

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**FORM 20-F/A**  
**(Amendment No. 1)**

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-38049

**AZUL SA**

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

**Federative Republic of Brazil**

(Jurisdiction of incorporation or organization)

**Avenida Marcos Penteado de Ulhôa Rodrigues, n. 939, 8th floor**

**Edifício Jatobá, Condomínio Castelo Branco Office Park**

**Tamboré, Barueri, State of São Paulo, Zip Code 06460-040**

**Federative Republic of Brazil**

(Address of principal executive offices)

**Alexandre Wagner Malfitani (Chief Financial Officer and Investor Relations Officer)**

**E-mail: invest@voeazul.com.br**

**Telephone: +55 (11) 4831-2880**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Title of each class	Trading Symbol	Name of each exchange on which registered
Preferred Shares without par value		New York Stock Exchange*
American Depositary Shares (as evidenced by American Depositary Receipts), each representing three Preferred Shares	AZUL	New York Stock Exchange

\*Not for trading purposes, but only in connection with the listing on the New York Stock Exchange of American Depositary Shares representing those Preferred Shares.

Securities registered or to be registered pursuant to Section 12 (g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15 (d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

**928,965,058 Common Shares**  
**335,750,796 Preferred Shares**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13 (a) of the Exchange Act.

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404 (b) of the Sarbanes-Oxley Act (15 U.S.C. 7262 (b)) by the registered public accounting firm that prepared or issued its audit report.

Yes  No

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15 (d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court:

Yes  No

Auditor Name: Ernst & Young Auditores Independentes S/S Ltda. Auditor Location: São Paulo, Brazil Firm ID: 1448

## EXPLANATORY NOTE

Azul S.A. (the “**Company**”) filed its Annual Report on Form 20-F for the fiscal year ended December 31, 2023 with the Securities and Exchange Commission (the “**SEC**”) which was accepted by the EDGAR filing system on May 15, 2024 with a filing date of May 16, 2024 (the “**Original Filing**”).

This Amendment No. 1 on Form 20-F/A (this “**Amendment**”) is filed by the Company with the SEC due to processing errors that resulted in an incomplete filing of the Original Filing and before completion of formal review and sign-off procedures of Ernst & Young Auditores Independentes S/S Ltda. (“**EY**”).

This Amendment amends Item 18 to correct the Report of Independent Registered Public Accounting Firm of EY appearing on pages F-7 and F-8 of the Original Filing by: (i) deleting from such report three paragraphs included under the sub-heading “Definition and Limitations of Internal Control Over Financial Reporting” commencing “The Company’s management is responsible for maintaining effective internal control...”, and (ii) inserting, under the same sub-heading “Definition and Limitations of Internal Control Over Financial Reporting”, the following paragraphs:

*“A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.*

*Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.”*

For the avoidance of doubt, there have been no changes to the Company’s consolidated financial statements set forth in the Original Filing.

In addition, this Amendment also amends Item 19 “*Exhibits*” in the Original Filing as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, including as Exhibits to this Amendment currently dated certifications from the Company’s Chief Executive Officer and Chief Financial Officer as required by Section 302 and 906 of the Sarbanes-Oxley Act of 2002, which certifications are attached to this Amendment as Exhibits 12.1, 12.2, 13.1 and 13.2.

Furthermore, this Amendment also updates the Company’s well-known seasoned issuer status as a result of the Original Filing having received a filing date of May 16, 2024.

Except as described above, this Amendment does not modify or update disclosures in, or exhibits to, the Original Filing. Therefore, this Amendment speaks as of May 15, 2024 (the filing date that the Original Filing was accepted by the EDGAR filing system) and, except as described above, does not modify or update any other disclosures contained in the Original Filing for other events or information subsequent to such date. Accordingly, this Amendment should be read in conjunction with the Original Filing and the Company’s filings with the SEC subsequent to the filing of the Original Filing.

## PART III

### ITEM 18. FINANCIAL STATEMENTS

See the Report of Independent Registered Public Accounting Firm of EY included herewith which replaces the corresponding Report of Independent Registered Public Accounting Firm of EY appearing on pages F-7 and F-8 of the Original Filing.

### ITEM 19. EXHIBITS

Exhibit Number	Description
12.1*	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1*	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2*	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104.1*	Cover Page Interactive Data File (formatted as Inline XBRL)

\* Filed herewith.

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**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and has duly caused and authorized the undersigned to sign this Amendment No. 1 to Annual Report on Form 20-F/A on its behalf.

**Azul S.A.**

By: /s/ John Peter Rodgerson

\_\_\_\_\_  
Name: John Peter Rodgerson

Title: Chief Executive Officer

By: /s/ Alexandre Wagner Malfitani

\_\_\_\_\_  
Name: Alexandre Wagner Malfitani

Title: Chief Financial Officer and Investor Relations Officer

Barueri/SP, Brazil  
May 23, 2024

# **Azul S.A.**

## **Consolidated Financial Statements**

December 31, 2023, 2022 and 2021

with Reports of Independent Registered Public Accounting Firm

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## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of  
**Azul S.A.**

### Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Azul S.A. (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive loss, changes in equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated May 15, 2024, expressed an adverse opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

### **Passenger revenue (including breakage)**

#### *Description of the Matter*

The Company's passenger revenue was R\$17,227,728 thousand for the year ended December 31, 2023. Passenger revenue is recognized when air transportation is actually provided. Tickets sold and loyalty program ("TudoAzul") points issued, but not yet used are deferred and recorded as a liability under "Air traffic liability and loyalty program", net of the estimated revenue from air tickets and TudoAzul points that will expire unused (breakage). As disclosed in Note 25.2 to the consolidated financial statements, the Company's estimate of breakage was R\$576,245 thousand at December 31, 2023.

Breakage is estimated using statistical models primarily based on historical data, ticket terms and customers' travel behavior. Breakage on outstanding loyalty program points is estimated using statistical models based on historical data, including redemption patterns.

Auditing passenger revenue (including breakage) was especially challenging since passenger revenue recognition is highly dependent on information technology systems and due to the complexity of the estimates used by management, such as expectations of the expiration of unused tickets and loyalty program points future redemption patterns.

#### *How We Addressed the Matter in Our Audit*

To test passenger revenue, including the estimate of breakage, our audit procedures included, among others, obtaining external confirmations for a sample of the accounts receivable balance; tracing a sample of passenger revenues to third-party evidence and flight logs; using automated audit techniques to assist us in validating the air traffic liability; and, comparing breakage rates with historical data and analyzing breakage rate trends over the years. We also assessed the Company's disclosures in respect of passenger revenue and breakage in Notes 33 and 25, respectively, to the consolidated financial statements.

## Maintenance reserve

*Description of the Matter* As disclosed in Note 11.2 to the consolidated financial statements, at December 31, 2023, the Company's maintenance reserve deposits, net of the provision for loss, were R\$1,874,958 thousand. Under the terms of certain agreements with aircraft and engine lessors, as aircraft and engines are used, the Company is required to pay deposits to lessors to be held as collateral for the performance of major maintenance activities, which are then reimbursable upon completion of the maintenance event.

The Company assesses whether its maintenance reserve deposits are expected to be recovered based on the expected usage of the aircraft and timing of future maintenance events. A provision for loss is recorded for deposits that will probably not be recovered.

Auditing the recoverability of the maintenance reserve deposits was especially challenging due to the degree of judgment required in estimating the expected usage of the aircraft and timing of future maintenance events.

*How We Addressed the Matter in Our Audit* To test the maintenance reserve deposits balance, net of the provision for loss, our audit procedures included, among others, confirming maintenance reserve deposit balances for individual contracts with the respective lessors; tracing elements of actual maintenance expenses incurred to supporting documentation; evaluating the Company's analysis of the recoverability of the maintenance reserve deposits that includes the assessment of the timing of future maintenance event and expected usage of the aircraft; and, comparing relevant inputs in the Company's estimate to contractual agreements with the lessors. We also assessed the Company's disclosures in respect of its maintenance reserve deposits in Note 11 to the consolidated financial statements.

## Net working capital and capital structure

*Description of the Matter* As more fully described in Note 2.2 to the consolidated financial statements, at December 31, 2023, the Company's negative equity was R\$21,327,848 thousand, negative net working capital was R\$9,704,733 thousand and loss for the year then ended was R\$2,380,456 thousand. Management assessed its business plan approved by the Board of Directors to determine whether the Company is capable of continuing its operations and fulfilling its obligations.

Auditing management's assessment was complex and required significant auditor judgement, as the judgements and assumptions applied by management in making their assessment include estimating future demand and revenue as well as evaluating the impacts from negotiations with lessors and financial institutions, the Company's access to additional capital and other future market conditions that are subject to significant estimation uncertainty. Those assumptions and judgements are forward-looking and could be affected by future economic events and market conditions.

*How We Addressed the Matter in Our Audit* To test management's assessment our audit procedures included, among others, involving our valuation specialists to assist in evaluating management's financial forecasting model and key assumptions; testing the mathematical accuracy of that model; comparing key inputs against historical financial information and records and performing a sensitivity analysis. We also assessed the Company's disclosures in respect of its capital structure and net working capital in Note 2.2 to the consolidated financial statements.

### **Modifications to aircraft right-of-use assets and lease liabilities**

*Description of the Matter* At December 31, 2023, the Company's aircraft right-of-use assets, net of accumulated depreciation, was R\$6,862,385 thousand, as disclosed in Note 16.2 to the consolidated financial statements. Also, the Company's aircraft lease liabilities at December 31, 2023 were R\$14,909,157 thousand, as disclosed in Notes 19.3, 19.4 and 19.5 to the consolidated financial statements. Also, as more fully disclosed in Note 2.1.4.5, the Company's modifications to its aircraft lease agreements with its lessors were complex and affected a large number of its aircraft lease agreements.

Auditing the modifications to aircraft lease agreements was especially challenging due to the significance of the amounts involved and the complexity of the modifications to aircraft lease agreements, as well as the uncertainties involved and the degree of judgment exercised by management in determining significant assumptions, which include, among others, the discount rate used to measure the lease liability.

*How We Addressed the Matter in Our Audit* To test the Company's aircraft lease modifications, our audit procedures included, among others, reading the modified lease contracts to understand their terms and conditions, including assessing whether they are in the scope of IFRS 16 Leases; assessing the criteria adopted by the management for a sample of agreements by recalculating the amounts involved for these transactions; testing the timing of recognition of the lease modifications with the respective lease agreements; and, involving our specialists to assist us with the evaluation of management's assumptions and judgments used to determine the discount rate used to measure the lease liability. We also assessed the Company's disclosures in respect to lease modifications, the aircraft right-of-use assets and lease liabilities in Notes 2.1.4.5, 16 and 19 to the consolidated financial statements, respectively.

#### **/s/ Ernst & Young Auditores Independentes S/S Ltda.**

We have served as the Company's auditor since 2009.

São Paulo, Brazil

May 15, 2024

## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of  
**Azul S.A.**

### Opinion on Internal Control Over Financial Reporting

We have audited Azul S.A.'s internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, because of the effect of the material weaknesses described below on the achievement of the objectives of the control criteria, Azul S.A. (the Company) has not maintained effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment. Management's risk assessment process failed to identify certain risks of material misstatement and therefore impacted its ability to properly design, implement and execute significant classes of transactions and financial reporting controls to fully address the requirements of the COSO criteria. Management also failed in the execution of certain relevant controls, including the validation of the completeness and accuracy of information derived from IT systems and end-user computing spreadsheets (information produced by the entity – IPE) used in the performance of those controls.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of operations, comprehensive loss, changes in equity, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes. These material weaknesses were considered in determining the nature, timing and extent of audit tests applied in our audit of the 2023 consolidated financial statements, and this report does not affect our report dated May 15, 2024, which expressed an unqualified opinion thereon.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

## **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**/s/ Ernst & Young Auditores Independentes S/S Ltda.**

São Paulo, Brazil

May 15, 2024

## Consolidated Statements of Financial Position

As of December 31, 2023 and 2022

(In thousands of Brazilian reais – R\$)

Assets	Note	December 31,	
		2023	2022
<b>Current assets</b>			
Cash and cash equivalents	6	1,897,336	668,348
Accounts receivable	8	1,109,408	1,803,998
Aircraft sublease	9	14,592	70,193
Inventories	10	799,208	721,738
Deposits	11	515,692	1,025,168
Taxes recoverable	12	219,433	234,891
Derivative financial instruments	23	21,909	36,054
Advances to suppliers	13	221,051	121,697
Other assets		245,518	189,849
Total current assets		5,044,147	4,871,936
<b>Non-current assets</b>			
Long-term investments	7	780,312	733,043
Aircraft sublease	9	16,210	105,860
Deposits	11	1,777,803	1,514,393
Derivative financial instruments	23	—	235,896
Other assets		143,781	328,005
Property and equipment	15	2,295,851	1,953,089
Right-of-use assets	16	9,011,558	7,552,548
Intangible assets	17	1,463,247	1,426,523
Total non-current assets		15,488,762	13,849,357
<b>Total assets</b>		<b>20,532,909</b>	<b>18,721,293</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Consolidated Statements of Financial Position

As of December 31, 2023 and 2022

(In thousands of Brazilian reais – R\$)

Liabilities and equity	Note	December 31,	
		2023	2022
<b>Current liabilities</b>			
Loans and financing	18	1,100,051	1,112,940
Reverse factoring	22	290,847	753,352
Leases	19	3,687,392	4,025,948
Convertible debt instruments	20	25,807	14,789
Accounts payable	21	2,277,841	2,517,828
Airport taxes and fees	24	588,404	831,897
Air traffic liability and loyalty program	25	5,205,876	4,140,025
Salaries and benefits	26	474,797	479,412
Taxes payable	27	142,168	193,588
Derivative financial instruments	23	68,905	69,365
Provisions	28	736,430	834,288
Other liabilities		150,362	82,673
<b>Total current liabilities</b>		<b>14,748,880</b>	<b>15,056,105</b>
<b>Non-current liabilities</b>			
Loans and financing	18	8,598,861	6,119,759
Leases	19	11,459,019	10,556,885
Convertible debt instruments	20	1,175,803	1,388,930
Accounts payable	21	1,320,927	516,971
Airport taxes and fees	24	1,171,679	502,872
Taxes payable	27	112,287	71,595
Derivative financial instruments	23	840	175,210
Deferred income tax and social contribution	14	39,526	—
Provisions	28	2,404,423	2,408,706
Other liabilities		828,512	931,760
<b>Total non-current liabilities</b>		<b>27,111,877</b>	<b>22,672,688</b>
<b>Equity</b>	30		
Issued capital		2,314,821	2,313,941
Advance for future capital increase		789	61
Capital reserve		2,029,610	1,970,098
Treasury shares		(9,041)	(10,204)
Other comprehensive income		3,106	5,281
Accumulated losses		(25,667,133)	(23,286,677)
		(21,327,848)	(19,007,500)
<b>Total liabilities and equity</b>		<b>20,532,909</b>	<b>18,721,293</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Consolidated Statements of Operations

Years ended December 31, 2023, 2022 and 2021

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

	Note	Years ended December 31,		
		2023	2022	2021
Passenger revenue		17,227,728	14,594,945	8,811,044
Other revenues		1,326,697	1,353,122	1,164,685
<b>Total Revenue</b>	33	18,554,425	15,948,067	9,975,729
Aircraft fuel		(5,890,485)	(6,561,288)	(3,257,223)
Salaries and benefits		(2,408,364)	(1,954,568)	(1,748,441)
Airport taxes and fees		(1,059,258)	(911,246)	(677,653)
Auxiliary services for air transport		(807,563)	(641,900)	(395,533)
Maintenance		(898,282)	(616,209)	(546,647)
Advertising and publicity		(779,264)	(699,003)	(403,987)
Depreciation and amortization		(2,404,223)	(2,094,448)	(1,544,333)
Impairment and onerous contracts		245,636	1,102,791	1,075,682
Insurance		(89,492)	(103,216)	(80,256)
Other		(2,802,036)	(2,039,425)	(2,342,543)
		(16,893,331)	(14,518,512)	(9,920,934)
<b>Operating profit</b>		1,661,094	1,429,555	54,795
Financial income		220,141	277,289	154,280
Financial expenses		(5,608,771)	(4,793,782)	(3,838,243)
Derivative financial instruments, net		(238,458)	958,005	864,184
Foreign currency exchange, net		1,625,064	1,406,566	(1,443,046)
Financial result	34	(4,002,024)	(2,151,922)	(4,262,825)
Result from related party transactions	29	—	—	(5,178)
<b>Loss before income tax and social contribution</b>		(2,340,930)	(722,367)	(4,213,208)
<b>Deferred income tax and social contribution</b>	14	(39,526)	—	—
<b>Loss for the year</b>		(2,380,456)	(722,367)	(4,213,208)
Basic loss per common share – R\$	31	(0.09)	(0.03)	(0.16)
Diluted loss per common share – R\$	31	(0.09)	(0.03)	(0.16)
Basic loss per preferred share – R\$	31	(6.85)	(2.08)	(12.19)
Diluted loss per preferred share – R\$	31	(6.85)	(2.08)	(12.19)

The accompanying notes are an integral part of these consolidated financial statements.

**Consolidated Statements of Comprehensive loss**

Years ended December 31, 2023, 2022 and 2021

(In thousands of Brazilian reais – R\$)

	Note	Years ended December 31,		
		2023	2022	2021
Loss for the year		(2,380,456)	(722,367)	(4,213,208)
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>				
Post-employment benefit	28	(2,175)	(518)	5,144
Total comprehensive loss		(2,382,631)	(722,885)	(4,208,064)

The accompanying notes are an integral part of these consolidated financial statements.

## Consolidated Statements of Changes in Equity

Years ended December 31, 2023, 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
<b>At December 31, 2020</b>		<b>2,246,367</b>	<b>20,625</b>	<b>(13,182)</b>	<b>1,947,887</b>	<b>655</b>	<b>(18,351,102)</b>	<b>(14,148,750)</b>
Loss for the year		—	—	—	—	—	(4,213,208)	(4,213,208)
Post-employment benefit	28	—	—	—	—	5,144	—	5,144
<b>Total comprehensive income</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5,144</b>	<b>(4,213,208)</b>	<b>(4,208,064)</b>
Share buyback	30	—	—	(16,198)	—	—	—	(16,198)
Share-based payment (*)	30/32	44,509	(20,505)	17,421	(1,416)	—	—	40,009
<b>At December 31, 2021</b>		<b>2,290,876</b>	<b>120</b>	<b>(11,959)</b>	<b>1,946,471</b>	<b>5,799</b>	<b>(22,564,310)</b>	<b>(18,333,003)</b>
Loss for the year		—	—	—	—	—	(722,367)	(722,367)
Post-employment benefit	28	—	—	—	—	(518)	—	(518)
<b>Total comprehensive income</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(518)</b>	<b>(722,367)</b>	<b>(722,885)</b>
Share buyback	30	—	—	(3,923)	—	—	—	(3,923)
Share-based payment (*)	30/32	23,065	(59)	5,678	23,627	—	—	52,311
<b>At December 31, 2022</b>		<b>2,313,941</b>	<b>61</b>	<b>(10,204)</b>	<b>1,970,098</b>	<b>5,281</b>	<b>(23,286,677)</b>	<b>(19,007,500)</b>
Loss for the year		—	—	—	—	—	(2,380,456)	(2,380,456)
Post-employment benefit	28	—	—	—	—	(2,175)	—	(2,175)
<b>Total comprehensive income</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(2,175)</b>	<b>(2,380,456)</b>	<b>(2,382,631)</b>
Share buyback	30	—	—	(6,826)	—	—	—	(6,826)
Share-based payment (*)	30/32	880	728	7,989	59,512	—	—	69,109
<b>At December 31, 2023</b>		<b>2,314,821</b>	<b>789</b>	<b>(9,041)</b>	<b>2,029,610</b>	<b>3,106</b>	<b>(25,667,133)</b>	<b>(21,327,848)</b>

(\*) Refers to the receipt of the exercise of stock options, transfers of treasury shares for the payment of RSU net of income tax and the vesting of share-based compensation plans.

