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*Interim
Condensed – ITR
Individual and Consolidated
1Q2024
Azul S.A.*

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AZUL S.A.

Declaration of the officers

March 31, 2024

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

In accordance with item VI of article 27 of CVM Resolution No. 80, of March 29, 2022, the Board of Directors declares that it reviewed, discussed and agreed with the interim condensed individual and consolidated financial statements for the three months ended March 31, 2024.

Barueri, May 10, 2024.

John Peter Rodgerson
CEO

Alexandre Wagner Malfitani
Vice President of Finance and Investor Relations

Antonio Flavio Torres Martins Costa
Technical Vice President

Abhi Manoj Shah
Vice President of Revenue





AZUL S.A.

Declaration of the officers

March 31, 2024

Directors' statement on the independent auditor's report

In accordance with item V of article 27 of CVM Resolution No. 80, of March 29, 2022, the Board of Directors declares that it reviewed, discussed and agreed with the opinion expressed in the independent auditor's report on the examination of the interim condensed individual and consolidated financial statements relating to for the three months ending March 31, 2024.

Barueri, May 10, 2024.

John Peter Rodgerson
CEO

Alexandre Wagner Malfitani
Vice President of Finance and Investor Relations

Antonio Flavio Torres Martins Costa
Technical Vice President

Abhi Manoj Shah
Vice President of Revenue





AZUL S.A.

Summary report of the statutory audit committee

March 31, 2024

Opinion of the statutory audit committee

In compliance with the legal provisions, the Statutory Audit Committee reviewed the management report and the interim condensed individual and consolidated financial statements for the three months ended March 31, 2024. Based on this review and also considering the information and clarifications provided by the Company management and by Ernst & Young Auditores Independentes S/S.Ltda. during the three months, the Statutory Audit Committee expressed a favorable opinion on the management report and on the interim condensed individual and consolidated financial statements for the three months ended March 31, 2024, together with the independent auditor's report issued by Ernst & Young Auditores Independentes S/S.Ltda. recommending the Board of Directors to approve them.

Barueri, May 10, 2024.

Sergio Eraldo de Salles Pinto

Member, Coordinator of the Audit Committee and Financial Specialist

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)

Independent auditor's review report on quarterly information

To the
Shareholders, Board of Directors and Officers
Azul S.A.
Barueri - São Paulo

Introduction

We have reviewed the individual and consolidated interim financial information of Azul S.A. (Company) contained in the Quarterly Information Form (ITR) for the quarter ended March 31, 2024, which comprises the statement of financial position as at March 31, 2024 and the related statements of profit or loss, of comprehensive income, of changes in equity, and of cash flows for the three-month period then ended, and notes to the individual and consolidated interim financial information, including material accounting policies and other explanatory information.

Executive board's responsibility for the interim financial information

The executive board is responsible for preparation of the individual and consolidated interim financial information in accordance with NBC TG 21 and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity 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 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 NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the CVM.

Other matters

Statements of value added

The quarterly information referred to above includes the individual and consolidated statements of value added (SVA) for the three-month period ended March 31, 2024, prepared under the responsibility of the Company's executive board, and presented as supplementary information for IAS 34 purposes. These statements were subject to review procedures conducted jointly with the review of the quarterly information for the purpose of concluding 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, pursuant to such standard and consistently with the individual and consolidated interim financial information taken as a whole.

São Paulo, May 10, 2024.

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

March 31, 2024 and December 31, 2023

(In thousands of Brazilian reais – R\$)

Assets	Note	Parent company		Consolidated	
		March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Current assets					
Cash and cash equivalents	5	12,014	2,809	1,337,606	1,897,336
Accounts receivable	7	-	-	1,361,210	1,109,408
Aircraft sublease	8	-	-	15,057	14,592
Inventories	9	-	-	943,337	799,208
Deposits	10	8,052	7,802	503,156	515,692
Taxes recoverable	11	3,304	4,984	205,320	219,433
Derivative financial instruments	23	-	-	20,849	21,909
Related parties	29	518,379	216,388	-	-
Advances to suppliers	12	-	-	203,463	221,051
Other assets		238	2,079	273,158	245,518
Total current assets		541,987	234,062	4,863,156	5,044,147
Non-current assets					
Long-term investments	6	-	-	791,545	780,312
Aircraft sublease	8	-	-	13,597	16,210
Deposits	10	-	70	1,966,840	1,777,803
Derivative financial instruments	23	-	-	56	-
Related parties	29	1,822,308	1,578,332	-	-
Other assets		-	-	311,241	143,781
Investments	14	760,040	760,782	-	-
Property and equipment	15	-	-	2,529,318	2,295,851
Right-of-use assets	16	-	-	8,941,011	9,011,558
Intangible assets	17	-	-	1,479,113	1,463,247
Total non-current assets		2,582,348	2,339,184	16,032,721	15,488,762
Total assets		3,124,335	2,573,246	20,895,877	20,532,909

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





AZUL S.A.

Statement of financial position

March 31, 2024 and December 31, 2023

(In thousands of Brazilian reais – R\$)

Liabilities and equity	Note	Parent company		Consolidated	
		March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Current liabilities					
Loans and financing	18	-	-	1,245,705	1,100,051
Reverse factoring	22	-	-	117,276	290,847
Leases	19	428,538	216,388	3,662,173	3,687,392
Convertible debt instruments	20	63,218	25,807	63,218	25,807
Accounts payable	21	22,865	10,651	2,339,692	2,277,841
Airport taxes and fees	24	-	-	628,498	588,404
Air traffic liability and loyalty program	25	-	-	5,168,717	5,205,876
Salaries and benefits	26	9,280	2,344	490,320	474,797
Taxes payable	27	2,980	506	132,724	142,168
Derivative financial instruments	23	-	-	15,625	68,905
Provisions	28	-	-	399,147	736,430
Related parties	29	-	52,129	-	-
Other liabilities		-	-	148,755	150,362
Total current liabilities		526,881	307,825	14,411,850	14,748,880
Non-current liabilities					
Loans and financing	18	245,554	-	9,884,104	8,598,861
Leases	19	1,634,241	1,443,351	11,654,910	11,459,019
Convertible debt instruments	20	1,070,272	1,175,803	1,070,272	1,175,803
Accounts payable	21	110,689	119,841	1,296,429	1,320,927
Airport taxes and fees	24	-	-	1,140,348	1,171,679
Taxes payable	27	-	-	100,867	112,287
Derivative financial instruments	23	-	-	76	840
Deferred income tax and social contribution	13	32,746	39,526	32,746	39,526
Provisions	28	25	30	2,846,750	2,404,423
Related parties	29	669,492	683,763	-	-
Provision for loss on investment	14	21,202,863	20,130,955	-	-
Other liabilities		-	-	825,953	828,512
Total non-current liabilities		24,965,882	23,593,269	28,852,455	27,111,877
Equity					
	30				
Issued capital		2,315,610	2,314,821	2,315,610	2,314,821
Advance for future capital increase		18	789	18	789
Capital reserve		2,041,834	2,029,610	2,041,834	2,029,610
Treasury shares		(11,568)	(9,041)	(11,568)	(9,041)
Other comprehensive income		3,106	3,106	3,106	3,106
Accumulated losses		(26,717,428)	(25,667,133)	(26,717,428)	(25,667,133)
		(22,368,428)	(21,327,848)	(22,368,428)	(21,327,848)
Total liabilities and equity		3,124,335	2,573,246	20,895,877	20,532,909

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





AZUL S.A.

Statement of operations

Three months ended March 31, 2024 and 2023

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

	Note	Parent company		Consolidated	
		Three months ended			
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Passenger revenue		-	-	4,357,040	4,169,871
Other revenues		-	-	321,372	308,457
Total revenue	33	-	-	4,678,412	4,478,328
Cost of services	34	-	-	(3,435,097)	(3,894,824)
Gross profit		-	-	1,243,315	583,504
Selling expenses		-	-	(214,375)	(181,988)
Administrative expenses		(18,286)	(13,616)	(127,065)	(114,197)
Other expenses		(103)	-	(101,140)	(119,288)
	34	(18,389)	(13,616)	(442,580)	(415,473)
Equity	14	(1,084,891)	(604,295)	-	-
Operating (loss) profit		(1,103,280)	(617,911)	800,735	168,031
Financial income		290	1,727	44,924	53,466
Financial expenses		(64,189)	(62,024)	(1,223,923)	(1,257,584)
Derivative financial instruments, net		151,573	(81,039)	189,943	(274,972)
Foreign currency exchange, net		(41,469)	22,606	(868,754)	574,418
Financial result	35	46,205	(118,730)	(1,857,810)	(904,672)
Loss before IR and CSLL		(1,057,075)	(736,641)	(1,057,075)	(736,641)
Deferred income tax and social contribution	13	6,780	-	6,780	-
Net loss for the period		(1,050,295)	(736,641)	(1,050,295)	(736,641)
Basic loss per common share – R\$	31	(0.04)	(0.03)	(0.04)	(0.03)
Diluted loss per common share – R\$	31	(0.04)	(0.03)	(0.04)	(0.03)
Basic loss per preferred share – R\$	31	(3.02)	(2.12)	(3.02)	(2.12)
Diluted loss per preferred share – R\$	31	(3.02)	(2.12)	(3.02)	(2.12)

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





AZUL S.A.

Statement of comprehensive (loss) income

Three months ended March 31, 2024 and 2023

(In thousands of Brazilian reais – R\$)

	Parent company and Three months ended	
	March 31, 2024	March 31, 2023
Net loss for the period	(1,050,295)	(736,641)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:	-	-
Total comprehensive (loss) income	<u>(1,050,295)</u>	<u>(736,641)</u>

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





AZUL S.A.

