

DEAR SHAREHOLDERS

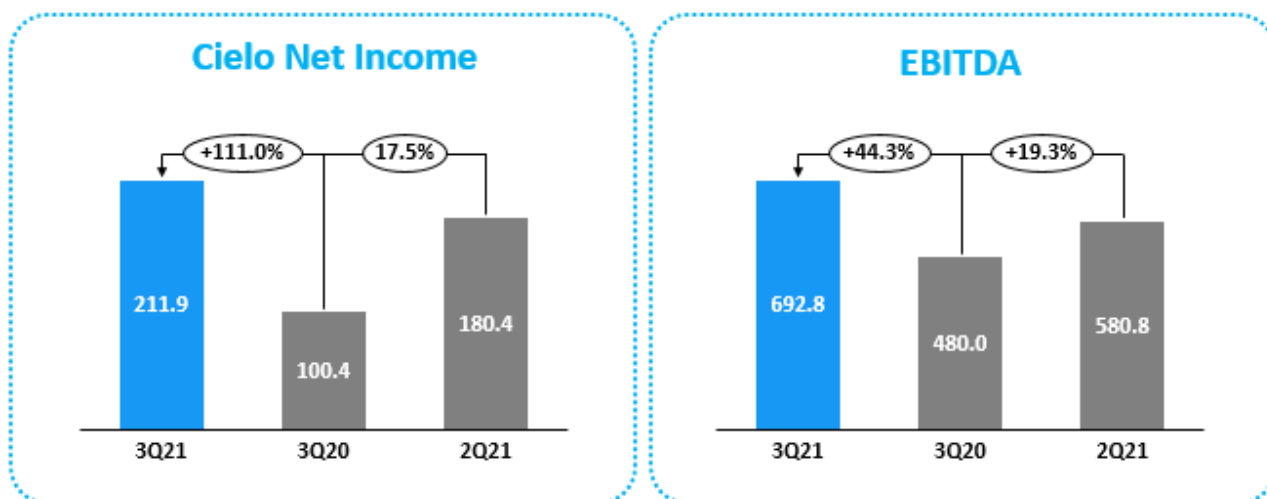
We present the Comments on Performance and the Interim Financial Information of Cielo S.A. (“Company” or “Cielo”) and its subsidiaries (together referred to as the “Consolidated” or “Cielo Group”) for the quarter ended September 30, 2021, accompanied by the independent auditor’s report on the interim financial information (ITR).

The Individual (Company) and Consolidated Interim Financial Information has 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 information comprises the account balances of Cielo (Company), its subsidiaries Multidisplay, Servinet, Cielo USA, Cateno and Aliança and indirect subsidiaries Stelo, MerchantE and M4Produtos (together with Multidisplay referred to as “M4U”). Profits or losses of the joint ventures Orizon (whose shares were entirely sold on January 7, 2021) and Paggo (not currently carrying out any operating activities) have been accounted for under the equity method in the half-yearly consolidated financial information. This financial information has been adjusted, as applicable, in order to conform its accounting practices to those established by the Cielo Group. All the transactions, revenues and expenses among Group companies were fully eliminated in the consolidated financial information. For purposes of presentation of the consolidated financial information, the assets and liabilities of foreign subsidiaries, originally denominated in US dollars, were translated into Brazilian reais at the exchange rates prevailing at the end of each quarter, 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.

HIGHLIGHTS 3Q21

- Cielo’s financial volume of transactions totaled R\$ 179.8 billion, an increase of 8.8% or R\$ 14.6 billion compared to 2Q21 and an increase of 8.5% or R\$ 14.2 billion compared to 3Q20.
- Cielo’s consolidated net revenue totaled R\$ 3,009.5 million, an increase of 7.0% or R\$ 197.6 million compared to 2Q21 and an increase of 4.4% or R\$ 127.1 million compared to 3Q20.
- Consolidated revenue from purchase of receivables (ARV) and FIDC, net of taxes, totaled R\$ 102.9 million, an increase of 9.0% compared to 2Q21 and an increase of 8.8% compared to 3Q20.
- Total consolidated expenditures (costs and expenses), not considering the effects from share of profit (loss) of investees, totaled R\$ 2,595.2 million, an increase of 4.1% or R\$ 103.4 million compared to 2Q21 and a decrease of 3.9% or R\$ 105.7 million compared to 3Q20.
- Cielo’s profit for the period totaled R\$ 211.9 million, an increase of 17.5% or R\$ 31.5 million compared to 2Q21 and an increase of 111.0% or R\$ 111.5 million compared to 3Q20.
- Consolidated EBITDA totaled R\$ 692.8 million, an increase of 19.3% or R\$ 112.0 million compared to 2Q21 and an increase of 44.3% or R\$ 212.8 million compared to 3Q20.



OPERATING PERFORMANCE 3Q21

Financial Volume of Transactions

Quarterly comparison

In 3Q21, Cielo's financial volume of transactions totaled R\$ 179.8 billion, an increase of 8.8% or R\$ 14.6 billion, compared to R\$ 165.2 billion in 2Q21 and an increase of 8.5% or R\$ 14.2 billion, compared to R\$ 165.6 billion in 3Q20.

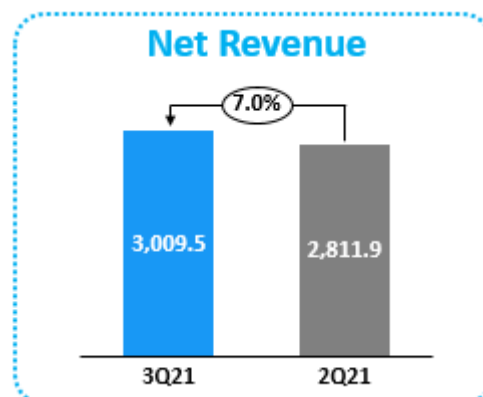
Specifically with credit cards (lump sum and installment payments), the financial volume of transactions totaled R\$ 102.9 billion in 3Q21, an increase of 10.8% compared to 2Q21 and of 13.4% compared to 3Q20. With debit cards, the financial volume of transactions totaled R\$ 76.8 billion in 3Q21, an increase of 6.2% compared to 2Q21 and an increase of 2.6% compared to 3Q20.

In addition, Cielo captured 1,718.6 million transactions in 3Q21, an increase of 8.8% and 11.8% compared to 2Q21 and 3Q20, respectively.

FINANCIAL PERFORMANCE 3Q21

COMPARISON FOR THE QUARTERS ENDED SEPTEMBER 30, 2021 AND JUNE 30, 2021

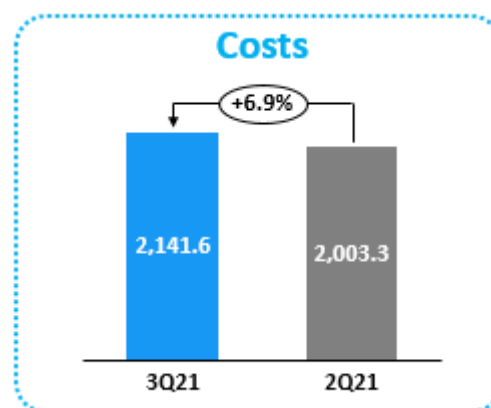
Net Revenue Quarterly comparison



Cielo's consolidated net revenue totaled R\$ 3,009.5 million in 3Q21, an increase of 7.0% or R\$ 197.6 million compared to the revenue of R\$ 2,811.9 million in 2Q21.

The increase in net revenue is related to the increase in volume captured and average interchange of the Ourocard arrangement, which impacts Cateno's revenues, the growth of the volume captured at Cielo (which impacts the revenue from the capture, transmission, processing and financial settlement of transactions, and the revenue from the product Payment in 2 Days), and the increase in rental revenue due to lower price discounts. This increase was partially offset by the decrease in price at Cielo, due to the competitive scenario, as well as by the decrease in volume of the North American operation (MerchantE) and the reduction in mobile recharge sales in M4U.

Cost of Services Rendered Quarterly comparison



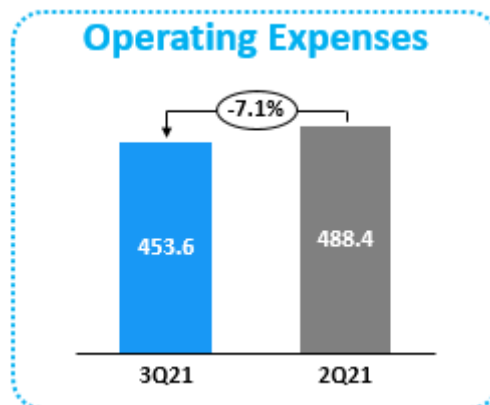
Consolidated cost of services rendered totaled R\$ 2,141.6 million in 3Q21, an increase of R\$ 138.3 million, or 6.9% compared to 2Q21. This increase was mainly due to the following events:

- (i) Increase of R\$ 85.0 million in **costs related to the management of payment accounts of the Ourocard Arrangement at Cateno**, as a result of the increase in volume, generating higher costs with brand fees and card embossing and mailing costs;
- (ii) Increase of R\$ 59.1 million in **costs related to capture, processing and settlement of transactions of Cielo** compared to 2Q21, due to expenses related to the increase in volume, mainly brand fees and processing and related services.
- (iii) Increase of R\$ 5.0 million in **costs relating to POS equipment and other costs** compared to 2Q21, mainly due to higher depreciation due to the scheduling of purchases of POS equipment, partially offset by the reduction in amortization of subsidy on the sale of POS equipment for merchants and in data telecommunications expenses;

- (iv) Decrease of R\$ 6.5 million in **costs of services rendered in subsidiary M4U**, referring to cell phone credit costs (especially in the form of virtual recharge resale), directly related to the reduction in sales in 3Q21;
- (v) Decrease of R\$ 4.5 million in **cost of services rendered in North-American subsidiaries Cielo Inc. and MerchantE**, impacted by the average dollar depreciation in the quarter.

Operating Expenses

Quarterly comparison



Operating expenses totaled R\$ 453.6 million in 3Q21, a decrease of R\$ 34.9 million or 7.1% compared to 2Q21. This decrease was mainly due to the following events:

Personnel expenses - Decrease of R\$ 2.7 million, or 1.3%, to R\$ 211.8 million in 3Q21, compared to R\$ 214.5 million in 2Q21. Personnel expenses are in line with the previous quarter.

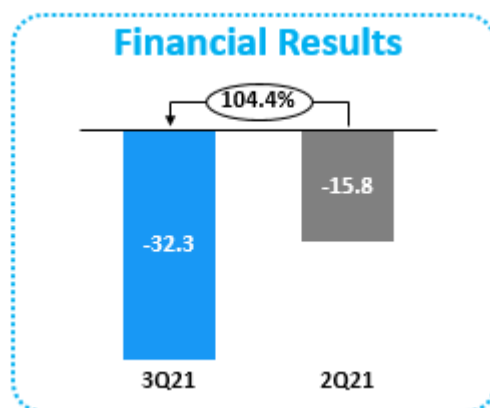
General and administrative expenses, including depreciation - Increase of R\$ 11.5 million or 12.7% to R\$ 101.7 million in 3Q21, compared to R\$ 90.2 million in 2Q21. The increase is related to expenses on strategic projects, with the development of the new service model and various initiatives aimed at improving the quality of services provided.

Sales and marketing expenses - Decrease of R\$ 2.8 million or 4.5% to R\$ 59.3 million in 3Q21, compared to R\$ 62.1 million in 2Q21. Marketing expenses are in line with the previous quarter and this decrease is chiefly due to the depreciation of the dollar in expenses with sales partners at MerchantE.

Other net operating expenses - Decrease of R\$ 40.9 million or 33.6%, to R\$ 80.8 million in 3Q21, compared to R\$ 121.7 million in 2Q21. Other net operating expenses decreased due to the net gain from the sale of the software platform, of actions to improve efficiency in credit recovery and POS equipment, in addition to lower expectations of losses in operating losses at Cateno, net of the increase in allowance for doubtful debts in 3Q21.

Financial Results

Quarterly comparison



The finance costs totaled R\$ 32.3 million in 3Q21, a variation of 104.4% or R\$ 16.5 million in relation to 2Q21, when the Company obtained a finance income of R\$ 15.8 million. The decrease was mainly due to the following events:

Finance income – Increase of R\$ 11.0 million, or 13.1%, to R\$ 95.0 million in 3Q21, compared to R\$ 84.0 million in 2Q21, related to the higher average CDI rate partially offset by the lower average balance invested in 3Q21, when compared to the previous quarter.

Finance costs – Increase of R\$ 47.1 million, or 24.9%, to R\$ 235.9 million in 3Q21, compared to R\$ 188.8 million in 2Q21, related to the increase in the average CDI rate in the quarter, as well as the higher remuneration of senior quotas in new FIDCs.

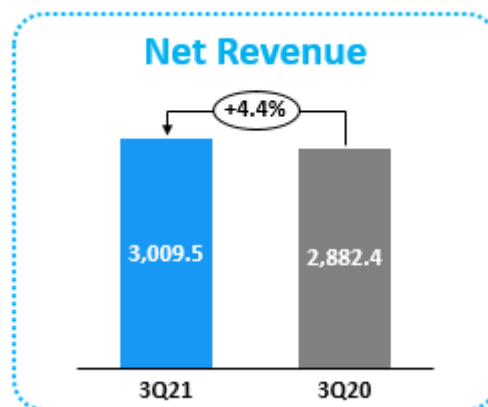
Purchase of receivables, net (ARV) and FIDC – Increase of R\$ 8.5 million or 9.0% to R\$ 102.9 million in 3Q21, when compared to R\$ 94.4 million in 2Q21, substantially related to the increase in the volume of credit acquisition and the increase in the average term of operations.

Exchange variation and mark-to-market of financial instruments, net – Totaled an income of R\$ 5.7 million in 3Q21, a variation of R\$ 11.1 million, compared with an expense of R\$ 5.4 million in 2Q21. The result is due to the accounting effect of mark-to-market of financial instruments in order to hedge foreign currency liabilities.

FINANCIAL PERFORMANCE 3Q21

COMPARISON OF THE QUARTERS ENDED SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020

Net Revenue Quarterly comparison

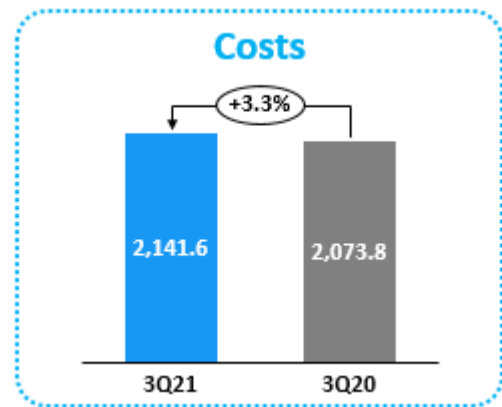


Cielo's consolidated net revenue totaled R\$ 3,009.5 million in 3Q21, an increase of 4.4% or R\$ 127.1 million, compared to R\$ 2,882.4 million in 3Q20.

The increase in consolidated net revenues is related to the increase in the volume captured and average interchange of the Ourocard arrangement that impacts Cateno's revenue, the increase in rental revenue and in revenue from product Payment in 2 Days, driven by the increase in the volume captured at Cielo when compared to the same quarter of the previous year. This increase was partially offset by the continued reduction in Cielo's price given the competitive scenario, negative impact on the conversion of revenues from subsidiary MerchantE, in addition to the decrease in cell phone recharge sales in subsidiary M4U.

Cost of Services Rendered

Quarterly comparison

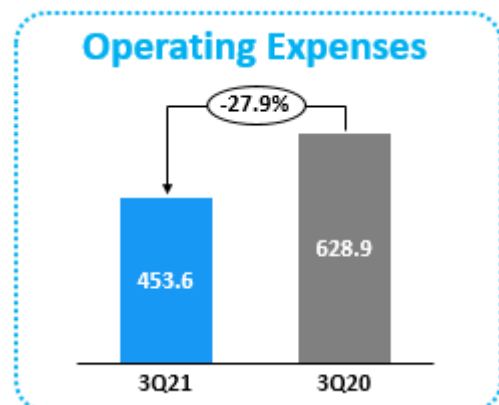


Cost of services rendered totaled R\$ 2,141.6 million in 3Q21, an increase of R\$ 67.8 million or 3.3% compared to R\$ 2,073.8 million posted in the same quarter of the prior year. This increase was mainly due to the following events:

- (i) Increase of R\$ 127.4 million in **costs related to the management of payment accounts of the Ourocard Arrangement at Cateno**, substantially related to the growth in the volume of costs with brand fees, call center, as well as card embossing and mailing costs;
- (ii) Increase of R\$ 46.7 million in **costs related to capture, processing and settlement of transactions of Cielo** compared to 3Q20, due to the higher volume in expenses with credit cards brand and processing fees, partially offset by the reduction in intermediation and funding services and maintenance of customers provided by banks;
- (iii) Decrease of R\$ 49.9 million in **costs of services rendered in subsidiary M4U**, referring to cell phone credit costs (especially in the form of virtual recharge resale), directly related to the reduction in sales in 3Q21;
- (iv) Decrease of R\$29.3 million in **cost of services rendered in North-American subsidiaries Cielo Inc and MerchantE**, chiefly due to the depreciation of the average dollar in the comparison between the quarters, as well as the decrease in interchange and brand remuneration due to the drop in volume;
- (v) Decrease in **costs relating to POS equipment and other costs** by R\$ 22.2 million compared to 3Q20, mainly due to the reduction in amortization of subsidy paid by Cielo generated on the sale of POS equipment to merchants, offset by the increase in the depreciation lines related to new purchases of POS equipment and investments in projects.

Operating Expenses

Quarterly comparison



Operating expenses totaled R\$ 453.6 million in 3Q21, a decrease of R\$ 175.3 million or 27.9% compared to R\$ 628.9 million in 3Q20. The decrease was mainly due to the following events:

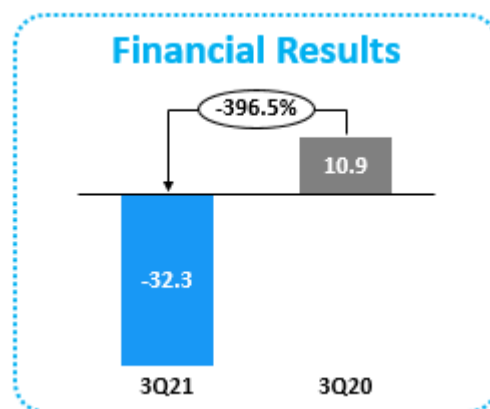
Personnel expenses- Increase of R\$ 5.5 million or 2.7% compared to the same quarter of the prior year, from R\$ 206.3 million in 3Q20 to R\$ 211.8 million in 3Q21. The increase is substantially related to the expansion of the sales team, linked to Cielo's new service model, impacting expenses with payroll, payroll charges and effects on provisions.

