

4Q20 Earnings Release

Barueri, March 08, 2021 – Smiles Fidelidade S.A. (B3: SMLS3), one of the largest loyalty programs in Brazil with over 18 million members, announces its 4Q20 results. The financial and operational information in this report refers to the consolidated income (expenses) of Smiles Fidelidade S.A. and is presented in accordance with IFRS and in Brazilian reais (R\$), except when indicated otherwise. The percentage changes may use more decimal places for the calculation than those shown in the document and are compared with the numbers of Smiles Fidelidade S.A.

Smiles Fidelidade S.A.

B3: SMLS3
 Novo Mercado
 Share Price: R\$ 21.44
 Number of Shares: 124,158,953
 Market Cap: R\$ 2.5 bi
 (close: March 05, 2021)

ri.smiles.com.br

4Q20 Conference Call

March 09, 2021

In Portuguese and English:

(Simultaneous Translation)

11:00 a.m. (Brasília time)

9:00 a.m. (US EST)

Phone: +55 (11) 3181-8565 or
 +1 (412) 717-9627

Password: Smiles

[Webcast \(Portuguese\)](#)

[Webcast \(English\)](#)

SMILES CONTACTS

Hugo Assumpção

Chief Financial and
 Investor Relations Officer

Juliana Florentino

Investor Relations
 Analyst

ri@smiles.com.br

OPERATING AND FINANCIAL HIGHLIGHTS IN THE PERIOD

- Net income of R\$90 million in 4Q20, up by 79% over 3Q20.
- Total cash generation - R\$332 million in 4Q20, up by 51% over 3Q20.
- Total gross sales in 4Q20 reached R\$559 million, up by 24% over 3Q20, showing a significant recovery in the period, totaling R\$1.9 billion in the year.
- Net revenue grew 58% in the quarter, reaching R\$211 million versus R\$134 million in the previous period.
- Miles accumulated in 4Q20 increased by 25% over 3Q20 and redemptions increased by 20% in 4Q20 vs. 3Q20, totaling 80% of the volume compared to the same period in 2019. Ticket issuance has also been recovering rapidly, up by 11% increase in 4Q20 vs 3Q20.
- The number of items redeemed on the entire platform reached 1.3 million in 4Q20, up by 5.3% over 3Q20.
- Adhesions to Clube Smiles reached 109% in November and, quarter-on-quarter went from 64% in 3Q20 to 90% in 4Q20.
- Revenues from miles redeemed increased by 39% over 3Q20, while breakage revenues increased sharply, up by 93% growth.
- In 4Q20, EBITDA totaled R\$97 million over R\$62 million in 3Q20.
- The program reached 18.2 million participants in 4Q20, up by 7.8% year over year (YoY).
- Record redemptions at Shopping Smiles reaching over 800,000 transactions in the year.
- Over 60 million miles donated by customers in 2020 through the *Milhas do Bem* program - record on *Dia de Doar*, with over 5 million miles donated in just one day.

	Unit.	4Q20	3Q20	4Q20 vs. 3Q20	4Q19	4Q20 vs. 4Q19	2020	2019	2020 vs. 2019
Operating Highlights									
Earned Miles	millions	25.104	20.085	25,0%	29.172	-13,9%	85.575	115.237	-25,7%
Redeemed Miles	millions	19.952	16.703	19,5%	24.843	-19,7%	57.565	99.638	-42,2%
Burn/Earn Ratio	%	79,5%	83,2%	-368 bps	85,2%	-568 bps	67,3%	86,5%	-1920 bps
Total Gross Revenue	R\$ mil	558.679	450.410	24,0%	666.818	-16,2%	1.959.989	2.611.350	-24,9%
Participants in the Program	thousands	18.220	17.935	1,6%	16.900	7,8%			
Awards Redeemed	thousands	1.322	1.255	5,3%	1.578	-16,3%	4.046	6.360	-36,4%
Financial Highlights									
Total Cash Generation	R\$ mil	332.188	219.492	51,3%	464.290	-28,5%	1.324.432	1.682.703	-21,3%
Operating Cash Generation	R\$ mil	315.305	195.593	61,2%	434.963	-27,5%	1.252.340	1.556.852	-19,6%
Net Revenue	R\$ mil	211.165	133.862	57,7%	253.264	-16,6%	572.916	1.051.124	-45,5%
Gross Profit	R\$ mil	185.260	112.742	64,3%	237.470	-22,0%	473.838	977.658	-51,5%
Gross Margin	%	87,7%	84,2%	351 bps	93,8%	-603 bps	82,7%	93,0%	-1030 bps
Operating Profit / Loss	R\$ mil	90.095	55.273	N.M.	226.838	-60,3%	210.253	765.843	-72,5%
Operating Margin	%	42,7%	41,3%	137 bps	89,6%	-4690 bps	36,7%	72,9%	-3616 bps
EBITDA	R\$ mil	97.019	62.044	56,4%	235.344	-58,8%	238.830	792.712	-69,9%
EBITDA Margin	%	45,9%	46,3%	-40 bps	92,9%	-4698 bps	41,7%	75,4%	-3373 bps
Net Profit / Loss	R\$ mil	89.823	50.232	N.M.	179.536	-50,0%	195.957	626.725	-68,7%
Net Margin	%	42,5%	37,5%	501 bps	70,9%	-2835 bps	34,2%	59,6%	-2542 bps
ROE Last 12 Months	%	23,0%	32,6%	-959 bps	57,5%	-3448 bps			
Annualized ROE	%	15,6%	-0,1%	1572 bps	55,0%	-3943 bps	11,2%	54,8%	-4356 bps
Earnings / Loss per Share	R\$	0,723	0,405	N.M.	1,446	-50,0%	1,578	5,048	-68,7%

Message From Management

2020 made us question nearly everything we knew as normal. It was a challenging, intense year that changed the way we live, work and connect. In the travel universe, the covid-19 pandemic required a brutal adaptation. It was necessary to reinvent itself, monitor the effects in Brazil and worldwide in real-time, reflect on the challenges and give even greater priority to our customers and partners.

