431	4,015,746
2025	3,288,318	3,397,128
2026	2,975,784	3,072,413
After 2026	9,993,556	10,080,996
Minimum lease payment	25,871,481	28,424,354
Financial charges	(11,921,989)	(13,533,779)
Present value of minimum lease payments	13,949,492	14,890,575

## 19.3 Covenants

The Company has (“covenants”) in some of its lease liabilities contracts as disclosed in the annual financial statements for the year ended December 31, 2021.

These conditions will only be verified in the year 2023, therefore, the related debt is still classified in this quarterly information according to the contractual flow originally established.

## 20. ACCOUNTS PAYABLE

Description	Parent company		Consolidated	
	06/30/22	12/31/21	06/30/22	12/31/21
Accounts payable – local currency	273	596	1,214,843	1,232,786
Accounts payable – foreign currency	2,107	2,840	1,020,066	639,894
	2,380	3,436	2,234,909	1,872,680
<b>Current</b>	2,380	3,436	1,722,690	1,530,480
<b>Non-current</b>	-	-	512,219	342,200

## 21. DERIVATIVE FINANCIAL INSTRUMENTS

Changes in fair value	Consolidated				
	Derivatives not designated as hedge accounting				
	Interest rate swap	Forward - fuel	Forward - foreign currency	Conversion right debentures (a)	Total
Rights (obligations) with derivatives at 12.31.2021	(213,257)	9,383	270,640	(636,786)	(570,020)
Gains (losses) recognized in result	81,311	495,127	(84,651)	406,761	898,548
Receipt in cash	(49)	(210,806)	-	-	(210,855)
Rights (obligations) with derivatives at 06.30.2022	(131,995)	293,704	185,989	(230,025)	117,673
<b>Rights with current derivative financial instruments</b>	55,201	302,322	-	-	357,523
<b>Rights with non-current derivative financial instruments</b>	-	-	185,989	-	185,989
<b>Obligations with current derivative financial instruments</b>	(57,281)	(8,618)	-	-	(65,899)
<b>Obligations with non-current derivative financial instruments</b>	(129,915)	-	-	-	(129,915)
<b>Long-term loans and financing</b>	-	-	-	(230,025)	(230,025)
	(131,995)	293,704	185,989	(230,025)	117,673

(a) Balance recorded in the Parent company.





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

June 30, 2022

(In thousands of Brazilian reais – R\$, unless otherwise indicated)

## 22. AIR TRAFFIC LIABILITY

Description	Consolidated	
	06/30/22	12/31/21
Air traffic liability	4,480,343	3,471,534
Breakage of revenues from passengers and the TudoAzul program	(499,210)	(407,718)
	<u>3,981,133</u>	<u>3,063,816</u>
Average use term	48 days	47 days

## 23. TAXES PAYABLE

Description	Parent company		Consolidated	
	06/30/22	12/31/21	06/30/22	12/31/21
Government installment payment program	-	-	109,023	123,445
PIS and COFINS	123	125	34,663	63,584
Withholding income tax	3,558	324	19,910	34,382
Import taxes	-	833	11,853	22,459
Others	435	72	11,708	7,260
	<u>4,116</u>	<u>1,354</u>	<u>187,157</u>	<u>251,130</u>
<b>Current</b>	4,116	1,354	103,086	150,084
<b>Non-current</b>	-	-	84,071	101,046

## 24. PROVISIONS

Description	Consolidated				Total
	Return of aircraft and engines	Tax, civil and labor risks	Onerous contract	Post-employment benefit	
Balance at December 31, 2021	2,241,439	558,982	693,407	5,761	3,499,589
Additions	47,496	100,030	-	56	147,582
Payments	(106,644)	(83,983)	(18,667)	-	(209,294)
Interest incurred	59,135	-	53,089	305	112,529
Foreign currency exchange	(139,266)	-	(41,514)	-	(180,780)
Balance at June 30, 2022	<u>2,102,160</u>	<u>575,029</u>	<u>686,315</u>	<u>6,122</u>	<u>3,369,626</u>
<b>Current</b>	342,512	149,684	499,142	-	991,338
<b>Non-current</b>	1,759,648	425,345	187,173	6,122	2,378,288

### 24.1 Tax, civil and labor risks

The Company and its subsidiaries are parties to legal and administrative proceedings.

The Company's Management believes that the provision for tax, civil and labor risks is sufficient to cover possible losses on legal and administrative proceedings.







