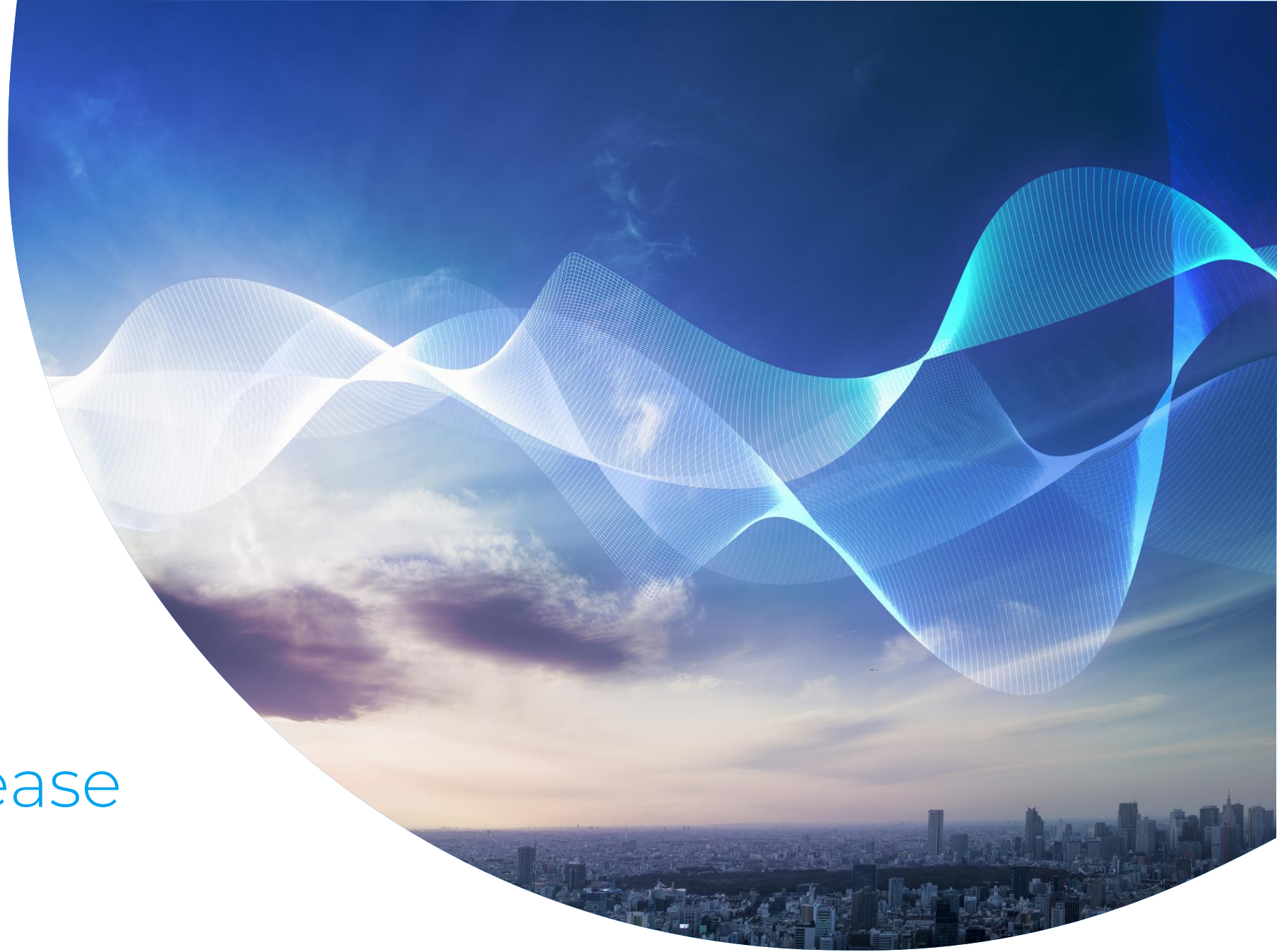
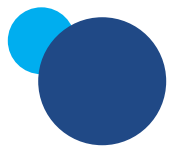


cielo

Earnings Release  
**1Q 2022**





## Legal Disclaimer\_

The Company makes forward-looking statements that are subject to risks and uncertainties

Such statements are based on the Management's assumptions and surmises on the Company's best knowledge and information. Forward-looking statements include information about our current intentions, assumptions or expectations, as well as those of the members of the Company's Board of Directors and Board of Executive Officers.

Forward-looking statements also include information regarding our possible or assumed future operating results, as well as statements that are preceded or followed by or that include the words "believes", "may", "will", "continues", "expects", "anticipates", "intends", "plans", "estimates" or similar expressions.

Forward-looking statements and information are not guarantees of performance. They involve risks, uncertainties and assumptions, as they refer to future events and therefore depend on circumstances that may or may not occur. Future results and value creation for shareholders may differ materially from those expressed in or suggested by forward-looking statements. Many factors determining these results and values are beyond CIELO's ability to control and predict.

The Company's consolidated financial statements are presented in thousands of Brazilian Reais (R\$ thousand), in accordance with the Accounting Plan of the Institutions of the National Financial System (COSIF) and accounting practices adopted in Brazil



# Agenda

## **Presentation:**

- Filipe Oliveira – CFO

## **Q&A:**

- Gustavo Sousa – CEO
- Filipe Oliveira – CFO
- Daniel Diniz – Head of IR



# Quarter Highlights

1Q22 – Recurring income maintains growth trend

**Recurring Net Income** totals **R\$185MM** in the 1Q22. **+36% YoY**.  
**24% of TPV growth YoY. R\$198BI** in the 1Q22. **Largest TPV for a first quarter.**

Expansion of pre-payment products, **with highlight, in 1Q22, to ARV in Large Accounts.**  
**Record** in allocated capital (ARV+RR<sup>1</sup>): **R\$14.5BI. +41% YoY**

The process of repositioning prices due to macro economic conditions has proven **effective and with a low impact on Churn.**

**Operating Efficiency:** Cielo Brasil's normalized total expenditures decreased 0.5% YoY, even with investments in transformation initiatives (R\$34MM in additional OPEX YoY).

**End of divestment cycle** with the closing of **MerchantE sale transaction.**

<sup>1</sup> ARV stands for Acquisition of Receivables. RR stands for Receba Rápido, modality in which all the credit card receivables are paid to the merchant in up to 2 days.