Smiles was on an upward trend before this happened. The pandemic was a blow. In a matter of days, people, frightened and urged to isolate themselves, stopped traveling. There were no particular adversities. For a few weeks, the world stopped. The organizations had to have a sense of urgency, make the necessary changes and move on. In this move, the other's concern - the customer, the employee, the investor, the partner and the society as a whole - has become more than necessary. This has become an obligation and a matter of long-term survival.

This is what we did, placing customers and employees - in the first step - at the utmost top of our priorities. In a matter of days, we improved our systems, with all our employees already working from home, to meet the exploding number of demands and questions from Smiles customers.

We strengthened our innovation, technology and data team and invested in automation and artificial intelligence to improve the consumers' journey. Through these actions, we achieved some important figures such as a 37% increase in our app's downloads, strengthening our mobile presence. We also reached a 20% growth in self-service, from 58% in 2019 to 70% in 2020. We also reached a record number of redemptions at Shopping Smiles, reaching over 800,000 transactions in the year.

The result was an upward and consistent recovery, quarter after quarter in 2020. We reached the last three months of the year with our work done to reposition Smiles brand and a new slogan: "Living the world starts here". In such a difficult period, we reaffirm our purpose of transforming people through travel, assuming our role to curate destinations, itineraries, experiences, and content.

We ended December 2020 with a 90% recovery in net revenue over December 2019. Our customers accumulated 25.1 billion miles in 4Q20, and redemptions reached 20 billion miles, up by 19% QoQ and by 80% YoY. Ticket issuance has also been recovering rapidly, up by 11% increase in 4Q20 vs. 3Q20. With the beginning of the crisis as a reference, there was a 331% increase in the number of trips, with a 46% drop in cancellations.

The gradual improvement in our performance, with the maintenance of a lean and efficient structure, allowed us, once again, to generate cash - R\$330 million in 4Q20.

On the operational front, the highlights were the expansion of the air network with four new partners - British Airways, Iberia, Amazonas and All Nippon -, adding over 340 international destinations to our portfolio. During Smiles Friday 2020, the *Viaje Fácil* service reached sales three times higher than expected, and the adhesions to Smiles Club set a record, up by 22% compared to the previous edition.

In the last quarter of the year, Smiles also launched the flight search engine “Discover your new destination”, which uses artificial intelligence to select travel options that suit the number of miles available in each customer’s account, and “ Instant Redemption”, new app feature, allowing the user to purchase services with miles through a QR code, enabling the redemption outside the digital environment.

As it could not fail to be in a time of profound social crisis, Smiles looked outside. Besides the over 60 million miles donated by customers in 2020, *Milhas do Bem* program set a record donation when *Dia de Doar* was celebrated, promoted shortly after Black Friday. More than 5 million miles were donated in just one day.

Despite our satisfaction with the results achieved in the challenging scenario presented in 2020, we highlight a potential significant deterioration in market conditions due to the worsening of the COVID-19 pandemic. We believe that the air transport market will be adversely and materially affected in the short term, which could negatively affect our results.

The journey was - and continues to be - complex and full of mishaps. In a scenario where only mass vaccination represents a real chance to end the pandemic, we closed 2020 and started 2021 full of hope and aware of our responsibility. The Merger of Shares proposed in December 2020 may provide the group with the synergies and level of coordination necessary to better continue to navigate the uncertain market conditions that currently impact the general travel sector. We understand that it is not up to the executive board at this time to take a position on the economic merits of the possible transaction, but we agree with GOL regarding the strategic rationale and the importance of combining the two businesses. Smiles will continue to be flexible in the face of the unpredictability of the moment. We are sure that when we face it and overcome it, we become stronger.

Operational Performance

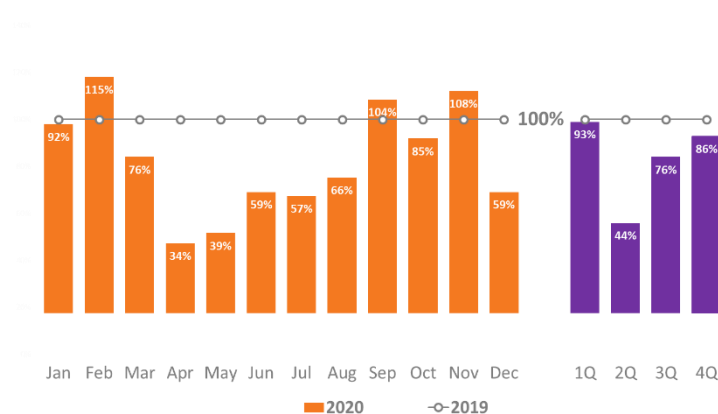
Miles Accumulated and Redeemed: Miles accumulated in 4Q20 grew by 25.0% over 3Q20, fell by 13.9% year over year (YoY) and fell by 25.7% in the last twelve months (LTM). Redemptions behaved similarly in the periodic comparison: up by 19.5% in 4Q20 vs. 3Q20 and fell by 19.7% over 4Q19 and 42.2% in LTM 2020. The Burn/Earn rate reached 79.5% in 4Q20 and 67.3% in LTM 2020.

