Financial Statements

Multiplus S.A.

December 31, 2018
with Independent Auditor's Report

MESSAGE FROM MANAGEMENT

Multiplus ended 4Q18 with 22.2 million participants, an increase of 14.5% over last year, which consolidates our customer base as the largest in our segment. The number of points issued totaled 21.4 billion, 24.8% of which refers to accumulated points from non-aerial and non-financial sources. The number of redeemed points amounted to 17.5 billion, and airline tickets accounted for 85% of such points. The financial volume of points issued in the period was R$618.7 million, with net income of R$119.5 million, an increase of 26.5% over 4Q17.

Highlights of 4Q18 include the launch of Resgate Fácil and Recarga de Celular stores and point exchange platforms, offering products and services such as movie tickets, discounts on products and credits for prepaid cell phones and controls, with options from 200 points. The launch is an important step forward in the Multiplus strategy, as we have expanded our portfolio of products and experiences, aligning instant benefits such as mobile recharge, and long-term and more aspirational benefits, such as airline tickets, appliances and electronic products. With the launch, we were also able to engage our participants more, offering low-ticket products for instant use and high perceived value.

In the last quarter we also launched Multiplus Mais Prêmios, an incentive platform that offers a new and complete option for companies to engage their employees and suppliers. This platform offers a practical 100% digital means through which companies can use Multiplus points as a prize in incentive campaigns for employees, suppliers and various other audiences.

During this period, we received important market recognitions, such as the survey conducted by Valor Econômico newspaper in partnership with the McKinsey consulting firm on Digital Maturity, which ranked Multiplus second in the Means of Payment category. In relation to the survey "The Most Innovative Companies in Customer Service" conducted by the magazine Consumidor Moderno and by DOM Strategy Partners, the Company stood out in the loyalty segment. In another survey, "Época Negócios 360", on the best companies in Brazil, developed by Fundação Dom Cabral, we were amongst the top five in the Services category.

In 2018, Multiplus recorded 79.1 billion redeemed points, an increase of 4.5% over 2017, which evidences the growing engagement of our participants in our network. In 2018, 90 billion points were issued, 2.1% lower than in 2017, and the financial volume of issued points for the year was R$2,462 billion, a growth of 0.3% over the previous year.

The results presented at the close of 2018 are a reflection of our strategy of building the best and most diverse network of partners, so that our participants can have the best experience and possibility of accumulating points in their daily routine, which is evidenced by the increase in our base and engagement of the participants. These data also show that we have been able to deliver the best value proposition in relation to the redemptions of both the most desired retail products and the best airline network in Latin America via LATAM. All this in line with our strategic planning and sustainability of our business.

BOARD OF DIRECTOR'S REPRESENTATION

Under this document, the Chief Executive Officer and the other Executive Officers of Multiplus S.A., a publicly-held company headquartered at Alameda Xingu, 350, city of Barueri, enrolled with the Brazilian IRS Registry of Legal Entities CNPJ No. 11.094.546/0001-75, in compliance with the provisions of CVM Ruling No. 480/09, represent that they have:

(i) reviewed, discussed and agreed with the opinion expressed in the independent auditor's report on the financial statements of Multiplus for the year ended December 31, 2018, and

(ii) reviewed, discussed and agreed with the financial statements of Multiplus for the year ended December 31, 2018.

São Paulo, March 11, 2019

Roberto José Maris Medeiros
CEO

Ronald Domingues
CFO and Investor Relations Officer

RELATIONSHIP WITH THE AUDITOR

In compliance with CVM Ruling No. 381/2003, we inform that the Company has not engaged services other than the independent audit with EY.

Multiplus S.A.

Financial statements

December 31, 2018

Contents

A free translation from Portuguese into English of Independent Auditor's Report on financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board – IASB

Independent auditor's report on financial statements

The Shareholders and Officers
Multiplus S.A.
Barueri - SP

Opinion

We have audited the financial statements of Multiplus S.A. ("Company"), which comprise the statement of financial position as at December 31, 2018 and the statements of profit or loss, of comprehensive income (loss), of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Multiplus S.A. as at December 31, 2018, and its 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) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with the Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements provided for in the Code of Ethics for Professional Accountants and in the professional standards issued by 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.

Emphasis of a matter - Unified Public Offering for Acquisition of Common Shares issued by the Company

We draw attention to Notes 1.1 and 25, which mentions the correspondence issued by TAM Linhas Aéreas S.A. ("TAM") on September 4, 2018, addressed to the Company's Board of Directors and Executive Board, informing that TAM (i) does not envisage to extend or renew the Operating Agreement with the Company; and (ii) intends to conduct a Unified Public Offering for Acquisition of Common Shares issued by the Company ("OPA") for cancellation of the Company's registration as a listed entity and its withdrawal from the Novo Mercado segment. Should the OPA for cancellation of the registration be successful, TAM intendes to subsequently merge the Company. On March 1, 2019, the Company announced to its shareholders e to the market that CVM granted the registration of the OPA.

Our opinion is not modified in respect of this matter.

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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide an individual 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 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.

Transactions with related parties

The Company and its subsidiaries carry out transactions with related parties of different nature, which mainly include operating contracts that establish benefits and redemption of points by members of the program under Multiplus Network, the conditions for the marketing of point redemption rights, the purchase and sale of airline tickets, commitments to advance purchase and sale of airline tickets, use of databases, management of the LATAM Travel program and its respective compensation arrangements, shared services and information technology. The significant transactions, balances and contractual conditions in this connection are disclosed in Note 8.

As explained in Note 8.d, on May 9, 2018, the transfer of participants from the LATAM Pass loyalty program to the Company, as part of the agreement to expand the Company's international operations, was effectively completed. This migration of participants resulted in the recognition of the Company's intangible assets related to the LATAM Pass customer portfolio; and a matching entry related to liability that LATAM Pass had with the participants of its loyalty program.

This matter was considered one of the key audit matters due to the possibility that these transactions may be agreed or recorded at inappropriate amounts, outside the correct accounting period, with gross margins other than those considered usual by the market, or not approved by the Company's governance bodies, particularly as regards the marketing of points redemption and purchase and sale of airline tickets.

How our audit addressed this matter

Our audit procedures included the following, among others:

- evaluating the Company's related-party transactions policy and its application to the main transactions carried out in the year;
- examining supporting documentation for material transactions relating to gross revenue from points redemption, breakage revenue, cost of points redemption, and migration of LATAM Pass participants to the Company, including the inspection and examination of contracts established by the parties and calculations prepared by management;
- checking approval of the transactions by the Board of Directors, in accordance with the policy established by the Company;
- performing procedure for sending confirmation letters to the counterparties of the

transactions on the balances and contracts in force for the year ended December 31, 2018; and

- involving our professional Asset Valuation and Information Technology experts to assist in the evaluation of assets and liabilities recognized in accounting and in the migration of accumulated points of participants related to the transaction involving LATAM Pass and the Company described above.

Based on the results of our auditing procedures, which are consistent with management's assessment, we consider the Company's accounting policies related to the recording of transactions between related parties as well as the related disclosures in Note 8, in the context of the financial statements taken as a whole, to be acceptable.

Reward redemption rights

The reward redemption rights of the loyalty program are accounted for based on the number of points purchased and distributed by the partners, but not yet redeemed by the end user. The amounts are posted to liabilities and only recognized in P&L, as revenue, upon effective redemption of the points (exchange of points for airline tickets, products or services) or expiry of the period of validity of the points.

Due to the significance of the group of accounts and risks arising from incorrect recognition of the point redemption rights, that is, overstatement or incorrect/incompete disclosure, the Company is required to maintain automated controls and constant monitoring of all transactions carried out under its information system, as well as of variations and changes resulting from the pricing process and the volumetry of the points generated and distributed.

In view of the above and given the significance of the amounts and balances recorded by the Company, our audit considered this a key audit matter.

How our audit addressed this matter

Our audit procedures included the following, among others:

- assessing the adequacy of the Company's accounting policies for revenue recognition;
- inspecting and analyzing the contracts on a sampling basis and determining the fair value of the marketed points;
- testing on a sampling basis and with the involvement of our information technology experts the accumulation of points, redemptions, transfers, donations, aging list control for identification of expired points, as well as changing the original maturity; and
- sending confirmation letters referring to balances, including alternative procedures, with the key partners to validate the adequacy of the balance of the sale of points, revenue recorded and accrual period of the revenue recognized in the year.

Based on the results of our auditing procedures, which are consistent with management's assessment, we consider the Company's accounting policies related to the recording of reward redemption rights, as well as the related disclosures in Notes 14, in the context of the financial statements taken as a whole, to be acceptable.

Breakage revenue provision

Breakage revenue is revenue stemming from accumulated points generally not redeemed in a 24-month period as from the accumulation date. The Company estimates and records breakage revenue based on the application of historical rates for unredeemed points over total accumulated points. Recognition of this revenue takes into account statistical calculations based on curves of redemptions already carried out as well as estimated redemptions.

Given the materiality of amounts involved and the complexity of the statistical calculation, controls, analysis and timely review of the historical data that define the estimates required for determining and recording breakage revenue, including its monitoring, our audit considered this as a key audit matter.

How our audit addressed this matter

Our audit procedures included the following, among others:

- assessing the adequacy of the Company's accounting policies for revenue recognition;
- analyzing the agreements on a sampling basis and determining their fair value and the clause that establishes expiry of points;
- involving our actuarial experts in the review of estimate calculations, regressions and projections for that revenue;
- analyzing the reviews of assumptions and estimates; and
- testing on a sampling basis the expired points before and after the year-end to assess the accuracy of the recorded revenue as well as whether revenue was recognized in the appropriate accounting period.

Based on the results of audit procedures performed, which are consistent with management's assessment, we understand that the assumptions and criteria used by the Company management for recognition of breakage revenue, as well as the respective disclosures in Note 17.4, in the context of the financial statements taken as a whole, to be acceptable.

Other matters

Restatement of corresponding figures

As explained in Note 5, as a result of the reclassification adjustments mentioned, the figures corresponding to the previous year, presented for comparison purposes, were adjusted and are restated as provided for in CPC 23 (IAS 8) - Accounting Policies, Changes in Accounting Estimates and Errors. Our opinion is not modified in respect of this matter.

Statement of value added

The statement 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, was submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if this statement is reconciled to the financial statements and accounting records, as applicable, and if its form and content comply with the criteria defined by CPC 09 – Statement of Value Added. In our opinion, this statement of value added was prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement, and is consistent in relation to the overall financial statements.

Other information accompanying the financial statements and the auditor's report

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

Our opinion on the 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 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 financial statements

Management is responsible for the preparation and fair presentation of the 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 from material misstatement, whether due to fraud or error.

