Management Report

2022

DEAR SHAREHOLDERS

We present the management report and the Financial Statements of Cielo S.A. – Instituição de Pagamento ("Cielo") and its subsidiaries (together referred to as "Consolidated" or "Cielo Group") for the year ended December 31, 2022, accompanied by the Independent Auditor's Report and the Supervisory Board Report.

The Individual and Consolidated Financial Statements have been prepared in conformity with the accounting guidelines from Law No. 6,404/76 (Corporation Law), including the changes introduced by Laws No. 11,638/07 and No. 11,941/09, and the rules and instructions from the National Monetary Council (CMN) and the Brazilian Central Bank (BACEN), together referred to as "COSIF", and the Brazilian Securities and Exchange Commission (CVM), where applicable.

The consolidated financial statements included the account balances of Cielo and of the direct and indirect subsidiaries: Cateno, Servinet, Aliança, Paggo, Stelo, Cielo USA, Credit Rights Investment Funds (FIDCs) and Investment Funds in Investment Fund Quotas (FICs), MerchantE (sold in April 2022), M4U (M4Produtos and Multidisplay, sold in November 2021) and Orizon (sold in January 2021).

For purposes of presentation of the consolidated financial statements, the assets and liabilities of the foreign subsidiary, originally denominated in US dollars, were translated into Brazilian reais at the exchange rates prevailing at the end of each year, while revenues and expenses were translated at the average monthly exchange rates. Exchange differences resulting from such translations were classified in Cielo's other comprehensive income and accumulated in equity. All the transactions, revenues and expenses among Group companies were fully eliminated in the consolidated accounting information.

Amounts are presented in millions of Brazilian Reais, unless otherwise stated.

As mentioned in Note 27 to the consolidated financial statements for 2022, non-recurring net gains were recorded. The sale of the stake in MerchantE, impairment of legacy systems software, the restructuring of the Cielo stores channel and discontinuance of the payment terminal (LIO V2) were the events reported and occurred in the year.

In accordance with BCB Normative Instruction No. 236/22, Cielo chose to maintain the presentation of the management report based on the accounting information prepared under COSIF, for consistency with the disclosures of prior years.

We present below the reconciliation between COSIF and IFRS accounting practices of Cielo's consolidated equity and profit for 2022:

Reconciliation between COSIF and IFRS accounting practices (R$ millions)	Equity	Net Income
COSIF Balance - 2022	**21,122.4**	**1,872.7**
Goodwill in subsidiaries abroad (a)	-	(158.7)
Third-party participation in Investment Funds (b)	(7,327.9)	-
Other	(22.3)	0.6
IFRS Balance - 2022	**13,816.8**	**1,714.6**

(a) Difference in accounting practice in recognition of goodwill. Under IFRS, goodwill is maintained at historical value and under COSIF, it is amortized over the estimated period of the benefit. For the year 2022, the impact on profit is related to the realization of goodwill after the sale of MerchantE.

(b) Third parties' interests in FIDCs and FICs, previously presented in current and non-current liabilities, according to BCB Normative Instruction No. 272/22, are now directly recognized in equity, specifically under the line item "Non-controlling shareholders" in COSIF.

MESSAGE FROM MANAGEMENT

Cielo's management is pleased to present the financial statements and the results reported by Cielo in 2022. The past year was a milestone in our transformation process, with widespread improvements in operations, acceleration in the recovery of results and advances in the quality of services provided to our customers.

The year began with challenging prospects. Market expectations, released by the Central Bank's FOCUS bulletin at the beginning of the year, projected economic growth close to zero, reflection of uncertainties related to the recovery of local and global economies in the post-COVID period.

However, the Brazilian economy showed a capacity for recovery. Higher than expected growth and recovery in the services sector were reported, as well as a decrease in unemployment rates. As we write this message, market prospects point to GDP growth of around 3% for the year.

In our main market, the cards industry followed its tendency to increase its participation in consumption. It should even exceed the market expectations announced at the beginning of the year.

Cielo's result was driven by the context of the cards market and, mainly, by the benefits related to the broad transformation agenda that we have implemented at Cielo.

Over the last few years, Cielo has strengthened its ability to compete in the disputed Brazilian payments market, made possible by improvements in channels, operations and analytical intelligence. In 2022, we processed R$872 billion in credit and debit card (TPV) transactions, the highest historical level, and with 22% growth over the previous year. We recorded sequential market share gains between the fourth quarter of 2021 and the third quarter of 2022, according to the most recent available card market data from ABECS (Brazilian Association of Credit Card and Service Companies).

We also made progress in expanding our business with term products, solutions that allow our customers to better manage their cash flow and receive the amounts from their credit card sales within two business days. The capital allocated by Cielo to these businesses reached R$18.6 billion at the end of 2022, an increase of 51% compared to last year.

We implemented a strong cost discipline, which allowed Cielo to assume a differentiated position in the market in terms of operational efficiency. Even with investments made in the transformation of the business and, recently, in the commercial expansion, the ratio between total expenses and TPV was 0.56% in the year, the lowest level in the historical series, and a prominent position in relation to our exchange-listed pairs.

In 2022, we concluded a successful divestment strategy. In this way, we simplified Cielo's structure, which allowed us to channel management's focus to the payments business in Brazil, an addition of R$1.3 billion in cash resources.

The combination of operational improvements and the divestment agenda also allowed Cielo to present an important improvement in financial indicators such as the recurring EBITDA margin, which reached 35%, and the recurring net margin, which reached 14%, against 7% in 2021.

Profit for the year was R$1.6 billion, a 62% growth over 2021. This is highest result since 2018. On a recurring basis, we reported a profit of R$1.5 billion, up 79% over the previous year.

The resumption of growth took place on solid bases. There were improvements in operations, directly reflected in the quality of service perceived by our customers. We reduced time for delivery and maintenance of terminals, increased the penetration of digital channels and improved satisfaction with the service provided by our contact center. During the year, Cielo invested R$274 million in initiatives of its transformation program, with a focus on improving the quality of services provided.

Advances in the transformation process have been recognized by different stakeholders. Cielo's shares showed the highest appreciation on the IBOVESPA in the year. Additionally, we raised R$3 billion through debentures, in one of the lower spreads on the DI rate of the year in Brazil, which shows the solidity of Cielo and how it is perceived by market agents. On the other hand, the strength of our brand was acknowledged by Top of Mind, in partnership with "Folha de São Paulo". Cielo is the most remembered in Brazil in the category of "payment machine".

It would not be possible to obtain so many achievements without the team's dedication and engagement all over the country. We seek to value people, the basis of our organization, and this has translated into results. There were improvements in the e-NPS and we were elected by Great Place to Work (GPTW) as one of the best companies to work for in the country.

In ESG, Cielo was recognized by different actors, with highlight to the increase in the CDP – Carbon Disclosure Project – score from C to B, in line with our efforts to neutralize our direct emissions and improve climate risks management.

These facts show the solidity of the company and its brand, as well as the commitment of everyone in the organization to the business sustainability, with the best governance practices and responsibility with people and the environment.

Motivated by what we achieved in 2022, we started 2023 aware of the challenges faced by the payments market and committed to our purpose of building an increasingly better company.

We appreciate the dedication of our team, and the trust placed in us by our customers, shareholders and partners.

HIGHLIGHTS 2022

- The financial volume of transactions captured by Cielo totaled R$ 872.0 billion, an increase of 22.2% or R$ 158.6 billion compared to 2021.

- Consolidated net revenue totaled R$ 10,693.1 million, a decrease of 8.5% or R$ 992.4 million compared to 2021. Not considering, for purposes of comparability, the consolidation of subsidiaries disposed of - MerchantE (April 2022) and M4U (November 2021) - there was an increase of R$ 1,925.7 million or 22.0%.

- Consolidated revenues from purchase of receivables (ARV) totaled R$ 938.5 million, an increase of 130.8% and R$ 531.9 million compared to 2021.

- Total consolidated expenditures (costs and expenses, not considering the effects from share of profit (loss) of investees) totaled R$ 7,852.1 million, a decrease of 22.3% or R$ 2,258.1 million compared to 2021. Not considering, for purposes of comparability, the consolidation of subsidiaries disposed of - MerchantE (April 2022) and M4U (November 2021) - there was an increase of 632.1 million or 8.8%.

- Cielo's profit for the year totaled R$ 1,569.5 million, an increase of 61.7% or R$ 599.0 million compared to 2021. Recurring profit for the year totaled R$1,479.7, an increase of 78.6% or R$ 651.4 million compared to R$ 828.3 million in 2021 (as per Note 27).

- Consolidated EBITDA totaled R$ 3,815.6 million, an increase of 42.6% or R$ 1,139.0 million compared to 2021. Recurring EBITDA totaled R$3,724.8, an increase of 47.8% or R$ 1,205.3 million compared to 2021.

OPERATIONAL PERFORMANCE 2022

Financial Volume of Transactions

Cielo's financial volume of transactions in 2022 totaled R$ 872.0 billion, an increase of 22.2% or R$ 158.6 billion compared to 2021.

Specifically with credit cards (lump sum and installment payments), the financial volume of transactions totaled R$ 517.2 billion in 2022, an increase of 27.2% compared to 2021. In debit cards, the financial volume of transactions totaled R$ 354.8 billion in 2022, an increase of 15.7% compared to 2021.

In addition, Cielo captured 8.3 billion in transactions in 2022, an increase of 22.3% compared to 2021.

FINANCIAL PERFORMANCE 2022

COMPARISON OF THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Net Revenue

Net revenue totaled R$ 10,693.1 million in 2022, a decrease of 8.5% or R$ 992.4 million compared to 2021.Not considering the impact of the non-consolidation after the sale of MerchantE (April 2022) and M4U (November 2021), there was an increase of R$1,925.7 million or 22.0%.

The main impact of the increase is related to the growth of the volume captured which impacts (i) revenue from capture, transmission, processing and financial settlement of transactions, (ii) revenue from the 2-day Payment service at Cielo and (iii) interchange revenue of the Ourocard arrangement at Cateno. There was also repositioning of prices at Cielo, due to macroeconomic and competitive environment changes.

Cost of Services Rendered

Consolidated **cost of services rendered** totaled R$ 6,268.8 million in 2022, a decrease of R$ 2,018.5 million or 24.4% compared to 2021. However, not considering the non-consolidation of subsidiaries MerchantE and M4U, there was an increase of R$ 501.6 million or 8.7%. This change was mainly due to the following events:

(i) Decrease of R$ 1,607.9 million in **cost of services rendered in subsidiary Cielo USA** due to the sale of MerchantE in April 2022.

(ii) Decrease of R$ 1,010.0 million in **cost of services rendered in subsidiary M4U** due to its sale in November 2021.

(iii) Increase of R$ 317.0 million or 16.8% in **costs related to capture, processing and settlement of transactions of Cielo** due to expenses related to the increase in volume (increase of 22%), mainly brand fees and transaction processing services, partially offset by efficiency actions in expenses in 2022.

(iv) Increase of R$ 212.0 million or 10.2% in **costs related to management of payment accounts of the Ourocard Arrangement at Cateno**, related to the increase in costs with brand fees due to the increase in volume in 2022 (increase of 14.5%) and efficiency actions in expenses in 2022, partially offset by lower costs with card embossing and mailing.

(v) Increase of R$70.4 million or 5.9% in **costs related to equipment and other costs** compared to 2021, mainly due to the impact of the increase in depreciation and amortization related to new acquisitions of POS terminals, software and increased investments in project portfolios which aimed at developing new products and service quality to customers. In addition, higher expenses were incurred with supplies and POS equipment maintenance, partially offset by efficiency actions in expenses in 2022.

Operating Expenses

Operating expenses totaled R$ 1,583.3 million in 2022, a decrease of R$ 239.0 million or 13.1% compared to R$ 1,822.3 million in 2021. Not considering the non-consolidation of subsidiaries MerchantE and M4U, there was an increase of R$ 131.1 million or 9.8%. This variation was mainly due to the following events:

Personnel expenses - Increase of R$ 129.7 million, or 14.7%, to R$ 1,014.9 million in 2022, compared to R$ 885.2 million in 2021. However, not considering the non-consolidation of subsidiaries MerchantE and M4U, the increase was R$258.7 million or 35.9%, related to the impacts of the collective agreement and higher expenses due to the expansion of the commercial team.

General and administrative expenses, including depreciation - Decrease of R$ 53.7 million or 13.8% to R$ 335.6 million in 2022, compared to R$ 389.3 million in 2021. However, not considering the non-consolidation of subsidiaries MerchantE (April 2022) and M4U (November 2021), the increase is mainly due to administrative services, which in 2021 were lower than the historical amounts as a result of the effects of the pandemic and in 2022 due to the expansion of the commercial force.

Sales and marketing expenses - Decrease of 79.7 million or 33.9% to R$ 155.6 million in 2022 compared to R$ 235.3 million in 2021. However, not considering the non-consolidation of subsidiaries MerchantE (April 2022) and M4U (November 2021) the increase was R$34.6 million or 44.7%, mainly caused by the baseline effect, due to the low level of expenses in 2021, the growth in media actions between the years and the return of in-person events during 2022.

Other net operating income (expenses) – Decrease of R$ 236.0 million to R$ 77.2 million in 2022 compared to R$ 313.2 million in 2021, the variation is mainly due to lower expenses with expected credit losses at Cielo and Cateno, as well as favorable decisions in lawsuits which allow a reversal of the provision for contingencies. Additionally, gains related to the company's strategy, such as the sale of subsidiary MerchantE, partially offset by discontinuance of the payment terminal (LIO V2), impairment of legacy software, and baseline effect referring to the gain on the sale of subsidiary M4U in 2021.

Finance Results

The finance costs totaled R$ 384.3 million in 2022, a variation of 415.8% or R$ 309.8 million compared to 2021, when the Company recorded a finance cost of R$ 74.5 million. The main variations in the finance income (costs) are:

Finance income – Increase of R$ 143.2 million, or 44.1%, to R$ 467.6 million in 2022, compared to R$ 324.4 million in 2021, related to the higher average CDI rate in 2022 on financial investments, partially offset by the lower average balance invested.

Finance costs – Increase of R$ 917.6 million, or 114.0%, to R$ 1,722.6 million in 2022, compared to R$ 805.0 million in 2021, substantially related to a higher average CDI rate.

Purchase of receivables, net (ARV) – Increase of R$ 531.9 million or 130.8% to R$ 938.5 million in 2022, compared to R$ 406.6 million in 2021, related to the increase in the volume of purchases of receivables, as well as the increase in the average remuneration in 2022.

Exchange variation and mark-to-market of financial instruments, net – Totaled a loss of R$ 67.8 million in 2022, a variation of R$ 67.3 million compared to a loss of R$ 0.5 million in 2021. The exchange loss in 2022 is substantially related to the net impact of the financial instruments contracted to protect liabilities indexed to foreign currency settled in November 2022, as well as to the impacts of currency depreciation on financial investments and receivables denominated in foreign currency.

EBITDA

Consolidated EBITDA totaled R$ 3,815.6 million in 2022, an increase of 42.6% compared to 2021, as shown below:

EBITDA (R$ million)	2022	2021
Cielo Net Profit	**1,569.5**	**970.5**
Non-controlling shareholders	303.3	188.0
Financial Income (Costs), Net	384.3	74.5
Income Tax and Social Contribution	584.0	342.9
Depreciation e Amortization	974.5	1,100.7
EBITDA	**3,815.6**	**2,676.6**
% EBITDA margin	35.7%	22.9%

EBITDA corresponds to net profit, plus income tax and social contribution, depreciation and amortization expenses and finance income and costs. It is worth noting that, for such calculation, Cielo's net profit includes noncontrolling interests.

Management believes that EBITDA is an important parameter for investors because it provides relevant information about our operating results and profitability.

However, EBITDA is not an accounting measurement used in the accounting practices adopted in Brazil, does not represent the cash flow for the reporting periods and should not be considered as an alternative to net profit as a measurement of operating performance or as an alternative to cash flow as a measurement of liquidity. In addition, the EBITDA has a limitation which jeopardizes its use as a measurement of profitability, since it does not consider certain costs deriving from businesses, which may significantly affect profit, such as finance costs, taxes, depreciation, capital expenditures and other related charges.

ADDITIONAL INFORMATION

Dividend Distribution Policy

Shareholders are guaranteed, by statute, a mandatory minimum dividend of 30% on profits earned (after the constitution of the legal reserve) at the end of each fiscal year, in accordance with Laws No. 9,430/96 and No. 9,249/95, Article 9, the amount of interest paid or credited by the legal entity, as remuneration of equity, may be imputed to the amount of dividends.

The remaining balance of net income for the fiscal year will be allocated in accordance with the resolution of the ordinary general assembly. The Company records, at the end of the fiscal year, a provision for the amount of minimum dividend that has not yet been distributed during the year up to the limit of the mandatory minimum dividend described above. The Bylaws grant the Company the right to draw up half-yearly balance sheets or shorter periods and, subject to the limits set forth by law, the Board of Directors may declare dividends on the profit account determined in these balance sheets. Furthermore, the Board of Directors may declare interim dividends on account of existing profits, based on the last balance sheet approved by the shareholders.

Investments in affiliates, joint ventures, and subsidiaries

Cielo has investments in affiliated companies, joint ventures, and subsidiaries in important business areas. The value of investments by the main companies of the group is shown in the table below:

Companies	Investment		Equity equivalence	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Servinet	72.0	48.6	23.2	13.5
Cateno	6,687.2	7,222.3	707.5	438.7
Cielo USA	4.4	-	80.2	(167.6)
Aliança	5.6	255.9	48.2	65.6
Stelo	278.6	69.8	54.0	17.7
Multidisplay	-	-	-	9.3
Orizon	-	-	-	0.7

In addition to the investments above, Cielo has a stake in the joint venture Paggo and in investment funds FIDCs.

In 2022, Cielo sold the indirect subsidiary MerchantE through the subsidiary Cielo USA. In 2021, Cielo sold the subsidiary Multidisplay and Orizon, as per Note 9.

Corporate Changes

On July 27, 2022, the Board of Directors approved the corporate reorganization process of the Cielo Group and after completing the legal procedures in November 2022, Cielo S.A. now holds a direct interest in Stelo S.A. of 99.99%, resulting from the delivery of the interest held by the subsidiary Aliança Pagamentos e Participações Ltda. The subsidiary Servinet Serviços Ltda. remains with a direct interest of 0.01%. The purpose of the corporate reorganization is to simplify the organizational structure, as well as reduce costs and improve results due to the better operational and administrative organization of the economic group, aiming to provide greater agility and efficiency in the management of business.

CORPORATE GOVERNANCE

Corporate Governance is a priority for Cielo, which has as one of its goals its continuous improvement to support the sustainable, long-term corporate performance of Cielo. In this spirit, Cielo voluntarily adopts the best corporate governance practices besides those required for companies listed on the Novo Mercado of B3 S.A. - Brasil, Bolsa, Balcão ("B3"), evidencing the commitment of Cielo and its management to the interest of its shareholders and investors.

The maximization of its efficiency and creation of long-term value can be seen in: (a) the adoption of an appropriate decision-making system and the monitoring of compliance therewith; (b) the maintenance of a Corporate Governance Office, which aims to support management bodies and committees/advisory forums of Cielo and its subsidiaries, as well as to ensure compliance with the best corporate governance practices; (c) the adoption of ethical and sustainable conduct; (d) the formal performance assessment of the Board of Directors members and related advisory bodies on an individual and group basis; (e) the presence of distinct personnel holding the positions of Chairman of the Board of Directors and Chief Executive Officer; (f) the existence of an annual calendar of events and annual agenda for the Board of Directors, covering the subjects to be discussed over the year in meetings previously scheduled; (g) the exchange of information through the Corporate Governance Electronic Portal; (h) the existence of a Policy on Related Party Transactions and Other Situations Involving Conflicts of Interest ("TPR Policy"); (i) a Code of Ethics mandatorily adhered to by all employees and management, which establishes basic principles that shall guide Cielo's relations and activities, in addition to reiterating the need to comply with current legislation, widely disseminated at Cielo and publicly disclosed on its Investor Relations website.

It is worth pointing out that since 2013 Cielo has been adopting the TPR Policy, which aims at consolidating the procedures to be followed in Cielo's businesses involving related parties, as well as other situations involving potential conflict of interests, conferring transparent procedures to its shareholders and the market in general, ensuring its strict alignment with Cielo's interests, always in compliance with the best Corporate Governance practices, being reviewed in July 2021 to comply with the recommendations of the Brazilian Corporate Governance Code – Publicly-Held Companies prepared by the Interagentes Working Group, which is coordinated by the Brazilian Institute of Corporate Governance.

Regarding the approval of transactions with related parties, it is the responsibility of the Corporate Governance Committee to evaluate the transaction (the business and its rationale), as well as the documentation that evidences that the transaction will be carried out under fair market conditions (such as, but not limited to, commercial proposals actually obtained from independent third parties and market researches about prices and other conditions in similar operations). Notwithstanding the submission of this documentation, in the cases in which the aforementioned Committee deems it necessary, an independent study, report or appraisal report must be submitted, prepared without the participation of any of the parties involved in the TPR, be it a bank, lawyer, specialized consulting firm, among others, based on realistic assumptions and information endorsed by third parties about the commutativity of the terms of the transaction. After analysis, the Corporate Governance Committee will recommend or not the topic to be decided about to Cielo's Board of Directors, which will have access to all documents related to transactions with related parties.

It is important to note that the Corporate Governance Committee, when called to evaluate proposals of transactions with related parties carried out between Cielo and any of its controlling shareholders, will exceptionally be composed of all independent directors, and such independent directors shall be called upon to consider the matter as *ad hoc* members of the Committee, replacing the member(s) appointed by the conflicting controlling shareholder(s), in addition to the Committee members who are not in conflict.