The accompanying notes are an integral part of these consolidated financial statements.

## Consolidated Statements of Cash Flows

Years ended December 31, 2023, 2022 and 2021

(In thousands of Brazilian reais – R\$)

	Years ended December 31,		
	2023	2022	2021
<b>Cash flows from operating activities</b>			
Loss for the year	(2,380,456)	(722,367)	(4,213,208)
<b>Adjustments to reconcile net (loss) for the year to net cash flow</b>			
Depreciation and amortization	2,404,223	2,094,448	1,544,333
Gain (loss) from impairment of assets and onerous contracts	(245,636)	(1,102,791)	(1,075,682)
Derivative financial results, net	238,458	(958,005)	(864,184)
Share-based payment	71,643	(18,250)	17,180
Foreign currency exchange, net	(1,616,363)	(1,464,235)	1,431,508
Financial income and expenses, net	5,313,867	3,968,455	3,418,852
Provisions	(160,957)	438,375	646,606
Asset write-offs	269,486	208,923	—
Result from modification of lease contracts and provision	(204,017)	(93,113)	(24,323)
Result on disposal or sale, of fixed assets, right of use, intangible assets and inventories	297,349	147,311	832
Deferred income tax and social contribution	39,526	—	—
Sale and leaseback	6,356	(33,155)	(22,736)
<b>Adjusted net (loss) profit</b>	<b>4,033,479</b>	<b>2,465,596</b>	<b>859,178</b>
<b>Changes in operating assets and liabilities</b>			
Accounts receivable	876,955	(1,107,114)	(270,334)
Aircraft sublease	19,485	68,393	65,032
Inventories	(153,502)	(159,486)	(159,118)
Deposits	(453,090)	(606,219)	(421,612)
Taxes recoverable	16,312	(122,338)	26,009
Derivative financial results, net	(137,998)	477,581	(24,520)
Advances to suppliers	(2,888,463)	(629,450)	(86,936)
Other assets	(128,116)	(186,128)	(318,236)
Accounts payable	2,795,585	2,274,014	1,119,312
Reverse factoring	—	—	(1,356,689)
Airport taxes and fees	227,996	356,067	50,369
Air traffic liability and loyalty program	1,134,387	963,680	574,944
Salaries and benefits	13,151	113,828	185,692
Taxes payable	(26,793)	7,131	59,320
Provisions	(237,456)	(179,391)	(395,361)
Other liabilities	72,589	(129,019)	406,869
<b>Total changes in operating assets and liabilities</b>	<b>1,131,042</b>	<b>1,141,549</b>	<b>(545,259)</b>
Interest paid	(1,724,830)	(1,169,830)	(624,535)
<b>Net cash provided (used) by operating activities</b>	<b>3,439,691</b>	<b>2,437,315</b>	<b>(310,616)</b>
<b>Cash flows from investing activities</b>			
Short-term investments			
Acquisition of short-term investments	—	(10,422)	(98,788)
Redemption of short-term investments	—	11,939	189,470
Restricted cash	6,145	—	—
Payment for acquisition of subsidiary	—	(30,317)	(20,000)
Cash received on sale of property and equipment	—	518,739	—
Cash received in the sale and leaseback operation	91,688	321,266	21,256
Acquisition of intangible assets	(168,971)	(198,525)	(152,542)
Acquisition of property and equipment	(464,354)	(624,239)	(624,286)
Acquisition of capitalized maintenance	(338,990)	(628,293)	—
<b>Net cash used in investing activities</b>	<b>(874,482)</b>	<b>(639,852)</b>	<b>(684,890)</b>
<b>Cash flows from financing activities</b>			
Loans and financing			
Proceeds	4,733,292	200,000	3,071,274
Repayment	(1,907,123)	(819,182)	(390,985)
Reverse factoring	(831,477)	(818,274)	—
Lease payment	(2,353,262)	(2,772,581)	(1,799,815)
Payment of convertible debt instruments	(542,496)	—	—
Payment of costs with proceeds	(486,658)	(12,633)	(75,645)
Advance for future capital increase	789	61	24,004
Capital increase	819	22,945	—
Treasury shares	(6,826)	(3,923)	(16,198)
<b>Net cash provided (used) by financing activities</b>	<b>(1,392,942)</b>	<b>(4,203,587)</b>	<b>812,635</b>
Exchange rate changes on cash and cash equivalents	56,721	673	191,855
<b>Increase (decrease) in cash and cash equivalents</b>	<b>1,228,988</b>	<b>(2,405,451)</b>	<b>8,984</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>668,348</b>	<b>3,073,799</b>	<b>3,064,815</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,897,336</b>	<b>668,348</b>	<b>3,073,799</b>

The accompanying notes are an integral part of these consolidated financial statements.

**Notes to the Consolidated Financial Statements**

December 31, 2023

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

**1. OPERATIONS**

Azul S.A. (“The Company” or “Azul”) 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”). Azul 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.

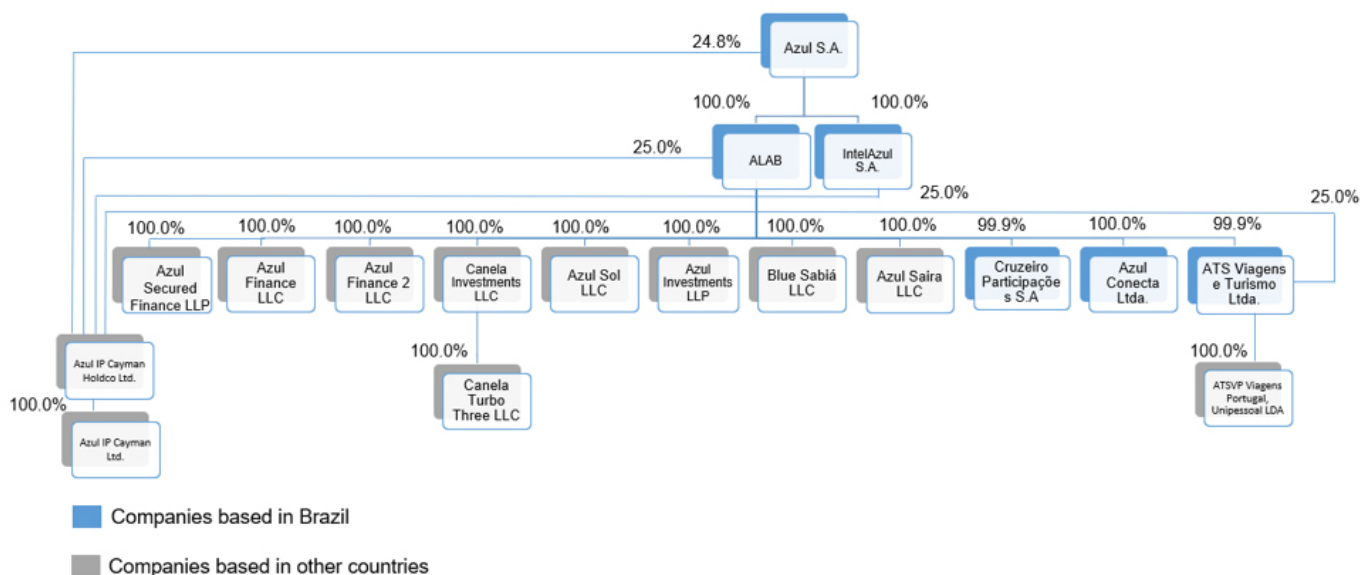
Azul carries out its activities through its subsidiaries, mainly Azul Linhas Aéreas Brasileiras S.A. (“ALAB”) and Azul Conecta Ltda. (“Conecta”), which hold authorization from government authorities to operate as airlines and ATS Viagens e Turismo Ltda (“Azul Viagens”).

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

Azul is headquartered at Avenida Marcos Pentead de Ulhôa Rodrigues, 939, 8th floor, in the city of Barueri, state of São Paulo, Brazil.

**1.1 Organizational structure**

The Company’s organizational structure as of December 31, 2023 is as follows:



## Notes to the Consolidated Financial Statements

December 31, 2023

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

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

Company	Type of investment	Main activity	State	Country	% Equity interest	
					December 31,	
					2023	2022
<i>Azul IP Cayman Holdco Ltd. (Azul Cayman Holdco)</i>	Direct	Equity holding in other companies	George Town	Cayman Islands	24.8 %	—
<i>Azul IP Cayman Ltd. (Azul Cayman)</i>	Indirect	Intellectual property owner	George Town	Cayman Islands	100.0 %	—
IntelAzul S.A. (IntelAzul)	Direct	Frequent-flyer program	São Paulo	Brazil	100.0 %	100.0 %
<i>Azul IP Cayman Holdco Ltd. (Azul Cayman Holdco)</i>	Indirect	Equity holding in other companies	George Town	Cayman Islands	25.0 %	—
Azul Linhas Aéreas Brasileiras S.A. (ALAB)	Direct	Airline operations	São Paulo	Brazil	100.0 %	100.0 %
<i>Azul IP Cayman Holdco Ltd. (Azul Cayman Holdco)</i>	Indirect	Equity holding in other companies	George Town	Cayman Islands	25.0 %	—
Azul Conecta Ltda. (Conecta)	Indirect	Airline operations	São Paulo	Brazil	100.0 %	100.0 %
ATS Viagens e Turismo Ltda. (Azul Viagens)	Indirect	Travel packages	São Paulo	Brazil	99.9 %	99.9 %
<i>ATSVP Viagens Portugal, Unipessoal LDA (Azul Viagens Portugal)</i>	Indirect	Travel packages	Lisbon	Portugal	100.0 %	—
<i>Azul IP Cayman Holdco Ltd. (Azul Cayman Holdco)</i>	Indirect	Equity holding in other companies	George Town	Cayman Islands	25.0 %	—
Cruzeiro Participações S.A. (Cruzeiro)	Indirect	Equity holding in other companies	São Paulo	Brazil	99.9 %	99.9 %
<i>Azul Investments LLP (Azul Investments)</i>	Indirect	Funding	Delaware	USA	100.0 %	100.0 %
<i>Azul SOL LLC (Azul SOL)</i>	Indirect	Aircraft financing	Delaware	USA	100.0 %	100.0 %
<i>Azul Finance LLC (Azul Finance)</i>	Indirect	Aircraft financing	Delaware	USA	100.0 %	100.0 %
<i>Azul Finance 2 LLC (Azul Finance 2)</i>	Indirect	Aircraft financing	Delaware	USA	100.0 %	100.0 %
<i>Blue Sabiá LLC (Blue Sabiá)</i>	Indirect	Aircraft financing	Delaware	USA	100.0 %	100.0 %
<i>Canela Investments LLC (Canela)</i>	Indirect	Aircraft financing	Delaware	USA	100.0 %	100.0 %
<i>Canela Turbo Three LLC (Canela Turbo)</i>	Indirect	Aircraft financing	Delaware	USA	100.0 %	100.0 %
<i>Azul Saira LLC (Azul Saira)</i>	Indirect	Aircraft financing	Delaware	USA	100.0 %	100.0 %
<i>Azul Secured Finance LLP (Azul Secured)</i>	Indirect	Funding	Delaware	USA	100.0 %	—

Azul Viagens Portugal was incorporated in March 2023, Azul Secured May 2023 and Azul IP Cayman Holdco and Azul IP Cayman in June 2023.

### 1.2 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, in the first quarter of 2022 and 2021, thus impacting the accumulated result for the year presented for comparative purposes.

## Notes to the Consolidated Financial Statements

December 31, 2023

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

## 2. NET WORKING CAPITAL AND CAPITAL STRUCTURE

### 2.1 Contextualization

Throughout the year ended December 31, 2023, the Company focused its efforts on executing the debt restructuring plan. Discussions with creditors began at the end of 2022, with the signing of agreements concentrated in the third and fourth quarters of 2023. The main actions taken in this process are presented in detail below, however, it is necessary to clarify the facts and conditions that led the Company to promote such restructuring:

From the founding of the Company until the outbreak of the COVID-19 pandemic, Azul demonstrated through its results the strengths of its economic foundations. As an airline with a differentiated business strategy, supported by its regional routes, where there was very little or even no competition, until that moment the Company had shown exponential growth.

As is generally known, in March 2020, the World Health Organization (“WHO”) classified the COVID-19 as a “public health emergency of international concern” and declared it a pandemic. From this moment, a sharp rupture was noted in the global economic activity, unleashing an unprecedented global economic crisis.

It is worth remembering that the speed of spread and contagion of the disease have caused countries around the world, including Brazil, to adopt measures to recommend social distancing, travel restrictions and the closure of borders. As a consequence, the airline industry was one of the first and hardest hit in its operations and results.

In order to face this absolutely challenging scenario, the Company, through its Executive Committee, started to monitor and establish operational and financial strategies to go through this period of crisis until the resumption of operations. Among the main actions to achieve the established strategies, the following stand out:

#### 2.1.1 Resizing of the airline network

One of the first and most important actions taken by Management in response to the economic crisis unleashed by the COVID-19 pandemic was the resizing of its airline network, with reductions in capacity that reached its peak in April 2020. At this moment, the volume of ASKs (seat-kilometers offered) offered in the domestic market accounted for only 13% of the volume of the same period of 2019, represented by approximately 70 daily flights, and in turn the demand reduced to 11% of the total of the previous year. Remembering that until then the Company operated almost 1,000 daily flights. This situation severely impacted the Company's ability to generate cash and be able to honor financial commitments made in the pre-pandemic period.

#### 2.1.2 Cost reductions

Faced with the difficulties imposed by the pandemic scenario, the Company adopted several measures to reduce its fixed and variable costs, including: (i) suspension of hiring, (ii) launch of unpaid leave and voluntary dismissal programs; (iii) reduction of salaries of executive committee members and directors; (iv) reduction of general salary expenses by around 65%, in the period between March and August 2020, and (v) collective agreement to reduce the working hours of pilots and flight attendants for 18 months.

#### 2.1.3 Strengthening of cash

Throughout the period, with the evolution of the pandemic, Management endeavored to keep the cash levels necessary to face the crisis, requiring reaching new agreements with suppliers, bank creditors and lessors, within this scope the main actions taken were:

- access to the capital market through the issuance of debentures;
- postponement of payment of profit sharing of 2019;
- negotiation of new payment conditions with suppliers for cash preservation;
- suspension of business travels and discretionary expenses;
- negotiation to reduce airports fee;
- agreement for postponement of delivery of aircraft model E2;
- agreement with lessors with a reduction of approximately 77% of the cash outflow for the period between April and December 2020;

## Notes to the Consolidated Financial Statements

December 31, 2023

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

- renegotiation of the conditions and maturities of debentures and obligations of FINAME; and
- Issuance of debentures convertible into shares in the amount of R\$ 1,745,900 (equivalent to US\$323,195) with maturity in 5 years and interest of 7.5% p.a. in the first year and 6.0% p.a. from the second year onwards, with semi-annual settlements.

### 2.1.4 Scenario after the COVID-19 pandemic

After the most critical moments due to the COVID-19 pandemic have passed, both the global and Brazilian economies are facing additional problems such as:

- abrupt increases in oil prices that directly impact aircraft fuel costs;
- significant devaluation of the Real against the US\$;
- growth in inflation rates in the most developed markets such as the United States and Europe;
- shortage of credit, causing a significant increase in interest rates for raising funds; and
- crisis in the supply chain of maintenance materials that puts adverse pressure on costs for the Company.

Given this situation, Management, in December 2022, established a strategy to renegotiate all its debts, whose execution extended throughout 2023 due to the large number of stakeholders involved and the complexity of the topics under discussion, as follows:

#### 2.1.4.1 Issuance of simple debentures

In June 2023, the Board of Directors approved the issuance of simple debentures, non-convertible into shares, with security interest and additional personal guarantee, in a single series, from ALAB respectively, in the total amount of R\$600,000; with a nominal unit value of R\$1, rate equivalent to CDI 6.0% p.a. and maturity in June, 2024. The resources were fully and exclusively used to pay for aircraft fuel.

#### 2.1.4.2 Issuance of debt securities 2028 – Senior notes 2028

In July 2023, the Company issued and priced a debt securities issue of R\$3,831,040 (equivalent to US\$800,000) in principal amount, with funding costs of R\$187,658.

Nominal interest corresponds to 11.9% p.a., and will be paid quarterly, in February, May, August and November of each year, starting on November 2023.

The principal Senior Notes 2028 amount will mature in August 2028, unless redeemed or repurchased in advance and canceled in accordance with the terms of issuance, by the Company.

In October 2023, the Company issued additional notes in the principal amount of R\$186,005 (equivalent to US\$36,778). Such notes were issued in exchange for the aggregate principal amount of R\$190,819 (equivalent to US\$37,730) of the Senior Notes 2024.

In February 2024, the Company issued additional notes in the principal amount of R\$740,585 (equivalent to US\$148,700). Such notes were issuance to qualified institutional investors.

#### 2.1.4.3 Debt securities exchange offers (“exchange offer”)

In June 2023, the Company announced its subsidiary Azul Investments issued:

- an offer exchange debt securities with interest of 5.9% p.a. due 2024 (Senior Notes 2024) for debt securities with interest of 11.5% p.a. due 2029, and
- an offer to exchange debt securities with interest of 7.3% p.a. due 2026 (Senior Notes 2026) for debt securities with interest of 10.9% p.a. due 2030.

## Notes to the Consolidated Financial Statements

December 31, 2023

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

In July and October 2023, the Company concluded its exchange offers and issued:

- R\$1,410,967 (equivalent US\$294,215) in principal amount of 11.5% p.a. debt securities due 2029 (which were issued in exchange for R\$1,410,967 (equivalent to US\$294,215) of the aggregate principal amount of the Senior Notes 2024);
- R\$2,725,010 (equivalent to US\$568,219) in the principal amount of 10.9% p.a. debt securities due 2030 (which were issued in exchange for R\$2,725,166 (equivalent to US\$568,252) of the aggregate principal amount of the Senior Notes 2026); and
- R\$186,005 (equivalent to US\$36,778) in principal amount of 11.5% p.a. debt securities due 2028 (which were issued in exchange for R\$190,819 (equivalent to US\$37,730) of the aggregate principal amount of the Senior Notes 2024).

In total, 90.0% of the principal amount of the Senior Notes 2024 and 2026 were exchanged for debt securities 2029 and 2030, as shown below:

Description	US\$	% exchanged
5.9% Senior notes 2024	331,945	83.0 %
7.3% Senior notes 2026	568,252	94.7 %
Total	900,197	90.0 %

### 2.1.4.4 Renegotiation of convertible debentures

In July and August 2023, the Company and the debenture holders made changes to the original conditions of the convertible debenture debts. In summary:

- Conversion Price: from R\$32.26 to R\$22.78 per preferred share;
- Nominal interest rate: 6.0% p.a. to 12.3% p.a; and
- Maturity October 2025 to October 2028.

The mandatory early redemption corresponds to R\$542,496 (equivalent to US\$108,900) and was determined as follows:

- the redemption value of each eligible debenture was 120% of the updated nominal unit value of the debentures, that is, the updated nominal unit value of the debentures plus a premium of 20% on the aforementioned value; and
- any and all interest and monetary updates incurred and not paid.

### 2.1.4.5 Renegotiation of lease obligations

In March 2023, forbearance agreements were signed between the Company and its main lessors. Such contracts aimed to temporarily suspend payments related to aircraft leases, while new deadlines and methods for paying obligations were being negotiated, mainly deferrals negotiated during the COVID-19 pandemic, as well as the difference between the contractual leasing rates of Azul and current market rates.

During the year ended December 31, 2023, the Company defined the renegotiation conditions and entered into definitive agreements with the lessors, who agreed to receive negotiable debt securities maturing in 2030 ("Notes") and debt with the possibility of settlement in Azul preferred shares or cash, at the Company's discretion ("Convertible to equity") in order to reflect the Company's new cash generation, its improved capital structure and the reduction in its credit risk.

