

o céu é **Azul** 



*Interim  
Condensed – ITR  
Individual and  
Consolidated  
3Q2023  
Azul S.A.*

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**AZUL S.A.**  
**Declaration of the officers**  
September 30, 2023

**Declaration of the officers on the interim condensed individual and consolidated financial statements**

In compliance with item VI of article 27 of CVM Instruction No. 80, of March 29, 2022, the Officers declare that they have reviewed, discussed and agreed with the interim condensed individual and consolidated financial statements for the three and nine months ended September 30, 2023.

Barueri, December 7, 2023.

John Peter Rodgerson  
Chief Executive Officer

Alexandre Wagner Malfitani  
Chief Financial and Investor Relations Officer

Antonio Flavio Torres Martins Costa  
Chief Operating Officer

Abhi Manoj Shah  
Chief Revenue Officer





**AZUL S.A.**  
**Declaration of the officers**  
September 30, 2023

**Declaration of the officers on the independent auditor's report on the review of interim condensed individual and consolidated financial statements**

In compliance with item V of article 27 of CVM Instruction No. 80, of March 29, 2022, the Officers declare that they have reviewed, discussed and agreed with the conclusions expressed in the independent auditor's report on the of interim financial position for the three and nine months ended September 30, 2023.

Barueri, December 7, 2023.

John Peter Rodgerson  
Chief Executive Officer

Alexandre Wagner Malfitani  
Chief Financial and Investor Relations Officer

Antonio Flavio Torres Martins Costa  
Chief Operating Officer

Abhi Manoj Shah  
Chief Revenue Officer





**AZUL S.A.**

**Summary report of the statutory audit committee**

September 30, 2023

**Opinion of the statutory audit committee**

All the members of the Audit statutory Committee, considering the documents presented and the information and clarifications provided by the Company's Officers and by Ernst & Young Auditores Independentes S.S. Ltda., have reviewed the interim condensed individual and consolidated financial statements (ITR) for the three and nine months ended September 30, 2023.

Based on this information, they have expressed a favorable opinion on the interim condensed Individual and Consolidated financial statements (ITR) for the three and nine months ended September 30, 2023, accompanied by the report on review to be issued by Ernst & Young Auditores Independentes S.S. Ltda., recommending its approval to the Board Directors.

Barueri, December 7, 2023.

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

Gilberto Peralta  
Member of the Audit Committee

Renata Faber Rocha Ribeiro  
Member of the Audit Committee



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

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

The Shareholders, Board of Directors and Officers

**Azul S.A.**

Barueri - SP

### **Introduction**

We have reviewed the interim individual and consolidated financial information of Azul S.A. (the “Company”) contained in the Quarterly Information Form - ITR form as of September 30, 2023, which comprise the statement of financial position on September 30, 2023, the statements of profit or loss and comprehensive income (loss) for the three and nine-month periods then ended and the statements of changes in equity and of cash flows for the nine-month period then ended, including explanatory notes.

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

### **Scope of review**

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

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

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with the NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).



## **Other matters**

### **Statements of value added**

The quarterly information referred to above includes the individual and consolidated statements of value added (DVA) for the nine-month period ended September 30, 2023, prepared under the responsibility of the Company management and presented as supplementary information under IAS 34. These statements have been subject to review procedures performed in conjunction with the review of the quarterly information, in order to determine whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in NBC TG 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria set forth by this Standard and consistently with the individual and consolidated interim financial information taken as a whole.

São Paulo, December 7, 2023.

ERNST & YOUNG  
Auditores Independentes S/S Ltda.  
CRC SP-034519/O

Emerson Pompeu Bassetti  
Accountant CRC SP-251558/O





## AZUL S.A.

### Statement of financial position

September 30, 2023 and December 31, 2022

(In thousands of Brazilian reais – R\$)

Assets	Note	Parent company		Consolidated	
		September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
<b>Current assets</b>					
Cash and cash equivalents	5	2,295	8,117	1,399,392	668,348
Restricted cash	7	-	-	270,664	-
Accounts receivable	8	-	-	1,721,869	1,803,998
Aircraft sublease	9	-	-	71,583	70,193
Inventories	10	-	-	751,578	721,738
Deposits	11	8,070	8,409	987,027	1,025,168
Taxes recoverable	12	6,985	11,572	224,290	234,891
Derivative financial instruments	25	-	-	113,059	36,054
Related parties	29	109,967	-	-	-
Prepaid expenses	13	5,078	2,089	113,111	182,891
Advances to suppliers	14	-	-	221,261	121,697
Other assets		-	-	57,601	6,958
<b>Total current assets</b>		<b>132,395</b>	<b>30,187</b>	<b>5,931,435</b>	<b>4,871,936</b>
<b>Non-current assets</b>					
Long-term investments	6	-	-	744,309	733,043
Aircraft sublease	9	-	-	61,739	105,860
Security deposits and maintenance reserves	11	70	77	1,426,542	1,514,393
Derivative financial instruments	25	-	-	-	235,896
Related parties	29	1,560,936	-	-	-
Prepaid expenses	13	-	-	199,211	319,000
Other assets		-	-	7,011	9,005
Investments	16	760,832	761,125	-	-
Property and equipment	17	-	-	1,998,860	1,953,089
Right-of-use assets	18	-	-	7,773,151	7,552,548
Intangible assets	19	-	-	1,462,837	1,426,523
<b>Total non-current assets</b>		<b>2,321,838</b>	<b>761,202</b>	<b>13,673,660</b>	<b>13,849,357</b>
<b>Total assets</b>		<b>2,454,233</b>	<b>791,389</b>	<b>19,605,095</b>	<b>18,721,293</b>

The accompanying notes are an integral part of these interim condensed individual and consolidated financial statements.





# AZUL S.A.

## Statement of financial position

September 30, 2023 and December 31, 2022

(In thousands of Brazilian reais – R\$)

Liabilities and equity	Note	Parent company		Consolidated	
		September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
<b>Current liabilities</b>					
Loans and financing	20	-	-	1,269,858	1,112,940
Reverse factoring	24	-	-	104,239	753,352
Leases	21	109,967	-	3,650,846	4,025,948
Convertible instruments	22	31,955	14,789	31,955	14,789
Accounts payable	23	3,707	24	1,902,370	2,517,828
Airport fees		-	-	1,265,604	831,897
Air traffic liability	26	-	-	4,333,647	4,140,025
Salaries and benefits		2,939	2,485	514,904	479,412
Taxes payable	27	698	633	119,168	193,588
Derivative financial instruments	25	-	-	9,723	69,365
Provisions	28	-	-	713,629	834,288
Related parties	29	35,118	-	-	-
Other liabilities		-	-	148,116	82,673
<b>Total current liabilities</b>		<b>184,384</b>	<b>17,931</b>	<b>14,064,059</b>	<b>15,056,105</b>
<b>Non-current liabilities</b>					
Loans and financing	20	-	-	9,153,444	6,119,759
Leases	21	1,444,879	-	11,350,165	10,556,885
Convertible instruments	22	1,118,815	1,388,930	1,118,815	1,388,930
Accounts payable	23	100,397	-	1,426,007	516,971
Airport fees		-	-	586,624	502,872
Air traffic liability	26	-	-	38,400	-
Derivative financial instruments	25	-	-	325	175,210
Taxes payable	27	-	-	123,708	71,595
Provisions	28	-	-	2,139,925	2,408,706
Related parties	29	671,533	-	-	-
Provision for loss on investment	16	20,220,351	18,392,028	-	-
Other liabilities		-	-	889,749	931,760
<b>Total non-current liabilities</b>		<b>23,555,975</b>	<b>19,780,958</b>	<b>26,827,162</b>	<b>22,672,688</b>
<b>Equity</b>					
Issued capital	30	2,314,821	2,313,941	2,314,821	2,313,941
Advance for future capital increase		789	61	789	61
Capital reserve		2,016,320	1,970,098	2,016,320	1,970,098
Treasury shares		(9,041)	(10,204)	(9,041)	(10,204)
Other comprehensive income		5,281	5,281	5,281	5,281
Accumulated losses		(25,614,296)	(23,286,677)	(25,614,296)	(23,286,677)
<b>Total liabilities and equity</b>		<b>2,454,233</b>	<b>791,389</b>	<b>19,605,095</b>	<b>18,721,293</b>

The accompanying notes are an integral part of these interim condensed individual and consolidated financial statements.



# AZUL S.A.

## Statement of operations

Periods ended September 30, 2023 and 2022

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

	Note	Parent company			
		Three-month periods ended		Nine-month periods ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Administrative expenses		(18,591)	(12,100)	(44,410)	(47,326)
Other income and expenses		(46)	18,332	71,668	18,332
	34	(18,637)	6,232	27,258	(28,994)
Equity	16	(1,428,795)	(1,710,328)	(1,883,707)	(1,872,328)
<b>Operating loss</b>		<b>(1,447,432)</b>	<b>(1,704,096)</b>	<b>(1,856,449)</b>	<b>(1,901,322)</b>
Financial income		1,331	5,976	3,160	20,497
Financial expenses		(411,375)	(63,019)	(538,411)	(174,632)
Derivative financial instruments, net		304,672	(216,433)	34,835	190,328
Foreign currency exchange, net		(62,094)	(37,422)	29,246	36,709
Financial result	35	(167,466)	(310,898)	(471,170)	72,902
<b>Net loss for the period</b>		<b>(1,614,898)</b>	<b>(2,014,994)</b>	<b>(2,327,619)</b>	<b>(1,828,420)</b>
Basic loss per common share – R\$	31	(0.06)	(0.08)	(0.09)	(0.07)
Diluted loss per common share – R\$	31	(0.06)	(0.08)	(0.09)	(0.07)
Basic loss per preferred share – R\$	31	(4.64)	(5.79)	(6.69)	(5.26)
Diluted loss per preferred share – R\$	31	(4.64)	(5.79)	(6.69)	(5.26)

The accompanying notes are an integral part of these interim condensed individual and consolidated financial statements.



# AZUL S.A.

## Statement of operations

Periods ended September 30, 2023 and 2022

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

	Note	Consolidated			
		Three-month periods ended		Nine-month periods ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Passenger revenue		4,579,198	4,074,232	12,687,363	10,475,009
Other revenues		337,242	302,579	961,600	1,019,606
<b>Total revenue</b>	33	<b>4,916,440</b>	<b>4,376,811</b>	<b>13,648,963</b>	<b>11,494,615</b>
Cost of services	34	(3,794,289)	(3,634,075)	(11,277,114)	(10,155,539)
<b>Gross profit</b>		<b>1,122,151</b>	<b>742,736</b>	<b>2,371,849</b>	<b>1,339,076</b>
Selling expenses		(215,976)	(201,765)	(586,742)	(497,432)
Administrative expenses		(180,733)	(119,142)	(370,620)	(253,581)
Other income and expenses		(53,614)	(70,598)	(273,401)	(250,212)
	34	<b>(450,323)</b>	<b>(391,505)</b>	<b>(1,230,763)</b>	<b>(1,001,225)</b>
<b>Operating profit</b>		<b>671,828</b>	<b>351,231</b>	<b>1,141,086</b>	<b>337,851</b>
Financial income		39,433	100,232	143,883	191,230
Financial expenses		(1,883,867)	(1,331,633)	(4,339,550)	(3,481,458)
Derivative financial instruments, net		466,360	(366,475)	(44,228)	532,073
Foreign currency exchange, net		(908,652)	(768,349)	771,190	591,884
Financial result	35	<b>(2,286,726)</b>	<b>(2,366,225)</b>	<b>(3,468,705)</b>	<b>(2,166,271)</b>
<b>Net loss for the period</b>		<b>(1,614,898)</b>	<b>(2,014,994)</b>	<b>(2,327,619)</b>	<b>(1,828,420)</b>
Basic loss per common share – R\$	31	(0.06)	(0.08)	(0.09)	(0.07)
Diluted loss per common share – R\$	31	(0.06)	(0.08)	(0.09)	(0.07)
Basic loss per preferred share – R\$	31	(4.64)	(5.79)	(6.69)	(5.26)
Diluted loss per preferred share – R\$	31	(4.64)	(5.79)	(6.69)	(5.26)

The accompanying notes are an integral part of these interim condensed individual and consolidated financial statements.



## AZUL S.A.

### Statement of comprehensive (loss) income

Periods ended September 30, 2023 and 2022

(In thousands of Brazilian reais – R\$)

	Parent company and Consolidated			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net loss for the period	(1,614,898)	(2,014,994)	(2,327,619)	(1,828,420)
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>	-	-	-	-
Total comprehensive (loss) income	(1,614,898)	(2,014,994)	(2,327,619)	(1,828,420)

The accompanying notes are an integral part of these interim condensed individual and consolidated financial statements.





## AZUL S.A.

### Statement of changes in equity

Periods months ended September 30, 2023 and 2022

(In thousands of Brazilian reais – R\$)

Description	Note	Issued capital	Advance for future capital increase	Treasury shares	Capital reserve	Other comprehensive income	Accumulated losses	Total
At December 31, 2021		2,290,876	120	(11,959)	1,946,471	5,799	(22,564,310)	(18,333,003)
Net loss for the period		-	-	-	-	-	(1,828,420)	(1,828,420)
<b>Total comprehensive income</b>		-	-	-	-	-	(1,828,420)	(1,828,420)
Share buyback	30	-	-	(923)	-	-	-	(923)
Share-based payment	30/32	23,048	(103)	9,961	(1,067)	-	-	31,839
At September 30, 2022		2,313,924	17	(2,921)	1,945,404	5,799	(24,392,730)	(20,130,507)

Description	Note	Issued capital	Advance for future capital increase	Treasury shares	Capital reserve	Other comprehensive income	Accumulated losses	Total
At December 31, 2022		2,313,941	61	(10,204)	1,970,098	5,281	(23,286,677)	(19,007,500)
Net loss for the period		-	-	-	-	-	(2,327,619)	(2,327,619)
<b>Total comprehensive income</b>		-	-	-	-	-	(2,327,619)	(2,327,619)
Share buyback	30	-	-	(6,826)	-	-	-	(6,826)
Share-based payment	30/32	880	728	7,989	46,222	-	-	55,819
At September 30, 2023		2,314,821	789	(9,041)	2,016,320	5,281	(25,614,296)	(21,286,126)

The accompanying notes are an integral part of these interim condensed individual and consolidated financial statements.