In addition, a person in a position of conflict (i) a priori, will not participate in the meetings or (ii) if he or she is present due to other matters covered, he or she shall be absent from discussions on the topic and abstain from voting to decide about transactions, evaluate, express opinion or in any other way participate or influence the conducting or approval of the matter. If requested by the Chairman of the Board of Directors or by the Chief Executive Officer, as the case may be, the Key Person may partially participate in the discussions, aiming to support them with more information about the operation and the parties involved, but shall always, however, be absent at the end of the discussions, including and especially from the voting process to decide about the matter. The member(s) appointed by the controlling shareholder(s) who is (are) not in conflict regarding the matter to be decided about shall not participate in the meetings of the Board of Directors or Corporate Governance Committee when the matter to be decided about refers to a strategic issue of the conflicting shareholder.

Regarding Cielo's corporate governance bodies, the Board of Directors, which is a joint committee, shall be composed of at least 7 (seven) and no more than 12 (twelve) members, as per resolution of the Ordinary and Extraordinary General Meeting ("OEGM") held on April 27, 2022. The members of the Board do not hold executive positions at Cielo. Cielo has 4 (four) independent members, as decided at the OEGM of April 27. The independence aims specially at ensuring the interests of Cielo and its non-controlling shareholders. The Board of Directors is responsible, among other attributions, for setting the general direction of Cielo's business, electing the members of the Executive Board and overseeing its management. Currently, Cielo's Executive Board is composed of at least 2 (two) and no more than 11 (eleven) members and performs the general management of Cielo, respecting the guidelines defined by the Board of Directors. Moreover, as another evidence of Cielo's adherence to the best Corporate Governance practices, the Board of Directors has 6 (six) Advisory Committees, namely: Audit Committee, Finance Committee, Corporate Governance Committee, People and Compensation Committee, Sustainability Committee and Risk Committee; and the Executive Board has 9 (nine) advisory forums: Disclosure Forum, Ethics Forum, Social and Cultural Investments Forum, Strategic Pricing Forum, Diversity Forum, Innovation Forum, Products and Services Forum, Information Security Management, Fraud Prevention Forum and Data Privacy and Protection Forum.

Cielo's Supervisory Board, an independent management body, is currently installed to oversee the management activities and is composed of 5 (five) full members and 5 (five) deputy members, with 4 of the full members being appointed by the controlling shareholders and 1 (one) of them being an independent member, appointed by noncontrolling shareholders.

Sustainability Management

Cielo is committed to sustainability, diversity and corporate responsibility. Cielo's actions for sustainable development are carried out through the Sustainability Policy, which establishes guidelines to adopt environmental, social and governance (ESG) practices.

To structure the achievement of these commitments, Cielo established its Sustainability Strategic Plan. Approved by the Sustainability Committee and in line with Cielo's Strategic Objectives, the planning translates Cielo's Purpose and Vision from the perspective of sustainability, establishing as Sustainability Purpose to 'enhance sustainable and inclusive business with all people' and as Sustainability Vision to 'be a platform for the sustainable development of the Brazilian market'.

The enforcement of the plan is followed up periodically by the Sustainability Committee, which reports its progress to the Board of Directors.

Such planning establishes Cielo's guidelines for Sustainability – including Sustainable Operations, Impact on the Business and Development of Society. In this context, five strategic themes were structured for value creation, namely: (a) Diversity, Equity & Inclusion; (b) Innovation & Business for Social Impact; (c) Eco-efficiency & Climate Strategy; (d) Management, Risks and Transparency in ESG; and (e) Engagement for Impact.

Further information and highlights on each of the strategic themes for value creation are presented below:

(a) Diversity, Equity & Inclusion

To guide our actions regarding this theme, we have a Diversity and Inclusion Policy, whose main objective is to establish guidelines and governance to promote diversity and inclusion in the representativeness and corporate culture.

The topic is the object of attention of senior management through the Diversity Forum, which discusses the strategic importance of the topic and is coordinated by Cielo's CEO. Its main objective is to discuss and advise the Executive Board in decision making. The debates at the Diversity Forum are taken to the Sustainability Committee, which allows for a gain in visibility of the theme under the scope of the Board of Directors.

In the first quarter of 2022, Cielo announced its representation goals, which aim at making the staff more diverse and representative until 2025. The goals were approved by Cielo's Board of Directors. Until 2025, the number of women in the overall staff shall represent 45% of the total. Also, black and indigenous professionals shall correspond to 35% of the total.

(b) Innovation & Business for Social Impact

In 2022, Cielo carried out the 5th edition of the Mentoring Program for Startups, focusing only on Impact Startups: businesses that aim to solve social and environmental problems through technology and concerned with its generated impact. 10 startups were selected, which participated in mentoring sessions with 20 leaders of Cielo.

(c) Eco-efficiency & Climate Strategy

The environmental aspects and impacts of our operations are evaluated and monitored by our Environmental Management System (SGA), ISO14.001 certified. This environmental management system goes through annual internal and external audits aiming at the maintenance or recertification in the standard's requirements. Cielo has a Climate Strategy, validated and overseen by the Sustainability Committee, which guides the actions regarding climate governance, risk and opportunity management, accounting for emissions, goals and engagement with the value chain.

Information on climate change management is presented in the Carbon Disclosure Project (CDP) – Climate index. Cielo has a "B" score in the aforementioned index, which attests that Cielo is addressing actions on climate issues in a coordinated manner. It is also worth noting that Cielo is part of B3's Carbon Efficient Index (ICO2).

(d) Management, Risks and Transparency in ESG

Cielo is part of the 2023 portfolio of the B3 Corporate Sustainability Index (ISE B3), for the tenth consecutive year. This recognition is the result of a solid strategy that reflects our commitment and focus on good ESG practices.

Since July 2022, Cielo's ESG supplier assessment process has evolved with the incorporation of a socio-environmental criticality rule, according to supplier classification, and with the inclusion of a module dedicated to Diversity and Inclusion, which includes training and tests on this topic. As part of this process, 100% of critical suppliers were audited based on ESG criteria.

(e) Engagement for Impact

In the second half of 2022, Cielo launched a training trail focused on ESG. Mandatory for everyone on the team, this trail provides knowledge on topics related to Sustainability, Environmental Governance, Climate Change, Diversity, Equity and Inclusion.

RELATIONSHIP WITH AUDITORS

Pursuant to CVM Instruction No. 381/03, we inform that during 2022, Cielo Group engaged the independent auditing services of KPMG.

Cielo Group’s policy when contracting independent auditors’ services assures there is no conflict of interests, no loss of independence or objectivity. Therefore, Cielo Group’s policy to engage independent auditors adopts the following internationally accepted principles: (a) the auditor shall not audit his or her own work, (b) the auditor shall not perform managerial duties at his or her client and (c) the auditor shall not promote the interests of his or her client.

Cielo Group declares that the independent auditors have been engaged to provide services not related to external audit until December 31, 2022, which consist of provision of limited assurance about Environmental, Social and Governance information and the 2021 Sustainability Report and reasonable assurance about compliance with the Procedure Adjustment Agreement (“TCC”) by and between CADE (Brazilian antitrust agency) and Cielo. These engagements comply with the group’s corporate governance requirement, which determines that every extraordinary engagement of independent auditors that audit its financial statements, directly or indirectly, needs to be previously analyzed by the Audit Committee and authorized by the Board of Directors. The total amount of these services is R$ 551.0 thousand and represents approximately 21.6% of the total fees for auditing Cielo Group’s financial statements for the year ended December 31, 2022.

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Cielo S.A. - Instituição de Pagamento

Financial Statements for the
year ended December 31, 2022 and
Independent Auditor's Report
(COSIF)

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Independent auditors' report on the individual and consolidated financial statements

To
The Shareholders and Board of Directors of
Cielo S.A. – Instituição de Pagamento
Barueri - SP

Opinion

We have audited the individual and consolidated financial statements of Cielo S.A. – Instituição de Pagamento ("Company"), which comprise the balance sheet as of December 31, 2022, and the statements of profit or loss, of comprehensive income, changes in equity and cash flows for the six- month period and year then ended, and notes to the financial statements, comprising the summary of the significant accounting polices.

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Cielo S.A. – Instituição de Pagamento as of December 31, 2022, its individual and consolidated financial performance and its individual and consolidated cash flows for the six-month period and year then ended, in accordance with the accounting practices adopted in Brazil applicable to the payments institutions authorized to operate by the Central Bank of Brazil ("BACEN").

Basis for opinion

We conducted our audit in accordance with International and Brazilian Standards on Auditing. Our responsibilities, in accordance with the aforementioned standards, are described in the following section entitled "Auditor's responsibilities for the audit of the individual and consolidated financial statements". We are independent from the Company and its subsidiaries in accordance with the ethical requirements that are relevant to our audit of the financial statements and are set forth on the Professional Code of Ethics for Accountants and on the professional standards issued by the Regional Association of Accountants, and we have fulfilled our 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 audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual and consolidated financial statements of the six-month period ended December 31, 2022. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition and presentation of Accounts receivable from card issuers, Payables to merchants and Gross Operating Revenue through the capture, processing and settlement of transactions made by credit and debit cards holders	
See Notes 2.9, 7, 13 and 17 to the individual and consolidated financial statements	
Main audit matters	How the matter was addressed in our audit
The Company captures, processes and settles transactions made by credit and debit cards holders, which are the basis for the recognition of operating revenues and other information presented in the individual and consolidated financial statements, particularly for accounts payable to merchants and accounts receivable from issuers. Due to the inherent high complexity of the processes for capturing, processing and settling transactions, which could have an impact on the financial statements, we consider this to be a key audit matter.	Our audit procedures included obtaining an understanding of the design of key controls related to the capture, processing and settlement of transactions made by holders of credit and debit cards. For Accounts Receivable from issuers, we performed tests related to the reconciliation of account balances to information from reports provided by legacy systems, as well as tests, based on sampling, to verify the support documentation for recognition and settlement of transactions. For Accounts payable to merchants, we carry out tests related to the reconciliation of accounting balances with information from reports provided by legacy systems, as well as tests, based on sampling, to verify the supporting documentation for the registration and settlement of transactions, as well as and the recognition of revenue, as well as subsequent settlement tests period fir outstanding balances on the base date. For Gross operating revenue account, we performed tests related to the reconciliation of accounting balances with information from reports provided by legacy systems, as well as tests, based on sampling, to verify the supporting documentation for registration, settlement of transactions and the recognition of revenue, as well as recalculations of commission income and income from prepayment of receivables. Our procedures also included the assessment of the disclosures made by the Company in the individual and consolidated financial statements described in notes 2.9, 7, 13 and 17. According to the evidence we obtained by applying the procedures described above, we considered acceptable the balances presented in the lines Accounts receivable from issuers, Accounts payable to merchants and Gross operating revenue and the disclosures in the context of the individual and consolidated financial statements taken as a whole.

Evaluation of recoverable value for intangible assets with a definite useful life (Subsidiary – Cateno Gestão de Contas e Pagamentos S.A.)	
See Notes 9 and 11 to the individual and consolidated financial statements	
Main audit matters	How the matter was addressed in our audit
As described in notes 9 and 11, the value of investments accounted using the equity method in the individual financial statement includes values of intangible assets with definite useful lives (Exploration Law – Ourocard Payment Arrangement), classified in the consolidated financial statement in specific account, which realization is supported through the "Discounted Cash Flow" based on the business plan prepared by the Management. Due to the relevance of the balance and the high degree of judgment involved in the process of determining the value in use based on the future cash flows of the cash-generating units for the purposes of assessing the recoverable value of such assets, which may have an impact on the carrying balance of the investment accounted for on the equity method in the individual financial statements and the balance of intangible assets recorded in the consolidated financial statement, we considered this to be a key audit matter.	With the technical support of our corporate finance specialists, we analyzed the reasonability and consistency of the data and assumptions used in the last valuation model used by the management of the subsidiary to test the impairment, such as growth rates, discount rates, cash flow projections and profitability estimates, as well as the reasonableness of the mathematical calculations included in this model. The current study for this assessment is the one that was carried out in the second half of 2022. Additionally, we compared the cash flow projections provided by the management of the subsidiary in the last assessment made with the subsidiary's economic performance for the six-month period and year ended December 31, 2022. Our procedures also included the evaluation of the disclosures made by the Company in the financial statements described in notes 9 and 11. According to the evidence we obtained by applying the procedures described above, we considered acceptable the measurement of intangible assets with definite useful lives and disclosures in the context of the individual and consolidated financial statements taken as a whole.

Provision for bad debts	
See Notes 7 and 25 to the individual and consolidated financial statements	
Main audit matters	How the matter was addressed in our audit
As described in notes 7 and 25, the main risks to which the Company is exposed are due to: (i) amounts receivable from issuers, (ii) the risk of sub acquirers not paying the amounts to the commercial establishments, (iii) the values of chargeback, reversal or cancellation when liquidating the receivables or acquisition of receivables from commercial establishments in deferred sales and (iv) non-payment of rent on the capture terminals used by commercial establishments. In order to address these risks, in addition to the credit analysis and assessment of the need for issuance of guarantees by the issuers, carried out through continuous monitoring of counterparties, the Company, according to note 7, constitutes a provision for bad debts. This provision is determined by means of a methodology that consists	Our audit procedures included obtaining an understanding of the design of internal controls considered relevant and related to the credit risk analysis of issuers, sub acquirers and merchants, as well as the preparation and approval of the provision methodology for bad debts. We carried out, by sampling, tests related to the rating assignment to the issuers in accordance with the current internal standard and the analysis of guarantees by the issuers. We evaluated data elements such as the due date, days overdue and rating assignment, used in the calculation of the provision and, based on the methodology used to measure the provision for expected losses on accounts receivable, we recalculated the account provision for

of assigning ratings and percentage of provision, according to the delinquency range of operations. Due to the relevance of the balance in the context of the individual and consolidated financial statements and the degree of judgment considered in the estimates used, we considered this to be a key audit matter.	bad debts of the financial statements. We also evaluated the disclosures made by the Company in the individual and consolidated financial statements, described in notes 7 and 25, if they are in accordance with the accounting practices adopted in Brazil applicable to the payments institutions authorized to operate by the Central Bank of Brazil ("BACEN"). According to the evidence we obtained by applying the procedures described above, we consider acceptable the provision for bad debts and their respective disclosures in the context of the individual and consolidated financial statements taken as a whole.

Other issues – Statements of value added

Statements of value added

The statements of value added (DVA) for the six-month period and year ended December 31, 2022, prepared under the responsibility of the Company's management, and presented herein as supplementary information in accordance with the accounting practices adopted in Brazil applicable to payments institutions authorized to operate by the Central Bank of Brazil, were subject to audit procedures jointly performed with the audit of the Company's financial statements. In order to form our opinion, we evaluated whether this statement is reconciled to the Company's financial statements and accounting records, as applicable, and whether their form and content is in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. In our opinion, this statement of value added have been adequately prepared, in all material respects, according to the criteria set on this Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

Interim consolidated financial information

This consolidated interim financial information for the six-month period and year ended December 31, 2022, which was prepared in accordance with accounting practices adopted in Brazil applicable to payments institutions authorized to operate by the Central Bank of Brazil (BACEN), is being presented in an additional manner, according to the faculty provided for in Art. No. 68 of BCB Resolution No. 219, to the consolidated interim financial information prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and were presented separately by Cielo S.A. – Instituição de Pagamento, on this date and on which we issued a report independent audit, not containing any modification, dated January 26, 2023.

Other Information that accompany the individual and consolidated financial statements and the auditor report

Company's management is responsible for these other information. The other information comprises the management's report.

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

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the individual and consolidated financial statements or with 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 this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting policies adopted in Brazil, applicable to payments institutions authorized to operate by the Central Bank of Brazil, 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 individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the individual and consolidated Financial Statements

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

As part of an audit in accordance with Brazilian and international standards on auditing, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internalcontrols.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, 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 individual and consolidated financial statements of the current six-month period are therefore the key audit matters. We describe these matters in our auditors' 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, January 26, 2023

KPMG Auditores Independentes Ltda.

CRC 2SP014428/O-6

Original report in Portuguese signed by
Gustavo Mendes Bonini
CRC 1SP296875/O-4

Cielo S.A. - Instituição de Pagamento

Statements of financial position as at December 31, 2022 and 2021

(In thousands of Brazilian reais)

Assets	Note	Parent Company 12/31/2022	Parent Company 12/31/2021	Consolidated 12/31/2022	Consolidated 12/31/2021
Current assets					
Cash	4	127,730	69,177	140,547	350,104
Financial instruments, including derivatives	5	959,705	1,978,842	1,742,318	5,225,593
Credit rights investment funds	6	9,927,566	5,568,737	-	-
Income receivable	7	130,002	170,080	995,533	213,358
Receivables from card-issuing banks	7	92,081,398	78,865,744	92,083,831	79,088,367
Receivables from related parties	26	13,566	2,793	826,350	738,105
Taxes and contributions for offset/recoverable		571,779	382,956	1,112,528	837,561
Other operating receivables	7	140,633	148,866	142,525	155,641
Allowance for doubtful debts	7	(170,209)	(188,986)	(170,739)	(205,161)
Other receivables		80,680	111,639	91,566	139,594
Total current assets		**103,862,850**	**87,109,848**	**96,964,459**	**86,543,162**
Noncurrent assets					
Financial instruments, including derivatives	5	-	6,350	286,718	284,999
Escrow deposits	14	1,580,209	1,573,876	1,584,203	1,576,643
Tax credits	8	1,046,478	924,523	1,346,699	1,283,046
Other operating receivables	7	26,937	18,549	26,952	29,077
Investments	9	7,047,935	7,596,638	-	-
Property and equipment	10	936,886	914,756	950,937	971,151
Intangible assets	11	516,821	502,150	9,071,233	9,734,557
Total noncurrent assets		**11,155,266**	**11,536,842**	**13,266,742**	**13,879,473**
Total assets		**115,018,116**	**98,646,690**	**110,231,201**	**100,422,635**

Liabilities and equity	Note	Parent Company 12/31/2022	Parent Company 12/31/2021	Consolidated 12/31/2022	Consolidated 12/31/2021
Current liabilities					
Borrowings	12	3,623,321	652,144	3,623,321	2,912,802
Other payables		95,323,119	81,031,373	80,156,435	71,640,186
Social and statutory		340,911	290,146	405,743	347,750
Tax and social security	8	147,767	95,655	787,165	582,399
Payables to merchants	13	77,709,823	69,138,706	77,835,921	69,530,057
Payables to related parties	26	16,486,795	10,942,421	422,596	396,503
Others		637,823	564,445	705,010	783,477
Total current liabilities		**98,946,440**	**81,683,517**	**83,779,756**	**74,552,988**
Borrowings	12	3,019,750	3,382,302	3,019,750	3,382,302
Other payables		2,123,349	3,690,282	2,309,281	2,228,853
Provision for contingencies	14	2,061,899	1,985,883	2,239,392	2,158,491
Deferred taxes and contributions		-	-	-	25,964
Provision for obligations with investees		170	1,665,683	170	170
Others		61,280	38,716	69,719	44,228
Total noncurrent liabilities		**5,143,099**	**7,072,584**	**5,329,031**	**5,611,155**
Equity					
Issued capital	15	5,700,000	5,700,000	5,700,000	5,700,000
Capital reserve	15	70,893	77,030	70,893	77,030
Earnings reserves	15	5,435,319	4,542,989	5,435,319	4,542,989
Other comprehensive income	15	(164,030)	(330,852)	(164,030)	(330,852)
(-) Treasury shares	15	(113,605)	(98,578)	(113,605)	(98,578)
Attributable to:					
Owners of the Company		10,928,577	9,890,589	10,928,577	9,890,589
Noncontrolling interests		-	-	10,193,837	10,367,903
Total equity		**10,928,577**	**9,890,589**	**21,122,414**	**20,258,492**
Total liabilities and equity		**115,018,116**	**98,646,690**	**110,231,201**	**100,422,635**

The accompanying notes are an integral part of these financial statements.

Cielo S.A. - Instituição de Pagamento

Statements of profit or loss

For the six-month period ended December 31, 2022 and years ended December 31, 2022 and 2021

(In thousands of Brazilian reais, except earnings per share)

		Parent Company			Consolidated	
		2nd Six-month Period/22	Year		Year	
	Note	12/31/2022	12/31/2022	12/31/2021	12/31/2022	12/31/2021
NET REVENUE	17	3,316,107	6,227,289	4,992,009	10,693,106	11,685,440
COST OF SERVICES PROVIDED	18	(1,800,726)	(3,494,863)	(3,082,241)	(6,268,754)	(8,287,260)
GROSS PROFIT		**1,515,381**	**2,732,426**	**1,909,768**	**4,424,352**	**3,398,180**
OPERATING INCOME (EXPENSES)						
Personnel	18	(259,144)	(471,512)	(316,440)	(1,014,935)	(885,169)
General and administrative	18	(434,191)	(840,459)	(693,392)	(335,601)	(389,345)
Sales and marketing	18	(64,508)	(111,548)	(76,063)	(155,560)	(235,258)
Share of profit (loss) of investees	9	305,598	913,113	377,806	-	679
Other operating expenses, net	18	(32,109)	(160,399)	(116,433)	(77,268)	(313,210)
OPERATING PROFIT		**1,031,027**	**2,061,621**	**1,085,246**	**2,840,988**	**1,575,877**
FINANCE INCOME (COSTS)						
Finance income	24	90,488	135,785	123,630	467,612	324,415
Finance costs	24	(1,005,812)	(1,730,272)	(614,321)	(1,722,556)	(805,008)
FIDC shares yield and purchase of receivables	24	680,916	1,144,878	417,470	938,478	406,582
Exchange differences and MtM, net	24	(31,598)	(67,791)	(531)	(67,815)	(513)
		(266,006)	(517,400)	(73,752)	(384,281)	(74,524)
OPERATING PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		**765,021**	**1,544,221**	**1,011,494**	**2,456,707**	**1,501,353**
INCOME TAX AND SOCIAL CONTRIBUTION						
Current	8	(10,150)	(96,680)	(38,172)	(684,458)	(479,295)
Deferred	8	(5,161)	121,986	(2,851)	100,499	136,432
PROFIT FOR THE PERIOD		**749,710**	**1,569,527**	**970,471**	**1,872,748**	**1,158,490**
ATTRIBUTABLE TO:						
Owners of the Company					1,569,527	970,471
Noncontrolling interests					303,221	188,019
Earnings per share (in R$) - Basic	16	0.27759	0.58047	0.35825	0.58047	0.35825
Earnings per share (in R$) - Diluted	16	0.27550	0.57610	0.35665	0.57610	0.35665

The accompanying notes are an integral part of these financial statements.