In preparing the 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 financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from 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 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 of not detecting 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 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 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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, March 11, 2019

ERNST & YOUNG
Auditores Independentes S.S.
CRC- 2SP034519/O-6

Clinton Leandro Fernandes
Accountant CRC-1SP205541/O-2

A free translation from Portuguese into English of financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board – IASB

Multiplus S.A

Statement of financial position
December 31, 2018
(In thousands of reais)

	December 31, 2018	December 31, 2017
Assets		
Cash and cash equivalents	**63,285**	969
Short-term investments (Note 6)	**1,042,478**	1,322,185
Accounts receivable (Note 7)	**302,717**	237,709
Taxes recoverable (Note 9)	**28,205**	50,188
Advances to suppliers	**3,514**	6,833
Total current assets	**1,440,199**	1,617,884
Noncurrent assets		
Judicial deposits	**349**	316
Investments (Note 11)	**1,377**	1,142
Property and equipment	**4,426**	7,907
Intangible assets (Note 12)	**178,254**	94,251
Total noncurrent assets	**184,406**	103,616
Total assets	**1,624,605**	1,721,500

Multiplus S.A.

Statements of financial position
December 31, 2018
(In thousands of reais)

	December 31, 2018	December 31, 2017
Liabilities and equity		
Trade accounts payable (Note 13)	**194,232**	238,692
Salaries and social charges	**20,002**	22,107
Taxes, rates and contributions	**1,206**	312
Reward redemption rights (Note 14)	**1,131,043**	1,179,897
Advances from customers	**7,493**	27,066
Other accounts payable	**379**	-
Total current liabilities	**1,354,355**	1,468,074
Noncurrent liabilities		
Contingencies	**1,101**	1,219
Deferred income and social contribution taxes (Note 10)	**18,870**	12,450
Total noncurrent liabilities	**19,971**	13,669
Equity		
Capital (Note 15)	**107,300**	107,300
Treasury shares (Note 15)	**(7,447)**	(4,096)
Share issue costs (Note 15)	**(23,322)**	(23,322)
Share-based payments (Note 15	**20,909**	22,666
Income reserve	**152,839**	137,209
Total equity	**250,279**	239,757
Total liabilities and equity	**1,624,605**	1,721,500

See accompanying notes.

Multiplus S.A

Statements of profit or loss
Years ended December 31, 2018 and 2017
(In thousands of reais, except earnings per share)

	2018	2017 (Restated)
Net sales (Note 17)	**632,264**	769,010
Operating costs (Note 18)	**(29,796)**	(21,725)
Gross margin	**602,468**	747,285
Selling expenses (Note 18)	**(38,602)**	(45,667)
General and administrative expenses (Note 18)	**(143,266)**	(150,056)
Other revenues	**595**	34,178
Equity pickup (Note 11)	**(1,716)**	(3,049)
Income before net finance income (costs) and income and social contribution taxes	**419,479**	582,691
Finance income (Note 20)	**104,237**	161,713
Finance costs (Note 20)	**(574)**	(34)
Finance income (costs)	**103,663**	161,679
Income before income and social contribution taxes	**523,142**	744,370
Income and social contribution taxes (Note 10)	**(166,743)**	(227,174)
Net income for the year	**356,399**	517,196
Earnings per share - R$		
Basic earnings per share - (Note 21)	2.1993	3.1901
Diluted earnings per share - (Note 21)	2.1993	3.1888

See accompanying notes.

Multiplus S.A

Statement of comprehensive income
Years ended December 31, 2018 and 2017
(In thousands of reais)

	2018	2017
Net income for the year	**356,399**	517,196
Other comprehensive income	**-**	-
Total comprehensive income for the year	**356,399**	517,196

See accompanying notes.

Multiplus S.A.

Statement of changes in equity
Year ended December 31, 2018
(In thousands of reais)

				Income reserves				
	Capital	Share issue costs	Share-based payments	Legal reserve	Retained profits	Retained earnings	Treasury shares	Total
December 31, 2017	**107,300**	**(23,322)**	**22,666**	**21,460**	**115,749**	**-**	**(4,096)**	**239,757**
Net income for the year	-	-	-	-	-	**356,399**	-	**356,399**
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	**356,399**	-	**356,399**
Contributions and distributions								
Dividends and IOE paid as per BDM* at 3/7/2018	-	-	-	-	**(115,595)**	-	-	**(115,595)**
Dividends and IOE paid as per BDM* at 5/8/2018	-	-	-	-	-	**(93,280)**	-	**(93,280)**
Dividends and IOE paid as per BDM* at 9/6/2018	-	-	-	-	-	**(70,236)**	-	**(70,236)**
Dividends and IOE paid as per BDM* at 11/7/2018	-	-	-	-	-	**(61,658)**	-	**(61,658)**
Total of Dividends and IOE paid in the year (Note 15)	-	-	-	-	**(115,595)**	**(225,174)**	-	**(340,769)**
Share buyback at 3/9/2018 (Note 15)	-	-	-	-	-	-	**(8,717)**	**(8,717)**
Share-based payments	-	-	**1,376**	-	-	-	-	**1,376**
Redemption of stock option plan at 1/23/2018	-	-	**(229)**	-	-	-	-	**(229)**
Restricted stock plan redemption as approved at the SGM** at 2/13/2015	-	-	**(998)**	-	-	-	-	**(998)**
Restricted stock plan redemption as approved at the SGM at 3/8/2016	-	-	**(635)**	-	-	-	-	**(635)**
Restricted stock plan redemption as approved at the SGM at 2/14/2017	-	-	**(808)**	-	-	-	-	**(808)**
Restricted stock plan redemption as approved at the SGM at 5/21/2014	-	-	**(463)**	-	-	-	-	**(463)**
Stock option and restricted stock plan redemption (Note 16)	-	-	-	-	-	-	**5,366**	**5,366**
Retained earnings	-	-	-	-	**131,225**	**(131,225)**	-	-
Total transactions with owners	-	-	**(1,757)**	-	**15,630**	**(356,399)**	**(3,351)**	**(345,877)**
December 31, 2018	**107,300**	**(23,322)**	**20,909**	**21,460**	**131,379**	**-**	**(7,447)**	**250,279**

* BDM: Board of Director's Meeting
** SGM: Special General Meeting

See accompanying notes.

Multiplus S.A

Statement of changes in equity (Continued)
Year ended December 31, 2017
(In thousands of reais)

	Capital	Share issue costs	Share-based payments	Income reserves: Legal reserve	Income reserves: Retained profits	Income reserves: Retained earnings	Treasury shares	Total
December 31, 2016	**107,300**	**(23,322)**	**22,472**	**21,460**	**136,249**	**-**	**(8,060)**	**256,099**
Net income for the year	-	-	-	-	-	517,196	-	517,196
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	517,196	-	517,196
Contributions and distributions								
Dividends and IOE paid as per BDM at 02/23/2017	-	-	-	-	(136,100)	-	-	(136,100)
Dividends and IOE paid as per BDM at 05/02/2017	-	-	-	-	-	(127,849)	-	(127,849)
Dividends and IOE paid as per BDM at 08/03/2017	-	-	-	-	-	(119,509)	-	(119,509)
Dividends and IOE paid as per BDM at 11/07/2017	-	-	-	-	-	(154,238)	-	(154,238)
Total of Dividends and IOE paid in the year	-	-	-	-	(136,100)	(401,596)	-	(537,696)
Share-based payments	-	-	1,915	-	-	-	-	1,915
Stock option and restricted stock plan redemption as approved at the SGM at 11/20/2013	-	-	(218)	-	-	-	-	(218)
Stock option and restricted stock plan redemption as approved at the SGM at 02/13/2015	-	-	(998)	-	-	-	-	(998)
Stock option and restricted stock plan redemption as approved at the SGM at 05/21/2014	-	-	(505)	-	-	-	-	(505)
Stock option and restricted stock plan redemption	-	-	-	-	-	-	3,964	3,964
Retained earnings to be distributed	-	-	-	-	115,600	(115,600)	-	-
Total transactions with owners	-	-	194	-	(20,500)	(517,196)	3,964	(533,538)
December 31, 2017	**107,300**	**(23,322)**	**22,666**	**21,460**	**115,749**	**-**	**(4,096)**	**239,757**

See accompanying notes.

Multiplus S.A

Statement of cash flows - indirect method
Years ended December 31, 2018 and 2017
(In thousands of reais)

	December 31, 2018	December 31, 2017
Cash flows from operating activities		
Net income for the year	**356,399**	517,196
Adjustments to reconcile net income to cash and cash equivalents		
Provision for profit sharing	**11,288**	13,763
Deferred income and social contribution taxes (Note 10)	**6,420**	(1,753)
Depreciation and amortization (Note 18)	**24,974**	27,719
Disposal of property and equipment and intangible assets	**2,098**	339
Share-based payments	**1,376**	194
Provision for costs to be incurred	**2,573**	4,030
Allowance for doubtful accounts (Note 7)	**369**	(1)
Equity pickup (Note 11)	**1,716**	3,049
Income and social contribution taxes for the year (Note 10)	**160,323**	228,927
Foreign exchange differences from customers	**(57)**	(6)
	567,479	793,457
Changes in assets and liabilities		
Short-term investments	**279,707**	137,628
Accounts receivable	**(65,266)**	(60,343)
Taxes recoverable	**14,012**	(41,429)
Advances to suppliers	**3,319**	(6,331)
Judicial deposits	**(33)**	(301)
Other accounts receivable	**-**	921
Trade accounts payable	**(47,032)**	60,707
Salaries and social charges	**(13,393)**	(12,413)
Taxes, rates and contributions	**894**	56
Reward redemption rights	**(117,615)**	(98,020)
Advances from customers	**(19,573)**	19,941
Other accounts payable	**(118)**	85
Withholding income taxes on short-term investments	**(23,979)**	(46,033)
Income and social contribution taxes paid	**(128,373)**	(182,891)
Net cash from operating activities	**450,029**	565,034
Cash flow from investing activities		
Capital contribution in investees	**(1,626)**	(4,090)
Acquisition of property and equipment	**(204)**	(1,244)
Acquisition of intangible assets (Note 12)	**(38,631)**	(26,237)
Proceeds from sale of property and equipment and intangible assets	**-**	42
Exercise of share-based compensation	**2,234**	3,964
Net cash used in investing activities	**(38,227)**	(27,565)
Cash flow from financing activities		
Share buyback (Note 15)	**(8,717)**	-
Dividends paid (Note 15)	**(323,515)**	(512,646)
Interest on equity paid (Note 15)	**(17,254)**	(25,050)
Net cash used in financing activities	**(349,486)**	(537,696)
Increase (decrease) in cash and cash equivalents	**62,316**	(227)
Opening balance	**969**	1,196
Closing balance	**63,285**	969
Changes in cash and cash equivalents	**62,316**	(227)

See accompanying notes.