General and administrative expenses, including depreciation - Decrease of R\$ 31.2 million or 23.5% to R\$ 101.7 million in 3Q21, compared to R\$ 132.9 million in 3Q20. The decrease is linked to an efficiency gain through several actions in 2021, impacting the improvement in general and administrative expenses.

Sales and marketing expenses - Decrease of R\$ 32.1 million or 35.1% to R\$ 59.3 million in 3Q21, compared to R\$ 91.4 million in 3Q20. The decrease is due to lower expenses with media, production and broadcasting compared to 3Q20, as well as the renegotiation of contracts with partners of subsidiary MerchantE.

Other net operating expenses - Decrease of R\$ 115.7 million or 58.9%, to R\$ 80.8 million in 3Q21, compared to R\$ 196.5 million in 3Q20. Substantially related to the baseline effect of the recognition of losses in 3Q20 arising from the increase in chargebacks of R\$ 67.2 million and the reimbursement of expenses of the Ourocard Arrangement of R\$ 19.6 million, in subsidiary Cateno, pursuant to the contractual agreement between Cateno and Banco do Brasil S.A. At Cielo, in 3Q21, other net operating expenses were reduced by the gain generated from the sale of the software platform, actions to improve efficiency in credit recovery and POS equipment.

Financial Results
Quarterly comparison



Finance costs totaled R\$ 32.3 million in 3Q21, a variation of R\$ 43.2 million compared to 3Q20, when the Company obtained a finance income of R\$ 10.9 million. The decrease was mainly due to the following events:

Finance income – Increase of R\$ 53.9 million, or 131.1%, to R\$ 95 million in 3Q21, compared to R\$ 41.1 million in 3Q20, related to the increase in income due to the higher average cash balance invested, as well as an increase in the average CDI rate.

Finance costs – Increase of R\$ 126.5 million, or 115.5%, to R\$ 235.9 million in 3Q21, compared to R\$ 109.4 million in 3Q20, related to the increase in the average CDI rate when comparing quarters, as well as the higher remuneration of senior quotas in new FIDCs.

Purchase of receivables, net (ARV) and FIDC – Totaled R\$ 102.9 million in 3Q21, an increase of R\$ 8.3 million or 8.8%, when compared to the R\$ 94.6 million in 3Q20, related the increase in the volume of acquisitions and greater penetration in the credit product, as well as the longer average term of operations.

Exchange variation, net - Exchange variation, net totaled an income of R\$ 5.7 million in 3Q21, a variation of R\$ 21.1 million, compared with an expense of R\$ 15.4 million in 3Q20. The variation is related to the accounting effect of mark-to-market of financial instruments in order to hedge foreign currency liabilities.

EBITDA

EBITDA

Consolidated EBITDA totaled R\$ 692.8 million in 3Q21, an increase of 19.3% compared to 2Q21 and an increase of 44.3% compared to 3Q20, as shown below:

EBITDA (R\$ million)	3Q21	3Q20	2Q21
Cielo Net Income	211.9	100.4	180.4
Shareholders other than not of Cielo S.A.	54.9	24.6	41.1
Financial Income (Expenses)	32.3	(10.9)	15.8
Tax and Social Contribution	115.2	65.5	82.8
Depreciation e Amortization	278.5	300.4	260.7
EBITDA	692.8	480.0	580.8
<i>% EBITDA margin</i>	23,0%	16.7%	20.7%

EBITDA corresponds to the net profit (loss), plus income tax and social contribution, depreciation and amortization expenses and finance income net of finance costs. It is worth noting that, for such calculation, the Company's profit includes the non-controlling 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 profit as an operating performance measure or as an alternative to operating cash flow or as a measurement of liquidity. In addition, the EBITDA has a limitation which jeopardizes its use as a measure 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.

IMPACTS FROM THE GLOBAL COVID-19 PANDEMIC

According to the Cielo Amplified Retail Index (ICVA), which reflects evolution of Brazilian retail sales on a monthly basis, retail sales posted a nominal increase of 16.8% in 3Q21 compared to the same quarter in 2020. The increase in the price index and the effects of the relaxation of social isolation measures were factors that contributed positively to the growth in this quarter compared to 2020. Discounting inflation, this increase was 3.1% compared to the same quarter of the previous year. Compared to 2Q21, discounting the effects of inflation in each sector, there was a deceleration in all sectors (Non-durable, Durable and Semi-durable, and Services), especially apparel, tourism and transport. In comparison with 3Q20, discounting the effects of inflation in each sector, the index registered growth in all groups of sectors, except for the Non-Durable, due to the retraction observed in Supermarkets and Hypermarkets.

The impacts of the social isolation and economic crisis caused by the COVID-19 pandemic were felt with the reduction in sales of subsidiary M4U, mainly due to the new behaviors generated by the pandemic, partially offset by the increase in volume at Cielo and Cateno and the consequent effect on commission and interchange revenues, respectively, in addition to the impacts on revenues of foreign subsidiaries Cielo Inc. and MerchantE, as well as in the variation of US dollar.

Considering that Cielo's operational and financial performance is highly dependent on national consumption and, consequently, on the volume of transactions in the card market, the Company has maintained, since the beginning of the pandemic, more rigorous criteria for losses on overdue balances of customers assessed as

involving high risk of default. This procedure will be maintained until the pandemic impacts are no longer felt, being reassessed monthly, according to the evolution of the collection portfolio.

The Company, with the relaxation of social isolation measures and economic recovery, started to privilege the penetration in term products, as a way to boost the Company's profitability. In view of possible scenarios of extension of the social isolation procedures and the consequent extension of market liquidity restrictions, the Company believes that it maintains its capacity to manage cash in order to meet all its short-term commitments.

CORPORATE GOVERNANCE

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

The maximization of its efficiency and creation of long-term value translate, for example, into: (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 the Company 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 and minimum 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 situations involving Conflicts of Interest; and (i) a Code of Ethics mandatorily adhered to by all employees and Management, which establishes basic principles that should guide the Company's relations and activities, in addition to reiterating the need to comply with current legislation, widely disseminated at the Company and publicly disclosed on Company's Investor Relations website.

It is worth pointing out that since 2013 Cielo has been adopting a Policy on Related Party Transactions and other situations concerned with conflict of interests ("Policy"), which aims at consolidating the procedures to be followed in the Company'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 the Company'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 Interagents 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 and market surveys). Notwithstanding the submission of this documentation, in the cases in which the aforementioned Committee deems it necessary, an independent appraisal report must be submitted, prepared without the participation of the party involved in the transaction with a related party, be it a bank, lawyer, specialized consulting firm, among others, based on realistic assumptions and information endorsed by third parties. After analysis, the Corporate Governance Committee will recommend or not the topic to be decided about to the Company'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 transactions between the Company and any of its controlling shareholders, will exceptionally be composed of all independent directors, and such independent directors should 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, the members of the Board of Directors in a position of conflict (i) a priori, will not participate in the meetings or (ii) if they are present due to other matters covered, they should declare themselves in conflict, be absent from discussions on the topic and abstain from voting to decide about the matter. If requested by the Chairman of the Board of Directors or by the Chief Executive Officer, as the case may be, such members may partially participate in the discussions, aiming to support them with more information about the operation and the parties involved, but should always, however, be absent at the end of the discussions, including 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, is composed of 11 (eleven) members who do not perform management activities, out of which 3 (three) are independent, where their independence aims to protect the interests of the Company and its minority shareholders. The Board of Directors is responsible, among other attributions, for setting the general direction of the Company's business, electing the members of the Executive Board and overseeing its management. Currently, the Company's Statutory Board is composed of ten (10) members and performs the general management of the Company, respecting the guidelines defined by the Board of Directors. Moreover, as another evidence of the Company's adherence to the best Corporate Governance practices, the Board of Directors has six (6) advisory committees, namely: Audit Committee, Finance Committee, Corporate Governance Committee, People and Compensation Management Committee, Sustainability Committee and Risk Committee; and the Executive Board has 11 (eleven) advisory forums: Disclosure Forum, Ethics Forum, Social and Cultural Investments Forum, Pricing Forum, Customers Forum, Diversity Forum, Innovation Forum, Products and Services Forum, Information Security Management and 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) members, 01 (one) of them is an independent member.

The Company is committed to including themes associated with Sustainability, Diversity and Corporate Responsibility in its practices. When carrying out its activities, Cielo seeks to ensure the success of the business in the long term, contributing to the construction of a just society, economic development and environmental conservation, through the generation of shared value.

To better structure the achievement of these commitments, in 2020, the Company revised its Sustainability Strategic Plan. Adherent to the Company's Business Plan, approved by the Executive Board, the Sustainability Committee and the Board of Directors, this work resulted in the interpretation of the Purpose and Vision for Sustainability and allowed the establishment of Sustainability Guidelines that will guide our performance throughout the next five years. This plan enabled a clearer understanding of how sustainability may effectively add value and boost Cielo's business. At the end of the process, the structure of the plan foresees potential market differentiation initiatives, with the purpose of 'enhancing businesses that are sustainable and inclusive of everyone' and the vision of 'being the intelligent platform recognized for boosting sustainability and inclusion in Brazilian trade.

The plan has actions planned for the range from 2021 to 2025 and addresses the strategic themes for Sustainability, as follows: Diversity & Inclusion, Social Responsibility, Climate Change & Eco-efficiency, Social and Environmental Risk Management and Social and Environmental Innovation & Entrepreneurship, Governance & ESG Reporting.

It is worth highlighting the Diversity & Inclusion Program, structured in the 2nd half of 2019 with the objective of transforming our culture, structures and positions. 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 the company'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 and have gained visibility in the Board of Directors.

In 2020, we also highlight the performance of affinity groups within the Company with monthly meetings, which include race and ethnicity, people with disabilities, gender and the LGBTQIA+ community. Made up

of volunteer employees who wish to contribute to the discussion of the topic and with the participation of sponsors from the Executive Board, the groups are responsible for organizing discussions and proposing actions to promote diversity and inclusion in the business.

Cielo's actions for sustainable development are carried out through the Sustainability Policy, whose guidelines include environmental, social and governance (ESG) aspects and practices. The environmental aspects of our operations are evaluated and monitored by our Environmental Management System (SGA), ISO14.001 certified, for Cielo's headquarters in 2019, which was preserved in 2020.

The Company has a Climate Strategy, which includes carrying out an Inventory of Greenhouse Gases (GHG) – in line with best global practices, audited and published in the Public Emissions Registry of the Brazilian GHG Protocol Program, and offsetting carbon emissions. Aligned with its climate strategy, the Company responds to the Carbon Disclosure Initiative (CDP) transparency initiative and it is included in the Carbon Efficient Index (ICO2) of B3 (Brasil, Bolsa e Balcão) and, since the first half of 2020, it has also been included in the climate resilience index, ICDPR-70, including companies reaching CDP score C or higher, among B3's 100 most liquid shares.

In our private social investment strategy, we seek to adopt specific causes for the use of incentive laws, in order to connect the supported initiatives to our business. Thus, we invest in social projects that promote education, through actions that contribute to the improvement of basic and/or vocational education, and initiatives that enable the generation of income and to the development of Brazilian entrepreneurs.

RELATIONSHIP WITH AUDITORS

Pursuant to CVM Instruction No. 381/03, we inform that during 3Q21, the Company engaged the independent auditing services of KPMG.

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

Cielo declares that the independent auditors have been engaged to provide services not related to external audit until September 30, 2021, which consist of provision of reasonable assurance about the Environmental, Social and Governance information and the 2020 Sustainability Report, application of accounting controls training and reasonable assurance about compliance with the clauses (obligations) of the Procedure Adjustment Agreement ("TCC") by and between CADE (Brazilian antitrust agency) and Cielo. These engagements comply with the company's corporate governance requirement, which determines that every extraordinary engagement of independent auditor who audits 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\$ 330.5 thousand and represents approximately 14.9% of the total fees for auditing the Cielo Group's financial statements for the year ending December 31, 2021.

Cielo S.A.

Interim Financial Information
for the quarter ended September 30, 2021 and
Independent Auditors' Report on Interim Financial Information
(*COSIF*)

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Report on Review of Interim Financial Information

To the
Shareholders and Board of Directors of
Cielo S.A.
Barueri - SP

Introduction

We have reviewed the individual and consolidated interim financial information of Cielo S.A. (“Company”), included in the Interim Financial Information Form (ITR) for the quarter ended September 30, 2021, which comprises the balance sheet at September 30, 2021, and the related statements of income and comprehensive income for the three and nine month periods then ended, and changes in shareholders’ equity and cash flows for the nine month period then ended, including the explanatory notes.

The Company's management is responsible for the preparation of this individual and consolidated interim financial information in accordance with the accounting practices adopted in Brazil applicable to the payments institutions authorized to operate by the Central Bank of Brazil, as well as for the presentation of this information in accordance with the standards issued by the Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the Brazilian and international standards on review applicable to interim information (NBC TR 2410 – *Revisão de Informações Intermediárias Executadas pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of people responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion on the interim individual and consolidated financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information, included in the interim financial information referred to above, were not prepared, in all material respects, in accordance with the accounting practices adopted in Brazil applicable to the payments institutions authorized to operate by the Central Bank of Brazil, as well as for the presentation of this information in accordance with the standards issued by the Securities and Exchange Commission of Brazil.

Other matters

Statements of value added

The interim individual and consolidated financial information, related to the statement of value added (DVA) for the nine-month period ended September 30, 2021, prepared under the Company's Management responsibility, whose presentation is not required by the accounting practices adopted in Brazil applicable to the payments institutions authorized to operate by the Central Bank of Brazil, were submitted to the same review procedures of the review of the Company's interim financial information – ITR. In order to form our opinion, we evaluated whether these statements are reconciled with the interim financial information and accounting records, as applicable, and if their form and content are in accordance with the criteria set forth in the Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, we are not aware, of any fact that could lead us to believe that the accompanying statements of value added were not prepared, in all material respects, consistently with the individual and consolidated interim financial information taken as a whole.

São Paulo, November 03, 2021

KPMG Auditores Independentes
CRC 2SP014428/O-6

Original report in Portuguese signed by
João Paulo Dal Poz Alouche
CRC 1SP245785/O-2

Cielo S.A.

Statements of financial position as at September 30, 2021 and December 31, 2020 (In thousands of Brazilian Reals - R\$)

Assets	Note	Parent Company		Consolidated		Liabilities and equity	Note	Parent Company		Consolidated	
		09/30/2021	12/31/2020	09/30/2021	12/31/2020			09/30/2021	12/31/2020	09/30/2021	12/31/2020
Current assets						Current liabilities					
Cash	4	45,965	34,083	179,243	127,969	Borrowings	12	49,238	40,214	70,590	40,960
Financial instruments, including derivatives	5	2,391,876	2,631,697	5,016,217	3,617,998	Derivative financial instruments	5	-	2,079	-	2,079
Credit rights investment fund	6	5,405,681	1,850,998	-	-	Other payables		71,375,265	67,645,222	61,725,572	67,054,479
Income receivable	7	158,924	338,095	876,829	935,733	Social and statutory	15 and 21	127,861	223,244	172,743	277,043
Receivables from card-issuing banks	7	68,504,066	70,034,602	68,725,269	70,211,977	Tax and social security	8	195,696	236,452	565,792	581,140
Receivables from related parties	26	5,359	5,265	46,556	29,907	Obligations with third-party quotas - FIDC	6	-	-	-	3,041,462
Taxes and contributions for offset/recoverable		400,732	497,087	721,101	810,768	Payables to merchants	13	58,722,386	61,529,245	59,046,060	61,765,044
Other operating receivables	7	123,014	186,678	171,267	262,894	Payables to related parties	26	11,827,310	5,059,410	-	-
Allowance for doubtful debts	7	(233,686)	(277,701)	(261,232)	(304,582)	Others		502,012	596,871	1,335,804	1,389,790
Other receivables		134,419	43,975	158,149	67,480	Total current liabilities		71,424,503	67,687,515	61,796,162	67,097,518
Total current assets		76,936,350	75,344,779	75,633,399	75,760,144	Long-term liabilities					
						Borrowings	12	3,916,340	6,901,822	6,118,427	8,903,652
Long-term assets						Other payables		3,550,998	3,244,679	8,888,471	1,923,707
Financial instruments, including derivatives	5	191,287	175,498	277,984	457,892	Provision for contingencies	14	1,938,326	1,819,580	2,033,694	1,838,719
Escrow deposits	14	1,572,330	1,576,406	1,575,009	1,578,987	Obligations with third-party quotas - FIDC	6	-	-	7,417,353	-
Tax credits	8	932,960	927,919	1,233,002	1,159,755	Deferred taxes and contributions		-	-	-	7,918
Other operating receivables	7	19,188	20,638	29,607	22,410	Provision for obligations with investees		1,584,135	1,390,012	170	104
						Others		28,537	35,087	34,509	50,020
Permanent assets						Total long-term liabilities		7,467,338	10,146,501	15,006,898	10,827,359
Investments	9	7,623,800	7,753,343	-	121,890	Equity					
Property and equipment	10	924,242	929,880	989,185	986,756	Issued capital	15	5,700,000	5,700,000	5,700,000	5,700,000
Intangible assets	11	515,798	596,407	9,970,615	10,442,755	Capital reserve	15	71,380	67,529	71,380	67,529
						Earnings reserves	15	4,441,894	4,031,907	4,441,894	4,031,907
Total long-term and permanent assets		11,779,605	11,980,091	14,075,402	14,770,445	Other comprehensive income	15	(290,582)	(223,767)	(290,582)	(223,767)
						(-) Treasury shares	15	(98,578)	(84,815)	(98,578)	(84,815)
Total assets		88,715,955	87,324,870	89,708,801	90,530,589	Attributable to:					
						Owners of the Company		9,824,114	9,490,854	9,824,114	9,490,854
						Non-controlling interest		-	-	3,081,627	3,114,858
						Total liabilities and equity		9,824,114	9,490,854	12,905,741	12,605,712
						Total liabilities and equity		88,715,955	87,324,870	89,708,801	90,530,589

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

Cielo S.A.

