

Gol Intelligent Airlines Inc.  
Form 6-K/A  
April 11, 2019

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**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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**FORM 6-K/A**

**REPORT OF FOREIGN ISSUER**  
**PURSUANT TO RULE 13a-16 OR 15d-16 OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

**For the month of April, 2019**  
**(Commission File No. 001-32221) ,**

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**GOL LINHAS AÉREAS INTELIGENTES S.A.**  
*(Exact name of registrant as specified in its charter)*

**GOL INTELLIGENT AIRLINES INC.**  
*(Translation of Registrant's name into English)*

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**Praça Comandante Linneu Gomes, Portaria 3, Prédio 24**  
**Jd. Aeroporto**  
**04630-000 São Paulo, São Paulo**  
**Federative Republic of Brazil**  
*(Address of Registrant's principal executive offices)*

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Indicate by check mark whether the registrant files or will file  
annual reports under cover Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark whether the registrant by furnishing the  
information contained in this Form is also thereby furnishing the  
information to the Commission pursuant to Rule 12g3-2(b) under  
the Securities Exchange Act of 1934.

Yes ☐ No ☒

If "Yes" is marked, indicated below the file number assigned to the  
registrant in connection with Rule 12g3-2(b):

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(Free translation into English from original previously issued in Portuguese)

**Individual and consolidated**

**Financial Statements**

**GOL Linhas Aéreas Inteligentes S.A.**

December 31, 2018

with review report of independent auditors

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**Gol Linhas Aéreas Inteligentes S.A.**

**Individual and consolidated financial statements**

**December 31, 2018**

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## Management report

On January 15, 2019, GOL completed 18 years of operation and, since its foundation, the Company has transported over 450 million passengers on over 3.8 million flights to destinations in Brazil, Latin America, the Caribbean and the U.S. During these 18 years GOL has constantly evolved and achieved significant results, consolidating itself as Brazil's main domestic airline, becoming the leader in the corporate segment and in the domestic market, with a market share of 36%. The pioneers solutions brought by the Company have simplified the process of air travel. We continue to work and innovate even more to offer the best service, with low cost and completely focused on our Client's satisfaction. Today the Company already offers Wi-Fi on board in 90% of the fleet, and plans to offer Wi-Fi on all our aircraft by April 2019. GOL will be the first airline in the world with high speed internet on board all flights

The arrival of the MAX 8 aircraft into our standardized fleet improves our competitive advantage with the lowest cost structure and highest operational efficiency in the Brazilian airline market. GOL continues its focus on modernization by replacing NGs for MAX 8 aircraft. In addition to providing us lower operating expenses, such as approximately 15% reduction in fuel consumption per ASK, this new technology of the MAX 8 also extends the reach of our network, allowing us to serve new destinations. The renewal plan will allow GOL to finish 2019 and 2020 with 24 and 34 MAX aircraft in its fleet, while maintaining discipline in capacity management.

In line with the international expansion strategy towards new markets, during the last quarter of 2018 GOL started nonstop flights from Brasília and Fortaleza to Miami and Orlando, and additionally, opened regular operations from São Paulo to Quito, Ecuador, being the only airline to operate this route without stops. In the year of 2019, direct flights from Brasília to Cancun, Mexico, will be launched, as well as the new routes from Vitória to Buenos Aires, both in the first semester. GOL will also start regular operations from Recife to Santiago in Chile during the second half of this year. The MAX 8 will allow for the continuous international expansion of the network, with less overlap in relation to other airlines.

GOL is the only airline that offers flights from Congonhas (Metro São Paulo's downtown Airport) to the markets with the highest demand in the U.S. and Latin America, utilizing an efficient capacity and flight management system intelligently connecting the Company's network and offering the best flight experience and comfort to Clients.

The Company has followed a disciplined strategy of deleveraging its balance sheet and improving its liquidity profile, through the amortization of short and long-term debt using

funds from operating cash flow and new issues. We finalized a series of liability management initiatives throughout 2018: the repurchase of bonds maturing in 2018, 2020, 2021, 2023 and 2028, and the amortization of debentures. In 2019, we remain focused on the deleveraging and on February 1, we concluded a tender offer for the acquisition of our Senior Notes due 2022. The participation in the tender offer of holders representing around 15% of the 2022 Notes showed that the market is very comfortable with GOL's risk, as well as has a very positive perception regarding the Company's future developments.

In 2018 the Real once again depreciated against the US Dollar and the average prices of Jet Fuel increased in comparison to the previous year, which led to significant cost pressures. Despite this challenging scenario, GOL posted results consistent with guidance. In 4Q18, we achieved the tenth consecutive quarter with positive operating results and the highest operating margin since 2006: operating income of R\$672.4 million and EBIT margin of 21.0%. GOL is hedged for approximately 59% of its fuel consumption for the remainder of 2019, at an average cost of US\$60.5. This quarter's solid result reflects GOL's success in managing its business portfolio through the cycle.

For 2019, Brazil's GDP is expected to grow 2.5% (according to the Central Bank FOCUS Report), while industry demand is estimated to grow between 6% and 7% (according to ABEAR). In addition, the Company, by accelerating the incorporation of new MAX 8 aircraft, is structured and prepared to serve additional demand.

## Operating and Financial Indicators

|                                                         |               |        |          |                |         |          |
|---------------------------------------------------------|---------------|--------|----------|----------------|---------|----------|
| <b>RPK GOL – Total</b>                                  | <b>10,244</b> | 9,896  | 3.5%     | <b>38,423</b>  | 37,231  | 3.2%     |
| RPK GOL – Domestic                                      | <b>9,037</b>  | 8,879  | 1.8%     | <b>34,266</b>  | 33,250  | 3.1%     |
| RPK GOL – International                                 | <b>1,207</b>  | 1,017  | 18.7%    | <b>4,158</b>   | 3,981   | 4.4%     |
| <b>ASK GOL – Total</b>                                  | <b>12,506</b> | 12,214 | 2.4%     | <b>48,058</b>  | 46,695  | 2.9%     |
| ASK GOL – Domestic                                      | <b>10,901</b> | 10,863 | 0.4%     | <b>42,428</b>  | 41,463  | 2.3%     |
| ASK GOL – International                                 | <b>1,605</b>  | 1,351  | 18.8%    | <b>5,630</b>   | 5,232   | 7.6%     |
| <b>GOL Load Factor – Total</b>                          | <b>81.9%</b>  | 81.0%  | 0.9 p.p  | <b>80.0%</b>   | 79.7%   | 0.3 p.p  |
| GOL Load Factor – Domestic                              | <b>82.9%</b>  | 81.7%  | 1.2 p.p  | <b>80.8%</b>   | 80.2%   | 0.6 p.p  |
| GOL Load Factor – International                         | <b>75.2%</b>  | 75.3%  | -0.1 p.p | <b>73.9%</b>   | 76.1%   | -2.2 p.p |
|                                                         |               |        |          |                |         |          |
| Average Fare (R\$)                                      | <b>334</b>    | 313    | 6.7%     | <b>318</b>     | 294     | 8.1%     |
| Revenue Passengers - Pax on board ('000)                | <b>8,944</b>  | 8,652  | 3.4%     | <b>33,446</b>  | 32,507  | 2.9%     |
| Aircraft Utilization (block hours/day)                  | <b>11.5</b>   | 12.4   | -7.0%    | <b>11.8</b>    | 12.1    | -2.5%    |
| Departures                                              | <b>63,431</b> | 64,910 | -2.3%    | <b>250,040</b> | 250,654 | -0.2%    |
| Total Seats ('000)                                      | <b>11,079</b> | 10,872 | 1.9%     | <b>42,968</b>  | 41,953  | 2.4%     |
| Average Stage Length (km)                               | <b>1,108</b>  | 1,103  | 0.4%     | <b>1,098</b>   | 1,094   | 0.3%     |
| Fuel Consumption (mm liters)                            | <b>365</b>    | 364    | 0.4%     | <b>1,403</b>   | 1,379   | 1.8%     |
| Full-time Employees (at period end)                     | <b>15,294</b> | 14,532 | 5.2%     | <b>15,294</b>  | 14,532  | 5.2%     |
| Average Operating Fleet <sup>6</sup>                    | <b>116</b>    | 111    | 5.1%     | <b>112</b>     | 109     | 2.7%     |
| On-time Departures                                      | <b>87.5%</b>  | 92.5%  | -5.0 p.p | <b>91.8%</b>   | 94.7%   | -2.9 p.p |
| Flight Completion                                       | <b>98.6%</b>  | 98.8%  | -0.2 p.p | <b>98.5%</b>   | 98.5%   | 0.0 p.p  |
| Passenger Complaints (per 1000 pax)                     | <b>1.31</b>   | 1.62   | -19.3%   | <b>1.75</b>    | 1.45    | 20.9%    |
| Lost Baggage (per 1000 pax)                             | <b>2.19</b>   | 2.09   | 5.0%     | <b>2.03</b>    | 2.06    | -1.3%    |
|                                                         |               |        |          |                |         |          |
| Net YIELD (R\$ cents)                                   | <b>29.14</b>  | 27.35  | 6.6%     | <b>27.67</b>   | 25.69   | 7.7%     |
| Net PRASK (R\$ cents)                                   | <b>23.87</b>  | 22.16  | 7.7%     | <b>22.13</b>   | 20.48   | 8.0%     |
| Net RASK (R\$ cents)                                    | <b>25.59</b>  | 23.80  | 7.5%     | <b>23.75</b>   | 22.12   | 7.3%     |
| CASK (R\$ cents)                                        | <b>20.22</b>  | 20.64  | -2.0%    | <b>20.83</b>   | 20.00   | 4.2%     |
| CASK ex-fuel (R\$ cents)                                | <b>11.20</b>  | 13.90  | -19.4%   | <b>12.78</b>   | 13.82   | -7.5%    |
| CASK ex-fuel <sup>4</sup> (R\$ cents)                   | <b>16.28</b>  | 13.90  | 17.1%    | <b>14.69</b>   | 13.82   | 6.3%     |
| CASK ex-fuel <sup>5</sup> (R\$ cents)                   | <b>14.45</b>  | 13.90  | 3.9%     | <b>14.14</b>   | 13.82   | 2.4%     |
| Breakeven Load Factor                                   | <b>64.7%</b>  | 70.3%  | -5.6 p.p | <b>70.1%</b>   | 72.1%   | -2.0 p.p |
| Average Exchange Rate <sup>1</sup>                      | <b>3.8084</b> | 3.2466 | 17.3%    | <b>3.6558</b>  | 3.1925  | 14.5%    |
| End of period Exchange Rate <sup>1</sup>                | <b>3.8748</b> | 3.3080 | 17.1%    | <b>3.8748</b>  | 3.3080  | 17.1%    |
| WTI (avg. per barrel. US\$) <sup>2</sup>                | <b>59.34</b>  | 55.30  | 7.3%     | <b>64.90</b>   | 50.85   | 27.6%    |
| Price per liter Fuel (R\$) <sup>3</sup>                 | <b>3.28</b>   | 2.34   | 40.3%    | <b>2.91</b>    | 2.15    | 35.2%    |
| Gulf Coast Jet Fuel (avg. per liter. US\$) <sup>2</sup> | <b>0.52</b>   | 0.46   | 13.5%    | <b>0.47</b>    | 0.41    | 15.0%    |

1. Source: Brazilian Central Bank; 2. Source: Bloomberg; 3. Fuel expenses excluding hedge results and PIS/COFINS credits/liters consumed; 4. Excluding gains results of sale and sale-leaseback transactions; 5. Excluding gains results of sale and sale-leaseback transactions, and costs from maintenance of aircraft to the execution of the fleet renewal

plan; 6. Average operating fleet excluding aircraft in sub-leasing and MRO. \*4Q17 and 12M17 results have been restated based on IFRS 15. Certain calculations may not match with the information in the quarterly financials due to rounding.

### **Domestic market – GOL**

GOL's domestic supply increased by 0.4%, and demand increased by 1.8% in 4Q18. As a result, the Company's domestic load factor reached 82.9%, an increase of 1.2 p.p. when compared to 4Q17. GOL transported 8.4 million domestic passengers in the quarter, an increase of 3.2%, when compared with the same period in 2017. The Company is the leader in transported passengers in Brazil's domestic airline market.

### International market - GOL

GOL's international supply increased by 18.8%, and international demand increased 18.7% in 4Q18 compared to 4Q17. The Company's international load factor in 4Q18 was 75.2%, reducing 0.1 p.p. over 4Q17. During the quarter, GOL transported 0.5 million passengers in the international market, a decrease of 0.9% when compared to the fourth quarter of 2017.

### Volume of Departures and Total seats - GOL

The total volume of GOL departures was 63,431, a decrease of 2.3% in 4Q18 over 4Q17. The total number of seats available to the market was 11.0 million in the fourth quarter of 2018, increase of 1.9% quarter-over-quarter.

### PRASK, Yield and RASK

Net PRASK increased by 7.7% in the quarter when compared to 4Q17, reaching 23.87 cents (R\$), driven by a growth in net passenger revenue of 10.3% in the quarter. GOL's Net RASK was 25.59 cents in (R\$) 4Q18, an increase of 7.5% over 4Q17. Net yield increased by 6.6% in 4Q18 over 4Q17, reaching 29.14 cents (R\$), consequence of a 6.7% increase in GOL's average fare.

For reference, below is a comparison of passenger and ancillary (cargo and other) revenue for the quarterly periods in 2017 and 2018 in accordance with IFRS15.

|                 |             |       |       |       |       |
|-----------------|-------------|-------|-------|-------|-------|
| Passenger       | <b>2018</b> | 22.53 | 20.11 | 21.70 | 23.87 |
|                 | <b>2017</b> | 20.21 | 18.63 | 20.66 | 22.16 |
| Cargo and Other | <b>2018</b> | 1.33  | 1.95  | 1.52  | 1.72  |
|                 | <b>2017</b> | 1.35  | 2.04  | 1.57  | 1.64  |

## Operating result

Operating income (EBIT) in the fourth quarter was R\$672.4 million, increase of 74.0% compared to the same period in 2017. 4Q18 operating margin was 21.0%, increase of 7.7 p.p. in relation to 4Q17. On a per available seat-kilometer basis, EBIT was 5.38 cents (R\$) in 4Q18, compared to 3.16 cents (R\$) in 4Q17 (increase of 70.2%).

EBITDA in 4Q18 totaled R\$851.0 million in the period, increase of 60.6% over 4Q17. The impact of the increase in RASK of 1.79 cent (R\$) and the decrease in CASK ex-depreciation of 0.67 cent (R\$) resulted in an EBITDA per available seat-kilometer of 6.80 cents (R\$) in 4Q18, increase of 2.47 cents (R\$) compared to 4Q17.

EBITDAR in 4Q18 totaled R\$1,162.9 million in the period, increase of 53.6% over 4Q17. On a per available seat-kilometer basis, EBITDAR was 9.30 cents (R\$) in 4Q18, compared to 6.19 cents (R\$) in 4Q17 (increase of 50.1%).

|                               |                |         |          |                |         |         |
|-------------------------------|----------------|---------|----------|----------------|---------|---------|
| Net Revenues                  | <b>25.59</b>   | 23.80   | 7.5%     | <b>23.75</b>   | 22.12   | 7.3%    |
| Operating Expenses            | <b>(20.22)</b> | (20.64) | -2.0%    | <b>(20.83)</b> | (20.00) | 4.2%    |
| EBIT                          | <b>5.38</b>    | 3.16    | 70.2%    | <b>2.91</b>    | 2.12    | 37.5%   |
| Depreciation and Amortization | <b>(1.43)</b>  | (1.18)  | 21.6%    | <b>(1.39)</b>  | (1.08)  | 28.5%   |
| <b>EBITDA</b>                 | <b>6.80</b>    | 4.33    | 57.0%    | <b>4.30</b>    | 3.20    | 34.5%   |
| <b>EBITDA Margin</b>          | <b>26.6%</b>   | 18.2%   | 8.4 p.p  | <b>18.1%</b>   | 14.5%   | 3.6 p.p |
| Aircraft Rent                 | <b>(2.49)</b>  | (1.86)  | 34.1%    | <b>(2.32)</b>  | (2.01)  | 15.1%   |
| <b>EBITDAR</b>                | <b>9.30</b>    | 6.19    | 50.1%    | <b>6.62</b>    | 5.21    | 27.0%   |
| <b>EBITDAR Margin</b>         | <b>36.3%</b>   | 26.0%   | 10.3 p.p | <b>27.9%</b>   | 23.6%   | 4.3 p.p |

\*4Q17 and 12M17 results have been restated based on IFRS 15. Certain calculations may not match with the information in the quarterly financials due to rounding.

|                       |                |       |          |                |         |         |
|-----------------------|----------------|-------|----------|----------------|---------|---------|
| <b>EBIT</b>           | <b>672.4</b>   | 386.3 | 74.0%    | <b>1,400.0</b> | 989.4   | 41.5%   |
| <b>EBIT Margin</b>    | <b>21.0%</b>   | 13.3% | 7.7 p.p  | <b>12.3%</b>   | 9.6%    | 2.7 p.p |
| <b>EBITDA</b>         | <b>851.0</b>   | 529.9 | 60.6%    | <b>2,068.5</b> | 1,494.8 | 38.4%   |
| <b>EBITDA Margin</b>  | <b>26.6%</b>   | 18.2% | 8.4 p.p  | <b>18.1%</b>   | 14.5%   | 3.6 p.p |
| <b>EBITDAR</b>        | <b>1,162.9</b> | 757.0 | 53.6%    | <b>3,181.3</b> | 2,434.5 | 30.7%   |
| <b>EBITDAR Margin</b> | <b>36.3%</b>   | 26.0% | 10.3 p.p | <b>27.9%</b>   | 23.6%   | 4.3 p.p |

\*4Q17 and 12M17 results have been restated based on IFRS 15. Certain calculations may not match with the information in the quarterly financials due to rounding.

|                                      |                |         |        |                  |         |        |
|--------------------------------------|----------------|---------|--------|------------------|---------|--------|
| <b>Net income (loss)<sup>1</sup></b> | <b>580.2</b>   | 62.2    | 832.8% | <b>(779.7)</b>   | 377.8   | NM     |
| (-) Income taxes                     | <b>(74.6)</b>  | 98.5    | NM     | <b>(297.1)</b>   | 307.2   | NM     |
| (-) Net financial result             | <b>(17.6)</b>  | (422.6) | -95.8% | <b>(1,882.6)</b> | (918.8) | 104.9% |
| <b>EBIT</b>                          | <b>672.4</b>   | 386.3   | 74.0%  | <b>1,400.0</b>   | 989.4   | 41.5%  |
| (-) Depreciation and amortization    | <b>(178.7)</b> | (143.6) | 24.5%  | <b>(668.5)</b>   | (505.4) | 32.3%  |
| <b>EBITDA</b>                        | <b>851.0</b>   | 529.9   | 60.6%  | <b>2,068.5</b>   | 1,494.8 | 38.4%  |
| (-) Aircraft rent                    | <b>(311.9)</b> | (227.1) | 37.3%  | <b>(1,112.8)</b> | (939.7) | 18.4%  |
| <b>EBITDAR</b>                       | <b>1,162.9</b> | 757.0   | 53.6%  | <b>3,181.3</b>   | 2,434.5 | 30.7%  |

\*In accordance with CVM Instruction 527, the Company presents the reconciliation of EBIT and EBITDA, whereby: EBIT = net income (loss) plus income and social contribution taxes and net financial result; and EBITDA = net income (loss) plus income and social contribution taxes, net financial result, and depreciation and amortization. GOL also shows the reconciliation of EBITDAR, given its importance as a specific aviation industry indicator, whereby: EBITDAR = net income (loss) plus income and social contribution taxes, the net financial result, depreciation and amortization, and aircraft operating lease expenses;

\*4Q17 and 12M17 results has been restated based on IFRS 15. Certain calculations may not match with the information in the quarterly financials due to rounding.

<sup>1</sup> Net income (loss) before minority interest

## Fleet

|                    |     |     |            |     |            |
|--------------------|-----|-----|------------|-----|------------|
| <b>Boeing 737s</b> | 121 | 119 | <b>+2</b>  | 120 | <b>+1</b>  |
| 800 NG             | 91  | 92  | <b>-1</b>  | 92  | <b>-1</b>  |
| 700 NG             | 24  | 27  | <b>-3</b>  | 26  | <b>-2</b>  |
| MAX 8              | 6   | 0   | <b>+6</b>  | 2   | <b>+4</b>  |
| Financial Leases   | 11  | 31  | <b>-20</b> | 25  | <b>-14</b> |
| Operating Leases   | 110 | 88  | <b>+22</b> | 95  | <b>+15</b> |

<sup>1</sup>Considers 13 aircraft in sale and leaseback operation

At the end of 4Q18, GOL's total fleet was 121 Boeing 737 aircraft with all 121 aircraft in operation, including six aircraft MAX 8. At the end of December 2017, GOL's total fleet was 119 Boeing 737 aircraft with all of them in operation on the Company's routes.

GOL has 110 aircraft under operating leasing arrangements and 11 aircraft under financial leases, with a purchase option at the end of their lease contracts.

The average age of the fleet was 9.5 years at the end of 4Q18. On December 31, the Company had 130 firm Boeing 737 MAX orders, comprised of 100 737 MAX 8 orders and 30 737 MAX 10 orders.

On December 26, 2018, GOL announced its plan to accelerate the modernization of its fleet with sale and leaseback agreements for 13 737 NG aircraft that will be exchanged for Boeing 737 MAX 8 aircraft in the fleet between 2019 and 2021.

|                                          |     |         |         |          |          |
|------------------------------------------|-----|---------|---------|----------|----------|
| <b>Operating Fleet (End of the year)</b> | 121 | 126     | 130     |          |          |
| Aircraft Commitments (R\$ million)*      | -   | 1,791.7 | 5,047.0 | 56,397.0 | 63,235.7 |
| Pre-Delivery Payments (R\$ million)      | -   | 283.6   | 816.8   | 7,726.9  | 8,827.3  |

\* Considers aircraft list price.

### Relationship with Independent Auditors

When hiring services that are not related to external auditing from its independent auditors, Smiles bases its conduct on principles that preserve the auditor's independence. Pursuant to internationally accepted standards, these principles consist of: (a) the auditors must not audit their own work, (b) the auditors must not execute managing functions for their clients and (c) the auditors must not represent their clients' legal interests.