Statement of changes in equity

Three months ended March 31, 2024 and 2023

(In thousands of Brazilian reais – R\$)

Description	Note	Issued capital	Advance for future capital increase ^(a)	Treasury shares	Capital reserve	Other comprehensive income	Accumulated losses	Total
At December 31, 2023		2,314,821	789	(9,041)	2,029,610	3,106	(25,667,133)	(21,327,848)
Net loss for the period		-	-	-	-	-	(1,050,295)	(1,050,295)
Total comprehensive income		-	-	-	-	-	(1,050,295)	(1,050,295)
Buyback and sale of shares	30	-	-	(2,527)	(17)	-	-	(2,544)
Share-based payment ^(b)	32	789	(771)	-	12,241	-	-	12,259
At March 31, 2024		2,315,610	18	(11,568)	2,041,834	3,106	(26,717,428)	(22,368,428)

Description	Note	Issued capital	Advance for future capital increase ^(a)	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		-	-	-	-	-	(736,641)	(736,641)
Total comprehensive income		-	-	-	-	-	(736,641)	(736,641)
Share buyback	30	-	-	(2,881)	-	-	-	(2,881)
Share-based payment ^(b)	32	61	(61)	-	20,270	-	-	20,270
At March 31, 2023		2,314,002	-	(13,085)	1,990,368	5,281	(24,023,318)	(19,726,752)

(a) Advance for future capital increase

(b) Refers to the receipt of the exercise of share options and the vesting of share-based compensation plans.

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



AZUL S.A.

Statement of cash flows

Three months ended March 31, 2024 and 2023

(In thousands of Brazilian reais – R\$)

	Parent company		Consolidated	
	Three months ended			
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Cash flows from operating activities				
Net loss for the period	(1.050.295)	(736.641)	(1.050.295)	(736.641)
Result reconciliation items				
Depreciation and amortization	-	-	614.497	567.653
Gain (loss) from impairment of assets	-	-	(7.296)	-
Derivative financial results, net	(151.573)	81.039	(189.943)	274.972
Share-based payment	-	-	11.454	20.593
Foreign currency exchange, net	41.472	(22.603)	844.559	(583.315)
Financial income and expenses, net	65.838	61.922	1.164.397	975.872
Provisions	(5)	-	68.870	97.669
Recovery of expenses and write-offs of other assets	-	-	(205.185)	169.999
Result from modification of lease and provision	-	-	(27.716)	(22.412)
Result in the write-off of fixed assets, right of use, intangible assets and inventories	-	-	15.895	24.107
Deferred income tax and social contribution	(6.780)	-	(6.780)	-
Sale and leaseback	-	-	(27.441)	-
Others	-	-	(4.520)	-
Equity	1.084.891	604.295	-	-
Reconciled net profit (loss)	(16.452)	(11.988)	1.200.496	788.497
Changes in operating assets and liabilities				
Accounts receivable	-	-	(206.541)	439.324
Aircraft sublease	-	-	-	11.234
Inventories	-	-	(81.566)	1.559
Deposits	70	-	(57.642)	9.429
Taxes recoverable	1.680	1.325	14.083	575
Derivative financial results, net	-	-	(14.670)	(47.822)
Advances to suppliers	-	(22)	(523.463)	(496.171)
Other assets	1.836	2.089	(42.513)	(48.613)
Accounts payable	(4.632)	1.234	352.064	328.923
Airport taxes and fees	-	-	(53.990)	203.851
Air traffic liability and loyalty program	-	-	(89.458)	(88.107)
Salaries and benefits	6.936	3.492	16.349	53.829
Taxes payable	2.476	1.143	(21.346)	16.925
Provisions	-	-	(61.876)	(49.918)
Other liabilities	-	-	(4.987)	40.569
Total changes in operating assets and liabilities	8.366	9.261	(775.556)	375.587
Interest paid	-	-	(488.129)	(120.931)
Net cash provided (used) by operating activities	(8.086)	(2.727)	(63.189)	1.043.153
Cash flows from investing activities				
Cash received in the sale and leaseback operation	-	-	10.322	-
Acquisition of intangible assets	-	-	(28.841)	(40.183)
Acquisition of property and equipment	-	-	(245.887)	(11.228)
Acquisition of capitalized maintenance	-	-	(171.483)	(30.368)
Net cash used by investing activities	-	-	(435.889)	(81.779)
Cash flows from financing activities				
Loans and financing				
Proceeds	250.000	-	1.440.584	302.253
Repayment	-	-	(376.969)	(322.383)
Reverse factoring	-	-	(287.481)	(727.368)
Lease payment	-	-	(813.508)	(407.712)
Payment of costs with proceeds	(4.446)	-	(19.537)	(4.719)
Related parties	(225.763)	4.500	-	-
Advance for future capital increase	18	-	18	-
Treasury shares	(2.544)	(2.881)	(2.544)	(2.881)
Net cash provided (used) by financing activities	17.265	1.619	(59.437)	(1.162.810)
Exchange rate changes on cash and cash equivalents	26	(81)	(1.215)	(562)
Increase (decrease) in cash and cash equivalents	9.205	(1.189)	(559.730)	(201.998)
Cash and cash equivalents at the beginning of the period	2.809	8.117	1.897.336	668.348
Cash and cash equivalents at the end of the period	12.014	6.928	1.337.606	466.350

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 March 31, 2024 and 2023

(In thousands of Brazilian reais – R\$)

	Note	Parent company		Consolidated	
		Three months ended			
		March 31, 2024	March 31, 2023	March 31, 2023	March 31, 2023
Gross sales revenue					
Passenger revenue	33	-	-	4,357,646	4,176,747
Other revenues	33	-	-	355,979	347,930
Expected loss	7	-	-	(1,621)	(1,949)
		-	-	4,712,004	4,522,728
Inputs acquired from third parties					
Aircraft fuel		-	-	(1,353,278)	(1,673,402)
Materials, energy, third-party services and others		(2,663)	(4,467)	(1,195,208)	(1,512,028)
Insurances		(2,031)	-	(19,249)	(19,398)
	34	(4,694)	(4,467)	(2,567,735)	(3,204,828)
Gross value added					
		(4,694)	(4,467)	2,144,269	1,317,900
Retentions					
Depreciation and amortization	34	-	-	(614,497)	(567,653)
Impairment of assets		-	-	7,296	-
Net value added					
		(4,694)	(4,467)	1,537,068	750,247
Value added received in transfers					
Equity	14	(1,084,891)	(604,295)	-	-
Financial income	35	290	1,727	44,924	53,466
		(1,084,601)	(602,568)	44,924	53,466
Value added to be distributed					
		(1,089,295)	(607,035)	1,581,992	803,713
Distribution of value added:					
Personnel ^(a)					
Salaries and wages		12,051	7,481	434,916	374,237
Benefits		883	764	94,973	47,164
F.G.T.S.		154	150	38,741	33,778
	34	13,088	8,395	568,630	455,179
Taxes, fees and contributions					
Federal ^(b)		(6,173)	754	88,915	98,565
State		-	-	12,072	11,763
Municipal		-	-	4,464	1,497
		(6,173)	754	105,451	111,825
Third party capital					
Financial expenses	35	64,189	62,024	1,223,923	1,257,584
Derivative financial instruments, net	35	(151,573)	81,039	(189,943)	274,972
Foreign currency exchange, net	35	41,469	(22,606)	868,754	(574,418)
Rentals	34	-	-	55,472	15,212
		(45,915)	120,457	1,958,206	973,350
Own capital					
Net loss for the period		(1,050,295)	(736,641)	(1,050,295)	(736,641)

(a) Not including INSS in the amount of R\$605 in the parent company R\$106,041 in the consolidated, as it is in the federal tax line.

(b) Includes deferred income tax and social contribution accounted for in the parent company.

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

March 31, 2024

(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.

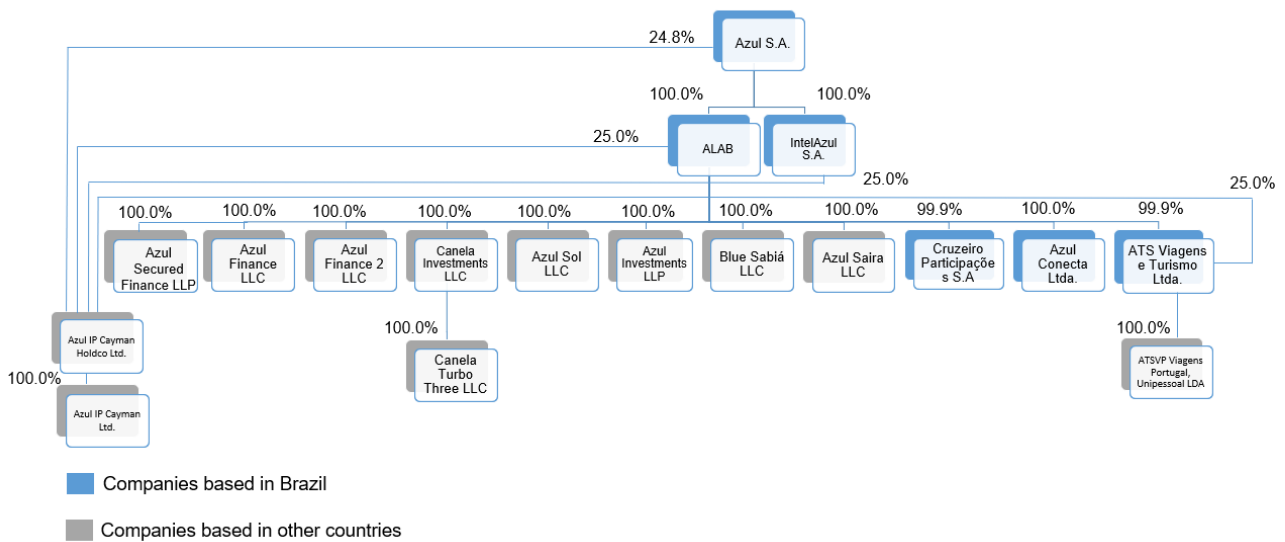
The Azul carries out its activities through its subsidiaries, mainly Azul Linhas Aéreas Brasileiras S.A. (“ALAB”) and Azul Conecta Ltda. (“Conecta”), which hold authorization from government authorities to operate as airlines and ATS Viagens e Turismo Ltda (“Azul Viagens”).

