



Update on Corporate Merger Proposal Submitted to SMILES' Shareholders

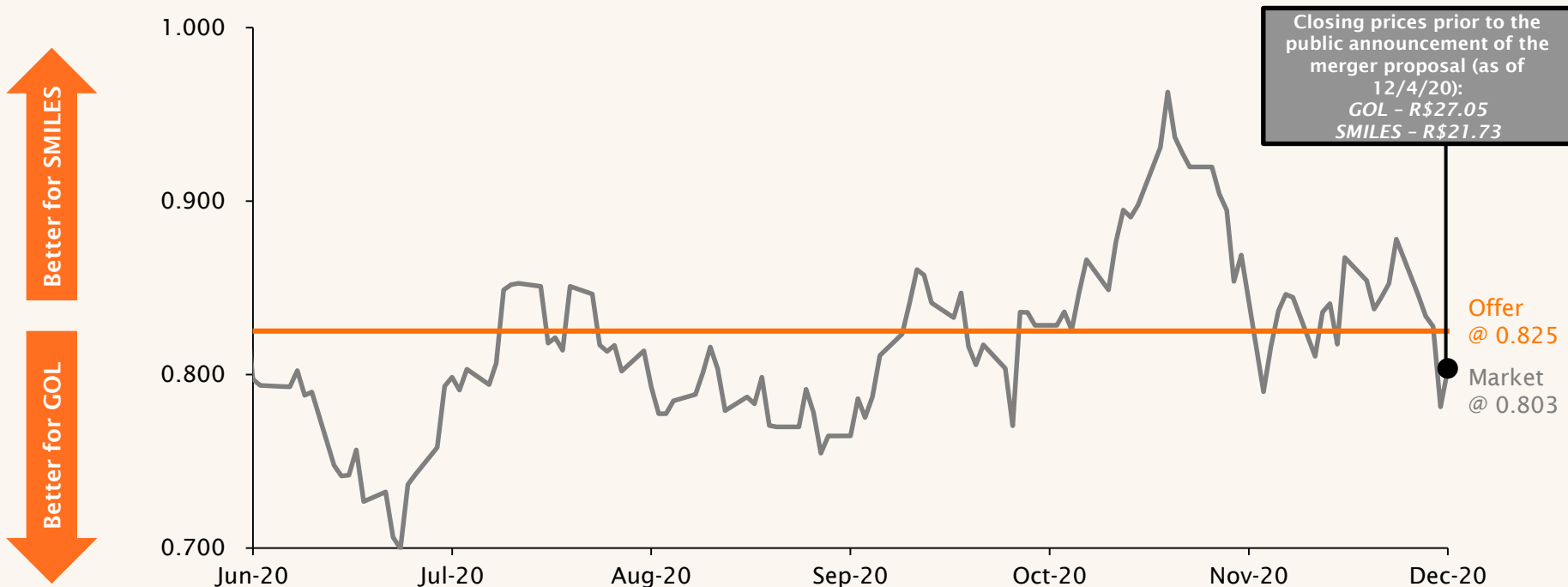
March 2021



Proposal | Exchange Ratio



Implied price offered to Smiles shareholders a 26.3% premium to the 30 day VWAP and a premium to the average Exchange Ratio of 0.818x





ISS Premium Calculations (As of 2/12/2021)

GOL Share Price on 2/12/21	R\$24.11
(x) GOL Shares per SMILES Share ¹	0.6601x
Value of GOL Shares Consideration	R\$15.92
(+) Cash Component ¹	R\$4.46
Total Merger Consideration	R\$20.38

Transaction Information Release (2/12/21)

SMILES Share Price	R\$22.27
Total Merger Consideration % Prem. / (Disc.)	(8.5%)

2 Months Prior to Transaction Information Release (12/12/20)

SMILES Share Price	R\$22.98
Total Merger Consideration % Prem. / (Disc.)	(11.3%)

Actual Unaffected Premium Calculations (As of 12/7/2020)

GOL Share Price on 12/7/20	R\$27.05
(x) GOL Shares per SMILES Share ¹	0.6601x
Value of GOL Shares Consideration	R\$17.86
(+) Cash Component ¹	R\$4.46
Total Merger Consideration	R\$22.32

At Announcement (12/7/20)

