

Barueri, November 06, 2017 – Smiles Fidelidade S.A. (B3: SMLS3) one of the largest loyalty programs in Brazil with over 12 million members, announces today its 3Q17 results. The financial and operational information in this report refers to the consolidated results of Smiles S.A. and is presented in accordance with IFRS and in Brazilian reais (R\$), except when indicated otherwise. Percentage variations may use more decimal places for the calculations than shown in the document and are in comparison with Smiles S.A. numbers.

Smiles Fidelidade S.A.

B3: SMLE3
 Novo Mercado
 Price: R\$ 80.60
 No. of shares: 123,856,953
 Market value: R\$ 10.0 bn
 (close: 11/03/2017)

www.smiles.com.br/ri

3Q17 Conference Call

November 07, 2017

In Portuguese and English:

(Simultaneous Translation)

10:00 a.m. (Brasília)

09:00 a.m. (US EST)

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[webcast \(English\)](#)

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Net Income increased 132.1% reaching R\$ 339.5 in 3Q17

HIGHLIGHTS

- ✓ 3Q17 Miles Accrual was up 65.0% when compared to 3Q16 and 11.6% in comparison to 2Q17, totalizing the record of 22.8 billion of miles.
- ✓ 3Q17 Gross Billings was up 16.2% when compared to 3Q16 and 7.7% in comparison to 2Q17, reaching the record of R\$ 500.4 million.
- ✓ 3Q17 Miles Redemption increased 55.9% versus 3Q16 and 4.8% in comparison to 2Q17, totalizing the record of R\$ 17.1 billion of miles
- ✓ 3Q17 Net Revenue increased 10.7% compared to 3Q16, reaching R\$ 440.8 million.

Main Highlights	Unit	3Q17	2Q17	3Q16	3Q17 vs. 2Q17 (%)	3Q17 vs. 3Q16 (%)
Miles accrual	bln	22.8	20.4	13.8	11.6%	65.0%
Gol	bln	2.4	1.7	1.6	45.9%	52.4%
Banks, retail and others	bln	17.2	15.7	12.2	9.5%	40.7%
Smiles & Money	bln	3.2	3.1	-	3.7%	-
Smiles ¹ program redemptions ²	bln	17.1	16.4	11.0	4.8%	55.9%
Total gross billings ³	R\$ mn	500.4	464.8	430.5	7.7%	16.2%
Total gross billings (ex-Gol) ³	R\$ mn	472.2	451.3	405.0	4.6%	16.6%
Net revenues	R\$ mn	440.8	441.7	398.3	(0.2%)	10.7%
EBITDA ¹	R\$ mn	163.0	172.0	165.8	(5.2%)	(1.7%)
<i>EBITIDA margin¹</i>	%	37.0%	38.9%	41.6%	(2.0 p.p.)	(4.7 p.p.)
Net income	R\$ mn	339.5	146.2	144.7	132.1%	134.6%
<i>net margin</i>	%	77.0%	33.1%	36.3%	43.9 p.p.	40.7 p.p.

1. EBITDA is not an accounting measurement elaborated by the Company, reconciled with its financial statements. The EBITDA is composed by net income attributable to the Company's shareholders, added by net financial result, income tax and social contribution, and expenses related to depreciation and amortization.

2. Corresponds to miles redeemed in the program (new miles and legacy miles).

3. Gross Billings is not an accounting measurement and corresponds to total sales revenues for miles and the cash portion of 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 program members.

Message from Management

In the third quarter of 2017, Smiles continues to show positive developments in operational and financial indicators. Among the operating indicators, we highlight the 65.0% increase in the number of miles accrued, and the 55.9% increase in the volume of miles redeemed, comparing both indicators with the third quarter of 2016. This result reflects once again our consistent path of engaging our customers and consolidating our leading position in the loyalty industry in Brazil.

Another highlight of this quarter is the total gross billings that exceeded R\$ 500 million, representing a 16.2% growth in comparison to 3Q16, which was the third consecutive quarter in 2017, whose revenues grew in relation of the same periods of the previous year.