Multiplus S.A

Statement of value added
Years ended December 31, 2018 and 2017
(In thousands of reais)

	December 31, 2018	December 31, 2017 (Restated)
Revenue		
Reward redemption rights and breakage (Note 17)	**696,722**	852,045
Other revenues	**595**	34,178
Allowance for doubtful accounts (Note 7)	**(369)**	-
	696,948	886,223
Inputs acquired from third parties		
Operating costs (Note18)	**(25,376)**	(17,170)
Materials, energy, third-party services and other expenses	**(77,264)**	(96,351)
	(102,640)	(113,521)
Gross value added	**594,308**	772,702
Reductions		
Depreciation and amortization (Note 18)	**(24,974)**	(27,719)
Net value added produced	**569,334**	744,983
Value added received in transfer		
Equity pickup (Note 11)	**(1,716)**	(3,049)
Finance income (Note 20)	**109,591**	169,633
Total value added to be distributed	**677,209**	911,567
Personnel		
Direct compensation	**(54,869)**	(55,978)
Benefits	**(12,168)**	(7,409)
INSS/FGTS	**(15,702)**	(15,044)
Taxes, charges and contributions		
Federal	**(235,788)**	(313,964)
Debt remuneration		
Interest (Note 20)	**(574)**	(34)
Rentals	**(1,709)**	(1,942)
Equity remuneration		
Retained profits for the year	**(356,399)**	(517,196)
Value added distributed	**(677,209)**	(911,567)

See accompanying notes.

1. Operations, approvals and other significant matters

Multiplus S.A (Multiplus or Company) is a publicly traded company based in Barueri, São Paulo, at Alameda Xingu, 350, listed on the São Paulo Stock Exchange (Bovespa BM&F) under ticker "MPLU3".

The Company's stated business purpose under customer loyalty programs is, primarily: (i) the performance and management of programs, (ii) sale of reward redemption rights, (iii) creation of data bases for individuals and corporate entities, among other activities.

The issue of the financial statements was authorized by Company management on March 11, 2019.

The main source of the Company's revenue stems from the issue of Multiplus points redemption rights to business partners, including LATAM (LATAM Airlines), which, in turn, offers these points to its members so that these can be redeemed for rewards. In this context, the Company allows its members to accumulate Multiplus points on purchases and redeem the points for rewards through coalition partner programs.

The Company's business partners include leading companies from various business industries, such as gas stations, bookstores, credit card companies, banks, hotels, restaurants, supermarkets, among others. Unlike traditional individual loyalty programs, with a Multiplus account, members of business partner loyalty programs may decide to transfer points between the various programs that make up the Multiplus Network or concentrate points accumulated from different loyalty programs into a single Multiplus account.

1.1. Significant changes for the year

On September 4, 2018, the Company announced in a Material News Release that it received correspondence from TAM Linhas Aéreas SA ("the offeror") addressed to the Board of Directors and to the Executive Board of Multiplus informing that:

(i) it does not envisage to extend or renew the Operating Agreement with Multiplus;

(ii) it intends to conduct a Unified Public Offering for Acquisition of Common Shares Issued by the Company ("OPA") for cancellation of Multiplus' registration as a publicly traded company.

1. Operations, approvals and other significant matters (Continued)
1.1. Significant changes for the year (Continued)

(iii) To prepare the appraisal report of the share price, the offeror hired Credit Suisse (Brazil) SA ("Appraiser") for the preparation of the appraisal report for the Company ("Valuation Report").

The correspondence also informed that, subsequently to the conclusion of the OPA process and the cancelation of Multiplus registration, the offeror intends to combine the Multiplus S.A. and TAM Linhas Aéreas S.A. businesses.

Management understands that, even with the OPA announcement, there are no losses for the Multiplus operation or going concern issues related to Multplus S.A.

2. Basis of preparation and summary of significant accounting practices

When applicable, the description of the accounting practices adopted by the Company shall be presented in the accompanying notes relating to items presented in these financial statements.

2.1. Statement of compliance

The financial statements were prepared and are presented in accordance with accounting practices adopted in Brazil, which comprise those included in the corporation law and the pronouncements, guidance and instructions of Brazil's FASB (CPC), and approved by the Brazilian Securities and Exchange Commission (CVM), as well as in compliance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Management has stated that all significant information presented in its financial statements, and only that information, is evidenced and corresponds to that used thereby in its management.

2.2. Basis of preparation

These financial statements were prepared on a historical cost basis, except for certain financial assets that are measured at fair value. The fair value of these financial assets approximates the book value and, as such, is not disclosed in the comparison between the fair value and the book value.

2. Basis of preparation and summary of significant accounting practices (Continued)

2.2. Basis of preparation (Continued)

The preparation of financial statements requires the use of certain critical accounting estimates and also the exercise of judgment by the Company management. Areas deemed significant which require a higher level of judgment include: recognition of redemption of points, estimating the breakage revenue provision, deferred income and social contribution taxes, assessment of useful lives of intangible assets and allowance for doubtful accounts.

2.3. Functional and reporting currencies

These financial statements have been prepared using the Brazilian Real as the functional and reporting currency.

2.4. Financial instruments

Financial assets measured at fair value through P&L

These are presented in the statement of financial position at fair value with the corresponding gains and losses recognized in the statement of profit or loss. As of December 31, 2018 and 2017, financial assets are represented by short-term investments.

Accounts payable and receivable

These are non-derivative financial assets and liabilities with fixed or determinable payments, but not traded in an active market. Company’s accounts payable and receivable comprise "accounts receivable", "other accounts receivable", "cash and cash equivalents", except for certain short-term investments which classify under the definition of financial assets measured at fair value through profit and loss and "trade accounts payable". After their initial measurement, these assets and liabilities are recorded at amortized cost under the effective interest rate method, less impairment.

Impairment of financial assets

Impairment losses are recognized only if there is objective evidence of a decrease in the recoverable amount.

2. Basis of preparation and summary of significant accounting practices (Continued)

2.4. Financial instruments (Continued)

Impairment of financial assets (Continued)

Losses are recognized in the statement of profit or loss and reflected in the provision account. When the Company considers that there is no reasonable expectation of recovery, the values are written off. Subsequent recoveries of amounts previously written off are reversed through P&L.

Derivative financial instruments and hedging activities

The Company did not have derivative financial instrument agreements in 2018.

2.5. Investments

The Company's investments in its investees are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate or joint venture since the acquisition date.

The financial statements of the Company's investees are prepared for the same reporting year as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Company decided not to proceed with the consolidation process of its investees, since the revenues and expenses presented by Prismah and Pontus Corretora are immaterial as of December 31, 2018 and 2017 (see Note 11).

2.6. Provisions

The Company recognizes provisions for expenses or obligations if: (i) it has a present or constructive obligation resulting from past events; (ii) it is likely that an outflow of funds shall be required to settle the obligation; and (iii) its value can be reliably estimated.

2.7. Segment reporting

The Company operates in the customer loyalty operational segment. Given the essentially fixed cost base of Multiplus operations, despite the fact that a decision-maker may assess the entire year presented by revenue at various levels, Multiplus´ performance is assessed as a whole, and it was concluded that there is only one operating segment.

3. New accounting standards adopted as of January 1, 2018 and pronouncements issued, but not yet effective at December 31, 2018

3.1. New accounting pronouncements adopted as of January 1, 2018

IFRS 15 – Revenue from Contracts with Customers (CPC 47)

In May 2014, the International Accounting Standard Board (IASB) issued IFRS 15 – Revenue from contracts with customers (CPC 47), which requires an entity to recognize a revenue amount that reflects the consideration that it expects to receive in exchange for goods and services transferred to a customer.

IFRS 15 supersedes all current requirements for revenue recognition and measurement, which were in accordance with pronouncement CPC 30 and appendices (including IFRIC 13), and CPC 17.

For all annual periods beginning on or after January 1, 2018, the new standard brings all aspects related to transition method models to be applied at the initial adoption of such pronouncement, including all requirements regarding the full retrospective method or modified retrospective method. The Company adopted this standard on January 1, 2018 using the full retrospective transition method.

Impacts of adoption

Although this new standard did not significantly impact the Company's current approach for recognizing its revenue, the main modification was in the presentation of the statement of profit or loss and statement of value added, since the Company changed its accounting classification from "Principal" to "Agent", consequently, revenue from reward redemption rights is now measured and disclosed net of the respective expenses incurred in the acquisition of reward redemptions (air tickets, goods and services).

The financial impacts of this change are disclosed in Notes 5 and 17.

3. New accounting standards adopted as of January 1, 2018 and pronouncements issued, but not yet effective at December 31, 2018 (Continued)

3.1. New accounting pronouncements adopted as of January 1, 2018 (Continued)

IFRS 9 – Financial Instruments (CPC48)

IFRS 9 – Financial Instruments (CPC 48) supersedes IAS 39-Financial instruments: Recognition and Measurement and all prior draft versions of IFRS 9. IFRS 9 brings together all three aspects of accounting for financial instruments for the project: classification/measurement, impairment loss and hedge accounting. IFRS 9 should be applied for all reporting periods beginning on or after January 1, 2018.

The Company adopted IFRS 9 after January 1, 2018, and such adoption did not significantly impact the interim financial information.

IFRS 2 – Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2 (CPC 10)

IASB issued amendments to IFRS 2 Share-based Payment (CPC 10) that address three main areas: (i) the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; (ii) the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and (iii) accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after January 1, 2018.

The Company adopted IFRS 2 after January 1, 2018, and such adoption did not significantly impact the financial statements, since the main modifications brought by this standard did not cover the share-based payment plans as of December 31, 2018.

3. New accounting standards adopted as of January 1, 2018 and pronouncements issued, but not yet effective at December 31, 2018 (Continued)

3.2. Pronouncements issued with effectiveness in subsequent periods

The new accounting standards recently issued, but not yet effective until the release of the financial statements are listed below. The Company intends to adopt such pronouncements, if applicable, when them become effective.

IFRS 16 – Leases (CPC 06 (R2))

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires that lessees account for all leases under a single model in the statement of financial position, similarly to accounting for finance leases under IAS 17. This standard includes two exemptions for recognition by lessees of "low value" assets (for example, personal computers) and short-term leases (i.e., with lease term of 12 months or less). IFRS 16 is effective from January 1, 2019. Management does not expect that the adoption of this standard will have a significant impact on the Company's financial information or disclosures.

IFRIC 23 – Uncertainty over income tax treatments (ICPC 22)

The Interpretation addresses the accounting of income taxes in cases where tax treatment involves uncertainty that affects the application of IAS 12 (CPC 32) Income taxes. The Interpretation specifically addresses the following: (i) whether the entity considers uncertain tax treatments separately; (ii) the assumptions that the entity makes regarding the examination of tax treatments by tax authorities; (iii) how the entity determines taxable profit (tax loss), tax bases, unused tax losses, previously unused tax credits and tax rates; (iv) how the entity considers changes in facts and circumstances.