# AZUL S.A.

## Statement of cash flows

Periods ended September 30, 2023 and 2022

(In thousands of Brazilian reais – R\$)

	Parent company		Consolidated	
	Nine-month periods ended			
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>Cash flows from operating activities</b>				
Net loss for the period	(2,327,619)	(1,828,420)	(2,327,619)	(1,828,420)
<b>Adjustments to reconcile net (loss) profit for the period to net cash flow</b>				
Depreciation and amortization	-	-	1,820,347	1,521,457
Gain (loss) from impairment of assets and onerous liabilities	-	-	-	(346,114)
Derivative financial results, net	(34,835)	(190,328)	44,228	(532,073)
Share-based payment	2,362	-	58,043	(38,100)
Foreign currency exchange, net	(32,796)	(47,609)	(748,434)	(623,434)
Financial income and expenses, net	416,342	171,663	4,173,463	3,088,130
Provisions	3,192	10,702	(134,099)	248,839
Disposal of prepaid expenses	-	-	169,999	208,923
Result from modification of lease contracts lease and provision	-	-	(99,281)	(63,575)
Result on disposal, or sale of fixed assets and intangible assets	-	(18,332)	20,318	87,763
Sale and leaseback	-	-	-	(32,768)
Equity	1,883,707	1,872,328	-	-
<b>Adjusted net (loss) profit</b>	<b>(89,647)</b>	<b>(29,996)</b>	<b>2,976,965</b>	<b>1,690,628</b>
<b>Changes in operating assets and liabilities</b>				
Accounts receivable	-	(5,572)	262,715	(1,278,327)
Aircraft sublease	-	-	19,485	40,959
Inventories	-	-	(30,396)	(107,904)
Security deposits and maintenance reserves	-	(8,444)	(295,785)	(418,225)
Taxes recoverable	4,587	760	11,448	(95,432)
Derivative financial results, net	-	-	(154,699)	450,511
Prepaid expenses	(2,989)	(2,126)	(85,683)	(195,429)
Advances to suppliers	-	(73)	(989,754)	69,797
Other assets	88	(1,599)	(1,875)	(32,838)
Accounts payable	104,080	(1,708)	671,160	1,134,167
Airport fees	-	-	373,434	265,076
Air traffic liability	-	-	184,409	1,186,732
Salaries and benefits	(2,734)	(9,148)	73,567	89,154
Taxes payable	(3,174)	(988)	(26,654)	(51,600)
Provisions	-	-	(269,232)	(131,308)
Other liabilities	-	-	2,794	(130,561)
<b>Total changes in operating assets and liabilities</b>	<b>99,858</b>	<b>(28,898)</b>	<b>(255,066)</b>	<b>794,772</b>
Interest paid	(58,790)	(50,725)	(1,180,995)	(881,412)
<b>Net cash provided (used) by operating activities</b>	<b>(48,579)</b>	<b>(109,619)</b>	<b>1,540,904</b>	<b>1,603,988</b>
<b>Cash flows from investing activities</b>				
Short-term investments				
Acquisition of short-term investments	-	(22)	-	(64)
Redemption of short-term investments	-	-	-	1,298
Restricted cash	-	-	(256,536)	-
Payment for acquisition of subsidiary	-	-	-	(30,317)
Investment	-	(152,000)	-	-
Cash received on sale of property and equipment	-	215,685	-	317,579
Cash received in the leaseback operation	-	-	-	321,266
Acquisition of intangible assets	-	-	(129,382)	(133,523)
Acquisition of property and equipment	-	(196,425)	(148,994)	(387,347)
Acquisition of capitalized maintenance	-	-	(194,864)	(503,312)
<b>Net cash used by investing activities</b>	<b>-</b>	<b>(132,762)</b>	<b>(729,776)</b>	<b>(414,420)</b>
<b>Cash flows from financing activities</b>				
Loans and financing				
Proceeds	-	-	4,733,292	187,692
Repayment	-	-	(1,438,970)	(582,388)
Reverse factoring	-	-	(727,368)	(680,937)
Lease payment	-	-	(1,673,192)	(2,120,875)
Payment Convertible bonds	(542,496)	-	(542,496)	-
Payment of costs with capture	-	-	(488,812)	(325)
Related parties	590,594	204,043	-	-
Advance for future capital increase	789	17	789	17
Capital increase	819	22,928	819	22,928
Treasury shares	(6,826)	(923)	(6,826)	(923)
<b>Net cash provided (used) by financing activities</b>	<b>42,880</b>	<b>226,065</b>	<b>(142,764)</b>	<b>(3,174,811)</b>
Exchange rate changes on cash and cash equivalents	(123)	11,053	62,680	15,192
<b>Decrease in cash and cash equivalents</b>	<b>(5,822)</b>	<b>(5,263)</b>	<b>731,044</b>	<b>(1,970,051)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>8,117</b>	<b>293,557</b>	<b>668,348</b>	<b>3,073,799</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2,295</b>	<b>288,294</b>	<b>1,399,392</b>	<b>1,103,748</b>

The accompanying notes are an integral part of these interim condensed individual and consolidated financial statements.





# AZUL S.A.

## Statement of value added

Periods ended September 30, 2023 and 2022

(In thousands of Brazilian reais – R\$)

	Note	Parent company		Consolidated	
		Nine-month periods ended			
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>Gross sales revenue</b>					
Passenger revenue	33	-	-	12,689,847	10,783,697
Other revenues	33	-	-	1,081,176	1,136,881
Allowance for expected credit losses	8	-	-	(2,907)	(1,377)
		-	-	13,768,116	11,919,201
<b>Inputs acquired from third parties</b>					
Aircraft fuel	34	-	-	(4,377,466)	(4,787,823)
Materials, energy, third-party services and others		54,224	(7,166)	(4,431,011)	(3,565,180)
Insurances	34	-	-	(46,375)	(59,950)
		54,224	(7,166)	(8,854,852)	(8,412,953)
<b>Gross value added</b>		<b>54,224</b>	<b>(7,166)</b>	<b>4,913,264</b>	<b>3,506,248</b>
<b>Retentions</b>					
Depreciation and amortization	34	-	-	(1,820,347)	(1,521,457)
Impairment and onerous liabilities	34	-	-	-	346,114
<b>Net value added</b>		<b>54,224</b>	<b>(7,166)</b>	<b>3,092,917</b>	<b>2,330,905</b>
<b>Value added received in transfers</b>					
Equity	16	(1,883,707)	(1,872,328)	-	-
Financial income	35	3,160	20,497	143,883	191,230
		(1,880,547)	(1,851,831)	143,883	191,230
<b>Value added to be distributed</b>		<b>(1,826,323)</b>	<b>(1,858,997)</b>	<b>3,236,800</b>	<b>2,522,135</b>
<b>Personnel <sup>(a)</sup></b>					
		26,716	20,297	1,498,818	1,229,095
Salaries		20,816	7,195	1,170,043	981,356
Benefits		5,468	12,691	225,764	156,213
F.G.T.S.		432	411	103,011	91,526
<b>Taxes, fees and contributions</b>		<b>250</b>	<b>1,531</b>	<b>291,357</b>	<b>574,431</b>
Federal		250	1,028	248,673	527,440
State		-	-	38,547	34,911
Municipal		-	503	4,137	12,080
<b>Third party capital</b>		<b>474,330</b>	<b>(52,405)</b>	<b>3,774,244</b>	<b>2,547,029</b>
Financial expenses	35	538,411	174,632	4,339,550	3,481,458
Derivative financial instruments, net	35	(34,835)	(190,328)	44,228	(532,073)
Foreign currency exchange, net	35	(29,246)	(36,709)	(771,190)	(591,884)
Rentals		-	-	161,656	189,528
<b>Own capital</b>		<b>(2,327,619)</b>	<b>(1,828,420)</b>	<b>(2,327,619)</b>	<b>(1,828,420)</b>
Net loss for the period		(2,327,619)	(1,828,420)	(2,327,619)	(1,828,420)

(a) Not including INSS in the amount of R\$229,716 in the consolidated.

The accompanying notes are an integral part of these interim condensed individual and consolidated financial statements.





# AZUL S.A.

## Notes to the interim condensed individual and consolidated financial statements

September 30, 2023

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

### 1. OPERATIONS

Azul S.A. (“Azul”), together with its subsidiaries (“Company”) is a corporation governed by its bylaws, as per Law No. 6404/76 and by the corporate governance level 2 listing regulation of B3 S.A. – Brasil, Bolsa, Balcão (“B3”). The 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.

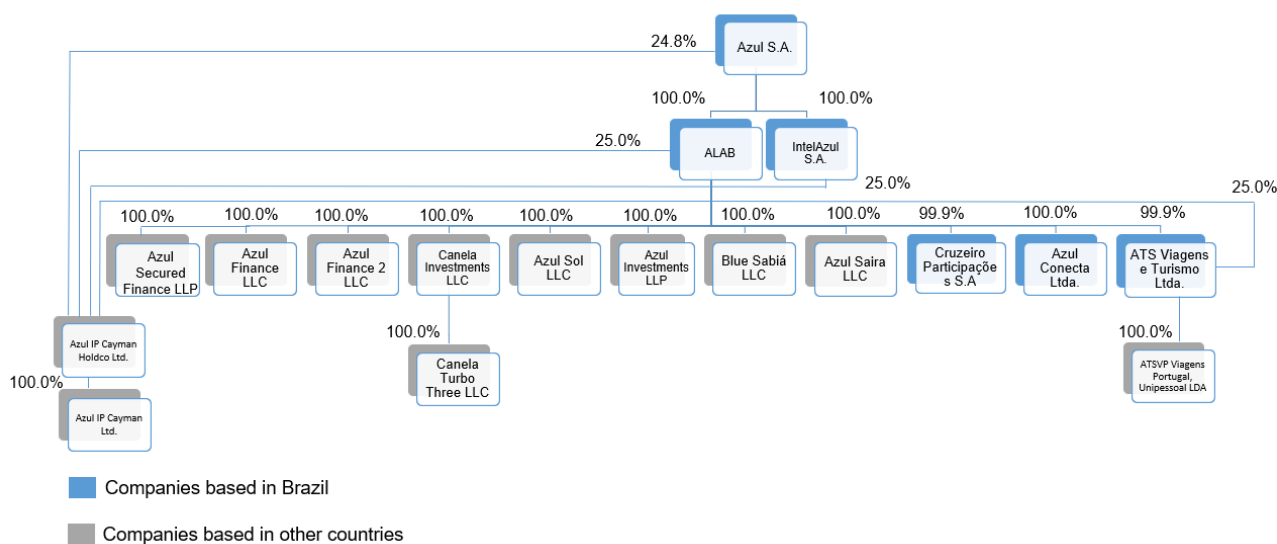
The Azul carries out its activities through its subsidiaries, mainly Azul Linhas Aéreas Brasileiras S.A. (“ALAB”) and Azul Conecta Ltda. (“Conecta”), which hold authorization from government authorities to operate as airlines and ATS Viagens e Turismo Ltda (“Azul Viagens”).

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

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

#### 1.1 Organizational structure

The Company organizational structure as of September 30, 2023 is as follows:







## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

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

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

Company	Type of investment	Main activity	State	Country	% equity interest	
					September 30, 2023	December 31, 2022
<i>Azul IP Cayman Holdco Ltd. (Azul Cayman Holdco)</i>	Direct	Holding of equity interests 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	Holding of equity interests 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	Holding of equity interests 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	Holding of equity interests in other companies	George Town	Cayman Islands	25.0%	-
Cruzeiro Participações S.A. (Cruzeiro)	Indirect	Holding of equity interests 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%	-

The company Azul Viagens Portugal was incorporated on March, 2023, the Azul Secured on May, 2023 and the companies Azul IP Cayman Holdco and Azul IP Cayman on 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, thus impacting the accumulated result for nine months presented for comparative purposes.

## 2. NET WORKING CAPITAL AND CAPITAL STRUCTURE

### 2.1 Contextualization

During the quarter ended September 30, 2023, Azul's Management completed the process of restructuring its debts through several actions that will be presented in detail below, however, it is necessary to clarify the facts and conditions that led the Company to carry out 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, on March 11, 2020, the World Health Organization (“WHO”) classified the COVID-19 disease 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 has 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 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: (1) suspension of hiring, (2) launch of unpaid leave and voluntary dismissal programs; (3) reduction of salaries of executive committee members and directors; (4) reduction of general salary expenses by around 65%, in the period between March and August 2020, through adherence to Provisional Measure (MP) 936/20; and (5) collective agreement to reduce the working hours of pilots and flight attendants for 18 months.