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, 8th floor, in the city of Barueri, state of São Paulo, Brazil.

1.1 Organizational structure

The Company organizational structure as of March 31, 2024 is as follows:





AZUL S.A.

Notes to the interim condensed individual and consolidated financial statements

March 31, 2024

(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	
					March 31, 2024	December 31, 2023
<i>Azul IP Cayman Holdco Ltd. (Azul Cayman Holdco)</i>	Direct	Holding of equity interests in other companies	George Town	Cayman Islands	24.8%	24.8%
<i>Azul IP Cayman Ltd. (Azul Cayman)</i>	Indirect	Intellectual property owner	George Town	Cayman Islands	100.0%	100.0%
<i>IntelAzul S.A. (IntelAzul)</i>	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%	25.0%
<i>Azul Linhas Aéreas Brasileiras S.A. (ALAB)</i>	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%	25.0%
<i>Azul Conecta Ltda. (Conecta)</i>	Indirect	Airline operations	São Paulo	Brazil	100.0%	100.0%
<i>ATS Viagens e Turismo Ltda. (Azul Viagens)</i>	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%	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%	25.0%
<i>Cruzeiro Participações S.A (Cruzeiro)</i>	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%	100.0%

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 periods of the fiscal year.

2. NET WORKING CAPITAL AND CAPITAL STRUCTURE

2.1 Contextualization

During the three months ended March 31, 2024, Azul's Management continued the process of restructuring its debts as presented in detail in this interim condensed individual and consolidated financial statements.

2.2 Net working capital and capital structure

As of March 31, 2024, the Company's working capital and liquid equity position are as shown below:

Description	March 31, 2024	December 31, 2023	Variation
Net working capital	(9,548,694)	(9,704,733)	156,039
Equity	(22,368,428)	(21,327,848)	(1,040,580)

The positive variation in the balance of net working capital, which represents a reduction in the deficit of approximately 1.6%, is a consequence of the company's restructuring actions.





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The negative variation of equity is mainly due to the Company's negative financial result, which exceeds by R\$1,057,075 the operating profit.

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

Based on this conclusion, this interim condensed individual and consolidated financial statements were prepared based on the going concern principle operational.

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

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

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, 2023, disclosed on April 12, 2024: (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 cargo.





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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.

As a consequence of the improvements made to the presentation of some items in the statements of cash flows and costs and expenses by nature of the current quarter, the following reclassifications were carried out to ensure comparability of balances from the previous period:

Statements of Cash Flow	Parent company		
	March, 31, 2023		
	As reported	Reclassifications	Reclassified
Cash flows from investing activities			
Prepaid expenses	2,089	(2,089)	-
Other assets	-	2,089	2,089
Total	2,089	-	2,089

Statements of Cash Flow	Consolidated		
	March 31, 2023		
	As reported	Reclassifications	Reclassified
Changes in operating assets and liabilities			
Prepaid expenses	(45,405)	45,405	-
Other assets	(3,208)	(45,405)	(48,613)
Insurance payable	(20,436)	20,436	-
Accounts payable	349,359	(20,436)	328,923
Cash flows from investing activities			
Acquisition of capitalized maintenance	(41,596)	30,368	(11,228)
Acquisition of property and equipment	-	(30,368)	(30,368)
Total	238,714	-	238,714

Costs and expenses by nature	Consolidated		
	March 31, 2023		
	As reported	Reclassifications	Reclassified
Cost of service			
Rental	-	(15,212)	(15,212)
Other	(523,635)	15,212	(508,423)
	(523,635)	-	(523,635)

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.

Other:

- Investments accounted for under the equity method.





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Notes to the interim condensed individual and consolidated financial statements

March 31, 2024

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

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 May, 10 2024.

4. MATERIAL ACCOUNTING POLICIES

The interim condensed individual and consolidated financial statements of the company was prepared based on the policies, practices and methods of calculating estimates adopted and presented in detail in the financial statements for the year ended December 31, 2023 and disclosed on April 12, 2024 and, therefore, must be read together.

4.1 New, changes and interpretations of relevant accounting standards and pronouncements

The following accounting standards came into effect on January 1, 2024 and did not significantly impact the Company's balance sheet or income statement.

Norm	Change
CPC 26 (R1) - equivalent to IAS 1	Classification of liabilities as current and non-current
CPC 06 (R2) - equivalent to IFRS 16	Lease liabilities in a sale and leaseback transaction
CPC 03 (R2) - equivalent to IAS 7 e CPC 40 - equivalent to IFRS 7	Reverse factoring

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 determined based on the exchange rate in effect on the balance sheet date, and any difference resulting from currency conversion is recorded under the heading "Foreign currency exchange, net" in the statements of operation.

The exchange rates to Brazilian reais are as follows:

Description	Exchange rate					
	Final rate			Average rate		
	March 31, 2024	December 31, 2023	Variation %	March 31, 2024	December 31, 2023	Variation %
U.S. dollar	4.9962	4.8413	3.2%	4.9515	5.1963	-4.7%
Euro	5.3979	5.3516	0.9%	5.3768	5.5764	-3.6%





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5. CASH AND CASH EQUIVALENTS

Description	Weighted average rate p.a.	Parent company		Consolidated	
		March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Cash and bank deposits	-	10,937	1,709	248,495	271,857
Cash equivalents:					
Bank Deposit Certificate - CDB	100.7% do CDI	-	-	624,722	1,354,020
Repurchase agreements	94.0% do CDI	1,077	1,100	49,149	268,432
Time Deposit ^(a)	3.4%	-	-	3,106	2,985
Others	12.3%	-	-	412,134	42
		12,014	2,809	1,337,606	1,897,336

(a) Investment in U.S. dollar.

6. LONG-TERM INVESTMENTS

Description	Weighted average rate p.a.	Maturity	Consolidated	
			March 31, 2024	December 31, 2023
TAP Bond	7.5%	Mar-26	791,545	780,312
			791,545	780,312

7. ACCOUNTS RECEIVABLE

Description	Consolidated	
	March 31, 2024	December 31, 2023
Local currency		
Credit card companies	642,978	498,609
Cargo and travel agencies	312,552	282,654
Travel package financing entities	8,397	29,203
Loyalty program partners	153,773	114,932
Others	32,831	40,121
Total local currency	1,150,531	965,519
Foreign currency		
Credit card companies	28,315	18,556
Reimbursement receivable for maintenance reserves	36,070	57,528
Airline partner companies	6,941	8,612
Clearinghouse - agencies and cargo	21,266	30,533
Others	146,942	55,894
Total foreign currency	239,534	171,123
Total	1,390,065	1,136,642
Allowance for expected credit losses	(28,855)	(27,234)
Total net	1,361,210	1,109,408





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

During the three months ended March 31, 2024, the Company anticipated the receipt of R\$2,610,173 in accounts receivable from credit card administrators, without right of return, with an average cost of 0.9% on the anticipated amount. On the same date, the balance of accounts receivable is net of R\$1,854,310 due to such advances (R\$3,349,391 on December 31, 2023).

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

Description	Consolidated	
	March 31, 2024	December 31, 2023
Not past due	1,238,491	970,145
Over 1 to 90 days	101,649	122,040
Over 90 days	21,070	17,223
Total	1,361,210	1,109,408

Until May 3, 2024, of the total amount due within, R\$41,423 was received.

The movement of expected losses is presented below:

Description	Consolidated	
	March 31, 2024	March,31 2023
Balances at the beginning the period	(27,234)	(24,084)
Additions	(9,594)	(1,955)
Reversal	7,973	-
Write-off of uncollectible amounts	-	6
Balances at the end of the period	(28,855)	(26,033)

8. AIRCRAFT SUBLEASE

Description	Consolidated	
	March 31, 2024	December 31, 2023
2024	11,909	15,386
2025	15,878	15,386
2026	4,129	4,001
Gross sublease	31,916	34,773
Accrued interest	(3,262)	(3,971)
Net sublease	28,654	30,802
Current	15,057	14,592
Non-current	13,597	16,210





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

9. INVENTORIES

Description	Consolidated	
	March 31, 2024	December 31, 2023
Maintenance materials and parts	975,426	825,499
Flight attendance, uniforms and others	22,881	21,367
Provision for losses	(54,970)	(47,658)
Total net	943,337	799,208

10. DEPOSITS

Description	Parent company		Consolidated	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Security deposits	8,052	7,872	449,786	418,537
Maintenance reserves	-	-	2,308,394	2,153,310
Total	8,052	7,872	2,758,180	2,571,847
Provision for loss	-	-	(288,184)	(278,352)
Total net	8,052	7,872	2,469,996	2,293,495
Current	8,052	7,802	503,156	515,692
Non-current	-	70	1,966,840	1,777,803

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, 2023	7,872	418,537	1,874,958	2,293,495
Additions	-	45,074	133,740	178,814
Transfers	(70)	(23,990)	(44,504)	(68,494)
Provision inclusions and (reversals), net	-	-	(906)	(906)
Use by the lessor	-	-	(1,653)	(1,653)
Foreign currency exchange	250	10,165	58,575	68,740
At March 31, 2024	8,052	449,786	2,020,210	2,469,996
At March 31, 2024				
Current	8,052	47,998	455,158	503,156
Non-current	-	401,788	1,565,052	1,966,840
At December 31, 2023				
Current	7,802	64,788	450,904	515,692
Non-current	70	353,749	1,424,054	1,777,803





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

Description	Consolidated	
	March 31, 2024	March 31, 2023
Balances at the beginning of the period	(278,352)	(446,342)
Inclusions	(12,578)	(18,888)
Reversals	10,139	2,337
Use by the lessor	1,533	13,906
Foreign currency exchange	(8,926)	11,991
Balances at the end of the period	(288,184)	(436,996)

11. TAXES RECOVERABLE

Description	Parent company		Consolidated	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
PIS and COFINS	-	-	65,263	73,029
Taxes withheld	74	67	122,756	121,216
IRPJ and CSLL	3,230	4,917	3,290	8,315
ICMS	-	-	17,478	19,940
Provision for losses	-	-	(4,293)	(3,875)
Others	-	-	826	808
	3,304	4,984	205,320	219,433

12. ADVANCE TO SUPPLIERS

Description	Consolidated	
	March 31, 2024	December 31, 2023
Local currency	93,323	118,442
Foreign currency	110,140	102,609
	203,463	221,051

These amounts are presented net of provisions for losses in the amount of R\$32,440 (R\$28,676 as of December 31, 2023).





