

**EVE HOLDING, INC.**  
319,264,425 SHARES OF COMMON STOCK

**14,250,000 WARRANTS TO PURCHASE SHARES OF COMMON STOCK**

**66,845,072 SHARES OF COMMON STOCK UNDERLYING WARRANTS**

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This Prospectus Supplement, dated May 7, 2024 (the “Supplement”), supplements the prospectus, dated April 26, 2023, filed by Eve Holding Inc., a Delaware corporation (the “Company”), with the Securities and Exchange Commission (“SEC”) on April 26, 2023 pursuant to Rule 424(b) under the Securities Act of 1933, as amended, relating to the Registration Statement on Form S-1, as amended (File No. 333-265337) (the “Prospectus”), relating to the issuance by the Company of up to 66,845,072 shares of common stock, comprising (i) the shares of common stock that may be issued upon exercise of 11,500,000 outstanding public warrants (as defined in the Prospectus), (ii) the shares of common stock that may be issued upon exercise of 14,250,000 outstanding private placement warrants (as defined in the Prospectus), and (iii) up to 41,095,072 shares of common stock that may be or have been issued upon exercise of the new warrants (as defined in the Prospectus). The Prospectus also relates to the resale by certain of the Selling Securityholders (as defined in the Prospectus) of up to 319,264,425 shares of common stock, comprising (i) 220,000,000 shares of common stock issued in connection with the business combination with the urban air mobility business of Embraer S.A., a Brazilian corporation (*sociedade anônima*) (“Embraer”), originally issued at a price of \$10.00 per share in exchange for Embraer’s interests in EVE UAM, LLC, (ii) 35,730,000 shares of common stock issued to certain qualified institutional buyers and accredited investors in private placements consummated in connection with the business combination, originally issued at a price of \$10.00 per share, (iii) 5,750,000 shares of common stock that were converted in connection with the business combination on a one-to-one basis from Zanite Acquisition Corp. Class B common stock originally issued at a price of \$0.004 per share, (iv) 260,000 shares of common stock underlying restricted stock units granted to certain directors and an officer of the Company, (v) 140,000 restricted shares of common stock granted to an officer of the Company, (vi) up to 14,250,000 shares of common stock that may be issued upon exercise of private placement warrants held by certain parties to the Amended and Restated Registration Rights Agreement (as defined in the Prospectus), originally issued at a price of \$1.00 per warrant, (vii) up to 41,095,072 shares of common stock that may be or have been issued upon exercise of new warrants that have been issued or are issuable, subject to triggering events, to United Airlines Ventures, Ltd., a Cayman Islands company (“United”), and certain Strategic PIPE Investors (as defined in the Prospectus) originally issued in connection with entering into certain commercial arrangements without the payment of any purchase price and (viii) 2,039,353 shares of common stock issued to United in a private placement consummated on September 6, 2022 for a purchase price per share of \$7.36 and an aggregate purchase price of \$15,000,000. The Prospectus also relates to the resale by certain of the Selling Securityholders of 14,250,000 private placement warrants held by certain parties to the Amended and Restated Registration Rights Agreement, originally issued at a price of \$1.00 per warrant.

This Supplement is being filed to update and supplement the information contained in the Prospectus with the information from our Form 10-Q, filed with the SEC on May 7, 2024 (the “Form 10-Q”). Accordingly, we have attached the Form 10-Q to this Supplement.

This Supplement updates and supplements the information in the Prospectus and is not complete without, and may not be delivered or utilized except in combination with, the Prospectus, including any amendments or supplements thereto. This Supplement should be read in conjunction with the Prospectus and if there is any inconsistency between the information in the Prospectus and this Supplement, you should rely on the information in this Supplement.

Our common stock and public warrants trade on the New York Stock Exchange under the symbols “EVEX” and “EVEXW,” respectively. On May 6, 2024, the last quoted sale price for our common stock as reported on NYSE was \$5.51 per share and the last quoted sale price for our public warrants was \$0.5216 per warrant.

We are an “emerging growth company,” as defined under the federal securities laws, and, as such, may elect to comply with certain reduced public company reporting requirements for this prospectus and for future filings.

**Investing in our securities involves a high degree of risk. Before buying any securities, you should carefully read the discussion of the risks of investing in our securities in “Risk Factors” beginning on page 12 of the Prospectus.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if the Prospectus or this Supplement is truthful or complete. Any representation to the contrary is a criminal offense.**

**This Supplement is dated May 7, 2024**

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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(Mark One)

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

For the quarterly period ended March 31, 2024

or

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

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

Commission File No. 001-39704

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**EVE HOLDING, INC.**

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(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**85-2549808**

(I.R.S. Employer  
Identification No.)

**1400 General Aviation Drive  
Melbourne, FL 32935**

(Address of Principal Executive Offices, including zip code)

**(321) 751-5050**

(Registrant's telephone number, including area code)

**N/A**

(Former name and address, if changed since last report)

**Securities registered pursuant to Section 12(b) of the Act:**

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.001 per share	EVEX	The New York Stock Exchange
Warrants, each whole warrant exercisable for one share of Common Stock	EVEXW	The New York Stock Exchange

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes  No

As of May 7, 2024, there were 269,365,708 shares of common stock, par value \$0.001 per share, issued and outstanding.

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**EVE HOLDING, INC.**

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## PART I FINANCIAL INFORMATION (Unaudited)

## Item 1. Financial Statements

## EVE HOLDING, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands, except per share amounts)  
(Unaudited)

	March 31, 2024	December 31, 2023
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 23,588	\$ 46,882
Financial investments	114,714	111,218
Related party receivables	99	191
Related party loan receivable	84,264	83,042
Other current assets	1,601	889
Total current assets	224,267	242,221
Non-current assets		
Property, plant & equipment, net	514	547
Right-of-use assets, net	1,019	508
Deferred income tax, net	1,714	1,714
Other non-current assets	811	348
Total non-current assets	4,058	3,118
Total assets	\$ 228,325	\$ 245,339
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Accounts payable	\$ 1,648	\$ 4,571
Related party payables	21,700	20,208
Derivative financial instruments	7,624	13,965
Other current payables	14,240	13,245
Total current liabilities	45,212	51,989
Non-current liabilities		
Long-term debt	40,041	25,764
Other non-current payables	2,191	2,535
Total non-current liabilities	42,232	28,299
Total liabilities	87,444	80,288
Commitments and contingencies (Note 16)		
Equity		
Common stock, \$0.001 par value	269	269
Additional paid-in capital	510,574	509,448
Accumulated deficit	(369,963)	(344,667)
Total equity	140,881	165,051
Total liabilities and equity	\$ 228,325	\$ 245,339

The accompanying notes are an integral part of these condensed consolidated financial statements.  
Amounts may not add due to rounding.

## EVE HOLDING, INC.

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except per share amounts)  
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
<b>Operating expenses</b>		
Research and development expenses	\$ 27,455	\$ 21,528
Selling, general and administrative expenses	6,477	6,154
<b>Loss from operations</b>	(33,932)	(27,683)
Gain/(loss) from the change in fair value of derivative liabilities	6,341	(2,195)
Financial investment income	2,337	3,254
Related party loan interest income	1,222	990
Interest expense	(412)	-
Other (loss)/gain, net	(229)	34
<b>Loss before income taxes</b>	(24,673)	(25,598)
Income tax expense	623	174
<b>Net loss</b>	<u>\$ (25,296)</u>	<u>\$ (25,772)</u>
Weighted-average number of shares outstanding – basic and diluted	276,263	275,494
Net loss per share – basic and diluted	\$ (0.09)	\$ (0.09)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(In thousands) (Unaudited)

	Three Months Ended March 31,	
	2024	2023
<b>Net loss</b>	<u>\$ (25,296)</u>	<u>\$ (25,772)</u>
<b>Total comprehensive loss</b>	<u>\$ (25,296)</u>	<u>\$ (25,772)</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.  
Amounts may not add due to rounding.

## EVE HOLDING, INC.

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY  
(In thousands) (Unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Equity
	Shares	Amount			
<b>Balance at December 31, 2022</b>	269,094	\$ 269	\$ 503,662	\$ (217,008)	\$ 286,922
Net loss	-	-	-	(25,772)	(25,772)
Share-based compensation	-	-	868	-	868
Warrant expenses	-	-	480	-	480
<b>Balance as of March 31, 2023</b>	<u>269,094</u>	<u>\$ 269</u>	<u>\$ 505,009</u>	<u>\$ (242,780)</u>	<u>\$ 262,498</u>
<b>Balance at December 31, 2023</b>	269,359	\$ 269	\$ 509,448	\$ (344,667)	\$ 165,051
Net loss	-	-	-	(25,296)	(25,296)
Share-based compensation and issuance for vested awards	7	0	1,126	-	1,126
<b>Balance as of March 31, 2024</b>	<u>269,366</u>	<u>\$ 269</u>	<u>\$ 510,574</u>	<u>\$ (369,963)</u>	<u>\$ 140,881</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.  
Amounts may not add due to rounding.