### **2.1.3 Strengthening of liquidity 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 gain and profit sharing of 2019;
- Negotiation of new payment conditions with suppliers for cash preservation;
- Suspension of business travels and discretionary expenses;
- Negotiation to reduce aircraft parking fees;
- Agreement for postponement of delivery of 59 aircraft model E2;





## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

September 30, 2023

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

- Agreement with lessors with a reduction of approximately 77% of the cash outflow for the period between April and December 2020, offset by slightly higher amounts from 2023 and extension of the contractual terms;
- 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 with maturity in 5 years and interest of 7.5% in the first year and 6.0% from the second year, with semiannual settlements.

#### 2.1.4 Scenario after the COVID-19 pandemic

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

- abrupt increases in oil prices that directly impact jet fuel costs;
- significant devaluation of the Real against the US\$ until mid-2023;
- 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;
- crisis in the supply chain of maintenance materials that puts adverse pressure on costs for the Company.

Given this situation, Management, in mid-December 2022, established a strategy to renegotiate all its debts, which took 9 months whose execute, due to the large number of stakeholders involved and the complexity of the topics under discussion.

Thus, in 2023, the execution of this strategy went through the following stages:

#### 2.2 11th Issuance of simple debentures - ALAB

On June 1<sup>o</sup>, 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 Azul Linhas Aéreas Brasileiras respectively, in the total amount of R\$600,000; with a nominal unit value of R\$1, issuance costs of R\$11,872, rate equivalent to CDI 6.0% p.a. and maturity on June 1, 2024. The proceeds were fully and exclusively used to pay for the supply of aviation fuels.

#### 2.3 Issuance of notes 2028

On July, 2023, the subsidiary *Azul Secured* issued and priced a private offering of US\$800.000 in principal amount.

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





## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

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

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

The costs incurred in these transactions correspond to R\$192,298 and were recorded as financial expenses as required by CPC 48 – Financial Instruments, equivalent to IFRS 9.

#### 2.4 Debt securities exchange offers (“exchange offer”) – “Senior notes – 2024 and 2026”

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

- (i) an offer to exchange 5.9% Senior Notes due in 2024 for 11.5% Senior Notes due in 2029, and
- (ii) an offer to exchange 7.3% Senior Notes due in 2026 for 10.9% Senior Notes due in 2030,

Concurrently with the exchange offers, the Company requested consent from eligible holders of existing notes for certain proposed changes to the terms of those notes.

The objective of the exchange offer was to refinance a portion of the existing notes in order to optimize the Company's debt capital structure as part of the execution of the business recapitalization strategy.

In July, 2023, the Company announced the settlement of its exchange offers and as a consequence issued:

- (i) US\$294,215 in principal amount of 11.5% Senior Notes due in 2029 (which were issued in exchange for US\$294,215 in aggregate principal amount of 5.9% Senior Notes due in 2024); and
- (ii) US\$568,219 in principal amount of 10.9% Senior Notes due in 2030 (which were issued in exchange for US\$568,252 in principal amount of 7.3 % Senior Notes due in 2026).

In total, 86,3% of the principal amount of the 2024 and 2026 notes were exchanged for 2029 notes and 2030 notes, as shown below:

Description	Total principal amount offered for exchange	
	US\$	% exchanged
5.9% Senior notes 2024	294,215	73.5%
7.3% Senior notes 2026	568,252	94.7%
Total	862,467	86.3%

The costs incurred in these transactions correspond to R\$161,658 and were recorded as financial expenses as required by CPC 48 – Financial Instruments, equivalent to IFRS 9.





## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

September 30, 2023

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

#### 2.5 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, the following changes were introduced to the debt conditions:

*Conversion Price:* From R\$32.26 to R\$22.78 per preferred share, a variation that corresponds to 29.4%.

*Deadline and Due Date:* from October, 2025 to October, 2028, the extension period corresponds to 37.5%.

*Mandatory partial early redemption:* corresponded to the updated nominal unit value of the debentures that were redeemed, limited to the value in reais equivalent to US\$108,900. The mandatory partial early redemption value was determined as follows:

- a) 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
- b) the value of any and all interest and inflation adjustments due and that have not been incorporated into the updated nominal unit value, in the same form as debentures, considering a premium of 20% on said values; as well as
- c) any and all interest and inflation adjustments incurred and not paid were considered;

For items (a), (b) and (c), the amounts due from the date of payment of interest or incorporation of immediately previous interest, as applicable, until the date of actual payment, were also considered.

*Nominal interest rate:* from 6.0% p.a. to 12.3% p.a.

The costs incurred in these transactions correspond to R\$119,361 and were recorded as financial expenses as required by CPC 48 – Financial Instruments, equivalent to IFRS 9.

#### 2.6 Renegotiation of lease obligations

In March 2023, agreements were signed (“forbearance agreements”) between the Company and its main lessors, which represented more than 90% of the lease liabilities. 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.

In September 2023, the Company defined and began to sign definitive agreements with the lessors, 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.

By September, 2023, the Company had renegotiated 95 lease contracts under these new conditions, with approximately 40 contracts remaining for the 4th quarter. In general, the conditions agreed between the Company and lessors are as follows:





## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

September 30, 2023

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

Notes in the equivalent amount of US\$286,104, with interest to be paid quarterly from December, 2023, at a rate of 7.5% p.a., and maturity of principal on June, 2030.

Equity in the total amount of US\$422,062, without interest and consecutive quarterly payments, starting on July, 2024.

The costs incurred in these transactions correspond to R\$84,421 and were recorded as financial expenses as required by CPC 48 – Financial Instruments, equivalent to IFRS 9.

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

Negotiations with suppliers of aircraft services and parts mostly followed the same model as the renegotiation of lease obligations, that is, the Company issued Notes in the equivalent amount of US\$84,386, with interest to be paid quarterly from December, 2023, at a rate of 7.5% p.a., and maturity of principal on June, 2030, as well as debt issuance with possibility of settlement in Azul preferred shares or cash, at the Company's discretion, in the total amount of US\$27,680, without interest and consecutive quarterly payments, starting on July, 2024.

## 2.8 Summary of the renegotiation of the Company's financial obligations

	Pre-renegotiation		Post-renegotiation
<b>Current liabilities</b>			
Accounts payable	946,676		14,393
Accounts payable	946,676		10,447
Accounts payable - Notes	-		3,946
Provision	57,735		-
Lease obligations	3,257,045		1,920,436
Lease	3,257,045		1,694,336
Lease -Notes	-		99,235
Lease -Equity	-		109,967
Lease - term extension	-		16,897
Loans and financing	-		-
<b>Non-current liabilities</b>			
Accounts payable	122,757		1,155,849
Accounts payable	122,757		652,356
Accounts payable - Notes	-		403,110
Accounts payable - Equity	-		100,384
Provision	132,951		-
Lease obligations	6,638,582		8,783,100
Lease	6,638,582		5,930,636
Lease -Notes	-		930,654
Lease -Equity	-		1,444,878
Lease - term extension	-		476,932
Loans and financing	6,458,111		5,931,134
Re-agreed grand total	17,613,856		17,804,912
<i>Total current renegotiated debt</i>	4,261,456	24%	1,934,828 11%
<i>Total non-current renegotiated debt</i>	13,352,401	76%	15,870,084 89%





## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

September 30, 2023

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

After the renegotiations, the Company's working capital and its equity position are as shown below:

Description	September 30, 2023	December 31, 2022	Variation
Net working capital	(8,132,624)	(10,184,169)	2,051,545
Equity	(21,286,126)	(19,007,500)	(2,278,626)

The variation in the balance of net working capital, which represents a reduction in the deficit of approximately 20%, is specifically due to the restructuring presented in items 2.2 to 2.7.

The increase in the negative position of equity is mainly due to the Company's financial result, which exceeds by R\$2,327,619 the operating profit. This amount includes R\$553,951 in costs and interest, resulting from the application of technical requirements for extinguishing debts ("debt extinguishment") of IFRS – 9, equivalent to CPC 48 – Financial Instruments.

In view of the above, Management performed an evaluation and concluded that the Company is able to continue as a going concern and meet its obligations on the maturity dates. This evaluation is based on the Company's business plan approved by the Board of Directors on December 8, 2022, the entire liability restructuring process described herein. The Company's business plans include planned future actions, macroeconomic and aviation sector assumptions, such as: air transport demand level with resulting increase in traffic and fare, estimates of exchange rates and fuel prices. The Company's Management monitors and informs the Board of Directors about the performance achieved in relation to the approved plan.

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

### 3. DECLARATION OF MANAGEMENT, BASIS OF PREPARATION AND PRESENTATION OF THE INTERIM CONDENSED INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The Company's interim condensed individual and consolidated financial statements have been prepared in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), specifically IAS 34 – Interim Financial Reporting. The accounting practices adopted in Brazil include those included in the Brazilian corporation law and the technical pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee ("CPC"), approved by the Federal Accounting Council ("CFC") and the Brazilian Securities and Exchange Commission ("CVM").

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

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





## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

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

When preparing these interim condensed individual and 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 interim condensed individual and consolidated financial statements; and (iv) information from other entities participating in the passenger air transport market and loads.

During the nine months ended September 30, 2023, there were no impacts related to changes in accounting estimates.

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

In order to ensure a better presentation and comparability of balances, some reclassifications were carried out in the balance sheet and statement of cash flows from the previous year.

Statement of financial position	September 30, 2022		
	As reported	Reclassifications	As reclassified
Insurance payable	84,985	(84,985)	-
Accounts payable	2,432,843	84,985	2,517,828
Total	2,517,828	-	2,517,828

Liabilities and equity	September 30, 2022		
	As reported	Reclassifications	As reclassified
<b>Changes in operating assets and liabilities</b>			
Reverse factoring	(680,937)	680,937	-
Insurance payable	(74,220)	74,220	-
Accounts payable	1,208,387	(74,220)	1,134,167
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment	(890,659)	503,312	(387,347)
Acquisition of capitalized maintenance	-	(503,312)	(503,312)
<b>Cash flows from financing activities</b>			
Reverse factoring	-	(680,937)	(680,937)
Total	(437,429)	-	(437,429)

The interim condensed individual and consolidated financial statements have been prepared based on the historical cost, except for the items significant

Fair value:

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







## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

September 30, 2023

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

Other:

- Investments accounted for under the equity method.

### 3.1 Approval and authorization for issue of the interim condensed individual and consolidated financial statements

The approval and authorization for issue of these interim condensed individual and consolidated financial statements occurred at the Board of Directors' meeting held on December 7, 2023.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The interim condensed individual and consolidated financial statements was prepared based on the policies, practices and methods of calculating votes adopted and presented in detail in the annual financial statements of December 31, 2022 and disclosed on March 6, 2023 and, therefore, should be read together.

### 4.1 New accounting standards and pronouncements relevant not yet adopted

Amendment IAS 1 - Classification of liabilities as current and non-current

Aiming to promote adherence in the application of the standard's requirements, helping companies to determine whether, in the balance sheet, loans and financing and other liabilities with an uncertain settlement date should be classified as current or non-current.

### 4.2 Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate in effect at the date the transactions take place. Monetary assets and liabilities designated in foreign currency are translated based on the exchange rate in effect at the date this individual and consolidated quarterly information, and any difference resulting from currency translation is recorded under the line item "Foreign currency exchange, net" in the statement of operations.

The exchange rates to Brazilian reais are as follows:

Description	Final exchange rates		
	September 30, 2023	December 31, 2022	Variation %
U.S. dollar	5,0076	5,2177	-4,0%
Euro	5,3000	5,5694	-4,8%

Description	Average exchange rates					
	Three-month periods ended			Nine-month periods ended		
	September 30, 2023	September,30 2022	Variation %	September 30, 2023	September,30 2022	Variation %
U.S. dollar	4.8803	5.2462	-7.0%	5.0083	5.1360	-2.5%
Euro	5.3122	5.2838	0.5%	5.4249	5.4629	-0.7%





## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

September 30, 2023

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

## 5. CASH AND CASH EQUIVALENTS

Description	Weighted average rate p.a.	Parent company		Consolidated	
		September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Cash and bank deposits	-	1,475	5,784	272,554	101,737
Cash equivalents:					
Bank Deposit Certificate - CDB	82.6% do CDI	-	2,333	118,211	352,971
Repurchase agreements	95.2% do CDI	820	-	1,005,567	210,443
Time Deposit <sup>(a)</sup>	3.4%	-	-	3,060	2,616
Others	-	-	-	-	581
		2,295	8,117	1,399,392	668,348

(a) Investment in U.S. dollar.

## 6. LONG-TERM INVESTMENTS

Description	Weighted average rate p.a.	Maturity	Consolidated	
			September 30, 2023	December 31, 2022
<i>TAP Bond</i> <sup>(a)</sup>	7,5%	Sep-26	744.309	733.043
			744.309	733.043

(b) Investment in Euro.

## 7. RESTRICTED CASH

Description	Weighted average rate p.a.	Consolidated	
		September 30, 2023	December 31, 2022
Investment funds <sup>(a)</sup>	4.8%	270,664	-
		270,664	-

(a) In US dollars





## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

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## 8. ACCOUNTS RECEIVABLE

Description	Consolidated	
	September 30, 2023	December 31, 2022
<b>Local currency</b>		
Credit card companies	967,468	1,109,197
Cargo and travel agencies	382,181	282,438
Travel package financing entities	65,277	135,168
TudoAzul Program partners	99,060	69,035
Others	65,334	41,973
Total local currency	1,579,320	1,637,811
<b>Foreign currency</b>		
Credit card companies	22,720	15,913
Reimbursement receivable for maintenance reserves	64,519	78,801
Airline partner companies	18,578	39,612
Clearinghouse - agencies and cargo	28,262	26,363
Others	35,461	29,582
Total foreign currency	169,540	190,271
Total	1,748,860	1,828,082
Allowance for expected credit losses	(26,991)	(24,084)
Total net	1,721,869	1,803,998

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 of these receivables with credit card companies.

