DEAR SHAREHOLDERS

We present the Comments on Performance and the Financial Statements of Cielo S.A. ("Company, "Parent Company" or "Cielo") and its subsidiaries (together referred to as "Consolidated" or "Cielo Group") for the year ended December 31, 2021, accompanied by the Independent Auditor's Report and the Supervisory Board Report.

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

The consolidated financial statements comprise the account balances of Cielo (Parent Company), its subsidiaries Multidisplay, Servinet, Cielo USA, Cateno and Aliança and indirect subsidiaries Stelo, MerchantE and M4Produtos, together with Multidisplay referred to as "M4U" (whose shares were entirely sold on November 3, 2021). 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 consolidated financial statements. 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 statements. For purposes of presentation of the consolidated financial statements, 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.

MESSAGE FROM MANAGEMENT

In 2021, the company has advanced significantly in its transformation process, showing solid recovery in profitability and improvements in various aspects of the operation.

It was a challenging period. We started the year with a new wave of COVID cases, resulting in new quarantine and social distancing measures across the country. It was also a period of many transformations, whether because of the pace of innovation that has characterized the payments industry in Brazil, or because of the agenda of regulatory changes. They brought significant changes, for example, the implementation of the new receivables registration system.

In this context, Cielo has advanced in the implementation of its strategy. The Company has been seeking to expand its operations in the value chain, by offering higher value-added services to its customer base, and to advance in innovations that keep Cielo at the forefront in a context of increasing digitalization of payment methods. At the same time, we understand that the growth and transformation of the business need to be built on a solid foundation, based on excellent acquiring services and operations, which is the company's core business and the reason for its relationship with 1.2 million merchants throughout the country.

In the past year, we made significant operational advances in sales, logistics and service. We revisited the sales model, expanded and equipped it with technology, and trained our sales team to improve customer attraction and retention, prioritizing a more personal relationship model, bringing us closer to retail customers. The new model has been gaining traction, which allows us to see improvements in indicators such as the activation rate and the volume generated by new customers in the month following activation, the result of improvements in our onboarding process.

In logistics, we brought a new service model called Heroes to 153 cities. Exclusive, uniformed professionals who make visits to customers to install equipment and help solve problems quickly. Heroes embodies Cielo's commitment to noticeably improving the customer experience. It was implemented in conjunction with other important improvements in the logistics system: equipment being delivered when the sale was made, through the decentralization of our POS inventory; we increased the percentage of installations carried out within 2 business days; and improved our capacity to recover POS terminals.

In customer service, we prioritize digital solutions, which provide a better experience and have better satisfaction rates. We reduced the contact rate – the percentage of the customer base that calls the call center – and increased the penetration of our digital channels.

These were important deliveries within a larger goal: to position Cielo among the best in the industry in terms of customer service excellence by the end of 2022. The fronts involve new deliveries in logistics; reformulation of the call center and experience in digital channels; pricing and billing journey; and systems modernization, with an ambitious plan to accelerate migration to the Cloud.

The business transformation and the evolution of the Company's culture have been translating into better financial performance. We reached R$970 million of net income in 2021, up 98% from the previous year, with improved results in all business lines: Cielo Brazil, Cateno and Other Subsidiaries. It is also important to highlight that over the last five consecutive quarters the Company has recorded YoY growth in net income.

Acquiring results (Cielo Brazil) have been driven by a recovery in captured volume, which grew 11% over 2020; solid expenses discipline; and the expansion of pre-payment products, solutions that help our customers better manage their cash flow by allowing them to receive their credit card sales within two business days. One of the highlights of these solutions is our "Receba Rápido" service, whose penetration led to strong growth in the volume captured by SMB and Long-tail customers, reaching 45% in the last quarter of 2021, compared to 32% in the same period of the previous year.

Cateno has also seen positive performance, with higher revenues and expenses under control. Volumes showed a solid growth at 23%, driven mainly by credit card transactions.

One of the enablers of transformation that is being implemented in the company is the focus on its core competencies and strategic priorities. In this sense, in 2021 we completed our divestments in Orizon, for R$129 million, and in Mutidisplay/M4U, a transaction with a base value of R$125 million.

At Cielo, we seek to ensure that the result and deliveries occur in a sustainable and correct manner, in line with the best market practices. This past year, we received awards and recognition for fulfilling this commitment. We were recognized for our Corporate Governance, ESG initiatives, and sustainability reporting practices and quality.

We were only able to achieve these results with the hard work of a qualified team of employees. Throughout the pandemic, Cielo has sought to protect its team of employees, recognizing everyone's performance and effort in this business transformation journey. As a result, we were recognized by Great Place to Work, as one of the best companies to work for in the country. We ranked second among companies in the financial sector. Cielo's shares are also among the most important in the IGPTW index, created recently by B3 and which includes companies that adopt best practices in their workplaces and that promote a process that values relationships and people development.

Technological innovations, changes in consumer behavior and the regulatory changes being implemented in the country should make the payments industry even more dynamic. We will continue to prepare the Company to thrive in this scenario, maintaining our leadership role and increasingly helping Brazilian retail with cutting-edge financial solutions and services.

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

HIGHLIGHTS 2021

- Cielo's financial volume of transactions in 2021 totaled R$ 713.4 billion, an increase of 10.8% or R$ 69.4 billion compared to 2020.

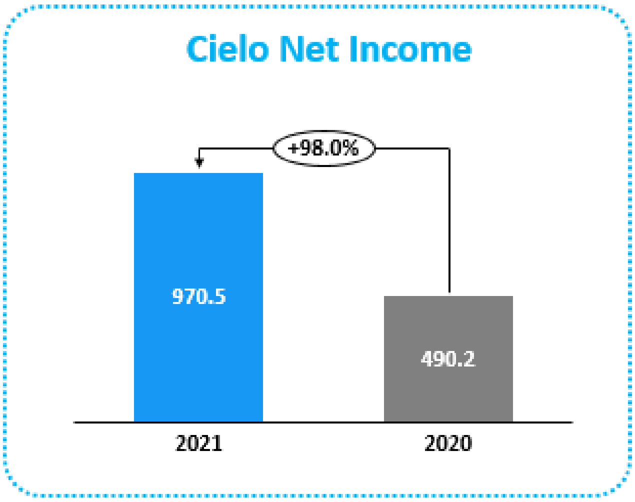
- Cielo's consolidated net revenue totaled R$ 11,685.5 million, an increase of 4.5% or R$ 499.5 million compared to 2020.

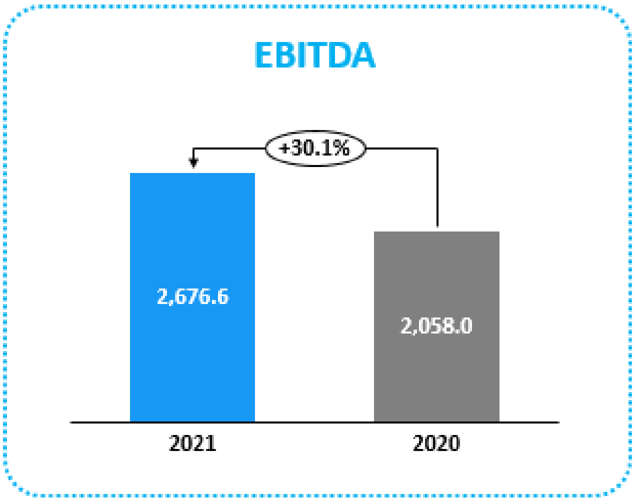
- Total consolidated expenditures (costs and expenses), not considering the effects from share of profit (loss) of investees, totaled R$ 10,110.2 million, a decrease of 2.4% or R$ 244.4 million compared to 2020.

- Revenue from purchase of receivables (ARV) and FIDC, net of taxes, totaled R$ 406.5 million, a decrease of 19.1% compared to 2020.

- Cielo's profit for the year totaled R$ 970.5 million, an increase of 98.5% or R$ 480.3 million compared to 2020.

- Consolidated EBITDA totaled R$ 2,676.6 million, an increase of 30.1% or R$ 618.6 million compared to 2020.





OPERATING PERFORMANCE 2021

Financial Volume of Transactions

Annual Evolution

In 2021, Cielo's financial volume of transactions totaled R$ 713.4 billion, an increase of 10.8% or R$ 69.4 billion, compared to R$ 644.0 billion in 2020.

Specifically with credit cards (lump sum and installment payments), the financial volume of transactions totaled R$ 406.7 billion in 2021, an increase of 12.9% compared to 2020.

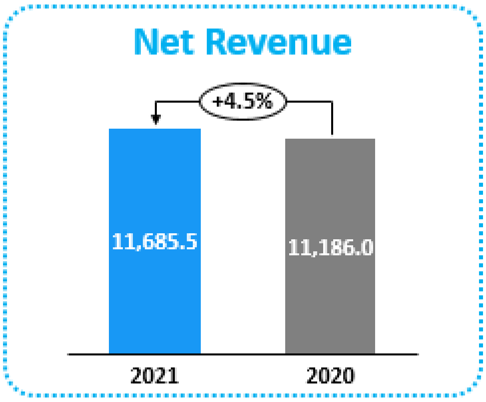
In debit cards, the financial volume of transactions totaled R$ 306.7 billion in 2021, an increase of 8.1% compared to 2020.

In addition, Cielo captured 6.8 billion in transactions in 2021, an increase of 9.6% compared to 2020.

COMPARISON OF THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Net Revenue

Annual Evolution



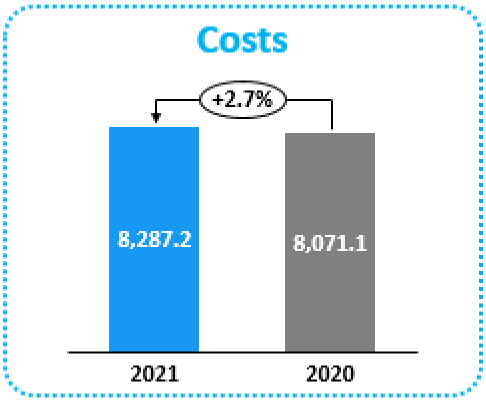
Cielo's consolidated net revenue totaled R$ 11,685.5 million in 2021, an increase of 4.5% or R$ 499.5 million compared to the revenue of R$ 11,186.0 million in 2020.

The increase is related to the higher volume captured and average interchange of the Ourocard arrangement (which impacted Cateno's revenues), the growth of the volume captured at Cielo (which impacted the revenue from capture and the revenue from the product Payment in 2 Days), as well as the appreciation of the average dollar in the North American operation (MerchantE).

This increase was partially offset by the decrease in price at Cielo, due to the competitive scenario, as well as by the decrease in the volume of the North American operation (MerchantE) and the decrease in mobile recharge sales in M4U (sold in November 2021).

Cost of Services Rendered

Annual Evolution



Consolidated cost of services rendered totaled R$ 8,287.2 million in 2021, an increase of R$ 216.1 million, or 2.7% compared to the previous year. This increase was mainly due to the following events:

- Increase of R$ 384.4 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, as well as an increase in costs with call centers;

- Increase of R$ 138.0 million in **costs related to capture, processing and settlement of transactions of Cielo** compared to 2020, due to expenses related to the increase in volume, mainly brand fees and processing services, partially offset by the decrease in customer prospecting and retention services by partner banks;

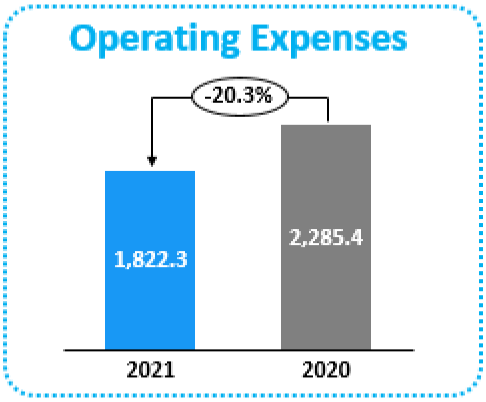
- Increase of R$ 66.3 million in **cost of services rendered in North-American subsidiaries Cielo Inc and MerchantE**, directly related to the average dollar appreciation in the year;

- Decrease of R$ 288.1 million in **costs of services rendered at M4U**, referring to cell phone credit costs (especially in the form of virtual recharge resale), related to the decrease in sales in 2021, as well as the sale of the total shares in November 2021;

- Decrease of R$ 76.1 million in **costs relating to POS equipment and other costs** compared to 2020, mainly due to the decrease in amortization of subsidy paid by Cielo generated on the sale of POS equipment to merchants, partially offset by the increase in depreciation due to the scheduling of purchases of POS equipment;

Operating Expenses

Annual Evolution



Operating expenses totaled R$ 1,822.3 million in 2021, a decrease of R$ 463.1 million or 20.3% compared to 2020. This decrease was mainly due to the following events:

Personnel expenses - Increase of R$ 112.6 million, or 14.6%, to R$ 885.1 million in 2021, compared to R$ 772.5 million in 2020. The increase is related to the expansion of the commercial team and the 2021 collective agreement, as well as the appreciation of the average dollar on the expenses of the foreign subsidiary (MerchantE), offset by the savings generated by organizational restructuring measures taken by the Company during the year.