# Strong Operational Performance at Cielo BR and Cateno

YoY Improvements in key indicators

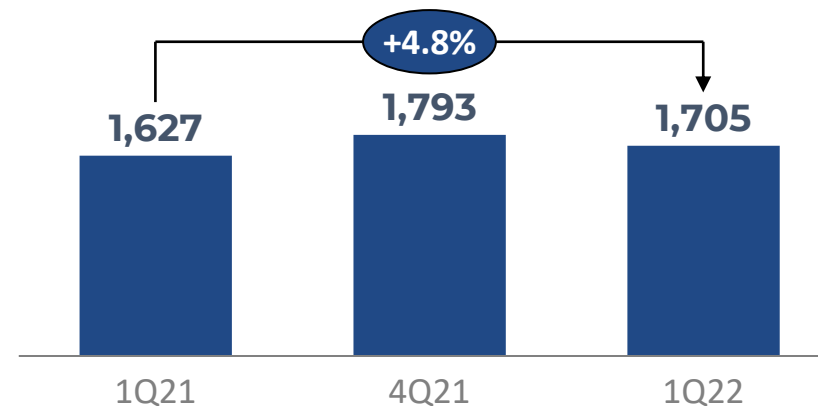
## TPV

R\$ billion



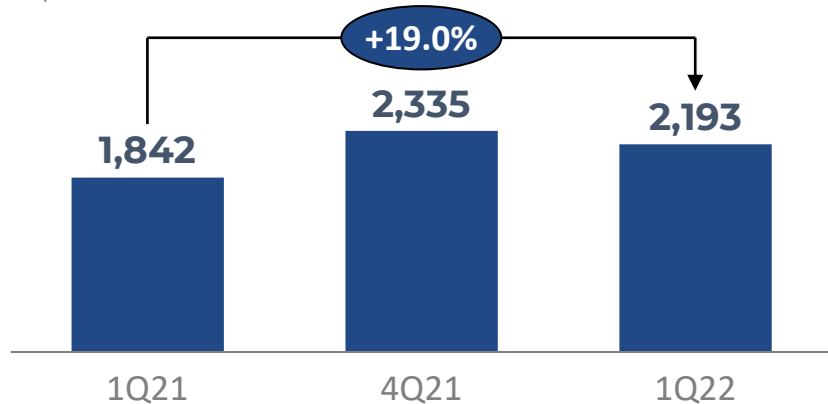
## Total Costs + Expenses<sup>1</sup> (Cielo BR recurring<sup>2</sup> + Cateno)

R\$ million



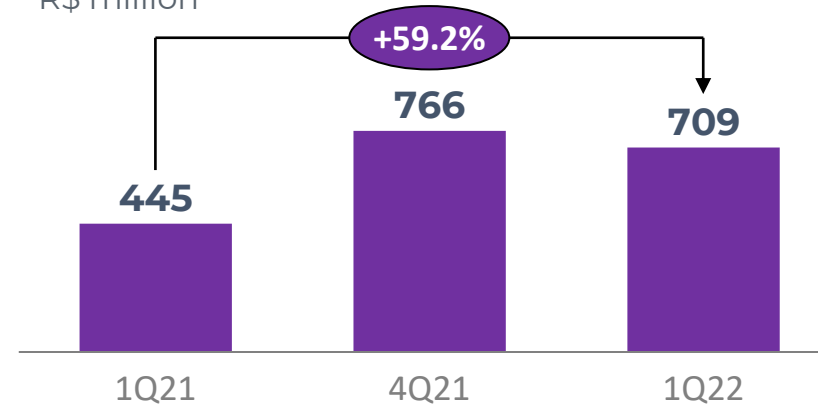
## Net Revenues<sup>1</sup> (Cielo BR + Cateno)

R\$ million

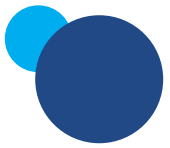


## EBITDA<sup>1</sup> (Cielo BR recurring<sup>2</sup> + Cateno)

R\$ million



<sup>1</sup> Proforma view that only considers the consolidation of Cielo Brasil and Cateno. This view was created just to illustrate the performance of the main business units, considering the divestments made, which involved companies responsible for most of the income statement of "Other Subsidiaries" until 1Q22. <sup>2</sup> Cielo Brasil excluding the effects of non-recurring items described in the attachments to this presentation

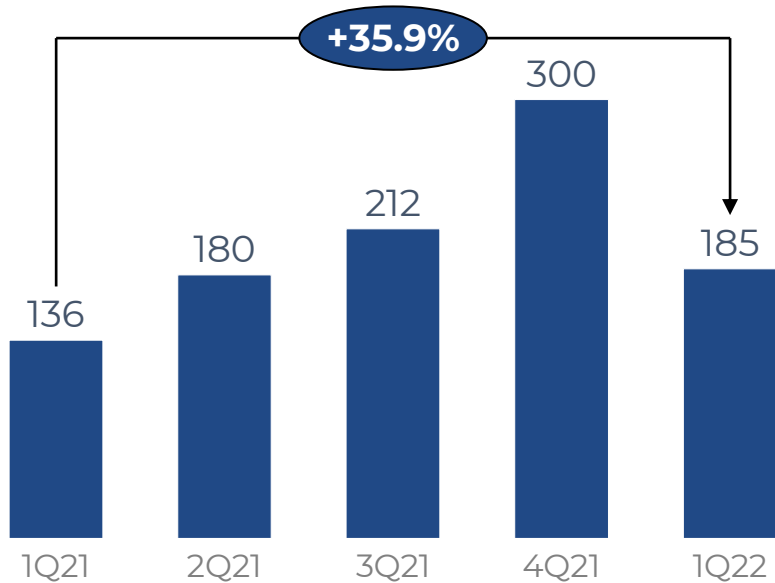


# Recurring Results

Net Income maintains YoY growth trend, with strong operational performance

Recurring Net Income<sup>1, 2</sup>  
**R\$185MM** in 1Q22.

