



**Quarterly Information - ITR  
Individual and Consolidated**

**AZUL S.A.**

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

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

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

Barueri, November 7, 2022.

John Peter Rodgerson  
Chief Executive Officer

Alexandre Wagner Malfitani  
Chief Financial and Investor Relations Officer

Antonio Flavio Torres Martins Costa  
Chief Operating Officer

Abhi Manoj Shah  
Chief Revenue Officer



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

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

Barueri, November 7, 2022.

John Peter Rodgerson  
Chief Executive Officer

Alexandre Wagner Malfitani  
Chief Financial and Investor Relations Officer

Antonio Flavio Torres Martins Costa  
Chief Operating Officer

Abhi Manoj Shah  
Chief Revenue Officer



## Audit Committee Summary Report

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

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

Barueri, November 7, 2022.

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

Gelson Pizzirani  
Member of the Audit Committee

Gilberto de Almeida Peralta  
Member of the Audit Committee





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

## 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, 2022, which comprise the individual and consolidated statement of financial position on September 30, 2022, and the individual and consolidated statements of profit or loss and of comprehensive income for the three and nine-month period 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 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, 2022, prepared under the responsibility of the Company management and presented as supplementary information under IAS 34. These statements have been subject to review procedures performed in conjunction with the review of the quarterly information, in order to determine whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria set forth by this Standard and consistently with the individual and consolidated interim financial information taken as a whole.

São Paulo, November 10, 2022.

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

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





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

Assets	Note	Parent company		Consolidated	
		September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
<b>Current assets</b>					
Cash and cash equivalents	4	288,294	293,557	1,103,748	3,073,799
Short-term investments	5	22	-	243	1,430
Accounts receivable	6	5,572	-	2,170,556	997,893
Aircraft sublease	7	-	-	94,861	76,199
Inventories	8	-	-	678,456	571,924
Security deposits and maintenance reserves	9	8,713	-	460,230	410,912
Taxes recoverable	10	13,812	14,568	207,678	109,699
Derivative financial instruments	21	-	-	75,830	83,177
Prepaid expenses	11	5,223	3,097	195,046	244,413
Advances to suppliers	12	170	97	133,238	203,379
Other assets		-	199	9,535	73,511
Total current assets		321,806	311,518	5,129,421	5,846,336
<b>Non-current assets</b>					
Long-term investments	5	-	-	691,044	906,719
Aircraft sublease	7	-	-	120,133	197,999
Security deposits and maintenance reserves	9	-	-	1,993,826	1,553,507
Derivative financial instruments	21	-	-	147,725	270,640
Prepaid expenses	11	-	-	281,740	313,365
Other assets		56	53	27,070	126,100
Investments	14	761,907	763,059	-	-
Property and equipment	15	-	-	1,936,752	1,961,174
Right-of-use assets	16	-	-	6,593,858	5,999,595
Intangible assets	17	-	-	1,397,345	1,358,038
Total non-current assets		761,963	763,112	13,189,493	12,687,137
<b>Total assets</b>		<b>1,083,769</b>	<b>1,074,630</b>	<b>18,318,914</b>	<b>18,533,473</b>

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







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

Liabilities and equity	Note	Parent company		Consolidated	
		September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
<b>Current liabilities</b>					
Loans and financing	18	43,142	39,124	1,316,221	1,023,390
Leases	19	-	-	3,767,801	3,497,665
Accounts payable	20	1,408	3,436	1,924,279	1,530,480
Factoring		-	-	728,919	3,694
Airport fees		-	-	751,878	506,338
Air traffic liability	22	-	-	4,250,548	3,063,816
Reimbursement to customers		-	-	36,928	173,686
Salaries and benefits		3,873	2,317	531,677	459,697
Insurance payable		-	-	12,399	92,793
Taxes	23	744	1,354	126,048	150,084
Derivative financial instruments	21	-	-	160,074	77,509
Provisions	24	-	-	991,525	977,103
Other liabilities		-	-	259,318	153,998
<b>Total current liabilities</b>		<b>49,167</b>	<b>46,231</b>	<b>14,857,615</b>	<b>11,710,253</b>
<b>Non-current liabilities</b>					
Loans and financing	18	1,723,638	1,833,877	8,184,252	8,995,341
Leases	19	-	-	10,605,914	11,392,910
Accounts payable	20	-	-	428,939	342,200
Airport fees		-	-	495,022	472,364
Derivative financial instruments	21	-	-	105,481	209,542
Taxes	23	-	-	77,833	101,046
Provisions	24	-	-	2,712,224	2,522,486
Related parties	25	208,819	4,776	-	-
Provision for loss on investment	14	19,232,652	17,522,749	-	-
Other liabilities		-	-	982,141	1,120,334
<b>Total non-current liabilities</b>		<b>21,165,109</b>	<b>19,361,402</b>	<b>23,591,806</b>	<b>25,156,223</b>
<b>Equity</b>					
	26				
Issued capital		2,313,924	2,290,876	2,313,924	2,290,876
Advance for future capital increase	17	17	120	17	120
Capital reserve		1,945,404	1,946,471	1,945,404	1,946,471
Treasury shares		(2,921)	(11,959)	(2,921)	(11,959)
Other comprehensive income		5,799	5,799	5,799	5,799
Accumulated losses		(24,392,730)	(22,564,310)	(24,392,730)	(22,564,310)
		(20,130,507)	(18,333,003)	(20,130,507)	(18,333,003)
<b>Total liabilities and equity</b>		<b>1,083,769</b>	<b>1,074,630</b>	<b>18,318,914</b>	<b>18,533,473</b>

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



## AZUL S.A.

### Statements of profit or loss

Periods ended September 30, 2022 and 2021

(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, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Administrative expenses		(12,100)	(17,698)	(47,326)	(32,501)
Other income and expenses		18,332	-	18,332	(12)
	30	6,232	(17,698)	(28,994)	(32,513)
Equity	14	(1,710,328)	(2,287,253)	(1,872,328)	(3,880,902)
<b>Operating loss</b>		<b>(1,704,096)</b>	<b>(2,304,951)</b>	<b>(1,901,322)</b>	<b>(3,913,415)</b>
Financial income		5,976	4,467	20,497	9,095
Financial expenses		(63,019)	(48,927)	(174,632)	(158,971)
Derivative financial instruments, net		(216,433)	255,904	190,328	287,091
Foreign currency exchange, net		(37,422)	(102,787)	36,709	(44,671)
Financial result	31	(310,898)	108,657	72,902	92,544
<b>Net loss for the period</b>		<b>(2,014,994)</b>	<b>(2,196,294)</b>	<b>(1,828,420)</b>	<b>(3,820,871)</b>
Basic loss per common share – R\$	27	(0.08)	(0.08)	(0.07)	(0.15)
Diluted loss per common share – R\$	27	(0.08)	(0.08)	(0.07)	(0.15)
Basic loss per preferred share – R\$	27	(5.79)	(6.35)	(5.26)	(11.06)
Diluted loss per preferred share – R\$	27	(5.79)	(6.35)	(5.26)	(11.06)

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





## AZUL S.A.

### Statements of profit or loss

Periods ended September 30, 2022 and 2021

(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, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Passenger revenue		4,074,232	2,400,206	10,475,009	5,415,284
Other revenues		302,579	317,595	1,019,606	830,705
<b>Net revenue</b>	29	<b>4,376,811</b>	<b>2,717,801</b>	<b>11,494,615</b>	<b>6,245,989</b>
Cost of services	30	(3,634,075)	(2,336,886)	(10,155,539)	(5,985,598)
<b>Gross profit</b>		<b>742,736</b>	<b>380,915</b>	<b>1,339,076</b>	<b>260,391</b>
Selling expenses		(201,765)	(91,516)	(497,432)	(261,788)
Administrative expenses		(119,142)	(104,997)	(253,581)	(273,283)
Other expenses, net		(70,598)	(111,212)	(250,212)	(299,986)
	30	<b>(391,505)</b>	<b>(307,725)</b>	<b>(1,001,225)</b>	<b>(835,057)</b>
<b>Operating profit (loss)</b>		<b>351,231</b>	<b>73,190</b>	<b>337,851</b>	<b>(574,666)</b>
Financial income		100,232	33,552	191,230	89,385
Financial expenses		(1,331,633)	(982,768)	(3,481,458)	(2,764,192)
Derivative financial instruments, net		(366,475)	263,229	532,073	307,763
Foreign currency exchange, net		(768,349)	(1,582,189)	591,884	(875,264)
Financial result	31	<b>(2,366,225)</b>	<b>(2,268,176)</b>	<b>(2,166,271)</b>	<b>(3,242,308)</b>
Result from related party transactions		-	(1,308)	-	(3,897)
<b>Net loss for the period</b>		<b>(2,014,994)</b>	<b>(2,196,294)</b>	<b>(1,828,420)</b>	<b>(3,820,871)</b>
Basic loss per common share – R\$	27	(0.08)	(0.08)	(0.07)	(0.15)
Diluted loss per common share – R\$	27	(0.08)	(0.08)	(0.07)	(0.15)
Basic loss per preferred share – R\$	27	(5.79)	(6.35)	(5.26)	(11.06)
Diluted loss per preferred share – R\$	27	(5.79)	(6.35)	(5.26)	(11.06)

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





## AZUL S.A.

### Statements of comprehensive income

Periods ended September 30, 2022 and 2021

(In thousands of Brazilian reais – R\$)