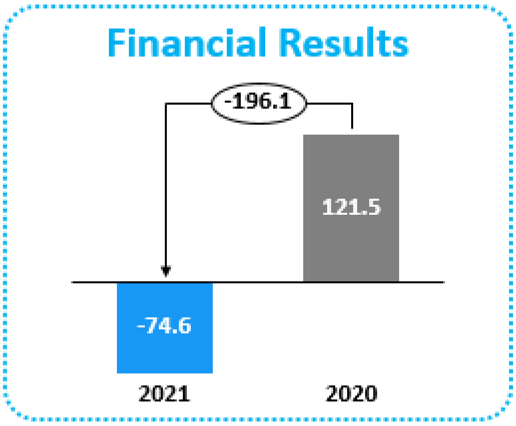
General and administrative expenses, including depreciation - Decrease of R$ 120.3 million or 23.6% to R$ 389.4 million in 2021, compared to R$ 509.7 million in 2020. The decrease is related to lower expenses in the foreign subsidiary (MerchantE) due to the effect of the restructuring that took place in 2020, partially offset by higher expenses with strategic projects and initiatives aimed at improving the quality of services provided at the parent company Cielo.

Sales and marketing expenses - Decrease of R$ 138.1 million or 37.0% to R$ 235.3 million in 2021, compared to R$ 373.4 million in 2020. The decrease is due to the reduction in marketing expenses at Cielo with campaigns, materials and events, in addition to the negotiation of compensation of sales partners at MerchantE.

Other net operating expenses - Decrease of R$ 314.7 million or 50.1%, to R$ 313.2 million in 2021, compared to R$ 627.9 million in 2021. Other net expenses decreased due to non-recurring gains in 2021 related to the assignment of the New Elo and CieloPay platforms, sale of equity interests in Orizon and M4U, as well as the effect of lower expectation of loss on uncollectible receivables at Cielo and Cateno in that year (in 2020, losses were high due to the effects of social isolation caused by the COVID-19 pandemic).

Financial Results

Annual Evolution



The finance costs totaled R$ 74.6 million in 2021, a variation of 161.4% or R$ 196.1 million in relation to 2020, when the Company obtained a finance income of R$ 121.5 million. The decrease was mainly due to the following events:

Finance income – Increase of R$ 163.8 million, or 102.0%, to R$ 324.4 million in 2021, compared to R$ 160.6 million in 2020, related to the higher average CDI rate and the higher average balance invested, when compared to the previous year.

Finance costs – Increase of R$ 293.1 million, or 57.3%, to R$ 805.0 million in 2021, compared to R$ 511.9 million in 2020, related to the increase in the average CDI rate in the year, as well as the higher remuneration of senior shares in new FIDCs.

Purchase of receivables, net (ARV) and FIDC – Decrease of R$ 96.2 million or 19.1% to R$ 406.5 million in 2021, when compared to R$ 502.7 million in 2020, related to the lower penetration in the volume of credit, partially offset by the increase in the average CDI rate.

Exchange variation and mark-to-market of financial instruments, net – Totaled an expense of R$ 0.5 million in 2021, a variation of R$ 29.4 million, compared with an expense of R$ 29.9 million in 2020. The result is due to the accounting effect of mark-to-market of financial instruments in order to hedge foreign currency liabilities.

EBITDA

EBITDA

Annual Evolution

Consolidated EBITDA totaled R$ 2,676.6 million in 2021, an increase of 30.1% compared to 2020, as shown below:

EBITDA (R$ million)	2021	2020
Cielo Net Income	970.5	490.2
Shareholders other that not of Cielo S.A.	188.0	141.3
Financial Income (Expenses)	74.5	(121.5)
Tax and Social Contribution	342.9	319.5
Depreciation and Amortization	1,100.7	1,228.5
EBITDA	**2,676.6**	**2,058.0**
% EBITDA margin	22.9%	18.4%

EBITDA corresponds to net profit, plus income tax and social contribution, depreciation and amortization expenses and finance income and costs. It is worth noting that, for such calculation, the Company's net profit includes 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 net 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 12.7% in 2021 compared to 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 year compared to 2020. Adjusted for inflation, this increase was 0.8% compared to the previous year. In this comparison, discounting the effects of inflation in each sector, there was a rise in the services macro-sector (the most affected by the effects of the isolation caused by the Covid-19 pandemic), with an increase of 6.8% (in nominal terms the growth was 13.3%), followed by Durable and Semi-durable Goods, with increases of 3.9% deflated and 12.4% nominal. The non-durable goods macro-sector showed a deflated decline of 2.2% and, in nominal terms, growth of 12.4%.

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’ 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 9 (nine) advisory forums: Disclosure Forum, Ethics Forum, Social and Cultural Investments Forum, Pricing 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, 1 (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. At the end of the process, the structure of the plan foresees six strategic themes for sustainability, 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 and impacts 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 2021.
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 unavoidable carbon emissions. In line 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).

In 2021, for the ninth consecutive year, it is part of B3's Corporate Sustainability Index ("ISE"). This recognition is the result of the practices implemented by Cielo in recent years, among which we highlight good corporate governance practices; the diversity and inclusion program; risk management; and the assessment of socio-environmental aspects in suppliers, products and services.

Moreover, in January 2022, the Company became part of the IGPTW Index: B3 index in partnership with the Great Place to Work organization, which brings together companies that have the best practices in the labor market, which promote a process of cultural transformation and that value people's relationships and development.

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 2021, 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 its client and (c) the auditor shall not promote the interests of its client.

Cielo declares that the independent auditors have been engaged to provide services not related to external audit in 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 ended December 31, 2021.

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Cielo S.A.

Financial statements for the
year ended December 31, 2021 and
Independent Auditor’s Report (COSIF)

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Independent auditors' report on the individual and consolidated financial statements

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

Opinion

We have audited the individual and consolidated financial statements of Cielo S.A. ("Company"), which comprise the balance sheet as of December 31, 2021, and the statements of profit or loss, of comprehensive income, changes in equity and cash flows for the six- month period and year then ended, and notes to the financial statements, comprising the summary of the significant accounting polices.

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Cielo S.A. as of December 31, 2021, its individual and consolidated financial performance and its individual and consolidated cash flows for the six-month period and year then ended, in accordance with the accounting practices adopted in Brazil applicable to the payments institutions authorized to operate by the Central Bank of Brazil ("BACEN").

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual and consolidated financial statements of the six-month period and year ended December 31, 2021. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Recognition and presentation of Accounts receivable from card issuers, Payables to merchants and Gross Operating Revenue through the capture, processing and settlement of transactions made by credit and debit cards holders</th></tr>
<tr><td colspan="2">See Notes 2.8, 7, 13 and 17 to the individual and consolidated financial statements</td></tr>
<tr><td>Main audit matters</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Company captures, processes and settles transactions made by credit and debit cards holders, which are the basis for the recognition of operating revenues and other information presented in the individual and consolidated financial statements, particularly for accounts payable to merchants and accounts receivable from issuers. Due to the inherent high complexity of the processes for capturing, processing and settling transactions, which could have an impact on the financial statements, we consider this to be a key audit matter.</td><td>Our audit procedures included obtaining an understanding of the design of key controls related to the capture, processing and settlement of transactions made by holders of credit and debit cards.

For Accounts Receivable from issuers, we performed tests related to the reconciliation of account balances to information from reports provided by legacy systems, as well as tests, based on sampling, to verify the support documentation for recognition and settlement of transactions.

For Accounts payable to merchants, we carry out tests related to the reconciliation of accounting balances with information from reports provided by legacy systems, as well as tests,

For Gross operating revenue account, we performed tests related to the reconciliation of accounting balances with information from reports provided by legacy systems, as well as tests, based on sampling, to verify the supporting documentation for registration, settlement of transactions and the recognition of revenue, as well as recalculations of commission income and income from prepayment of receivables.

Our procedures also included the assessment of the disclosures made by the Company in the individual and consolidated financial statements described in notes 2.8, 7, 13 and 17.

According to the evidence we obtained by applying the procedures described above, we considered acceptable the balances presented in the lines Accounts receivable from issuers, Accounts payable to merchants and Gross operating revenue and the disclosures in the context of the individual and consolidated financial statements taken as a whole.</td></tr>
</table>

Evaluation of recoverable value for intangible assets with a definite useful life (Subsidiary – Cateno Gestão de Contas e Pagamentos S.A.)	
See Notes 9 and 11 to the individual and consolidated financial statements	
Main audit matters	How the matter was addressed in our audit
As described in notes 9 and 11, the value of investments accounted using the equity method in the individual financial statement includes values of intangible assets with definite useful lives (Exploration Law – Ourocard Payment Arrangement), classified in the consolidated financial statement in specific account, which realization is supported through the "Discounted Cash Flow" based on the business plan prepared by the Management. Due to the relevance of the balance and the high degree of judgment involved in the process of determining the value in use based on the future cash flows of the cash-generating units for the purposes of assessing the recoverable value of such assets, which may have an impact on the carrying balance of the investment accounted for on the equity method in the individual financial statements and the balance of intangible assets recorded in the consolidated financial statement, we considered this to be a key audit matter.	With the technical support of our corporate finance specialists, we analyzed the reasonability and consistency of the data and assumptions used in the last valuation model used by the management of the subsidiary to test the impairment, such as growth rates, discount rates, cash flow projections and profitability estimates, as well as the reasonableness of the mathematical calculations included in this model. The current study for this assessment is the one that was carried out in the second half of 2021. Additionally, we compared the cash flow projections provided by the management of the subsidiary in the last assessment made with the subsidiary's economic performance for the period ended December 31, 2021. Our procedures also included the evaluation of the disclosures made by the Company in the financial statements described in notes 9 and 11. According to the evidence we obtained by applying the procedures described above, we considered acceptable the measurement of intangible assets with definite useful lives and disclosures in the context of the individual and consolidated financial statements taken as a whole.

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

the individual and consolidated financial statements and the degree of judgment considered in the estimates used, we considered this to be a key audit matter.	accordance with the accounting practices adopted in Brazil applicable to the payments institutions authorized to operate by the Central Bank of Brazil ("BACEN"). According to the evidence we obtained by applying the procedures described above, we consider acceptable the provision for bad debts and their respective disclosures in the context of the individual and consolidated financial statements taken as a whole.

Other issues – Statements of value added

The statements of value added (DVA) for the six-month period and year ended December 31, 2021, prepared under the responsibility of the Company's management, and presented herein as supplementary information in accordance with the accounting practices adopted in Brazil applicable to payments institutions authorized to operate by the Central Bank of Brazil, were subject to audit procedures jointly performed with the audit of the Company's financial statements. In order to form our opinion, we evaluated whether this statement is reconciled to the Company's financial statements and accounting records, as applicable, and whether their form and content is in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. In our opinion, this statement of value added have been adequately prepared, in all material respects, according to the criteria set on this Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting policies adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

São Paulo, February 02, 2022

KPMG Auditores Independentes

CRC 2SP014428/O-6

Original report in Portuguese signed by

João Paulo Dal Poz Alouche

Accountant CRC 1SP245785/O-2

Cielo S.A.

Statements of financial position as at December 31, 2021 and December 31, 2020

(In thousands of Brazilian reais - R$)

Assets	Note	Parent Company 12/31/2021	Parent Company 12/31/2020	Consolidated 12/31/2021	Consolidated 12/31/2020
Current assets					
Cash	4	69,177	34,083	350,104	127,969
Financial instruments, including derivatives	5	1,978,842	2,631,697	5,225,593	3,617,998
Credit rights investment funds	6	5,568,737	1,850,998	-	-
Income receivable	7	170,080	338,095	926,633	935,733
Receivables from card-issuing banks	7	78,865,744	70,034,602	79,088,367	70,211,977
Receivables from related parties	26	2,793	5,265	24,830	29,907
Taxes and contributions for offset/recoverable		382,956	497,087	837,561	810,768
Other operating receivables	7	148,866	186,678	155,641	262,894
Allowance for doubtful debts	7	(188,986)	(277,701)	(205,161)	(304,582)
Other receivables		111,639	43,975	139,594	67,480
Total current assets		**87,109,848**	**75,344,779**	**86,543,162**	**75,760,144**
Long-term assets					
Financial instruments, including derivatives	5	6,350	175,498	284,999	457,892
Escrow deposits	14	1,573,876	1,576,406	1,576,643	1,578,987
Tax credits	8	924,523	927,919	1,283,046	1,159,755
Other operating receivables	7	18,549	20,638	29,077	22,410
Permanent assets					
Investments	9	7,596,638	7,753,343	-	121,890
Property and equipment	10	914,756	929,880	971,151	986,756
Intangible assets	11	502,150	596,407	9,734,557	10,442,755
Total long-term and permanent assets		**11,536,842**	**11,980,091**	**13,879,473**	**14,770,445**
Total assets		**98,646,690**	**87,324,870**	**100,422,635**	**90,530,589**