SMILES Share Price	R\$21.73
Total Merger Consideration % Prem. / (Disc.)	2.7%

2 Months Prior to Announcement (10/7/20)

SMILES Share Price	R\$14.60
Total Merger Consideration % Prem. / (Disc.)	52.8%

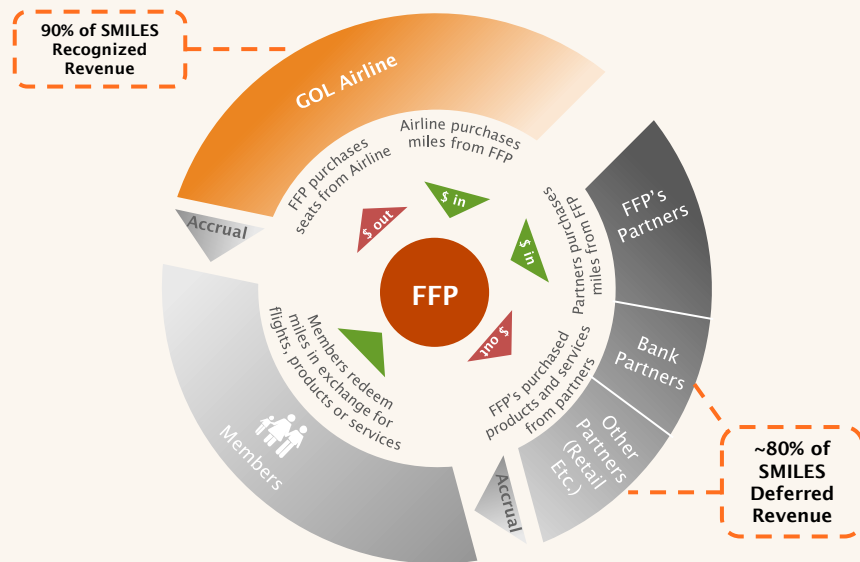
When using unaffected share prices as of the correct announcement date, the proposal represents a premium to Smiles' shareholders

Source: Company filings, Factset, ISS

Note: Deal announcement occurred prior to market open; stated share prices are as of prior day market close

(1) Consideration mix shown represents 20% cash and 80% stock; actual transaction consideration mix may vary

Business Model: Accrual and Redemption Flow



- **Cash-in (accrual):** Airline and other partners buy points from the Frequent Flyer Program ("FFP") to award their customers
 - Partners include banks, retail, newspapers, hotels and others
- **Cash-out (redemptions):** FFP buys products (predominately airline tickets) or services from Airline / partners to deliver to its members

Sources of Profit

- 1 **Spread between the unit price of miles sold to partners and the unit cost of rewards redeemed by members**
 - The main revenue line – gross billing of miles – is strongly derived from banks that buy points from the FFP
- 2 **Interest income on the float**
 - The tenor gap between sales (cash-in) and redemptions of the points (cash-out) is typically around 8-10 months, generating interest income
- 3 **Breakage**
 - Points expiring without being redeemed are a source of profit
 - Breakage ratio reflects points that have expired without being redeemed as a percentage of points issued earlier

SMILES Revenue Recognition

- Points purchased by the airline and other partners become deferred revenue until redemption by the members
- When the points are redeemed by the member, the revenue is recognized and the cost to the FFP for the redemption is deducted from gross revenues to get net revenue of the FFP program
- With over 90% of SMILES redemptions spent on GOL air travel tickets, SMILES' deferred revenue liability is highly dependent on the GOL airline and the availability of tickets
- Conversely, SMILES' purchase of tickets from GOL represents ~12% of GOL's revenue

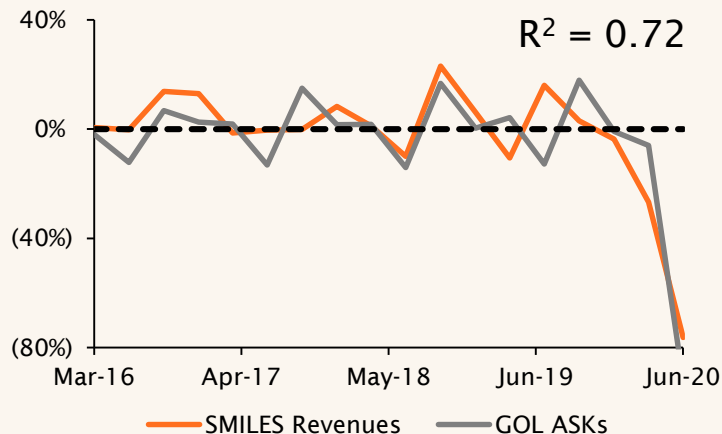
Current Structure Doesn't Drive Long Term Value Creation