Statements of profit or loss For the quarter and nine-month periods ended September 30, 2021 and 2020 (In thousands of Brazilian Reais - R\$, except earnings per share)

	Note	Parent Company				Consolidated			
		Three-month period		Nine-month period		Three-month period		Nine-month period	
		09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
NET REVENUE	17	1,267,376	1,181,671	3,610,213	3,370,375	3,009,523	2,882,363	8,543,951	8,163,319
COST OF SERVICES PROVIDED	18	(776,148)	(700,531)	(2,238,983)	(2,069,375)	(2,141,617)	(2,073,792)	(6,175,152)	(6,033,862)
GROSS PROFIT		491,228	481,140	1,371,230	1,301,000	867,906	808,571	2,368,799	2,129,457
OPERATING INCOME (EXPENSES)									
Personnel	18	(72,685)	(69,793)	(224,232)	(220,555)	(211,789)	(206,326)	(635,058)	(581,404)
General and administrative	18	(173,741)	(124,583)	(490,670)	(357,534)	(101,681)	(101,681)	(281,324)	(386,165)
Sales and marketing	18	(20,908)	(28,195)	(65,741)	(96,346)	(59,312)	(91,370)	(182,598)	(294,218)
Share of profit (loss) of investees	9	110,538	(30,792)	232,233	(115,525)	-	(1,826)	679	(2,250)
Other operating income (expenses), net	18	(65,642)	(86,656)	(83,181)	(292,138)	(80,835)	(80,835)	(210,191)	(508,028)
OPERATING PROFIT		268,790	141,121	739,639	218,902	414,289	179,629	1,060,307	357,392
FINANCE INCOME (COSTS)									
Finance income	24	32,875	14,051	86,667	27,430	94,963	41,073	217,751	119,862
Finance costs	24	(195,830)	(64,408)	(353,304)	(283,731)	(235,818)	(109,378)	(529,732)	(413,027)
Yield from interest in FIDC and prepayment of receivables	24	119,121	73,806	261,996	374,596	102,874	94,573	293,067	421,096
Gain / (loss) on exchange differences, net	24	5,672	(15,428)	5,664	(21,061)	5,698	(15,379)	5,680	(21,238)
		(38,162)	8,021	1,023	97,234	(32,283)	10,889	(13,234)	106,693
OPERATING PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		230,628	149,142	740,662	316,136	382,006	190,518	1,047,073	464,085
INCOME TAX AND SOCIAL CONTRIBUTION									
Current	8	(37,450)	(92,298)	(112,087)	(121,812)	(186,840)	(159,574)	(389,623)	(250,609)
Deferred	8	18,764	43,593	5,041	(2,290)	71,661	94,045	96,056	55,216
PROFIT (LOSS) FOR THE PERIOD		211,942	100,437	633,616	192,034	266,827	124,989	753,506	268,692
ATTRIBUTABLE TO:									
Owners of the Company						211,942	100,437	633,616	192,034
Noncontrolling interests						54,885	24,552	119,890	76,658
Earnings per share (in R\$) - Basic	16	0.07830	0.03702	0.23385	0.07086	0.07830	0.03702	0.23385	0.07086
Earnings per share (in R\$) - Diluted	16	0.07795	0.03689	0.23281	0.07062	0.07795	0.03689	0.23281	0.07062

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

Cielo S.A.

Statements of comprehensive income For the quarter and nine-month periods ended September 30, 2021 and 2020 (In thousands of Brazilian Reais - R\$)

	Parent Company				Consolidated			
	Three-month period		Nine-month period		Three-month period		Nine-month period	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Profit for the period	211,942	100,437	633,616	192,034	266,827	124,989	753,506	268,692
Comprehensive income								
Exchange differences on foreign investments	(8,280)	(43,965)	(66,815)	(367,951)	(8,280)	(43,965)	(66,815)	(367,951)
Mark to market of financial instruments	-	(4,681)	-	(4,681)	-	(4,681)	-	(4,681)
Changes for the period	<u>(8,280)</u>	<u>(48,646)</u>	<u>(66,815)</u>	<u>(372,632)</u>	<u>(8,280)</u>	<u>(48,646)</u>	<u>(66,815)</u>	<u>(372,632)</u>
Total comprehensive income for the period	<u>203,662</u>	<u>51,791</u>	<u>566,801</u>	<u>(180,598)</u>	<u>258,547</u>	<u>76,343</u>	<u>686,691</u>	<u>(103,940)</u>
Attributable to:								
Owners of the Company					203,662	51,791	566,801	(180,598)
Noncontrolling interests					<u>54,885</u>	<u>24,552</u>	<u>119,890</u>	<u>76,658</u>

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

Cielo S.A.

Statements of changes in equity For the nine-month periods ended September 30, 2021 and 2020 (In thousands of Brazilian Reais - R\$)

		Issued capital	Capital reserve	Treasury shares	Earnings reserves			Other comprehensive income	Total owners of the Company	Noncontrolling interests	Total equity		
					Legal	Capital budget	Additional dividends					Earnings retention	
Balances as at December 31, 2019 (Restated)		5,700,000	65,658	(56,198)	1,128,753	2,579,326	-	-	12,716	9,430,255	3,672,325	13,102,580	
Acquisition of treasury shares		-	-	(40,214)	-	-	-	-	-	(40,214)	-	(40,214)	
Restricted stock options granted	23	-	10,846	-	-	-	-	-	-	10,846	-	10,846	
Sale/transfer of treasury shares under the stock option plan	23 and 15.c)	-	(11,597)	11,597	-	-	-	-	-	-	-	-	
Profit for the period		-	-	-	-	-	192,034	-	192,034	-	76,658	268,692	
Allocation of profit for the period:													
Legal reserve	15.d)	-	-	-	9,602	-	(9,602)	-	-	-	-	-	
Interest on capital proposed	15.f)	-	-	-	-	-	(64,388)	-	(64,388)	-	-	(64,388)	
Capital budget reserve		-	-	-	-	-	-	-	-	-	-	-	
Other comprehensive income:													
Exchange differences on net foreign investments	15.g)	-	-	-	-	-	-	(367,951)	(367,951)	-	-	(367,951)	
Mark-to-market of financial instruments		-	-	-	-	-	-	(4,681)	(4,681)	-	-	(4,681)	
Effect of noncontrolling interests on consolidated entities		-	-	-	-	-	-	-	-	(103,099)	-	(103,099)	
Balances as at September 30, 2020		5,700,000	64,907	(84,815)	1,138,355	2,579,326	-	-	118,044	(359,916)	9,155,901	3,645,884	12,801,785
Balances as at December 31, 2020		5,700,000	67,529	(84,815)	1,140,000	2,981,907	-	-	(223,767)	9,490,854	3,114,858	12,605,712	
Acquisition of treasury shares		-	-	(27,125)	-	-	-	-	-	(27,125)	-	(27,125)	
Restricted stock options granted	23	-	17,213	-	-	-	-	-	-	17,213	-	17,213	
Sale/transfer of treasury shares under the stock option plan	23 and 15.c)	-	(13,362)	13,362	-	-	-	-	-	-	-	-	
Profit for the period		-	-	-	-	-	633,616	-	633,616	-	119,890	753,506	
Allocation of profit for the period:													
Interest on capital proposed	15.f)	-	-	-	-	-	(74,802)	-	(74,802)	-	-	(74,802)	
Interest on capital paid		-	-	-	-	-	(148,827)	-	(148,827)	-	-	(148,827)	
Other comprehensive income:													
Exchange differences on net foreign investments	15.g)	-	-	-	-	-	-	(66,815)	(66,815)	-	-	(66,815)	
Effect of noncontrolling interests on consolidated entities		-	-	-	-	-	-	-	-	(153,121)	-	(153,121)	
Balances as at September 30, 2021		5,700,000	71,380	(98,578)	1,140,000	2,891,907	-	-	409,987	(290,582)	9,824,114	3,081,627	12,905,741

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

Cielo S.A.

Statements of cash flows

For the nine-month periods ended September 30, 2021 and 2020

(In thousands of Brazilian Reals - R\$)

	Note	Parent company		Consolidated	
		09/30/2021	09/30/2020	09/30/2021	09/30/2020
Cash flows from operating activities					
Profit before income tax and social contribution		740,662	316,136	1,047,073	464,085
Adjustments to reconcile profit before income tax and social contribution to net cash generated by operating activities					
Depreciation and amortization	9, 10 and 11	378,402	346,818	823,919	932,422
Write-offs/losses on property and equipment and intangible assets	10 and 11	185,212	18,664	197,007	42,198
Share of profit (loss) of investees	9	(232,233)	115,525	(679)	2,250
Exchange differences on property and equipment and intangible assets	10 and 11	-	-	(18,789)	(169,880)
Restricted stock options granted		3,851	(751)	3,851	(751)
Loss on doubtful debts and fraud	19	150,942	239,764	270,892	436,601
Provision for tax, civil and labor risks	14.a)	159,408	40,225	237,721	35,538
Exchange differences relating to interest on foreign borrowings	12	23,666	345,131	161,959	997,088
Gains (losses) on derivative financial instruments		36,143	(351,064)	36,143	(351,064)
Interest on borrowings	12	160,498	214,867	183,019	236,479
Amortization of debt issuance costs	12	25,145	27,264	25,145	27,264
Effect of exchange differences on translation of assets and liabilities abroad		-	-	(66,815)	(367,951)
Yield from interest in FIDC	24	(274,773)	(392,864)	-	-
(Increase)/decrease in operating assets					
Income receivable		179,171	(5,491)	58,904	75,673
Receivables from card-issuing banks		1,335,579	10,495,295	1,172,466	10,403,307
Receivables from related parties		(94)	185,254	(16,649)	-
Taxes and contributions for offset/recoverable		91,314	(302,578)	20,770	(161,195)
Eserow deposits		4,076	10,791	3,978	15,293
Other receivables		(90,444)	8,426	(90,669)	1,037
Other assets		(201,496)	(205,431)	(115,365)	49,030
Financial instruments, including derivatives		(79,756)	124,183	143,030	124,570
Increase/(decrease) in operating liabilities:					
Social and statutory		(110,811)	(9,346)	(167,219)	(20,340)
Tax and social security		5,933	12,488	271,797	60,672
Payables to merchants		(2,806,859)	(8,362,955)	(2,718,984)	(8,542,676)
Payables to related parties		6,767,900	(6,033,986)	-	-
Provisions for contingencies	14	(40,662)	(40,196)	(42,746)	(41,654)
Other liabilities		(34,593)	(66,660)	(249,536)	1,074,020
Cash from/(used in) operations		6,376,181	(3,270,491)	1,170,222	5,322,016
Income tax and social contribution paid		(46,689)	(58,639)	(287,145)	(396,683)
Net cash generated by (used in) operating activities		6,329,492	(3,329,130)	883,077	4,925,333
Cash flows from investing activities					
Acquisitions of shares of FIDC		(3,279,910)	(1,952,180)	-	-
Redemption of shares of FIDC		-	9,985,053	-	-
Disposal of interest in subsidiary		122,608	-	122,608	-
Capital contribution in subsidiaries	9	-	(65,500)	-	-
Dividends received from subsidiaries	9	363,582	259,222	-	2,124
Acquisitions of property and equipment in use	10	(314,881)	(191,969)	(334,570)	(209,354)
Sale of intangible assets	11 and 26	199,795	-	199,795	-
Acquisitions of intangible assets	11	(159,593)	(183,471)	(202,206)	(235,783)
Net cash generated by (used in) investing activities		(3,068,399)	7,851,155	(214,373)	(443,013)
Cash flows from financing activities					
Borrowings	12	-	6,097,196	-	6,097,196
Payment of principal of borrowings, net of derivatives	12	(3,016,917)	(7,137,841)	(2,916,854)	(7,137,841)
Debt issuance costs incurred	12	(7,607)	(18,509)	(7,607)	(18,509)
Interest paid	12	(161,243)	(252,732)	(201,257)	(252,732)
Third-party quotas - FIDC		-	-	7,541,607	-
Amortization of third-party quotas - FIDC		-	-	(3,165,716)	-
Acquisition of treasury shares	15.c)	(27,125)	(40,214)	(27,125)	(40,214)
Sale/transfer of treasury shares under the stock option plan		13,362	11,597	13,362	11,597
Dividends and interest on capital paid		(315,247)	(81,277)	(454,278)	(184,414)
Net cash generated by (used in) financing activities		(3,514,777)	(1,421,780)	782,132	(1,524,917)
Increase (decrease) in cash and cash equivalents		(253,684)	3,100,245	1,450,837	2,957,403
Cash and cash equivalents					
Closing balance	4 and 5.a)	2,412,096	3,291,645	4,958,078	6,169,795
Effect of exchange differences on translation of assets and liabilities abroad		-	-	(42,840)	(37,310)
Opening balance	4 and 5.a)	2,665,780	191,400	3,507,241	3,212,392
Decrease in cash and cash equivalents		(253,684)	3,100,245	1,450,837	2,957,403

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

Cielo S.A.

Statements of value added

For the nine-month periods ended September 30, 2021 and 2020

(In thousands of Brazilian Reals - R\$)

	Note	Parent Company		Consolidated	
		09/30/2021	09/30/2020	09/30/2021	09/30/2020
REVENUES					
Sales of services	17	4,122,544	3,752,933	9,584,626	8,943,185
Loss on doubtful debts and fraud	18	(150,942)	(239,764)	(278,146)	(436,601)
		3,971,602	3,513,169	9,313,734	8,506,584
INPUTS PURCHASED FROM THIRD PARTIES					
Cost of services provided		(1,718,723)	(1,565,177)	(5,086,910)	(4,879,823)
Materials, electric energy, outside services and others		(546,461)	(438,834)	(517,708)	(685,000)
Other expenses, net	18	141,791	(21,589)	143,144	(39,484)
Impairment of assets	18	(74,031)	(30,785)	(75,186)	(31,943)
		(2,197,424)	(2,056,385)	(5,536,660)	(5,636,250)
GROSS VALUE ADDED					
		1,774,178	1,456,784	3,777,074	2,870,334
Retentions					
Depreciation and amortization	10 and 11	(378,402)	(346,818)	(826,812)	(932,422)
WEALTH CREATED, NET					
		1,395,776	1,109,966	2,950,262	1,937,912
WEALTH RECEIVED IN TRANSFER					
Share of profit (loss) of investees	9	232,233	(115,525)	679	(2,250)
Finance income, including purchase of receivables and exchange differences, net	24	354,327	380,965	516,498	519,720
		586,560	265,440	517,177	517,470
TOTAL WEALTH FOR DISTRIBUTION					
		1,982,336	1,375,406	3,467,439	2,455,382
DISTRIBUTION OF WEALTH					
Personnel and related taxes		(274,398)	(275,741)	(677,421)	(626,837)
Profit sharing	21	(55,895)	(61,739)	(95,822)	(95,060)
Taxes and contributions		(660,617)	(551,959)	(1,401,105)	(866,613)
Interest and rental expenses		(357,810)	(293,933)	(539,585)	(358,918)
Dividends and interest on capital paid		(148,827)	-	(253,423)	(239,260)
Dividends and interest on capital proposed		(74,802)	(64,388)	(74,803)	(64,388)
Earnings retention		(409,987)	(127,646)	(305,390)	(127,647)
Noncontrolling interests		-	-	(119,890)	(76,659)
WEALTH DISTRIBUTED					
		(1,982,336)	(1,375,406)	(3,467,439)	(2,455,382)

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

Cielo S.A.

Notes to the individual and consolidated interim financial information (Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

1 Operations

Cielo S.A. (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 ticker symbol "CIEL3", and Cielo and its subsidiaries are part of the Banco do Brasil and 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 services 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 three-month period

- On July 27, 2021, the FIDC Cielo amortized R\$ 3,060,935 in senior shares held by third parties.
- On August 04, 2021, the payments of the 5th (fifth) Issue of Simple Debentures non-convertible into shares, in the amount of R\$ 3,016,627, and which maturity date was June 18, 2022, were anticipated.
- On August 13, 2021, an agreement was entered into for the sale of all shares in Multisplay Comércio e Serviços Tecnológicos S.A. ("Multisplay") for up to R\$ 185,000, of which R\$ 125,000 refers to a fixed installment to be paid on the closing date and of up to R\$ 60,000 referring to a variable installment, subject to checking of certain assumptions. The conclusion of the operation is subject to compliance with certain precedent conditions.

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Notes to the individual and consolidated interim financial information (Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

2 Summary of significant accounting practices

2.1 Statement of compliance and approval of the Interim Financial Information

The Company's interim financial information 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.

The financial information was approved by the Company's Board of Directors and authorized for issue on November 3, 2021.

The accounting practices applied in the preparation of this individual and consolidated interim financial information are the same as those used in the prior year, disclosed in Note 2 to the Financial Statements of the Company and its subsidiaries for the year ended December 31, 2020, approved and published on January 26, 2021 and made available on the CVM website. Therefore, the corresponding interim financial information should be read in conjunction with the Financial Statements as at December 31, 2020.

2.2 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 reporting 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.

3 Consolidated information

The consolidated financial information includes the financial 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 quotas held by Cielo. When necessary, the subsidiaries' financial information is adjusted to conform their accounting policies to those established by the Cielo Group.

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

The financial information of the Jointly-controlled subsidiaries is recognized under the equity method.

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Notes to the individual and consolidated interim financial information (Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

As at September 30, 2021, the Group is composed of the following companies:

Companies	Ownership interest (%)	
	09/30/2021	12/31/2020
Direct interest 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
Multidisplay Comércio e Serviços Tecnológicos S.A. ("Multidisplay")	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")	88,42	37,30
Fundo de Investimento em Direitos Creditórios Cielo Emissores I ("FIDC Emissor")	10,40	-
Fundo de Investimento em Direitos Creditórios Cielo Emissores II ("FIDC Emissor II")	09,40	-
Fundo de Investimento em Direitos Creditórios Cielo Receba Mais ("FIDC Receba Mais")	17,09	-
Fundos de Investimento em Cotas de Fundo de Investimentos ("FICs")	100,00	100,00
Direct interest in Subsidiaries:		
M4Produtos e Serviços S.A. ("M4Produtos")	100,00	100,00
Merchant e-Solutions, Inc. ("MerchantE")	100,00	100,00
Stelo S.A. ("Stelo")	100,00	100,00
Companhia Brasileira de Gestão de Serviços. ("Orizon")	-	40,95
Paggo Soluções e Meios de Pagamento S.A. ("Paggo")	50,00	50,00
PrevSaúde Comercial de Produtos e de Benefícios de Farmácia Ltda. ("PrevSaúde")	-	40,95
Guilher Comércio, Importação, Exportação e Distribuição de Medicamentos e Tecnologia para Saúde Ltda. ("Guilher")	-	40,95

4 Cash

As at September 30, 2021 and December 31, 2020, the Company's cash balance is composed as follows:

	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
In local currency	41,737	21,204	40,632	23,698
In foreign currency	4,228	12,879	138,611	104,271
Total	45,965	34,083	179,243	127,969

5 Financial instruments, including derivatives

	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Assets:				
Cash equivalent financial instruments	2,366,132	2,631,697	4,778,835	3,379,272
Derivative financial instruments	25,744	-	25,744	-
Other financial instruments	191,287	175,498	489,622	696,618
Total	2,583,163	2,807,195	5,294,201	4,075,890
Total current	2,391,876	2,631,697	5,016,217	3,617,998
Total noncurrent	191,287	175,498	277,984	457,892
Liabilities:				
Derivative financial instruments	-	2,079	-	2,079
Total (current)	-	2,079	-	2,079

The income from the investments described above is shown in note 24 - Finance income (costs).