Liabilities and equity	Note	Parent Company 12/31/2021	Parent Company 12/31/2020	Consolidated 12/31/2021	Consolidated 12/31/2020
Current liabilities					
Borrowings	12	652,144	40,214	2,912,802	40,960
Derivative financial instruments	5	-	2,079	-	2,079
Other payables		81,031,373	67,645,222	71,671,292	67,054,479
Social and statutory	15 and 21	290,146	223,244	347,750	277,043
Tax and social security	8	95,655	236,452	582,399	581,140
Obligations with third-party quotas - FIDC	6	-	-	31,106	3,041,462
Payables to merchants	13	69,138,706	61,529,245	69,530,057	61,765,044
Payables to related parties	26	10,942,421	5,059,410	-	-
Others		564,445	596,871	1,179,980	1,389,790
Total current liabilities		**81,683,517**	**67,687,515**	**74,584,094**	**67,097,518**
Long-term liabilities					
Borrowings	12	3,382,302	6,901,822	3,382,302	8,903,652
Other payables		3,690,282	3,244,679	9,470,381	1,923,707
Obligations with third-party quotas - FIDC	6	-	-	7,225,968	-
Provision for contingencies	14	1,985,883	1,819,580	2,158,491	1,838,719
Deferred taxes and contributions		-	-	25,964	34,864
Provision for obligations with investees		1,665,683	1,390,012	170	104
Others		38,716	35,087	59,788	50,020
Total long-term liabilities		**7,072,584**	**10,146,501**	**12,852,683**	**10,827,359**
Equity					
Issued capital	15	5,700,000	5,700,000	5,700,000	5,700,000
Capital reserves	15	77,030	67,529	77,030	67,529
Earnings reserves	15	4,542,989	4,031,907	4,542,989	4,031,907
Other comprehensive income	15	(330,852)	(223,767)	(330,852)	(223,767)
(-) Treasury shares	15	(98,578)	(84,815)	(98,578)	(84,815)
Attributable to:					
Owners of the Company		9,890,589	9,490,854	9,890,589	9,490,854
Non-controlling interests		-	-	3,095,269	3,114,858
Total equity		**9,890,589**	**9,490,854**	**12,985,858**	**12,605,712**
Total liabilities and equity		**98,646,690**	**87,324,870**	**100,422,635**	**90,530,589**

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

Cielo S.A.

Statements of profit or loss

For the six-month period ended December 31, 2021 and years ended December 31, 2021 and 2020

(In thousands of Brazilian Reais - R$, except earnings per share)

	Note	Parent Company			Consolidated	
		2nd Six-month Period/21	Year/21	Year/20	Year/21	Year/20
NET REVENUE	17	2,649,172	4,992,009	4,675,572	11,685,440	11,186,013
COST OF SERVICES PROVIDED	18	(1,619,406)	(3,082,241)	(2,820,654)	(8,287,260)	(8,071,148)
GROSS PROFIT		**1,029,766**	**1,909,768**	**1,854,918**	**3,398,180**	**3,114,865**
OPERATING INCOME (EXPENSES)						
Personnel	18	(164,893)	(316,440)	(287,011)	(885,169)	(772,533)
General and administrative	18	(376,463)	(693,392)	(511,125)	(389,345)	(509,658)
Sales and marketing	18	(31,230)	(76,063)	(129,743)	(235,258)	(373,416)
Share of profit (loss) of investees	9	256,111	377,806	(11,366)	679	(1,882)
Other operating income (expenses), net	18	(98,894)	(116,433)	(359,374)	(313,210)	(627,889)
OPERATING PROFIT		**614,397**	**1,085,246**	**556,299**	**1,575,877**	**829,487**
FINANCE INCOME (COSTS)						
Finance income	24	69,838	123,630	52,816	324,415	160,639
Finance costs	24	(456,847)	(614,321)	(336,470)	(805,008)	(511,907)
Yield from quotas of FIDC and prepayment of receivables	24	274,595	417,470	424,441	406,582	502,672
Gain / (loss) on exchange differences, net	24	(523)	(531)	(29,661)	(513)	(29,918)
		(112,937)	(73,752)	111,126	(74,524)	121,486
OPERATING PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		**501,460**	**1,011,494**	**667,425**	**1,501,353**	**950,973**
INCOME TAX AND SOCIAL CONTRIBUTION						
Current	8	36,465	(38,172)	(203,401)	(479,295)	(397,686)
Deferred	8	10,872	(2,851)	26,225	136,432	78,226
PROFIT FOR THE PERIOD/YEAR		**548,797**	**970,471**	**490,249**	**1,158,490**	**631,513**
ATTRIBUTABLE TO:						
Owners of the Company					970,471	490,249
Noncontrolling interests					188,019	141,264
Earnings per share (in R$) - Basic	16	0.20274	0.35825	0.18091	0.35825	0.18091
Earnings per share (in R$) - Diluted	16	0.20183	0.35665	0.18035	0.35665	0.18035

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

Cielo S.A.

Statements of comprehensive income

For the six-month period ended December 31, 2021 and years ended December 31, 2021 and 2020

(In thousands of Brazilian reais - R$)

	Parent Company			Consolidated	
	2nd Six-month Period/21	**Year/21**	**Year/20**	**Year/21**	**Year/20**
Profit for the period/year	**548,797**	**970,471**	**490,249**	**1,158,490**	**631,513**
Comprehensive income					
Exchange differences on translating foreign operations	(166,521)	(107,986)	(250,349)	(107,986)	(250,349)
Post-employment benefit	901	901	13,866	901	13,866
Changes for the period/year	(165,620)	(107,085)	(236,483)	(107,085)	(236,483)
Total comprehensive income for the period/year	**383,177**	**863,386**	**253,766**	**1,051,405**	**395,030**
Attributable to:					
Owners of the Company				863,386	253,766
Non-controlling interests				188,019	141,264

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

Cielo S.A.

Statements of changes in equity

For the six-month period ended December 31, 2021 and years ended December 31, 2021 and 2020

(In thousands of Brazilian reais - R$)

					Earnings reserves						
		Issued capital	**Capital reserve**	**Treasury capital**	**Legal**	**Capital budget**	**Earnings retention**	**Other comprehensive income**	**Total owners of the Company**	**Non-controlling interests**	**Total equity**
(Restated)											
Balances as at December 31, 2019		**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	-	13,468	-	-	-	-	-	13,468	-	13,468
Sale/transfer of treasury shares under the stock option plan	23 and 15.c)	-	(11,597)	11,597	-	-	-	-	-	-	-
Profit for the period/year		-	-	-	-	-	490,249	-	490,249	141,264	631,513
Allocation of profit for the period/year:											
Legal reserve	15.d)	-	-	-	11,247	-	(11,247)	-	-	-	-
Interest on capital proposed	15.f)	-	-	-	-	-	(151,470)	-	(151,470)	-	(151,470)
Dividends proposed							(14,951)		(14,951)		(14,951)
Capital budget reserve		-	-	-	-	312,581	(312,581)	-	-	-	-
Other comprehensive income:											
Exchange differences on net foreign investments	15.g)	-	-	-	-	-	-	(250,349)	(250,349)	-	(250,349)
Post-employment benefit		-	-	-	-	-	-	13,866	13,866	-	13,866
Effect of noncontrolling interests on consolidated entities		-	-	-	-	-	-	-	-	(698,731)	(698,731)
Balances as at December 31, 2020		**5,700,000**	**67,529**	**(84,815)**	**1,140,000**	**2,891,907**	**-**	**(223,767)**	**9,490,854**	**3,114,858**	**12,605,712**
Balances as at June 30, 2021		**5,700,000**	**68,728**	**(100,968)**	**1,140,000**	**2,891,907**	**272,848**	**(165,232)**	**9,807,283**	**3,098,072**	**12,905,355**
Acquisition of treasury shares		-	-	-	-	-	-	-	-	-	-
Restricted stock options granted	23	-	10,692	-	-	-	-	-	10,692	-	10,692
Sale/transfer of treasury shares under the stock option plan	23 and 15.c)	-	(2,390)	2,390	-	-	-	-	-	-	-
Profit for the period/year		-	-	-	-	-	548,797	-	548,797	-	548,797
Allocation of profit for the period/year:											
Legal reserve	15.d)	-	-	-	-	-	-	-	-	-	-
Interest on capital proposed	15.f)	-	-	-	-	-	(172,085)	-	(172,085)	-	(172,085)
Interest on capital paid							(138,478)		(138,478)	-	(138,478)
Allocation of accumulated profit for the period/year											
Capital budged reserve		-	-	-	-	511,082	(511,082)	-	-	-	-
Other comprehensive income:											
Exchange differences on net foreign investments	15.g)	-	-	-	-	-	-	(166,521)	(166,521)	-	(166,521)
Post-employment benefit								901	901	-	901
Effect of noncontrolling interests on consolidated entities		-	-	-	-	-	-	-	-	(2,803)	(2,803)
Balances as at December 31, 2021		**5,700,000**	**77,030**	**(98,578)**	**1,140,000**	**3,402,989**	**-**	**(330,852)**	**9,890,589**	**3,095,269**	**12,985,858**
Balances as at December 31, 2020		**5,700,000**	**67,529**	**(84,815)**	**1,140,000**	**2,891,907**	**-**	**(223,767)**	**9,490,854**	**3,114,858**	**12,605,712**
Acquisition of treasury shares		-	-	(27,124)	-	-	-	-	(27,124)	-	(27,124)
Restricted stock options granted	23	-	22,862	-	-	-	-	-	22,862	-	22,862
Sale/transfer of treasury shares under the stock option plan	23 and 15.c)	-	(13,361)	13,361	-	-	-	-	-	-	-
Profit for the period/year		-	-	-	-	-	970,471	-	970,471	188,019	1,158,490
Allocation of profit for the period/year:											
Legal reserve	15.d)	-	-	-	-	-	-	-	-		-
Interest on capital proposed	15.f)	-	-	-	-	-	(235,760)	-	(235,760)	-	(235,760)
Interest on capital paid							(223,629)		(223,629)	-	(223,629)
Allocation of accumulated profit for the period/year											
Capital budged reserve		-	-	-	-	511,082	(511,082)	-	-	-	-
Other comprehensive income:											
Exchange differences on net foreign investments	15.g)	-	-	-	-	-	-	(107,986)	(107,986)	-	(107,986)
Post-employment benefit		-	-	-	-	-	-	901	901	-	901
Effect of noncontrolling interests on consolidated entities		-	-	-	-	-	-	-	-	(207,608)	(207,608)
Balances as at December 31, 2021		**5,700,000**	**77,030**	**(98,578)**	**1,140,000**	**3,402,989**	**-**	**(330,852)**	**9,890,589**	**3,095,269**	**12,985,858**

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

Cielo S.A.

Statements of cash flows
For the six-month period ended December 31, 2021 and years ended December 31, 2021 and 2020
(In thousands of Brazilian reais - R$)