Until December 31, 2023, the Company had renegotiated 119 lease contracts. In general, the conditions agreed between the Company and lessors are as follows:

- Notes: R\$1,385,115 (equivalent to US\$286,014), with interest to be paid quarterly from December 2023, with interest of 7.5% p.a., and principal maturity in June 2030; and
- Convertible to equity: R\$2,178,740 (equivalent to US\$450,032), and consecutive quarterly payments, starting in July 2024.

## Notes to the Consolidated Financial Statements

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

The costs incurred in these renegotiations correspond to R\$84,421 and were recorded in profit or loss, as required by IFRS 9 – Financial Instruments.

### 2.1.4.6 Renegotiation of obligations with accounts payable of aircraft services and parts

Renegotiations with suppliers of aircraft services and parts mostly followed the same model as the renegotiation of lease obligations, that is, the Company issued:

- Notes: R\$408,541 (equivalent of US\$84,386), with interest to be paid quarterly from December 2023, with interest of 7.5% p.a. and principal maturity in June 2030; and
- Convertible to equity: R\$159,775 (equivalent to US\$33,002), with consecutive quarterly payments, starting in January 2025.

## 2.2 Net working capital and capital structure

As of December 31, 2023, after the renegotiations, the Company's working capital and equity position are as shown below:

Description	December 31,		Variation	December 31,	
	2023	2022		2021	Variation
Net working capital	(9,704,733)	(10,184,169)	479,436	(5,863,917)	(4,320,252)
Equity	(21,327,848)	(19,007,500)	(2,320,348)	(18,333,003)	(674,497)

The variation in the balance of net working capital, which represents a reduction in the deficit of approximately 4.7%, is specifically a consequence of the debt restructuring actions presented in note 2.1.4.

The increase in the negative position of equity is mainly due to the Company's negative financial result, which exceeded operating profit by R\$2,380,456 for the year ended December 31, 2023.

In view of the above, despite the increase in the negative equity position, Management assessed and concluded that the Company is capable of continuing its operations and fulfilling its obligations in accordance with the contracted maturities. This assessment is based on the Company's business plan approved by the Board of Directors in December 2023 and the entire liability restructuring process described in these financial statements. The Company's business plans include planned future actions, macroeconomic and aviation sector assumptions, such as level of demand for air transport with corresponding increase in traffic and fares, estimated exchange rates and fuel prices. The Company's Management monitors and informs the Board of Directors about performance in relation to the approved plan.

Based on this conclusion, these consolidated financial statements were prepared based on the going concern principle.

## 2.3 Acceleration of fleet transformation

In 2019, the Company's Management approved the replacement plan for the Embraer E195 ("E1") model aircraft. On the same date, the Company signed letters of intent to sublease a total of 54 aircraft and 4 engines to other airline operators ("operators"). The change in the intended use of the aircraft triggered a review to verify the recoverability of the assets (impairment), which resulted in the recognition of a loss of R\$2,075,582 and the constitution of an onerous contract of R\$821,751 at that time.

Until December 31, 2022, there were partial reversals of provisions for impairment and onerous contracts, in the amount of R\$1,102,791, corresponding to 46 aircraft and 4 engines, resulting from changes due to the economic consequences of the COVID-19 pandemic.

Until December 31, 2023, there was a reversal of provisions for impairment, in the amount of R\$245,636, resulting from the decision not to continue with plans to sublease the aircraft. It is worth remembering that these aircraft have never stopped being operated by the Company and will remain in use until the end of the lease contracts.

**Notes to the Consolidated Financial Statements**

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**2.3.1 Breakdown of balances of provision of impairment and onerous contracts**

Description	December 31,	
	2023	2022
Provision for impairment of right-of-use assets	—	(110,349)
Provision for impairment of property and equipment	(143,790)	(279,077)
<b>Total provision for impairment of Company assets</b>	<b>(143,790)</b>	<b>(389,426)</b>
<b>Total</b>	<b>(143,790)</b>	<b>(389,426)</b>

**2.3.2 Movement of the provision for impairment and onerous contracts**

Description	Impairment of assets	Onerous contracts	Total
<b>At December 31, 2021</b>	<b>(912,154)</b>	<b>(693,407)</b>	<b>(1,605,561)</b>
Reversals	516,157	586,634	1,102,791
Consumption	—	178,126	178,126
Interest incurred	—	(100,975)	(100,975)
Foreign currency exchange	—	29,622	29,622
Transfers	6,571	—	6,571
<b>At December 31, 2022</b>	<b>(389,426)</b>	<b>—</b>	<b>(389,426)</b>
Reversals	245,636	—	245,636
<b>At December 31, 2023</b>	<b>(143,790)</b>	<b>—</b>	<b>(143,790)</b>

**3. DECLARATION OF MANAGEMENT, BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The Company's consolidated financial statements have been prepared based on the real ("R\$") as the functional and presentation currency. All currencies shown are expressed in thousands unless otherwise noted.

The Company operates mainly through its aircraft and other assets that support flight operations, making up its cash generating unit (CGU) and its only reportable segment: air transport.

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

When preparing these consolidated financial statements of the Company, Management used the following disclosure criteria to understand the changes observed in the equity and in its performance, since the end of the last fiscal year ended December 31, 2022, disclosed on March 6, 2023: (i) regulatory requirements; (ii) relevance and specificity of the information on the operations; (iii) informational needs of users of the consolidated financial statements; and (iv) information from other entities participating in the passenger air transport market and cargo.

Management confirms that all relevant information specific to the consolidated financial statements, is presented and corresponds to that used by Management when carrying out its business management activities.



## Notes to the Consolidated Financial Statements

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

Statement of Cash Flows	December 31, 2022		
	As reported	Reclassifications	Reclassified
<b>Changes in operating assets and liabilities</b>			
Prepaid expenses	(274,563)	274,563	—
Other assets	88,435	(274,563)	(186,128)
Insurance payable	(1,404)	1,404	—
Accounts payable	2,275,418	(1,404)	2,274,014
Reimbursement to customers	(169,967)	169,967	—
Other liabilities	40,948	(169,967)	(129,019)
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment	(1,252,532)	628,293	(624,239)
Acquisition of capitalized maintenance	—	(628,293)	(628,293)
<b>Total</b>	<b>706,335</b>	<b>—</b>	<b>706,335</b>

Statement of Cash Flows	December 31, 2021		
	As reported	Reclassifications	Reclassified
<b>Changes in operating assets and liabilities</b>			
Prepaid expenses	(364,107)	364,107	—
Advances to suppliers	(120,266)	33,330	(86,936)
Other assets	79,201	(397,437)	(318,236)
Insurance payable	40,669	(40,669)	—
Accounts payable	1,078,643	40,669	1,119,312
Reimbursement to customers	(63,507)	63,507	—
Airports fees	80,788	(30,419)	50,369
Other liabilities	439,957	(33,088)	406,869
Government installment payment program	(7,399)	7,399	—
Taxes payable	66,719	(7,399)	59,320
<b>Cash flows from investing activities</b>			
<b>Cash received in the sale and leaseback operation</b>	<b>—</b>	<b>21,256</b>	<b>21,256</b>
<b>Cash flows from financing activities</b>			
Proceeds from sale and leaseback	21,256	(21,256)	—
<b>Total</b>	<b>1,251,954</b>	<b>—</b>	<b>1,251,954</b>

## Notes to the Consolidated Financial Statements

December 31, 2023

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

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items recognized in the statement of financial position:

Fair value:

- Short-term investments classified as cash and cash equivalents;
- Short-term investments;
- Derivative financial instruments; and
- Debenture conversion right.

### 3.1. Approval and authorization for issue of the consolidated financial statements

The approval and authorization for the issuance of these consolidated financial statements occurred at the Board of Directors' meeting held on May,15 2024.

## 4. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted by the Company are described in each corresponding explanatory note, except those that refer to more than one explanatory note, described below. The accounting policies have been consistently applied for the comparative years presented and for the Company's consolidated financial statements.

### 4.1 Consolidation

The consolidated financial statements include information about the Company and its subsidiaries in which held direct or indirect control. Control of a subsidiary is achieved when Company is exposed, or has rights, to variable returns in such subsidiaries and has the power to influence the investee's operating and financial decisions.

The financial statements of the subsidiaries have been prepared using the same accounting policies as the Company.

All assets, liabilities, equity, income and expenses related to transactions between related parties are eliminated in full in the consolidation process.

### 4.2 Impairment

The Company performs an annual review for impairment indicators in order to assess events or changes in economic, technological, or operating conditions that may indicate that an asset is impaired.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value, less costs to sell and its value in use. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, a provision for impairment is set up by adjusting the carrying amount.

The previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited, so that the carrying amount of the asset does not exceed its recoverable amount, nor does it exceed the carrying amount previously determined, net of depreciation or amortization.

In estimating the asset's value in use, estimated future cash flows are discounted to present value, using a pre-tax discount rate that reflects the weighted average cost of capital for the cash-generating unit.

## Notes to the Consolidated Financial Statements

December 31, 2023

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### 4.3 Main accounting estimates

As disclosed in explanatory note 3, Management makes judgments that have a significant effect on the amounts recognized in the consolidated financial statements, namely:

Description	Note
Provision for impairment of aircraft and engines and onerous contracts	2.3
Provision for losses with maintenance reserves	11
Analysis of the recoverable value of goodwill and slots	17
Revenue from ticket breakage and loyalty programs	25
Provision for return of aircraft and engines	28.1.1
Provision for tax, civil, labor and other risks	28.1.2

The Company continually reviews the assumptions used in its accounting estimates. The effect of revisions to accounting estimates is recognized in the financial statements in the year in which such revisions are made.

### 4.4 New or amended accounting standards and principles effective in 2023

The following accounting standards came into force from January 1, 2023.

Standard	Amendment	Impact
IAS 8	Definition of accounting estimates	Yes, but no changes
IAS 1 and IFRS Practice statement 2	Disclosure of accounting policies	Yes, but no changes
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Yes
IAS 12	Pillar Two Model Rules	No
IFRS 17	Insurance contracts	No

### 4.5 New or amended accounting standards and principles, effective from 2024 onwards

The following accounting standards came into force on January 1, 2024 and, in Management's opinion, will not significantly impact the Company's statements of financial position or of operations.

Standard	Amendment
IAS 1	Classification of liabilities as current and non-current and non-current liabilities with covenants
IFRS 16	Lease liability in a sale and leaseback
IAS 7 and IFRS 7	Disclosures: Supplier finance arrangements
IAS 21	The effects of changes in exchange rates

### 4.6 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 determined based on the exchange rate in effect on the balance sheet date, and any difference resulting from currency conversion is recorded in the line "Foreign currency exchange, net" in the statement of operations for the year.

## Notes to the Consolidated Financial Statements

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

The exchange rates in Brazilian reais are as follows:

Description	Exchange rates									
	Final rate					Average rate				
	Year ended December 31,					Year ended December 31,				
	2023	2022	Variation	2021	Variation	2023	2022	Variation	2021	Variation
U.S. dollar	4.8413	5.2177	(7.2)%	5.5805	(6.5)%	4.9553	5.1655	(4.1)%	5.3956	(4.3)%
Euro	5.3516	5.5694	(3.9)%	6.3210	(11.9)%	5.3325	5.4420	(2.0)%	6.3784	(14.7)%

## 5. SEGMENT INFORMATION

The Company considers that it has a single operating segment: air transport. This segment corresponds to 99.0% of the Company's revenues and combines passenger and cargo transport. It has a functional relationship, making them inseparable from other revenues and reflects the way in which the Company's Management analyzes financial information to make decisions. The Company's chief operating decision makers are the executive directors.

The Company segregates revenues as shown below:

Revenue	December 31, 2023	%
Air transport	18,374,696	99.0 %
Other income	179,729	1.0 %
Total	18,554,425	100.0 %

## 6. CASH AND CASH EQUIVALENTS

### 6.1 Accounting policies

Cash and cash equivalents include cash balances, bank deposits and short-term investments with immediate liquidity, which are readily convertible into a known amount of cash with an insignificant risk of change in value. Financial investments designated as cash equivalents classified in this group are measured at fair value through profit or loss.

### 6.2 Breakdown of cash and cash equivalents

Description	Weighted average rate p.a.	December, 31	
		2023	2022
<b>Cash and bank deposits</b>		271,857	101,737
<b>Cash equivalents:</b>			
Bank Deposit Certificate – CDB	100.9 % of CDI	1,354,020	352,971
Repurchase agreements	94.7 % of CDI	268,432	210,443
Time Deposit <sup>(a)</sup>	3.4 %	2,985	2,616
Others	— %	42	581
		1,897,336	668,348

(a) Investment in U.S. dollar.

## Notes to the Consolidated Financial Statements

December 31, 2023

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

### 7. LONG-TERM INVESTMENTS

#### 7.1 Accounting policies

In the presentation and measurement of financial investments, the Company considers the provisions of IFRS 9 – Financial Instruments, which determines that financial assets are initially measured at fair value less costs directly attributable to their acquisition. In turn, the subsequent measurement is divided into two categories:

##### 7.1.1 Amortized cost

Long-term investments are measured at amortized cost when all the following conditions are met:

- The Company plans to hold the financial asset to collect cash flows set forth in contract;
- Contractual cash flows represent solely payments of principal and interest (“SPPI”); and
- The Company did not opt for the fair value methodology in order to eliminate measurement inconsistencies or an “accounting mismatch”.

##### 7.1.2 Fair value

- Through comprehensive income: short-term investments are measured at fair value through comprehensive income when both of the following conditions are met:
  - (i) the Company plans to hold the financial asset to collect cash flows set forth in contract and sell the asset; and
  - (ii) contractual cash flows represent SPPI.
- Through profit or loss: it is considered to be a residual category, in other words, the Company does not plan to hold the financial asset to collect cash flows set forth in contract and/or sell the asset, and is measured at fair value through profit or loss.

Financial instruments designated at fair value through profit or loss are used to eliminate or significantly reduce an accounting mismatch, and are therefore measured at fair value.

#### 7.2 TAP Bond

On March 14, 2016, the Company acquired Series A convertible bond issued by TAP (“TAP Bond”) in the amount of €90 million. The TAP Bond has a maturity of 10 years from its issuance, with annual interest of 3.75% until September 20, 2016 and 7.5% in subsequent years. The accrued interest will be paid on the maturity date or early redemption of the securities, whichever occurs first.

TAP Bond is being measured at fair value through profit or loss.

#### 7.3 Breakdown of short-term investments

Description	Weighted average rate p.a.	Maturity	December 31,	
			2023	2022
TAP Bond	7.5 %	Sep-26	780,312	733,043
			780,312	733,043

**Notes to the Consolidated Financial Statements**

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**8. ACCOUNTS RECEIVABLE**

**8.1 Accounting policies**

Accounts receivable are measured based on the invoiced amount, net of expected losses on receivables, and approximate the fair value given their short-term nature.

Considering the requirements of IFRS 9 – Financial Instruments, the allowance for expected losses on receivables is measured by applying the simplified approach, through the use of historical data, projecting the expected loss over the life of the contract, by segmenting the receivables portfolio into groups that have the same pattern of collection and according to their respective maturities. Additionally, for certain cases, the Company carries out individual analyses to assess the risks of collection of the receivables to recognize an additional provision, if necessary.

**8.2 Breakdown of accounts receivable**

Description	December 31,	
	2023	2022
<b>Local currency</b>		
Credit card companies	498,609	1,109,197
Cargo and travel agencies	282,654	282,438
Travel package financing entities	29,203	135,168
Loyalty program partners	114,932	69,035
Others	40,121	41,973
<b>Total local currency</b>	<b>965,519</b>	<b>1,637,811</b>
<b>Foreign currency</b>		
Credit card companies	18,556	15,913
Reimbursement receivable for maintenance reserves	57,528	78,801
Airline partner companies	8,612	39,612
Clearinghouse – agencies and cargo	30,533	26,363
Others	55,894	29,582
<b>Total foreign currency</b>	<b>171,123</b>	<b>190,271</b>
<b>Total</b>	<b>1,136,642</b>	<b>1,828,082</b>
Allowance for expected credit losses	(27,234)	(24,084)
<b>Total net</b>	<b>1,109,408</b>	<b>1,803,998</b>

In Brazil, credit card receivables are not exposed to credit risk of the cardholder. The balances can easily be converted into cash, when necessary, by discounting these receivables with credit card companies.

During the year ended December 31, 2023, the Company anticipated the receipt of R\$10,359,302 in accounts receivable from credit card administrators, without right of return, with an average rate of 1.0% on the anticipated amount. On the same date, the balance of accounts receivable is net of R\$3,349,391 due to such advances (R\$1,735,432 on December 31, 2022).

## Notes to the Consolidated Financial Statements

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(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	December 31,	
	2023	2022
<b>Not past due</b>		
Up to 30 days	645,669	583,523
31 to 60 days	111,142	177,992
61 to 90 days	45,650	140,758
91 to 180 days	73,458	397,205
181 to 360 days	94,227	344,541
	<u>970,146</u>	<u>1,644,019</u>
<b>Past due</b>		
Up to 30 days	69,913	55,941
31 to 60 days	6,043	9,377
61 to 90 days	46,085	3,313
91 to 180 days	15,769	2,441
181 to 360 days	568	11,334
Over 360 days	884	77,573
	<u>139,262</u>	<u>159,979</u>
<b>Total</b>	<b><u>1,109,408</u></b>	<b><u>1,803,998</u></b>

Until May 10, 2024, of the total amount due within 90 days, 64,871 was received.

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

Description	December 31,	
	2023	2022
Balances at the beginning of the year	(24,084)	(17,817)
Additions	(34,183)	(17,333)
Reversal	29,098	10,750
Write-off of uncollectible amounts	1,935	316
<b>Balances at the end of the year</b>	<b><u>(27,234)</u></b>	<b><u>(24,084)</u></b>

## 9. AIRCRAFT SUBLEASE

### 9.1 Accounting policies

Aircraft subleases are transactions whereby the lessee, in this case the Company, subleases an asset that is leased from a third party, thus becoming an intermediate lessor. IFRS 16 – Leases, requires an intermediate lessor to classify the sublease as finance or operating.

Considering that the contracts entered into by the Company up to December 31, 2023 cover most of the term of the head lease, the subleases were accounted for as follows:

- Derecognition of the right-of-use asset related to the head lease and recognition of the receivables arising from the sublease contracts at present value;
- Recognition in profit or loss for the year of any difference between the right of use written off and the receivables arising from the sublease contract at present value;

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- The lease liability with respect to the head lease continued to be recognized in the statement of financial position;
- Recognition of financial income over the term of the sublease; and
- Recognition of financial expenses relating to obligations of the head lease contract.

As of December 31, 2023, the Company has 3 aircraft under sublease (8 aircraft as of December 31, 2022).

### 9.2 Breakdown of aircraft sublease

Description	December 31,	
	2023	2022
2023	—	89,293
2024	15,386	70,396
2025	15,386	50,127
2026	4,001	7,951
Gross sublease	34,773	217,767
Accrued interest	(3,971)	(25,838)
Provision for losses	—	(15,876)
Net sublease	30,802	176,053
<b>Current</b>	<b>14,592</b>	<b>70,193</b>
<b>Non-current</b>	<b>16,210</b>	<b>105,860</b>

## 10. INVENTORIES

### 10.1. Accounting policies

Inventory balances mainly comprise parts and materials for maintenance. Inventories are measured at average acquisition cost plus expenses such as non-recoverable taxes, customs expenses, and transportation expenses. Expenses with freight on transfers between operational bases are not capitalized. Provisions for obsolescence of inventories are recorded for items not expected to be realized.

### 10.2. Breakdown of inventories

Description	December 31,	
	2023	2022
Maintenance materials and parts	825,499	741,101
Flight attendance, uniforms and others	21,367	21,922
Provision for losses	(47,658)	(41,285)
<b>Total net</b>	<b>799,208</b>	<b>721,738</b>

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

Description	December 31,	
	2023	2022
Balances at the beginning of the year	(41,285)	(38,935)
Additions	(23,151)	(5,652)
Reversal	16,778	3,302
<b>Balances at the end of the year</b>	<b>(47,658)</b>	<b>(41,285)</b>

## Notes to the Consolidated Financial Statements

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### 11. DEPOSITS

#### 11.1 Accounting policies

##### 11.1.1 Security deposits

Security deposits are represented by amounts deposited by the Company, mostly to the lessors of aircraft and engines, as guarantee for the fulfillment of the lease contract. Security deposits do not bear interest and are reimbursable at the end of the contracts. Judicial deposits are also classified in this group.