During the nine months ended September 30, 2023, the Company discounted accounts receivable of R\$7,614,444 from accounts receivable from credit card companies, with no right of recourse.

As of September 30, 2023, the balance of accounts receivable are net of R\$2,583,710 due to such anticipations (R\$1,735,432 on December 31, 2022).

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

Description	Consolidated	
	September 30, 2023	December 31, 2022
Not past due	1,571,744	1,644,019
Over 1 to 90 days	67,232	68,631
Over 90 days	82,893	91,348
Total	1,721,869	1,803,998

Until December 6, 2023, out of the total amount past due within 90 days, R\$42,872 had already been received.





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Of the receivables past due for more than 90 days, approximately R\$75,749 refer to receivables for lessor arranged under the headings of “reimbursement receivable for maintenance reserves” and “others” in foreign currency, and Management does not expect to incur losses on such operations as it has obligations to pay for them. The Company is negotiating to recover these amounts or offset them against lease obligations. The closing of such negotiations is scheduled for the second half of December 2023. Therefore, we conclude that the allowance for expected credit losses is adequately estimated.

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

Description	Consolidated	
	September 30, 2023	December 31, 2022
Balances at the beginning of the period	(24,084)	(17,817)
Additions	(24,390)	(17,333)
Reversal	20,446	10,750
Write-off of uncollectible amounts	1,037	316
Balances at the end of the period	(26,991)	(24,084)

## 9. AIRCRAFT SUBLEASE

Description	Consolidated	
	September 30, 2023	December 31, 2022
2023	44,749	89,293
2024	67,561	70,396
2025	48,108	50,127
2026	7,633	7,951
Gross sublease	168,051	217,767
Accrued interest	(14,015)	(25,838)
Provision for losses	(20,714)	(15,876)
Net sublease	133,322	176,053
<b>Current</b>	71,583	70,193
<b>Non-current</b>	61,739	105,860

## 10. INVENTORIES

Description	Consolidated	
	September 30, 2023	December 31, 2022
Maintenance materials and parts	777,160	741,101
Flight attendance and uniforms	16,259	21,922
Provision for losses	(41,841)	(41,285)
Total net	751,578	721,738





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

Description	Consolidated	
	September 30, 2023	December 31, 2022
Balances at the beginning of the period	(41,285)	(38,935)
Additions	(16,625)	(5,652)
Reversal	16,069	3,302
Balances at the end of the period	(41,841)	(41,285)

## 11. DEPOSITS

Description	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Security deposits	8,140	8,486	398,253	374,960
Maintenance reserves	-	-	2,404,706	2,610,943
Total	8,140	8,486	2,802,959	2,985,903
Additions and reversal for provision	-	-	(389,390)	(446,342)
Total net	8,140	8,486	2,413,569	2,539,561

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

Description	Parent company	Consolidated		
	Security deposits	Security deposits	Maintenance reserves	Total
At December 31, 2022	8,486	374,960	2,164,601	2,539,561
Additions	121	157,609	285,390	442,999
Transfers	(129)	(123,654)	(315,779)	(439,433)
Provision inclusions and reversals	-	-	36,748	36,748
Loss	-	-	(77,724)	(77,724)
Foreign currency exchange	(338)	(10,662)	(77,920)	(88,582)
At September 30, 2023	8,140	398,253	2,015,316	2,413,569
<b>At September 30, 2023</b>				
<b>Current</b>	8,070	77,270	909,757	987,027
<b>Non-current</b>	70	320,983	1,105,559	1,426,542
<b>At December 31, 2022</b>				
<b>Current</b>	8,409	77,241	947,927	1,025,168
<b>Non-current</b>	77	297,719	1,216,674	1,514,393





## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

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

Description	Consolidated	
	September 30, 2023	December 31, 2022
Balances at the beginning of the period	(446,342)	(459,643)
Additions	(27,875)	(74,691)
Reversals	64,623	59,581
Foreign currency exchange	20,204	28,411
Balances at the end of the period	(389,390)	(446,342)

## 12. TAXES RECOVERABLE

Description	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
PIS and COFINS	-	-	113,225	135,176
IRRF	47	8,064	56,520	39,528
IRPJ and CSLL	6,938	3,508	19,811	29,359
ICMS	-	-	22,558	21,661
Others	-	-	12,176	9,167
	6,985	11,572	224,290	234,891

## 13. PREPAID EXPENSES

Description	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Insurances	5,078	2,089	28,342	82,501
Maintenance	-	-	191,741	304,927
Commissions	-	-	35,947	69,856
Others	-	-	56,292	44,607
Total	5,078	2,089	312,322	501,891
<b>Current</b>	5,078	2,089	113,111	182,891
<b>Non-current</b>	-	-	199,211	319,000

The variation "Maintenance" mainly refers to the end of contract, the effect accounted for under "Other" in the statement of operations.



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

#### 14. ADVANCE TO SUPPLIERS

Description	Consolidated	
	September 30, 2023	December 31, 2022
Local currency	150,657	90,810
Foreign currency	70,604	30,887
	<u>221,261</u>	<u>121,697</u>

#### 15. INCOME TAX AND CONTRIBUTION

##### 15.1 Breakdown of deferred taxes

Description	Consolidated		
	December 31, 2022	Profit or loss	September 30, 2023
<b>Temporary differences liabilities</b>			
Breakage	(176,884)	(16,188)	(193,072)
Others	(516)	(1,279)	(1,795)
	<u>(177,400)</u>	<u>(17,467)</u>	<u>(194,867)</u>
<b>Temporary differences assets</b>	<u>177,400</u>	<u>17,467</u>	<u>194,867</u>
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>

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

Description	Parent company			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Profit loss income tax and social contribution	(1.614.898)	(2.014.994)	(2.327.619)	(1.828.420)
Combined nominal tax rate	34%	34%	34%	34%
Taxes calculated at nominal rates	<u>549.065</u>	<u>685.098</u>	<u>791.390</u>	<u>621.663</u>
<b>Adjustments to determine the effective rate</b>				
Equity	(485.790)	(581.512)	(640.460)	(636.592)
Unrecorded benefit no tax losses and temporary differences	(160.797)	(18.869)	(132.351)	(18.785)
Mark to market of convertible instruments	103.588	(73.586)	11.844	64.712
Permanent differences	(6.066)	(11.131)	(30.423)	(30.998)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>





## AZUL S.A.

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September 30, 2023

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

Description	Consolidated			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Profit loss income tax and social contribution	(1.614.898)	(2.014.994)	(2.327.619)	(1.828.420)
Combined nominal tax rate	34%	34%	34%	34%
Taxes calculated at nominal rates	549.065	685.098	791.390	621.663
<b>Adjustments to determine the effective rate</b>				
Result from investments not taxed abroad	151.308	45.591	221.736	124.469
Unrecorded benefit no tax losses and temporary differences	(821.750)	(728.206)	(1.051.700)	(991.526)
Mark to market of convertible instruments	103.588	(73.586)	11.844	64.712
Permanent differences	9.736	64.055	10.173	164.638
Rate differential	9.288	8.146	20.207	20.795
Others	(1.235)	(1.098)	(3.650)	(4.751)
	-	-	-	-

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

Description	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Tax losses and negative bases	900,791	437,395	17,478,634	12,863,038
Tax loss (25%)	225,198	109,349	4,369,659	3,215,760
Negative social contribution base (9%)	81,071	39,366	1,573,077	1,157,673

## 16. INVESTMENTS

### 16.1 Direct investments

Description	Company equity interest		
	Paid-up capital	Voting capital	Equity
<b>At December 31, 2022</b>			
ALAB	100%	100%	(18,392,028)
IntelAzul	100%	100%	(19,866)
Goodwill – IntelAzul	-	-	780,991
Total			<u>(17,630,903)</u>
<b>At September 30, 2023</b>			
ALAB	100%	100%	(20,220,351)
IntelAzul	100%	100%	(20,159)
Goodwill – IntelAzul	-	-	780,991
Azul Cayman Holdco	24.8%	24.8%	-
Total			<u>(19,459,519)</u>







## AZUL S.A.

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## 16.2 Movement of the investments

Description	ALAB	IntelAzul	Total
At December 31, 2022	(18,392,028)	761,125	(17,630,903)
Equity	(1,883,414)	(293)	(1,883,707)
Share-based payment	55,091	-	55,091
At September 30, 2023	(20,220,351)	760,832	(19,459,519)
<b>Investments</b>			760,832
<b>Provision for loss on investment</b>			(20,220,351)

## 17. PROPERTY AND EQUIPMENT

Description	Weighted average rate (p.a.)	Consolidated				September 30, 2023
		December 31, 2022	Acquisitions	Write-offs	Transfers <sup>(b)</sup>	
<b>Cost</b>						
Aircraft <sup>(a)</sup>		2,656,771	160,156	(120,100)	19,287	2,716,114
Buildings		524,075	88,244	(94,738)	23,945	541,526
Equipment and facilities		222,482	24,619	(55,939)	-	191,162
Others		32,205	1,678	(5,276)	-	28,607
Construction in progress		44,243	28,241	(12,094)	(20,186)	40,204
Advance payments for acquisition of aircraft		109,487	29,127	-	-	138,614
		3,589,263	332,065	(288,147)	23,046	3,656,227
<b>Depreciation</b>						
Aircraft <sup>(a)</sup>	9%	(965,066)	(175,035)	82,771	-	(1,057,330)
Buildings	16%	(214,411)	(63,218)	94,669	-	(182,960)
Equipment and facilities	11%	(151,732)	(18,706)	55,164	-	(115,274)
Others	9%	(25,888)	(2,114)	5,276	-	(22,726)
		(1,357,097)	(259,073)	237,880	-	(1,378,290)
<b>Property and equipment</b>		2,232,166	72,992	(50,267)	23,046	2,277,937
<b>Impairment</b>		(279,077)	-	-	-	(279,077)
<b>Total property and equipment, net</b>		1,953,089	72,992	(50,267)	23,046	1,998,860

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

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





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## 18. RIGHT-OF-USE ASSETS

Description	Weighted average rate (p.a.)	Consolidated					September 30, 2023
		December 31, 2022	Acquisitions	Write-offs	Modifications	Transfers <sup>(b)</sup>	
<b>Cost</b>							
Aircraft <sup>(a)</sup>		12,753,324	540,916	(685,521)	895,740	11,101	13,515,560
Maintenance of aircraft and engines		1,938,788	236,697	(780,746)	(29,911)	(33,425)	1,331,403
Restoration of aircraft and engines		1,819,438	238,924	(226,468)	(276,783)	-	1,555,111
Others		226,621	9,677	-	75,605	-	311,903
		16,738,171	1,026,214	(1,692,735)	664,651	(22,324)	16,713,977
<b>Depreciation</b>							
Aircraft <sup>(a)</sup>	7%	(7,228,226)	(695,380)	654,205	-	(914)	(7,270,315)
Maintenance of aircraft and engines	17%	(1,159,612)	(248,004)	762,541	-	-	(645,075)
Restoration of aircraft and engines	33%	(628,522)	(446,289)	226,468	29,038	-	(819,305)
Others	22%	(58,914)	(36,868)	-	-	-	(95,782)
		(9,075,274)	(1,426,541)	1,643,214	29,038	(914)	(8,830,477)
<b>Right-of-use assets</b>		7,662,897	(400,327)	(49,521)	693,689	(23,238)	7,883,500
<b>Impairment</b>		(110,349)	-	-	-	-	(110,349)
<b>Right-of-use assets, net</b>		7,552,548	(400,327)	(49,521)	693,689	(23,238)	7,773,151

(a) Includes aircraft, engines and simulators.