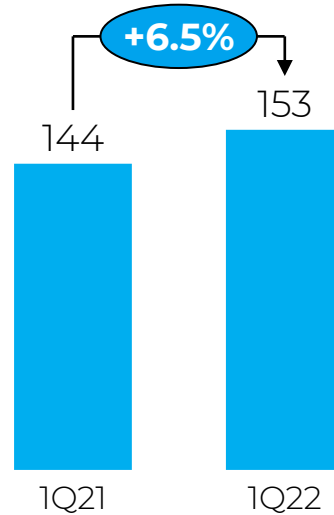
(R\$ million)



## Cielo BR Net Income<sup>2</sup> (Acquiring):

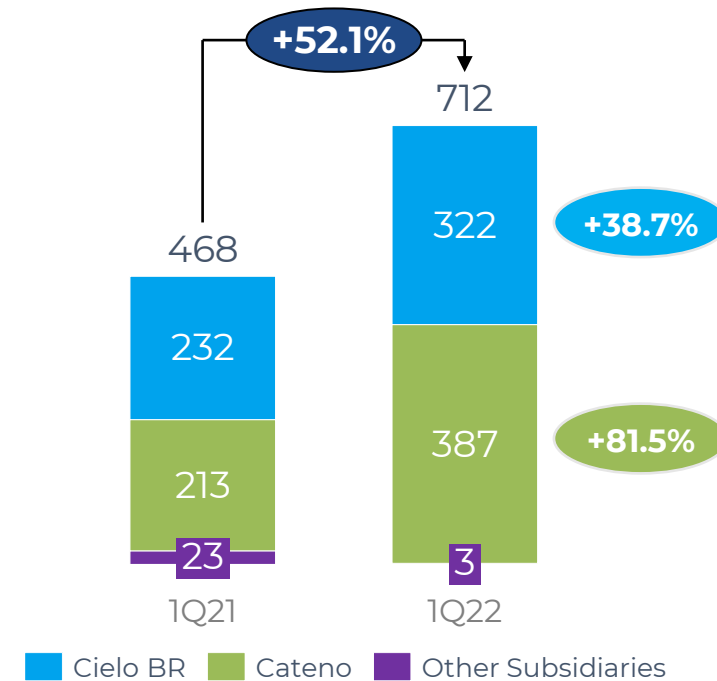
Excluding non-recurring items and the effects of financial expenses of debts related to the acquisition of subsidiaries, Cielo Brasil Net Income presents a 6% YoY growth

(R\$ million)



Recurring EBITDA<sup>2</sup>  
**Robust Operating Result in Cielo Brasil and Cateno**

(R\$ million)



<sup>1</sup> Recurring net income attributable to Cielo shareholders. <sup>2</sup> Reconciliations available in the attachments of this presentation



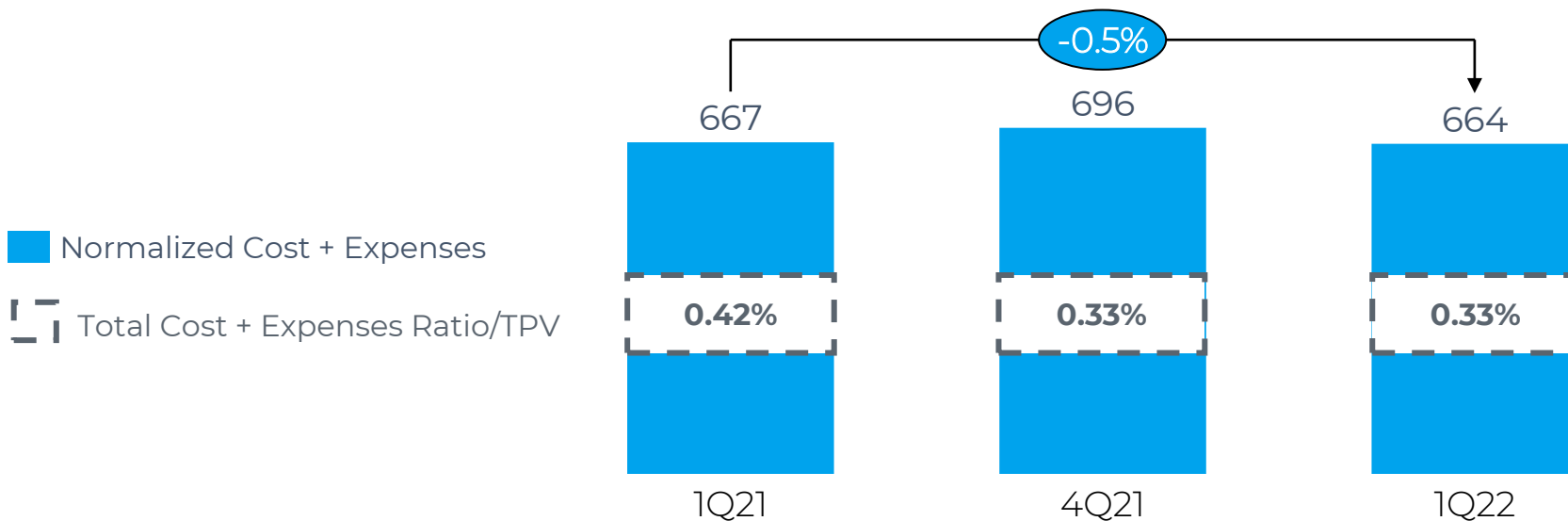
# Operational Efficiency (Cielo Brasil)

Spending discipline continues to benefit operating results

- Normalized Cost + Expenses stable, despite **R\$34 million in additional OPEX from initiatives to improve operations** and 24% higher volume YoY
- Inflation for the period<sup>1</sup>: **11.3%**
- Competitiveness translated by the **normalized expenses ratio, which remains at 0.33%**

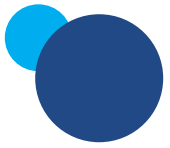
## Normalized Total Cost + Expenses<sup>2</sup>

(R\$ million)



<sup>1</sup> 12 month accumulated IPCA as of March 2022

<sup>2</sup> Normalized expenses correspond to the total cost + expenses of Cielo Brasil deducted from the brand fee, subsidies, services provided by banks, PIS and COFINS credits, D&A and the non-recurring items described in the attachments to this presentation



