



# Earnings Release

1Q22

cielo

## 1Q22 Conference Calls

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Date: Wednesday, **05/04/2022**

### In Portuguese

(Simultaneous translation into English)

Time: **11:30 am** (Brasilia)

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### In English

Time: **11:30 am** (ET)

Phone: +1 844-204-8942

+55 11 4090-1621

Password: CIELO

## Ticker CIEL3

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R\$ 3.11

### Market value

R\$ 8.5 billion

### Earnings per share

R\$ 0.07

### P/E

9.25x

*Information current as of March 31, 2022*

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## PRESENTATION

This report presents the economic and financial situation of Cielo S.A. (B3: CIEL3 and OTC NASDAQ International: CIOXY). Intended for market analysts, shareholders, investors, the press, and other stakeholders, this document provides analyses, indicators and information considered relevant for analyzing the performance of Cielo and its subsidiaries. This report is published quarterly and presents the results of the first quarter of 2022. This document is not audited.

The financial statements are presented in thousands of reais (R\$ thousand), in accordance with the Accounting plan of the National Financial System Institutions (COSIF) and accounting practices adopted in Brazil. The tables and charts show values in the R\$ million, except where otherwise indicated. Occasionally, accounting data may be supplemented by operational and/or managerial information.

We highlight below the different views presented in this report:

- **Cielo Consolidated** – Presents the consolidated results of all companies under Cielo’s economic group, as well as the FIDCs structured by Cielo.
- **Cielo Brasil** – Managerial view that consolidates the results of Cielo, Stelo, Aliança, Servinet and FIDCs structured by the Company.
- **Cateno** – Managerial view that presents individual results for Cateno.
- **Other Subsidiaries** – Managerial view that consolidates the results of Cielo’s other subsidiaries, except for those in the Cielo Brasil and Cateno views.

For purposes of this report, references to consolidated result always refer to the profit attributable to Cielo’s shareholders, except where otherwise indicated.

This report is available online, at Cielo’s Investor Relations website, where there is also more information about the Company, its structure, business, and other information considered relevant to investors. The website can be accessed at [ri.cielo.com.br](http://ri.cielo.com.br). This report is not a substitute for the financial statements and other documents filed with the regulatory agencies.

This report may include statements about future events that are subject to risks and uncertainties. Such statements are based on our Management’s beliefs and assumptions taken to the best of our knowledge and information currently available to us. Statements about future events may include information about our intentions, beliefs or current expectations, as well as those of the members of the Board of Directors and Officers of the Company.

Forward-looking statements and information also include information about possible or assumed future operating results, as well as statements that are preceded, followed by or 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 because they refer to future events, and therefore depend on circumstances that may or may not occur. Future results and shareholder value creation may differ significantly from those expressed in or suggested by the forward-looking statements. Many of the factors that will determine these results and values are beyond Cielo’s ability to control or predict.

This report may include non-accounting metrics. We draw attention to these metrics. They have been included because Management considers them to be relevant for understanding the business, but are not necessarily subject to the same preparation criteria as the financial statements.

The rates of change in the tables and charts are calculated before rounding.

## 1. HIGHLIGHTS 1Q22

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### RECURRING RESULT CONTINUES TO GROW, SUSTAINED BY OPERATIONAL PERFORMANCE

Net income reached **R\$185 million** in the quarter, **36% higher** than recurring result observed in 1Q21. Volume captured by Cielo Brasil accelerates growth and **reaches R\$198 billion**.