Based on the subparagraph III, article 2 of the CVM Instruction 381/2003, the Company adopts a formal procedure to hire services other than external auditing from our auditors. The procedure consists of consulting its Audit Committee to ensure that those services shall not affect the independence and the objectivity, required for the independent audit performance. Additionally, formal statements are required from the auditors regarding their independence while providing such services.

The Company informs that its independent auditor for the period, Ernst & Young Auditores Independentes ("EY") did not provide additional services not related to auditing in the 2018 fiscal year.

## Glossary of industry terms

- | **AIRCRAFT LEASING:** an agreement through which a company (the lessor), acquires a resource chosen by its client (the lessee) for subsequent rental to the latter for a determined period.
- | **AIRCRAFT UTILIZATION:** the average number of hours operated per day by the aircraft.
- | **AVAILABLE SEAT KILOMETERS (ASK):** the aircraft seating capacity multiplied by the number of kilometers flown.
- | **AVAILABLE FREIGHT TONNE KILOMETER (AFTK):** cargo capacity in tonnes multiplied by number of kilometers flown.
- | **AVERAGE STAGE LENGTH:** the average number of kilometers flown per flight.
- | **BLOCK HOURS:** the time an aircraft is in flight plus taxiing time.
- | **BREAKEVEN LOAD FACTOR:** the passenger load factor that will result in passenger revenues being equal to operating expenses.
- | **BRENT:** oil produced in the North Sea, traded on the London Stock Exchange and used as a reference in the European and Asian derivatives markets.
- | **CHARTER:** a flight operated by an airline outside its normal or regular operations.
- | **EBITDAR:** earnings before interest, taxes, depreciation, amortization and rent. Airlines normally present EBITDAR, since aircraft leasing represents a significant operating expense for their business.
- | **FREIGHT LOAD FACTOR (FLF):** percentage of cargo capacity that is actually utilized (calculated dividing FTK by AFTK)
- | **FREIGHT TONNE KILOMETERS (FTK):** weight of revenue cargo in tonnes multiplied by number of kilometers flown by such tonnes.
- | **LESSOR:** the party renting a property or other asset to another party, the lessee.
- | **LOAD FACTOR:** the percentage of aircraft seating capacity that is actually utilized (calculated by dividing RPK by ASK).
- | **LONG-HAUL FLIGHTS:** long-distance flights (in GOL's case, flights of more than four hours' duration).
- | **OPERATING COST PER AVAILABLE SEAT KILOMETER (CASK):** operating expenses divided by the total number of available seat kilometers.
- | **OPERATING COST PER AVAILABLE SEAT KILOMETER EX-FUEL (CASK EX-FUEL):** operating cost divided by the total number of available seat kilometers excluding fuel expenses.
- | **OPERATING REVENUE PER AVAILABLE SEAT KILOMETER (RASK):** total operating revenue divided by the total number of available seat kilometers.

- | **PASSENGER REVENUE PER AVAILABLE SEAT KILOMETER (PRASK):**total passenger revenue divided by the total number of available seat kilometers.
- | **REVENUE PASSENGERS:** the total number of passengers on board who have paid more than 25% of the full flight fare.
- | **REVENUE PASSENGER KILOMETERS (RPK):** the sum of the products of the number of paying passengers on a given flight and the length of the flight.
- | **SALE-LEASEBACK:** a financial transaction whereby a resource is sold and then leased back, enabling use of the resource without owning it.
- | **SLOT:** the right of an aircraft to take off or land at a given airport for a determined period of time.
- | **SUB-LEASE:** an arrangement whereby a lessor in a rent agreement leases the item rented to a fourth party.
- | **TOTAL CASH:**the sum of cash, financial investments and short and long-term restricted cash.
- | **WTI Barrel:** West Texas Intermediate – the West Texas region, where US oil exploration is concentrated. Serves as a reference for the US petroleum byproduct markets.
- | **YieldpEr PASSENGER KILOMETER:**the average value paid by a passenger to fly one kilometer.

## About GOL Linhas Aéreas Inteligentes S.A. (“GOL”)

**GOL** serves more than 30 million passengers annually. With Brazil's largest network, GOL offers customers more than 700 daily flights to 69 destinations in Brazil and in South America, the Caribbean and the United States. **GOLLOG** is a leading cargo transportation and logistics business serving more than 3,400 Brazilian municipalities and, through partners, more than 200 international destinations in 95 countries. **SMILES** is one of the largest coalition loyalty programs in Latin America, with over 15 million registered participants, allowing clients to accumulate miles and redeem tickets for more than 700 locations worldwide. Headquartered in São Paulo, **GOL** has a team of more than 15,000 highly skilled aviation professionals and operates a fleet of 120 Boeing 737 aircraft, with a further 130 Boeing 737 MAX on order, delivering Brazil's top on-time performance and an industry leading 18 year safety record. **GOL** has invested billions of Reais in facilities, products and services and technology to enhance the customer experience in the air and on the ground. GOL's shares are traded on the NYSE (GOL) and the B3 (GOLL4). For further information, visit [www.voegol.com.br/ir](http://www.voegol.com.br/ir).

## Disclaimer

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 GOL, as well as the expected impact of the recently issued, but not yet adopted, accounting standard IFRS 16. These are merely estimates and projections and, as such, are based exclusively on the expectations of GOL's management. Such forward-looking statements depend, substantially, on external factors, in addition to the risks disclosed in GOL's filed disclosure documents and are, therefore, subject to change without prior notice. The Company's non-financial information and estimates regarding the impact of recently issued, but not yet adopted, accounting standard IFRS 16 were not reviewed by the independent auditors.

## Non-GAAP Measures

To be consistent with industry practice, GOL discloses so-called non-GAAP financial measures which are not recognized under IFRS or U.S. GAAP, including “Net Debt”, “Adjusted Net Debt”, “total liquidity”, “EBITDA” and “EBITDAR”. The Company's management believes that disclosure of non-GAAP measures provides useful information to investors, financial analysts and the public in their review of its operating performance and their comparison of its operating performance to the operating performance of other companies in the same industry and other industries. However, these non-GAAP items do not have standardized meanings and may not be directly comparable to similarly-titled items adopted by other companies. Potential investors should not rely on information not recognized under IFRS as a substitute for the GAAP measures of earnings or liquidity in making an investment decision.

## Contacts

E-mail: [ri@voegol.com.br](mailto:ri@voegol.com.br)

Phone: +55 (11) 2128-4700

Website: [www.voegol.com.br/ir](http://www.voegol.com.br/ir)



**Comments on business projection trends**

The Company's financial perspectives are detailed below:

|                                                  |              |              |              |              |
|--------------------------------------------------|--------------|--------------|--------------|--------------|
| Total fleet (average)                            | 122 to 125   | 122 to 125   | 125 to 128   | 125 to 128   |
| Total operational fleet (average)                | ~117         | 117          | ~120         | 120          |
| ASKs, System (% change)                          | 6 to 10      | 6 to 10      | 7 to 10      | 7 to 10      |
| - Domestic                                       | 2 to 4       | 2 to 4       | 3 to 5       | 3 to 5       |
| - International                                  | 35 to 45     | 35 to 45     | 10 to 20     | 10 to 20     |
| Seats, System (% change)                         | 3 to 4       | 3 to 4       | 1 to 3       | 1 to 3       |
| Departures, System (% change)                    | 3 to 5       | 3 to 5       | 1 to 3       | 1 to 3       |
| Average load factor (%)                          | 79 to 81     | 79 to 81     | 79 to 81     | 79 to 81     |
| Ancillary revenues, net <sup>2</sup> (R\$ bn)    | ~ 1.0        | ~ 1.0        | ~ 1.1        | ~ 1.1        |
| Total net revenues (R\$ billion)                 | ~ 12.9       | ~ 12.9       | ~ 14.2       | ~ 14.2       |
| Non-fuel CASK (R\$ cents)                        | ~ 13         | ~ 13         | ~ 13         | ~ 13         |
| Fuel liters consumed (mm)                        | ~ 1,420      | ~ 1,420      | ~ 1,480      | ~ 1,480      |
| Fuel price (R\$/liter)                           | ~ 2.9        | ~ 2.8        | ~ 3.0        | ~ 2.9        |
| EBITDA margin (%)                                | ~ 27         | ~ 28         | ~ 28         | ~ 29         |
| EBIT margin (%)                                  | ~ 17         | ~ 18         | ~ 18         | ~ 19         |
| Net financial expense <sup>3</sup> (R\$ billion) | ~ 1.2        | ~ 1.2        | ~ 1.2        | ~ 1.2        |
| Pre-tax margin <sup>3</sup> (%)                  | ~ 9          | ~ 10         | ~ 11         | ~ 12         |
| Effective income tax rate (%)                    | ~ 20         | ~ 20         | ~ 20         | ~ 20         |
| Minority interest <sup>4</sup> (R\$ mm)          | ~ 300        | ~ 300        | ~ 330        | ~ 330        |
| Capex, net (R\$ mm)                              | ~ 650        | ~ 650        | ~ 600        | ~ 600        |
| Net Debt <sup>5</sup> / EBITDA (x)               | ~ 3.0x       | ~ 2.9x       | ~ 2.5x       | ~ 2.4x       |
| <i>Fully-diluted shares out. (million)</i>       | <i>348.7</i> | <i>349.9</i> | <i>348.7</i> | <i>349.9</i> |
| EPS, fully diluted (R\$)                         | 2.20 to 2.60 | 2.40 to 2.80 | 2.60 to 3.10 | 2.80 to 3.30 |
| <i>Fully-diluted ADS out. (million)</i>          | <i>174.4</i> | <i>174.9</i> | <i>174.4</i> | <i>174.9</i> |
| EPADS, fully diluted (US\$)                      | 1.20 to 1.40 | 1.30 to 1.50 | 1.60 to 1.90 | 1.70 to 2.00 |

(1) Considers adoption of IFRS 16; (2) Net revenue of cargo, loyalty, buy-on-board and other ancillary revenues; (3) Excluding currency gains and losses; (4) Source: average of analyst estimates reported on Bloomberg; (5) Excluding perpetual bonds.

## Report of the Statutory Audit Committee (CAE)

### General Information and Responsibilities

The Statutory Audit Committee (CAE) is a statutory body linked to the Board of Directors of Gol Linhas Aéreas Inteligentes S.A. (“Company”), which is composed of three independent members of the Board of Directors, who are elected by the Board members on annual basis, one of whom must be qualified as a Financial Expert. Pursuant to its internal regulations, the CAE is responsible for overseeing the quality and integrity of financial reports and statements; compliance with legal, regulatory and statutory standards; the suitability of risk management processes, internal control policies and procedures; internal audit activities. It is also responsible for overseeing the independent auditors’ work, including their independence and the quality and appropriateness of the services provided, as well as any differences of opinion with management. It determines the registration and exercise of the independent audit within the scope of the Brazilian Securities and Exchange Commission (CVM) and performs the function of an Audit Committee, in compliance with the Sarbanes Oxley Act, to which the Company is subject to, since it is registered at the Securities and Exchange Commission – SEC. The CAE is also responsible for overseeing related-party transactions and operating the complaints channel.

**CAE’s Activities in 2018:** In order to discuss the matters related to the year ended December 31, 2018, the CAE met eight times and, within its scope, carried out the following activities:

- Its coordinator established the agendas and presided over the meetings;
- It assessed the annual work plan and discussed the results of the activities performed by the independent auditors in 2017;
- It supervised the activities and performance of the Company’s internal audit, analyzing the annual work plan, discussing the result of the activities and reviews. Any issues raised by the internal audit about improvements in the internal control environment are discussed with the respective managers/officers in order to implement continuous improvements. It supervised and analyzed the effectiveness, quality and integrity of internal control mechanisms in order to, among others, monitor compliance with the provisions related to the integrity of the financial statements, including quarterly financial information and other interim financial statements;
- It supervised, together with management and the internal audit, the different agreements entered into between the Company or its subsidiaries, on the one hand, and the controlling shareholder, on the other hand, in order to verify compliance with the Company’s policies and controls regarding related-party transactions;

- It met with the independent auditors, Ernst & Young, and addressed the following topics: the relationship and communication between the CAE and the external auditors, the scope of the auditors' work, and the findings based on the implementation of the independent auditor's work plan, among others; and
- It prepared the CAE's activities and operation report in 2018, in accordance with good corporate governance practices and the applicable regulation.

### **Internal Control Systems**

Based on the agenda defined for 2018, the CAE addressed the main topics related to the Company's internal controls, assessing risk mitigation initiatives and the senior management's commitment to its continuous improvement. As a result of the meetings with the Company's internal areas, the Statutory Audit Committee had the opportunity to make suggestions to the Board of Directors for improvements in the processes, overseeing the results already obtained in 2018.

Based on the work developed during 2018, the CAE considers the internal control system of the Company and its subsidiaries to be suitable for the size and complexity of their businesses and structured in order to ensure the efficiency of their operations and the systems that generate the financial reports, as well as compliance with applicable internal and external regulations.

### **Corporate Risk Management**

CAE members, in the exercise of their duties and legal responsibilities, received information from the Company's Administration about the relevant corporate risks, including the continuity risks, making evaluations and recommendations to increase the effectiveness of the risk management processes directly at Board of Directors' meetings, contributing to and ratifying the initiatives implemented in 2018.

### **Conclusion**

The CAE considers that the facts that have been presented to it, based on the works carried out and described in this Report, to be appropriate, and recommended, in its report, the approval of the Company's audited financial statements

for the year ended December 31, 2018.

São Paulo, February 27, 2019.

André Béla Jánszky

Member of the Statutory Audit Committee

Antônio Kandir

Member of the Statutory Audit Committee

Francis James Leahy Meaney

Member of the Statutory Audit Committee

## **Fiscal Council's Report**

The Fiscal Council of Gol Linhas Aéreas Inteligentes S.A., in the exercise of their legal and statutory duties and having reviewed the Company's Management Report, Statement of Financial Position, Statement of Income, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity, Statement of Value Added and respective Notes, individual and consolidated, for the fiscal year ended December 31, 2018, together with the Independent Auditors' report, believes that they duly reflect the Company's equity situation and financial and economic position as of December 31, 2018, recognizing that they are fit to be approved by the Annual Shareholders' Meeting.

São Paulo, February 27, 2019.

Marcelo Moraes

Chairman of the Fiscal Council

Marcelo Curti

Member of the Fiscal Council

Marcela de Paiva

Member of the Fiscal Council

## **Declaration of the officers on the financial statements**

In compliance with CVM Instruction No. 480/09, the Executive officers declare that they have discussed, reviewed and approved the financial statements for the year ended December 31, 2018.

São Paulo, February 27, 2019.

Paulo S. Kakinoff

President and Chief Executive Officer

Richard F. Lark Jr.

Executive Vice President and Chief Financial Officer



## **Declaration of the officers on the report of independent auditors on the interim financial information**

In compliance with CVM Instruction No. 480/09, the Executive officers declare that they have discussed, reviewed and approved the opinions expressed in the review report of independent auditors, Ernst & Young Auditores Independentes S.S., on the individual and consolidated financial statements for the year ended December 31, 2018.

São Paulo, February 27, 2019.

Paulo S. Kakinoff

President and Chief Executive Officer

Richard F. Lark Jr.

Executive Vice President and Chief Financial Officer



## **Independent Auditors' report on the individual and consolidated financial statements**

To the shareholders and Board members and Officers of

Gol Linhas Aéreas Inteligentes S.A.

São Paulo - SP

### **Opinion**

We have audited the individual and consolidated financial statements of GOL Linhas Aéreas Inteligentes S.A. (the "Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheets as at December 31, 2018, and the statements of operations, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of the Company as at December 31, 2018, and of its individual and consolidated financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### **Basis for opinion**

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the individual and consolidated financial statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and the professional standards issued by the Brazil's National Association of State Boards of Accountancy (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Revenue recognition from passenger transportation

Revenue recognition from passenger transportation is highly dependent on information technology (IT) systems and their internal controls for the revenue recognition from passenger transportation when the air transportation service is provided. This process also takes into consideration other complex aspects that may affect the proper revenue recognition, such as recording of tickets sold but not used, unused tickets recorded as credits to passengers, and subject to expiration, in addition to agreements with other airline companies, interline and codeshare agreements with other airline companies. Revenues recognized by the Company are disclosed in Note 24, the recognition criteria are described in Note 4.17.1.

This subject was considered significant to our audit due to the complexity of the technology environment and its respective controls related to revenue recognition, including ticket prices in different currencies, as well as, the acquisition of tickets through miles programs.

How our audit addressed this matter:

Our audit procedures included, among others, the involvement of systems specialists to support us in assessing the operational design and effectiveness of IT controls and internal controls that comprise the process of ticket sales, registration, execution of passenger transportation and revenue recognition; the execution of audit tests with the purpose of assessing the integrity of the data in the IT systems involved in the revenue recognition process, through selection of tickets samples for each revenue group and tests on tickets used and unused; other passenger revenues, and passenger no-show, rebooking and cancellation charges; tests of internal controls on the tickets sales process and revenue recognition; discussion with Management the assessment of the audit differences identified, review of the audit differences recorded by the Company, as well as, the assessment on the internal controls impacted by the audit differences identified.

Based on the results of our audit procedures performed on the revenue recognition for passenger transportation, we consider acceptable the assumptions and criteria related to the revenue recognition process prepared by Management, and the related disclosures, in the context of the financial statement taken as a whole.

Breakage revenue

The Company's revenues take into consideration the estimated number of tickets and miles that are not expected to be used or redeemed up to their expiration date, and are recognized as breakage revenue based on a calculation of tickets and miles with high potential for expiration due to their expiration or no use. The analyses and assumptions for the revenue recognition of breakage is reviewed annually by the Company's Management to take into consideration the historical trend of tickets and miles expired, as well, as those with high potential to expire.

This matter was considered significant to our audit, considering the subjectivity involved in this analysis and the high level of judgment adopted by Management to determine the assumptions used to determine the expected number of tickets and miles that will expire.

How our audit addressed this matter:

Our audit procedures included, among others, the assessment of the design and operational effectiveness of controls implemented by Management for the revenue recognition of breakage; assessment of the reasonableness of assumptions related to the tickets and miles expected to expire, based on the historical data of tickets and miles expired; tests on a sampling based of miles earned, redeemed and expired; and analysis of the reasonableness of the other assumptions and methodology adopted by Management to determine the breakage rate used to recognize revenue.

Additionally, we assessed the adequacy of disclosures made by the Company on this matter, included in Notes 4.17.1 and 4.17.2 to the financial statements.

Based on the results of the audit procedures performed on the recognition of breakage revenue, which is consistent with Management's assessment, re acceptable, in the context of the financial statement taken as a whole.

## **Other matters**

### *Statements of value added*

The individual and consolidated statements of value added (SVA) for year ended December 31, 2018, prepared under the responsibility of Company management, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by CPC 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement, and are consistent in relation to the overall individual and consolidated financial statements.

## **Emphasis**

### **Restatement of corresponding values**

Declaration of the officers on the report of independent auditors on the interim financial information

As mentioned in Note 24.17.1, as a result of the adoption of the new accounting standards, CPC 47 and IFRS 15 – Revenue from Contracts with Customers, the individual and consolidated corresponding amounts related to the financial position as of December 31, 2017 and related to the statements of operations, comprehensive income, the statements of changes in equity, cash flows and value added for the year ended December 31, 2017 presented for comparison purposes have been adjusted and are being restated as provided for in CPC 23 - Accounting Policies, Change in Estimate and Correction of Error and CPC 26 (R1) - Presentation of Financial Statements. Our conclusion does not contain a modification in relation to this matter.

**Other information accompanying the individual and consolidated financial statements and the auditor's report**

Management is responsible for such other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of management and those charged with governance for the individual and consolidated financial statements**

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

**Auditor's responsibilities for the audit of the individual and consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, February 27, 2019

ERNST & YOUNG

Auditores Independentes S.S.