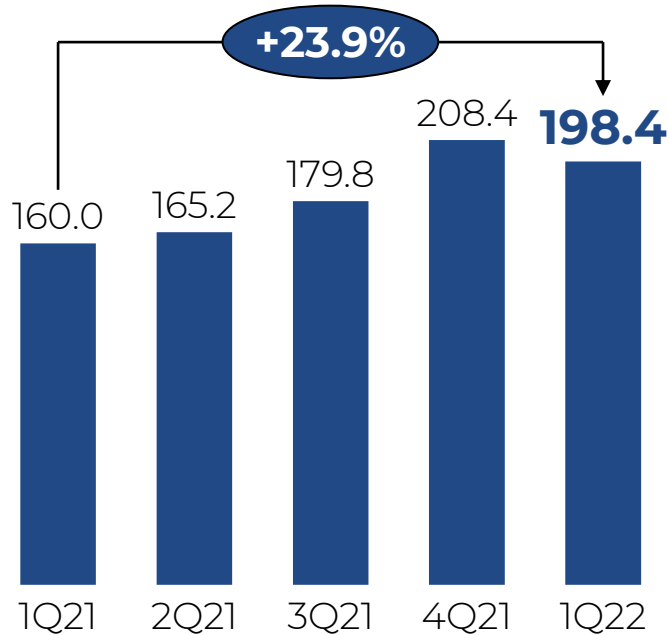
# Operational Metrics

Best 1st quarter ever in terms of Total Payment Volume (TPV)

## Total Payment Volume

In R\$ billion

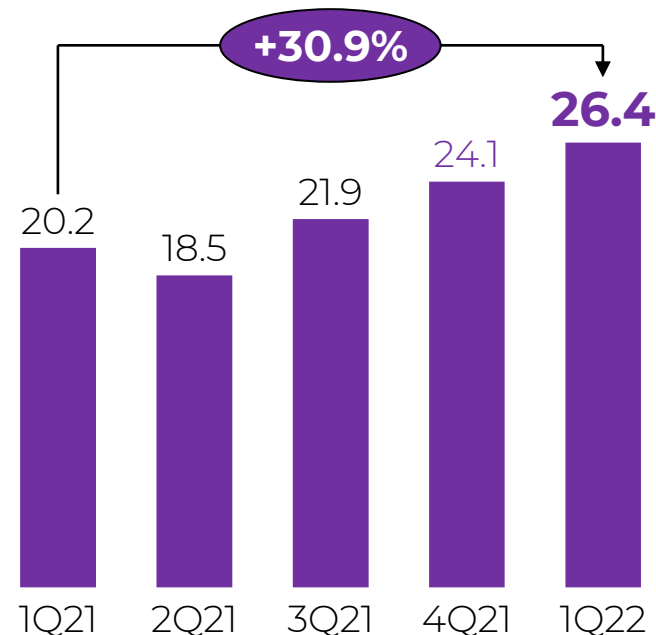
Best first quarter ever in terms of volume



## Prepaid Volume

In R\$ billion

Expansion of pre-payment products (RR in SMB and ARV in LA) generating sequential growth

