

Barueri, July 31, 2014 – Smiles S.A. (BM&FBOVESPA: **SMLE3**), one of the largest loyalty programs in Brazil with over 10 million members, announces today its results for 1Q14. The financial and operational information herein refers to the results of Smiles S.A. and is presented in accordance with IFRS and in Brazilian Reals (R\$), except when indicated otherwise. Percentage variations may use more decimal places for the calculations shown in the document.

Smiles S.A.

BM&FBOVESPA: SMLE3

Novo Mercado

Stock quote: R\$ 40.00

No. of stocks: 122,300,059

Market value: R\$ 4.9 billion
(closing date: July 30, 2014)

ri@smiles.com.br

www.smiles.com.br/ri

2Q14 Conference Calls

August 1, 2014

Portuguese:

9:00 am (Brasilia time)

8:00 am (Eastern Daylight Time)

Phone: +55 (11) 3728-5971 or
+55 (11) 3127-4971

Password: Smiles

Replay: +55 (11) 3127-4999

Password: 65661553

English:

10:00 am (Brasilia time)

9:00 am (Eastern Daylight time)

Phone: +1-412-317-6776

Password: Smiles

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Password: 10050029

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Ex-Gol Miles Accrual up 25% over 2Q13

Highlights

- ✓ 25.2% growth in the number of ex-Gol miles accrued over 2Q13
- ✓ Increase in share of redemptions for international airline partners, from 6.0% in 2Q13 to 16.7% of total miles redeemed
- ✓ Smiles-Netpoints loyalty coalition represents more than 18 million members
- ✓ Gross margin of 46.9%, in line with 1Q14
- ✓ Net Profit of R\$ 64.1 million, representing a 42.1% net margin in 2Q14
- ✓ Issue of R\$ 600.0 million in Debentures at 115% of the CDI¹
- ✓ Completion of the capital reduction process (R\$ 8.17 per share)¹

The second quarter of 2014 was characterized by the ex-Gol miles accrual growth, reaching 8.1 billion, up 25.2% over 2Q13. The redemptions with ex-Gol airline partners and products also increased compared with the total redemption, through the implementation of a redemption partnership with Aerolíneas Argentinas and a new e-commerce platform for redeeming miles. We ended the quarter with a net profit of R\$ 64.1 million and a net margin of 42.1%, driven by the growth in miles accrued and the discipline in the gross redemption margins.

Main Highlights	Unit	2Q14	1Q14	2Q13	2Q14 vs. 1Q14 (%)	2Q14 vs. 2Q13 (%)
Miles Accrual	bn	9.9	9.2	8.7	7.9%	14.5%
Ex-Gol (Banks, Retail and Others)	bn	8.1	7.4	6.4	9.6%	25.2%
Gol	bn	1.9	1.8	2.2	1.1%	(16.7%)
Miles Redemption (Program)	bn	7.4	7.9	7.0	(5.8%)	6.4%
Gross Billings ³	R\$ mn	236.4	264.2	215.7	(10.5%)	9.6%
Net Revenues	R\$ mn	152.3	188.1	113.2	(19.0%)	34.5%
Operating Profit	R\$ mn	49.0	69.0	41.6	(29.0%)	17.8%
<i>operating margin</i>	%	32.2%	36.7%	36.8%	(4.5 p.p.)	(4.6 p.p.)
Net Profit	R\$ mn	64.1	78.3	48.3	(18.1%)	32.7%
<i>net margin</i>	%	42.1%	41.6%	42.7%	0.5 p.p.	(0.6 p.p.)

¹ Subsequent events to 1Q14

² Gross billings is not an accounting measure. It corresponds to the total billings from mileage sales and the cash portion from Smiles & Money, gross of taxes. These billings may have affected the current period or will be recognized as revenue in future periods, depending on the date of redemption by the members of the program.

Message from Management

In this quarter, we remained focused on the relationship with our financial partners through mutual value creation and enhancement of our customer experience. The effects of our strategy first became apparent through the 25.2% increase in ex-Gol miles accrual over 2Q13, reaching 8.1 billion miles in 2Q14.

In May, we launched our new e-commerce platform, offering more than 500,000 products for redemption, on a website that centralizes the virtual stores of Smiles, Walmart and Magazine Luiza, in addition to magazine subscriptions, event tickets and miles transfer to Netpoints. Non-airline redemptions increased 60.0% over 1Q14, reaching 1.9% of total redemptions.