## EVE HOLDING, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In thousands) (Unaudited)

	Three Months Ended March 31,	
	2024	2023
<b>Cash flows from operating activities</b>		
Net loss	\$ (25,296)	\$ (25,772)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation and amortization	51	22
Non-cash lease expenses	54	9
Unrealized gain on the exchange rate changes	(315)	(59)
Share-based compensation	1,126	868
Warrant expenses	-	480
Change in fair value of derivative financial instruments	(6,341)	2,195
Changes in operating assets and liabilities		
Accrued interest on financial investments, net	(1,497)	(2,838)
Accrued interest on related party loan receivable, net	(1,222)	(990)
Other assets	(1,285)	716
Related party receivables	206	104
Accounts payable	(2,909)	(1,708)
Related party payables	1,319	3,588
Other payables	296	3,495
<b>Net cash used by operating activities</b>	<u>(35,813)</u>	<u>(19,891)</u>
<b>Cash flows from investing activities</b>		
Redemptions of financial investments	10,000	-
Purchases of financial investments	(12,000)	(17,500)
Expenditures for property, plant and equipment	(106)	(44)
<b>Net cash used by investing activities</b>	<u>(2,106)</u>	<u>(17,544)</u>
<b>Cash flows from financing activities</b>		
Proceeds from debt	14,966	-
Non-creditor debt issuance costs	(219)	-
<b>Net cash provided by financing activities</b>	<u>14,747</u>	<u>-</u>
Effect of exchange rate changes on cash and cash equivalents	(122)	126
Decrease in cash and cash equivalents	(23,294)	(37,309)
<b>Cash and cash equivalents at the beginning of the period</b>	<u>46,882</u>	<u>49,146</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>\$ 23,588</u>	<u>\$ 11,837</u>
<b>Supplemental disclosure of cash information</b>		
Cash paid for		
Income tax	\$ 949	\$ 148
Interest	\$ 273	\$ -
<b>Supplemental disclosure of other non-cash investing and financing activities</b>		
Property, plant & equipment expenditures in accounts payable and other accruals	\$ 8	\$ 121
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 564	\$ -
Issuance of common stock for vested restricted stock units	\$ 41	\$ -

The accompanying notes are an integral part of these condensed consolidated financial statements.  
Amounts may not add due to rounding.



EVE HOLDING, INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(In thousands, unless otherwise specified or per share amounts)  
(Unaudited)

**Note 1 – Organization and Basis of Presentation**

Eve Holding, Inc. (together with its subsidiaries, as applicable, “Eve,” the “Company,” “we,” “us,” or “our”), is an aerospace company that is dedicated to accelerating the urban air mobility (“UAM”) ecosystem. Benefitting from a startup mindset and with a singular focus, Eve is taking a holistic approach to progressing the UAM ecosystem with an advanced electric vertical take-off and landing (“eVTOL”) project, a comprehensive global services and support network, and a unique air traffic management solution. The Company is organized in Delaware with operations in Melbourne, Florida and São Paulo, Brazil.

**Basis of Presentation**

The condensed consolidated financial statements are presented in US Dollars, unless otherwise noted, and have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) and pursuant to the accounting and disclosure rules and regulations of the Securities Exchange Commission (“SEC”) for interim financial reporting.

Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. Additionally, operating results for interim periods are not necessarily indicative of the results that can be expected for a full year. The unaudited condensed consolidated financial statements herein should be read in conjunction with our audited consolidated financial statements and notes thereto included within our 2023 Form 10-K. These unaudited condensed consolidated financial statements reflect, in the opinion of management, all material adjustments (which include normal recurring adjustments) necessary to fairly state, in all material respects, the Company’s financial position, results of operations, and cash flows for the periods presented. All intercompany balances and transactions were eliminated in consolidation. Certain columns and rows may not add due to rounding.

**Use of Estimates**

The preparation of condensed consolidated financial statements in accordance with U.S. GAAP requires the Company’s management to make estimates and judgments that affected the reported amounts of assets and liabilities and allocations of expenses. These judgments were based on the historical experience, management’s evaluation of trends in the industry and other factors that were deemed relevant at that time. The estimates and assumptions were reviewed on a regular basis and the changes to accounting estimates were recognized in the period in which the estimates were revised. The Company’s management recognizes that the actual results could be materially different from the estimates.

**Prior Period Reclassification**

We have reclassified certain prior period amounts to conform to the current period presentation. These reclassifications had no effect on the reported results of operations.

**Accounting Pronouncements Not Yet Adopted**

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, Improvements to Reportable Segment Disclosures (Topic 280). This guidance is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in this ASU are effective for our 2024 annual financial statements and interim periods beginning in 2025. The Company does not expect the adoption of this ASU will have a material impact on the consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures (Topic 740). This guidance establishes new income tax disclosure requirements in addition to modifying and eliminating certain existing guidance. Under the new guidance, entities must consistently categorize and provide greater disaggregation of information in the rate reconciliation. They must also further disaggregate income taxes paid. This ASU is effective for fiscal years beginning after December 15, 2024, although early adoption is permitted. The Company is currently evaluating the impact of adopting this new accounting guidance on our consolidated financial statements, but does not expect the adoption of this ASU will have a material impact on the consolidated financial statements and related disclosures.

**Note 2 – Cash and Cash Equivalents**

Cash and cash equivalents include deposits in Bank Deposit Certificates (“CDBs”) issued by financial institutions in Brazil that are immediately available for redemption and fixed term deposits in US Dollars with original maturities of 90 days or less. Balances consisted of the following:

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Cash	\$ 8,096	\$ 9,173
CDBs	5,455	4,385
Fixed deposits	10,038	33,325
Total	<u>\$ 23,588</u>	<u>\$ 46,882</u>

**Note 3 – Financial Investments**

The financial investments are classified as held-to-maturity (“HTM”) because management has the intent and ability to hold the securities until maturity. These investments include time deposits with original maturities of one year or less, but greater than 90 days and are recorded at amortized cost in the condensed consolidated balance sheets.

	<u>March 31, 2024</u>			
	<u>Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
HTM securities, at cost:				
Time deposits	\$ 114,714	\$ -	\$ (283)	\$ 114,432
	<u>December 31, 2023</u>			
	<u>Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
HTM securities, at cost:				
Time deposits	\$ 111,218	\$ 106	\$ -	\$ 111,324

No allowance for credit losses were recognized as of March 31, 2024 and December 31, 2023.

#### Note 4 – Related Party Transactions

##### Relationship with Embraer

Embraer S.A., a Brazilian corporation (sociedade anônima) (“ERJ”), through one of its wholly owned subsidiaries Embraer Aircraft Holdings, Inc. (“EAH” and collectively “Embraer”), own approximately 90% of the outstanding common stock of the Company. The expenses reflected in the condensed consolidated financial statements may not be indicative of expenses that will be incurred by the Company in the future.

**Master Service Agreements and Shared Service Agreement** In December 2021, the Company and Embraer entered into the Master Service Agreement (“MSA”) and Shared Service Agreement (“SSA”), and as a result, Embraer began charging the Company for research and development (R&D) and selling, general and administrative (SG&A) services, respectively. The initial terms for the MSA and SSA are 15 years. The MSA can be automatically renewed for additional successive one-year periods. The MSA established a fee so that the Company may have access to Embraer’s R&D and engineering department structure, as well as, at the Company’s option, the ability to access manufacturing facilities in the future. The SSA established a cost overhead pool to be allocated, excluding any margin, so that the Company may be provided with access to certain of Embraer’s administrative services and facilities such as shared service centers. In addition, in December 2021, the Company entered into a MSA with Atech Negócios em Tecnologias S.A., a Brazilian corporation (sociedade anônima) (“Atech”) and wholly owned subsidiary of Embraer, for an initial term of 15 years. Fees under the Atech MSA are for services related to air traffic management software development, defense systems, simulation systems, engineering, and consulting services.

**Corporate Costs** Embraer incurs corporate costs for services provided to the Company. These costs include, but are not limited to, expenses for information systems, accounting, treasury, purchasing, human resources, legal, and facilities. These costs benefit Eve, but are not covered under the MSA or SSA. The corporate costs are allocated between the “Research and development expenses” and “Selling, general and administrative expenses” line items of the condensed consolidated statements of operations as appropriate.

**Development Costs** The Company has entered into supply agreements with Embraer entities and joint ventures that Embraer is a party to for the purchase of components and other materials consumed in development activities.

**Related Party Receivables and Payables** Certain employees have transferred from Embraer to the Company. On the transfer date of each employee, all payroll related accruals for the employee are transferred to the Company. Embraer is responsible for payroll related costs prior to the transfer date. The Company recognizes a receivable from Embraer for payroll costs incurred prior to the transfer date in the “Related party receivables” line of the condensed consolidated balance sheets. Fees and expenses in connection with the MSA, SSA, and other costs are payable within 45 days after receipt of the invoice and are recognized in “Related party payables” within the condensed consolidated balance sheets.

**Royalty-Free Licenses** Under the MSA and SSA, the Company has a royalty-free license to access Embraer’s intellectual property to be used within the UAM market.

**Leases** The Company enters into agreements with Embraer to lease corporate office space and other facilities. Refer to Note 5 for more information.