Cielo S.A. - Instituição de Pagamento

Statements of comprehensive income

For the six-month period ended December 31, 2022 and years ended December 31, 2022 and 2021

(In thousands of Brazilian reais)

	Parent Company			Consolidated	
	2nd Six-month Period/22	Year		Year	
	12/31/2022	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Profit for the period	**749,710**	**1,569,527**	**970,471**	**1,872,748**	**1,158,490**
Items that can be reclassified to income					
Exchange differences on translation of foreign operations					
Exchange differences on foreign investments	549	163,512	(107,986)	163,512	(107,986)
Items that cannot be reclassified to income					
Post-employment benefit	3,310	3,310	901	3,310	901
Changes for the period	3,859	166,822	(107,085)	166,822	(107,085)
Total comprehensive income for the period	**753,569**	**1,736,349**	**863,386**	**2,039,570**	**1,051,405**
Attributable to:					
Owners of the Company				1,736,349	863,386
Noncontrolling interests				303,221	188,019

The accompanying notes are an integral part of these financial statements.

Cielo S.A. - Instituição de Pagamento

Statements of changes in equity

For the six-month period ended December 31, 2022 and years ended December 31, 2022 and 2021
(In thousands of Brazilian reais)

					Earnings reserves						
		Issued capital	Capital reserve	Treasury shares	Legal	Capital budget	Earnings retention	Other comprehensive income	Total owners of the Company	Noncontrolling interests	Total equity
Balances as at December 31, 2020		**5,700,000**	**67,529**	**(84,815)**	**1,140,000**	**2,891,907**	**-**	**(223,767)**	**9,490,854**	**3,114,858**	**12,605,712**
Acquisition of treasury shares		-	-	(27,124)	-	-	-	-	(27,124)	-	(27,124)
Restricted stock units granted	23	-	22,862	-	-	-	-	-	22,862	-	22,862
Transfer of treasury shares due to exercise of shares	23	-	(13,361)	13,361	-	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	970,471	-	970,471	188,019	1,158,490
Allocation of profit for the year:									-		
Interest on capital proposed		-	-	-	-	-	(235,760)	-	(235,760)	-	(235,760)
Interest on capital paid							(223,629)		(223,629)	-	(223,629)
Allocation of accumulated profit for the yea											
Capital budged reserve		-	-	-	-	511,082	(511,082)	-	-	-	-
Other comprehensive income:											
Exchange differences on net foreign investments	15.g)	-	-	-	-	-	-	(107,986)	(107,986)	-	(107,986)
Post-employment benefit	15.g)	-	-	-	-	-	-	901	901	-	901
First-time adoption - BCB Regulatory Instruction No. 272/22		-	-	-	-	-	-	-	-	7,272,634	7,272,634
Effect of noncontrolling interests on consolidated entities		-	-	-	-	-	-	-	-	(207,608)	(207,608)
Balances as at December 31, 2021		**5,700,000**	**77,030**	**(98,578)**	**1,140,000**	**3,402,989**	**-**	**(330,852)**	**9,890,589**	**10,367,903**	**20,258,492**
Balances as at June 30, 2022		**5,700,000**	**66,733**	**(122,309)**	**1,140,000**	**3,402,989**	**530,469**	**(167,889)**	**10,549,993**	**10,389,080**	**20,939,073**
Acquisition of treasury shares		-	-	-	-	-	-	-	-	-	-
Restricted stock units granted		-	12,864	-	-	-	-	-	12,864	-	12,864
Transfer of treasury shares due to exercise of shares		-	(8,704)	8,704	-	-	-	-	-	-	-
Profit for the period		-	-	-	-	-	749,710	-	749,710	166,481	916,191
Allocation of profit for the period:											
Interest on capital proposed		-	-	-	-	-	(14,790)	-	(14,790)	-	(14,790)
Interest on capital paid		-	-	-	-	-	(373,059)		(373,059)	-	(373,059)
Allocation of accumulated profit for the period											
Capital budged reserve		-	-	-	-	892,330	(892,330)	-	-	-	-
Other comprehensive income:											
Exchange differences on net foreign investments		-	-	-	-	-	-	549	549	-	549
Post-employment benefit								3,310	3,310		3,310
Effect of noncontrolling interests on consolidated entities		-	-	-	-	-	-	-	-	(361,724)	(361,724)
Balances as at December 31, 2022		**5,700,000**	**70,893**	**(113,605)**	**1,140,000**	**4,295,319**	**-**	**(164,030)**	**10,928,577**	**10,193,837**	**21,122,414**
Balances as at December 31, 2021		**5,700,000**	**77,030**	**(98,578)**	**1,140,000**	**3,402,989**	**-**	**(330,852)**	**9,890,589**	**10,367,903**	**20,258,492**
Acquisition of treasury shares		-	-	(47,425)	-	-	-	-	(47,425)	-	(47,425)
Restricted stock units granted	23	-	26,261	-	-	-	-	-	26,261	-	26,261
Transfer of treasury shares due to exercise of shares	23	-	(32,398)	32,398	-	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	1,569,527	-	1,569,527	303,221	1,872,748
Allocation of profit for the year:											
Interest on capital proposed	15.f)	-	-	-	-	-	(239,000)	-	(239,000)	-	(239,000)
Interest on capital paid	15.f)	-	-	-	-	-	(438,197)	-	(438,197)	-	(438,197)
Allocation of accumulated profit for the year											
Capital budged reserve		-	-	-	-	892,330	(892,330)	-	-	-	-
Other comprehensive income:											
Exchange differences on net foreign investments	15.g)	-	-	-	-	-	-	163,512	163,512	-	163,512
Post-employment benefit	15.g)							3,310	3,310	-	3,310
Effect of noncontrolling interests on consolidated entities		-	-	-	-	-	-	-	-	(477,287)	(477,287)
Balances as at December 31, 2022		**5,700,000**	**70,893**	**(113,605)**	**1,140,000**	**4,295,319**	**-**	**(164,030)**	**10,928,577**	**10,193,837**	**21,122,414**

The accompanying notes are an integral part of these financial statements.

Cielo S.A. - Instituição de Pagamento

Statements of cash flows
For the six-month period ended December 31, 2022 and years ended December 31, 2022 and 2021
(In thousands of Brazilian reais)

	Note	Parent Company			Consolidated	
		2nd Six-month Period/22	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Cash flows from operating activities						
Profit before income tax and social contribution		765,021	1,544,221	1,011,494	2,456,707	1,501,353
Adjustments to reconcile profit before income tax and social contribution to net cash generated by operating activities:						
Depreciation and amortization	10 and 11	273,110	526,365	504,588	974,531	1,100,748
Disposals/losses on property and equipment and intangible assets	10 and 11	68,105	131,859	223,077	135,069	308,574
Share of profit (loss) of investees	9	(305,598)	(913,113)	(377,806)	-	(679)
Exchange differences on foreign investments	9	(549)	(163,512)	-	-	-
Exchange differences on property and equipment and intangible assets	10 and 11	-	-	-	44,692	(26,324)
Restricted stock units granted	23	12,864	26,261	22,862	26,261	22,862
Transfer of treasury shares due to exercise of shares	23	(8,704)	(32,398)	(13,361)	(32,398)	(13,361)
Loss on doubtful debts and fraud	18	12,120	48,094	170,129	141,665	331,216
Provision for tax, civil and labor risks		34,598	125,879	216,028	135,024	371,693
Exchange differences relating to interest on foreign borrowings	12	6,180	(27,076)	37,269	(30,469)	196,908
Gains (losses) on derivative financial instruments		12,088	(58,605)	50,187	(58,605)	50,187
Interest on borrowings	12	362,863	576,284	234,120	655,457	313,666
Amortization of debt issuance costs	12	892	1,125	25,312	3,778	25,312
Yield from interest in FIDC		(714,124)	(1,200,712)	(417,470)	-	-
(Increase)/decrease in operating assets:						
Income receivable		52,703	40,078	168,015	(782,175)	9,100
Receivables from card-issuing banks		(6,610,848)	(13,282,525)	(9,089,986)	(13,450,625)	(9,307,027)
Receivables from related parties		(10,279)	(10,773)	2,472	(88,245)	5,077
Taxes and contributions for offset/recoverable		(80,370)	(310,778)	117,527	(409,144)	(145,983)
Escrow deposits		(4,394)	(6,333)	2,530	(7,560)	2,344
Other receivables		51,110	30,959	(67,664)	28,912	(72,114)
Other assets		(139,230)	(155)	(267,880)	10,007	(184,866)
Financial instruments, including derivatives		158,119	288,262	(106,425)	(58,867)	123,859
Increase/(decrease) in operating liabilities:						
Social and statutory		68,229	50,765	(29,198)	57,993	(134,615)
Tax and social security		87,242	271,020	(84,362)	661,037	428,909
Payables to merchants		4,893,365	8,571,117	7,609,461	8,690,147	7,765,013
Payables to related parties		1,938,781	5,544,374	5,883,011	29,412	-
Provisions for contingencies	14	(31,886)	(49,863)	(49,725)	(54,123)	(51,921)
Other liabilities		264,858	239,608	79,057	(500,387)	(415,622)
Cash generated by/(used in) operations		**1,156,266**	**1,960,428**	**5,853,262**	**(1,421,906)**	**2,204,309**
Income tax and social contribution paid		(11,232)	(53,455)	(76,794)	(561,272)	(427,650)
Net cash generated by/(used in) operating activities		**1,145,034**	**1,906,973**	**5,776,468**	**(1,983,178)**	**1,776,659**
Cash flows from investing activities						
Acquisitions of shares of FIDC		(2,019,861)	(3,102,284)	(3,279,910)	-	-
Disposal of interest in subsidiary		-	-	208,086	489,483	122,608
Redemption of shares of subsidiary	9	540,027	540,027	-	-	-
Capital increase in subsidiaries	9	(45,180)	(1,426,441)	-	-	-
Dividends received from subsidiaries	9	371,713	702,563	490,712	-	-
Purchases of property and equipment	10	(211,082)	(467,719)	(403,524)	(470,023)	(424,456)
Disposal of intangible assets		-	-	199,795	-	199,795
Purchases of intangible assets	11	(113,924)	(227,306)	(211,230)	(231,842)	(261,169)
Net cash (used in) investing activities		**(1,478,307)**	**(3,981,160)**	**(2,996,071)**	**(212,382)**	**(363,222)**
Cash flows from financing activities						
Borrowings	12	3,800,000	5,420,000	-	5,420,000	-
Payment of principal of borrowings, net of derivatives	12	(2,106,196)	(2,957,474)	(3,022,557)	(5,217,254)	(2,922,495)
Debt issuance costs incurred	12	(4,953)	(4,953)	(7,652)	(4,953)	(7,652)
Interest paid	12	(240,146)	(399,281)	(174,082)	(478,592)	(255,247)
Increase in third parties' interest in FIDC		-	-	-	893,596	7,702,826
Amortization of senior quotas - FIDC		-	-	-	(852,095)	(3,487,214)
Acquisition of treasury shares	15 c)	-	(47,425)	(27,124)	(47,425)	(27,124)
Dividends and interest on capital paid		(373,059)	(673,957)	(390,050)	(975,055)	(583,569)
Net cash generated by/(used in) financing activities		**1,075,646**	**1,336,910**	**(3,621,465)**	**(1,261,778)**	**419,525**
Increase/(decrease) in cash and cash equivalents		**742,373**	**(737,277)**	**(841,068)**	**(3,457,338)**	**1,832,962**
Cash and cash equivalents						
Closing balance	4 and 5 a)	1,087,435	1,087,435	1,824,712	1,882,865	5,340,203
Effect of exchange difference on foreign cash and cash equivalents					(13,588)	27,692
Opening balance	4 and 5 a)	345,062	1,824,712	2,665,780	5,340,203	3,507,241
Increase/(decrease) in cash and cash equivalents		**742,373**	**(737,277)**	**(841,068)**	**(3,457,338)**	**1,832,962**

The accompanying notes are an integral part of these financial statements.

Cielo S.A. - Instituição de Pagamento

Statements of value added
For the years ended December 31, 2022 and 2021
(In thousands of Brazilian reais)

		Parent Company			Consolidated	
	Note	2nd Six-month Period/22	12/31/2022	12/31/2021	12/31/2022	12/31/2021
REVENUES						
Sales of services	17	3,696,584	6,992,575	5,704,168	12,076,317	13,125,170
Loss on doubtful debts and fraud	18	(12,120)	(48,094)	(170,129)	(141,665)	(331,216)
		3,684,464	**6,944,481**	**5,534,039**	**11,934,652**	**12,793,954**
INPUTS PURCHASED FROM THIRD PARTIES						
Cost of services provided		(1,407,317)	(2,743,233)	(2,380,437)	(5,019,450)	(6,826,279)
Materials, electric energy, outside services and others		(494,267)	(938,205)	(757,060)	(514,461)	(693,195)
Other expenses, net		41,943	9,468	150,826	186,531	123,155
Impairment of assets	18	(61,934)	(121,775)	(97,130)	(122,134)	(105,149)
		(1,921,575)	**(3,793,745)**	**(3,083,801)**	**(5,469,514)**	**(7,501,468)**
GROSS VALUE ADDED		**1,762,889**	**3,150,736**	**2,450,238**	**6,465,138**	**5,292,486**
Retentions						
Depreciation and amortization	10 and 11	(273,110)	(526,365)	(504,588)	(974,531)	(1,100,748)
WEALTH CREATED, NET		**1,489,779**	**2,624,371**	**1,945,650**	**5,490,607**	**4,191,738**
WEALTH RECEIVED IN TRANSFER						
Share of profit (loss) of investees	9	305,598	913,113	377,806	-	679
Finance income, including purchase of receivables and exchange differences, net	24	739,807	1,212,872	540,569	1,338,275	730,484
		1,045,405	**2,125,985**	**918,375**	**1,338,275**	**731,163**
TOTAL WEALTH FOR DISTRIBUTION		**2,535,184**	**4,750,356**	**2,864,025**	**6,828,882**	**4,922,901**
DISTRIBUTION OF WEALTH						
Personnel and related taxes		(276,293)	(509,318)	(371,282)	(951,898)	(922,051)
Salaries and wages		(224,245)	(411,151)	(299,329)	(740,726)	(755,450)
Benefits		(39,261)	(73,231)	(51,782)	(162,144)	(127,212)
Severance pay fund (FGTS)		(12,787)	(24,936)	(20,171)	(49,028)	(39,389)
Profit sharing	21	(65,977)	(118,412)	(93,445)	(183,462)	(151,049)
Taxes and contributions		(434,587)	(817,495)	(808,570)	(2,094,046)	(1,874,481)
Federal		(397,789)	(699,688)	(625,248)	(1,833,314)	(1,472,437)
State		(14)	(22)	(16)	(23)	(133)
Municipal		(36,784)	(117,785)	(183,306)	(260,709)	(401,911)
Interest and rental expenses		(1,008,617)	(1,735,604)	(620,257)	(1,726,728)	(816,830)
Rentals		(2,806)	(5,332)	(5,935)	(15,279)	(20,347)
Interest		(964,748)	(1,652,449)	(545,158)	(1,629,023)	(715,538)
Others		(41,063)	(77,823)	(69,164)	(82,426)	(80,945)
Dividends and interest on capital paid		(373,059)	(438,197)	(223,629)	(739,295)	(382,714)
Dividends and interest on capital proposed		(14,790)	(239,000)	(235,760)	(239,000)	(235,760)
Earnings retention		(361,861)	(892,330)	(511,082)	(591,232)	(351,997)
Noncontrolling interests		-	-	-	(303,221)	(188,019)
WEALTH DISTRIBUTED		**(2,535,184)**	**(4,750,356)**	**(2,864,025)**	**(6,828,882)**	**(4,922,901)**

The accompanying notes are an integral part of these financial statements.

1 Operations

Cielo S.A. – Instituição de Pagamento (the "Company" or "Cielo") was established in Brazil on November 23, 1995 and is primarily engaged in providing services related to credit and debit cards and other means of payment, including signing up of merchants and service providers, rental, installation and maintenance of POS (point-of-sale) terminals, data capture and processing of electronic and manual transactions, as well as the issuance and management of payment accounts.

Cielo is a corporation headquartered in the City of Barueri, State of São Paulo. Its shares are traded on B3 S.A. - Brasil, Bolsa, Balcão, under the ticker symbol "CIEL3", and Cielo and its subsidiaries are part of the Banco do Brasil S.A. ("Banco do Brasil") and Banco Bradesco S.A. ("Bradesco") groups.

The Company's direct and indirect subsidiaries and joint ventures that, together with Cielo, are also referred to as "Cielo Group" throughout this report provide services related to means of payment or complementary to the acquiring services, such as provision of services in processing means of payments that involve cards, maintenance services and contacts with merchants for acceptance of credit and debit cards, data transmission to load fixed or mobile phone credits, development and licensing of computer software, processing of electronic transactions, IT services for collection and management of accounts payable and receivable using the Internet.

Significant events for the year

We highlight the following events for the year ended December 31, 2022:

- On January 31, 2022, the General Meeting of Shareholders decided on the early liquidation of Fundo de Investimento em Direitos Creditórios Cielo Receba Mais (FIDC Receba mais). The amortization and total redemption of senior shares was on February 3, 2022 and on February 23, 2022, FIDC Receba Mais was merged into FIDC NP Cielo.

- On February 18 and March 4, 2022, capital contributions in Cielo Inc. in the amounts of US$ 200 million and US$ 70 million, respectively, by Cielo were approved and effected. The objective of the contributions was to reduce exposure to foreign exchange variation in Cielo Inc. against the subsidiary's obligation related to the senior bonds ("ten year bonds") issued in 2012 with maturity in November 2022.

- On April 8, 2022, the sale of its subsidiary Merchant E-Solutions, Inc. was concluded, after compliance with the conditions precedent, with payment to the Company of US$ 137.2 million (R$ 652.8 million) related to the fixed portion (upfront), adjusted according to the terms set out in the transaction documents.

- On April 8, 2022, the Board of Directors approved the opening of a new share buyback program, through which the Company was authorized to acquire up to 13,339,245 common shares, without par value, of its own issuance.

- On October 3, 2022, after approval by the Board of Directors, the 6th issuance of simple debentures in the amount of R$ 3,000,000 was settled, with maturity on September 20, 2025 and interest corresponding to the accumulated variation of 100% of the DI Rate, plus a spread or surcharge of 1.20% p.a.

- In November 2022, the bonds issued by the Company in the remaining amount of USD 97,150 were settled, after partial repurchase in June 2019 and by subsidiary Cielo USA in the amount of USD 404,942, according to the maturity of the financial transaction.

- On November 17, 2022, the Company was informed that the interest held by Integrum Holdings L.P. (“Integrum”) in Merchant E-Solutions Inc. (“MerchantE”) was sold to a third party. The Company was informed that, under the relevant sale agreement, such transaction will not entitle Cielo to receive the variable portion (earn-out) that had been agreed under the agreement whereby MerchantE was sold to Integrum, which were the subject of the material fact disclosed on February 18 and April 8, 2022.

2 Summary of significant accounting practices

2.1 Statement of compliance and approval of the Financial Statements

The Company's financial statements have been prepared under the assumption that the Company will continue as a going concern and in accordance with the accounting guidelines established by Law No. 6,404/76 ("Brazilian Corporation Law"), including the changes introduced by Laws No. 11,638/07 and No. 11,941/09, and the rules and instructions of the National Monetary Council ("CMN") and Central Bank of Brazil ("BACEN"), together referred to as "COSIF", and the Securities and Exchange Commission of Brazil ("CVM"), when applicable.

On January 1, 2022, BCB Resolution No. 120 came into effect, establishing the general principles for accounting recognition, measurement, bookkeeping and disclosure by payment institutions (PI) authorized to operate by the BACEN. The general principles do not differ significantly from the accounting practices already applied by the Company.

The financial statements were approved by the Company's Board of Directors and authorized for issue on January 26, 2023.

2.2 First-time adoption of accounting practice

On January 1, 2022, according to BCB Normative Instruction (NI) No. 272/22, the Company adopted the new accounting practice for the presentation of third parties’ interests in: Credit Rights Investment Funds (FIDCs) and Investment Funds in Investment Fund Shares (FICs). The shares of third parties, previously presented in current and non-current liabilities, began to be recorded directly in equity, specifically under the line item "noncontrolling interests". This change in accounting practice was recorded in accordance with technical pronouncement CPC No. 23 - Accounting Policies, Changes in Accounting Estimates and Errors and approved by BCB Resolution No. 120/21. As a result of the application of this pronouncement, for comparability purposes, the Company also reflected this reclassification in the statement of financial position as at December 31, 2021 and 2020, as well as in the statement of financial position as at December 31, 2022, as follows:

(Amounts in thousands of Brazilian reais, unless otherwise stated)

	12/31/2021	12/31/2020
Equity – previously disclosed	12,985,858	12,605,712
Reclassification of non-controlling interests in FIDCs and FICs	7,272,634	3,049,663
Equity after adoption of BCB NI No. 272/22	20,258,492	15,655,375

2.3 Standards, amendments and interpretations applicable in future periods

BCB Resolution No. 219/22 – Such Resolution addresses the accounting criteria and concepts applicable to financial instruments as well as for the designation and recognition of hedge transactions; supersedes, among other standards, CMN Resolution No. 2,682/99 BACEN Circular Letter No. 3,068/01 and BACEN Circular Letter No. 3,833/17.