Cielo S.A.

Notes to the individual and consolidated interim financial information (Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

(a) Cash equivalent financial instruments

As at September 30, 2021 and December 31, 2020, the balance of cash equivalent financial instruments comprises open market investments and marketable securities as follows:

	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Open market investments	1,018	1,002	195,979	280,626
Marketable securities	2,365,114	2,630,695	4,582,856	3,098,646
Total	2,366,132	2,631,697	4,778,835	3,379,272

(a.1) Open market investments

As at September 30, 2021 and December 31, 2020, the Company's balances of open market investments are as follows:

	Parent Company		
	Maturity	Total	
	0 - 30	09/30/2021	12/31/2020
Open market investments			
Repurchase agreements	1,018	1,018	1,002
Total	1,018	1,018	1,002

	Consolidated		
	Maturity	Total	
	0 - 30	09/30/2021	31/12/2020
Open market investments			
Foreign currency investments	171,556	171,556	213,543
Repurchase agreements	24,423	24,423	67,083
Total	195,979	195,979	280,626

The income from the investments described above is shown in note 24 - Finance income (costs).

(a.2) Marketable securities

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

	Parent Company					
	09/30/2021				12/31/2020	
	Maturity		Total		Total	
181 - 365	Above 365	Market value (*)	Cost (*)	Market value	Cost	
Trading securities						
Private securities						
Investment fund shares	2,308,707	-	2,308,707	1,934,370	2,620,024	
Bank Deposit Certificate - CDB	56,407	-	56,407	96,100	1,836	
Others	-	-	-	-	936	
Total	2,365,114	-	2,365,114	2,030,470	2,622,796	

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Notes to the individual and consolidated interim financial information (Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

	Consolidated					
	09/30/2021				12/31/2020	
	Maturity		Total		Total	
181 - 365	Above 365	Market value (*)	Cost (*)	Market value	Cost	
Trading securities						
Public securities	6,274	-	6,274	6,274	11,067	11,067
National Treasury Bills - LTN	6,274	-	6,274	6,274	11,067	11,067
Private securities	4,576,582	-	4,576,582	4,575,869	3,087,579	3,084,438
Investment fund shares	4,444,264	-	4,444,264	4,443,929	3,000,689	2,997,611
Bank Deposit Certificate- CDB	57,443	-	57,443	57,067	8,651	8,645
Financial Bills - LF	34,688	-	34,688	34,688	31,017	31,017
Others	40,187	-	40,187	40,185	47,222	47,165
Total	4,582,856	-	4,582,856	4,582,143	3,098,646	3,095,505

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 quotations of prices 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.

The income from the investments described above is shown in note 24 - Finance income (costs).

(b) Derivative financial instruments

According to the derivatives internal policy, the Company's finance result should arise from the generation of cash of its business instead of speculative gains in the financial market. Therefore, it considers that the use of derivatives should be only to hedge against any exposures that the Company may have arising from the risks to which it is exposed, with no speculative purposes. The criterion adopted to define the reference value of the derivative financial instruments is linked to the liability and/or asset values exposed to risks.

At September 30, 2021, the Company has "Non Deliverable Forward - NDF" instruments in the total notional amount of US\$ 69,950 thousand (US\$ 73,700 thousand at December 31, 2020) with maturity dates according to the payment of the semiannual installments of interest and bullet principal falling due up to November 2022.

The method used by the Company to determine the market value consists in calculating the future value based on contractual conditions and determining the present value based on market curves.

The fair value receivable (asset) and payable (liability) of the NDF instruments at September 30, 2021 is R\$ 25,744 and R\$ 2,079, respectively, at December 31, 2020.

(c) Other financial instruments

As at September 30, 2021 and December 31, 2020, the balance of other financial instruments comprises held-to-maturity securities as follows:

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Notes to the individual and consolidated interim financial information (Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

	Parent Company		
	09/30/2021		12/31/2020
	Maturity	Total	Total
	Above 365	Amortized cost (*)	Amortized cost
Held-to-maturity securities			
Private securities	191,287	191,287	175,498
Fixed income securities abroad ¹	185,167	185,167	175,498
Debentures	6,120	6,120	-
Total	191,287	191,287	175,498

	Consolidated				
	09/30/2021			12/31/2020	
	Maturity		Total	Total	
	0 - 30	31 - 180	Above 365	Amortized cost	Amortized cost
Held-to-maturity securities					
Public securities	-	-	86,697	86,697	84,567
National Treasury Bills - LTN	-	-	86,697	86,697	84,567
Private securities	10,822	200,816	191,287	402,925	612,051
Financial Bills - LF	10,822	200,816	-	211,638	359,006
Fixed-income securities abroad ¹	-	-	185,167	185,167	175,498
Debentures	-	-	6,120	6,120	-
Others	-	-	-	-	77,547
Total	10,822	200,816	277,984	489,622	696,618

Fixed-income securities abroad - As a part of the structure of hedging the exchange variation of the "Bonds", Cielo contracted a financial investment in foreign currency with Branco do Brazil in New York in the amount of US\$ 33,630 thousand at a yield rate of 3.15% p.a., falling due on November 14, 2022. This investment, together with the NDFs described in the previous item, hedge against the fluctuations arising from the exchange variation of the "Bonds".

6 Credit rights investment funds ("FIDCs")

Purpose of the funds

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

The 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 period. From July 31, 2017 until the updating of the regulation on June 3, 2019, the fund did not operate new purchases of receivables, operating again with new purchases from that date.

The 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 with indefinite term. The senior shares' yields are paid semi-annually and keep the minimum subordination index of 20%.

The 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

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Notes to the individual and consolidated interim financial information (Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

and with a six-year term, which can be extended with the approval of the shareholders in a General Meeting. The FIDC Receba Mais senior shares' yields are paid monthly with a minimum subordination index of 15%.

The 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 with indefinite term. The senior shares' yields are paid semi-annually and keep the minimum subordination index of 10%.

The 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 with indefinite term. The senior shares' yields are paid semi-annually, with minimum subordination indexes of 9.1%.

The credit rights of the FIDCs are measured at the purchase price and remunerated based on the internal rate of return ("TIR") 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.

Additionally, the Austin Ratings agency attributed a "brAA" risk to the FIDC Receba Mais senior quotas.

Structure and composition of the Funds

The equity structure of the FIDCs as at September 30, 2021 is presented below:

	<u>Number of shares</u>	<u>Total value of shares</u>	<u>Cielo's interest</u>	<u>Third parties' interest</u>
FIDC NP	57,285	34,723	34,723	-
FIDC Plus	346,278,618	5,224,095	4,618,922	605,173
Senior	600,000	605,173	-	605,173
Subordinated	345,678,618	4,618,922	4,618,922	-
FIDC Receba Mais	242,294	241,676	41,305	200,371
Senior	200,000	200,371	-	200,371
Subordinated	42,294	41,305	41,305	-
FIDC Emissor I	2,222,223	2,238,306	232,795	2,005,511
Senior	2,000,000	2,005,511	-	2,005,511
Subordinated	222,223	232,795	232,795	-
FIDC Emissor II	4,965,131	5,084,233	477,936	4,606,298
Senior	4,500,000	4,606,297	-	4,606,298
Subordinated	465,131	477,936	477,936	-
Total	353,765,551	12,823,033	5,405,681	7,417,353

The statements of financial position of the funds as at September 30, 2021 and December 31, 2020 are as follows:

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Notes to the individual and consolidated interim financial information (Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

	09/30/2021			12/31/2020		
	Assets	Liabilities	Equity	Assets	Liabilities	Equity
FIDC NP	34,837	114	34,723	41,427	103	41,324
FIDC Plus	5,224,145	50	5,224,095	4,851,691	555	4,851,136
FIDC Receba Mais	241,815	139	241,676	-	-	-
FIDC Emissor I	2,238,308	2	2,238,306	-	-	-
FIDC Emissor II	5,084,237	4	5,084,233	-	-	-
Total	12,823,342	309	12,823,033	4,893,118	658	4,892,460

The statements of profit or loss of the funds for the three and nine-month periods ended September 30, 2021 and 2020 are as follows:

	Three-month period					
	09/30/2021					
	FIDC NP	FIDC Plus	FIDC Receba Mais	FIDC Emissor I	FIDC Emissor II	Total
Income - Credit rights	1,968	107,014	422	31,695	78,269	219,368
Finance income	196	14,789	2,941	8,132	16,514	42,572
Finance costs	(283)	(525)	(140)	(266)	(191)	(1,405)
Other operating expenses	(6,697)	(183)	(241)	(222)	(322)	(7,665)
Profit/(loss) for the three-month period	(4,816)	121,095	2,982	39,339	94,270	252,870

	Three-month period					
	09/30/2021					
	FIDC NP	FIDC Plus	FIDC Receba Mais	FIDC Emissor I	FIDC Emissor II	Total
Income - Credit rights	3,755	96,480	-	-	-	100,235
Finance income	119	16,405	-	-	-	16,524
Finance costs	-	(2,969)	-	-	-	(2,969)
Other operating expenses	(7,329)	(247)	-	-	-	(7,576)
Profit/(loss) for the three-month period	(3,455)	109,669	-	-	-	106,214

	Nine-month period					
	09/30/2021					
	FIDC NP	FIDC Plus	FIDC Receba Mais	FIDC Emissor I	FIDC Emissor II	Total
Income - Credit rights	5,176	301,678	578	53,162	81,241	441,835
Finance income	542	32,607	4,361	17,042	38,820	93,372
Finance costs	(312)	(1,451)	(251)	(565)	(320)	(2,899)
Other operating expenses	(12,007)	(697)	(351)	(482)	(441)	(13,978)
Profit/(loss) for the nine-month period	(6,601)	332,137	4,337	69,157	119,300	518,330

	Nine-month period					
	09/30/2021					
	FIDC NP	FIDC Plus	FIDC Receba Mais	FIDC Emissor I	FIDC Emissor II	Total
Income - Credit rights	11,087	438,607	-	-	-	449,694
Finance income	554	43,895	-	-	-	44,449
Finance costs	-	(14,356)	-	-	-	(14,356)
Other operating expenses	(21,219)	(853)	-	-	-	(22,072)
Profit/(loss) for the nine-month period	(9,578)	467,293	-	-	-	457,715

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Notes to the individual and consolidated interim financial information (Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

7 Operating receivables

	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Receivables for payment transactions	158,924	338,095	876,829	935,733
Receivables from card-issuing banks	68,504,066	70,034,602	68,725,269	70,211,977
Receivables from card-issuing banks (a)	68,433,285	69,984,534	68,433,625	69,984,534
Chargeback (b)	25,047	2,242	25,047	2,242
Receivables for processed financial transactions (c)	-	-	21,208	12,214
Receivables for customer interchange (d)	-	-	199,655	165,161
Others	45,734	47,826	45,734	47,826
Other operating receivables	142,202	207,316	200,874	285,304
Allowance for other doubtful debts (e)	(233,686)	(277,701)	(261,232)	(304,582)
Total	68,571,506	70,302,312	69,541,740	71,128,432
Current	68,552,318	70,281,674	69,512,133	71,106,022
Noncurrent	19,188	20,638	29,607	22,410

- (a) Refer to amounts receivable from card-issuing banks for transactions with credit and debit cards carried out by card holders, already net of prepayments and assignments with issuing banks.
- (b) Refer basically to receivables for transactions challenged by credit card holders that are under analysis by the Group at the end of the reporting period (chargeback).
- (c) Receivables recognized in subsidiary MerchantE relating to amounts due from card association members for processed transactions that had been authorized but not yet received by MerchantE at the end of the reporting periods. These amounts receivable are usually received on the business day following the transaction capture date. Card associations send to MerchantE the amounts due to merchants for processing, net of the interchange fee retained by the card-issuing banks.
- (d) These are represented by the amounts receivable related to interchange fees and service fees charged for the processing of transactions receivable from merchants, a result of the practice adopted by MerchantE to settle transactions for the full amounts to merchants and to collect these fees at the beginning of the following month.
- (e) This allowance is determined through a methodology that consists of assigning the ratings and percentages of the allowance, in accordance with the level of transactions in arrears.

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 nine-month periods ended September 30, 2021 and 2020 is as follows:

	Parent Company				Consolidated			
	Three-month period		Nine-month period		Three-month period		Nine-month period	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Profit before income tax and social contribution	230,628	149,142	740,662	316,136	382,006	190,518	1,047,073	464,085
Statutory rates - %	34%	34%	34%	34%	34%	34%	34%	34%
Income tax and social contribution at statutory rates	(78,414)	(50,708)	(251,825)	(107,486)	(129,882)	(64,776)	(356,005)	(157,789)
Tax benefit of interest on capital	25,433	11,450	76,034	21,892	25,433	11,450	76,034	21,892
Share of profit (loss) of investees	37,583	(10,469)	78,959	(39,279)	-	(621)	231	(765)
Difference of income tax rate abroad	-	-	-	-	(7,560)	(15,602)	(21,972)	(40,153)
Tax loss/Deferred tax - Stelo	-	-	-	-	-	(5,049)	9,487	(35,468)
Other differences, net	(3,288)	1,022	(10,214)	771	(3,170)	9,069	(1,342)	16,890
Income tax and social contribution	(18,686)	(48,705)	(107,046)	(124,102)	(115,179)	(65,529)	(293,567)	(195,393)
Current	(37,450)	(92,298)	(112,087)	(121,812)	(186,840)	(159,574)	(389,623)	(250,609)
Deferred	18,764	43,593	5,041	(2,290)	71,661	94,045	96,056	55,216

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Notes to the individual and consolidated interim financial information (Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

(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. The reported amounts are reviewed monthly.

Breakdown of deferred income tax and social contribution – Assets

	Parent Company			
	12/31/2020	Additions	Disposals/ Estimated losses	09/30/2021
Provision for tax, labor and civil risks	612,546	41,376	(1,002)	652,920
Accrual for sundry expenses	202,124	35,446	(61,579)	175,991
	-	-	-	-
Allowance for losses on POS equipment, doubtful debts and fraud	113,249	18,545	(27,745)	104,049
Total	927,919	95,367	(90,326)	932,960

	Consolidated			
	12/31/2020	Additions	Disposals/ Estimated losses	09/30/2021
Provision for tax, labor and civil risks	618,202	81,280	(2,608)	696,874
Accrual for sundry expenses	314,424	119,335	(90,447)	343,312
Income tax and social contribution tax losses in subsidiary	93,678	-	(14,628)	79,050
Allowance for losses on POS equipment, doubtful debts and fraud	133,451	18,545	(38,230)	113,766
Total	1,159,755	219,160	(145,913)	1,233,002

Realization of Tax Credit

The breakdown presents the technical result that supports the maintenance of the tax credits of Cielo S.A. and its subsidiaries is made by measuring and recognizing the current and deferred tax assets and liabilities.

The assumptions for setting up and maintaining the deferred asset take into consideration the history of taxable profits or 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 or income for IRPJ and CSLL purposes, based on the 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 and 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.

We present below the expected tax credit per year:

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	<u>Parent company</u>	<u>Consolidated</u>
	<u>09/30/2021</u>	<u>09/30/2021</u>
2021 (as from October)	89,226	369,778
2022	58,680	74,716
2023	269,179	269,179
2024	92,062	92,062
2025	157,045	160,499
2026	121,668	121,668
2027 to 2031	145,100	145,100
Total	932,960	1,233,002

(c) Taxes payable

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>09/30/2021</u>	<u>12/31/2020</u>	<u>09/30/2021</u>	<u>12/31/2020</u>
Income tax and social contribution, net of prepayments	121,339	210,891	419,455	479,081
Contribution for Social Security Funding - Cofins	43,176	5,324	59,619	25,572
Tax on Services - ISS	4,406	5,165	47,502	49,529
Social Integration Program - PIS	9,144	1,103	12,568	5,452
Other taxes payable	17,631	13,969	26,558	21,506
Total	195,696	236,452	565,792	581,140

9 Investments

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>09/30/2021</u>	<u>12/31/2020</u>	<u>09/30/2021</u>	<u>12/31/2020</u>
In subsidiaries, including joint ventures	7,600,834	7,727,484	-	121,890
Goodwill on acquisition of investments (*)	22,966	25,859	-	-
Total	7,623,800	7,753,343	-	121,890

(*) Details of the nature of the goodwill on acquisition of investments recorded in line item Investments are presented in note 11 (a) – Goodwill n acquisition of investments.

On January 7, 2021, after approvals from the Central Bank of Brazil and the CADE (Brazilian antitrust agency), all shares held in Companhia Brasileira de Gestão de Serviços ("Orizon"), which represent 40.95% of the share capital of Orizon, were sold to Bradseg Participações S.A. for R\$ 128,992. The effects of the transaction generated a gain of R\$ 6,359, which was recognized in line item "Other operating income/expenses".

On August 13, 2021, an agreement was entered into for the sale of all shares in Multidisplay Comércio e Serviços Tecnológicos S.A. ("Multidisplay") for up to R\$ 185,000, of which R\$ 125,000 refers to a fixed installment to be paid on the closing date and of up to R\$ 60,000 referring to a variable installment, subject to checking of certain assumptions. The conclusion of the operation is subject to compliance with certain precedent conditions.

On September 30, 2021 and 2020, accounting information of the subsidiaries Multidisplay, Cielo USA, M4Produtos and MerchantE, drawn up on August 31, 2021 and consolidated in the results for the nine-month periods then ended, was used.

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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 parent company and consolidated financial statements is shown in the table below:

The main activities of the subsidiaries and jointly-controlled subsidiaries 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 Arranjo Ourocard.
- Cielo USA, Inc (Cielo USA) – Holding that is a vehicle for investment in the subsidiary MerchantE.
- Multidisplay Com. e Serviços S.A. (Multidisplay) – Provision of service related to data transmission of cell phone credit recharge.
- Aliança Pagamento e Participações Ltda. (Aliança) – Provision of services related to development and maintenance of contracts with merchants and investment vehicle in Stelo.
- M4Produtos e Serviços S.A (M4U) – Provision of service related to data transmission and mobile payment.
- Merchant e-Solution, Inc (MerchantE) – Provision of services related to the feasibility of electronic payment with credit and debit cards.
- Stelo S.A (“Stelo”) – Provision of services related to means of payment, development and licensing of software.