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

## 19. INTANGIBLE ASSETS

Description	Weighted average rate (p.a.)	Consolidated				September 30, 2023
		December 31, 2022	Acquisitions	Write-offs	Transfers <sup>(a)</sup>	
<b>Cost</b>						
Goodwill		901,417	-	-	-	901,417
Slots		126,547	-	-	-	126,547
Software and software development		946,516	195,761	(400,590)	192	741,879
		1,974,480	195,761	(400,590)	192	1,769,843
<b>Amortization</b>						
Software	19%	(547,957)	(136,001)	376,952	-	(307,006)
		(547,957)	(136,001)	376,952	-	(307,006)
<b>Total intangible assets, net</b>		1,426,523	59,760	(23,638)	192	1,462,837

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





## AZUL S.A.

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## 20. LOANS AND FINANCING

Consolidated												
Description	Average nominal rate p.a.	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	September 30, 2023
<b>In foreign currency – US\$</b>												
Senior notes – 2024 <sup>(b)</sup>	5.9%	Oct-24	2,097,402	-	(1,410,967)	-	(77,431)	70,692	(147,544)	5,585	3,597	541,334
Senior notes – 2026 <sup>(b)</sup>	7.3%	Jun-26	3,095,665	-	(2,725,010)	-	(121,321)	118,373	(248,258)	34,278	6,800	160,527
Senior notes – 2028	11.9%	Aug-28	-	3,642,950	-	-	-	91,543	168,982	-	7,340	3,910,815
Senior notes – 2029	11.5%	May-29	-	-	1,410,967	(277,961)	(19,411)	31,390	60,597	-	-	1,205,582
Senior notes – 2030	10.9%	May-30	-	-	2,725,010	-	(36,961)	64,154	120,718	-	-	2,872,921
Aircraft, engines and others	7.3%	Mar-29	731,224	-	(1,067)	(208,560)	(34,119)	40,968	(39,104)	-	3,782	493,124
			<u>5,924,291</u>	<u>3,642,950</u>	<u>(1,067)</u>	<u>(486,521)</u>	<u>(289,243)</u>	<u>417,120</u>	<u>(84,609)</u>	<u>39,863</u>	<u>21,519</u>	<u>9,184,303</u>
<b>In local currency - R\$</b>												
Working capital	CDI +3,4%	Feb-24	496,997	301,098	-	(682,523)	(56,645)	55,862	-	-	1,436	116,225
		Sep-25	2,675	-	-	(591)	(93)	210	-	-	-	2,201
Debentures	CDI +5,5%	Dec-28	747,170	585,661	-	(251,530)	(103,167)	93,456	-	-	6,097	1,077,687
Aircraft and engines	Selic + 5,5%	May-25	19,284	-	-	(3,861)	(3,133)	2,304	-	-	20	14,614
	6.2%	Mar-27	42,282	-	-	(13,944)	(1,675)	1,527	-	-	82	28,272
			<u>1,308,408</u>	<u>886,759</u>	<u>-</u>	<u>(952,449)</u>	<u>(164,713)</u>	<u>153,359</u>	<u>-</u>	<u>-</u>	<u>7,635</u>	<u>1,238,999</u>
<b>Total in R\$</b>			<u>7,232,699</u>	<u>4,529,709</u>	<u>(1,067)</u>	<u>(1,438,970)</u>	<u>(453,956)</u>	<u>570,479</u>	<u>(84,609)</u>	<u>39,863</u>	<u>29,154</u>	<u>10,423,302</u>
<b>Current</b>			1,112,940									1,269,858
<b>Non-current</b>			6,119,759									9,153,444

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

(b) Refers mainly to the acceleration of the amortization of funding costs considered extinguished in accordance with the requirements of paragraph 33.6 of CPC 48 - Financial instruments equivalent to IFRS 9, which determines that a substantial modification of the terms of a liability existing financial obligation, or a portion thereof, will be accounted for with an extinguishment of such obligation.



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#### 20.1 Schedule of amortization of debt

Description	Consolidated	
	September 30, 2023	December 31, 2022
2023	659,811	1,112,940
2024	1,180,709	2,397,036
2025	218,542	234,919
2026	278,550	3,306,081
2027	112,623	172,205
After 2027	7,973,067	9,518
	<u>10,423,302</u>	<u>7,232,699</u>
<b>Current</b>	1,269,858	1,112,940
<b>Non-current</b>	9,153,444	6,119,759

#### 20.2 New fundin

##### 20.2.1 Working capital

During the first quarter, the subsidiary ALAB 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, there was a renegotiation that resulted in the postponement of the payment deadline to September 2023 and the interest rate to CDI+6.5% p.a. In July 2023 the balance was paid in advance.

##### 20.2.2 Debentures

During the second quarter, the subsidiary ALAB granted the 11<sup>th</sup> issue of simple debentures, non-convertible into shares, of the type with real guarantee, with additional personal guarantee, in a single series, in the total amount of R\$600,000, with unit face value of R\$1, costs of R\$11,872, rate equivalent to CDI+6.0% p.a. and due on June, 2024. The interest incurred will be amortized monthly. The resources were fully and exclusively used to pay for the supply of aviation fuels.

##### 20.2.3 Senior notes 2028

In July 2023, the subsidiary Azul Secured completed a private offering of senior debt securities in the amount of R\$3,831,040 (equivalent to US\$800,000), costs of R\$192,298, 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..

#### 20.3 Renegotiation

##### 20.3.1 Debentures

During the first quarter, the subsidiary ALAB renegotiated the terms of the debentures, with 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.





## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

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#### 20.3.2 Aircraft and engines

During the first quarter, the subsidiary ALAB 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.

#### 20.3.3 Senior notes

On June 13, 2023, the Company announced that its subsidiary Azul Investments launched:

- (i) an offer to exchange 5.9% Senior Notes due in 2024 for 11.5% Senior Notes due in 2029, and
- (ii) an offer to exchange 7.3% Senior Notes due in 2026 for 10.9% Senior Notes due in 2030,

Concurrently with the exchange offers, the Company requested consent from eligible holders of existing notes for certain proposed changes to the terms of those notes.

The objective of the exchange offer was to refinance a portion of the existing notes in order to optimize the Company's debt capital structure as part of the execution of the business recapitalization strategy.

On July 13, 2023, the Company announced the settlement of its exchange offers and as a consequence issued:

- (i) US\$294,215 in principal amount of 11.5% Senior Notes due in 2029 (which were issued in exchange for US\$294,215 in aggregate principal amount of 5.9% Senior Notes due in 2024); and
- (ii) US\$568,219 in principal amount of 10.9% Senior Notes due in 2030 (which were issued in exchange for US\$568,252 in principal amount of 7.3 % Senior Notes due in 2026).

In total, 86,3% of the principal amount of the 2024 and 2026 notes were exchanged for 2029 notes and 2030 notes, as shown below:

Description	Total principal amount offered for exchange	
	US\$	% exchanged
5.9% Senior notes 2024	294,215	73.5%
7.3% Senior notes 2026	568,252	94.7%
Total	862,467	86.3%

The costs incurred in these transactions correspond to R\$161,658 and were recorded as financial expenses as required by CPC 48 – Financial Instruments, equivalent to IFRS 9.





## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

September 30, 2023

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

Due to the debt modification, the amount of R\$201,521 was recorded in the income statement, under the heading “Debt restructuring”. The amount refers to R\$39,863 of the effects of extinguishing the debt and R\$161,658 of new costs incurred.

#### 20.4 Covenants

The Company has restrictive clauses covenants in some of its loan and financing agreements, as disclosed in the annual financial statements of December 31, 2022.

The Company requested a waiver from counterparties, relating to aircraft financing contracts whose measurement frequency is quarterly and thus obtained them for the quarter ended September 30, 2023. Therefore, the related debt remains classified in this quarterly information according to the flow originally established contract.

#### 21. LEASES

In March 2023, agreements were signed (“forbearance agreements”) between the Company and its main lessors, which represented more than 90% of the lease liabilities. 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.

In September 2023, the Company defined and began to sign definitive agreements with the lessors, 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.

By September, 2023, the Company had renegotiated 95 lease contracts under these new conditions, with approximately 40 contracts remaining for the 4th quarter. In general, the conditions agreed between the Company and lessors are as follows:

Notes in the equivalent amount of US\$286,104, with interest to be paid quarterly from December, 2023, at a rate of 7.5% p.a., and maturity of principal on June, 2030.

Equity in the total amount of US\$422,062, without interest and consecutive quarterly payments, starting on July, 2024.

The costs incurred in these transactions correspond to R\$84,421 and were recorded as financial expenses as required by CPC 48 – Financial Instruments, equivalent to IFRS 9.





## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

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

The costs incurred in these transactions correspond to R\$86,697 and were recorded as financial expenses as required by CPC 48 – Financial Instruments, equivalent to IFRS 9.

Description	Consolidated	
	September 30, 2023	December 31, 2022
Leases	12,416,275	14,582,833
Leases - Equity	1,029,890	-
Leases - Notes	1,554,846	-
	<u>15,001,011</u>	<u>14,582,833</u>
<b>Current liabilities</b>	3,650,846	4,025,948
<b>Non-current assets</b>	11,350,165	10,556,885





## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

September 30, 2023

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

#### 21.1 Leases

Consolidated											
Description	Average remaining term	Weighted average rate	December 31, 2022	Additions	Modifications	Payments	Interest incurred	Transfers <sup>(b)</sup>	Write-offs	Foreign currency exchange	September 30, 2023
<b>Lease without purchase option:</b>											
Aircraft <sup>(a)</sup>	7.7	16.5%	13,585,810	555,738	736,856	(2,094,765)	1,783,413	(2,450,502)	(92,977)	(548,510)	11,475,063
Others	4.7	10.1%	185,527	9,677	75,605	(39,569)	13,658	-	-	(4,108)	240,790
<b>Lease with purchase option:</b>											
Aircraft <sup>(a)</sup>	5.3	13.6%	811,496	-	79,120	(151,969)	77,356	(90,815)	-	(24,766)	700,422
<b>Total</b>			<b>14,582,833</b>	<b>565,415</b>	<b>891,581</b>	<b>(2,286,303)</b>	<b>1,874,427</b>	<b>(2,541,317)</b>	<b>(92,977)</b>	<b>(577,384)</b>	<b>12,416,275</b>
<b>Current</b>			4,025,948								3,441,644
<b>Non-current</b>			10,556,885								8,974,631

(a) Includes aircraft, engines and simulators.

(b) The transfer balances are between the headings “Loans and financing”, “Leases”; “Leases: Notes and Equity”; “Accounts payable” and “Other liabilities”.





## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

September 30, 2023

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

#### 21.2 Leases – Notes

Parent Company and Consolidated							
Description	Average remaining term	Weighted average rate	December 31, 2022	Additions	Interest incurred	Transfers <sup>(a)</sup>	September 30, 2023
<b>Leases - notes</b>							
Financing with Lessors	6.8	14.8%	-	11,097	388	1,018,405	1,029,890
Total			-	11,097	388	1,018,405	1,029,890
<b>Current</b>			-				99,235
<b>Non-current</b>			-				930,655

(a) The transfer balances are between the headings “Leases” and “Leases: Notes and Equity”.

#### 21.3 Leases –Equity

Consolidated							
Description	Average remaining term	Weighted average rate	December 31, 2022	Additions	Interest incurred	Transfers <sup>(a)</sup>	September 30, 2023
<b>Lease - equity</b>							
Financing with Lessors	3.8	14.8%	-	17,270	587	1,536,989	1,554,846
Total			-	17,270	587	1,536,989	1,554,846
<b>Current</b>			-				109,967
<b>Non-current</b>			-				1,444,879

(a) The transfer balances are between the headings “Leases” and “Leases: Notes and Equity”.





## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

September 30, 2023

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

#### 21.4 Schedule of amortization of leases

Description	Consolidated	
	September 30, 2023	December 31, 2022
2023	1,070,708	4,387,911
2024	3,409,994	4,162,958
2025	2,829,674	3,579,587
2026	2,562,779	3,237,509
2027	2,158,604	2,909,201
After 2027	8,379,544	8,512,031
Minimum lease payments	20,411,303	26,789,197
Financial charges	(7,995,028)	(12,206,364)
Present value of minimum lease payments	12,416,275	14,582,833
<b>Current</b>	3,441,644	4,025,948
<b>Non-current</b>	8,974,631	10,556,885

#### 21.5 Schedule of amortization of Leases – Notes

Description	Consolidated
	September 30, 2023
2023	27,460
2024	107,452
2025	107,452
2026	107,452
2027	107,452
After 2027	1,701,322
Minimum lease payments	2,158,590
Financial charges	(1,128,700)
Present value of minimum lease payments	1,029,890
<b>Current</b>	99,235
<b>Non-current</b>	930,655

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





## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

September 30, 2023

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

#### 21.6 Schedule of amortization of Leases - Equity

Description	Consolidated September 30, 2023
2023	244,001
2024	704,507
2025	704,507
2026	460,505
Minimum lease payments	2,113,520
Financial charges	(558,674)
Present value of minimum lease payments	<u>1,554,846</u>
<b>Current</b>	109,967
<b>Non-current</b>	1,444,879

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

#### 21.7 Covenants

The Company has covenants in some of its lease agreements, as disclosed in the annual financial statements as of December 31, 2022.

These conditions will be verified only December 31, 2023, therefore, the related debt is still classified in these interim condensed individual and consolidated financial statements according to the original contractual terms.

## 22. CONVERTIBLE INSTRUMENTS

In July 2023, the Company concluded the renegotiation of the convertible debentures, changing the maturity date from October 2025 to October 2028, the 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 CPC 48 – Financial Instruments, equivalent to IFRS 9, the Company concluded that the renegotiation of the debentures falls within the scope of debt extinguishment. Therefore, the proportional values previously recorded were extinguished and a new debt was recorded. For this reason, any costs or fees incurred were recognized in profit or loss.

Due to the modification of the debt, the amount of R\$352,430 refers to R\$233,068 (considers expenses of R\$346,555 relating to the extinction and reconstitution of the right of conversion and revenue of R\$113,487 relating to the extinguishment and reconstitution of the debt.) and R\$119,362 of new costs incurred was recorded in the income statement, under the heading “Restructuring of debentures”.

The balance contains the right to convert the debt into Company shares in the amount of R\$428,691 (R\$116,971 as of December 31, 2022).





## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

September 30, 2023

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

Parent Company and Consolidated											
Description	Average nominal rate p.a.	Maturity	December 31, 2022	Variation of conversion right	Payment of principal	Payment of interest	Interest incurred	Foreign currency exchange	Restructuring result	Amortized cost	September 30, 2023
<b>In foreign currency – US\$</b>											
Debentures	12.3%	Oct-28	1,403,719	(34,835)	(542,496)	(58,790)	180,652	(33,170)	233,068	2,622	1,150,770
<b>Total in R\$</b>			1,403,719	(34,835)	(542,496)	(58,790)	180,652	(33,170)	233,068	2,622	1,150,770
<b>Current</b>			14,789								31,955
<b>Non-current</b>			1,388,930								1,118,815





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### Notes to the interim condensed individual and consolidated financial statements

September 30, 2023

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

#### 22.1.1 Schedule of amortization

Description	Parent Company and Consolidated	
	September 30, 2023	December 31, 2022
2023	31,955	14,789
2025	-	1,388,930
After 2027	1,118,815	-
	<u>1,150,770</u>	<u>1,403,719</u>
<b>Current</b>	31,955	14,789
<b>Non-current</b>	1,118,815	1,388,930

#### 23. ACCOUNTS PAYABLE

Negotiations with suppliers of aircraft services and parts mostly followed the same model as the renegotiation of lease obligations, that is, the Company issued notes in the equivalent amount of US\$84,386, with interest to be paid quarterly from December, 2023, at a rate of 7.5% p.a., and maturity of principal on June, 2030, as well as Equity, in the total amount of US\$27,680, without interest and consecutive quarterly payments, starting on July, 2024.