## AZUL S.A.

### Notes to the individual and consolidated quarterly information

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(In thousands of Brazilian reais – R\$, unless otherwise indicated)

The balances of the proceedings with estimates of probable and possible losses are shown below:

Description	Consolidated			
	Probable loss		Possible loss	
	06/30/22	12/31/21	06/30/22	12/31/21
Tax	234,621	218,051	178,743	217,470
Civil	94,938	69,326	57,577	44,661
Labor	61,884	52,121	107,011	107,427
Others	183,586	219,484	-	-
	575,029	558,982	343,331	369,558

## 25. RELATED PARTY TRANSACTIONS

### 25.1 Transactions and balances

Transactions with related parties were entered into in the ordinary course of the Company's business, at prices, terms and financial charges according to the conditions established between the parties. These transactions include, among other aspects, shared service contracts and loan agreements, detailed below:

Creditor	Debtor	Type of operation	Parent company		Maturity	06/30/22	12/31/21
			Interest rate (p.a.)				
ALAB	Azul	Mútuo	5.7%		Dec/25	4,912	4,776

The table below shows balances the subsidiary ALAB and are eliminated in the consolidated

Creditor	Debtor	Type of operation	06/30/22	12/31/21
Azul Conecta Ltda.	ALAB	Loan	959	33,797
ALAB	Azul	Loan	4,912	4,776
ALAB	ATS Viagens e Turismo Ltda.	Sale of airline tickets	29,531	137,896
Canela Investments LLC	ALAB	Others	(681)	(808)
ATS Viagens e Turismo Ltda.	ALAB	Travel packages	(39,013)	(26,517)
Azul Investments LLP	ALAB	Loan	(4,877,966)	(5,335,059)
			(4,882,258)	(5,185,915)

### 25.2 Compensation of key management personnel

Key management personnel comprise the directors, officers and members of the Executive Committee. The expenses with compensation and charges paid or payable for services are shown below:

Description	Consolidated			
	Three-month periods ended		Six-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
Short-term benefits	7,170	7,156	14,461	13,748
Share-based payment plan (a)	(25,216)	23,279	(18,699)	33,390
	(18,046)	30,435	(4,238)	47,138

(a) Considers stock option plans, restricted shares and phantom shares. The effect on the result referring to the phantom shares is based on the variation of the Company's share value, which is updated at each reporting period, and does not represent a cash outflow, with a forecast for settlement in up to eight years.

Due to the reduction of the share value in the quarter ended June 30, 2022, from R\$23.92 to R\$12.38, there was a decrease in the estimated remuneration of the phantom shares and, consequently, a reversal of the expense recorded in prior periods.





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

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(In thousands of Brazilian reais – R\$, unless otherwise indicated)

#### 25.3 Guarantees and pledges granted by the Parent company

The Company has granted guarantees on rental properties for some of its executives and the total amount involved is not significant.

#### 25.4 Technology service sharing contract

On January 1, 2013, the Company entered into a contract with Águia Branca Participações S.A., one of its shareholders, for the sharing of information technology resources for an indefinite period. The total amount of services acquired during the six-month period ended June 30, 2022 was R\$26 (R\$26 as of June 30, 2021), recorded under “Other expenses, net” in the statement of profit or loss. As of June 30, 2022, there were no amounts to be paid as a result of this transaction.

#### 25.5 Ticket sales contract

On March 26, 2018, the Company entered into a ticket sales contract with Caprioli Turismo Ltda., a travel agency owned by the Caprioli family (which holds an indirect stake in the Company through TRIP former shareholders), whereby Caprioli Turismo Ltda. is granted a R\$20 credit line for the purchase and resale of tickets for flights operated by the Company. This credit line is guaranteed by a non-interest bearing promissory note in the same amount payable.

#### 25.6 Aircraft sublease receivables

In December 2019, the Company signed a letter of intent for the sublease of up to 28 aircraft to the Breeze Aviation Group (“Breeze”), an airline founded by the controlling shareholder of Azul, headquartered in the United States. The transaction was voted and approved by 97% of the Azul's shareholders at the Extraordinary General Meeting held on March 2, 2020. Following good corporate practices, the controlling shareholder did not participate in the voting.

Until June 30, 2022, the Company sub-leased three aircrafts to Breeze and recorded a balance receivable of R\$74,661 (R\$79,663 as of December 31, 2021).