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13. INCOME TAX AND CONTRIBUTION

13.1 Reconciliation of the effective income tax rate

Description	Parent company		Consolidated	
	Three months ended			
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Loss before income tax and social contribution	(1,057,075)	(736,641)	(1,057,075)	(736,641)
Combined nominal tax rate	34%	34%	34%	34%
Taxes calculated at nominal rates	359,406	250,458	359,406	250,458
Adjustments to determine the effective rate				
Result from investments not taxed abroad	-	-	108,499	53,386
Equity	(368,863)	(205,460)	-	-
Unrecorded benefit on tax losses and temporary differences	(39,250)	(5,586)	(540,612)	(303,134)
Mark to market of convertible instruments	51,535	-	51,535	-
Permanent differences	(9,608)	(39,412)	(9,919)	(10,390)
Rate differential	-	-	25,259	10,889
Others	-	-	(948)	(1,209)
	(6,780)	-	(6,780)	-
Deferred income tax and social contribution	6,780	-	6,780	-
	-	-	-	-
Effective rate	0.6%	0%	0.6%	0%

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

Description	Parent company		Consolidated	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Tax losses and negative bases	980,039	924,637	19,259,371	18,325,916
Tax loss (25%)	245,010	231,159	4,814,843	4,581,479
Negative social contribution base (9%)	88,204	83,217	1,733,343	1,649,332





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13.2 Breakdown of deferred taxes

Description	Parent company			Consolidated		
	December 31, 2023	Profit or loss	March 31, 2024	December 31, 2023	Profit or loss	March 31, 2024
Deffered liabilities						
Breakage	-	-	-	(195,923)	(17,781)	(213,704)
Foreign currency exchange	(191,219)	(51,356)	(242,575)	(191,219)	(51,356)	(242,575)
Leases	-	-	-	(4,199,370)	93,363	(4,106,007)
Others	-	-	-	(1,057)	-	(1,057)
	(191,219)	(51,356)	(242,575)	(4,587,569)	24,226	(4,563,343)
Deffered assets	151,693	58,136	209,829	4,548,043	(17,446)	4,530,597
Total income tax and deferred social contribution	(39,526)	6,780	(32,746)	(39,526)	6,780	(32,746)
Provision for deferred taxes	(39,526)	6,780	(32,746)	(39,526)	6,780	(32,746)

14. INVESTMENTS

14.1 Direct investments

Description	Company equity interest		
	Paid-up capital	Voting capital	Equity
December 31, 2023			
ALAB	100.0%	100.0%	(20,130,955)
IntelAzul	100.0%	100.0%	(20,209)
Goodwill – IntelAzul	100.0%	100.0%	780,991
Azul Cayman Holdco ^(a)	24.8%	24.8%	-
Total			(19,370,173)
March 31, 2024			
ALAB	100.0%	100.0%	(21,202,862)
IntelAzul	100.0%	100.0%	(20,951)
Goodwill – IntelAzul	100.0%	100.0%	780,991
Azul Cayman Holdco ^(a)	24.8%	24.8%	-
Total			(20,442,822)

(a) Considering indirect investments, the Company's share totals 99.8%.





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14.2 Movement of the investments

Description	ALAB	IntelAzul	Total
December 31, 2023	(20,130,955)	760,782	(19,370,173)
Equity	(1,084,149)	(742)	(1,084,891)
Share-based payment	12,241	-	12,241
March 31, 2024	(21,202,863)	760,040	(20,442,823)
Investments			760,040
Provision for loss on investment			(21,202,863)

15. PROPERTY AND EQUIPMENT

Description	Weighted average rate (p.a.)	Consolidated				March 31, 2024
		December 31, 2023	Acquisitions	Write-offs	Transfers	
Cost						
Aircraft ^(a)		2,674,113	172,183	(95,807)	-	2,750,489
Improvements		555,412	2,650	(945)	17	557,134
Equipment and facilities		195,810	7,920	(34)	-	203,696
Others		29,231	662	(3)	-	29,890
Construction in progress		96,095	62,380	(62,480)	(17)	95,978
Advance payments for acquisition of aircraft		298,040	198,420	-	-	496,460
		3,848,701	444,215	(159,269)	-	4,133,647
Depreciation						
Aircraft ^(a)	9%	(1,075,924)	(57,104)	15,673	-	(1,117,355)
Improvements	8%	(188,987)	(10,560)	313	-	(199,234)
Equipment and facilities	13%	(120,860)	(6,529)	32	-	(127,357)
Others	8%	(23,289)	(600)	-	-	(23,889)
		(1,409,060)	(74,793)	16,018	-	(1,467,835)
Property and equipment		2,439,641	369,422	(143,251)	-	2,665,812
Impairment		(143,790)	-	7,296	-	(136,494)
Total property and equipment, net		2,295,851	369,422	(135,955)	-	2,529,318

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

During the three months ended March 31, 2024, the Company carried out “sale and leaseback” transactions for an engine, where the revenue, net of sales costs, corresponds to a gain of R\$27,441 (R\$0 on March 31 2023) and is recognized under the heading “Other costs of services provided”





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16. RIGHT-OF-USE ASSETS

Description	Consolidated					March 31, 2024
	Weighted average rate (p.a.)	December 31, 2023	Acquisitions	Write-offs	Modifications	
Cost						
Aircraft ^(a)		14,279,939	50,784	(270,427)	130,948	14,191,244
Maintenance of aircraft and engines		1,552,036	150,967	(7,590)	(6,926)	1,688,487
Restoration of aircraft and engines		1,699,610	66,073	(58,705)	(43,292)	1,663,686
Others		324,650	8,457	-	643	333,750
		17,856,235	276,281	(336,722)	81,373	17,877,167
Depreciation						
Aircraft ^(a)	8%	(7,417,554)	(292,834)	270,427	-	(7,439,961)
Maintenance of aircraft and engines	19%	(616,379)	(72,575)	7,590	-	(681,364)
Restoration of aircraft and engines	26%	(701,501)	(109,541)	44,866	74,906	(691,270)
Others	18%	(109,243)	(14,318)	-	-	(123,561)
		(8,844,677)	(489,268)	322,883	74,906	(8,936,156)
Right-of-use assets, net		9,011,558	(212,987)	(13,839)	156,279	8,941,011

(a) Includes aircraft, engines and simulators.

17. INTANGIBLE ASSETS

Description	Consolidated				March 31, 2024
	Weighted average rate (p.a.)	December 31, 2023	Acquisitions	Write-offs	
Cost					
Goodwill ^(a)		901,417	-	-	901,417
Slots ^(b)		126,547	-	-	126,547
Software		776,311	66,786	(26,185)	816,912
		1,804,275	66,786	(26,185)	1,844,876
Amortization					
Software	26%	(341,028)	(50,827)	26,092	(365,763)
		(341,028)	(50,827)	26,092	(365,763)
Total intangible assets, net		1,463,247	15,959	(93)	1,479,113

18. LOANS AND FINANCING

Description	Parent company					March 31, 2024
	Average nominal rate p.a.	Effective rate	Maturity	December 31, 2023	Funding (-) costs	
In local currency - R\$						
Debentures	CDI + 6,0%	19.3%	Mar-27	-	245,554	245,554
Total in R\$				-	245,554	245,554
Current				-	-	-
Non-current				-	-	245,554





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Consolidated											
Description	Average nominal rate p.a.	Effective rate	Maturity	December 31, 2023	Funding (-) costs	Payment of principal	Payment of interest	Interest incurred	Foreign currency exchange	Amortized cost	March 31, 2024
In foreign currency – US\$											
Senior notes – 2024	5.9%	6.3%	Oct-24	332,099	-	-	-	4,560	11,086	248	347,993
Senior notes – 2026	7.3%	7.8%	Jun-26	152,572	-	-	-	3,280	4,528	162	160,542
Senior notes – 2028	11.9%	13.5%	Aug-28	3,922,731	727,296	-	(128,531)	136,772	132,978	7,002	4,798,248
Senior notes – 2029	11.5%	11.5%	May-29	1,165,545	-	-	(33,966)	34,047	37,212	-	1,202,838
Senior notes – 2030	10.9%	10.9%	May-30	2,777,513	-	-	(76,586)	76,767	88,687	-	2,866,381
Aircraft, engines and others	4.9%	5.8%	Mar-29	284,279	-	(136,278)	(4,998)	3,649	10,581	639	157,872
	Sofr 1M +4.6%	10.0%	May-26	79,086	77,175	-	(2,838)	4,009	3,025	-	160,457
				<u>8,713,825</u>	<u>804,471</u>	<u>(136,278)</u>	<u>(246,919)</u>	<u>263,084</u>	<u>288,097</u>	<u>8,051</u>	<u>9,694,331</u>
In local currency - R\$											
Working capital	CDI +1.5%	16.1%	Apr-24	27,491	448,198	(27,191)	(631)	386	-	-	448,253
			Sep-25	2,157	-	-	-	-	-	-	2,157
Debentures	CDI +5.5%	17.1%	Dec-28	919,072	245,554	(207,676)	(33,702)	28,129	-	3,953	955,330
Aircraft and engines and others	Selic + 5.5%	17.4%	May-25	12,771	-	(1,174)	(1,276)	461	-	8	10,790
	6.3%	6.3%	Mar-27	23,596	-	(4,650)	(354)	356	-	-	18,948
				<u>985,087</u>	<u>693,752</u>	<u>(240,691)</u>	<u>(35,963)</u>	<u>29,332</u>	<u>-</u>	<u>3,961</u>	<u>1,435,478</u>
Total in R\$				<u>9,698,912</u>	<u>1,498,223</u>	<u>(376,969)</u>	<u>(282,882)</u>	<u>292,416</u>	<u>288,097</u>	<u>12,012</u>	<u>11,129,809</u>
Current				1,100,051							1,245,705
Non-current				8,598,861							9,884,104





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18.1 Schedule of amortization of debt

Description	Parent company
	March 31, 2024
2027	245,554
	<u>245,554</u>
Current	-
Non-current	245,554

There was no comparative balance as of December 31, 2023.