It will be applied prospectively, effective from January 1, 2025.
The Company developed the implementation plan of said resolution and did not identify material impacts on the financial statements, nor on the systems and processes.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires the Company's Management to adopt estimates that affect certain assets and liabilities, the disclosure of contingent liabilities and the reported amounts of revenues and expenses for the period. Significant assets and liabilities subject to these estimates and assumptions include the residual value of property and equipment and intangible assets, allowance for doubtful debts (on receivables from rental of POS equipment and receivables from card-issuing banks, for example), deferred income tax and social contribution (tax assets), impairment of goodwill (as applicable), provision for risks and fair value measurement of financial instruments. Since Management's judgment involves estimates concerning the probability of occurrence of future events, actual amounts may differ from those estimates. The Company reviews the estimates and assumptions at least semi-annually.

2.5 Functional and presentation currency

The financial statements are presented in Brazilian reais (R$), which is the Company's functional and presentation currency.

Management determined that the functional currency of its foreign subsidiaries is the US dollar. For Cielo USA Inc (“Cielo USA”), the main factor to determine the functional currency was the raising of US dollar denominated borrowings for the acquisition of control of Merchant e-Solutions, Inc ("MerchantE"). In addition, with respect to MerchantE, the cash flows and services provided are fully denominated in US dollars.

For purposes of presentation of the consolidated financial statements, the assets and liabilities of subsidiaries Cielo USA and MerchantE (based in the USA), originally denominated in US dollars, were translated into Brazilian reais at the exchange rates prevailing at year-end. Revenues and expenses were translated at the average monthly exchange rates. Exchange differences resulting from such translations were classified in other comprehensive income and accumulated in equity.

2.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, less estimated returns, trade discounts and/or bonuses granted and other similar deductions.
Revenues from the capture of transactions with credit and debit cards are recognized on the date of capture/processing of the transactions. Revenues from credit and debit card transactions and payment accounts management services, as well as other services provided to partners and merchants are recognized when the services are provided.

The revenue from purchase of receivables with merchants is recognized on a "*pro rata temporis*" basis considering their maturities.

2.7 Cash and cash equivalents

For purposes of the statement of cash flows, this balance includes cash and cash equivalents that are represented by cash in local currency and in foreign currency, investments in repurchase agreements (open market investments), investments in interbank deposits and investments in foreign currency, which are highly liquid and readily convertible into a known cash amount and with insignificant risk of change in fair value.

Open market investments

These investments are stated at cost, plus income earned through the end of the reporting period, less a provision for impairment, when applicable.

2.8 Financial instruments

The financial instruments acquired for own portfolio are recorded at the amount actually paid, including brokerage fees and charges, and are classified into three different categories according to the intent of the Company's Management, in accordance with BACEN Circular Letter No. 3,068/01:

Trading securities

Trading securities are those acquired for the purpose of being actively and frequently traded. They are stated at cost, plus income earned and adjusted to market value with a matching entry in profit or loss for the period;

Available-for-sale securities

Available-for-sale securities are those that are not classified as trading securities or as held-to-maturity securities. They are stated at cost, plus income earned with a matching entry in profit or loss for the period and adjusted to market value with a matching entry in equity, less tax effects, which will only be recognized in profit or loss upon their actual realization; and

Held-to-maturity securities

Held-to-maturity securities are those acquired with the intent and for which there is financial ability to hold them to maturity. They are stated at cost, plus income earned with a matching entry in profit or loss for the period and are not measured at market value.

The financial instruments classified in the categories of trading securities and available-for-sale securities, as well as the derivative financial instruments, are recorded in the statement of financial position at their market value. The market value is generally based on market price quotations for assets or liabilities with similar characteristics.

The financial instruments are assessed to verify if there is objective evidence of impairment. The objective evidence of impairment may include non-payment or late payment by the counterparty, indications of bankruptcy proceedings or even a significant or prolonged decline in the value of the asset. An impairment of a security is recognized in profit or loss for the year if its carrying amount exceeds its recoverable amount.

Pursuant to article 7 of Bacen Circular Letter No. 3,068, financial instruments classified as trading securities are recorded in the statement of financial position in current assets, irrespective of their maturity dates.

2.9 Derivative financial instruments and hedge transactions

The Company enters into derivative financial instruments mainly to manage its exposure to fluctuations in exchange rates. The Company measures its derivative financial instruments based on quotations obtained from market participants, which is the market value of the financial instruments at the end of the reporting period.

Changes in the market value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge or a hedge of exchange differences on foreign investments are recognized in other comprehensive income and when the derivative qualifies as a market risk hedge, the hedged item and the hedging instrument are recognized in the statement of profit or loss at their fair values.

The Company assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives used in hedging transactions are highly effective in offsetting changes in market values or cash flows of hedged items. When a hedging instrument is sold, terminated, expires or is exercised, the cumulative unrealized gain or loss, which had been recognized in other comprehensive income, is immediately reported in the statement of profit or loss. Additionally, changes in the market value of financial instruments not qualifying as hedge or qualifying as market risk hedge are recognized in the line item of Finance income (costs), net, in the statement of profit or loss.

2.10 Receivables from card-issuing banks and payables to merchants

(a) Operating receivables

Receivables from card-issuing banks

Refer to amounts of transactions carried out by holders of debit and credit cards issued by financial institutions, and the balances of receivables from card-issuing banks are net of interchange fees with receipt terms of less than one year.

Receivables for processed financial transactions

Refer mainly to receivables from card association members for financial transactions processed by MerchantE that have been authorized but not yet received. These receivables are generally settled on the following business day.

Receivables from merchants

Represent interchange and service fees for transaction processing receivable from merchants, as a result of MerchantE's practice to settle transactions at full amounts to merchants and collect these fees at the beginning of the next month.

(b) Payables to merchants

Payables to merchants

Refer to the obligation to pay for the purchase of products and services made with cards to merchants accredited by the Company.

Payables to merchants for transactions processed

Refer to the balances due to merchants for processed transactions that have not yet been paid. MerchantE pays merchants the amounts received from card associations on the business day subsequent to the day the transaction is captured.

Merchant deposits

MerchantE maintains funds as a security deposit to hedge against the risk of a customer going bankrupt and being unable to pay for the services provided. The amount retained from each customer is based on the risk factors associated to the customer, which include, among others, the type of business and the volume of completed transactions.

2.11 Investments

In the individual financial statements, the investments in subsidiaries, joint ventures and associates are accounted for under the equity method of accounting, based on the equity value of the subsidiary or associate.

In the consolidated financial statements, subsidiaries are fully consolidated and associates and joint ventures are accounted for under the equity method of accounting.

The financial statements of foreign subsidiaries are conformed to the accounting criteria of the parent company and translated into the real currency at the period-end rate.

2.12 Property and equipment

Stated at historical cost, less accumulated depreciation and accumulated impairment losses. Depreciation is calculated under the straight-line method, based on the estimated useful lives of the assets. The estimated useful lives, residual values, and depreciation methods are reviewed on an annual basis, and the effect of any changes in estimates is accounted for on a prospective basis.

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its continued use. Any gain or loss from the sale or derecognition of an item of property and equipment is determined by the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.13 Intangible assets

Intangible assets correspond to the rights acquired that have as object intangible property for the maintenance of the Company's activities or exercised for this purpose. Intangible assets are comprised by:

Separately acquired intangible assets

Separately acquired intangible assets with finite useful lives are stated at purchase cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis based on the estimated useful lives of the assets. The estimated useful life and amortization method are reviewed on an annual basis and the effect of any changes in estimates is accounted for on a prospective basis.

Internally generated intangible assets

Costs of research activities are recognized as expense in the period in which they are incurred. When no internally generated intangible asset can be recognized, the development costs are recognized in profit or loss when incurred.

2.14 Impairment of tangible and intangible assets

Annually, and whenever there is evidence of loss, the Company reviews the carrying amount of its tangible and intangible assets to determine if there is any indication that these assets may be impaired.

Recoverable amount is the higher of the fair value less costs to sell and the value in use. If the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount, and the impairment loss is immediately recognized in profit or loss.

2.15 Goodwill

Goodwill corresponds to the amount paid in excess of the carrying amount of the investments acquired at fair value, arising from expected future profitability and supported by economic and financial studies on which the purchase price of the businesses was based.

Goodwill from expected future profitability is amortized according to the projection periods that justified it and is subject to impairment test annually or more frequently, whenever there is indication that the cash-generating unit may be impaired.

The goodwill arising from investments in subsidiaries, associate and joint ventures is included in the carrying amount of the investment in the individual financial statements. In the consolidated financial statements, the goodwill arising from the acquisition of subsidiaries is recognized in intangible assets.

2.16 Income tax and social contribution - current and deferred

The income tax and social contribution expense represents the sum of current and deferred taxes.

Current taxes

The Company's provision for income tax and social contribution is calculated based on the taxable profit for the year. Income tax was calculated at the rate of 15%, plus a 10% surtax on the taxable profit exceeding R$ 240. Social contribution was calculated at the rate of 9% on the adjusted book profit.

Deferred taxes

Deferred income tax and social contribution are fully recognized on the differences between assets and liabilities recognized for tax purposes and the related amounts recognized in the financial statements. Deferred income tax and social contribution are determined based on the tax rates and tax laws in effect at the end of the reporting period, applicable when the income tax and social contribution are realized. The recovery of deferred tax assets is reviewed semi-annually and when it is no longer probable that future taxable profits will be available to allow the recovery of all or part of the assets, the asset balance is adjusted to the amount expected to be recovered.

Current and deferred taxes are recognized in profit or loss, except when they relate to items recognized in "Other comprehensive income" or directly in equity.

When current and deferred taxes result from the initial accounting for a business combination, the tax effect is considered in accounting for the business combination.

2.17 Employee benefits

Supplementary pension plan

Refers to amounts in which the Company is the co-sponsor of a defined contribution supplementary pension plan. Contributions are made based on a percentage of the employee's compensation. Payments to defined contribution plans are recognized as expense when the services that entitle to such payments are provided.

Post-employment benefit

Represents amounts in which the Company has an actuarial liability resulting from post-employment benefits, relating to the expected expenses on healthcare plan.

2.18 Provision for contingencies

Recognized when there is a present obligation (legal or constructive) as a result of a past event, with probable outflow of resources, and the amount of the obligation can be reliably estimated. The amount recognized as a provision is the best estimate of the settlement amount at the end of the reporting period, taking into consideration the risks and uncertainties related to the obligation.

The recognition, measurement and disclosure of provisions, contingent assets, contingent liabilities and legal obligations are made according to the criteria defined in CPC 25 - Provisions, Contingent Liabilities and Contingent Assets, approved by CMN Resolution No. 3,823/09.

2.19 Dividends and interest on capital

The proposal for payment of dividends and interest on capital made by the Company's Management that is included in the portion equivalent to the minimum mandatory dividend is recognized in line item "Social and statutory" in current liabilities as it is considered a legal obligation under the Company's bylaws. However, the portion of dividends exceeding the minimum mandatory dividend, when applicable, declared by Management after the fiscal year to which the financial statements refer, but before the date of authorization for issue of the financial statements, is recognized in line item "Additional dividends proposed" in equity. For corporate and accounting purposes, interest on capital is included in the minimum mandatory dividend.

2.20 Stock option plan and restricted stock plan

The Company offers a stock option plan and restricted stock plan to its officers and some of its employees. Options or shares are priced at fair value at the grant date of the plans and are recognized on a straight-line basis over the term of the grant of the option or share as a matching entry to equity. At the end of each reporting period, the Company reviews its estimates of the number of options and shares that will be vested based on these conditions and recognizes the impact of the revision of the initial estimates, if any, in the statements of profit or loss, as a matching entry to equity.

3 Consolidated financial statements

The consolidated financial statements include the information of the Company, its subsidiaries and its investment funds. The Company consolidates the FIDCs' accounting information as it understands that a relevant part of the risks and benefits related to profitability is linked to the shares held by Cielo. When necessary, the subsidiaries' accounting information is adjusted to conform their accounting practices to those established by Cielo Group.

In addition to the provisions in the Accounting Chart for Institutions of the National Financial System (COSIF) the consolidation procedures established by Technical Pronouncement CPC 36 (R3) - Consolidated Financial Statements were also applied in the preparation of the consolidated Financial Statements.

As at December 31, 2022 and 2021, Cielo Group consisted of the following companies:

(Amounts in thousands of Brazilian reais, unless otherwise stated)

	Ownership interest (%)	
Companies	**12/31/2022**	**12/31/2021**
Direct and indirect interests in Subsidiaries and funds:		
Servinet Serviços Ltda. ("Servinet")	99.99	99.99
Cateno Gestão de Contas de Pagamentos S.A. ("Cateno")	70.00	70.00
Cielo USA, Inc. ("Cielo USA")	100.00	100.00
Aliança Pagamentos e Participações Ltda. ("Aliança")	99.99	99.99
Fundo de Investimento em Direitos Creditórios Não-Padronizados Cielo ("FIDC")	100.00	100.00
Fundo de Investimento em Direitos Creditórios Cielo ("FIDC Plus")	92.80	88.48
Fundo de Investimento em Direitos Creditórios Cielo Emissores I ("FIDC Emissor")	13.00	10.63
Fundo de Investimento em Direitos Creditórios Cielo Emissores II ("FIDC Emissor II")	12.27	9.94
Fundo de Investimento em Direitos Creditórios Cielo Receba Mais ("FIDC Receba Mais")	-	56.82
Fundos de Investimento em Cotas de Fundos de Investimento ("FICs")	100.00	100.00
Stelo S.A. ("Stelo")	100.00	100.00
Merchant E-Solutions, Inc. ("MerchantE")	-	100.00
Paggo Soluções e Meios de Pagamento S.A. ("Paggo")	50.00	50.00

4 Cash

	Parent Company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
In local currency	100,560	46,612	108,934	174,912
In foreign currency	27,170	22,565	31,613	175,192
Total	**127,730**	**69,177**	**140,547**	**350,104**

5 Financial instruments, including derivatives

	Parent Company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Assets:				
Cash equivalent financial instruments	959,705	1,755,535	1,742,318	4,990,099
Derivative financial instruments	-	34,815	-	34,815
Other financial instruments	-	194,842	286,718	485,678
Total	**959,705**	**1,985,192**	**2,029,036**	**5,510,592**
Total current	959,705	1,978,842	1,742,318	5,225,593
Total noncurrent	-	6,350	286,718	284,999

The income from the financial instruments described above is shown in note No. 24 - Finance income (costs).

(a) Cash equivalent financial instruments

As at December 31, 2022 and 2021, the balance of cash equivalent financial instruments comprises open market investments and marketable securities as follows:

	Parent Company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Open market investments	7,473	7,054	7,473	190,628
Marketable securities	952,232	1,748,481	1,734,845	4,799,471
Total	**959,705**	**1,755,535**	**1,742,318**	**4,990,099**

(Amounts in thousands of Brazilian reais, unless otherwise stated)

Open market investments

As at December 31, 2022 and 2021, the Company's open market investments balances are as follows:

	Parent Company		
	Maturity	Total	
Open market investments	**0 - 30**	**12/31/2022**	**12/31/2021**
Repurchase agreements	7,473	7,473	7,054
Total	**7,473**	**7,473**	**7,054**

	Consolidated		
	Maturity	Total	
	0 - 30	**12/31/2022**	**12/31/2021**
Open market investments			
Foreign currency investments	-	-	176,072
Repurchase agreements	7,473	7,473	14,556
Total	**7,473**	**7,473**	**190,628**

Marketable securities

Breakdown of the asset and liability balances and classification of the portfolio by category and terms of the marketable securities are as follows:

	Parent Company					
	12/31/2022				12/31/2021	
	Maturity		Total		Total	
	0 – 30	331 - 365	Market Value	Cost	Market Value	Cost
Trading securities						
Private securities:	**783,959**	**168,273**	**952,232**	**812,274**	**1,748,481**	**1,745,938**
Investment fund shares	783,879	-	783,879	649,319	1,691,422	1,689,376
Bank Deposit Certificate – CDB	80	168,273	168,353	162,955	57,059	56,562
Total	783,959	168,273	952,232	812,274	1,748,481	1,745,938

	Consolidated					
	12/31/2022				12/31/2021	
	Maturity		Total		Total	
	0 - 30	331 - 365	Market Value	Cost	Market Value	Cost
Trading securities						
Private securities	**1,556,363**	**178,482**	**1,734,845**	**1,581,467**	**4,799,471**	**4,796,653**
Investment fund shares	1,556,283	-	1,556,283	1,408,421	4,690,595	4,688,276
Bank Deposit Certificate – CDB	80	168,273	168,353	162,955	57,059	56,562
Financial Bills – LF	-	10,209	10,209	10,091	10,588	10,588
Others	-	-	-	-	41,229	41,227
Total	**1,556,363**	**178,482**	**1,734,845**	**1,581,467**	**4,799,471**	**4,796,653**

The market value of the financial instruments is determined according to the market price quotation available at the end of the reporting period. If there is no available market price quotation, the values are estimated based on quotations from dealers, pricing models, quotation models or price quotations for instruments with similar characteristics. In the case of investment funds, the updated cost reflects the market value of the respective shares. Even though securities have maturities of more than 90 days, investments are highly liquid and readily convertible into a known cash amount, without any restriction as to their settlement, and are used as part of the Company's cash management.

(Amounts in thousands of Brazilian reais, unless otherwise stated)

(b) Derivative financial instruments

According to internal policy, the Company's finance result must derive from the generation of cash of its business rather than from speculative gains in the financial market. Therefore, it considers that the derivatives should only be used to hedge against any exposures that the Company may have arising from the risks to which it is exposed, with no speculative purposes.

The derivative financial instrument Non-deliverable Forward (NDF) was settled in November 2022, its maturity term. As at December 31, 2022, the Company does not have derivative financial instruments.

(c) Other financial instruments

As at December 31, 2022 and 2021, the balances comprises held-to-maturity securities as follows:

	Parent Company	
	12/31/2022	12/31/2021
	Total	Total
	Amortized cost	Amortized cost
Held-to-maturity securities		
Private securities	**-**	**194,842**
Fixed income securities abroad	-	188,492
Debentures	-	6,350
Total	**-**	**194,842**

	Consolidated		
	12/31/2022		12/31/2021
	Maturity	Total	Total
	Above 365	Amortized cost	Amortized cost
Held-to-maturity securities			
Public securities	**99,237**	**99,237**	**88,328**
National Treasury Bills – LTN	99,237	99,237	88,328
Private securities	**187,481**	**187,481**	**397,350**
Financial Bills – LF	187,481	187,481	202,508
Fixed-income securities abroad	-	-	188,492
Debentures	-	-	6,350
Total	**286,718**	**286,718**	**485,678**

6 Credit rights investment funds ("FIDCs")

The objective of all FIDCs is to provide shareholders with appreciation of their shares through the investment of their funds mainly in credit rights arising from payment transactions made by end users using payment instruments for purchase of goods, products and services in merchants, or through the purchase of credit portfolios operated by partnering financial institutions, complying with the other applicable rules and standards.

Funds

Fundo de Investimento em Direitos Creditórios Não-Padronizados Cielo ("FIDC NP") started its activities on August 5, 2016 in the form of an open-ended condominium, exclusive and for an indeterminate term. From July 31, 2017 to the updating of the regulation on June 3, 2019, the fund did not operate new purchases of receivable., After update, the fund resumed the operation with new purchases.

Fundo de Investimento em Direitos Creditórios Cielo ("FIDC Plus") started its activities on July 28, 2017 in the form of a closed condominium, restricted to professional investors and for an indeterminate term. The senior shares' yields are paid semi-annually, with minimum subordination index of 20%.

Fundo de Investimento em Direitos Creditórios Cielo Receba Mais ("FIDC Receba Mais") started its activities on April 29, 2021 in the form of a closed condominium, restricted to professional investors and for a six-year term. The General Meeting of Shareholders held on January 31, 2022 decided on the liquidation of the Fund in light of item 12.3, subitem (g), of the Regulation. Accordingly, the amortization and total early redemption of senior shares was on February 4, 2022.

Fundo de Investimento em Direitos Creditórios Cielo Emissores I ("FIDC Emissor I") started its activities on March 16, 2021 in the form of a closed condominium, restricted to professional investors and for an indeterminate term. The senior shares' yields are paid semi-annually, with minimum subordination index of 10%.

Fundo de Investimento em Direitos Creditórios Cielo Emissores II ("FIDC Emissor II") started its activities on May 13, 2021 in the form of a closed condominium, restricted to qualified investors and for an indeterminate term. The senior shares' yields are paid semi-annually, with minimum subordination index of 9.1%.

The credit rights of the FIDCs are measured at the purchase price and remunerated based on the internal rate of return ("IRR") of the contracts, under the *pro rata temporis* criterion. The internal rate is calculated based on the purchase price, face value and term for receiving the credit rights.

All funds are governed by CMN Resolution No. 2,907/01, by CVM Instructions No. 356/01 and No. 444/06, by the terms of the Regulation, and by all other applicable legal and regulatory provisions.