In 2Q14, the accrual and redemption of miles on flights by Aerolíneas Argentinas was implemented, and we also announced the new frequent flyer program partnership¹ with TAP, one of the leading airlines in Europe, with the highest number of seats between Brazil and the European continent. These new partnerships, along with the already established alliances, bring Smiles more attractiveness and destination options. In 2Q14 we reached 1.2 billion miles redeemed and 35.3 thousand tickets with international partner airlines, representing 16.7% of the miles redeemed through the program.

In June, the Board of Directors approved the first issue of non-convertible debentures, bearing the rate of 115% of the CDI, totaling R\$ 600.0 mn worth of principal, to be amortized in 12 monthly installments. The approved debt was liquidated in July 2014, on the capital reduction payment date.

In early July, we also announced a commercial agreement with Cielo S.A., a leader in electronic payment solutions in Latin America, through which we will allow retailers to offer the accrual and redemption of Smiles' miles, in a potential universe of 1.4 million establishments. The universality of Cielo's machine and its established sales force increase Smiles' penetration and offer retailers, Cielo's customers, the opportunity to increase their average ticket, frequency and loyalty. The client prospection process will begin during the second half of 2014.

We closed the quarter with a net profit of R\$ 64.1 million and net margin of 42.1%, driven by the strong growth in the accrual of miles and the discipline in gross redemption margins. On July 15, 2014, we completed the capital reduction process with the payment of R\$ 1.0 billion to shareholders.

¹The partnership was signed through GOL.

Comments on Performance

Operational Performance

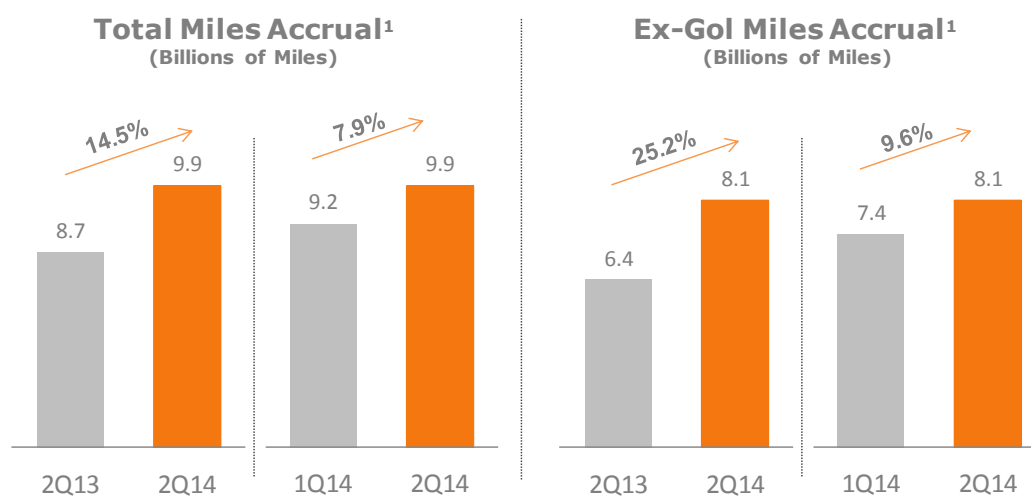
Operational Data ¹	Unit	2Q14	1Q14	2Q13	2Q14 vs. 1Q14 (%)	2Q14 vs. 2Q13 (%)
Members	mn	10.0	9.9	9.3	0.9%	6.7%
Partnerships	unit	224	218	212	2.8%	5.7%
Mile Accumulation²	mn	9,935	9,209	8,681	7.9%	14.5%
GOL	mn	1,860	1,840	2,232	1.1%	(16.7%)
Ex-GOL (Banks, Retail and Others)	mn	8,075	7,369	6,448	9.6%	25.2%
Miles Redemption (Program)	mn	7,403	7,859	6,955	(5.8%)	6.4%
Program's Burn/Earn	%	74.5%	85.3%	80.1%	(10.8 p.p.)	(5.6 p.p.)
Breakage Rate	%	16.9%	16.9%	16.3%	0.0 p.p.	0.6 p.p.
% New Miles	k	74.2%	68.6%	42.4%	5.6 p.p.	31.8 p.p.

¹ All amounts corresponding to miles are net of refund effects. The data in this chart does not reflect accounting information.

² Redeeming miles refers to miles redeemed with the Smiles Program, including new and legacy miles.

Participants: We closed 2Q14 with 10 mn members in 2Q14 and, with Netpoints' customers, we can now count on more than 18 mn participants, the biggest coalition program in Brazil.