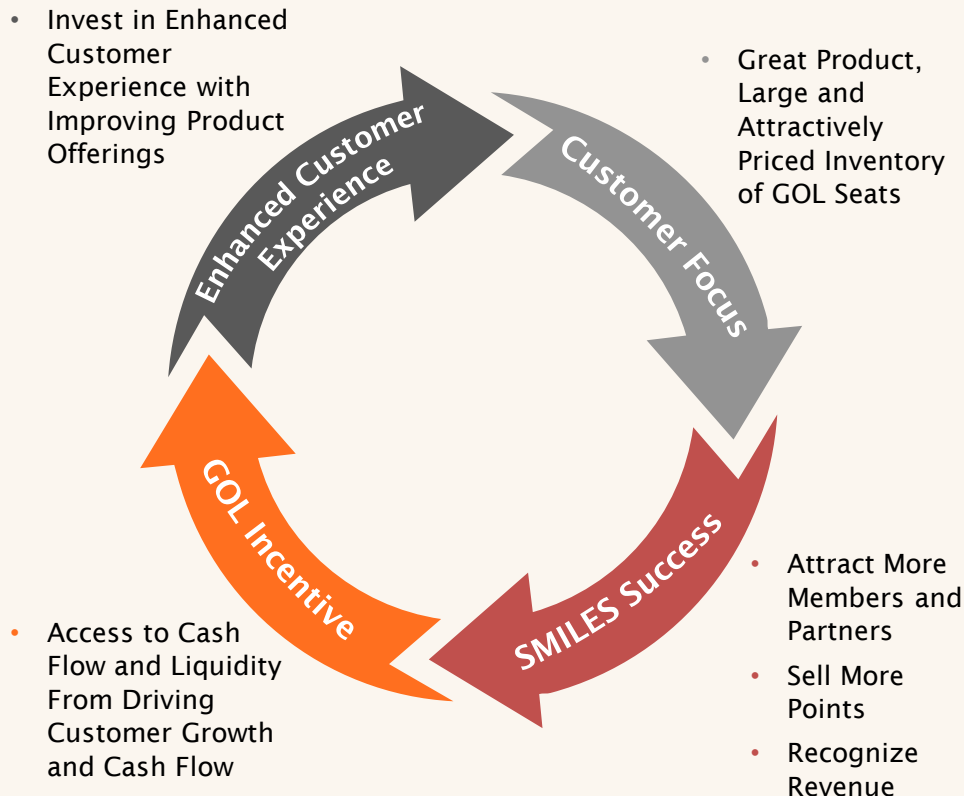
Current Contract and Structure Do Not Promote Long Term Success

- SMILES success directly tied to GOL success
- Existing contract and structure does not incentivize collaboration and investment across the two companies for the betterment of both
- Longer term, if GOL cannot consolidate SMILES, material adjustments to the contract between the two companies will be required

Historical Relationship Between SMILES and GOL



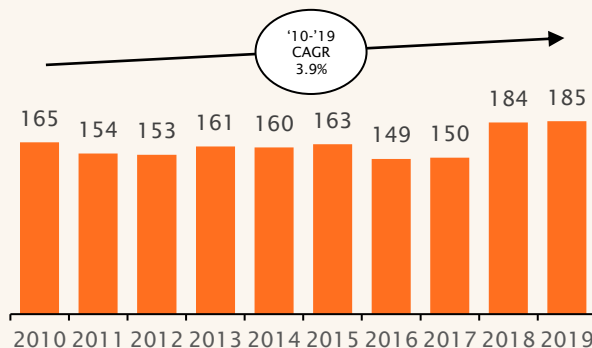
Consolidated Structure Would Create a Virtuous Cycle