CRC- 2SP034519/O-6

Vanessa Martins Bernardi

Accountant CRC-1SP244569/O-3

**Current assets**

|                             |      |                |                |                  |                  |
|-----------------------------|------|----------------|----------------|------------------|------------------|
| Cash and cash equivalents   | 5    | 282,465        | 103,727        | 826,187          | 1,026,862        |
| Short-term investments      | 6    | 92,015         | 730,900        | 478,364          | 955,589          |
| Restricted cash             | 7    | -              | -              | 133,391          | -                |
| Trade receivables           | 8    | -              | -              | 853,328          | 936,478          |
| Inventories                 | 9    | -              | -              | 180,141          | 178,491          |
| Recoverable taxes           | 10.1 | 5,279          | 19,446         | 360,796          | 83,210           |
| Derivatives                 | 29   | -              | -              | -                | 40,647           |
| Other current assets        |      | 425,913        | 55,563         | 478,628          | 123,721          |
| <b>Total current assets</b> |      | <b>805,672</b> | <b>909,636</b> | <b>3,310,835</b> | <b>3,344,998</b> |

**Noncurrent assets**

|                                |      |                  |                  |                  |                  |
|--------------------------------|------|------------------|------------------|------------------|------------------|
| Deposits                       | 11   | 108,386          | 64,736           | 1,612,295        | 1,163,759        |
| Restricted cash                | 7    | 39,784           | 38,432           | 688,741          | 268,047          |
| Recoverable taxes              | 10.1 | 24,789           | 6,163            | 95,873           | 7,045            |
| Deferred taxes                 | 10.2 | 24,209           | 27,703           | 73,822           | 276,514          |
| Related parties                | 12   | 2,294,143        | 1,570,591        | -                | -                |
| Investments                    | 13   | 437,875          | 388,235          | 1,177            | 1,333            |
| Property, plant and equipment  | 14   | 202,698          | 323,013          | 2,818,057        | 3,195,767        |
| Intangible assets              | 15   | -                | -                | 1,777,466        | 1,747,285        |
| <b>Total noncurrent assets</b> |      | <b>3,131,884</b> | <b>2,418,873</b> | <b>7,067,431</b> | <b>6,659,750</b> |

|              |  |                  |                  |                   |                   |
|--------------|--|------------------|------------------|-------------------|-------------------|
| <b>Total</b> |  | <b>3,937,556</b> | <b>3,328,509</b> | <b>10,378,266</b> | <b>10,004,748</b> |
|--------------|--|------------------|------------------|-------------------|-------------------|

The accompanying notes are an integral part of the individual and consolidated financial statements.



|                                     |      |                  | (Restated)       |                  | (Restated)       |
|-------------------------------------|------|------------------|------------------|------------------|------------------|
| <b>Current liabilities</b>          |      |                  |                  |                  |                  |
| Short-term debt                     | 16   | 123,873          | 95,027           | 1,223,324        | 1,162,872        |
| Suppliers                           |      | 10,765           | 13,473           | 1,403,815        | 1,249,124        |
| Suppliers - Forfeiting              | 17   | -                | -                | 365,696          | 78,416           |
| Salaries                            |      | 478              | 311              | 368,764          | 305,454          |
| Taxes payable                       | 18   | 8,944            | 7,856            | 111,702          | 134,951          |
| Landing fees                        |      | -                | -                | 556,300          | 365,651          |
| Advance ticket sales                | 19   | -                | -                | 1,673,987        | 1,476,514        |
| Mileage program                     |      | -                | -                | 826,284          | 765,114          |
| Advances from customers             |      | -                | -                | 169,967          | 21,718           |
| Provisions                          | 20   | -                | -                | 70,396           | 46,561           |
| Derivatives                         | 29   | -                | -                | 195,444          | 34,457           |
| Operating leases                    | 28   | -                | -                | 135,799          | 28,387           |
| Other current liabilities           |      | 5,263            | 2,357            | 99,078           | 100,401          |
| <b>Total current liabilities</b>    |      | <b>149,323</b>   | <b>119,024</b>   | <b>7,200,556</b> | <b>5,769,620</b> |
| <b>Noncurrent liabilities</b>       |      |                  |                  |                  |                  |
| Long-term debt                      | 16   | 4,535,229        | 3,939,948        | 5,861,143        | 5,942,795        |
| Suppliers                           |      | -                | -                | 120,137          | 222,026          |
| Provisions                          | 20   | -                | -                | 829,198          | 562,628          |
| Mileage program                     |      | -                | -                | 192,569          | 188,204          |
| Deferred taxes                      | 10.2 | -                | -                | 227,290          | 188,005          |
| Taxes payable                       | 18   | 7,794            | 14,678           | 54,659           | 66,196           |
| Related companies                   | 12   | -                | 135,010          | -                | -                |
| Derivatives                         | 29   | -                | -                | 214,218          | -                |
| Provision for loss on investment    | 13   | 4,200,243        | 2,610,078        | -                | -                |
| Operating leases                    | 28   | -                | -                | 135,686          | 110,723          |
| Other noncurrent liabilities        |      | 30,379           | 10,305           | 48,161           | 43,072           |
| <b>Total noncurrent liabilities</b> |      | <b>8,773,645</b> | <b>6,710,019</b> | <b>7,683,061</b> | <b>7,323,649</b> |
| <b>Equity</b>                       |      |                  |                  |                  |                  |
| Capital stock                       | 21.1 | 3,055,940        | 3,040,512        | 2,942,612        | 2,927,184        |
| Advance for future capital increase | 21.1 | 2,818            | -                | 2,818            | -                |
| Treasury shares                     | 21.2 | (126)            | (4,168)          | (126)            | (4,168)          |
| Capital reserves                    |      | 88,476           | 88,762           | 88,476           | 88,762           |
| Equity valuation adjustments        |      | (500,022)        | (79,316)         | (500,022)        | (79,316)         |
| Share-based payments reserve        | 23   | 117,413          | 119,308          | 117,413          | 119,308          |

|                                                             |                    |                    |                    |                    |
|-------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Gains on change in investment                               | 759,984            | 760,545            | 759,984            | 760,545            |
| Accumulated losses                                          | (8,509,895)        | (7,426,177)        | (8,396,567)        | (7,312,849)        |
| <b>Deficit attributable to equity holders of the parent</b> | <b>(4,985,412)</b> | <b>(3,500,534)</b> | <b>(4,985,412)</b> | <b>(3,500,534)</b> |
| Non-controlling interests from Smiles                       | -                  | -                  | 480,061            | 412,013            |
| <b>Total equity (deficit)</b>                               | <b>(4,985,412)</b> | <b>(3,500,534)</b> | <b>(4,505,351)</b> | <b>(3,088,521)</b> |
| <b>Total liabilities and deficit</b>                        | <b>3,937,556</b>   | <b>3,328,509</b>   | <b>10,378,266</b>  | <b>10,004,748</b>  |

The accompanying notes are an integral part of the individual and consolidated financial statements.

|                                                                        |      |                    | (Restated)       |                    | (Restated)         |
|------------------------------------------------------------------------|------|--------------------|------------------|--------------------|--------------------|
| <b>Net revenue</b>                                                     |      |                    |                  |                    |                    |
| Passenger                                                              |      | -                  | -                | 10,633,488         | 9,564,041          |
| Cargo and other                                                        |      | -                  | -                | 777,866            | 764,993            |
| <b>Total net revenue</b>                                               | 24   | -                  | -                | <b>11,411,354</b>  | <b>10,329,034</b>  |
| Cost of services provided                                              | 25   | -                  | -                | (9,135,311)        | (7,434,780)        |
| <b>Gross profit</b>                                                    |      | -                  | -                | <b>2,276,043</b>   | <b>2,894,254</b>   |
| <b>Operating income (expenses)</b>                                     |      |                    |                  |                    |                    |
| Selling expenses                                                       | 25   | -                  | -                | (761,926)          | (922,298)          |
| Administrative expenses                                                | 25   | (25,551)           | (25,996)         | (1,028,709)        | (976,065)          |
| Other operating (expenses) income, net                                 | 25   | 562,571            | (12,768)         | 914,167            | (7,072)            |
| <b>Total operating (expenses) income</b>                               |      | <b>537,020</b>     | <b>(38,764)</b>  | <b>(876,468)</b>   | <b>(1,905,435)</b> |
| Equity results                                                         | 13   | (852,866)          | 365,545          | 387                | 544                |
| <b>Income (loss) before financial result, net and income taxes</b>     |      | <b>(315,846)</b>   | <b>326,781</b>   | <b>1,399,962</b>   | <b>989,363</b>     |
| <b>Financial result</b>                                                |      |                    |                  |                    |                    |
| Financial income                                                       |      | 108,969            | 89,153           | 259,728            | 213,446            |
| Financial expenses                                                     |      | (440,119)          | (389,509)        | (1,061,089)        | (1,050,461)        |
| Exchange rate variation, net                                           |      | (433,239)          | (24,612)         | (1,081,197)        | (81,744)           |
| <b>Total financial result</b>                                          | 26   | <b>(764,389)</b>   | <b>(324,968)</b> | <b>(1,882,558)</b> | <b>(918,759)</b>   |
| <b>Income (loss) before income taxes</b>                               |      | <b>(1,080,235)</b> | <b>1,813</b>     | <b>(482,596)</b>   | <b>70,604</b>      |
| <b>Income and social contribution taxes</b>                            |      |                    |                  |                    |                    |
| Current                                                                |      | (1,664)            | -                | (52,139)           | (239,846)          |
| Deferred                                                               |      | (3,494)            | 16,979           | (244,989)          | 547,059            |
| <b>Total income and social contribution taxes</b>                      | 10.2 | <b>(5,158)</b>     | <b>16,979</b>    | <b>(297,128)</b>   | <b>307,213</b>     |
| <b>Net income (loss) for the year before non-controlling interests</b> |      | <b>(1,085,393)</b> | <b>18,792</b>    | <b>(779,724)</b>   | <b>377,817</b>     |

**Net income (loss) attributable to:**

|                                       |  |             |        |             |         |
|---------------------------------------|--|-------------|--------|-------------|---------|
| Equity holders of the parent          |  | (1,085,393) | 18,792 | (1,085,393) | 18,792  |
| Non-controlling interests from Smiles |  | -           | -      | 305,669     | 359,025 |

**Basic earnings (loss) per share**

|                     |    |         |       |         |       |
|---------------------|----|---------|-------|---------|-------|
| Per common share    | 22 | (0.089) | 0.002 | (0.089) | 0.002 |
| Per preferred share | 22 | (3.115) | 0.054 | (3.115) | 0.054 |

**Diluted earnings (loss) per share**

|                     |    |         |       |         |       |
|---------------------|----|---------|-------|---------|-------|
| Per common share    | 22 | (0.089) | 0.002 | (0.089) | 0.002 |
| Per preferred share | 22 | (3.115) | 0.053 | (3.115) | 0.053 |

The accompanying notes are an integral part of the individual and consolidated financial statements.

|                                                          |    |                    | (Restated)    |                    | (Restated)     |
|----------------------------------------------------------|----|--------------------|---------------|--------------------|----------------|
| <b>Net income (loss) for the year</b>                    |    | <b>(1,085,393)</b> | <b>18,792</b> | <b>(779,724)</b>   | <b>377,817</b> |
| <b>Other comprehensive income<br/>reverted to income</b> |    |                    |               |                    |                |
| Cash flow hedges                                         | 29 | (420,706)          | 67,913        | (420,706)          | 67,913         |
| <b>Total comprehensive income<br/>for the year</b>       |    | <b>(1,506,099)</b> | <b>86,705</b> | <b>(1,200,430)</b> | <b>445,730</b> |
| <b>Comprehensive income<br/>attributable to:</b>         |    |                    |               |                    |                |
| Equity holders of the parent                             |    | (1,506,099)        | 86,705        | (1,506,099)        | 86,705         |
| Non-controlling interests from<br>Smiles                 |    | -                  | -             | 305,669            | 359,025        |

The accompanying notes are an integral part of the individual and consolidated financial statements.

|                                                               |        |                  |   |                   |               |               |                  |            |
|---------------------------------------------------------------|--------|------------------|---|-------------------|---------------|---------------|------------------|------------|
| <b>Balances as of December 31, 2016 (Restated)</b>            | 4.26.1 | <b>3,037,820</b> |   | <b>- (13,371)</b> | <b>20,420</b> | <b>70,979</b> | <b>(147,229)</b> | <b>113</b> |
| Stock options exercised                                       |        | 2,692            | - | -                 | -             | -             | -                |            |
| Other comprehensive income, net                               |        | -                | - | -                 | -             | -             | 67,913           |            |
| Share-based payments                                          | 23     | -                | - | -                 | -             | -             | -                | 11         |
| Gains on change in investment                                 |        | -                | - | -                 | -             | -             | -                |            |
| Sale of interest in subsidiary                                |        | -                | - | -                 | -             | -             | -                |            |
| Treasury shares transferred                                   |        | -                | - | 9,203             | (2,637)       | -             | -                | (6,        |
| Net income for the year                                       | 4.26.1 | -                | - | -                 | -             | -             | -                |            |
| <b>Balances as of December 31, 2017 (Restated)</b>            | 4.26.1 | <b>3,040,512</b> |   | <b>- (4,168)</b>  | <b>17,783</b> | <b>70,979</b> | <b>(79,316)</b>  | <b>119</b> |
| Initial adoption of accounting standard – CPC 48 (IFRS 9) (*) | 4.26.2 | -                | - | -                 | -             | -             | -                |            |
| Other comprehensive income, net                               |        | -                | - | -                 | -             | -             | (420,706)        |            |

|                                         |      |                  |              |              |               |               |                  |                |
|-----------------------------------------|------|------------------|--------------|--------------|---------------|---------------|------------------|----------------|
| Stock options exercised                 | 21.1 | 15,428           | 2,818        | -            | -             | -             | -                | -              |
| Share-based payments                    | 23   | -                | -            | -            | -             | -             | -                | 17             |
| Gains on change in investment           | 13   | -                | -            | -            | -             | -             | -                | -              |
| Treasury share buyback                  | 21.2 | -                | -            | (15,929)     | -             | -             | -                | -              |
| Treasury shares transferred             | 21.2 | -                | -            | 19,971       | (286)         | -             | -                | (19,971)       |
| Net loss for the year                   |      | -                | -            | -            | -             | -             | -                | -              |
| <b>Balances as of December 31, 2018</b> |      | <b>3,055,940</b> | <b>2,818</b> | <b>(126)</b> | <b>17,497</b> | <b>70,979</b> | <b>(500,022)</b> | <b>117,497</b> |

(\*) On January 1, 2018, the Company adopted IFRS 9 – “Financial instruments”, resulting in an initial adjustment to estimated losses with doubtful accounts. For further information, see Note 4.26.2.

The accompanying notes are an integral part of the individual and consolidated financial statements.

|                                                              |    |                  |                   |               |               |                  |                |
|--------------------------------------------------------------|----|------------------|-------------------|---------------|---------------|------------------|----------------|
| <b>Balances as of December 31, 2016 (Restated)</b>           |    | <b>2,924,492</b> | <b>- (13,371)</b> | <b>20,420</b> | <b>70,979</b> | <b>(147,229)</b> | <b>113,913</b> |
| 4.26.1                                                       |    |                  |                   |               |               |                  |                |
| Stock options exercised                                      |    | 2,692            | -                 | -             | -             | -                | -              |
| Other comprehensive income (loss), net                       |    | -                | -                 | -             | -             | 67,913           |                |
| Capital increase from exercise of stock option in subsidiary |    | -                | -                 | -             | -             | -                | -              |
| Share issuance costs                                         |    | -                | -                 | -             | -             | -                | -              |
| Share-based payments                                         | 23 | -                | -                 | -             | -             | -                | 11,950         |
| Gains on change in investment                                |    | -                | -                 | -             | -             | -                | -              |
| Sale of interest in subsidiary                               |    | -                | -                 | -             | -             | -                | -              |
| Treasury shares transferred                                  |    | -                | -                 | 9,203         | (2,637)       | -                | (6,566)        |
| Net income for the year                                      |    | -                | -                 | -             | -             | -                | -              |
| 4.26.1                                                       |    |                  |                   |               |               |                  |                |
| Interest on equity distributed by Smiles                     |    | -                | -                 | -             | -             | -                | -              |
| Minimum dividends distributed by                             |    | -                | -                 | -             | -             | -                | -              |

|                                                               |        |                  |              |                |               |               |                  |                |
|---------------------------------------------------------------|--------|------------------|--------------|----------------|---------------|---------------|------------------|----------------|
| Smiles                                                        |        |                  |              |                |               |               |                  |                |
| Dividends distributed by Smiles                               |        | -                | -            | -              | -             | -             | -                |                |
| <b>Balances as of December 31, 2017 (Restated)</b>            |        | <b>2,927,184</b> | <b>-</b>     | <b>(4,168)</b> | <b>17,783</b> | <b>70,979</b> | <b>(79,316)</b>  | <b>119,300</b> |
| Initial adoption of accounting standard – CPC 48 (IFRS 9) (*) | 4.26.2 | -                | -            | -              | -             | -             | -                |                |
| Other comprehensive income (loss), net                        |        | -                | -            | -              | -             | -             | (420,706)        |                |
| Stock options exercised                                       | 21.1   | 15,428           | 2,818        | -              | -             | -             | -                |                |
| Capital increase from exercise of stock option in subsidiary  |        | -                | -            | -              | -             | -             | -                |                |
| Share-based payments                                          | 23     | -                | -            | -              | -             | -             | -                | 17,790         |
| Gains on change in investment                                 | 13     | -                | -            | -              | -             | -             | -                |                |
| Treasury share buyback                                        | 21.2   | -                | -            | (15,929)       | -             | -             | -                |                |
| Treasury shares transferred                                   | 21.2   | -                | -            | 19,971         | (286)         | -             | -                | (19,685)       |
| Net loss for the year                                         |        | -                | -            | -              | -             | -             | -                |                |
| Dividends and interest on equity paid by Smiles               |        | -                | -            | -              | -             | -             | -                |                |
| Dividends and interest on equity distributed by Smiles        |        | -                | -            | -              | -             | -             | -                |                |
| <b>Balances as of December 31, 2018</b>                       |        | <b>2,942,612</b> | <b>2,818</b> | <b>(126)</b>   | <b>17,497</b> | <b>70,979</b> | <b>(500,022)</b> | <b>117,410</b> |

(\*) On January 1, 2018, the Company adopted IFRS 9 – “Financial instruments”, resulting in an initial adjustment to estimated losses with doubtful accounts. For further information, see Note 4.27.2.

The accompanying notes are an integral part of the individual and consolidated financial statements.

|                                                                                               |                | (Restated)       |                  | (Restated)       |
|-----------------------------------------------------------------------------------------------|----------------|------------------|------------------|------------------|
| Net income (loss) for the year                                                                | (1,085,393)    | 18,792           | (779,724)        | 377,817          |
| <b>Adjustment to reconcile net income (loss) to net cash provided by operating activities</b> |                |                  |                  |                  |
| Depreciation and amortization                                                                 | -              | -                | 668,516          | 505,425          |
| Allowance (reversal) for doubtful accounts                                                    | -              | -                | (9,789)          | 24,913           |
| Provision for legal proceedings                                                               | -              | -                | 243,860          | 158,263          |
| Provision for inventory obsolescence                                                          | -              | -                | 5,023            | 3,059            |
| Deferred taxes                                                                                | 3,494          | (16,979)         | 244,989          | (547,059)        |
| Equity results                                                                                | 852,866        | (365,545)        | (387)            | (544)            |
| Share-based payments                                                                          | 17,790         | -                | 18,572           | 14,849           |
| Exchange and monetary variations, net                                                         | 300,778        | 52,588           | 946,732          | 95,132           |
| Interest on debt, financial lease and other liabilities                                       | 289,343        | 210,639          | 679,985          | 566,902          |
| Unrealized hedge results                                                                      | -              | -                | (13,239)         | 8,639            |
| Provision for profit sharing                                                                  | -              | -                | 127,618          | 65,573           |
| Write-off of property, plant and equipment and intangible assets                              | 214,475        | -                | 90,639           | 145,855          |
| Other provisions                                                                              | -              | -                | 65,334           | 15,184           |
| <b>Adjusted net income (loss)</b>                                                             | <b>593,353</b> | <b>(100,505)</b> | <b>2,288,129</b> | <b>1,434,008</b> |
| <b>Changes in operating assets and liabilities:</b>                                           |                |                  |                  |                  |
| Trade receivables                                                                             | -              | -                | 95,844           | (198,370)        |
| Short-term investments                                                                        | 694,273        | (730,851)        | 695,831          | (353,231)        |
| Inventories                                                                                   | -              | -                | (6,673)          | 1,038            |
| Deposits                                                                                      | (41,166)       | (22,500)         | (402,495)        | 46,388           |
| Suppliers                                                                                     | (2,787)        | 12,156           | 16,382           | (202,462)        |
| Suppliers – Forfeiting                                                                        | -              | -                | 267,502          | 76,157           |
| Advance ticket sales                                                                          | -              | -                | 197,473          | 271,386          |
| Mileage program                                                                               | -              | -                | 65,535           | (47,714)         |
| Advances from customers                                                                       | -              | -                | 148,249          | 4,895            |
| Salaries                                                                                      | 167            | 2                | (64,308)         | (43,641)         |
| Landing fees                                                                                  | -              | -                | 190,649          | 126,085          |
| Taxes payable                                                                                 | (5,774)        | 25,099           | 127,663          | 460,980          |
| Derivatives                                                                                   | -              | -                | 8,385            | (32,310)         |
| Provisions                                                                                    | -              | -                | (236,882)        | (270,970)        |
| Operating leases                                                                              | -              | -                | 103,838          | 131,877          |
| Other assets (liabilities)                                                                    | (328,933)      | 21,361           | (736,638)        | 18,157           |

|                                                             |                  |                    |                    |                  |
|-------------------------------------------------------------|------------------|--------------------|--------------------|------------------|
| Interest paid                                               | (291,216)        | (272,597)          | (508,973)          | (528,398)        |
| Income tax paid                                             | (2,532)          | -                  | (167,642)          | (221,122)        |
| <b>Net cash flows (used in) from operating activities</b>   | <b>615,385</b>   | <b>(1,067,835)</b> | <b>2,081,869</b>   | <b>672,753</b>   |
| Sale of interest in subsidiary, net of taxes                | -                | 68,163             | -                  | 68,163           |
| Transactions with related parties                           | (379,223)        | 372,582            | -                  | -                |
| Short-term investments of Smiles                            | -                | -                  | (163,218)          | (171,174)        |
| Restricted cash                                             | (1,352)          | (5,776)            | (548,928)          | (100,835)        |
| Capital increase in subsidiary and investee                 | -                | (451,610)          | -                  | -                |
| Dividends and interest on shareholders' equity received     | 245,178          | 293,651            | 543                | 1,249            |
| Advances for property, plant and equipment acquisition, net | (94,160)         | -                  | (106,628)          | 68,679           |
| Property, plant and equipment acquisition                   | -                | -                  | (686,946)          | (370,438)        |
| Intangible assets acquisition                               | -                | -                  | (82,079)           | (55,449)         |
| <b>Net cash flows (used in) from investing activities</b>   | <b>(229,557)</b> | <b>277,010</b>     | <b>(1,587,256)</b> | <b>(559,805)</b> |

|                                                                              |                  |                |                  |                |
|------------------------------------------------------------------------------|------------------|----------------|------------------|----------------|
| Loan funding, net of issuance costs                                          | 486,735          | 1,654,000      | 1,703,933        | 1,898,738      |
| Loan funding and exchange offer costs                                        | (8,578)          | (56,950)       | (39,926)         | (65,628)       |
| Loan payments                                                                | -                | (166,752)      | (1,318,349)      | (274,480)      |
| Early payment of Senior Notes                                                | (630,988)        | (707,142)      | (630,989)        | (707,142)      |
| Finance lease payments                                                       | -                | -              | (251,557)        | (239,092)      |
| Treasury share buyback                                                       | (15,929)         | -              | (15,929)         | -              |
| Dividends and interest on equity paid to non-controlling interests of Smiles | -                | -              | (219,493)        | (254,892)      |
| Capital increase                                                             | 15,428           | 2,692          | 15,428           | 2,692          |
| Capital increase from non-controlling interests                              | -                | -              | 875              | -              |
| Share issuance costs                                                         | -                | -              | -                | (523)          |
| Advance for future capital increase                                          | 2,818            | -              | 2,818            | -              |
| Transactions with related parties                                            | (136,420)        | 111,551        | -                | -              |
| <b>Net cash flows (used in) from financing activities</b>                    | <b>(286,934)</b> | <b>837,399</b> | <b>(753,189)</b> | <b>359,673</b> |
| Foreign exchange variation on cash held in foreign currencies                | 79,844           | (225)          | 57,901           | (7,966)        |
| <b>Net (decrease) increase in cash and cash equivalents</b>                  | <b>178,738</b>   | <b>46,349</b>  | <b>(200,675)</b> | <b>464,655</b> |
| Cash and cash equivalents at the beginning of the year                       | 103,727          | 57,378         | 1,026,862        | 562,207        |
| Cash and cash equivalents at the end of the year                             | 282,465          | 103,727        | 826,187          | 1,026,862      |
| <b>Non-cash transactions:</b>                                                |                  |                |                  |                |
| Interest on shareholders' equity for distribution, net of taxes              | 9,651            | 55,343         | (8,672)          | (49,602)       |
| Dividends                                                                    | 65,247           | -              | (58,632)         | -              |
| Costs on sale in subsidiary's interest                                       | -                | 4,865          | -                | -              |
| Escrow deposits on leasing agreements                                        | -                | 10,307         | -                | 10,307         |
| Write-off of finance lease agreements                                        | -                | -              | (805,081)        | (15,334)       |
| Provision for aircraft return                                                | -                | -              | 147,548          | -              |
| Property, plant and equipment acquisition through financing                  | -                | -              | 193,506          | 63,066         |