Earned and Redeemed Miles	Unit.	4Q20	3Q20	4Q20 vs. 3Q20	4Q19	4Q20 vs. 4Q19	2020	2019	2020 vs. 2019
Earned Miles	millions	25,104	20,085	25.0%	29,172	-13.9%	85,575	115,237	-25.7%
Redeemed Miles	millions	19,952	16,703	19.5%	24,843	-19.7%	57,565	99,638	-42.2%
Burn/Earn Ratio	%	79.5%	83.2%	-368 bps	85.2%	-568 bps	67.3%	86.5%	-1920 bps

The chart below shows the number of miles accumulated and redeemed compared to the same periods in 2019.

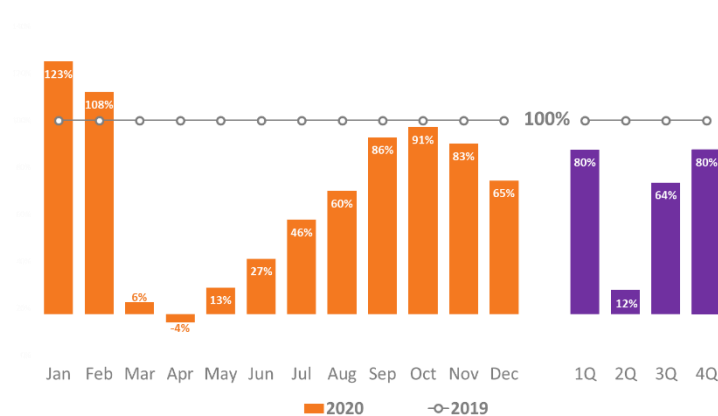
EARNED MILES

Total



REDEEMED MILES

Total

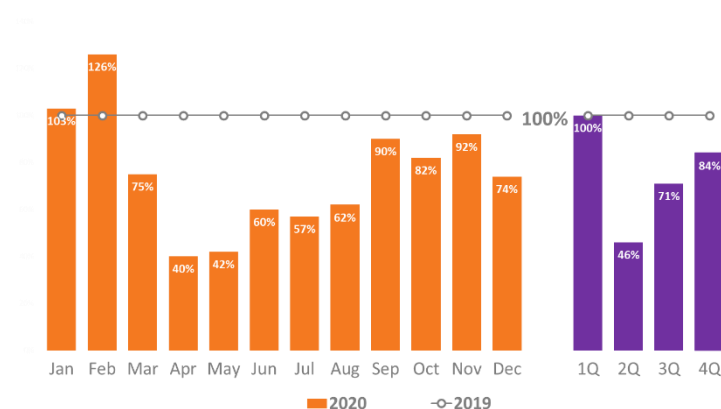


Gross Invoicing: Gross invoicing in 4Q20 totaled R\$558.7 million, compared to R\$450.4 million in 3Q20 and R\$666.8 million in 4Q19, up by 24% and down by 16.2%, respectively. Despite the resumption of operations, the positive effect of the increase in gross ticket sales (see chart below) was not able to neutralize the impacts of foreign exchange rate devaluation and the economic downturn, especially in the tourism industry, resulting in a lower volume of miles accumulated from our partners, leading to reduced results year-on-year.

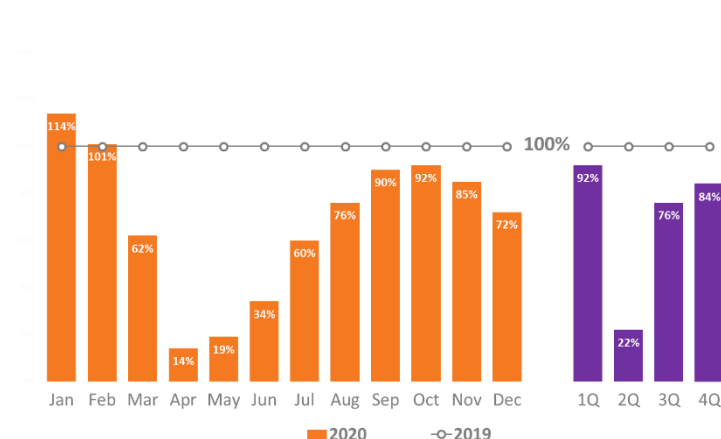
	Unit.	4Q20	3Q20	4Q20 vs. 3Q20	4Q19	4Q20 vs. 4Q19	2020	2019	2020 vs. 2019
Total Gross Invoicing	R\$ mil	558,679	450,410	24.0%	666,818	-16.2%	1,959,989	2,611,350	-24.9%

TOTAL EARNINGS

R\$



GROSS AIR TICKET SALES



Participants: The program reached 18.2 million participants in 4Q20, up by 1.6% over 3Q20 and 7.8% YoY.

	Unit.	4Q20	3Q20	4Q20 vs. 3Q20	4Q19	4Q20 vs. 4Q19
Participants in the Program	thousands	18,220	17,935	1.6%	16,900	7.8%

Rewards Redeemed: The number of items redeemed on the entire platform totaled 1.3 million in 4Q20, up by 5.3% over 3Q20. Considering the total figures, this indicator has also shown a constant reaction since May 2020. Monthly, the total redeemed in September 2020 has already exceeded the total in February 2020, the month before the Covid-19 pandemic started.