- ✓ **RESULTS CONTINUE RECOVERY TRAJECTORY** – Recurring Net income recorded a 35.9% growth over last year in 1Q21.
- ✓ **RECOVERY SUSTAINED BY OPERATING RESULTS IMPROVEMENTS** – Results were driven by growth in captured volume, expense control, expansion of the pre-payment business, and stronger performance at Cateno. Profits increased despite a challenging scenario for financial result, impacted by hikes in the benchmark interest rate (SELIC).
- ✓ **EXPANSION OF THE PREPAID RECEIVABLES BUSINESS** – Pre-payment products, solutions that allow Cielo's customers to anticipate their receivables, arising from credit card transactions (with and without installments), totaled **R\$ 26 billion in volume, a strong growth of 31% compared to 1Q21**. Among the pre-payment products, we highlight the expansion of the acquisition of receivables line, which **reached 9.3% penetration, compared to 6.0% in 4Q21**.
- ✓ **CIELO BRASIL'S NET REVENUES GREW 14.1% OVER 1Q21** – Performance reflects volume expansion and higher penetration of *Recebe Rápido* product ("RR"), a solution that allows customers to receive all the funds from their credit card sales within 2 business days.
- ✓ **STRONG SPENDING DISCIPLINE** – Normalized expenses showed a nominal reduction of 0.5% over 1Q21 in Cielo Brasil, despite a strong growth in transacted volumes, inflation observed in the period and acceleration of investments in the business transformation.
- ✓ **CATENO'S RESULTS EXPAND 165.2% OVER 1Q21** – Results driven by operating performance, with emphasis to the 21.8% growth in the volume of credit card transactions.
- ✓ **CIELO CONCLUDES SUCCESSFUL DISINVESTMENT AGENDA** – After the end of the quarter, the Company announced the closing of MerchantE Solutions sale, a payment company based in the United States. Cielo received US\$137 million for the deal at the closing date. With the announcement of the sale of MerchantE, the Company ends an important divestment cycle, totaling R\$ 1.3 billion added to cash from January 2021 to April 2022.

## 2. ANALYSIS OF CONSOLIDATED RESULTS

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### 2.1. HIGHLIGHTS

- **Consolidated Net Income reached R\$ 184.6 million in 1Q22, a 35.9% increase when compared to the recurring results from the same quarter of last year.**
- **On a recurring basis, the consolidated EBITDA recorded an expansion 52.1% over 1Q21**, reflecting significant growth in both Cielo Brasil and Cateno.
- **Net revenue continues to expand in the main business units.** On a consolidated basis, revenues show growth of only 1.5% over 1Q21, due to the reduction observed in other subsidiaries, which is mainly explained by the closing of the sale of Multidisplay/M4U in November 2021. However, **Cielo Brasil registered growth of 14.1% and Cateno presented growth of 27.6% in revenues.**
- **Expenses remains under control.** Total consolidated costs and expenses were down 3.4% compared to 1Q21. If extraordinary effects that reduced the expenditure base of 1Q21 were isolated, the decrease would have been 8.9%, reflecting:
  - **Nominal decrease in Cielo Brasil's normalized expenses**, despite the inflation in the period, pressure on expenses from the strong volume expansion, and investments in the transformation process.
  - Expenses under control in Cateno.
  - **Decrease in Other Subsidiaries**, due to the sale of Multidisplay/M4U.

## 2.2. RESULTS PER BUSINESS UNIT

### 2.2.1. NET OPERATING REVENUE

Net Revenue (R\$ million)	1Q22	1Q21	Var. %	4Q21	Var. %
<b>Consolidated</b>	<b>2,762.2</b>	<b>2,722.6</b>	<b>1.5%</b>	<b>3,141.5</b>	<b>-12.1%</b>
Cielo Brazil	1,325.9	1,162.5	14.1%	1,373.0	-3.4%
Cateno	867.2	679.7	27.6%	961.8	-9.8%
Other Subsidiaries	569.1	880.4	-35.4%	806.7	-29.5%

- **Consolidated Net Operating Revenue** reached R\$ 2,762.2 million in 1Q22 – up 1.5% over the same quarter of the previous year and a 12.1% decrease over 4Q21. Emphasis to Cateno and Cielo Brazil, with growth of 27.6% and 14.1% over 1Q21, respectively.
- The variation observed in Other Subsidiaries refers to the sale of Multidisplay/M4U in November 2021. Excluding revenue from that subsidiary in 1Q21 (R\$ 324.6 million), the growth observed in consolidated revenue would be +15.2%.