		Parent Company			Consolidated	
	Note	2nd Six-month Period/21	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cash flows from operating activities						
Profit before income tax and social contribution		501,460	1,011,494	667,425	1,501,353	950,973
Adjustments to reconcile profit before income tax and social contribution to net cash generated by operating activities:						
Depreciation and amortization	9, 10 and 11	255,441	504,588	472,729	1,100,748	1,228,503
Write-offs/losses on property and equipment and intangible assets	10 and 11	62,133	223,077	42,995	308,574	83,910
Share of profit (loss) of investees	9	(256,111)	(377,806)	11,366	(679)	1,882
Exchange differences on property and equipment and intangible assets	10 and 11	-	-	-	(26,324)	(138,741)
Restricted stock options granted		10,692	22,862	13,468	22,862	13,468
Transfer of treasury shares under the stock option plan		(2,390)	(13,361)	(11,597)	(13,361)	(11,597)
Losses on doubtful debts and fraud	18	86,200	170,129	255,540	331,216	511,854
Provision for tax, civil and labor risks	14.a)	114,792	216,028	60,360	371,693	58,103
Exchange differences relating to interest on foreign borrowings	12	56,462	37,269	301,535	196,908	788,882
Gains (losses) on financial instruments		61,747	50,187	(302,417)	50,187	(302,417)
Interest on borrowings	12	136,694	234,120	252,806	313,666	254,397
Amortization of debt issuance costs	12	10,407	25,312	33,700	25,312	33,700
Yield from interest in FIDC	24	(274,595)	(417,470)	(424,441)	-	-
(Increase)/decrease in operating assets:						
Income receivable		(28,866)	168,015	(53,457)	9,100	(89,964)
Receivables from card-issuing banks		(14,477,313)	(9,089,986)	1,606,484	(9,307,027)	1,505,082
Receivables from related parties		8,721	2,472	191,628	5,077	-
Taxes and contributions for offset/recoverable		(34,668)	117,527	(386,488)	(145,983)	(349,266)
Escrow deposits		1,681	2,530	10,215	2,344	15,153
Other receivables		32,311	(67,664)	41,748	(72,114)	33,377
Other assets		(51,041)	(267,880)	(102,282)	(184,866)	(91,735)
Financial instruments, including derivatives		(123,658)	(106,425)	130,065	123,859	(391,055)
Increase/(decrease) in operating liabilities:						
Social and statutory		(20,069)	(29,198)	(2,688)	(134,615)	(2,736)
Tax and social security		102,542	(84,362)	(6,974)	428,909	30,884
Payables to merchants		12,769,743	7,609,461	(1,275,899)	7,765,013	(1,575,936)
Payables to related parties		5,220,980	5,883,011	(4,847,033)	-	-
Provisions for contingencies	14	(25,802)	(49,725)	(47,654)	(51,921)	(50,131)
Other liabilities		239,535	79,057	(4,191)	(415,622)	67,062
Cash from/(used in) operations		**4,377,028**	**5,853,262**	**(3,373,057)**	**2,204,309**	**2,573,652**
Income tax and social contribution paid		(68,130)	(76,794)	(58,824)	(427,650)	(358,786)
Net cash generated by (used in) operating activities		**4,308,898**	**5,776,468**	**(3,431,881)**	**1,776,659**	**2,214,866**
Cash flows from investing activities						
Acquisitions of shares of FIDC		(1,497,638)	(3,279,910)	(3,505,837)	-	-
Redemption of shares of FIDC		-	-	9,985,053	-	-
Disposal of interest in subsidiary		85,453	208,086	1,305,064	122,608	-
Capital increase in subsidiaries	9	-	-	(95,297)	-	-
Dividends received from subsidiaries	9	299,868	490,712	350,414	-	2,124
Acquisitions of property and equipment	10	(126,757)	(403,524)	(389,946)	(424,456)	(419,445)
Sale of intangible assets		21,899	199,795	-	199,795	-
Acquisitions of intangible assets	11	(98,093)	(211,230)	(258,882)	(261,169)	(348,590)
Net cash generated by (used in) investing activities		**(1,315,268)**	**(2,996,071)**	**7,390,569**	**(363,222)**	**(765,911)**
Cash flows from financing activities						
Borrowings	12	-	-	6,097,196	-	6,097,196
Payment of principal of borrowings, net of derivatives	12	(3,011,279)	(3,022,557)	(7,143,479)	(2,922,495)	(7,143,479)
Debt issuance costs incurred	12	(131)	(7,652)	(22,040)	(7,652)	(22,040)
Interest paid	12	(91,081)	(174,082)	(294,495)	(255,247)	(309,679)
Third-party quotas - FIDC		-	-	-	7,702,826	3,041,462
Amortization of third-party quotas - FIDC		-	-	-	(3,487,214)	(2,000,352)
Acquisition of treasury shares	15.c)	-	(27,124)	(40,214)	(27,124)	(40,214)
Dividends and interest on capital paid		(138,478)	(390,050)	(81,276)	(583,569)	(217,687)
Redemption of shares paid to third parties		-	-	-	-	(559,313)
Net cash generated by (used in) financing activities		**(3,240,969)**	**(3,621,465)**	**(1,484,308)**	**419,525**	**(1,154,106)**
Increase (decrease) in cash and cash equivalents		**(247,339)**	**(841,068)**	**2,474,380**	**1,832,962**	**294,849**
Cash and cash equivalents						
Closing balance	4 and 5.a)	1,824,712	1,824,712	2,665,780	5,340,203	3,507,241
Opening balance	4 and 5.a)	2,072,051	2,665,780	191,400	3,507,241	3,212,392
Increase (decrease) in cash and cash equivalents		**(247,339)**	**(841,068)**	**2,474,380**	**1,832,962**	**294,849**

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

Cielo S.A.

Statements of value added

For the six-month period ended December 31, 2021 and years ended December 31, 2021 and 2020

(In thousands of Brazilian Reais - R$)

		Parent Company			Consolidated	
	Note	2nd Six-month Period/21	Year/21	Year/20	Year/21	Year/20
REVENUES						
Sales of services	17	3,030,996	5,704,168	5,206,445	13,125,170	12,273,441
Loss on doubtful debts, chargeback and fraud	18	(86,200)	(170,129)	(255,540)	(331,216)	(511,854)
		2,944,796	**5,534,039**	**4,950,905**	**12,793,954**	**11,761,587**
INPUTS PURCHASED FROM THIRD PARTIES						
Cost of services provided		(1,262,703)	(2,380,437)	(2,141,683)	(6,826,279)	(6,171,208)
Materials, electric energy, outside services and others		(402,462)	(757,060)	(620,572)	(693,195)	(1,266,080)
Other expenses, net	18	49,600	165,079	(34,885)	137,408	(29,056)
Impairment of assets	18	(62,294)	(111,383)	(68,949)	(119,402)	(86,979)
		(1,677,859)	**(3,083,801)**	**(2,866,089)**	**(7,501,468)**	**(7,553,323)**
GROSS VALUE ADDED		**1,266,937**	**2,450,238**	**2,084,816**	**5,292,486**	**4,208,264**
Depreciation and amortization	10 and 11	(255,441)	(504,588)	(472,729)	(1,100,748)	(1,228,503)
WEALTH CREATED, NET		**1,011,496**	**1,945,650**	**1,612,087**	**4,191,738**	**2,979,761**
WEALTH RECEIVED IN TRANSFER						
Share of profit (loss) of investees	9	256,111	377,806	(11,366)	679	(1,882)
Finance income, including purchase of receivables and exchange differences, net	24	343,910	540,569	447,596	730,484	633,393
		600,021	**918,375**	**436,230**	**731,163**	**631,511**
TOTAL WEALTH FOR DISTRIBUTION		**1,611,517**	**2,864,025**	**2,048,317**	**4,922,901**	**3,611,272**
DISTRIBUTION OF WEALTH						
Personnel and related taxes		(185,651)	(371,282)	(360,235)	(922,051)	(834,670)
Profit sharing	21	(55,223)	(93,445)	(79,522)	(151,049)	(124,825)
Taxes and contributions		(362,380)	(808,570)	(768,272)	(1,874,481)	(1,496,482)
Interest and rental expenses		(459,466)	(620,257)	(350,039)	(816,830)	(486,008)
Dividends and interest on capital paid		(138,478)	(223,629)	-	(382,714)	-
Dividends and interest on capital proposed		(172,085)	(235,760)	(166,421)	(235,760)	(166,421)
Earnings retention		(238,234)	(511,082)	(323,828)	(351,997)	(323,828)
Noncontrolling interests		-	-	-	(188,019)	(179,038)
WEALTH DISTRIBUTED		**(1,611,517)**	**(2,864,025)**	**(2,048,317)**	**(4,922,901)**	**(3,611,272)**

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

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 year

We highlight the following events for the year ended December 31, 2021:

- 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 March 16, 2021, the operations of the Fundo de Investimento em Direitos Creditórios Cielo Emissores I ("FIDC Emissor") started; FIDC Emissores I was formed for an indefinite period with the specific purpose of concentrating the prepayment of receivables originating from Cielo's acquisition system and capital distributed into R$ 2,000,000 in senior shares and R$ 222,922 in subordinated shares.

- On March 31, 2021, the negotiation for the definitive assignment to Elo Serviços S.A. ("Elo") of all the rights related to the processing platform and to the transactions authorizer developed by Cielo for Elo brand was concluded. The agreement, in the amount of R$ 380,000, includes (i) the platform license from July 2017 to March 2021, in the amount of R$ 187,499, (ii) the monetary adjustment of the license in the amount of R$ 14,605 and (iii) the definitive assignment in the amount of R$ 177,896. The amount was fully received on the same date of conclusion of the agreement.

- On April 29, 2021, the structuring of the Fundo de Investimento em Direitos Creditórios Cielo Receba Mais ("FIDC Receba Mais") with BNDESPAR for diversified credit offer was announced. The fund, with capital distributed into R$ 200,000 in senior shares and R$ 42,294 in subordinated shares, will have the purpose of expanding credit offer for micro, small and medium-sized enterprises and individual entrepreneurs, focusing on combating the effects of the pandemic caused by the coronavirus.

- On May 4, 2021, WhatsApp application users were allowed the possibility to perform transfer transactions within the platform. Through the solution it will be possible to make transfers between accounts 24 hours a day, seven days a week, 365 days a year, and track transaction history. To make transfers, it will be needed to register a prepaid or multiple debit card from one of the participating issuers directly in WhatsApp. Cielo participates in the initiative as the accrediting entity responsible for capturing and processing transactions carried out through WhatsApp.

- On May 13, 2021, the operations of the Fundo de Investimento em Direitos Creditórios Cielo Emissores II ("FIDC Emissor II") started, for an indefinite term, with the specific purpose of acquiring credit rights arising from payment transactions made on Cielo's acquisition system and with capital distributed into R$ 4,500,000 in senior shares and R$ 450,000 in subordinated shares.

- On June 7, 2021, the regulation of the Central Bank of Brazil related to the implementation of the new card receivables registration system came into force. From that date, the receivables are registered in registering entities, allowing merchants to have greater access to credit through the negotiation of its receivables with various market participants. Cielo’s systems and operation were adapted to the new regulation; however, the implementation of the new receivables registration system is complex and changes structurally the market functioning. Because the full integration of all market participants has not yet occurred completely, the Company is monitoring the adjustments that are still required and is committed to meeting all applicable requirements to complete the process.

- On July 27, 2021, the FIDC Cielo amortized R$ 3,060,935 in senior shares held by third parties.

- On August 4, 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 Multidisplay Comércio e Serviços Tecnológicos S.A. (“Multidisplay”) for up to R$ 185,000, of which R$ 125,000 refers to a fixed installment paid on the closing date and of up to R$ 60,000 referring to a variable installment. The operation was concluded on November 3, 2021 and the effects of the transaction generated a gain of R$ 30,496, which was recognized in line item "Other operating income/expenses”.

2 Summary of significant accounting practices

2.1 Statement of compliance and approval of the Financial Statements

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

The financial statements were approved by the Company's Board of Directors and authorized for issue on February 2, 2022.

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.

2.3 Functional and presentation currency

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

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

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

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, less estimated returns, trade discounts and/or bonuses granted and other similar deductions.

Revenues from the capture of transactions with credit and debit cards are recognized on the date of capture/processing of the transactions. Revenues from credit and debit card transactions and payment accounts management services, as well as other services provided to partners and merchants are recognized when the services are provided.

The income from dividends on investments is recognized when the shareholder's right to receive these dividends is established (provided that it is probable that future economic benefits will flow to the

Company and the amount of revenue can be measured reliably).

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

In the case of MerchantE, in the context of its agreements with the banks, it assumes liabilities of the acquirer bank and therefore it is accountable for the interchange fees. The bank also receives market rates for its services and therefore it is not exposed to the agreement's risks and rewards. Additionally, there are factors such as the portability of the contracts with merchants and the fact that MerchantE has a direct interaction with its customers in its daily routines and it holds the transaction's credit risk. As a result, MerchantE is the main debtor and recognizes revenue based on its gross amount and the interchange fee is recognized as cost of services provided.

2.5 Cash and cash equivalents

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

Open market investments

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

2.6 Financial instruments

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

Trading securities

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

Available-for-sale securities

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

Held-to-maturity securities

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

The securities classified in the categories of trading securities and available-for-sale securities, as well as the derivative financial instruments, are stated in the statement of financial position at their market value. Generally, the market value is based on market price quotations for assets or liabilities with similar characteristics. If these market prices are not available, the market values are based on quotations from market operators, pricing models, discounted cash flows or similar techniques, for which the determination of market value can require significant judgment or estimate by Management.

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

Pursuant to article 7 of Bacen Circular Letter No. 3,068 dated 11/08/2001, securities classified as trading securities are stated in the statement of financial position in current assets, irrespective of their maturity dates.

2.7 Derivative financial instruments and hedge transactions

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

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

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

2.8 Receivables from card-issuing banks and payables to merchants

(a) Operating receivables

Receivables from card-issuing banks

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

Receivables for processed financial transactions

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

Receivables from merchants

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

(b) Payables to merchants

Payables to merchants

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

Payables to merchants for transactions processed

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

Merchant deposits

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

2.9 Investments

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

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

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

2.10 Property and equipment

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

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

2.11 Intangible assets

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

Separately acquired intangible assets

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

Internally generated intangible assets

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

2.12 Impairment of tangible and intangible assets

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

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

2.13 Goodwill

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

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

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

2.14 Income tax and social contribution - current and deferred

Income tax and social contribution expenses represent the sum of current and deferred taxes.

Current taxes

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

Deferred taxes

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

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

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

2.15 Employee benefits

Supplementary Pension Plan

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

Post-employment benefits

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

2.16 Provision for contingencies

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

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

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

2.17 Dividends and interest on capital

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

2.18 Stock option plan and restricted stock option plan

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

3 Consolidated information

The consolidated financial statements include 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 financial statements.

In the consolidated financial statements, the Jointly-controlled subsidiaries were not consolidated and are recognized under the equity method.