Partnerships and products: In 2Q14, with the launch of the new Smiles Shopping platform, we strengthened our redemption partnerships with Walmart, Magazine Luiza and Netpoints. Smiles customers can now redeem their miles for more than 500,000 products, with as little as 100 miles. The Smiles Shopping platform is an easy and complete tool that increases product diversity and mile redemption options.



¹Graphics' numbers reflect miles net of refund effects

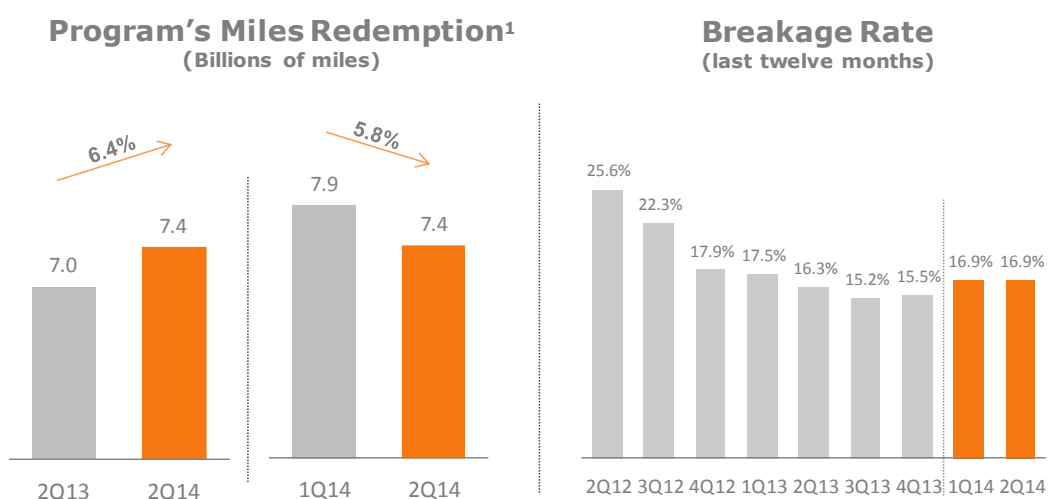
Miles Accrual: Miles accrued in the program increased 14.5% over 2Q13, which was primarily driven by the 25.2% increase in the number of ex-GOI miles accrued.

Miles Redemption: Mile redemption for the Smiles program presented a 6.4% increase compared to 2Q13, due to the 14.5% increase in miles accrual and the program's burn/earn rate, which declined 5.6 p.p. over 2Q13. One of the effects during the quarter was the reduction in the number of redemptions prior to and during the World Cup.

Dados Operacionais ¹	Unit	2Q14	1Q14	2Q13	2Q14 vs. 1Q14 (%)	2Q14 vs. 2Q13 (%)
Program Miles Redemption²	mn	7,403	7,859	6,955	(5.8%)	6.4%
Smiles & Money Redemption	mn	644	832	253	(22.6%)	154.9%
Traditional (100% Miles) Redemption	mn	6,759	7,027	6,702	(3.8%)	0.8%
Number of Redeemed Products	mn	800	908	872	(11.9%)	(8.2%)
Smiles & Money Redemption	Mn	140	209	150	(32.9%)	(6.7%)
Traditional (100% Miles) Redemption	mn	660	700	722	(5.7%)	(8.5%)
Average Miles per Redemption	unit	9,251	8,651	7,976	6.9%	16.0%
Smiles & Money Redemption	unit	4,592	3,982	1,681	15.3%	173.1%
Traditional (100% Miles) Redemption	unit	10,241	10,045	9,287	1.9%	10.3%

¹ All amounts corresponding to miles are net of refund effects. The segregation between Smiles & Money and Traditional redemptions is not audited.

² Miles Redemption refers to miles redeemed with the Smiles Program, including new and legacy miles.



¹Graphics' numbers reflect miles net of refund effects

Breakage: The Breakage rate remained stable in 1Q14 compared to 2Q14.