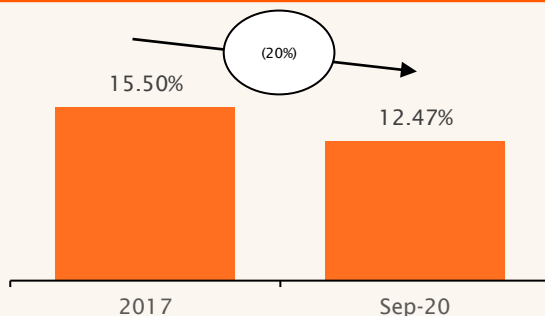
The credit card market in Brazil has seen declining growth and profitability, which translates into substantial pressure on SMILES' business model

- Credit card issuers are SMILES' main cash flow source
- With only a few issuers, credit card spending is concentrated, granting them significant pricing power
- Lower growth and profitability has forced issuers to shift focus to their own loyalty programs, keeping a greater portion of their cash flow in-house

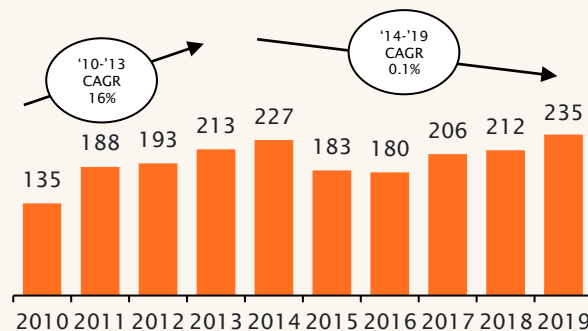
Stagnated Credit Card Base⁽¹⁾
(credit cards in the Brazilian market - millions)



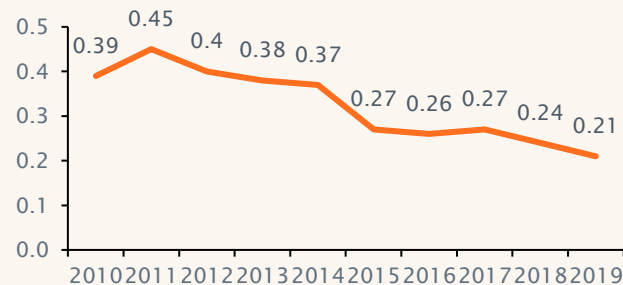
Low Interest Rates...⁽¹⁾⁽²⁾
(Credit card interest rates, % per month)



Accumulation of Points on Stagnant Cards⁽¹⁾
(Brazilian market, in billions of points)



...Decreasing Miles per R\$ Spent⁽³⁾
(Brazilian market, in billions of points)



(1) Banco Central do Brasil.

(2) ABECS

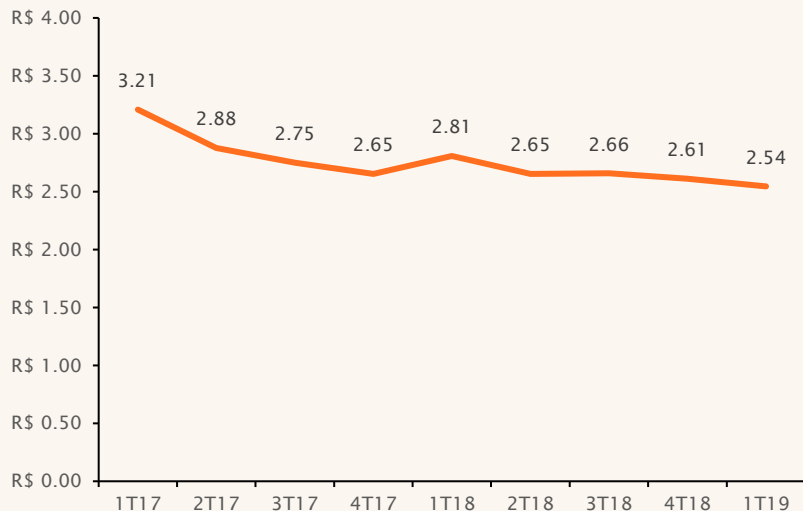
(3) Banco Central do Brasil. Company.