	Parent company and Consolidated			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net loss for the period	(2,014,994)	(2,196,294)	(1,828,420)	(3,820,871)
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>	-	-	-	-
Total comprehensive results	(2,014,994)	(2,196,294)	(1,828,420)	(3,820,871)

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





## AZUL S.A.

### Statements of changes in equity

Periods ended September 30, 2022 and 2021

(In thousands of Brazilian reais – R\$)

Description	Note	Issued capital	Advance for future capital increase	Treasury shares	Capital reserve	Other comprehensive income	Accumulated losses	Total
At December 31, 2020		2,246,367	20,625	(13,182)	1,947,887	655	(18,351,102)	(14,148,750)
Net loss for the period		-	-	-	-	-	(3,820,871)	(3,820,871)
<b>Total comprehensive income</b>		-	-	-	-	-	(3,820,871)	(3,820,871)
Share buyback	26	-	-	(10,829)	-	-	-	(10,829)
Share-based payment	28	43,970	(20,086)	17,419	(6,787)	-	-	34,516
At September 30, 2021		2,290,337	539	(6,592)	1,941,100	655	(22,171,973)	(17,945,934)

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	26	-	-	(923)	-	-	-	(923)
Share-based payment	28	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)

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



# AZUL S.A.

## Statements of cash flows

Periods ended September 30, 2022 and 2021

(In thousands of Brazilian reais – R\$)

	Parent company		Consolidated	
	Nine-month periods ended		Nine-month periods ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Cash flows from operating activities</b>				
Net loss for the period	(1,828,420)	(3,820,871)	(1,828,420)	(3,820,871)
<b>Result reconciliation items</b>				
Depreciation and amortization	-	-	1,521,457	1,042,309
Gain (loss) from impairment of assets and onerous liabilities	-	-	(346,114)	(103,017)
Unrealized derivative results	(190,328)	(287,091)	(532,073)	(307,763)
Share-based payment	-	-	(38,100)	16,437
Foreign currency exchange, net	(47,609)	38,951	(623,434)	935,271
Financial income and expenses	171,663	145,984	3,088,130	2,460,568
Provisions	10,702	-	248,839	(18,602)
Disposal of prepaid expenses	-	-	208,923	-
Sale and leaseback	-	-	(32,768)	(22,736)
Result from modification of lease contracts	-	-	(63,575)	(17,819)
Result on disposal and/or sale of fixed assets and right of use Equity	(18,332)	-	87,763	14,225
	1,872,328	3,880,902	-	-
<b>Adjusted net loss (profit) for the period</b>	(29,996)	(42,125)	1,690,628	178,002
<b>Changes in operating assets and liabilities</b>				
Accounts receivable	(5,572)	-	(1,278,327)	(689,087)
Aircraft sublease	-	-	40,959	36,448
Inventories	-	-	(107,904)	(123,551)
Security deposits and maintenance reserves	(8,444)	-	(418,225)	(299,363)
Prepaid expenses	(2,126)	(6,533)	(195,429)	(34,206)
Taxes recoverable	760	(1,473)	(95,432)	2,132
Advances to suppliers	(73)	-	69,797	(44,264)
Other assets	(1,599)	21,478	(32,838)	(142,259)
Rights and obligations with derivatives	-	-	450,511	(14,941)
Accounts payable	(2,101)	(31,645)	1,208,387	900,195
Factoring	-	-	(680,937)	(859,272)
Airport fees	-	-	265,076	(29,762)
Air traffic liability	-	-	1,186,732	542,419
Reimbursement to customers	-	-	(145,924)	(2,533)
Salaries and benefits	(9,148)	438	89,154	184,344
Insurance payable	393	1,339	(74,220)	(47,043)
Taxes	(988)	(16,303)	(51,600)	259,800
Contingencies	-	-	(131,308)	(108,049)
Other liabilities	-	-	15,363	(49,531)
Interest paid	(50,725)	-	(881,412)	(307,339)
<b>Total changes in operating assets and liabilities</b>	(79,623)	(32,699)	(767,577)	(825,862)
<b>Net cash provided (used) by operating activities</b>	(109,619)	(74,824)	923,051	(647,860)
<b>Cash flows from investing activities</b>				
Short-term investments				
Acquisition of short-term investments	(22)	-	(64)	(98,488)
Redemption of short-term investments	-	-	1,298	189,401
Payment for acquisition of subsidiary	-	-	(30,317)	(20,000)
Investment	(152,000)	-	-	-
Cash received on sale of property and equipment	215,685	-	317,579	-
Cash received in the leaseback operation	-	-	321,266	21,256
Acquisition of intangible assets	-	-	(133,523)	(116,120)
Acquisition of property and equipment	(196,425)	-	(890,659)	(376,719)
<b>Net cash used by investing activities</b>	(132,762)	-	(414,420)	(400,670)
<b>Cash flows from financing activities</b>				
Loans and financing				
Proceeds	-	-	187,692	3,066,614
Repayment	-	-	(582,388)	(342,383)
Payment of debt issuance costs	-	-	(325)	(60,034)
Related parties	204,043	-	-	-
Lease payment	-	-	(2,120,875)	(1,214,807)
Advance for future capital increase	17	23,884	17	23,884
Capital increase	22,928	-	22,928	-
Treasury shares	(923)	(10,829)	(923)	(10,829)
<b>Net cash provided (used) by financing activities</b>	226,065	13,055	(2,493,874)	1,462,445
Exchange rate changes on cash and cash equivalents	11,053	(3,660)	15,192	154,591
<b>Increase (decrease) in cash and cash equivalents</b>	(5,263)	(65,429)	(1,970,051)	568,506
<b>Cash and cash equivalents at the beginning of the period</b>	293,557	437,896	3,073,799	3,064,815
<b>Cash and cash equivalents at the end of the period</b>	288,294	372,467	1,103,748	3,633,321

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





## AZUL S.A.

### Statements of value added

Periods ended September 30, 2022 and 2021

(In thousands of Brazilian reais – R\$)

	Note	Parent company		Consolidated	
		Nine-month periods ended		Nine-month periods ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Gross sales revenue</b>					
Passenger revenue	29	-	-	10,783,697	5,589,392
Other revenues	29	-	-	1,136,881	928,935
Allowance for expected credit losses		-	-	(1,377)	203
		-	-	11,919,201	6,518,530
<b>Inputs acquired from third parties</b>					
Aircraft fuel	30	-	-	(4,787,823)	(2,086,266)
Materials, energy, third-party services and others		(7,166)	(22,374)	(3,565,180)	(2,372,608)
Aircraft insurance		-	-	(59,950)	(36,658)
		(7,166)	(22,374)	(8,412,953)	(4,495,532)
<b>Gross value added</b>		(7,166)	(22,374)	3,506,248	2,022,998
<b>Retentions</b>					
Depreciation and amortization	30	-	-	(1,521,457)	(1,042,309)
Impairment	30	-	-	346,114	103,017
<b>Net value added produced by the entity</b>		(7,166)	(22,374)	2,330,905	1,083,706
<b>Value added received in transfers</b>					
Equity	14	(1,872,328)	(3,880,902)	-	-
Financial income	31	20,497	9,095	191,230	89,385
Result from related party transactions		-	-	-	(3,897)
		(1,851,831)	(3,871,807)	191,230	85,488
<b>Total value added to be distributed</b>		(1,858,997)	(3,894,181)	2,522,135	1,169,194
<b>Personnel</b>					
		20,297	8,189	1,229,095	1,061,913
Salaries and wages		7,195	6,247	981,356	784,866
Benefits		12,691	1,679	156,213	205,917
F.G.T.S.		411	263	91,526	71,130
<b>Taxes, fees and contributions</b>		1,531	1,950	574,431	449,114
Federal		1,028	1,050	527,440	411,493
State		-	-	34,911	28,825
Municipal		503	900	12,080	8,796
<b>Third party capital remuneration</b>		(52,405)	(83,449)	2,547,029	3,479,038
Financial expenses	31	174,632	158,971	3,481,458	2,764,192
Derivative financial instruments, net	31	(190,328)	(287,091)	(532,073)	(307,763)
Foreign currency exchange, net	31	(36,709)	44,671	(591,884)	875,264
Rentals		-	-	189,528	147,345
<b>Own capital remuneration</b>		(1,828,420)	(3,820,871)	(1,828,420)	(3,820,871)
<b>Net loss for the period</b>		(1,828,420)	(3,820,871)	(1,828,420)	(3,820,871)