Financial Performance

Summary of Financial Information	Unit	2Q14	1Q14	2Q13	2Q14 vs. 1Q14 (%)	2Q14 vs. 2Q13 (%)
Gross Billings¹	R\$ mn	236.4	264.2	215.7	(10.5%)	9.6%
Miles ex-Gol	R\$ mn	176.0	169.7	140.6	3.7%	25.1%
Smiles & Money	R\$ mn	37.6	70.0	43.8	(46.3%)	(14.1%)
Gol (miles + mgmt fee)	R\$ mn	22.8	24.5	31.3	(7.0%)	(27.2%)
Net Revenues	R\$ mn	152.3	188.1	113.2	(19.0%)	34.5%
Gross Profit	R\$ mn	71.4	88.3	59.1	(19.1%)	20.8%
<i>Gross Margin</i>	%	46.9%	46.9%	52.2%	0.0 p.p.	(5.3 p.p.)
Operating Profit	R\$ mn	49.0	69.0	41.6	(29.0%)	17.8%
<i>Operating Margin</i>	%	32.2%	36.7%	36.8%	(4.5 p.p.)	(4.6 p.p.)
Net Profit	R\$ mn	64.1	78.3	48.3	(18.1%)	32.7%
<i>Profit Margin</i>	%	42.1%	41.6%	42.7%	0.5 p.p.	(0.6 p.p.)

Gross Billings: Total Gross Billings grew 9.6% over 2Q13, mainly driven by the 25.1% growth of ex-Gol partners miles gross billings, reaching R\$ 176.0 mn.

Revenues (R\$ thousands)	2Q14	1Q14	2Q13	2Q14 vs. 1Q14 (%)	2Q14 vs. 2Q13 (%)
Gross Revenues	167,833	207,462	124,877	(19.1%)	34.4%
Miles Redemption Revenue	114,332	112,109	63,272	2.0%	80.7%
Money Revenue	37,612	70,014	43,795	(46.3%)	(14.1%)
Breakage Revenue	14,564	24,388	15,982	(40.3%)	(8.9%)
Other Revenues	1,325	951	1,828	39.3%	(27.5%)
Direct taxes	(15,548)	(19,373)	(11,643)	(19.7%)	33.5%
Net Revenue	152,285	188,089	113,234	(19.0%)	34.5%

Miles Redemption Revenue: The mile redemption gross revenue presented a positive 80.7% variation over 2Q13, caused by the increased number of miles redeemed in the program, with new miles accounting for a higher share of the total miles redeemed (from 42.4% in 2Q13 to 74.2% in 2Q14).

Breakage Revenue and expiration: In 2Q14, breakage and expiration revenues presented, together, a negative variation of 8.9% compared to 2Q13, as illustrated in the chart below:

1. Gross billings is not an accounting measure. It corresponds to the total billings from mileage sales and the cash portion from Smiles & Money, gross of taxes. These billings may have affected the current period or will be recognized as revenue in future periods, depending on the date of redemption by the members of the program.

Reference	Summary (R\$ mn)	2Q13	1Q14	2Q14
A	Beginning of Period	143.9	457.9	536.5
B = B1+B2	Accrual	172.3	195.5	197.4
B1	Gross Billings	170.1	192.9	197.4
B2	Other Effects	2.2	2.6	0.0
C	Redemption	63.3	112.1	114.3
D	Expiration	0.0	4.8	0.3
E = A + B - C - D	End of Period	252.9	536.5	619.2
F	Breakage Rate	16.3%	16.9%	16.9%
G = E * F	Breakage Balance (EoP * Rate)	41.2	90.6	104.9
H(t) = G(t) - G (t-1)	Variation - P&L	16.0	19.6	14.3
I = D + H(t)	Gross Breakage Revenue	16.0	24.4	14.6

Other Revenue: Other revenue was primarily composed of the fee charged to GOL for administration of the frequent flier program, both in 2Q13 and 2Q14.

Direct margin per redemption type:

2Q14 (redemption margins - R\$ mn) ¹	100% miles redemption	Smiles& Money redemption	Direct redemption margin (subtotal)	Unallocated	Total
Gross Revenues	104.4	47.6	151.9	15.9	167.8
Miles Redemption Revenue	104.4	9.9	114.3	-	114.3
Money Revenue	-	37.6	37.6	-	37.6
Breakage Revenue	-	-	-	14.6	14.6
Other Revenues	-	-	-	1.3	1.3
(-) Direct taxes	(9.7)	(4.4)	(14.1)	(1.5)	(15.5)
(=) Net Revenue	94.7	43.2	137.9	14.4	152.3
(-) Direct Costs	(55.3)	(20.4)	(75.7)	-	(75.7)
(-) Unallocated Costs	-	-	-	(5.1)	(5.1)
(=) Gross Profit	39.4	22.7	62.1	9.3	71.4
Gross Margin	41.6%	52.6%	45.1%	n/a	46.9%