Profitability of Smiles Impacted by Revenue and Cost Pressure

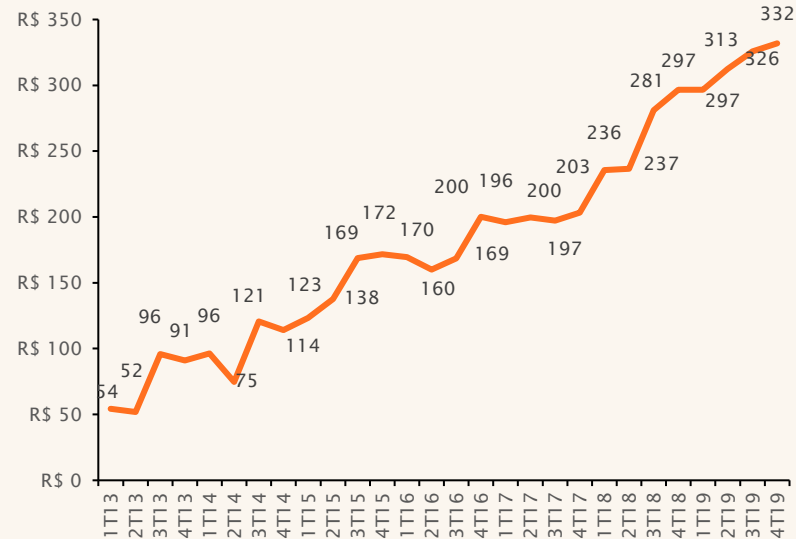


SMILES business deterioration: changes in the competitive landscape have been impacting SMILES long before this pandemic hit

Average Price per Mile in Constant Decline...⁽¹⁾
(R\$ cents, mile sale price, excluding GOL)



...Average Ticket Redemption Cost in Sharp Rise = 19% p.a.⁽²⁾
(Cost per ticket redeemed, R\$)



(1) Smiles investor relations and Company analysis. Total gross mile sales (ex GOL) divided by total miles earned (ex GOL). Does not include Smiles & Money product.

(2) Smiles investor relations and Company analysis CAGR 2013 – 3T2020

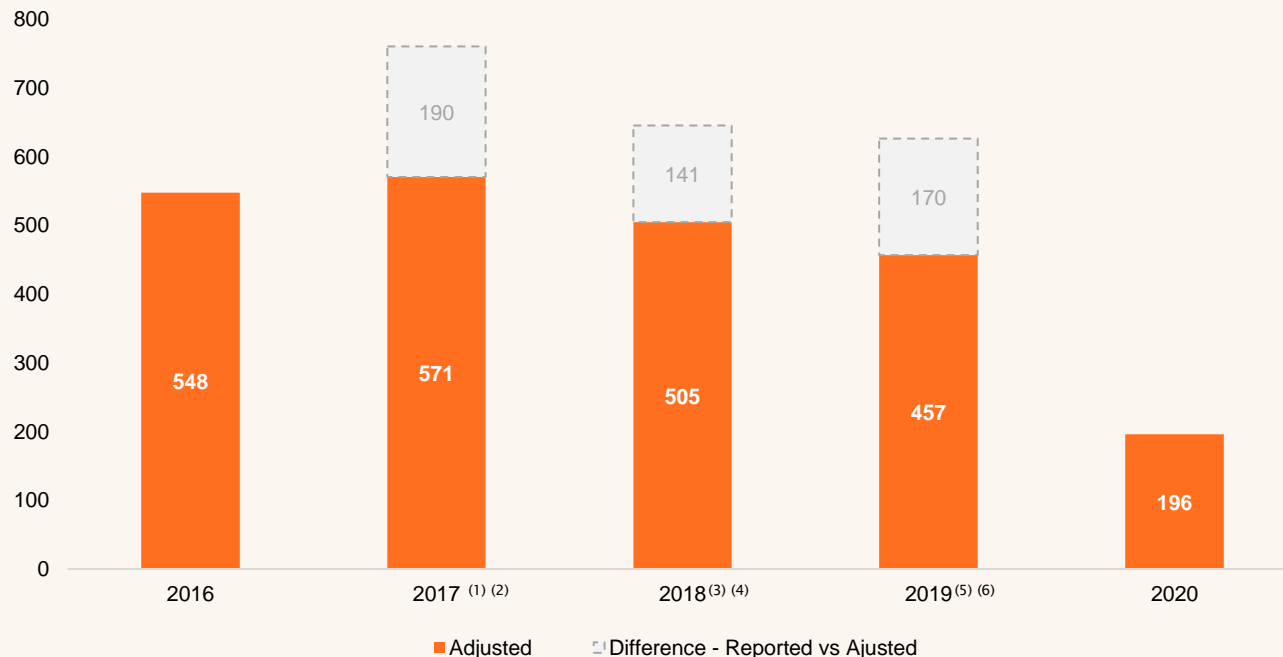
Meaningfully Lower SMILES Profits Over Time