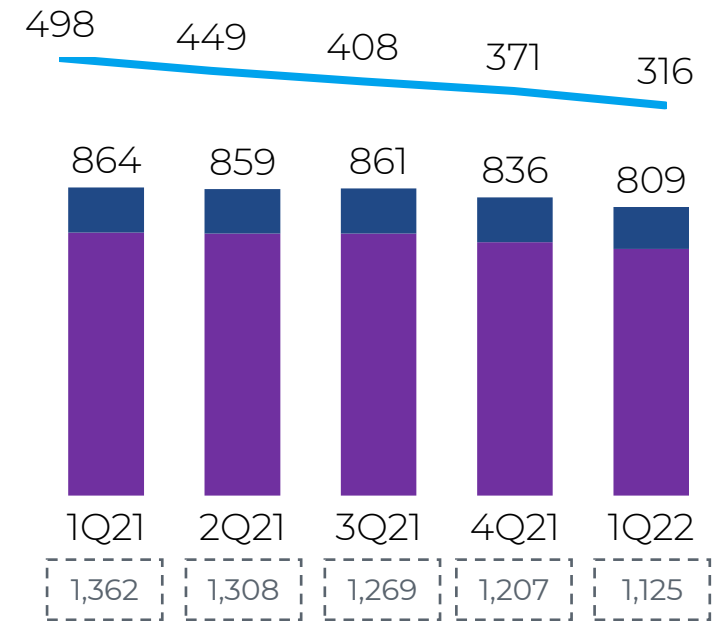


## Active Merchant Base (90 days)

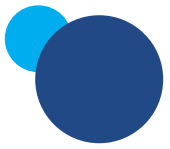
In thousands

In thousands

- Large Accounts
- SMB
- Long-Tail
- Total







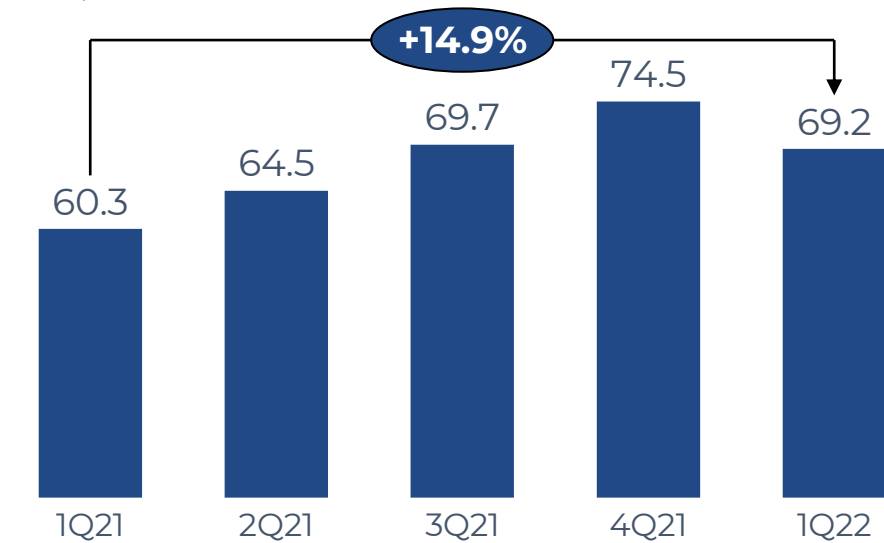
# SMB and Long Tail

TPV and Prepaid volume continue to show improvements

## TPV

### SMB + Long-Tail

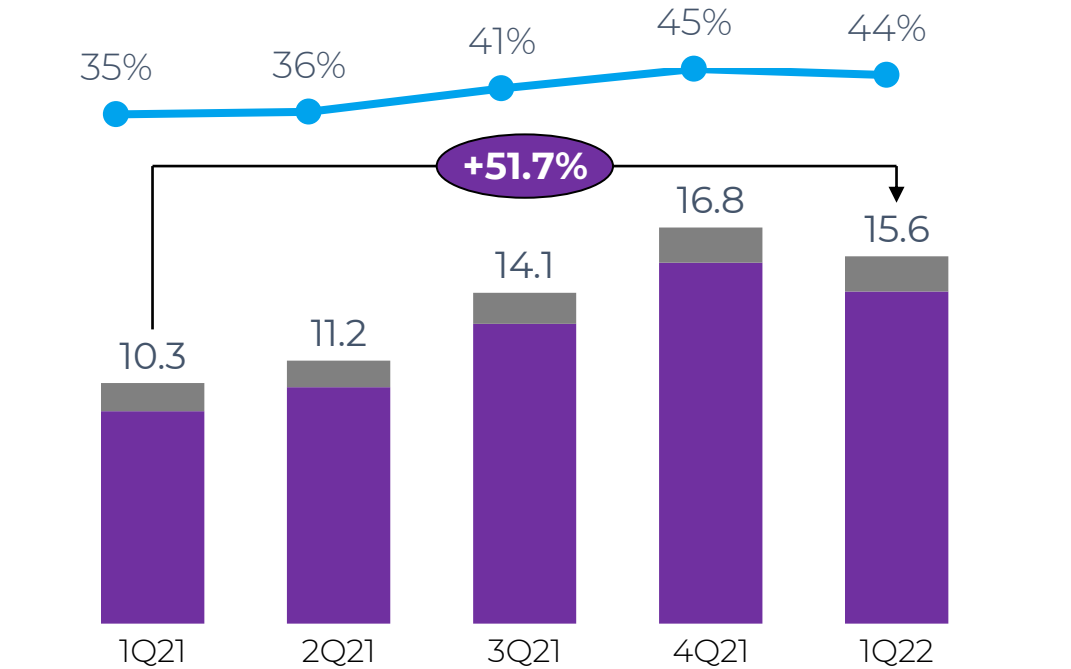
In R\$ billion



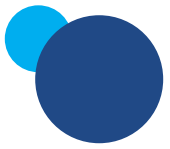
SMB+LT TPV

## Pre-payment Products (ARV + RR)

### Penetration and Prepaid Volume



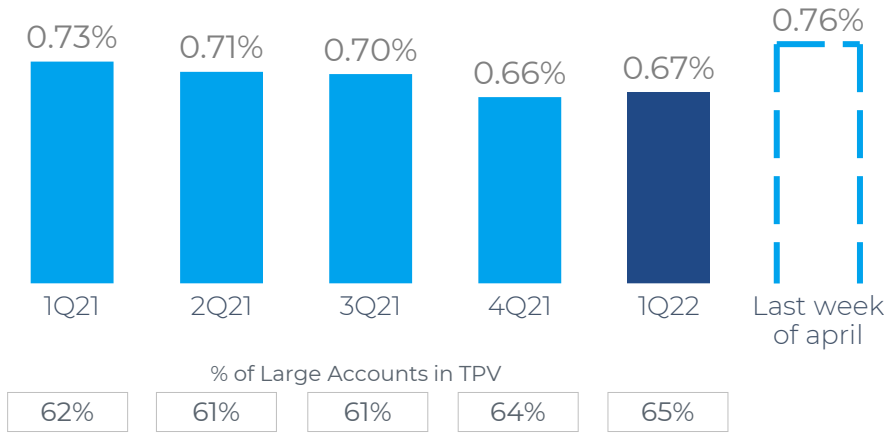
Penetration of RR + ARV    ARV Volume    RR Volume



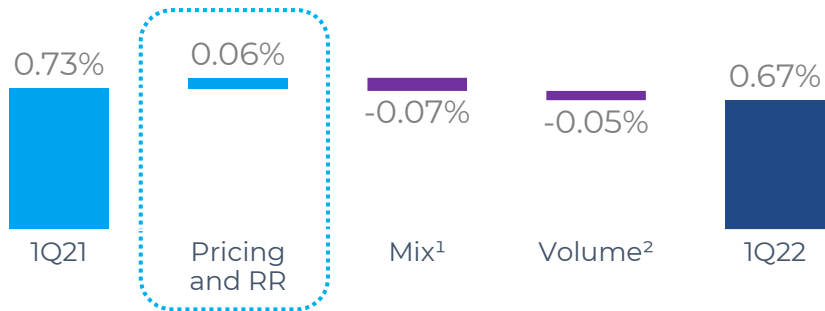
# Revenue Yield

Significant impact of actions taken until April

## Revenue Yield (quarterly)



**RR Penetration** enhances yield, while volume and mix have a negative effect

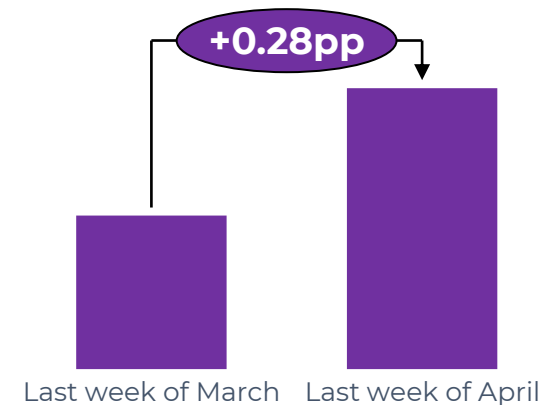


## SMB + Long-Tail zoom-in:

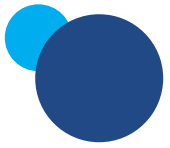
Yield in the segments in the last week of April, after adjustments, compared to the last week of March.