As at December 31, 2021, the Group is composed of the following companies:

	Ownership interest (%)	
Companies	**12/31/2021**	**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
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")	88.48	37.30
Fundo de Investimento em Direitos Creditórios Cielo Emissores I ("FIDC Emissor")	10.63	-
Fundo de Investimento em Direitos Creditórios Cielo Emissores II ("FIDC Emissor II")	09.94	-
Fundo de Investimento em Direitos Creditórios Cielo Receba Mais ("FIDC Receba Mais")	56.82	-
Fundos de Investimento em Cotas de Fundo de Investimentos ("FICs")	100.00	100.00
Multidisplay Comércio e Serviços Tecnológicos S.A. ("Multidisplay")	-	100.00

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

Companies	Ownership interest (%) 12/31/2021	12/31/2020
Direct interest in Subsidiaries:		
Merchant e-Solutions, Inc. ("MerchantE")	100.00	100.00
Stelo S.A. ("Stelo")	100.00	100.00
Paggo Soluções e Meios de Pagamento S.A. ("Paggo")	50.00	50.00
M4Produtos e Serviços S.A. ("M4Produtos")	-	100.00
Companhia Brasileira de Gestão de Serviços. ("Orizon")	-	40.95
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

	Parent Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
In local currency	46,612	21,204	174,912	23,698
In foreign currency	22,565	12,879	175,192	104,271
Total	**69,177**	**34,083**	**350,104**	**127,969**

5 Financial instruments, including derivatives

	Parent Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Assets:				
Cash equivalent financial instruments	1,755,535	2,631,697	4,990,099	3,379,272
Derivative financial instruments	34,815	-	34,815	-
Other financial instruments	194,842	175,498	485,678	696,618
Total	**1,985,192**	**2,807,195**	**5,510,592**	**4,075,890**
Total current	1,978,842	2,631,697	5,225,593	3,617,998
Total noncurrent	6,350	175,498	284,999	457,892
Liabilities:				
Derivative financial instruments	-	2,079	-	2,079
Total	**-**	**2,079**	**-**	**2,079**

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

(a) Cash equivalent financial instruments

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

	Parent Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Open market investments	7,054	1,002	190,628	280,626
Marketable securities	1,748,481	2,630,695	4,799,471	3,098,646
Total	**1,755,535**	**2,631,697**	**4,990,099**	**3,379,272**

(a.1) Open market investments

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

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

	Parent Company		
	Maturity	Total	
Open market investments	**0 - 30**	**12/31/2021**	**12/31/2020**
Repurchase agreements	7,054	7,054	1,002
Total	**7,054**	**7,054**	**1,002**

	Consolidated		
	Maturity	Total	
	0 - 30	**12/31/2021**	**12/31/2020**
Open market investments			
Foreign currency investments	176,072	176,072	213,543
Repurchase agreements	14,556	14,556	67,083
Total	**190,628**	**190,628**	**280,626**

(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					
	12/31/2021				12/31/2020	
	Maturity		Total		Total	
	0 – 30	181 - 365	Market value	Cost	Market value	Cost
Trading securities						
Private securities	**1,697,809**	**50,672**	**1,748,481**	**1,745,938**	**2,630,695**	**2,622,796**
Investment fund shares	1,691,422	-	1,691,422	1,689,376	2,627,861	2,620,024
Bank Deposit Certificate	6,387	50,672	57,059	56,562	1,841	1,836
Others	-	-	-	-	993	936
Total	**1,697,809**	**50,672**	**1,748,481**	**1,745,938**	**2,630,695**	**2,622,796**

	Consolidated						
				12/31/2021		12/31/2020	
	Maturity			Total		Total	
	0 - 30	181 - 365	Above 365	Market value	Cost	Market value	Cost
Trading securities							
Public securities	**-**	**-**	**-**	**-**	**-**	**11,067**	**11,067**
National Treasury Bills	-	-	-	-	-	11,067	11,067
Private securities	**4,738,211**	**50,672**	**10,588**	**4,799,471**	**4,796,653**	**3,087,579**	**3,084,438**
Investment fund shares	4,690,595	-	-	4,690,595	4,688,276	3,000,689	2,997,611
Bank Deposit Certificate	6,387	50,672	-	57,059	56,562	8,651	8,645
Financial Bills	-	-	10,588	10,588	10,588	31,017	31,017
Others	41,229	-	-	41,229	41,227	47,222	47,165
Total	**4,738,211**	**50,672**	**10,588**	**4,799,471**	**4,796,653**	**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.

(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 exposes, 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.

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

At December 31, 2021, the Company has "Non Deliverable Forward - NDF" instruments in the total notional amount of US$ 67,807 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 December 31, 2021 is R$ 34,815 and R$ 2,079, respectively, at December 31, 2020.

(c) Other financial instruments

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

	Parent Company			
	12/31/2021			12/31/2020
	Maturity		Total	Total
	181 - 365	Above 365	Amortized cost	Amortized cost
Held-to-maturity securities				
Private securities	**188,492**	**6,350**	**194,842**	**175,498**
Fixed income securities abroad[1]	188,492	-	188,492	175,498
Debentures	-	6,350	6,350	-
Total	**188,492**	**6,350**	**194,842**	**175,498**

	Consolidated			
	12/31/2021			12/31/2020
	Maturity		Total	Total
	181 - 365	Above 365	Amortized cost	Amortized cost
Held-to-maturity securities				
Public securities	**-**	**88,328**	**88,328**	**84,567**
National Treasury Bills	-	88,328	88,328	84,567
Private securities	**211,267**	**186,083**	**397,350**	**612,051**
Financial Bills	22,775	179,733	202,508	359,006
Fixed-income securities abroad	188,492	-	188,492	175,498
Debentures	-	6,350	6,350	-
Others	-	-	-	77,547
Total	**211,267**	**274,411**	**485,678**	**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 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.

Structure and composition of the Funds

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

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

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

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

	12/31/2021			12/31/2020		
	Assets	Liabilities	Equity	Assets	Liabilities	Equity
FIDC NP	29,487	148	29,339	41,427	103	41,324
FIDC Plus	5,371,989	1,802	5,370,187	4,851,691	555	4,851,136
FIDC Receba Mais	72,260	217	72,043	-	-	-
FIDC Emissor I	2,293,744	7	2,293,737	-	-	-
FIDC Emissor II	5,060,528	23	5,060,505	-	-	-
Total	**12,828,008**	**2,197**	**12,825,811**	**4,893,118**	**658**	**4,892,460**

The statements of profit or loss of the funds for the six-month periods and years ended December 31, 2021 and 2020 are as follows:

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

	2nd six-month period 12/31/2020					
	FIDC NP	FIDC Plus	FIDC Receba Mais	FIDC Emissor I	FIDC Emissor II	Total
Income - Credit rights	6,085	180,367	-	-	-	186,452
Finance income	340	21,993	-	-	-	22,333
Finance costs	-	(4,311)	-	-	-	(4,311)
Other operating expenses	(15,808)	(479)	-	-	-	(16,287)
Profit/(loss) for the six-month period	**(9,383)**	**197,570**	**-**	**-**	**-**	**188,187**
Yield – Senior shares	**-**	**58,505**	**-**	**-**	**-**	**58,505**
Yield – Subordinated shares	**(9,383)**	**139,065**	**-**	**-**	**-**	**129,682**

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

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

	Year 12/31/2020					
	FIDC NP	FIDC Plus	FIDC Receba Mais	FIDC Emissor I	FIDC Emissor II	Total
Income - Credit rights	13,417	522,494	-	-	-	535,911
Finance income	775	49,483	-	-	-	50,258
Finance costs	-	(15,698)	-	-	-	(15,698)
Other operating expenses	(29,698)	(1,085)	-	-	-	(30,783)
Profit/(loss) for the year	**(15,506)**	**555,194**	**-**	**-**	**-**	**539,688**
Yield – Senior shares	**-**	**94,548**	**-**	**-**	**-**	**94,548**
Yield – Subordinated shares	**(15,506)**	**460,646**	**-**	**-**	**-**	**445,140**

7 Operating receivables

	Parent Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Receivables for payment transactions	170,080	338,095	926,633	935.733
Receivables from card-issuing banks	78,865,744	70,034,602	79,088,367	70.211.977
Receivables from card-issuing banks (a)	78,792,703	69,984,534	78,793,460	69.984.534
Chargeback (b)	30,553	2,242	30,553	2.242
Receivables for processed financial transactions (c)	-	-	24,785	12.214
Receivables for customer interchange (d)	-	-	197,081	165.161
Others	42,488	47,826	42,488	47.826
Other operating receivables	167,415	207,316	184,718	285.304
Allowance for other doubtful debts (e)	(188,986)	(277,701)	(205,161)	(304.582)
Total	**79,014,253**	**70,302,312**	**79,994,557**	**71.128.432**
Current	78,995,704	70,281,674	79,965,480	71,106,022
Noncurrent	18,549	20,638	29,077	22,410
Total	**79.014.253**	**70.302.312**	**79.994.557**	**71.128.432**

(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 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.

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

(e) Refers to the allowance for expected losses and past-due amounts from transactions carried out with merchants, which are related to products and services provided by the Company, as well as collection of cancellations and chargebacks, as presented in note 25 - Risk management. This allowance is determined through the methodology of attributing ratings and allowance percentages, according to the range of late payment in operations.

8 Income tax, social contribution and other taxes

(a) Current income tax and social contribution

The reconciliation of the income tax and social contribution expense in relation to the nominal rate of these taxes for the years ended December 31, 2021 and 2020 is as follows:

	Parent Company			Consolidated	
	2nd six-month period/21	**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**
Profit before income tax and social contribution	501,460	1,011,494	667,425	1,501,353	950,973
Statutory rates - %	34%	34%	34%	34%	34%
Income tax and social contribution at statutory rates	(170,496)	(343,908)	(226,925)	(510,460)	(323,331)
Tax benefit of interest on capital	105,591	156,192	51,500	156,192	51,500
Share of profit (loss) of investees	3,091	4,094	4,946	4,094	4,946
Tax benefit of R&D	87,078	128,454	(3,864)	231	(640)
Difference in the US Income Tax Rate	-	-	-	(17,313)	(11,737)
Disposal M4U - Tax Impact	16,589	16,589	-	16,589	-
Effect of tax loss - Stelo	-	-	-	-	(38,426)
Other differences, net	5,484	(2,444)	(2,833)	7,804	(1,772)
Income tax and social contribution	**47,337**	**(41,023)**	**(177,176)**	**(342,863)**	**(319,460)**
Current	**36,465**	**(38,172)**	**(203,401)**	**(479,295)**	**(397,686)**
Deferred	**10,872**	**(2,851)**	**26,225**	**136,432**	**78,226**

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

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

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

Realization of Tax Credit

The breakdown presents the technical result that supports the maintenance of the tax credits of Cielo S.A. and its subsidiaries, it 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:

	Parent company	Consolidated
	12/31/2021	**12/31/2021**
2022	5,119	229,848
2023	169,405	183,022
2024	59,500	72,156
2025	63,757	78,147
2026	155,569	226,012
2027 to 2031	471,173	493,861
Total	**924,523**	**1,283,046**
Present value adjustment	**(38,540)**	**(51,227)**
Total net of present value adjustment	**885,983**	**1,231,819**

(c) Taxes payable

	Parent Company		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Income tax and social contribution, net of prepayments	43,332	210,891	489,258	479,081
Contribution for Social Security Funding - Cofins	26,490	5,324	45,985	25,572
Tax on Services - ISS	4,926	5,165	14,856	49,529
Social Integration Program - PIS	5,555	1,103	9,762	5,452
Other taxes payable	15,352	13,969	22,538	21,506
Total	**95,655**	**236,452**	**582,399**	**581,140**

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

9 Investments

	Parent Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
In subsidiaries, including joint ventures	7.596.638	7.727.484	-	121.890
Goodwill on acquisition of investments (*)	-	25.859	-	-
Total	**7.596.638**	**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 on 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 November 3, 2021, after approvals from the Central Bank of Brazil and the CADE (Brazilian antitrust agency), all shares held in Multidisplay Comércio e Serviços Tecnológicos S.A. ("Multidisplay") were sold for up to R$ 185,000, of which R$ 125,000 refers to a fixed installment paid on the closing date and a variable installment of up to R$ 60,000, subject to the compliance with certain assumptions.

On December 31, 2021 and 2020, it was used the accounting information of the subsidiaries Cielo USA and MerchantE, drawn up on November 30, 2021 and consolidated in the results for the twelve-month periods then ended.

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 Servicos 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.