Description	Consolidated	
	March 31, 2024	December 31, 2023
2024	1,204,968	1,100,051
2025	225,241	222,201
2026	441,607	355,930
2027	361,928	116,146
2028	4,864,633	3,998,142
After 2028	4,031,432	3,906,442
	<u>11,129,809</u>	<u>9,698,912</u>
Current	1,245,705	1,100,051
Non-current	9,884,104	8,598,861

18.2 New captures

18.2.1 Senior notes 2028

In February 2024, the subsidiary Azul Secured issued additional notes in the principal amount of R\$740,585 (equivalent to US\$148,700), with funding costs of R\$13,289. These notes were issued to qualified institutional investors and there was no change in payment and interest conditions.

18.2.2 Aircraft and engines

In January 2024, the subsidiary Azul Finance financed R\$77,175, with interest of 4.6% p.a. plus the variation in the Secured Overnight Financing Rate (“SOFR”) and maturity in May 2026.

18.2.3 Working capital

In March 2024, the subsidiary ALAB raised R\$450,000, with funding costs of R\$1,802, with interest equivalent to CDI+1.5% p.a. and single payment of interest and principal in the second quarter of 2024.





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18.2.4 Debentures

In March 2024, the Board of Directors approved the issuance of simple debentures not convertible into shares, of the type with real guarantee, with additional personal guarantee, in a single series, in the total amount of R\$250,000, with fundraising costs of R\$4,446, with a nominal unit value of R\$1, rate equivalent to CDI+6.0% p.a., payment of quarterly interest from June 2024 and maturity in March 2027.

18.3 Covenants

In the three months ended , the Company had restrictive has measurement clauses (“covenants”) in one of its loan and financing contracts, as shown below.

Covenant related to:	Restrictive clause relating to:	Frequency of measurement
Issue of debentures	Quarterly/Annual	(i) index obtained by adjusted net debt/adjusted EBITDA; e (ii) financial leverage less than or equal to 3.75x.

The Company complied covenants.

19. LEASES

In 2023, the Company defined the renegotiation conditions and began to sign definitive agreements with the lessors, who agreed to receive negotiable debt securities maturing in 2030 (“Notes”) and debt with the possibility of settlement in Azul preferred shares or cash, at the discretion of the Company (“Convertible to equity”) in order to reflect the Company's new cash generation, its better capital structure and the reduction in its credit risk.

During the three months ended March 31, 2024, the Company renegotiated 17 lease contracts under these conditions. In general, the conditions agreed between the Company and lessors are as follows:

- Convertible to equity: R\$372,635 (equivalent to US\$74,777) with consecutive quarterly payments, starting in January 2025.

Description	Parent company		Consolidated	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Leases	-	-	12,181,682	12,455,827
Leases - Notes	-	-	1,072,622	1,030,845
Leases - Equity	2,062,779	1,659,739	2,062,779	1,659,739
	<u>2,062,779</u>	<u>1,659,739</u>	<u>15,317,083</u>	<u>15,146,411</u>
Current liabilities	428,538	216,388	3,662,173	3,687,392
Non-current assets	1,634,241	1,443,351	11,654,910	11,459,019





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19.1 Leases

Consolidated											
Description	Average remaining term	Weighted average rate	December 31, 2023	Additions	Modifications	Payments	Interest incurred	Transfers	Write-offs	Foreign currency exchange	March 31, 2024
Lease without purchase option:											
Aircraft ^(a)	8.0	16.0%	11,567,882	39,666	107,347	(886,061)	415,824	(287,035)	(17,942)	360,271	11,299,952
Others	4.3	10.4%	237,254	8,457	643	(19,766)	5,648	-	-	4,825	237,061
Lease with purchase option:											
Aircraft ^(a)	4.7	13.0%	650,691	-	11,539	(59,457)	20,785	-	-	21,111	644,669
			<u>12,455,827</u>	<u>48,123</u>	<u>119,529</u>	<u>(965,284)</u>	<u>442,257</u>	<u>(287,035)</u>	<u>(17,942)</u>	<u>386,207</u>	<u>12,181,682</u>
Current			3,349,056								3,108,391
Non-current			9,106,771								9,073,291

(a) Includes aircraft, engines and simulators.

19.2 Leases – Notes

Consolidated							
Description	Average remaining term	Weighted average rate	December 31, 2023	Payments	Interest incurred	Foreign currency exchange	March 31, 2024
Financing with lessors - Notes	6.3	14.8%	1,030,845	(26,824)	36,057	32,544	1,072,622
Total			<u>1,030,845</u>	<u>(26,824)</u>	<u>36,057</u>	<u>32,544</u>	<u>1,072,622</u>
Current			121,948				125,244
Non-current			908,897				947,378



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19.3 Leases – Equity

Parent Company and Consolidated							
Description	Average remaining term	Weighted average rate	December 31, 2023	Interest incurred	Transfers ^(a)	Foreign currency exchange	March 31, 2024
Financing with lessors - Equity	3.3	16.7%	1,659,739	61,938	287,035	54,067	2,062,779
Total			1,659,739	61,938	287,035	54,067	2,062,779
Current			216,388				428,538
Non-current			1,443,351				1,634,241

(a) Transfer balances are classified as "Leases".



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19.4 Schedule of amortization of leases

Description	Consolidated	
	March 31, 2024	December 31, 2023
2024	2,579,085	3,570,147
2025	2,904,573	2,851,258
2026	2,659,997	2,615,718
2027	2,286,275	2,226,313
2028	2,047,927	1,987,968
After 2028	7,879,277	7,606,103
Minimum lease payments	20,357,134	20,857,507
Financial charges	(8,175,452)	(8,401,680)
Present value of minimum lease payments	12,181,682	12,455,827
Current	3,108,391	3,349,056
Non-current	9,073,291	9,106,771

19.5 Schedule of amortization of leases – Notes

Description	Consolidated	
	March 31, 2024	December 31, 2023
2024	107,207	130,432
2025	107,207	103,883
2026	107,207	103,883
2027	107,207	103,883
2028	107,207	103,883
Após 2028	1,590,244	1,540,940
Minimum lease payments	2,126,279	2,086,904
Financial charges	(1,053,657)	(1,056,059)
Present value of minimum lease payments	1,072,622	1,030,845
Current	125,244	121,948
Non-current	947,378	908,897

19.6 Schedule of amortization of leases – Equity

Description	Parent company	
	March 31, 2024	December 31, 2023
2024	243,445	235,897
2025	874,016	726,247
2026	874,016	726,247
2027	630,572	490,348
Minimum lease payments	2,622,049	2,178,739
Financial charges	(559,270)	(519,000)
Present value of minimum lease payments	2,062,779	1,659,739
Current	428,538	216,388
Non-current	1,634,241	1,443,351





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19.7 Covenants

The Company has restrictive clauses (“covenants”) in some of its lease contracts, as disclosed in the financial statements for the year ended December 31, 2023.

These conditions will only be verified on December 31, 2024, therefore, the related debt remains classified in this interim condensed individual and consolidated financial statements in accordance with the contractual flow originally established.

20. CONVERTIBLE DEBT INSTRUMENTS

Parent Company and Consolidated								
Description	Average nominal rate p.a.	Effective rate ^(a)	Maturity	December 31, 2023	Variation of conversion right	Interest incurred	Foreign currency exchange	March 31, 2024
In foreign currency – US\$								
Debentures	12.3%	12.3%	Oct-28	1,201,610	(151,573)	61,995	21,458	1,133,490
Total in R\$				1,201,610	(151,573)	61,995	21,458	1,133,490
Current				25,807				63,218
Non-current				1,175,803				1,070,272

(a) Does not consider the conversion right.

The balance includes the right to convert the debt into Company shares in the amount of R\$337,202 (R\$488,775 as of December 31, 2023).