| <b>Revenues</b>                                                    |                  | <b>(Restated)</b> |                   | <b>(Restated)</b> |
|--------------------------------------------------------------------|------------------|-------------------|-------------------|-------------------|
| Passengers, cargo, mileage revenue and other                       | -                | -                 | 12,091,380        | 11,676,442        |
| Other operating income                                             | 956,261          | 268               | 1,203,364         | 40,607            |
| Allowance for doubtful accounts                                    | -                | -                 | 24,804            | (4,499)           |
|                                                                    | <b>956,261</b>   | <b>268</b>        | <b>13,319,548</b> | <b>11,712,550</b> |
| <b>Inputs acquired from third parties (including ICMS and IPI)</b> |                  |                   |                   |                   |
| Suppliers of aircraft fuel                                         | -                | -                 | (3,958,158)       | (2,930,442)       |
| Material, electricity, third-party services and others             | (415,129)        | (32,795)          | (2,952,394)       | (3,256,072)       |
| Aircraft insurance                                                 | -                | -                 | (20,543)          | (12,495)          |
| Sales and marketing                                                | (307)            | (326)             | (607,772)         | (586,513)         |
| <b>Gross value added (used)</b>                                    | <b>540,825</b>   | <b>(32,853)</b>   | <b>5,780,681</b>  | <b>4,927,028</b>  |
| Depreciation and amortization                                      | -                | -                 | (668,516)         | (505,442)         |
| <b>Value added produced (used)</b>                                 | <b>540,825</b>   | <b>(32,853)</b>   | <b>5,112,165</b>  | <b>4,421,586</b>  |
| <b>Value added received in transfer</b>                            |                  |                   |                   |                   |
| Equity results                                                     | (852,866)        | 365,545           | 387               | 544               |
| Financial income                                                   | 35,983           | 88,451            | 2,143,254         | 1,032,894         |
| <b>Value added for distribution (distributed)</b>                  | <b>(276,058)</b> | <b>421,143</b>    | <b>7,255,806</b>  | <b>5,455,024</b>  |
| <b>Distribution of value added:</b>                                |                  |                   |                   |                   |
| Salaries                                                           | 3,439            | 5,152             | 1,516,591         | 1,338,986         |
| Benefits                                                           | -                | -                 | 165,316           | 161,236           |
| FGTS                                                               | (309)            | -                 | 103,354           | 104,888           |
| <b>Personnel</b>                                                   | <b>3,130</b>     | <b>5,152</b>      | <b>1,785,261</b>  | <b>1,605,110</b>  |
| Federal taxes                                                      | 11,991           | 10,907            | 1,035,625         | 531,404           |
| State taxes                                                        | -                | -                 | 20,762            | 26,436            |
| Municipal taxes                                                    | -                | -                 | 3,752             | 3,159             |
| <b>Tax, charges and contributions</b>                              | <b>11,991</b>    | <b>10,907</b>     | <b>1,060,139</b>  | <b>560,999</b>    |
| Interest                                                           | 794,173          | 371,823           | 4,007,639         | 1,893,183         |
| Rent                                                               | -                | -                 | 1,182,325         | 1,003,296         |
| Other                                                              | 41               | 14,469            | 166               | 14,619            |
| <b>Third-party capital remuneration</b>                            | <b>794,214</b>   | <b>386,292</b>    | <b>5,190,130</b>  | <b>2,911,098</b>  |
| Net income (loss) for the year                                     | (1,085,393)      | 18,792            | (1,085,393)       | 18,792            |

|                                                                                      |                    |                |                  |                  |
|--------------------------------------------------------------------------------------|--------------------|----------------|------------------|------------------|
| Net income (loss) for the period attributable to non-controlling interests of Smiles | -                  | -              | 305,669          | 359,025          |
| <b>Remuneration of own capital</b>                                                   | <b>(1,085,393)</b> | <b>18,792</b>  | <b>(779,724)</b> | <b>377,817</b>   |
| <b>Value added distributed</b>                                                       | <b>(276,058)</b>   | <b>421,143</b> | <b>7,255,806</b> | <b>5,455,024</b> |

## 1. General information

Gol Linhas Aéreas Inteligentes S.A. (the “Company” or “GLAI”) is a publicly-listed company incorporated on March 12, 2004, under the Brazilian Corporate Law. According to the Bylaws, the Company’s main purpose is to exercise control of GOL Linhas Aéreas S.A. (“GLA”), formerly VRG Linhas Aéreas S.A., or its successor, and, through its subsidiaries or associates, also explore:

- the regular and non-regular flight transportation services of passengers, cargo and mailbags, domestically or internationally, according to the concessions granted by the regulator;
- other activities in relation to flight transportation services of passengers, cargo and mailbags;
- services to maintain and repair its own or third-party’s aircraft, engines and parts;
- airplane hangaring services;
- services to manage aprons and runways, contract crew members and clean aircraft;
- the development of other activities related or supplementary to flight transportation and other above-mentioned activities;
- the development of loyalty programs; and
- holding shares of other companies’ capital stock, as a shareholder, partner or member.

The Company’s shares are traded on B3 S.A. - Brasil, Bolsa, Balcão (“B3”) and on the New York Stock Exchange (“NYSE”). The Company adopted Level 2 Differentiated Corporate Governance Practices from the B3 and is included in the Special Corporate Governance Stock Index (“IGC”) and the Special Tag Along Stock Index (“ITAG”), which were created for companies committed to apply differentiated corporate governance practices.

The Company’s corporate address is located at Praça Comandante Linneu Gomes, s/n, concierge 3, building 24, Jardim Aeroporto, São Paulo, Brazil.

## 1.1. Capital structure and net working capital

As of December 31, 2018, the Company's negative equity totaled R\$4,505,351 (R\$3,088,521 as of December 31, 2017) and consolidated net working capital was negative by R\$3,889,721 (R\$2,424,622 as of December 31, 2017). Both positions are mainly due to the depreciation on the difference between assets and liabilities, of the Brazilian Real in 2015 and 2018 of 47.0% and 17.1%, respectively, against the U.S. dollar ("US\$"). Net working capital was also impacted by payment terms with suppliers and increase the number of suppliers - forfeiting operations.

GLA's operations are sensitive to economic variations and fluctuations in the Brazilian Real, since approximately 50% of its costs are pegged to the U.S. dollar. The Company's ability to adjust the price of fees charged from customers to offset the variation of the U.S. dollar depends on the rational capacity (offer) and competitors' behavior.

The Company carries out several initiatives to adjust its fleet size to demand and match seat supply to demand, in order to maintain a high load factor, reduce costs and adjust its capital structure.

At the end of 2017, the Company implemented several initiatives to restructure its statement of financial position, extending terms and reducing the financial cost of its debt structure, as a result of an issue carried out on December 11, 2017, which raised US\$500 million, at interest rates of 7.1% p.a., partially used to amortize debt at an average rate of 9.8% p.a.

In October 2018, the Company refinanced the debentures of its wholly-owned subsidiary GLA, fully amortizing the amount of R\$1,025,000 and issuing a new series of non-convertible, unsecured debentures in the amount of R\$887,500, thus reducing net debt by R\$137,500. The new debentures were issued with interest at 120.0% of the Interbank Deposit Certificate (“CDI”) rate, a significant reduction in relation to the amortized debt, at 132.0% of the CDI rate. This operation additionally deleveraged the Company’s statement of financial position and better adjusted GLA’s operating cash flow generation by amortizing its liabilities.

The Company will continue to manage its results and statements of financial position in order to ensure its sustainability, which includes the corporate reorganization described in Note 1.3 of these financial statements. Management understands that the business plan prepared, presented and approved by the Board of Directors on January 17, 2019, shows all the elements necessary to continue as going concern.

## 1.2. Ownership structure

The ownership structure of the Company and its subsidiaries as of December 31, 2018 is as follows:

The subsidiaries GAC Inc., GOL Finance and GOL Finance Inc. are entities created solely to act as an extension of the Company’s operations or which represent rights and/or obligations established solely to meet the Company’s needs. In addition, they do not have an independent management structure and are unable to make independent decisions. The assets and liabilities of these companies are consolidated line by line in the Parent Company’s financial statements.

As of November 7 and 20, 2018, through the subsidiary Smiles Fidelidade S.A. (“Smiles Fidelidade”, formerly Webjet Participações S.A. prior to the change in the corporate name on

July 1, 2017), the companies, which are currently subsidiaries, Smiles Fidelidade S.A. and Smiles Viajes Y Turismo S.A. were respectively established, both headquartered in Buenos Aires, Argentina, with the purpose of promoting the operations of the Smiles Program and airline ticket sales in that country.

The Company was also the direct parent company of Gol Dominicana Lineas Aereas SAS (“Gol Dominicana”) until September 14, 2018.

On August 10, 2017, the subsidiary Smiles Fidelidade acquired all the shares of Smiles Viagens e Turismo S.A. (“Smiles Viagens”), whose main purpose is to provide travel arrangement services, including the booking or sale of airline tickets, accommodations and vacation packages, among others. Smiles Viagens began its operations in January 2018.

### **1.3. Corporate reorganization plan - 2018**

On October 15, 2018, through a Material Fact, the Company and its subsidiary Smiles Fidelidade disclosed the plans for a corporate reorganization whose main purpose is to ensure the long-term competitiveness of the Group (“GOL”), aligning the interests of all stakeholders, reinforcing a combined capital structure, simplifying the corporate governance of Group companies, reducing operating, administrative and financing costs and expenses, and increasing the market liquidity for all of GOL’s shareholders, through the merger of Smiles Fidelidade into GLA.

Historically and globally, the leading loyalty programs in the world are controlled and managed by airlines. Airline tickets are, consistently, the most relevant reward category demanded by loyalty programs members. GOL is comprised of the leading domestic players, with a current share of approximately 36% of the Brazilian flight transportation market and a share greater than 50% of the Brazilian market for loyalty programs. In Brazil, competition in both the flight transportation and loyalty program markets has become increasingly challenging in recent years. GOL has made strong and coordinated efforts to increase the attractiveness of GLA’s flight transportation products and the attractiveness of the Company’s loyalty program for its clients and partners.

Regardless of such efforts, limitations in the Operating Agreement and the existence of distinctive governance structures and shareholder bases have revealed obstacles to the capacity for necessary investments and the optimization in the coordination of the development of offers and products. In the context of this scenario, the parent company GLAI has concluded that:

(i) having separate corporate structures for GOL's two key businesses is not in the best interest of GOL's shareholders,

(ii) that it does not intend to renew the Operating Agreement with Smiles Fidelidade, whose termination was expected for 2032, and

(iii) that the Reorganization is the path that will generate the highest value for the companies and their respective shareholders, among other factors, by:

- ensuring the long-term competitiveness in both of its key markets (airline travel and loyalty programs);
- simplifying GOL's shareholding structure, aligning the interests of all shareholders and increasing the market liquidity of the traded shares;
- improving and developing more efficient governance and decision making, through increased management coordination and a shared business plan and objective setting for all GOL companies;
- fully integrating (as opposed to mere consolidating) the financial and operational results of operations, balance sheets and cash flows of Smiles Fidelidade and GLA to permit GOL to optimize its capital structure, cost of capital, and financing sources, allowing the airline to compete more effectively and the loyalty program to benefit from the improved positioning of its key business partner;
- improving the offering of products for GLA's passengers and Smiles Program's members and partners.

In view of the decision not to admit the Company's listing on the B3's Novo Mercado, as well as the new structuring opportunities now available for the airline industry in Brazil, authorized by means of the Provisional Measure No. 863, published on December 13, 2018, which eliminated all restrictions on foreign ownership of the voting stock of Brazilian airlines, the Company informed, through the Material Fact of December 17, 2018, that it is evaluating its additional options available for the implementation of the potential merger of Smiles Fidelidade, in light of the new scenario of the Brazilian airline industry that, in the opinion of Management, potentializes value creation for the Company's shareholders, with the authorization of foreign control of GLA, and the other existing structures on the Brazilian stock exchange.

## **1.4. Corporate reorganization - 2017**

On July 1, 2017, in order to optimize and simplify GOL's organizational structure, and to generate tax savings from the use of accumulated tax losses, the Company approved a corporate restructuring through the merger of Smiles S.A. and Smiles Fidelidade S.A. As a result of the merger, Smiles S.A. was dissolved and all its assets, rights and obligations were transferred to Smiles Fidelidade, pursuant to articles 224, 225, 227 and 264 of Brazilian Corporation Law.

## 1.5. Compliance program

Since 2016, the Company has taken several steps to strengthen and expand its internal control and compliance programs, including:

- hiring specialized companies for risk assessment and review of internal controls related to fraud and corruption;
- Integration of risk, compliance and internal control functions through the Executive Board of Corporate Risks, Compliance and Internal Controls, with direct reporting to the Presidency and independent access to the Board of Directors and to the Statutory Audit Committee;
- monitoring of transactions with politically exposed persons;
- improvement of the procedures for supervising the execution of contracted services;
- updating procurement policies and contract management flow;
- review of the code of ethics, manual of conduct and various compliance policies including mandatory compulsory training.

The senior management is constantly reinforcing to its employees, customers and suppliers its commitment to continue improving its internal control and compliance programs.

As previously disclosed in the financial statements for the year ended December 31, 2017, in December 2016, the Company entered into an agreement with the Brazilian Federal Public Ministry (the “Agreement”), under which the Company agreed to pay R\$12 million in fines and make improvements to its compliance program. In turn, the Federal Public Ministry agreed not to raise any charges related to activities that are the subject to the Agreement. In addition, the Company paid R\$4.2 million in fines to the Brazilian tax authorities.

The Company voluntarily informed the U.S. Department of Justice (“DOJ”), the Securities and Exchange Commission (“SEC”) and the Brazilian Securities and Exchange Commission (“CVM”) of the external independent investigation that was contracted by the Company and the Agreement. The external independent investigation was concluded in April 2017. It revealed that certain immaterial payments were made to politically exposed persons; however, none of our current employees, representatives or members of our board or Management was knowledgeable of any illegal purpose behind any of the identified transactions or of any illicit benefit to the Company arising from the investigated transactions.

The Company reported the conclusions of the investigation to the relevant authorities and will keep them informed of the developments regarding this issue, as well as keep watch on the analyses initiated by these bodies. These authorities may impose fines and possibly other sanctions to the Company.

## **2. Message from Management, basis of preparation and presentation of the financial statements**

The Company’s individual and consolidated financial statements have been prepared in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (“IFRS”), issued by the International Accounting Standards Board (“IASB”). The accounting practices generally accepted in Brazil comprise the policies set out in Brazilian Corporate Law and the pronouncements, guidelines and technical interpretations issued by the Accounting Pronouncements Committee (“CPC”) and approved by the Federal Accounting

Council (“CFC”) and the Brazilian Securities and Exchange Commission (“CVM”).

The individual and consolidated financial statements were prepared using the Brazilian real (“R\$”) as the functional and presentation currency. Figures are expressed in thousands of Brazilian reais, and the amounts disclosed in other currencies, when necessary, are also reported in thousands. The items disclosed in foreign currencies are duly identified, when applicable.

The preparation of the Company’s individual and consolidated financial statements requires Management to make judgments, use estimates and adopt assumptions affecting the stated amounts of revenues, expenses, assets and liabilities. However, the uncertainty inherent in these judgments, assumptions and estimates could give rise to results that require a material adjustment of the book value of certain assets and liabilities in future reporting years.

The Company is continually reviewing its judgments, estimates and assumptions.

When preparing the financial statements, Management used the following disclosure criteria: (i) regulatory requirements; (ii) the relevance and specificity of the information on the Company’s operations provided to users; (iii) the information needs of the users of the financial statements; and (iv) information from other entities in the same sector, mainly in the international market.

Management confirms that all the material information in these individual and consolidated financial statements is being demonstrated and corresponds to the information used by Management in the development of its business management activities.

The individual and consolidated financial statements were prepared based on the historical cost, except for the following relevant items recorded in the statements of financial position:

- short-term investments classified as cash and cash equivalents measured at fair value;
- short-term investments comprising exclusive investment funds, measured at fair value;
- derivative financial instruments measured at fair value; and
- investments assessed by the equity method.

The Company's individual and consolidated financial statements for the years ended December 31, 2018 and 2017 have been prepared assuming that it will continue as going concern, realizing assets and settling liabilities in the normal course of business, as per Note 1.1.

### **3. Approval of individual and consolidated financial statements**

These individual and consolidated financial statements were authorized for issue at the Board of Directors' meeting of February 27, 2019, and are still subject for approval by the shareholders at the Annual Shareholders' Meeting that will take place on April 17, 2019.

## 4. Summary of significant accounting practices

### 4.1. Consolidation

The consolidated financial statements include the financial statements of the Company and the subsidiaries in which it holds direct or indirect control. All transactions and balances between GLAI and its subsidiaries were eliminated from the consolidation, as well as unrealized earnings or losses from those transactions, including taxes and charges.

#### Offshore subsidiaries:

|                  |            |                |                      |        |       |       |
|------------------|------------|----------------|----------------------|--------|-------|-------|
| GAC              | 03/23/2006 | Cayman Islands | Aircraft acquisition | Direct | 100.0 | 100.0 |
| Gol Finance Inc. | 03/16/2006 | Cayman Islands | Financial funding    | Direct | 100.0 | 100.0 |
| Gol Finance      | 06/21/2013 | Luxembourg     | Financial funding    | Direct | 100.0 | 100.0 |

#### Subsidiaries:

|                                 |            |           |                       |          |       |       |
|---------------------------------|------------|-----------|-----------------------|----------|-------|-------|
| GLA                             | 04/09/2007 | Brazil    | Flight transportation | Direct   | 100.0 | 100.0 |
| AirFim (a)                      | 11/07/2003 | Brazil    | Investment funds      | Indirect | 100.0 | 100.0 |
| Sul América Gol Max (a)         | 03/14/2014 | Brazil    | Investment fund       | Indirect | 100.0 | 100.0 |
| Smiles Fidelidade               | 08/01/2011 | Brazil    | Loyalty program       | Direct   | 52.7  | 53.8  |
| Smiles Viagens                  | 08/10/2017 | Brazil    | Travel agency         | Indirect | 100.0 | 100.0 |
| Smiles Fidelidade Argentina (b) | 11/07/2018 | Argentina | Loyalty program       | Indirect | 100.0 | -     |
| Smiles Viagens Argentina (b)    | 11/20/2018 | Argentina | Travel agency         | Indirect | 98.0  | -     |
| Fundo Sorriso (a)               | 07/14/2014 | Brazil    | Investment fund       | Indirect | 100.0 | 100.0 |
| <b>Jointly controlled:</b>      |            |           |                       |          |       |       |
| SCP Trip                        | 04/27/2012 | Brazil    | Flight magazine       | Indirect | 60.0  | 60.0  |
| <b>Associate:</b>               |            |           |                       |          |       |       |
| Netpoints                       | 11/08/2013 | Brazil    | Loyalty program       | Indirect | 25.4  | 25.4  |

(a) These comprise exclusive investment funds and, pursuant to CVM Instructions 247/1996 and 408/2004, those funds' assets are consolidated in the financial statements of the parent company.

(b) Companies in pre-operational phase.



The accounting policies have been applied consistently in all consolidated companies and in accordance with those used in the parent company and adopted in the previous year, except for CPC 47, equivalent to IFRS 15, and CPC 48, equivalent to IFRS 9. For further information, see Notes 4.26.1 and 4.26.2, respectively.

## **4.2. Investments**

Investments in associates are initially recognized at their cost and subsequently adjusted by the equity method. In the case an investee records operating losses that lead to negative equity, the Company shall adopt the provisions of CPC 18 - "Investments in Associates and Joint Ventures", equivalent to IAS 28, and shall not record additional losses. The Company will resume recording equity results when the investee fully recovers the accumulated losses.

## **4.3. Cash and cash equivalents**

The Company classifies under this group balances of cash, banks and short-term investments of investment funds and securities with immediate liquidity, which, pursuant to the Company's assessments, are considered readily convertible to a known amount of cash with insignificant risk of change in value. Short-term investments classified under this group, due to their own nature, are measured at fair value through profit or loss and will be used by the Company in the short-term.

## **4.4. Short-term investments**

In the presentation and measurement of financial assets, the Company considers CPC 48 - "Financial Instruments", equivalent to IFRS 9, which requires financial assets to be initially measured at fair value, less costs directly attributable to their acquisition. In addition, subsequent measurements are divided in two categories:

### 4.4.1. Amortized cost

Short-term investments are measured at amortized cost when the following conditions are met:

- the Company plans to hold the financial asset in order to collect the contractual cash flows;
- the contractual cash flows represent solely payments of principal and interest ("SPPI"); and
- the Company did not adopt the fair value methodology in order to eliminate measurement inconsistencies known as "accounting mismatch".

### 4.4.2. Fair value

- through other comprehensive income: short-term investments are measured at fair value through other comprehensive income ("FVTOCI") when both of the following conditions are met: (i) the Company plans to hold the financial asset in order to collect the contractual cash flows and sell the asset; and (ii) the contractual cash flows represent SPPI;
- through profit or loss: it is considered a residual category, i.e. if the Company does not plan to hold the financial asset in order to collect the contractual cash flows and/or sell the asset, the financial asset should be measured at fair value through profit or loss ("FVTPL").