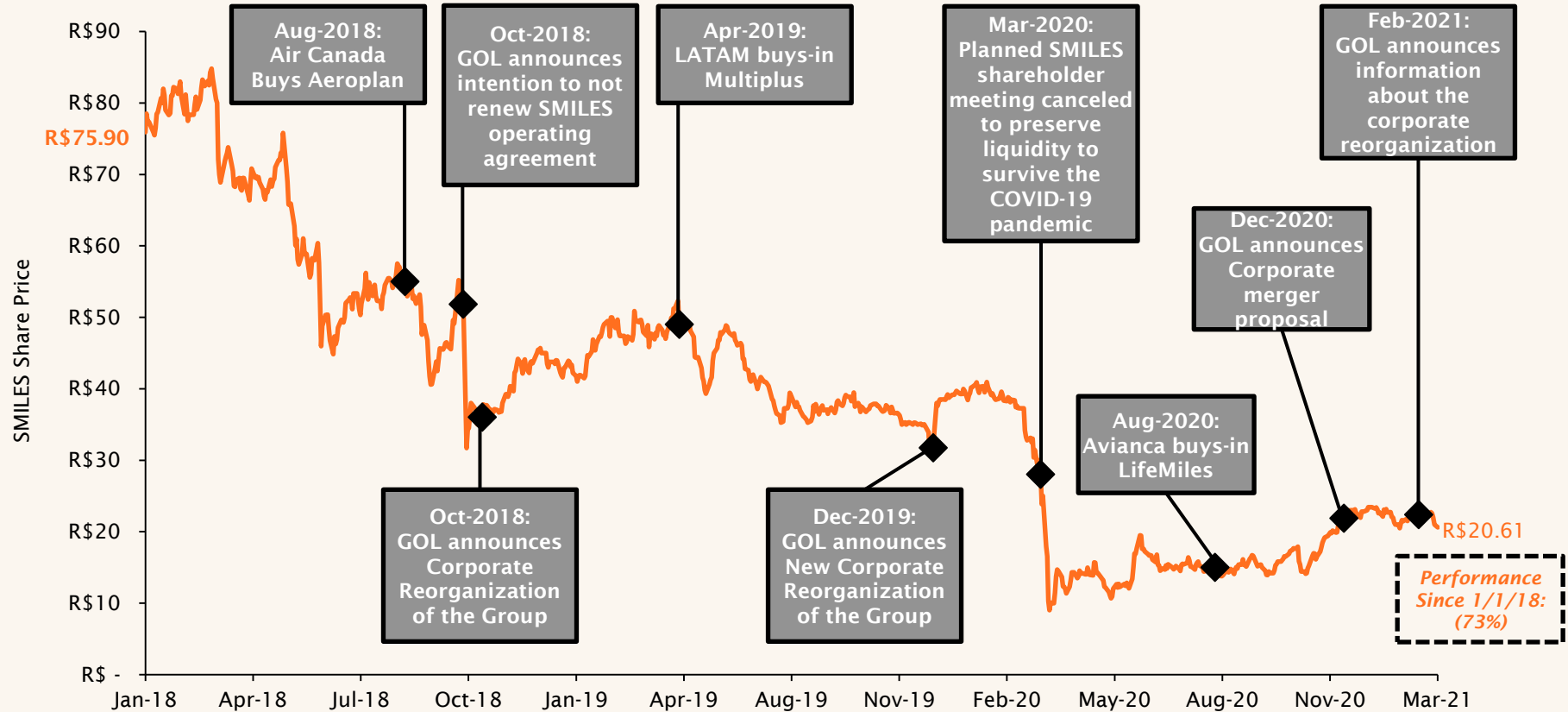
Smiles results, adjusted for the extraordinary impact of accounting changes and one-off gains, have been deteriorating long before this pandemic.