Description	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Accounts payable	3,707	24	2,820,746	3,034,799
Accounts payable - Equity	100,397	-	100,397	-
Accounts payable - Notes	-	-	407,234	-
	<u>104,104</u>	<u>24</u>	<u>3,328,377</u>	<u>3,034,799</u>
<b>Current</b>	3,707	24	1,902,370	2,517,828
<b>Non-current</b>	100,397	-	1,426,007	516,971

#### 24. REVERSE FACTORING

Description	Consolidated
At December 31, 2022	<u>753,352</u>
Addition	104,194
Interest incurred	12,303
Interest paid	(38,242)
Payment	(727,368)
At September 30, 2023	<u>104,239</u>





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### Notes to the interim condensed individual and consolidated financial statements

September 30, 2023

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## 25. DERIVATIVE FINANCIAL INSTRUMENTS

Changes in fair value	Consolidated					
	Derivatives not designated as hedge accounting					
	Interest rate swap	Forward - fuel	Option fuel	Forward - foreign currency	Conversion right debentures <sup>(a)</sup>	Total
At December 31, 2022	(179,170)	(28,701)	-	235,246	(116,971)	(89,596)
Gains (losses) recognized in result	(34,075)	(54,974)	34,538	(24,552)	34,835	(44,228)
Payments (receipts)	213,245	142,735	9,413	(210,694)	-	154,699
Restructuring <sup>(b)</sup>	-	-	-	-	(346,555)	(346,555)
At September 30, 2023	-	59,060	43,951	-	(428,691)	(325,680)
Rights with current derivative financial instruments	-	60,222	52,837	-	-	113,059
Obligations with current derivative financial instruments	-	(837)	(8,886)	-	-	(9,723)
Obligations with non-current derivative financial instruments	-	(325)	-	-	-	(325)
Long-term loans and financing	-	-	-	-	(428,691)	(428,691)
	-	59,060	43,951	-	(428,691)	(325,680)

(a) Balance recorded in the parent company.

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

## 26. AIR TRAFFIC LIABILITY

Description	Consolidated	
	September 30, 2023	December 31, 2022
Air traffic liability	4,939,906	4,660,271
Breakage	(567,859)	(520,246)
	4,372,047	4,140,025
Average use term	54 days	48 days
<b>Current</b>	4,333,647	4,140,025
<b>Non-current</b>	38,400	-

The balance classified as non-current refers to the TudoAzul points program.

## 27. TAXES PAYABLE

Description	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Government installment payment program	-	-	169,391	96,547
PIS and COFINS	107	2	7,817	55,385
IRRF	376	535	40,221	49,906
Import taxes	215	96	18,789	15,189
Others	-	-	6,658	48,156
	698	633	242,876	265,183
<b>Current</b>	698	633	119,168	193,588
<b>Non-current</b>	-	-	123,708	71,595





## AZUL S.A.

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September 30, 2023

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In the first quarter of 2023, the Company installment federal taxes in 60 months through Government installment payment program.

## 28. PROVISIONS

### 28.1 Breakdown of provisions

Description	Consolidated			Total
	Return of aircrafts and engines <sup>(a)</sup>	Tax, civil, labor and other risks	Post-employment benefit	
At December 31, 2022	2,675,266	560,727	7,001	3,242,994
Additions	238,924	125,016	87	364,027
Modifications of lease contract	(297,173)	-	-	(297,173)
Write-offs	(390,527)	(175,698)	-	(566,225)
Interest incurred	189,318	28,424	570	218,312
Foreign currency exchange	(108,381)	-	-	(108,381)
At September 30, 2023	2,307,427	538,469	7,658	2,853,554
<b>At September 30, 2023</b>				
Current	537,030	176,599	-	713,629
Non-current	1,770,397	361,870	7,658	2,139,925
<b>At December 31, 2022</b>				
Current	654,897	179,391	-	834,288
Non-current	2,020,369	381,336	7,001	2,408,706

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

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

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

Description	Consolidated			
	Probable loss		Possible loss	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Tax	277,997	263,495	414,818	376,510
Civil	121,113	107,980	49,678	57,871
Labor	135,583	121,842	68,571	43,423
Other	3,776	67,410	-	-
	538,469	560,727	533,067	477,804





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#### 28.1.1.1 Relevant movement

##### 28.1.1.1.1 Labor

###### 28.1.1.1.1.1 Possible loss

During the first month, the Public Ministry of Labor (“MPT”) filed a lawsuit against the Company alleging non-compliance with the minor apprentice quota, intending that Azul start to consider, when calculating the quota, all functions that require professional training, as specified in the Brazilian Classification of Occupations, under penalty of a daily fine of R\$5 per apprentice not hired. The MPT also requests the condensation of the Company to the payment of compensation for collective pain and suffering in the amount of R\$20,000.

The lawsuit is in the initial phase, still without decision. The probability of loss is evaluated as “possible” by the Company’s legal advisors

#### 28.1.1.2 Others

##### 28.1.1.2.1 Probable loss

The amounts recorded under this heading are related to the contingent liabilities assumed as a result of the business combination with Azul Conecta. During the quarter ended September 30, 2023, the process was concluded and the Company was ordered to pay R\$3,776, and therefore R\$63,634 were reverted to profit or loss.

## 29. RELATED-PARTY TRANSACTIONS

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.

As disclosed in explanatory note 2 of this quarterly information, the Company underwent a major process of restructuring its debts, which included the issuance of Senior Notes 2028, Exchange offer, convertible debentures, renegotiation of lease and supplier debts through the issuance of Notes and Equity. The vast majority were carried out through subsidiaries in the name of ALAB. In compliance with accounting standards, such transactions were duly eliminated for consolidation purposes, as shown below:







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September 30, 2023

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Parent company			September 30,
Creditor	Debtor	Type of operation	2023
Azul	ALAB	Restructuring	(513)
Azul	ALAB	Loan	(35,118)
Azul	Azul Secured	Restructuring	(10,016)
Azul	Azul Secured	Loan	(661,004)
ALAB	Azul	Restructuring	100,397
Azul Investments LLP	Azul	Restructuring	8,754
Azul Secured	Azul	Restructuring	6,905
Azul Investments LLP	Azul	Restructuring	109,967
ALAB	ASA	Restructuring	1,444,880
			<u>964,252</u>
<b>Rights with related parties current</b>			109,967
<b>Rights with related parties non-current</b>			1,560,936
<b>Obligations with current related parties</b>			(35,118)
<b>Obligations with related parties non-current</b>			(671,533)

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

The table below shows the balances of related-party transactions of the subsidiary ALAB, which were eliminated in the preparation of this consolidated interim information:

Creditor	Debtor	Type of operation	September 30, 2023	December 31, 2022
ALAB	ATS Viagens e Turismo Ltda	Sale of TudoAzul points	8,123	21,917
ALAB	ATS Viagens e Turismo Ltda	Service sharing	29,297	36,448
ALAB	Azul	Loan	35,118	-
ALAB	Canela Investiments	Transfers	10,897	-
ALAB	Azul Conecta Ltda	Service sharing	6,921	-
ALAB	Azul	Restructuring	513	-
ALAB	Azul Secured	Restructuring	19,243	-
ALAB	Azul Secured	Restructuring	17,879	-
ALAB	Azul Conecta Ltda	Loan	-	58,539
Azul Conecta Ltda	ALAB	Ticket purchase	(4,707)	(7,694)
ATS Viagens e Turismo Ltda.	ALAB	Travel packages	(81,956)	(58,732)
ATS Viagens e Turismo Ltda.	ALAB	Advance for ticket purchase	(141,607)	(191,808)
Azul Investments LLP	ALAB	Loan	-	(4,815,559)
Azul Secured	ALAB	Restructuring	(45,003)	-
Azul	ALAB	Restructuring	(100,397)	-
Azul Investments LLP	ALAB	Restructuring	(403,110)	-
Azul Secured	ALAB	Restructuring	(6,604,527)	-
Azul Investments LLP	ALAB	Restructuring	(99,235)	-
Azul Secured	ALAB	Restructuring	(930,655)	-
Azul Investments LLP	ALAB	Restructuring	(4,124)	-
Azul	Azul Investments LLP	Restructuring	(109,967)	-
ALAB	ALAB	Restructuring	(1,444,879)	-
			<u>(9,842,176)</u>	<u>(4,956,889)</u>

### 29.1 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 bonus 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.



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### Notes to the interim condensed individual and consolidated financial statements

September 30, 2023

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

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

Description	Consolidated			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Short-term benefits	7,249	10,895	20,351	24,081
Wages	1,109	(46)	3,729	1,229
Share-based payment plan	10,343	(15,639)	48,112	(34,339)
	18,701	(4,790)	72,192	(9,029)

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

#### 29.2 Guarantees and pledges granted by the Parent Company

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

#### 29.3 Technology service sharing contract

On January, 2013, the Company entered into a contract with Águia Branca Participações S.A., one of its shareholders, for the sharing of information technology resources for an indefinite period. The total amount of services acquired during nine months ended September 30, 2023 was R\$39 (R\$39 as of September 30, 2022), recorded under “Other expenses, net” in the statement of operations. As of September 30, 2023, there were no amounts to be paid as a result of this transaction.

#### 29.4 Ticket sales contract

On 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

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

Until September 30, 2023, the Company sub-leased three aircraft to Breeze and recorded a balance receivable of R\$55,290 (R\$67,056 as of December 31, 2022).





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### Notes to the interim condensed individual and consolidated financial statements

September 30, 2023

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

#### 29.6 Liliium

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

#### 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:

Consolidated			September 30, 2023	December 31, 2022
Creditor	Debtor	Type of operation		
ALAB	Azorra	Maintenance reserves	-	107,286
ALAB	Azorra	Security deposits	-	3,913
Azorra	ALAB	Leases	-	(113,832)
Azorra	Azul Investments	Notes	(74,545)	-
Azorra	Azul	Equity	(102,646)	-

Revenues	Expenses	Type of operation	September 30, 2023	September 30, 2022
Azorra	ALAB	Interest incurred	11,032	5,588

### 30. EQUITY

#### 30.1 Issued capital

Description	Parent company and Consolidated			
	Company’s capital	Advance for future capital increase	Quantity	
			Common shares	Preferred shares
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 September 30, 2023	2,314,821	789	928,965,058	335,747,796

As established in the Company’s bylaws, each common share is entitled to 1 (one) vote. Preferred shares of any class do not have voting rights, however they do provide their holders with rights that were disclosed in detail in the annual financial statements of December 31, 2022.





## AZUL S.A.

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Company shareholding structure is presented below:

Shareholder	Parent company and Consolidated					
	September 30, 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%
Acionistas Trip (a)	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%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

## 30.2 Treasury shares

Description	Parent company and Consolidated		
	Number of shares	Amount paid	Average cost (in R\$)
At December 31, 2022	349,999	10,204	29.15
Repurchase	591,866	6,826	11.53
Transfers	(441,866)	(7,989)	-
At September 30, 2023	499,999	9,041	18.08

As of November, 2022 approved the repurchase plan for 1,300,000 preferred shares maturing in 18 months, to keep them in treasury for a subsequent payment of the installments of the Restricted Stock Option plan. Until September 30, 2023, within the said plan, the Company reacquired 851,868 shares.

## 31. EARNINGS (LOSS) PER SHARE

Description	Parent company and Consolidated			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>Numerator</b>				
Net loss for the period	(1,614,898)	(2,014,994)	(2,327,619)	(1,828,420)
<b>Denominator</b>				
Weighted average number of common shares	928,965,058	928,965,058	928,965,058	928,965,058
Weighted average number of preferred shares	335,731,250	335,616,225	335,667,578	335,181,292
75 preferred shares	75	75	75	75
Weighted average number of equivalent preferred shares <sup>(a)</sup>	348,117,451	348,002,425	348,053,779	347,567,493
Weighted average number of equivalent common shares <sup>(b)</sup>	26,108,808,808	26,100,181,908	26,104,033,408	26,067,561,941
Weighted average number of presumed conversions	79,856,350	77,064,624	79,856,350	77,064,624
Weighted average number of shares that would have been issued at average market price	5,760,266	4,427,581	3,834,227	7,835,140
Average share price at market price (in reais)	16.32	14.71	14.12	19.67
Basic loss per common share – R\$	(0.06)	(0.08)	(0.09)	(0.07)
Diluted loss per common share – R\$	(0.06)	(0.08)	(0.09)	(0.07)
Basic loss per preferred share – R\$	(4.64)	(5.79)	(6.69)	(5.26)
Diluted loss per preferred share – R\$	(4.64)	(5.79)	(6.69)	(5.26)





## AZUL S.A.

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- (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.

Diluted earnings (loss) per share are calculated by adjusting the weighted average number of shares outstanding by instruments potentially convertible into shares. However, due to the loss reported in September 30, 2022 and 2023, these instruments issued by the company have a antidilutive effect and therefore were not considered in the total number of shares outstanding to determine the diluted loss per share.