## Revenue Yield

■ SMB+Long-Tail

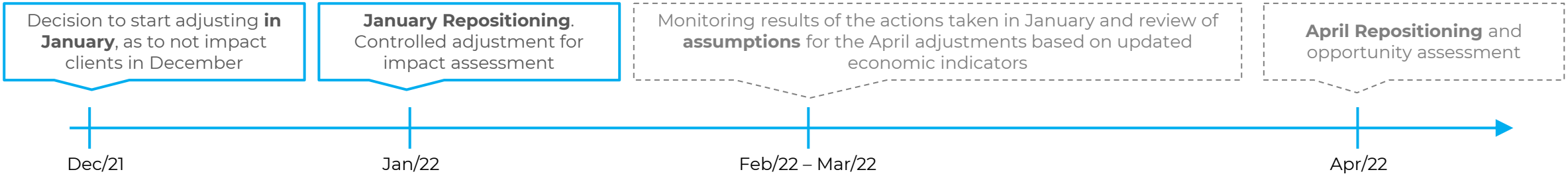


<sup>1</sup> Mix Effect considers, among other factors, the mix of customer segments and products. <sup>2</sup> Volume effect on yield as certain revenues do not vary according to TPV.



# SMB and Long-Tail: Price Positioning

Significant advance in the repositioning due to the economic scenario



## Rationale:

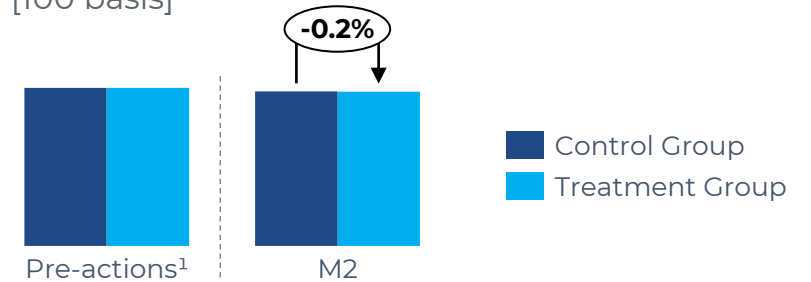
- **Pass through cost increase** due to economic variables
- Divide in steps to **determine and control impacts in Churn**

## January Repositioning results:

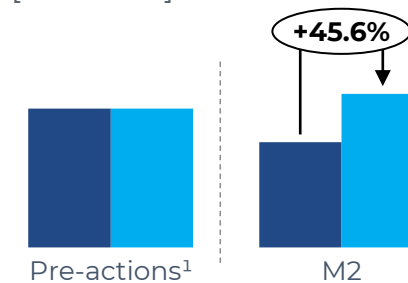
- ~600k customer impacted. 30bps of average adjustments in RR
- So far, no change in churn

## JANUARY REPOSITIONING RESULTS

### Active Merchants 30 days [100 basis]



### RR Adjusted Net Revenue<sup>2</sup> [100 basis]



<sup>1</sup> "Pre-action" period, reference for the analysis, is the average of the months of 3Q21. <sup>2</sup> Net revenue adjusted by funding costs.



# Repositioning in Large Accounts

Initiatives on profitability with positive impact for TPV and Revenue

## Initiatives on Large Accounts:

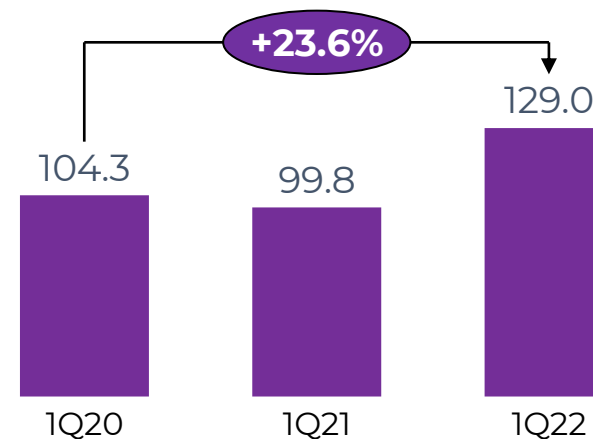
- Process started during the course of 2020
- Objective: to adjust contribution margin of the segment
- Retention of approximately 80% of accounts negotiated in 2021
- Accounts returning to Cielo due to the quality of service in Large-Accounts

## Results:

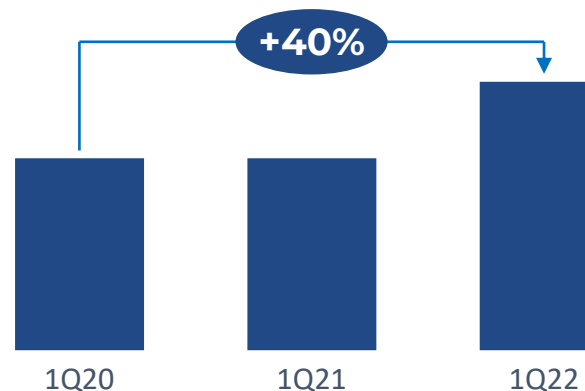
- Optimized profitability of the segment
- TPV growth: 24% vs 1T20

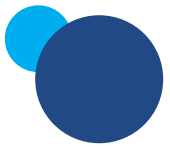
## Large Accounts TPV

In R\$ billion



## Large Accounts Net Revenue





# Pre-Payment Products and Liquidity

Pre-paid volume and capital allocation in ARV and RR in all time high.