Smiles Recurring Net Income⁽⁷⁾
(R\$ Million)

- (1) Add back of non-recurring loss related to impairment of Smiles investment in Netpoints of R\$15M.
- (2) Adjustment for non-recurring gains resulting from the tax loss carryforwards utilization after incorporation of WebJet of R\$205M
- (3) Adjustment to tax on revenues to same taxable revenue base prior to IFRS adoption, without which Smiles results would have been R\$102M lower in 2018.
- (4) Adjustment for non-recurring gains related to certain tax credits of R\$38M in 2018.
- (5) Adjustment to tax on revenues to same taxable revenue base prior to IFRS adoption, without which Smiles results would have been R\$123M lower in 2019.
- (6) Adjustment for non-recurring gains related to certain tax credits of R\$ 47 million in 2019.
- (7) Presented without adoption of IFRS15 for proper comparability and analysis.



SMILES Historical Share Price Trading





SMLS3 Corporate Governance

- Novo Mercado
- Voting shares with one share, one vote
- Board of Directors:
 - 5 members - majority controlled
 - 3 directors affiliated with the majority shareholder
 - 2 independent directors
- Independent directors and fiscal council required to approve and recommend certain matters

GOLL4 Corporate Governance

- B3 “Level 2” – same as Novo Mercado except company is allowed to issue non-voting shares
- GOL’s corporate bylaws allow GOLL4 holders voting rights on the following:
 - (i) change in corporate type; (ii) approval of affiliate transactions; (iii) approval of assets delivered as payment for a capital increase; (iv) appointment of an expert to ascertain fair value for deregistration or delisting; (v) changes in these voting rights; and (vi) approval of a change in corporate purpose
- Minority Protections:
 - Tag-along rights
 - Preemptive rights
- GOL ADR is U.S. listed, SEC registered and fully complies with SEC listing requirements
- Board of Directors:
 - 10 members – majority independent
 - 4 members affiliated with the controlling shareholder
 - 6 independent directors

Governance Comparison of GOL and SMILES



	SMLS3	GOLL4
Independent Board Members	2 (out of 5) 40%	6 (out of 10) 60%
Independent Board Members Requirement	At least 20% (B3 requirement)	At least 51% (NYSE requirement)
Executive sessions for Independent Members	✗	✓
Tag-Along Rights	100%	100%
Preemptive Rights	✓	✓
SEC and NYSE Requirements	✗	✓
SOX Compliance	✗	✓
Voting Rights	All shares	Voting rights on critical items matters
English reporting requirements	Financial Information	100% English reporting
Related Parties Transactions	Independent Committee	Independent Committee, voting power
ESG Reporting	✗	✓
Independent Board Committees	Audit, Compensation, Corporate Governance	Audit, Compensation, Corporate Governance



- Should GOL and Smiles wait until we are past the COVID-19 pandemic?
- How do you think about the valuation proposed relative to other deals that have been to consolidate loyalty programs?
- What is the value to Smiles of buying tickets in advance from GOL?
- Why is the transaction structured 80/20 and 20/80?
- Smiles shares had traded well relative to GOL right before the announced proposal, how did that impact your view on premium implied by your proposal?
- If GOL is unsuccessful in gaining approval for this merger at the shareholder meeting, what happens next?



Considering the recent lockdown in São Paulo, the Board of Directors of Smiles approved the virtual participation of Smiles shareholders in the EGM

- There is now a **digital participation option** through an online remote connect platform.
- If shareholders already made arrangements for a proxy to vote: (i) they can maintain it; **or** (ii) they are free to participate virtually to vote their shares .
- Procedures to participate in the electronic platform:
 - Send request for virtual participation to ri@smiles.com.br prior to **10am** (New York time) on **March 13, 2021**, with all the necessary documentation, as detailed in the EGM Call Notice; and
 - After verifying the documentation, Smiles will respond by 3pm (New York time) on March 14, 2021, with **instructions and a link to access the electronic platform.**
- The Smiles Investors Relations website (ri.smiles.com.br/en/) contains all the necessary information about the EGM, including the Manual for Participation, the Management Proposal and the Call Notice

Considering the public health situation in Brazil, Smiles requests that its shareholders or their designated proxy participate in the EGM virtually through the electronic platform

GOL