3. New accounting standards adopted as of January 1, 2018 and pronouncements issued, but not yet effective at December 31, 2018 (Continued)

3.2. Pronouncements issued with effectiveness in subsequent periods (Continued)

IFRIC 23 – Uncertainty over income tax treatments (ICPC 22) (Continued)

The entity should determine whether it considers each tax treatment to be uncertain separately or together with one or more uncertain tax treatments. The best approach to solving uncertainty should be followed. The interpretation is effective for annual periods beginning on or after January 1, 2019, but some transition exemptions are made available.

The Company will adopt the interpretation from the date it becomes effective and evaluates that such adoption will not bring about a significant change in its financial statements and disclosures.

4. Risk management

4.1. Financial risk management

The Company is exposed to financial risks: market risk (including currency and interest rate risk), credit and liquidity risk. The definition of the rules for management of cash and financial risks is in accordance with the treasury policy approved by the Finance, Audit , Governance and Related Parties Committee.

No hedging transactions were contracted or are outstanding in the year ended December 31, 2018. The Company does not operate and trade derivative financial instruments for speculative purposes.

a. Market risks

Market risk analyses are made based on a measure of risk that quantifies the maximum expected potential economic loss under normal market conditions, given a particular time horizon and margin of confidence.

The Value at Risk (VaR) established for the Company's investments varies in accordance with the liquidity of financial assets used:

- For assets with 7 day liquidity, VaR is 0.10%;For assets with 6 month liquidity, VaR is 0.40%.

(In thousands of reais, unless otherwise stated)

4. Risk management (Continued)

4.1. Financial risk management (Continued)

a. Market risks (Continued)

As of December 31, 2018, the VaR on assets with 7-day liquidity and 6-month liquidity were 0.004% and 0.010%, respectively.

a.1) Currency risk:

The risk to which the Company is exposed stems from sale of redemption right agreements and the cost of redemption, which are linked to the US dollar and are characterized by the possibility of future cash flows being lower than projected due to variations in the foreign exchange rates. However, this risk is monitored by management and its exposure is minimized by the net effect between the amounts received from sale of redemption rights and the redemption cost. The Company is exposed to assets recorded in foreign currency, as follows:

Assets	**2018**	**2017**
Short-term investments	202,605	123,684
Accounts receivable	4,877	1,325
	207,482	125,009
Total currency exposure R$	207,482	125,009
Total currency exposure US$	53,544	37,790
Exchange rate (R$/US$)	3.875	3.308

Sensitivity analysis

The table below summarizes the financial instruments exposed to foreign currency variation sensitivity:

Parity - R$ x US$

Item of exposure	**Risk factor**	**Current scenario**	**Scenario 1 25%**	**Scenario 2 50%**	**Scenario 3 -25%**	**Scenario 4 -50%**
Short-term investments (i)	Foreign exchange gains	202,605	211,275	235,729	202,605	202,605
Accounts receivable	Foreign exchange gains	4,877	6,096	7,316	3,658	2,439

(i) The short-term investments exposed to foreign exchange variation are made through investment funds, with a defined loss limit and partial gains based on the foreign exchange variation in the year. Nevertheless, such limit does not compromise the principal amount. As of December 31, 2018, such limit totals BRL202,605 for the scenarios -25% and -50%.

(In thousands of reais, unless otherwise stated)

4. Risk management (Continued)

4.1. Financial risk management (Continued)

a. Market risks (Continued)

a.1) Currency risk (Continued)

The Company's income is exposed to variations in interest rates and the impact on interest income generated by cash and short-term investment balances. The Company holds the greater part of its cash in financial investments linked to Interbank Deposit Certificates (CDIs).

Sensitivity analysis

The sensitivity analysis below sets out the impact of fluctuations in interest rates on the outstanding balance of financial instruments, considering four scenarios in the risk variable analyzed, two adverse scenarios (decrease of 25% and 50%) and two favorable scenarios (increase of 25% and 50%):

Item of exposure	Risk factor	Current scenario	Scenario 1 25%	Scenario 2 50%	Scenario 3 -25%	Scenario 4 -50%
Short-term investments (i)	Changes in CDI (6.40%) in the year	831,749	898,289	911,597	871,673	858,365

(i) Financial investments of portfolios 1 and 2 presented in the liquidity risk item (item c).

Financial instruments

The balances of accounts payable and accounts receivable are stated at amortized cost and are not exposed to any particular risk variable.

b. Credit risk

The credit risk is related to cash and cash equivalents, derivative financial instruments, deposits in banks and financial institutions, as well as exposure to wholesale, retail and financial institution customer credit, including accounts receivable. Currently, Multiplus receivables originate mostly from financial institutions.

(In thousands of reais, unless otherwise stated)

4. Risk management (Continued)

4.1. Financial risk management (Continued)

b. Credit risks (Continued)

The Company's levels of credit exposure are as follows:

- By rating:

Exposure	Percentage of equity - %
AAA	17.73%
AA	46.64%
A	2.71%
BBB	0.00%
BB	0.00%
B	0.00%
FGC guarantee	0.06%
No classification	5.51%
Government bonds	27.40%

- Breakdown by category of assets:

Exposure (risk)	Percentage of equity - %
Fixed	14.66%
SELIC	11.86%
Interbank deposit certificates (CDI)	69.52%
Cash	0.00%
National Consumer Price Index (IPCA)	1.22%
Units of funds	0.00%

- By type:

Exposure (MTM)	Percentage of equity - %
Fixed income government bond	27.40%
Fixed income corporate bond	70.86%
Credit right investment fund (FIDC)	3.23%

(In thousands of reais, unless otherwise stated)

4. Risk management (Continued)

4.1. Financial risk management (Continued)

b. Credit risk (Continued)

- By product:

Exposure (MTM)	Percentage of equity - %
Cash	0.00%
Repurchase agreements with government bonds	13.65%
Repurchase agreements with debentures	0.00%
National Treasury Notes	0.46%
Financial Treasury Bills	11.73%
Financial Bills	24.90%
NTN-F	0.55%
CDBs	8.17%
DPGE	0.00%
Debentures	34.87%
FIDC	3.23%
Promissory notes	2.36%
Swap adjustments	-0.56%
CRI	0.10%
CCB	0.45%

c. Liquidity risk

Prudent management of liquidity risk involves: (i) maintaining sufficient cash and short-term investments to honor financial commitments, (ii) checking availability of funds by means of a suitable credit line amount, and (iii) ensuring the ability to close market positions.

The liquidity term for each of the financial investment portfolios is as follows:

(In thousands of reais, unless otherwise stated)

4. Risk management (Continued)

4.1. Financial risk management (Continued)

c. Liquidity risk (Continued)

- By type:

Portfolios	Liquidity	December 31, 2018	December 31, 2017
Portfolio 1	Up to 7 days	313,907	817,087
Portfolio 2	Up to 6 months	517,842	381,414
Forex/ structured funds	Up to 12 months	202,605	123,684
Other investments	Up to 12 months	8,124	-
Total		**1,042,478**	**1,322,185**

The Company is highly dependent on LATAM and financial institutions which together represent nearly all of its revenue regarding reward redemption rights. Any decrease in the redemption rights for points with any of the major partners, for any reason, may have a significant adverse effect on the Company.

4.2. Commercial risk management

a. Risks related to redemption of points

The Company's main operating cost is the acquisition of points from coalition partners and goods, for the delivery of rewards to network members. Part of the Company's income stems from points accrued, which are not redeemed by members and is known as breakage. A reduction in breakage is projected to the extent that the Company expands its network of business partnerships. The Company expects to neutralize the expected reduction of breakage through its pricing policy for the sale of the business partner redemption rights. If the points are not priced properly, or the volume of redemptions exceeds the Company's expectations, profitability may be affected.

b. Risk related to competition
The growth of the market in which the Company operates may increase competition partially diverting business that partners or members currently have with the Company, or may have in the future, including rewards acquired.

4. Risk management (Continued)

4.2. Commercial risk management (Continued)

b. Risk related to competition (Continued)

The factors mitigating the increase in this risk are: (i) exclusivity clauses: agreements between Multiplus and coalition partners contain exclusivity clauses and an average duration of approximately 2 years, (ii) current competitors: the Company already competes with airline loyalty programs and other individual programs, particularly in the relationship with financial institutions and (iii) the positive effect on the market: the emergence of other loyalty programs that serve to spread and build awareness of the loyalty program concept by members, favoring the growth of the market as a whole.

4.3. Operational risk management

a. Technological risk

Multiplus adopts cutting-edge technology in its systems and in its IT infrastructure updating those assets while seeking to minimize the exposure to risks caused by technological obsolescence. To do so, it continuously invests in renovation and IT upgrades, including hardware, software, processes and professionals, in addition to maintaining an active operational continuity plan that prevents the Company from posting losses in the event of accidents.

b. Fraud risk

The Company adopted a stringent right of access and responsibilities policy for employees and partners. The segregation of duties, audit trails and cross-checking of information on its systems and business processes as well as safeguards are also methods used by the Company. These are continuously reviewed and updated.

c. Risk from processes

The Company's complex technological operations means that the impact of changes to systems and processes represents a major risk to the business, and therefore, must be very well planned and executed. The Company adopts rigorous change management control which features production, approval and integration environments that are segregated and replicated. The Company also has strict documentation, approval, testing and acceptance procedures for systems and documentation.

(In thousands of reais, unless otherwise stated)

4. Risk management (Continued)

4.4. Fair value estimate

The Company classifies its financial instruments measured at fair value using the following hierarchy of valuation techniques:

- Level 1: prices quoted (without adjustments) on active markets for identical assets or liabilities;Level 2: inputs different from prices traded in active markets, included in Level 1, which are used by the market for assets or liabilities directly or indirectly; and Level 3: techniques using data that have a significant effect on fair value recorded which are not based on observable market data.

The following table presents the Company's financial instruments measured at fair value:

	December 31, 2018	
	Level 1	**Total**
Short-term investments		
Open ended investment fund	**131,029**	**131,029**
Exclusive investment funds	**700,720**	**700,720**
Foreign exchange/structured funds	**202,605**	**202,605**
Other investments	**8,124**	**8,124**
	1,042,478	**1,042,478**

	December 31, 2017	
	Level 1	**Total**
Short-term investments		
Open ended investment fund	195,521	195,521
Exclusive investment funds	1,002,980	1,002,980
Foreign exchange/structured funds	123,684	123,684
	1,322,185	1,322,185

(In thousands of reais, unless otherwise stated)

4. Risk management (Continued)

4.4. Fair value estimate (Continued)

The breakdown of financial instruments registered in the Company's statement of financial position as of December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Loans and receivables		
Cash and cash equivalents	**63,285**	969
Accounts receivable	**302,717**	237,709
	366,002	238,678
Assets measured at fair value through profit or loss		
Short-term investments	**1,042,478**	1,322,185
	1,042,078	1,322,185
Liabilities measured at amortized cost		
Accounts payable	**194,232**	238,692
	194,232	238,692

It is estimated that cash and cash equivalents, trade accounts receivable and payable are recorded at carrying amounts that approximate their fair market value given the short-term nature of the transactions undertaken.