## 26. EQUITY

### 26.1 Issued capital

Description	Parent company and Consolidated		
	Company's capital	Quantity	
		Common shares	Preferred shares
At June 30, 2022	2,313,855	928,965,058	335,612,858
At December 31, 2021	2,290,876	928,965,058	333,680,010





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

June 30, 2022

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Company shareholding structure is presented below:

Shareholder	Parent company and Consolidated					
	06/30/22			12/31/21		
	Common shares	Preferred shares	% economic participation	Common shares	Preferred shares	% economic participation
David Neeleman	67.0%	2.2%	4.5%	67.0%	1.7%	4.0%
Trip shareholders <sup>(a)</sup>	33.0%	4.5%	5.6%	33.0%	5.5%	6.5%
United Airlines Inc	-	8.0%	7.8%	-	8.1%	7.8%
Capital Research Global Investors	-	5.2%	5.0%	-	11.6%	11.2%
Others	-	80.0%	77.0%	-	73.0%	70.4%
Treasury shares	-	0.1%	0.1%	-	0.1%	0.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(a) This refers to Trip Participações S.A., Trip Investimentos Ltda. and Rio Novo Locações Ltda.

## 26.2 Treasury shares

Set out below is the movement of treasury shares:

Description	Parent company and Consolidated		
	Number of shares	Amount paid	Average cost (in R\$)
December 31, 2021	384,529	11,959	31.10
Acquisitions	53,099	923	17.38
June 30, 2022	437,628	12,882	29.44

Up to June 30, 2022, the Company repurchased 530,900 shares from the balance of 2,000,000 shares approved in the preferred share buyback plan approved on March 1, 2021.

## 27. EARNINGS (LOSS) PER SHARE

Description	Parent company and consolidated			
	Three-month periods ended		Six-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
<b>Numerator</b>				
Net profit (loss) for the period	(2,480,471)	1,162,053	186,576	(1,624,575)
<b>Denominator</b>				
Weighted average number of common shares	928,965,058	928,965,058	928,965,058	928,965,058
Weighted average number of preferred shares	335,607,525	333,572,534	334,963,825	329,686,958
75 preferred shares	75	75	75	75
Weighted average number of equivalent preferred shares (a)	347,993,725	345,958,735	347,350,026	342,073,159
Weighted average number of equivalent common shares (b)	26,099,529,408	25,946,905,133	26,051,251,958	25,655,486,908
Weighted average number of presumed conversions	59,980,257	62,505,225	59,980,257	11,993,757
Weighted average number of shares that would have been issued at average market price	361,106	2,508,075	502,018	6,678,004
Basic earnings (loss) per common share – R\$	(0.10)	0.04	0.01	(0.06)
Diluted earnings (loss) per common share – R\$	(0.10)	0.04	0.01	(0.06)
Basic earnings (loss) per preferred share – R\$	(7.13)	3.36	0.54	(4.70)
Diluted earnings (loss) per preferred share – R\$	(7.13)	2.86	0.54	(4.70)

(a) This refers to the participation in the value of the Company's total equity, calculated as if all 928,965,058 common shares had been converted into 12,386,200 preferred shares at the conversion ratio of 75 common shares for each preferred share.

(b) This refers to the participation in the value of the Company's total equity, calculated as if the weighted average of preferred shares had been converted into common shares at the conversion ratio of 75 common shares for each preferred share.





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## 28. SHARE-BASED PAYMENT

### 28.1 Compensation plans

The conditions of the share-based payment plans were detailed in the financial statements for the year ended December 31, 2021, and have not changed in the six-month period ended June 30, 2022.

The movement of the plans and the expense recognized in profit or loss are as follows:

Description	Parent company and Consolidated			
	Number of shares			
	Stock option plan	Restricted shares plan	Phantom shares	Total
At December 31, 2021	3,923,686	1,366,386	5,136,682	10,426,754
Exercised	(1,932,848)	-	-	(1,932,848)
Canceled	-	(43,916)	(6,260)	(50,176)
At June 30, 2022	1,990,838	1,322,470	5,130,422	8,443,730

Description	Consolidated	
	06/30/22	12/31/21
Share price (in reais)	12.38	24.36
Weighted average of the stock option price of exercised shares (in reais)	11.86	11.79
Total obligation related to the phantom shares plan	24,286	49,828

Description	Consolidated Expense			
	Three-month periods ended		Six-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
Stock option plan	-	1,526	1,021	3,051
Restricted share plan	3,315	4,262	6,602	8,588
Phantom shares (a)	(29,305)	27,531	(25,542)	34,506
	(25,990)	33,319	(17,919)	46,145

(a) Due to the reduction of the share value in the quarter ended June 30, 2022, from R\$23.92 to R\$12.38, there was a decrease in the estimated remuneration of the *phantom shares* and, consequently, a reversal of the expense recorded in prior periods.