In this quarter, we concluded the merger of Smiles S.A. by Smiles Fidelidade S.A. and its shares are trading at B3 under the SMLS3 code since 10/23/2017. It should be noted that this operation generated significant gains that contributed to the achievement of the historical mark of R\$ 339.5 of net income in 3Q17.

Redeeming hotels and cars through the App. Reinforcing our commitment to offer the best and easiest travel experience of the loyalty industry in Brazil, we updated our app and from September 30, 2017 our customers can, in addition to continuing to issue their flight tickets, book hotels and cars through the mobile platform. Smiles was considered the best company in the loyalty sector, and ranked 20th in the overall ranking in the 3rd edition of Mobility Index. The 235 most valuable brands on the market were evaluated.

New Shopping Smiles. Keeping the tradition of innovation in the loyalty sector this quarter was marked by our new e-commerce platform launch. We now offer a complete marketplace with an unique and user-friendly experience for our customers while offering unrivaled mileage rewards to our users. We see this initiative as an essential step in expanding a virtuous cycle of loyalty where we are increasingly stimulating the credit cards spending and the recurring behavior of our customers while creating value for our partners, our shareholders and for our users.

Shell automatic redemption. Smiles took another step in evolving its partnership with Shell, in addition to miles collection for buying fuel, now it is also possible to pay products and services offered by Shell with miles directly on the credit card machines.

Partnership with Wine.com.br. All customers who join the "Classic ClubW" through the Smiles platform will receive both membership and monthly miles during the subscription period. They also will be entitled to exclusive discounts on the Wine.com website.

In this quarter our family grew and reached the mark of 123 smiling and enthusiastic employees.

We remain optimistic about loyalty opportunities and reaffirm our commitment to consolidate Smiles as Brazil's most innovative business platform and a complete travel company.

Our mission is to turn miles into smile :)

Operating Performance

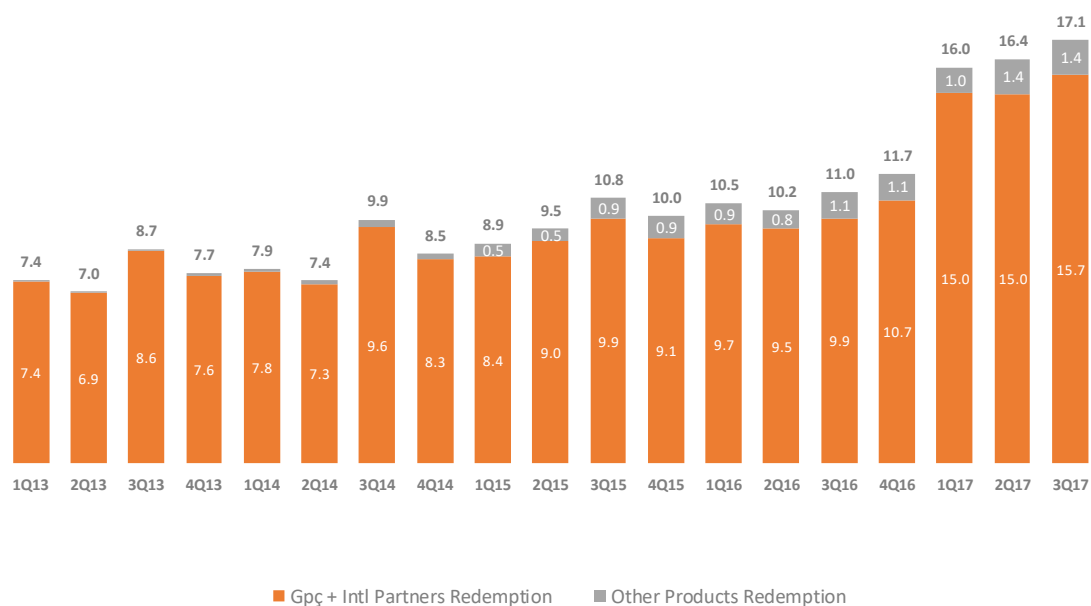
Operating data ¹	Unit	3Q17	2Q17	3Q16	3Q17 vs. 2Q17 (%)	3Q17 vs. 3Q16 (%)
Members	mn	12.8	12.5	11.8	2.1%	8.3%
Miles accrual	mn	22.8	20.4	13.8	11.6%	65.0%
Gol	mn	2.4	1.7	1.6	45.9%	52.4%
Banks, retail and services	mn	17.2	15.7	12.2	9.5%	40.7%
Smiles & Money	mn	3.2	3.1	0.0	3.7%	-
Smiles' redemption program	mn	17.1	16.4	11.0	4.8%	55.9%
Airline redemptions	mn	15.7	15.0	9.9	5.2%	58.6%
Non-airline redemptions	mn	1.4	1.4	1.1	1.5%	31.3%
Breakage rate	%	18.0%	17.8%	16.3%	0.2 p.p.	1.7 p.p.