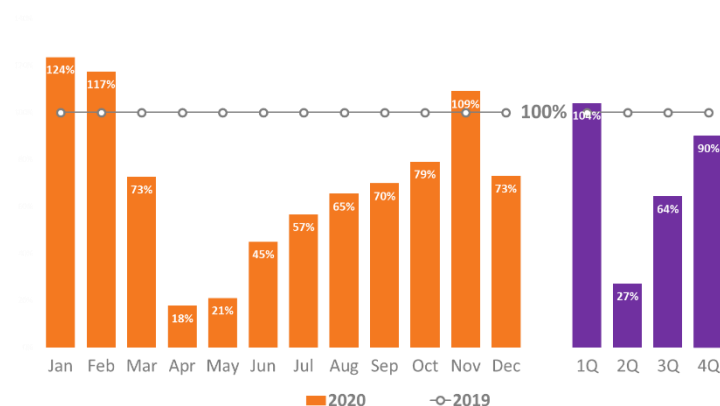
	Unit.	4Q20	3Q20	4Q20 vs. 3Q20	4Q19	4Q20 vs. 4Q19	2020	2019	2020 vs. 2019
Awards Redeemed	thousands	1,322	1,255	5.3%	1,578	-16.3%	4,046	6,360	-36.4%
Airline Tickets (GOL and Partners)	thousands	880	783	12.4%	1,143	-23.0%	2,475	4,813	-48.6%
Other products and services	thousands	442	472	-6.4%	435	1.6%	1,572	1,547	1.6%

Clube Smiles: The volume of adhesions to Clube Smiles follows the same recovery trend of operational indicators observed as of May 2020. The performance in November 2020 stands out, driven by the actions of our Smiles Friday.

The chart below shows this trend, comparing the volume of adhesions to Clube Smiles to the same periods in 2019.

NEW MEMBERSHIP OF CLUBE SMILES

Total



The quicker increase in the number of adhesions to Clube Smiles since June 2020 was positively affected by launching the campaign focused on co-branded credit cardholders who, when joining Smiles Club, increased the miles conversion rate per dollar spent on their cards.

Financial Performance

Cash Generation: In 4Q20, total cash generation reached R\$332.2 million, up by 51.3% over 3Q20. The recovery stems from the faster business resumption, as already shown in previous items.

The following table exemplifies the cash generation calculation, which includes the amounts held in financial investments and excludes disbursements resulting from the advance purchase of tickets, dividends and interest on equity:

Pro-forma	4Q20	3Q20	4Q20 vs. 3Q20	4Q19	4Q20 vs. 4Q19	2020	2019	2020 vs. 2019
Cash and cash equivalents (beginning of the period)	111,670	112,848	-1.0%	20,980	432.3%	287,846	290,850	-1.0%
Financial investments (beginning of the period)	394,972	1,374,302	-71.3%	926,741	-57.4%	886,069	384,460	130.5%
Total (a)	506,642	1,487,150	-65.9%	947,721	-46.6%	1,173,915	675,31	73.8%
Advance Purchase of Tickets (b)	-	1,200,000	N.M	238,096	-100.0%	1,625,962	740,016	119.7%
Interest on own capital and dividends (c)	103,682	-	N.M	-	N.M	137,237	444,082	-69.1%
Cash and cash equivalents (end of the period)	111,892	111,670	0.2%	287,846	-61.1%	111,892	287,846	-61.1%
Financial investments (end of the period)	623,256	394,972	57.8%	886,069	-29.7%	623,256	886,069	-2.7%
Total (d)	735,148	506,642	45.1%	11,73,915	-37.4%	735,148	1,173,915	-37.4%
Total Cash Generation (e)=- (a)+(b)+(c)+(d)	332,188	219,492	51.3%	464,290	-28.5%	1,324,432	1,682,703	-2.3%
Financial Revenues (f)	16,883	23,899	-29.4%	29,327	-42.4%	72,092	125,851	-42.7%
Operating Cash Generation (e)-(f)	315,305	195,593	61.2%	434,963	-27.5%	1,252,34	1,556,852	-19.6%

Balance of Advance Purchase of Tickets: The composition and evolution of the balance of advance purchase of tickets, classified in the group “advance to suppliers”, is shown in the table below:

Agreement	Tranche	Date	Balance 4Q20
11th Agreement	Single Tranche	sep-19	103.9
12th Agreement	Single Tranche	dec-19	252.3
13th Agreement	Single Tranche	mar-20	322.3
14th Agreement	Single Tranche	mar-20	120.4
15th Agreement	Single Tranche	jul-20	1,213,1
Total			2,011,9

Deferred Revenues: In 4Q20, deferred revenue totaled R\$1.6 billion, up by 1.3% over 3Q20, virtually stable. Compared to the quarter ended in December 2019 (deferred revenue totaling R\$1.2 billion), there was a substantial increase of around 34.0%.

It should be noted that this increase results directly from the Covid-19 pandemic, which made it impossible to travel for an extended period and, therefore, postponed the redemption of miles for this purpose. Despite the increased volume of miles redeemed through Shopping Smiles, this increase did not neutralize this restraint’s effect on redemptions.

This increase in the balance of deferred revenue positively indicates the potential to generate income in future fiscal years.

	4Q20	3Q20	4Q20 vs. 3Q20	4Q19	4Q20 vs. 4Q19
Mileage program	2,181,762	2,136,618	2.1%	1,751,708	24.6%
Others	977	1,111	-12.1%	1,764	-44.6%
Breakage	-606,618	-581,533	4.3%	-577,075	5.1%
Total	1,576,121	1,556,196	1.3%	1,176,397	34.0%
Current	1,253,217	1,248,026	0.4%	1,003,768	24.9%
Noncurrent	322,904	308,170	4.8%	172,629	87.1%

Net Revenue: In 4Q20, net revenue increased by 57.7% over 3Q20, reaching R\$211.2 million versus R\$133.9 million in the previous period. Year-on-year, net revenue fell by 16.6%. In the LTM of the year, net revenue fell by 45.5%, reaching R\$572.9 million in 2020.