## 28.2 Assumptions

### 28.2.1 Stock option plan

Date of grant	Option exercise price (in R\$)	Fair value of the option on the grant date	Estimated average stock price volatility	Expected dividend	Average risk-free rate of return	Total options granted	Total outstanding options
12/11/2009	3.42	1.93	47.67%	1.10%	8.75%	5,032,800	187,920
03/24/2011	6.44	4.16	54.77%	1.10%	12.00%	1,572,000	84,000
04/05/2011	6.44	4.16	54.77%	1.10%	12.00%	656,000	7,500
06/30/2014	19.15	11.01	40.59%	1.10%	12.46%	2,169,122	740,013
07/01/2015	14.51	10.82	40.59%	1.10%	15.69%	627,810	199,864
07/01/2016	14.50	10.14	43.07%	1.10%	12.21%	820,250	299,796
07/06/2017	22.57	12.82	43.35%	1.10%	10.26%	680,467	471,745
						11,558,449	1,990,838





## AZUL S.A.

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#### 28.2.2 Restricted stock option plan

Date of grant	Fair value of share (in R\$)	Remaining term of the vesting period (in years)	Total granted	Total not exercised
07/06/2017	24.17	-	285,064	1,550
08/07/2018	24.43	0.05	291,609	61,222
07/07/2019	51.65	1.06	170,000	71,632
06/19/2020	21.80	1.94	1,382,582	918,742
07/07/2021	42.67	3.01	300,000	269,324
			<u>2,429,255</u>	<u>1,322,470</u>

#### 28.2.3 Phantom shares

Date of grant	Option exercise price (in R\$)	Fair value of option at the reporting date (in R\$)	Estimated average share price volatility	Average risk-free rate of return	Remaining term of the vesting period (in years)	Total options granted <sup>(a)</sup>	Total outstanding
08/07/2018	20.43	7.49	70.82%	13.20%	0.05	707,400	88,404
07/07/2019	42.09	7.49	70.82%	13.20%	1.06	405,000	14,201
04/30/2020	10.35	6.19	67.33%	13.38%	0.80	3,250,000	2,985,488
04/30/2020	10.35	6.77	68.77%	13.29%	1.80	1,600,000	1,489,161
08/17/2021	33.99	5.53	71.86%	13.02%	3.12	580,000	553,168
						<u>6,542,400</u>	<u>5,130,422</u>

(a) There are no expected dividends.

## 29. SALES REVENUE

Description	Consolidated			
	Three-month periods ended		Six-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
<b>Revenue</b>				
Passenger revenue	3,664,875	1,461,083	6,596,065	3,111,152
Other revenues	404,650	317,627	792,229	576,527
<b>Gross revenue</b>	<u>4,069,525</u>	<u>1,778,710</u>	<u>7,388,294</u>	<u>3,687,679</u>
<b>Taxes levied</b>				
Passenger revenue	(106,433)	(43,647)	(194,654)	(96,074)
Other revenues	(38,329)	(32,697)	(75,836)	(63,417)
Total taxes	<u>(144,762)</u>	<u>(76,344)</u>	<u>(270,490)</u>	<u>(159,491)</u>
<b>Net revenue</b>	<u>3,924,763</u>	<u>1,702,366</u>	<u>7,117,804</u>	<u>3,528,188</u>

Revenues by geographical location are as follows:

Description	Consolidated			
	Three-month periods ended		Six-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
Domestic revenue	3,320,214	1,509,839	6,008,732	3,188,368
Foreign revenue	604,549	192,527	1,109,072	339,820
<b>Net revenue</b>	<u>3,924,763</u>	<u>1,702,366</u>	<u>7,117,804</u>	<u>3,528,188</u>





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

June 30, 2022

(In thousands of Brazilian reais – R\$, unless otherwise indicated)

### 30. RESULT BY NATURE

Description	Parent company			
	Three-month periods ended		Six-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
<b>Administrative expenses</b>				
Salaries and benefits	(3,173)	(4,286)	(17,584)	(7,060)
Others	(9,513)	(4,399)	(17,642)	(7,739)
	(12,686)	(8,685)	(35,226)	(14,799)
<b>Other operating expenses</b>				
Others	-	-	-	-
	-	-	-	(12)
	-	-	-	(12)
<b>Total</b>	(12,686)	(8,685)	(35,226)	(14,811)