### 2.2.2. EBITDA

- Consolidated EBITDA reached R\$ 711.5 million in 1Q22, an increase of 16.0% over 1Q21. As highlighted in the table below, there were extraordinary effects on comparisons with 1Q21 and 4Q21, which limited an even more robust growth of this indicator. Isolated from these effects, **Recurring EBITDA recorded an increase of 52.1% over 1Q21**. The comparison with 4Q21 is hindered by the higher concentration of retail sales in the last months of each fiscal year.

Recurring EBITDA (R\$ million)	1Q22	1Q21	Var. %	4Q21	Var. %
<b>EBITDA</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>

- The opening of Recurrent EBITDA per business unit shows growth of 38.7% in Cielo Brazil and 81.5% in Cateno. Performance in both business units is explained by the expansion of processed volumes and discipline in spending.

Recurring EBITDA (R\$ million)	1Q22	1Q21	Var. %	4Q21	Var. %
<b>Consolidated</b>	<b>711.5</b>	<b>467.8</b>	<b>52.1%</b>	<b>778.2</b>	<b>-8.6%</b>
Cielo Brazil	322.2	232.3	38.7%	343.7	-6.3%
Cateno	386.5	212.9	81.5%	422.7	-8.6%
Other Subsidiaries	2.7	22.7	-88.1%	11.8	-77.1%

### 2.2.3. CONSOLIDATED NET INCOME

- **Net Income** was down 23.5% compared to 1Q21. The comparison with 1Q21 is influenced by extraordinary events recorded in that period, as shown in the table below. **On a recurring basis, there was a 35.9% increase compared to 1Q21.** All non-recurring items demonstrated below occurred in Cielo Brasil.

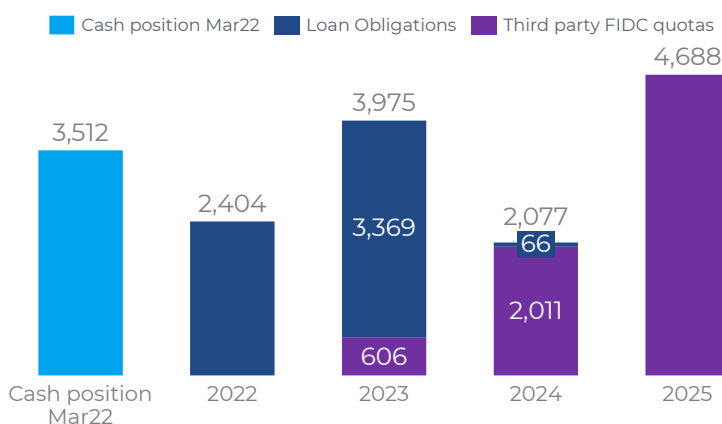
Recurring Net Income (R\$ million)	1Q22	1Q21	Var. %	4Q21	Var. %
<b>Consolidated Net Income</b>	<b>184.6</b>	<b>241.3</b>	<b>-23.5%</b>	<b>336.9</b>	<b>-45.2%</b>
<b>Non-recurring Items</b>		<b>105.5</b>	<b>n/a</b>	<b>36.7</b>	<b>n/a</b>
Sale of Multidisplay				49.4	
Discontinuation of Cielo Pay				(12.7)	
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>

- Compared to 1Q21, the opening of recurring profit per business unit shows expansion in Cateno and reduction in Cielo Brasil. At Cateno, the results were driven by operating performance (reflected in EBITDA, analyzed above) and by financial performance, which benefited from the higher cash balance and the increase in the DI rate in the period.
- At Cielo Brasil, recurring results have benefited from the solid improvement in operating fundamentals, with revenues resuming growth and expenses under control. However, when compared to 1Q21, there was a reduction, basically reflecting the reduction in financial results.

It should be noted that debts incurred by Cielo when acquiring MerchantE and Cateno are allocated in the results of Cielo Brasil. To make it easier to understand the actual contribution of each business unit to the result, **we reallocated the cost of the debt to the respective business units in the table below. In this view, Cielo Brasil's recurring result shows an expansion of 6.5% over 1Q21.** This expansion occurs even in a scenario of increased cost of the Company's other funding, not yet reflected in its entirety in revenues from pre-payment products (especially *Receba Rápido*).