Revenues from miles redeemed increased by 39.4% in 4Q20 vs. 3Q20, while breakage revenues increased sharply, up by 92.7% growth.

	4Q20	4Q19	4Q20 vs. 4Q19	3Q20	4Q20 vs. 3Q20	2020	2019	2020 vs. 2019
Revenue from the redemption of miles	158,753	113,864	39.4%	199,110	-20.3%	396,794	866,955	-54.2%
Revenue from <i>breakage</i> and expired miles	69,017	35,807	92.7%	73,637	-6.3%	225,261	262,010	-14.0%
Other operating revenue	1,189	1,979	-39.9%	5,535	-78.5%	11,415	24,475	-53.4%
Gross revenue	228,959	151,650	51.0%	278,282	-17.7%	633,470	1,153,440	-45.1%
Related tax	-17,794	-17,788	0.0%	-25,018	-28.9%	-60,554	-102,316	-40.8%
Net revenue	211,165	133,862	57.7%	253,264	-16.6%	572,916	1,051,124	-45.5%

Other Revenues: Other revenues totaled R\$1.2 million in 4Q20 versus R\$2.0 million in 3Q20, down by 39.9% over 3Q20 and 78.5% YoY. This item includes mainly cancellation fees and an administration fee of GOL's loyalty program. The drop YoY was due to the exemption from collecting ticket cancellation fees due to the pandemic.

Direct Redemption Margin: The Direct Redemption Margin recovered 336 basis points, reaching 33.5% in 4Q20 versus 30.1% in 3Q20. Year-on-year, the margin fell by 217 base points in the quarter and 854 basis points in the LTM.

The increase in the Direct Redemption Margin in 4Q20 vs. 3Q20 is due to the pricing strategy. In contrast, the comparisons with the periods of 2019, the differences are due to the pandemic and the revision of the transfer price.

Management Presentation	Redemption Results ¹	4T20	4T19	4T20 vs. 4T19	3T20	4T20 vs. 3T20	2020	2019	2020 vs. 2019
Revenue	> Redemption Revenue (b)	477,8	574,1	-16.8%	384,6	24.2%	1,328,9	2,271,0	-41.5%
Cost of Services	> Redemption Costs	-317,8	-369,4	-14.0%	-268,8	18.2%	-920,7	-1,379,5	-33.3%
Gross Revenue	Gross Redemption Result (a)	159,9	204,6	-21.8%	115,8	38.1%	408,2	891,4	-54.2%
(-) Interest over Spread		-14,8	-18,9	-21.8%	-10,7	38.1%	-37,8	-82,5	-54.2%
(=) Net Revenue	Net Redemption Result	145,1	185,7	-21.8%	105,1	38.1%	370,4	809,0	-54.2%
% Direct Redemption Margin	=(a)/(b)	33.5%	35.6%	-217 bps	30.1%	336 bps	30.7%	39.3%	-854 bps

Operating Expenses: Operating expenses increased by 65.6% in 4Q20 compared to the previous quarter, due to the increase in administrative expenses with IT services and services provided. The increase in these expenses is the result of continued investments in the technology and information sector aiming at the accelerated resumption of the company in a post-pandemic moment, in addition to efforts to maintain the home-office structure for 100% of our employees.

Operating Expenses (R\$ Mil)	4Q20	3Q20	4Q20 vs. 3Q20	4Q19	4Q20 vs. 4Q19	2020	2019	2020 vs. 2019
Personnel	- 4,339	- 3,745	15.9%	- 3,641	19.2%	- 15,295	- 16,122	-5.1%
Call center	- 9,481	- 8,920	6.4%	- 10,931	-13.3%	- 36,092	- 38,259	-5.7%
Sales and advertising	- 17,081	- 12,604	35.5%	- 18,737	-8.8%	- 57,225	- 73,562	-22.2%
Selling Expenses	- 30,901	- 25,269	22.3%	- 33,309	-7.2%	- 108,612	- 127,943	-15.1%
Personnel	- 29,146	- 12,907	125.8%	- 13,729	112.3%	- 75,149	- 75,137	0.0%
IT services	- 12,913	- 6,709	92.5%	- 6,035	114.0%	- 26,785	- 19,969	34.1%
Services provided	- 17,792	- 12,193	45.9%	- 3,255	446.6%	- 48,565	- 32,545	49.2%
Depreciation and amortization	- 922	- 931	-1.0%	- 1,091	-15.5%	- 3,677	- 3,547	3.7%
Other, net	- 4,005	114	-3613.2%	167	-2498.2%	- 5,540	209	2550.7%
Administrative Expenses	- 64,778	- 32,625	98.6%	- 23,943	170.6%	- 159,716	- 131,407	21.5%
Other, net	515	425	21.2%	46,620	-98.9%	4,743	47,535	-90.0%
Total Operating Expenses	- 95,164	- 57,469	65.6%	- 10,632	795.1%	- 263,585	- 211,815	24.4%

Total operating expenses represented 45.1% of net revenue in the quarter and 46.0% in LTM 2020. The increase observed compared to the same periods in 2019 is directly due to the rise in expenses already detailed above.