**Related Party Loan** On August 1, 2022, the Company entered into a loan agreement (the “Loan Agreement”) with EAH in order to efficiently manage the Company’s cash at a rate of return that is favorable to the Company for an initial term of 12 months. On August 1, 2023, the Company and EAH agreed to amend the Loan Agreement (“Amended Loan Agreement”) to extend the term an additional 12 months to August 1, 2024 and increase the fixed interest rate to 5.97% per annum. The aggregate principal amount is still up to \$81 million. All accrued interest prior to the amendment was paid. The date may be extended upon mutual written agreement by the Company and EAH. Any outstanding principal amount under the Loan Agreement may be prepaid at any time, in whole or in part, by EAH at its election and without penalty. The Company may request full or partial prepayment of any outstanding principal amount under the Loan Agreement at any time. Interest income is recognized using the simple interest method. No credit losses were recognized related to the loan for the three months ended March 31, 2024 and 2023, respectively.

#### Related Party Expenses

The following table summarizes the related party expenses for the presented periods:

	Three Months Ended	
	March 31,	
	2024	2023
Research and development expenses	\$ 20,889	\$ 15,162
Selling, general and administrative expenses	750	581
Total	<u>\$ 21,639</u>	<u>\$ 15,743</u>

#### Note 5 – Other Balance Sheet Components

##### Property Plant and Equipment

Property, plant and equipment consisted of the following:

	March 31,	December 31,
	2024	2023
Development mockups	\$ 516	\$ 516
Leasehold improvements	167	167
Construction in progress (“CIP”)	18	9
Computer hardware	15	15
Total property, plant and equipment	<u>\$ 715</u>	<u>\$ 707</u>
Less: Accumulated depreciation	<u>(202)</u>	<u>(160)</u>
Total property, plant and equipment, net	<u>\$ 514</u>	<u>\$ 547</u>

**Other Current Payables**

Other current payables are comprised of the following items:

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Accrued expenses	\$ 6,716	\$ 7,075
Payroll accruals	5,759	4,737
Income tax payable	1,062	1,141
Other payables	704	293
Total	<u>\$ 14,240</u>	<u>\$ 13,245</u>

**Other Non-Current Payables**

Other non-current payables are comprised of the following items:

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Advances from customers (a)	\$ 1,304	\$ 1,284
Payroll accruals	276	867
Other payables	610	383
Total	<u>\$ 2,191</u>	<u>\$ 2,535</u>

(a) Advances from customers relate to customers who have signed non-binding Letters of Intent to purchase eVTOLs.

**Note 6 – Debt**

In January 2023, the Company entered into a loan agreement (the “BNDES Loan Agreement”) with *Banco Nacional de Desenvolvimento Economico e Social* (“BNDES”), pursuant to which BNDES extended two loans with an aggregate borrowing availability of R\$490 million (approximately \$98.1 million), to support the first phase of the development of the Company’s eVTOL project. All USD approximations use foreign currency exchange rate data as of March 31, 2024.

The first loan (“Sub-credit A”), in the amount of R\$80 million (approximately \$16.0 million), was denominated in Brazilian reais by *Fundo Nacional Sobre Mudança Climática* (“FNMC”), a BNDES fund that supports businesses focused on mitigating climate change and reducing carbon emissions. Sub-credit A has maturity dates on a monthly basis from March 2026 through February 2035. The second loan (“Sub-credit B”), in the amount of R\$410 million (approximately \$82.1 million), was denominated in US Dollars, as adjusted on a daily basis by the US Dollar sale rate published by the Central Bank of Brazil as the “PTAX” rate. Sub-credit B has maturity dates on a quarterly basis from May 2027 through February 2035. In September 2023, BNDES withheld a one-time fee of approximately \$0.4 million from the initial draw.

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The Company's long-term debt outstanding included:

Title	Type	Interest Rate	March 31,		December 31,	
			2024		2023	
Sub-credit A	Term Loan	4.55%	\$	16,012	\$	13,132
Sub-credit B	Term Loan	(a)		24,604		12,937
Long-term debt principal			\$	40,616	\$	26,069
Unamortized debt issuance costs (b)				(575)		(305)
Long-term debt			\$	40,041	\$	25,764

(a) A fixed rate is determined for each draw on the loan, calculated as 1.10% per year plus a fixed rate to be published by BNDES every 15 days in accordance with the BNDES Loan Agreement.

(b) Excludes \$288 thousand and \$348 thousand in deferred charges related to debt issuance costs that will be recognized pro-ratably when additional funds are drawn as of March 31, 2024 and December 31, 2023, respectively.

The long-term debt principal matures as follows:

	Sub-credit A	Sub-credit B
2024	\$ -	\$ -
2025	-	-
2026	1,483	-
2027	1,779	2,307
2028	1,779	3,076
Thereafter	10,971	19,222
Total	\$ 16,012	\$ 24,604

As of March 31, 2024, Sub-credit A was fully drawn and \$57.5 million was available to be drawn on Sub-credit B. The BNDES loans shall be drawn by Eve Brazil by January 23, 2026. Otherwise, BNDES may terminate the BNDES Loan Agreement and any loans shall be paid no later than February 15, 2035. The BNDES Loan Agreement provides that the availability of such loans are subject to BNDES rules and regulations and, in the case of Sub-credit A, FNMC's budget. In the case of Sub-credit B, the loan is subject to rules and regulations of BNDES' financing program, which is subject to funding by the *Conselho Monetário Nacional*, Brazil's National Monetary Council. Additionally, the BNDES Loan Agreement provides that the borrowing of any amount under these loans are subject to certain conditions, including, among others, the promulgation of a new law (which condition only applies to Sub-credit A), the receipt by BNDES of a guarantee from an acceptable financial institution, absence of any facts that would have a material adverse effect on the economic or financial condition of the Company, and approval of the project by the applicable environmental entities.

**Note 7 – Common Stock Warrants**

**Warrants Classified as Equity**

*Public Warrants*

In connection with the Company's initial public offering on May 9, 2022 ("the Closing"), 11.5 million redeemable warrants were available as part of the common stock sold (the "Public Warrants"). Each Public Warrant entitles its holder to purchase one share of common stock at an exercise price of \$1.50 per share, to be exercised only for a whole number of shares of our common stock. The Public Warrants became exercisable 30 days after the Closing, provided that we have an effective registration statement under the Securities Act of 1933 ("Securities Act") covering the shares of common stock issuable upon exercise of the warrants and a current prospectus relating to them is available (or we permit holders to exercise their warrants on a cashless basis under the circumstances specified in the warrant agreement) and such shares are registered, qualified or exempt from registration under the securities, or blue sky, laws of the state of residence of the holder. The Public Warrants expire five years after the Closing or earlier upon redemption or liquidation. Once the Public Warrants become exercisable, we may redeem the outstanding Public Warrants at a price of \$0.01 per warrant, if the last sale price of our common stock equals or exceeds \$8.00 per share for any 20 trading days within a 30 trading days period ending on the third business day before the Company sends the notice of redemption to the warrant holders. As of March 31, 2024, there were 11.5 million Public Warrants outstanding.

*New Warrants*

The Company entered into warrant agreements with certain strategic private investment in public equity investors ("Strategic PIPE Investors") and United Airlines Ventures, Ltd. ("United"), pursuant to which and subject to the terms and conditions of each applicable warrant agreement. The Company has issued or has agreed to issue to the Strategic PIPE Investors and United warrants (the "New Warrants") to purchase an aggregate amount of (i) 24,095,072 shares of common stock with an exercise price of \$0.01 per share ("Penny Warrants"), (ii) 12,000,000 shares of common stock with an exercise price of \$5.00 per share, and (iii) 5,000,000 shares of common stock with an exercise price of \$11.50 per share. Warrants with exercise prices of \$15.00 and \$11.50 per share are defined as Market Warrants.

Because the cash received for the common stock and New Warrants is significantly different from their fair value, management considers such warrants to have been issued other than at fair market value. Accordingly, such warrants represent units of account separate from the shares of common stock that were issued to the Strategic PIPE Investors and United in connection with their respective investment and therefore require separate accounting treatment.

Terms related to the issuance and exercisability of the New Warrants differ among the Strategic PIPE Investors and United and each New Warrant is independently exercisable such that the exercise of any individual warrant does not depend on the exercise of another. As such, management has concluded that all New Warrants meet the criteria to be legally detachable and separately exercisable and therefore freestanding.

The New Warrants were recognized, measured, and classified by the Company as follows:

(a) *Potential lender/financier*: Market Warrants were issued to potential lender/financier counterparties at Closing, vested immediately, and do not contain exercise contingencies. These warrants were determined to be within the scope of ASC 815, Derivatives and Hedging, and equity-classified. Fair value was measured and expensed at the issuance date. As long as these warrants continue to be classified as equity, subsequent fair value remeasurement is not required.