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Notes to the individual and consolidated interim financial information (Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

	09/30/2021								09/30/2021		
	% 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 three-month period	Share of profit (loss) of investees for the nine-month period	Investments
Subsidiaries:											
Servinet	99.99	132,034	87,685	44,349	256,211	252,846	14,396	8,998	3,322	8,997	44,345
Multidisplay	100.00	137,959	74,133	63,826	840,452	41,645	15,512	10,255	1,450	10,255	63,826
Cielo USA (a)	100.00	627,184	2,211,150	(1,583,966)	-	(106,430)	(104,759)	(127,242)	(44,695)	(127,242)	-
Cateno (b)	70.00	11,140,582	868,488	10,272,094	2,276,090	749,044	578,666	399,634	128,066	279,744	7,190,466
Stelo	21.36	445,821	142,296	303,525	151,785	99,310	68,377	59,484	4,766	12,706	64,842
Aliança	99.99	245,023	7,668	237,355	7,092	7,222	47,173	47,094	17,629	47,094	237,355
Subtotal									110,538	231,554	7,600,834
Joint ventures:											
Orizon (c)	40.95	-	-	-	12,367	3,654	200	1,816	-	744	-
Paggo (a)	50.00	-	340	(340)	-	-	(130)	(130)	-	(65)	-
Subtotal									-	679	-
Total Parent Company									110,538	232,233	7,600,834
Indirect subsidiaries:											
M4Produtos	100.00	150,261	135,800	14,461	82,260	45,629	253	150			
MerchantE	100.00	760,016	388,482	371,534	1,757,604	292,295	307	1,710			

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Notes to the individual and consolidated interim financial information

(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

	12/31/2020				09/30/2020				09/30/2020	09/30/2020	12/31/2020
	% 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 three-month period	Share of profit (loss) of investees for the six-month period	Investments
Subsidiaries:											
Servinet	99,99	119,575	84,223	35,352	214,690	210,592	12,433	9,076	2,799	9,075	35,348
Multidisplay (a)	100,00	152,319	92,470	59,849	1,000,904	55,840	26,576	18,353	5,120	16,777	59,849
Braspag	99,99	-	-	-	63,379	36,764	24,396	17,877	8,519	17,875	-
Cielo USA (b)	100,00	739,484	2,129,391	(1,389,907)	-	(115,728)	(210,941)	(228,153)	(86,840)	(228,153)	-
Cateno (d)	70,00	11,080,610	697,751	10,382,859	1,818,529	576,241	330,334	250,293	56,169	175,205	7,268,001
Stelo	21,36	360,448	116,407	244,041	129,796	(58,115)	(95,707)	(104,319)	-	-	52,135
Aliança	99,99	197,974	7,713	190,261	6,208	6,390	(103,973)	(104,054)	(14,733)	(104,054)	190,261
Subtotal									(28,966)	(113,275)	7,605,594
Joint ventures:											
Orizon (c)	40,95	341,804	29,689	312,115	91,448	18,713	(10,031)	(5,443)	(1,819)	(2,229)	121,890
Paggo (b)	50,00	130	339	(209)	-	-	(42)	(42)	(7)	(21)	-
Subtotal									(1,826)	(2,250)	121,890
Total Parent Company									(30,792)	(115,525)	7,727,484
Total Consolidated									(1,826)	(2,250)	121,890
Indirect subsidiaries:											
M4Produtos	100,00	169,399	141,132	28,267	90,285	46,977	7,249	4,786			
MerchantE	100,00	704,569	319,375	385,194	1,750,758	329,474	(134,357)	(95,155)			

- (a) The investment held by Cielo includes adjustment to the equity of subsidiary Multidisplay due to the special goodwill reserve generated in the corporate restructuring process in which Servrede was merged into its then subsidiary Multidisplay.
- (b) As at September 30, 2021 and December 31, 2020, Cielo USA and Paggo had negative equity, for this reason the investment amount was classified as "Provision for obligations with investees".
- (c) The amount of R\$5,880 is not reflected in the investment because it refers to the unrealized gain on capital contribution with goodwill initially reflected in CBGS Ltda and transferred to indirect subsidiary CBGS as a result of the merger. In November 2009, CBGS was merged into its then subsidiary Orizon.

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Notes to the individual and consolidated interim financial information (Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

Changes in investments for the nine-month periods ended September 30, 2021 and 2020 are as follows:

	<u>Parent Company</u>	<u>Consolidated</u>
Investment at December 31, 2019	8,850,696	126,229
Accrued dividends:		
Multidisplay	(6,375)	-
Dividends received:		
Orizon	(2,124)	(2,124)
Braspag	(11,463)	
Cateno	(239,260)	-
Capital contribution in subsidiaries	65,500	-
Payment of Advances for Future Capital Increase (AFAC)	195,000	
Share of profit (loss) of investees	(115,525)	(2,250)
Provision for obligations with investees – Paggo and Cielo USA (a)	228,173	(368)
	<u>8,964,622</u>	<u>121,487</u>
Investment at September 30, 2020		
	7,753,343	121,890
Dividends received:		
Multidisplay	(6,278)	-
Cateno	(324,404)	-
Additional dividends – Cateno	(32,900)	-
Sale of interest - Orizon	(122,608)	(122,608)
Goodwill amortization	(2,893)	-
Share of profit (loss) of investees	232,233	679
Provision for obligations with investees – Paggo and Cielo USA (a)	127,307	39
	<u>7,623,800</u>	<u>-</u>

(a) Refers to the effect of the equity in subsidiaries Paggo and Cielo USA, which for having a negative equity were recognized under "Provisions for obligations with investees".

10 Property and equipment

	Annual depreciation rate- %	<u>Parent Company</u>			
		<u>09/30/2021</u>		<u>12/31/2020</u>	
		Cost	Accumulated depreciation	Net	Net
POS equipment	20	1,756,682	(947,924)	808,758	793,100
Data processing equipment	20	260,327	(163,316)	97,011	104,229
Machinery and equipment	10 - 20	28,379	(26,442)	1,937	2,717
Facilities	10	28,843	(14,860)	13,983	23,674
Furniture and fixtures	10	4,729	(3,041)	1,688	4,898
Vehicles	20	1,424	(559)	865	1,262
Total		<u>2,080,384</u>	<u>(1,156,142)</u>	<u>924,242</u>	<u>929,880</u>

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	Annual depreciation rate-%	Consolidated			
		Cost	09/30/2021		12/31/2020
			Accumulated depreciation	Net	Net
POS equipment	20	1,757,319	(948,315)	809,004	793,371
Data processing equipment	20	328,490	(223,268)	105,222	115,266
Machinery and equipment	10 - 20	70,088	(36,960)	33,128	19,652
Facilities	10	78,868	(43,069)	35,799	48,323
Furniture and fixtures	10	12,970	(7,830)	5,140	8,846
Vehicles	20	1,533	(641)	892	1,298
Total		2,249,268	(1,260,083)	989,185	986,756

Changes in property and equipment for the nine-month periods ended September 30, 2021 and 2020 are as follows:

	Parent Company				
	12/31/2020	Additions	Disposals/ Estimated losses	Depreciation	09/30/2021
POS equipment	793,100	290,532	(72,156)	(202,718)	808,758
Data processing equipment	104,229	20,384	(6,231)	(21,371)	97,011
Machinery and equipment	2,717	-	-	(780)	1,937
Facilities (*)	23,674	3,919	(11,624)	(1,986)	13,983
Furniture and fixtures (*)	4,898	46	(2,924)	(332)	1,688
Vehicles	1,262	-	(170)	(227)	865
Total	929,880	314,881	(93,105)	(227,414)	924,242

Total	12/31/2019	Additions	Disposals/ Estimated losses	Depreciation	09/30/2020
		830,152	191,969	(18,664)	(181,572)

	Consolidated						
	12/31/2020	Additions	Transfers	Disposals/ Estimated losses	Depreciation	Exchange difference	09/30/2021
POS equipment	793,371	290,722	-	(72,227)	(202,867)	5	809,004
Data processing equipment	115,266	21,786	220	(6,401)	(25,882)	233	105,222
Machinery and equipment	19,652	17,261	(220)	-	(4,976)	1,411	33,128
Facilities (*)	48,323	4,722	-	(11,628)	(5,618)	-	35,799
Furniture and fixtures (*)	8,846	79	-	(2,947)	(838)	-	5,140
Vehicles	1,298	-	-	(170)	(236)	-	892
Total	986,756	334,570	-	(93,373)	(240,417)	1,649	989,185

Total	12/31/2019	Additions	Transfers	Disposals/ Estimated losses	Depreciation	Exchange difference	09/30/2020
		881,384	209,354	-	(31,914)	(192,925)	6,139

(*) **Facilities and Furniture and Fixtures estimated losses** - In August and September 2021, a provision for improvement and furniture and fixtures losses was recognized within the context of the provision for restructuring the Company's activities. The provisions made refer to the write-offs of improvements and furniture and fixtures of the floors of Cielo's head office building, which will be returned to the lessor.

As at September 30, 2021 and December 31, 2020, the property and equipment balance includes estimated losses on POS equipment in the amounts of R\$64,840 and R\$31,149, respectively.

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11 Intangible assets

The breakdown of intangible assets is as follows:

	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Goodwill on acquisition of investments	-	-	25,610	29,960
Other intangible assets	515,798	596,407	9,945,005	10,412,795
Total	515,798	596,407	9,970,615	10,442,755

(a) Goodwill on acquisition of investments

As at September 30, 2021 and December 31, 2020, the goodwill on acquisition of investments in subsidiaries is recognized in line item "Intangible assets" in the consolidated statement of financial position, broken down as follows:

	Consolidated	
	09/30/2021	12/31/2020
Multidisplay - Tax benefit on goodwill (a)	2,644	4,101
Multidisplay - Additional acquisition of 8.56% (b)	25,859	25,859
Amortization for the period	(2,893)	-
Total	25,610	29,960

(a) **Acquisition of control - Multidisplay:** In August 2010, the Company acquired through its direct subsidiary Servrede, 50.1% of the shares of Multidisplay for R\$ 50,650, generating initial goodwill of R\$ 31,348. In the corporate restructuring process carried out in 2012, Servrede was merged into its then subsidiary Multidisplay, the tax benefit on goodwill of R\$ 10,658 was merged into Multidisplay and the remaining amount of goodwill of R\$ 20,690 was re-established in the Company, as provided for in CVM Instructions No. 319/99 and No. 349/01. The tax benefit is amortized according to its realization and the goodwill was amortized over the period of the study of projections of future results that justified it.

(b) **Additional acquisition of control - Multidisplay** - On November 19, 2020, the acquisition of 8.56% of the capital of Multidisplay Comércio e Serviços Tecnológicos S.A. ("Multidisplay") by Cielo was concluded, and Cielo became the holder of a 100% interest. On May 29, 2020, the Company formalized its agreement in relation to the amount of R\$ 29,797 for the Exercise of the Put Option for the remaining interest held by the founding partners of Multidisplay, after calculation based on the audited financial statements as of December 31, 2019, according to the option provided in the agreement entered into on July 4, 2016 regarding the acquisition of the additional 41.34% interest (when the Company started holding 91.44% of Multidisplay).

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Changes in goodwill for the nine-month periods ended September 30, 2021 and 2020 are as follows:

	Consolidated
Balance at December 31, 2019	5,974
Realization of tax benefit on goodwill	(1.401)
Balance at September 30, 2020	4,573
Balance at December 31, 2020	29,960
Realization of tax benefit on goodwill	(1.457)
Amortization for the period	(2.893)
Balance at September 30, 2021	25,610

(b) Other intangible assets

The breakdown of other intangible assets is as shown below:

	Annual amortization rate - %	Parent Company			
		09/30/2021		12/31/2020	
		Cost	Accumulated amortization	Net	Net
Software	20	1,240,336	(726,523)	513,813	572,374
Relationship with customers	20	112,731	(110,746)	1,985	24,033
Total		1,353,067	(837,269)	515,798	596,407
	Annual amortization rate - %	Consolidated			
		09/30/2021		12/31/2020	
		Cost	Accumulated amortization	Net	Net
Right to use Ourocard Payment-Arrangement (a)	3.33	11,572,000	(2,539,411)	9,032,589	9,321,889
Software (b)	6.66 - 20	2,184,870	(1,431,214)	753,656	828,454
Relationship with customers (c)	4 - 20	1,301,351	(1,197,131)	104,220	194,327
Project development (d)	20	73,635	(20,156)	53,479	66,880
Non-compete agreement (e)	7.5 - 50	10,284	(10,284)	-	175
Service agreements (f)	8 - 20	12,981	(11,994)	987	996
Trademarks (g)	10	74	-	74	74
Total		15,155,195	(5,210,190)	9,945,005	10,412,795

- (a) **Right to 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. By means of an Economic and Financial Appraisal Report issued by an independent auditing firm and prepared based on a future profitability method using the discounted cash flow, the rights under the above-described Ourocard Payment Arrangement were valued at R\$11,572,000 with a 30-year useful life. The intangible assets are amortized under the straight-line method at a rate of 3.33% per year. The useful life and amortization method are reviewed annually.

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- (b) **Software** - refers to software licenses acquired from third parties and used to provide services relating to information processing and business transactions with customers. Additionally, in 2012, when 100% of MerchantE's capital stock was acquired, the fair value adjustment of the software platform was recognized in Cielo USA in the amount of R\$223,300 (equivalent to US\$110,000). The independent appraisal firm engaged to issue the appraisal report measured the software platform's fair value using the average of the values obtained from applying the Relief-from-Royalty (at a 16% royalty fee) and Cost Approach - Third-party Cost Estimates methodologies. The useful life defined for this software platform is 12 years.
- (c) **Relationship with customers:**
- **Braspag** - The main component of intangible assets is the customers portfolio, which was appraised using the "Income Approach" methodology, considering the balance of active customers and the respective churn rate, using estimated useful life of 120 months.
 - **MerchantE** - MerchantE customers portfolio was classified in three main groups: "e-commerce", "bank customer" and "B2B/Others". Each portfolio was assessed separately using the "Excess Earnings" methodology, considering their specific and individual characteristics. As discount rate, 10% per year was used for "e-commerce" and "bank customer" portfolios, and 11% for "B2B/Others". The estimated useful life was based on the years in which each portfolio reaches approximately 80% to 90% of the accumulated amount of the discounted cash flow. An interval between the lowest and the highest values obtained was adopted.
 - **Subsidy on Sale of Transaction Capture Solutions** - Corresponds to the subsidy paid by the Company and its subsidiary (Stelo) on sale of POS equipment to merchants and represents expected future profitability with customers, after the sale of said equipment, being recognized along the estimated average useful life of 15 months.
- (d) **Project development** - refers to expenses on development of new products or services designed to increase the Company's and its subsidiaries' revenues.
- (e) **Non-compete agreement:**
- **Multidisplay and M4Produtos** - Non-compete agreement ("with and without") value was calculated using the "Income Approach" methodology, with discount rate of 17.5% per year, perpetuity of 4% per year and estimated useful life of 89 months.
 - **MerchantE** - MerchantE entered into an agreement with Synovus Financial Corporation, under which no competition shall exist in relation to the portfolio acquired from Columbus Bank and Trust Company ("CB&T") and any new customers acquired through CB&T as a result of the Recommendation Agreement. The fair value of this agreement was estimated using the "With and Without" methodology, while its useful life was defined to be the expiration date of the agreement.
- (f) **Service agreements:**
- **Multidisplay and M4Produtos** - the four service agreements with telecommunication operators were measured based on the discounted cash flow of each agreement, by using a discount rate of 16.5% per year, during the residual useful life of each agreement, of approximately 53 months.
- (g) **Trademarks (Cateno and Braspag)** - estimated using the "Relief-from-Royalty" methodology, having as assumption a royalty fee of 0.3% based on parameters obtained from the "Royalty Source Intellectual Property Database", and a discount rate of 10%.

Changes in intangible assets for the nine-month periods ended September 30, 2021 and 2020 are as follows:

	Parent Company				
	12/31/2020	Additions	(Disposals)/ Reversals	Amortizations	09/30/2021
Software (*)	572,374	158,895	(92,107)	(125,349)	513,813
Relationship with customers	24,033	698	-	(22,746)	1,985
Total	596,407	159,593	(92,107)	(148,095)	515,798
	12/31/2019	Additions	(Disposals)/ Reversals	Amortizations	09/30/2020
Total	562,734	183,471	-	(165,246)	580,959

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	Consolidated						09/30/2021
	12/31/2020	Additions	Transfers	(Disposals)/ Reversals	Amortizations	Exchange differences	
Right to use Ourocard Payment- Arrangement	9,321,889	-	-	-	(289,300)	-	9,032,589
Software	828,454	177,027	23,838	(92,107)	(194,018)	10,462	753,656
Relationship with customers	194,327	842	-	-	(97,821)	6,872	104,220
Project development	66,880	24,337	(23,838)	(11,527)	(2,363)	(10)	53,479
Non-compete agreement	175	-	-	-	-	(175)	-
Service agreements	996	-	-	-	-	(9)	987
Trademarks	74	-	-	-	-	-	74
Total	10,412,795	202,206	-	(103,634)	(583,502)	17,140	9,945,005
	12/31/2019	Additions	Transfers	(Disposals)/ Reversals	Amortizations	Exchange differences	09/30/2020
Total	10,949,664	235,783	-	(10,284)	(739,497)	163,741	10,599,407

In March 2021, the disposal of the NewElo platform was recognized due to the definitive sale to Elo Serviços S.A. of all rights related to the processing platform and the transactions authorizer developed by Cielo for the Elo brand and in September 2021, the assignment of the rights related to the platform of operation of the "Bitz" digital wallet application to Bitz Serviços Financeiros S.A. ("Bitz") was entered into for R\$ 21,900. The disposal of the Bitz platform was R\$ 14,253 (result of the sale, net of taxes - R\$ 5,047).

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

12 Borrowings

	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Private debentures (a)	3,356,897	3,360,718	3,356,897	3,360,718
Public debentures (b)	-	2,986,697	-	2,886,634
Long-term financing - "ten-year bonds" (c)	535,490	504,598	2,758,929	2,607,237
Financing of R&D	73,191	90,023	73,191	90,023
Total	3,965,578	6,942,036	6,189,017	8,944,612
Current	49,238	40,214	70,590	40,960
Noncurrent	3,916,340	6,901,822	6,118,427	8,903,652
Total	3,965,578	6,942,036	6,189,017	8,944,612

(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% 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.

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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 June 2019, the Company conducted the 5th issuance of simple debentures, in a single series, unsecured, nonconvertible and for public distribution in accordance with CVM Instruction No. 476. The issuance totaled R\$ 3,000,000 with maturity date on June 18, 2022. The amount was fully allocated to the reorganization of the Company's debts. The public debentures' yield includes interest based on the cumulative percentage change of 103.8% of the average daily interest rate of DI.