##### 11.1.2 Maintenance reserves

Certain master lease agreements provide for the payment of aircraft and engine maintenance reserves made to the lessors to be held as collateral for the performance of major maintenance activities, and therefore these deposits are reimbursable upon completion of the maintenance event in an amount equal to or less than:

- the amount of the maintenance reserve held by the lessor associated with the specific maintenance event; or
- the costs related to the specific maintenance event.

Substantially all of these maintenance reserve payments are calculated based on an aircraft utilization measure, such as flight hours or cycles.

As of the reporting date, we assess whether the maintenance reserve deposits required by the master lease agreements are expected to be recovered based on the expected future usage of the aircraft and timing of future maintenance events. A provision for loss is recognized for deposits that are not likely to be recovered.

Aircraft and engine maintenance reserves are classified as current or non-current depending on the dates on which the amounts are expected to be recovered.

#### 11.2 Breakdown of deposits

Description	December, 31	
	2023	2022
Security deposits	418,537	374,960
Maintenance reserves	2,153,310	2,610,943
<b>Total</b>	<b>2,571,847</b>	<b>2,985,903</b>
<b>Provision for loss</b>	<b>(278,352)</b>	<b>(446,342)</b>
<b>Total, net</b>	<b>2,293,495</b>	<b>2,539,561</b>
<b>Current</b>	<b>515,692</b>	<b>1,025,168</b>
<b>Non-current</b>	<b>1,777,803</b>	<b>1,514,393</b>

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

Description	Security deposits	Maintenance reserves	Total
<b>At December 31, 2021</b>	<b>319,530</b>	<b>1,644,889</b>	<b>1,964,419</b>
Additions	123,796	714,079	837,875
Transfers	(48,688)	(14,847)	(63,535)
Provision inclusions and (reversals), net	—	(15,110)	(15,110)
Use by the lessor	—	(59,721)	(59,721)
Foreign currency exchange	(19,678)	(104,689)	(124,367)
<b>At December 31, 2022</b>	<b>374,960</b>	<b>2,164,601</b>	<b>2,539,561</b>
Additions	234,972	357,759	592,731
Transfers	(169,432)	(417,725)	(587,157)
Provision inclusions and (reversals), net	—	135,284	135,284
Use by the lessor	—	(221,054)	(221,054)
Foreign currency exchange	(21,963)	(143,907)	(165,870)
<b>At December 31, 2023</b>	<b>418,537</b>	<b>1,874,958</b>	<b>2,293,495</b>
<b>Current</b>	<b>64,788</b>	<b>450,904</b>	<b>515,692</b>
<b>Non-current</b>	<b>353,749</b>	<b>1,424,054</b>	<b>1,777,803</b>
<b>At December 31, 2022</b>			
<b>Current</b>	<b>77,241</b>	<b>947,927</b>	<b>1,025,168</b>
<b>Non-current</b>	<b>297,719</b>	<b>1,216,674</b>	<b>1,514,393</b>

The movement of the allowance for maintenance reserves losses is as follows:

Description	December 31,	
	2023	2022
Balances at the beginning of the year	(446,342)	(459,643)
Additions	(44,789)	(74,691)
Reversals	180,073	59,581
Foreign currency exchange	32,706	28,411
<b>Balances at the end of the year</b>	<b>(278,352)</b>	<b>(446,342)</b>

## 12. TAXES RECOVERABLE

### 12.1 Accounting policies

Taxes recoverable represent rights that will be realized through offsets against taxes payable arising from the Company's operating activities. The Company continuously reviews the realizability of these assets and, when necessary, provisions are made to ensure that these assets are accounted for at their realizable value. These amounts are presented net of a provision for losses, which is immaterial for additional disclosures.

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

### 12.2 Breakdown of taxes recoverable

Description	December 31,	
	2023	2022
Social Integration Program ("PIS") and Contribution to Social Security Financing ("COFINS")	73,029	135,176
Withholding income tax	121,216	39,528
Income taxes	8,315	29,359
Tax on the Circulation of Goods and Services ("ICMS")	19,940	21,661
Others	(3,067)	9,167
	<b>219,433</b>	<b>234,891</b>

## 13. ADVANCES TO SUPPLIERS

### 13.1 Accounting policies

Advances to suppliers represent advance payment for goods or services that will be delivered in the future. These amounts are presented net of provisions for losses of R\$28,676 (R\$23,057 as of December 31, 2022).

### 13.2 Breakdown of advances to suppliers

Description	December 31,	
	2023	2022
Local currency	118,442	90,810
Foreign currency	102,609	30,887
	<b>221,051</b>	<b>121,697</b>

## 14. INCOME TAX AND CONTRIBUTION

### 14.1 Accounting policies

#### 14.1.1 Current taxes

In Brazil, current taxes comprise corporate income tax ("IRPJ") and social contribution on profit ("CSLL"), which are calculated monthly based on the taxable profit, after offsetting tax losses carryforwards, limited to 30% of taxable profit. A combined rate of 34% applies to this base.

Income from foreign subsidiaries is subject to taxation in accordance with the rates and legislation in force. In Brazil such income is taxed in accordance with Law No. 12,973/14, which states that a parent company of a foreign subsidiary adds such income to its taxable income for the period.

#### 14.1.2 Deferred taxes

Deferred taxes represent credits and debits on tax loss carryforwards, as well as temporary differences between the tax and accounting bases. Deferred tax and contribution assets and liabilities are classified as non-current. An impairment loss on these assets is recognized when the Company's internal studies indicate that the future use of these credits is not likely.

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Deferred tax assets and liabilities are presented net if there is a legally enforceable right to set off tax liabilities against tax assets, and if they are related to taxes levied by the same tax authority on the same taxable entity, therefore, for presentation purposes, balances of tax assets and liabilities which do not meet the legal criteria for realization are disclosed separately. Deferred tax assets and liabilities are measured at the rates that are expected to be applicable in the period in which the asset is realized or the liability is settled, based on the tax rates and legislation in force at the reporting date. The projections of future taxable profits on tax loss carryforwards are prepared based on the business plans and are reviewed and approved annually by the Board of Directors.

### 14.1.3 Uncertainty over income tax treatments

On January 1, 2019, the accounting standard IFRIC 23 – Uncertainty over Income Tax Treatments, became effective, addressing the application of recognition and measurement requirements when there is uncertainty over income tax treatments.

The Company analyzes relevant tax decisions of higher courts and whether they conflict in any way with the positions adopted. For known uncertain tax positions, when necessary, the Company establishes a provision based on the legal opinions issued by its legal advisors. The Company evaluates continuously the positions taken in which there are uncertainties about the tax treatment adopted.

### 14.1.4 International Tax Reform – Pillar Two Model Rules

Amendments to IAS 12 – Income Taxes, became effective in response to the Organization for Economic Co-operation and Development (“OECD”) Pillar Two rules on Base Erosion and Profit Shifting (“BEPS”):

These changes had no impact on the Company's consolidated financial statements.

## 14.2 Breakdown of deferred taxes

Description	December 31, 2022	Profit or loss	December 31, 2023
<b>Deferred tax liability on taxable temporary differences</b>			
Breakage	(176,884)	(19,039)	(195,923)
Foreign currency exchange	—	(191,219)	(191,219)
Leases	(2,620,461)	(414,124)	(3,034,585)
Others	(516)	(541)	(1,057)
	<b>(2,797,861)</b>	<b>(624,923)</b>	<b>(3,422,784)</b>
Deferred tax asset on deductible temporary differences	2,797,861	585,397	3,383,258
<b>Total income tax and deferred social contribution</b>	<b>—</b>	<b>(39,526)</b>	<b>(39,526)</b>
<b>Provision for deferred taxes</b>	<b>—</b>	<b>(39,526)</b>	<b>(39,526)</b>

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### 14.3 Reconciliation of the effective income tax rate

Description	December 31,		
	2023	2022	2021
Loss before income tax and social contribution	(2,340,930)	(722,367)	(4,213,208)
Combined nominal tax rate	34 %	34 %	34 %
Taxes calculated at nominal rates	795,916	245,605	1,432,491
<b>Adjustments to determine the effective rate</b>			
Result from investments not taxed abroad	298,972	100,586	—
Unrecorded benefit on tax losses and temporary differences	(1,189,039)	(700,826)	(1,593,326)
Mark to market of convertible debt instruments	(8,584)	176,737	281,932
Permanent differences	43,764	154,669	(116,876)
Rate differential	24,377	29,189	—
Others	(4,932)	(5,960)	(4,221)
	(39,526)	—	—
Deferred income tax and social contribution	(39,526)	—	—
	—	—	—
<b>Effective rate</b>	(1.7)%	— %	— %

The Company has tax losses that are available indefinitely for offset against 30% of future taxable profits on which deferred tax assets were not recognized as it is not probable that future taxable profits will be available for offset, as below:

Description	December 31,		
	2023	2022	2021
Tax loss and negative bases	18,325,916	12,863,038	8,843,805
Tax loss (25%)	4,581,479	3,215,760	2,210,951
Negative social contribution base (9%)	1,649,332	1,157,673	795,942

## **15. PROPERTY AND EQUIPMENT**

### **15.1 Accounting policies**

Property and equipment, are stated at acquisition cost.

Depreciation is calculated according to the estimated economic useful life of each asset using the straight-line method. The estimated economic useful lives, residual values and depreciation methods are reviewed annually and the effects of any changes in estimates are accounted for prospectively.

The carrying amounts of property and equipment items are tested annually to identify any indication of impairment or when facts or changes in circumstances indicate that the carrying amount is greater than the estimated recoverable amount.

An item of property and equipment is derecognized upon its disposal or when no future economic benefits are expected from the continued use of the asset. Any gains or losses arising on the sale or derecognition of an item are determined by the difference between the amount received on the sale and the carrying amount of the asset and are recognized in profit or loss.

The Company receives credits from manufacturers when purchasing certain aircraft and engines, which can be used to pay for maintenance services. These credits are recorded as a reduction in the acquisition cost of aircraft and related engines.

During the year ended December 31, 2023, the Company hired experts to review the useful life of its property and equipment. This review had no impact on these financial statements.

#### **15.1.1 Sale and leaseback transactions**

Initially, sale and leaseback transactions are analyzed within the scope of IFRS 15 – Revenue from Contracts with Customers, in order to verify whether the performance obligation has been satisfied, and therefore to account for the sale of the asset. If this requirement is not met, it is a finance arrangement with the asset given as guarantee.

If the requirements related to the performance obligation set out are met, the Company measures a right-of-use asset arising from the sale and leaseback transaction in proportion to the carrying amount of the asset related to the right of use retained by the Company. Accordingly, only the gains or losses related to the rights transferred to the buyer-lessor are recognized.

During the year ended December 31, 2023, the Company carried out a “sale and leaseback” transaction for an engine, where the proceeds, net of sales costs, amounted to a loss of R\$6,356 (gain of R\$33,155 as of December 31, 2022) and was recognized in the statement of operations under the line item “Other”.

#### **15.1.2 Advance payments for acquisition of aircraft**

Advance payments for the acquisition of aircraft are recognized in property and equipment.

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**15.2 Breakdown of property and equipment**

Description	Weighted average rate (p.a.)	December 31, 2022	Acquisitions	Write-offs	Transfers <sup>(b)</sup>	December 31, 2023
<b>Cost</b>						
Aircraft <sup>(a)</sup>		2,656,771	388,247	(392,148)	21,243	2,674,113
Improvements		524,075	104,167	(97,188)	24,358	555,412
Equipment and facilities		222,482	30,296	(56,968)	—	195,810
Others		32,205	2,340	(5,314)	—	29,231
Construction in progress		44,243	88,991	(13,984)	(23,155)	96,095
Advance payments for acquisition of aircraft		109,487	192,399	—	(3,846)	298,040
		<b>3,589,263</b>	<b>806,440</b>	<b>(565,602)</b>	<b>18,600</b>	<b>3,848,701</b>
<b>Depreciation</b>						
Aircraft <sup>(a)</sup>	9 %	(965,066)	(230,143)	119,285	—	(1,075,924)
Improvements	14 %	(214,411)	(71,643)	97,067	—	(188,987)
Equipment and facilities	11 %	(151,732)	(25,139)	56,011	—	(120,860)
Others	8 %	(25,888)	(2,715)	5,314	—	(23,289)
		<b>(1,357,097)</b>	<b>(329,640)</b>	<b>277,677</b>	<b>—</b>	<b>(1,409,060)</b>
<b>Property and equipment</b>		<b>2,232,166</b>	<b>476,800</b>	<b>(287,925)</b>	<b>18,600</b>	<b>2,439,641</b>
<b>Impairment</b>		<b>(279,077)</b>	<b>—</b>	<b>135,287</b>	<b>—</b>	<b>(143,790)</b>
<b>Total property and equipment, net</b>		<b>1,953,089</b>	<b>476,800</b>	<b>(152,638)</b>	<b>18,600</b>	<b>2,295,851</b>

(a) Includes aircraft, engines, simulators and flight equipment.

(b) The transfer balances are between “Property and equipment”, “Right - of - use assets” and “Intangible assets”.

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Description	Weighted average rate (p.a.)	December 31, 2021	Acquisitions	Write-offs	Transfers <sup>(b)</sup>	December 31, 2022
<b>Cost</b>						
Aircraft <sup>(a)</sup>		2,519,231	815,578	(903,072)	225,034	2,656,771
Improvements		506,678	7,869	(9,213)	18,741	524,075
Equipment and facilities		199,119	18,767	(407)	5,003	222,482
Others		29,905	2,073	(20)	247	32,205
Construction in progress		52,174	47,427	(5,009)	(50,349)	44,243
Advance payments for acquisition of aircraft		85,607	23,880	—	—	109,487
		<u>3,392,714</u>	<u>915,594</u>	<u>(917,721)</u>	<u>198,676</u>	<u>3,589,263</u>
<b>Depreciation</b>						
Aircraft <sup>(a)</sup>	9 %	(811,322)	(223,828)	108,911	(38,827)	(965,066)
Improvements	10 %	(174,092)	(48,399)	8,080	—	(214,411)
Equipment and facilities	11 %	(129,236)	(22,721)	225	—	(151,732)
Others	12 %	(22,400)	(3,492)	4	—	(25,888)
		<u>(1,137,050)</u>	<u>(298,440)</u>	<u>117,220</u>	<u>(38,827)</u>	<u>(1,357,097)</u>
<b>Property and equipment</b>		<u>2,255,664</u>	<u>617,154</u>	<u>(800,501)</u>	<u>159,849</u>	<u>2,232,166</u>
<b>Impairment</b>		<u>(294,490)</u>	<u>—</u>	<u>15,413</u>	<u>—</u>	<u>(279,077)</u>
<b>Total property and equipment, net</b>		<u><b>1,961,174</b></u>	<u><b>617,154</b></u>	<u><b>(785,088)</b></u>	<u><b>159,849</b></u>	<u><b>1,953,089</b></u>

(a) Includes aircraft, engines, simulators and flight equipment.

(b) The balances of transfers are between “Aircraft sublease”, “Property and equipment”, “Right-of-use assets” and “Other assets”.

## 16. RIGHT-OF-USE ASSETS

### 16.1 Accounting policies

IFRS 16 – Leases, requires lessees at the commencement date of a contract to recognize a lease liability to make payments and an asset representing the right to use the underlying asset over the lease term (a right-of-use asset - “ROU”). Lessees must separately recognize interest expense on the lease liability and the depreciation expense of the right-of-use asset in profit or loss.

Lessees are also required to reassess the lease liability in the event of certain events, for example, a change in the lease term, or a change in future lease payment flows as a result of a change in an index or rate used to determine such payments. In general, the lessee must recognize the remeasurement amount of the lease liability as an adjustment to the right-of-use asset.

Considering the dollar-denominated environment in which the Company raises funds, in determining the discount rate the Company used as a basis incremental borrowing rates at the commencement and/or modification dates of the lease agreements in foreign currency.

### **16.1.1 Componentization of aircraft**

At the receipt and initial recognition of right-of-use assets, the Company allocates the total cost of the aircraft between five major components, airframe, auxiliary power unit (“APU”) or propeller, landing gear and two engines. The useful life of each component is determined according to the estimated period until the next maintenance event, limited to the end of the lease term and/or the estimated useful life of the component.

### **16.1.2 Capitalization of heavy maintenance events**

Heavy maintenance events that increase the useful life of assets are capitalized. Such contracts can be of the “power-by-the-hour” type, in which the amounts owed to maintenance providers are calculated based on the flight hours and cycles.

Subsequently, they are depreciated during the respective period of use considering the shorter period between the next scheduled maintenance event or until the end of the lease. Repairs and other routine maintenance are recognized in profit or loss in the period in which they are incurred.

### **16.1.3 Recognition of contractual obligations relating to return of aircraft**

The costs resulting from the maintenance events that will be carried out immediately before the return of the aircraft to the lessors are recognized as an obligation at present value, with an offsetting entry increasing the cost of the asset, as long as they can be reasonably estimated. Assets are depreciated on a straight-line basis over the lease contract term, while liabilities are updated by interest rates and exchange effects.

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**16.2 Breakdown of right-of-use assets**

Description	Weighted average rate (p.a.)	December 31, 2022	Acquisitions	Write-offs	Modifications	Transfers <sup>(b)</sup>	December 31, 2023
<b>Cost</b>							
Aircraft <sup>(a)</sup>		12,753,324	1,063,167	(833,855)	1,281,755	15,548	14,279,939
Maintenance of aircraft and engines		1,938,788	568,874	(892,072)	(30,128)	(33,426)	1,552,036
Restoration of aircraft and engines		1,819,438	501,864	(455,967)	(165,725)	—	1,699,610
Others		226,621	21,763	—	76,266	—	324,650
		<u>16,738,171</u>	<u>2,155,668</u>	<u>(2,181,894)</u>	<u>1,162,168</u>	<u>(17,878)</u>	<u>17,856,235</u>
<b>Depreciation</b>							
Aircraft <sup>(a)</sup>	8 %	(7,228,226)	(958,351)	769,937	—	(914)	(7,417,554)
Maintenance of aircraft and engines	17 %	(1,159,612)	(327,401)	870,634	—	—	(616,379)
Restoration of aircraft and engines	31 %	(628,522)	(557,984)	455,967	29,038	—	(701,501)
Others	22 %	(58,914)	(50,329)	—	—	—	(109,243)
		<u>(9,075,274)</u>	<u>(1,894,065)</u>	<u>2,096,538</u>	<u>29,038</u>	<u>(914)</u>	<u>(8,844,677)</u>
<b>Right-of-use assets</b>		<u><b>7,662,897</b></u>	<u><b>261,603</b></u>	<u><b>(85,356)</b></u>	<u><b>1,191,206</b></u>	<u><b>(18,792)</b></u>	<u><b>9,011,558</b></u>
<b>Impairment</b>		<u><b>(110,349)</b></u>	<u><b>—</b></u>	<u><b>110,349</b></u>	<u><b>—</b></u>	<u><b>—</b></u>	<u><b>—</b></u>
<b>Right-of-use assets, net</b>		<u><b>7,552,548</b></u>	<u><b>261,603</b></u>	<u><b>24,993</b></u>	<u><b>1,191,206</b></u>	<u><b>(18,792)</b></u>	<u><b>9,011,558</b></u>

(a) Includes aircraft, engines, and simulators.

(b) The balances of transfers are between “Property and equipment”, “Right-of-use assets” and “Intangible assets”.