4.5. Capital management

The Company manages its capital to ensure the continuity of its normal operating activities, while maximizing the return to all interested parties or those involved in its operations. The Company is not subject to any externally imposed capital requirements.

The Company holds the greater part of its cash in financial investments linked to Interbank Deposit Certificates (CDIs). Financial investments are held primarily in open ended, restricted or exclusive investment funds, which are under the discretionary management of third parties. The custody and administration of the funds vary in accordance with each example and in the case of restricted investment funds, are independent of managers. Furthermore, the funds are independently audited and are overseen by the CVM. The main features of the investment portfolio are as follows:

- Portfolio dynamics - managers can change the composition of the portfolio at any time, at their discretion, within the limits of the regulations of each fund. Accordingly, the sensitivity analysis for the assumptions in maintaining the current portfolio at December 31, 2018 may be jeopardized and may lead to incorrect conclusions.

(In thousands of reais, unless otherwise stated)

4. **Risk management** (Continued)

4.5. Capital management (Continued)

- Risk-control – fund regulations set limits for equity allocated by type of asset and issuer as well as establishing the transactions that are permitted and whether derivatives can be used to hedge spot positions. The Company, together with an independent consultant, evaluates the fund portfolio for which it is unit holder on a monthly basis to ensure it is in compliance with its treasury policy.

- Restrictions imposed by regulation - the exclusive and restricted fund regulations expressly prohibit any leveraging. In addition to the risk limits stated above, there are additional limits on allocation in asset classes with greater volatility.

Company management monitors capital based on the financial leverage ratio as follows:

	December 31, 2018	**December 31, 2017**
Total liabilities	1,374,326	1,481,743
(-) Reward redemption rights	(1,131,043)	(1,179,897)
Net debt (1)	243,283	301,486
Total equity	250,279	239,757
Total capital (2)	493,562	541,603
Financial leverage ratio - (1)/(2)	49.3%	55.7%

5. Restatement of prior year disclosure and reclassification for comparability purposes

As a result of the initial adoption of IFRS 15, the Company reviewed its financial statements as of December 31, 2017 as though the new standard had been effective in that period. In addition, for better comparability and in order to improve the quality of the accounting information, the Company made reclassifications in the comparative figures.

The financial statements as of December 31, 2017 which were affected by such changes are:

- Statement of profit or loss

  Revenue from reward redemption rights – Once the Company changed its accounting classification from “Principal” to “Agent”, the revenue from reward redemption rights is now measured and disclosed net of the respective expenses incurred in the acquisition of reward redemptions (air tickets, goods and services).

  Selling and marketing expenses – the Company made reclassifications of certain expenses incurred in the provision of marketing services from general and administrative expenses to selling expenses.

- Statement of value added

  Effect of adjustments on the statement of profit or loss – as a result of the reclassifications made by the Company in its statement of profit or loss for the year ended December 31, 2017, it was necessary to reclassify the amount of: (i) BRL1,697,806 and BRL1,457 from operating costs to revenues and federal taxes lines respectively.

  Board compensation – the Company reclassified the amount of BRL1,082 previously disclosed as materials, energy, third-party services and other expenses to personnel – benefits.

See below the new statements considering the changes mentioned above:

(In thousands of reais, unless otherwise stated)

5. Restatement of prior year disclosure and reclassification for comparability purposes (Continued)

5.1 Statement of profit or loss

	Year ended December 31, 2017			
	Prior year	IFRS 15 Impact	Reclassification	Restated
Net revenue	2,309,768	(1,540,758)	-	769,010
Operating costs	(1,562,483)	1,540,758	-	(21,725)
Gross margin	747,285	-		747,285
Selling expenses	(41,193)	-	(4,474)	(45,667)
General and administrative expenses	(154,530)	-	4,474	(150,056)
Other revenues	34,178	-	-	34,178
Equity pickup	(3,049)	-	-	(3,049)
Income before net finance income (costs) and income and social contribution taxes	582,691	-	-	582,691
Finance income	161,713	-	-	161,713
Finance costs	(34)	-	-	(34)
Finance income/(costs)	161,679	-	-	161,679
Income before income and social contribution taxes	744,370	-	-	744,370
Income and social contribution taxes	(227,174)	-	-	(227,174)
Net income for the year	517,196	-	-	517,196
Earnings per share - R$				
Basic earnings per share	3.1901	-	-	3.1901
Diluted earnings per share	3.1888	-	-	3.1888

(In thousands of reais, unless otherwise stated)

5. Restatement of prior year disclosure and reclassification for comparability purposes (Continued)

5.2 Statement of value added

	Year ended December 31, 2017			
	Prior year	IFRS 15 Impact	Reclassification	Restated
Revenue				
Reward redemption rights and breakage	2,549,851	(1,697,806)	-	852,045
Other revenue	34,178	-	-	34,178
Allowance for doubtful accounts	-	-	-	-
	2,584,029	(1,697,806)	-	886,223
Inputs acquired from third parties				
Operating costs	(1,716,433)	1,697,806	1,457	(17,170)
Materials, energy, third-party services and other expenses	(97,433)	-	1,082	(96,351)
	(1,813,866)	1,697,806	2,539	(113,591)
Gross value added	770,163	-	2,539	772,702
Reductions				
Depreciation and amortization	(27,719)	-	-	(27,719)
Net value added produced	742,444	-	2,539	744,983
Value added received in transfer				
Equity pickup	(3,049)	-	-	(3,049)
Finance income	169,633	-	-	169,633
Total value added to be distributed	909,028	-	2,539	911,567
Personnel				
Direct compensation	(55,978)	-	-	(55,978)
Benefits	(6,327)	-	(1,082)	(7,409)
INSS/FGTS	(15,044)	-	-	(15,044)
Taxes, charges and contributions				
Federal	(312,507)	-	(1,457)	(313,964)
Debt remuneration				
Interest	(34)	-	-	(34)
Rentals	(1,942)	-	-	(1,942)
Equity remuneration				
Retained profits for the year	(517,196)	-	-	(517,196)
Value added distributed	(909,028)	-	(2,539)	(911,567)

(In thousands of reais, unless otherwise stated)

6. Short-term investments

	December 31, 2018	December 31, 2017
Open ended investment fund	**131,029**	195,521
Exclusive investment funds (i)	**700,720**	1,002,980
Foreign exchange/structured funds	**202,605**	123,684
Other investments	**8,124**	-
	1,042,478	1,322,185

(i) Exclusive fund: Investment fund where investment funds units are intended for qualifying investors and are set up to receive investment from a single unit holder.

Profitability for 2018 was 6.59% (10.30% as of December 31, 2017), comprised of open ended mutual funds and exclusive investment funds.

7. Accounts receivable

	December 31, 2018	December 31, 2017
Trade accounts receivable:		
Third parties	**258,234**	216,280
Related parties	**44,852**	21,429
	303,086	237,709
(-) Allowance for doubtful accounts (i)	**(369)**	-
	302,717	237,709

(i) In 2018, with effectiveness of Accounting Pronouncement CPC 48 - Financial Instruments (IFRS 9), the Company reviewed its internal policy for estimating losses related to accounts receivable, adjusting it to the new requirements brought by the pronouncement at issue and, as a result, a reserve for estimated losses on accounts receivable was recognized in the amount of R$(369).

The statement of financial position breakdown by due date is presented as follows:

	December 31, 2018	December 31, 2017
Falling due	**282,891**	217,563
Past due:		
Within 60 days	**7,788**	19,991
From 61 to 90 days	**5,763**	152
From 91 to 180 days	**4,334**	3
From 181 to 360 days	**2,310**	-
	303,086	237,709

8. Related parties

8.1 Agreements

Balances and transactions with related parties substantially reflect agreements entered into by and between the Company and LATAM, as summarized below.

a) Operating agreement

This establishes the terms and conditions governing the relationship between the Company and LATAM, as regards: (i) continued enjoyment by LATAM customers participating in the program of the benefits of the Program through use of the points granted thereby and (ii) redemption of points by members of the program through the Multiplus Network. It also establishes the conditions for the sale of point redemption rights, the purchase and sale of airfares, the use of the database, management of the LATAM Travel Program and respective remuneration. The terms and conditions, including due dates, for the transactions conducted between the related parties are in accordance with the agreement entered into between the Company and LATAM and the balances and transactions are summarized below.

As disclosed in Note 1.1 – Significant changes for the year, the Company announced to its shareholders and the market by means of a Material News Release that TAM Linhas Aéreas S.A. does not envisage extending or renewing the Operating Agreement with Multiplus, and that a Unified Public Offering of Acquisition of Common Shares of the Company's Issue shall be made for cancellation of Multiplus' registration as a publicly traded company.

The Company is highly dependent on LATAM, given that a significant portion of its redemption of points and, consequently, the corresponding revenue recognition, is contingent upon completely performing the operating agreement entered into by the two companies. Any decrease in redemptions carried out by loyalty program members stemming from this partnership could adversely affect Multiplus income.

b) Shared services agreement

This establishes the terms, conditions and remuneration to be paid by the Company to LATAM for use of administrative services (IT services). In the year ended December 31, 2018, the Company recognized expenses in P&L of R$758 (R$642 as of December 31, 2017) for the use of administrative services.

8. Related parties (Continued)

8.1 Agreements (Continued)

c) Commitments on advance on the purchase and sale of airfares
On August 9, 2016, upon recommendation of the Audit, Finance, Governance and Related Parties Committee, the Company's Board of Directors approved a limit increase for prepayment for the purchase of airline tickets from TAM Linhas Aéreas S.A., from R$500 million to R$640 million, without any change in the other conditions in force for the operation was approved by the Board of Directors of the Company.

This advance is undertaken at market interest rates and funds can only be used for the purchase of airfares redeemed by members in accordance with conditions set out in the operating agreement.

As of December 31, 2018, there are no outstanding balances referring to advances.

d) Agreement for asset acquisition and debt assumption

On September 28, 2017, an agreement was executed for expansion of the Company's international operations, announced in a Material News Release, with unrestricted access to the flights of the airlines that make up the LATAM group, and the right to operate exclusively in Brazil, Paraguay, Mexico, United States, Canada and all European countries. In addition, LATAM, through its loyalty program "LATAM Pass", would have the right to operate exclusively in Chile, Argentina, Peru, Ecuador, Colombia, Venezuela, Uruguay, Bolivia, all Central America countries and other regions not exclusively operated by Multiplus.