The public debentures are subject to covenants pursuant to which the Company must keep Net Debt/Consolidated Adjusted EBITDA ratio equal to or lower than 3, measured on a quarterly basis.

At August 04, 2021, was anticipated the payments of the 5th (fifth) Issue of Simple Debentures non-convertible into shares, which the maturity date was August 18, 2022, in the amount of R\$ 3,016,627.

(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 obtained is subject to an interest rate of 3.75% per year. Interest is paid on a semiannual basis and principal will be paid in November 2022. The costs directly associated with the issuance of these bonds (banks, auditors and lawyers) were recognized in liabilities and are allocated to profit or loss over the term of the agreement, using the amortized cost method. There are no covenants imposing financial restrictions related to the financial transaction of issuance of bonds.

In June 2019, there was the partial repurchase of the Bonds, related to the portion issued by the Company in the amount of US\$ 372.9 million, with the remaining debt balance of US\$ 97.1 million in the Parent Company and US\$ 405 million in Cielo USA.

The Company and its subsidiaries were compliant with the financial ratios related to the covenants of its borrowings described above.

Changes in borrowings for the nine-month period ended September 30, 2021 and 2020 are as follows:

	Parent Company	Consolidated
Balance at December 31, 2019	7,716,813	9,245,635
New borrowings	6,097,196	6,097,196
Payment of principal	(7,137,841)	(7,137,841)
Exchange differences (principal and interest)	345,131	997,088
Mark-to-market adjustment	5,278	5,278
Accrued interest and charges	209,589	231,201
Interest paid	(252,732)	(252,732)
Debt issuance costs incurred	(18,509)	(18,509)
Amortization of debt issuance costs	27,264	27,264
Balance at September 30, 2020	6,992,189	9,194,580
Balance at December 31, 2020	6,942,036	8,944,612
Payment of principal	(3,016,917)	(2,916,854)
Exchange differences (principal and interest)	23,666	161,959
Accrued interest and charges	160,498	183,019
Interest paid	(161,243)	(201,257)
Debt issuance costs incurred	(7,607)	(7,607)
Amortization of debt issuance costs	25,145	25,145
Balance at September 30, 2021	3,965,578	6,189,017

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Breakdown of borrowings recorded in long-term liabilities

Borrowings classified as noncurrent as at September 30, 2021 by maturity date are broken down as follows:

Year of maturity	Parent Company	Consolidated
2022	534,080	2,736,722
2023	3,359,681	3,359,681
2024	22,556	22,556
Total borrowings	3,916,317	6,118,959
Debt issuance costs	23	(532)
Total	3,916,340	6,118,427

13 Other payables - Others - Payables to merchants

	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Payables to merchants (a)	58,722,386	61,529,245	58,783,988	61,584,758
Amounts to be settled to merchants (b)	-	-	206,242	49,065
Merchant deposits (c)	-	-	55,830	131,221
Total	58,722,386	61,529,245	59,046,060	61,765,044

- (a) Refer to amounts for 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.
- (b) Refer to amounts to be settled by subsidiary MerchantE to its merchants for transactions captured and processed up to the reporting date. These amounts are settled on the business day following that of transaction capture.
- (c) Subsidiary MerchantE requires deposits as guarantee from customers in case of losses on any amounts challenged by card holders (chargeback) due to fraud in the transaction or bankruptcy of merchant.

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 immaterial amount of the Company's history of losses 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.

14 Provisions, contingent assets and contingent liabilities

(a) 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 and 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

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disbursements on pending lawsuits in the nine-month periods ended September 30, 2021 and 2020, as follows:

	Parent Company					
	12/31/2020	Additions	Write-offs/ reversals	Monetary adjustment	Payments	09/30/2021
Tax	1,706,319	115,606	(2,977)	4,953	-	1,823,901
Civil	52,556	38,132	(16,101)	8,147	(26,066)	56,668
Labor	60,705	17,708	(11,050)	4,990	(14,596)	57,757
Total	1,819,580	171,446	(30,128)	18,090	(40,662)	1,938,326
	12/31/2019	Additions	Write-offs/ reversals	Monetary adjustment	Payments	09/30/2020
Total	1,806,874	90,017	(66,927)	17,135	(40,196)	1,806,903
	Consolidated					
	12/31/2020	Additions	Write-offs/ reversals	Monetary adjustment	Payments	09/30/2021
Tax	1,715,000	194,592	(7,126)	5,658	-	1,908,124
Civil	54,070	39,924	(16,967)	8,293	(26,900)	58,420
Labor	69,649	21,317	(13,597)	5,627	(15,846)	67,150
Total	1,838,719	255,833	(37,690)	19,578	(42,746)	2,033,694
	12/31/2019	Additions	Write-offs/ reversals	Monetary adjustment	Payments	09/30/2020
Total	1,830,747	94,632	(77,363)	18,269	(41,654)	1,824,631

The additions refer basically to the complement of the provision for tax risks in the nine-month periods ended September 30, 2021 and 2020, 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 statement of profit or loss.

(b) Escrow deposits

In the nine-month periods ended September 30, 2021 and 2020, the Company and its subsidiaries have escrow deposits related to the provision for tax, labor and civil risks, broken down as follows:

	Parent Company			
	12/31/2020	Additions	Write-offs	09/30/2021
Tax	1,554,157	-	(481)	1,553,676
Labor	16,687	1,107	(7,642)	10,152
Civil	5,562	3,775	(835)	8,502
Total	1,576,406	4,882	(8,958)	1,572,330
	12/31/2019	Additions	Write-offs	09/30/2020
Total	1,586,621	9,167	(19,958)	1,575,830

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	Parent Company			
	12/31/2020	Additions	Write-offs	09/30/2021
Tax	1,555,300	-	(481)	1,554,819
Labor	18,085	1,266	(7,664)	11,687
Civil	5,602	3,774	(873)	8,503
Total	1,578,987	5,040	(9,018)	1,575,009
	12/31/2019	Additions	Write-offs	09/30/2020
Total	1,594,140	13,887	(29,180)	1,578,847

Tax lawsuits

The Company discusses in court the diverging interpretation of the tax legislation application materialized in tax deficiency 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. In May 2017, after the judgment of Extraordinary Appeal No. 570,122/RS - with general repercussion recognized in relation to the matter raised and outcome unfavorable to the taxpayers -, the Company decided to stop making escrow deposits, starting to pay the taxes. The writ of mandamus remains awaiting a decision at a higher court for a final settlement of the dispute. As at September 30, 2021 and 2020, the amount of the provision for risks recognized and the amount of the escrow deposit is R\$ 1,517,142.
- **ISS** - As a result of the amendments introduced by Supplementary Law No. 157/16 regarding the place of payment of the Tax on Services ("ISS") and subsequently suspended by force of an injunction granted by the Federal Supreme Court ("STF"), the Company recognized a provision for risks for the amount allegedly due to the other municipalities of the Federation during the period the Law was in effect. As at September 30, 2021, the amounts of the provision for risks are R\$ 117,386 in the Parent Company and R\$ 199,767 in the Consolidated (R\$ 20,732 in the Parent Company and R\$ 23,757 in the Consolidated as at December 31, 2020).

Based on the opinion of their legal counsel, the Management of the Company and its subsidiaries estimates that the actual disbursement of provisions for tax risks will occur in up to 5 years and understands that the development of the lawsuits will depend on external factors not under the control of the Company and its subsidiaries.

Civil lawsuits

Refer basically to collection of transactions made through the Company's system that were 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.

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

Additionally, as at September 30, 2021, 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 will only be made after the final decision.

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 from annual bonus, differentiated union membership, recognition of employment relationship and pain and suffering.

The likelihood of loss on labor lawsuits is assessed depending on the content of the claim, the evidence provided and the history of loss on similar lawsuits. The Company and its subsidiaries periodically assess the effectiveness of the provision recognized based on the lawsuits settled.

The lawsuits filed by former employees of the Company's suppliers are borne, as a general rule, 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.

Based on the opinion of their legal counsel, the Management of the Company and its subsidiaries estimates that the actual disbursement of 51.07% of the mentioned provisions will occur within 5 years, and 48.93% within 10 years, and understands that the development of the lawsuits will depend on external factors not under the control of the Company.

(c) **Contingent liabilities classified as possible losses**

Additionally, as at September 30, 2021, 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	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Tax	636,764	731,934	643,135	732,476
Civil	318,744	223,465	343,876	229,220
Labor	77,949	60,290	84,383	81,313
Total	1,033,457	1,015,689	1,071,394	1,043,009

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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** - In February 2020, the Company received a tax assessment notice requiring the payment of social security contribution on amounts distributed in 2015 as employee profit sharing and stock options, in the monetarily adjusted amount of R\$ 65,218. Based on the opinion of the Company's legal counsel, the risk of loss was classified as possible.
- **IRPJ/CSLL** - In December 2020, a tax assessment notice was issued against the Company, requiring the payment 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 amount of R\$ 439,749. Based on the opinion of the Company's legal counsel, the risk of loss was classified as possible.
- **PIS/Cofins** - In December 2018, a tax assessment notice was issued against the Company, requiring the payment 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\$ 715,836. Based on the opinion of the Company's legal counsel, the risk of loss was classified as remote

15 Equity

(a) Issued capital

Capital as at September 30, 2021 and December 31, 2020 is R\$5,700,000 represented by 2,716,815,061 common shares, all of them subscribed and paid in. As mentioned in note 16, the number of shares net of treasury shares as at September 30, 2021 is 2,701,857,763 (2,707,153,769 shares as at December 31, 2020).

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 establish the share issue price, the terms and conditions for subscription and payment of shares up to the limit of the authorized capital.

(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 September 30, 2021 is R\$ 71,380 (R\$ 67,529 as at December 31, 2020).

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(c) Treasury shares

At the meeting held on March 25, 2021, the Board of Directors approved the share repurchase program ("Program"), through which the Company was authorized to acquire up to 7,032,041 common shares, with no par value, of its issue, effective from April 6, 2021 to April 12, 2021, as detailed in the Communication on Trading of Shares of Own Issue, prepared as Attachment 30-XXXVI of CVM Instruction No. 480 disclosed on this date.

Changes in treasury shares are as follows:

	Shares	Amount	Average cost R\$ per share
Balance at December 31, 2020	(9,661,292)	(84,815)	8.78
Exercise of Restricted Shares			
February	724,864	6,364	8.78
March	152,572	1,339	8.78
May	495,922	3,268	6.59
July	362,677	2,390	6.59
Purchase in April	(7,032,041)	(27,124)	3.76
Balance at September 30, 2021	(14,957,298)	(98,578)	6.59

(d) Earnings reserve - legal

It is set up on the basis of 5% of the profit calculated at the end of the period, pursuant to article 193 of Law No. 6,404/76, up to the limit of 20% of the share capital. The balance of the legal reserve as at September 30, 2021 is R\$ 1,140,000 (R\$ 1,140,000 as at December 31, 2020), the constitution limit of 20% was reached in October 2020.

(e) Earnings reserve - capital budget

The capital budget will be used to strengthen the Company's working capital, allowing more robustness and financial stability with a view to (a) enabling the growth projected for the fiscal year 2021 of the volume paid in advance, in up to two business days, to Cielo's merchant customers, arising from cash and installment credit card transactions captured by the Company; and (b) repurchase of shares issued by the Company, under the terms and up to the limit permitted by CVM Instruction No. 567. The capital budget reserve totals R\$ 2,891,907 as at September 30, 2021 and December 31, 2020.

The Financial Statements for the year ended December 31, 2020 and the respective capital budget proposal for 2021 were analyzed and approved by the Company's shareholders in an Ordinary General Meeting ("OGM") held on April 23, 2021.

(f) Dividends and interest on capital

Under the Company's bylaws, shareholders are entitled to a mandatory minimum dividend of 30% of the profits earned (after the recognition of the legal reserve) at the end of each financial year.

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 mandatory minimum dividend. Under the bylaws, the Company may prepare semiannual or shorter period

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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 April 26 and August 2, 2021, the Company's Board of Directors approved, ad referendum of the Ordinary General Meeting, the distribution of interest on capital in the amounts of R\$ 85,151 and R\$ 63,676 referring to the first and second quarters of 2021, which were paid on May 13, 2021 and August 19, 2021, respectively.

Furthermore, at the Board of Directors' meeting held on November 3, 2021 the payment of interest on capital referring to the third quarter of 2021 was approved, ad referendum of the Ordinary General Meeting, in the amount of R\$ 74,802, which will be paid on November 26, 2021.

(g) Other comprehensive income

This balance refers to cumulative adjustments for translation into foreign currency of foreign investments and post-employment benefits, which are reclassified to profit or loss upon the actual realization of the balances. The balances below reflect cumulative translation adjustments at the end of the reporting period, as follows:

	<u>Parent company and consolidated</u>	
	<u>09/30/2021</u>	<u>12/31/2020</u>
Exchange differences on foreign investments	(287,665)	(220,850)
Post-employment benefits, net	<u>(2,917)</u>	<u>(2,917)</u>
Total	<u>(290,582)</u>	<u>(223,767)</u>

(h) Regulatory capital

Central Bank Circular Letter No. 3,681/13 requires accrediting payment institutions to maintain permanently equity adjusted by profit or loss accounts in an amount corresponding to at least 2% of the average monthly amount of the payment transactions processed by the institution in the last twelve months.

As at September 30, 2021, the Company maintains the required minimum regulatory capital.

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16 Earnings per share

(a) Change in the number of common shares

Shares issued	Common
Shares at December 31, 2020	2,707,153,769
Exercise of restricted shares:	
February	724,864
March	152,572
May	495,922
July	362,677
Repurchase of shares - March	(7,032,041)
Total	<u>2,701,857,763</u>

(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			
	Three-month period		Nine-month period	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Profit for the period available for common shares	211,942	100,437	633,616	192,034
Weighted average number of outstanding common shares (in thousands)	2,706,872	2,713,406	2,709,510	2,709,907
Earnings per share (in R\$) - basic	<u>0.07830</u>	<u>0.03702</u>	<u>0.23385</u>	<u>0.07086</u>

Diluted earnings per share

	Parent Company and Consolidated			
	Three-month period		Nine-month period	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Profit for the period available for common shares	211,942	100,437	633,616	192,034
Diluted denominator:				
Weighted average number of outstanding common shares (in thousands)	2,706,872	2,713,406	2,709,510	2,709,907
Potential increase in common shares as a result of the stock option plan	12,142	9,505	12,142	9,505
Total (in thousands)	<u>2,719,014</u>	<u>2,722,911</u>	<u>2,721,652</u>	<u>2,719,412</u>
Earnings per share (in R\$) - diluted	<u>0.07795</u>	<u>0.03689</u>	<u>0.23281</u>	<u>0.07062</u>

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17 Net operating revenue

	Parent Company				Consolidated			
	Three-month period		Nine-month period		Three-month period		Nine-month period	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Gross operating revenue	1,449,372	1,313,999	4,122,544	3,752,933	3,386,333	3,155,514	9,584,626	8,943,185
Taxes on services	(181,996)	(132,328)	(512,331)	(382,558)	(376,810)	(273,151)	(1,040,675)	(779,866)
Total	1,267,376	1,181,671	3,610,213	3,370,375	3,009,523	2,882,363	8,543,951	8,163,319

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 services in data transmission to load fixed or mobile phone credits.

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			
	Three-month period		Nine-month period		Three-month period		Nine-month period	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Personnel expenses	(120,180)	(125,199)	(371,465)	(382,712)	(283,076)	(282,926)	(852,624)	(800,313)
Depreciation and amortization	(129,254)	(115,527)	(378,402)	(346,818)	(278,491)	(300,416)	(826,812)	(932,422)
Professional services	(183,794)	(133,303)	(511,838)	(365,051)	(79,146)	(97,354)	(206,239)	(251,526)
Acquiring costs (a)	(628,826)	(554,148)	(1,815,623)	(1,634,518)	(1,606,690)	(1,451,357)	(4,541,616)	(4,140,051)
Sales, marketing and affiliation of customers (b)	(51,202)	(79,084)	(171,718)	(248,109)	(89,607)	(142,259)	(288,575)	(445,981)
Cost of mobile phone credits in subsidiary	-	-	-	-	(251,705)	(304,272)	(790,716)	(944,942)
Others, net	4,132	(2,497)	146,239	(58,740)	(6,519)	(122,324)	22,259	(288,442)
Total	(1,109,124)	(1,009,758)	(3,102,807)	(3,035,948)	(2,595,234)	(2,700,908)	(7,484,323)	(7,803,677)
Classified as:								
Cost of services provided	(776,148)	(700,531)	(2,238,983)	(2,069,375)	(2,141,617)	(2,073,792)	(6,175,152)	(6,033,862)
Personnel expenses	(72,685)	(69,793)	(224,232)	(220,555)	(211,789)	(206,326)	(635,058)	(581,404)
General and administrative expenses	(173,741)	(124,583)	(490,670)	(357,534)	(101,681)	(132,885)	(281,324)	(386,165)
Sales and marketing	(20,908)	(28,195)	(65,741)	(96,346)	(59,312)	(91,370)	(182,598)	(294,218)
Other operating expenses, net	(65,642)	(86,656)	(83,181)	(292,138)	(80,835)	(196,535)	(210,191)	(508,028)
Total	(1,109,124)	(1,009,758)	(3,102,807)	(3,035,948)	(2,595,234)	(2,700,908)	(7,484,323)	(7,803,677)

- (a) Acquiring costs are mainly represented by expenses on logistics and maintenance of POS equipment, supplies to merchants, accreditation and customer service, telecommunication services, and capture and processing of transactions
- (b) Expenses with sales, marketing and affiliation of customers include brand development campaigns, advertising and publicity, endomarketing commercial actions for new customer accreditations, and customer affiliation and accreditation services

We present below the other operating expenses, net:

	Parent Company				Consolidated			
	Three-month period		Six-month period		Three-month period		Six-month period	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Allowance for doubtful debts, chargeback and fraud (a)	(67,013)	(55,833)	(150,942)	(239,764)	(98,510)	(159,379)	(278,146)	(436,601)
Provision for risks, net (b)	(17,161)	(17,681)	(46,569)	(35,312)	(19,486)	(20,974)	(52,266)	(41,889)
Write-offs/provision (reversals) for losses on property and equipment (c)	(24,942)	(15,454)	(74,032)	(30,785)	(24,950)	(16,599)	(75,187)	(31,943)
Others (d)	43,474	2,312	188,362	13,723	62,111	417	195,408	2,405
Total	(65,642)	(86,656)	(83,181)	(292,138)	(80,835)	(196,535)	(210,191)	(508,028)

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Notes to the individual and consolidated interim financial information (Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

- (a) Refer to losses on the collection portfolio represented mainly by receivables from rental of POS equipment, losses with fraud resulting from sales amounts challenged by the users of cards and which had already been settled to merchants and chargebacks from customers. In the nine-month period ended September 30, 2021, the balance of the provision for loss on doubtful debts is R\$ 46,790 in light of the impacts estimated with the implementation of the new system for the Register of Receivables.
- (b) Substantially related to the movement of the expectation of probable losses on tax, labor and civil contingencies (note 14).
- (c) Refer to amounts written off due to losses of POS equipment and recording of provision for loss on POS equipment.
- (d) In the first quarter of 2021, non-recurring net gains were recorded, which were generated in: (a) the assignment of processing platforms and transactions authorizer for the Elo Brand in the amount of R\$ 115.1 millions, (ii) reversal of the residual balance of legacy provisions of the NewELO project of R\$ 69.9 million, and (iii) positive result on the sale of interest in Orizon with a gain of R\$ 6.4 million partially offset against (iv) the provision for corporate restructuring started in March 2021 in the amount of R\$ 31.5 millions; (v) net result of the Bitz platform in September/21 was R\$ 5 million.