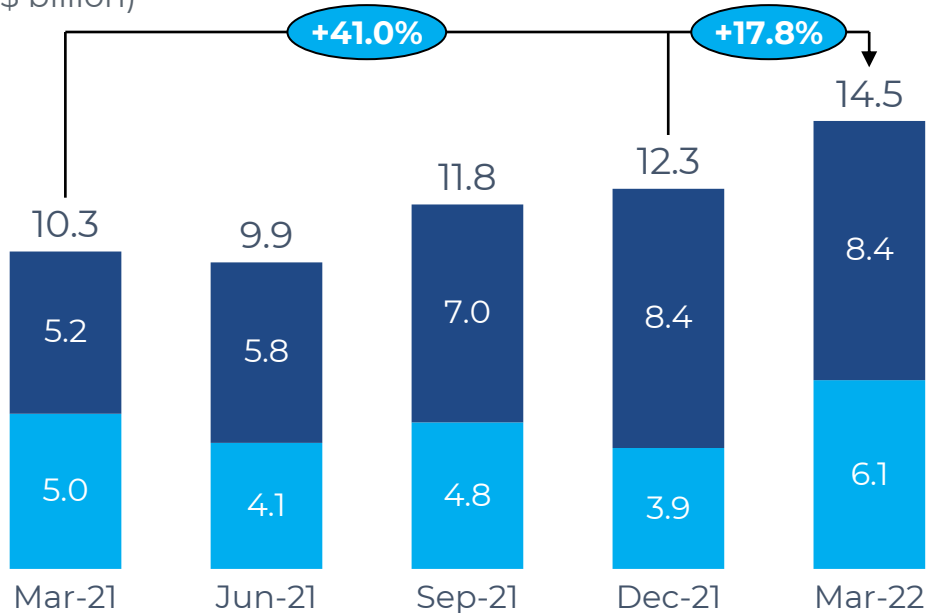
## Capital Allocation in ARV + RR

**41% growth in capital allocated in ARV and RR.**

Historical record in capital allocation

■ RR ■ ARV

(R\$ billion)



## Liquidity and Indebtedness

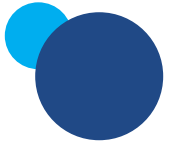
### Efficient cash management:

- **Cash** balance<sup>1</sup> in March: R\$3.5 billion
- More **capital allocated** in pre-payment products: R\$14.5 billion
- **Short-term obligations** (*bond*): R\$2.4 billion
  - Proceeds from sale of MerchantE and its own cash were transferred to Cielo USA so that it can meet the bond's maturity

<sup>1</sup> Consolidates 100% of cash, cash equivalents and financial instruments, including derivatives, of Cielo Brasil, Cateno and Other Subsidiaries.



# Operational ***Transformation***



# Strategy – Operational Pillar

Execution of the strategy continues to bring positive results

**Operational Transformation**  
Positioning, comercial model, logistics and RR penetration

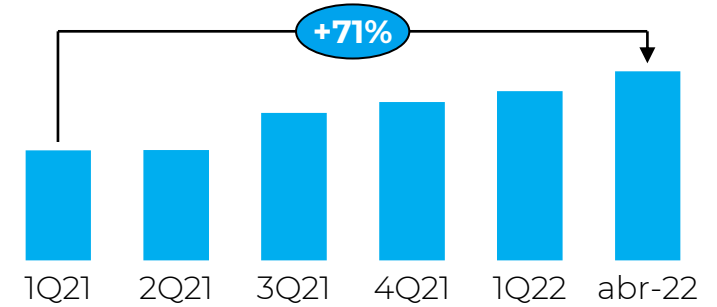
**Assets Optimization**  
Divestments

**Organizational Transformation**  
Digital, structure, people and culture



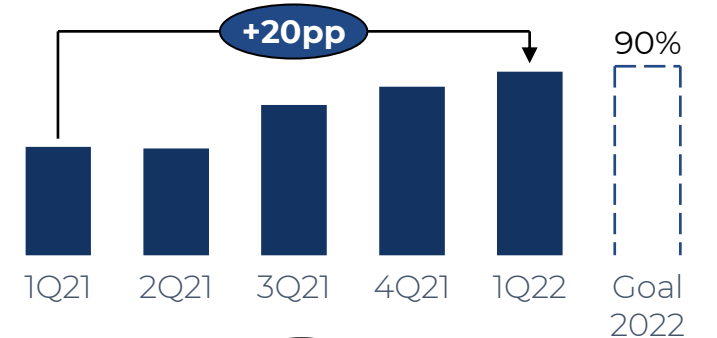
## Commercial Productivity

New client activation per sales person per business day



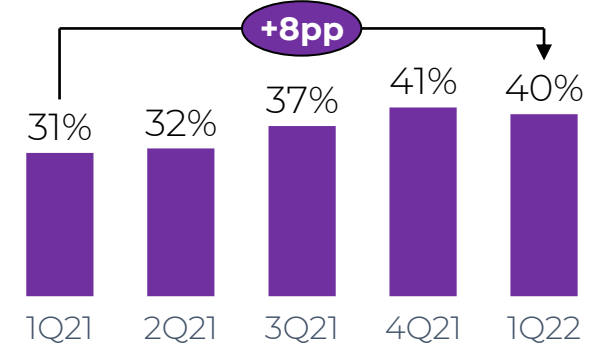
## Installations in 2DU

% of installation in 2 business days



## RR Penetration

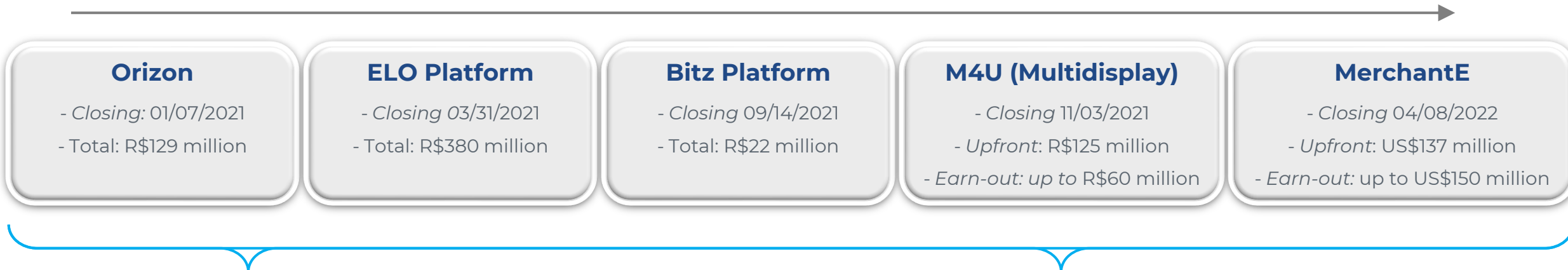
in SMB and Long-Tail





# Focus on the Core-business

Completion of the divestment program



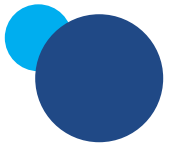
## R\$1.3 billion

(Without considering earn-out)