(b) *Potential customers*: Market and Penny Warrants issued or issuable to potential customers of Eve were determined to be within the scope of ASC 718, Compensation-Stock Compensation, for classification and measurement and ASC 606, Revenue from Contracts with Customers, for recognition. In accordance with ASC 718, these warrants were determined to be equity-classified. The Penny Warrants can be separated into two categories: (i) contingently issuable warrants (the “Contingent Warrants”) and (ii) warrants that immediately vested upon Closing (“Vested Warrants”). The Contingent Warrants are measured at fair value on the grant date and will be recognized as variable consideration (a reduction of revenue) under ASC 606 when and if there are related revenue transactions or as expense if there are not yet related revenue transactions. The Vested Warrants were accounted for akin to a non-refundable upfront payment to a potential customer and were recognized as expense as Eve has no current revenue or binding contracts in place. Market Warrants issued at Closing to potential customers vested immediately and have no contingencies.

(c) *Potential suppliers*: Penny Warrants issued or issuable to potential suppliers of Eve, which are subject to the satisfaction of certain specified conditions, are accounted for as non-employee awards under ASC 718 and were determined to be equity-classified. The fair value of these warrants will be recognized as expense as products and/or services are received from the suppliers as if Eve paid cash for the respective transactions.

For the Contingent Warrants, the issuance and vesting of such warrants occurs upon the achievement of certain milestones, which include, as applicable, (a) receipt of the first type certification for eVTOL in compliance with certain airworthiness authorities, (b) receipt of the first binding commitment from a third-party to purchase an eVTOL jointly developed by Embraer and a certain Strategic Investor, (c) being a supplier at entry into service, (d) receipt of binding commitments from certain Strategic Investors for an aggregate 700 eVTOLs, (e) the time at which ten vertiports that have been developed or implemented with the services of a certain Strategic Investor have entered operation or are technically capable of entering operation, and (f) receipt of services and support agreements.

As of March 31, 2024, there were 37,422,536 New Warrants outstanding. The New Warrants were measured at fair value on the grant date (May 9, 2022), except for cases where there has been a modification, where fair value is remeasured on the modification date. The fair value of Penny Warrants was calculated by subtracting \$0.01 from Eve’s share price on the grant date. Market Warrants with an exercise price of \$11.50 were estimated using the publicly traded Public Warrants as the terms are similar. The Company used a modified Black-Scholes model to value the Market Warrants with an exercise price of \$15.00. The valuation model utilizes management judgment and pricing inputs from observable and unobservable markets with less volume and transaction frequency than active markets. Significant deviations from these estimates and inputs could result in a material change in fair value. Forfeitures of New Warrants within the scope of ASC 718 are estimated by the Company and reviewed when circumstances change.

The following table summarizes the Black-Scholes model inputs and assumptions:

	<u>May 9,</u> <u>2022</u>
<b>Market Warrants with exercise price of \$15.00</b>	
Share Price (\$0)	\$ 11.32
Maturity Date	12/31/2025
Time (T) - Years	3.63
Strike Price (X)	\$ 15.00
Risk-free Rate (r)	2.85%
Volatility ( $\sigma$ )	7.93%
Dividend Yield (q)	0.00%
Warrant Value	\$ 0.11



**Warrants Classified as Liabilities**

*Private Placement Warrants*

In connection with the Company's initial public offering on May 9, 2022 ("the Closing"), 14.3 million redeemable warrants in private placements (the "Private Placement Warrants") were issued. Each Private Placement Warrant entitles its holder to purchase one share of common stock at an exercise price of \$1.50 per share, subject to conditions as defined in the respective warrant agreement. The Private Placement Warrants have similar terms as the Public Warrants, except for the \$0.01 cash redemption feature. However, in the event a Private Placement Warrant is transferred to a third-party not affiliated with the Company (referred to as a non-permitted transferee), the warrant becomes a Public Warrant and is subject to the \$0.01 cash redemption feature. If this occurs, the calculation changes for the settlement amount of the Private Placement Warrants. Since the settlement amount depends solely on who holds the instrument, which is not an input to the fair value of a fixed-for-fixed option or forward on equity shares, the Private Placement Warrants are liability classified. As of March 31, 2024, there were 14.3 million Private Placement Warrants outstanding.

**Note 8 – Derivative Financial Instruments**

The Company has derivative financial instrument liabilities of \$7.6 million and \$14.0 million, as of March 31, 2024 and December 31, 2023, respectively, related to the Private Placement Warrants. The Company uses the share price of its Public Warrants as the input for the recurring fair value measurement of Private Placement Warrants at the end of each reporting period within the "Derivative financial instruments" line item of the condensed consolidated balance sheets. The Public Warrants are used to remeasure the fair value as they have similar key terms. Refer to Note 7 and 9 for additional information.

During the three months ended March 31, 2024 and 2023, a gain of \$6.3 million and loss of \$2.2 million, respectively, was recognized within the "Gain/(loss) from the change in fair value of derivative liabilities" line in the condensed consolidated statement of operations. The change in fair value is recorded under operating activities within the condensed consolidated statements of cash flows.

**Note 9 – Fair Value Measurements**

The Company uses a fair value hierarchy, which has three levels based on the reliability of the inputs, to determine fair value. The Company's assessment of the significance of an input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. Level 1 refers to fair values determined based on unadjusted quoted prices in active markets for identical instruments. Level 2 refers to fair values estimated using other observable inputs for the instruments, either directly or indirectly, for substantially the full term of the asset or liability. Level 3 includes fair values estimated using unobservable inputs for the instruments used to measure fair value to the extent that observable inputs are not available. The carrying amounts of cash and cash equivalents, financial investments, related party receivables, related party loan receivables, other current assets, accounts payable, related party payables, and other current payables approximate their fair values due to the short-term maturities of the instruments.

The fair value of debt was estimated using a discounted cash flow model and other observable inputs. Therefore, deemed to be Level 2. Refer to Note 8 for the methodology for determining the fair value of Private Placement Warrants.

As of March 31, 2024 and December 31, 2023, there were no changes in the fair value methodology and no transfers between levels of the financial instruments.

The following table lists the Company's financial liabilities by level within the fair value hierarchy.

	March 31, 2024					December 31, 2023				
	Carrying Amount	Fair Value				Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
Private Placement Warrants	\$ 7,624	\$ -	\$ 7,624	\$ -	\$ 13,965	\$ -	\$ 13,965	\$ -	\$ -	
Debt	\$ 40,041	\$ -	\$ 34,805	\$ -	\$ 25,764	\$ -	\$ 21,273	\$ -	\$ -	

**Note 10 – Equity**

The Company's common stock and Public Warrants trade on the NYSE under the symbols "EVEX" and "EVEXW", respectively. Pursuant to the terms of the Amended and Restated Certificate of Incorporation, the Company is authorized to issue the following shares and classes of capital stock, each with a par value of \$0.001 per share: (i) 1,000,000,000 shares of common stock; and (ii) 100,000,000 shares of preferred stock. There were 269,365,708 and 269,359,021 shares of common stock issued and outstanding as of March 31, 2024 and December 31, 2023, respectively. Holders of common stock are entitled to one vote per share on all matters to be voted upon by the stockholders. Holders of common stock are entitled to receive such dividends, if any, as may be declared from time to time by the Company's Board of Directors in its discretion out of funds legally available. No dividends on common stock have been declared by the Company's Board of Directors through March 31, 2024, and the Company does not expect to pay dividends in the foreseeable future. The Company has shares of common stock reserved for future issuance related to warrants and share-based compensation.

Preferred stock may be issued at the discretion of the Company's Board of Directors, as may be permitted by the General Corporation Law of the State of Delaware and without further stockholder action. The shares of preferred stock would be issuable for any proper corporate purpose, including, among other things, future acquisitions, capital raising transactions consisting of equity or convertible debt, stock dividends, or issuances under current and any future stock incentive plans, pursuant to which the Company may provide equity incentives to employees, officers, and directors and in certain instances may be used as an anti-takeover defense. As of March 31, 2024 and December 31, 2023, there was no preferred stock issued and outstanding.

In the event of a voluntary or involuntary liquidation, dissolution, distribution of assets, or winding-up, subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of the Company's common stock will be entitled to receive an equal amount per share of all of our assets of whatever kind available for distribution to stockholders, after the rights of the holders of any preferred stock have been satisfied, if any.

#### Note 11 – Earnings Per Share

Basic and diluted earnings per share is computed by dividing net loss by the weighted average number of common stock outstanding during the period. Diluted net loss per common stock reflects the potential dilution that would occur if securities were exercised or converted into common stock. The effects of any incremental potential common stock are excluded from the calculation of earnings per share if their effect would be anti-dilutive. Contingently issuable shares, including equity awards with performance conditions, are considered outstanding common shares and included in basic and diluted earnings per share as of the date that all necessary conditions to earn the awards have been satisfied. Public and Private Placement Warrants are considered for the diluted earnings per share calculation to the extent they are "in-the-money" and their effect is dilutive. The Company has retroactively adjusted the shares issued and outstanding prior to May 9, 2022, to give effect to the exchange ratio.

For the three months ended March 31, 2024 and 2023, there were no securities outstanding whose effect would be dilutive to earnings per share. Therefore, the number of basic and diluted weighted-average shares outstanding were equal for each period.