	4Q20	3Q20	4Q20 vs. 3Q20	4Q19	4Q20 vs. 4Q19	2020	2019	2020 vs. 2019
Net Revenue	211,165	133,862	57.7%	253,264	-16.6%	572,916	1,051,124	-45.5%
Total Operating Expenses	- 95,164	- 57,469	65.6%	-10,632	795.1%	-263,585	-211,815	24.4%
Operating Expenses / Net Revenue (%)	45.1%	42.9%	213 bps	4.2%	4087 bps	46.0%	20.2%	2586 bps

Financial Result: The financial result totaled R\$23.0 million in 4Q20, down by 3.6% over 3Q20 and 21.4% over 4Q19. In LTM, the financial result fell by 37.8%, reaching R\$78.3 million.

Financial Result (R\$ mil)	4Q20	3Q20	4Q20 vs. 3Q20	4Q19	4Q20 vs. 4Q19	2020	2019	2020 vs. 2019
Financial revenues								
Discounts obtained	18,381	22,856	-19.6%	16,080	14.3%	72,092	74,160	-2.8%
Income from short-term investments	3,233	1,768	82.9%	11,785	-72.6%	19,266	49,366	-61.0%
(-) Taxes on financial income	-1,016	-1,176	-13.6%	-1,371	-25.9%	-4,438	-6,248	-29.0%
Other revenues	401	490	-18.2%	1,338	-70.0%	2,583	8,177	-68.4%
Total financial income	20,999	23,938	-12.3%	27,832	-24.6%	89,503	125,455	-28.7%
Financial expenses								
Interest	-409	-498	-17.9%	-342	19.6%	-1,461	-536	172.6%
Taxes on financial operations	-97	-3	3133.3%	-152	-36.2%	-207	-265	-21.9%
Loss on short-term investments	-33	-209	-84.2%	-8	312.5%	-9,385	-115	8060.9%
Other expenses	-830	-90	822.2%	-1083	-23.4%	-2,242	-3,357	-33.2%
Total financial expenses	-1,369	-800	71.1%	-1585	-13.6%	-13,295	-4,273	211.1%
Exchange variation, net	3,418	761	349%	3,080	11.0%	2,049	4,669	-56.1%
Total	23,048	23,899	-3.6%	29,327	-21.4%	78,257	125,851	-37.8%

EBITDA: In 4Q20, EBITDA totaled R\$97.0 million over R\$62.0 million in 3Q20. The EBITDA margin changed slightly when compared to the previous period: 45.9% versus 46.3%. In LTM, EBITDA totaled R\$238.8 million, with a margin of 41.7%.

	4Q20	3Q20	4Q20 vs. 3Q20	4Q19	3Q20 vs. 3Q19	2020	2019	2020 vs. 2019
Earnings before income tax and social contribution	113,143	79,172	42.9%	256,165	-55.8%	288,510	891,694	-67.6%
(-) Financial revenues	20,999	23,938	-12.3%	27,832	-24.6%	89,503	125,455	-28.7%
(-) Financial expenses	- 1,369	- 800	71.1%	- 1,585	-13.6%	- 13,295	- 4,273	211.1%
(-) Net exchange rate change	3,418	761	349.1%	3,080	11.0%	2,049	4,669	-56.1%
(+) Depreciation and amortization	6,924	6,771	2.3%	8,506	-18.6%	28,577	26,869	6.4%
EBITDA	97,019	62,044	56.4%	235,344	-58.8%	238,830	792,712	-69.9%
Net Revenue	211,165	133,862	57.7%	253,264	-16.6%	572,976	1,051,124	-45.5%
EBITDA Margin (%)	45.9%	46.3%	-40 bps	92.9%	-4698 bps	41.7%	75.4%	-3373 bps

Net Income: The result for the quarter was a net income of R\$89.8 million, a significant increase of 78.8% compared to 3Q20.

	4Q20	3Q20	4Q20 vs. 3Q20	4Q19	4Q20 vs. 4Q19	2020	2019	2020 vs. 2019
Net Income for the Period	89,823	50,232	78.8%	179,536	-50.0%	195,957	626,725	-68.7%
Net revenue	211,165	133,862	57.7%	253,264	-16.6%	572,916	1,051,124	-45.5%
Net Margin	42.5%	37.5%	501 bps	70.9%	-2835 bps	34.2%	59.6%	-2542 bps
ROAE Last 12 Months	15.3%	23.0%	-770 bps	56.6%	-4131 bps			
ROAE Annualized	27.0%	15.6%	1137 bps	60.7%	-3369 bps			

Milhas do Bem program

The *Milhas do Bem* program is a Smiles initiative created in 2017 to promote solidarity among people through donations of miles that are converted into financial resources for selected institutions and initiatives in education and health.

For each mile donated by program participants, Smiles donates an equal number of miles. In 2020, over 60 million miles were donated by customers.