## 32. SHARE-BASED PAYMENT

### 32.1 Compensation plans

#### 32.1.1 Approved plans

With the exception of the fifth stock option plan, which will be detailed below, the conditions of the share-based grant plans were disclosed in detail in the annual financial statements of December 31, 2022 and did not change during the nine months ended September 30, 2023.

At the EGM held on July, 2022, the fifth stock option plan was approved, which should include up to 6,000,000 preferred shares with an vesting period of up to 4 years and a maximum exercise period up to 10 years.

The movement of the plans is as follows:

Description	Parent company and Consolidated			
	Number of shares			
	Stock option plan	Restricted shares plan ("RSU")	Phantom shares	Total
At December 31, 2022	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	(180,821)	(120,683)	(56,658)	(358,162)
At September 30, 2023	20,564,496	1,565,405	246,930	22,376,831

Description	Parent Company and Consolidated	
	September 30, 2023	December 31, 2022
Share price (in reais)	14.48	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	-





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### Notes to the interim condensed individual and consolidated financial statements September 30, 2023 (In thousands of Brazilian reais – R\$, unless otherwise indicated)

Description	Consolidated			
	Expense			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Stock option	15,024	10,548	50,625	11,568
RSU	2,131	(7,849)	6,823	(1,247)
Phantom shares	(1,715)	(22,879)	595	(48,421)
	15,440	(20,180)	58,043	(38,100)

The amounts related to stock options and RSU are recorded under “Capital reserves” and amounts for phantom shares are recorded under “Salaries and benefits”.

On September 30, 2023, the balance of the obligation related to the phantom shares plans is R\$1,428 (R\$844 on December 31, 2022).

## 32.2 Assumptions

### 32.1.2 Stock option plan

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

- vesting periods up to 4 years;
- exercisable at the rate up to 25% per year;
- maximum term of exercise of up to 10 years;
- exercise price equivalent to the lowest price of the Company's share traded on B3 recorded in the 30 trading sessions prior to the grant date;
- historical volatility up to 75.4%;
- average risk-free rate of return up to 11.6%; and
- no expected dividends.

Date of grant	Option exercise price (in R\$)	Average 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%	-	4.0	5,032,800	182,870	182,870
March 24, 2011	6.44	4.16	54.8%	1.1%	12.0%	25.0%	-	4.0	1,572,000	84,000	84,000
April 5, 2011	6.44	4.16	54.8%	1.1%	12.0%	25.0%	-	4.0	656,000	6,200	6,200
June 30, 2014	19.15	11.01	40.6%	1.1%	12.5%	25.0%	-	4.0	2,169,122	708,993	708,993
July 1, 2015	14.51	10.82	40.6%	1.1%	15.7%	25.0%	-	4.0	627,810	177,592	177,592
July 1, 2016	14.50	10.14	43.1%	1.1%	12.2%	25.0%	-	4.0	820,250	280,124	280,124
July 6, 2017	22.57	12.82	43.4%	1.1%	10.3%	25.0%	-	4.0	680,467	442,796	442,796
March 14, 2017	11.85	4.82	50.6%	1.1%	11.3%	20.0%	-	5.0	9,343,510	-	-
August 8, 2022	11.07	8.10	70.0%	-	13.0%	25.0%	2.8	4.0	1,774,418	1,745,589	-
August 8, 2022	11.07	6.40	68.8%	-	13.2%	25.0%	1.8	4.0	1,514,999	1,411,999	673,499
August 19, 2022	11.07	7.39	67.2%	-	13.6%	100.0%	-	1.0	4,900,000	4,824,333	4,824,333
August 19, 2022	11.07	11.54	74.6%	-	12.7%	33.0%	3.9	5.0	8,900,000	8,900,000	-
July 7, 2023	15.60	10.92	75.4%	-	11.6%	25.0%	3.8	4.0	1,800,000	1,800,000	-
									39,791,376	20,564,496	7,380,407

### 32.1.3 Restricted stock option plan

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

- vesting period of up to 4 years; and
- exercisable at the rate of up to 25% per year.



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Date of grant	Exercise rate per tranche	Fair value of share (in R\$)	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	-	4.0	170,000	-
June 19, 2020	25.0%	21.80	0.7	4.0	1,382,582	260,706
July 7, 2021	25.0%	42.67	1.7	4.0	300,000	120,331
July 7, 2022	25.0%	11.72	2.8	4.0	335,593	232,568
July 7, 2022	25.0%	11.72	2.8	4.0	671,186	451,800
July 7, 2023	25.0%	19.32	3.8	4.0	500,000	500,000
					<u>3,359,361</u>	<u>1,565,405</u>

### 32.1.4 Phantom shares

Date of grant	Option exercise price (in reais)	Price on the grant date (in reais)	Current share price (in reais)	Average fair value of option at the reporting date (in reais)	Historical volatility	Expected dividend	Average risk-free rate of return	Exercise rate	Remaining term of the vesting period (in years)	Term limit to exercise after dressing	Purchasing period up to (years)	Total options granted	Total outstanding
August 7, 2018	20.43	40.41	14.48	3.32	78.3%	-	11.7%	25.0%	-	4 years	4.0	707,400	53,520
July 7, 2019	42.09	25.34	14.48	0.95	78.3%	-	11.7%	25.0%	-	4 years	4.0	405,000	-
April 30, 2020	10.35	17.40	14.48	6.79	78.3%	-	11.7%	33.3%	-	4 years	3.0	3,250,000	153,160
April 30, 2020	10.35	17.40	14.48	7.50	76.1%	-	11.5%	25.0%	0.5	4 years	4.0	1,600,000	38,820
August 17, 2021	33.99	33.99	14.48	3.01	73.2%	-	11.3%	25.0%	1.9	4 years	4.0	580,000	1,430
												<u>6,542,400</u>	<u>246,930</u>

## 33. SALES REVENUE

Description	Consolidated			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>Revenue</b>				
Passenger revenue	4,569,634	4,188,266	12,689,847	10,783,697
Other revenues	373,444	344,018	1,081,176	1,136,881
<b>Total</b>	<b>4,943,078</b>	<b>4,532,284</b>	<b>13,771,023</b>	<b>11,920,578</b>
Total taxes <sup>(a)</sup>	(26,638)	(155,473)	(122,060)	(425,963)
<b>Total revenue</b>	<b>4,916,440</b>	<b>4,376,811</b>	<b>13,648,963</b>	<b>11,494,615</b>

(a) During the three and nine-month period ending on September 30, 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	Consolidated			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Domestic revenue	3,824,519	3,469,086	10,635,231	9,477,818
Foreign revenue	1,091,921	907,725	3,013,732	2,016,797
<b>Total revenue</b>	<b>4,916,440</b>	<b>4,376,811</b>	<b>13,648,963</b>	<b>11,494,615</b>





## AZUL S.A.

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## 34. RESULT BY NATURE

Description	Parent company			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>Administrative expenses</b>				
Salaries and benefits	(11,375)	(3,741)	(26,680)	(21,325)
Others	(7,216)	(8,359)	(17,730)	(26,001)
	(18,591)	(12,100)	(44,410)	(47,326)
<b>Other income and expenses</b>				
Others <sup>(a)</sup>	(46)	18,332	71,668	18,332
	(46)	18,332	71,668	18,332
<b>Total</b>	(18,637)	6,232	27,258	(28,994)

(a) Refers to the debt forgiveness for loan operations between Azul and ALAB.

Description	Consolidated			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>Cost of services</b>				
Aircraft fuel	(1,365,847)	(1,900,666)	(4,377,466)	(4,787,823)
Salaries and benefits	(594,516)	(489,818)	(1,616,057)	(1,340,198)
Airport fees	(274,130)	(237,902)	(785,883)	(660,713)
Traffic and customer servicing	(209,864)	(169,643)	(594,950)	(453,393)
Maintenance and repairs	(284,667)	(123,888)	(665,839)	(452,432)
Depreciation and amortization <sup>(a)</sup>	(622,685)	(519,240)	(1,812,741)	(1,484,289)
Impairment	-	346,114	-	346,114
Insurance	(19,912)	(21,196)	(46,375)	(59,950)
Others	(422,668)	(517,836)	(1,377,803)	(1,262,855)
	(3,794,289)	(3,634,075)	(11,277,114)	(10,155,539)
<b>Selling expenses</b>				
Salaries and benefits	(10,672)	(4,893)	(27,621)	(15,860)
Sales and marketing	(205,304)	(196,872)	(559,121)	(481,572)
	(215,976)	(201,765)	(586,742)	(497,432)
<b>Administrative expenses</b>				
Salaries and benefits	(17,417)	(58,970)	(84,856)	(83,315)
Depreciation and amortization	(2,843)	(2,024)	(7,606)	(6,043)
Others	(160,473)	(58,148)	(278,158)	(164,223)
	(180,733)	(119,142)	(370,620)	(253,581)
<b>Other income and expenses</b>				
Idleness - Depreciation and amortization	-	-	-	(31,125)
Others	(53,614)	(70,598)	(273,401)	(219,087)
	(53,614)	(70,598)	(273,401)	(250,212)
<b>Total</b>	(4,244,612)	(4,025,580)	(12,507,877)	(11,156,764)

(a) Net of PIS and COFINS credits in the amount of R\$404 three month and R\$1,278 at the nine month.





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In 2022, as a consequence of the reduction in the number of flights operated during the COVID-19 pandemic and by analogy to the provisions of CPC 16 (R1) - Inventories, equivalent to IAS-2, expenses with depreciation of flight equipment not directly related to the revenues generated in the quarter called idleness were reclassified from the “Cost of service” group to the “Other income and expenses, net” group.

### 35. FINANCIAL RESULT

Description	Parent company			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>Financial income</b>				
Interest on short-term investments	67	5,910	218	19,655
Others	1,264	66	2,942	842
	1,331	5,976	3,160	20,497
<b>Financial expenses</b>				
Interest on convertible instruments	(58,044)	(59,419)	(180,652)	(168,328)
Amortized cost of convertible instruments	(181)	(1,147)	(2,622)	(3,336)
Cost of financial operations	(142)	(1,314)	(417)	(1,597)
Restructuring of debentures	(352,430)	-	(352,430)	-
Others	(578)	(1,139)	(2,290)	(1,371)
	(411,375)	(63,019)	(538,411)	(174,632)
Derivative financial instruments, net	304,672	(216,433)	34,835	190,328
Foreign currency exchange, net	(62,094)	(37,422)	29,246	36,709
Financial result, net	(167,466)	(310,898)	(471,170)	72,902





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Description	Consolidated			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>Financial income</b>				
Interest on short-term investments	22,554	30,329	62,726	92,499
Sublease receivables	3,104	5,112	10,650	22,732
TAP Bond fair value	2,966	63,248	46,573	63,248
Others	10,809	1,543	23,934	12,751
	39,433	100,232	143,883	191,230
<b>Financial expenses</b>				
Interest on loans and financing	(286,570)	(198,754)	(570,479)	(499,866)
Interest on lease	(584,378)	(659,963)	(1,875,402)	(1,845,791)
Interest on convertible instruments	(58,044)	(59,419)	(180,652)	(168,328)
Interest on factoring credit card receivables	(49,842)	(52,210)	(256,491)	(146,214)
Interest on provisions	(77,585)	(64,994)	(218,312)	(177,523)
Interest on reverse factoring	(45)	(41,475)	(12,303)	(45,480)
Interest accounts payable and fees	(216,396)	(102,851)	(376,260)	(185,514)
Guarantee commission	(34,973)	(36,476)	(122,320)	(103,393)
Amortized cost of loans and financing	(14,072)	(7,162)	(29,154)	(21,808)
Amortized cost of convertible instruments	(181)	(1,147)	(2,622)	(3,336)
TAP Bond fair value	(15,108)	(57,572)	(25,736)	(159,167)
Debt restructuring	(201,521)	-	(201,521)	-
Restructuring of debentures	(352,430)	-	(352,430)	-
Others	7,278	(49,610)	(115,868)	(125,038)
	(1,883,867)	(1,331,633)	(4,339,550)	(3,481,458)
Derivative financial instruments, net	466,360	(366,475)	(44,228)	532,073
Foreign currency exchange, net	(908,652)	(768,349)	771,190	591,884
Financial result, net	(2,286,726)	(2,366,225)	(3,468,705)	(2,166,271)

## 36. RISK MANAGEMENT

### 36.1 Accounting classification and 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.





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The accounting classifications and the fair value hierarchy of the Company's consolidated financial instruments are shown below:

Description	Level	Parent company			
		Carrying amount		Fair value	
		September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
<b>Assets</b>					
Cash and cash equivalents	2	2,295	8,117	2,295	8,117
Security deposits and maintenance reserves	-	8,140	8,486	8,140	8,486
Related parties	-	1,560,936	-	1,560,936	-
<b>Liabilities</b>					
Convertible instruments	-	(722,079)	(1,286,748)	(722,079)	(1,419,621)
Convertible instruments - conversion right	2	(428,691)	(116,971)	(428,691)	(116,971)
Leases - payment in shares	-	(1,554,846)	-	(1,554,846)	-
Accounts payable local	-	(104,104)	(24)	(104,104)	(24)
Related parties	-	(706,651)	-	(706,651)	-
<b>Consolidated</b>					
Description	Level	Consolidated			
		Carrying amount		Fair value	
		September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
<b>Assets</b>					
Cash and cash equivalents	2	1,399,392	668,348	1,399,392	668,348
Restricted cash	2	270,664	-	270,664	-
Long-term investments	2	744,309	733,043	744,309	733,043
Accounts receivable	-	1,721,869	1,803,998	1,721,869	1,803,998
Aircraft sublease	-	133,322	176,053	133,322	176,053
Security deposits and maintenance reserves	-	2,413,569	2,539,561	2,413,569	2,539,561
Derivative financial instruments	2	113,059	271,950	113,059	271,950
Other assets	-	64,612	15,963	64,612	15,963
<b>Liabilities</b>					
Loans and financing	-	(10,423,302)	(7,232,699)	(9,522,707)	(6,187,389)
Reverse factoring	-	(104,239)	(753,352)	(104,239)	(753,352)
Leases	-	(15,001,011)	(14,582,833)	(15,001,011)	(14,582,833)
Convertible instruments	-	(722,079)	(1,286,748)	(722,079)	(1,286,748)
Convertible instruments - conversion right	2	(428,691)	(116,971)	(428,691)	(116,971)
Accounts payable local	-	(3,328,377)	(3,034,799)	(3,328,377)	(3,034,799)
Airport fees	-	(1,852,228)	(1,334,769)	(1,852,228)	(1,334,769)
Derivative financial instruments	2	(10,048)	(244,575)	(10,048)	(244,575)
Other liabilities	-	(1,037,865)	(1,014,433)	(1,037,865)	(1,014,433)





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## 36.2 Market risks

### 36.2.1 Interest rate risk

#### 36.2.1.1 Sensitivity analysis

As of September 30, 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.)	September 30, 2023	Rate (p.a.)	September 30, 2023	Weighted rate (p.a.)	September 30, 2023
Exposed liabilities, net	12.7%	(73,857)	5.3%	(381,540)	5.6%	(97,085)
<b>Effect on profit or loss</b>						
Interest rate devaluation by -50%	6.3%	9,034	2.7%	10,219	2.8%	2,726
Interest rate devaluation by -25%	9.5%	4,517	4.0%	5,109	4.2%	1,363
Interest rate appreciation by 50%	19.0%	(9,034)	8.0%	(10,219)	8.4%	(2,726)
Interest rate appreciation by 25%	15.8%	(4,517)	6.6%	(5,109)	7.0%	(1,363)

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

### 36.2.2 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 September 30, 2023, forward and options transactions on fuel (note 25).

#### 36.2.2.1 Sensitivity analysis

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

Description	Consolidated	
	Exposure to price	
	Average price per liter (in reais)	September 30, 2023
Aircraft fuel	4.26	(4,377,466)
<b>Effect on profit or loss</b>		
Devaluation by -50%	2.13	2,188,733
Devaluation by -25%	3.19	1,094,367
Appreciation by 50%	6.38	(2,188,733)
Appreciation by 25%	5.32	(1,094,367)

### 36.2.3 Foreign exchange risk

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





## AZUL S.A.

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The exposure to the main exchange differences is as follows:

Description	Parent company			
	Exposure to US\$		Exposure to €	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
<b>Assets</b>				
Cash and cash equivalents	658	5,420	386	377
Security deposits and maintenance reserves	8,070	8,409	-	-
Related parties	1,560,936	-	-	-
<b>Total assets</b>	<b>1,569,664</b>	<b>13,829</b>	<b>386</b>	<b>377</b>
Convertible instruments	(1,150,770)	(1,419,738)	-	-
Leases - payment in shares	(1,554,846)	-	-	-
Accounts payable - payment in shares	(100,401)	-	-	-
Related parties	(671,533)	-	-	-
<b>Total liabilities</b>	<b>(3,477,550)</b>	<b>(1,419,738)</b>	<b>-</b>	<b>-</b>
<b>Net exposure</b>	<b>(1,907,886)</b>	<b>(1,405,909)</b>	<b>386</b>	<b>377</b>
<b>Net exposure in foreign currency</b>	<b>(380,998)</b>	<b>(269,450)</b>	<b>73</b>	<b>69</b>

Description	Consolidated			
	Exposure to US\$		Exposure to €	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
<b>Assets</b>				
Cash and cash equivalents	107,443	56,487	2,996	8,052
Restricted cash	270,664	-	-	-
Long-term investments	-	-	744,309	733,043
Accounts receivable	137,338	166,012	6,889	-
Aircraft sublease	133,322	176,053	-	-
Security deposits and maintenance reserves	2,337,079	2,471,349	-	-
Other assets	34,320	12,636	-	-
<b>Total assets</b>	<b>3,020,166</b>	<b>2,882,537</b>	<b>754,194</b>	<b>741,095</b>
<b>Liabilities</b>				
Loans and financing	(9,375,736)	(5,879,553)	-	-
Leases	(13,953,753)	(14,525,385)	-	-
Convertible instruments	(1,150,770)	(1,419,738)	-	-
Accounts payable foreign	(1,747,241)	(1,051,379)	-	-
Airport fees	(20,307)	-	-	-
Provisions and other liabilities	(2,481,020)	(3,020,947)	-	-
<b>Total liabilities</b>	<b>(28,728,827)</b>	<b>(25,897,002)</b>	<b>-</b>	<b>-</b>
<b>Net exposure</b>	<b>(25,708,661)</b>	<b>(23,014,465)</b>	<b>754,194</b>	<b>741,095</b>
<b>Net exposure in foreign currency</b>	<b>(5,133,929)</b>	<b>(4,410,845)</b>	<b>142,301</b>	<b>133,066</b>





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#### 36.2.3.1 Sensitivity analysis

Description	Parent company			
	Exposure to US\$		Exposure to €	
	Closing rate	September 30, 2023	Closing rate	September 30, 2023
Exposed assets (liabilities), net	5.0076	(1,907,886)	5.3000	386
<b>Effect on profit or loss</b>				
Foreign currency devaluation by -50%	2.5038	953,943	2.6500	(193)
Foreign currency devaluation by -25%	3.7557	476,972	3.9750	(97)
Foreign currency appreciation by 50%	7.5114	(953,943)	7.9500	193
Foreign currency appreciation by 25%	6.2595	(476,972)	6.6250	97

Description	Consolidated			
	Exposure to US\$		Exposure to €	
	Closing rate	September 30, 2023	Closing rate	September 30, 2023
Exposed assets (liabilities), net	5.0076	(25,708,661)	5.3000	754,194
<b>Effect on profit or loss</b>				
Foreign currency devaluation by -50%	2.5038	12,854,331	2.6500	(377,097)
Foreign currency devaluation by -25%	3.7557	6,427,165	3.9750	(188,549)
Foreign currency appreciation by 50%	7.5114	(12,854,331)	7.9500	377,097
Foreign currency appreciation by 25%	6.2595	(6,427,165)	6.6250	188,549

#### 36.3 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 and long-term investments are deposited with counterparties that have a minimum investment grade rating in the assessment made by agencies S&P Global Ratings, Moody's or Fitch (between AAA and A+). The TAP Bond is guaranteed by intellectual property rights and credits related to the TAP mileage program.

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

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





## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

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#### 36.4 Liquidity risk

The maturity schedules of the Company's consolidated financial liabilities as of September 30, 2023 are as follows:

Description	Consolidated				
	Carrying amount	Contractual cash flow	Until 1 year	From 2 to 5 years	After 5 years
Loans and financing	10,423,302	16,173,264	2,217,417	9,182,955	4,772,892
Factoring	104,239	104,239	104,239	-	-
Leases	15,001,011	24,683,413	3,909,781	14,065,142	6,708,490
Convertible instruments	1,150,770	1,990,714	116,231	1,874,483	-
Accounts payable local	3,328,377	3,749,005	2,014,434	1,234,512	500,059
Airport fees	1,852,228	1,873,893	1,275,663	183,753	414,477
Derivative financial instruments	10,048	10,048	9,723	325	-
	31,869,975	48,584,576	9,647,488	26,541,170	12,395,918

#### 36.5 Capital management

The Company seeks capital alternatives in order to satisfy its operational needs, aiming at a capital structure that it considers adequate for the financial costs and the maturity dates of funding and its guarantees. The Company's continuously monitors its net indebtedness, see note 2 with details of the Company's actions in the nine months ending September 30, 2023.





**AZUL S.A.**

**Notes to the interim condensed individual and consolidated financial statements**

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

**37. NON-CASH TRANSACTIONS**

Description	Consolidated											Total
	Acquisition of property and equipment	Acquisition of capitalized maintenance	Acquisition of intangible	Maintenance reserves	Consumption in credit	Compensation of sublease	Compensation of lease	Acquisition of lease	ARO	Modification	Transfers	
Accounts receivable	-	-	-	-	-	-	(252,842)	-	-	-	439,433	186,591
Aircraft sublease	-	-	-	-	-	(21,845)	-	-	-	-	-	(21,845)
Deposits	-	-	-	144,489	-	-	-	-	-	-	(439,433)	(294,944)
Advances to suppliers	-	-	-	-	-	-	-	-	-	-	(885,954)	(885,954)
Property and equipment	183,072	-	-	-	-	-	-	-	-	-	23,048	206,120
Right-of-use assets	-	41,833	-	-	-	-	-	550,593	238,924	594,407	(23,239)	1,402,518
Intangible assets	-	-	66,379	-	-	-	-	-	-	-	192	66,571
Loans and financing	-	-	-	-	-	-	-	-	-	-	1,067	1,067
Leases	-	-	-	-	-	21,845	221,406	(593,782)	-	(891,580)	(14,077)	(1,256,188)
Accounts payable	(183,072)	(41,833)	(66,379)	(144,489)	104,194	-	6,662	10,785	-	-	923,443	609,311
Reverse factoring	-	-	-	-	(104,194)	-	-	-	-	-	-	(104,194)
Provisions	-	-	-	-	-	-	-	-	(238,924)	297,173	-	58,249
Other assets and liabilities	-	-	-	-	-	-	24,774	32,404	-	-	(24,480)	32,698
Result	-	-	-	-	-	-	-	-	-	99,282	-	99,282
As of September 30, 2023	-	-	-	-	-	-	-	-	-	-	-	-

Description	Consolidated										Total	
	Sublease	Acquisition of property and equipment	Maintenance reserves	Factoring	Consumption in credit	Sale and leaseback	Loans and financing	Airport fees	Lease	Modification of the lease agreement		Transfers
Accounts receivable	-	-	-	-	-	-	-	-	78,808	-	(120,814)	(42,006)
Aircraft sublease	25,356	-	-	-	-	-	-	-	4,749	-	-	30,105
Deposits	-	-	(144,774)	-	-	8,916	(22,944)	-	-	-	-	(158,802)
Property and equipment	-	(203,721)	-	-	-	(13,414)	-	-	(235,226)	-	-	(452,361)
Right-of-use assets	(25,356)	-	-	-	-	-	-	-	(1,083,150)	(25,040)	-	(1,133,546)
Loans and financing	-	-	-	-	-	-	22,944	-	-	-	-	22,944
Leases	-	-	-	-	-	-	-	721,611	(38,102)	-	-	683,509
Accounts payable	-	203,721	144,774	(1,406,162)	(38,387)	4,498	-	(465,607)	-	-	363,998	(1,193,165)
Factoring	-	-	-	1,406,162	-	-	-	-	-	-	-	1,406,162
Airport fees	-	-	-	-	-	-	-	763,961	-	-	-	763,961
Taxes	-	-	-	-	-	-	-	(298,354)	-	-	-	(298,354)
Provisions	-	-	-	-	-	-	-	-	512,775	-	(323,073)	189,702
Other assets and liabilities	-	-	-	-	38,387	-	-	-	-	-	79,889	118,276
Result	-	-	-	-	-	-	-	-	433	63,142	-	63,575
As of September 30, 2022	-	-	-	-	-	-	-	-	-	-	-	-





## AZUL S.A.

### Notes to the interim condensed individual and consolidated financial statements

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## 38. COMMITMENTS

### 38.1 Aircraft acquisition

The Company contractually assumed the commitment to acquire aircraft directly from manufacturers and from lessors, according to the table below:

Description	Consolidated	
	September 30, 2023	December 31, 2022
Lessors	32	32
Manufacturers	97	112
	129	144

The amounts shown below are discounted to present value using the weighted discount rate of leasing transactions and do not necessarily characterize a cash outflow as the Company evaluates the obtainment of financing to meet these commitments.

Description	Consolidated	
	September 30, 2023	December 31, 2022
2023	270,554	2,025,240
2024	645,203	1,544,642
2025	1,303,587	1,969,208
2026	4,975,485	2,414,533
2027	4,340,062	1,361,299
After 2027	5,105,959	4,650,961
	16,640,850	13,965,883

### 38.2 Letters of credit

The position of the letters of credit in use by the Company follows:

Description	Consolidated			
	September 30, 2023		December 31, 2022	
	R\$	US\$	R\$	US\$
Deposits	2,307,030	460,705	2,453,336	470,194
Bank guarantees	53,702	-	44,563	-
	2,360,732	460,705	2,497,899	470,194





## **AZUL S.A.**

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## **39. SUBSEQUENT EVENTS**

### **39.1 Issuance of additional notes**

In October 2023, the subsidiary Azul Secured issued additional notes in the amount of US\$36,778 of the 2028 Senior Notes. The additional notes were issued to a professional investor in exchange for the aggregate principal amount of US\$37,730 of the 2024 Senior Notes.

### **39.2 Installments**

In November 2023, the Company signed a debt installment plan, over 60 months, relating to airport taxes and fees in the amount of R\$797,275.

.....  
Renata Bandeira Gomes do Nascimento  
CRC 1SP 215231/O-3  
Controllership, tax and internal control director