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:

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

		12/31/2021							12/31/2021		
	% Equity interest	Assets	Liabilities	Equity	Revenues	Gross profit (loss)	Operating profit (loss) before finance income (costs)	Profit (loss)	Share of profit (loss) of investees for the six-month period	Share of profit (loss) of investees for the year	Investments
Subsidiaries:											
Servinet	99.99	156,793	108,144	48,649	367,954	363,957	21,074	13,452	7,776	13,451	48,644
Multidisplay	100.00	-	-	-	1,018,162	49,684	14,835	9,280	475	9,280	-
Cielo USA (b)	100.00	566,512	2,232,025	(1,665,513)	-	(145,351)	(135,332)	(167,620)	(85,073)	(167,620)	-
Cateno	70.00	11,336,076	1,018,512	10,317,564	3,237,944	1,169,571	904,190	626,729	287,032	438,710	7,222,295
Stelo	21.36	488,495	161,599	326,896	200,755	131,586	99,795	82,854	9,763	17,701	69,833
Aliança	99.99	263,821	7,955	255,866	9,597	9,771	65,723	65,605	36,138	65,605	255,866
Subtotal									**256,111**	**377,127**	**7,596,638**
Joint ventures:											
Orizon	40.95	-	-	-	12,367	3,654	200	1,816	-	744	-
Paggo (b)	50.00	-	340	(340)	-	-	(130)	(130)	-	(65)	-
Subtotal									**-**	**679**	**-**
Total Parent Company									**256,111**	**377,806**	**7,596,638**
Indirect subsidiaries:											
M4Produtos	100.00	-	-	-	101,119	55,840	(1,500)	(1,491)			
MerchantE	100.00	789,520	438,002	351,518	2,368,824	392,178	3,352	10,058			

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

		12/31/2020			12/31/2020				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 year**	**Investments**
Subsidiaries:										
Servinet	99,99	119,575	84,223	35,352	288,000	283,823	16,501	11,802	11,801	35,348
Multidisplay (a)	100,00	152,319	92,470	59,849	1,320,629	73,700	34,271	21,577	21,577	59,849
Braspag	99,99	-	-	-	63,379	36,764	24,396	17,870	17,868	-
Cielo USA (b)	100,00	739,484	2,129,391	(1,389,907)	-	(159,708)	(256,909)	(277,792)	(277,792)	-
Cateno	70,00	11,080,610	697,751	10,382,859	2,622,368	938,445	642,362	464,420	325,094	7,268,001
Stelo	21,36	360,448	116,407	244,041	183,473	(34,534)	(99,650)	(108,398)	(871)	52,135
Aliança	99,99	197,974	7,713	190,261	8,648	8,883	(107,046)	(107,161)	(107,161)	190,261
Subtotal									**(9,484)**	**7,605,594**
Orizon (c)	40,95	341,804	29,689	312,115	127,942	29,451	(10,060)	(4,459)	(1,825)	121,890
Paggo (b)	50,00	130	339	(209)	-	-	(112)	(113)	(57)	-
Subtotal									**(1,882)**	**121,890**
Total Parent Company									**(11,366)**	**7,727,484**
Total Consolidated									**(1,882)**	**121,890**
Indirect subsidiaries:										
M4Produtos	100,00	169,399	141,132	28,267	118,853	62,309	7,876	4,881		
MerchantE	100,00	704,569	319,375	385,194	2,317,179	421,220	(162,264)	(97,143)		

(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 December 31, 2021 and 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.

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

Changes in investments for the years ended December 31, 2021 and 2020 are as follows:

	Parent Company	Consolidated
Investment at December 31, 2019	**8,850,696**	**126,229**
Dividends received:		
Orizon	(2,124)	(2,124)
Multidisplay	(25.500)	-
Braspag	(11.463)	
Cateno	(311.327)	-
Capital contribution in subsidiaries	65,500	-
Payment of Advances for Future Capital Increase (AFAC)	195,000	
Acquisition of interest in subsidiary - Multidisplay	29.797	-
Amortization of goodwill	(297)	-
Redemption of shares - Cateno	(1.305.064)	-
Share of profit (loss) of investees	(11.366)	(1.882)
Provision for obligations with investees (*)	279.491	(333)
Investment at December 31, 2020	**7,753,343**	**121,890**
Dividends received:		
Multidisplay	(6,278)	-
Cateno	(451,544)	-
Additional dividends – Cateno	(32,900)	-
Sale of interest - Orizon	(122,608)	(122,608)
Disposal of interest - Multidisplay	(85,478)	
Amortization of goodwill	(3,530)	-
Share of profit (loss) of investees	377,806	679
Provision for obligations with investees (*)	167,827	39
Investment at December 31, 2021	**7,596,638**	**-**

(*) Refers to the effect of the equity in subsidiaries Paggo and Cielo USA, which for having a negative equity were classified as noncurrent liabilities.

10 Property and equipment

		Parent Company			
		12/31/2021			12/31/2020
	Annual depreciation rate- %	Cost	Accumulated depreciation	Net	Net
POS equipment	20	1,759,614	(968,486)	791,128	793,100
Data processing equipment	20	229,045	(130,469)	98,576	104,229
Machinery and equipment	10 - 20	21,066	(19,386)	1,680	2,717
Facilities	10	35,087	(15,441)	19,646	23,674
Furniture and fixtures	10	5,106	(2,173)	2,933	4,898
Vehicles	20	1,424	(631)	793	1,262
Total		**2,051,342**	**(1,136,586)**	**914,756**	**929,880**

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

		Consolidated			
		12/31/2021			12/31/2020
	Annual depreciation rate-%	Cost	Accumulated depreciation	Net	Net
POS equipment	20	1,760,258	(968,883)	791,375	793,371
Data processing equipment	20	288,609	(183,829)	104,780	115,266
Machinery and equipment	10 - 20	60,548	(27,452)	33,096	19,652
Facilities	10	75,880	(39,872)	36,008	48,323
Furniture and fixtures	10	10,344	(5,245)	5,099	8,846
Vehicles	20	1,424	(631)	793	1,298
Total		**2,197,063**	**(1,225,912)**	**971,151**	**986,756**

Changes in property and equipment for the years ended December 31, 2021 and 2020 are as follows:

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

	12/31/2019	Additions	Disposals/ Estimated losses	Depreciation	12/31/2020
Total	**830,152**	**389,946**	**(42,995)**	**(247,223)**	**929,880**

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

	12/31/2019	Additions	Transfers	Disposals/ Estimated losses	Depreciation	Exchange difference	12/31/2020
Total	**881,384**	**419,445**	**-**	**(56,313)**	**(262,371)**	**4,611**	**986,756**

As at December 31, 2021 and 2020, the property and equipment balance includes estimated losses on POS equipment in the amounts of R$ 60,847 and R$ 31,149, respectively.

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

11 Intangible assets

The breakdown of intangible assets is as follows:

	Parent Company		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Goodwill on acquisition of investments	-	-	-	29,960
Other intangible assets	502,150	596,407	9,734,557	10,412,795
Total	**502,150**	**596,407**	**9,734,557**	**10,442,755**

(a) Goodwill on acquisition of investments

Changes in goodwill for the year ended December 31, 2021 and 2020 are as follows:

	Consolidated
Balance at December 31, 2019	**5,974**
Realization of tax benefit on goodwill	(1,874)
Acquisition of interest - Multidisplay	26,157
Amortization for the period	(297)
Balance at December 31, 2020	**29,960**
Realization of tax benefit on goodwill	(4,101)
Write-off of goodwill - Disposal of interest in Multidisplay	(22,329)
Amortization for the period	(3,530)
Balance at December 31, 2021	-

(b) Other intangible assets

The breakdown of other intangible assets is as shown below:

		Parent Company			
		12/31/2021			12/31/2020
	Annual amortization rate - %	**Cost**	**Accumulated amortization**	**Net**	**Net**
Software	20	1,267,768	(765,618)	502,150	572,374
Relationship with customers	20	113,604	(113,604)	-	24,033
Total		**1,381,372**	**(879,222)**	**502,150**	**596,407**

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

		Consolidated			
		12/31/2021			12/31/2020
	Annual amortization rate - %	Cost	Accumulated amortization	Net	Net
Right to use Ourocard Payment-Arrangement (a)	3.33	11,572,000	(2,635,844)	8,936,156	9,321,889
Software (b)	6.66 - 20	2,120,386	(1,428,863)	691,523	828,454
Relationship with customers (c)	4 - 20	1,324,294	(1,252,729)	71,565	194,327
Project development (d)	20	51,670	(17,402)	34,268	66,880
Non-compete agreement (e)	7.5 - 50	-	-	-	175
Service agreements	8 - 20	971	-	971	996
Trademarks (f)	10	74	-	74	74
Total		**15,069,395**	**(5,334,838)**	**9,734,557**	**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.

(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:**

- **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) **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 years ended December 31, 2021 and 2020 are as follows:

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

	Parent Company				
	12/31/2020	Additions	(Disposals)/ Reversals	Amortizations	12/31/2021
Software	572,374	209,658	(111,311)	(168,571)	502,150
Relationship with customers	24,033	1,572	-	(25,605)	-
Total	**596,407**	**211,230**	**(111,311)**	**(194,176)**	**502,150**
	12/31/2019	**Additions**	**(Disposals)/ Reversals**	**Amortizations**	**12/31/2020**
Total	**562,734**	**258,882**	**-**	**(225,209)**	**596,407**

	Consolidated							
	12/31/2020	Additions	Transfers	(Disposals)/ Reversals	Amortizations	Exchange differences	Sale Multidisplay	12/31/2021
Right to use Ourocard Payment-Arrangement	9,321,889	-	-	-	(385,733)	-	-	8,936,156
Software	828,454	232,437	23,838	(111,311)	(259,637)	21,725	(43,983)	691,523
Relationship with customers	194,327	1,692	-	-	(126,807)	2,353	-	71,565
Project development	66,880	27,040	(23,838)	(16,238)	(2,945)	(87)	(16,544)	34,268
Non-compete agreement	175	-	-	-	-	(175)	-	-
Service agreements	996	-	-	-	-	(25)	-	971
Trademarks	74	-	-	-	-	-	-	74
Total	**10,412,795**	**261,169**	**-**	**(127,549)**	**(775,122)**	**23,791**	**(60,527)**	**9,734,557**

	12/31/2019	Additions	Transfers	(Disposals)/ Reversals	Amortizations	Exchange differences	12/31/2020
Total	**10,949,664**	**322,433**	**-**	**(27,597)**	**(965,835)**	**134,130**	**10.412.795**

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	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Private debentures (a)	3,422,466	3,360,718	3,422,466	3,360,718
Public debentures (b)	-	2,986,697	-	2,886,634
Long-term financing - "ten-year bonds" (c)	544,394	504,598	2,805,052	2,607,237
Financing of R&D	67,586	90,023	67,586	90,023
Total	**4,034,446**	**6,942,036**	**6,295,104**	**8,944,612**
Current	652,144	40,214	2,912,802	40,960
Noncurrent	3,382,302	6,901,822	3,382,302	8,903,652
Total	**4,034,446**	**6,942,036**	**6,295,104**	**8,944,612**

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

(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.

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.

On August 4, 2021, the payments of the 5th (fifth) Issue of Simple Debentures non-convertible into shares, which maturity date was August 18, 2022, in the amount of R$ 3,016,627, were anticipated.

(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 years ended December 31, 2021 and 2020 are as follows:

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

	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	(7,143,479)	(7,143,479)
Exchange differences (principal and interest)	301,535	788,882
Mark-to-market adjustment	5,278	5,278
Accrued interest and charges	247,528	249,119
Interest paid	(294,495)	(309,679)
Debt issuance costs incurred	(22,040)	(22,040)
Amortization of debt issuance costs	33,700	33,700
Balance at December 31, 2020	**6,942,036**	**8,944,612**
Payment of principal	(3,022,557)	(2,922,495)
Exchange differences (principal and interest)	37,269	196,908
Accrued interest and charges	234,120	313,666
Interest paid	(174,082)	(255,247)
Debt issuance costs incurred	(7,652)	(7,652)
Amortization of debt issuance costs	25,312	25,312
Balance at December 31, 2021	**4,034,446**	**6,295,104**

Breakdown of borrowings recorded in long-term liabilities

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

Year of maturity	**Parent Company**	**Consolidated**
2023	3,359,678	3,359,678
2024	22,556	22,556
Total borrowings	**3,382,234**	**3,382,234**
Debt issuance costs	68	68
Total	**3,382,302**	**3,382,302**

13 Other payables - Others - Payables to merchants

	Parent Company		Consolidated	
	12/31//2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Payables to merchants (a)	69,138,706	61,529,245	69,223,234	61,584,758
Amounts to be settled to merchants (b)	-	-	244,038	49,065
Merchant deposits (c)	-	-	62,785	131,221
Total	**69,138,706**	**61,529,245**	**69,530,057**	**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.

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

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

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 disbursements on pending lawsuits in the years ended December 31, 2021 and 2020, as follows:

	Parent Company					
	12/31/2020	Additions	Write-offs/ reversals	Monetary adjustment	Payments	12/31/2021
Tax (a)	1.706.319	164.777	(7.207)	8.568	-	1.872.457
Civil (b)	52.556	46.115	(20.527)	10.397	(34.273)	54.268
Labor (c)	60.705	19.059	(11.834)	6.680	(15.452)	59.158
Total	**1.819.580**	**229.951**	**(39.568)**	**25.645**	**(49.725)**	**1.985.883**
	12/31/2019	**Additions**	**Write-offs/ reversals**	**Monetary adjustment**	**Payments**	**12/31/2020**
Total	**1.806.874**	**111.386**	**(72.475)**	**21.449**	**(47.654)**	**1.819.580**

	Consolidated					
	12/31/2020	Additions	Write-offs/ reversals	Monetary adjustment	Payments	12/31/2021
Tax (a)	1.715.000	320.113	(11.356)	9.731	-	2.033.488
Civil (b)	54.070	48.031	(21.917)	10.595	(35.215)	55.564
Labor (c)	69.649	23.521	(14.565)	7.540	(16.706)	69.439
Total	**1.838.719**	**391.665**	**(47.838)**	**27.866**	**(51.921)**	**2.158.491**
	12/31/2019	**Additions**	**Write-offs/ reversals**	**Monetary adjustment**	**Payments**	**12/31/2020**
Total	**1.830.747**	**118.591**	**(83.317)**	**22.829**	**(50.131)**	**1.838.719**

The additions refer basically to the complement of the provision for tax risks in the years ended December 31, 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.