1Q14 (redemption margins - R\$ mn) ¹	100% miles redemption	Smiles& Money redemption	Direct redemption margin (subtotal)	Unallocated	Total
Gross Revenues	100.2	81.9	182.1	25.3	207.5
Miles Redemption Revenue	100.2	11.9	112.1	-	112.1
Money Revenue	-	70.0	70.0	-	70.0
Breakage Revenue	-	-	-	24.4	24.4
Other Revenues	-	-	-	1.0	1.0
(-) Direct taxes	(9.3)	(7.6)	(16.8)	(2.5)	(19.4)
(=) Net Revenue	91.0	74.3	165.3	22.8	188.1
(-) Direct Costs	(55.0)	(41.9)	(96.8)	-	(96.8)
(-) Unallocated Costs	-	-	-	(3.0)	(3.0)
(=) Gross Profit	36.0	32.4	68.4	19.9	88.3
Gross Margin	39.6%	43.7%	41.4%	n/a	46.9%

The 100% miles redemption margin remained in line with 1Q14, with an increase in the margins of the Smiles & Money redemption. We believe that even though they are divided between Smiles & Money and 100% miles, the direct redemption margin may be evaluated in a consolidated manner. In 1Q14, we obtained a 45.1% direct margin (spread), compared with 41.4% from the previous quarter.

The R\$ 2.1 million increase in other unallocated costs is mainly composed of R\$ 0.7 million amortization of acquired Siebel program licenses (R\$ 12.7 million to be amortized over an estimated period of 3 years) and by R\$ 1.4 million in other costs related to information technology services.

Operating Expenses (R\$ thousands)	2Q14	1Q14	2Q13	2Q14 vs. 1Q14 (%)	2Q14 vs. 2Q13 (%)
Operational Expenses	(22,401)	(19,264)	(17,477)	16.3%	28.2%
Selling expenses	(13,836)	(13,145)	(12,267)	5.3%	12.8%
Administrative expenses	(8,565)	(6,119)	(5,210)	40.0%	64.4%

Operating Expenses: Operating expenses were up R\$ 3.1 million over 1Q14, mainly due to a R\$ 2.0 million increase in expenses with services provided, related to consulting, and R\$ 0.7 million increase in commercial advertising expenses, complemented by R\$ 0.4 million of other variations.

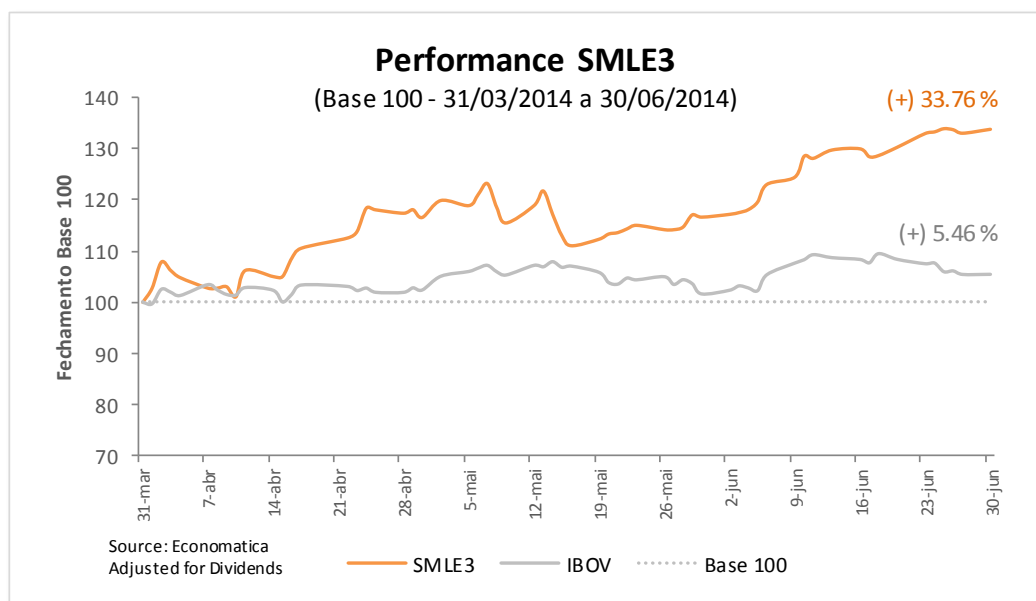
Other Information (R\$ thousands)	1Q14	4Q13	1Q13	1Q14 vs. 4Q13 (%)	1Q14 vs. 1Q13 (%)
Equity Income	(961)	(446)	-	115.5%	n/a
Net Financial Results	49,956	50,270	31,976	(0.6%)	56.2%
Income Tax and Social Contribution	(33,915)	(40,548)	(25,305)	(16.4%)	34.0%

Net Financial Results: The financial revenue for this period refers to R\$ 38.1 million worth of discounts from pre-paid tickets balance with VRG, and R\$ 12.0 million of Income from short-term investments.