Structure and composition of the funds

The equity structure of the FIDCs as at December 31, 2022 and 2021 is presented below:

(Amounts in thousands of Brazilian reais, unless otherwise stated)

	12/31/2022			
	Number of shares	Total value of shares	Cielo's interest	Third parties' interest
FIDC NP	**57,285**	**865,073**	**865,073**	**-**
FIDC Plus	**683,501,577**	**8,739,288**	**8,109,880**	**629,408**
Senior	600,000	629,408	-	629,408
Subordinated	682,901,577	8,109,880	8,109,880	-
FIDC Emissor I	**2,222,223**	**2,394,175**	**311,156**	**2,083,019**
Senior	2,000,000	2,083,019	-	2,083,019
Subordinated	222,223	311,156	311,156	-
FIDC Emissor II	**4,965,131**	**5,227,605**	**641,457**	**4,586,148**
Senior	4,500,000	4,586,148	-	4,586,148
Subordinated	465,131	641,457	641,457	-
Total	**690,746,216**	**17,226,141**	**9,927,566**	**7,298,575**

	12/31/2021			
	Number of shares	Total value of shares	Cielo's interest	Third parties' interest
FIDC NP	**57,285**	**29,339**	**29,339**	**-**
FIDC Plus	**346,278,618**	**5,370,187**	**4,751,723**	**618,464**
Senior	600,000	618,464	-	618,464
Subordinated	345,678,618	4,751,723	4,751,723	-
FIDC Receba Mais	**242,294**	**72,043**	**40,937**	**31,106**
Senior	200,000	31,106	-	31,106
Subordinated	42,294	40,937	40,937	-
FIDC Emissor I	**2,222,223**	**2,293,737**	**243,926**	**2,049,811**
Senior	2,000,000	2,049,811	-	2,049,811
Subordinated	222,223	243,926	243,926	-
FIDC Emissor II	**4,965,131**	**5,060,505**	**502,812**	**4,557,693**
Senior	4,500,000	4,557,693	-	4,557,693
Subordinated	465,131	502,812	502,812	-
Total	**353,765,551**	**12,825,811**	**5,568,737**	**7,257,074**

The statements of financial of the FIDCs position as at December 31, 2022 and 2021 are as follows:

	12/31/2022			12/31/2021		
	Assets	Liabilities	Equity	Assets	Liabilities	Equity
FIDC NP	865,297	224	865,073	29,487	148	29,339
FIDC Plus	8,739,706	418	8,739,288	5,371,989	1,802	5,370,187
FIDC Receba Mais	-	-	-	72,260	217	72,043
FIDC Emissor I	2,394,175	-	2,394,175	2,293,744	7	2,293,737
FIDC Emissor II	5,227,618	13	5,227,605	5,060,528	23	5,060,505
Total	**17,226,796**	**655**	**17,226,141**	**12,828,008**	**2,197**	**12,825,811**

The statements of profit or loss of the FIDCs for the six-month periods and years ended December 31, 2022 and 2021 are as follows:

(Amounts in thousands of Brazilian reais, unless otherwise stated)

	2nd six-month period 12/31/2022					
	FIDC NP	FIDC Plus	FIDC Receba Mais	FIDC Emissor I	FIDC Emissor II	Total
Income - Credit rights	14,289	568,667	-	-	-	582,956
Income - Credit rights Card issuing banks	-	-	-	184,956	415,679	600,635
Finance income	4,207	67,457	-	1,618	3,780	77,062
Finance costs	(7,911)	(4,208)	-	(788)	(965)	(13,872)
Other operating expenses	(853)	(689)	-	(552)	(491)	(2,585)
Profit for the six-month period	**9,732**	**631,227**	**-**	**185,234**	**418,003**	**1,244,196**
Remuneration –Senior Share	**-**	**44,140**	**-**	**147,613**	**338,321**	**530,074**
Remuneration –Subordinated Share	**9,732**	**587,087**	**-**	**37,621**	**79,682**	**714,122**

	2nd six-month period 12/31/2021					
	FIDC NP	FIDC Plus	FIDC Receba Mais	FIDC Emissor I	FIDC Emissor II	Total
Income - Credit rights	3,073	227,172	816	-	-	231,061
Income - Credit rights Card issuing banks	-	-	-	83,424	199,381	282,805
Finance income	502	42,640	5,748	12,438	23,609	84,937
Finance costs	(710)	(2,013)	(272)	(577)	(417)	(3,989)
Other operating expenses	(13,065)	(612)	(932)	(515)	(723)	(15,847)
Profit (loss) for the six-month period	**(10,200)**	**267,187**	**5,360**	**94,770**	**221,850**	**578,967**
Remuneration –Senior Share	**-**	**29,985**	**6,208**	**76,562**	**178,226**	**290,981**
Remuneration –Subordinated Share	**(10,200)**	**237,202**	**(848)**	**18,208**	**43,624**	**287,986**

	Year 12/31/2022					
	FIDC NP	FIDC Plus	FIDC Receba Mais	FIDC Emissor I	FIDC Emissor II	Total
Income - Credit rights	15,909	978,254	148	-	-	994,311
Income - Credit rights Card issuing banks	-	-	-	328,900	743,356	1,072,256
Finance income	6,712	103,095	795	10,782	17,762	139,146
Finance costs	(14,321)	(13,393)	(82)	(1,426)	(1,620)	(30,842)
Other operating expenses	146	(1,189)	(158)	(997)	(1,006)	(3,204)
Profit for the year	**8,446**	**1,066,767**	**703**	**337,259**	**758,492**	**2,171,667**
Remuneration –Senior Share	**-**	**80,762**	**318**	**270,029**	**619,847**	**970,956**
Remuneration –Subordinated Share	**8,446**	**986,005**	**385**	**67,230**	**138,645**	**1,200,711**

	Year 12/31/2021					
	FIDC NP	FIDC Plus	FIDC Receba Mais	FIDC Emissor I	FIDC Emissor II	Total
Income - Credit rights	6,281	421,902	972	-	-	429,155
Income - Credit rights Card issuing banks	-	-	-	104,890	202,352	307,242
Finance income	848	60,392	7,168	21,348	45,915	135,671
Finance costs	(739)	(2,939)	(383)	(876)	(546)	(5,483)
Other operating expenses	(18,375)	(1,126)	(1,042)	(774)	(841)	(22,158)
Profit/(loss) for the year	**(11,985)**	**478,229**	**6,715**	**124,588**	**246,880**	**844,427**
Remuneration –Senior Share	**-**	**86,509**	**8,071**	**102,886**	**209,132**	**406,598**
Remuneration –Subordinated Share	**(11,985)**	**391,720**	**(1,356)**	**21,702**	**37,748**	**437,829**

(Amounts in thousands of Brazilian reais, unless otherwise stated)

7 Operating receivables

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Receivables from card-issuing banks	92,081,398	78,865,744	92,083,831	79,088,367
Receivables from card-issuing banks (a)	92,081,398	78,792,703	92,083,831	78,793,460
Receivables for processed transactions, interchange and challenges by credit card holders	-	73,041	-	294,907
Income receivable for payment transactions	130,002	170,080	995,533	213,358
Other operating receivables	167,570	167,415	169,477	184,718
Allowance for doubtful debts (b)	(170,209)	(188,986)	(170,739)	(205,161)
Total	**92,208,761**	**79,014,253**	**93,078,102**	**79,281,282**
Current	92,181,824	78,995,704	93,051,150	79,252,205
Non-current	26,937	18,549	26,952	29,077
Total	**92,208,761**	**79,014,253**	**93,078,102**	**79,281,282**

(a) Receivables from card-issuing banks refer to the flow of receivables for credit and debit card transactions made by cardholders, net of prepayment and assignments with issuing banks.

(b) Refers to the allowance for expected losses and past-due amounts from transactions carried out with merchants, which are related to products and services provided by the Company, as well as collection of cancellations and chargebacks, as presented in note No. 25 - Risk management. This allowance is determined through the methodology of attributing ratings and allowance percentages, according to the range of late payment in operations.

8 Income tax, social contribution and other taxes

(a) Current income tax and social contribution

The reconciliation of the income tax and social contribution expense in relation to the nominal rate of these taxes for the six-month period and years ended December 31, 2022 and 2021 is as follows:

	Parent company			Consolidated	
	2nd six-month period	Year		Year	
	12/31/2022	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Profit before income tax and social contribution	765,021	1,544,221	1,011,494	2,456,707	1,501,353
Statutory rates - %	34%	34%	34%	34%	34%
Income tax and social contribution at statutory rates	(260,107)	(525,035)	(343,908)	(835,280)	(510,460)
Interest on capital	131,869	230,247	156,192	230,247	156,192
Tax benefit of R&D	-	3,256	4,094	3,724	4,094
Share of profit (loss) of investees	103,903	310,458	128,454	-	231
Other permanent differences, net	9,024	6,380	14,145	17,350	7,080
Income tax and social contribution	**(15,311)**	**25,306**	**(41,023)**	**(583,959)**	**(342,863)**
Current	**(10,150)**	**(96,680)**	**(38,172)**	**(684,458)**	**(479,295)**
Deferred	**(5,161)**	**121,986**	**(2,851)**	**100,499**	**136,432**

(b) Deferred income tax and social contribution

Deferred income tax and social contribution arise from temporary differences caused mainly by temporarily non-deductible provisions, and are classified in noncurrent assets and noncurrent liabilities, according to the expected realization of the credit.

Deferred income tax and social contribution reflect future tax effects attributable to temporary differences between the tax base of assets and liabilities and the related carrying amounts.

(Amounts in thousands of Brazilian reais, unless otherwise stated)

Breakdown of deferred income tax and social contribution – assets

	Parent Company			
	12/31/2021	Additions	(Write-offs)	12/31/2022
Provision for tax, labor and civil risks	669,089	32,796	(5,262)	696,623
Accrual for sundry expenses	123,906	112,959	(55,267)	181,598
Provision for variable compensation	49,380	27,650	(13,876)	63,154
Allowance for losses on POS equipment, doubtful debts and fraud	82,148	27,063	(4,108)	105,103
Total	**924,523**	**200,468**	**(78,513)**	**1,046,478**

	Parent Company			
	12/31/2020	Additions	(Write-offs)	12/31/2021
Provision for tax, labor and civil risks	605,261	64,354	(526)	669,089
Accrual for sundry expenses	168,414	23,470	(67,978)	123,906
Provision for variable compensation	40,996	13,730	(5,346)	49,380
Allowance for losses on POS equipment, doubtful debts and fraud	113,248	14,489	(45,589)	82,148
Total	**927,919**	**116,043**	**(119,439)**	**924,523**

	Consolidated			
	12/31/2021	Additions	(Write-offs)	12/31/2022
Provision for tax, labor and civil risks	727,848	35,046	(5,345)	757,549
Accrual for sundry expenses	316,283	132,407	(121,646)	327,044
Provision for variable compensation	69,767	30,613	(14,418)	85,962
Income tax and social contribution tax losses in subsidiary	76,662	-	(14,828)	61,834
Allowance for losses on POS equipment, doubtful debts and fraud	92,486	27,063	(5,239)	114,310
Total	**1,283,046**	**225,129**	**(161,476)**	**1,346,699**

	Consolidated			
	12/31/2020	Additions	(Write-offs)	12/31/2021
Provision for tax, labor and civil risks	610,917	117,643	(712)	727,848
Accrual for sundry expenses	289,986	70,839	(98,727)	262,098
Provision for variable compensation	31,724	44,742	(6,699)	69,767
Income tax and social contribution tax losses in subsidiary	93,678	-	(17,016)	76,662
Allowance for losses on POS equipment, doubtful debts and fraud	133,450	14,489	(55,453)	92,486
Others	-	54,185	-	54,185
Total	**1,159,755**	**301,898**	**(178,607)**	**1,283,046**

Realization of tax credit

The premise of measuring and recognizing current and deferred tax assets and liabilities is the history of taxable profits and income for IRPJ and CSLL purposes in at least three out of the five last fiscal years, as well as the expectation of generation of future taxable profits and income for IRPJ and CSLL purposes, based on a technical study that demonstrates the probability of realization of the deferred tax asset within no more than 10 years.

According to Management's best estimate, the tax credits recognized on the accrual for sundry expenses and allowance for losses on POS equipment, doubtful debts and fraud will be realized mainly during the next 12 months. The credits on tax losses with subsidiaries will be realized in accordance with the profitability of each company, over a period of no more than 10 years and the credits on provisions for risks, which depend on the final outcome of each lawsuit partially estimated in up to 5 years, except for the provision for labor risks which is estimated to be realized in up to 10 years, according to the development of the lawsuit described in Note 14.

(Amounts in thousands of Brazilian reais, unless otherwise stated)

We present below the expected tax credit per year:

	Parent company	Consolidated
	12/31/2022	12/31/2022
2023	247,094	423,406
2024	105,665	117,743
2025	310,000	321,694
2026	108,719	122,919
2027	178,000	246,825
2028 to 2032	97,000	114,112
Total	**1,046,478**	**1,346,699**
Present value adjustment	**(109,865)**	**(141,384)**
Total net of present value adjustment	**936,613**	**1,205,315**

Taxes payable

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Income tax and social contribution, net of prepayments	78,765	43,332	668,082	489,258
Contribution for Social Security Funding – Cofins	34,144	26,490	57,802	45,985
Tax on Services – ISS	7,232	4,926	18,993	14,856
Social Integration Program – PIS	7,060	5,555	12,171	9,762
Other taxes payable	20,566	15,352	30,117	22,538
Total	**147,767**	**95,655**	**787,165**	**582,399**

9 Investments

	Parent Company	
	12/31/2022	12/31/2021
In subsidiaries, including joint ventures	7,047,935	7,596,638
Total	**7,047,935**	**7,596,638**

On April 8, 2022, the sale of its subsidiary Merchant E-Solutions, Inc. was concluded, after compliance with the conditions precedent, with payment to the Company of US$ 137.2 million (R$ 652.8 million) adjusted according to the terms set out in the transaction documents. On the transaction date, the effects of the sale generated a net gain of US$ 34.3 million (R$ 150.4 million), which were recognized in line item "Other operating income/expenses".

The main activities of the subsidiaries and joint ventures are presented below:

- Servinet Serviços Ltda. ("Servinet") - Provision of maintenance and customer prospecting services.
- Cateno Gestão de Contas de Pagamento S.A. ("Cateno") – Management of payment accounts for the Ourocard Arrangement.
- Cielo USA, Inc (Cielo USA) – Holding that is an investment vehicle.
- Aliança Pagamento e Participações Ltda. (Aliança) – Provision of services related to development and maintenance of contracts with merchants and investment vehicle in Stelo.
- Stelo S.A ("Stelo") – Provision of services related to means of payment, development

and licensing of software.

The main information on the subsidiaries (direct, indirect and joint ventures) referring to the investment value and share of profit (loss) of investees recorded in the individual and consolidated accounting information is shown in the table below:

(Amounts in thousands of Brazilian reais, unless otherwise stated)

		12/31/2022							12/31/2022	
	% Equity interest	Assets	Liabilities	Equity	Revenues	Gross profit (loss)	Operating profit before finance income (costs)	Profit	Share of profit of investees for the year	Investments
Subsidiaries:										
Servinet	99.99	210,236	138,191	72,045	490,834	486,996	30,167	23,245	23,245	72,045
Cielo USA	100.00	4,443	-	4,443	-	(47,540)	154,140	80,154	80,154	4,443
Cateno	70.00	10,728,321	1,175,150	9,553,171	3,934,281	1,653,876	1,422,668	1,010,735	707,515	6,687,219
Stelo	99.99	476,693	198,073	278,620	196,384	139,839	120,717	101,493	54,023	278,609
Aliança	99.99	12,308	6,689	5,619	11,831	11,963	48,255	48,176	48,176	5,619
Subtotal									**913,113**	**7,047,935**
Total Parent Company									**913,113**	**7,047,935**

(Amounts in thousands of Brazilian reais, unless otherwise stated)

		12/31/2021			12/31/2021				12/31/2021	
	% Equity interest	Assets	Liabilities	Equity	Revenues	Gross profit (loss)	Operating profit (loss) before finance income (costs)	Profit (loss)	Share of profit (loss) of investees for the year	Investments
Subsidiaries:										
Servinet	99.99	156,793	108,144	48,649	367,954	363,957	21,074	13,452	13,451	48,644
Multidisplay	100.00	-	-	-	1,018,162	49,684	14,835	9,280	9,280	-
Cielo USA	100.00	566,512	2,232,025	(1,665,513)	-	(145,351)	(135,332)	(167,620)	(167,620)	-
Cateno	70.00	11,336,076	1,018,512	10,317,564	3,237,944	1,169,571	904,190	626,729	438,710	7,222,295
Stelo	21.36	488,495	161,599	326,896	200,755	131,586	99,795	82,854	17,701	69,833
Aliança	99.99	263,821	7,955	255,866	9,597	9,771	65,723	65,605	65,605	255,866
Subtotal									**377,127**	**7,596,638**
Joint ventures:										
Orizon	40.95	-	-	-	12,367	3,654	200	1,816	744	-
Paggo	50.00	-	340	(340)	-	-	(130)	(130)	(65)	-
Subtotal									**679**	**-**
Total Parent Company									**377,806**	**7,596,638**
Indirect subsidiaries:										
M4Produtos	100.00	-	-	-	101,119	55,840	(1,500)	(1,491)		
MerchantE	100.00	789,520	438,002	351,518	2,368,824	392,178	3,352	10,058		

The companies Cielo USA and Paggo reported negative equity at December 31, 2021 and the investment amount was recorded under the line item “Provision for obligations with investees”. With the sale of investee MerchantE in April 2022, the equity of Cielo USA became positive and was included under the line item “Investments”.

(Amounts in thousands of Brazilian reais, unless otherwise stated)

Changes in investments for the years ended December 31, 2022 and 2021 are as follows:

	Parent Company	Consolidated
Balance at December 31, 2020	**7,753,343**	**121,890**
Accrued dividends:		
Multidisplay	(6,278)	-
Dividends received:		
Cateno	(451,544)	-
Additional dividends – Cateno	(32,900)	-
Sale of interest in subsidiary – Orizon	(122,608)	(122,608)
Sale of equity interest – Multidisplay	(85,478)	-
Goodwill amortization	(3,530)	-
Share of profit (loss) of investees	377,806	679
Provision for obligations with investees	167,827	39
Balance at December 31, 2021	**7,596,638**	**-**
Dividends received:		
Cateno	(702,563)	-
Accrued dividends:		
Stelo	(9,768)	-
Redemption of shares – Cateno	(540,027)	-
Share of profit (loss) of investees	913,113	-
Exchange difference on foreign investments	163,512	-
Provision for obligations with investees	(1,665,513)	-
Capital contribution - Cielo USA	1,426,441	-
Change in ownership structure - subsidiary Stelo	(133,898)	-
Balance at December 31, 2022	**7,047,935**	**-**

10 Property and equipment

		Parent Company			
		12/31/2022			12/31/2021
	Annual depreciation rate-%	Cost	Accumulated depreciation	Net	Net
POS equipment	20	1,841,287	(1,006,709)	834,578	791,128
Data processing equipment	20	241,984	(162,166)	79,818	98,576
Machinery and equipment	10-20	20,424	(19,702)	722	1,680
Facilities	10	34,946	(15,916)	19,030	19,646
Furniture and fixtures	10	4,215	(1,730)	2,485	2,933
Vehicles	20	708	(455)	253	793
Total		**2,143,564**	**(1,206,678)**	**936,886**	**914,756**

		Consolidated			
		12/31/2022			12/31/2021
	Annual depreciation rate-%	Cost	Accumulated depreciation	Net	Net
POS equipment	20	1,841,287	(1,006,709)	834,578	791,375
Data processing equipment	20	249,905	(168,113)	81,792	104,78
Machinery and equipment	10-20	25,02	(23,952)	1,068	33,096
Facilities	10	69,996	(40,716)	29,28	36,008
Furniture and fixtures	10	8,294	(4,329)	3,965	5,099
Vehicles	20	709	(455)	254	793
Total		**2,195,211**	**(1,244,274)**	**950,937**	**971,151**

(Amounts in thousands of Brazilian reais, unless otherwise stated)

Changes in property and equipment for the years ended December 31, 2022 and 2021 are as follows:

	Parent Company				
	12/31/2021	**Additions**	**Disposals/ estimated Losses**	**Depreciation**	**12/31/2022**
POS equipment	791,128	452,050	(94,059)	(314,541)	834,578
Data processing equipment	98,576	13,346	(15)	(32,089)	79,818
Machinery and equipment	1,680	-	(16)	(942)	722
Facilities	19,646	2,051	148	(2,815)	19,030
Furniture and fixtures	2,933	272	(560)	(160)	2,485
Vehicles	793	-	(305)	(235)	253
Total	**914,756**	**467,719**	**(94,807)**	**(350,782)**	**936,886**

	Parent Company				
	12/31/2020	**Additions**	**Disposals/ estimated Losses**	**Depreciation**	**12/31/2021**
POS equipment	793,100	362,459	(90,809)	(273,622)	791,128
Data processing equipment	104,229	29,577	(6,232)	(28,998)	98,576
Machinery and equipment	2,717	-	-	(1,037)	1,680
Facilities	23,674	10,163	(11,624)	(2,567)	19,646
Furniture and fixtures	4,898	1,325	(2,931)	(359)	2,933
Vehicles	1,262	-	(170)	(299)	793
Total	**929,880**	**403,524**	**(111,766)**	**(306,882)**	**914,756**

	Consolidated						
	12/31/2021	**Additions**	**Disposals/ Estimated losses**	**Depreciation**	**Exchange differences**	**Sale of MerchantE**	**12/31/2022**
POS equipment	791,375	452,169	(94,090)	(314,575)	(29)	(272)	834,578
Data processing equipment	104,780	13,694	(231)	(33,744)	(388)	(2,319)	81,792
Machinery and equipment	33,096	66	(49)	(2,529)	(4,603)	(24,913)	1,068
Facilities	36,008	3,566	(3,805)	(6,489)	-	-	29,280
Furniture and fixtures	5,099	528	(1,151)	(511)	-	-	3,965
Vehicles	793	-	(304)	(235)	-	-	254
Total	**971,151**	**470,023**	**(99,630)**	**(358,083)**	**(5,020)**	**(27,504)**	**950,937**

	Consolidated							
	12/31/2020	**Additions**	**Transfers**	**Disposals/ Estimated losses**	**Depreciation**	**Exchange differences**	**Sale of Multidisplay**	**12/31/2021**
POS equipment	793,371	362,730	-	(90,949)	(273,786)	9	-	791,375
Data processing equipment	115,266	31,589	220	(6,439)	(34,828)	330	(1,358)	104,780
Machinery and equipment	19,652	17,265	(220)	-	(4,819)	2,194	(976)	33,096
Facilities	48,323	11,515	-	(11,628)	(7,344)	-	(4,858)	36,008
Furniture and fixtures	8,846	1,357	-	(2,997)	(1,009)	-	(1,098)	5,099
Vehicles	1,298	-	-	(170)	(310)	-	(25)	793
Total	**986,756**	**424,456**	**-**	**(112,183)**	**(322,096)**	**2,533**	**(8,315)**	**971,151**

As at December 31, 2022 and 2021, the property and equipment balance includes estimated losses on POS equipment in the amounts of R$ 109,960 and R$ 60,847, respectively.