19 Commitments

The Company and its subsidiaries are primarily engaged in the 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 September 30, 2021, future annual payments under lease agreements in effect are as follows:

Up to 1 year	10,934
1 year to 5 years	40,806
Above 5 years	15,903
Total	67,643

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 services, call center and back office

As at September 30, 2021, based on contracts in effect, the minimum commitments with suppliers of technology, telecommunications, logistics services, call center, back office and telesales are as follows:

Up to 1 year	231,727
1 year to 5 years	258,052
Above 5 years	13,360
Total	503,139

The call center and transaction capture and processing contracts, as well as the telecom and back office contracts, do not provide for penalty for termination.

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20 Employee benefits

Pension Plan

The Company and its subsidiaries Servinet, Aliança and Stelo contribute monthly to a defined contribution pension plan ("PGBL") for their employees, and contributions made during the nine-month period ended September 30, 2021 amounted to R\$ 4,712 (R\$ 6,969 in the nine-month period ended September 30, 2020), recognized in line items "Cost of services provided" and "Personnel expenses".

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 September 30, 2021 is R\$ 16,259 (R\$15,398 as at December 31, 2020). The rates used in the year were: nominal discount rate of 4.33% p.a., with inflation index of 3% p.a., generating an expected turnover of 23% p.a. and retirement at 60 years old.

Other benefits

The Company and its subsidiaries offer to their employees other benefits, among which health insurance, dental assistance, life and personal accident insurance and professional training. They also have a Corporate Education Program that aims to leverage learning, ensuring the mapping and the dissemination of key knowledge through practical and educational activities that encourage the creation, acquisition, dissemination, use and sharing of knowledge, focusing on business results. In addition, in the Company, actions are developed for all employees, for example, leadership development, e-learning, contract training, on-demand training, continued education and languages. The costs related to the actions described are recognized in profit or loss when incurred.

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 nine-month periods ended September 30, 2021 and 2020 were as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>09/30/2021</u>	<u>09/30/2020</u>	<u>09/30/2021</u>	<u>09/30/2020</u>
Employees	50,939	54,085	88,532	85,543
Statutory directors	4,956	7,654	7,290	9,517
Total	<u>55,895</u>	<u>61,739</u>	<u>95,822</u>	<u>95,060</u>

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22 Compensation of key management personnel

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

Expenses recognized in the Company's profit or loss for the periods are as follows:

	Three-month period					
	09/30/2021			09/30/2020		
	Fixed	Others(*)	Total	Fixed	Others(*)	Total
Statutory directors	1,404	4,399	5,803	2,116	2,737	4,853
Board of directors	684	-	684	715	-	715
Total	2,088	4,399	6,487	2,831	2,737	5,568

	Nine-month period					
	09/30/2021			09/30/2020		
	Fixed	Others(*)	Total	Fixed	Others(*)	Total
Statutory directors	5,709	9,248	14,957	6,679	11,003	17,682
Board of directors	2,085	-	2,085	2,129	-	2,129
Total	7,794	9,248	17,042	8,808	11,003	19,811

(*) The balance refers to variable compensation and severance pay of statutory directors and does not include the stock option plan (see note 24).

The overall annual compensation of the Managers and the Supervisory Board in 2021, approved at the meeting held on April 23, 2021, is R\$ 51,000 (R\$ 44,050, net of charges), of which: (i) R\$ 977 is for the Supervisory Board (R\$ 814, net of charges) and (ii) R\$ 50,023 for the Managers (R\$ 43,236, net of charges).

23 Restricted stock option plan

These plans include the restricted shares of the Company implemented with the objective of (a) stimulating the expansion, success and achievement of the Company's objectives; (b) aligning the interests of the shareholders to those of the managers and employees; and (c) allowing the Company to attract and maintain managers and employees linked to it.

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 statement of profit or loss for the period, matched against the capital reserve, in accordance with the predefined 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 September 30, 2021, the position of the restricted stock option plan is as follows:

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Program	Status	Quantity of shares				Grant date	Value per granted share - R\$	Fair value per share - R\$
		Granted	Cancelled	Exercised	To be exercised			
Restricted Shares 2019	Active	2,419,297	(867,007)	(481,640)	1,070,650	July 2019	6.73	6.73
Restricted Shares 2020	Active	5,042,968	(1,345,342)	(595,753)	3,101,873	July 2020	3.94	3.94
Restricted Shares 2021	Active	1,945,031	(33,611)	-	1,911,420	July 2021	3.59	3.59
Sócio Cielo 2019	Active	995,372	(360,891)	(518,093)	116,388	March 2019	10.89	10.89
Sócio Cielo 2020	Active	2,898,458	(1,041,554)	(617,358)	1,239,546	March 2020	7.12	7.12
Sócio Cielo 2021	Active	5,440,433	(683,311)	-	4,757,122	March 2021	3.89	3.89
Total Shares	***	18,741,559	(4,331,716)	(2,267,883)	12,141,960			

In the nine-month period ended September 30, 2021, the net value of the charges, in the amount of R\$ 15,356 was appropriated to profit or loss (R\$ 10,846 at September 30, 2020). The balance presented under "Capital reserve" in equity totaled R\$17,213 related to restricted shares granted and R\$13,362 related to sale/transfer of treasury shares for the exercise of shares (R\$10,846 and R\$11,597, respectively, at September 30, 2020).

24 Finance income (costs)

	Parent Company				Consolidated			
	Three-month period		Nine-month period		Three-month period		Nine-month period	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Finance income:								
Interest on financial investments	33,768	14,400	75,103	27,839	95,437	41,409	205,461	117,356
Other finance income (a)	710	336	15,794	949	2,016	1,210	18,240	6,709
PIS and Cofins (b)	(1,603)	(685)	(4,230)	(1,358)	(2,490)	(1,546)	(5,950)	(4,203)
Total	32,875	14,051	86,667	27,430	94,963	41,073	217,751	119,862
Finance costs:								
Interest and charges on borrowings	(173,945)	(50,347)	(297,493)	(238,138)	(84,025)	(70,843)	(224,004)	(295,357)
Third-party interest in investment funds	-	-	-	-	(128,106)	(28,868)	(243,855)	(65,265)
Interest on provision for contingencies	(5,517)	(4,343)	(18,081)	(16,925)	(6,098)	(4,886)	(19,449)	(18,661)
Other finance costs	(16,368)	(9,718)	(37,730)	(28,668)	(17,589)	(4,781)	(42,424)	(33,744)
Total	(195,830)	(64,408)	(353,304)	(283,731)	(235,818)	(109,378)	(529,732)	(413,027)
Yield:								
Purchase of receivables (c)	-	-	-	-	102,874	94,573	293,067	421,096
FIDC shares yield (d)	119,121	73,806	261,996	374,596	-	-	-	-
Total	119,121	73,806	261,996	374,596	102,874	94,573	293,067	421,096
Exchange differences, net	5,672	(15,428)	5,664	(21,061)	5,698	(15,379)	5,680	(21,238)
Total	(38,162)	8,021	1,023	97,234	(32,283)	10,889	(13,234)	106,693

- (a) Amount arising mainly from the recognition of monetary adjustment in the amount of R\$ 14,605 on the amounts receivable from Elo Brand, referring to the assignment of the processing platform and authorizer, accumulated up to its assignment date. (Non-recurring event).
- (b) PIS and Cofins expenses on finance income earned by the Company, at the 0.65% and 4% rates, respectively. The expenses incurred in the period were grouped in "Finance Income" and "Purchase of Receivables", proportionately to their levy, for a better presentation of the accounts.
- (c) Revenue from receivables acquired from credit transactions in cash and paid in installments by FIDC Plus, FIDC Emissor I and FIDC Emissor II, appropriated according to the period of operations and net of PIS and Cofins on finance income.
- (d) Corresponds to the result of FIDCs, net of the senior shares' yield and PIS and Cofins on finance income.

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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

The Group adopts the concept of 3 (three) lines of defense for its risk management structure, the first represented by the performance of managers in the business and support areas, who ensure that risk management is within the scope of their direct organizational responsibilities; the 2nd line is represented by the Risk, Compliance and Prevention Board, 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 control environment, reporting to the CEO and the Board of Directors, through the Risk Committee; and, finally, the 3rd line of defense, represented by the Internal Audit, which provides independent opinions to the Board of Directors, through the Audit Committee, on the risk management process, the effectiveness of internal controls and corporate governance.

The Company maintains updated and robust policies, processes, procedures and controls to reduce, control and monitor its exposure to risks, in order to manage risks and keep them within acceptable limits to achieve its business and operational objectives. More information on the Group's risk management methodology, governance and structure, as well as risk factors and preventive and mitigating actions and controls, can be found in the Corporate Risk Management and Internal Controls Policy and in the item 4.1 of the Reference Form, both documents are available on the Company's website (<https://ri.cielo.com.br/>).

(b) Credit risk management

The Company has rights subject to credit risk with financial institutions, customers and business partners recorded under cash, financial instruments, including derivatives, income receivable and receivables from card-issuing banks, as follows:

	Note	Parent Company		Consolidated	
		09/30/2021	12/31/2020	09/30/2021	12/31/2020
Cash	4	45,965	34,083	179,243	127,969
Financial instruments, including derivatives	5	2,583,163	2,805,116	5,294,201	4,073,811
Credit Rights Investment Fund - FIDC	6	5,405,681	1,850,998	-	-
Income receivable	7	158,924	338,095	876,829	935,733
Receivables from card issuers	7	68,504,066	70,034,602	68,725,269	70,211,977
Total		76,697,799	75,062,894	75,075,542	75,349,490

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. Card-issuing banks may default on their financial obligations due to lack of liquidity, operational failure, cardholder default, types of bankruptcy or other reasons. In these circumstances, Cielo may be held liable for paying receivables to merchants without receiving the amounts from the issuing bank. Such risks may or may not exist for Cielo, depending on the risk/guarantee model adopted by the card's banner in

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its operation with card issuers and accreditors, and the Company assesses and manages these risks, requiring or dispensing with, the pledge of guarantees from card issuers according to the 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 necessary guarantees, the issuers are assigned an internal rating.

As at September 30, 2021, Cielo's exposure to issuers is as follows:

<u>Internal rating of issuers</u>	<u>Guarantee requirement</u>	<u>Total exposure at September 30, 2021</u>	<u>% Guarantee in relation to exposure</u>	<u>Total exposure at December 31, 2020</u>	<u>% Guarantee in relation to exposure</u>
Group 1	No	96.4%	-	98.1%	-
Group 2	Yes	3.6%	51%*	1.9%	45%*
Total receivables from card-issuing banks		100%		100%	

* Part of the exposure stems from the limitation of the arrangement's settlor in requesting guarantee from the issuer.

The 5 largest issuing banks, classified in Group 1, represent 74.3% of the balance of receivables from card-issuing banks and are represented by the main financial institutions in the country, which have strict monitoring and control processes and a solid economic and financial position. For issuers classified in Group 1, which do not require guarantee, there is intense 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 banners or issuers.

Law No. 14,031/2020 establishes that amounts received by payment arrangement participants must be earmarked for the compliance with the obligation of settlement of transactions to which they relate, among other aspects, These changes introduced by Law No. 12,865/2013 are not yet reflected in the payment arrangement regulations at the time of disclosure of these financial statements so that, depending on the arrangement regulations, accreditors could, in thesis, be held liable for the default on obligations of third parties.

Credit Risk with Payment Arrangement Participants

In its operation, the Company may also be at risk with sub-accreditors with whom it maintains a commercial relationship, depending on the rule established by each banner in relation to the responsibilities applicable to sub-accreditors, as well as any judicial decisions, in the event the sub-accreditors do not carry out the settlement of the amounts transacted by the merchants associated with them. The Company adopts risk and control analysis procedures that prevent sub-accreditors from prepaying all the amounts available in their financial schedule with the Company. In addition, the Company may, pursuant to the risk analysis carried out, request guarantees such as bank guarantees and government bonds.

It should be noted that Law No. 14,031/2020 is also applicable to sub-accreditors, as payment arrangement participants, who must comply, in addition to other obligations, with the segregation of the payment flow.

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In the midst of the crisis caused by the COVID-19 pandemic, in the second quarter of 2020 the Cielo Group started to adopt stricter criteria in the monitoring of sub-accreditors, as well as in relation to the relationship strategy, including: restrictions on prepayment of receivables, proof of settlement for establishments that are sub-accreditors and new guarantee models.

The proportion of sub-accreditors on the volume traded in the Cielo system in the nine-month periods ended September 30, 2021 and 2020 corresponds to 5.1% and 5.5%, respectively.

Credit Risk when 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 stop transacting in the Cielo system, eventually, there will be no balance in their schedules for the collection of contracted products or services. If Cielo is unable to make collection by any other means (such as a bank payment slip), there may be losses for Cielo related to the non-payment of products and services.

As at September 30, 2021, the allowance for doubtful debts totaled R\$ 233,686 in parent company and R\$ 261,232 in consolidated (as at December 31, 2020, the balance was R\$ 277,701 in parent company and R\$ 304,582 in consolidated).

Customer Credit Risk - Chargeback and Deferred Sales

The Company's customers must comply with their obligations to deliver the products and provide the services contracted with their end customers, who pay for the transactions by credit or debit card. In situations of default on the part of the Company's 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 accreditor, directly to the merchant's financial schedule. In the case of cancellation, if the financial schedule of the merchant does not have enough balance, this, as a rule, is not accepted.

If the Company is unable to offset the amounts of chargebacks directly on the financial schedule of a merchant (regardless of the reason), or by means of any other form of collection (example bank payment slip), the financial burden of such chargebacks falls to Cielo. Historically, cancellations and chargebacks occur more frequently in transactions in merchants that carry out sales with cards and deferred sales, when the service or product is not consumed instantly, but after its purchase. Deferred sales occur typically in sectors such as tourism and entertainment, which include airlines, and sales with cards occur typically through electronic channels (e-commerce), and the exposure to these potential losses arising from chargebacks increases as the Company provides solutions for the acquisition of receivables or payment in a reduced cycle to these establishments.

The crisis initiated by the COVID-19 pandemic severely affected the tourism and entertainment sectors, which include airlines, increasing the aforementioned risks, especially due to the issue of provisional acts, which already became laws, that extend the deadlines applicable to cancellations and chargebacks which, associated to the reduction of the financial schedule of these customers, may reduce chargebacks in the schedules or render them impossible.

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As additional actions to cope with the increased exposure, Cielo intensified monitoring, risk analysis procedures and restricted operations of prepayment of receivables, as well as payment of receivables in a reduced cycle, in an attempt to maintain the schedule for as long as possible.

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

	3 rd Quarter/2021		3 rd Quarter/2020	
	Transacted volume	Chargeback ratio ³	Transacted volume	Chargeback ratio ³
Tourism and Entertainment, including airlines (typically with deferred sales)	6.5%	0.58%	3.3%	0.54%
E-commerce (without Tourism and Entertainment)	11.9%	0.92%	15.2%	0.82%
Durable and semi-durable goods ¹	22.9%	0.03%	22.0%	0.04%
Non-durable goods ²	33.3%	0.00%	33.8%	0.01%
Services and others	25.3%	0.06%	25.7%	0.04%
Total	100.0%	0.17%	100.0%	0.16%

¹Durable and semi-durable goods: Cielo's customer segment of clothing, furniture, appliances, department stores, construction materials, among others.

²Non-durable goods: supermarkets and hypermarkets, drugstores and pharmacies, gas stations, among others.

³Value of chargebacks in relation to transacted volume.

(c) Management of Operating Risks

The Company faces risks arising from its operation, such as: 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 frauds, unfavorable decisions in judicial or administrative proceedings, among others. For these risks, the Company 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 Controls Policy, as well as in the applicable regulation, including, but not limited to, BACEN Circular Letter No. 3,681/2013 and Resolution No. 2,554/1998.

Due to the relevance of the sector in which the Company develops its activities, in the last years the Central Bank of Brazil has issued a number of regulations related to the payment market. If the Company does not comply with the legal and regulatory requirements in force, after the due legal process it may be subject to penalties, including (i) fines; (ii) warnings; (iii) cancelation of the license granted by Bacen; and (iv) impossibility of its managers continue performing their functions.

Regarding the risk of fraud in transactions with credit and debit cards, the Company uses an anti-fraud system that flags and identifies suspicious fraud transactions at the time of authorization and sends an alert to the card-issuing bank to contact the cardholder.

The implementation of the new receivables registration system, pursuant to regulations issued by the Central Bank of Brazil and the National Monetary Council, has been a challenge for all market participants and has generated impacts on our business processes, as the new structure is complex and substantially changes the current market model. Cielo has been taking important measures,

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strengthening its service structures and mobilizing resources to address all issues, mitigate risks and collaborate for the proper functioning of the system as a whole, and has no significant impacts on the financial statements as of September 30, 2021.

(d) Capital risk management

The Group manages its capital to ensure that its companies can continue as going concerns, and at the same time maximize the return to all their stakeholders or parties involved in its operations by optimizing the debt and equity balance.

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

Cielo maintains equity in accordance with the BACEN regulation, corresponding to the higher of two (2%) percent of the monthly average of the payment transactions carried out by the institution in the last twelve (12) months and the balance of the electronic currencies issued by them, calculated daily (see note 15). There is no requirement of minimum equity for the other Group companies.

(e) Liquidity risk management

The Group manages the liquidity risk by maintaining appropriate reserves, bank and other credit facilities to raise borrowings that it considers appropriate, based on an ongoing monitoring of budgeted and actual cash flows, and the combination of the maturity profiles of financial assets and liabilities.