¹ All relevant miles amounts are net of reimbursement. The data in this table do not reflect financial information.

Members: The program reached 12.8 million customers in 3Q17, 8.3% up on 3Q16.

Miles accrual: The program's miles accrual increased by 65.0% in 3Q17 over 3Q16, boosted by the 40.7% increase in banks, retail and services accrual and the new dynamic of miles accrual from Gol that the customer who flight with Gol accrue more miles per real spent. The miles accrued from Gol was 52.4% higher than 3Q16

Miles redemption: The redemption of miles from the program in 3Q17 was 55.9% higher than 3Q16, reaching 17.1 billion miles in the period. The burn/earn ratio was 75.2% in 3Q17 and decreased 4.8 bps in comparison to 2Q17.



The Company continues to show sustainable growth in the volume of miles redeemed which were 55.9% this quarter, partially influenced by the new dynamic of Smiles & Money.

Operating data ¹	Unit	3Q17	2Q17	3Q16	3Q17 vs. 2Q17 (%)	3Q17 vs. 3Q16 (%)
Smiles' redemption program	mn	17,147	16,353	11,000	4.8%	55.9%
Gol + International Partners Tickets	mn	15,728	14,955	9,920	5.2%	58.6%
Non-airline	mn	1,419	1,398	1,080	1.5%	31.3%
% of miles redeemed						
Gol + International Partners Tickets	%	91.7%	91.5%	90.2%	0.3 p.p.	1.5 p.p.
Non-airline	%	8.3%	8.5%	9.8%	(0.3 p.p.)	(1.5 p.p.)

¹ All values corresponding to miles are net of reimbursement. Segregation among different redemption types were not reviewed by auditors.

Breakage: The breakage rate in the last twelve months increased by 0.2 p.p. over 2Q17, reaching 18.0%.

Financial Performance

Financial information summary	Unit	3Q17	2Q17	3Q16	3Q17 vs. 2Q17 (%)	3Q17 vs. 3Q16 (%)
Gross billings¹	R\$ mn	500.4	464.8	430.5	7.7%	16.2%
Gol	R\$ mn	28.3	13.5	25.5	109.1%	10.9%
ex-Gol	R\$ mn	472.2	451.3	405.0	4.6%	16.6%

1. Gross Billings is not an accounting measurement and corresponds to total billings from the sale of miles gross of taxes. These revenues may have affected the current period or will be recognized as revenue in future periods, depending on the date of redemption by the program members.

Gross billings: Total gross billings climbed by 16.2% over 3Q16, essentially due to the 16.6% increase in ex-Gol miles billings.

Revenues (R\$ thousands)	3Q17	2Q17	3Q16	3Q17 vs. 2Q17 (%)	3Q17 vs. 3Q16 (%)
Gross redemption revenues	486,718	487,064	438,790	(0.1%)	10.9%
Miles redemption revenue	423,497	411,215	372,890	3.0%	13.6%
Breakage revenue	57,937	61,984	60,617	(6.5%)	(4.4%)
Other revenues	5,284	13,865	5,283	(61.9%)	0.0%
Taxes and contributions	(45,925)	(45,347)	(40,534)	1.3%	13.3%
Net revenues	440,793	441,717	398,256	(0.2%)	10.7%

Redemption revenue: Gross revenues from miles redemption increased by 10.9% over 3Q16, driven by the increases of 13.6% in revenues from miles redeemed.