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





# AZUL S.A.

## Notes to the individual and consolidated quarterly information

September 30, 2022

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

### 1. OPERATIONS

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

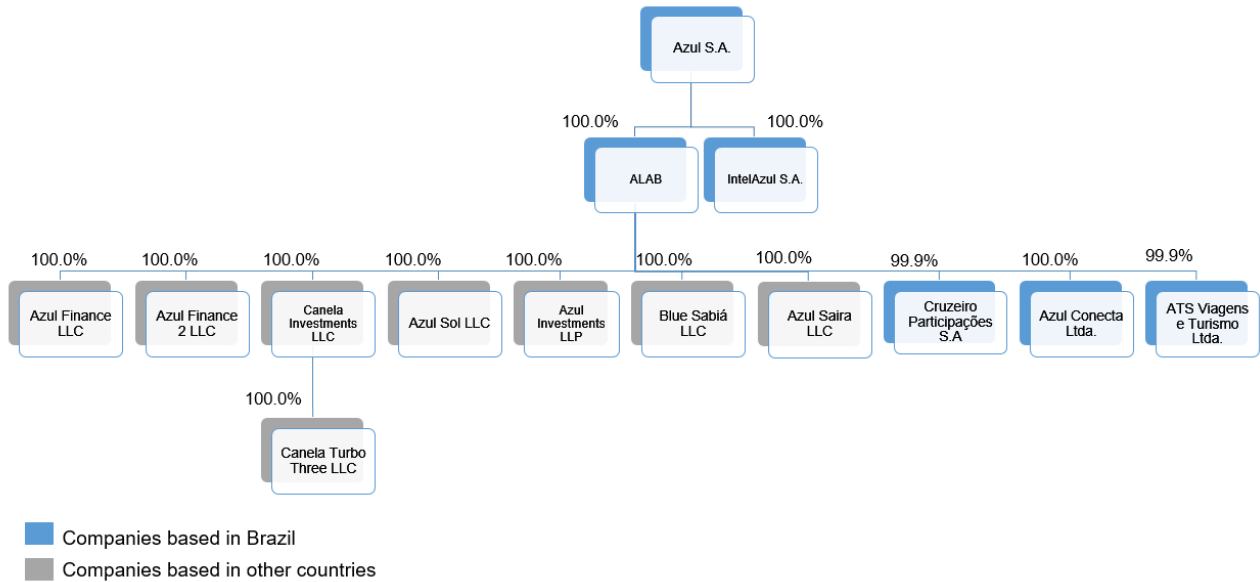
The Company carries out its activities through its subsidiaries, mainly Azul Linhas Aéreas Brasileiras S.A. (“ALAB”) and e Azul Conecta Ltda (“Conecta”), which holds authorization from government authorities to operate as an airline.

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

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

#### 1.1 Organizational structure

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







## AZUL S.A.

### Notes to the individual and consolidated quarterly information

September 30, 2022

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

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

Company	Type of investment	Main activity	Country	% equity interest	
				September 30, 2022	December 31, 2021
IntelAzul S.A. (*)	Direct	Frequent-flyer program	Brazil	100.0%	100.0%
AZUL Linhas Aéreas Brasileiras S.A. (ALAB)	Direct	Airline operations	Brazil	100.0%	100.0%
Azul Conecta Ltda.	Indirect	Airline operations	Brazil	100.0%	100.0%
ATS Viagens e Turismo Ltda.	Indirect	Travel packages	Brazil	99.9%	99.9%
Cruzeiro Participações S.A	Indirect	Holding of equity interests in other companies	Brazil	99.9%	99.9%
Azul Investments LLP	Indirect	Funding	USA	100.0%	100.0%
Azul SOL LLC	Indirect	Aircraft financing	USA	100.0%	100.0%
Azul Finance LLC	Indirect	Aircraft financing	USA	100.0%	100.0%
Azul Finance 2 LLC	Indirect	Aircraft financing	USA	100.0%	100.0%
Blue Sabiá LLC	Indirect	Aircraft financing	USA	100.0%	100.0%
Canela Investments LLC	Indirect	Aircraft financing	USA	100.0%	100.0%
Canela Turbo Three LLC	Indirect	Aircraft financing	USA	100.0%	100.0%
Azul Saíra LLC	Indirect	Aircraft financing	USA	100.0%	100.0%

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

## 1.2 Impacts of the COVID-19 pandemic

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

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

With the significant reduction in cases of COVID-19 infections and the resumption of operations, the Company's demand recovery took place at an accelerated pace, and today, capacity and tariff levels are already above pre-pandemic levels. Operating cash generation returned to positive and, as a result, payments of lease and supplier considerations were also resumed. The Company continues to diligently manage its resources in order to comply with the obligations assumed through the operation of the most comprehensive network in the country, connecting more than 150 destinations.

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





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

September 30, 2022

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

#### 1.3 Capital structure and net working capital

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

Description	September 30, 2022	December 31, 2021	Variation
Net working capital	(9,728,194)	(5,863,917)	(3,864,277)
Equity	(20,130,507)	(18,333,003)	(1,797,504)

The variation in the balance of net working capital is mainly due to the resumption of the Company's operations in view of the increase in demand and payment of postponement of obligations during the COVID-19 pandemic, leading to:

- decrease in cash and cash equivalents of R\$1,970,051, as a result of: (i) payments of loans, financing and leases of R\$2,703,262, (ii) payments related to investing activities of R\$414,420 and (iii) operating cash generation of R\$923,051;
- extension of the average term for payments to suppliers and increase in operations, resulting in an increase of R\$1,119,024 in the accounts payable and withdrawn risk; and
- increase in the current debt of loans, financing and leases due to the receipt of new aircraft and transfers from long to short term in amounts higher than those paid in the same period.

The increase in the negative position of the equity balance is mainly due to the appropriation of interest on loans, financing, convertible debentures and leases in the amount of R\$2,513,985 and does not necessarily characterize a cash outflow.

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

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

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





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

September 30, 2022

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

#### 1.4 Acceleration of fleet transformation

During the third quarter of 2022, there was a partial reversal of the impairment of 6 Embraer E195 (“E1”) model aircraft in the amount of R\$346,114 related to the aircraft sale negotiation to Azorra Aviation and modification of the intended use of the aircraft.

As of September 30, 2022, the provision for impairment of E1s corresponds to a total of 22 aircraft (28 aircraft as of December 31, 2021).

The composition of the accounting balances and the movement in the provision are presented below:

##### 1.4.1 Composition of provision for impairment and onerous liabilities balances

Description	Consolidated	
	September 30, 2022	December 31, 2021
Provision for impairment of right-of-use assets	(349,478)	(605,651)
Provision for impairment of property and equipment	(294,490)	(294,490)
Provision for impairment of other assets	-	(12,013)
Total provision for impairment of Company assets	(643,968)	(912,154)
Provision for onerous liabilities	(509,214)	(693,407)
Total	(1,153,182)	(1,605,561)

##### 1.4.2 Movement of the provision for impairment and onerous liabilities

Description	Consolidated		
	Impairment of assets	Onerous liabilities	Total
<b>At December 31, 2021</b>	(912,154)	(693,407)	(1,605,561)
Foreign currency exchange	-	19,640	19,640
Interest incurred	-	(83,081)	(83,081)
Reversal	234,691	111,423	346,114
Payments	-	136,211	136,211
Transfers	33,495	-	33,495
<b>At September 30, 2022</b>	(643,968)	(509,214)	(1,153,182)

#### 1.5 Seasonality

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





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

September 30, 2022

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

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

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

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

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

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

During the nine-month periods ended September 30, 2022, there were no significant impacts related to changes in accounting estimates and/or provisions that not be described in this individual and consolidated quarterly information.

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

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

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

The approval and authorization for issue of this individual and consolidated quarterly information occurred at the Board of Directors (“RCA”) meeting held on November 7, 2022.





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

September 30, 2022

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

#### 3.2 Foreign currency transactions

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

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

Description	Final rate				
	September 30, 2022	December 31, 2021	Variation %	June 30, 2022	Three-month variation %
U.S. dollar	5.4066	5.5805	-3.1%	5.2380	3.2%
Euro	5.2904	6.3210	-16.3%	5.4842	-3.5%

Description	Average rate				
	September 30, 2022	December 31, 2021	Variation %	June 30, 2022	Three-month variation %
U.S. dollar	5.1360	5.3956	-4.8%	5.0782	1.1%
Euro	5.4629	6.3784	-14.4%	5.5568	-1.7%





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

September 30, 2022

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

#### 4. CASH AND CASH EQUIVALENTS

Description	Weighted average rate p.a.	Parent company		Consolidated	
		September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Cash and bank deposits	-	218,923	10,724	461,440	229,745
Cash equivalents					
Bank Deposit Certificate - CDB	102.4% of CDI	27,171	282,833	547,793	2,750,776
Repurchase agreements	82.3% of CDI	42,200	-	88,834	2,235
<i>Time Deposit - TD</i> <sup>(a)</sup>	0.7%	-	-	5,103	91,043
Investments funds	8.9%	-	-	578	-
		288,294	293,557	1,103,748	3,073,799

(a) Investment in U.S. dollar.

#### 5. SHORT-TERM INVESTMENTS

Description	Weighted average rate p.a.	Parent company		Consolidated	
		September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Bank Deposit Certificate - CDB	99.3% of CDI	22	-	243	1,430
TAP Bond <sup>(a)</sup>	7.5%	-	-	691,044	906,719
		22	-	691,287	908,149
<b>Current</b>		22	-	243	1,430
<b>Non-current</b>		-	-	691,044	906,719

(a) Investment in euro.



## AZUL S.A.

### Notes to the individual and consolidated quarterly information

September 30, 2022

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

## 6. ACCOUNTS RECEIVABLE

Description	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
<b>Local currency</b>				
Credit card companies	-	-	1,152,579	411,092
Cargo and travel agencies	-	-	389,458	209,621
Travel package financing entities	-	-	131,825	106,824
TudoAzul Program partners	-	-	259,663	128,018
Disposal of fixed assets	5,572	-	5,572	-
Others	-	-	59,635	32,896
<b>Total local currency</b>	<b>5,572</b>	<b>-</b>	<b>1,998,732</b>	<b>888,451</b>
<b>Foreign currency</b>				
Credit card companies	-	-	20,954	19,211
Reimbursement receivable for maintenance reserves	-	-	84,972	18,197
Airline partner companies	-	-	42,078	36,693
Clearinghouse - agencies and cargo	-	-	31,414	26,085
Others	-	-	11,600	27,073
<b>Total foreign currency</b>	<b>-</b>	<b>-</b>	<b>191,018</b>	<b>127,259</b>
<b>Total</b>	<b>5,572</b>	<b>-</b>	<b>2,189,750</b>	<b>1,015,710</b>
Allowance for expected credit losses	-	-	(19,194)	(17,817)
<b>Total net</b>	<b>5,572</b>	<b>-</b>	<b>2,170,556</b>	<b>997,893</b>

In Brazil, receivable credit cards are not exposed to the credit risk of the holder. In addition, in aviation, most of the balance of credit card receivables has already been performed. Therefore, these balances they can be easily converted into cash when needed, through anticipation along with credit card companies.