## **4.5. Restricted cash**

Restricted cash comprises mainly short-term investments measured at fair value through profit or loss, used as guarantees linked to financial instruments and short and long-term financing.

## **4.6. Trade receivables**

Trade receivables are measured based on the billed amount, net of estimated losses from doubtful accounts and approximate their fair value, given their short-term nature. With the adoption of CPC 48 – “Financial Instruments”, equivalent to IFRS 9, since January 1, 2018, the allowance for doubtful accounts has been measured using the simplified approach, through the use of historical data, projecting the estimated loss over the life of the contract, and no longer on the historical loss incurred, through the segmentation of the receivables portfolio into groups that have the same receipt pattern, based on the maturity dates. Additionally, the Company carries out a case-by-case analysis to assess risks of default in specific cases.

## **4.7. Inventories**

Inventory balances mainly comprise spare parts maintenance and replacement materials. Inventories are measured at average acquisition cost plus expenses, such as non-recoverable taxes, custom expenses incurred with the acquisition and costs from the transport to the current location of items. Provisions for inventory obsolescence are recorded for items that are not expected to be realized.

## **4.8. Income and social contribution taxes**

## **4.8.1. Current taxes**

In Brazil, current taxes comprise income and social contribution taxes, which are calculated on a monthly basis based on taxable income, after offsetting tax losses and negative basis of social contribution, limited to 30% of taxable income, applying to that base a tax rate of 15% plus an additional 10% for income taxes and 9% for social contribution taxes.

## **4.8.2. Deferred taxes**

Deferred taxes represent income and social contribution tax loss carryforwards credits and debits, as well as temporary differences between the fiscal and accounting bases. Deferred income and social contribution tax assets and liabilities are classified as noncurrent. Losses are recorded when the Company's internal studies indicate that the future use of those credits is not probable.

Deferred tax assets and liabilities are presented net if there is a legal right to offset tax liabilities with tax assets and if they are related to taxes recorded by the same tax authority under the same tax entity; therefore, for presentation purposes, tax asset and liability balances that do not comply with the legal criterion are being disclosed separately. Deferred tax assets and liabilities should be measured by the tax rates expected to be applicable in the period the asset is realized or the liability is settled, based on the tax rates and tax legislation prevailing at the date of the financial statements.

The projections of future taxable income on tax losses and negative basis of social contribution are prepared based on the business plans, annually reviewed and approved by the Company's Board of Directors.

## **4.9. Rights and obligations from derivative financial instruments**

Changes in interest rates, exchange rates and fuel prices expose the Company and its subsidiaries to risks that may affect their financial performance. In order to mitigate said risks, the Company contracts, through its subsidiaries, derivative financial instruments that may or may not be designated for hedge accounting. If they are designated for hedge accounting, they are classified as cash flow hedge.

### **4.9.1. Derivative financial instruments not designated for hedge accounting**

The Company can contract derivative financial instruments not designated for hedge accounting when the Risk Management goals do not require this classification. Changes in the fair value of operations not designated for hedge accounting are booked directly in the financial result.

### **4.9.2. Derivative financial instruments designated as cash flow hedge**

The purpose of instruments designated as cash flow hedge is to hedge future results arising from interest rate and oil variations. The effectiveness of said variations is estimated based on statistical methods of correlation and on the ratio between hedging gains and losses and the variation of hedged costs and expenses. Effective fair value variations are booked in equity

under “Other comprehensive income” until the hedged result is recognized in the same line of the statement of income in which said item is recognized. The ineffectiveness identified in each reporting period are recognized in the financial result. Hedge transactions recorded under “Other comprehensive income” are net of tax effects, and related tax credits are only recognized when these are expected to be realized.

### **4.9.3. Derecognition and write-off of derivative financial instruments**

Hedge accounting is likely to be discontinued prospectively when (i) the Company and its subsidiaries cancel the hedge relationship; (ii) the derivative instrument matures or is sold, terminated or executed; (iii) the hedged object is unlikely to be realized; or (iv) it no longer qualifies as hedge accounting. If the operation is discontinued, any gains or losses previously recognized under “Other comprehensive income” and accrued in equity until that date are immediately recognized in profit or loss for the year.

## **4.10. Deposits**

### **4.10.1. Deposits for aircraft and engine maintenance**

Refer to payments made in U.S. dollars to lessors for the future maintenance of aircraft and engines. These assets are substantially realized when the deposits are used to pay workshops for maintenance services or through the receipt of funds, in accordance with the negotiations carried out with the lessors. The exchange variation of those payments is recognized as revenue or expense in the financial result. Management carries out periodical analyses of the recovery of said deposits based on the eligibility of application of said amounts to future maintenance events and believes that the amounts recorded in the statement of financial position are realizable.

Some agreements establish that the amounts deposited for said operation are not refundable if maintenance is not carried out and said deposits are not used. These amounts are withheld by the lessor and represent payments made for the use of the parts until the date of return. Amounts classified in this category are directly recognized in profit or loss, based on the payments made, under “Maintenance, material and repairs”.

Additionally, the Company maintains agreements with some lessors to replace deposits with letters of credit, which can be executed by the lessors if aircraft and engine maintenance does not occur in accordance with the inspection schedule. Several aircraft lease agreements do not require maintenance deposits and have the letters of credit to ensure that maintenance occurs in the scheduled periods (see Note 11). Until December 31, 2018, no letter of credit had been executed against the Company.

#### **4.10.2. Deposits and guarantees for lease agreements**

Deposits and guarantees are denominated in U.S. dollars and monthly adjusted for the exchange variation, without interest income, and refundable to the Company at the end of the lease agreements.

### **4.11. Property, plant and equipment**

Property, plant and equipment items, including rotables, are recorded at the acquisition or construction cost and include interest and other financial charges. Each component of the property, plant and equipment item that has a significant cost in relation to the total amount of the asset is depreciated separately. The estimated economic useful life of property, plant and equipment items, for depreciation purposes, is shown in Note 14.

The estimated market value at the end of the useful life of the item is used as an assumption to calculate the residual value of the Company’s property, plant and equipment items. Except for aircraft classified as finance leases, other items do not have a residual value. The assets’

residual value and useful lives are annually reviewed by the Company. Any variations arising from changes in the expected realization of these items result in prospective changes.

Property, plant and equipment is tested for impairment when facts or changes in the circumstances show that the carrying amount is higher than the estimated recoverable value. The carrying amount of aircraft is annually tested for impairment, even when there is no indication of loss.

A property, plant and equipment item is written off after sale or when there are no future economic benefits resulting from the asset's continuous use. Any gain or loss from the sale or write-off of an item is determined by the difference between the amount received for the sale and the carrying amount of the asset and is recognized in profit or loss.

Additionally, the Company adopts the following treatment for the groups below:

#### **4.11.1. Advances for aircraft acquisition**

Refer to prepayments in U.S. dollars to Boeing for the acquisition of 737-MAX aircraft. The advances are converted at the historical rate.

## **4.11.2. Lease agreements**

In cases of lease agreements, in which the risks and benefits of the leased asset are transferred to the Company, the asset is recognized in the statement of financial position, with a counter entry in financial liabilities, at the beginning of the lease term at amounts equivalent to the fair value of the leased asset, or, if lower, at the present value of the minimum lease payment.

Leased assets are depreciated throughout their useful lives. However, when there is no reasonable certainty that the Company will obtain ownership at the end of the lease, the asset is depreciated throughout its estimated useful life or during the lease term, whichever is lower.

Other aircraft and engine leases are classified as operating lease and payments are recognized as an expense on a straight-line basis during the term of the agreement, under "Operating leases". The future payments of these agreements do not represent an obligation recorded in the statement of financial position; however, the commitments assumed are presented in Note 28.

## **4.11.3. Sale-leaseback transactions**

Gains or losses arising from the Company's sale-leaseback transactions classified after the sale of rights as operating lease are recognized as follows:

- Immediately in profit or loss when the transaction was measured at fair value;
- If the transaction price was established below or above the fair value, gains or losses are immediately recognized in profit or loss, unless the result is offset by future lease payments below market value (gains or losses are deferred and amortized in proportion to the lease payments during the year the asset is expected to be used).

The balance of deferred losses is recognized as a prepaid expense, while the balance of deferred gains is recognized as other obligations. The segregation between short and long term is recognized in accordance with the contractual term of the lease that originated such transaction.

#### **4.11.4. Capitalization of contractual obligations with aircraft return conditions**

The Company records estimated expenses at the beginning of the lease agreements to comply with aircraft and engine return conditions as part of asset costs, with a counter entry in the provision for liabilities, as per Note 20. After initial recognition, the asset is depreciated on a straight-line basis for the term of the agreement and the adjusted provision in accordance with the current capital remuneration rates.

#### **4.11.5. Capitalization of major engine, aircraft, landing gear and APU (Auxiliary Power Unit) maintenance expenses**

Major maintenance expenses, including labor and replacement parts, are only capitalized when the estimated useful life of the asset is extended. These costs are capitalized and depreciated by the estimated term to be incurred until the next major maintenance date. Any incurred expenses that do not extend the useful life of the asset are directly recognized in profit or loss.

## **4.12. Intangible assets**

### **4.12.1. Finite useful life**

Intangible assets acquired are measured at cost upon initial recognition. Subsequent to initial recognition, intangible assets with finite useful lives, mainly software, are presented at cost, less accumulated amortization and impairment losses, when applicable. Intangible assets generated internally, excluding development costs, are not capitalized and the expense is reflected in the statement of income in the year it is incurred.

The useful life of intangible assets is classified as finite or indefinite. Intangible assets with finite useful lives are amortized throughout their economic useful life and tested for impairment whenever there is any indication of loss in their economic value. The period and method of amortization for intangible assets with finite useful lives are reviewed at least at the end of each fiscal year. The amortization of intangible assets with finite useful lives is recognized in the statement of income under expenses, consistently with the economic useful life of intangible assets.

### **4.12.2. Indefinite useful life**

#### **4.12.2.1. Goodwill based on expected future profitability**

This category includes amounts related to goodwill from business combinations of the subsidiaries GLA and Smiles Fidelidade. Goodwill is annually tested for impairment by comparing the carrying amount with the recoverable fair value of the cash-generating units. Management makes judgments and assumptions to assess the impact of macroeconomic and operational changes in order to estimate future cash flows and measure the recoverable value of assets.

## **4.12.2.2. Airport operating rights (“slots”)**

Within the business combination GLA and Webjet, slots were acquired, which were recognized at their fair value on the acquisition date and are not amortized. The estimated useful life of these rights was considered indefinite due to several factors and considerations, including permission authorizations and requirements to operate in Brazil and the limited availability of use rights in major airports in terms of air traffic volume. These rights, based on GLA's cash-generating unit, are tested for impairment on an annual basis or when there are changes in the circumstances that indicate that the carrying amount may not be recovered. No impairment losses have been recorded until now.

## **4.13. Short and long-term debt**

Short and long-term debt is initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

## **4.14. Suppliers and other liabilities**

Suppliers and other liabilities are initially recognized at fair value and subsequently added, when applicable, of relevant charges and monetary and exchange variations incurred up to the date the financial statements were prepared.

### **4.14.1. Suppliers - Forfeiting**

Management negotiated with suppliers to extend payment terms. As a result, the Company signed an agreement with financial institutions to allow the anticipation of trade receivables from its suppliers. Taking into account that the early receipt with financial institutions is an option for suppliers, this does not generate financial expenses for the Company, it does not require the mandatory participation of suppliers, and the Company is neither refunded and/nor benefited with discounts from the financial institution due to prepayment before the maturity date agreed upon with the supplier. There is no change in the bill subordination level in the event of judicial execution. As of December 31, 2018, the balance of suppliers benefited from such agreement totaled R\$365,696 (R\$78,416 as of December 31, 2017), as per Note 17.

### **4.15. Advance ticket sales**

Advance ticket sales represent the Company's obligation to provide flight transportation services and other services in addition to the main obligation with its customers, net of breakage revenue, which is already recognized in profit or loss, as per Note 4.17.1.

### **4.16. Provisions**

#### **4.16.1. Provision for aircraft return**

Aircraft negotiated under operating lease agreements normally include contractual obligations establishing return conditions. In these cases, the Company records provisions for return costs, since these are present obligations arising from past events that will generate future disbursements, which are measured with reasonable certainty. These expenses refer mainly to aircraft reconfiguration (interior and exterior), the obtaining of licenses and technical certifications, return checks, painting, etc., as set forth in the contract. The estimated cost is initially recorded at present value in property, plant and equipment. The corresponding entry for the provision for aircraft return is recorded under "Provision for aircraft return". After initial recognition, liabilities are restated using the capital remuneration rate estimated by the Company by crediting the financial result. Changes in the estimate of expenses to be incurred

are recorded prospectively.

#### **4.16.2. Provision for engine return**

Provisions for engine return are estimated based on the minimum contractual conditions in which the equipment must be returned to the lessor, observing the historical costs incurred and the equipment conditions at the moment of the evaluation. Said provisions are recorded in profit or loss as of the time the contractual requirements are met and the next maintenance is scheduled for a date after the engines are expected to be returned. The Company estimates the provision for engine return in accordance with the costs to be incurred whenever the amount can be reliably estimated. The amount of a provision will be the present value of the expenses expected to be required to settle the minimum obligation. The term will be based on the expected date of return of the leased engine, i.e. the duration of the lease agreement.

### **4.16.3. Provision for tax, fiscal and labor risks**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

The Company is a party to various legal and administrative litigations, mainly in Brazil. The assessments of the likelihood of losses from these litigations include the analysis of existing evidence, the hierarchy of laws, previous court decisions, most recent court decisions and their relevance in the judicial context, as well as the opinion of outside legal advisors. The provisions are reviewed and adjusted to account for changes in circumstances, such as the applicable statute of limitations, completion of tax inspections, or additional exposure identified on the basis of new matters or court decisions.

## **4.17. Revenue recognition**

### **4.17.1. Revenue from passengers, cargo and additional services**

Passenger revenue is recognized when air transportation services are effectively provided. Tickets sold but not yet used are recorded under “Advance ticket sales” and represent deferred revenue of tickets sold to be used on a future date, net of estimated breakage revenue.

Breakage revenue is the calculation, based on historical figures, of issued tickets that will expire without being used, i.e. passengers who acquired tickets and are not likely to use them. The calculation is reviewed at least on an annual basis in order to reflect and capture changes in customers’ behavior in relation to expired tickets.

From the perspective of the consolidated financial statements, the revenue recognition cycle related to miles exchanged for flight tickets is only complete when the passengers are effectively transported.

Cargo revenue is recognized when transportation is provided. Other revenues, including charter services, sales on board, reissued tickets, checked luggage and other additional services are recognized together with the main obligation of transporting passengers.

## **4.17.2. Mileage revenue**

The purpose of the Smiles Program is to increase customer loyalty by granting mileage credit to its members. The obligation generated by the issue of miles is measured based on the price at which miles are sold to airline and non-airline partners of Smiles, classified as the fair value of the transaction. Revenue is recognized in profit or loss for the year when miles are redeemed by the members of the Smiles Program in exchange for rewards with its partners.

According to CPC 47, equivalent to IFRS 15, the Company acts as an agent and fulfills its performance obligation when miles are redeemed by the members of the Smiles Program in exchange for rewards with its partners, and revenue is recognized in profit or loss. Therefore, gross profit is presented net of its respective direct variable costs associated with the availability of goods and services to participants.

Due to its characteristics, the mileage program also allows for the possibility of recognizing breakage revenue, which, in turn, is calculated based on the calculation of miles with a high potential to expire without being used by Smiles Program members. The calculation is applied to miles issued in the period, originating breakage revenue.

It is worth mentioning that future events may significantly change the profile of customers and their historical pattern of miles redeemed, which in turn may result in material changes to the deferred revenue balance and the recognition of breakage revenue. According to the Smiles loyalty program's policy, all miles in the customers' accounts are cancelled after 36 months, with the exception of Ouro and Diamante (Gold and Diamond) customers, whose miles expire after 48 and 120 months, respectively. The miles of the Smiles Club's members are valid for 120 months. The Company reviews the statistical calculation on an annual basis.

## **4.18. Share-based payments**

### **4.18.1. Stock options**

The Company offers its executives stock option plans. The Company recognizes as expenses, on a straight-line basis, the fair value of options or shares, recorded on the grant date, during the service period required by the plan, with a counter entry in equity. Accrued expenses recognized reflect the vesting period and the Company's best estimate of the number of shares to be acquired. Expenses or revenues from changes that occurred in the year are recognized in the statement of income. The expense is reverted if a vesting condition is not complied with.

The effect of outstanding options is reflected as additional dilution when calculating diluted earnings per share.

### **4.18.2. Restricted shares**

The Company also offers its executives a restricted share transfer plan, the shares of which are transferred three years after the grant date, provided that the beneficiary maintains its employment relationship up to the end of this period. The transfer occurs through shares held in treasury, whose value per share is determined by the market price on the date they are transferred to the beneficiary. Gains from changes in the fair value of the share between the grant date and the transfer date of the restricted shares are recorded in equity, under

“Goodwill on transfer of shares”.

The impact of the revision of the number of stock options or restricted shares that will not be acquired in relation to the original estimates, if any, is recognized in profit or loss so that the accrued expense reflects the revised estimates with the corresponding adjustment in equity.

## **4.19. Profit sharing for employees and management**

Profit sharing is granted to the Company’s employees, based on certain goals annually established, and management, based on statutory provisions proposed by the Board of Directors and approved by shareholders. The amount of profit sharing is recognized in profit or loss for the period when the goals are met.

## **4.20. Financial income and expenses**

Financial income and expenses include revenues from interest on amounts invested, exchange variations on assets and liabilities, variations in the fair value of financial assets measured at fair value through profit or loss, gains and losses from hedge instruments recognized in profit or loss, interest on short and long-term debt and interest on loans and bank charges and expenses, among others. Interest income and expenses are recognized in profit or loss through the method of effective interest.

## **4.21. Earnings (loss) per share**

Earnings (loss) per share are calculated by dividing the net income or loss by the weighted average number of all classes of shares outstanding during the year.

Diluted earnings (loss) per share are calculated by adjusting the weighted average number of shares outstanding by instruments potentially convertible into shares. The Company has only the stock option plan in the category of potentially dilutive shares.

## **4.22. Segments**

An operating segment is a component of the Company that develops business activities in order to earn revenues and incur expenses. Operating segments reflect the way the Company's Management reviews financial information in order to make decisions. The Company's Management identified the following operating segments that comply with quantitative and qualitative disclosure parameters and represent the main types of business: flight transportation and mileage program.

### **4.22.1. Air transportation segment**

Operations from this segment originate primarily from its subsidiary GLA for the provision of air transportation services and the main assets that generate revenue are the company's aircraft. Other revenues are mainly originated from cargo operations and related services, such as checked luggage, reissued tickets and cancellation of flight tickets.

## **4.22.2. Loyalty program segment**

The operations of this segment are represented by the sale of mileage to airline and non-airline partners. This includes the management of the program, the sale of product and service redemption rights and the creation and management of an individual and corporate database. The main cash-generating asset is the program's member portfolio.

## **4.23. Foreign currency transactions**

Transactions in foreign currency are recorded at the exchange rate in effect on the transaction date. Monetary assets and liabilities designated in foreign currency are calculated based on the exchange rate in effect on the reporting date and any difference arising from currency translation is recorded under "Exchange rate variation, net" in the statement of income.

## **4.24. Statement of value added ("DVA")**

Its goal is to demonstrate the wealth generated by the Company and its distribution in a given year; it is presented by the Company as required by Brazilian Corporation Law as part of its individual financial statements and as supplementary information to the consolidated financial statements, since it is not provided for or required by IFRS. The statements of value added were prepared based on information obtained in the accounting records, pursuant to CPC 09 – "Statement of value added".

## **4.25. Main accounting estimates and assumptions adopted**

As disclosed in Note 2, Management made the following judgments with significant effect on the amounts recognized in the financial statements:

- breakage revenue from tickets and miles (Note 4.17.2);
- estimated losses from doubtful accounts (Note 8);
- annual analysis of the recoverable amount of recoverable and deferred taxes (Note 10);
- recovery analysis of maintenance deposits (Note 11);
- useful life of fixed and intangible assets with finite useful lives (Notes 14 and 15);
- annual analysis of the recoverable amount of goodwill (Note 15);
- analysis of the recovery of slots (Note 15);
- provision for tax, civil and labor risks (Note 20);
- provision for aircraft and engine return (Note 20);
- transactions with share-based payments (Note 23);
- testing for impairment of financial assets (Note 29);
- derivative assets and liabilities (Note 29); and
- fair value of financial instruments (Note 29).

The Company is continually reviewing the assumptions used in its accounting estimates. The effect of revisions to the accounting estimates is recognized in the financial statements in the period these revisions are carried out.

## 4.26. New accounting standards and pronouncements adopted in the year

### 4.26.1. CPC 47 - “Revenue of Contract with Customers”, equivalent to IFRS 15

This standard establishes a new five-step model to be applied to all revenue from contracts with customers, in accordance with the entity’s performance obligations. The Company adopted the new standard on the date it became effective, as of January 1, 2018, using the full retrospective method. The main impacts from the adoption of this standard are as follows:

**Ancillary revenue:** comprises all revenue related to flight transportation services. These revenues were assessed and classified as “related to the main service”, and will be recognized only when the flight transportation service is provided. These revenues are now recorded under “Passenger”, instead of under “Other revenue”.

**Mileage program:** the Company will now present in the statement of income revenue from mileage redemption under the Smiles Fidelidade Program as “agent”, and will recognize gross revenue from reward redemption net of the respective variable direct costs related to the availability of goods and services to its members.

## Restatement of correspondent amounts

For comparison purposes in relation to the financial statements herein, the Company presents below the effects from the adoption of CPC 47 – “Revenue from Contract with Customer”, equivalent to IFRS 15, as if this standard had been adopted as of December 31, 2017:

- (i) adjustment of R\$19,575 in “Advance ticket sales”, against Accumulated Losses under Equity, related to Ancillary Revenues whose timing of recognition changed. In the parent company statement of financial position, the adoption of this standard increased the “Provision for loss on investment” by the same amount;
- (ii) the reclassification of R\$548,564 in ancillary revenue from “Other revenue” to “Passenger” in the subsidiary GLA;
- (iii) reduction of R\$392 in ancillary revenue, whose timing of recognition changed in the subsidiary GLA. The impact on the parent company statement of income led to a reduction by the same amount in the “Equity results” line;
- (iv) due to the classification of Smiles Fidelidade as an agent, the consolidated statement of income, excluding transactions with GLA, was impacted by R\$246,596 in the year ended December 31, 2017, due to the reclassification of variable direct costs from “Cost of services provided” to “Mileage revenue”, with no impact on the parent company statement of income.
- (v) The effects arising from the adoption of IFRS 15 on January 1, 2017 were not material and, for this reason, the Company opted not to present the opening balance sheet showing such impacts.