Breakage revenue: breakage revenue reached R\$ 57.9 million, 4.4% lower than 3Q16, mainly driven by the higher number of miles effectively expired.

Other revenues: Other revenues decreased by 61.9% in comparison with 2Q17, reaching R\$ 5.3 million. This item is mainly composed of cancellation fee, incentives to sell co-branded credit card and Gol's loyalty program's management fees. It is worth noting that revenue from the cancellation of Gol tickets is not being recognized on "other revenues" since this quarter. This effect does not change the profitability of the company, considering that this mentioned revenue was absolutely reflected in the cost until 2Q17.

Direct redemption margin: For the calculation of the redemptions margin, only the revenues and costs directly related to redemptions are considered, as calculated in the chart below:

Redemption P&L	3Q17	2Q17	3Q16	3Q17 vs. 2Q17 (%)	3Q17 vs. 3Q16 (%)
Gross redemption revenue	425,426	421,103	372,890	1.0%	14.1%
(-) Direct Taxes	(39,352)	(38,952)	(34,492)	1.0%	14.1%
(=) Net redemption revenue (a)	386,074	382,151	338,398	1.0%	14.1%
(-) Cost of products purchase	(223,332)	(224,143)	(182,431)	(0.4%)	22.4%
(=) Redemption result (b)	162,742	158,008	155,967	3.0%	4.3%
% Direct redemption margin	42.2%	41.3%	46.1%	0.8 p.p.	(3.9 p.p.)
Other revenues (c)	54,719	59,566	59,858	(8.1%)	(8.6%)
Breakage revenues	57,937	61,984	60,617	(6.5%)	(4.4%)
Other revenues	3,355	3,977	5,283	(15.6%)	(36.5%)
(-) Direct taxes	(6,573)	(6,395)	(6,042)	2.8%	8.8%
(-) Other costs	(12,346)	(11,448)	(10,297)	7.8%	19.9%
(=) Non redemption results (d)	42,373	48,118	49,561	(11.9%)	(14.5%)
Gross profit [e = b + d]	205,115	206,126	205,528	(0.5%)	(0.2%)
% Gross margin [e / (a + c)]	46.5%	46.7%	51.6%	(0.1 p.p.)	(5.1 p.p.)

1. Gross Redemption Revenue considers others revenues related to redemption which are accounted on "Others Revenues".

Operating expenses (R\$ thousand)	3Q17	2Q17	3Q16	3Q17 vs. 2Q17 (%)	3Q17 vs. 3Q16 (%)
Operating expenses	(45,500)	(37,501)	(42,924)	21.3%	6.0%
Commercial expenses	(24,562)	(22,055)	(20,220)	11.4%	21.5%
Administrative expenses	(20,938)	(15,446)	(19,518)	35.6%	7.3%
Other expenses/revenues	-	-	(1,368)	n/a	n/a

Operating expenses: operating expenses increased by 6.0% when compared to 3Q16, mainly related to (i) the increase of R\$ 2.8 million in personnel expenses (consolidated between commercial and administrative expenses), mainly associated to the higher number of employees, (ii) an increase in commercial expenses of R\$ 3.3 million, mainly due to expenses associated with credit card processing, and (iii) R\$ 0.7 million increases in expenses with IT services, booked in administrative expenses.

Operating profit: Smiles recorded operating profit of R\$ 159.6 million, 1.8% lower than 3Q16, representing an operating margin of 36.8%.

Other information (R\$ thousand)	3Q17	2Q17	3Q16	3Q17 vs. 2Q17 (%)	3Q17 vs. 3Q16 (%)
Equity method investment	-	-	(1,818)	-	-
Net financial result	52,367	44,311	50,015	18.2%	4.7%
Financial expenses	(210)	(238)	(33)	(11.8%)	536.4%
Financial income	49,628	47,975	54,775	3.4%	(9.4%)
Net exchange variation	2,949	(3,426)	(4,727)	(186.1%)	(162.4%)
Income tax and social Contribution	127,513	(66,696)	(67,895)	(291.2%)	(287.8%)

Financial result: the financial result increased by 4.7% over 3Q16, chiefly due to the positive exchange variation.