Through this transaction, both companies, as part of the same Group, have guaranteed their exclusivity to operate in the regions determined in the agreement for the Company and LATAM, with no conflict with each other, and such agreement led to the growth for both companies in terms of maximization of market opportunities in such regions. As a result, all loyalty program members from LATAM Pass were transferred to Multiplus loyalty program and vice-versa, in line with the operating areas covered for both companies in accordance with the agreement.

On May 9, 2018, the migration process of the loyalty program members from LATAM Pass to Multiplus was concluded.

(In thousands of reais, unless otherwise stated)

8. Related parties (Continued)

8.1 Agreements (Continued)

d) Agreement for asset acquisition and debt assumption (Continued)

This migration resulted in the recognition of a Customer portfolio and all criteria to recognize Intangible Assets have been met in accordance with IAS 38 - Intangible assets (CPC 04). Measurement of the assets and determination of their useful lives were conducted by a specialized third-party firm. The Customer portfolio was measured in the amount of BRL70,069 and the period for asset amortization is 14 years.

As a match to the intangible assets recorded, the Company assumed the corresponding obligations with the loyalty program members from LATAM Pass, that is, the members' right to redeem the points by exchanging them for air tickets with mileage points accumulated. Debt assumed totaled BRL68,761, and the remaining portion of the assets acquired was paid in cash, in the total of BRL1,308.

8.2 Balances

	LATAM	LATAM Travel	Multiplus Corretora	Comprei Pontuei	LATAM Chile (iii)	Total
At December 31, 2018						
Current assets						
Accounts receivable	**39,184**	**4,734**	**312**	**451**	**171**	**44,852**
	39,184	**4,734**	**312**	**451**	**171**	**44,852**
Current liabilities						
Trade accounts payable (i)	**107,106**	**11,197**	**-**	**-**	**-**	**118,361**
Reward redemption rights (ii)	**25,260**	**2,441**	**600**	**2,505**	**-**	**30,806**
	132,366	**13,638**	**600**	**2,505**	**-**	**149,167**
At December 31, 2017						
Current assets						
Accounts receivable	18,296	1,055	652	1,426	-	21,429
	18,296	1,055	652	1,426	-	21,429
Current liabilities						
Trade accounts payable (i)	99,318	19,644	-	-	-	118,962
Reward redemption rights (ii)	40,144	7,831	567	1,274	-	49,816
	139,462	27,475	567	1,274	-	168,778

(i) Refers to the purchase of tickets from LATAM as well as tour packages by Multiplus on a monthly basis.
(ii) Balance of deferred revenue arising from the sale of Multiplus points to LATAM and LATAM Travel, Multiplus Corretora and Comprei Pontuei.
(iii) Balance of accounts receivable related to the customer portfolio (members of Latin American countries, except for Paraguay) sold to LATAM Chile.

(In thousands of reais, unless otherwise stated)

8. Related parties (Continued)

8.3 Transactions

Transactions with related parties that affected P&L are as follows:

	LATAM	LATAM Travel	Multiplus Corretora	Comprei Pontuei	LATAM Chile	Total
At December 31, 2018						
Reward redemption rights (i)	**141,368**	**21,263**	**850**	**5,150**	**-**	**168,631**
Breakage revenue	**75,753**	**7,939**	**(155)**	**-**	**-**	**83,537**
Reward redemption expenses (ii)	**(1,588,884)**	**(8,492)**	**-**	**-**	**-**	**(1,597,376)**
General and administrative expenses(iii)	**(758)**	**-**	**-**	**-**	**-**	**(758)**
Other revenues (iv)	**-**	**-**	**-**	**-**	**564**	**564**

	LATAM	LATAM Travel	Multiplus Corretora	Comprei Pontuei	LATAM Chile	Total
At December 31, 2017						
Reward redemption rights (i)	156,667	2,467	534	191	-	159,859
Breakage revenue	99,304	1,331	-	-	-	100,635
Reward redemption expenses (ii)	(1,430,472)	(13,842)	-	-	-	(1,444,314)
General and administrative expenses(iii)	(642)	-	-	-	-	(642)
Other revenues (iv)	-	-	-	-	-	-

(i) This amount refers to the recognition of reward redemption rights from sale of Multiplus points to LATAM and LATAM Travel allocated to P&L for the year, Multiplus Corretora and Comprei Pontuei.
(ii) Gross amount for the purchase of air tickets and LATAM Travel packages as a reward for members.
(iii) This amount refers to compensation paid to LATAM for provision of shared services under the shared service agreement.
(iv) Other revenues regarding the customer portfolio (members of Latin American countries, except for Paraguay) sold to LATAM Chile.

8.4 Key management personnel compensation

Key management personnel include members of the Board of Directors, the Chief Executive Officer and Statutory Officers. The compensation paid or payable to key management for their services is shown below:

	2018	2017
Short-term benefits		
Board of Directors' fees	**999**	1,081
Salaries and profit sharing/bonus	**8,514**	8,702
Defined contribution pension plan	**236**	177
Income and social contribution taxes	**1,822**	1,588
	11,571	11,548
Share based payment	**1,376**	1,915
	12,947	13,463

No long-term post-employment benefits were offered to key members of management at December 31, 2018.

(In thousands of reais, unless otherwise stated)

9. Taxes recoverable

At December 31, 2018, federal taxes (IRPJ, CSLL, PIS and COFINS) are broken down as follows:

	December 31, 2018	December 31, 2017
Federal taxes recoverable (i)	**79,390**	89,182
Federal taxes payable	**(51,185)**	(38,994)
	28,205	50,188

10. Deferred and current income and social contribution taxes

The deferred tax measurement which is recognized on temporary differences arising from differences between the tax and accounting bases reflects the tax consequences in accordance with the manner under which the Company expects to recover or settle the carrying amount of its assets or liabilities. The amounts are calculated based on the rates provided in tax legislation in force on the statement of financial position dates.

Changes in deferred income and social contribution tax assets and liabilities in the year ended December 31, 2018, not taking into consideration the offset of balances within the same tax jurisdiction, are as follows:

(In thousands of reais, unless otherwise stated)

10. Current and deferred income and social contribution taxes (Continued)

	December 31, 2017	(Debit) credit to statement of profit or loss	December 31, 2018
Provision for profit sharing (PLR)	4,680	(4,680)	**-**
Breakage revenue provision	(19,023)	(1,221)	**(20,244)**
Provision for costs to be incurred	1,479	(604)	**875**
Other	414	85	**499**
Deferred income and social contribution taxes	(12,450)	(6,420)	**(18,870)**

	December 31, 2016	(Debit) credit to statement of profit or loss	December 31, 2017
Provision for profit sharing (PLR)	4,538	142	**4,680**
Allowance for doubtful accounts (PCLD)	(1)	1	**-**
Breakage revenue provision	(19,236)	213	**(19,023)**
Provision for costs to be incurred	109	1,370	**1,479**
Other	387	27	**414**
Deferred income and social contribution taxes	(14,203)	1,753	**(12,450)**

(In thousands of reais, unless otherwise stated)

10. Current and deferred income and social contribution taxes (Continued)

	2018	2017
Current taxes	**(160,323)**	(228,927)
Deferred taxes	**(6,420)**	1,753
	(166,743)	(227,174)

Income and social contribution taxes stated in the statement of profit or loss are reconciled to the statutory tax rates, as follows:

	2018	**2017**
Pre-tax income	**523,142**	744,370
Statutory income tax rate - %	**34%**	34%
Income and social contribution taxes at nominal rate	**(177,868)**	(253,086)
Nondeductible (income) expenses:		
Share based payment plan	**(468)**	(651)
Tax credits on IOE paid	**5,928**	8,519
Tax incentive - cultural projects	**3,572**	4,081
Tax benefit – *Lei do bem*	**2,666**	2,517
Other tax credits (i)	**-**	11,616
Equity pickup	**(584)**	(1,037)
Other	**11**	867
Income and social contribution tax expenses	**(166,743)**	(227,174)
Current taxes	(160,323)	(228,927)
Deferred taxes	(6,420)	1,753
Effective rate - %	**31,9%**	30.5%

(i) The tax credits included in the effective tax rate computation as of December 31, 2017 refer to the recognition of the federal taxes recoverable arising from the request for the refund of income and social contribution taxes.

(In thousands of reais, unless otherwise stated)

11. Investments

Amounts recorded as investments are represented by transactions carried out in the following companies:

- Prismah Fidelity, officially named as "Comprei, Pontuei" [buy and score], whose main purpose is to offer the best experience of accumulation of points, innovation and a practical approach toward purchases of products of the main national and international brands.

- Multiplus Corretora de Seguros Ltda., officially known as Multiplus Corretora, whose purpose is the development of business relating to insurance brokerage services.

a. Changes in investments

	Comprei, Pontuei	**Multiplus Corretora**	**Total**
December 31, 2017	846	296	1,142
Capital contribution	**1,602**	**24**	**1,626**
Equity pickup	**(1,017)**	**(699)**	**(1,716)**
Other	**(54)**	**-**	**(54)**
December 31, 2018	**1,377**	**(379)**	**998**
Balances as at December 31, 2018			
Investments	**1,377**	**-**	**1,377**
Provision for investee losses	**-**	**(379)**	**(379)**

b. Information on investees

Multiplus Corretora

Investee figures	**December 31, 2018**	**December 31, 2017**
Current assets	526	1,273
Total assets	**526**	**1,273**
Current liabilities	905	977
Total liabilities	**905**	**977**
Equity	**(379)**	**296**
Net sales	3,876	2,682
Expenses for the year	(4,575)	(4,632)
Loss for the year	**(699)**	**(1,950)**

(In thousands of reais, unless otherwise stated)

11. Investments (Continued)

b. Information on investees (Continued)

Comprei, Pontuei

Investee figures	December 31, 2018	December 31, 2017
Current assets	2,626	2,008
Noncurrent assets	535	639
Total assets	**3,161**	**2,647**
Current liabilities	1,784	1,801
Total liabilities	**1,784**	**1,801**
Equity	**1,377**	**846**
Net sales	6,938	1,508
Expenses for the year	(7,955)	(2,607)
Loss for the year	**(1,017)**	**(1,099)**

c. Relevant financial information for consolidation purposes

The Company decided not to proceed with the consolidation process of its investees, since the revenues and expenses presented by Prismah and Pontus Corretora are immaterial as of December 31, 2018 and 2017.

12. Intangible assets

The assets generated internally can be summarized as software and new products developed by the Company, and the other assets are primarily software licenses purchased by the Company from its suppliers.

Capitalization is made based on cost incurred; amortization is calculated over the estimated useful lives of the assets, which may vary between three and fourteen years. Expenses with software maintenance are recognized in P&L for the year when incurred.