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

Description	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Not past due	5,572	-	2,026,119	920,797
Over 1 to 90 days	-	-	42,029	59,285
Over 90 days	-	-	102,408	17,811
<b>Total</b>	<b>5,572</b>	<b>-</b>	<b>2,170,556</b>	<b>997,893</b>

Until October 31, 2022 the total amount due within 90 days, R\$15,091 had already been received. Of the receivables past due for more than 90 days, approximately R\$64,929 refers to reimbursements receivable for maintenance reserves of a lessor that had just finished a court-supervised reorganization (“Chapter 11”), and the Management does not expect to incur losses on these operations has higher obligations arising. Therefore, we conclude that the allowance for expected credit losses is adequately estimated.





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

September 30, 2022

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

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

Description	Consolidated	
	September 30, 2022	December 31, 2021
Balances at the beginning of the period	(17,817)	(16,131)
Additions	(1,693)	(5,921)
Write-off of uncollectible amounts	316	4,235
Balances at the end of the period	(19,194)	(17,817)

## 7. AIRCRAFT SUBLEASE

Description	Consolidated	
	September 30, 2022	December 31, 2021
2022	43,542	92,092
2023	73,034	87,658
2024	73,188	87,817
2025	51,198	54,890
2026	4,469	4,615
Gross sublease	245,431	327,072
Accrued interest	(30,437)	(52,874)
Net sublease	214,994	274,198
<b>Current</b>	94,861	76,199
<b>Non-current</b>	120,133	197,999

Description	Consolidated	
	September 30, 2022	December 31, 2021
Sublease past due	16,995	16,980

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

## 8. INVENTORIES

Description	Consolidated	
	September 30, 2022	December 31, 2021
Maintenance parts and materials	701,694	597,204
Flight attendance and uniforms	17,068	13,655
Provision for obsolescence	(40,306)	(38,935)
Total, net	678,456	571,924







## AZUL S.A.

### Notes to the individual and consolidated quarterly information

September 30, 2022

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

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

Description	Consolidated	
	September 30, 2022	December 31, 2021
Balances at the beginning of the period	(38,935)	(49,153)
Additions	(3,943)	(10,681)
Write-offs	2,572	2,566
Reversal of <i>impairment</i>	-	18,333
Balances at the end of the period	(40,306)	(38,935)

## 9. SECURITY DEPOSITS AND MAINTENANCE RESERVES

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

Description	Parent company	Consolidated		
	Security deposits	Security deposits	Maintenance reserves	Total
At December 31, 2021	-	319,530	1,644,889	1,964,419
Additions	8,473	81,719	531,091	612,810
Provision for loss	-	-	(48,918)	(48,918)
Reimbursements	(29)	(31,757)	(2,899)	(34,656)
Foreign currency exchange	269	(9,323)	(30,276)	(39,599)
At September 30, 2022	8,713	360,169	2,093,887	2,454,056
<b>Current</b>	8,713	78,915	381,315	460,230
<b>Non-current</b>	-	281,254	1,712,572	1,993,826

## 10. TAXES RECOVERABLE

Description	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
PIS and COFINS	-	-	114,623	61,049
IRRF	7,797	2,180	47,089	19,768
IRPJ and CSLL	6,015	12,388	17,106	15,488
ICMS	-	-	18,902	9,500
Others	-	-	9,958	3,894
	13,812	14,568	207,678	109,699





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

September 30, 2022

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

#### 11. PREPAID EXPENSES

Description	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Insurances premiums	5,223	3,064	31,589	89,951
Maintenance	-	-	266,775	295,518
Commissions	-	-	108,609	112,599
Others	-	33	69,813	59,710
<b>Total</b>	<b>5,223</b>	<b>3,097</b>	<b>476,786</b>	<b>557,778</b>
<b>Current</b>	<b>5,223</b>	<b>3,097</b>	<b>195,046</b>	<b>244,413</b>
<b>Non-current</b>	<b>-</b>	<b>-</b>	<b>281,740</b>	<b>313,365</b>

#### 12. ADVANCES TO SUPPLIERS

Description	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Advances – local currency	170	97	63,990	109,677
Advances – foreign currency	-	-	69,248	93,702
<b>Total</b>	<b>170</b>	<b>97</b>	<b>133,238</b>	<b>203,379</b>

#### 13. INCOME TAX AND CONTRIBUTION

##### 13.1 Reconciliation of deferred tax

Description	Consolidated		
	December 31, 2021	Profit or loss	September 30, 2022
<b>Temporary differences liabilities</b>			
Fair value of TAP Bond	(31,549)	31,549	-
Financial instruments	(95,208)	95,208	-
Deferred revenue TudoAzul program	(138,624)	(35,015)	(173,639)
Others	(516)	-	(516)
	<b>(265,897)</b>	<b>91,742</b>	<b>(174,155)</b>
<b>Temporary differences assets</b>	<b>265,897</b>	<b>(91,742)</b>	<b>174,155</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

September 30, 2022

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

#### 13.2 Reconciliation of the effective tax

Description	Parent company			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Loss before income tax and social contribution	(2,014,994)	(2,196,294)	(1,828,420)	(3,820,871)
Combined nominal tax rate	34%	34%	34%	34%
Taxes calculated at nominal rates	685,098	746,740	621,663	1,299,096
<b>Adjustments to determine the effective rate</b>				
Equity	(581,512)	(777,666)	(636,592)	(1,319,507)
Unrecorded benefit on tax losses and temporary differences	(18,869)	(50,672)	(18,785)	(60,803)
Permanent differences	(84,717)	81,214	33,714	81,214
Others	-	384	-	-
	-	-	-	-

Description	Consolidated			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Loss before income tax and social contribution	(2,014,994)	(2,196,294)	(1,828,420)	(3,820,871)
Combined nominal tax rate	34%	34%	34%	34%
Taxes calculated at nominal rates	685,098	746,740	621,663	1,299,096
<b>Adjustments to determine the effective rate</b>				
Result from investments not taxed abroad	45,591	(87,979)	124,469	(54,926)
Unrecorded benefit on tax losses and temporary differences	(728,206)	(794,580)	(991,526)	(1,394,518)
Permanent differences	(9,531)	135,380	229,350	150,348
Rate differential	8,146	-	20,795	-
Others	(1,098)	439	(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, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	Tax losses and negative bases	389,712	316,407	11,293,164
Tax loss (25%)	97,428	79,102	2,823,291	2,210,951
Negative social contribution base (9%)	35,074	28,477	1,016,385	795,942





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

September 30, 2022

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

## 14. INVESTMENTS

Description	Company equity interest		
	Paid-up capital	Voting capital	Equity
<b>At December 31, 2021</b>			
ALAB	100%	100%	(17,522,749)
IntelAzul	100%	100%	(17,932)
Goodwill – IntelAzul	-	-	780,991
Total			<u>(16,759,690)</u>
<b>At September 30, 2022</b>			
ALAB	100%	100%	(19,232,652)
IntelAzul	100%	100%	(19,084)
Goodwill – IntelAzul	-	-	780,991
Total			<u>(18,470,745)</u>

### 14.1 Movement of the investments

Description	ALAB	IntelAzul	Total
At December 31, 2021	(17,522,749)	763,059	(16,759,690)
Equity	(1,871,176)	(1,152)	(1,872,328)
Capital increase	152,000	-	152,000
Share-based compensation	9,273	-	9,273
At September 30, 2022	(19,232,652)	761,907	(18,470,745)

## 15. PROPERTY AND EQUIPMENT

Description	Weighted average rate (p.a.)	Consolidated				September 30, 2022
		December 31, 2021	Acquisitions	Disposals	Transfers <sup>(a)</sup>	
<b>Cost</b>						
Aircraft and engines		2,519,231	528,764	(657,441)	226,707	2,617,261
Buildings and leasehold improvements		506,678	5,905	(9,084)	18,857	522,356
Equipment and facilities		199,119	8,097	(198)	4,975	211,993
Others		29,905	1,315	(4)	247	31,463
Construction in progress		52,174	26,884	-	(42,490)	36,568
Advance payments for acquisition of aircraft		85,607	20,103	-	-	105,710
		<u>3,392,714</u>	<u>591,068</u>	<u>(666,727)</u>	<u>208,296</u>	<u>3,525,351</u>
<b>Depreciation</b>						
Aircraft and engines	9%	(811,322)	(172,309)	100,229	(38,827)	(922,229)
Buildings and leasehold improvements	9%	(174,092)	(35,176)	8,078	-	(201,190)
Equipment and facilities	11%	(129,236)	(17,081)	138	-	(146,179)
Others	9%	(22,400)	(2,115)	4	-	(24,511)
		<u>(1,137,050)</u>	<u>(226,681)</u>	<u>108,449</u>	<u>(38,827)</u>	<u>(1,294,109)</u>
<b>Property and equipment</b>		<u>2,255,664</u>	<u>364,387</u>	<u>(558,278)</u>	<u>169,469</u>	<u>2,231,242</u>
<b>Impairment</b>		<u>(294,490)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(294,490)</u>
<b>Total property and equipment, net</b>		<u>1,961,174</u>	<u>364,387</u>	<u>(558,278)</u>	<u>169,469</u>	<u>1,936,752</u>

(a) The balances of transfers are between aircraft sublease, property and equipment, right-of-use and other assets groups.