Description	Consolidated			
	Three-month periods ended		Six-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
<b>Cost of services</b>				
Aircraft fuel	(1,698,191)	(609,362)	(2,887,157)	(1,207,028)
Salaries and benefits	(453,365)	(354,058)	(850,379)	(729,679)
Airport fees	(223,704)	(138,790)	(422,811)	(288,133)
Provision of traffic services	(150,780)	(80,025)	(283,750)	(166,690)
Maintenance and repair	(168,276)	(141,348)	(328,544)	(235,233)
Depreciation and amortization	(476,110)	(290,612)	(965,049)	(585,845)
Impairment (a)	-	103,017	-	103,017
Others	(330,202)	(310,664)	(783,773)	(539,121)
	(3,500,628)	(1,821,842)	(6,521,463)	(3,648,712)
<b>Selling expenses</b>				
Salaries and benefits	(5,473)	(5,141)	(10,967)	(9,924)
Advertising and publicity	(157,849)	(74,428)	(284,700)	(160,348)
	(163,322)	(79,569)	(295,667)	(170,272)
<b>Administrative expenses</b>				
Salaries and benefits (b)	7,368	(61,965)	(24,345)	(96,081)
Depreciation and amortization	(2,045)	(1,968)	(4,019)	(3,932)
Others	(60,989)	(34,339)	(106,075)	(68,273)
	(55,666)	(98,272)	(134,439)	(168,286)
<b>Other operating expenses</b>				
Idleness - Depreciation and amortization (c)	-	(56,703)	(31,125)	(103,255)
Others	(68,682)	(47,896)	(148,490)	(85,519)
	(68,682)	(104,599)	(179,615)	(188,774)
<b>Total</b>	(3,788,298)	(2,104,282)	(7,131,184)	(4,176,044)

(a) Reversal made in the line items of property and equipment, right-of-use assets and other assets.

(b) Due to the reduction of the share value in the quarter ended June 30, 2022, from R\$23.92 to R\$12.38, there was a decrease in the estimated remuneration of the phantom shares and, consequently, a reversal of the expense recorded in prior periods.

(c) As a consequence of the reduction in the number of flights operated and by analogy to the provisions of CPC 16 (R1) - Inventories, equivalent to IAS-2, expenses with depreciation of flight equipment not directly related to the revenues generated in the period called idleness were reclassified from the "Cost of services" group to the "Other expenses, net" group.





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## 31. FINANCIAL RESULT

Description	Parent company			
	Three-month periods ended		Six-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
<b>Financial income</b>				
Interest on short-term investments	7,144	2,834	13,745	4,533
Others	565	6	776	95
	7,709	2,840	14,521	4,628
<b>Financial expenses</b>				
Interest on convertible debentures	(54,905)	(41,794)	(108,909)	(95,856)
Amortized cost of loans and financing	(1,119)	(904)	(2,189)	(1,798)
Others	(342)	(867)	(513)	(12,390)
	(56,366)	(43,565)	(111,611)	(110,044)
Derivative financial instruments	310,586	(22,845)	406,761	31,187
Foreign currency exchange, net	(112,814)	162,783	74,131	58,114
Financial result, net	149,115	99,213	383,802	(16,115)

Description	Consolidated			
	Three-month periods ended		Six-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
<b>Financial income</b>				
Interest on short-term investments	27,786	23,432	62,170	41,458
Sublease receivables	11,941	6,711	17,620	13,561
Others	2,357	341	11,208	814
	42,084	30,484	90,998	55,833
<b>Financial expenses</b>				
Interest on loans and financing	(157,534)	(76,318)	(301,112)	(144,793)
Interest on convertible debentures	(54,905)	(41,794)	(108,909)	(95,856)
Interest on lease	(591,835)	(602,173)	(1,185,828)	(1,236,056)
Interest on factoring credit card receivables	(56,781)	(4,025)	(94,004)	(10,456)
Interest on provisions	(62,856)	(56,005)	(112,529)	(114,320)
Guarantee commission	(35,405)	(23,548)	(66,917)	(40,614)
Amortized cost of loans and financing	(8,339)	(6,339)	(16,835)	(11,561)
Others	(158,010)	(56,070)	(263,689)	(127,768)
	(1,125,665)	(866,272)	(2,149,823)	(1,781,424)
Derivative financial instruments	592,506	(33,638)	898,548	44,534
Foreign currency exchange, net	(2,125,861)	2,434,685	1,360,233	706,925
Financial result, net	(2,616,936)	1,565,259	199,956	(974,132)

## 32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Operating activities expose the Company and its subsidiaries to financial market risks related to fuel prices, foreign exchange rates, interest rates, credit and liquidity. The risks are monitored by the Company's management and can be mitigated through the use of swaps, futures and options in the oil market, US dollar and interest.