## Statement of financial position

As of December 31, 2017

### Liabilities

|                      |           |        |           |
|----------------------|-----------|--------|-----------|
| Advance ticket sales | 1,456,939 | 19,575 | 1,476,514 |
|----------------------|-----------|--------|-----------|

**Equity**

|                                                      |             |          |             |
|------------------------------------------------------|-------------|----------|-------------|
| Accumulated losses                                   | (7,293,274) | (19,575) | (7,312,849) |
| Deficit attributable to equity holders of the parent | (3,480,959) | (19,575) | (3,500,534) |

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**Statement of income**Fiscal year ended December 31,  
2017

|                                                                       |                   |                  |           |              |                   |
|-----------------------------------------------------------------------|-------------------|------------------|-----------|--------------|-------------------|
| Passenger                                                             | 9,479,242         | -                | 548,564   | (392)        | 10,027,414        |
| Cargo                                                                 | 354,561           | -                | -         | -            | 354,561           |
| Mileage revenue                                                       | 800,976           | (246,596)        | -         | -            | 554,380           |
| Other revenue                                                         | 657,609           | -                | (548,564) | -            | 109,045           |
| <b>Gross revenue</b>                                                  | <b>11,292,388</b> | <b>(246,596)</b> | <b>-</b>  | <b>(392)</b> | <b>11,045,400</b> |
| Related tax                                                           | (716,366)         | -                | -         | -            | (716,366)         |
| <b>Net revenue</b>                                                    | <b>10,576,022</b> | <b>(246,596)</b> | <b>-</b>  | <b>(392)</b> | <b>10,329,034</b> |
| Cost of services provided                                             | (7,681,376)       | 246,596          | -         | -            | (7,434,780)       |
| <b>Gross profit</b>                                                   | <b>2,894,646</b>  | <b>-</b>         | <b>-</b>  | <b>(392)</b> | <b>2,894,254</b>  |
| <b>Net income for the period before non-controlling interests</b>     | <b>378,209</b>    | <b>-</b>         | <b>-</b>  | <b>(392)</b> | <b>377,817</b>    |
| <b>Net income (loss) attributable to equity holders of the parent</b> | <b>19,184</b>     | <b>-</b>         | <b>-</b>  | <b>(392)</b> | <b>18,792</b>     |
| <b>Basic earnings per share</b>                                       |                   |                  |           |              |                   |
| Per common share                                                      | 0.002             | -                | -         | (0.000)      | 0.002             |
| Per preferred share                                                   | 0.055             | -                | -         | (0.001)      | 0.054             |
| <b>Diluted earnings per share</b>                                     |                   |                  |           |              |                   |
| Per common share                                                      | 0.002             | -                | -         | (0.000)      | 0.002             |
| Per preferred share                                                   | 0.055             | -                | -         | (0.002)      | 0.053             |



## **4.26.2. CPC – 48 “Financial Instruments”, equivalent to IFRS 9**

In July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9 – “Financial Instruments”, which replaces IAS 39 – “Financial Instruments: Recognition and Measurement” and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

Due to the adoption of this standard, the Company now measures estimated losses from the allowance for doubtful accounts based on expected losses instead of incurred losses. The Company used the practical expedient provided for in the standard and applied the simplified model to the measurement of the expected loss during the contract lifecycle, through the use of historical data and the segmentation of the receivables portfolio into groups that have the same receipt pattern and maturity dates. IFRS 9 was applied retrospectively; however, it did not result in changes from the expected loss to the allowance for doubtful accounts for the comparative periods presented. The Company recognized the difference between the previous book balance and the book value, on the adoption date, corresponding to R\$1,675, as an adjustment to the opening balance of retained earnings, net of tax effects.

## **4.26.3. ICPC 21 - “Foreign currency transactions and advance consideration”, equivalent to IFRIC 22**

In December 2016, the IASB issued IFRIC 22, which deals with the exchange rate to be used in transactions that involve consideration paid or received in advance denominated in foreign currency. The interpretation clarifies that the date of transaction is the date on which the company recognizes the non-monetary asset or liability. IFRIC 22 became effective on January 1, 2018. The adoption of this standard did not impact the Company.

## **4.27. New accounting standards and pronouncements not yet adopted**

## 4.27.1. CPC 06 - “Leases”, equivalent to IFRS 16

In January 2016, the IASB issued accounting pronouncement IFRS 16 – “Leases”, adopted in Brazil through CPC 06 (R2). This new standard will be effective for annual periods beginning on or after January 1, 2019.

CPC 06 (R2) establishes the principles for recognizing, measuring, presenting and disclosing lease transactions and requires lessees to recognize all leases in accordance with a single statement of financial position model, similar to the recognition of finance leases pursuant to CPC 06 (R1). The standard includes two recognition exemptions for lessees: leases of “low value” assets, for example, personal computers, and short-term leases, i.e. leases for which the term ends within 12 months or fewer. At the beginning of a lease, lessees recognize a liability to carry out payments (lease liability) and an asset representing the right to use the leased item for the lease term (right-of-use asset). Lessees shall recognize separately interest expenses from the lease liability and depreciation expenses of the right-of-use asset.

Lessees shall also reassess the lease liability if certain events occur, such as a change in the term of the lease or a change in future lease payment flows due to a variation in the reference index or rate used to calculate such payments. In general, lessees shall recognize any re-measurement to the lease liability as an adjustment against the right-of-use asset.

Among the adoption methods provided for in the standard, the Company chose to adopt the modified retrospective approach. Therefore, in accordance with IFRS 16, we will not restate comparative information and balances. Within the modified retrospective approach, the Company chose to adopt the following transition practical expedients and exemptions:

- the Company will use hindsight, such as in determining the lease term and considering extensions and renegotiations throughout the agreement; and
- the Company will apply a single discount rate to its portfolio of leases with similar characteristics, considering the remaining term of the agreements and the guarantee provided for by the assets.

The Company assessed the estimated impacts arising from the adoption of this standard, considering the above-mentioned assumptions, and thus recorded 120 aircraft lease agreements and 14 non-aircraft lease agreements as right-of-use, as shown in the table below:

|                                        |                  |                  |                    |
|----------------------------------------|------------------|------------------|--------------------|
| Operating lease agreements (*)         |                  | (219,728)        | 219,728            |
| Right of use - aircraft agreements     | 2,892,836        | 5,540,621        | (2,647,785)        |
| Right of use - non-aircraft agreements | 41,420           | 49,975           | (8,554)            |
| <b>Total</b>                           | <b>2,934,256</b> | <b>5,370,868</b> | <b>(2,436,611)</b> |

The Company assessed the impacts related to the recognition of deferred taxes for the adoption adjustments of IFRS 16 under accumulated losses and, on January 1, 2019, it should not reflect corresponding tax effects, given that GLA does not have a history of taxable income and currently recognizes tax credit assets limited to the amount of tax credit liabilities, pursuant to item 35 of CPC 32 – “Income Taxes”.

For aircraft agreements, the Company is still assessing the impacts of the initial estimate of return costs, which should be included in the measurement of the right-of-use.

With the adoption of CPC 06 (R2), the operating margin will be impacted by the elimination of lease expenses and the increase in depreciation expenses. In addition, the financial result will be impacted by the increase in interest expenses.

## **4.27.2. ICPC 22 - “Uncertainty Over Income Tax Treatments”, equivalent to IFRIC 23**

In June 2017, the IASB issued IFRIC 23, which clarifies the application of requirements in IAS 12 “Income Taxes” when there is uncertainty over the acceptance of income tax treatments by the tax authority. The interpretation clarifies that, if it is not probable that the tax authority will accept the income tax treatments, the amounts of tax assets and liabilities shall be adjusted to reflect the best resolution of the uncertainty. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. The Company assessed the impacts from the adoption of the standard and concluded that there are no other disclosures in addition to those presented.

The Company will adopt these standards when they become effective, disclosing and recognizing potential impacts on its financial statements as they are applied.

According to Management, there are no other standards and interpretations issued and not yet adopted that may have a significant impact on the result or equity disclosed by the Company.

## 5. Cash and cash equivalents

|                        |                |                |                |                  |
|------------------------|----------------|----------------|----------------|------------------|
| Cash and bank deposits | 6,587          | 103,268        | 157,970        | 427,608          |
| Cash equivalents       | 275,878        | 459            | 668,217        | 599,254          |
| <b>Total</b>           | <b>282,465</b> | <b>103,727</b> | <b>826,187</b> | <b>1,026,862</b> |

From the total consolidated cash and cash equivalents balance, R\$438,654 is related to cash, cash equivalents and bank deposits in foreign currency as of December 31, 2018 (R\$462,776 as of December 31, 2017).

The breakdown of cash equivalents is as follows:

|                  |                |            |                |                |
|------------------|----------------|------------|----------------|----------------|
| Private bonds    | 273,661        | 14         | 360,679        | 164,959        |
| Government bonds | -              | -          | 39             | 14,039         |
| Investment funds | 2,217          | 445        | 307,499        | 420,256        |
| <b>Total</b>     | <b>275,878</b> | <b>459</b> | <b>668,217</b> | <b>599,254</b> |

As of December 31, 2018, the private securities were comprised by buy-back transactions, private bonds (Bank Deposit Certificates - "CDBs") and time deposits, remunerated at a weighted average rate equivalent to 82.9% of the CDI rate (77.6% of the CDI rate as of December 31, 2017) for domestic short-term investments and 2.3% p.a. for time deposits denominated in U.S. dollar.

As of December 31, 2018, the Company had short-term investments in government bonds, at an average rate of 90.6% of the CDI rate (average rate of 116.3% of the CDI rate as of December 31, 2017).

The investment funds classified as cash equivalents have high liquidity and, according to the Company's assessment, are readily convertible to a known amount of cash with insignificant

risk of change in value. As of December 31, 2018, investment funds were remunerated at a weighted average rate equivalent to 94.5% of the CDI rate (99.8% of the CDI rate as of December 31, 2017).

## 6. Short-term investments

|                  |               |                |                |                |
|------------------|---------------|----------------|----------------|----------------|
| Private bonds    | 92,015        | 730,900        | 92,015         | 731,061        |
| Government bonds | -             | -              | 21,100         | 32,701         |
| Investment funds | -             | -              | 365,249        | 191,827        |
| <b>Total</b>     | <b>92,015</b> | <b>730,900</b> | <b>478,364</b> | <b>955,589</b> |

From the total consolidated amount of short-term investments, R\$92,015 as of December 31, 2018 refers to short-term investments in foreign currency (R\$730,846 as of December 31, 2017).

As of December 31, 2018, private bonds were represented by time deposits, at a weighted average rate equivalent to 97.6% of the CDI rate (98.0% of the CDI rate as of December 31, 2017).

Government bonds were primarily represented by Financial Treasury Bills ("LFT") and National Treasury Bills ("LTN"), accruing interest at a weighted average rate of 99.7% of the CDI rate (107.7% of the CDI rate as of December 31, 2017).

Investment funds include private funds and bonds accruing interest at a weighted average rate of 105.4% of the CDI rate (98.9% of the CDI rate as of December 31, 2017), and are exposed to the risk of significant changes in value.

## 7. Restricted cash

|                                           |               |               |                |                |
|-------------------------------------------|---------------|---------------|----------------|----------------|
| Deposits in guarantee of letter of credit | 2,318         | 2,211         | 100,394        | 60,423         |
| Escrow deposits (a)                       | 33,928        | 32,120        | 72,089         | 71,110         |
| Escrow deposits for hedge margin          | -             | -             | 433,322        | -              |
| Escrow deposits - leases (b)              | -             | -             | 102,880        | 116,131        |
| Other deposits (c)                        | 3,538         | 4,101         | 113,447        | 20,383         |
| <b>Total</b>                              | <b>39,784</b> | <b>38,432</b> | <b>822,132</b> | <b>268,047</b> |
| <b>Current</b>                            | <b>-</b>      | <b>-</b>      | <b>133,391</b> | <b>-</b>       |
| <b>Noncurrent</b>                         | <b>39,784</b> | <b>38,432</b> | <b>688,741</b> | <b>268,047</b> |

(a) The amount of R\$33,928 (parent company and consolidated) refers to a guarantee for GLAI's legal proceedings. The other amounts relate to guarantees of GLA letters of credit.

(b) Related to deposits made to obtain letters of credit for aircraft operating leases from GLA.

(c) Refers mainly to bank guarantees.

From the total consolidated amount, R\$433,304 as of December 31, 2018 refers to restricted cash in foreign currency (R\$22,094 as of December 31, 2017).

## 8. Trade receivables

**(Restated)**

**Local currency**

7. Restricted cash

|                                 |                |                |
|---------------------------------|----------------|----------------|
| Credit card administrators      | 393,557        | 450,823        |
| Travel agencies                 | 226,627        | 296,860        |
| Cargo agencies                  | 40,431         | 38,460         |
| Airline partner companies       | 3,243          | 6,439          |
| Other                           | 52,216         | 41,861         |
| <b>Total local currency</b>     | <b>716,074</b> | <b>834,443</b> |
| <b>Foreign currency</b>         |                |                |
| Credit card administrators      | 97,488         | 71,630         |
| Travel agencies                 | 21,005         | 20,118         |
| Cargo agencies                  | 1,378          | 1,588          |
| Airline partner companies       | 23,294         | 44,869         |
| Other                           | 5,373          | 2,511          |
| <b>Total foreign currency</b>   | <b>148,538</b> | <b>140,716</b> |
| <b>Total</b>                    | <b>864,612</b> | <b>975,159</b> |
| Allowance for doubtful accounts | (11,284)       | (38,681)       |
| <b>Total trade receivables</b>  | <b>853,328</b> | <b>936,478</b> |

The aging list of trade receivables, net of allowance for doubtful accounts, is as follows:

**Not yet due**

|                          |                |                |
|--------------------------|----------------|----------------|
| Until 30 days            | 527,878        | 594,968        |
| 31 to 60 days            | 101,226        | 133,438        |
| 61 to 90 days            | 49,696         | 44,642         |
| 91 to 180 days           | 83,128         | 71,116         |
| 181 to 360 days          | 36,801         | 26,541         |
| Above 360 days           | 268            | 241            |
| <b>Total not yet due</b> | <b>798,997</b> | <b>870,946</b> |

**Overdue**

|                      |               |               |
|----------------------|---------------|---------------|
| Until 30 days        | 13,167        | 21,686        |
| 31 to 60 days        | 4,726         | 8,338         |
| 61 to 90 days        | 2,672         | 3,559         |
| 91 to 180 days       | 11,173        | 15,620        |
| 181 to 360 days      | 9,863         | 8,059         |
| Above 360 days       | 12,730        | 8,270         |
| <b>Total overdue</b> | <b>54,331</b> | <b>65,532</b> |

|              |                |                |
|--------------|----------------|----------------|
| <b>Total</b> | <b>853,328</b> | <b>936,478</b> |
|--------------|----------------|----------------|

The changes in allowance for doubtful accounts are as follows:

|                                                                |                 |                 |
|----------------------------------------------------------------|-----------------|-----------------|
| <b>Balances at the beginning of the year – CPC 38 (IAS 39)</b> | <b>(38,681)</b> | <b>(34,182)</b> |
| Initial adoption adjustment – CPC 48 (IFRS 9) (a)              | 2,593           | -               |
| <b>Adjusted balances at the beginning of the year</b>          | <b>(36,088)</b> | <b>(34,182)</b> |
| Additions (exclusions) (b)                                     | 9,789           | (22,148)        |
| Unrecoverable amounts                                          | 15,015          | 17,649          |
| <b>Balance at the end of the year</b>                          | <b>(11,284)</b> | <b>(38,681)</b> |

(a) Due to the change to the expected loss model used to calculate the allowance for doubtful accounts resulting from the initial adoption of CPC 48 - "Financial Instruments", equivalent to IFRS 9, the balance of December 31, 2017 was adjusted on January 1, 2018, with a

corresponding entry of R\$2,593 in equity. For further information, see Note 4.26.2.

(b) Recoveries in the year are reflected in the changes to the receivables portfolio balance and presented under “Additions (exclusions)”.

## 9. Inventories

|                                 |                |                |
|---------------------------------|----------------|----------------|
| Consumables                     | 22,098         | 28,006         |
| Parts and maintenance materials | 170,851        | 162,409        |
| Other                           | -              | 585            |
| (-) Provision for obsolescence  | (12,808)       | (12,509)       |
| <b>Total</b>                    | <b>180,141</b> | <b>178,491</b> |

The changes in provision for obsolescence are as follows:

|                                              |                 |                 |
|----------------------------------------------|-----------------|-----------------|
| <b>Balances at the beginning of the year</b> | <b>(12,509)</b> | <b>(12,444)</b> |
| Addition                                     | (5,023)         | (3,059)         |
| Write-off                                    | 4,724           | 2,994           |
| <b>Balances at the end of the year</b>       | <b>(12,808)</b> | <b>(12,509)</b> |

## 10. Deferred and recoverable taxes

### 10.1. Recoverable taxes

|                                          |               |               |                |               |
|------------------------------------------|---------------|---------------|----------------|---------------|
| Prepaid and recoverable income taxes (*) | 29,892        | 22,416        | 268,428        | 66,786        |
| Withholding income tax (IRRF)            | 119           | 2,750         | 4,744          | 7,308         |
| PIS and COFINS (*)                       | -             | -             | 163,921        | 408           |
| Withholding tax of public institutions   | -             | -             | 6,812          | 6,127         |
| Value added tax (IVA)                    | -             | -             | 5,649          | 5,431         |
| Other                                    | 57            | 443           | 7,115          | 4,195         |
| <b>Total</b>                             | <b>30,068</b> | <b>25,609</b> | <b>456,669</b> | <b>90,255</b> |
| <b>Current</b>                           | <b>5,279</b>  | <b>19,446</b> | <b>360,796</b> | <b>83,210</b> |
| <b>Noncurrent</b>                        | <b>24,789</b> | <b>6,163</b>  | <b>95,873</b>  | <b>7,045</b>  |

(\*) In the year, the subsidiaries Smiles Fidelidade and GLA recorded extemporaneous tax credits of income tax, social contribution, PIS and COFINS related to the last five fiscal years in the amounts of R\$262,252 and R\$128,942, respectively, of which R\$43,222 was offset in the year ended December 31, 2018, until the disclosure of these financial statements.



## 10.2. Deferred tax assets (liabilities)

The positions of deferred assets and liabilities presented below comply with the legal rights of compensation, which consider taxes recorded by the same tax authority under the same tax entity.

|                                                            |        |        |           |            |        |         |           |           |
|------------------------------------------------------------|--------|--------|-----------|------------|--------|---------|-----------|-----------|
| Income tax losses                                          | 16,983 | 17,515 | 5,469     | -          | 52,915 | 111,801 | 75,367    | 129,316   |
| Negative basis of social contribution                      | 6,114  | 6,306  | 1,969     | -          | 19,049 | 40,249  | 27,132    | 46,555    |
| <b>Temporary differences</b>                               |        |        |           |            |        |         |           |           |
| Allowance for doubtful accounts and other credits          | 196    | 2,944  | 72,646    | 60,586     | 3      | 55      | 72,845    | 63,585    |
| Breakage provision                                         | -      | -      | -         | -(172,869) | -      | -       | (172,869) | -         |
| Provision for losses on GLA's acquisition                  | -      | -      | 143,350   | 143,350    | -      | -       | 143,350   | 143,350   |
| Provision for contingencies                                | 916    | 938    | 86,623    | 77,914     | 6,598  | 4,411   | 94,137    | 83,263    |
| Provision for aircraft return                              | -      | -      | 62,642    | 68,438     | -      | -       | 62,642    | 68,438    |
| Derivative transactions                                    | -      | -      | 5,335     | 9,603      | -      | -       | 5,335     | 9,603     |
| Tax benefit due to goodwill amortization (a)               | -      | -      | -         | -          | -      | 14,588  | -         | 14,588    |
| Slots                                                      | -      | -      | (353,226) | (353,226)  | -      | -       | (353,226) | (353,226) |
| Depreciation of engines and parts for aircraft maintenance | -      | -      | (174,129) | (167,913)  | -      | -       | (174,129) | (167,913) |

|                                                        |               |               |                  |                  |                 |                |                  |               |
|--------------------------------------------------------|---------------|---------------|------------------|------------------|-----------------|----------------|------------------|---------------|
| Reversal of goodwill amortization on GLA's acquisition | -             | -             | (127,659)        | (127,659)        | -               | -              | (127,659)        | (127,659)     |
| Aircraft leases                                        | -             | -             | 30,956           | 34,660           | -               | -              | 30,956           | 34,660        |
| Other (b)                                              | -             | -             | 76,001           | 66,242           | 37,037          | 40,889         | 162,651          | 143,949       |
| <b>Total deferred taxes - Noncurrent</b>               | <b>24,209</b> | <b>27,703</b> | <b>(170,023)</b> | <b>(188,005)</b> | <b>(57,267)</b> | <b>211,993</b> | <b>(153,468)</b> | <b>88,509</b> |

(a) Related to the tax benefit from the amortization of goodwill from the reverse merger of G.A. Smiles Participações by the subsidiary Smiles S.A. Under the terms of the current tax legislation, goodwill arising from the transaction will be a deductible expense when calculating income and social contribution taxes.

(b) The R\$49,613 portion of taxes on unrealized profits from transactions between GLA and Smiles Fidelidade is recognized directly in Consolidated (R\$36,818 as of December 31, 2017).