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Description	Weighted average rate (p.a.)	December 31, 2021	Acquisitions	Write-offs	Modifications	Transfers <sup>(b)</sup>	December 31, 2022
<b>Cost</b>							
Aircraft <sup>(a)</sup>		11,476,271	1,436,969	(66,458)	49,271	(142,729)	12,753,324
Maintenance of aircraft and engines		1,542,856	628,293	(209,458)	(15,242)	(7,661)	1,938,788
Restoration of aircraft and engines		1,387,738	678,685	(246,985)	—	—	1,819,438
Others		89,226	193,359	(67,416)	11,452	—	226,621
		<b>14,496,091</b>	<b>2,937,306</b>	<b>(590,317)</b>	<b>45,481</b>	<b>(150,390)</b>	<b>16,738,171</b>
<b>Depreciation</b>							
Aircraft <sup>(a)</sup>	7 %	(6,438,766)	(847,541)	19,254	—	38,827	(7,228,226)
Maintenance of aircraft and engines	20 %	(1,052,190)	(313,613)	206,191	—	—	(1,159,612)
Restoration of aircraft and engines	34 %	(380,649)	(468,050)	220,177	—	—	(628,522)
Others	44 %	(19,240)	(39,674)	—	—	—	(58,914)
		<b>(7,890,845)</b>	<b>(1,668,878)</b>	<b>445,622</b>	<b>—</b>	<b>38,827</b>	<b>(9,075,274)</b>
<b>Right-of-use assets</b>		<b>6,605,246</b>	<b>1,268,428</b>	<b>(144,695)</b>	<b>45,481</b>	<b>(111,563)</b>	<b>7,662,897</b>
<b>Impairment</b>		<b>(605,651)</b>	<b>—</b>	<b>488,731</b>	<b>—</b>	<b>6,571</b>	<b>(110,349)</b>
<b>Right-of-use assets, net</b>		<b>5,999,595</b>	<b>1,268,428</b>	<b>344,036</b>	<b>45,481</b>	<b>(104,992)</b>	<b>7,552,548</b>

(a) Includes aircraft, engines, and simulators.

(b) The balances of transfers are between “Aircraft sublease”, “Property and equipment”, “Right-of-use assets”, “Intangible assets” and “Other assets”.

## 17. INTANGIBLE ASSETS

### 17.1 Accounting policies

#### 17.1.1 Definite useful life

Intangible assets acquired are measured at cost at the time of their initial recognition. After initial recognition, intangible assets with finite useful lives, generally software, are stated at cost, less accumulated amortization and accumulated impairment losses, where applicable. Intangible assets generated internally, excluding development costs, are not capitalized and the expense is recognized in profit or loss when incurred.

#### 17.1.2 Indefinite useful life

##### 17.1.2.1 Goodwill

Goodwill was recognized from the business combinations of IntelAzul and Conecta. Goodwill is tested annually for impairment by comparing the carrying amount of the CGU to which goodwill has been allocated with its value in use. Management makes judgments and establishes assumptions to assess the impact of macroeconomic and operational changes, in order to estimate future cash flows and measure the recoverable amount of its CGU.

##### 17.1.2.2 Rights of operations in airports (slots)

In the business combinations of IntelAzul and Conecta, slots were acquired that were recognized at their fair values on the acquisition date and not amortized. The estimated useful life of these rights was considered indefinite due to several factors and considerations, including applications and authorizations for permission to operate in Brazil and limited availability of operating rights at the most important airports in terms of air traffic volume. Slots are tested annually for impairment by comparing the carrying amount of the CGU to which slots have been allocated with its value in use.

### 17.2 Breakdown of intangible assets

Description	Weighted average rate (p.a.)	December 31, 2022	Acquisitions	Write-offs	Transfers (a)	December 31, 2023
<b>Cost</b>						
Goodwill	—	901,417	—	—	—	901,417
Slots	—	126,547	—	—	—	126,547
Software	—	946,516	251,683	(422,080)	192	776,311
		1,974,480	251,683	(422,080)	192	1,804,275
<b>Amortization</b>						
Software	19 %	(547,957)	(182,264)	389,193	—	(341,028)
		(547,957)	(182,264)	389,193	—	(341,028)
<b>Total intangible assets, net</b>		<b>1,426,523</b>	<b>69,419</b>	<b>(32,887)</b>	<b>192</b>	<b>1,463,247</b>

(a) The balances of transfers are between "Property and equipment", "Right-of-use assets", and "Intangible assets".

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Description	Weighted average rate (p.a.)	December 31, 2021	Acquisitions	Write-offs	December 31, 2022
<b>Cost</b>					
Goodwill		901,417	—	—	901,417
Slots		126,547	—	—	126,547
Software		748,049	198,525	(58)	946,516
		1,776,013	198,525	(58)	1,974,480
<b>Amortization</b>					
Software	17 %	(417,975)	(129,982)	—	(547,957)
		(417,975)	(129,982)	—	(547,957)
<b>Total intangible assets, net</b>		<b>1,358,038</b>	<b>68,543</b>	<b>(58)</b>	<b>1,426,523</b>

**17.3 Impairment of intangible assets without a finite useful life**

As of December 31, 2023, the Company performed its annual impairment test of the carrying amount of its cash generating unit to which goodwill and slots are allocated, through determining its value in use by reference to future discounted cash flows.

The assumptions used in the impairment tests of goodwill and slots are consistent with the Company's operating plans and internal projections, prepared for a period of five years. After this period, a perpetuity rate of growth of operating projections is assumed. The discounted cash flow that determined the value in use of the cash-generating unit was prepared according to the Company's business plan approved by the Board of Directors in December 2023.

The following assumptions were considered:

- Fleet and capacity: plan for operational fleet, utilization and capacity of aircraft in each route;
- Passenger revenue: historical revenue per seat per kilometer flown with growth in line with the Company's business plan;
- Operating costs: specific performance indicators by cost line, in line with the Company's business plan, as well as macroeconomic assumptions; and
- Investment needs: aligned with the Company's business plan.

The macroeconomic assumptions commonly adopted include the Gross Domestic Product ("GDP") and projections of the US dollar, both obtained from the Focus Report issued by the Central Bank of Brazil, in addition to future kerosene barrel prices and interest rates, obtained from specific Bloomberg disclosures.

The result of the goodwill and slots impairment test demonstrated that the estimated recoverable amount of the CGU is significantly greater than its carrying amount and, therefore, no impairment loss was identified. To estimate the value in use of the CGU, a pre-tax discount rate of 11.4% (11.5% as of December 31, 2022) and a growth rate in perpetuity of 3.0% (3.0% as of December 31, 2022) were used.

Description	December 31,	
	2023	2022
Carrying amount – Goodwill and slots	1,027,964	1,027,964

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**18. LOANS AND FINANCING**

**18.1 Accounting policies**

Loans and financing are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

**18.2 Movement of loans and financing**

Description	Average nominal rate p.a.	Effective rate	Maturity	December 31, 2022	Funding (–) costs	Transfers <sup>(a)</sup>	Payment of principal	Payment of interest	Interest incurred	Foreign currency exchange	Effects of restriction <sup>(b)</sup>	Amortized cost	December 31, 2023	Principal payable	Interest Payable	Amortized cost	December 31, 2023
<b>In foreign currency – US\$</b>																	
Senior notes – 2024	5.9 %	6.3 %	Oct-24	2,097,402	—	(1,596,972)	—	(92,985)	76,569	(157,024)	1,212	3,897	332,099	329,472	3,441	(814)	332,099
Senior notes – 2026	7.3 %	7.8 %	Jun-26	3,095,665	—	(2,725,010)	—	(126,950)	121,218	(253,595)	34,278	6,966	152,572	153,701	464	(1,593)	152,572
Senior notes – 2028	11.9 %	13.5 %	Aug-28	—	3,643,382	186,005	—	(173,450)	218,885	31,138	—	16,771	3,922,731	4,051,093	42,960	(171,322)	3,922,731
Senior notes – 2029	11.5 %	11.5 %	May-29	—	—	1,410,967	(277,961)	(52,893)	65,165	20,267	—	—	1,165,545	1,153,751	11,794	—	1,165,545
Senior notes – 2030	10.9 %	10.9 %	May-30	—	—	2,725,010	—	(112,453)	140,308	24,648	—	—	2,777,513	2,750,921	26,592	—	2,777,513
Aircraft, engines and others	6.5 %	9.3 %	Mar-29	731,224	—	(1,067)	(402,994)	(42,727)	47,720	(53,401)	—	5,524	284,279	283,965	1,808	(1,494)	284,279
	Sofr 1M + 4.6%	10.0 %	May-26	—	79,222	—	—	—	196	(332)	—	—	79,086	78,890	196	—	79,086
				5,924,291	3,722,604	(1,067)	(680,955)	(601,458)	670,061	(388,299)	35,490	33,158	8,713,825	8,801,793	87,255	(175,223)	8,713,825
<b>In local currency – R\$</b>																	
Working capital	CDI + 3.1 %	CDI +3,1 %	Feb-24	496,997	301,098	—	(770,795)	(59,807)	58,454	—	—	1,544	27,491	27,190	301	—	27,491
			Sep-25	2,675	—	—	(546)	(155)	183	—	—	—	2,157	2,157	—	—	2,157
																	—
Debentures	CDI + 5.4 %	16.3 %	Dec-28	747,170	585,661	—	(431,530)	(123,907)	131,629	—	—	10,049	919,072	913,521	28,409	(22,858)	919,072
																	—
Aircraft, engines and others	Selic +5.5 %	17.4 %	May-25	19,284	—	—	(4,697)	(4,714)	2,868	—	—	30	12,771	12,851	—	(80)	12,771
	6.3 %	6.3 %	Mar-27	42,282	—	—	(18,600)	(2,111)	1,912	—	—	113	23,596	23,596	—	—	23,596
																	—
				1,308,408	886,759	—	(1,226,168)	(190,694)	195,046	—	—	11,736	985,087	979,315	28,740	(22,938)	985,087
Total in R\$				7,232,699	4,609,363	(1,067)	(1,907,123)	(792,152)	865,107	(388,299)	35,490	44,894	9,698,912	9,781,108	115,965	(198,161)	9,698,912
<b>Current</b>				<b>1,112,940</b>									<b>1,100,051</b>				<b>1,100,051</b>
<b>Non-current</b>				<b>6,119,759</b>									<b>8,598,861</b>				<b>8,598,861</b>

(a) The balance of transfers are between “Loans and financing” and “Leases”.

(b) Refers mainly to the acceleration of the amortization of funding costs considered extinguished in accordance with the requirements of paragraph 3.3.2 of IFRS 9 – Financial instruments, which determines that a substantial modification of the terms of a debt instrument, or a portion thereof, will be accounted for with an extinguishment of such instrument.

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Description	Average nominal rate p.a.	Effective rate	Maturity	December 31, 2021	Funding (–) costs	Payment of principal	Payment of interest	Interest incurred	Foreign currency exchange	Amortized cost	December 31, 2022	Principal payable	Interest accrued	Amortized cost	December 31, 2022
<b>In foreign currency – US\$</b>															
Senior notes – 2024	5.9 %	6.3 %	Oct-24	2,236,910	—	—	(120,924)	120,487	(146,308)	7,237	2,097,402	2,087,079	21,798	(11,475)	2,097,402
Senior notes – 2026	7.3 %	7.8 %	Jun-26	3,298,018	—	—	(227,525)	222,675	(208,927)	11,424	3,095,665	3,130,620	9,457	(44,412)	3,095,665
Aircraft and engines	6.0 %	9.3 %	Mar-29	1,096,955	—	(306,668)	(43,061)	52,940	(74,467)	5,525	731,224	733,697	4,669	(7,142)	731,224
	Libor 3M + 2.6 %	Libor 3M + 2.6 %	Mar-22	1,561	—	(1,428)	—	6	(139)	—	—	—	—	—	—
				6,633,444	—	(308,096)	(391,510)	396,108	(429,841)	24,186	5,924,291	5,951,396	35,924	(63,029)	5,924,291
<b>In local currency – R\$</b>															
Working capital	CDI +3.9 %	18.6 %	Feb-24	643,699	227,467	(369,623)	(108,887)	104,030	—	311	496,997	495,631	1,798	(432)	496,997
	2.9 %	2.9 %	Sep-25	23,202	—	(20,728)	(1,031)	1,232	—	—	2,675	2,648	27	—	2,675
Debentures <sup>(a)</sup>	CDI + 5.0 %	16.3 %	Dec-27	733,017	(12,308)	(74,056)	(50,908)	147,029	—	4,396	747,170	694,921	70,820	(18,571)	747,170
Aircraft and engines	Selic + 5.5 %	17.4 %	May-25	28,038	—	(8,350)	(4,374)	3,910	—	60	19,284	19,386	18	(120)	19,284
	6.2 %	CDI + 6.2 %	Mar-27	84,330	—	(42,324)	(3,863)	4,017	—	122	42,282	42,397	7	(122)	42,282
				1,512,286	215,159	(515,081)	(169,063)	260,218	—	4,889	1,308,408	1,254,983	72,670	(19,245)	1,308,408
<b>Total in R\$</b>				<b>8,145,730</b>	<b>215,159</b>	<b>(823,177)</b>	<b>(560,573)</b>	<b>656,326</b>	<b>(429,841)</b>	<b>29,075</b>	<b>7,232,699</b>	<b>7,206,379</b>	<b>108,594</b>	<b>(82,274)</b>	<b>7,232,699</b>
<b>Current</b>				<b>984,266</b>							<b>1,112,940</b>				<b>1,112,940</b>
<b>Non-current</b>				<b>7,161,464</b>							<b>6,119,759</b>				<b>6,119,759</b>

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

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

Description	December 31,	
	2023	2022
2023	—	1,112,940
2024	1,100,051	2,397,036
2025	222,201	234,919
2026	355,930	3,306,081
2027	116,146	172,205
After 2027	7,904,584	9,518
	<b>9,698,912</b>	<b>7,232,699</b>
<b>Current</b>	1,100,051	1,112,940
<b>Non-current</b>	8,598,861	6,119,759

## **18.4 Main loan and financing operations**

### **18.4.1 Funding occurred in 2023**

#### **18.4.1.1 Working capital**

During the first quarter, the Company raised R\$302,252 at costs of R\$1,154, a rate equivalent to CDI+6.4% p.a. and a single payment of interest and principal in June 2023. During the second quarter, the payment deadline was postponed to September 2023 and the interest rate was postponed to CDI+6.5% p.a. In July 2023 the balance was paid in advance.

#### **18.4.1.2 Debentures**

During the second quarter, the Company granted the 11th issue of simple debentures, not convertible into shares, of the type with real guarantee, with additional personal guarantee, in a single series, in the principal amount of R\$600,000, with a nominal unit face value of R\$1, costs of R\$11,872, rate equivalent to CDI+6.0% p.a. and maturity in June 2024. Interest will be amortized monthly. The resources were fully and exclusively used to pay for the supply aircraft fuel.

#### **18.4.1.3 Senior notes 2028**

In July 2023, the Company completed a private offering of senior debt securities for a principal amount of R\$3,831,040, (equivalent to US\$800,000), costs funding were from R\$187,658, with interest of 11.9% p.a. paid quarterly starting in November 2023 and principal due in August 2028. The net proceeds will be used to pay certain debts, obligations and other corporate purposes.

In October 2023, the Company issued additional notes for a principal amount of R\$186,005 (equivalent to US\$36,778). Such notes were issued in exchange for the aggregate principal amount of R\$190,819 (equivalent to US\$37,730) of the Senior Notes 2024.

#### **18.4.1.4 Aircraft and engines**

In November 2023, the Company financed R\$79,222, with interest of 4.6%p.a. plus the variation in the Secured Overnight Financing Rate (“SOFR”) and maturity in May 2026.

### **18.4.2 Renegotiations occurred in 2023**

#### **18.4.2.1 Debentures**

During the first quarter, the Company renegotiated the terms of the debentures, with a principal amount of R\$700,000, costs of R\$2,467 in order to extend the maturity date from December 2027 to December 2028. There was no change in interest rates.

In accordance with IFRS 9 – Financial Instruments, the Company concluded that the renegotiation does not fall within the scope of debt extinguishment. For this reason, any costs or fees incurred were deducted from the debt balance.

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**18.4.2.2 Aircraft and engines**

During the first quarter, the Company renegotiated the deferral of the payment from March 31, 2023 to December 31, 2023 of an installment in the amount of R\$194,330, changing the weighted average rate from 6.5% p.a. to 7.4% p.a. Linked to this renegotiation, in the second quarter, the weighted average rate of the entire contract was renegotiated, changing from 7.4% p.a. to 8.6% p.a. In December 2023 the balance was paid in advance.

In accordance with IFRS 9 - Financial Instruments, the Company concluded that the renegotiation does not fall within the scope of debt extinguishment. For this reason, any costs or fees incurred were deducted from the debt balance.

**18.4.2.3 Senior notes**

In June, 2023, the Company announced its subsidiary Azul Investments issued:

- an offer exchange debt securities with interest of 5.9% p.a due 2024 (Senior Notes 2024) for debt securities with interest of 11.5% p.a. due 2029; and
- an offer to exchange debt securities with interest of 7.3% p.a due 2026 (Senior Notes 2026) for debt securities with interest of 10.9% p.a. due 2030.

In July and October 2023, the Company concluded its exchange offers and as a consequence issued:

- R\$1,410,967 (equivalent to US\$294,215) in principal amount with interest of 11.5% p.a. due 2029 (which were issued in exchange for R\$1,410,967 (equivalent to US\$294,215) in aggregate principal amount of the Senior Notes 2024);
- R\$2,725,010 (equivalent to US\$568,219) in the principal amount with interest of 10.9% p.a. maturing in 2030 (which were issued in exchange for R\$2,725,166 (equivalent to US\$568,252) in the principal amount of the Senior Notes 2026); and
- R\$186,005 (equivalent to US\$36,778) in principal amount with interest of 11.5% p.a. due 2028 (which were issued in exchange for R\$190,819 (equivalent to US\$37,730) in aggregate principal amount of Senior Notes 2024);

In total, 90.0% of the principal value of the 2024 and 2026 Senior Notes was exchanged for 2028 and 2030 debt securities, as shown below:

Description	Total principal amount offered for exchange US\$	% exchanged
5.9% Senior notes 2024	331,945	83.0 %
7.3% Senior notes 2026	568,252	94.7 %
<b>Total</b>	<b>900,197</b>	<b>90.0 %</b>

Due to debt renegotiations, the amount of R\$199,635 was recorded in the statements of operations, under the line “Debt restructuring”. The amount refers to R\$35,490 of the effects of extinguishing the debt and R\$164,145 of new costs incurred, not capitalized as it concerns the extinguishment of the original debts.

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**18.5 Covenants**

As of December 31, 2023, the Company has loans and financing subject to covenants related to the indebtedness level and the debt service coverage ratio.

Covenant related to:	Restrictive clause relating to:	Frequency of measurement	Indicators for the measurement	Reached
9th and 10th issue of debentures	Annual	(i) Adjusted debt service coverage ratio (DSCR). (ii) Financial leverage .	(i) equal to or greater than 1.2 (ii) less than or equal to 6.5 in 2023; 5.0 in 2024 and 2025; and 4.5 in 2026 and 2027.	Waiver
11th issue of debentures	Annual	(i) index obtained by adjusted net debt/adjusted EBITDA.	(i) financial leverage less than or equal to 3.75%.as of December 31, 2023	Reached
Aircraft financing	Annual	(i) Adjusted debt service coverage ratio (DSCR); and (ii) Financial leverage.	(i) equal to or greater than 1.2; and (ii) less than or equal to 6.5.	Waiver
Engine maintenance financing	Quarterly/Annual	(i) Adjusted debt service coverage ratio (DSCR); and (ii) Financial leverage.	(i) equal to or greater than 1.2; and (ii) less than or equal to 5.5.	Waiver

The Company requested waivers from its counterparties, and obtained them for the year ended December 31, 2023. Therefore, the related debt is classified in these financial statements in accordance with the contractual flow originally established.