All activities with financial instruments for risk management are carried out by specialists with skill, experience and adequate supervision. It is the Company's policy not to enter into derivative transactions for speculative purposes.





## AZUL S.A.

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#### 32.1 Fair value hierarchy of financial instruments

The fair value hierarchy is identified below:

Description	Level	Parent company			
		Carrying amount		Fair value	
		06/30/22	12/31/21	06/30/22	12/31/21
<b>Assets</b>					
Cash and cash equivalents	2	235,391	293,557	235,391	293,557
<b>Liabilities</b>					
Loans and financing	-	(1,219,332)	(1,236,215)	(1,007,670)	(1,256,767)
Loans and financing - conversion right	2	(230,025)	(636,786)	(230,025)	(636,786)
Accounts payable	-	(2,380)	(3,436)	(2,380)	(3,436)
Insurance payable	-	(6,434)	-	(6,434)	-

Description	Level	Consolidated			
		Carrying amount		Fair value	
		06/30/22	12/31/21	06/30/22	12/31/21
<b>Assets</b>					
Cash and cash equivalents	2	2,033,628	3,073,799	2,033,628	3,073,799
Short-term investments	2	702,848	908,149	702,848	908,149
Accounts receivable	-	1,561,404	997,893	1,561,404	997,893
Aircraft sublease	-	242,716	274,198	242,716	274,198
Security deposits and maintenance reserves	-	2,192,340	1,964,419	2,192,340	1,964,419
Derivative financial instruments	2	543,512	353,817	543,512	353,817
<b>Liabilities</b>					
Loans and financing	-	(8,996,346)	(9,381,945)	(7,674,071)	(8,973,383)
Loans and financing - conversion right	2	(230,025)	(636,786)	(230,025)	(636,786)
Leases	-	(13,949,492)	(14,890,575)	(13,949,492)	(14,890,575)
Accounts payable	-	(2,234,909)	(1,872,680)	(2,234,909)	(2,335,165)
Accounts payable - supplier finance	-	(660,127)	(3,694)	(660,127)	(3,694)
Airport fees	-	(1,167,390)	(978,702)	(1,167,390)	(978,702)
Reimbursement to customers	-	(48,683)	(173,686)	(48,683)	(173,686)
Insurance payable	-	(33,101)	(92,793)	(33,101)	(92,793)
Derivative financial instruments	2	(195,814)	(287,051)	(195,814)	(287,051)

#### 32.2 Market risks

During the three and six-month periods ended June 30, 2022 and 2021, gains and losses on derivative financial instruments were recognized in profit or loss, as follows:

Description	Consolidated			
	Three-month periods ended		Six-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
Gain (loss) – interest rate risk	58,238	(54,150)	81,311	81,795
Gain - aviation fuel price risk ("QAV")	265,044	46,263	495,127	67,530
Loss - foreign exchange risk	(41,362)	(2,906)	(84,651)	(135,978)
	281,920	(10,793)	491,787	13,347







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### Notes to the individual and consolidated quarterly information

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#### 32.2.1 Interest rate risk

As of June 30, 2022, the Company had swap contracts to hedge against the effect of fluctuations in interest rates on part of payments for leases.

##### 32.2.1.1 Sensitivity analysis

As of June 30, 2022, the Company held financial assets and liabilities linked to various types of rates. In the sensitivity analysis of non-derivative financial instruments, the impact on annual interest was only considered on positions with values exposed to such fluctuations:

Description	Consolidated				
	Rate (p.a.)	Exposure to CDI		Exposure to LIBOR	
		06/30/22	Weighted rate (p.a.)		06/30/22
Exposed assets (liabilities), net	13.15%	60,137	2.59%	(560,641)	
<b>Effect on profit or loss</b>					
Interest rate devaluation by -50%	6.58%	(5,373)	1.30%	7,149	
Interest rate devaluation by -25%	9.86%	(2,686)	1.94%	3,575	
Interest rate appreciation by 50%	19.73%	5,373	3.89%	(7,149)	
Interest rate appreciation by 25%	16.44%	2,686	3.24%	(3,575)	

#### 32.2.2 Aviation fuel price risk (“QAV”)

The price of aviation fuel may vary depending on the volatility of the price of crude oil and its derivatives. To mitigate losses linked to variations in the fuel market, the Company had, as of June 30, 2022, forward transactions on fuel.