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

Escrow deposits

In the years ended December 31, 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**	**12/31/2021**
Tax (a)	1,554,157	-	(481)	1,553,676
Labor (b)	16,687	2,467	(7,954)	11,200
Civil (c)	5,562	4,273	(835)	9,000
Total	**1,576,406**	**6,740**	**(9,270)**	**1,573,876**
	12/31/2019	**Additions**	**Write-offs**	**12/31/2020**
Total	**1,586,621**	**10,077**	**(20,292)**	**1,576,406**

	Consolidated			
	12/31/2020	**Additions**	**Write-offs**	**12/31/2021**
Tax (a)	1,555,300	-	(481)	1,554,819
Labor (b)	18,085	2,717	(7,978)	12,824
Civil (c)	5,602	4,273	(875)	9,000
Total	**1,578,987**	**6,990**	**(9,334)**	**1,576,643**
	12/31/2019	**Additions**	**Write-offs**	**12/31/2020**
Total	**1,594,140**	**14,977**	**(30,130)**	**1,578,987**

(a) 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 December 31, 2021 and 2020, the amount of the provision for risks recognized and the amount of the escrow deposit are both 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 December 31, 2021, the amounts of the provision for risks are R$ 157,925 in the Parent Company and R$ 316,971 in the Consolidated (R$ 21,427 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.

(b) 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.

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 December 31, 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.

(c) 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 54.58% of the mentioned provisions will occur within 5 years, and 45.42% within 10 years, and understands that the development of the lawsuits will depend on external factors not under the control of the Company.

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

Contingent liabilities classified as possible losses

Additionally, as at December 31, 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	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Tax	708,594	731,934	714,971	732,476
Civil	359,717	223,465	365,908	229,220
Labor	68,533	60,290	103,919	81,313
Total	**1,136,844**	**1,015,689**	**1,184,798**	**1,043,009**

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$ 65,981. 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$ 447,974. 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$ 723,901. 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 December 31, 2021 and 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 December 31, 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.

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

(b) Capital reserve

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

The capital reserve balance as at December 31, 2021 is R$ 77,030 (R$ 67,529 as at December 31, 2020).

(c) Treasury shares

At the meeting held on March 25, 2021, the Board of Directors approved the new 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
Repurchase in April	(7,032,041)	(27,124)	3.76
Balance at December 31, 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 December 31, 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$ 3,402,989 as at December 31, 2021 and R$ 2,891,907 as at December 31, 2020.

The Financial Statements for the year ended December 31, 2021 and the respective capital budget proposal for 2022 will be analyzed by the Company's shareholders at the Ordinary General Meeting ("OGM") to be held on April 27, 2022.

(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 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 meetings held on December 22, 2020 and January 26, 2021, the Company’s Board of Directors approved, subject to ratification at the Ordinary General Meeting, the payment of interest on capital and dividends for the year 2020 in the amounts of R$ 151,470 and R$ 166,421, respectively. The payment was made on February 17, 2021.

At the meeting held on April 26, the Company’s Board of Directors approved, subject to ratification at the Ordinary General Meeting, the payment of interest on capital for the first quarter of 2021 in the amount of R$ 85,151. The payment was made on May 13, 2021. The Board of Directors also approved on August 2, 2021 the payment of interest on capital for the second quarter of 2021 in the amount of R$ 63,676. The payment was made on August 19, 2021.

At the Board of Directors’ meeting held on November 3, 2021, the payment of interest on capital for the third quarter of 2021 in the amount of R$ 74,802 was approved, subject to ratification at the Ordinary General Meeting. The payment was made on November 26, 2021.

At the Board of Directors’ meeting held on December 23, 2021, the payment of interest on capital for the fourth quarter of 2021 in the amount of R$ 235,760 was approved, subject to ratification at the Ordinary General Meeting. The payment will be made on February 11, 2022.

(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:

	Parent company and consolidated	
	12/31/2021	12/31/2020
Exchange differences on foreign investments	(328,837)	(220,850)
Post-employment benefits, net	(2,015)	(2,917)
Total	**(330,852)**	**(223,767)**

(h) Regulatory capital

Central Bank of Brasil 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 December 31, 2021 and 2020, the Company maintains the required minimum regulatory capital.

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 – April	(7,032,041)
Total	**2,701,857,763**

(b) Earnings per share

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

Basic earnings per share

	Parent Company and Consolidated		
	2nd six-month period	12/31/2021	12/31/2020
Profit for the period available for common shares	548,797	970,471	490,249
Weighted average number of outstanding common shares (in thousands)	2,706,942	2,708,921	2,709,907
Earnings per share (in R$) – basic	**0.20274**	**0.35825**	**0.18091**

Diluted earnings per share

	Parent Company and Consolidated		
	2nd six-month period	12/31/2021	12/31/2020
Profit for the period available for common shares	548,797	970,471	490,249
Diluted denominator:			
Weighted average number of outstanding common shares (in thousands)	2,706,942	2,708,921	2,709,907
Potential increase in common shares as a result of the stock option plan	12,118	12,118	8,442
Total (in thousands)	2,719,060	2,721,039	2,718,349
Earnings per share (in R$) – diluted	**0.20183**	**0.35665**	**0.18035**

17 Net operating revenue

	Parent Company			Consolidated	
	2nd six-month period	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Gross operating revenue	3,030,996	5,704,168	5,206,445	13,125,170	12,273,441
Taxes on services	(381,824)	(712,159)	(530,873)	(1,439,730)	(1,087,428)
Total	**2,649,172**	**4,992,009**	**4,675,572**	**11,685,440**	**11,186,013**

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	
	2nd six-month period	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Personnel expenses	(268,757)	(520,043)	(499,922)	(1,181,413)	(1,064,147)
Depreciation and amortization	(255,441)	(504,588)	(472,729)	(1,100,748)	(1,228,503)
Professional services	(360,961)	(659,595)	(521,192)	(218,039)	(333,680)
Acquiring costs (a)	(1,313,556)	(2,500,353)	(2,258,155)	(6,196,799)	(5,592,198)
Affiliation of customers (b)	(96,026)	(216,542)	(337,223)	(375,736)	(580,896)
Cost of mobile phone credits in subsidiary	-	-	-	(958,608)	(1,245,662)
Others, net (f)	3,855	116,552	(18,686)	(78,899)	(309,558)
Total	**(2,290,886)**	**(4,284,569)**	**(4,107,907)**	**(10,110,242)**	**(10,354,644)**
Classified as:					
Cost of services provided	(1,619,406)	(3,082,241)	(2,820,654)	(8,287,260)	(8,071,148)
Personnel expenses	(164,893)	(316,440)	(287,011)	(885,169)	(772,533)
General and administrative expenses	(376,463)	(693,392)	(511,125)	(389,345)	(509,658)
Sales and marketing	(31,230)	(76,063)	(129,743)	(235,258)	(373,416)
Other operating expenses, net	(98,894)	(116,433)	(359,374)	(313,210)	(627,889)
Total	**(2,290,886)**	**(4,284,569)**	**(4,107,907)**	**(10,110,242)**	**(10,354,644)**

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

(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	
	2nd six-month period	**12/31/2021**	**12/31/2020**	**12/31//2021**	**12/31/2020**
Allowance for doubtful debts, chargeback and fraud (c)	(86,200)	(170,129)	(255,540)	(331,216)	(511,854)
Provision for risks, net (d)	(26,984)	(56,393)	(51,107)	(73,806)	(61,378)
Write-offs/provision (reversals) for losses on property and equipment (e)	(62,294)	(111,383)	(68,949)	(119,402)	(86,979)
Others (f)	76,584	221,472	16,222	211,214	32,322
Total	**(98,894)**	**(116,433)**	**(359,374)**	**(313,210)**	**(627,889)**

(c) 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 year ended December 31, 2021, the balance of the provision for loss on doubtful debts is R$ 46,8 million in light of the impacts estimated with the implementation of the new system for the Register of Receivables.

(d) Substantially related to the movement of the expectation of probable losses on tax, labor and civil contingencies (note 14).

(e) Refer to amounts written off due to losses of POS equipment and recording of provision for loss on POS equipment.

(f) In 2021, the Company recorded non-recurring net gains generated on: (i) the assignment of processing platforms and transactions authorizer for the Elo Brand in the amount of R$ 101.1 million, (ii) reversal of the residual balance of legacy provisions referring to the NewELO project of R$ 70.0 million; (iii) gain on the sale of interest in Orizon of R$ 6.4 million; ; (iv) net proceeds from the sale of Companhia M4U in the amount of R$ 30.5 million, partially offset by (v) the provision for organizational restructuring started in March 2021 of R$ 31.6 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 December 31, 2021, future annual payments under lease agreements in effect are as follows:

Up to 1 year	8,832
1 year to 5 years	31,561
Above 5 years	12,248
Total	**52,641**

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 December 31, 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:

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

Up to 1 year	310,401
1 year to 5 years	313,755
Above 5 years	10,277
Total	**634,433**

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.

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 year ended December 31, 2021 amounted to R$ 6,071 (R$ 7,956 in the year ended December 31, 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 December 31, 2021 is R$ 15,041 (R$15,398 as at December 31, 2020).

The rates used in the year were: nominal discount rate of 5.35% p.a., with inflation index of 3.4% p.a., generating an expected turnover of 18% 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 in the amount of R$ 78,636 (R$ 73,167 for the year ended December 31, 2020). The Company has a Corporate Education Program that includes development actions for all its 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 years ended December 31, 2021 and 2020 were as follows:

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

	Parent Company			Consolidated	
	2nd six-month period	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Employees	50,457	85,503	70,027	140,446	112,821
Statutory directors	4,766	7,942	9,495	10,603	12,004
Total	**55,223**	**93,445**	**79,522**	**151,049**	**124,825**

22 Compensation of key management personnel

Key management personnel of the parent company Cielo 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:

	2nd six-month period			12/31/2021			12/31/2020		
	Fixed	Others(*)	Total	Fixed	Others(*)	Total	Fixed	Others(*)	Total
Statutory directors	2,878	9,525	12,403	7,182	14,373	21,555	8,480	13,918	22,398
Board of directors and supervisory board	1,739	-	1,739	3,548	-	3,548	2,833	-	2,833
Total	**4,617**	**9,525**	**14,142**	**10,730**	**14,373**	**25,103**	**11,313**	**13,918**	**25,231**

(*) The balance refers to variable compensation and severance pay of executives, net of taxes, and does not include the Restricted Stock option plan to statutory directors (see note 24), in addition to other benefits mentioned in note 20.

The overall annual compensation of the Managers and the Supervisory Board in 2021, approved at the Extraordinary General Meeting held on April 23, 2021, is R$44,050, net of charges), of which: (i) R$ 814, net of charges, for the Supervisory Board and (ii) R$ 43,236, net of charges, for the Managers.

23 Restricted stock option plan

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

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

The programs are recognized in the 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 December 31, 2021, the position of the restricted stock option plans is as follows:

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

		Quantity of shares						
Program	**Status**	**Granted**	**Cancelled**	**Exercised**	**To be exercised**	**Grant date**	**Value per granted share - R$**	**Fair value per share - R$**
Restricted Shares 2019	Active	2,419,297	(873,025)	(481,640)	1,064,632	July 2019	6.73	6.73
Restricted Shares 2020	Active	5,042,968	(1,382,633)	(595,753)	3,064,582	July 2020	3.94	3.94
Restricted Shares 2021	Active	1,945,031	(69,147)	-	1,875,884	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**	**(4,410,561)**	**(2,212,844)**	**12,118,154**			

In the year ended December 31, 2021, the net value of the charges, in the amount of R$ 22,855 was appropriated to profit or loss (R$ 13,468 as at December 31, 2020). The balance presented under "Capital reserve" in equity totaled R$ 22,862 related to restricted shares granted and R$ 13,361 related to sale/transfer of treasury shares for the exercise of shares (R$ 13,468 and R$ 11,597, respectively, as at December 31, 2020).

In addition to the share-based incentive plans, long-term incentives were recorded in the amounts of R$ 12,651 and R$ 8,706, as at December 31, 2021 and 2021, respectively.

24 Finance income (costs)

	Parent Company			Consolidated	
	2nd six-month period/21	**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**
Finance income:					
Interest on financial investments	72,286	113,622	52,485	314,645	157,365
Other finance income (a)	957	16,040	2,953	18,832	9,416
PIS and Cofins	(3,405)	(6,032)	(2,622)	(9,062)	(6,142)
Total	**69,838**	**123,630**	**52,816**	**324,415**	**160,639**
Finance costs:					
Interest and charges on borrowings	(421,205)	(544,753)	(276,875)	(320,345)	(354,769)
Third-party interest in investment funds (senior quotas)	-	-	-	(406,598)	(94,548)
Interest on provision for contingencies	(13,081)	(25,645)	(21,238)	(27,866)	(23,359)
Other finance costs	(22,561)	(43,923)	(38,357)	(50,199)	(39,231)
Total	**(456,847)**	**(614,321)**	**(336,470)**	**(805,008)**	**(511,907)**
Yield:					
Purchase of receivables (b)	-	-	-	406,582	502,672
FIDC shares yield (c)	274,595	417,470	424,441	-	-
Total	**274,595**	**417,470**	**424,441**	**406,582**	**502,672**
Exchange differences, net	(523)	(531)	(29,661)	(513)	(29,918)
Total	**(112,937)**	**(73,752)**	**111,126**	**(74,524)**	**121,486**

(a) Amount equal to arising from the recognition of R$ 14.6 million (R$ 14.0 million net of PIS and Cofins) of updated restatement levied on the Elo values, referring to the assignment of the processing million platform and the authorizer, accumulated until the data of the assignment thereof. (Non-recurring event).