20.1 Schedule of amortization

Description	Parent Company and Consolidated	
	March 31, 2024	December 31, 2023
2024	63,218	25,807
2028	1,070,272	1,175,803
	1,133,490	1,201,610
Current	63,218	25,807
Non-current	1,070,272	1,175,803





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21. ACCOUNTS PAYABLE

Description	Parent company		Consolidated	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Accounts payable	6,021	10,651	3,093,844	3,077,225
Accounts payable - Notes	-	-	414,744	401,702
Accounts payable - Convertible to equity	127,533	119,841	127,533	119,841
	<u>133,554</u>	<u>130,492</u>	<u>3,636,121</u>	<u>3,598,768</u>
Current	22,865	10,651	2,339,692	2,277,841
Non-current	110,689	119,841	1,296,429	1,320,927

22. REVERSE FACTORING

Description	Consolidated					March 31, 2024
	December 31, 2023	Addition	Payment	Interest paid	Interest incurred	
Reverse factoring	290,847	115,332	(287,481)	(6,683)	5,261	117,276
	<u>290,847</u>	<u>115,332</u>	<u>(287,481)</u>	<u>(6,683)</u>	<u>5,261</u>	<u>117,276</u>

23. DERIVATIVE FINANCIAL INSTRUMENTS

Changes in fair value	Consolidated			
	Forward - fuel	Option fuel	Conversion right debentures ^(a)	Total
At December 31, 2023	(60,102)	12,266	(488,775)	(536,611)
Gains (losses) recognized in result	42,818	(4,448)	151,573	189,943
Payments (receipts)	16,064	(1,394)	-	14,670
At March 31, 2024	<u>(1,220)</u>	<u>6,424</u>	<u>(337,202)</u>	<u>(331,998)</u>
Rights with current derivative financial instruments	14,425	6,424	-	20,849
Rights with non-current derivative financial instruments	56	-	-	56
Obligations with current derivative financial instruments	(15,625)	-	-	(15,625)
Obligations with non-current derivative financial instruments	(76)	-	-	(76)
Non-current convertible instruments	-	-	(337,202)	(337,202)
	<u>(1,220)</u>	<u>6,424</u>	<u>(337,202)</u>	<u>(331,998)</u>

(a) Balance recorded in the parent company.





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24. AIRPORT TAXES AND FEES

Description	Consolidated	
	March 31, 2024	December 31, 2023
Airport fees	1,500,268	1,490,514
Boarding tax	240,537	248,689
Others	28,041	20,880
	<u>1,768,846</u>	<u>1,760,083</u>
Current	628,498	588,404
Non-current	1,140,348	1,171,679

25. AIR TRAFFIC LIABILITY AND LOYALTY PROGRAM

Description	Consolidated	
	March 31, 2024	December 31, 2023
Air traffic liability and loyalty program	5,797,261	5,782,121
<i>Breakage</i>	(628,544)	(576,245)
	<u>5,168,717</u>	<u>5,205,876</u>
Average use term ^(a)	69 days	56 days

(a) Does not consider the loyalty program.

26. SALARIES AND BENEFITS

Description	Parent company		Consolidated	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Short-term benefits	9,280	2,344	489,370	473,060
Share-based payment	-	-	950	1,737
	<u>9,280</u>	<u>2,344</u>	<u>490,320</u>	<u>474,797</u>





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27. TAXES PAYABLE

Description	Parent company		Consolidated	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Government installment payment program federal	-	-	146,550	157,970
PIS and COFINS	13	2	1,633	4,231
Taxes withheld	2,957	421	69,756	76,520
Import taxes	10	83	12,814	13,483
Others	-	-	2,838	2,251
	2,980	506	233,591	254,455
Current	2,980	506	132,724	142,168
Non-current	-	-	100,867	112,287

28. PROVISIONS

28.1 Composition of provisions

Description	Consolidated			
	Return of aircrafts and engines ^(a)	Tax, civil, labor and other risks ^(b)	Post-employment benefit	Total
At December 31, 2023	2,573,170	557,773	9,910	3,140,853
Additions	66,073	68,153	39	134,265
Modifications	9,041	-	-	9,041
Write-offs	(96,852)	(61,876)	-	(158,728)
Interest incurred	31,508	4,458	243	36,209
Foreign currency exchange	84,257	-	-	84,257
At March 31, 2024	2,667,197	568,508	10,192	3,245,897
At March 31, 2024				
Current	145,643	253,504	-	399,147
Non-current	2,521,554	315,004	10,192	2,846,750
At December 31, 2023				
Current	497,525	238,905	-	736,430
Non-current	2,075,645	318,868	9,910	2,404,423

(a) Nominal discount rate 10.7% p.a. (10.7% p.a. as of December 31, 2023).

(b) Considers provision for civil risks in the amount of R\$25 in the parent company.





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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	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Tax	291,571	284,638	458,062	432,109
Civil	133,421	131,464	55,484	49,930
Labor	143,516	141,671	70,028	68,789
	568,508	557,773	583,574	550,828

29. RELATED-PARTY TRANSACTIONS

29.1 Transactions between companies

Observing accounting standards, such transactions were duly eliminated for consolidation purposes:

Parent company			March 31, 2024	December 31, 2023
Creditor	Debtor	Type of operation		
Azul	Investment	Debt securities exchange offers - costs	8,734	8,464
Azul	Secured	Issuance of debt securities 2028 - costs	8,326	6,676
Azul	ALAB	Renegotiation of obligations with suppliers - Convertible to equity	127,533	119,841
Azul	ALAB	Renegotiation of lease obligations - Convertible to equity	2,062,779	1,659,739
Azul	ALAB	Loan	133,314	(86,659)
ALAB	Azul	Renegotiation of convertible debentures - costs	-	(496)
Secured	Azul	Renegotiation of convertible debentures - costs	(9,994)	(9,685)
Secured	Azul	Loan	(659,497)	(639,052)
			1,671,195	1,058,828
Rights with related parties current			518,379	216,388
Rights with related parties non-current			1,822,308	1,578,332
Obligations with current related parties			-	(52,129)
Obligations with related parties non-current			(669,492)	(683,763)

Parent company			March 31, 2024	March 31, 2023
Revenue	Expense	Type of operation		
ALAB	Azul	Loan	(2,026)	-
			(2,026)	-

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

Description	Consolidated	
	Three months ended	
	March 31, 2024	March 31, 2023
Short-term benefits	11,440	7,760
Post-employment benefit	228	-
Share-based payment	10,922	18,987
	<u>22,590</u>	<u>26,747</u>

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

29.3 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.

29.4 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 Breeze

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

As of March 31, 2024, the operations with Breeze as recorded the following balances:

Consolidated				
Creditor	Debtor	Type of operation	March 31, 2024	December 31, 2023
ALAB	Breeze	Aircraft sublease	28,654	30,802
ALAB	Breeze	Maintenance reservation refund	4,262	3,901
Breeze	ALAB	Maintenance reservation refund	(20,488)	(19,559)

Consolidated		Consolidated		
Revenues	Expenses	Type of operation	March 31, 2024	March 31, 2023
ALAB	Breeze	Interest incurred	833	1,691





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29.6 Lilium

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

As of March 31, 2024, the Company has no outstanding balances with Lilium.

29.7 Azorra

In August 2022, the Company made agreements for purchase and sale of aircraft and engines with entities that are part of Azorra Aviation Holdings LLC. (“Azorra”), 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			March 31, 2024	December 31, 2023
Creditor	Debtor	Type of operation		
ALAB	Azorra	Security deposits	23,198	4,643
Azorra	ALAB	Leases	(310,156)	(302,947)
Azorra	Azul Investments	Leases - Notes	(77,573)	(74,572)
Azorra	Azul	Leases - Convertible to equity	(109,608)	(102,683)

Revenues	Expenses	Type of operation	March 31, 2024	March 31, 2023
Azorra	ALAB	Interest incurred	17,582	4,268

30. EQUITY

30.1 Issued capital

Description	Parent company and Consolidated			
	Value		Quantity	
	Company’s capital	AFAC ^(a)	Common shares	Preferred shares
At December 31, 2023	2,314,821	789	928,965,058	335,747,796
Capital payment	789	(789)	-	-
Share-based payment	-	18	-	3,000
At March 31, 2024	2,315,610	18	928,965,058	335,750,796

(a) Advance for future capital increase.

As established in the Company's bylaws, each common share entitles you to 1 (one) vote. Preferred shares of any class do not confer voting rights, however, they provide their holders with rights that were disclosed in detail in the financial statements for the year ended December 31, 2023.





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The Company's shareholding structure is presented below:

Shareholder	Parent company and Consolidated					
	March 31, 2024			December 31, 2023		
	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%	4.0%	5.0%
United Airlines Inc	-	5.5%	5.4%	-	8.0%	7.8%
Blackrock	-	5.0%	4.8%	-	5.0%	4.8%
Others	-	83.2%	80.1%	-	80.7%	77.8%
Treasury shares	-	0.2%	0.2%	-	0.1%	0.1%
Total	100.0%	100.1%	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, 2023	499,999	9,041	18.08
Repurchase	210,000	2,596	12.36
Alienation	(4,125)	(69)	-
At March 31, 2024	705,874	11,568	16.39

In November 2022, the buyback plan for 1,300,000 preferred shares was approved, maturing in 18 months, in order to keep them in treasury to later meet the obligations of the RSU plan. Until March 31, 2024, within said plan, the Company reacquired 1,061,868 shares.





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31. EARNINGS (LOSS) PER SHARE

Description	Parent company and Consolidated	
	Three months ended	
	March 31, 2024	March 31, 2023
Numerator		
Net loss for the period	(1,050,295)	(736,641)
Denominator		
Weighted average number of common shares	928,965,058	928,965,058
Weighted average number of preferred shares	335,062,078	335,623,408
Economic value of preferred shares	75	75
Weighted average number of equivalent preferred shares ^(a)	347,448,279	348,009,609
Weighted average number of equivalent common shares ^(b)	26,058,620,908	26,100,720,658
Weighted average number of presumed conversions	298,086,207	77,059,124
Weighted average number of preferred shares that would have been issued the average share price at the market price	2,823,980	162,625
Basic loss per common share – R\$	(0.04)	(0.03)
Diluted loss per common share – R\$	(0.04)	(0.03)
Basic loss per preferred share – R\$	(3.02)	(2.12)
Diluted loss per preferred share – R\$	(3.02)	(2.12)

(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.