Net exchange variation: The net exchange variation recorded in the period is chiefly explained by the variation in the foreign exchange rate of accounts payable outstanding in USD, related to the cost of international ticket redemptions.

Income tax and social contribution: this quarter there was the effect of the merger of Smiles S.A. by Webjet Participações, which resulted in a tax benefit to Smiles Fidelidade S.A. of R\$ 193 million. Considering the aforementioned effect, the "Income tax and CSLL" was positive at R\$ 127.5 million in 3Q17.

Net income: Smiles' third-quarter net income totaled R\$ 339.5 million, accompanied with a net margin of 77.0%, 40.7 p.p. higher than in 3Q16.

Income Statement

Income statement (R\$ thousand)	3Q17	2Q17	3Q16	3Q17 vs. 2Q17 (%)	3Q17 vs. 3Q16 (%)
Gross redemption revenues	486,718	487,064	438,790	(0.1%)	10.9%
Miles redemption revenue	423,497	411,215	372,890	3.0%	13.6%
Breakage revenue	57,937	61,984	60,617	(6.5%)	(4.4%)
Other revenues	5,284	13,865	5,283	(61.9%)	0.0%
Taxes and contributions	(45,925)	(45,347)	(40,534)	1.3%	13.3%
Net revenues	440,793	441,717	398,256	(0.2%)	10.7%
Reward redemption cost	(235,678)	(235,591)	(192,728)	0.0%	22.3%
Costs with airline ticket purchase (a)	(197,115)	(199,550)	(168,525)	(1.2%)	17.0%
Costs with other product and services purchases	(26,217)	(24,593)	(13,906)	6.6%	88.5%
(-) Other cost	(12,346)	(11,448)	(10,297)	7.8%	19.9%
Gross profit	205,115	206,126	205,528	(0.5%)	(0.2%)
<i>gross margin</i>	46.5%	46.7%	51.6%	(0.1 p.p.)	(5.1 p.p.)
Operating expenses	(45,500)	(37,501)	(42,924)	21.3%	6.0%
Selling expenses	(24,562)	(22,055)	(20,220)	11.4%	21.5%
Administrative expenses	(20,938)	(15,446)	(19,518)	35.6%	7.3%
Other expenses/revenues	-	-	(1,368)	-	(100.0%)
Equity method investment	-	-	(1,818)	-	(100.0%)
Operating profit	159,615	168,625	162,604	(5.3%)	1.8%
<i>operating margin</i>	36.8%	38.2%	49.8%	(2.0 p.p.)	(4.6 p.p.)
Financial income	52,367	44,311	50,015	18.2%	4.7%
Financial revenues	49,628	47,975	54,775	3.4%	(9.4%)
Financial expenses	(210)	(238)	(33)	(11.8%)	536.4%
Exchange variation, net	2,949	(3,426)	(4,727)	(186.1%)	(162.4%)
EBT	211,982	212,936	212,619	(0.4%)	(0.3%)
Income and social contribution taxes	127,513	(66,696)	(67,895)	(291.2%)	(287.8%)
Net income	339,495	146,240	144,724	132.1%	134.6%
<i>Net margin</i>	77.0%	33.1%	36.3%	43.9 p.p.	40.7 p.p.