(b) As per Note 6, revenue from receivables acquired from cash credit transactions and paid in installments by FIDC Plus, FIDC NP and FIDC Receba Mais than R$429.1 million and R$406.5 million of which, net of taxes and consolidation effect (R$535.9 million as of December 31, 2020, of which R$502.6 million net of taxes and consolidation effect).

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

25 Risk management

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

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

(a) Risk Management Structure and Governance

The Group adopts the concept of 3 (three) lines of responsibility 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 Vice-Presidency, which acts in an advisory and independent manner in risk management, compliance, fraud prevention, money laundering prevention, business continuity management, information security, data privacy and protection, crisis management and monitoring of the quality of the control environment, reporting to the CEO and the Board of Directors, through the Risk Committee; and, finally, the 3rd line of responsibility, 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:

		Parent Company		Consolidated	
	Note	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cash	4	69,177	34,083	350,104	127,969
Financial instruments, including derivatives	5	1,985,192	2,805,116	5,510,592	4,073,811
Credit Rights Investment Fund - FIDC	6	5,568,737	1,850,998	-	-
Income receivable	7	170,080	338,095	926,633	935,733
Receivables from card issuers	7	78,865,744	70,034,602	79,088,367	70,211,977
Total		**86,658,930**	**75,062,894**	**85,875,696**	**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, and Cielo, in turn, must pay such amounts to the accredited merchants. Card-issuing banks may default on their financial obligations with Cielo due to lack of liquidity, operational failure, cardholder default, types of bankruptcy or other reasons, what does not discharge Cielo from making the aforementioned payments to the accredited merchants. The risk level to which Cielo is exposed depends on the volumes transacted by the issuer. and the risk/guarantee model adopted by the card's banner in its operation with 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 internal model.

For payment arrangements that are not guaranteed by a payment arrangement settlor, the

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

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 December 31, 2021, Cielo's exposure to issuers is as follows:

Internal rating of issuers	Guarantee requirement	Total exposure at 12/31/2021	% Guarantee in relation to exposure	Total exposure at 12/31/2020	% Guarantee in relation to exposure
Group 1	No	95.5%	-	97.8%	-
Group 2	Yes	4.5%	48%	2.2%	49%
Total receivables from card-issuing banks		**100%**		**100%**	

The 5 largest issuing banks, classified in Group 1, represent 74.1% 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 to them.

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.

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: more 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 years ended December 31, 2021 and 2020 corresponds to 5.2% and 5.4%, 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 December 31, 2021, the allowance for doubtful debts totaled R$ 188,986 in parent company and R$ 205,161 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 chargeback*s* 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 chargeback*s* which, associated to the reduction of the financial schedule of these customers, may reduce chargeback*s* in the schedules or render them impossible.

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:

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

	Year/2021		Year /2020	
	Transacted volume	Chargeback ratio[3]	Transacted volume	Chargeback ratio[3]
Tourism and Entertainment, including airlines (typically with deferred sales)	5.9%	0.68%	4.5%	0.80%
E-commerce (without Tourism and Entertainment)	12.2%	0.98%	13.7%	0.93%
Durable and semi-durable goods[1]	22.6%	0.03%	21.5%	0.04%
Non-durable goods[2]	34.3%	0.01%	34.9%	0.01%
Services and others	25.0%	0.05%	25.4%	0.07%
Total	**100.0%**	**0.18%**	**100.0%**	**0.19%**

[1]Durable and semi-durable goods: Cielo's customer segment of clothing, furniture, appliances, department stores, construction materials, among others.
[2]Non-durable goods: supermarkets and hypermarkets, drugstores and pharmacies, gas stations, among others.
[3]Value 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 as the best practice, Resolution No. 4,968/2021.

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, 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.

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

(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 represents the governance structure and the current liquidity risk management and is available on the Company's website (https://ri.cielo.com.br/).

The indebtedness ratio is as follows:

	Parent Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cash	69,177	34,083	350,104	127,969
Financial instruments, including derivatives (a)	1,985,192	2,805,116	5,510,592	4,073,811
Debt (b)	(4,034,446)	(6,942,036)	(6,295,104)	(8,944,612)
Net debt	**(1,980,077)**	**(4,102,837)**	**(434,408)**	**(4,742,832)**
Equity	9,890,589	9,490,854	12,985,858	12,605,712
Net debt ratio	**20.02%**	**43.23%**	**3.35%**	**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.

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.

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

Additionally, the loss on exchange rate changes on the investment in Cielo USA (including MerchantE) as at the years ended December 31, 2021 and 2020 totaled R$ 107,986 and R$ 250,349, 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 December 31, 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					
	12/31/2021			**12/31/2020**		
	10%	**25%**	**50%**	**10%**	**25%**	**50%**
Profit or loss (a)	2,685	6,713	13,425	6,363	15,907	31,815
Equity (b)	166,551	416,378	832,756	138,999	347,483	694,967

(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: B3). Estimating an increase or a decrease of 10%, 25% or 50% in interest rates would increase or decrease profit or loss as follows:

	Parent Company					
	12/31/2021			**12/31/2020**		
	10%	**25%**	**50%**	**10%**	**25%**	**50%**
Profit or loss	(40,492)	(101,230)	(202,460)	(19,818)	(49,545)	(99,091)

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

	Consolidated					
	12/31/2021			12/31/2020		
	10%	25%	50%	10%	25%	50%
Profit or loss	10,508	26,270	52,541	(9,046)	(22,614)	(45,228)

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 December 31, 2021 and 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 years ended December 31, 2021 and 2020:

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

	Parent Company						Consolidated	
	12/31/2021					12/31/2020	12/31/2021	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)	188,157	8,151	-	-	196,308	182,374	204,519	221,676
Receivables from card-issuing banks (b)	23,328,707	-	-	-	23,328,707	20,808,077	23,328,707	20,808,077
Borrowings (c)	(3,422,466)	-	-	-	(3,422,466)	(3,460,780)	(3,422,466)	(3,360,718)
Intermediation, customer prospecting and retention services (m)	(23,095)	-	-	-	(23,095)	(20,356)	(23,095)	(20,356)
Receivables from related parties (d)	-	1,266	1,299	228	2,793	5,265	24,830	29,907
Payables to related parties (e)	-	(46,006)	(136,323)	(10,760,092)	(10,942,421)	(5,059,410)	-	-

	Parent Company						Consolidated	
	12/31/2021					12/31/2020	12/31/2021	12/31/2020
	Controlling shareholders (i)	Direct subsidiaries (ii)	Indirect subsidiaries (iii)	Investment funds (iv)	Total	Total	Total	Total
Income:								
Income from financial investments (a)	7,546	-	-	-	7,546	9,480	7,759	42,192
Income from other services provided (f)	8,507	1,829	3,136	600	14,072	17,107	8,507	38,647
Income from rental of POS equipment (g)	53,773	-	-	-	53,773	72,938	53,773	72,938
Other finance income (o)	37,292	2,051	-	-	39,343	-	37,292	-
Costs								
Finance costs (p)	(159,199)	(1,737)	-	-	(160,936)	(130,336)	(159,199)	(127,491)
Expenses with prepayment of receivables (q)	-	-	-	(307,242)	(307,242)	-	-	-
Other finance costs - Affiliation fees (l)	-	-	-	-	-	(462)	-	(462)
Provision of data processing services (h)	-	-	(89,583)	-	(89,583)	(28,517)	-	-
Other operating expenses (i)	(37,310)	-	(78,487)	-	(115,797)	(37,971)	(80,414)	(34,339)
Contracts for provision of services with Servinet and Aliança (j)	-	(439,990)	-	-	(439,990)	(345,093)	-	-
Provision of payment management services (k)	-	-	-	-	-	-	(36,263)	(28,580)
Intermediation, customer prospecting and retention services (m)	(124,468)	-	-	-	(124,468)	(131,336)	(124,468)	(131,336)
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.
(*) Disposal made in November 2021 as mentioned in note 1

(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.

(d) In the parent company, this refers mainly to the receivables from Stelo in the amount of R$ 1,299 and to the restricted stock option program of Servinet in the amount of R$ 1,262. In the consolidated, the balance of R$24,830 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.

(e) Corresponds to the transfer of amounts received by Cielo from the prepayment of receivables portfolio to the FIDCs.

(f) 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.

(g) Refer to the lease of POS equipment with the controlling banks, which sublease such equipment to their customers.

(h) Refers to data processing, software development and licensing services provided by Stelo.

(i) 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 prospection services and maintenance of contacts with commercial establishments provided by Stelo to Cielo.

(j) 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.

(k) 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.

(l) 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.

(m) Refers to intermediation, prospecting and retention services for customers contracted as from January 1, 2020 with the controlling banks Banco do Brasil and Bradesco.

(n) 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.

(o) 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).

(p) Comprises expenses with funding lines contracted with controlling banks (Bradesco and Banco do Brasil).

(q) Correspond to expenses related to the anticipation of amounts receivable from issuers with the new FIDC's.

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.

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, 2021 and 2022 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, including the amount captured only in domestic transactions, 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, Multidisplay 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.

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 S.A. 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 S.A. 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.

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 authorizer developed by Cielo for the Elo Brand was concluded.

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

Platform licensing

Agreement entered into between Bitz Serviços Financeiros 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, the platform (object of the aforementioned license) was assigned to Bitz, and the amount from the operation net of taxes was R$ 5,047.

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	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Exchange differences on net foreign investment	(107,986)	(250,349)	-	-
Exchange differences on borrowings	37,269	301,535	196,908	788,882
Advance for future capital increase - Aliança	-	246,905	-	-
Post-employment benefit	901	13,866	901	13,866
Interest on capital and dividends proposed	235,760	166,421	235,760	166,421

28 Insurance

As at December 31, 2021, the Company has the following insurance coverage:

Type	Insured amount
Civil liability of Directors and Officers	287,010
Named perils (fire, windstorm and smoke, electrical damages, electronic equipment, theft, flood and cyber attacks)	193,277
POS equipment warehousing	203,303
POS equipment transportation (*)	2,500
Fleet (**)	1,005

(*) R$ 2,500 per travel/event limited to R$ 1,700,000
(**) Price of the fleet comprised of indemnity to third parties limited to R$ 1,005 and variable indemnity of hull according to the Fipe Table.

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

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.

	12/31/2021
Profit	970,471
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
Disposal of interest in subsidiary - Multidisplay (e)	(49,406)
Discontinuance of the business line Cielo Pay (f)	12,675
Total	**(142,193)**
Recurring result	**828,278**

(a) On January7, 2021, after BACEN and CADE approvals, Orizon shares held by Cielo, which represent 40.95% of the share capital were sold for R$ 129,0 million. The effects of the transaction generated a gain of R$ 6.4 million (R$ 4.2 million, net of tax effects).

(b) On 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$ 115.1 million (R$ 75.9 million, net of tax effects).

(c) On March 31, 2021, together with the negotiation referring to the definitive assignment of the Elo platform, all the negotiations related to NewELO Project were reversed to the provisions of the project legacy in the amount of R$ 70.0 million (R$ 46.2 million net of 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$ 31.6 million (R$ 20.8 million, 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.

(e) On November 3, 2021, after approvals, the sale of shares of Cielo in Multidispçay was concluded. These shares represent 100% of its share capital and the sale was made for a fixed amount of R$ 122.5 million, paid in cash in November 2021 and variable installment of up to R$ 60.0 million, which will be paid only as from 2024 (if the criteria established in the purchase and sale agreement are met) The effects of the transaction generated a net gain of R$ 30.5 million (R$ 49.4 million with tax effect).

(f) In October 2021, Management defined that the business line Cielo Pay would be discontinued from the Company’s Portfolio. The capitalized residual balance of Cielo Pay was written-off in November 2021 in the amount of R$ 19.2 million (R$ 12.7 million net of tax effects).

30 Event after the reporting period

At the General Meeting of the Unitholders of the Credit Rights Investment Fund Cielo Receba Mais (“Fund”) on January 31, 2022, it was decided that the Administrator will carry out the liquidation of the Fund pursuant to item 12.3, subitem (g), of the Regulation. Accordingly, the amortization and total early redemption of the senior shares will occur on February 4, 2022.

Gustavo Henrique Santos de Sousa
Chief Executive Officer and Investor Relations Officer (Officer responsible for accounting)

Ricardo Grosvenor Breakwell
Superintendent of Accounting, Taxes and Revenue Assurance (Technical Accounting officer)

Vagner Akihiro Tatebe
Accountant CRC SP292671/O-6