(Amounts in thousands of Brazilian reais, unless otherwise stated)

11 Intangible assets

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Intangible assets	516,821	502,150	9,071,233	9,734,557
Total	**516,821**	**502,150**	**9,071,233**	**9,734,557**

		Parent Company			
		12/31/2022			12/31/2021
	Annual amortization rate - %	Cost	Accumulated amortization	Net	Net
Software	20	1,452,633	(935,812)	516,821	502,150
Total		**1,452,633**	**(935,812)**	**516,821**	**502,150**

		Consolidated			
		12/31/2022			12/31/2021
	Annual amortization rate - %	Cost	Accumulated amortization	Net	Net
Right of use - Ourocard Payment-Arrangement (a)	3,33	11,572,000	(3,021,578)	8,550,422	8,936,156
Software (b)	6,66 - 20	1,457,001	(939,457)	517,544	691,523
Relationship with customers	04 – 20	-	-	-	71,565
Project development	20	9,785	(6,992)	2,793	34,268
Service agreements	08 – 20	400	-	400	971
Trademarks	10	74	-	74	74
Total		**13,039,260**	**(3,968,027)**	**9,071,233**	**9,734,557**

(a) **Right of Use - Ourocard Payment Arrangement** - Under the scope of the association agreement between the Company and BB Elo Cartões, a wholly-owned subsidiary of Banco do Brasil, in February 2015 Cateno was granted rights over post-paid payment accounts management activities under the Ourocard Payment Arrangement, rights over the management of the purchase functionalities through debit under the Ourocard Payment Arrangement, and participation in the Ourocard Payment Arrangement as a Payment Institution.

(b) **Software -** Refers to software licenses acquired from third parties and used to provide services relating to information processing and transactions with customers.

Changes in intangible assets for the years ended December 31, 2022 and 2021 are as follows:

	Parent Company				
	12/31/2021	Additions	Disposals	Amortizations	12/31/2022
Software	502,150	227,306	(37,052)	(175,583)	516,821
Total	**502,150**	**227,306**	**(37,052)**	**(175,583)**	**516,821**

(Amounts in thousands of Brazilian reais, unless otherwise stated)

	Consolidated				
	12/31/2020	Additions	Disposals	Amortizations	12/31/2021
Software	572,374	209,658	(111,311)	(168,571)	502,150
Relationship with customers	24,033	1,572	-	(25,605)	-
Total	**596,407**	**211,230**	**(111,311)**	**(194,176)**	**502,150**

	Consolidated						
	12/31/2021	Additions	Disposals	Amortizations	Exchange differences	Sale of MerchantE	12/31/2022
Right of use – Ourocard Payment Arrangement	8,936,156	-	-	(385,734)	-	-	8,550,422
Software	691,523	230,381	(37,052)	(197,483)	(29,927)	(139,898)	517,544
Relationship with customers	71,565	-	-	(31,913)	(9,459)	(30,193)	-
Project development	34,268	1,461	-	(1,318)	(286)	(31,332)	2,793
Service agreements	971	-	(571)	-	-	-	400
Trademarks	74	-	-	-	-	-	74
Total	**9,734,557**	**231,842**	**(37,623)**	**(616,448)**	**(39,672)**	**(201,423)**	**9,071,233**

	Consolidated							
	12/31/2020	Additions	Transfers	Disposals	Amortizations	Exchange differences	Sale of Multidisplay	12/31/2021
Right of use - Ourocard Payment-Arrangement	9,321,889	-	-	-	(385,733)	-	-	8,936,156
Software	828,629	232,437	23,838	(111,311)	(259,637)	21,550	(43,983)	691,523
Relationship with customers	194,327	1,692	-	-	(126,807)	2,353	-	71,565
Project development	66,880	27,040	(23,838)	(16,238)	(2,945)	(87)	(16,544)	34,268
Service agreements	996	-	-	-	-	(25)	-	971
Trademarks	74	-	-	-	-	-	-	74
Total	**10,412,795**	**261,169**	**-**	**(127,549)**	**(775,122)**	**23,791**	**(60,527)**	**9,734,557**

Expenses on depreciation of property and equipment and amortization of intangible assets were recognized in line items "General and administrative expenses" and "Cost of services provided" in the statement of profit or loss.

12 Borrowings

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Private debentures (a)	3,498,894	3,422,466	3,498,894	3,422,466
Public debentures (b)	3,099,074	-	3,099,074	-
Long-term financing - ten-year bonds (c)	-	544,394	-	2,805,052
Financing of R&D	45,103	67,586	45,103	67,586
Total	**6,643,071**	**4,034,446**	**6,643,071**	**6,295,104**
Current	3,623,321	652,144	3,623,321	2,912,802
Noncurrent	3,019,750	3,382,302	3,019,750	3,382,302
Total	**6,643,071**	**4,034,446**	**6,643,071**	**6,295,104**

(a) Private debentures

On February 27, 2015, the Company conducted the first, second and third issuances of simple debentures, in a single series, unsecured, nonconvertible and for private distribution. The three issuances totaled R$ 3,459,449 with maturity date on December 30, 2023. The private debentures' yield includes interest based on the cumulative percentage change between 100.00%

(Amounts in thousands of Brazilian reais, unless otherwise stated)

and 111.00% of the average daily interest rate of the Interbank Deposit ("DI"), as applicable, as shown in the table below:

	Principal	Remuneration
1st issuance	2,359,449	111% of DI
2nd issuance	700,000	100% of DI until 3/31/2015 and 111% of DI after 3/31/2015
3rd issuance	400,000	100% of DI from the payment date to the day of removal from office of the "Transition Committee", or until the end of the nine-year period counted from the base date to be defined in the amendment to the Debenture Indenture. In case of any of the events, interest will be based on 111% of DI.

Interest is paid on a semiannual basis from the issuance date, except for the last accrual period that will be shorter as it will start on August 27, 2023 and will end with payment on the maturity date together with the principal amount. Exceptionally on March 27, 2015, the principal amount of R$122,324 related to the 1st issuance of private debentures was partially paid, remaining a balance payable of R$ 2,237,125. There are no covenants imposing financial restrictions related to the financial transaction of issuance of private debentures.

(b) Public debentures

In October 2022, the Company conducted the 6th issuance of simple debentures, in a single series, unsecured, nonconvertible and for public distribution. The issuance totaled R$ 3,000,000 maturing on September 20, 2025 repayable semiannually at interest based on the CDI + 1.20%. The agreement does not contain covenants imposing financial restrictions to the public debenture issuance transaction.

(c) Long-term financing - Ten-year bonds

In November 2012, the Company and its subsidiary Cielo USA completed a financial transaction whereby bonds were issued in the total amount of US$ 875 million, of which US$ 470 million were issued by the Company and US$ 405 million were issued by subsidiary Cielo USA. The amount raised was used to pay the acquisition of control of MerchantE. The financing is subject to an interest rate of 3.75% per year, paid on a semiannual basis. There are no covenants imposing financial restrictions related to the financial transaction of issuance of bonds.

In June 2019, there bonds were partially repurchased, related to the portion issued by the Company in the amount of US$ 372.9 million, with a remaining debt balance of US$ 97.1 million in the Parent Company and US$ 405 million in Cielo USA. In November 2022, the transaction was fully settled.

Changes in borrowings for the years ended December 31, 2022 and 2021 are as follows:

(Amounts in thousands of Brazilian reais, unless otherwise stated)

	Parent Company	Consolidated
Balance at December 31, 2020	**6,942,036**	**8,944,612**
Payment of principal	(3,022,557)	(2,922,495)
Exchange differences (principal and interest)	37,269	196,908
Accrued interest and charges	234,120	313,666
Interest paid	(174,082)	(255,247)
Debt issuance costs incurred	(7,652)	(7,652)
Amortization of debt issuance costs	25,312	25,312
Balance at December 31, 2021	**4,034,446**	**6,295,104**
New fundraisings	5,420,000	5,420,000
Payment of principal	(2,957,474)	(5,217,254)
Exchange differences (principal and interest)	(27,076)	(30,469)
Accrued interest and charges	576,284	655,457
Interest paid	(399,281)	(478,592)
Debt issuance costs incurred	(4,953)	(4,953)
Amortization of debt issuance costs	1,125	3,778
Balance at December 31, 2022	**6,643,071**	**6,643,071**

Breakdown of borrowings recorded in noncurrent liabilities

Borrowings classified as noncurrent as at December 31, 2022 and 2021 by maturity date are broken down as follows:

Year of maturity	**Parent Company and Consolidated**	
	12/31/2022	**12/31/2021**
2023	-	3,359,678
2024	22,556	22,556
2025	3,000,000	-
Total borrowings	**3,022,556**	**3,382,234**
Debt issuance costs incurred	(2,806)	68
Total	**3,019,750**	**3,382,302**

13 Payables to merchants

As at December 31, 2022, the Payables to merchants balance is R$ 77,709,823 and R$ 77,835,921 in the Parent Company and Consolidated, respectively (R$ 69,138,706 and R$ 69,530,057 as at December 31, 2021). The balance refers to transactions related to sale of products and services using credit and debit cards payable to merchants, Company customers, net of compensation for the services rendered by Cielo and card-issuing banks.

In addition to the services of payments of the amounts transacted in credit and debit cards to merchants, the Company also guarantees accredited merchants that they will receive the amounts from credit card transactions. Based on the Company's loss history due to default from card-issuing banks and the current credit risks of these institutions, the Company estimates that the fair value of the guarantees provided to merchants is not material and, therefore, is not recognized as a liability.

(Amounts in thousands of Brazilian reais, unless otherwise stated)

14 Provisions, contingent assets and contingent liabilities

Provision for tax, civil and labor risks

The Company and its subsidiaries are parties to lawsuits and administrative proceedings before courts and government agencies, arising in the normal course of business and involving tax, civil, labor and other matters.

The Company and its subsidiaries, based on information from their legal counsel, on the analysis of pending lawsuits and past experience on the amounts claimed in tax, civil and labor lawsuits, recognized a provision in an amount considered sufficient to cover probable future cash disbursements on pending lawsuits in the years ended December 31, 2022 and 2021, as follows:

	Parent Company					
	12/31/2021	**Additions**	**Write-offs/ reversals**	**Monetary adjustment**	**Payments**	**12/31/2022**
Tax (a)	1,872,457	119,138	(63,605)	35,961	-	1,963,951
Labor (b)	59,158	14,137	(16,322)	7,280	(14,044)	50,209
Civil (c)	54,268	51,178	(29,982)	8,094	(35,819)	47,739
Total	**1,985,883**	**184,453**	**(109,909)**	**51,335**	**(49,863)**	**2,061,899**
	12/31/2020	**Additions**	**Write-offs/ reversals**	**Monetary adjustment**	**Payments**	**12/31/2021**
Total	**1,819,580**	**229,951**	**(39,568)**	**25,645**	**(49,725)**	**1,985,883**

	Consolidated					
	12/31/2021	**Additions**	**Write-offs/ reversals**	**Monetary adjustment**	**Payments**	**12/31/2022**
Tax (a)	2,033,488	198,843	(149,000)	44,558	-	2,127,889
Labor (b)	69,439	20,649	(17,692)	8,635	(17,932)	63,099
Civil (c)	55,564	52,080	(31,791)	8,742	(36,191)	48,404
Total	**2,158,491**	**271,572**	**(198,483)**	**61,935**	**(54,123)**	**2,239,392**
	12/31/2020	**Additions**	**Write-offs/ reversals**	**Monetary adjustment**	**Payments**	**12/31/2021**
Total	**1,838,719**	**391,665**	**(47,838)**	**27,866**	**(51,921)**	**2,158,491**

The additions refer basically to the complement of the provision for tax risks in the years ended December 31, 2022 and 2021, recorded with a matching entry in line items "Tax on services" and "Other operating expenses, net", and to the complement of the provision for civil and labor risks, represented by new lawsuits and by changes in the assessment of the likelihood of loss on the lawsuits made by the legal counsel, which were recorded with a matching entry in "Other operating expenses, net" in the statements of profit or loss.

Escrow deposits

In the years ended December 31, 2022 and 2021, the Company and its subsidiaries have escrow deposits related to the provision for tax, labor and civil risks, broken down as follows:

(Amounts in thousands of Brazilian reais, unless otherwise stated)

	Parent Company			
	12/31/2021	**Additions**	**Write-offs**	**12/31/2022**
Tax (a)	1,553,676	-	-	1,553,676
Labor (b)	11,200	2,120	(178)	13,142
Civil (c)	9,000	6,242	(1,851)	13,391
Total	**1,573,876**	**8,362**	**(2,029)**	**1,580,209**
	12/31/2020	**Additions**	**Write-offs**	**12/31/2021**
Total	**1,576,406**	**6,740**	**(9,270)**	**1,573,876**

	Consolidated			
	12/31/2021	**Additions**	**Write-offs**	**12/31/2022**
Tax (a)	1,554,819	-	-	1,554,819
Labor (b)	12,824	3,509	(342)	15,991
Civil (c)	9,000	6,306	(1,913)	13,393
Total	**1,576,643**	**9,815**	**(2,255)**	**1,584,203**
	12/31/2020	**Additions**	**Write-offs**	**12/31/2021**
Total	**1,578,987**	**6,990**	**(9,334)**	**1,576,643**

(a) Tax lawsuits

The Company discusses in court the diverging interpretation of the tax legislation application materialized in tax assessment notices, as well as the lawfulness and constitutionality of certain taxes and contributions. Among the issues included in the Company's provision for tax risks, we highlight the following:

- **COFINS - Non-cumulative Regime** - In February 2004, the Company filed a writ of mandamus seeking to eliminate the demand for COFINS under the Law at a rate of 7.6%, making an escrow deposit for the monthly calculated amounts and recording the difference between the cumulative and non-cumulative regimes as provision for risks. As at December 31, 2022 and 2021, the amount of the provision for risks recognized and the amount of the escrow deposits is R$ 1,517,141.

- **ISS Municipality (CL 157/16 and CL 175/20) –** As a result of the amendments to Complementary Law (CL) No. 157/16 regarding the place of payment of ISS, and subsequently suspended by an injunction granted by the Federal Supreme Court (“STF”), the Company and its subsidiaries have provisions for risks of R$ 228,808 in the Parent Company and R$ 378,944 in the Consolidated (R$ 157,925 in the Parent Company and R$ 316,971 in the Consolidated as at December 31, 2021).

The Company and its subsidiaries estimate that the actual disbursement of the provisions for tax risks will occur in up to 5 years and understands that the development of the lawsuits depends on external factors not under the control of the Company and its subsidiaries.

(Amounts in thousands of Brazilian reais, unless otherwise stated)

(b) Labor lawsuits

Refer to labor lawsuits filed by former employees of the Company and its subsidiaries and also by former employees of their suppliers. In general, these lawsuits discuss matters such as salary equalization, overtime, labor effects of annual bonus, differentiated union membership, recognition of employment relationship and pain and suffering.

The lawsuits filed by former employees of the Company's suppliers are borne by the companies themselves which in turn are liable for the lawyers' fees and other expenses related to the lawsuits, including any agreements or final sentences. If the Company and its subsidiaries make payments in view of these lawsuits, the Company has an internal process for offset or reimbursement of these amounts with outsourced companies.

(c) Civil lawsuits

Refer basically to collection of transactions made through the Company's system that were not passed on to merchants in view of noncompliance with clauses of the accreditation contract, and compensation for losses caused by transactions not passed on at that time.

Based on the opinion of their legal counsel, the Management of the Company and its subsidiaries estimates that the actual disbursement of the mentioned provision for civil risks will occur within 5 years and understands that the development of the lawsuits depends on external factors not under the control of the Company and its subsidiaries.

Additionally, as at December 31, 2022, the Company is a party to public civil lawsuits and civil inquiries, most of them filed by the Public Prosecutor's Office or associations, whose intention is to defend collective interests (such as consumers' rights and labor rights). Court decisions may grant rights to groups of people (even without their consent). In many situations, the group's decision on availing a favorable outcome is only made after the final decision.

Contingent liabilities classified as possible losses

Additionally, as at December 31, 2022, the Company and its subsidiaries are also parties to tax, civil and labor lawsuits assessed by their legal counsel as possible likelihood of losses, for which no provision was recognized, as follows:

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Tax	1,112,970	708,594	1,120,780	714,971
Labor	71,665	68,533	163,422	103,919
Civil	463,559	359,717	468,854	365,908
Total	**1,648,194**	**1,136,844**	**1,753,056**	**1,184,798**

The Company is a party to administrative proceedings that, due to the nature of their discussion and the jurisprudential understanding of the matter, are not classified as probable loss risk. The main discussions are as follows:

- **Social Security Contribution -** Requirement of the payment of Social Security Contribution on amounts distributed to employees in 2015, 2017 and 2018 as profit sharing and stock options, in the monetarily adjusted amounts of R$ 71,692, R$ 58,957 and R$ 38,077, respectively.

- **IRPJ/CSLL** - Requirement of IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income) on the amounts allegedly excluded improperly, as interest on capital, from the calculation of taxable profit between the years 2015 and 2016, in the monetarily adjusted amounts of R$ 353,167 e R$ 234,210, respectively.

- **PIS/COFINS** - Requirement of PIS and COFINS (taxes on revenue) at the rate of 9.25% on revenues from the purchase of receivables (“ARV”), related to the calendar years 2014 and 2015, in the monetarily adjusted amount of R$ 784,284.

15 Equity

(a) Issued capital

Capital as at December 31, 2022 is R$ 5,700,000 (R$ 5,700,000 as at December 31, 2021) represented by 2,716,815,061 common shares, all of them subscribed and paid in. As mentioned in No. 16, the number of shares net of treasury shares as at December 31, 2022 is 2,694,364,620 (2,701,857,763 shares as at December 31, 2021).

The Company's capital can be increased by up to 2,400,000,000 additional common shares, regardless of any amendments to bylaws, at the discretion of the Board of Directors, which has the power to set the share issue price, the terms and conditions for subscription and payment of shares up to the authorized capital limit.

(b) Capital reserve

This reserve comprises the balances of share-based payment and goodwill on subscription of shares related to the capital contributions made by shareholders exceeding the amount earmarked for capital formation.

The capital reserve balance as at December 31, 2022 is R$ 70,893 (R$ 77,030 as at December 31, 2021).

(c) Treasury shares

At the meeting held on April 8, 2022, the Board of Directors approved the new share buyback program ("Program"), through which the Company was authorized to acquire up to 13,339,245 (thirteen million, three hundred and thirty-nine thousand, two hundred and forty-five) common shares, with no par value, of its issue, effective from April 11, 2022 to April 14, 2022, as detailed in the Communication on Trading of Shares, prepared as Appendix 30-XXXVI to CVM Instruction No. 480 disclosed on that date.

Changes in treasury shares are as follows:

(Amounts in thousands of Brazilian reais, unless otherwise stated)

	Shares	Amount	Average cost R$ per share
Balance as at December 31, 2021	**(14,957,298)**	**(98,578)**	**6.59**
Exercise of Restricted Stock			
January	324,868	2,141	6.59
February	18,478	122	6.59
March	1,496,525	9,863	6.59
May	2,286,070	11,568	5.06
July	1,544,529	7,815	5.06
August	21,459	109	5.06
September	78,805	399	5.06
October	44,040	223	5.06
November	31,328	158	5.06
Repurchase of shares – April	(13,339,245)	(47,425)	3.56
Balance as at December 31, 2022	**(22,450,441)**	**(113,605)**	**5.06**

(d) Earnings reserve - legal

It is set up on the basis of 5% of the profit calculated at the end of the year, pursuant to article 193 of Law No. 6,404/76, up to the limit of 20% of the capital. The legal reserve balance as at December 31, 2022 is R$ 1,140,000 (R$ 1,140,000 as at December 31, 2021), the limit of 20% was reached in October 2020.

(e) Earnings reserve - capital budget

The capital budget reserve totals R$ 4,295,319 as at December 31, 2022 and R$ 3,402,989 as at December 31, 2021.

The financial statements for the year ended December 31, 2022 and the capital budget proposal for 2023 will be analyzed by the Company's shareholders at the Ordinary General Meeting (“OGM”) held on March 6, 2023.

(f) Dividends and interest on capital

Under the Company's bylaws, shareholders are entitled to minimum mandatory dividend of 30% of the profits earned (after the recognition of the legal reserve) at the end of each year, in accordance with Laws No. 9,430/96 and No. 9,249/95 article 9, the interest paid or credited by the legal entity as remuneration on capital may be imputed to the amount of dividends.

The allocation of the remaining balance of the profit for the year will be decided at the ordinary general meeting. At year-end, the Company recognizes the provision for the minimum dividend that has not yet been distributed during the year up to the limit of the aforementioned minimum mandatory dividend. Under the bylaws, the Company may prepare semiannual or shorter period statements of financial position and, in accordance with the limits provided for in applicable law, the Board of Directors may approve the distribution of dividends from the profit account. The Board of Directors may also propose interim dividends from the existing profit account based on the latest statement of financial position approved by the shareholders.