**18.6 Guarantees**

The package of guarantees for the debt renegotiations and the issuance of Senior Notes 2028, which took place during 2023, consists of the fiduciary assignment of the flow of receivables from Azul Viagens and the loyalty program and the fiduciary sale of the loyalty program's intellectual property. The Senior Notes 2028 and the Convertible Debentures are guaranteed in the first degree and the Senior Notes 2029 and 2030 are guaranteed in the second degree.

**19. LEASES**

**19.1 Accounting policies**

Lease liabilities are recognized, measured, presented and disclosed in accordance with IFRS – 16 Leases, against right-of-use assets, the accounting policies adopted by the Company for leasing operations are presented in note 16.

**19.2 Renegotiations**

During the year ended December 31, 2023, the Company defined the conditions for renegotiations and began to sign, who agreed to receive negotiable debt securities maturing in 2030 and shares priced to reflect Azul's new cash generation, its improved capital structure and the reduction of its credit risk.

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Until December 31, 2023, the Company had renegotiated 119 lease contracts under these new conditions. In general, the conditions agreed between the Company and lessors are as follows:

- Notes: R\$1,385,115 (equivalent to US\$286,104), with interest to be paid quarterly from December 2023, with interest of 7.5% p.a., and principal maturity in June 2030; and
- Convertible to equity: R\$2,178,740 (equivalent to US\$450,032), with interest-free and consecutive quarterly payments, starting in July 2024.

The costs incurred in these transactions correspond to R\$84,421 and were recognized in the statement of operations as required by IFRS 9 – Financial Instruments.

Description	December 31,	
	2023	2022
Leases	12,455,827	14,582,833
Leases – Notes	1,030,845	—
Leases – Convertible to equity	1,659,739	—
	<u>15,146,411</u>	<u>14,582,833</u>
Current liabilities	3,687,392	4,025,948
Non-current assets	11,459,019	10,556,885

**19.3 Movement of Leases**

Description	Average remaining term	Weighted average rate	December 31, 2022	Additions	Modifications	Payments	Interest incurred	Transfers <sup>(b)</sup>	Write-offs	Foreign currency exchange	December 31, 2023
<b>Lease without purchase option:</b>											
Aircraft <sup>(a)</sup>	8.1	16.3 %	13,585,810	1,086,943	1,090,251	(2,834,794)	2,209,708	(2,544,154)	(103,107)	(922,775)	11,567,882
Others	4.6	10.3 %	185,527	21,763	76,266	(55,934)	19,194	—	—	(9,562)	237,254
<b>Lease with purchase option:</b>											
Aircraft <sup>(a)</sup>	5.0	13.8 %	811,496	—	70,806	(192,819)	99,766	(90,815)	—	(47,743)	650,691
<b>Total</b>			<u>14,582,833</u>	<u>1,108,706</u>	<u>1,237,323</u>	<u>(3,083,547)</u>	<u>2,328,668</u>	<u>(2,634,969)</u>	<u>(103,107)</u>	<u>(980,080)</u>	<u>12,455,827</u>
<b>Current</b>			4,025,948								3,349,056
<b>Non-current</b>			10,556,885								9,106,771

(a) Includes aircraft, engines, and simulators.

(b) The transfer balances are between “Loans and financing”, “Leases”; “Leases: Notes and Convertible to equity”; “Accounts payable” and “Other liabilities”.

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Description	Average remaining term	Weighted average rate	December 31, 2021	Additions	Modifications	Payments	Interest incurred	Write-offs	Foreign currency exchange	December 31, 2022
<b>Lease without purchase option:</b>										
Aircraft <sup>(a)</sup>	7.6	21.3 %	13,724,647	1,507,577	55,342	(3,220,152)	2,400,049	(1,123)	(880,530)	13,585,810
Other	4.9	9.8 %	71,869	193,360	11,452	(38,031)	15,798	(67,416)	(1,505)	185,527
<b>Lease with purchase option:</b>										
Aircraft <sup>(a)</sup>	5.8	18.5 %	1,094,059	113,231	(113,993)	(345,503)	117,281	—	(53,579)	811,496
<b>Total</b>			<b>14,890,575</b>	<b>1,814,168</b>	<b>(47,199)</b>	<b>(3,603,686)</b>	<b>2,533,128</b>	<b>(68,539)</b>	<b>(935,614)</b>	<b>14,582,833</b>
<b>Current</b>			3,497,665							4,025,948
<b>Non-current</b>			11,392,910							10,556,885

(a) Includes aircraft, engines, and simulators.

### 19.4 Leases – Notes

Description	Average remaining term	Weighted average rate	December,31 2022	Additions	Interest incurred	Transfers <sup>(a)</sup>	Foreign currency exchange	December 31, 2023
Financing with lessors – Notes	6.5	14.8 %	—	11,097	36,292	1,018,404	(34,948)	1,030,845
<b>Total</b>			<b>—</b>	<b>11,097</b>	<b>36,292</b>	<b>1,018,404</b>	<b>(34,948)</b>	<b>1,030,845</b>
<b>Current</b>								121,948
<b>Non-current</b>								908,897

(a) The transfer balances are between “Leases” and “Leases: Notes and Convertible to equity”.

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**19.5 Leases – Convertible to equity**

Description	Average remaining term	Weighted average rate	December,31 2022	Additions	Interest incurred	Transfers <sup>(a)</sup>	Foreign currency exchange	December,31 2023
Financing with lessors – Convertible to equity	3.6	14.6 %	—	17,270	55,597	1,640,771	(53,899)	1,659,739
Total			—	17,270	55,597	1,640,771	(53,899)	1,659,739
Current			—					216,388
Non-current			—					1,443,351

(a) The transfer balances are between “Leases” and “Leases: Notes and Convertible to equity”.

**19.6 Schedule of amortization of leases**

Description	December 31,	
	2023	2022
2023	—	4,387,911
2024	3,570,147	4,162,958
2025	2,851,258	3,579,587
2026	2,615,718	3,237,509
2027	2,226,313	2,909,201
After 2027	9,594,071	8,512,031
<b>Minimum lease payments</b>	<b>20,857,507</b>	<b>26,789,197</b>
<b>Financial charges</b>	<b>(8,401,680)</b>	<b>(12,206,364)</b>
<b>Present value of minimum lease payments</b>	<b>12,455,827</b>	<b>14,582,833</b>
Current	3,349,056	4,025,948
Non-current	9,106,771	10,556,885

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### 19.7 Schedule of amortization of leases – Notes

Description	December 31, 2023
2024	130,432
2025	103,883
2026	103,883
2027	103,883
After 2027	1,644,823
Minimum lease payments	2,086,904
Financial charges	(1,056,059)
Present value of minimum lease payments	1,030,845
Current	121,948
Non-current	908,897

There were no comparative balances as of December 31, 2022.

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**19.8 Schedule of amortization of Leases – Convertible to equity**

Description	December 31, 2023
2024	235,897
2025	726,247
2026	726,247
2027	490,348
Minimum lease payments	2,178,739
Financial charges	(519,000)
Present value of minimum lease payments	<u>1,659,739</u>
Current	216,388
Non-current	1,443,351

There were no comparative balances as of December 31, 2022.

**19.9 Covenants**

As of December 31, 2023, the Company has lease liabilities subject to covenants related to the indebtedness level and the debt service coverage ratio.

Covenant related to:	"Indicators for the measurement"	Frequency of measurement	Required	Reached
Aircraft financing	Annual	(i) Adjusted debt service coverage ratio (DSCR); and (ii) Financial leverage	(i) equal to or greater than 1.2; and (ii) less than or equal to 5.5.	Waiver

The Company requested waivers from its counterparties, and obtained them for the year ended December 31, 2023. Therefore, the related debt is classified in these financial statements in accordance with the contractual flow originally established.

**20. CONVERTIBLE DEBT INSTRUMENTS**

**20.1 Accounting policies**

As required by IFRS 9 – Financial Instruments, the right to convert convertible debentures into shares was measured at fair value through profit or loss as it is an embedded derivative.

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**20.2 Renegotiations**

In July 2023, the Company concluded the renegotiation of the convertible debentures, with a principal value of R\$1,745,900, changing the maturity date from October 2025 to October 2028, at a nominal rate of 6.0% p.a. to 12.3% p.a. and the conversion price from R\$32.26 to R\$22.78.

In accordance with IFRS 9 – Financial Instruments, the Company concluded that the renegotiation of the debentures falls within the scope of debt extinguishment. Therefore, the values recorded previously were extinguished and a new debt was recorded. For this reason, any costs or fees incurred were recognized in the statement of operations.

Due to the modification of the debt, the amount of R\$352,430, composed of the effect of the restructuring of R\$233,068 (expenses of R\$346,555 related to the extinction and reconstitution of the conversion right and income of R\$113,487 related to the extinction and reconstitution of the debt) and R\$119,362 of new costs incurred, was recorded in the statement of operations, under the line “Restructuring of debentures”.

The balance presented below debentures includes the right to convert the debt into Company shares in the amount of R\$488,775 (R\$116,971 as of December 31, 2022).

**20.3 Movement of convertible debt instruments**

Description	Average nominal rate p.a.	Effective rate <sup>(a)</sup>	Maturity	December 31, 2022	Variation of conversion right	Payment of principal	Payment of interest	Interest incurred	Foreign currency exchange	Restructuring result	Amortized cost	December 31, 2023
In foreign currency – US\$												
Debentures	12.3 %	12.3 %	Oct-28	1,403,719	25,249	(542,496)	(100,928)	242,608	(62,232)	233,068	2,622	1,201,610
Total in R\$				1,403,719	25,249	(542,496)	(100,928)	242,608	(62,232)	233,068	2,622	1,201,610
Current				14,789								25,807
Non-current				1,388,930								1,175,803

(a) Does not consider the conversion right.

Description	Average nominal rate p.a.	Effective rate <sup>(a)</sup>	Maturity	December 31, 2021	Variation of conversion right	Payment of interest	Interest incurred	Foreign currency exchange	Amortized cost	December 31, 2022
In foreign currency – US\$										
Debentures	6.0 % a 7.5 %	6.6 %	Oct-25	1,873,001	(519,815)	(105,891)	231,103	(79,212)	4,533	1,403,719
Total in R\$				1,873,001	(519,815)	(105,891)	231,103	(79,212)	4,533	1,403,719
Current				39,124						14,789
Non-current				1,833,877						1,388,930

(a) Does not consider the conversion right.

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**20.4 Schedule of amortization**

Description	December 31, 2023	December 31, 2022
2023	—	14,789
2024	25,807	—
2025	—	1,388,930
After 2026	1,175,803	—
	<u>1,201,610</u>	<u>1,403,719</u>
Current	25,807	14,789
Non-current	1,175,803	1,388,930

## 21. ACCOUNTS PAYABLE

### 21.1 Accounting policies

Amounts payable to suppliers are initially recognized at fair value and subsequently increased, when applicable, by the corresponding charges and monetary and exchange variations.

### 21.2 Breakdown of accounts payable

As described in note 2.1.4.6, negotiations with suppliers of aircraft services and parts mostly followed the same model as the renegotiation of lease obligations, i.e. the Company issued Notes in the equivalent amount of R\$408,541 (equivalent of US\$84,386), with interest of 7.5% p.a. to be paid quarterly from December 2023, and principal due in June 2030), as well as Convertible to equity, in the total amount of R\$159,775 (equivalent US\$33,002), with consecutive quarterly payments, starting in January 2025.

Description	December 31,	
	2023	2022
Accounts payable	3,077,225	3,034,799
Accounts payable – Notes	401,702	—
Accounts payable – Convertible to equity	119,841	—
	<b>3,598,768</b>	<b>3,034,799</b>
<b>Current</b>	2,277,841	2,517,828
<b>Non-current</b>	1,320,927	516,971

### 21.3 Movement of accounts payable

#### 21.3.1 Accounts payable – Notes

Description	December 31, 2022	Addition	Interest incurred	Foreign currency exchange	December 31, 2023
Financing with accounts payable – Notes	—	401,824	8,357	(8,479)	401,702
Total	—	<b>401,824</b>	<b>8,357</b>	(8,479)	401,702
<b>Current</b>	—				11,624
<b>Non-current</b>	—				390,078

#### 21.3.2 Accounts payable – Convertible to equity

Description	December 31, 2022	Addition	Interest incurred	Foreign currency exchange	December 31, 2023
Financing with accounts payable – Convertible to equity	—	118,809	3,347	(2,315)	119,841
Total	—	<b>118,809</b>	<b>3,347</b>	(2,315)	<b>119,841</b>
Non-current	—				119,841

## 22. REVERSE FACTORING

### 22.1 Accounting policies

The Company negotiates with suppliers with the aim of extending its payment terms. Agreements were entered into with financial institutions that allow the Company's suppliers, mainly of fuel, to receive advances on amounts due from the Company with interest rates ranging between 1.19% to 1.27% p.m.

When an amount is advanced by a supplier with the financial institution, is transferred from the item "Accounts payable" to "Reverse factoring".

### 22.2 Movement of reverse factoring

Description	Consolidated
<b>At December 31, 2021</b>	<b>3,694</b>
Addition	1,541,948
Interest incurred	79,460
Interest paid	(53,476)
Payment	(818,274)
<b>At December 31, 2022</b>	<b>753,352</b>
Addition	391,676
Interest incurred	17,010
Interest paid	(39,714)
Payment	(831,477)
<b>At December 31, 2023</b>	<b>290,847</b>

## 23. DERIVATIVE FINANCIAL INSTRUMENTS

### 23.1 Accounting policies

Changes in interest rates, exchange rates and aviation fuel prices expose the Company to risks that may affect its financial performance. In order to mitigate such risks, the Company contracts derivative financial instruments. Changes in their fair value are recognized directly in profit or loss.

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**23.2 Breakdown of derivative financial instruments**

Changes in fair value	Interest rate swap	Forward – fuel	Option fuel	Forward – foreign currency	Conversion right debentures	Total
<b>At December 31, 2021</b>	<b>(213,257)</b>	<b>9,383</b>	—	<b>270,640</b>	<b>(636,786)</b>	<b>(570,020)</b>
Gains (losses) recognized in result	33,519	440,065	—	(35,394)	519,815	958,005
Payment (receipts)	568	(478,149)	—	—	—	(477,581)
<b>At December 31, 2022</b>	<b>(179,170)</b>	<b>(28,701)</b>	—	<b>235,246</b>	<b>(116,971)</b>	<b>(89,596)</b>
Gains (losses) recognized in result	(34,075)	(168,378)	13,796	(24,552)	(25,249)	(238,458)
Payments (receipts)	213,245	136,977	(1,530)	(210,694)	—	137,998
Restructuring <sup>(b)</sup>	—	—	—	—	(346,555)	(346,555)
<b>At December 31, 2023</b>	<b>—</b>	<b>(60,102)</b>	<b>12,266</b>	<b>—</b>	<b>(488,775)</b>	<b>(536,611)</b>
<b>Rights with current derivative financial instruments</b>	—	757	21,152	—	—	21,909
<b>Obligations with current derivative financial instruments</b>	—	(60,019)	(8,886)	—	—	(68,905)
<b>Obligations with non-current derivative financial instruments</b>	—	(840)	—	—	—	(840)
<b>Non-current convertible instruments</b>	—	—	—	—	(488,775)	(488,775)
	<b>—</b>	<b>(60,102)</b>	<b>12,266</b>	<b>—</b>	<b>(488,775)</b>	<b>(536,611)</b>

(a) Refers to the effects of the extinction and reconstitution of the conversion right.

Changes in fair value	Options – foreign currency	Interest rate swap	Forward – fuel	Forward – foreign currency	Conversion right (debentures)	Total
<b>Rights (obligations) with derivatives at December 31, 2020</b>	<b>8,947</b>	<b>(269,491)</b>	<b>(81,274)</b>	<b>349,093</b>	<b>(1,465,999)</b>	<b>(1,458,724)</b>
Gains (losses) recognized in result	(10,222)	48,571	75,075	(78,453)	829,213	864,184
Payment in cash	1,275	7,663	15,582	—	—	24,520
<b>Rights (obligations) with derivatives at December 31, 2021</b>	<b>—</b>	<b>(213,257)</b>	<b>9,383</b>	<b>270,640</b>	<b>(636,786)</b>	<b>(570,020)</b>
<b>Rights with current derivative financial instruments</b>	—	73,794	9,383	—	—	83,177
<b>Rights with non-current derivative financial instruments</b>	—	—	—	270,640	—	270,640
<b>Obligations with current derivative financial instruments</b>	—	(77,509)	—	—	—	(77,509)
<b>Obligations with non-current derivative financial instruments</b>	—	(209,542)	—	—	—	(209,542)
<b>Long-term loans and financing</b>	—	—	—	—	(636,786)	(636,786)
	<b>—</b>	<b>(213,257)</b>	<b>9,383</b>	<b>270,640</b>	<b>(636,786)</b>	<b>(570,020)</b>

**24. AIRPORT TAXES AND FEES**

**24.1 Accounting policies**

The amounts payable in airport taxes and fees are initially recognized at fair value and subsequently increased, when applicable, by the corresponding charges and monetary and exchange variations.

## 24.2 Breakdown of airport taxes and fees

Description	December,	
	2023	2022
Airport fees	1,490,514	1,087,232
Boarding tax	248,689	213,093
Others	20,880	34,444
	<b>1,760,083</b>	<b>1,334,769</b>
<b>Current</b>	588,404	831,897
<b>Non-current</b>	1,171,679	502,872

## 25. AIR TRAFFIC LIABILITY AND LOYALTY PROGRAM

### 25.1 Accounting policies

This represents the Company's obligations for the early receipt of air transport services and other auxiliary services related to the main obligation with its customers. They are accounted for at the amount of the transaction and as they are non-monetary items they are not subject to exchange differences or monetary adjustment of any nature. The liability is derecognized when the related transport services are provided.

### 25.2 Breakdown of air traffic liability and loyalty program

Description	December 31,	
	2023	2022
Air traffic liability and loyalty program	5,782,121	4,660,271
Breakage	(576,245)	(520,246)
	<b>5,205,876</b>	<b>4,140,025</b>
Average use term <sup>(a)</sup>	56 days	48 days

(a) Does not consider the loyalty program.

## 26. SALARIES AND BENEFITS

### 26.1 Accounting policies

Salaries and benefits obligations are initially recognized at fair value, on an accrual basis.

### 26.2 Breakdown salaries and benefits

Description	December,31	
	2023	2022
Short-term benefits	473,060	478,568
Share-based payment	1,737	844
	<b>474,797</b>	<b>479,412</b>

## 27. TAXES PAYABLE

### 27.1 Accounting policies

Taxes payable represent tax obligations arising from the Company's operating activities, mainly from the transport of passengers and cargo.

### 27.2 Breakdown of taxes payable

Description	December 31,	
	2023	2022
Government installment payment program federal	157,970	96,547
Social Integration Program (" PIS ") and Contribution to Social Security Financing (" COFINS ")	4,231	55,385
Taxes withheld	76,520	49,906
Import taxes	13,483	15,189
Others	2,251	48,156
	<b>254,455</b>	<b>265,183</b>
<b>Current</b>	142,168	193,588
<b>Non-current</b>	112,287	71,595

In the first quarter of 2023, the Company opted to pay federal taxes in installments over 60 months in the amount of R\$103,650. As of December 31, the Company not did have overdue amounts.

## 28. PROVISIONS

### 28.1 Accounting policies

#### 28.1.1 Provision for return of aircraft and engines

Aircraft and engines held under lease agreements without purchase options have contractual obligations establishing conditions for their return.

The Company provides for return costs, since these are present obligations arising from past events and which will generate future disbursements, which are reliably measured.

These expenses basically refer to aircraft reconfiguration (interior and exterior), obtaining licenses and technical certifications, verifications of returns, maintenance, painting, etc., as established in the contract. The estimated cost of return is initially recognized at present value as part of the cost of right-of-use assets, and the provision for aircraft return costs is recorded in the "Provisions" account. After initial recognition, the liability is updated according to the capital remuneration rate estimated by the Company, with a corresponding entry recorded in the financial result. Any changes in the estimate of expenses to be incurred are recognized prospectively against the right of use asset or in the statement of operations for the year, if the right-of-use balance is insufficient.