The diluted result per share is calculated by adjusting the weighted average number of shares in circulation, except those in treasury, for instruments potentially convertible into shares. However, due to the losses recorded in the three months ended March 31, 2024 and 2023, these instruments issued by the Company have a non-dilutive effect and, therefore, were not considered in the total number of shares in circulation to determine the diluted loss per share.

32. SHARE-BASED PAYMENT

The conditions of the share-based grant plans were disclosed in detail in the financial statements for the year ended December 31, 2023 and were not modified during the three months ended March 31, 2024.

The movement of the plans is shown below:

Description	Parent company and Consolidated			
	Number of shares			
	Option plan	RSU	Phantom shares	Total
At December 31, 2023	20,521,684	1,544,065	246,930	22,312,679
Exercised	(3,000)	-	(18,177)	(21,177)
Canceled	(9,056)	(24,638)	-	(33,694)
At March 31, 2024	20,509,628	1,519,427	228,753	22,257,808





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Description	Parent Company and Consolidated	
	March 31, 2024	December 31, 2023
Share price (in reais)	13.04	16.01
Weighted average price of the stock option (in reais)	5.97	12.93
Weighted average price of the phantom shares (in reais)	10.35	10.35
Cash inflow stock option plan	18	1,608
Flat cash inflow of phantom shares	188	237
Total obligation related to the phantom shares plan	950	1,736
Income tax regarding RSU transfer	-	3,239

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

Description	Consolidated	
	March 31, 2024	March 31, 2023
Stock option	10,369	17,801
RSU	1,872	2,469
Phantom shares	(787)	323
	11,454	20,593

32.1 Assumptions

32.1.1 Stock option plan

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	180,870	180,870
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
August 8, 2022	11.07	8.10	70.0%	-	13.0%	25.0%	-	4.0	1,774,418	1,731,390	439,962
August 8, 2022	11.07	6.40	68.8%	-	13.2%	25.0%	2.3	4.0	1,514,999	1,398,249	668,500
August 19, 2022	11.07	7.39	67.2%	-	13.6%	100.0%	1.3	1.0	4,900,000	4,824,333	4,824,333
August 19, 2022	11.07	11.54	74.6%	-	12.7%	33.0%	-	5.0	8,900,000	8,900,000	-
July 7, 2023	15.60	10.80	75.4%	-	11.6%	25.0%	3.4	4.0	1,800,000	1,775,081	-
									30,447,866	20,509,628	7,813,370

32.1.2 Restricted stock option plan

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
June 19, 2020	25.0%	21.80	0.2	4.0	1,382,582	250,396
July 7, 2021	25.0%	42.67	1.2	4.0	300,000	116,903
July 7, 2022	25.0%	11.72	2.2	4.0	335,593	227,318
July 7, 2022	25.0%	11.72	2.2	4.0	671,186	435,162
July 7, 2023	25.0%	19.32	3.3	4.0	500,000	489,648
					3,189,361	1,519,427





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32.1.3 Phantom shares

Date of grant	Option exercise price (in reais)	Average fair value of option	Historical volatility	Expected dividend	Average risk-free rate of return	Exercise rate per tranche	Remaining term of the vesting period (in years)	Purchasing period up to (years)	Total options granted	Total outstanding	Total options available for exercise
August 7, 2018	20.43	1.50	58.5%	-	9.8%	25.0%	-	4.0	707,400	53,520	53,520
April 30, 2020	10.35	4.79	58.5%	-	9.8%	33.3%	-	3.0	3,250,000	134,983	134,983
April 30, 2020	10.35	5.75	64.2%	-	9.9%	25.0%	-	4.0	1,600,000	38,820	38,820
August 17, 2021	33.99	2.00	65.0%	-	10.0%	25.0%	1.3	4.0	580,000	1,430	1,430
									6,137,400	228,753	228,753

33. SALES REVENUE

Description	Consolidated	
	Three months ended	
	March 31, 2024	March 31, 2023
Passenger revenue	4,357,646	4,176,747
Other revenues	355,979	347,930
Total	4,713,625	4,524,677
Taxes levied		
Passenger revenue ^(a)	(606)	(6,876)
Other revenues	(34,607)	(39,473)
Total taxes	(35,213)	(46,349)
Total revenue	4,678,412	4,478,328

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

Revenues by geographical location are as follows:

Description	Consolidated	
	Three months ended	
	March 31, 2024	March 31, 2023
Domestic revenue	3,813,313	3,504,946
Foreign revenue	865,099	973,382
Total revenue	4,678,412	4,478,328





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34. COSTS AND EXPENSES BY NATURE

Description	Parent company		Consolidated	
	Three months ended			
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Cost of service				
Aircraft fuel	-	-	(1,353,278)	(1,673,402)
Salaries and benefits	-	-	(630,965)	(497,158)
Airport taxes and fees	-	-	(242,239)	(262,361)
Auxiliary services for air transport	-	-	(207,544)	(195,596)
Maintenance	-	-	(197,674)	(157,896)
Depreciation and amortization ^(a)	-	-	(611,531)	(565,378)
Impairment of assets	-	-	7,296	-
Insurance	-	-	(17,218)	(19,398)
Rental	-	-	(55,472)	(15,212)
Other	-	-	(126,472)	(508,423)
	-	-	(3,435,097)	(3,894,824)
Selling expenses				
Salaries and benefits	-	-	(12,424)	(7,991)
Advertising and publicity	-	-	(201,951)	(173,997)
	-	-	(214,375)	(181,988)
Administrative expenses				
Salaries and benefits	(13,693)	(8,962)	(31,282)	(32,323)
Depreciation and amortization ^(a)	-	-	(2,966)	(2,275)
Insurance	(2,031)	-	(2,031)	-
Other	(2,562)	(4,654)	(90,786)	(79,599)
	(18,286)	(13,616)	(127,065)	(114,197)
Other income (expenses)				
Other	(103)	-	(101,140)	(119,288)
	(103)	-	(101,140)	(119,288)
Total	(18,389)	(13,616)	(3,877,677)	(4,310,297)

(a) Net of PIS and COFINS credits in the amount of R\$391.



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35. FINANCIAL RESULT

Description	Parent company		Consolidated	
	Three months ended			
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Financial income				
Interest on short-term investments	33	39	31,485	45,774
Sublease receivables	-	-	833	3,970
TAP Bond fair value	-	-	1,140	-
Others	257	1,688	11,466	3,722
	290	1,727	44,924	53,466
Financial expenses				
Interest on loans and financing	-	-	(292,416)	(146,255)
Interest on lease	-	-	(540,252)	(655,142)
Interest on convertible instruments	(61,995)	(60,731)	(61,995)	(60,731)
Interest on factoring credit card receivables	-	-	(79,790)	(114,742)
Interest on provisions	-	-	(36,209)	(71,248)
Interest on reverse factoring	-	-	(5,261)	(12,258)
Interest accounts payable and airport taxes and fees	(10)	-	(95,100)	(65,933)
Guarantee commission	-	-	(21,161)	(50,117)
Amortized cost of loans and financing	-	(1,191)	(12,012)	(8,955)
Cost of financial operations	(155)	(100)	(29,375)	(15,568)
TAP Bond fair value	-	-	(5,871)	(10,628)
Others	(2,029)	(2)	(44,481)	(46,007)
	(64,189)	(62,024)	(1,223,923)	(1,257,584)
Derivative financial instruments, net	151,573	(81,039)	189,943	(274,972)
Foreign currency exchange, net	(41,469)	22,606	(868,754)	574,418
Financial result, net	46,205	(118,730)	(1,857,810)	(904,672)

36. RISK MANAGEMENT

36.1 Fair value hierarchy of financial instruments

The fair value hierarchy of the Company's consolidated financial instruments, as well as the comparison between book value and fair value, are identified below:

Description	Note	Level	Parent company			
			Carrying amount		Fair value	
			March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Assets						
Cash and cash equivalents	5	2	12,014	2,809	12,014	2,809
Liabilities						
Convertible debt instruments - conversion right	23	2	(337,202)	(488,775)	(337,202)	(488,775)





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Description	Note	Level	Consolidated			
			Carrying amount		Fair value	
			March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Assets						
Cash and cash equivalents	5	2	1,337,606	1,897,336	1,337,606	1,897,336
Long-term investments	6	2	791,545	780,312	791,545	780,312
Derivative financial instruments	23	2	20,905	21,909	20,905	21,909
Liabilities						
Loans and financing	18	2	(11,129,809)	(9,698,912)	(11,316,397)	(9,796,608)
Convertible instruments - conversion right	23	2	(337,202)	(488,775)	(337,202)	(488,775)
Derivative financial instruments	23	2	(15,701)	(69,745)	(15,701)	(69,745)

Financial instruments whose fair value approximates their carrying value, based on established conditions, mainly due to the short maturity period, of these assets and liabilities, were not disclosed.

36.2 Market risks

36.2.1 Interest rate risk

36.2.1.1 Sensitivity analysis

As of March 31, 2024, 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.)	March 31, 2024	Weighted Rate (p.a.)	March 31, 2024	Weighted rate (p.a.)	March 31, 2024
Exposed assets (liabilities), net	10.7%	(736,153)	5.3%	(481,665)	5.6%	(86,347)
Effect on profit or loss						
Interest rate devaluation by -50%	5.3%	39,122	2.7%	12,813	2.8%	2,426
Interest rate devaluation by -25%	8.0%	19,561	4.0%	6,407	4.2%	1,213
Interest rate appreciation by 50%	16.0%	(39,122)	8.0%	(12,813)	8.4%	(2,426)
Interest rate appreciation by 25%	13.3%	(19,561)	6.7%	(6,407)	7.0%	(1,213)

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

36.2.2 Aircraft fuel price risk (“QAV”)

The price of fuel may vary depending on the volatility of the price of crude oil and its derivatives. To mitigate losses linked to variations in the fuel market, the Company had, as of March 31, 2024, forward and options transactions on fuel (note 23).





