

Azul Announces Sale of Equity Stake to Portuguese Government Transaction Secures Government Support to TAP Protecting Azul's Investment in the Airline

São Paulo, July 3, 2020 – Azul S.A. “Azul” (B3: AZUL4, NYSE: AZUL) announces today that it has reached an agreement with the Portuguese Government that will enable a vital capital injection into TAP SGPS (“TAP”). As part of the agreement, Azul agreed to sell its current indirect participation representing 6% in TAP for approximately R\$65 million and to withdraw conversion rights of its €90 million secured 2026 senior bond. In addition, all other contractual conditions remain reinforced, including its status of senior creditor, 7.5% annual interest rate, and collateral including TAP’s loyalty program. The principal amount plus accrued interest of the bond corresponds to approximately R\$729 million. The transaction remains subject to Azul’s required corporate approvals, including shareholders’ approval at an extraordinary shareholders meeting.

“As many other airlines worldwide, TAP has been severely impacted by the Covid-19 crisis. With the aid provided by the Portuguese government we are able to ensure the continuation of TAP thereby guaranteeing the integrity of our bond”, said John Rodgerson, CEO of Azul.

About Azul

Azul S.A. (B3: AZUL4, NYSE: AZUL), the largest airline in Brazil by number of flight departures and cities served, offers 916 daily flights to 116 destinations. With an operating fleet of 140 aircraft and more than 13,000 crewmembers, the Company has a network of 249 non-stop routes as of December 31, 2019. In 2019, Azul was awarded best airline in Latin America by TripAdvisor Travelers’ Choice and also best regional carrier in South America for the ninth consecutive time by Skytrax. Additionally, in 2019, Azul ranked among the top ten most on-time low-cost carriers in the world, according to OAG. For more information visit www.voeazul.com.br/ir.

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