(In thousands of reais, unless otherwise stated)

12. Intangible assets (Continued)

a. Changes in intangible assets

	Generated internally	Other intangible assets	Total
December 31, 2016	38,606	50,449	89,055
Additions	5,432	20,.805	26,237
Write-offs	(338)	-	(338)
Transfers	(1,987)	1,987	-
Amortization	(14,408)	(6,295)	(20,703)
December 31, 2017	27,305	66,946	94,251
Carrying amount	76,076	116,795	192,871
Accumulated amortization	(48,771)	(49,849)	(98,620)
December 31, 2017	27,305	66,946	94,251
Additions (i)	**24,117**	**83,274**	**107,391**
Disposals	**(1,493)**	**(429)**	**(1,922)**
Transfers	**5,879**	**(5,879)**	**-**
Amortization	**(11,132)**	**(10,334)**	**(21,466)**
December 31, 2018	**44,676**	**133,578**	**178,254**
Carrying amount	**104,579**	**193,761**	**298,340**
Accumulated amortization	**(59,903)**	**(60,183)**	**(120,086)**
December 31, 2018	**44,676**	**133,578**	**178,254**

(i) On May 9, 2018, the Company recorded a Customer portfolio in Intangible assets, totaling BRL70,069, of which R$68,761 was settled through assumption of debt, and the remaining portion of the acquired asset, totaling R$1,308, was settled in cash, as mentioned in Note 8. Other additions in the year are related to development of the current and new software programs to improve the Company's process on an ongoing basis.

13. Trade accounts payable

	December 31, 2018	December 31, 2017
Accounts payable		
Third parties	**75,871**	119,730
Related parties	**118,361**	118,962
	194,232	238,692

(In thousands of reais, unless otherwise stated)

14. Reward redemption rights

The Company sells reward redemption rights by issuing Multiplus points to its partners. Initially, the transactions are recorded as reward redemption rights under current liabilities matched against accounts receivable.

The points awarded, which the members are entitled to redeem, may be redeemed by exchanging them for products or services acquired in the network of partners within the Multiplus Market Place.

When members decide to exercise their redemption rights, by exchanging accumulated points for goods or services offered by the network of partners, this obligation is deducted from the expenses incurred in the purchase of goods or services from such partners to be delivered to members, and then the Company recognizes revenue.

The amounts recorded in the Reward redemption rights group are measured at fair value at the time the points are sold to the partners, and recognized as the price of the performance obligation at the time the members exercise their rights, i.e. the reward redemption rights. This loyalty program liability is recorded based on the number of outstanding points and an estimate of the points that will expire without being used by members. At Multiplus, the points expire within two years from the issue date, although for some members this deadline could be longer, according to the Program's regulations.

This balance is broken down as follows:

	December 31, 2018	December 31, 2017
Reward redemption rights	**1,009,615**	1,028,077
Breakage revenue provision	**121,428**	151,820
	1,131,043	1,179,897

15. Equity

a) Capital

	December 31, 2018	December 31, 2017
Capital (registered and paid in)	107,300	107,300
Total common shares (number)	162,246,573	162,246,573
LATAM AirLines	**72.74%**	72.74%
Other	**27.26%**	27.26%
	100.00%	100.00%

b) Share issue costs

Share issue costs incurred in the going public process on February 5, 2010 totaled R$ 23,322, net of taxes.

(In thousands of reais, unless otherwise stated)

15. Equity (Continued)

c) Share-based compensation

The cumulative amount recognized in equity relating to the expenditure incurred with the share based compensation plan totaled BRL 20,909 as of December 31, 2018 (BRL 22,666 as of December 31, 2017).

d) Income reserve

The income reserve is comprised of the following reserves: (i) legal reserve in accordance with the percentages provided in Brazilian legislation and (ii) retained profits, in accordance with management's proposal at the General Shareholders' Meeting.

e) Payment of dividends and interest on equity (IOE)

	December 31, 2018	**December 31, 2017**
Net income for the year	**356,399**	517,196
(-) Allocation to the legal reserve-5% (i)	**-**	-
Profits to be distributed	**356,399**	517,196
Mandatory minimum dividends - 25%	**89,100**	129,299
Total distribution	**356,399**	517,196
(-) Dividends paid in advance	**(214,310)**	(383,103)
(-) Interest on equity paid in advance	**(9,230)**	(15,555)
(-) Withholding Income Tax (IRRF) on IOE	**(1,634)**	(2,938)
Retained profits - Proposed additional dividends	**131,225**	115,600
Income reserves to be allocated – additional proposed dividend (ii)	**131,225**	115,600

(i) In 2018 the legal reserve is recorded at the statutory limit (20% of capital).

(ii) Refers to the income reserves proposed management at the General Shareholders' Meeting for approval of surplus value and the mandatory minimum dividends in accordance with the Company's articles of incorporation.

In the year ended December 31, 2018, the Company conducted the following payment of dividends and interest on equity:

(In thousands of reais, unless otherwise stated)

15. Equity (Continued)

e) Payment of dividends and interest on equity (IOE) (Continued)

Decision	Payment date	Type	2018 Gross amount	Per share	Net amount	Per share
BDM* - 3/7/2018 - Ref. 2017	4/3/2018	Dividends	**109,205**	0.6741	**109,205**	0.6741
		IOE	**6,390**	0.0394	**5,430**	0.0335
BDM* - 5/8/2018 - Ref. 2018	6/12/2018	Dividends	**89,363**	0.5516	**89,363**	0.5516
		IOE	**3,917**	0.0242	**3,329**	0.0205
BDM* - 9/6/2018 - Ref. 2018	9/17/2018	Dividends	**66,670**	0.4115	**66,670**	0.4115
		IOE	**3,566**	0.0220	**3,030**	0.0187
BDM* - 11/7/2018 - Ref. 2018	12/13/2018	Dividends	**58,277**	0.3597	**58,277**	0.3597
		IOE	**3,381**	0.0209	**2,872**	0.0177
			340,769		**338,176**	

* BDM: Board of Directors' Meeting

f) Treasury shares

On March 9, 2018, the Company announced the buyback of 264,261 shares, totaling BRL8,717, in a Material News Release. The Company acquired its own shares to be held in treasury or to fulfill the share-based compensation plan, approved by the Board of Directors on May 21, 2014, when restricted shares were granted to Company executives. The share buyback did not reduce capital and this transaction followed the requirements described in CVM Ruling No. 10/80.

As a result of the changes made in the share-based compensation plan throughout the year, as disclosed in Note 16, the Company held in treasury 225,750 shares as of December 31, 2018 (113,974 shares as of December 31, 2017) for the amount of BRL32.99 per share, totaling BRL7,447 (BRL4,096 as of December 31, 2017).

16. Share-based payment plan

The share-based payment plan is measured at the fair value of the equity instruments at the grant date. The expense is recognized in profit and loss for the year during the vesting year, based on estimates of what stock options shall be acquired and matched against equity. The Company has the following share-based payment agreements:

i) Stock option program (payable in equity securities)

At the Special General Meeting (SGM) held on October 4, 2010, Company shareholders approved a maximum dilution of 3% for the number of outstanding shares that could be used by the Board of Directors to grant stock options to employees.

(In thousands of reais, unless otherwise stated)

16. Share-based payment plan (Continued)

i) Stock option program (payable in equity securities) (Continued)

	Number of outstanding shares	Average exercise price
December 31, 2017	316,025	44,12
Exercised (i)	(68,525)	33,06
December 31, 2018	**247,500**	**51,25**

(i) Exercise of the 4th extraordinary grant on January 23, 2018.

The stock options are valued by the Black-Scholes pricing model. Variations in the stock options, together with the variables used for valuation of stock options granted are shown below. The exercise price is adjusted by the General Market Price Index (IGP-M), from the date of grant of the options to the date the options are exercised.

At December 31, 2018, the assumptions used for fair value calculation of the stock options granted were as follows:

	3rd Grant	4th Grant	Total
Grant date	4/16/2012	4/3/2013	
Date of last modification	N/A	N/A	
Number of shares	378,517	566,491	**945,008**
Exercise price on grant date after modification	31.41	38.59	
Risk free interest rate - %	10.30	7.16	
Expected earnings from dividend - %	4.17	4.49	
Volatility of shares in market - %	32.78	34.56	
Price on stock market on grant date - BRL	38.36	30.60	
Price on stock market on date of last modification – BRL	N/A	N/A	
Fair value on grant date – BRL	14.68	6.53	
Fair value on modification date – BRL	N/A	N/A	
Average adjusted exercise price – 12/31/2018	**46.81**	**53.00**	
Number of outstanding shares – 12/31/2018	**84,249**	**163,251**	**247,500**
Value of outstanding stock options – 12/31/2018 - BRL	**3,943,516**	**8,652,438**	**12,595,954**

Projected volatility is based on historical volatility of the Company's shares traded on the stock exchange. The average remaining contractual life is based on a projection of stock options exercised.

(In thousands of reais, unless otherwise stated)

16. Share-based payment plan (Continued)

ii) Restricted stock plan (payable in equity securities)

On March 8, 2016, the Board of Directors decided to approve the granting of a total of 138,282 restricted shares to Company executives.

These shares will be purchased by the Company from the market and delivered to executives on settlement. Accordingly, the Company is recognizing the expense equivalent to the plan matched against the income reserve in equity, which will be used for future acquisitions of these shares. The expense is calculated by determining the present value of the exercise price multiplied by the number of shares, allocated over the term of the plan.

The beneficiaries' rights with respect to restricted shares shall only be fully acquired if the following conditions are cumulatively identified:

(a) Achievement of the performance target set by the Board of Directors such as the return on invested capital.

(b) The beneficiary must remain continuously employed as a Company manager or employee for the year from the grant date and the dates described below, for acquisition of the following fractions: (i) 1/3 (one third) two years after the grant date; (ii) 1/3 (one third) three years after the grant date; and (iii) 1/3 (one third) four years after the grant date.

Changes in restricted shares at December 31, 2018 are as follows:

	Number of shares
December 31, 2017	309,710
Exercised	(83,958)
Not acquired due to dismissal	(8,916)
December 31, 2018	**216,836**

17. Net sales

Effective January 1, 2018, the Company adopted IFRS 15 – Revenue from Contracts with Customers (CPC 47 – Revenue from Contracts with Customers), using the full retrospective transition method. This standard should be applied to all contracts with customers, except for contracts that are within the scope of other pronouncements such as leases, insurance, collaboration arrangements and financial instruments. In accordance with this new standard, an entity should only recognize a revenue amount that reflects the consideration that it expects to receive in exchange for goods and services transferred to a customer.