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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)	March 31, 2024
Aircraft fuel	4.41	(1,353,278)
Effect on profit or loss		
Devaluation by -50%	2.20	676,639
Devaluation by -25%	3.30	338,320
Appreciation by 50%	6.61	(676,639)
Appreciation by 25%	5.51	(338,320)

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.

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

Description	Parent company			
	Exposure to US\$		Exposure to €	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Assets				
Cash and cash equivalents	730	706	391	388
Deposits	8,052	7,802	-	-
Related parties	2,207,372	1,578,332	-	-
Total assets	2,216,154	1,586,840	391	388
Liabilities				
Convertible instruments	(1,133,490)	(1,201,610)	-	-
Leases	(2,062,779)	(1,659,739)	-	-
Accounts payable	(127,533)	(119,888)	-	-
Related parties	(669,492)	(649,232)	-	-
Total liabilities	(3,993,294)	(3,630,469)	-	-
Net exposure	(1,777,140)	(2,043,629)	391	388
Net exposure in foreign currency	(355,698)	(422,124)	72	73





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Description	Consolidated			
	Exposure to US\$		Exposure to €	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Assets				
Cash and cash equivalents	61,227	82,975	3,626	4,092
Long-term investments	-	-	791,545	780,312
Accounts receivable	212,613	115,024	1,295	2,876
Aircraft sublease	28,654	30,802	-	-
Deposits	2,370,667	2,196,474	-	-
Other assets	19,691	26,207	-	-
Total assets	2,692,852	2,451,482	796,466	787,280
Liabilities				
Loans and financing	(9,874,811)	(8,889,048)	-	-
Leases	(15,246,272)	(14,043,101)	-	-
Convertible instruments	(1,133,491)	(1,201,610)	-	-
Accounts payable	(2,173,877)	(2,040,546)	-	-
Airport taxes and fees	(2,921)	(21,994)	-	-
Provisions and other liabilities	(2,697,619)	(2,681,857)	(12)	-
Total liabilities	(31,128,991)	(28,878,156)	(12)	-
Net exposure	(28,436,139)	(26,426,674)	796,454	787,280
Net exposure in foreign currency	(5,691,553)	(5,458,590)	147,549	147,111

36.2.3.1 Sensitivity analysis

Description	Parent company			
	Exposure to US\$		Exposure to €	
	Closing rate	March 31, 2024	Closing rate	March 31, 2024
Exposed assets (liabilities), net	4.9962	(1,777,140)	5.3979	391
Effect on profit or loss				
Foreign currency devaluation by -50%	2.4981	888,570	2.6990	(195)
Foreign currency devaluation by -25%	3.7472	444,285	4.0484	(98)
Foreign currency appreciation by 50%	7.4943	(888,570)	8.0969	195
Foreign currency appreciation by 25%	6.2453	(444,285)	6.7474	98

Description	Consolidated			
	Exposure to US\$		Exposure to €	
	Closing rate	March 31, 2024	Closing rate	March 31, 2024
Exposed assets (liabilities), net	4.9962	(28,436,139)	5.3979	796,454
Effect on profit or loss				
Foreign currency devaluation by -50%	2.4981	14,218,070	2.6990	(398,227)
Foreign currency devaluation by -25%	3.7472	7,109,035	4.0484	(199,114)
Foreign currency appreciation by 50%	7.4943	(14,218,070)	8.0969	398,227
Foreign currency appreciation by 25%	6.2453	(7,109,035)	6.7474	199,114





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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 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. 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 with the company, 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.

36.4 Liquidity risk

The maturity schedules of the Company's consolidated financial liabilities as of March 31, 2024 are as follows:

Description	Carrying amount	Contractual cash flow	Consolidated		
			Until 1 year	From 2 to 5 years	After 5 years
Loans and financing	11,129,809	16,921,481	2,346,619	11,658,740	2,916,122
Reverse factoring	117,276	119,708	119,708	-	-
Leases	15,317,083	25,105,462	3,907,227	12,476,760	8,721,475
Convertible debt Instruments	1,133,490	1,944,060	147,688	1,796,372	-
Accounts payable	3,636,121	4,036,545	2,454,100	1,053,896	528,549
Airport taxes and fees	1,768,846	2,004,447	712,556	1,291,891	-
Derivative financial instruments	15,701	15,701	15,625	76	-
	33,118,326	50,147,404	9,703,523	28,277,735	12,166,146

36.5 Capital management

The Company seeks capital alternatives in order to satisfy its operational needs, aiming for a capital structure that it considers adequate for the financial costs and the maturity terms of the funding and its guarantees. The Company's Management continually monitors its net debt.





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37. NON-CASH TRANSACTIONS

Consolidated															
Description	Acquisition of property and equipment	Acquisition of capitalized maintenance	Maintenance prepayment	Acquisition of intangible	Maintenance reserves	Sublease Compensations	Reverse factoring	Sale and leaseback	Compensation of lease	Compensation of accounts payable	Acquisition of lease	Addition the ARO	Aircraft return costs	Lease Modifications	Total
Accounts receivable	-	-	-	-	68,494	-	-	(58,639)	(65,335)	(2,537)	(11,117)	-	-	-	(69,134)
Aircraft sublease	-	-	-	-	-	(3,914)	-	-	-	-	-	-	-	-	(3,914)
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	51,790	-	-	-	-	-	-	-	-	-	51,790
Advances to suppliers	-	-	-	-	-	-	-	-	-	(544,814)	-	-	-	-	(544,814)
Property and equipment	198,328	-	-	-	-	-	-	-	-	-	-	-	-	-	198,328
Right-of-use assets	-	(20,516)	-	-	-	-	-	-	-	-	59,240	66,073	-	128,562	233,359
Intangible assets	-	-	-	37,945	-	-	-	-	-	-	-	-	-	-	37,945
Loans and financing	(77,175)	-	-	-	-	-	-	-	-	-	-	-	-	-	(77,175)
Leases	-	-	-	-	-	3,914	-	-	65,335	-	(48,123)	-	-	(119,522)	(98,396)
Accounts payable	(121,153)	20,516	(11,349)	(37,945)	(120,284)	-	115,332	58,639	-	547,351	-	-	(42,412)	-	408,695
Reverse factoring	-	-	-	-	-	-	(115,332)	-	-	-	-	-	-	-	(115,332)
Provisions	-	-	-	-	-	-	-	-	-	-	-	(66,073)	42,412	(9,040)	(32,701)
Other assets and liabilities	-	-	11,349	-	-	-	-	-	-	-	-	-	-	-	11,349
As of March 31, 2024	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Consolidated											
Description	Acquisition of property and equipment	Acquisition of right of use	Acquisition of intangible	Maintenance reserves	Compensation of sublease	Compensation of lease	Acquisition of lease	ARO	Modification	Transfers	Total
Accounts receivable	-	-	-	-	-	(34,558)	-	-	-	57,550	22,992
Aircraft sublease	-	-	-	-	(8,718)	-	-	-	-	-	(8,718)
Security deposits and maintenance reserves	-	-	-	169,904	-	-	-	-	-	(57,550)	112,354
Inventories	-	-	-	-	-	-	-	-	-	-	-
Advances to suppliers	-	-	-	-	-	-	-	-	-	(540,027)	(540,027)
Property and equipment	54,126	-	-	-	-	-	-	-	-	(9,044)	45,082
Right-of-use assets	-	59,045	-	-	-	-	183,746	80,434	(48,049)	9,044	284,220
Intangible assets	-	-	36,242	-	-	-	-	-	-	-	36,242
Loans and financing	-	-	-	-	-	-	-	-	-	(28,311)	(28,311)
Leases	-	-	-	-	8,718	23,628	(183,746)	-	(7,153)	28,311	(130,242)
Accounts payable	(54,126)	(59,045)	(36,242)	(169,904)	-	-	-	-	-	493,029	173,712
Provisions	-	-	-	-	-	-	-	(80,434)	77,613	46,998	44,177
Other assets and liabilities	-	-	-	-	-	10,930	-	-	-	-	10,930
Result	-	-	-	-	-	-	-	-	(22,411)	-	(22,411)
As of March 31, 2023	-	-	-	-	-	-	-	-	-	-	-





AZUL S.A.

Notes to the interim condensed individual and consolidated financial statements

March 31, 2024

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

38. COMMITMENTS

38.1 Aircraft acquisition

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

Description	Consolidated	
	March 31, 2024	December 31, 2023
Lessors	35	31
Manufacturers	96	96
	<u>131</u>	<u>127</u>

The amounts shown below are brought to present value using the weighted discount rate for lease operations, equivalent to 15.8% (15.8% on December 31, 2023) and do not necessarily represent a cash outflow, as the Company is evaluating the acquisition of financing to meet these commitments.

Description	Consolidated	
	March 31, 2024	December 31, 2023
2024	1,033,593	916,053
2025	1,456,867	1,290,764
2026	5,422,696	4,991,454
2027	4,745,774	4,359,775
2028	2,838,120	2,595,179
After 2028	2,631,359	2,294,727
	<u>18,128,409</u>	<u>16,447,952</u>

38.2 Letters of credit

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

Description	Consolidated			
	March 31, 2024		December 31, 2023	
	R\$	US\$	R\$	US\$
Security deposits and maintenance reserve	2,024,405	405,189	1,979,883	408,957
Bank guarantees	9,239	-	9,161	-
	<u>2,033,644</u>	<u>405,189</u>	<u>1,989,044</u>	<u>408,957</u>

Elton Flavio Ribeiro
CRC 1SP 253891/O-0
Controllership, tax and internal control director