CIELO BR' RESULT NET OF ACQUISITION COST					
R\$ million	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%
Cateno	147.7	55.7	165.2%	159.0	-7.1%
Other Subsidiaries	(53.6)	(44.0)	21.8%	(40.7)	31.7%
<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>
Cateno (+) cost of debt	88.5	44.0	101.1%	114.2	-22.5%
Other Subsidiaries (+) cost of debt	(57.1)	(52.1)	9.7%	(44.6)	28.1%

**2.2.4. LIQUIDITY AND INDEBTEDNESS (in R\$ million) – Managerial view**



\*The cash position (or total liquidity) presented in this item consolidates 100% of the cash balances and cash equivalents of the subsidiary Cateno.

- As of March 31, 2022, the Company recorded total cash and cash equivalents of R\$ 3,512.1 million, down R\$3,571.3 million compared to March 31, 2021, and R\$ 2,348.6 million compared to December 31, 2021. The reduction in cash and cash equivalents in both comparison bases is explained by the strong capital increase allocated in pre-payment products.
- At the balance sheet closing date, Cielo recorded total loan obligations and financing of R\$ 5,835.8 million, down R\$ 3,384.7 million vs. March 31, 2021 and R\$ 459.3 million vs. December 31, 2021. The reduction in total loan obligations and financing compared to the previous year is explained by the liquidation of public debentures and the reduction against the previous quarter is explained by the payment of interest on private debentures and the fall in the U.S. dollar, which affected the value of bonds.



## 2.3. INCOME STATEMENT

Income Statement	Cielo Consolidated				
	1Q22	1Q21	Var. %	4Q21	Var. %
<i>R\$ million</i>					
<b>Gross operating revenue</b>	<b>3,117.7</b>	<b>3,045.4</b>	<b>2.4%</b>	<b>3,540.5</b>	<b>-11.9%</b>
Taxes on services	(355.5)	(322.8)	10.1%	(399.0)	-10.9%
<b>Net operating revenue</b>	<b>2,762.2</b>	<b>2,722.6</b>	<b>1.5%</b>	<b>3,141.5</b>	<b>-12.1%</b>
<b>Total cost + expenses</b>	<b>(2,315.9)</b>	<b>(2,397.3)</b>	<b>-3.4%</b>	<b>(2,625.9)</b>	<b>-11.8%</b>
<b>Total costs</b>	<b>(1,848.3)</b>	<b>(2,030.2)</b>	<b>-9.0%</b>	<b>(2,112.1)</b>	<b>-12.5%</b>
Cost of service rendered	(1,587.8)	(1,751.9)	-9.4%	(1,844.9)	-13.9%
Depreciation and amortization	(260.5)	(278.3)	-6.4%	(267.2)	-2.5%
<b>Gross income</b>	<b>913.9</b>	<b>692.4</b>	<b>32.0%</b>	<b>1,029.4</b>	<b>-11.2%</b>
<b>Operating expenses</b>	<b>(467.6)</b>	<b>(367.1)</b>	<b>27.4%</b>	<b>(513.8)</b>	<b>-9.0%</b>
Salaries / Wages and benefits	(246.2)	(208.8)	17.9%	(250.1)	-1.6%
General and administratives	(96.7)	(80.1)	20.7%	(101.3)	-4.5%
Sales and Marketing expenses	(65.6)	(61.2)	7.2%	(52.7)	24.5%
Other operating ( Expenses) income, net	(54.5)	(7.7)	607.8%	(103.0)	-47.1%
Depreciation and amortization	(4.6)	(9.3)	-50.5%	(6.7)	-31.3%
Equity Interest	-	0.7	-100.0%	-	n/a
<b>Operating result</b>	<b>446.3</b>	<b>326.0</b>	<b>36.9%</b>	<b>515.6</b>	<b>-13.4%</b>
<b>EBITDA</b>	<b>711.5</b>	<b>613.6</b>	<b>16.0%</b>	<b>789.5</b>	<b>-9.9%</b>
<i>EBITDA Margin</i>	<i>25.8%</i>	<i>22.5%</i>	<i>3.2pp</i>	<i>25.1%</i>	<i>0.6pp</i>
<b>Financial income</b>	<b>(83.2)</b>	<b>34.8</b>	<b>n/a</b>	<b>(61.3)</b>	<b>35.7%</b>
Financial revenue	121.8	38.8	213.9%	106.7	14.2%
Financial expenses	(342.3)	(105.2)	225.4%	(275.3)	24.3%
Acquisition of receivables income, net	157.8	95.8	64.7%	113.5	39.0%
Net exchange variation	(20.5)	5.4	n/a	(6.2)	230.6%
Result before income tax and social contribution	363.1	360.8	0.6%	454.3	-20.1%
Income tax and social contribution	(115.2)	(95.6)	20.5%	(49.3)	133.7%
Current	(176.4)	(73.2)	141.0%	(89.7)	96.7%
Deferred	61.2	(22.4)	n/a	40.4	51.5%
<b>Net result</b>	<b>247.9</b>	<b>265.2</b>	<b>-6.5%</b>	<b>405.0</b>	<b>-38.8%</b>
<i>Net margin</i>	<i>9.0%</i>	<i>9.7%</i>	<i>-0.8pp</i>	<i>12.9%</i>	<i>-3.9pp</i>
<b>Attributed to Cielo</b>	<b>184.6</b>	<b>241.3</b>	<b>-23.5%</b>	<b>336.9</b>	<b>-45.2%</b>
Attributed to non Cielo interest	63.3	23.9	164.9%	68.1	-7.0%

