



**SMILES FIDELIDADE S.A.**  
Publicly-held Company  
CNPJ/MF: 05.730.375/0001-20  
NIRE: 35.300.493.095

## **MATERIAL FACT**

**Barueri, December 7<sup>th</sup>, 2020** – SMILES FIDELIDADE S.A. (B3 S.A. – Brasil, Bolsa, Balcão: SMLS3) (“Smiles”), informs that, on December 7, 2020, SMILES’s controlling shareholder, GOL Linhas Aéreas Inteligentes S.A. (B3: GOLL4 e NYSE: GOL) disclosed the following Material Fact:

### **“Corporate Merger Proposal**

GOL, jointly with **Gol Linhas Aéreas S.A. (“GLA”)**, sent a letter (“**Letter**”) today to the Board of Directors of **Smiles Fidelidade S.A. (B3: SMLS3) (“SMILES”)** (GOL, GLA and SMILES taken together the “**GOL Group**”) communicating its proposal for a merger of GOL’s two primary operating subsidiaries (“**Proposal**” and “**Merger**”, respectively).

The Merger, if implemented, will result in the migration of the SMILES’s shareholders who elect to do so to GOL’s and SMILES’ combined shareholders’ base, and the cash redemption by GOL of the shares of those who elect not to migrate. Should the proposal be accepted, in accordance with the Merger’s proposed terms, each common share of SMILES will entitle its holder to receive, at the end of the Merger, a consideration of (a) 0.825 preferred shares of GOL for each common share of SMILES (the “**Exchange Ratio**”), or (b) R\$ 22.32 in cash for each common share of SMILES, or, alternatively (c) a combination of preferred shares of GOL and cash by specifying the number of common shares of SMILES to receive each type of consideration. The shareholder elections will be subject to adjustment such that no individual shareholder receives more than 80% of the consideration in preferred shares of GOL or cash. The Exchange Ratio represents a premium of approximately 26.3% above the 30-day volume-weighted-average-price exchange ratio of the two companies.

Ultimately, where applicable, the Merger will be submitted for approval by GOL’s and SMILES’ shareholders.

### **Merger and its Objectives**

The Merger would result in the combination of the two operating subsidiaries of GOL, maximizing value for all shareholders by aligning the business objectives of both entities, ensuring the continued competitiveness of the airline and the loyalty program, simplifying corporate governance, strengthening the combined capital structure, and reducing operating, administrative and financial costs, and reducing tax inefficiencies.

GOL believes that, although the separate shareholding structure of SMILES and GOL benefited both entities historically - and has provided significant returns to SMILES



shareholders since IPO - changes in the competitive dynamic of both the airline and the loyalty markets, recently accelerated and amplified by the effects of the pandemic, necessitate an unwinding of this structure and to permanently align their interests of the operating companies in order to ensure the long term competitiveness and viability of both businesses.

As of today, SMILES is the only publicly traded airline affiliated loyalty program. Following Life Miles' recent reintegration into Avianca, Aeromexico's negotiated purchase of Club Premier, Air Canada's purchase of Aeroplan and LATAM's purchase of Multiplus, SMILES is now the only frequent flyer program in the Americas that is separate from its sponsor airline. Increased competition in the credit card market, increasing competitiveness of non-airline sponsored loyalty programs and the strengthening of ties between GLA's and SMILES' two main competitors, including their codeshare agreement, pose significant competitive challenges to SMILES, as competing frequent flyer programs are likely to have access to a larger inventory of seats and destinations and therefore be more attractive to consumers and to bank partners. Furthermore, integration of airlines and loyalty programs by key competitors of SMILES and GOL allows them to freely and dynamically design and develop offers and products within each market to efficiently and profitably react to rapidly changing environments, a critical flexibility hindered by GOL and SMILES's separate shareholder base and by the Operating Agreement structure.

Finally, while GLA is well positioned to emerge out of the crisis with a greater share of the market due to its cost structure advantage, the integration of SMILES and the associated loyalty cash flows into a single capital structure are critical to ensure continued reinvestment in the airline and in the loyalty program.

While GOL has worked relentlessly and successfully with all of its stakeholders to ensure that the GOL Group maintains adequate liquidity during the pandemic –rebalancing its debt amortization schedule, focusing on preserving jobs of highly-skilled and trained professionals, re-profiling its aircraft leasing liabilities, and strengthening commercial relationships with its main business partners– the recovery of GOL's supply of seats and flights to pre-pandemic volumes is critical to restoring SMILES's business dynamics and volumes, and this investment cannot be sustained without alignment. The symbiotic nature of the airline and its frequent flyer program inherently makes it challenging to individually strive for shareholder returns that conflict with the success across the entire group.

As such, GOL firmly believes that the Merger provides to the group the necessary synergies and level of coordination required to best continue to navigate the uncertain market conditions impacting the travel industry, ultimately generating the highest value for GOL and SMILES shareholders.

Due to the circumstances of the pandemic, GOL and GLA have informed SMILES' Board of Directors of its intent to have all analysis and negotiations relating to the Proposal concluded within 30 days, and to have the shareholders' meetings of both GOL and



SMILES that will deliberate on the Merger to be summoned on or before January 18, 2020.

The detailed terms and conditions of the transaction will be specified in the Protocolo de Incorporação (Merger Agreement), which will be disclosed in due course, together with information provided for in CVM Rule No. 565, of July 15, 2015. GOL will keep its shareholders and the market informed of the Merger, pursuant to applicable regulations.

**This material fact notice does not constitute an offer to sell, buy or exchange, or a solicitation of an offer to sell, buy or exchange, any security described herein, and no offer, sale, purchase or exchange of any such security will occur in any jurisdiction in which such offer, sale, purchase or exchange would be unlawful without prior registration or exemption pursuant to the applicable securities laws of such jurisdiction. In particular, any offer, sale, purchase or exchange will be made pursuant to registration under the U.S. Securities Act of 1933 ("Securities Act") or pursuant to an exemption from registration or a transaction not subject to the registration requirements of the Securities Act."**

Smiles will keep its shareholders and the market informed about the referred reorganization according to applicable regulation.

**Hugo Reis de Assumpção**  
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