Income Tax and Social Contribution: The effective income tax rate was 0.6 p.p. higher than the tax rate of 34.0%, mainly due to the increase in equity expenses. R\$ 3.6 million in deferred Income Tax and CSLL are related to the amortization of the goodwill tax benefit of incorporation, without negative cash effect.

Net Profit: Smiles obtained a net profit of R\$ 64.1 million, representing a net margin of 42.1%, up 32.7% over 2Q13.

Reduction of Capital: The capital reduction process approved by the Annual and Extraordinary Shareholders' Meeting held on April 30, 2014 was completed on July 15, 2014. The Company's capital stock was reduced by R\$ 1.0 billion, without changing the number of shares, through the restitution of R\$ 8.17 per share.



Stock performance: The Smiles (SMLE3) stocks are listed at the highest level of BM&FBOVESPA Corporate Governance, *Novo Mercado*. On June 30, 2014, shares were priced R\$ 46.98, representing an appreciation higher than 33% in the year-to-date period, with a closing market value of R\$ 5.7 billion. The Bovespa Index (Ibovespa) (the most important average performance indicator for the stock quotes negotiated in the São Paulo Stock Market) presented 5.46% valuation in the same period.

As of May 2014, SMLE3 joined the BM&FBovespa's IBRX-100 theoretical portfolio, in line with the evolution of the stock's marketability after the IPO.

Shareholder Structure: The total shareholding position changed due to the exercise of 126,147 stock options by the beneficiaries of the Company's Long Term Incentive Plan.

Shareholder Structure (on 06/30/2014):	SMLE3 ON	%
Controlling Shareholder	66,566,524	54.4%
Gol Linhas Aéreas Inteligentes	66,566,524	54.4%
Market - Free Float	55,733,535	45.6%
General Atlantic	21,866,656	17.9%
Others	33,866,879	27.7%
Total	122,300,059	100.0%

Profit and Loss Statement

Profit and Loss Statement (R\$ thousands)	2Q14	1Q14	2Q13	2Q14 vs. 1Q14 (%)	2Q14 vs. 2Q13 (%)
Gross Revenue	167,833	207,462	124,877	(19.1%)	34.4%
Miles Redemption Revenue	114,332	112,109	63,272	2.0%	80.7%
Money Revenue	37,612	70,014	43,795	(46.3%)	(14.1%)
Breakage Revenue	14,564	24,388	15,982	(40.3%)	(8.9%)
Other Revenue	1,325	951	1,828	39.3%	(27.5%)
Direct Taxes	(15,548)	(19,373)	(11,643)	(19.7%)	33.5%
Net Revenue	152,285	188,089	113,234	(19.0%)	34.5%
Costs of Services Provided	(80,854)	(99,788)	(54,119)	(19.0%)	49.4%
Cost of Ticket Purchase	(74,599)	(96,442)	(51,831)	(22.6%)	43.9%
Product Purchase	(1,147)	(386)	(409)	197.2%	180.4%
Other Costs	(5,108)	(2,960)	(1,879)	72.6%	171.8%
Gross Profit	71,431	88,301	59,115	(19.1%)	20.8%
<i>gross margin</i>	46,9%	46,9%	52,2%	0.0 p.p.	(5.3 p.p.)
Operating expenses	(22,401)	(19,264)	(17,477)	16.3%	28.2%
Selling	(13,836)	(13,145)	(12,267)	5.3%	12.8%
General & Administrative	(8,565)	(6,119)	(5,210)	40.0%	64.4%
Operating Profit	49,030	69,037	41,638	(29.0%)	17.8%
<i>operating margin</i>	32,2%	36,7%	36,8%	(4.5 p.p.)	(4.6 p.p.)
Net Financial Results	49,956	50,270	31,976	(0.6%)	56.2%
Equity Method Results	(961)	(446)	-	n/a	n/a
Earnings Before Taxes	98,025	118,861	73,614	(17.5%)	33.2%
Income Taxes	(33,915)	(40,548)	(25,305)	(16.4%)	34.0%
Net Profit	64,110	78,313	48,309	(18.1%)	32.7%
<i>net margin</i>	42,1%	41,6%	42,7%	0.5 p.p.	(0.6 p.p.)