The Company, GLA and Smiles have net operating loss carryforwards, comprised of accumulated income tax losses and negative basis of social contribution. The net operating loss carryforwards do not expire; however, their use is limited to 30% of the annual taxable income. Net operating loss carryforwards are as follows:

|                                       |         |         |           |           |         |         |
|---------------------------------------|---------|---------|-----------|-----------|---------|---------|
| Accumulated income tax losses         | 170,418 | 172,547 | 5,631,209 | 4,134,099 | 522,743 | 758,289 |
| Negative basis of social contribution | 170,418 | 172,547 | 5,631,209 | 4,134,099 | 522,743 | 758,289 |

The Company's Management considers that the deferred assets and liabilities recognized as of December 31, 2018 arising from temporary differences will be realized in proportion to realization of their bases and the expectation of future results.

The analysis of the realization of deferred tax assets was prepared on a company basis, as follows:

**GLAI:** the Company has tax credits of R\$59,054, of which R\$57,942 is related to net operating loss carryforwards and R\$1,112 is related to temporary differences, with realization supported by the Company's long-term plan. The Company reassessed its projections and did not

recognize deferred tax assets for an amount of R\$34,845 related to net operating loss carryforwards.

**GLA:** GLA has tax credits on net operating loss carryforwards of R\$1,914,611. The Company's Management reviewed the projections of tax loss carryforwards and recorded deferred taxes on tax loss carryforwards in the amount of R\$7,438 in the year ended December 31, 2018. In view of instability of the political and economic environments, fluctuations in the U.S. dollar exchange rate and other variables that may affect the projections of future results, as well as the history of losses in recent years, the company did not recognize a deferred tax asset for an amount of R\$1,907,173 related to net operating loss carryforwards. The Company expects to partially realize this amount over the next 10 years, according to the projections of future results in line with its business plan.

**Smiles Fidelidade:** As of July 1, 2017, Smiles Fidelidade S.A. incorporated Smiles S.A. and, based on the projections of future taxable income, recognized a deferred tax asset on income and social contribution tax on tax loss carryforward in the amount of R\$193,020. The reported amount corresponds exclusively to the amounts expected to be realized, pursuant to internal assessments carried out by the Company's Management. As of December 31, 2018, the amount came to R\$71,964 and will be realized within the next 12 months.

The reconciliations of effective income tax and social contribution rates for the years ended December 31, 2018 and 2017 are as follows:

|                                                                               |                | (Restated)    |                  | (Restated)      |
|-------------------------------------------------------------------------------|----------------|---------------|------------------|-----------------|
| Income (loss) before income taxes                                             | (1,080,235)    | 1,813         | (482,596)        | 70,604          |
| Combined nominal tax rate                                                     | 34%            | 34%           | 34%              | 34%             |
| <b>Income at the statutory combined nominal tax rate</b>                      | <b>367,280</b> | <b>(616)</b>  | <b>164,083</b>   | <b>(24,005)</b> |
| <b>Adjustments to calculate the effective tax rate:</b>                       |                |               |                  |                 |
| Equity results                                                                | (289,974)      | 124,285       | 132              | 185             |
| Tax income (losses) from wholly-owned subsidiaries                            | 56,008         | (94,462)      | 201,043          | (106,533)       |
| Income tax on permanent differences and others                                | (76,309)       | (16,866)      | 161,815          | (65,718)        |
| Exchange variation on foreign investments                                     | (54,375)       | (7,283)       | (173,964)        | (20,225)        |
| Interest on shareholders' equity                                              | (7,788)        | (5,374)       | 6,998            | 4,817           |
| Benefit on tax losses and temporary differences constituted (not constituted) | -              | 14,610        | (653,343)        | 291,002         |
| Use of tax credits in non-recurring installment payments (*)                  | -              | 2,685         | (3,892)          | 227,690         |
| <b>Total income tax</b>                                                       | <b>(5,158)</b> | <b>16,979</b> | <b>(297,128)</b> | <b>307,213</b>  |
| <b>Income taxes</b>                                                           |                |               |                  |                 |
| Current                                                                       | (1,664)        | -             | (52,139)         | (239,846)       |
| Deferred                                                                      | (3,494)        | 16,979        | (244,989)        | 547,059         |

|                           |                |               |                  |                |
|---------------------------|----------------|---------------|------------------|----------------|
| <b>Total income taxes</b> | <b>(5,158)</b> | <b>16,979</b> | <b>(297,128)</b> | <b>307,213</b> |
|---------------------------|----------------|---------------|------------------|----------------|

(\*) On March 10, 2017, the subsidiary GLA adhered to the Tax Regularization Program ("PRT"), including tax debts that matured on November 30, 2016. The PRT program was consolidated on June 29, 2018, which resulted in reduced debt and lower use of tax credit.

On January 1, 2018, the Company recorded a tax effect of R\$880 related to the initial adoption of IFRS 9 on the allowance for doubtful accounts under equity. For further information, see Note 4.26.2.

## 11. Deposits

|                                            |                |               |                  |                  |
|--------------------------------------------|----------------|---------------|------------------|------------------|
| Judicial deposits                          | 59,305         | 50,953        | 726,491          | 508,515          |
| Maintenance deposits                       | -              | -             | 647,057          | 484,565          |
| Deposits in guarantee for lease agreements | 49,081         | 13,783        | 238,747          | 170,679          |
| <b>Total</b>                               | <b>108,386</b> | <b>64,736</b> | <b>1,612,295</b> | <b>1,163,759</b> |

### 11.1. Judicial deposits

Judicial deposits and escrow accounts represent guarantees of lawsuits related to tax, civil and labor claims deposited in escrow until the resolution of the related claims. Part of the amount in escrow accounts is related to civil and labor claims arising from the succession orders on claims against Varig S.A. and proceedings filed by employees that are not related to the Company or any related party. As the Company is not correctly classified as the defendant of these lawsuits, whenever such blockages occur, the exclusion of such is requested in order to release the resources. As of December 31, 2018, the blocked amounts regarding Varig S.A.'s succession lawsuits and third-party lawsuits were R\$113,979 and R\$76,415, respectively (R\$108,860 and R\$74,300 as of December 31, 2017, respectively).

The Company also has judicial deposits due to the lawsuit filed by the National Union of Airline Companies ("SNEA") against the 72% increase in landing fees proposed by the Department of Airspace Control ("DECEA"). As of December 31, 2018, deposits amounted to R\$153,128. The same amount was recorder under "Landing fees".

### 11.2. Maintenance deposits

The Company makes deposits in U.S. dollars for maintenance of aircraft and engines that will be used in future events as set forth in some lease contracts.

The maintenance deposits do not exempt the Company, as lessee, neither from the contractual obligations relating to maintenance nor from risk associated with operating activities. The Company holds the right to select any of the maintenance service providers or to perform such services internally.

The Company has two categories of maintenance deposits:

- **Maintenance guarantee:** related to individual deposits refundable at the end of the lease agreement, which may also be used in maintenance events, depending on negotiations with lessors. The balance of these deposits as of December 31, 2018 was R\$249,080 (R\$218,361 as of December 31, 2017).
- **Maintenance reserve:** related to amounts paid monthly based on the utilization of aircraft components, which may be used in maintenance events, according to the lease agreement. As of December 31, 2018, the balance of this reserve was R\$397,977 (R\$266,204 as of December 31, 2017).

### 11.3. Deposits in guarantee for lease agreements

As required by its lease agreements, the Company holds guarantee deposits (in U.S. dollars) on behalf of the leasing companies, fully refunded upon the contract expiration date.

## 12. Transactions with related parties

### 12.1. Loan agreements - noncurrent assets and liabilities

The parent company maintains assets and liabilities from loan agreements with its subsidiary GLA without interest, as shown in the table below:

|              |     |      |          |                  |                  |                |
|--------------|-----|------|----------|------------------|------------------|----------------|
| GLAI         | GLA | Loan | 6.50%    | 82,655           | 36,876           | 112,869        |
| GAC          | GLA | Loan | 0.00%(*) | 232,488          | -                | 21,813         |
| Gol Finance  | GLA | Loan | 4.32%    | 1,979,000        | 1,533,715        | 328            |
| <b>Total</b> |     |      |          | <b>2,294,143</b> | <b>1,570,591</b> | <b>135,010</b> |

(\*) Pursuant to the local legislation, the Company applies symbolic interest rates.

(\*\*) All loan liabilities were settled during the fiscal year ended December 31, 2018.

The table below shows the amounts between the companies, eliminated in the consolidated:

|     |             |      |          |   |        |           |         |
|-----|-------------|------|----------|---|--------|-----------|---------|
| GAC | GLAI        | Loan | 0.00%(*) | - | -      | -         | 125,148 |
| GAC | Gol Finance | Loan | 8.64%    | - | 32,238 | 1,128,845 | 961,212 |

|                             |                  |                               |          |                  |                  |                  |                  |
|-----------------------------|------------------|-------------------------------|----------|------------------|------------------|------------------|------------------|
| Gol Finance                 | Inc.             |                               |          |                  |                  |                  |                  |
| Gol Finance                 | GAC              | Loan                          | 5.85%    | 596,204          | 434,418          | -                | -                |
| Gol Finance                 | GLAI             | Loan                          | 0.00%(*) | -                | -                | -                | 24,313           |
| Gol Finance                 | Gol Finance Inc. | Loan                          | 11.70%   | 887,395          | 845,852          | 250,950          | 560,472          |
| Smiles Fidelidade           | GLA              | Advance ticket purchases      | 8.97%    | 1,296,077        | 866,341          | -                | -                |
| Smiles Fidelidade           | GLA              | Sale of miles                 | -        | 24,035           | 18,950           | -                | -                |
| Smiles Fidelidade           | GLA              | Management fees               | -        | 803              | 1,124            | -                | -                |
| Smiles Fidelidade           | GLA              | Letter of indemnity agreement | -        | 10,559           | -                | -                | -                |
| Smiles Fidelidade           | GLA              | Shared services               | -        | -                | -                | 5,439            | 3,964            |
| Smiles Fidelidade / Viagens | GLA              | Transfer - GLA                | -        | -                | -                | 38,144           | 31,250           |
| Smiles Fidelidade           | GLA              | Share-based payments          | -        | 856              | 856              | -                | -                |
| Smiles Fidelidade           | Netpoints        | Conversion of miles (**)      | -        | 48               | 6,900            | -                | -                |
| <b>Total</b>                |                  |                               |          | <b>2,815,977</b> | <b>2,206,679</b> | <b>1,423,378</b> | <b>1,706,359</b> |

(\*) Pursuant to the local legislation, the Company applies symbolic interest rates.

(\*\*) Balance not eliminated in the consolidated financial statements because it is a transaction with associate.

## 12.2. Transportation and consulting services

All agreements related to transportation and consulting services are held by GLA. The related parties for these services are listed below, together with the object of the agreements and their main contractual conditions:

- **Viação Piracicabana Ltda.:** provides airport shuttle services for passengers, luggage and employees. As of July 1, 2017, an Assignment Agreement was entered into between Breda Transportes e Serviços S.A. ("Assignor") and Viação Piracicabana Ltda. ("Assignee"), through which the Assignee will be responsible for the rights and obligations as of the

execution of the Assignment Agreement.

- **Expresso União:** provides transportation to employees. This agreement was terminated in March 2017.
- **Pax Consultoria Empresarial e Participações Ltda.:** provides consulting and advisory services, and the agreement has no expiration date. Pax Consultoria Empresarial e Participações Ltda. assigned to Mobitrans Administração e Participações S.A. the right to provide consulting and advisory services on a final and non-onerous basis.
- **Aller Participações:** provides consulting and advisory services, and the agreement has no expiration date.
- **Limmat Participações S.A.:** provides consulting and advisory services, and the agreement has no expiration date.
- **Expresso Caxiense S.A.:** provides airport shuttle services for passengers, luggage and employees, and the agreement expires on September 26, 2019.

As of December 31, 2018, GLA recognized total expenses related to these services of R\$9,358 (R\$8,583 as of December 31, 2017). On the same date, the balance payable to the related companies was R\$1,107 (R\$769 as of December 31, 2017), and was mainly related to services provided by Viação Piracicabana Ltda.

### 12.3. Contracts account opening UATP (“Universal Air Transportation Plan”) to grant credit limit

In September 2011, GLA entered into agreements with the related parties Empresa de Ônibus Pássaro Marrom S.A., Viação Piracicabana Ltda., Thurgau Participações S.A., Comporte Participações S.A., Quality Bus Comércio De Veículos S.A., Empresa Princesa Do Norte S.A., Expresso União Ltda., Breda Transporte e Serviços S.A., Oeste Sul Empreendimentos Imobiliários S.A. SPE., Empresa Cruz De Transportes Ltda., Expresso Maringá do Vale S.A., Glarus Serviços Tecnologia e Participações LTDA., Expresso Itamarati S.A., Transporte Coletivo Cidade Canção Ltda., Limmat Participações S.A., Turb Transporte Urbano S.A., Vaud Participações S.A., Aller Participações S.A. and BR Mobilidade Baixada Santista S.A. SPE, all with no expiration date, whose purpose is to issue credits to purchase airline tickets issued by the Company. The UATP account (virtual card) is accepted as a payment method on the purchase of airline tickets and related services, seeking to simplify billing and facilitate payment between the participating companies.

## **12.4. Agreement to use the VIP lounge**

On April 9, 2012, the Company entered into an agreement with Delta Air Lines Inc. (“Delta Air Lines”) for the mutual use of the VIP lounge, with expected payments between the companies of US\$20 per passenger. On August 30, 2016, the companies signed a contractual amendment establishing a prepayment for the use of the VIP lounge in the amount of US\$3,000. As of December 31, 2018, the outstanding balance was R\$4,741, recorded under “Advances from customers” (R\$6,779 as of December 31, 2017).

## **12.5. Contract for maintenance of parts and financing engine maintenance**

In 2010, GLA entered into an engine maintenance service agreement with Delta Air Lines. The maintenance agreement was renewed on December 22, 2016 and will expire on December 31, 2020.

On January 31, 2017, the subsidiary GLA entered into a Loan Agreement with Delta Air Lines in the amount of US\$50 million, maturing on December 31, 2020, with a refund obligation to be performed by the Company, GLA and Gol Finance, pursuant to the refund agreement entered into on August 19, 2015, with personal guarantee granted by the Company to the subsidiary GAC. Under the terms of this agreement, the Company holds flexible payment maturities regarding engine maintenance services, through a credit limit available. In the year ended December 31, 2018, expenses incurred for components maintenance services provided by Delta Air Lines amounted to R\$357,619 (R\$403,195 as of December 31, 2017). As of December 31, 2018, the outstanding balance with Delta Air Lines recorded under “Suppliers” totaled R\$211,087 (R\$372,511 as of December 31, 2017).

## **12.6. Handling services agreement**

On November 4, 2018, the subsidiary GLA entered into an agreement with Delta Air Lines regarding handling services at the Miami and Orlando airports, with maturity on November, 2021. During the year ended December 31, 2018, the expenses related to this agreement totaled R\$1,433, recorded under "Services provided".

## **12.7. Term loan guarantee**

On August 31, 2015, through its subsidiary Gol Finance, the Company issued a term loan in the amount of US\$300 million, with a term of 5 years and effective interest rate of 6.7% p.a. The term loan has an additional guarantee provided by Delta Air Lines. In the year ended December 31, 2018, the Company recorded R\$11,765 in the financial result under "Bank charges and expenses", related to "Additional guarantee", equivalent to 1.0% p.a., as established in the agreement. For additional information, see Note 16.

## **12.8. Commercial partnership and maintenance agreement**

On February 19, 2014, the Company signed an exclusive strategic partnership agreement for long-term business cooperation with Airfrance-KLM with the purpose of sales activities improvements and codeshare expansion and mileage programs benefits between the companies for the customers in the Brazilian and European markets. The agreement provides for the incentive investment in the Company in the amount of R\$112,152, already fully received by the Company. The agreement will mature within 5 years and the installments will be amortized on a monthly basis. As of December 31, 2018, the Company had deferred revenue in the amount of R\$8,565 recorded as "Other liabilities" in current liabilities (R\$20,557 and R\$3,426 as of December 31, 2017, recorded in current and noncurrent liabilities, respectively).

On January 1, 2017, the Company entered into an agreement to expand its strategic partnership with AirFrance-KLM in order to include engine maintenance and repair services. In the year ended December 31, 2018, expenses incurred for components maintenance services provided by AirFrance-KLM amounted to R\$128,569 (R\$159,562 as of December 31, 2017). As of December 31, 2018, the Company had an outstanding balance with AirFrance-KLM recorded under suppliers in the amount of R\$170,673 (R\$157,264 as of December 31, 2017).

## 12.9. Remuneration of key management personnel

|                                  |               |               |
|----------------------------------|---------------|---------------|
| Salaries, bonus and benefits (*) | 75,979        | 47,705        |
| Related taxes and charges        | 11,062        | 5,232         |
| Share-based payments             | 10,234        | 11,005        |
| <b>Total</b>                     | <b>97,275</b> | <b>63,942</b> |

(\*) Includes the Board of Directors' and Audit Committee's compensation.

As of December 31, 2018 and 2017, the Company did not offer post-employment benefits, and there were no severance benefits or other long-term benefits for the management and other employees. Specific benefits can be provided to the Company's key management personnel, limited to a short-term period.

## 13. Investments

### 13.1. Breakdown of investments

The financial information of the Company's investees and the changes in the investments balance for the year ended December 31, 2018 are as follows:

#### Relevant information of the subsidiaries

|                        |               |             |       |             |
|------------------------|---------------|-------------|-------|-------------|
| Total number of shares | 5,262,335,049 | 124,007,953 | -     | 130,492,408 |
| Capital stock          | 4,554,280     | 44,874      | 1,318 | 75,351      |

|                                                                                |             |           |       |          |
|--------------------------------------------------------------------------------|-------------|-----------|-------|----------|
| Interest                                                                       | 100.0%      | 52.67%    | 60.0% | 25.4%    |
| Total equity (deficit)                                                         | (4,200,243) | 1,014,230 | 1,962 | (20,758) |
| Unrealized profits (a)                                                         | -           | (96,332)  | -     | -        |
| Adjusted equity (deficit) (b)                                                  | (4,200,243) | 437,875   | 1,177 | (5,273)  |
| Net income (loss) for the year                                                 | (1,168,201) | 645,842   | 644   | (3,613)  |
| Unrealized profits in the year (a)                                             | -           | (24,837)  | -     | -        |
| Adjusted net income (loss) for the year attributable to the Company's interest | (1,168,201) | 315,335   | 387   | (918)    |

(a) Corresponds to transactions involving revenue from mileage redemption for airline tickets by members in the Smiles Program which, for the purposes of consolidated financial statements, are only accrued when program members are actually transported by GLA.

(b) Adjusted shareholders' equity corresponds to the percentage of total shareholders' equity net of unrealized profits.

## 13.2. Changes in investments

### Changes in investments

|                                                           |                    |                |                    |              |
|-----------------------------------------------------------|--------------------|----------------|--------------------|--------------|
| <b>Balances as of December 31, 2017</b>                   | <b>(2,590,503)</b> | <b>388,235</b> | <b>(2,202,268)</b> | <b>1,333</b> |
| Adoption of accounting standard (a)                       | (19,575)           | -              | (19,575)           | -            |
| <b>Balances as of December 31, 2017 (Restated)</b>        | <b>(2,610,078)</b> | <b>388,235</b> | <b>(2,221,843)</b> | <b>1,333</b> |
| Adoption of accounting standard (b)                       | 1,632              | 43             | 1,675              | -            |
| Equity results                                            | (1,168,201)        | 315,335        | (852,866)          | 387          |
| Unrealized gains on hedges                                | (420,706)          | -              | (420,706)          | -            |
| Equity interest dilution effects                          | -                  | (561)          | (561)              | -            |
| Dividends and interest on shareholders' equity            | -                  | (265,136)      | (265,136)          | (543)        |
| Other equity changes in investments                       | -                  | (41)           | (41)               | -            |
| Amortization of losses on sale-leaseback transactions (c) | (2,890)            | -              | (2,890)            | -            |
| <b>Balances as of December 31, 2018</b>                   | <b>(4,200,243)</b> | <b>437,875</b> | <b>(3,762,368)</b> | <b>1,177</b> |



- (a) On January 1, 2018, the subsidiary adopted CPC 47 – “Revenue from Contracts with Customers”, equivalent to IFRS 15, which resulted in the recording of R\$19,575 directly in GLA’s equity. For further information, see Note 4.26.1.
- (b) On January 1, 2018, the subsidiary adopted CPC 48 – “Financial Instruments”, equivalent to IFRS 9. For further information, see Note 4.26.2.
- (c) The subsidiary GAC has a net balance of deferred losses and gains on sale-leaseback, whose deferral is subject to the payment of contractual installments made by the subsidiary GLA. Accordingly, the net balance to be deferred is essentially part of the net investment of the Parent Company in GLA. As of December 31, 2018, the net balance was fully deferred (R\$2,887 for the year ended December 31, 2017). For further information, see Note 28.2.

Investments in the GAC, Gol Finance and Gol Finance Inc. offshore subsidiaries are essentially seen as an extension of the Company and summed line by line with the GLAI parent company. Therefore, only Smiles Fidelidade and GLA are investments in the GLAI parent company.

As of December 31, 2018, the consolidated investment balance comprised SCP Trip, held by GLA.

As of December 31, 2018, our investee Netpoints Fidelidade recorded negative equity. As a result, Smiles Fidelidade (holder of 25.4% of Netpoints’ capital stock) did not recognize additional losses based on CPC 18 - “Investments in Associates and Joint Ventures”. The company will resume recording equity results when Netpoints’ equity fully recovers its accumulated losses.

In the year ended December 31, 2018, GLAI made an advance payment for future capital increase to the subsidiary GLA in the amount of R\$220,000. In the same period, GLA returned said amount to GLAI, with no impact to the subsidiary’s capital stock.

## **14. Property, plant and equipment**

## 14.1. Parent Company

As of December 31, 2018, the balance of advances for the acquisition of aircraft totaled R\$94,159 corresponding to prepayments made based on the agreements, as described in Note 28 (as of December 31, 2017, the Company did not have balances of advances for the acquisition of aircraft related to contract renegotiations carried out throughout 2016). In addition, the residual value of the ownership rights on the aircraft totaled R\$108,539 as of December 31, 2018 (R\$323,013 as of December 31, 2017), both recorded in the subsidiary GAC.