Balance Sheet

Balance Sheet (R\$ thousand)	3Q17	2Q17	3Q16	3Q17 vs. 2Q17 (%)	3Q17 vs. 3Q16 (%)
Assets	2,098,198	1,774,926	1,878,484	18.2%	11.7%
Current	1,618,882	978,471	1,174,667	65.5%	37.8%
Cash and cash equivalents	203,675	71,706	184,251	184.0%	10.5%
Short-term investments	173,881	50,068	204,238	247.3%	(14.9%)
Trade receivable	343,812	287,374	185,889	19.6%	85.0%
Advances to suppliers	884,325	559,347	550,797	58.1%	60.6%
Credits with related parties	-	-	45,342	n/a	100.0%
Other credits and values	13,189	9,976	4,150	32.2%	217.8%
Noncurrent assets	479,316	796,455	703,817	(39.8%)	(31.9%)
Deferred taxes	238,188	67,533	68,495	252.7%	247.7%
Advances to suppliers	180,043	672,385	576,337	(73.2%)	(68.8%)
Judicial deposits and blocked escrows	15,020	-	-	n/a	n/a
Investments	15,184	15,184	12,355	0.0%	22.9%
Property, plant and equipment	1,855	1,947	1,783	(4.7%)	4.0%
Intangible assets	29,026	31,662	37,687	(8.3%)	(23.0%)
Other credits and values	-	7,744	7,160	(100.0%)	(100.0%)
Liabilities	2,098,198	1,774,926	1,878,484	18.2%	11.7%
Current	1,039,886	1,071,186	1,041,934	(2.9%)	(0.2%)
Suppliers	144,116	143,566	102,812	0.4%	40.2%
Salaries	15,525	10,635	11,771	46.0%	31.9%
Interest on equity payable	7,847	12,582	16,053	(37.6%)	(51.1%)
Tax obligations	19,506	34,590	29,639	(43.6%)	(34.2%)
Obligations to related companies	24,127	-	-	n/a	n/a
Advances from customers	52,845	77,223	78,323	(31.6%)	(32.5%)
Deferred revenues	773,521	770,037	803,336	0.5%	(3.7%)
Obligations with affiliates	-	17,399	-	-	n/a
Other liabilities	2,399	5,154	-	(53.5%)	n/a
Noncurrent liabilities	204,510	179,009	243,141	14.2%	(15.9%)
Suppliers	1,061	1,876	9,954	(43.4%)	(89.3%)
Provision for legal proceedings	14,034	1,357	1,281	934.2%	995.6%
Deferred revenue	189,415	175,776	231,906	7.8%	(18.3%)
Shareholder's equity	853,802	524,731	593,409	62.7%	43.9%
Capital stock	43,104	185,606	181,641	(76.8%)	(76.3%)
Capital to be subscribed	-	-	-	n/a	n/a
Cost of issue shares	(1,344)	(36,402)	(36,402)	(96.3%)	(96.3%)
Capital reserve	481,628	43,765	43,765	n/a	n/a
Profit reserves	-	36,364	29,233	-	(100.0%)
Additional dividend proposed	-	-	-	n/a	n/a
Share-based payments	86	7,526	7,349	(98.9%)	(98.8%)
Retained earnings	330,328	287,872	367,823	14.7%	(10.2%)