	Three Months Ended	
	March 31,	
	2024	2023
Net loss	\$ (25,296)	\$ (25,772)
Weighted-average shares outstanding – basic and diluted	276,263	275,494
Net loss per share – basic and diluted	\$ (0.09)	\$ (0.09)

For the three months ended March 31, 2024 and 2023, the basic and diluted weighted-average shares outstanding included penny warrants with either no or met contingencies, which have not been exercised of 6.9 million and 6.4 million shares, respectively.

The following table presents potentially dilutive securities excluded from the calculation of diluted earnings per share as their effect would have been anti-dilutive.

	March 31,	
	2024	2023
Unvested restricted stock units	1,141	914
Penny warrants with unmet contingencies	13,523	14,173
Warrants "out of the money"	42,750	42,750
Total	57,413	57,837

Warrants that are "out of the money" include Public, Private Placement, and Market Warrants issued to potential financiers and suppliers where the exercise price exceeded the common stock price for the period, as described in Note 7. Penny Warrants contain various contingencies agreed upon with the potential customers and suppliers. The terms and conditions of the potentially dilutive warrants can be referred to in Note 7.

**Note 12 – Research and Development Expenses**

Research and development expenses consisted of the following:

	Three Months Ended	
	March 31,	
	2024	2023
Outsourced services	\$ 24,677	\$ 19,437
Payroll costs	2,607	2,036
Other expenses	171	55
Total	\$ 27,455	\$ 21,528

**Note 13 – Selling, General and Administrative Expenses**

Selling, general and administrative expenses consisted of the following:

	Three Months Ended	
	March 31,	
	2024	2023
Payroll costs	\$ 3,273	\$ 2,718
Outsourced services	2,097	2,110
Director & Officers insurance	379	1,002
Other expenses	728	324
Total	\$ 6,477	\$ 6,154

**Note 14 – Income Taxes**

The Company calculates its income tax amounts using a separate return methodology. Under this method, the Company prepares the financial statements as if it will file separate returns with tax authorities. As a result, the Company's deferred tax balances and effective tax rate as a stand-alone entity will likely differ significantly from those calculated in the actual consolidated return with Embraer. The calculation of income taxes on a separate return basis requires a considerable amount of judgment and use of both estimates and allocations. The tax loss carryforwards and valuation allowances reflected in the condensed consolidated financial statements are based on a hypothetical stand-alone income tax return basis and may not exist in the ERJ and EAH consolidated financial statements.

For the three months ended March 31, 2024 and 2023, the Company recognized current income tax expense of \$0.6 million and \$0.2 million, respectively, due to year-to-date income in the Brazilian jurisdiction.

**Note 15 – Leases**

Leases primarily consist of office space, facilities, and equipment. A lease is deemed to exist when the Company has the right to control the use of identified property, plant or equipment, as conveyed through a contract, for a certain period of time and consideration paid. The right to control is deemed to occur when the Company has the right to obtain substantially all of the economic benefits of the identified assets and the right to direct the use of such assets. The Company recognizes right-of-use (“ROU”) assets and a corresponding lease liability on the lease commencement date (the date in which the asset is available for use). Lease liabilities are recognized in “Other current payables” and “Other non-current payables.”

The Company uses its estimated incremental borrowing rate in determining the present values of lease payments. The incremental borrowing rate is the rate of interest the Company would have to pay to borrow, on a collateralized basis, an amount equal to the lease payments for a term similar to the lease term in a similar economic environment as the lease. Lease liabilities are measured at the present value of lease payments to be made during the lease term, which is measured based on the contract term and renewal options. Options to extend the lease term or terminate it early are considered when it is reasonably certain the options will be exercised.

The following is a summary of the balance sheet components of leases:

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
<b>Supplemental balance sheet information</b>		
ROU assets, net - related parties	\$ 443	\$ 474
ROU assets, net - third parties	576	34
Total ROU assets, net	<u>\$ 1,019</u>	<u>\$ 508</u>
Operating lease liabilities - related parties	\$ 437	\$ 474
Operating lease liabilities - third parties	574	36
Total operating lease liabilities	<u>\$ 1,011</u>	<u>\$ 510</u>

Future minimum lease payments at March 31, 2024 were as follows:

	<b>Operating Leases</b>
2024	\$ 344
2025	459
2026	221
2027	92
2028	-
Thereafter	-
Total minimum lease payments	<u>1,116</u>
Imputed interest	(105)
Total operating lease liabilities	<u>\$ 1,011</u>

As of March 31, 2024, the Company has one lease with a related party that has not yet commenced. The lease is for a facility in Gavião Peixoto in the state of São Paulo, Brazil. The lease is expected to commence this year. The Company will also have additional leases commence for equipment from third parties during 2024.

**Note 16 – Commitments and Contingencies**

As of March 31, 2024 and December 31, 2023, the Company was not involved in any material legal proceedings. The Company will make accruals related to loss contingencies in instances where it is probable that a loss has been incurred and the amount can be reasonably estimated. Loss contingencies that are reasonably possible, but not probable, will be disclosed in the notes to the condensed consolidated financial statements.

**Note 17 – Segments**

Operating segment information is presented in a manner consistent with the internal reports provided to the Chief Operating Decision Maker (“CODM”). Given Eve’s pre-revenue operating stage, it currently has no concentration exposure to products, services, or customers. Eve has determined that it currently operates in three different operating and reportable segments as the CODM assesses the operation results by each R&D project, as follows:

**eVTOL** The Company is designing and certifying an eVTOL purpose-built for UAM missions and plans to market its eVTOLs globally to operators of UAM services, including fixed wing and helicopter operators, as well as lessors that purchase and manage aircraft on behalf of operators.

**Service and Operations Solutions** The Company plans to offer a full suite of eVTOL service and support capabilities, including material services, maintenance, technical support, training, ground handling and data services. Its services will be offered to UAM fleet operators on an agnostic basis, supporting both its own eVTOL and those produced by third parties.

**UATM** The Company is developing next-generation Urban Air Traffic Management software (“Vector”) to help enable eVTOLs to operate safely and efficiently in dense urban airspace along with conventional fixed wing and rotary aircraft and unmanned drones. The Company expects to offer Vector primarily as a subscription software offering to customers that include air navigation service providers, fleet operators and vertiport operators.

The CODM receives information related to the operating results based on R&D expenses by segment. Asset information by segment is not presented to the CODM.

<b>Research and development expenses by segment</b>	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
eVTOL	\$ 24,644	\$ 20,115
Service and Operations Solutions	1,593	702
UATM	1,219	711
Total	\$ 27,455	\$ 21,528
(Income)/expense not allocated to segments, net	(2,782)	4,070
Loss before income taxes	\$ (24,673)	\$ (25,598)

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provide information that Eve’s management believes is relevant to an assessment and understanding of Eve’s consolidated results of operations and financial condition. The following discussion should be read in conjunction with the Company’s 2023 Form-10-K filed with the U.S. Securities and Exchange Commission (the “SEC”) and the unaudited condensed consolidated financial statements for the three months ended March 31, 2024 and 2023, and the related notes that are included elsewhere in this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. The Company’s actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those risk factors set forth under “Cautionary Note Regarding Forward-Looking Statements” and “Risk Factors” in this Quarterly Report on Form 10-Q and in our other filings with the SEC. Capitalized terms not defined have the same meaning as in the notes to the unaudited condensed consolidated financial statements.

### Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including, without limitation, statements under Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” regarding our financial position, business strategy and the plans and objectives of management for future operations. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “hope,” “intend,” “may,” “might,” “objective,” “ongoing,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will,” or “would” or similar terms or expressions or the negative thereof, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements contained in this Quarterly Report on Form 10-Q are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to:

- our ability to raise financing in the future;
- the impact of the regulatory environment and complexities with compliance related to such environment, including changes in applicable laws or regulations;
- the impact of public health crises and epidemics;
- our ability to implement and maintain an effective system of internal control over financial reporting;
- our ability to grow market share in our existing markets or any new markets we may enter;
- our ability to respond to general economic conditions;
- the impact of foreign currency, interest rate, exchange rate and commodity price fluctuations;
- our ability to manage our growth effectively;
- our ability to achieve and maintain profitability in the future;
- our ability to access sources of capital to finance operations and growth;
- the success of our strategic relationships with third parties;
- our ability to successfully develop, certify and commercialize our planned Urban Air Mobility solutions;
- competition from other manufacturers and operators of electric vertical take-off and landing vehicles and other methods of air or ground transportation;
- various environmental requirements;
- retention or recruitment of executive and senior management and other key employees;
- reliance on services to be provided by Embraer and other third parties; and
- other risks and uncertainties described in this Quarterly Report on Form 10-Q and in our most recent Annual Report on Form 10-K (the “2023 Form 10-K”), including those under “Risk Factors”

The list above is not intended to be an exhaustive list of all of our forward-looking statements. Our forward-looking statements are based on information available as of the date of this Quarterly Report on Form 10-Q and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. While we believe these expectations, forecasts, assumptions and judgments are reasonable, our forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond our control. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

## Overview

Eve Holding, Inc. (together with its subsidiaries, as applicable, “Eve”, the “Company”, “we”, “us” or “our”), a Delaware corporation, is an aerospace company with operations in Melbourne, Florida and São José dos Campos, São Paulo, Brazil. The Company is a former blank check company incorporated on November 19, 2020, under the name Zanite Acquisition Corp. (“Zanite”) as a Delaware corporation that was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses.