##### 32.2.2.1 Sensitivity analysis

The probable scenarios used by the Company are the market curves at June 30, 2022 for derivatives that hedge the fuel price risk. The table below shows the sensitivity analysis in US dollars of the fluctuation of aviation fuel barrel prices:

Description	Consolidated	
	Exposure to HOA <sup>(a)</sup>	
	Price <sup>(b)</sup>	06/30/22
Exposed assets, net	\$352	293,704
<b>Effect on profit or loss</b>		
HOA devaluation by -50%	\$176	(632,875)
HOA devaluation by -25%	\$264	(317,370)
HOA appreciation by 50%	\$527	640,920
HOA appreciation by 25%	\$439	320,424

(a) HOA – Heating Oil

(b) Average price in US dollars, per gallon, projected for the next 12 months.

#### 32.2.3 Foreign exchange risk

The foreign exchange risk arises from the possibility of unfavorable exchange differences to which the Company's cash flows are exposed. The Company constantly monitors the net exposure in foreign currency and evaluates the contracting of derivative transactions.





## AZUL S.A.

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The exposure to the main exchange differences is as follows:

Description	Consolidated			
	Exposure to US\$		Exposure to €	
	06/30/22	12/31/21	06/30/22	12/31/21
<b>Assets</b>				
Cash and cash equivalents	423,348	244,239	3,495	4,352
Short-term investments	-	-	701,933	906,719
Accounts receivable	158,251	100,640	-	-
Aircraft sublease	242,716	274,198	-	-
Security deposits and maintenance reserves	2,118,586	1,918,517	-	-
Other assets	82,051	154,198	-	-
<b>Total assets</b>	<b>3,024,952</b>	<b>2,691,792</b>	<b>705,428</b>	<b>911,071</b>
<b>Liabilities</b>				
Loans and financing	(7,676,193)	(8,506,445)	-	-
Leases	(14,141,253)	(14,814,400)	-	-
Accounts payable	(891,087)	(624,162)	-	-
Provisions and other liabilities	(3,469,076)	(3,808,012)	-	-
<b>Total liabilities</b>	<b>(26,177,609)</b>	<b>(27,753,019)</b>	<b>-</b>	<b>-</b>
<b>Net exposure</b>	<b>(23,152,657)</b>	<b>(25,061,227)</b>	<b>705,428</b>	<b>911,071</b>
Net exposure in foreign currency	(4,420,133)	(4,490,857)	128,629	144,134

#### 32.2.3.1 Sensitivity analysis

As of June 30, 2022, the Company adopted an exchange rate corresponding to the month's closing rate announced by the Central Bank of Brazil as a probable scenario.

Description	Consolidated			
	Exposure to US\$		Exposure to €	
	Closing rate	06/30/22	Closing rate	06/30/22
Exposed assets (liabilities), net	5.2380	(23,152,657)	5.4842	705,428
<b>Effect on profit or loss</b>				
Foreign currency devaluation by -50%	2.6190	11,576,329	2.7421	(352,714)
Foreign currency devaluation by -25%	3.9285	5,788,164	4.1132	(176,357)
Foreign currency appreciation by 50%	7.8570	(11,576,329)	8.2263	352,714
Foreign currency appreciation by 25%	6.5475	(5,788,164)	6.8553	176,357

#### 32.3 Credit risk

Credit risk is inherent to the Company's operating and financial activities, mainly disclosed in cash and cash equivalents, short-term investments, accounts receivable, aircraft sublease receivables, security deposits and maintenance reserves. Financial assets classified as cash and cash equivalents and short-term investments are deposited with counterparties that have a minimum investment grade rating in the assessment made by agencies S&P Global Ratings, Moody's or Fitch (between AAA and A+). The TAP Bond is guaranteed by intellectual property rights and credits related to the TAP mileage program.





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Credit limits are established for all customers based on internal classification criteria and the carrying amounts represent the maximum credit risk exposure. Outstanding receivables from customers are frequently monitored by the Company and, when necessary, allowances for expected credit losses are recognized.

Derivative financial instruments are contracted on the over-the-counter market (OTC) from counterparties with a minimum investment grade rating, or on commodities and futures exchanges (B3 and NYMEX), which substantially mitigates the credit risk. The Company assesses the risks of counterparties in financial instruments and diversifies the exposure periodically.