Income Statement - IFRS

Income Statement (R\$ mil)	4Q20	3Q20	4Q20 vs. 3Q20	4Q19	4Q20 vs. 4Q19	2020	2019	2020 vs. 2019
Net revenue	211,165	133,862	57.7%	253,264	-16.6%	572,916	1,051,124	-45.5%
Operating expenses	-25,905	-21,120	22.7%	-15,794	64.0%	-99,078	-73,466	34.9%
Gross profit	185,260	112,742	64.3%	237,470	-22.0%	473,838	977,658	-51.5%
Selling expenses	-30,901	-25,269	22.3%	-33,309	-7.2%	-108,612	-127,943	-15.1%
Administrative expenses	-64,779	-32,625	N.M.	-23,943	N.M.	-159,716	-131,407	21.5%
Other expenses, revenues	515	425	N.M.	46,620	N.M.	4,743	47,535	N.M.
Total Operating Expenses	-95,165	-57,469	65.6%	-10,632	795.1%	-263,585	-211,815	24.4%
Operating profit / loss before financial result and taxes	90,095	55,273	63.0%	226,838	-60.3%	210,253	765,843	-72.5%
Financial revenues	20,999	23,938	-12.3%	27,832	-24.6%	89,503	125,455	-28.7%
Financial expenses	-1,369	800	71.1%	-1,585	-13.6%	-13,295	-4,273	211.1%
Net exchange rate change	3,418	761	349.1%	3,080	11.0%	2,049	4,669	-56.1%
Financial Revenues	23,048	23,899	-3.6%	29,327	-21.4%	78,257	125,851	-37.8%
EBIT	113,143	79,172	42.9%	256,165	-55.8%	288,510	891,694	-67.6%
Current income tax and social contribution	-13,706	-42,802	-68.0%	-46,064	-70.2%	-88,960	-168,785	-47.3%
Deferred income tax and social contribution	-9,614	13,862	N.M.	-30,565	-68.5%	-3,593	-96,184	-96.3%
Total Income Tax and Social Contribution	-23,320	-28,940	-19.4%	-76,629	-69.6%	-92,553	-264,969	-65.1%
Net Profit	89,823	50,232	78.8%	179,536	-50.0%	195,957	626,725	-68.7%
Earnings per share (R\$)	0.723	0.405	78.6%	1.446	-50.0%	1.578	5.048	-68.7%

Balance Sheet

Assets (R\$ mil)	4Q20	4Q19	4Q20 vs. 4Q19	3Q20	4Q20 vs. 3Q20
Current					
Cash and cash equivalents	111,892	287,846	-61.1%	111,670	0.2%
Financial investments	623,256	886,069	-29.7%	394,972	57.8%
Trades receivables	401,148	493,022	-18.6%	371,104	8.1%
Advances to suppliers	1,224,919	971,788	26.0%	1,109,594	10.4%
Recoverable taxes and contributions	77,978	93,939	-17.0%	67,506	15.5%
Other credits and amounts	14,645	30,784	-52.4%	26,410	-44.5%
Total Current Assets	2,453,838	2,763,448	-11.2%	2,081,256	17.9%
Noncurrent					
Deferred Taxes	71	2,095	-97.6%	-	N.M.
Judicial deposits	26,909	16,565	62.4%	25,943	3.7%
Advances to suppliers	787,264	-	N.M.	1,114,782	-29.4%
Recoverable taxes and contributions	21,749	48,660	-55.3%	48,343	-55.0%
Other credits and amounts	12,635	-	N.M.	13,771	-8.2%
Property, plant and equipment	3,202	4,770	-32.9%	3,706	-13.6%
Intangible assets	56,416	48,235	17.0%	54,268	4.0%
Total Noncurrent Assets	908,246	121,135	649.8%	1,260,813	-28.0%
Total Assets	3,362,084	2,884,583	16.6%	3,342,069	0.6%

Liabilities (R\$ mil)	4Q20	4Q19	4Q20 vs. 4Q19	3Q20	4Q20 vs. 3Q20
Current					
Suppliers	136,757	116,766	17.1%	115,358	18.6%
Labor obligations	28,785	18,172	58.4%	17,617	63.4%
Dividends and interests on shareholders' equity	47,259	133,498	N.M.	103,682	-54.4%
Income tax and social contribution payable	2,479	9,241	-73.2%	25,451	-90.3%
Obligations with related companies	15,683	23,611	-33.6%	13,984	12.1%
Advances from customers	12,927	11,706	10.4%	15,662	-17.5%
Deferred revenue	1,253,217	1,003,768	24.9%	1,248,026	0.4%
Other liabilities	5,072	4,772	6.3%	6,871	-26.2%
Total Current Liabilities	1,502,179	1,321,534	13.7%	1,546,651	-2.9%
Noncurrent					
Provisions for lawsuits	29,556	26,987	9.5%	26,386	12.0%
Deferred revenues	322,904	172,629	87.1%	308,170	4.8%
Deferred taxes	156,312	156,135	0.1%	146,894	6.4%
Other liabilities	805	1,963	-59.0%	1,146	-29.8%
Total Non-current Liabilities	509,577	357,714	42.5%	482,596	5.6%
Shareholders' Equity					
Share capital	254,610	254,610	0.0%	254,610	0.0%
Capital reserves	278,809	749,163	-62.8%	278,213	0.2%
Profit reserves	816,254	-	N.M.	674,243	21.1%
Equity valuation adjustments	655	62	956.5%	378	-273.3%
Share-based compensation	-	201,500	-100.0%	-	0.0%
Retained earnings for the period	-	-	N.M.	106,134	-100.0%
Total Shareholders' Equity	1,350,328	1,205,335	12.0%	1,312,822	2.9%
Total Liabilities and Shareholders' Equity	3,362,084	2,884,583	16.6%	3,342,069	0.6%