Eve’s goal is to be a leading company in the urban air mobility (“UAM”) market by taking a holistic approach to developing a UAM solution that includes: the design and production of electric vertical take-off and landing vehicles (“eVTOLs”), a portfolio of maintenance and support services focused on Eve’s and third-party eVTOLs, and new air traffic management software for eVTOLs, (“Vector”), designed to allow eVTOLs to operate safely and efficiently in dense urban airspace alongside conventional aircraft and drones. Eve’s mission is to bring affordable air transportation to all passengers, improve quality of life, unleash economic productivity, save passengers time, and reduce global carbon emissions. Eve plans to leverage its strategic relationship with Embraer to de-risk and accelerate its development plans, while saving costs by utilizing Embraer’s extensive resources.

## Eve’s Business Model

Eve plans to fuel the development of the UAM ecosystem by providing a complete portfolio of solutions across three primary offerings:

***eVTOL Production and Design.*** Eve is designing and certifying an eVTOL purpose-built for UAM missions. Eve plans to market its eVTOLs globally to operators of UAM services, including fixed wing and helicopter operators, as well as lessors that purchase and manage aircraft on behalf of operators.

***Service and Operations Solutions.*** Eve plans to offer a full suite of eVTOL service and support capabilities, including material services, maintenance, technical support, training, ground handling and data services. Its services will be offered to UAM fleet operators on an agnostic basis – supporting both its own eVTOL and those produced by third parties.

***Urban Air Traffic Management.*** Eve is developing Vector, a next-generation UATM software to help enable eVTOLs to operate safely and efficiently in dense urban airspace along with conventional fixed wing and rotary aircraft and unmanned drones. Eve expects to offer Vector primarily as a subscription software offering to customers that include air navigation service providers, fleet operators and vertiport operators.

To date, Eve has not generated any revenue, as it continues to develop its eVTOL vehicles and other UAM solutions. As a result, Eve will require substantial additional capital to develop products and fund operations for the foreseeable future. Until Eve can generate any revenue from product sales and services, it expects to finance operations through a combination of existing cash on hand, public offerings, private placements, and debt financings. The amount and timing of future funding requirements will depend on many factors, including the pace and results of development efforts.

## Service Agreements

Eve has entered into Master Service Agreements (“MSA”) with ERJ and Atech and Shared Service Agreements (“SSA”) with ERJ and EAH. Pursuant to the MSAs, either directly or through their respective affiliates, ERJ and Atech will provide certain services and products to Eve and its subsidiaries, including, among others, product development of eVTOL, services development, parts planning, technical support, AOG (Aircraft on Ground) support, MRO (Maintenance, Repair and Overhaul) planning, training, special programs, technical publications development, technical publications management and distribution, operation, engineering, designing and administrative services and, at Eve’s option, future eVTOL manufacturing services. Eve expects to collaborate and leverage ERJ’s expertise as an aircraft producer, which will help it design and manufacture eVTOLs with low maintenance and operational costs and design systems and processes for maintenance, develop pilot training programs, and establish operations. The services provided under the SSA include, among others, corporate and administrative services to Eve. In addition, Eve has also entered into the Data Access Agreement with ERJ, pursuant to which, among other things, ERJ has agreed to provide Eve with access to certain of its intellectual property and proprietary information in order to facilitate the execution of the specific activities that are set out in certain of the statements of work entered into pursuant to the agreements.

The aforementioned Services Agreements continue to be in full force and effect. Further information about such agreements is set forth in our prospectus, dated January 18, 2023, filed on January 20, 2023, pursuant to Rule 424(b) under the Securities Act, relating to the Registration Statement on Form S-1/A, as amended (File No.333-265337) (the “Prospectus”), in the section entitled “Material Agreements.”

## **Key Factors Affecting Operations**

### ***Brazilian Economic Environment***

The Brazilian government has frequently intervened in the Brazilian economy and occasionally made drastic changes in policy and regulations. The Brazilian government’s actions to control inflation and affect other policies and regulations have often involved, among other measures, increases in interest rates, changes in tax policies and incentives, price controls, currency devaluations, capital controls, and limits on imports. Changes in Brazil’s monetary, credit, tariff and other policies could adversely affect our business, as could inflation, currency and interest-rate fluctuations, social instability and other political, economic or diplomatic developments in Brazil, as well as the Brazilian government’s response to these developments.

Rapid changes in Brazilian political and economic conditions that have occurred and may occur require continued assessment of the risks associated with our activities and the adjustment of our business and operating strategy accordingly. Developments in Brazilian government policies, including changes in the current policy and incentives adopted for financing exports of Brazilian goods, or in the Brazilian economy, over which we have no control, may have a material adverse effect on our business.

Inflation and exchange rate variations have had and may continue to have substantial effects on our financial condition and results of operations.

Inflation and exchange rate variations affect our monetary assets and liabilities denominated in Brazilian reais. The value of these assets and liabilities as expressed in US Dollars declines when the real devalues against the US Dollar and increases when the real appreciates. In periods of devaluation of the real, we report (i) a remeasurement loss on real-denominated monetary assets and (ii) a remeasurement gain on real-denominated monetary liabilities. For additional information on the effects of exchange rate variations on our financial condition and results of operations, see the section entitled “Item 3. Quantitative and Qualitative Disclosures about Market Risk.”

### ***Development of the UAM Market***

Our revenue will be directly tied to the continued development and sale of eVTOL and related services. While we believe the market for UAM will be large, it remains undeveloped and there is no guarantee of future demand. We currently anticipate commercialization of our eVTOL services-and-support business beginning in 2025, followed by the commercialization and initial revenue generation from the sale of our eVTOLs beginning in the latter half of 2026, and our business will require significant investment leading up to launching passenger services, including, but not limited to, final engineering designs, prototyping and testing, manufacturing, software development, certification, pilot training, and commercialization.

We believe one of the primary drivers for adoption of our UAM services is the value proposition and time savings offered by aerial mobility relative to traditional ground-based transportation. Additional factors impacting the pace of adoption of our UAM services include but are not limited to: perceptions about eVTOL quality, safety, performance and cost; perceptions about the limited range over which eVTOL may be flown on a single battery charge, volatility in the cost of oil and gasoline, availability of competing forms of transportation, such as ground or air taxi or ride-hailing services, the development of adequate infrastructure, consumers’ perception about the convenience and cost of transportation using eVTOL relative to ground-based alternatives, and increases in fuel efficiency, autonomy, or electrification of cars. In addition, macroeconomic factors could impact demand for UAM services, particularly if end-user pricing is at a premium to ground-based transportation alternatives. We anticipate initial operations in selected high-density metropolitan areas where traffic congestion is particularly acute and operating conditions are suitable for early eVTOL operations. If the market for UAM does not develop as expected, this would impact our ability to generate revenue or grow our business.



### ***Competition***

We believe that our primary sources of competition are focused UAM developers and established aerospace and automotive conglomerates developing UAM businesses. We expect the UAM industry to be dynamic and increasingly competitive. Our competitors could get to market before us, either generally or in specific markets. Even if we are first to market, we may not fully realize the benefits we anticipate and we may not receive any competitive advantage or may be overcome by other competitors. If new companies or existing aerospace or automotive conglomerates launch competing solutions in the markets in which we intend to operate and obtain large-scale capital investment, we may face increased competition. Additionally, our competitors may benefit from our efforts in developing consumer and community acceptance for UAM products and services, making it easier for them to obtain the permits and authorizations required to operate UAM services. In the event our project experiences substantial delays, or our current or future competitors overcome our advantages, our business, financial condition, operating results and prospects would be harmed.

### ***Government Certification***

We plan to obtain authorizations and certifications for our eVTOL with Brazil's Agência Nacional de Aviação Civil ("ANAC"), U.S. Federal Aviation Administration ("FAA"), and European Union Aviation Safety Agency ("EASA") initially and will seek certifications from other aviation authorities as necessary. We will also need to obtain authorizations and certifications related to the production of our aircraft and the deployment of our related services. While we anticipate being able to meet the requirements of such authorizations and certifications, we may be unable to obtain such authorizations and certifications, or to do so on the timeline we project. Should we fail to obtain any of the required authorizations or certifications, or do so in a timely manner, or any of these authorizations or certifications are modified, suspended or revoked after we obtain them, we may be unable to launch our commercial service or do so on the timelines we project, which would have adverse effects on our business, prospects, financial condition and/or results of operations.

### ***Initial Business Development Engagement***

Since its founding, Eve has been engaged in multiple market and business development projects around the world. Examples of this include two concepts of operation ("CONOPS") with Airservices Australia as well as with the United Kingdom Civil Aviation Authority. Both market and business development initiatives demonstrate Eve's ability to create new procedures and frameworks designed to enable the safe scalability of UAM together with our partners. Using these initiatives as a guide, Eve has launched CONOPS in Rio de Janeiro, Miami, Japan, Chicago and South Korea, and hopes to launch additional concepts of operation in the United States, Brazil and around the world.