To determine revenue recognition and measurement for arrangements that an entity determines are within the scope of IFRS 15 (CPC 47), the entity should perform the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

The Company analyzed its contracts with customers considering the following aspects:

17.1. Contracts with customers

a) Identification of contracts:

An entity shall account for a contract with a customer that is within the scope of IFRS 15 (CPC 47) only when all of the following criteria are met: (i) when the parties to the contract have approved the contract (in writing or orally) and are committed to perform their respective obligations; (ii) when an entity can identify each party's rights regarding the goods or services to be transferred; (iii) when the entity can identify the payment terms for the goods or services to be transferred; (iv) when the contract has commercial substance; (v) when it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Based on these five steps, the Company understands that all contracts held with its customers as at December 31, 2018 are within the scope determined by the new standard, and that all of them met the requirements of IFRS 15 (CPC 47).

17. Net revenue (Continued)

17.1. Contracts with customers (Continued)

b) Performance obligation

A performance obligation is a promise in a contract to transfer goods or services to a customer.

Although the new standard did not significantly impact the Company's current revenue recognition when the performance obligation is satisfied, the Company analyzed most of its customer contracts and determined that for all contracts with customers there is only one single performance obligation to be satisfied before recognizing revenue. The Company's performance obligation is satisfied only when Multiplus fulfills the redemption rights of loyalty program members, that is, fulfills their redemption rights by making the exchange of Multiplus points for goods and services possible for the members of the loyalty programs.

As of December 31, 2018, there are no contracts in force under which the Company should apply the multiple element approach to identify performance obligations.

c) Transaction price and revenue recognition

Determining the price

The price of each obligation is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer.

The Company determined that the price of its performance obligation should be the amount recorded under liabilities as Reward redemption rights deducting the expenses incurred to acquire the goods or services redeemed by members.

Price allocation and revenue recognition

The performance obligation is satisfied when Multiplus points are exchanged by the program members and the transaction expense is known, so that the correspondent portion of the Reward redemption rights can be properly measured and recognized in P&L.

17. Net revenue (Continued)

17.2. Significant judgments in the application of the standard

a) Principal versus Agent - Considerations

Based on IFRS 15 (CPC 47), an entity is a Principal if it controls promised goods or services before transferring such goods or services to the customer. An entity is an Agent if its performance obligation is to arrange for the supply of goods or services by another party, in other words, an agent does not control the promised goods or services before they are transferred to the customer.

As a result of the initial adoption of IFRS 15 (CPC 47), since the new pronouncement clarified various aspects of principal versus agent considerations, the Company understands that the main modification is the change of its accounting classification from “Principal” to “Agent”.

IFRS 15 establishes certain elements (but not limited to them) that should be evaluated by the entities in determining the classification of the concepts of Principal or Agent. To change the Company’s classification, the following aspects were considered:

- Preliminary responsibility for fulfilling the contract: to determine which party is responsible, the entity should consider who has the obligation to fulfill all promises in the contract with the customer, regarding: (i) support to the customer after the sale; (ii) risk of customer disputes; and (iii) responsibility for releasing the goods and services in the conditions engaged by the customers. Based on these aspects, the Company understands that the fulfillment of such obligations to the members of the programs remains with its partners.

- Inventory risk: when an entity assumes the inventory risk in case of loss, damage or defective products, obsolescence and risk of sales return, such entity should be considered as Principal. However, to fulfill its performance obligation, the Company does not assume any inventory risk and such risk remains with its partners.

(In thousands of reais, unless otherwise stated)

17. Net revenue (Continued)

17.2. Significant judgments in the application of the standard (Continued)

a) Principal versus Agent – Considerations (Continued)

- Right to determine the selling price: considering that most of the Company's expenses for fulfillment of the reward redemption rights of members are incurred by LATAM (main Multiplus partner), the volume of points needed for members to exercise their redemption rights is determined by an agreement between Multiplus and LATAM, the Company is not able to manage the volume of points that will be applied on the loyalty program independently.

17.3. Revenue categories

As of December 31, 2018, and 2017, the revenue balances are broken down as follows:

	2018	Perc. (%)	2017 (Restated)	Perc. (%)	Var. (%)
Revenues:					
Reward redemption rights	**331,995**	**47.7**	477,687	54,5	-30.5
Breakage (a)	**364,727**	**52.3**	399,506	45,4	-8.7
Gross revenue	**696,722**	**100.0**	877,193	100.0	-20.6
Taxes and other deductions	**(64,458)**		(108,183)		-40.4
Net revenue	**632,264**		769,010		-17.8

(a) Refers to the estimated value of the reward redemption rights that possibly will not be redeemed in accordance with the Company's (breakage) estimates.

17.4 Recognition of breakage revenue provision

To calculate provision for breakage, the Company uses a methodology whereby the individual behavior of each period of accumulation of points per segment is considered, calculating the estimate of the redemption rights that are likely to be expired by means of linear regression equations that consider the behavior of the redemption of prizes and maturity of the periods of accumulation of points already made according to behavior similar to the current periods.

In addition, this methodology considers the redemption rights exercised over the months of existence of each point accumulation period in order to refine the projection of the future breakage rate and to increasingly approximate what should in fact be confirmed as the volume of redemption rights expired.

(In thousands of reais, unless otherwise stated)

17. Net revenue (Continued)

17.4. Recognition of breakage revenue provision (Continued)

For a more precise and assertive methodology, the Company also considers a confidence interval for the regressions. The estimate is accounted for in breakage liabilities charged against P&L, considering the confidence interval. This way, this difference remains in breakage liabilities adjusted according to approximation of the period to the last month, converging over the months for the effective breakage.

18. Operating costs and expenses by nature

	Operating costs	Selling expenses	General and administrative expenses	Total	Percentage
Employee costs	**-**	**(16,451)**	**(65,289)**	**(81,740)**	**38.6**
Board of Directors' fees	**-**	**-**	**(999)**	**(999)**	**0.5**
IT expenses	**(25,376)**	**-**	**-**	**(25,376)**	**12.0**
Depreciation and amortization	**(4,420)**	**(452)**	**(20,102)**	**(24,974)**	**11.7**
Third-party services	**-**	**(3,826)**	**(47,282)**	**(51,108)**	**24.1**
Selling and marketing	**-**	**(17,564)**	**-**	**(17,564)**	**8.3**
Other	**-**	**(309)**	**(9,594)**	**(9,903)**	**4.8**
December 31, 2018	**(29,796)**	**(38,602)**	**(143,266)**	**(211,664)**	**100.0**

	Operating costs	Selling expenses	General and administrative expenses	Total (Restated)	Percentage
Employee costs	-	(15,979)	(61,370)	(77,349)	35.6
Board of Directors' fees	-	-	(1,081)	(1,081)	0.5
IT expenses	(17,170)	-	-	(17,170)	7.9
Depreciation and amortization	(4,555)	(98)	(23,066)	(27,719)	12.7
Third-party services	-	(6,681)	(43,811)	(50,492)	23.2
Selling and marketing	-	(21,339)	-	(21,339)	9.8
Other	-	(1,570)	(20,728)	(22,298)	10.3
December 31, 2017	(21,725)	(45,667)	(150,056)	(217,448)	100.0

19. Employee Benefits

	2018	2017
Salaries and bonuses	**(61,333)**	(61,105)
Share-based compensation	**(1,375)**	(1,915)
Defined contribution pension plan	**(3,330)**	661
Taxes and social contributions	**(15,702)**	(14,990)
	(81,740)	(77,349)

20. Finance income (costs)

	2018	2017
Revenue/gains		
Interest income on financial investments	**100,274**	142,493
Taxes on finance income	**(5,354)**	(7,920)
Other	**9,317**	27,140
	104,237	161,713
Expenses/losses		
Bank charges	**(200)**	(14)
Other	**(374)**	(20)
	(574)	(34)
Finance income/(cost)	**103,663**	161,679

21. Earnings per share

a) Basic earnings per share

	2018	2017
Net income attributable to the Company's shareholders	**356,399**	517,196
Weighted average number of common shares issued (in thousands)	**162,051**	162,124
Net earnings per share (in BRL per share) - Basic	**2.1993**	3.1901

b) Diluted earnings per share

	2018	2017
Net income attributable to the Company's shareholders	**356.399**	517,196
Weighted average number of common shares issued (in thousands)	**162.051**	162,124
Adjustment for stock options (in thousands)	**-**	69
Net earnings per share (in BRL per share) - Diluted	**2.1993**	3.1888

22. Future commitments

The Company has obligations stemming from the contracting of suppliers for the development of IT projects, maintenance of equipment and its network environment, as well as the lease of the building where the Company's headquarters are located. These amounts are not reflected in the statement of financial position and are payable as follows:

	2018
2019	**43,385**
2020	**18,303**
2021	**6,736**
2022	**7,005**
	75,429

23. Contingencies

The Company is party to civil proceedings where the likelihood of loss is assessed by its legal counsel as either probable or possible. The amounts are stated below:

	2018		2017	
	Amounts in thousands of reais	**Number**	**Amounts in thousands of reais**	**Number**
Probable	**1,101**	**118**	1,219	124
Possible (i)	**10,003**	**309**	21,106	239

(i) The Company´s civil contingencies refer mostly to listing of the Multiplus legal entity in proceedings involving coalition partners. In 2018, the amounts of such proceedings significantly decreased due to their settlement and to removal of listing of the legal entity of the Company.

A roll-forward of the contingency amounts for the years ended December 31, 2018 and 2017 is presented below:

	December 31, 2017	**Additions**	**Reversals**	**Other**	**December 31, 2018**
Civil	**1,219**	**247**	**(360)**	**(5)**	**1,101**

	December 31, 2016	**Additions**	**Reversals**	**Other**	**December 31, 2017**
Civil	1,134	400	(288)	(27)	1,219

24. Insurance coverage

The Company has the following insurance policies:

- Civil liability insurance for members of the board, officers and/or managers. This insurance guarantees payment for the financial losses arising from claims made against the insured parties by virtue of acts harmful to the Company for which they are liable, with a maximum indemnity of R$100,000.

- Operational risk insurance for assets, regarding buildings and facilities covering material damage, theft and/or robbery of goods, with maximum indemnity of R$19,220.

- Operational risk insurance for assets, regarding equipment damage, covering material damage, theft and/or robbery of goods, with maximum indemnity of R$3,438.

25. Subsequent events

The Company, through Material News Release, disclosed to the market on March 1, 2019, in compliance with Law No 6404/76 (Corporation Law) and Ruling No. 358 issued by the Brazilian Securities and Exchange Commission (CVM), communicated to its shareholders and to the market in general that the CVM granted the registration of the Unified Public Offering for Acquisition of Common Shares issued by the Company ("OPA") for cancellation of the Company´s registration as a publicly traded entity and its withdrawal from the Novo Mercado segment (Registration CVM/SRE/OPA/CAN/2019/01), as disclosed in Note 1.1.