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

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

## 16. RIGHT-OF-USE ASSETS

Description	Weighted average rate (p.a.)	Consolidated					September 30, 2022
		December 31, 2021	Acquisitions	Disposals	Contractual modifications	Transfers <sup>(a)</sup>	
<b>Cost</b>							
Aircraft and engines		11,356,489	656,191	(66,458)	13,998	(182,940)	11,777,280
Maintenance of aircraft and engines		1,542,856	503,312	(210,734)	-	(34,703)	1,800,731
Restoration of aircraft and engines		1,387,738	512,775	(217,156)	-	-	1,683,357
Simulators		119,782	-	-	-	-	119,782
Others		89,226	79,279	-	11,042	-	179,547
		14,496,091	1,751,557	(494,348)	25,040	(217,643)	15,560,697
<b>Depreciation</b>							
Aircraft and engines	7%	(6,368,510)	(607,254)	19,254	-	38,827	(6,917,683)
Maintenance of aircraft and engines	19%	(1,052,190)	(221,816)	206,191	-	-	(1,067,815)
Restoration of aircraft and engines	31%	(380,649)	(322,871)	212,317	-	-	(491,203)
Simulators	29%	(70,256)	(26,248)	-	-	-	(96,504)
Others	37%	(19,240)	(24,916)	-	-	-	(44,156)
		(7,890,845)	(1,203,105)	437,762	-	38,827	(8,617,361)
<b>Right-of-use assets</b>		6,605,246	548,452	(56,586)	25,040	(178,816)	6,943,336
<b>Impairment</b>		(605,651)	-	222,678	-	33,495	(349,478)
<b>Right-of-use assets, net</b>		5,999,595	548,452	166,092	25,040	(145,321)	6,593,858

(a) The balances of transfers are between aircraft sublease, property and equipment, right-of-use and other assets groups.

## 17. INTANGIBLE ASSETS

Description	Weighted average rate (p.a.)	Consolidated		
		December 31, 2021	Acquisitions	September 30, 2022
<b>Cost</b>				
Goodwill		901,417	-	901,417
Slots		126,547	-	126,547
Software		748,049	133,523	881,572
		1,776,013	133,523	1,909,536
<b>Amortization</b>				
Software	17%	(417,975)	(94,216)	(512,191)
		(417,975)	(94,216)	(512,191)
<b>Total intangible assets, net</b>		1,358,038	39,307	1,397,345





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

## 18. LOANS AND FINANCING

### 18.1 Movement of loans and financing

Description	Average nominal rate p.a.	Maturity	Consolidated								
			December 31, 2021	Funding (-) costs	Variation of conversion right	Payment of principal	Payment of interest	Interest incurred	Foreign currency exchange	Amortized cost	September 30, 2022
<b>In foreign currency – US\$</b>											
Working capital											
Senior notes – 2024	5.9%	Oct-24	2,236,910	-	-	-	(58,358)	89,491	(69,153)	4,588	2,203,478
Senior notes – 2026	7.3%	Jun-26	3,298,018	-	-	-	(111,367)	165,305	(98,008)	9,301	3,263,249
Others	1.0%	Jun-25	5,002	-	-	(4,124)	(5)	9	(242)	-	640
Convertible debentures <sup>(a)</sup>	6.0%	Oct-25	1,873,001	-	(190,328)	-	(50,725)	168,328	(36,832)	3,336	1,766,780
Aircraft and engines	5.8%	Mar-29	1,091,953	-	-	(225,866)	(31,012)	40,731	(44,884)	4,190	835,112
	Libor 3M + 2.6%	Mar-22	1,561	-	-	(1,428)	-	6	(139)	-	-
<b>In local currency - R\$</b>											
Working capital	CDI + 3.9%	Feb-24	643,699	222,619	-	(245,690)	(85,605)	79,935	-	141	615,099
	7.3%	Sep-25	23,202	-	-	(20,216)	(1,177)	1,098	-	-	2,907
Debentures <sup>(a)</sup>	CDI + 5.0%	Dec-27	733,017	(12,308)	-	(44,434)	(50,901)	116,855	-	3,467	745,696
Aircraft and engines	6.2%	Mar-27	84,330	-	-	(37,448)	(3,477)	3,416	-	91	46,912
	Selic + 5.5%	May-25	28,038	-	-	(7,176)	(3,312)	3,020	-	30	20,600
Total in R\$			10,018,731	210,311	(190,328)	(586,382)	(395,939)	668,194	(249,258)	25,144	9,500,473
<b>Current</b>			1,023,390								1,316,221
<b>Non-current</b>			8,995,341								8,184,252

(a) The balance recorded in the Parent company includes the right to convert the debt into Company shares in the amount of R\$446,458 (as of December 31, 2021 – R\$636,786).

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





## AZUL S.A.

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#### 18.2 New funding

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

In the third quarter of 2022, the subsidiary ALAB raised fund of R\$22,944 at a cost of R\$325, at a rate equivalent to CDI+6.3% p.a. and monthly payments of interest and principal with maturity in December, 2023.

#### 18.3 Renegotiation of debentures

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

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

Description	Consolidated	
	September 30, 2022	December 31, 2021
2023	140,963	1,242,042
2024	2,472,166	2,417,304
2025	1,968,954	1,959,558
2026	3,419,605	3,357,741
After 2026	182,564	18,696
	<u>8,184,252</u>	<u>8,995,341</u>

#### 18.5 Covenants

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

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





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

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## 19. LEASES

### 19.1 Movement of leases

Description	Consolidated									September 30, 2022
	Average remaining term	Weighted average rate	December 31, 2021	Additions	Contractual modifications	Payments	Interest incurred	Disposals	Foreign currency exchange	
<b>Lease without purchase option:</b>										
Aircraft and engines	7.5	21.3%	13,724,647	698,813	25,375	(2,370,862)	1,757,959	(1,123)	(389,895)	13,444,914
Others	13.5	10.1%	71,869	79,279	11,042	(18,999)	22,579	-	(63)	165,707
<b>Lease with purchase option:</b>										
Aircraft and engines	5.8	14.7%	1,094,059	27,075	(74,519)	(301,643)	65,253	-	(47,131)	763,094
<b>Total</b>			<b>14,890,575</b>	<b>805,167</b>	<b>(38,102)</b>	<b>(2,691,504)</b>	<b>1,845,791</b>	<b>(1,123)</b>	<b>(437,089)</b>	<b>14,373,715</b>
<b>Current</b>			3,497,665							3,767,801
<b>Non-current</b>			11,392,910							10,605,914







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#### 19.2 Schedule of amortization of leases

Description	Consolidated	
	September 30, 2022	December 31, 2021
2022	1,071,446	3,802,070
2023	4,063,589	4,056,001
2024	4,096,448	4,015,746
2025	3,466,829	3,397,128
2026	3,132,124	3,072,413
After 2026	10,594,374	10,080,996
Minimum lease payments	26,424,810	28,424,354
Financial charges	(12,051,095)	(13,533,779)
Present value of minimum lease payments	14,373,715	14,890,575

#### 19.3 Covenants

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

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

#### 20. ACCOUNTS PAYABLE

Description	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Accounts payable – local currency	345	596	1,182,197	1,232,786
Accounts payable – foreign currency	1,063	2,840	1,171,021	639,894
	1,408	3,436	2,353,218	1,872,680
<b>Current</b>	1,408	3,436	1,924,279	1,530,480
<b>Non-current</b>	-	-	428,939	342,200





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

September 30, 2022

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

## 21. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated				Total
	Derivatives not designated as hedge accounting				
Changes in fair value	Interest rate swap	Forward - fuel	Forward - foreign currency	Conversion right debentures <sup>(a)</sup>	
At December 31, 2021	(213,257)	9,383	270,640	(636,786)	(570,020)
Gains (losses) recognized in result	105,488	359,172	(122,915)	190,328	532,073
Payments (receipts)	199	(450,710)	-	-	(450,511)
At September 30, 2022	(107,570)	(82,155)	147,725	(446,458)	(488,458)
Rights with current derivative financial instruments	55,470	20,360	-	-	75,830
Rights with non-current derivative financial instruments	-	-	147,725	-	147,725
Obligations with current derivative financial instruments	(57,559)	(102,515)	-	-	(160,074)
Obligations with non-current derivative financial instruments	(105,481)	-	-	-	(105,481)
Long-term loans and financing	-	-	-	(446,458)	(446,458)
	(107,570)	(82,155)	147,725	(446,458)	(488,458)

(a) Balance recorded in the Parent company.