#### 28.1.2 Tax, civil, labor and other risks

The Company is party to several legal and administrative proceedings, mainly in Brazil. Assessments of the likelihood of loss in these cases include an analysis of the available evidence, the hierarchy of laws, the available case laws, the most recent court decisions and their significance in the legal system, as well as the assessment of external lawyers.

Provisions are revised and adjusted to reflect changes in circumstances, such as the applicable statute of limitations, conclusions of tax inspections or additional exposures identified based on new matters or court decisions.

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

**28.1.3 Post-employment benefits**

The Company recognizes actuarial liabilities related to health insurance benefits offered to its employees in accordance with IAS 19 – Employee Benefits. Actuarial gains and losses are recognized in other comprehensive income based on the actuarial report prepared by independent experts, while the current service cost and the interest cost are recognized in profit or loss.

**28.2 Breakdown of provisions**

Description	Return of aircraft and engines <sup>(a)</sup>	Tax, civil, labor and other risks	Onerous contracts	Post - employment benefit	Total
<b>At December 31, 2021</b>	<b>2,241,439</b>	<b>558,982</b>	<b>693,407</b>	<b>5,761</b>	<b>3,499,589</b>
Additions	678,252	181,136	(586,634)	113	272,867
Write-offs	(228,034)	(179,391)	(178,126)	—	(585,551)
Interest incurred	144,563	—	100,975	609	246,147
Effect of change in financial assumptions	—	—	—	(888)	(888)
Effect of plan experience	—	—	—	1,406	1,406
Foreign currency exchange	(160,954)	—	(29,622)	—	(190,576)
<b>At December 31, 2022</b>	<b>2,675,266</b>	<b>560,727</b>	<b>—</b>	<b>7,001</b>	<b>3,242,994</b>
Additions	501,864	216,778	—	115	718,757
Modifications	(250,134)	—	—	—	(250,134)
Write-offs	(401,014)	(237,313)	—	—	(638,327)
Interest incurred	239,078	17,581	—	760	257,419
Benefit paid by the plan	—	—	—	(141)	(141)
Effect of change in financial assumptions	—	—	—	(23)	(23)
Effect of plan experience	—	—	—	2,198	2,198
Foreign currency exchange	(191,890)	—	—	—	(191,890)
<b>At December 31, 2023</b>	<b>2,573,170</b>	<b>557,773</b>	<b>—</b>	<b>9,910</b>	<b>3,140,853</b>
<b>At December 31, 2023</b>					
<b>Current</b>	497,525	238,905	—	—	736,430
<b>Non-current</b>	2,075,645	318,868	—	9,910	2,404,423
<b>At December 31, 2022</b>					
<b>Current</b>	654,897	179,391	—	—	834,288
<b>Non-current</b>	2,020,369	381,336	—	7,001	2,408,706

(a) Nominal discount rate 10.7% p.a. (11.2% p.a as of December 31, 2022.)

## 28.2.1 Tax, civil, labor and other risks

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

Description	Probable loss		Possible loss	
	December 31,		December 31,	
	2023	2022	2023	2022
Tax	284,638	263,495	432,109	376,510
Civil	131,464	107,980	49,930	57,871
Labor	141,671	121,842	68,789	43,423
Other	—	67,410	—	—
	<b>557,773</b>	<b>560,727</b>	<b>550,828</b>	<b>477,804</b>

### 28.2.1.1 Tax

#### 28.2.1.1.1 Probable loss

The Company discusses the non-application of the additional charge of 1% of COFINS on imports of aircraft, parts and components, in the amount of R\$219,695 (as of December 31, 2022 R\$209,496). Such classification is due to decisions from higher courts considering the legality of the collection of the additional charge on the imports made by airlines.

#### 28.2.1.1.2 Possible loss

In 2022, the Company was assessed by the Federal Revenue Service due to alleged infringement relating to Social Security Contribution on Gross Revenue (payroll tax relief), totaling approximately R\$255,042. Tax assessment notices are being discussed at the administrative and judicial levels.

The Company has social security distribution in the amount of R\$69,768 related to the non-occurrence of the Employer's Social Security Contribution on the amounts deducted under private pension and health plan. The discussion is based on the fact that the expenses are not included in the concept of remuneration and, therefore, are not subject to collection.

The values are dispersed and it is not possible to highlight any specific process.

### 28.2.1.2 Civil

The Company has civil lawsuits, mainly related to compensation actions in general, such as flight delays and cancellations, lost and damaged luggage, among others. The values are dispersed and it is not possible to highlight any specific process.

### 28.2.1.3 Labor

The Company has labor complaints, mainly related to discussions related to overtime, hazard pay, unhealthy conditions and equal pay. The values are scattered and it is not possible to highlight any specific process.

### 28.2.1.4 Others

The amounts recorded under this heading are related to the contingent liabilities assumed as a result of the business combination with Conecta. During the year ended December 31, 2023, the process was concluded and the Company was ordered to pay R\$3,776, so the reversal of R\$63,634 was recorded in the statements of operations for the year.

## 28.2.2 Post-employment benefit

Below are the assumptions used to calculate post-employment benefits:

Weighted average of assumptions	December 31,	
	2023	2022
Nominal discount rate p.a.	9.92 %	10.96 %
Actual discount rate p.a.	5.79 %	5.78 %
Estimated inflation rate in the long term p.a.	3.90 %	4.90 %
HCCTR – Average nominal inflation rate p.a.	7.02 %	8.05 %
HCCTR – Actual nominal inflation rate p.a.	3.00 %	3.00 %
Mortality table	AT-2000 downrated by 10 %	AT-2000 downrated by 10 %

## 29. RELATED-PARTY TRANSACTIONS

### 29.1 Accounting policies

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. Such operations include, among other aspects, shared service agreements and loan agreements.

### 29.2 Related-party transactions

#### 29.2.1 Compensation of key management personnel

The Company's employees are entitled to profit sharing based on certain goals agreed annually. In turn, executives are entitled to bonuses based on statutory provisions proposed by the Board of Directors and approved by the shareholders. The amount of profit sharing is recognized in profit or loss for the year in which the goals are achieved.

Key management personnel comprise the directors, officers and members of the Executive Committee and directors. Expenses incurred with remuneration and the respective charges, paid or payable, are shown below:

Description	December 31,		
	2023	2022	2021
Short-term benefits	19,429	58,788	30,080
Post-employment benefit	595	—	—
Share-based payment	63,529	(17,441)	13,042
	<b>83,553</b>	<b>41,347</b>	<b>43,122</b>

Stock-based compensation plan, considers stock option plans, RSU and phantom shares. Such plans are expected to be settled in up to eight years and, therefore, and does not represent a cash outflow.

### 29.3 Technology service sharing contract

The Company carried out transactions 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 year ended December 31, 2023 was R\$52 (R\$52 as of December 31, 2022), recorded under the line "Other", in the statements of operations. As of December 31, 2023, there were no amounts to be paid as a result of this transaction.

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**29.4 Ticket sales contract**

In March 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.

**29.5 Aircraft sublease**

The Company signed sublease agreements for three aircraft with 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 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 December 31, 2023, the operations with Breeze as recorded the following balances:

Creditor	Debtor	Type of operation	December 31,	
			2023	2022
ALAB	Breeze	Aircraft sublease	30,802	67,056
ALAB	Breeze	Maintenance reservation refund	3,901	—
Breeze	ALAB	Maintenance reservation refund	(19,559)	(14,456)

Revenues	Expenses	Type of operation	December 31,	
			2023	2022
ALAB	Breeze	Interest incurred	5,824	7,589

**29.6 Lilium**

In August 2021, the Company announced plans to make a strategic partnership with *Lilium GmbH*, a wholly owned subsidiary of Lilium N.V.(“Lilium”), which has ultimately become a related party as the Company’s Board of Directors’ Chairman was elected independent member of Lilium’s Board of Directors.

As of December 31, 2023 and 2022, the Company has no outstanding balances with *Lilium*.

**29.7 Azorra**

In August 2022, the Company made agreements for purchase and sale of aircraft and engines with entities that are part of *Azorra Aviation Holdings LLC*. (“Azorra”) group, which has become a related party as the Company’s Board of Directors’ Chairman was elected independent member of Azorra’s Board of Directors.

The transactions between the Company and the Azorra group are shown below:

Creditor	Debtor	Type of operation	December 31,	
			2023	2022
ALAB	Azorra	Maintenance reserves	—	107,286
ALAB	Azorra	Security deposits	4,643	3,913
Azorra	ALAB	Leases	(302,947)	(113,832)
Azorra	Azul Investments	Leases – Notes	(74,572)	—
Azorra	Azul	Leases – Convertible to equity	(102,683)	—

Revenues	Expenses	Type of operation	December 31,	
			2023	2022
Azorra	ALAB	Interest incurred	17,106	10,983

## 30. EQUITY

### 30.1 Issued capital

Description	Value		Quantity	
	Company's capital	AFAC (a)	Common shares	Preferred shares
At December 31, 2021	2,290,876	120	928,965,058	333,680,010
Capital payment	—	(23,065)	—	—
Share-based payment	23,065	23,006	—	1,943,398
At December 31, 2022	2,313,941	61	928,965,058	335,623,408
Capital payment	880	(880)	—	—
Share-based payment	—	1,608	—	124,388
At December 31, 2023	2,314,821	789	928,965,058	335,747,796

(a) Advance for future capital increase.

As established in the Company's bylaws, each common share is entitled to one vote. Preferred shares of any class do not have voting rights, however, they do provide their holders with:

- Capital repayment priority;
- The right to be included in a public offer for the purchase of shares, due to the transfer of control of the Company, under the same conditions and for a price per share equivalent to seventy-five (75) times the price per share paid to the controlling shareholder;
- The right to receive amounts equivalent to seventy-five (75) times the price per common share after the division of the remaining assets among the shareholders; and
- The right to receive dividends equal to seventy-five (75) times the amount paid to each common share.

Company shareholding structure is presented below:

Shareholder	December 31, 2023			December 31, 2022		
	Common shares	Preferred shares	% economic participation	Common shares	Preferred shares	% economic participation
David Neeleman	67.0 %	2.2 %	4.5 %	67.0 %	2.2 %	4.5 %
Shareholders Trip <sup>(a)</sup>	33.0 %	4.0 %	5.0 %	33.0 %	4.4 %	5.4 %
United Airlines Inc	— %	8.0 %	7.8 %	— %	8.0 %	7.8 %
Blackrock	— %	5.0 %	4.8 %	— %	5.0 %	4.8 %
Others	— %	80.7 %	77.8 %	— %	80.3 %	77.4 %
Treasury shares	— %	0.1 %	0.1 %	— %	0.1 %	0.1 %
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

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

The Company is authorized, by resolution of the Board of Directors, to increase the issued capital, regardless of any amendments to bylaws, with the issue of up to 230,000,000 new preferred shares. The Board of Directors will set the conditions for the issue, including price and payment term.

## 30.2 Treasury shares

### 30.2.1 Accounting policies

Own equity instruments that are acquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of these equity instruments. Any difference between the carrying amount and the fair value, if the share is reissued, is recognized in share premium.

### 30.2.2 Movement of treasury shares

Description	Number of shares	Amount paid	Average cost (in R\$)
<b>At December 31, 2021</b>	<b>384,529</b>	<b>11,959</b>	<b>31.10</b>
Repurchase	313,102	3,923	12.53
Transfers	(347,632)	(5,678)	—
<b>At December 31, 2022</b>	<b>349,999</b>	<b>10,204</b>	<b>29.15</b>
Repurchase	591,866	6,826	11.53
Transfers	(441,866)	(7,989)	—
<b>At December 31, 2023</b>	<b>499,999</b>	<b>9,041</b>	<b>18.08</b>

In November 2022 approved the repurchase plan of 1,300,000 preferred shares maturing in 18 months, to keep them in treasury for subsequent payment of the installments of the Restricted Stock Option plan. Until December 31, 2023, within the said plan, the Company reacquired 851,868 shares.

## 31. EARNINGS (LOSS) PER SHARE

### 31.1 Accounting policies

Basic earnings (loss) per share is calculated by dividing the profit or loss for the year attributed to the Company's controlling shareholders by the weighted average number of all classes of shares outstanding, except treasury shares, during the year.

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of shares outstanding, except treasury shares, by instruments potentially convertible into shares. However, due to the losses reported in the years ended December 31, 2023, and 2022, these instruments issued by the company have a non-dilutive effect and therefore were not considered in the total number of shares outstanding to determine the diluted loss per share.

Although there are differences between common and preferred shares as to voting and preemptive rights in the event of liquidation, the Company's preferred shares do not grant the right to receive fixed dividends. Preferred shares have economic power and the right to receive dividends 75 times greater than common shares. Accordingly, the Company considers that the economic power of preferred shares is greater than that of common shares. Therefore, the profit or loss for the year attributable to the controlling shareholders is allocated proportionally in relation to the total economic participation of the amount of common and preferred shares.

## 31.2 Earnings (loss) per share calculation

Description	Years ended December 31,		
	2023	2022	2021
<b>Numerator</b>			
Loss for the year	(2,380,456)	(722,367)	(4,213,208)
<b>Denominator</b>			
Weighted average number of common shares	928,965,058	928,965,058	928,965,058
Weighted average number of preferred shares	335,145,967	335,291,821	333,286,277
Economic value of preferred shares	75	75	75
Weighted average number of equivalent preferred shares <sup>(a)</sup>	347,532,168	347,678,022	345,672,478
Weighted average number of equivalent common shares <sup>(b)</sup>	26,064,912,583	26,075,851,633	25,925,435,858
Weighted average number of presumed conversions	220,081,929	77,059,124	63,296,103
Weighted average number of preferred shares that would have been issued the average share price at the market price	4,041,744	3,290,760	2,711,861
Average share price at market price (in reais)	14.35	18.17	36.87
Basic loss per common share – R\$	(0.09)	(0.03)	(0.16)
Diluted loss per common share – R\$	(0.09)	(0.03)	(0.16)
Basic loss per preferred share – R\$	(6.85)	(2.08)	(12.19)
Diluted loss per preferred share – R\$	(6.85)	(2.08)	(12.19)

(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 12,386,201 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 one preferred share.

## 32. SHARE-BASED PAYMENT

### 32.1 Accounting policies

The Company offers executives share-based compensation plans to be settled with Company shares or cash, according to which the Company receives services as consideration.

The cost of instruments is measured based on fair value on the date they were granted or at the end of the reporting period for phantom shares. To determine the fair value of purchase options, the Company uses the Black-Scholes model.

The cost of transactions settled with equity securities is recognized in profit or loss under “Salaries and benefits”, together with a corresponding increase in the “Capital reserve” or “Salaries and benefits” liability for phantom shares, over the period in which performance and/or service condition are met, ending on the date on which the employee acquires the full right to the award (vesting date) or settlement and cancellation for phantom shares. The outstanding liability is revalued at fair value at the end of the reporting period.

### 32.2 Compensation plans

The Company has three share-based compensation plans: the Stock Option Plan (“Option Plan”), the Restricted Stock Option Plan (“RSU”) and the Stock Purchase Plan (“phantom shares”). All of them aim to stimulate and promote the alignment of the objectives of the Company, shareholders, management and employees, and mitigate the risks in the generation of value of the Company by the loss of its executives, strengthening their commitment and productivity in the long-term results.

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The movement of the plans is as follows:

Description	Number of shares			Total
	Option plan	RSU	Phantom shares	
<b>At December 31, 2021</b>	3,923,686	1,366,386	5,136,682	10,426,754
Granted	17,089,417	1,006,779	—	18,096,196
Exercised	(1,943,398)	(479,098)	—	(2,422,496)
Canceled	—	(98,666)	(4,810,210)	(4,908,876)
<b>At December 31, 2022</b>	19,069,705	1,795,401	326,472	21,191,578
Granted	1,800,000	500,000	—	2,300,000
Exercised	(124,388)	(609,313)	(22,884)	(756,585)
Canceled	(223,633)	(142,023)	(56,658)	(422,314)
<b>At December 31, 2023</b>	20,521,684	1,544,065	246,930	22,312,679

Description	December, 31	
	2023	2022
Share price (in reais)	16.01	11.01
Weighted average price of the stock option (in reais)	12.93	11.84
Weighted average price of the phantom shares (in reais)	10.35	—
Cash inflow stock option plan	1,608	23,006
Flat cash inflow of phantom shares	237	—
Total obligation related to the phantom shares	1,736	844
Income tax regarding RSU transfer	3,239	1,427

The expenses of share-based compensation plans are shown below:

Description	Years ended December, 31		
	2023	2022	2021
Option plan	61,646	29,368	5,933
RSU	9,093	1,366	15,877
Phantom shares	904	(48,984)	(4,630)
	71,643	(18,250)	17,180

The reversal of expenses in 2022 and 2021 was due to the reduction in the fair value of shares in these periods.

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**32.3 Assumptions**

**32.3.1 Option plan**

During the third quarter of 2023, the Company granted one program with the following conditions:

Date of grant	Option exercise price (in R\$)	Fair value of the option on the grant (in R\$)	Historical volatility	Expected dividend	Average risk-free rate of return	Exercise rate per tranche	Deadline remainder of vesting period (in years)	Purchasing period up to (years)	Total options granted	Total outstanding options	Total options available for exercise
December 11, 2009	3.42	1.93	47.7 %	1.1 %	8.8 %	25.0 %	0.0	4.0	5,032,800	182,870	182,870
March 24, 2011	6.44	4.16	54.8 %	1.1 %	12.0 %	25.0 %	0.0	4.0	1,572,000	84,000	84,000
April 5, 2011	6.44	4.16	54.8 %	1.1 %	12.0 %	25.0 %	0.0	4.0	656,000	6,200	6,200
June 30, 2014	19.15	11.01	40.6 %	1.1 %	12.5 %	25.0 %	0.0	4.0	2,169,122	708,993	708,993
July 1, 2015	14.51	10.82	40.6 %	1.1 %	15.7 %	25.0 %	0.0	4.0	627,810	177,592	177,592
July 1, 2016	14.50	10.14	43.1 %	1.1 %	12.2 %	25.0 %	0.0	4.0	820,250	280,124	280,124
July 6, 2017	22.57	12.82	43.4 %	1.1 %	10.3 %	25.0 %	0.0	4.0	680,467	442,796	442,796
March 14, 2017	11.85	4.82	50.6 %	1.1 %	11.3 %	20.0 %	0.0	5.0	9,343,510	—	—
August 8, 2022	11.07	8.10	70.0 %	— %	13.0 %	25.0 %	2.6	4.0	1,774,418	1,731,390	439,962
August 8, 2022	11.07	6.40	68.8 %	— %	13.2 %	25.0 %	1.6	4.0	1,514,999	1,399,999	669,500
August 19, 2022	11.07	7.39	67.2 %	— %	13.6 %	100.0 %	0.0	1.0	4,900,000	4,824,333	4,824,333
August 19, 2022	11.07	11.54	74.6 %	— %	12.7 %	33.0 %	3.6	5.0	8,900,000	8,900,000	—
July 7, 2023	15.60	10.80	75.4 %	— %	11.6 %	25.0 %	3.5	4.0	1,800,000	1,783,387	—
									<b>39,791,376</b>	<b>20,521,684</b>	<b>7,816,370</b>

**32.3.2 RSU**

During the third quarter the 2023, the Company granted one program with the following conditions:

Date of grant	Exercise rate per tranche	Fair value of share (in reais)	Remaining term of the vesting period (in years)	Purchasing period up to (years)	Total granted	Total not exercised
July 7, 2019	25.0 %	51.65	0.0	4.0	170,000	—
June 19, 2020	25.0 %	21.80	0.4	4.0	1,382,582	255,126
July 7, 2021	25.0 %	42.67	1.5	4.0	300,000	118,661
July 7, 2022	25.0 %	11.72	2.5	4.0	335,593	230,693
July 7, 2022	25.0 %	11.72	2.5	4.0	671,186	444,761
July 7, 2023	25.0 %	19.32	3.5	4.0	500,000	494,824
					<b>3,359,361</b>	<b>1,544,065</b>

**32.3.3 Phantom shares**

Date of grant	Option exercise price (in reais)	Average fair value of option	Historical volatility	Expected dividend	Average risk-free rate of return	Exercise rate per tranche	Remaining term of the vesting period (in years)	Purchasing period up to (years)	Total granted	Total outstanding	Total options available for exercise
August 7, 2018	20.43	3.89	74.9 %	0 %	10.0 %	25.0 %	0.0	4.0	707,400	53,520	53,520
July 7, 2019	42.09	1.08	74.9 %	0 %	10.0 %	25.0 %	0.0	4.0	405,000	—	—
April 30, 2020	10.35	7.87	74.9 %	0 %	10.0 %	33.3 %	0.0	3.0	3,250,000	153,160	153,160
April 30, 2020	10.35	8.60	73.8 %	0 %	9.8 %	25.0 %	0.3	4.0	1,600,000	38,820	38,820
August 17, 2021	33.99	3.46	71.4 %	0 %	9.8 %	25.0 %	1.6	4.0	580,000	1,430	1,430
									<b>6,542,400</b>	<b>246,930</b>	<b>246,930</b>



## **33. REVENUE**

### **33.1 Accounting policies**

#### **33.1.1 Revenue from passenger transport**

Revenue from passenger transport is recognized when air transportation is actually provided. Tickets sold, but not yet used are recorded as “Air traffic liability and loyalty program” account, net of breakage revenue estimate (note 25).