In addition to our market development initiatives, Eve has signed non-binding letters of intent to sell over 2,900 of our eVTOL aircraft and we continue to seek additional opportunities for sales partnerships. In addition to these deals, Eve has been actively involved in the UAM ecosystem development by signing Memorandums of Understanding ("MOUs") with more than 30 market-leading partners in segments spanning infrastructure, operations, platforms, utilities, and others. In the future, we plan to focus on implementation and ecosystem readiness with our existing partners while continuing to seek UATM and support-services partnerships in order to complement our business model and drive growth.

### ***Fully-Integrated Business Model***

Eve's business model to serve as a fully-integrated eVTOL transportation solution provider is uncertain. Present projections indicate that payback periods on eVTOL aircraft will result in a viable business model over the long-term as production volumes scale and unit economics improve to support sufficient market adoption. As with any new industry and business model, numerous risks and uncertainties exist. Our financial results are dependent on certifying and delivering eVTOL on time and at a cost that supports returns at prices that sufficient numbers of customers are willing to pay based on value arising from time and efficiency savings from utilizing eVTOL services. Our aircraft include numerous parts and manufacturing processes unique to eVTOL aircraft, in general and our product design, in particular. Best efforts have been made to estimate costs in our planning projections; however, the variable cost associated with assembling our aircraft at scale remains uncertain at this stage of development. The success of our business also is dependent, in part, on the utilization rate of our aircraft and reductions in utilization will adversely impact our financial performance. Our aircraft may not be able to fly safely in poor weather conditions, including snowstorms, thunderstorms, lightning, hail, known icing conditions and/or fog. Inability to operate safely in these conditions would reduce our aircraft utilization and cause delays and disruptions in our services. We intend to maintain a high daily aircraft utilization rate which is the amount of time our aircraft spend in the air carrying passengers. High daily aircraft utilization is achieved in part by reducing turnaround times at vertiports so we can fly more hours on average in a day. Aircraft utilization is reduced by delays and cancellations from various factors, many of which are beyond our control, including adverse weather conditions, security requirements, air traffic congestion and unscheduled maintenance events.

**Results of Operations (unaudited)**

	Three Months Ended March 31,		(Unfavorable)/ Favorable	%
	2024	2023		
<b>Operating expenses</b>				
Research and development expenses	\$ 27,455	\$ 21,528	\$ (5,927)	(28)%
Selling, general and administrative expenses	6,477	6,154	(322)	(5)%
<b>Loss from operations</b>	<u>(33,932)</u>	<u>(27,683)</u>	<u>(6,249)</u>	<u>(23)%</u>
Gain/(loss) from the change in fair value of derivative liabilities	6,341	(2,195)	8,536	n.m.
Financial investment income	2,337	3,254	(918)	(28)%
Related party loan interest income	1,222	990	232	23%
Interest expense	(412)	-	(412)	n.m.
Other (loss)/gain, net	(229)	34	(263)	n.m.
<b>Loss before income taxes</b>	<u>(24,673)</u>	<u>(25,598)</u>	<u>926</u>	<u>4%</u>
Income tax expense	623	174	(450)	(259)%
<b>Net loss</b>	<u>\$ (25,296)</u>	<u>\$ (25,772)</u>	<u>\$ 476</u>	<u>2%</u>

n.m. = not meaningful

*Research and development expenses*

Research and development activities represent a significant part of Eve's business. Eve's research and development efforts focus on the design and development of eVTOLs, the development of service and operations support for its vehicles and those manufactured by third parties, and the development of Vector, the UATM software platform. Research and development expenses consist of personnel-related costs (including salaries, bonuses, benefits and stock-based compensation) for Eve's employees focused on research and development activities, fees incurred under the MSAs, equipment and materials, and an allocation of overhead, including rent, information technology costs and utilities. Eve expects research and development expenses to increase significantly as it increases staffing to support eVTOL aircraft engineering and software development, builds aircraft prototypes, progresses towards the launch of its first eVTOL aircraft, and continues to explore and develop next generation aircraft and technologies.

Research and development expenses increased \$5.9 million for the three months ended March 31, 2024. This increase in research and development was primarily due to an increase in R&D's team headcount, higher engineering expenses contemplated in MSA agreements with ERJ and Atech, and higher expenses related to cost of supplies for the development of the prototype vehicle, a full-scale model of Eve's eVTOL, including batteries, motors, thermal management systems, propellers and other components. Further, additional milestone payments and purchases of parts, equipment and supplies went to suppliers and outside contractors in connection with the continued development of the prototype vehicle.

*Selling, general and administrative expenses*

Selling, general and administrative expenses consist primarily of personnel-related costs (including salaries, bonuses, benefits and share-based compensation) for employees associated with administrative services such as executive management, business development, legal, human resources, information technology, accounting and finance. These expenses also include certain third-party consulting services, contractor and professional services fees, audit and compliance expenses, insurance costs, corporate overhead costs, depreciation, rent, and utilities.

Selling, general and administrative expenses increased \$0.3 million for the three months ended March 31, 2024, primarily related to an increase in headcount and payroll costs of \$0.5 million, pre-operational expenses related to the Taubaté facility of \$0.4 million, partially offset by decreased director & officer insurance expense of \$0.6 million.

*Gain/(loss) from the change in fair value of derivative liabilities*

Gain from the change in fair value of derivative liabilities increased \$8.5 million for the three months ended March 31, 2024, due to the decrease in value of the Company's Private Placement Warrants. The Private Placement Warrant value is based on the Company's Public Warrants trading price, which decreased in value by \$0.45 for the three months ended March 31, 2024 whereas the Public Warrants increased in value by \$0.15 for the three months ended March 31, 2023.

*Financial investment income*

Financial investment income decreased \$0.9 million in the three months ended March 31, 2024, primarily related to the average investment balance decreasing by \$76.0 million as compared to the three months ended March 31, 2023.

## Liquidity and Capital Resources

Eve has incurred net losses since its inception and to date has not generated any revenue. We expect to continue to incur losses and negative operating cash flows for the foreseeable future until we successfully commence sustainable commercial operations.

As of the Closing of the business combination with Zanite Acquisition Corp., Eve received proceeds from the business combination and PIPE Investment of approximately \$357.3 million. In addition, in September 2022, Eve received \$15.0 million from United Airlines Ventures, Ltd. (“United”), in connection with a subscription agreement pursuant to which United agreed to subscribe for an aggregate of 2,039,353 shares of common stock and a warrant agreement pursuant to which the Company issued to United new warrants to acquire up to 2,722,536 shares of common stock, each with an exercise price of \$0.01 per share. On January 23, 2023, the Company secured loans from BNDES for a total borrowing availability of R\$490.0 million (approximately \$98.1 million, using the exchange rate on March 31, 2024).

As of March 31, 2024, Eve had cash of \$23.6 million, financial investments of \$114.7 million, a related party loan receivable of \$84.3 million from EAH and \$57.5 million available to be drawn on the BNDES loans, providing the Company with approximately \$280.0 million of total liquidity. The total liquidity is expected to be sufficient to fund Eve’s current operating plan for at least the next twelve months. In addition, Eve will receive the proceeds from any exercise of any warrants in cash, other than a cashless exercise effected in accordance with the terms of such warrants.

Eve’s future capital requirements will depend on many factors, including:

- research and development expenses as it continues to develop its eVTOL aircraft;
- capital expenditures in the expansion of its manufacturing capacities;
- additional operating costs and expenses for production ramp-up and raw material procurement costs;
- general and administrative expenses as Eve scales its operations;
- interest expense from any debt financing activities; and
- selling and distribution expenses as Eve builds, brands and markets electric aircraft.

Eve intends to continue to use their liquidity primarily to fund its research and development activities and other personnel costs, which are our business’ principal uses of cash. In light of the significant number of redemptions that occurred during the business combination, the current trading price for shares of our common stock and the unlikelihood that we will receive significant proceeds from exercises of the warrants because of the disparity between the exercise price of the warrants and the current trading price of the common stock, these funds will likely not be sufficient to enable Eve to complete all necessary development of and commercially launch its eVTOL aircraft. Our future capital requirements will depend on many factors, including our revenue growth rate, the timing and the amount of cash received from our customers, the expansion of sales and marketing activities and the timing and extent of spending to support development efforts. Until Eve generates sufficient operating cash flow to cover its operating expenses, working capital needs and planned capital expenditures, or if circumstances evolve differently than anticipated, Eve expects to utilize a combination of equity and debt financing to fund any future capital needs. Currently, no decision has been made as to specific sources of additional funding and Eve may explore different potential funding opportunities including potential long-term debt finance lines with private and public banks, advances and pre-delivery down payments from customers as well as equity and convertible lines. Eve may be unable to raise additional funds when needed on favorable terms or at all. The sale of securities by selling securityholders pursuant to the Prospectus could result in a significant decline in the public trading price of the common stock and could further decrease the likelihood of raising additional funds successfully. If Eve raises funds by issuing equity securities, dilution to stockholders may result. Any equity securities issued may also provide for rights, preferences, or privileges senior to those of holders of common stock. If Eve raises funds by issuing debt securities, these debt securities would have rights, preferences and privileges senior to those of preferred and common stockholders. The terms of debt securities or borrowings could impose significant restrictions on our operations. The capital markets have in the past and may in the future, experience periods of upheaval that could impact the availability and cost of equity and debt financing.