Cash Flow Statements

Cash Flow Statement (R\$ mil)	4Q20	3Q20	4Q20 vs. 3Q20	4Q19	4Q20 vs. 4Q19	2020	2019	2020 vs. 2019
Net profit	99,970	40,085	149.4%	179,536	-44.3%	195,957	626,725	-68.7%
Adjustments to reconcile net profit to cash generated by operating activities								
Share-based compensation	596	598	-0.3%	774	-23.0%	2,389	3,131	-23.7%
Deferred income tax and social contribution	14,842	-19,090	-177.7%	30,565	-51.4%	3,593	96,184	-96.3%
Provision for tax, civil and labor lawsuits	5,233	2,433	115.1%	2,095	149.8%	17,340	16,010	8.3%
Depreciation and amortization	6,924	6,771	2.3%	8,506	-18.6%	28,577	26,869	6.4%
Discounts obtained on advance ticket purchases	-18,381	-22,856	-19.6%	-16,080	14.3%	-72,092	-74,160	-2.8%
Net exchange rate change	-3,964	953	-515.9%	-1,985	99.7%	725	1,429	-150.7%
Variations in financial investments	-2,975	-6,222	-52.5%	-	-	-9,656	-	-
Constitution (reversal) of provision for expected losses with credits	-	4	-100.0%	12	-100.0%	1	5	-120.0%
Labor provisions	14,369	3,636	295.2%	1,981	625.3%	27,269	16,507	65.2%
Retirement of fixed and intangible assets	-	-	-	171	-100.0%	262	138	89.9%
Equity equivalence	-	-	-	-	-	-	-	-
Other provisions	1,899	353	438.0%	62	-3162.9%	1,144	434	-363.6%
Adjusted net profit	118,649	6,791	1647.2%	205,147	-42.2%	194,057	712,404	-72.8%
Variations in operating assets and liabilities								
Accounts receivable	-28,840	-83,753	-65.6%	-58,408	-50.6%	92,463	-134,276	-168.9%
Advances to suppliers	230,565	-1,020,486	-122.6%	60,206	283.0%	-968,307	398,449	-343.0%
Taxes recoverable	5,138	14,153	-63.7%	-21,665	-123.7%	31,912	80,703	-60.5%
Judicial deposits and blocks	-	966	9.5%	271	256.5%	-10,344	1,437	-819.8%
Other credits (liabilities)	28,030	11,535	143.0%	14,204	97.3%	18,033	-13,677	-231.8%
Transactions with related companies	1,623	11,881	-86.3%	-1,492	-208.8%	-7,604	-14,091	-46.0%
Suppliers	19,818	18,620	6.4%	-17,374	-214.1%	17,804	-11,939	-249.1%
Labor law obligations	-2,969	576	415.5%	416	613.7%	-16,552	-27,019	-38.7%
Advances from clients	-2,322	7,161	-132.4%	960	-341.9%	1,406	-149,598	-100.9%
Deferred revenue	4,422	42,920	-89.7%	80,808	-94.5%	400,273	155,602	157.2%
Tax obligations	13,518	41,880	-67.7%	30,974	-56.4%	77,991	133,482	-41.6%
Lawsuits	-2,821	-4,191	-32.7%	-2,107	33.9%	-15,529	-10,137	53.2%
Income tax and social contribution	-43,169	-21,761	98.4%	-53,446	-19.2%	-91,440	-149,177	-38.7%
Net operating cash flow	337,586	-976,708	-134.6%	237,120	42.4%	-278,927	972,163	-128.7%
Investment activities								
Acquisition of fixed and intangible assets	-8,704	-8,773	-99.9%	-11,335	-99.9%	-35,171	-33,836	3.9%
Financial investments, net	-225,845	985,551	-100.0%	40,654	-100.6%	271,932	-501,607	-154.2%
Capital increase in investee	-	-	-	-	-	-	-	-
Investment activities cash flow	-234,549	976,778	-124.0%	29,319	-900.0%	236,761	-535,443	-144.2%
Financing activities								
Lease Payments	-1,538	-	-	-	-	-1,538	-	-
Capital increase through exercise of stock options	-	-	-	-	-	-	843	-
Dividends paid	-103,676	-	-	-	-	-103,676	-408,350	-74.6%
Interest on shareholders' equity and dividends paid	1	-	-	999	-99.9%	-29,815	-30,925	-3.6%
Financing activities cash flow	-105,213	-	-	999	-10631.8%	135,029	438,432	-69.2%
Effects of exchange rate change on cash and cash equivalents	2,398	-1,248	-292.1%	572	-519.2%	1,241	-1,292	-196.1%
Net cash and cash equivalents increase (decrease)	222	-1,178	-118.8%	266,866	-99.9%	-175,954	-3,004	5757.3%
Cash and cash equivalents at the beginning of the period	111,670	112,848	-	20,980	432.3%	287,846	290,850	-1.0%
Cash and cash equivalents at the end of the period	111,892	111,670	0.2%	287,846	-61.1%	111,892	287,846	-61.1%

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 leading commercial banks, including co-branded cards issued by Bradesco, Banco do Brasil and Santander, and a vast 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) award redemptions by members when they exchange their miles for flights on GOL and other partner airlines or products and services offered by commercial and financial partners.

Our primary sources of revenues come from (i) redeemed miles revenues, represented by tickets and awards in our 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

The ratio between the number of redeemed and accrued miles in each period.

Breakage Estimate: Miles expired and not redeemed; it may be expressed as a number of miles, an amount in Reais or as a percentage of miles issued, depending on the context.

Free Float: Shares owned by non-controlling shareholders.

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

Products or services provided to members by a commercial partner resulting from redeeming customer miles loyalty program.

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

Smiles Program: A coalition program for several companies, including GOL Linhas Aéreas Inteligentes S.A.

Smiles & Money: A means of redeeming air tickets or products by combining money and miles.

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 substantially depend on external factors and risks presented in Smiles' disclosure documents and are therefore subject to change without notice. Independent auditors did not review the Company's non-financial information. Some of the report's figures may differ from the statements