### 32.4 Liquidity risk

The maturity schedules of the Company's consolidated financial liabilities as of June 30, 2022 are as follows:

Description	Consolidated							
	Carrying amount	Contractual cash flow	2022	2023	2024	2025	2026	After 2026
Loans and financing	9,226,371	9,341,298	705,298	1,002,708	2,429,159	1,695,359	3,324,565	184,209
Leases	13,949,492	25,871,481	1,806,481	3,929,911	3,877,431	3,288,318	2,975,784	9,993,556
Accounts payable	2,234,909	2,234,909	1,650,681	209,005	373,976	83	28	1,136
Accounts payable - supplier finance	660,127	660,127	660,127	-	-	-	-	-
Airport fees	1,167,390	1,167,390	655,879	60,428	57,759	63,242	36,608	293,474
Reimbursement to customers	48,683	48,683	48,683	-	-	-	-	-
Insurance payable	33,101	33,101	33,101	-	-	-	-	-
Derivative obligations	195,814	195,814	42,328	41,715	111,771	-	-	-
	27,515,887	39,552,803	5,602,578	5,243,767	6,850,096	5,047,002	6,336,985	10,472,375

### 32.5 Capital management

The Company seeks capital alternatives in order to satisfy its operational needs, aiming at a capital structure that it considers adequate for the financial costs and the maturity dates of funding and its guarantees. The Company continuously monitors its net indebtedness.

## 33. NON-CASH TRANSACTIONS

Description	Consolidated						Total
	Acquisition of property and equipment	Maintenance reserves	Supplier finance	Lease	Transfers		
Accounts receivable	-	-	-	60,553	(105,277)	-	(44,724)
Aircraft sublease	-	-	-	3,619	-	-	3,619
Security deposits and maintenance reserves	-	(138,374)	-	-	-	-	(138,374)
Property and equipment	(157,711)	-	-	-	3,963	-	(153,748)
Right-of-use assets	-	-	-	(630,906)	(3,963)	-	(634,869)
Leases	-	-	-	519,238	-	-	519,238
Accounts payable	157,711	138,374	(817,352)	-	(312,734)	-	(834,001)
Accounts payable - supplier finance	-	-	817,352	-	-	-	817,352
Airport fees	-	-	-	-	760,839	-	760,839
Government installment payment program	-	-	-	-	(298,354)	-	(298,354)
Provisions	-	-	-	47,496	(125,311)	-	(77,815)
Other assets and liabilities	-	-	-	-	80,837	-	80,837
	-	-	-	-	-	-	-





## AZUL S.A.

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## 34. COMMITMENTS AND GUARANTEES

### 34.1 Aircraft acquisition

As of June 30, 2022, the Company had contractually assumed the commitment to acquire 133 aircraft, 90 directly from manufacturers and 43 from lessors (131 as of December 31, 2021, 86 directly from manufacturers and 45 from lessors). The amounts shown below are discounted to present value using the weighted discount rate of leasing transactions and do not necessarily characterize a cash outflow as the Company evaluates the obtainment of financing to meet these commitments.

Description	Consolidated	
	06/30/22	12/31/21
2022	1,055,473	1,332,170
2023	1,060,384	1,048,452
2024	2,402,127	2,354,729
2025	2,148,020	2,116,390
2026	2,363,033	2,325,528
After 2026	3,435,893	3,454,271
	<u>12,464,930</u>	<u>12,631,540</u>

### 34.2 Letters of credit

Until June 30, 2022, the Company held letters of credit related to security deposits, maintenance reserves and local guarantees in the amount of US\$489 million (US\$492 million as of December 31, 2021), equivalent to R\$2,561,454 (R\$3,112,152 as of December 31, 2021) and R\$38,520 (R\$8,763 as of December 31, 2021).

### 34.3 Guarantees

The convertible debentures are guaranteed by the Company and its main operating subsidiary, ALAB, and are collateralized by certain assets, including, but not limited to, intellectual property assets held and the TudoAzul frequent-flyer program, right of use of the hangar, and specific equipment necessary for maintenance of the hangar located at Viracopos airport.

Additionally, other guarantees are offered for fundraising, such as the assignment of rights over credit card receivables, parts and equipment.





**AZUL S.A.**

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### 35. Events after the reporting period

- After successfully participating in a bidding process by the Brazilian Air Force (“FAB”), the Company sold, during the month of July 2022, an Airbus A330-200 model aircraft and plans to deliver another unit by the end of the year.
- The Company's Board of Directors, held on August 8, 2022, approved the cancellation of the granting of phantom shares for 2021 and the granting of until 3,289,417 stock options and until 1,006,779 restricted shares.

.....  
Renata Bandeira Gomes do Nascimento  
CRC 1SP 215231/O-3  
Controllership and Tax Director