Balance Sheet

Balance Sheet (R\$ thousands)	2Q14	1Q14	2Q13	2Q14 vs. 1Q14 (%)	2Q14 vs. 2Q13 (%)
Assets	1,981,058	2,028,181	1,797,390	(2.3%)	10.2%
Current	978,528	1,004,945	719,298	(2.6%)	36.0%
Cash and Cash Equivalents	396,209	231,011	99,199	71.5%	299.4%
Financial Investments	73,127	266,905	99,448	(72.6%)	(26.5%)
Accounts Receivable	79,226	57,509	33,431	37.8%	137.0%
Advance Payment to Suppliers	402,412	400,064	422,755	0.6%	(4.8%)
Taxes Recoverable	418	418	13,928	0.0%	(97.0%)
Prepaid Expenses	2,053	2,909	2,676	(29.4%)	(23.3%)
Credit from Related Companies	24,730	45,643	46,364	(45.8%)	(46.7%)
Other Credits and Amounts	353	486	1,497	(27.4%)	(76.4%)
Non-Current	1,002,530	1,023,236	1,078,092	(2.0%)	(7.0%)
Deferred Taxes	75,537	75,389	3,545	0.2%	n/a
Advanced Payment to Suppliers	886,495	921,531	1,073,969	(3.8%)	(17.5%)
Investments	26,638	24,554	-	8.5%	n/a
Property, Plant & Equipment	1,682	1,623	578	3.6%	191.0%
Intangible	12,178	139	-	n/a	n/a
Liabilities	1,981,058	2,028,181	1,797,390	(2.3%)	10.2%
Current	276,322	311,501	424,096	(11.3%)	(34.8%)
Accounts Payable	40,994	18,054	19,113	127.1%	114.5%
Labor Liabilities	4,349	3,031	3,902	43.5%	11.5%
Dividends Payable	-	12,247	-	(100.0%)	n/a
Tax Obligations	13,785	21,474	9,365	(35.8%)	47.2%
Advanced Payment from Customers	43,680	100,391	325,572	(56.5%)	(86.6%)
Deferred Revenue	161,014	137,554	66,144	17.1%	143.4%
Payable to Related Companies	12,500	18,750	-	(33.3%)	n/a
Non-Current	372,665	308,949	198,211	20.6%	88.0%
Advanced Payment from Customers	383	402	52,533	(4.7%)	(99.3%)
Provision for risks and costs - litigation	350	252	9	38.9%	n/a
Deferred Revenue	371,932	308,295	145,669	20.6%	155.3%
Shareholders' Equity	1,332,071	1,407,731	1,175,083	(5.4%)	13.4%
Capital Stock	1,136,663	1,132,174	1,132,174	0.4%	0.4%
(-) Cost of Stock Issuance	(36,402)	(36,402)	(36,221)	0.0%	0.5%
Capital Reserves	72,942	72,942	-	0.0%	n/a
Profit Reserves	10,392	10,392	-	0.0%	n/a
Proposed Additional Dividend	-	148,102	-	(100.0%)	n/a
Stock-based Compensation	3,008	2,210	991	36.1%	203.5%
Earnings Accrual	142,423	78,313	78,139	81.9%	82.3%
Gain due to dilution effect of investment	3,045	-	-	n/a	n/a