The above Income Statement differs from the presentation of financial statements in accordance with accounting practices adopted in Brasil, thus demonstrating additional lines and reclassifying certain balances to facilitate the understanding of readers of this report.

### 3. CIELO BRASIL

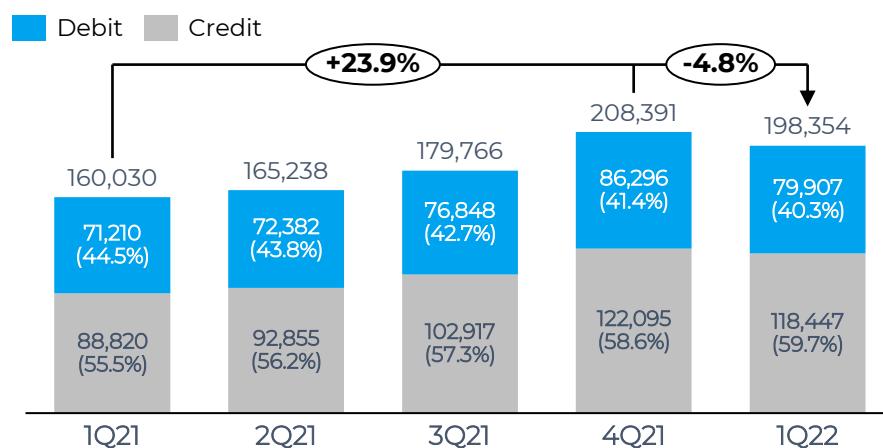
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#### 3.1. HIGHLIGHTS

- **Net operating income grew 14.1% over 1Q21.** Revenue was driven by the expansion of the financial transaction volume and the higher penetration of the two-day payment method, *Receba Rápido*.
- **The total capital allocated by Cielo in pre-payment products reached all-time high of R\$ 14.5 billion,** which reinforces the Company's commitment to diversifying revenue sources and supporting retailers in managing their cash flow. This amount includes the total allocated in acquisition of receivables operations, carried out through FIDC, and the two-day payment modality (*Receba Rápido*).
- The financial result showed a reduction, both in relation to 1Q21 and in comparison with the previous quarter, mainly reflecting the increases in the benchmark interest rate (SELIC), which impacts the Company's financial expenses.
- **The company continues to reinforce its spending control actions, while intensifying investments in business transformation.** In the quarter, Cielo invested R\$ 56.3 million in new initiatives to ensure additional leaps in quality of services provided, to increase commercial productivity, and to advance in the modernization of operations and technological base. The amount mentioned includes R\$ 36.2 million in expenses recognized in 1Q22, and R\$ 20.1 million in investments ("CAPEX").
- Despite the new investments and inflation in the period, normalized total costs and expenses showed a reduction of 0.5% over 1Q21 and 4.6% over 4Q21. The ratio of total normalized expenses to financial transaction volume ("ratio of normalized expenses") came in at 0.33%, flat against 4Q21 and 0.08 pp better than 1Q21. Total expenses excluding non-recurring items and certain variable costs are understood as normalized expenses, as shown in section 3.3.2.