In the event that Eve requires additional financing but is unable to raise additional capital or generate cash flows necessary to continue its research and development and invest in continued innovation, Eve may not be able to compete successfully, which would harm its business, results of operations and financial condition. If adequate funds are not available, Eve may need to reconsider its expansion plans or limit its research and development activities, which could have a material adverse impact on our business prospects and results of operations.

**Financing Activities****BNDES Loan Agreement**

As previously disclosed, on January 23, 2023, Eve Brazil entered into a loan agreement (the “Loan Agreement”) with BNDES, pursuant to which BNDES granted two lines of credit to the Company, with an aggregate amount of R\$490 million (approximately \$98.1 million, using the exchange rate on March 31, 2024), to support the development of the eVTOL project. For additional information about the Loan Agreement, see the Company’s Current Report on Form 8-K filed with the SEC on January 30, 2023.

On December 21, 2023, the Company announced that Bradesco Bank had concluded that the first line of credit under the Loan Agreement aligned with the 2023 Green Loans Principles, which is a set of guidelines issued for structuring loan operations for sustainable purposes. As of March 31, 2024, a total of R\$203.0 million (approximately \$40.6 million) had been issued to the Company pursuant to the Loan Agreement.

**Cash Flows**

The following table summarizes cash flows for the periods indicated (in thousands):

	Three Months Ended		Change
	March 31,		
	2024	2023	
Net cash used by operating activities	\$ (35,813)	\$ (19,891)	\$ (15,922)
Net cash used by investing activities	\$ (2,106)	\$ (17,544)	\$ 15,437
Net cash provided by financing activities	\$ 14,747	\$ -	\$ 14,747

***Net Cash Used by Operating Activities***

Net cash used by operating activities increased \$15.9 million for three months ended March 31, 2024, primarily related to an increase in cash used for working capital of \$8.6 million, increased research and development expenses of \$5.9 million, increased interest and taxes paid of \$0.5 million, lower non-cash operating expenses of \$0.4 million, and increased SG&A expenses of \$0.3 million.

***Net Cash Used by Investing Activities***

Net cash used by investing activities decreased \$15.4 million for the three months ended March 31, 2024, primarily related to net purchases of financial investments of \$2.0 million in order to fund operations compared to \$17.5 million financial investment purchases for the three months ended March 31, 2023.

***Net Cash Provided by Financing Activities***

Net cash provided by financing activities increased \$14.7 million for the three months ended March 31, 2024, primarily related to the proceeds from BNDES loan borrowings.

### **Critical Accounting Estimates**

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent liabilities and the reported amounts of expenses during the reporting period. Eve's estimates are based on our historical experience and on various other factors that Eve believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions and any such differences may be material. The critical accounting estimates that affect the condensed consolidated financial statements and the judgments and assumptions used are described in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of our 2023 Form 10-K.

### **Credit Risk**

Financial instruments, which subjects Eve to concentrations of credit risk, consist primarily of cash, cash equivalents, financial investments, and a related party loan receivable. Eve's cash and cash equivalents and financial investments are held at major financial institutions located in the United States of America and Brazil. At times, cash account balances with any one financial institution may exceed Federal Deposit Insurance Corporation insurance limits (\$250,000 per depositor per institution). Management believes the financial institutions that hold Eve's cash and cash equivalents and financial investments are financially sound and, accordingly, minimal credit risk exists with respect to cash and cash equivalents and financial investments.

The Company also performs an ongoing evaluation of our counterparty, Embraer Aircraft Holdings, Inc., for the related party loan receivable. No allowance for credit loss has been deemed necessary.

### **Emerging Growth Company Status**

We are an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Section 107(b) of the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the extended transition period to comply with new or revised accounting standards and to adopt certain of the reduced disclosure requirements available to emerging growth companies. As a result of the accounting standards election, we are not subject to the same implementation timeline for new or revised accounting standards as other public companies that are not emerging growth companies which may make comparison of our financials to those of other public companies more difficult.

We also take advantage of some of the reduced regulatory and reporting requirements of emerging growth companies pursuant to the JOBS Act, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation and exemptions from the requirements of holding non-binding advisory votes on executive compensation and golden parachute payments.

We will lose our emerging growth company status and become subject to the SEC's internal control over financial reporting auditor attestation requirements upon the earlier of the last day of the fiscal year following the fifth anniversary of the date of the completion of Zanite's IPO on November 19, 2020, or (1) we have total annual gross revenue of at least \$1.2 billion, (2) we are deemed to be a large accelerated filer, or (3) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

#### **Interest Rate Risk**

We are exposed to market risk for changes in the Brazilian interest rate CDI, related to our cash equivalents in Brazil that are invested in Bank Deposit Certificates (“CDB”), which are issued by financial institutions in Brazil and immediately available for redemption. As of March 31, 2024, approximately 4% of our consolidated cash, cash equivalents and financial investments were indexed to the variation of the CDI rate.

The CDI rate is an average of interbank overnight rates in Brazil. A risk to financial investment income arises from rate fluctuations in the Brazilian interest rates.

The interest rates on the loans made available by BNDES are fixed or fixed upon drawing the debt, which will reduce variability of interest expense.

Our investment policy is focused on the preservation of capital and supporting the Company’s liquidity needs. The Company’s policy for managing the risk of fluctuations in interest rates on financial investments is to maintain a system to measure market risk, which consists of an aggregate analysis of variety of risk factors that might affect the return of those investments.

#### **Foreign Currency Risk**

The Company’s operations most exposed to foreign exchange gains/losses are those denominated in *reais* (labor costs, tax issues, local expenses and financial investments) arising from the subsidiary located in Brazil. The relationship of the *real* to the value of the US Dollar may adversely affect us, mainly due to the fact that 3% of total assets and 17% of total liabilities are in *reais*.

The Brazilian *real* has experienced frequent and substantial variations in relation to the US Dollar and other foreign currencies. As of March 31, 2024, the closing exchange rate was 4.9962 *reais* per US \$1.00.

### **Item 4. Controls and Procedures**

#### **Management’s Evaluation of Disclosure Control and Procedures**

The Company’s management is responsible for maintaining disclosure controls and procedures that are designed to ensure that material information required to be disclosed in our reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required financial disclosure. Because of the inherent limitations, disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of disclosure controls and procedures are met.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive officers and principal financial officer have concluded that our disclosure controls and procedures were effective as of March 31, 2024.

#### **Changes in Internal Control over Financial Reporting**

There was no change in our internal control over financial reporting that occurred during the first quarter ended March 31, 2024, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II – OTHER INFORMATION**

**Item 1. Legal Proceedings**

We are, from time to time, subject to various claims, lawsuits and other legal and administrative proceedings arising in the ordinary course of business. We are not currently a party to any such claims, lawsuits or proceedings, the outcome of which, if determined adversely to us, we believe would, individually or in the aggregate, be material to our business or result in a material adverse effect on our future operating results, financial condition or cash flows.

**Item 1A. Risk Factors**

There have been no material changes to the Risk Factors disclosed in our 2023 Form 10-K. Any of those factors, or additional risk factors not presently known to us or that we currently deem immaterial, could result in a material adverse effect on our business, financial condition or results of operations. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

**Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities**

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

Not applicable.

**Item 6. Exhibits**

Exhibit No.	Description	Incorporated by reference				Filed or Furnished Herewith
		Form	File No.	Exhibit No.	Filing Date	
3.1	<a href="#">Second Amended and Restated Certificate of Incorporation of Eve Holding, Inc., dated as of May 9, 2022.</a>	8-K	001-39704	3.1	May 13, 2022	
3.2	<a href="#">Amended and Restated Bylaws of Eve Holding, Inc., dated as of May 9, 2022.</a>	8-K	001-39704	3.2	May 13, 2022	
10.1	<a href="#">Separation Agreement by and among Eve Holding, Inc. and Gerard DeMuro, dated January 15, 2024.</a>	8-K	001-39704	10.1	January 16, 2024	
31.1	<a href="#">Certification of Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act.</a>					X
31.2	<a href="#">Certification of Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act.</a>					X
32.1	<a href="#">Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act.</a>					X
32.2	<a href="#">Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act.</a>					X
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because iXBRL tags are embedded within the Inline XBRL document).					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).					X



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**EVE HOLDING, INC.**

Date: May 7, 2024

By:

/s/ Johann Bordais

Name: Johann Bordais  
Title: Chief Executive Officer  
(Principal Executive Officer)

Date: May 7, 2024

By:

/s/ Eduardo Siffert Couto

Name: Eduardo Siffert Couto  
Title: Chief Financial Officer  
(Principal Financial and Accounting Officer)