At the meeting held on May 3, 2022, the Company’s Board of Directors approved the payment of interest on capital for the first quarter of 2022 subject to ratification at the Ordinary General Meeting, in the amount of R$ 65,137, which was paid on May 24, 2022.

(Amounts in thousands of Brazilian reais, unless otherwise stated)

At the meeting held on August 2, 2022, the Company's Board of Directors approved the payment of interest on capital for the second quarter of 2022 subject to ratification at the Ordinary General Meeting, in the amount of R$ 224,210, which was paid on September 23, 2022.

At the meeting held on October 31, 2022, the Company's Board of Directors approved the payment of interest on capital for the third quarter of 2022 subject to ratification at the Ordinary General Meeting, in the amount of R$ 148,850, which was paid on November 24, 2022.

Additionally, at the meeting held on December 14, 2022, the Company's Board of Directors approved the payment of interest on capital for the fourth quarter of 2022 subject to ratification at the Ordinary General Meeting, in the amount of R$ 239,000, which will be paid on January 27, 2023.

(g) Other comprehensive income

This balance refers to cumulative adjustments for translation into foreign currency of foreign investments and post-employment benefits. The balances below reflect cumulative translation adjustments at the end of the reporting period, as follows:

	Parent Company and consolidated	
	12/31/2022	**12/31/2021**
Exchange differences on foreign investments	(165,325)	(328,837)
Post-employment benefit, net	1,295	(2,015)
Total	**(164,030)**	**(330,852)**

(h) Regulatory capital

The BACEN Circular Letter No. 3,681/13 requires accrediting Payment Institutions to permanently maintain equity adjusted by profit or loss accounts in an amount corresponding to at least 2% of the higher between the average monthly amount of the payment transactions processed by the institution in the last twelve months and the balance of electronic currencies issued by them, calculated daily.

As at December 31, 2022 and 2021, the Company is compliant with the minimum regulatory capital required.

16 Earnings per share

(a) Change in the number of common shares

Shares issued	
Shares at December 31, 2021	**2,701,857,763**
Exercise of restricted shares:	
January	324,868
February	18,478
March	1,496,525
May	2,286,070
July	1,544,529
August	21,459
September	78,805
October	44,040
November	31,328
Repurchase of shares – April	(13,339,245)
Shares at December 31, 2022	**2,694,364,620**

(b) Earnings per share

The following tables reconcile the profit and the weighted average number of outstanding shares with the amounts used to calculate the basic and diluted earnings per share.

Basic earnings per share

	Parent Company and Consolidated		
	2nd six-month period	Year	
	12/31/2022	12/31/2022	12/31/2021
Profit for the period available for common shares	749,710	1,569,527	970,471
Weighted average number of outstanding common shares (in thousands)	2,700,818	2,703,908	2,708,921
Earnings per share (in R$) - basic	**0.27759**	**0.58047**	**0.35825**

Diluted earnings per share

	Parent Company and Consolidated		
	2nd six-month period	Year	
	12/31/2022	12/31/2022	12/31/2021
Profit for the period available for common shares	749,710	1,569,527	970,471
Diluted denominator:			
Weighted average number of outstanding common shares (in thousands)	2,700,818	2,703,908	2,708,921
Potential increase in common shares as a result of the stock option plan	20,475	20,475	12,118
Total (in thousands)	2,721,293	2,724,383	2,721,039
Earnings per share (in R$) - diluted	**0.27550**	**0.57610**	**0.35665**

(Amounts in thousands of Brazilian reais, unless otherwise stated)

17 Net operating revenue

	Parent Company			Consolidated	
	2nd six-month period	Year		Year	
	12/31/2022	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Gross operating revenue	3,696,584	6,992,575	5,704,168	12,076,317	13,125,170
Taxes on services	(380,477)	(765,286)	(712,159)	(1,383,211)	(1,439,730)
Total	**3,316,107**	**6,227,289**	**4,992,009**	**10,693,106**	**11,685,440**

The gross operating revenue is derived from the capture, transmission, processing and financial settlement of the transactions made with credit and debit cards, management of payment accounts related to the Ourocard Payment Arrangement, rental of POS equipment, and provision of data transmission services.

18 Expenses by nature

The Company elected to present the consolidated statement of profit or loss classified by function.

The breakdown of cost of services provided and net operating expenses by nature is as follows:

	Parent Company			Consolidated	
	2nd six-month period	Year		Year	
	12/31/2022	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Personnel expenses	(380,891)	(699,726)	(520,043)	(1,271,803)	(1,181,413)
Depreciation and amortization	(273,110)	(526,365)	(504,588)	(974,531)	(1,100,748)
Professional services	(422,470)	(810,302)	(659,595)	(242,355)	(218,039)
Acquiring costs (a)	(1,482,055)	(2,879,677)	(2,500,353)	(5,337,703)	(6,196,799)
Sales, marketing and affiliation of customers (b)	(138,200)	(252,733)	(216,542)	(296,746)	(375,736)
Cost of mobile phone credits in subsidiary	-	-	-	-	(958,608)
Others, net	106,048	90,022	116,552	271,020	(78,899)
Total	**(2,590,678)**	**(5,078,781)**	**(4,284,569)**	**(7,852,118)**	**(10,110,242)**
Classified as:					
Cost of services provided	(1,800,726)	(3,494,863)	(3,082,241)	(6,268,754)	(8,287,260)
Personnel expenses	(259,144)	(471,512)	(316,440)	(1,014,935)	(885,169)
General and administrative expenses	(434,191)	(840,459)	(693,392)	(335,601)	(389,345)
Sales and marketing	(64,508)	(111,548)	(76,063)	(155,560)	(235,258)
Other operating expenses, net	(32,109)	(160,399)	(116,433)	(77,268)	(313,210)
Total	**(2,590,678)**	**(5,078,781)**	**(4,284,569)**	**(7,852,118)**	**(10,110,242)**

(a) Acquiring costs are mainly represented by expenses on capture and processing of transactions, logistics and maintenance of POS equipment, supplies to merchants, accreditation and customer service, and telecommunication services.

(b) Expenses on sales, marketing and affiliation of customers include brand development campaigns, advertising and publicity, internal marketing, commercial actions for new customer accreditations, and customer affiliation and accreditation services.

(Amounts in thousands of Brazilian reais, unless otherwise stated)

We present below the other operating expenses, net:

	Parent Company			Consolidated	
	2nd six-month period	Year		Year	
	12/31/2022	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Allowance for doubtful debts, chargeback and fraud (a)	(12,120)	(48,094)	(170,129)	(141,665)	(331,216)
Expenses on contingencies, net	(3,757)	(17,890)	(56,393)	(30,381)	(73,806)
Write-offs/provisions for losses on property and equipment	(61,934)	(121,775)	(97,130)	(122,134)	(105,149)
Others (b)	45,702	27,360	207,219	216,912	196,961
Total	**(32,109)**	**(160,399)**	**(116,433)**	**(77,268)**	**(313,210)**

(a) The balances refer to losses on debt collection portfolio, represented mainly by receivables for rental of POS equipment, losses on fraud arising from amounts contested by card users and that have already been settled to merchants, and customers chargeback. In 2021, the main impact is related to expected credit losses after the implementation of the new Register of Receivables system, which did not occur in 2022.

(b) The consolidated balances refer, in 2021, to non-recurring net gains on the (i) assignment of the Processing platforms and transactions Authorizer for the Elo Brand in the amount of R$ 101.1 million, (ii) reversal of the residual balance of the legacy provisions related to the NewELO project in the amount of R$ 70.0 million, (iii) positive result from the sale of interest in Orizon, with a gain of R$ 6.4 million, and (iv) net proceeds from the sale of M4U in the amount of R$ 30.5 million, offset by the provision for organizational restructuring started in March 2021 of R$ 31.6 million. In 2022, the balance is represented mainly by the non-recurring gain generated by the sale of subsidiary MerchantE in the amount of R$ 150.4 million.

19 Commitments

The Company and its subsidiaries are primarily engaged in providing services of capture, transmission, processing and financial settlement of transactions made using credit and debit cards. In order to conduct said activities, the Company and its subsidiaries entered into the following agreements:

(a) Lease agreements

As at December 31, 2022, estimated future annual payments under lease agreements in effect are as follows:

Up to 1 year	8,009
1 year to 5 years	24,333
Above 5 years	5,278
Total	**37,620**

Most agreements specify a penalty for termination equivalent to three-month rent, and a partial return can be negotiated for each case.

(b) Suppliers of telecommunications, technology (processing of transactions), logistics, call center and back office services

As at December 31, 2022, based on contracts in effect, the minimum commitments with suppliers of technology, telecommunications, logistics, call center, back office and telesales services are as follows:

(Amounts in thousands of Brazilian reais, unless otherwise stated)

Up to 1 year	445,896
1 year to 5 years	204,572
Total	**650,468**

The call center and transaction capture and processing contracts, as well as the telecom and back-office contracts, are renewed according to the terms and amounts agreed.

20 Employee benefits

	Parent Company			Consolidated	
	2nd six-month period	Year		Year	
	12/31/2022	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Supplementary Pension Plan (a)	3,842	7,261	4,686	11,326	7,726
Employee benefits (b)	35,419	65,970	47,096	150,818	119,486
Total	**39,261**	**73,231**	**51,782**	**162,144**	**127,212**

(a) Monthly contribution to the defined contribution pension plan ("PGBL") for the employees, recognized in expenses with employees.

(b) These refer to health insurance, dental assistance, meal allowance, life and personal accident insurance and professional training. Furthermore, the Company has a Corporate Education Program that includes development actions for its employees. The actions described are recognized in expenses with employees.

Post-employment benefits

The Company and its subsidiary Servinet have an actuarial liability arising from post-employment benefits, relating to estimated expenses on healthcare plan, the amount provisioned for these expenses as at December 31, 2022 is R$ 12,949 (R$15,041 as at December 31, 2021).

The rates used in the year were: nominal discount rate of 5.78% p.a., with inflation index of 4.0% p.a., generating an expected turnover of 19% p.a. and retirement at 60 years old.

21 Profit sharing

The Company and its subsidiaries pay profit sharing to their employees and officers, subject to the achievement of operational goals and specific objectives established and approved at the beginning of each fiscal year.

The shares of employees and officers in profit for the six-month and years ended December 31, 2022 and 2021 were as follows:

	Parent Company			Consolidated	
	2nd six-month period	Year		Year	
	12/31/2022	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Employees	59,653	108,138	85,503	167,928	140,446
Statutory directors	6,324	10,274	7,942	15,534	10,603
Total	**65,977**	**118,412**	**93,445**	**183,462**	**151,049**

(Amounts in thousands of Brazilian reais, unless otherwise stated)

22 Compensation of key management personnel

Key management personnel include the members of the Board of Directors, the Supervisory Board and the statutory directors.

Expenses recognized in the Company's profit or loss for the six-month period and years ended December 31, 2022 are as follows:

	2nd six-month period			Year					
	12/31/2022			12/31/2022			12/31/2021		
	Fixed	Others	Total	Fixed	Others	Total	Fixed	Others	Total
Statutory directors	3,768	11,898	15,666	6,542	22,070	28,612	7,182	14,373	21,555
Board of directors and supervisory board	2,755	-	2,755	4,605	-	4,605	3,548	-	3,548
Total	**6,523**	**11,898**	**18,421**	**11,147**	**22,070**	**33,217**	**10,730**	**14,373**	**25,103**

The Others balance refers to variable compensation and termination of executives, net of taxes, and does not include the Stock option plan (see Note 23), in addition to other benefits presented in Note 20.

The overall annual compensation of the Officers and the Supervisory Board in 2022, approved at the meeting held on April 27, 2022, is R$ 66,064, net of charges, as follows: (i) R$ 750, net of charges, for the Supervisory Board and (ii) R$ 65,314, net of charges, for the Officers.

23 Restricted stock plans

These are Company restricted stock plans implemented with the objective of fostering the expansion, success, and achievement of the Company's objectives; aligning the interests of the shareholders to those of the officers and employees; and allowing the Company to attract and retain officers and employees.

All the other statutory officers and employees eligible to the plans are subject to the Board of Directors' approval.

The programs are recognized in the statements of profit or loss for the year, matched against the capital reserve, in accordance with the defined terms and conditions of each plan. In case statute barring /cancellation of shares events take place, a reversal is made in the period in which they occur for the total amount recognized along the corresponding period during which the plan was effective.

As at December 31, 2022, the position of the restricted stock plans is as follows:

		Number of restricted stock units						
Program	Status	Granted	Cancelled	Exercised	To be exercised	Grant date	Value per share on grant date - R$	Fair value per share - R$
Restricted Stock 2019	Active	2,419,297	(913,080)	(1,175,320)	330,897	July 2019	6.73	6.73
Restricted Stock 2020	Active	5,042,968	(1,494,109)	(2,561,700)	987,159	July 2020	3.94	3.94
Restricted Stock 2021	Active	1,945,031	(162,891)	(346,110)	1,436,030	July 2021	3.59	3.59
Restricted Stock 2022	Active	2,313,572	-	(78,904)	2,234,668	July 2022	3.81	3.81
Restricted Stock 2022 Special Vesting	Active	1,071,876	-	-	1,071,876	November 2022	5.11	5.11
Sócio Cielo 2019	Closed	995,372	(360,891)	(634,481)	-	March 2019	10.89	10.89
Sócio Cielo 2020	Active	2,898,458	(1,067,534)	(1,300,164)	530,760	March 2020	7.12	7.12
Sócio Cielo 2021	Active	5,440,433	(683,311)	(1,962,267)	2,794,855	March 2021	3.89	3.89
Sócio Cielo 2022	Active	11,253,702	(165,155)	-	11,088,547	March 2022	2.47	2.47
Total Stock Units		**33,380,709**	**(4,846,971)**	**(8,058,946)**	**20,474,792**			

(Amounts in thousands of Brazilian reais, unless otherwise stated)

In the year ended December 31, 2022, the net value of the charges of R$ 26,261 was recognized in profit or loss (R$ 22,862 as at December 31, 2021). The balance presented in the line item "Capital reserve" in equity totaled R$ 26,261 related to restricted stock units granted and R$ 32,398 related to transfer of treasury shares due to exercise of shares (R$ 22,862 and R$ 13,361, respectively, as at December 31, 2021).

In addition to the share-based incentive plans, long-term incentives were recorded in the amounts of R$ 24,907 and R$ 12,651 as at December 31, 2022 and 2021, respectively.

24 Finance income (costs)

	Parent Company			Consolidated	
	2nd six-month period	Year		Year	
	12/31/2022	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Finance income:					
Interest on financial investments	93,798	140,727	113,622	474,211	314,645
Other finance income (a)	1,101	1,734	16,040	7,894	18,832
PIS and COFINS	(4,411)	(6,676)	(6,032)	(14,493)	(9,062)
Total	**90,488**	**135,785**	**123,630**	**467,612**	**324,415**
Finance costs:					
Interest and charges on borrowings	(964,705)	(1,651,478)	(544,753)	(579,298)	(320,345)
Third parties' interest in FIDCs	-	-	-	(970,956)	(406,598)
Monetary adjustment of contingencies	(27,504)	(51,335)	(25,645)	(61,935)	(27,866)
Other finance costs	(13,603)	(27,459)	(43,923)	(110,367)	(50,199)
Total	**(1,005,812)**	**(1,730,272)**	**(614,321)**	**(1,722,556)**	**(805,008)**
Yield:					
Purchase of receivables (b)	-	-	-	938,478	406,582
FIDC shares yield (c)	680,916	1,144,878	417,470	-	-
Total	**680,916**	**1,144,878**	**417,470**	**938,478**	**406,582**
Exchange differences and mark-to-market of financial instruments, net	(31,598)	(67,791)	(531)	(67,815)	(513)
Total	**(266,006)**	**(517,400)**	**(73,752)**	**(384,281)**	**(74,524)**

(a) In 2021, the amount is mainly due to the recognition of monetary adjustment in the amount of R$ 14,0 million on the amount receivable for the Elo Brand, referring to the assignment of the processing and authorizer platform, accumulated up to its assignment date.

(b) As mentioned in Note 6, revenue from receivables acquired by FIDC Plus, FIDC NP and FIDC Receba Mais relating to credit transactions payable in full or in installments is R$ 994,311, out of which R$ 938,478 net of taxes and the consolidation effect (R$ 429,155 as at December 31, 2021, out of which R$ 406,582, net of taxes and the consolidation effect).

(c) As mentioned in Note 6, corresponds to the remuneration of the subordinated shares of the FIDCs, net of taxes.

25 Risk Management

Cielo has a structure designed for risk management, based on management practices under the terms of BACEN Circular Letter No. 3,681/13.

(a) Risk Management Structure and Governance

Cielo maintains an independent risk management structure and governance, thus preserving and respecting the collective decision-making environment, developing and implementing methodologies, models and processes of risk identification, assessment, monitoring, and reporting.

The key guidelines on this theme are provided in the Corporate Risk Management and Internal Control Policy, Compliance Policy, Anti-money Laundering/Counter Financing of Terrorism Policy, and Corporate Business Continuity Management Policy, all of them publicly available on the Cielo website (https://ri.cielo.com.br/).

Cielo also has a Code of Ethical Conduct, revised on an annual basis, which sets the standards of conduct expected from senior management (members of the Board of Directors and the Executive Board), Supervisory Board members, employees, interns, and apprentices, for subsidiaries, shareholders, investors, suppliers, and other stakeholders.

Cielo Group adopts the concept of three (3) lines of defense to operate its risk management structure to ensure that all contribute to provide reasonable assurance that its objectives are achieved:

- 1st line of defense: represented by the business and support areas, which ensure risk management within the scope of their responsibilities;
- 2nd line of defense: represented by the Risk, Compliance, Prevention and Security Vice-Presidency, which acts in an advisory and independent manner in risk management, compliance, fraud prevention, money laundering prevention, business continuity management, information security, data privacy and protection, crisis management, and monitoring of control environment quality, reporting to the CEO and the Board of Directors, through the Risk Committee; and
- 3rd line of defense: represented by the Internal Audit function, which provides independent opinions to the Board of Directors, by means of the Audit Committee, on the risk management process, the effectiveness of internal controls and corporate governance.

The risk management structure maintains processes for the following: record risk events, which requires that such events, whether materialized or not, have action plans, with due dates and responsible individuals; corporate risk inventory maintenance, and periodic assessment of such risks; mapping and tests of controls and risks, performed by the Internal Control function; monitoring of transactions, for suspected fraud, among others.

More information on Cielo Group's risk management methodology, governance and structure, as well as on risk factors and preventive and mitigating actions and controls can be found in the abovementioned Corporate Risk Management and Internal Controls Policy and in items 4.1 and 5.1 of the Reference Form, which are available on the Cielo website (https://ri.cielo.com.br/).

(b) Credit Risk Management

The Cielo has rights subject to credit risks with financial institutions, customers, and business partners recorded in line items cash and cash equivalents, financial instruments, including derivatives, income receivable and receivables from card-issuing banks, as follows:

(Amounts in thousands of Brazilian reais, unless otherwise stated)

		Parent Company		Consolidated	
	Note	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Cash	4	127,730	69,177	140,547	350,104
Financial instruments, including derivatives	5	959,705	1,985,192	2.029,036	5,510,592
Credit Rights Investment Fund	6	9,927,566	5,568,737	-	-
Income receivable		210,682	281,719	1,087,099	352,952
Receivables from card issuing banks	7	92,081,398	78,865,744	92,083,831	79,088,367
Total		**103,307,081**	**86,770,569**	**95,340,513**	**85,302,015**

(b.1) Counterparty Credit Risk - Issuer Risk

In acquiring operations, card-issuing banks are required to make payment to Cielo for the amounts related to transactions carried out by holders of cards issued by those banks, so that, thereafter, payment of such amounts can be made to accredited merchants. In the event card-issuing banks default on their financial obligations with Cielo due to varying reasons, Cielo will continue to be liable to make such payments to accredited merchants.

The level of risk Cielo is exposed to depends on the volumes transacted by the issuer and the risk/guarantee model adopted by the card brand in operating with card issuers and accreditors, and the Cielo assesses and manages these risks, either requiring or waiving the provision of guarantees by card issuers according to the internal model.

For payment arrangements that are not guaranteed by a payment arrangement settlor, the Company requests guarantees from card issuers, when permitted by the payment arrangement settlor, at amounts it deems necessary to cover its credit risk. In order to assess the risk and, consequently, define the required guarantees, issuers are assigned an internal rating.

As at December 31, 2022, Cielo's exposure to issuers is as follows:

Internal rating of issuers	Guarantee requirement	Total exposure at 12/31/2022	% Guarantee in relation to exposure	Total exposure at 12/31/2021	% Guarantee in relation to exposure
Group 1	No	95.2%		95.5%	-
Group 2	Yes	4.8%	57.4%	4.5%	48.0%
Total receivables from card-issuing banks		**100,0%**		**100.0%**	

The 5 largest issuing banks, classified into Group 1, concentrate 74.4% of receivables from card-issuing banks and are represented by Brazil's major financial institutions, which have strict monitoring and control processes and a solid economic and financial position. For issuers classified into Group 1, which do not require guarantee, there is intensive monitoring of the transactions and risks posed, with the possibility of revising the internal rating and requesting guarantees if indications of increased credit risk are identified. Guarantees may be required or waived depending on the volume transacted, the size and regulation of the brands and issuers.

(b.2) Credit Risk with Payment Arrangement Participants or Sub-acquirers

The Cielo adopts risk and control analysis procedures that prevent Sub-acquirers from prepaying all the amounts included in their financial schedule with the Cielo. In addition, the Cielo may, based on a risk assessment, require collaterals for the transactions.