Cash Flow Statements

Cash Flow Statements (R\$ thousands)	2Q14	1Q14	2Q13	2Q14 vs. 1Q14 (%)	2Q14 vs. 2Q13 (%)
Net Profit	64,110	78,313	48,310	(18.1%)	32.7%
Stock-based Compensation	798	282	847	183.0%	(5.8%)
Deferred Taxes	(149)	1,919	16,633	(107.8%)	(100.9%)
Provision for risks and costs - litigation	99	148	9	(33.1%)	1,000.0%
Depreciation and Amortization	816	104	19	684.6%	n/a
Obtained Discounts	(38,106)	(39,239)	(29,264)	(2.9%)	30.2%
Exchange Rate Variations, net	88	(371)	185	(123.7%)	(52.4%)
Provision for Doubtful Accounts	41	(61)	390	(167.2%)	(89.5%)
Provision for Share of Profits and Results	1,058	1,058	-	0.0%	n/a
Equity Method	961	446	-	115.5%	n/a
Accounts Receivable	(21,757)	(7,812)	41,893	178.5%	(151.9%)
Advanced Payment to Suppliers	70,793	100,471	(1,431,281)	(29.5%)	(104.9%)
Prepaid Expenses	856	(2,804)	(1,809)	(130.5%)	(147.3%)
Taxes Recoverable	-	-	(13,247)	n/a	(100.0%)
Other Credits	133	345	(1,250)	(61.4%)	(110.6%)
Accounts Payable	10,076	2,331	7,710	332.3%	30.7%
Labor Liabilities	259	(12,875)	1,661	(102.0%)	(84.4%)
Advanced Payment from Customers	(56,730)	(70,611)	321,279	(19.7%)	(117.7%)
Deferred Revenue	87,098	58,955	93,056	47.7%	(6.4%)
Taxes Payable	29,744	32,725	(10,542)	(9.1%)	(382.1%)
Credit with Related Companies	20,913	3,427	(7,126)	510.2%	(393.5%)
Operating Cash Flow	171,101	146,751	(962,527)	16.6%	(117.8%)
Income tax and social contributions paid	(37,433)	(24,753)	(7,854)	51.2%	376.6%
Net Operating Cash Flow	133,668	121,998	(970,381)	9.6%	(113.8%)
Acquisition of fixed / intangible assets	(138)	(564)	(440)	(75.5%)	(68.6%)
Financial Investment	193,778	(38,416)	(99,448)	(604.4%)	(294.9%)
Minority Stake Acquisition	(6,250)	(6,250)	-	0.0%	n/a
Investing Activities Cash Flow	187,390	(45,230)	(99,888)	(514.3%)	(287.6%)
Capital	4,489	-	1,132,174	n/a	(99.6%)
(-) Cost of Stock Issuance	-	-	(36,221)	n/a	(100.0%)
(-) Advance of dividends / interest on capital	(160,349)	-	-	n/a	n/a
Net Assets Incorporated	-	-	-	n/a	n/a
Financing Activities Cash Flow	(155,860)	-	1,095,953	n/a	(114.2%)
Net Increase in Cash and Cash Equivalents	165,198	76,768	25,684	115.2%	543.2%
Cash and cash equivalents BoP	231,011	154,243	73,515	49.8%	214.2%
Cash and cash equivalents EoP	396,209	231,011	99,199	71.5%	299.4%

Business Model

Smiles began its operations as an individual loyalty program, but evolved into the current model, becoming a model of coalition with some unique features which allow the accrual and redemption of Miles on flights with GOL and its international partner airlines, as well as in the principal Brazilian commercial banks, including co-branded cards issued by Bradesco and Banco do Brasil, and a wide network of retail partners. The current model works by (i) the accrual of Miles by the Member on buying airline tickets from GOL or other partner airlines, or products and services from the business and financial partners that acquire these Miles from Smiles as a form of encouraging customer loyalty, and (ii) the redemption of Awards by the Member when exchanging their Miles for airline tickets from GOL and other partner airlines or for products and services from business and financial Partners.

The company's main sources of revenue are (i) revenue from miles redeemed, represented by tickets and awards in its network of airline, business and financial partners, (ii) interest income arising from the difference between the dates of accrual and redemption of Miles, and (iii) expired miles revenue if the Miles issued expire without being redeemed.

Glossary

Awards - Product or service provided to Participants by a commercial partner as the result of redeeming customer loyalty program points.

Award Products - Product or service provided to Participants by a commercial partner as the result of redeeming customer loyalty program points (that are not airline tickets).

Breakage estimate - Miles expired and not redeemed; it may be expressed as the number of miles, the amount in Reais or as a percentage of miles issued, as appropriate to the context.

Burn / earn ratio – The ratio between the number of redeemed and accrued miles in a given period.

Free Float - Shares owned by non-controlling shareholders.

Legacy miles - Miles accrued before the Program's spin-off

Miles - The redemption rights of Members of the Smiles Program sold to Business Partners.

New miles - Miles accrued after the Program's spin-off.

Smiles & Money - A way of issuing airline tickets by which it is possible to combine money and miles.

Smiles Program – A multi-loyalty program for several companies, including GOL Linhas Aéreas Inteligentes S.A.

This release contains forward-looking statements relating to the prospects of the business, estimates for operating and financial results, and those related to growth prospects of Smiles. These are merely projections and, as such, are based exclusively on the expectations of Smiles' management. Such forward-looking statements depend, substantially, on external factors, in addition to the risks disclosed in Smiles' filed disclosure documents and are, therefore, subject to change without prior notice. The Company's non-financial information has not been audited by independent auditors.