Statement of cash flows

Statement of Cash Flows (R\$ thousand)	3Q17	2Q17	3Q16	3Q17 vs. 2Q17 (%)	3Q17 vs. 3Q16 (%)
Net Income	339,495	146,240	144,724	132.1%	134.6%
Share-based payments	86	86	244	0.0%	(64.8%)
Deferred income and social contribution taxes	(170,655)	(2,143)	3,226	n/a	n/a
Provision for legal proceedings	5,070	487	499	941.1%	(916.0%)
Depreciation and amortization	3,371	3,355	3,175	0.5%	(6.2%)
Discounts in advance ticket purchases	(46,703)	(45,927)	(40,338)	1.7%	(15.8%)
Financial restatement of income and social contribution taxes	(160)	-	-	n/a	n/a
Exchange variations, net	894	(1,147)	2,668	(177.9%)	(66.5%)
Interest and amortization of costs on loans	1	-	-	n/a	n/a
Allowance for doubtful accounts	3	2	40	50.0%	(92.5%)
Profit sharing	4,488	2,855	3,537	57.2%	26.9%
Sale of fixed asset	782	-	-	n/a	n/a
Equity method investment	-	-	1,818	n/a	(100.0%)
Change in equity interest in associate	-	-	1,368	n/a	(100.0%)
Trade receivables	(56,441)	(20,116)	(24,877)	180.6%	126.90%
Advances to suppliers	214,778	(73,654)	(5,700)	(391.60%)	n/a
Recoverable taxes	6	-	-	n/a	n/a
Judicial deposits and blocked escrows	(605)	-	-	n/a	n/a
Other credits / obligations	(6,078)	(3,992)	(1,008)	52.3%	503.0%
Credits with related companies	(3,562)	1,811	(18,038)	(296.7%)	(80.3%)
Suppliers	(1,832)	16,763	(11,134)	(110.9%)	(83.5%)
Labor obligations	319	628	487	(49.2%)	(34.5%)
Advances from customers	(25,063)	(40,394)	(70,135)	(38.0%)	(64.3%)
Deferred revenue	17,123	(3,765)	(5,642)	(554.8%)	(403.5%)
Tax obligations	17,598	67,064	61,721	(73.8%)	(71.5%)
Lawsuits and labor claims	(3,889)	(472)	(667)	723.9%	483.1%
Interest paid	(1)	-	-	n/a	n/a
Income and social contribution taxes paid	(18,984)	(73,679)	(61,074)	(74.2%)	-68.90%
Net cash flows from (used in) operating activities	270,041	(25,998)	(15,106)	n/a	n/a
Acquisition of property, plant and equipment and intangible assets	(644)	(449)	(2,281)	43.4%	(71.8%)
Short-term investments	(123,813)	58,030	(22,953)	(313.4%)	439.4%
Capital Increase in Affiliate	-	-	(3,439)	n/a	(100.0%)
Webjet S.A.'s absorbed cash	239	-	-	n/a	n/a
Net cash flows used in investing activities	(124,218)	57,581	(28,673)	(315.7%)	333.2%
Capital Increase	-	-	137	n/a	(100.00%)
Cost of issued shares	(1,344)	-	-	n/a	n/a
Interest on equity paid, net of taxes	(12,582)	-	-	n/a	n/a
Net cash flows from (used in) financing activities	(13,926)	-	137	n/a	n/a
Effect of exchange variation on cash and cash equivalents	72	(340)	-	(121.2%)	n/a
Net increase (decrease) in cash and cash equivalents	131,969	31,243	(43,642)	322.4%	(402.4%)
Cash and cash equivalents at the beginning of the period	71,706	40,463	227,893	77.2%	(68.5%)
Cash and cash equivalents at the end of the period	203,675	71,706	184,251	184.0%	10.5%

Business Model

Smiles started as a single loyalty program, but has evolved into its current coalition model, which features several unique characteristics that allow for the accrual and redemption of Miles from GOL flights and its international partner airlines, as well as Brazil's main commercial banks, including co-branded cards issued by Bradesco and Banco do Brasil, and a wide network of retail partners. The current model works through (i) the accrual of Miles by Members when they purchase airline tickets with GOL or other partner airlines, or products and services from Business and Financial Partners; Smiles Miles being acquired through the loyalty of these customers to those businesses, and (ii) Awards redemptions by Members when they exchange their Miles for flights on GOL and other partner airlines, or for products and services offered by Commercial and Financial Partners

The main sources of our revenues come from (i) redeemed miles revenues, represented by tickets and awards in its network of airline, commercial and financial partners, (ii) interest income between the date the miles were accrued and the date they were redeemed, and (iii) Breakage revenues if issued miles expire without being redeemed.

Glossary

Awards - Products or services provided to members by a commercial partner as the result of redeeming customer miles loyalty program.

Award Products - Product or service, excluding air tickets, provided to members by a commercial partner as the result of redeeming customer loyalty program points.

Breakage Estimate – Miles expired and not redeemed; it may be expressed as a number of miles, an amount in Brazilian reais or as a percentage of miles issued, depending on 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.

Miles - The redemption rights of Smiles Program members sold to commercial partners.

Smiles & Money - A means of issuing air tickets by combining money and miles.

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

This release may contain forward-looking statements related to business prospects, estimates of operating and financial results, and growth prospects for Smiles. These are merely projections and, as such, are based exclusively on management's expectations for Smiles. Such forward-looking statements depend, substantially, on external factors and risks presented in the disclosure documents filed by Smiles, and are, therefore, subject to change without notice. Independent auditors did not review the Company's non-financial information. Some values from this report may differ from the financial statements due to rounding.