## 22. AIR TRAFFIC LIABILITY

Description	Consolidated	
	September 30, 2022	December 31, 2021
Air traffic liability	4,761,251	3,471,534
Breakage of revenues from passengers and the TudoAzul program	(510,703)	(407,718)
	4,250,548	3,063,816
Average use term	55 days	47 days

## 23. TAXES PAYABLE

Description	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Government installment payment program	-	-	102,785	123,445
PIS and COFINS	162	125	36,024	63,584
IRRF	308	324	34,502	34,382
Import taxes	177	833	12,028	22,459
Others	97	72	18,542	7,260
	744	1,354	203,881	251,130
Current	744	1,354	126,048	150,084
Non-current	-	-	77,833	101,046





## AZUL S.A.

### Notes to the individual and consolidated quarterly information

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

## 24. PROVISIONS

Description	Consolidated				Total
	Return of aircrafts and engines	Tax, civil, labor and other risks	Onerous liabilities	Post-employment benefit	
At December 31, 2021	2,241,439	558,982	693,407	5,761	3,499,589
Additions	512,342	158,596	-	84	671,022
Reversals	-	-	(111,423)	-	(111,423)
Payments	(186,862)	(131,308)	(136,211)	-	(454,381)
Interest incurred	93,986	11,594	83,081	457	189,118
Foreign currency exchange	(70,536)	-	(19,640)	-	(90,176)
At September 30, 2022	2,590,369	597,864	509,214	6,302	3,703,749
<b>Current</b>	398,793	169,883	422,849	-	991,525
<b>Non-current</b>	2,191,576	427,981	86,365	6,302	2,712,224

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

The Company and its subsidiaries are parties to legal and administrative proceedings. The Company's Management believes that the provision is sufficient to cover possible cash out on legal and administrative proceedings.

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

Description	Consolidated			
	Probable loss		Possible loss	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Tax	256,646	218,051	148,094	217,470
Civil	95,604	69,326	59,780	44,661
Labor	58,413	52,121	109,086	107,427
Others	187,201	219,484	-	-
	597,864	558,982	316,960	369,558

## 25. RELATED PARTY TRANSACTIONS

### 25.1 Transactions and balances

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





## AZUL S.A.

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

		Parent company			September 30,	December 31,
Creditor	Debtor	Type of operation	Interest rate (p.a.)	Maturity	2022	2021
ALAB	Azul	Loan	5.7%	Dec-25	4,982	4,776
ALAB	Azul	Loan	2.3%	Jan-23	203,837	-
					<u>208,819</u>	<u>4,776</u>

The table below shows the balances of operations with related parties of the subsidiary ALAB, which were eliminated in the preparation of the consolidated quarterly information:

Creditor	Debtor	Type of operation	September 30, 2022	December 31, 2021
ALAB	Azul Conecta Ltda.	Loan	17,051	33,797
ALAB	Azul	Loan	208,819	4,776
ALAB	ATS Viagens e Turismo Ltda.	Sale of airline tickets	41,153	137,896
Canela Investments LLC	ALAB	Others	-	(808)
ATS Viagens e Turismo Ltda.	ALAB	Travel packages	(48,274)	(26,517)
Azul Investments LLP	ALAB	Loan	(4,988,934)	(5,335,059)
			<u>(4,770,185)</u>	<u>(5,185,915)</u>

## 25.2 Compensation of key management personnel

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

Description	Consolidated			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Short-term benefits	10,849	7,625	25,310	21,373
Share-based payment plan <sup>(a)</sup>	(15,639)	(502)	(34,339)	32,888
	<u>(4,790)</u>	<u>7,123</u>	<u>(9,029)</u>	<u>54,261</u>

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

Due to the reduction in the value of the share, in the nine-month period ended September 30, 2022, from R\$24.36 to R\$14.72 and the partial cancellation of grants (note 28.3.3), there was a decrease in the estimate of the remuneration of phantom shares and, consequently, a reversal of the expense recorded in previous periods in the amount of approximately R\$45 millions.

## 25.3 Guarantees and pledges granted by the Parent company

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





## **AZUL S.A.**

### **Notes to the individual and consolidated quarterly information**

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#### **25.4 Technology service sharing agreement**

On January 1, 2013, the Company entered into a contract with Águia Branca Participações S.A., one of its shareholders, for the sharing of information technology resources for an indefinite period. The total amount of services acquired during the nine-month period ended September 30, 2022 was R\$39 (R\$39 as of September 30, 2021), recorded under “Other expenses, net” in the statement of profit or loss. As of September 30, 2022, there were no amounts to be paid as a result of this transaction.

#### **25.5 Ticket sales contract**

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

#### **25.6 Aircraft sublease receivables**

In December 2019, the Company signed a letter of intent for the sublease of up to 28 aircrafts 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, 2022, the Company sub-leased three aircrafts to Breeze and recorded a balance receivable of R\$77,999 (R\$79,663 as of December 31, 2021).

#### **25.7 Lillium**

In August 2021, the Company announced strategic partnership plans with Lillium GmbH (“Lillium”), a wholly-owned subsidiary of Lillium N.V., which became a related party upon the election of the Chairman of the Company's Board of Directors as a member of the Lillium's Board of Directors.

#### **25.8 Azorra**

During the year of 2022, the Company entered into agreements with entities of the Azorra Aviation Holdings LLC group. (“Azorra”), which became a related party after the election of the Chairman of the Board of Directors of the Company as a member of the Board of Directors of Azorra.





## AZUL S.A.

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## 26. EQUITY

### 26.1 Issued capital

Description	Parent company and Consolidated		
	Company's capital	Quantity	
		Common shares	Preferred shares
At September 30, 2022	2,313,924	928,965,058	335,617,908
At December 31, 2021	2,290,876	928,965,058	333,680,010

Company shareholding structure is presented below:

Shareholder	Parent company and Consolidated					
	September 30, 2022			December 31, 2021		
	Common shares	Preferred shares	% economic participation	Common shares	Preferred shares	% economic participation
David Neeleman	67.0%	2.2%	4.4%	67.0%	1.7%	4.0%
Trip shareholders <sup>(a)</sup>	33.0%	4.5%	5.5%	33.0%	5.5%	6.5%
United Airlines Inc	-	8.0%	7.8%	-	8.1%	7.8%
Capital Research Global Investors	-	4.7%	4.6%	-	11.6%	11.2%
Others	-	80.5%	77.6%	-	73.0%	70.4%
Treasury shares	-	0.1%	0.1%	-	0.1%	0.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

### 26.2 Treasury shares

Set out below is the movement of treasury shares:

Description	Parent company and Consolidated	
	Number of shares	Amount paid
At December 31, 2021	384,529	11,959
Acquisitions	53,099	923
Transfers	(347,632)	(9,961)
At September 30, 2022 <sup>(a)</sup>	89,996	2,921

(a) Average cost of R\$32.46.

On March 1, 2021, the repurchase plan for 2,000,000 preferred shares maturing in 18 months was approved, until September 30, 2022 the Company repurchased 530,900 shares.





## AZUL S.A.

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## 27. EARNINGS (LOSS) PER SHARE

Description	Parent company and consolidated			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Numerator</b>				
Net loss for the period	(2,014,994)	(2,196,294)	(1,828,420)	(3,820,871)
<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	335,616,225	333,628,983	335,181,292	333,161,566
75 preferred shares	75	75	75	75
Weighted average number of equivalent preferred shares (a)	348,002,425	346,015,184	347,567,493	345,547,767
Weighted average number of equivalent common shares (b)	26,100,181,908	25,951,138,808	26,067,561,941	25,916,082,541
Weighted average number of presumed conversions	77,064,624	62,889,904	77,064,624	62,741,419
Weighted average number of shares that would have been issued at average market price	4,427,581	2,974,848	7,835,140	2,965,839
Basic loss per common share – R\$	(0.08)	(0.08)	(0.07)	(0.15)
Diluted loss per common share – R\$	(0.08)	(0.08)	(0.07)	(0.15)
Basic loss per preferred share – R\$	(5.79)	(6.35)	(5.26)	(11.06)
Diluted loss per preferred share – R\$	(5.79)	(6.35)	(5.26)	(11.06)

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

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

## 28. SHARE-BASED PAYMENT

### 28.1 Approved plans

With the exception of the fourth stock option plan, which will be detailed below, the conditions of the other share-based compensation plans were disclosed in detail in the financial statements for the year ended December 31, 2021 and did not change during the period nine months ended September 30, 2022.

At the EGM held on September 9, 2022, the fourth stock option plan was approved, which should include up to 13,800,000 preferred shares with an vesting period of up to 5 years and a maximum exercise period up to 10 years.





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## 28.2 Movement of the programs

The movement of the programs and the expense recognized are as follows:

Description	Parent company and Consolidated			
	Number of shares			
	Stock option plan	Restricted shares plan	Phantom shares	Total
At December 31, 2021	3,923,686	1,366,386	5,136,682	10,426,754
Concedidas	17,089,417	1,006,779	-	18,096,196
Exercised <sup>(a)</sup>	(1,937,898)	(479,098)	-	(2,416,996)
Canceled	-	(61,912)	(4,810,210)	(4,872,122)
At September 30, 2022	19,075,205	1,832,155	326,472	21,233,832

(a) Includes 131,466 shares withheld as IRRF.

Description	Consolidated	
	September 30, 2022	December 31, 2021
Share price (in reais)	14.72	24.36
Weighted average price of the stock option (in reais)	11.84	11.79
Total obligation related to the phantom shares plan	1,407	49,828

Description	Consolidated			
	Expense			
	Three-month periods ended September 30, 2022	Three-month periods ended September 30, 2021	Nine-month periods ended September 30, 2022	Nine-month periods ended September 30, 2021
Share-based compensation <sup>(a)</sup>	(20,180)	(4,456)	(38,100)	41,688

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

Due to the reduction in the value of the share, in the nine-month period ended September 30, 2022, from R\$24.36 to R\$14.72 and the partial cancellation of grants (note 28.3.3), there was a decrease in the estimate of the remuneration of phantom shares and, consequently, a reversal of the expense recorded in previous periods in the amount of approximately R\$48 million.