### 3.2. OPERATIONAL PERFORMANCE

#### 3.2.1. FINANCIAL VOLUME (in R\$ millions)

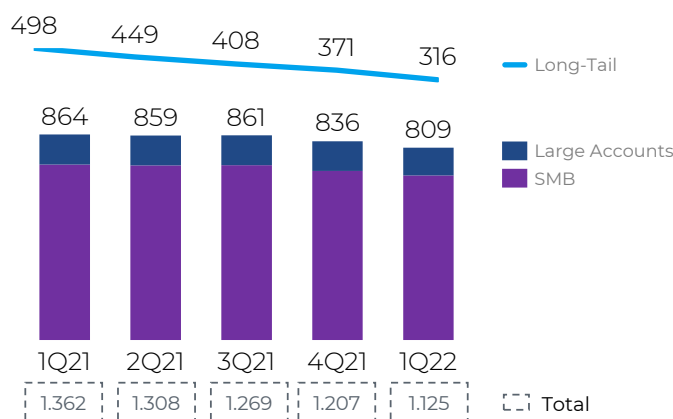


#### 3.2.2. FINANCIAL VOLUME BETWEEN PERIODS

Financial and transaction volume	1Q22	1Q21	Var. %	4Q21	Var. %
<b>Credit and Debit Cards</b>					
Financial transaction volume (R\$ million)	198,353.8	160,030.1	23.9%	208,391.3	-4.8%
Number of transactions (million)	1,898.0	1,533.9	23.7%	1,936.4	-2.0%
<b>Credit Cards</b>					
Financial transaction volume (R\$ million)	118,446.9	88,820.1	33.4%	122,094.9	-3.0%
Number of transactions (million)	821.3	659.6	24.5%	824.8	-0.4%
<b>Debit Cards</b>					
Financial transaction volume (R\$ million)	79,906.9	71,210.0	12.2%	86,296.4	-7.4%
Number of transactions (million)	1,076.7	874.2	23.2%	1,111.6	-3.1%
<b>Agro Product</b>					
Financial transaction volume (R\$ million)	556.3	830.8	-33.0%	1,159.5	-52.0%
Number of transactions (million)	0.01	0.01	-38.3%	0.01	-51.3%
<b>Debit Excluding Agro</b>					
Financial transaction volume (R\$ million)	79,350.6	70,379.2	12.7%	85,137.0	-6.8%
Number of transactions (million)	1,076.7	874.2	23.2%	1,111.6	-3.1%

- **The financial volume of transactions captured by Cielo Brasil was R\$ 198.4 billion in 1Q22**, the highest in history for a first quarter, showing growth of 23.9% over 1Q21 and a reduction of 4.8% over the previous quarter, the smallest historical reduction observed in the passage from the fourth quarter of one fiscal year to the first of the next, considering the strong concentration of retail sales observed in the last period of each year.
- **In relation to the mix by transaction type, credit card transactions represented 59.7% in 1Q22**, with a recovery of 1.1 percentage points ("pp") in relation to 4Q21 and 4.2 pp in relation to 1Q21. The financial volume of credit card transactions grew 33.4% year-over-year, while debit card transactions expanded 12.2%.

### 3.2.3. ACTIVE CLIENT BASE (thousands)



- Considering merchants that carried out at least one transaction with Cielo in the last 90 days, the total active base ended 1Q22 down 17.4% from 1Q21. The main reason is the suspension in the policy for granting subsidies to POS in the sales mode, which mainly impacts clients in the Long-Tail segment.