### FOCUS ON WHAT MATTERS

- **Operational excellence** to better serve our clients
- Total focus on our **core markets**
- With **optimized financial** resources

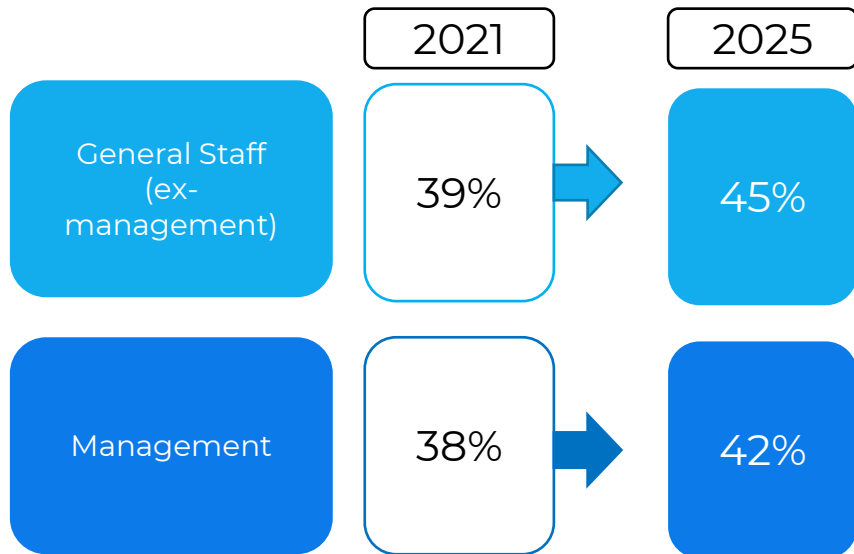




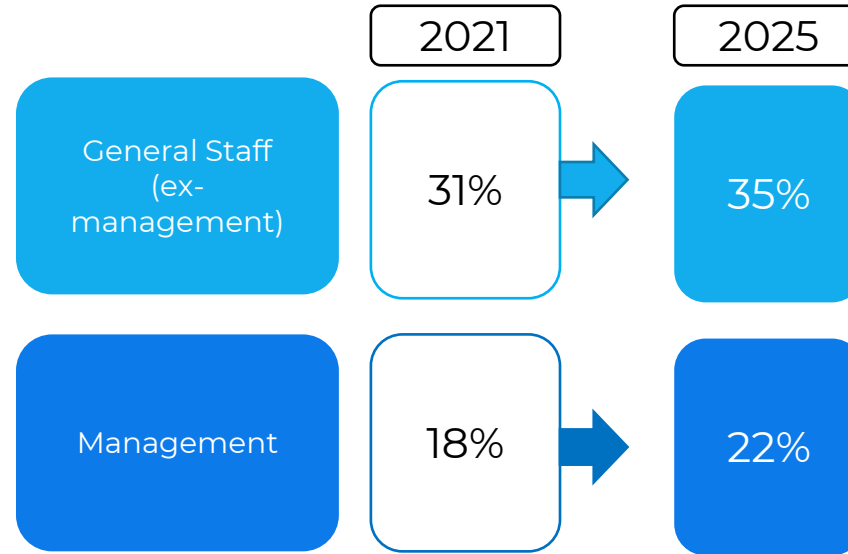
## Representativeness

### Goals Gender and Race & Ethnicity

#### Women



#### Black and Indigenous people



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# Attachments





# Reconciliation of Consolidated Net Income, Cielo BR and EBITDA

Non-recurring effects described below impact Cielo Brasil

Recurring Net Income (R\$ million)	1Q22	1Q21	Var. %	4Q21	Var. %
<b>Consolidated Net Income (accounting)</b>	<b>184.6</b>	<b>241.3</b>	<b>-23.5%</b>	<b>336.9</b>	<b>-45.2%</b>
<b>Non-recurring Items</b>		<b>105.5</b>	<b>n/a</b>	<b>36.7</b>	<b>n/a</b>
Sale of Multidisplay				49.4	
Discontinuation of Cielo Pay				(12.7)	
Capital gain from the sale of Orizon		4.2			
Plataforma ELO - assignment and monetary update		75.9			
Project New ELO - Reversal of provisions		46.2			
Restructuring provision		(20.8)			
<b>Recurring Net Income</b>	<b>184.6</b>	<b>135.8</b>	<b>35.9%</b>	<b>300.2</b>	<b>-38.5%</b>

Recurring Result, adjusted by cost of debts related to subsidiaries acquisition	1Q22	1Q21	Var. %	4Q21	Var. %
<b>Result Attributed to Cielo</b>	<b>184.6</b>	<b>135.8</b>	<b>35.9%</b>	<b>300.2</b>	<b>-38.5%</b>
Cielo Brasil	90.5	124.1	-27.1%	181.9	-50.2%
<b>Cost of acquisition debt</b>	<b>(62.7)</b>	<b>(19.8)</b>	<b>217.1%</b>	<b>(48.7)</b>	<b>28.9%</b>
<i>Cateno</i>	(59.2)	(11.7)	406.0%	(44.8)	32.3%
<i>MerchantE</i>	(3.5)	(8.1)	-56.6%	(3.9)	-9.7%
<b>Cielo Brasil (-) cost of debt</b>	<b>153.2</b>	<b>143.9</b>	<b>6.5%</b>	<b>230.5</b>	<b>-33.5%</b>

Recurring EBITDA (R\$ million)	1Q22	1Q21	Var. %	4Q21	Var. %
<b>Consolidated EBITDA (Accounting)</b>	<b>711.5</b>	<b>613.6</b>	<b>16.0%</b>	<b>789.5</b>	<b>-9.9%</b>
<b>Non-recurring Items</b>	<b>-</b>	<b>145.8</b>	<b>n/a</b>	<b>11.3</b>	<b>n/a</b>
Sale of Multidisplay				30.5	
Discontinuation of Cielo Pay				(19.2)	
Capital gain from the sale of Orizon		6.4			
Transferred assignment of Plataforma ELO		101.1			
Project New ELO - Reversal of provisions		69.9			
Restructuring provision		(31.6)			
<b>Recurring EBITDA</b>	<b>711.5</b>	<b>467.8</b>	<b>52.1%</b>	<b>778.2</b>	<b>-8.6%</b>

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**Investor Relations**

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