## 28.3 Assumptions

### 28.3.1 Stock option

During the third quarter, the Company granted 4 programs with the following conditions:

- vesting periods up to 5 years;
- exercisable at the rate up to 100% 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;
- average risk-free rate of return; and
- no expected dividends.







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Date of grant	Option exercise price (in R\$)	Average fair value of the option on the grant	Historical volatility	Expected dividend	Average risk-free rate of return	Deadline remainder of vesting period (in years)	Total options granted	Total outstanding options
December 11, 2009	3.42	1.93	47.7%	1.1%	8.8%	-	5,032,800	182,870
March 24, 2011	6.44	4.16	54.8%	1.1%	12.0%	-	1,572,000	84,000
April 5, 2011	6.44	4.16	54.8%	1.1%	12.0%	-	656,000	7,500
June 30, 2014	19.15	11.01	40.6%	1.1%	12.5%	-	2,169,122	740,013
July 1, 2015	14.51	10.82	40.6%	1.1%	15.7%	-	627,810	199,864
July 1, 2016	14.50	10.14	43.1%	1.1%	12.2%	-	820,250	299,796
July 6, 2017	22.57	12.82	43.4%	1.1%	10.3%	-	680,467	471,745
August 8, 2022	11.07	8.10	70.0%	-	13.0%	3.9	1,774,418	1,774,418
August 8, 2022	11.07	6.40	68.8%	-	13.2%	2.9	1,514,999	1,514,999
August 19, 2022	11.07	7.39	67.2%	-	13.6%	0.9	4,900,000	4,900,000
August 19, 2022	11.07	11.54	74.6%	-	12.7%	4.9	8,900,000	8,900,000
							28,647,866	19,075,205

### 28.3.2 Restricted stock option

During the third quarter, the Company granted 2 programs with the following conditions:

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

Date of grant	Fair value of share (in R\$)	Remaining term of the vesting period (in years)	Total granted	Total not exercised
July 7, 2019	51.65	0.7	170,000	33,575
June 19, 2020	21.80	1.7	1,382,582	593,219
July 7, 2021	42.67	2.8	300,000	198,582
July 7, 2022	11.72	3.8	335,593	335,593
July 7, 2022	11.72	3.8	671,186	671,186
			2,859,361	1,832,155

### 28.3.3 Phantom shares

The RCAs and EGM, held on August 8, 19 and September 9, 2022, respectively, approved the cancellation of up to 5,022,850 virtual options of the grants linked to the programs of the Company's Second Virtual Option Plan.

Date of grant	Option exercise price (in R\$)	Preço na data da outorga	Preço atual da ação	Average fair value of option at the reporting date (in R\$)	Historical volatility	Average risk-free rate of return	Remaining term of the vesting period (in years)	Total options granted <sup>(a)</sup>	Total outstanding
August 7, 2018	20.43	40.41	12.38	2.99	69.0%	13.5%	-	707,400	83,646
July 7, 2019	42.09	40.41	12.38	0.66	69.0%	13.5%	0.8	405,000	13,277
April 30, 2020	10.35	40.41	12.38	6.76	69.0%	13.5%	0.5	3,250,000	173,743
April 30, 2020	10.35	40.41	12.38	7.37	65.1%	13.2%	1.5	1,600,000	50,088
August 17, 2021	33.99	40.41	12.38	3.20	70.8%	12.9%	2.9	580,000	5,718
								6,542,400	326,472

(a) There are no expected dividends.





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## 29. SALES REVENUE

Description	Consolidated			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Revenue</b>				
Passenger revenue	4,188,266	2,478,240	10,783,697	5,589,392
Other revenues	344,018	352,408	1,136,881	928,935
<b>Gross revenue</b>	<b>4,532,284</b>	<b>2,830,648</b>	<b>11,920,578</b>	<b>6,518,327</b>
<b>Taxes levied</b>				
Passenger revenue	(114,034)	(78,034)	(308,688)	(174,108)
Other revenues	(41,439)	(34,813)	(117,275)	(98,230)
Total taxes	(155,473)	(112,847)	(425,963)	(272,338)
<b>Net revenue</b>	<b>4,376,811</b>	<b>2,717,801</b>	<b>11,494,615</b>	<b>6,245,989</b>

Revenues by geographical location are as follows:

Description	Consolidated			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Domestic revenue	3,469,086	2,448,038	9,477,818	5,636,406
Foreign revenue	907,725	269,763	2,016,797	609,583
<b>Net revenue</b>	<b>4,376,811</b>	<b>2,717,801</b>	<b>11,494,615</b>	<b>6,245,989</b>

## 30. RESULT BY NATURE

Description	Parent company			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Administrative expenses</b>				
Salaries and benefits	(3,741)	(2,179)	(21,325)	(9,239)
Others	(8,359)	(15,519)	(26,001)	(23,262)
	(12,100)	(17,698)	(47,326)	(32,501)
<b>Other operating expenses</b>				
Others	18,332	-	18,332	(12)
	18,332	-	18,332	(12)
<b>Total</b>	<b>6,232</b>	<b>(17,698)</b>	<b>(28,994)</b>	<b>(32,513)</b>





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Description	Consolidated			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Cost of services</b>				
Aircraft fuel	(1,900,666)	(879,238)	(4,787,823)	(2,086,266)
Salaries and benefits	(489,818)	(390,687)	(1,340,198)	(1,120,366)
Airport fees	(237,902)	(188,488)	(660,713)	(476,621)
Traffic and customer servicing	(169,643)	(104,385)	(453,393)	(271,075)
Maintenance and repairs	(123,888)	(144,027)	(452,432)	(379,260)
Depreciation and amortization	(519,240)	(304,752)	(1,484,289)	(890,597)
Impairment	346,114	-	346,114	103,017
Others	(539,032)	(325,309)	(1,322,805)	(864,430)
	<u>(3,634,075)</u>	<u>(2,336,886)</u>	<u>(10,155,539)</u>	<u>(5,985,598)</u>
<b>Selling expenses</b>				
Salaries and benefits	(4,893)	(4,992)	(15,860)	(14,916)
Sales and marketing	(196,872)	(86,524)	(481,572)	(246,872)
	<u>(201,765)</u>	<u>(91,516)</u>	<u>(497,432)</u>	<u>(261,788)</u>
<b>Administrative expenses</b>				
Salaries and benefits	(58,970)	(49,825)	(83,315)	(145,906)
Depreciation and amortization	(2,024)	(2,033)	(6,043)	(5,965)
Others	(58,148)	(53,139)	(164,223)	(121,412)
	<u>(119,142)</u>	<u>(104,997)</u>	<u>(253,581)</u>	<u>(273,283)</u>
<b>Other operating expenses</b>				
Idleness - Depreciation and amortization <sup>(a)</sup>	-	(42,492)	(31,125)	(145,747)
Others	(70,598)	(68,720)	(219,087)	(154,239)
	<u>(70,598)</u>	<u>(111,212)</u>	<u>(250,212)</u>	<u>(299,986)</u>
<b>Total</b>	<u>(4,025,580)</u>	<u>(2,644,611)</u>	<u>(11,156,764)</u>	<u>(6,820,655)</u>

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





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## 31. FINANCIAL RESULT

Description	Parent company			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Financial income</b>				
Interest on short-term investments	5,910	4,446	19,655	8,979
Others	66	21	842	116
	5,976	4,467	20,497	9,095
<b>Financial expenses</b>				
Interest on convertible debentures	(59,419)	(47,416)	(168,328)	(143,272)
Amortized cost of convertible debentures	(1,147)	(915)	(3,336)	(2,713)
Others	(2,453)	(596)	(2,968)	(12,986)
	(63,019)	(48,927)	(174,632)	(158,971)
Derivative financial instruments, net	(216,433)	255,904	190,328	287,091
Foreign currency exchange, net	(37,422)	(102,787)	36,709	(44,671)
Financial result, net	(310,898)	108,657	72,902	92,544

Description	Consolidated			
	Three-month periods ended		Nine-month periods ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Financial income</b>				
Interest on short-term investments	93,577	24,531	155,747	65,989
Sublease receivables	5,112	6,626	22,732	20,187
Others	1,543	2,395	12,751	3,209
	100,232	33,552	191,230	89,385
<b>Financial expenses</b>				
Interest on loans and financing	(198,754)	(129,761)	(499,866)	(274,555)
Interest on convertible debentures	(59,419)	(47,416)	(168,328)	(143,272)
Interest on lease	(659,963)	(616,085)	(1,845,791)	(1,852,141)
Interest on factoring credit card receivables	(52,210)	(8,024)	(146,214)	(18,480)
Interest on provisions	(64,994)	(57,399)	(177,523)	(171,719)
Amortized cost of convertible debentures	(1,147)	(915)	(3,336)	(2,713)
Amortized cost of loans and financing	(7,162)	(8,022)	(21,808)	(17,788)
Guarantee commission	(36,476)	(34,978)	(103,393)	(75,592)
Others	(251,508)	(80,168)	(515,199)	(207,932)
	(1,331,633)	(982,768)	(3,481,458)	(2,764,192)
Derivative financial instruments, net	(366,475)	263,229	532,073	307,763
Foreign currency exchange, net	(768,349)	(1,582,189)	591,884	(875,264)
Financial result, net	(2,366,225)	(2,268,176)	(2,166,271)	(3,242,308)





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## 32. RISK MANAGEMENT

Operating activities expose the Company and its subsidiaries to financial risks: (i) market risks, related to interest rates, fuel prices and exchange rates, (ii) credit risk and (iii) liquidity risk.