### 3.2.4. PRE-PAYMENT PRODUCTS

Pre-payment products (R\$ million)	1Q22	1Q21	Var. %	4Q21	Var. %
Credit card captured volume	118,446.9	88,820.1	33.4%	122,094.9	-3.0%
<b>ARV financial volume</b>	<b>10,974.6</b>	<b>10,189.8</b>	<b>7.7%</b>	<b>7,372.6</b>	<b>48.9%</b>
% ARV over credit card volume	9.3%	11.5%	-2.2pp	6.0%	3.2pp
<b>Two-day payment financial volume</b>	<b>15,437.1</b>	<b>9,970.6</b>	<b>54.8%</b>	<b>16,720.7</b>	<b>-7.7%</b>
% two-day payment over credit card volume	13.0%	11.2%	1.8pp	13.7%	-0.7pp
<b>Pre-payment products - ARV and Two-day payment vol.*</b>	<b>26,411.7</b>	<b>20,160.4</b>	<b>31.0%</b>	<b>24,093.3</b>	<b>9.6%</b>
% Pre-payment products over credit card volume	22.3%	22.7%	-0.4pp	19.7%	2.6pp
SMB and LT (R\$ million)	1Q22	1Q21	Var. %	4Q21	Var. %
Credit card captured volume	35,441.1	28,982.4	22.3%	37,061.7	-4.4%
<b>ARV financial volume</b>	<b>1,470.8</b>	<b>1,175.6</b>	<b>25.1%</b>	<b>1,467.1</b>	<b>0.3%</b>
% ARV over credit card volume	4.2%	4.1%	0.1pp	4.0%	0.2pp
<b>Two-day payment financial volume</b>	<b>14,104.3</b>	<b>9,089.4</b>	<b>55.2%</b>	<b>15,309.0</b>	<b>-7.9%</b>
% two-day payment over credit card volume	39.8%	31.4%	8.4pp	41.3%	-1.5pp
<b>Pre-payment products - ARV and Two-day payment vol.*</b>	<b>15,575.2</b>	<b>10,265.0</b>	<b>51.7%</b>	<b>16,776.2</b>	<b>-7.2%</b>
% Pre-payment products over credit card volume	43.9%	35.4%	8.5pp	45.3%	-1.3pp

\*Sums for disclosure purposes only. Includes Cielo's pre-payment products (ARV and Receba Rápido)

- The table above shows the details of Cielo's performance with pre-payment products. Cielo classifies under "pre-payment products" different solutions that allow merchants to receive their credit card sales within two days. Normally, credit card transactions (without installments) are settled within 30 days after they are made, with additional time for installment transactions. Pre-payment products include (i) ARV (Acquisition of Receivables), available through Cielo FIDC; and (ii) the two-day payment modality "Receba Rápido", a solution in which the funds for all credit card transactions (with or without installments) are automatically credited to the establishment within two business days after each transaction.

- In the comparison with 1Q21, highlight to the evolution of the *Receba Rápido*, which showed significant growth in terms of penetration over the financial volume of transactions, especially in the segments of small and medium-sized companies and long-tail. In relation to 4Q21, emphasis on ARV, which grew 48.9%, increasing its penetration by 3.2 pp on this comparison basis.

### 3.2.5. ACQUISITION OF RECEIVABLES INDICATORS

Purchase of Receivables	1Q22	1Q21	Var. %	4Q21	Var. %
% Purchased volume over Total Credit Volume	9.3%	11.5%	-2.2pp	6.0%	3.2pp
Financial Volume of Purchase of Receivables (R\$ million)	10,974.6	10,189.8	7.7%	7,372.6	48.9%
Average Term (Calendar Days)	48.6	48.0	0.6	46.0	2.6
Average Term (Business Days)	33.5	32.6	0.9	31.7	1.8

## 3.3. FINANCIAL PERFORMANCE

### 3.3.1. OPERATING REVENUES AND REVENUE YIELD

R\$ million	1Q22	1Q21	Var. %	4Q21	Var. %
TPV	198,353.8	160,030.1	23.9%	208,391.3	-4.8%
Net Revenue	1,325.9	1,162.5	14.1%	1,373.0	-3.4%
Yield	0.67%	0.73%	-0.06pp	0.66%	0.01pp