The Company has a liquidity risk management report, aimed at evidencing this structure, as determined in Circular Letter No. 3,681/2013 of the Central Bank of Brazil and its subsequent amendments. This report covers the period from May 2020 to May 2021 and is available on the Company's website (<https://ri.cielo.com.br/>).

The indebtedness ratio is as follows:

	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Cash	45,965	34,083	179,243	127,969
Financial instruments, including derivatives (a)	2,583,163	2,805,116	5,294,201	4,073,811
Debt (b)	(3,965,578)	(6,942,036)	(6,189,017)	(8,944,612)
Net debt	(1,336,450)	(4,102,837)	(715,573)	(4,742,832)
Equity	9,824,114	9,490,854	12,905,741	12,605,712
Net debt ratio	13.60%	43.23%	5.54%	37.62%

(a) Derivative financial instruments comprise the NDF contracts positions, mentioned in note 5.

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

(f) Market risk management

Foreign exchange rate risk

The exposures to foreign exchange rate risks are managed according to parameters established by the policies approved by the Group.

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The Company conducts 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, but the issuer settles it to the Company in foreign currency) and borrowings. The Company has hedging transactions against currency fluctuations, which consist in pre-sale of US dollars, and contracting of derivatives in hedge structures, which significantly reduces any risks of exposure to currency fluctuation.

Additionally, the loss on exchange rate changes on the investment in Cielo USA (including MerchantE) as at the nine-month periods ended September 30, 2021 and 2020 totaled R\$ 66,815 and R\$ 367,951, respectively, both recognized in comprehensive income, directly in equity.

Foreign currency sensitivity analysis

The Company is mainly exposed to US dollar fluctuations.

The sensitivity analysis includes only monetary items outstanding and denominated in foreign currency and adjusts their translation at the end of each reporting period for a change of 10%, 25% and 50% in exchange rates. The sensitivity analysis includes borrowings from third parties when they are denominated in a currency different from that of the creditor or debtor.

As at September 30, 2021 and 2020, estimating an increase or decrease by 10%, 25% and 50% in exchange rates, there would be an increase or decrease in profit or loss and equity, as follows:

	Parent Company and Consolidated					
	09/30/2021			09/30/2020		
	10%	25%	50%	10%	25%	50%
Profit or loss (a)	681	1,703	3,405	5,265	13,163	26,328
Equity (b)	158,396	395,991	791,982	145,795	364,474	728,947

(a) Scenario of exposure in profit or loss on the bonds hedge structure.

(b) Scenario of investment in foreign subsidiary.

Interest rate risk on financial investments

Cielo Group's profit or loss is subject to fluctuations resulting from financial investments with floating interest rates.

Pursuant to its financial policies, Cielo Group has invested its resources in first-tier banks. Cielo Group operates with financial instruments within the limits of approval established by Management.

Interest rate sensitivity analysis - Financial investments and borrowings

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

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Notes to the individual and consolidated interim financial information (Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

	Parent Company					
	09/30/2021			09/30/2020		
	10%	25%	50%	10%	25%	50%
Profit or loss	(20,277)	(50,692)	(101,384)	17,599	43,999	87,997

	Consolidated					
	09/30/2021			09/30/2020		
	10%	25%	50%	10%	25%	50%
Profit or loss	6,373	15,932	31,865	13,629	34,072	68,145

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 (Banco Bradesco S.A. and Banco do Brasil S.A.) hold interests, as well as financial services contracted with the shareholder banks and expenses and revenues with 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 September 30, 2021 and December 31, 2020, 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 nine-month periods ended September 30, 2021 and 2020:

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	Parent Company					Consolidated		
	09/30/2021					12/31/2020	09/30/2021	12/31/2020
	Controlling shareholders (i)	Direct subsidiaries (ii)	Indirect subsidiaries (iii)	Investment funds (iv)	Total	Total	Total	Total
Assets (Liabilities):								
Cash and financial instruments (a)	339,083	12,648	-	-	351,731	182,374	369,757	221,676
Receivables from card-issuing banks (b)	19,553,585	-	-	-	19,553,585	20,808,077	19,553,585	20,808,077
Borrowings (c)	(3,356,897)	-	-	-	(3,356,897)	(3,460,780)	(3,356,897)	(3,360,718)
Intermediation, customer prospecting and retention services (m)	(25,178)	-	-	-	(25,178)	(20,356)	(25,178)	(20,356)
Receivables from related parties (d)	-	1,715	3,541	103	5,359	5,265	46,556	29,907
Payables to related parties (e)	-	(87,514)	(183,508)	(11,556,288)	(11,827,310)	(5,059,410)	-	-
	Parent Company					Consolidated		
	09/30/2021					09/30/2020	09/30/2021	09/30/2020
	Controlling shareholders (i)	Direct subsidiaries (ii)	Indirect subsidiaries (iii)	Investment funds (iv)	Total	Total	Total	Total
Income:								
Income from financial investments (a)	6,519	-	-	-	6,519	5,647	6,519	26,217
Income from other services provided (f)	6,635	1,577	2,541	450	11,203	11,980	6,635	6,214
Income from rental of POS equipment (g)	41,209	-	-	-	41,209	56,709	41,209	56,709
Other finance income (o)	20,816	-	-	-	20,816	142,447	20,816	142,447
Costs								
Finance costs (p)	(91,368)	-	-	-	(91,368)	(112,552)	(91,368)	(110,199)
Other finance costs - Affiliation fees (l)	-	-	-	-	-	(462)	-	(462)
Provision of data processing services (h)	-	(66,187)	(433)	-	(66,620)	(16,196)	-	(17,728)
Other operating expenses (i)	(23,454)	(62,353)	(64)	-	(85,871)	(30,137)	(23,454)	(27,312)
Contracts for provision of services with Servinet and Aliança (j)	-	(306,851)	-	-	(306,851)	(256,817)	-	-
Provision of payment management services (k)	-	-	-	-	-	-	(25,012)	(19,925)
Intermediation, customer prospecting and retention services (m)	(51,029)	-	-	-	(51,029)	(91,046)	(51,029)	(91,046)
Residual balance of domicile bank incentives 2019 (n)	-	-	-	-	-	(27,384)	-	(27,384)

The related parties consist of: (i) Banco Bradesco and Banco do Brasil; (ii) Servinet, Multidisplay, Cateno and Aliança; (iii) M4Produtos and Stelo; (iv) FIC and FIDC..

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Notes to the individual and consolidated interim financial information (Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

- (a) Balances related to the amounts held in current account and financial investments, whose terms, charges and remuneration rates were agreed under conditions similar to those applicable to unrelated parties.
- (b) The amounts receivable from issuing banks refer to the amounts to be paid by the issuers to the Company arising from credit and debit card transactions, which will subsequently be paid by the Company to accredited merchants.
- (c) Refer to the balances related to the issuance of private debentures held by BB Elo Cartões, a company of the Banco do Brasil.

In the parent company, this refers mainly to the receivables from Stelo in the amount of R\$ 2,762 and to the restricted stock option program of Servinet in the amount of R\$ 1,136, the amount of R\$ 778 of M4U, R\$ 543 of Multidisplay and R\$35 of Cateno. In the consolidated, the balance of R\$46,556 refers to the reimbursement of excess expenses of Cateno according to the annual ceiling based on a percentage of the transacted volume, according to the agreement entered into with Banco do Brasil.

- (d) Corresponds to the transfer of amounts received by Cielo from the prepayment of receivables portfolio to the FIDCs.
- (e) Refers to: (i) fraud prevention and bank account lock services provided by the Company to shareholder banks; (ii) fees for processing transactions for M4Produtos and Multidisplay; (iii) provision of financial, administrative, procurement, legal and HR services, as well as apportionment of shared expenses to Cateno and Stelo; (iv) collection and settlement services for FIDC and FIDC Plus; and (v) compensation by Banco do Brasil to Cateno for costs and expenses exceeding the annual limit defined based on a percentage of the volume transacted by Cateno under the Ourocard Arrangement.
- (f) Refer to the lease of POS equipment with the controlling banks, which sublease such equipment to their customers.
- (g) Refers to data processing, software development and licensing services provided by Stelo.
- (h) Refers to: (i) services contracted with shareholder banks (corporate collective life insurance, hospital and dental insurance and private pension contract); (ii) mobile transaction capture solution development services for M4Produtos and (iii) accreditation prospecting services and maintenance of contacts with commercial establishments provided by Stelo to Cielo.
- (i) Provision of services by subsidiaries Servinet and Aliança of prospecting for the signing up and maintenance of contacts with merchants for the acceptance of credit and debit cards, as well as other means of payment. The remuneration provided for the services rendered is based on the costs incurred by Servinet and Aliança when these services are provided, plus taxes and contributions, as well as a remuneration margin.
- (j) 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 Granted Rights to Cateno are not performed by it.
- (k) Affiliation fees refer to the expenses with the partnering banks as an incentive to the signing up of new customers made at the points of sale of these institutions in the year.
- (l) Refers to intermediation, prospecting and retention services for customers contracted as from January 1, 2020 with the controlling banks Banco do Brasil and Bradesco. In the period ended September 30, 2021, the remuneration calculated for these services was R\$ 51,029 and of the amount determined, R\$ 11,510 were not paid and were intended for promotional actions defined in mutual agreement and of interest between the parties.
- (m) In the 2nd quarter of 2020, a residual complement of incentives to banks of R\$ 27,384 was recognized (non-recurring event), after a review by a company specialized in calculation of the completed contracts of 2019.
- (n) Refers to the mark-to-market of the derivative contracts (NDFs) from Banco Bradesco entered into to hedge against the foreign exchange variation risk on Bonds (as described in note 5b).
- (o) Comprises expenses with funding lines contracted with controlling banks (Bradesco and Banco do Brasil).

Main related-party transactions

Balances of card-issuing banks

Receivables from card-issuing banks refer to amounts that should be settled by issuers to the Company for transactions carried out with credit and debit cards, which will be subsequently paid by the Company to the accredited merchants.

Domicile bank incentives

Until 2019, the Company had agreements with Banco Bradesco S.A. and Banco do Brasil S.A. for the purpose of increasing the volume of transactions using credit and debit cards captured and processed by the Company, settled through current accounts of merchants accredited by the Company with said banks. Based on the monthly calculation of the volume of such transactions, the Company assigned certain amounts to its partners as an incentive.

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In the second quarter of 2020, a specialized company concluded the review of the incentives for 2019 resulting from commercial agreements and agreements with various customers entered into between January 1, 2018 and the termination of the agreements at December 31, 2019 and the retention of amount for sales actions that were not used, both factors impacted the calculation of the amount due, resulting in a residual balance of incentives in the amount of R\$ 27,384 referring to prior years, recorded in 2020.

Intermediation, customer prospecting, referencing and retention services

The Company entered into individual agreements, with Banco Bradesco S.A. and Banco do Brasil S.A. in 2020 and 2021 for the provision of intermediation, customer prospecting, referencing and retention services. The purpose of this service is to increase the volume of sales comprising transactions carried out with credit and debit cards captured and processed by Cielo. In return for the provision of services, banks are entitled to remuneration of 10 basis points calculated on the eligible volume. The eligible volume includes the amount captured only in domestic transactions, but it does not include transactions in which Cielo provides VAN services and takes into account the minimum profitability criterion for each merchant.

Assignment of receivables from card-issuing banks

The Company has agreements for assignment of amounts that will still fall due, related to transfers of amounts that the bank, as the issuer, must make to the Company for transactions carried out by the bank's customers, as holders of credit cards. These assignment transactions are performed in order to generate short-term working capital and the amounts deposited in checking account are net of assignment fees, on a pro rata basis, calculated at market rates that do not differ significantly from those adopted by the card-issuing banks that are not the Company's shareholders.

These transactions with related parties are carried out at prices and under conditions similar to the transactions carried out with other issuers of credit or debit cards.

Purchase of receivables (ARV) - Subsidiaries

Subsidiaries Stelo, Multisplay and M4Produtos make advances on maturing amounts, referring to the payments that the Company should make to these subsidiaries for the credit card transactions captured and processed by the Company. These transactions are carried out with FIDC Plus for the purpose of generating short-term working capital.

Contract for anti-fraud system

The Company has an agreement with Banco Bradesco S.A. and Banco do Brasil S.A. to provide access to the anti-fraud system for monitoring by banks of transactions with cards issued by them.

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Use of Cielo authorized network (Value Added Network - VAN)

The Company entered into service agreements with Companhia Brasileira de Soluções e Serviços - CBSS. These services include the capture, 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 the electronic transactions resulting from these transactions.

Participation of Accredited Merchants 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 ("banners").

As a result of participation in the Elo Payment Arrangements, Cielo has agreements to conduct marketing campaigns, similar to commercial relationships with other payment arrangement settlors.

Share bookkeeping services

A share bookkeeping service agreement entered into between the Company and Banco Bradesco S.A. whereby the latter provides share bookkeeping and share certificate issuance services to the Company.

Operating services - Stock option program

Agreement for rendering operating services for the stock option program and the related grants entered into with Bradesco S.A. Corretora de Títulos e Valores Mobiliários.

Payment management services

Banco do Brasil entered into an agreement with Cateno in order to operate as Payment Institution in managing post-paid accounts and purchase functions through debit under the Ourocard Payment Arrangement while Cateno's Granted Rights are not exercised by it. The agreement has a clause for compensation of 0.01% on the total financial volume of transactions under the Contracting party's management.

Right to Use Ourocard Payment Arrangement

As described in Note 11 - Intangible assets, Cateno has entered into agreements with BB Elo Cartões and Banco do Brasil granting it rights to operate the Ourocard Payment Arrangement. The agreements provide for a compensation for costs and expenses associated to Ourocard Payment Arrangement exceeding an annual limit defined based on a percentage of the transacted volume.

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Securities bookkeeping services

Agreement entered into with Banco Bradesco S.A. for the provision of debenture bookkeeping and custodian agent services.

Securities management services

Agreement entered into with Banco Bradesco BBI S.A. for the provision of services of coordination and distribution of promissory notes and debentures, the latter pursuant to the terms of CVM Instruction No. 400.

Public and private securities operating management services

The agreement entered into with Banco do Brasil S.A. is aimed at regulating the provision of services relating to movement, custody and financial settlement of transactions carried out with public securities registered with SELIC and with private securities registered with B3.

Representation services with CIP

Agreement entered into with Banco do Brasil S.A. for the bank's representation with CIP (Interbank Payment Clearing House) aiming at the provision of services relating to settlement of transactions carried out with credit and/or debit cards and provision of STR (Reserve Transfer System) issuance services.

Management of payment accounts

Agreement entered into with Cateno Gestão de Contas de Pagamento S.A. to provide and manage means of payment on a prepaid basis to merchants accredited by the Company.

Granting of Livelo incentive points

Agreement entered into with Livelo S.A. to grant Livelo points to participants in incentive campaigns developed by the Company.

Merchant accrediting agreements

Agreements entered into between the Company and its subsidiary Stelo for the Company to provide merchant accrediting and transaction processing and settlement services.

Elo brand agreements

Agreements entered into between the Company and Elo brand (Elo Serviços S.A.) for the Company to render payment transaction capturing, routing, processing and addressing related to Elo payment arrangements, as well as for the supply, by Cielo, of specific labor for the development of specific technology projects and the licensing of the transaction processing platform for Elo. As at March 31, 2021, the negotiation with Elo Brand referring to the definitive assignment, by Cielo to Elo Brand, of all rights related to the processing platform and transactions

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authorizer developed by Cielo for the Elo Brand was concluded.

Platform licensing

Agreement entered into between Bitz Servicos Fmanceiros S.A. (subsidiary of the Bradesco Group) for platform licensing that permits the registration of credit cards for use on the app, receipt features through the acquiring system, and marketplace promotion solutions, as well as the provision of corrective and preventative maintenance services and management of the platform, in September 2021, was firmed the sale of the platform, the result of the sale is R\$ 5,047, net of taxes.

Other widespread agreements

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

- Cash management services;
- Insurance;
- Health insurance and private pension services;
- Corporate credit card;
- Payment to suppliers;
- Travel services.

27 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 sets out all the remaining changes in the balances of investments and financing not involving cash and/or cash equivalents:

	Parent Company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Exchange differences on net foreign investment	(66,815)	(367,951)	-	-
Exchange differences on borrowings	23,666	345,131	161,959	997,088
Advance for future capital increase - Aliança	-	246,905	-	-
Mark-to-market of financial instruments	-	(4,681)	-	(4,681)
Interest on capital proposed	74,803	64,388	74,803	64,388
Dividends and interest on capital receivable from direct subsidiary	-	6,375	-	-

28 Insurance

As at September 30, 2021, 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 and flood)	190,000
POS equipment warehousing	240,000
POS equipment transportation	2,500
Fleet	1,739

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29 Non-recurring result

As defined by BCB Resolution No. 2/2020, non-recurring results are those results that are not related to or are not 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.

	<u>09/30/2021</u>
Profit	633,616
Non-recurring items	
Sale of interest in Orizon (a)	(4,197)
Assignment of ELO platform (b)	(75,934)
Reversal of legacy provision - NewELO project (c)	(46,181)
Provision for organizational restructuring (d)	20,850
Total	<u><u>(105,462)</u></u>
Recurring result	528,154

- (a) On January 7, 2021, after BACEN and CADE approvals, Orizon shares held by Cielo, which represent 40.95% of the share capital of Orizon, were sold for R\$ 128,992. The effects of the transaction generated a gain of R\$ 6,359 (R\$ 4,197, net of tax effects).
- (b) At March 31, 2021, the negotiation with Elo Brand referring to the definitive assignment by Cielo to Elo Brand of all rights related to the processing platform and transactions authorizer developed by Cielo for the Elo Brand was concluded. Gains related to the definitive assignment of the platform (net of the effect of the write-off of the residual balance of the asset) and the monetary adjustment of the license were classified as non-recurring events and totaled R\$ 115,051 (R\$ 75,934, net of tax effects).
- (c) At March 31, 2021, together with the negotiation referring to the definitive assignment of the Elo platform, all the negotiations related to NewELO Project were concluded and the project legacy provision was reversed in the amount of R\$ 69,971 (R\$ 46,181, net of the tax effects).
- (d) In March 2021, the Executive Board approved the Restructuring Plan of the Cielo activities, recognizing in the result for the 1st quarter the provision in the amount of R\$ 31,590 (R\$ 20,850, net of tax effects). The plan is comprised of two initiatives: the renegotiation of the rental agreement related to the Company's headquarters in Alphaville with reduction in physical space and price and (ii) the adjustment of Cielo's organizational structure, including workforce downsizing.

For the year 2020, no non-recurring results were identified within the scope of BCB Resolution No. 2/2020