The risks are monitored by the Company's management and can be mitigated through the use of swaps, futures contracts and options in the oil market, US dollar and interest.

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

### 32.1 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 or liabilities;

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

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

The Company's fair value hierarchy is identified below:

Description	Level	Parent company			
		Carrying amount		Fair value	
		September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
<b>Assets</b>					
Cash and cash equivalents	2	288,294	293,557	288,294	293,557
Short-term investments	2	22	-	22	-
Accounts receivable	-	5,572	-	5,572	-
Security deposits and maintenance reserves	-	8,713	-	8,713	-
<b>Liabilities</b>					
Loans and financing	-	(1,320,322)	(1,236,215)	(1,337,538)	(1,256,767)
Loans and financing - conversion right	2	(446,458)	(636,786)	(446,458)	(636,786)
Accounts payable	-	(1,408)	(3,436)	(1,408)	(3,436)





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Description	Level	Consolidated			
		Carrying amount		Fair value	
		September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
<b>Assets</b>					
Cash and cash equivalents	2	1,103,748	3,073,799	1,103,748	3,073,799
Short-term investments	2	691,287	908,149	691,287	908,149
Accounts receivable	-	2,170,556	997,893	2,170,556	997,893
Aircraft sublease	-	214,994	274,198	214,994	274,198
Security deposits and maintenance reserves	-	2,454,059	1,964,419	2,454,059	1,964,419
Derivative financial instruments	2	223,555	353,817	223,555	353,817
<b>Liabilities</b>					
Loans and financing	-	(9,054,015)	(9,381,945)	(7,617,763)	(8,973,383)
Loans and financing - conversion right	2	(446,458)	(636,786)	(446,458)	(636,786)
Leases	-	(14,373,715)	(14,890,575)	(14,373,715)	(14,890,575)
Accounts payable	-	(2,353,218)	(1,872,680)	(2,353,218)	(2,335,165)
Factoring	-	(728,919)	(3,694)	(728,919)	(3,694)
Airport fees	-	(1,246,900)	(978,702)	(1,246,900)	(978,702)
Reimbursement to customers	-	(36,928)	(173,686)	(36,928)	(173,686)
Insurance payable	-	(12,399)	(92,793)	(12,399)	(92,793)
Derivative financial instruments	2	(265,555)	(287,051)	(265,555)	(287,051)

## 32.2 Market risks

### 32.2.1 Interest rate risk

To mitigate losses linked to interest rate fluctuations, the Company had, as of September 30, 2022, swap contracts (note 21).

#### 32.2.1.1 Sensitivity analysis

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

Description	Consolidated				
	Rate (p.a.)	Exposure to CDI		Exposure to LIBOR	
		September 30, 2022	Weighted rate (p.a.)	September 30, 2022	Weighted rate (p.a.)
Exposed liabilities, net	13.7%	(713,008)	4.2%	(398,594)	
<b>Effect on profit or loss</b>					
Interest rate devaluation by -50%	6.8%	48,814	2.1%	2,032	
Interest rate devaluation by -25%	10.2%	24,407	3.1%	1,016	
Interest rate appreciation by 50%	20.5%	(48,814)	6.3%	(2,032)	
Interest rate appreciation by 25%	17.1%	(24,407)	5.2%	(1,016)	





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

The price of aviation fuel may vary depending on the volatility of the price of crude oil and its derivatives. To mitigate losses linked to variations in the fuel market, the Company had, as of September 30, 2022, forward contracts on fuel (note 21).

##### 32.2.2.1 Sensitivity analysis

The probable scenarios used by the Company are the market curves as of September 30, 2022 for derivatives that hedge fuel price risk.

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

Description	Consolidated	
	Price <sup>(b)</sup>	Exposure to HOA <sup>(a)</sup> September 30, 2022
Exposed liabilities, net	\$295	(82,155)
<b>Effect on profit or loss</b>		
HOA devaluation by -50%	\$147	(454,641)
HOA devaluation by -25%	\$221	(227,324)
HOA appreciation by 50%	\$442	456,646
HOA appreciation by 25%	\$369	228,041

(a) HOA – Heating Oil

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

#### 32.2.3 Foreign exchange risk

Exchange rate risk arises from the possibility of unfavorable exchange variation to which the Company's cash flows are exposed. To mitigate losses linked to exchange rate variations, the Company had, as of September 30, 2022, foreign currency forward contracts (Note 21).





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The exposure to the main exchange differences is as follows:

Description	Consolidated			
	Exposure to US\$		Exposure to €	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
<b>Assets</b>				
Cash and cash equivalents	417,342	244,239	2,593	4,352
Short-term investments	-	-	691,044	906,719
Accounts receivable	163,984	100,640	-	-
Aircraft sublease	214,994	274,198	-	-
Security deposits and maintenance reserves	2,384,438	1,918,517	-	-
Other assets	9,354	154,198	-	-
<b>Total assets</b>	<b>3,190,112</b>	<b>2,691,792</b>	<b>693,637</b>	<b>911,071</b>
<b>Liabilities</b>				
Loans and financing	(8,090,674)	(8,506,445)	-	-
Leases	(14,213,286)	(14,814,400)	-	-
Accounts payable	(1,175,778)	(624,162)	-	-
Provisions and other liabilities	(3,805,526)	(3,808,012)	-	-
<b>Total liabilities</b>	<b>(27,285,264)</b>	<b>(27,753,019)</b>	<b>-</b>	<b>-</b>
<b>Net exposure</b>	<b>(24,095,152)</b>	<b>(25,061,227)</b>	<b>693,637</b>	<b>911,071</b>
Net exposure in foreign currency	(4,456,618)	(4,490,857)	131,112	144,134

#### 32.2.3.1 Sensitivity analysis

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

Description	Consolidated			
	Exposure to US\$		Exposure to €	
	Closing rate	September 30, 2022	Closing rate	September 30, 2022
Exposed assets (liabilities), net	5.4066	(24,095,152)	5.2904	693,637
<b>Effect on profit or loss</b>				
Foreign currency devaluation by -50%	2.7033	12,047,576	2.6452	(346,819)
Foreign currency devaluation by -25%	4.0550	6,023,788	3.9678	(173,409)
Foreign currency appreciation by 50%	8.1099	(12,047,576)	7.9356	346,819
Foreign currency appreciation by 25%	6.7583	(6,023,788)	6.6130	173,409

#### 32.3 Credit risk

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







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

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

#### 32.4 Liquidity risk

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

Description	Consolidated				
	Carrying amount	Contractual cash flow	Until 1 year	From 1 to 5 years	After 5 years
Loans and financing	9,500,473	9,609,364	1,350,681	8,163,144	95,539
Leases	14,373,715	26,424,810	4,124,867	16,096,486	6,203,457
Accounts payable	2,353,218	2,353,218	1,924,279	428,811	128
Factoring	728,919	728,919	728,919	-	-
Airport fees	1,246,900	1,246,900	751,878	218,626	276,396
Reimbursement to customers	36,928	36,928	36,928	-	-
Insurance payable	12,399	12,399	12,399	-	-
Taxes	203,881	203,881	126,048	77,833	-
Derivative financial instruments	265,555	265,555	160,074	105,481	-
	28,721,988	40,881,974	9,216,073	25,090,381	6,575,520

#### 32.5 Capital management

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





**AZUL S.A.**

**Notes to the individual and consolidated quarterly information**

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

### 33. NON-CASH TRANSACTIONS

Description	Consolidated											
	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	Total
Accounts receivable	-	-	-	-	-	-	-	-	78,808	-	(120,814)	(42,006)
Aircraft sublease	25,356	-	-	-	-	-	-	-	4,749	-	-	30,105
Security deposits and maintenance reserves	-	-	(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
	-	-	-	-	-	-	-	-	-	-	-	-



## AZUL S.A.

### Notes to the individual and consolidated quarterly information

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## 34. COMMITMENTS AND GUARANTEES

### 34.1 Aircraft acquisition

As of September 30, 2022, the Company had contractually assumed the commitment to acquire aircraft directly from manufacturers and from lessors, according to the table below:

Description	Consolidated	
	September 30, 2022	December 31, 2021
Lessors	41	45
Manufacturers	100	86
	141	131

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, 2022	December 31, 2021
2022	510,506	1,332,170
2023	1,658,686	1,048,452
2024	1,644,653	2,354,729
2025	1,395,783	2,116,390
2026	2,679,844	2,325,528
After 2026	6,333,420	3,454,271
	14,222,892	12,631,540

### 34.2 Letters of credit

Until September 30, 2022, the Company held letters of credit in the amount shown below:

Description	Consolidated			
	September 30, 2022		December 31, 2021	
	R\$	US\$	R\$	US\$
Security deposits and maintenance reserves	2,595,907	480 millions	3,112,152	492 millions
Local guarantees	45,090	-	8,763	-
	2,640,997	480 millions	3,120,915	492 millions

### 34.3 Guarantees

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





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

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

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