Breakage revenue represents tickets issued that are expected to expire unused, that is, passengers who have purchased tickets and are very likely not to use them. Breakage revenue is estimated using statistical models primarily based on historical data, ticket terms and customers’ travel behavior. Breakage revenue is recognized in proportion to the usage of the related tickets. At least annually, the calculations and the statistical model are reviewed in order to reflect and capture changes in customer behavior regarding ticket expiration.

Other revenues that include charter services, flight rescheduling fees, baggage dispatch and other additional services are recognized when the services are rendered.

In the loyalty program, customers accumulate points based on the amount spent on air transportation and in accordance with the partners’ rules. The amount of points earned depends on the customer’s category in the loyalty program, market, fare class and other factors including promotional campaigns.

Using historical data, the Company estimates the points that will expire without being used and recognizes the corresponding revenue in the issue of the point (breakage) considering the average exchange term.

When the transportation service occurs, the portion of the ticket price allocated to air transportation is recognized as revenue and the portion corresponding to loyalty program points is deferred in accordance with IFRS 15.

The Company determines the estimated selling price of the air transportation and points as if each element had been sold on a separate basis and was therefore based on the stand-alone selling price.

The Company also sells loyalty program points to customers and partners, including credit card companies, financial institutions and retail companies. The related revenue is deferred and recognized when points are redeemed, based on the weighted average price of points sold.

Issued points not yet used are recognized under “Air traffic liability and loyalty program”, until their effective use or expiration.

#### **33.1.2 Other revenue**

Other revenues mainly include the transportation of cargo and travel packages and are recognized when performance obligations are met.

### 33.2 Breakdown of revenue

Description	Years ended December 31,		
	2023	2022	2021
Passenger revenue	17,229,732	15,020,757	9,101,576
Other revenues	1,487,286	1,513,582	1,301,090
<b>Total</b>	<b>18,717,018</b>	<b>16,534,339</b>	<b>10,402,666</b>
<b>Taxes levied</b>			
Passenger revenue	(2,004)	(425,812)	(290,532)
Other revenues	(160,589)	(160,460)	(136,405)
<b>Total taxes<sup>(a)</sup></b>	<b>(162,593)</b>	<b>(586,272)</b>	<b>(426,937)</b>
<b>Total revenue</b>	<b>18,554,425</b>	<b>15,948,067</b>	<b>9,975,729</b>

(a) As of January 1, 2023, the PIS and COFINS rates on revenues arising from regular passenger air transport activities were reduced to zero, in accordance with Law 14,592/2023.

Revenues by geographical location are as follows:

Description	Years ended December 31,		
	2023	2022	2021
Domestic revenue	14,675,974	13,013,202	8,849,486
Foreign revenue	3,878,451	2,934,865	1,126,243
<b>Total revenue</b>	<b>18,554,425</b>	<b>15,948,067</b>	<b>9,975,729</b>

## 34. FINANCIAL RESULT

### 34.1 Accounting policies

Financial income and expenses include interest income, leases, loans and financing, exchange differences, changes in the fair value of financial assets and liabilities measured at fair value through profit or loss, gains and losses on derivative instruments, commissions and bank charges, among others. Interest income and expenses are recognized in the statement of profit or loss using the effective interest method.

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**34.2 Breakdown of financial result**

Description	Consolidated		
	Years ended December, 31		
	2023	2022	2021
<b>Financial income</b>			
Interest on short-term investments	91,353	198,290	105,051
Sublease receivables	13,314	60,930	26,846
TAP Bond fair value	66,053	—	15,935
Others	49,421	18,069	6,448
	<b>220,141</b>	<b>277,289</b>	<b>154,280</b>
<b>Financial expenses</b>			
Interest on loans and financing	(865,107)	(656,326)	(420,682)
Interest on lease	(2,420,557)	(2,533,128)	(2,433,640)
Interest on convertible debt instruments	(242,608)	(231,103)	(201,303)
Interest on factoring credit card receivables	(334,896)	(211,528)	(55,395)
Interest on provisions	(257,419)	(246,147)	(237,740)
Interest on reverse factoring	(17,010)	(79,460)	(18,228)
Interest accounts payable and airport taxes and fees	(418,066)	(282,434)	(101,168)
Guarantee commission	(142,937)	(158,651)	(109,661)
Amortized cost of loans and financing	(44,894)	(29,075)	(38,861)
Amortized cost of convertible debt instruments	(2,622)	(4,533)	(3,756)
Cost of financial operations	(84,453)	(69,416)	(56,060)
TAP Bond fair value	(25,736)	(181,726)	—
Debt restructuring	(199,635)	—	—
Restructuring of debentures	(352,430)	—	—
Others	(200,401)	(110,255)	(161,749)
	<b>(5,608,771)</b>	<b>(4,793,782)</b>	<b>(3,838,243)</b>
<b>Derivative financial instruments, net</b>	<b>(238,458)</b>	<b>958,005</b>	<b>864,184</b>
<b>Foreign currency exchange, net</b>	<b>1,625,064</b>	<b>1,406,566</b>	<b>(1,443,046)</b>
<b>Financial result, net</b>	<b>(4,002,024)</b>	<b>(2,151,922)</b>	<b>(4,262,825)</b>

**35. RISK MANAGEMENT**

**35.1 Accounting policies**

Operating activities expose the Company to the following financial risks: (i) market risk, related to interest rate, fuel price and exchange rate, (ii) credit risk and (iii) liquidity risk.

The risks are monitored by the Company's management and can be mitigated through the use of swaps, terms and options, interest, in the oil markets and currency .

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

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**35.2 Fair value hierarchy of financial instruments**

The following hierarchy is used to determine the fair value of financial instruments:

Level 1: quoted prices, without adjustment, in active markets for identical assets and liabilities;

Level 2: other techniques for which all inputs that have a significant effect on the fair value recorded are directly or indirectly observable; and

Level 3: techniques that use data that have a significant effect on the fair value recorded that are not based on observable market data.

The fair value hierarchy of the Company's consolidated financial instruments, as well as the comparison between carrying amounts and fair values, are presented below:

Description	Note	Level	Carrying amount		Fair value	
			December 31,		December 31,	
			2023	2022	2023	2022
<b>Assets</b>						
Cash and cash equivalents	6	2	1,897,336	668,348	1,897,336	668,348
Long-term investments	7	2	780,312	733,043	780,312	733,043
Derivative financial instruments	23	2	21,909	271,950	21,909	271,950
<b>Liabilities</b>						
Loans and financing	18	2	(9,698,912)	(7,232,699)	(9,796,608)	(6,187,389)
Convertible instruments	20	2	(712,835)	(1,286,748)	(712,835)	(1,286,748)
Convertible debt instruments – conversion right	20	2	(488,775)	(116,971)	(488,775)	(116,971)
Derivative financial instruments	23	2	(69,745)	(244,575)	(69,745)	(244,575)

Financial instruments carried at amortized cost whose fair value is a reasonable approximation of their book value, mainly due to the short maturity of these assets and liabilities, have not been presented above.

### 35.3 Market risks

#### 35.3.1 Interest rate risk

##### 35.3.1.1 Sensitivity analysis

As of December 31, 2023, 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					
	Exposure to CDI		Exposure to SOFR		Exposure to LIBOR	
	Rate (p.a.)	December 31, 2023	Weighted rate (p.a.)	December 31, 2023	Weighted rate (p.a.)	December 31, 2023
Exposed assets (liabilities), net	11.7 %	674,747	5.3 %	(423,134)	5.6 %	(93,687)
<b>Effect on profit or loss</b>						
Interest rate devaluation by -50%	5.8 %	(39,205)	2.7 %	11,297	2.8 %	2,618
Interest rate devaluation by -25%	8.7 %	(19,602)	4.0 %	5,648	4.2 %	1,309
Interest rate appreciation by 50%	17.5 %	39,205	8.0 %	(11,297)	8.4 %	(2,618)
Interest rate appreciation by 25%	14.6 %	19,602	6.7 %	(5,648)	7.0 %	(1,309)

Assets and liabilities linked to LIBOR are being reviewed and will be updated using alternative published rates. The Company estimates that the updated cash flows will be economically equivalent to the original ones.

##### 35.3.1 Aircraft fuel price risk (“QAV”)

The price of 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 December 31, 2023, forward transactions on fuel (note 23).

##### 35.3.2.1 Sensitivity analysis

The following table demonstrates the sensitivity analysis in US dollars of the price fluctuation of QAV liter:

Description	Exposure to price	
	Average price per liter (in reais)	December 31, 2023
Aircraft fuel	4.85	(5,890,485)
<b>Effect on profit or loss</b>		
Devaluation by -50%	2.43	2,945,243
Devaluation by -25%	3.64	1,472,621
Appreciation by 50%	7.28	(2,945,243)
Appreciation by 25%	6.06	(1,472,621)

##### 35.3.1 Foreign exchange risk

The foreign exchange risk arises from the possibility of unfavorable exchange differences to which the Company's cash flows are exposed.

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The equity exposure to the main variations in exchange rates is shown below:

Description	Exposure to US\$		Exposure to €	
	December 31,		December 31,	
	2023	2022	2023	2022
<b>Assets</b>				
Cash and cash equivalents	82,975	56,487	4,092	8,052
Long-term investments	—	—	780,312	733,043
Accounts receivable	115,024	166,012	2,876	—
Aircraft sublease	30,802	176,053	—	—
Deposits	2,196,474	2,471,349	—	—
Other assets	26,207	12,636	—	—
<b>Total assets</b>	<b>2,451,482</b>	<b>2,882,537</b>	<b>787,280</b>	<b>741,095</b>
<b>Liabilities</b>				
Loans and financing	(8,889,048)	(5,879,553)	—	—
Leases	(14,043,101)	(14,525,385)	—	—
Convertible debt instruments	(1,201,610)	(1,419,738)	—	—
Accounts payable	(2,040,546)	(1,031,059)	—	—
Airport taxes and fees	(21,994)	(20,320)	—	—
Provisions and other liabilities	(2,681,857)	(3,020,947)	—	—
<b>Total liabilities</b>	<b>(28,878,156)</b>	<b>(25,897,002)</b>	<b>—</b>	<b>—</b>
<b>Net exposure</b>	<b>(26,426,674)</b>	<b>(23,014,465)</b>	<b>787,280</b>	<b>741,095</b>
<b>Net exposure in foreign currency</b>	<b>(5,458,590)</b>	<b>(4,410,845)</b>	<b>147,111</b>	<b>133,066</b>

**35.3.3.1 Sensitivity analysis**

Description	Exposure to US\$		Exposure to €	
	Closing rate	December 31,	Closing rate	December 31,
		2023		2023
Exposed assets (liabilities), net	4.8413	(26,426,674)	5.3516	787,280
<b>Effect on profit or loss</b>				
Foreign currency devaluation by -50%	2.4207	13,213,337	2.6758	(393,640)
Foreign currency devaluation by -25%	3.6310	6,606,669	4.0137	(196,820)
Foreign currency appreciation by 50%	7.2620	(13,213,337)	8.0274	393,640
Foreign currency appreciation by 25%	6.0516	(6,606,669)	6.6895	196,820

**35.4 Credit risk**

Credit risk is inherent to the Company's operating and financial activities, mainly disclosed in cash and cash equivalents, long-term investments, accounts receivable, aircraft sublease, security deposits and maintenance reserves. Financial assets classified as cash and cash equivalents 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.

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.

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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 its exposure periodically.

**35.5 Liquidity risk**

The maturity schedules of the Company's consolidated financial liabilities as of December 31, 2023 are as follows:

Description	December 31, 2023				
	Carrying amount	Contractual cash flows	Until 1 year	From 2 to 5 years	After 5 years
Loans and financing	9,698,912	15,035,043	2,068,226	10,066,315	2,900,502
Reverse factoring	290,847	294,164	294,164	—	—
Leases	15,146,411	25,123,150	3,936,476	13,921,792	7,264,882
Convertible debt instruments	1,201,610	1,883,787	143,109	1,740,678	—
Accounts payable	3,598,768	3,988,050	2,370,980	1,138,958	478,112
Airport taxes and fees	1,760,083	2,019,044	759,679	1,259,365	—
Derivative financial instruments	69,745	69,745	68,905	840	—
	<b>31,766,376</b>	<b>48,412,983</b>	<b>9,641,539</b>	<b>28,127,948</b>	<b>10,643,496</b>

**35.6 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, see note 2 with details of the Company's actions in the year ended December 31, 2023.

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**36. NON-CASH TRANSACTIONS**

December 31, 2023														
Description	Acquisition of property and equipment	Acquisition of capitalized maintenance	Acquisition of intangible	Maintenance reserves	Reverse factoring	Loans and financing	Sale and leaseback	Compensation of sublease	Compensation of lease	Acquisition of lease	Addition the ARO	Modification	Transfers	Total
Accounts receivable	—	—	—	—	—	—	—	—	(401,267)	—	—	—	587,157	185,890
Aircraft sublease	—	—	—	—	—	—	—	(39,505)	—	—	—	—	—	(39,505)
Inventories	—	—	—	—	—	—	—	—	—	—	—	—	22,110	22,110
Deposits	—	—	—	116,173	—	—	—	—	—	—	—	—	(587,157)	(470,984)
Advances to suppliers	—	—	—	—	—	—	—	—	—	—	—	—	(2,783,489)	(2,783,489)
Property and equipment	208,154	—	—	—	—	79,222	(3,845)	—	(641)	5,052	—	—	73,310	361,252
Right-of-use assets	—	229,884	—	—	—	—	—	—	—	1,084,930	501,864	987,188	(18,792)	2,785,074
Intangible assets	—	—	82,712	—	—	—	—	—	—	—	—	—	192	82,904
Loans and financing	—	—	—	—	—	(79,222)	—	—	—	—	—	—	1,067	(78,155)
Leases	—	—	—	—	—	—	—	39,505	239,000	(1,137,073)	—	(1,237,322)	(24,207)	(2,120,097)
Accounts payable	(208,154)	(229,884)	(82,712)	(116,173)	391,676	—	3,845	—	38,950	10,785	—	—	2,672,703	2,481,036
Reverse factoring	—	—	—	—	(391,676)	—	—	—	—	—	—	—	—	(391,676)
Provisions	—	—	—	—	—	—	—	—	—	—	(501,864)	250,134	97,819	(153,911)
Other assets and liabilities	—	—	—	—	—	—	—	—	123,958	36,306	—	—	(40,713)	119,551
	—	—	—	—	—	—	—	—	—	—	—	—	—	—

December 31, 2022												
Description	Sublease	Acquisition of property and equipment	Maintenance reserves	Reverse factoring	Consumption in credit	Sale and leaseback	Loans and financing	Reclassifications	Lease	Modification	Transfers	Total
Accounts receivable	—	—	—	—	—	—	—	—	(84,429)	—	15,537	(68,892)
Aircraft sublease	(55,948)	—	—	—	—	—	—	—	(40,586)	—	—	(96,534)
Deposits	—	—	147,416	—	—	(8,916)	27,792	—	—	—	—	166,292
Inventories	—	—	—	—	—	—	—	—	—	—	(7,321)	(7,321)
Advances to suppliers	—	—	—	—	—	—	—	—	—	—	(687,731)	(687,731)
Property and equipment	—	279,406	—	—	—	11,150	—	—	65,370	—	171,798	527,724
Right-of-use assets	55,948	—	—	—	—	—	—	—	2,378,433	45,481	(159,850)	2,320,012
Loans and financing	—	—	—	—	—	—	(27,792)	—	—	—	—	(27,792)
Leases	—	—	—	—	—	—	—	—	(1,640,102)	47,199	—	(1,592,903)
Accounts payable	—	(279,406)	(147,416)	1,541,948	42,771	(2,234)	—	462,485	—	—	44,673	1,662,821
Reverse factoring	—	—	—	(1,541,948)	—	—	—	—	—	—	—	(1,541,948)
Airport fees	—	—	—	—	—	—	—	(760,839)	—	—	—	(760,839)
Taxes	—	—	—	—	—	—	—	298,354	—	—	—	298,354
Provisions	—	—	—	—	—	—	—	—	(678,252)	—	406,160	(272,092)
Other assets and liabilities	—	—	—	—	(42,771)	—	—	—	—	—	216,734	173,963
Result	—	—	—	—	—	—	—	—	(434)	(92,680)	—	(93,114)
	—	—	—	—	—	—	—	—	—	—	—	—

## 37. COMMITMENTS

### 37.1 Aircraft acquisition

Through contracts with manufacturers and lessors, the Company committed to acquiring certain aircraft, as follows:

Description	December,31	
	2023	2022
Lessors	31	32
Manufacturers	96	112
	<b>127</b>	<b>144</b>

The amounts shown below are discounted to present value using the weighted discount rate for lease operations, equivalent to 15.8% (21.0% as of December 31, 2022) and do not necessarily represent a cash outflow, as the Company is evaluating the acquisition of financing to meet these commitments.

Description	December 31,	
	2023	2022
2023	—	2,025,240
2024	916,053	1,544,642
2025	1,290,764	1,969,208
2026	4,991,454	2,414,533
2027	4,359,775	1,361,299
After 2027	4,889,906	4,650,961
	<b>16,447,952</b>	<b>13,965,883</b>

### 37.2 Letters of credit

The position of the letters of credit in use by the Company follows, for the following purposes:

Description	December, 31			
	2023		2022	
	R\$	US\$	R\$	US\$
Security deposits and maintenance reserves	1,979,883	408,957	2,453,336	470,194
Bank guarantees	9,161	—	44,563	—
	<b>1,989,044</b>	<b>408,957</b>	<b>2,497,899</b>	<b>470,194</b>

## 38. SUBSEQUENT EVENTS

### 38.1 Issuance of debt securities

In February 2024, the subsidiary *Azul Secured* issued additional notes in the principal amount of R\$740,585 (equivalent to US\$148,700) of the Senior Notes 2028. The additional notes were issued to qualified institutional investors. The net proceeds will be used by the Company for general corporate purposes.

### 38.2 Renegotiation of lease obligations

In February 2024, the Company signed definitive agreements with the lessor of 17 aircraft where it renegotiated a new payment profile and the receipt of part of the debt in Convertible to equity.



### **38.3 Sublease**

In February 2024, the Company finalized the sublease agreement for an aircraft, returning to the Company's operations.

### **38.4 Debentures**

In March 2024, the Company announced the second issue of simple debentures, not convertible into shares, in the amount of R\$250,000, maturing in 2027, quarterly interest of CDI + 6% p.a., without guarantees.