Depending on the rules set by each brand in relation to responsibilities applicable to Sub-acquirers, as well as any court decisions, in the event sub-acquirers fail to settle the amounts transacted by merchants associated with them, Cielo may be held liable to settle the involved amounts.

(Amounts in thousands of Brazilian reais, unless otherwise stated)

The proportion of Sub-acquirers to the volume transacted in Cielo system in the periods ended December 31, 2022 and 2021 corresponds to 5.6% and 5.2%, respectively.

(b.3) Credit Risk in Receiving Products and Services Provided to Customers

The products and services provided by Cielo are charged to its customers through compensation in their financial schedules. If these customers cease to transact in Cielo system, eventually, there will be no balance in their schedules for collection of products or services contracted. If Cielo is unable to collect by any other means (such as, for example, bank payment slips), there may be losses for Cielo related to the non-payment of products and services.

As at December 31, 2022, the allowance for doubtful debts was R$ 170,209, Parent Company, and R$ 170,739, Consolidated (as at December 31, 2021, the balance was R$ 188,986, Parent Company, and R$ 205,161, Consolidated).

(b.4) Customer Credit Risk - Chargeback and Deferred Sales

The Cielo customers are required to comply with their obligations to deliver the products and provide the services contracted with their end customers. In situations of default on the part of the Cielo customers in the delivery of the goods or provision of services, or cancellation by the end customer, it is possible to demand the reversal of the payment made to merchants through (i) cancellation, which is requested by the merchant or (ii) chargeback, which is a request from the holder directly to the card issuer. In both cases, the amounts returned to the final bearer are debited, by the acquirer, directly to the merchant’s financial schedule. In the case of cancellation, if the merchant’s financial schedule does not have sufficient balance, this, as a rule of thumb, is not accepted.

If the Cielo is unable to offset the amounts of chargebacks directly on the financial schedule of a merchant (irrespective of the reason), or by means of any other form of collection (e.g. bank payment slip), the financial burden on such chargebacks relies with Cielo. As an action to mitigate exposure to risk, Cielo periodically monitors these customers’ transactional behavior and financial health and prepares credit assessment and sets a limit for prepayment of receivables in a reduced cycle in an attempt to maintain the schedule for longest time possible.

The proportion of customers in relation to the total volume of transactions and the chargeback ratio are as follows:

	Year 2022		Year 2021	
	Transacted volume	**Chargeback ratio (c)**	**Transacted volume**	**Chargeback ratio (c)**
Tourism and Entertainment, including airlines (typically with deferred sales)	7.8%	0.78%	5.9%	0.68%
E-commerce (without Tourism and Entertainment)	10.9%	0.99%	12.2%	0.98%
Durable and semi-durable goods (a)	21.1%	0.03%	22.6%	0.03%
Non-durable goods (b)	35.8%	0.00%	34.3%	0.01%
Services and others	24.4%	0.03%	25.0%	0.05%
Total	**100.0%**	**0.18%**	**100.0%**	**0.18%**

(a) Durable and semi-durable goods: Cielo’s customer segment of clothing, furniture, appliances, department stores, construction materials, among others.

(b) Non-durable goods: supermarkets and hypermarkets, drugstores and pharmacies, gas stations, among others.
(c) Chargebacks to transacted volume.

(c) Management of Operational Risks

The risks arising from the Cielo operation include the following: risks arising from failures, interruptions or breach of information technology systems, processes or infrastructure, unauthorized data disclosures, failures in the authorization of payment transactions, processing failures, internal and external fraud, unfavorable decisions in judicial or administrative proceedings, among others. For such risks, the Cielo adopts methodology for identification, assessment, monitoring, management and reporting of risks and action plans for risk mitigation, according to guidelines defined in the Corporate Risk Management and Internal Control Policy, as well as in the applicable regulation, including, but not limited to, BACEN Circular Letter No. 3,681/13 and CMN Resolution No. 4,968/21.

More information on Cielo Group's internal control management methodology, governance and structure can be found in the Corporate Risk Management and Internal Control Policy and in item 5.3 of the Reference Form, which are available on the Cielo website (https://ri.cielo.com.br/).

(d) Capital Risk Management

Cielo Group manages its capital to ensure that the companies can continue as going concerns while maximizing the return of all their stakeholders by optimizing the debt and equity balance.

Cielo Group's capital structure consists of its equity and net debt (borrowings and financing less cash and cash equivalents and financial instruments, including derivatives).

Cielo maintains equity in accordance with BACEN regulation, corresponding to the higher of 2% of the monthly average of the payment transactions made by the institution over the last 12 months and the balance of the digital currencies issued thereby, daily determined (see Note 15). There is no minimum equity requirement for the other Group companies.

(e) Liquidity Risk Management

Liquidity risks arises from the possibility that the Cielo will not be able to efficiently discharge its expected and unexpected, current and future liabilities without affecting its daily transactions and without incurring significant losses and that it will not be able to remeasure digital into physical when requested by the user. Cielo Group manages liquidity risk by maintaining appropriate reserves, bank lines of credit, and credit facilities to raise borrowings it deems necessary by continuously monitoring the budgeted and actual cash flows and the combination of the maturity profiles of financial assets and financial liabilities.

The Cielo periodically discloses a liquidity risk management report which describes the prevailing corporate liquidity risk management structure, as required by BACEN Circular Letter No. 3,681/13, and subsequent amendments. Such report is available in the Cielo website (https://ri.cielo.com.br/).

Follow the debt-to-equity ratio is as follows:

(Amounts in thousands of Brazilian reais, unless otherwise stated)

	Parent Company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Cash	127,730	69,177	140,547	350,104
Financial instruments, including derivatives (a)	959,705	1,985,192	2,029,036	5,510,592
Debt (b)	(6,643,071)	(4,034,446)	(6,643,071)	(6,295,104)
Net debt	**(5,555,636)**	**(1,980,077)**	**(4,473,488)**	**(434,408)**
Equity	10,928,577	9.890.589	21,122,414	20,258,492
Net debt ratio	**50.84%**	**20.02%**	**21.18%**	**2.14%**

(a) Derivative financial instruments refer to the NDF contract position, mentioned in Note 5, settled in November 2022.

(b) Debt is defined as short- and long-term borrowings, as detailed in Note 12.

(f) Market Risk Management

Market risk arises from the possibility of occurring losses resulting from fluctuations in the market value of instruments held by the Cielo as well as revenues and expenses that may be impacted as a result of fluctuations in interest rates, share prices and exchange rates.

Foreign exchange rate risk

Exposures to foreign exchange rate risks are managed according to the parameters set by the policies approved by Cielo Group.

The Cielo carries out certain transactions in foreign currency, which comprise transactions carried out by foreign credit card holders in merchants based in Brazil (the transaction between card holder and merchant is made in local currency; however, settlement by the issuer to the Cielo is made in foreign currency) and borrowings and financing. The Cielo contracts transactions to hedge against currency fluctuations, which significantly reduces any risks of exposure to currency fluctuations.

Additionally, by completion of the sale of MerchantE in April 2022, the Cielo held its investment in subsidiary Cielo USA, whose current exposure is US$ 1.0 million. The impact of exchange rate changes on the foreign investment is recognized in comprehensive income, and the accumulated exchange gain on the investment in Cielo USA (including MerchantE) in the period ended December 31, 2022 and loss at December 31, 2021 amounted to R$ 163,512 and R$ 107,986, respectively, both recognized in comprehensive income, directly in equity.

Foreign currency sensitivity analysis

The Cielo is mainly exposed to the US dollar.

The sensitivity analysis only includes monetary items that are outstanding and in foreign currency and adjusts their translation at the end of each reporting period considering a change of 10%, 25% and 50% in exchange rates.

As at December 31, 2022 and 2021, in estimating an increase or a decrease of 10%, 25% and 50% in exchange rates, there would be an increase or a decrease in profit or loss and equity, as follows:

(Amounts in thousands of Brazilian reais, unless otherwise stated)

	Parent Company and Consolidated					
	12/31/2022			12/31/2021		
	10%	25%	50%	10%	25%	50%
Profit or loss	2,793	6,983	13,966	2,685	6,713	13,425
Equity	444	1,110	2,220	166,551	416,378	832,756

Interest rate risk on financial investments

Cielo Group's results are subject to significant changes resulting from financial investments contracted at floating interest rates.

Pursuant to its financial policies, Cielo Group make financial investments with prime financial institutions. Cielo Group operates financial instruments within the limits of approval established by Management.

Interest rate sensitivity analysis – financial investments and borrowings and financing

Income from financial investments and interest from Cielo Group's borrowings are mainly affected by variations in DI rate (source: B3). In estimating an increase or a decrease of 10%, 25% or 50% in interest rates, there would be an increase or a decrease in profit or loss as follows:

	Parent Company					
	12/31/2022			12/31/2021		
	10%	25%	50%	10%	25%	50%
Profit or loss	(148,917)	(372,292)	(744,583)	(40,492)	(101,230)	(202,460)

	Consolidated					
	12/31/2022			12/31/2021		
	10%	25%	50%	10%	25%	50%
Profit or loss	(8,350)	(20,876)	(41,751)	10,508	26,270	52,541

(g) Anti-money Laundering/Counter Financing of Terrorism Management Risk

This risk arises from the possibility that the products and services offered by Cielo will become a means for performing commercial or financial operations that seek the incorporation of illicit resources, goods and amounts as well as for collection of funds for terrorist acts, including the support to the development, acquisition, production, possession, transportation, transfer or use of nuclear, biological and chemical weapons and their delivery means.

In assessing such risk, Cielo adopts internal assessment procedures to identify and measure the risk of using its products and services and doing business to practice money laundering and finance terrorism, in conformity with Brazilian laws and the rules under payment arrangements to which the Cielo is a party, according to responsibilities set in internal standards.

More information on the governance and structure for managing activities relating to this risk can be found in the Anti-money Laundering/Counter Financing of Terrorism Policy available on the Cielo website (https://ri.cielo.com.br/).

(h) Compliance Risk Management

Compliance Risk Management represents the possibility that the institution will be imposed legal or administrative sanctions, financial losses, reputation, and other damage arising from failure to comply with laws, infra-legal regulation, recommendations provided by regulatory bodies and self-regulatory codes applicable, internal standards, Code of Ethical Conduct and other guidelines set for the organization's business and activities.

Compliance risk is assessed by using an internal methodology whereby impact and likelihood are assessed.

More information on the methodology, governance and structure of Cielo Group's integrity program can be found in the Compliance Program and in item 5.4 of the Reference Form, which are available on the Cielo website (https://ri.cielo.com.br/).

(i) Social, Environmental and Climate Risk Management

Cielo maps and manages the social, environmental and climate aspects and impacts of its processes, operations, processes and services, including employees, customers, suppliers and partners, with a view to achieve the objectives set in its sustainability policy and code of ethical conduct. These risks are assessed by using an internal methodology whereby impact and likelihood are assessed.

More information on Cielo Group's social and environmental policies can be found in the Sustainability Policy and in item 7.8 of the Reference Form, which are available on the Cielo website (https://ri.cielo.com.br/).

(j) Reputation Risk Management

Reputation risk arises from a negative perception of Cielo by customers, partners, suppliers, shareholders, subsidiaries, media, social influencers, investors, regulators, etc.

Reputational risk is assessed by applying an internal methodology whereby impact and likelihood are assessed.

(k) Strategic Risk Management

Strategic risk arises from adverse changes in the business environment or the use of inappropriate assumptions in the decision making process.

Strategic risk is assessed by using an internal methodology whereby impact and likelihood are assessed. More information on Cielo Group's strategy can be found in item 7.1 of the Reference Form, which is available on the Cielo website (https://ri.cielo.com.br/).

(l) Management of Emerging Risks and Opportunities

Emerging risks and opportunities arise from uncertain and unexpected events that may expose the organization to a completely new range of circumstances; there is no sufficient information available for assessing and measuring their impact on future business.

The main emerging risks identified by the Company are those that lead to a possible non-intermediation of product acquiring in the long term, or that significantly affect the continuity and security of its business.

Cielo has a process in place to identify, monitor and report emerging risks based on benchmarking and good industry practices. Every year, the Cielo discloses a report showing the emerging risks monitored as well as information on possible impacts and mitigating actions. Such report is available on the Cielo sustainability website (https://cielosustentabilidade.com.br/downloads/).

26 Related-party balances and transactions

In the normal course of their activities and under market conditions, the Company and its subsidiaries conduct transactions with related parties, such as receivables from card-issuing banks which are part of financial groups in which the controlling shareholders (Bradesco and Banco do Brasil) hold interests, as well as financial services contracted with the shareholder banks and expenses and revenues from services provided by direct and indirect subsidiaries and investment funds.

In conducting their business and engaging services, the Company and its subsidiaries make market quotations and research to find the best technical and pricing terms. Also, the type of business conducted by the Company requires it to enter into agreements with several card issuers, some of which are its direct and indirect shareholders. The Company and its subsidiaries believe that all the agreements entered into with related parties are carried out on an arm's-length basis.

The tables below include the balances as at December 31, 2022 and 2021, by type of agreement, shareholders and subsidiaries, of transactions with related parties conducted by the Company and its subsidiaries, as well as the movements related to the years ended December 31, 2022 and 2021:

(Amounts in thousands of Brazilian reais, unless otherwise stated)

	Parent Company					Consolidated	
	12/31/2022				12/31/2021	12/31/2022	12/31/2021
	Controlling shareholders	Subsidiaries	Investment funds	Total	Total	Total	Total
Assets:							
Cash and financial instruments (a)	190,796	-	-	190,796	196,308	307,284	204,519
Receivables from card-issuing banks (b)	26,533,121	-	-	26,533,121	23,328,707	26,533,121	23,328,707
Receivables from related parties (c)	-	13,566	-	13,566	2,793	826,350	738,105
(Liabilities):							
Private debentures and CCB (d)	(3,498,894)	-	-	(3,498,894)	(3,422,466)	(3,498,894)	(3,422,466)
Payables referring to intermediation, customer prospecting and maintenance services (e)	(25,503)	-	-	(25,503)	(23,095)	(25,503)	(23,095)
Payables to related parties (c)	-	(251,979)	-	(251,979)	(182,328)	(422,596)	(396,503)
Balances received to transfer to FIDC	-	-	(16,234,816)	(16,234,816)	(10,760,093)	-	-

	Parent Company					Consolidated	
	12/31/2022				12/31/2021	12/31/2022	12/31/2021
	Controlling shareholders	Subsidiaries	Investment funds	Total	Total	Total	Total
Income:							
Income from financial investments (a)	8,991	-	-	8,991	7,546	36,805	7,759
Income from other services provided (f)	5,965	-	1,049	7,014	14,072	5,965	8,507
Income from rental of POS equipment (g)	42,860	-	-	42,860	53,773	42,860	53,773
Other income	-	1,443	-	1,443	39,343	1,755	37,292
Expenses							
Finance costs (d)	(507,215)	-	-	(507,215)	(160,936)	(507,775)	(159,199)
Expenses with prepayment of receivables	-	-	(1,072,180)	(1,072,180)	(307,242)	-	-
Expenses with benefits (h)	(44,466)	-	-	(44,466)	(37,310)	(94,794)	(80,414)
Contracts for customer prospecting services	-	(735,813)	-	(735,813)	(608,060)	-	-
Payment management services provided (c)	-	-	-	-	-	(40,404)	(36,263)
Intermediation, customer prospecting and maintenance services (e)	(141,185)	-	-	(141,185)	(124,468)	(141,185)	(124,468)
Other operating expenses	(1,020)	-	-	(1,020)	(1,419)	(15,462)	(1,419)

a) Balances related to the amounts held in current account and financial investments.

b) The amounts receivable refer mainly to the amounts to be paid by issuers Banco do Brasil and Bradesco arising from credit and debit card transactions.

c) The balances refer to the provision of services by Banco do Brasil to Cateno to act as Payment Institution managing postpaid accounts and purchases using debit cards under the Ourocard Payment Arrangement, while activities involving rights granted to Cateno are not performed by it. The contract has a remuneration clause of 0.01% on the total financial volume of transactions carried out under the management of the Contracting Party.

d) Balances related to the issuance of private debentures and bank credit notes “CCB”.

e) Refer to intermediation, customer prospecting and maintenance services with the objective of increasing the volume of sales made up of transactions carried out with credit and debit cards captured and processed by Cielo. In return for providing services, banks are entitled to a remuneration of 10 basis points on the eligible volume. The eligible volume, including the amount captured only in domestic transactions, does not include transactions in which Cielo provides VAN services and takes into account minimum profitability criteria for each establishment.

f) Refer to the granting of access to the anti-fraud system, so that Bradesco and Banco do Brasil can monitor transactions made with cards issued by them.

g) Refer to the lease of equipment for capturing transactions with Banco do Brasil and Bradesco, which sublease the equipment to their customers.

h) Benefits contracted with Banco do Brasil and Bradesco (corporate collective life insurance, hospital and dental insurance and complementary pension agreement).

Main related-party transactions

Participation of Accrediting Institutions in Elo Payment Arrangements

The Company participates in Elo Payment Arrangements, established by Elo Serviços S,A, The Company participates in Elo Arrangements as Accrediting Institution, which includes the provision of services relating to accreditation and maintenance of merchants, the participation in the processing and settlement of transactions made with payment instruments of Elo Arrangements and license for the use of Elo brands, in conformity with the technical specifications contained in its manuals, The Company pays Elo for its participation as accrediting institution in Elo Arrangements, and the conditions and prices of such participation are similar to those practiced with the other accrediting institutions and other arrangement settlors ("Brands").

Due to the participation in Elo Payment Arrangements, Cielo has agreements to carry out marketing campaigns, similar to the commercial relations maintained with other payment arrangements settlors,

(Amounts in thousands of Brazilian reais, unless otherwise stated)

Use of Cielo authorized network ("Value Added Network - VAN" and network service provider “PSR”)

The Company has service agreements with Alelo Instituição de Pagamento S.A. These services include the capture, transmission, authorization and processing of transactions with ALELO cards, as well as services provided to merchants, operational and financial back-office services, fraud prevention, issuance of statements and financial control over electronic transactions resulting from these transactions,

Other widespread agreements

In addition to the recorded balances, the Company engages other services from the main shareholders, namely:

- Cash management services;
- Insurance;
- Corporate credit card;
- Payment to suppliers;
- Granting of Livelo incentive points
- Representation services with CIP
- Share bookkeeping services
- Operating services - stock option program
- Securities bookkeeping and management services
- Public and private securities operating management services

27 Non-recurring result

As defined by BCB Resolution No. 2/20, non-recurring results are those that are not related to or are incidentally related to the Company and its subsidiaries' regular activities, and are not expected to occur frequently in future years. Non-recurring results are presented below, net of tax effects:

	Year	
	12/31/2022	**12/31/2021**
Profit for the year	**1,569,527**	**970,471**
Non-recurring items		
Sale of interest in Orizon	-	(4,197)
Assignment of ELO platform	-	(75,934)
Reversal of legacy provision - NewELO project	-	(46,181)
Provision for organizational restructuring	-	20,850
Sale of interest in subsidiary - Multidisplay	-	(49,406)
Discontinuance of business line - Cielo Pay	-	12,675
Sale of interest in MerchantE (a)	(150,447)	-
Impairment of legacy system software (b)	26,775	-
Restructuring of Cielo stores channel (c)	3,600	-
Discontinuance of the payment terminal (LIO V2) (d)	30,228	-
Total	**(89,844)**	**(142,193)**
Recurrent result	**1,479,683**	**828,278**

(Amounts in thousands of Brazilian reais, unless otherwise stated)

a) On April 8, 2022, all shares held by Cielo Inc in MerchantE, representing 100% of its share capital, were sold. The effects of the transaction generated a gain of R$ 150.5 million.

b) In the second quarter of 2022, the assessment of the impacts on technology in the project to update the service and logistics channels, aimed at improving customer relationship processes, was completed. In this sense, software was identified that will be discontinued/replaced by new technological solutions. Pursuant to CPC 1 (R1) – Impairment of assets, the Company reassessed the expectation of recovery of these software, based on the projections of future financial flows considering the early discontinuation of use and determined an impairment balance of R$ 40.6 million, (R$ 26.7 million net of taxes).

c) As at June 30, 2022, a provision for restructuring of the stores channel was recorded, in the amount of R$ 5.5 million (R$ 3.6 million net of tax effects).

d) As at December 31, 2022, the discontinuance of the e payment terminal (LIO V2) increased the Company’s operating expenses by R$ 45.8 million (R$ 30.2 million net of taxes). The decision generated additional expenses in the short term, but is in line with the Company’s POS equipment strategy and should generate a reduction in the costs with maintenance of such equipment in the medium and long terms.

28 Noncash transactions

In preparing the Company's statements of cash flows, only the transactions involving cash were included in net cash provided by financing and investing activities. The table below shows all the other changes in the investments and financing balances for the years ended December 31, 2022 and 2021 that did not involve the use of cash and/or cash equivalents:

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Exchange differences on net foreign investment	163,512	(107,986)	163,512	(107,986)
Exchange differences on borrowings	(27,076)	37,269	(30,469)	196,908
Post-employment benefit	3,310	901	3,310	901
Interest on capital	239,000	235,760	239,000	235,760

29 Insurance

As at December 31, 2022, the Company has the following insurance coverage:

Type	Insured amount
Civil liability of Directors and Officers	270,000
Named perils (fire, windstorm and smoke, electrical damages, electronic equipment, theft, flood and cyber-attacks)	213,277
POS equipment warehousing	193,653
POS equipment transportation per travel/event (limited to 1,700,000)	2,500
Fleet of vehicles	1,005

Filipe Augusto dos Santos Oliveira
Chief Financial and Investor Relations Officer (Officer responsible for accounting)

Ricardo Grosvenor Breakwell
Chief Accounting, Tax and Revenue Assurance Officer (Technical Accounting Officer)

Vagner Akihiro Tatebe
Accountant CRC 1SP292671/O-6