



SMILES FIDELIDADE S.A.

(Publicly-held Company)

Corporate Taxpayer's ID (CNPJ/MF): 05.730.375/0001-20

Company Registry (NIRE): 35.300.493.095

Notice to Shareholders

Board of Directors Decides on the Company's Capital Increase

SMILES FIDELIDADE S.A. ("Smiles" or "Company"), whose common shares are listed for trading in B3 S.A. – Brasil, Bolsa, Balcão ("B3") under the ticker "SMLS3", in compliance with Article 30, item XXXII, of the Normative Ruling No. 480, issued on December 7th, 2009, as amended ("ICVM 480/2009"), provides its shareholders and the market in general with the information required by Schedule 30-XXXII of ICVM 480/2009 regarding Smile's capital increase, within the limit of the authorized capital stock, approved by Board of Directors during the meeting held on February 14th, 2019, due to capitalization of a portion of the Company's capital reserve.

1. CAPITAL INCREASE AMOUNT AND THE COMPANY'S NEW CAPITAL STOCK

The amount of the company's capital increase is of R\$ 210.000.000,00 (two hundred and ten million Reais), without the issuance of new shares.

Due to the aforementioned capital increase, the Company's current Capital Stock of R\$44.873.818,50 (forty-four million, eight hundred seventy-three thousand, eight hundred eighteen Reais and fifty cents), divided in 124.007.953 (one hundred twenty-four million, seven thousand and nine hundred fifty-three) common shares, is modified to R\$ 254.873.818,50 (two hundred million, fifty four thousand, eight hundred and eighteen Reais and fifty cents), divided in 124.007.953 (one hundred twenty-four million, seven thousand and nine hundred fifty-three) common shares.

The capital increase was performed by means of the capitalization of a portion of the Company's capital reserve.

I. THOROUGH EXPLANATION OF THE CAPITAL INCREASE REASONS AND ITS LEGAL AND ECONOMIC EFFECTS

The Company's capital increase will be made in the form of capitalization of Capital reserve and aims to comply with article 199 from Corporate law 6.404 from 1976, as well as to accommodate for the Capital budgeting for the fiscal year of 2019 to 2022 in such way that the Company's Capital Reserve balance does not exceed Company's Capital Stock as required by the above mentioned law.



The aforementioned capital increase will be made without the issuance of new common shares and therefore with no change in shareholders' base.

II. COPY OF THE STATUTORY AUDIT BOARD'S REPORT, IF APPLICABLE

A copy of the statutory audit board's report is attached hereto as Schedule I.

2. IN CASE OF CAPITAL INCREASE BY MEANS OF SUBSCRIPTION OF SHARES

Item and sub items are not applicable once there will not be issue of new shares.

3. IN CASE OF CAPITAL INCREASE BY MEANS OF CAPITALIZATION OF PROFITS OR RESERVES

I. DISCLOSE IF THE SHARES WILL HAVE ITS PAR VALUE MODIFIED, IF EXISTING, OR IF NEW SHARES WILL BE DISTRIBUTED AMONG THE SHAREHOLDERS

Not applicable once the shares issued by the Company do not have a defined par value and there was no issuance of new shares due to the capitalization of a portion of the Company' capital reserve.

II. DISCLOSE WHETHER THE CAPITALIZATION OF PROFITS OR RESERVES WILL BE PERFORMED WITH OR WITHOUT THE MODIFICATION OF THE NUMBER OF SHARES, FOR COMPANIES WHOSE SHARES DO NOT HAVE A DEFINED PAR VALUE

The capitalization of a portion of the capital reserve was performed without the modification of the number of shares issued by the Company.

III. IN CASE OF DISTRIBUTION OF NEW SHARES

Not applicable.

IV. DISCLOSE THE DEADLINE FORESEEN IN PARAGRAPH 3RD OF THE ARTICLE 169 OF LAW No. 6.404, ENACTED ON 1976

Not applicable.

V. DISCLOSE AND PROVIDE THE INFORMATION AND DOCUMENTS FORESEEN IN ARTICLE 2ND ABOVE, WHEN APPLICABLE

Not applicable.



**4. IN CASE OF CAPITAL INCREASE BY MEANS OF DEBENTURES OR OTHER DEBT SECURITIES
CONVERSION INTO SHARES OR DUE TO THE EXERCISE OF SUBSCRIPTION BONUSES**

Item and sub items not applicable

Barueri-SP, February 14th, 2019.

Marcos Antonio Pinheiro Filho
Chief Financial and Investor Relations Officer

IR Contacts:

e-mail: ri@smiles.com.br

phone: +55 (11) 4841-1820



SMILES FIDELIDADE S.A.

(Publicly-held Company)

Corporate Taxpayer's ID (CNPJ/MF): 05.730.375/0001-20

Company Registry (NIRE): 35.300.493.095

Notice to Shareholders

Board of Directors Decides on the Company's Capital Increase

Schedule I

REPORT OF THE COMPANY'S AUDIT BOARD

Fiscal Council's Report

The Fiscal Council of Smiles Fidelidade S.A. ("Company"), under its assignments and in compliance with the legal and statutory provisions, examined (a) the Company's balance sheet of December 31, 2018, as well as the Management's accounts of the Company, the Management's Report and the individual and consolidated Financial Statements of the Company, with the notes and the report of the independent auditors, Ernst & Young Auditores Independentes S.S. ("Independent Auditors"), concerning the fiscal year ended on December 31, 2018; (b) the proposal for the capital budget for the 2019-2022 fiscal years; (c) the proposal to increase the Company's share capital, within the authorized capital limit, by capitalizing part of the Company's capital reserve, without issuing new shares, in the amount of two hundred and ten million reais (R\$210,000,000.00), pursuant to Article 169, Head Paragraph and Paragraph 1 of Law 6404/76, as amended; and (d) the allocation of the profit/loss for the 2018 fiscal year with the proposal for the distribution of dividends by the Board of Directors, *ad referendum of the Annual Shareholders' Meeting of the Company*, deducted from the account of profits of the 2018 fiscal year, based on the Financial Statements for 2018, in the total amount of four hundred and fifty-one million, eight hundred and forty-one thousand, six hundred and twenty-six reais and fifty-three cents (R\$451,841,626.53).

Based on the examinations made, the information provided and the clarifications received, and also, considering the Report of the Independent Auditors on the Financial Statements, presented without reservations, issued by the Independent Auditors on February 14, 2019, the Fiscal Council issues a favorable legal opinion that the documents mentioned in item "a" above can be appraised by the Annual Shareholders' Meeting.

Also based on the examinations carried out and on the clarifications provided by the Company's Management, the members of the Fiscal Council unanimously concluded (a) that they have no oppositions regarding (i) the Management's Proposal for the allocation of the loss/profit of the Company for the 2018 fiscal year; (ii) to increase of the Company's capital by capitalizing part of the Company's capital reserve; and (iii) the proposal of distribution of dividends by the Board of Directors; and that the documents that substantiate the proposals above, in all their material aspects, can be submitted for the appraisal of the Annual Shareholders' Meeting of the Company.



Barueri, February 14, 2019.

Ricardo Magalhães Gomes
Member of the Fiscal Council

Renato Chiodaro
Member of the Fiscal Council

Valdenise dos Santos Menezes
Member of the Fiscal Council