## 14.2. Consolidated

### Flight equipment

|                                             |       |                  |                    |                  |                  |
|---------------------------------------------|-------|------------------|--------------------|------------------|------------------|
| Aircraft held under finance leases (a)      | 5.8%  | 673,675          | (222,240)          | 451,435          | 1,351,436        |
| Sets of replacement parts and spare engines | 6.9%  | 1,583,865        | (590,239)          | 993,626          | 850,477          |
| Aircraft reconfigurations/overhauling       | 30.4% | 2,443,747        | (1,275,298)        | 1,168,449        | 865,761          |
| Aircraft and safety equipment               | 10.0% | 856              | (533)              | 323              | 405              |
| Tools                                       | 10.0% | 44,121           | (21,153)           | 22,968           | 18,075           |
| <b>Total</b>                                |       | <b>4,746,264</b> | <b>(2,109,463)</b> | <b>2,636,801</b> | <b>3,086,154</b> |
| Impairment losses (b)                       | -     | (48,839)         | -                  | (48,839)         | (26,076)         |
| <b>Total flight equipment</b>               |       | <b>4,697,425</b> | <b>(2,109,463)</b> | <b>2,587,962</b> | <b>3,060,078</b> |

### Property, plant and equipment in use

|                                                   |       |                |                  |                |                |
|---------------------------------------------------|-------|----------------|------------------|----------------|----------------|
| Vehicles                                          | 20.0% | 11,513         | (9,609)          | 1,904          | 1,448          |
| Machinery and equipment                           | 10.0% | 59,404         | (41,619)         | 17,785         | 20,042         |
| Furniture and fixtures                            | 10.0% | 30,698         | (18,188)         | 12,510         | 11,509         |
| Computers and peripherals                         | 20.0% | 40,813         | (31,314)         | 9,499          | 8,994          |
| Communication equipment                           | 10.0% | 2,692          | (2,089)          | 603            | 703            |
| Maintenance center - Confins                      | 10.4% | 107,637        | (91,395)         | 16,242         | 26,918         |
| Leasehold improvements                            | 19.0% | 60,115         | (29,354)         | 30,761         | 13,852         |
| Construction in progress                          | -     | 15,443         | -                | 15,443         | 33,503         |
| <b>Total property, plant and equipment in use</b> |       | <b>328,315</b> | <b>(223,568)</b> | <b>104,747</b> | <b>116,969</b> |

|              |  |                  |                    |                  |                  |
|--------------|--|------------------|--------------------|------------------|------------------|
| <b>Total</b> |  | <b>5,025,740</b> | <b>(2,333,031)</b> | <b>2,692,709</b> | <b>3,177,047</b> |
|--------------|--|------------------|--------------------|------------------|------------------|

|                                                        |   |         |   |         |        |
|--------------------------------------------------------|---|---------|---|---------|--------|
| Advances for property, plant and equipment acquisition | - | 125,348 | - | 125,348 | 18,720 |
|--------------------------------------------------------|---|---------|---|---------|--------|

|                                            |  |                  |                    |                  |                  |
|--------------------------------------------|--|------------------|--------------------|------------------|------------------|
| <b>Total property, plant and equipment</b> |  | <b>5,151,088</b> | <b>(2,333,031)</b> | <b>2,818,057</b> | <b>3,195,767</b> |
|--------------------------------------------|--|------------------|--------------------|------------------|------------------|

(a) In the year ended December 31, 2018, the Company entered in sale-leaseback transactions for 25 aircraft. For more information, see Note 28.

(b) Refers to provisions for impairment losses for rotatable items, classified under "Sets of replacement parts and spare engines", recorded by the Company in order to present its assets according to the actual capacity for the generation of economic benefits.

Changes in property, plant and equipment balances are as follows:

|                          |                  |                  |                |                |                  |
|--------------------------|------------------|------------------|----------------|----------------|------------------|
| <b>Balances as of</b>    |                  |                  |                |                |                  |
| <b>December 31, 2016</b> | <b>1,411,932</b> | <b>1,405,144</b> | <b>87,399</b>  | <b>120,535</b> | <b>3,025,010</b> |
| Additions                | -                | 827,658          | 263,328        | 30,511         | 1,121,497        |
| Disposals                | (5,639)          | (135,381)        | (332,007)      | (10,506)       | (483,533)        |
| Depreciation             | (54,857)         | (388,779)        | -              | (23,571)       | (467,207)        |
| <b>Balances as of</b>    |                  |                  |                |                |                  |
| <b>December 31, 2017</b> | <b>1,351,436</b> | <b>1,708,642</b> | <b>18,720</b>  | <b>116,969</b> | <b>3,195,767</b> |
| Additions                | -                | 1,010,216        | 273,389        | 17,784         | 1,301,389        |
| Disposals                | (855,423)        | (40,297)         | (166,761)      | -              | (1,062,481)      |
| Depreciation             | (44,578)         | (542,034)        | -              | (30,006)       | (616,618)        |
| <b>Balances as of</b>    |                  |                  |                |                |                  |
| <b>December 31, 2018</b> | <b>451,435</b>   | <b>2,136,527</b> | <b>125,348</b> | <b>104,747</b> | <b>2,818,057</b> |

## 15.Intangible assets

The breakdown of and changes in intangible assets is as follows:

|                                         |                |                  |                |                  |
|-----------------------------------------|----------------|------------------|----------------|------------------|
| <b>Balances as of December 31, 2016</b> | <b>542,302</b> | <b>1,038,900</b> | <b>158,514</b> | <b>1,739,716</b> |
| Additions                               | -              | -                | 55,449         | 55,449           |
| Disposals                               | -              | -                | (9,662)        | (9,662)          |
| Amortization                            | -              | -                | (38,218)       | (38,218)         |
| <b>Balances as of December 31, 2017</b> | <b>542,302</b> | <b>1,038,900</b> | <b>166,083</b> | <b>1,747,285</b> |
| Additions                               | -              | -                | 82,079         | 82,079           |
| Amortization (*)                        | -              | -                | (51,898)       | (51,898)         |
| <b>Balances as of December 31, 2018</b> | <b>542,302</b> | <b>1,038,900</b> | <b>196,264</b> | <b>1,777,466</b> |

(\*) The weighted average rate of amortizations is 22.03% p.a.

As of December 31, 2018 and 2017, the balances of goodwill and slots were tested for impairment using the discounted cash flow of each cash-generating unit, originating the value in use.

In order to assess the recoverable value, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-Generating Units – “CGUs”). In order to determine the carrying amount of each cash-generating unit, the Company considers the intangible assets recorded and all tangible assets necessary to conduct its business, given that it will only generate economic benefits by using the combination of both.

The Company allocates goodwill to two cash-generating units: GLA and Smiles, and the airport operating rights are fully allocated to GLA's cash-generating unit, as shown below:

**December 31, 2018**

|                        |            |           |            |
|------------------------|------------|-----------|------------|
| Book value             | 325,381    | 216,921   | 1,038,900  |
| Book value - CGU       | (275,500)  | 602,740   | -          |
| Value in use           | 23,058,697 | 7,005,622 | 15,158,551 |
| Discount rate          | 14.91%     | 16.95%    | 13.94%     |
| Perpetuity growth rate | 3.50%      | 3.50%     | 3.50%      |

**December 31, 2017**

|                        |            |           |           |
|------------------------|------------|-----------|-----------|
| Book value             | 325,381    | 216,921   | 1,038,900 |
| Book value - CGU       | 1,061,177  | 395,105   | -         |
| Value in use           | 15,206,092 | 5,464,287 | 5,069,156 |
| Discount rate          | 15.46%     | 19.26%    | 14.50%    |
| Perpetuity growth rate | 3.50%      | 3.50%     | 3.50%     |

The results obtained were compared with the carrying amount of each cash-generating unit and, as a result, the Company did not recognize impairment losses on its CGUs.

The assumptions adopted in the impairment testing of intangible assets are based on internal projections for a five-year period. For longer periods, the Company uses the perpetuity growth rate. The discounted cash flow that determined the value in use of the cash-generating units was prepared in accordance with the Company's business plan, which was approved on January 17, 2019.

The main assumptions taken into consideration by the Company to determine the value in use of the cash-generating units are:

- Capacity and fleet: considers the use, the aircraft capacity used in each flight and the projected size of the fleet in use.
- Demand: market efficiency is the main input to estimate the Company's demand growth. Management considers market efficiency to be the ratio between its market share and its seat

share. This indicator reflects how efficiently the Company uses its share of the market's total supply based on how much demand for air transportation it absorbs.

- Revenue per passenger: considers the average price charged by GLA and the effects of market variables (see the variables used below).
- Operating costs related to the business: based on the historical cost and adjusted by indicators, such as inflation, supply, demand and variation of the U.S. dollar.

The Company also considered market variables, including the GDP (source: Brazilian Central Bank), the U.S. dollar (source: Brazilian Central Bank), kerosene prices (per barrel) (source: Brazilian National Agency of Petroleum, Natural Gas and Biofuels - ANP) and interest rates (source: Bloomberg).

## 16.Short and long-term debt

### Short-term debt

#### Local currency

|                    |         |             |   |   |         |         |
|--------------------|---------|-------------|---|---|---------|---------|
| Debentures VI (a)  | 09/2019 | 132% of CDI | - | - | -       | 395,093 |
| Debentures VII (b) | 09/2021 | 120% of CDI | - | - | 288,991 | -       |
| Interest accrued   | -       | -           | - | - | -       | 23,921  |

#### Foreign currency (US\$)

|                                    |         |                     |                |               |                  |                |
|------------------------------------|---------|---------------------|----------------|---------------|------------------|----------------|
| Senior Notes V (c)                 | 12/2018 | 9.71% p.a.<br>Libor | -              | 23,258        | -                | 23,258         |
| Engine maintenance (d)             | 08/2019 | 3m+0.75% p.a.       | -              | -             | 14,665           | 43,909         |
| Import financing (e)               | 11/2019 | 5.46% p.a.<br>Libor | -              | -             | 495,458          | 240,973        |
| Credit line - engines (f)          | 09/2020 | 3m+0.75% p.a.       | -              | -             | 138,024          | 47,507         |
| Credit line - engines (g)          | 06/2021 | 3m+2.25% p.a.       | -              | -             | 20,115           | 17,145         |
| Loan with guarantee of engines (h) | 08/2026 | 6.65% p.a.          | -              | -             | 13,053           | 7,883          |
| Interest accrued                   | -       | -                   | 123,873        | 71,769        | 132,900          | 74,989         |
|                                    |         |                     | <b>123,873</b> | <b>95,027</b> | <b>1,103,206</b> | <b>874,678</b> |

|                |         |            |   |   |         |         |
|----------------|---------|------------|---|---|---------|---------|
| Finance leases | 06/2025 | 3.72% p.a. | - | - | 120,118 | 288,194 |
|----------------|---------|------------|---|---|---------|---------|

|                              |  |  |                |               |                  |                  |
|------------------------------|--|--|----------------|---------------|------------------|------------------|
| <b>Total short-term debt</b> |  |  | <b>123,873</b> | <b>95,027</b> | <b>1,223,324</b> | <b>1,162,872</b> |
|------------------------------|--|--|----------------|---------------|------------------|------------------|

### Long-term debt

#### Local currency

|                    |         |            |   |   |         |         |
|--------------------|---------|------------|---|---|---------|---------|
| Debentures VI (a)  | 09/2019 | 132% of DI | - | - | -       | 617,333 |
| Debentures VII (b) | 09/2021 | 120% of DI | - | - | 577,981 | -       |

#### Foreign currency (US\$)

|                                    |         |                     |                  |                  |                  |                  |
|------------------------------------|---------|---------------------|------------------|------------------|------------------|------------------|
| Engine maintenance (d)             | 08/2019 | Libor 3m+0.75% p.a. | -                | -                | -                | 12,451           |
| Senior Notes II (i)                | 07/2020 | 9.64% p.a.          | -                | 314,589          | -                | 314,589          |
| Term Loan (j)                      | 08/2020 | 6.70% p.a.          | 1,147,196        | 968,010          | 1,147,196        | 968,010          |
| Credit line - engines (f)          | 09/2020 | Libor 3m+0.75% p.a. | -                | -                | 43,431           | 35,634           |
| Engine maintenance (g)             | 06/2021 | Libor 3m+2.25% p.a. | -                | -                | 146,457          | 142,137          |
| Senior Notes VI (k)                | 12/2021 | 9.87% p.a.          | -                | 127,181          | -                | 127,181          |
| Senior Notes IV (l)                | 01/2022 | 9.24% p.a.          | 352,205          | 299,524          | 352,205          | 299,524          |
| Senior Notes III (m)               | 02/2023 | 11.30% p.a.         | -                | 69,074           | -                | 69,074           |
| Senior Notes VIII (n)              | 01/2025 | 7.09% p.a.          | 2,439,492        | 1,597,713        | 2,439,492        | 1,597,713        |
| Loan with guarantee of engines (h) | 08/2026 | 6.65% p.a.          | -                | -                | 120,557          | 78,239           |
| Senior Notes VII (o)               | 12/2028 | 9.84% p.a.          | -                | 54,752           | -                | 54,752           |
| Perpetual Notes (p)                | -       | 8.75% p.a.          | 596,336          | 509,105          | 513,282          | 438,201          |
|                                    |         |                     | <b>4,535,229</b> | <b>3,939,948</b> | <b>5,340,601</b> | <b>4,754,838</b> |
| Finance leases                     | 06/2025 | 3.72% p.a.          | -                | -                | 520,542          | 1,187,957        |
| <b>Total long-term debt</b>        |         |                     | <b>4,535,229</b> | <b>3,939,948</b> | <b>5,861,143</b> | <b>5,942,795</b> |
| <b>Total</b>                       |         |                     | <b>4,659,102</b> | <b>4,034,975</b> | <b>7,084,467</b> | <b>7,105,667</b> |

(a) Issuance of 105,000 debentures by GLA on September 30, 2015 for early settlement of the Debentures IV and V.

(b) Issuance of 88,750 debentures by GLA on October 22, 2018 for early settlement of the Debentures VI.

(c) Issuance of Senior Notes series V by Gol Finance on July 7, 2016, as a result of the private Exchange Offer of Senior Notes I, II, III, IV and Perpetual Notes. In the year ended December 31, 2018, the financing was prepaid (for further information, see Note 16.3).

(d) Issuance of 3 series of Guaranteed Notes to finance engine maintenance, as described in Note 12.5.

(e) Credit line with private banks of import financing for purchase of spare parts and aircraft equipment. These credit lines will mature throughout 2019. The interest rates negotiated were Libor 3m+4.40% p.a. and Libor 1m+3.25% p.a.

(f) Credit line raised between August 11, 2017 and November 30, 2018.

(g) Credit line raised on September 30, 2014.

(h) Loans obtained on June 28, 2018, with a guarantee of five engines. The interest rates negotiated were from Libor 6m+2.35% p.a. to Libor 6m+4.25% p.a.

(i) Issuance of Senior Notes II by Gol Finance Inc. on July 13, 2010 in order to repay debts held by the Company. In the year ended December 31, 2018, the financing was prepaid (for further information, see Note 16.3).

(j) Term Loan issued by Gol Finance on August 31, 2016 for aircraft purchases and bank repayment of loans, with backstop guarantee from Delta Airlines. For additional information, see Note 12.6.

(k) Issuance of Senior Notes series VI by Gol Finance on July 7, 2016, as a result of the private Exchange Offer of Senior Notes I, II, III, IV and Perpetual Notes. In the year ended December 31, 2018, the financing was prepaid (for further information, see Note 16.3).

(l) Issuance of Senior Notes IV by Gol Finance on September 24, 2014 in order to finance partial repurchase of Senior Notes I and II.

(m) Issuance of Senior Notes III by GLA on February 7, 2013 in order to finance the prepayment of debts due within the next 3 years. The total amount of Senior Notes was transferred to Gol Finance along with the financial investments acquired on the date of issuance, and the financing was prepaid (for further information, see Note 16.3).

(n) Issuances of Senior Notes series VIII by Gol Finance on December 11, 2017 and February 2, 2018 to repurchase Senior Notes and for other general purposes.

(o) Issuance of Senior Notes series VII by Gol Finance on July 7, 2016, as a result of the private Exchange Offer of Senior Notes I, II, III, IV and Perpetual Notes. In the year ended December 31, 2018, the financing was prepaid (for further information, see Note 16.3).

(p) Issuance of Perpetual Notes by Gol Finance on April 5, 2006 to finance aircraft purchase and repayment of loans.

Total consolidated debt includes issuance costs of R\$83,684 as of December 31, 2018 (R\$101,795 as of December 31, 2017), which are amortized over the term of the related debt.

As of December 31, 2018, the maturities of long-term debt, except financial lease agreements, were as follows:

### Parent Company

#### In US\$:

|                   |                  |   |                |   |                  |                |                  |
|-------------------|------------------|---|----------------|---|------------------|----------------|------------------|
| Term Loan         | 1,147,196        | - | -              | - | -                | -              | <b>1,147,196</b> |
| Senior Notes IV   | -                | - | 352,205        | - | -                | -              | <b>352,205</b>   |
| Senior Notes VIII | -                | - | -              | - | 2,439,492        | -              | <b>2,439,492</b> |
| Perpetual Notes   | -                | - | -              | - | -                | 596,336        | <b>596,336</b>   |
| <b>Total</b>      | <b>1,147,196</b> | - | <b>352,205</b> | - | <b>2,439,492</b> | <b>596,336</b> | <b>4,535,229</b> |

### Consolidated

#### In local currency:

|                |         |         |   |   |   |   |                |
|----------------|---------|---------|---|---|---|---|----------------|
| Debentures VII | 288,990 | 288,991 | - | - | - | - | <b>577,981</b> |
|----------------|---------|---------|---|---|---|---|----------------|

#### In US\$:

|                                |                  |                |                |               |                  |                |                   |
|--------------------------------|------------------|----------------|----------------|---------------|------------------|----------------|-------------------|
| Term Loan                      | 1,147,196        | -              | -              | -             | -                | -              | <b>-1,147,196</b> |
| Credit line – engines          | 43,431           | -              | -              | -             | -                | -              | <b>- 43,431</b>   |
| Credit line – engines          | 20,265           | 126,192        | -              | -             | -                | -              | <b>- 146,457</b>  |
| Loan with guarantee of engines | 3,312            | 13,643         | 14,270         | 14,921        | 74,411           | -              | <b>- 120,557</b>  |
| Senior Notes IV                | -                | -              | 352,205        | -             | -                | -              | <b>- 352,205</b>  |
| Senior Notes VIII              | -                | -              | -              | -             | 2,439,492        | -              | <b>-2,439,492</b> |
| Perpetual Notes                | -                | -              | -              | -             | -                | 513,282        | <b>513,282</b>    |
| <b>Total</b>                   | <b>1,503,194</b> | <b>428,826</b> | <b>366,475</b> | <b>14,921</b> | <b>2,513,903</b> | <b>513,282</b> | <b>25,340,601</b> |

The fair value of debt as of December 31, 2018 is as follows:

|                                      |                  |                  |                  |                  |
|--------------------------------------|------------------|------------------|------------------|------------------|
| Senior Notes and Perpetual Notes (a) | 3,486,651        | 3,119,375        | 3,320,546        | 3,016,230        |
| Term Loan (b)                        | 1,172,451        | 1,264,852        | 1,172,451        | 1,264,852        |
| Debentures (b)                       | -                | -                | 866,972          | 901,375          |
| Other                                | -                | -                | 1,083,838        | 1,124,661        |
| <b>Total</b>                         | <b>4,659,102</b> | <b>4,281,815</b> | <b>6,443,807</b> | <b>6,307,118</b> |

(a) Fair value obtained through current market quotations.

(b) Fair value obtained through internal method valuation.

(c) The book value presented is net of interest and issue costs.

## 16.1. Covenants

As of December 31, 2018, long-term debt (excluding Perpetual Notes and finance leases) that amounted to R\$4,827,319 (R\$4,316,637 as of December 31, 2017) is subject to restrictive covenants, including but not limited to those that require the Company to maintain certain levels of liquidity and indebtedness and interest expenses coverage.

The Company has restrictive covenants on the Term Loan and Debentures VII. In the Term Loan, the Company must make deposits for reaching contractual limits of the debt pegged to the U.S. dollar. As of December 31, 2018, the Company did not have collateral deposits linked to the contractual limits of the Term Loan. As of December 31, 2018, Debentures VII were not subject to any covenants scheduled for measurement, due to the renegotiation of the transaction. Pursuant to the agreement, the Company will resume measuring the following ratios, which are measured half-yearly, as of June 30, 2019: (i) net debt / earnings before interest, taxes, depreciation, amortization, and restructuring or rent costs ("EBITDAR"); and (ii) debt coverage ratio ("ICSD"). Under the indenture, these indicators must be measured every six months and the next measurement will occur at the end of the first half of 2019. As a result, as of December 31, 2018, the Company was in compliance with the Debentures VII's covenants.



## 16.2. Restructuring and new issuances of loans and financing obtained in the year ended December 31, 2018

**Import financing:** The Company, through its subsidiary GLA, obtained funding in the year and renegotiated the maturities of the agreements, with the issue of promissory notes as collateral for these transactions, which are part of a credit line maintained by GLA for import financing in order to carry out engine maintenance, purchase spare parts and aircraft equipment. The funding operations are as follows:

### New issuances

|            |        |        |       |            |
|------------|--------|--------|-------|------------|
| 01/12/2018 | 4,722  | 15,202 | 5.10% | 01/07/2019 |
| 03/02/2018 | 6,531  | 21,301 | 5.75% | 03/01/2019 |
| 03/09/2018 | 6,731  | 21,874 | 5.44% | 09/05/2018 |
| 03/23/2018 | 7,447  | 24,606 | 5.63% | 09/19/2018 |
| 04/20/2018 | 7,121  | 24,285 | 5.75% | 10/17/2018 |
| 04/27/2018 | 14,395 | 49,919 | 5.76% | 10/24/2018 |
| 05/04/2018 | 7,710  | 27,225 | 6.19% | 10/31/2018 |
| 10/19/2018 | 6,990  | 27,085 | 6.34% | 04/19/2019 |
| 10/31/2018 | 6,053  | 23,453 | 6.50% | 04/29/2019 |
| 11/18/2018 | 6,669  | 25,840 | 5.43% | 11/18/2019 |
| 12/07/2018 | 7,195  | 27,881 | 6.61% | 06/05/2019 |

### Renegotiations

|            |       |       |       |            |
|------------|-------|-------|-------|------------|
| 01/05/2018 | 2,694 | 8,731 | 5.10% | 01/07/2019 |
| 01/12/2018 | 5,245 |       |       |            |