- Net revenues reached R\$ 1,326 million in 1Q22, an increase of 14.1% over 1Q21, a performance that is directly related to the expansion of volumes and the greater penetration of the two-day payment modality.
- Revenue yield reached 0.67% in 1Q22, down 0.06 p.p. from 1Q21 and a recovery of 0.01 p.p. compared to 4Q21. The year-over-year reduction mainly reflects the strong increase in volume (since part of Cielo's revenues do not follow volume variations, such as POS rentals) and changes in mix, with higher participation of large accounts in 1Q22.
- Since January, the Company has been revising pricing of certain revenue components, mainly in the two-day payment modality, mainly considering changes in the macroeconomic environment. The effects of these measures should only be felt more significantly as of 2Q22. For reference, in the last week of April, we observed revenue yield of approximately 0.76% (pro forma information), compared to 0.67% in 1Q22. In the SMB and long-tail segment, the yield for the last week of April registered a growth of 28 bps over the last week of March.

### 3.3.2. COST AND EXPENSE ANALYSIS

Total Expenses (costs + expenses, R\$ million)	1Q22	1Q21	Var. %	4Q21	Var. %
Costs related to POS	(223.2)	(235.3)	-5.2%	(230.0)	-2.9%
Costs related to transactions	(513.4)	(449.4)	14.3%	(531.7)	-3.4%
Other costs	(72.7)	(74.9)	-3.0%	(81.3)	-10.7%
<b>Cost of service rendered</b>	<b>(809.3)</b>	<b>(759.6)</b>	<b>6.5%</b>	<b>(843.0)</b>	<b>-4.0%</b>
Brand fees, subsidy amortization, services rendered by banks	411.9	361.2	14.0%	413.4	-0.4%
Tax Credit (PIS / COFINS)	(69.9)	(76.3)	-8.4%	(74.6)	-6.3%
Depreciation and amortization	121.5	110.4	10.1%	122.0	-0.4%
<b>Normalized Cost of service rendered</b>	<b>(345.8)</b>	<b>(364.3)</b>	<b>-5.1%</b>	<b>(382.2)</b>	<b>-9.5%</b>
Salaries / Wages and benefits	(190.7)	(152.2)	25.3%	(190.1)	0.3%
General and administratives	(65.3)	(37.2)	75.5%	(63.6)	2.7%
Sales and Marketing expenses	(22.0)	(24.1)	-8.7%	(10.4)	111.5%
Other operating expenses net	(37.9)	60.1	n/a	(35.8)	5.9%
Depreciation and Amortization	(2.0)	(3.6)	-44.4%	(2.6)	-23.1%
<b>Operating Expenses (R\$ million)</b>	<b>(317.9)</b>	<b>(157.0)</b>	<b>102.5%</b>	<b>(302.5)</b>	<b>5.1%</b>
Non-recurring - capital gain from the sale of Orizon		(6.4)			
Non-recurring - restructuring provision		31.6			
Non-recurring - reversal of provisions for New ELO project		(69.9)			
Non-recurring - transfered assignment of Plataforma ELO		(101.1)			
Non-recurring - Sale of Multidisplay				(30.5)	
Non-recurring - Discontinuation of Cielo Pay				19.2	
<b>Normalized Operating Expenses</b>	<b>(317.9)</b>	<b>(302.8)</b>	<b>5.0%</b>	<b>(313.8)</b>	<b>1.3%</b>
<b>Total Expenses (costs + expenses)</b>	<b>(1,127.2)</b>	<b>(916.6)</b>	<b>23.0%</b>	<b>(1,145.5)</b>	<b>-1.6%</b>
<b>Normalized Total Expenses (costs + expenses)</b>	<b>(663.7)</b>	<b>(667.1)</b>	<b>-0.5%</b>	<b>(696.0)</b>	<b>-4.6%</b>

### 3.3.2.1. COST OF SERVICES RENDERED

R\$ million	1Q22	1Q21	Var. %	4Q21	Var. %
Costs related to POS	(223.2)	(235.3)	-5.2%	(230.0)	-2.9%
Costs related to transactions	(513.4)	(449.4)	14.3%	(531.7)	-3.4%
Other costs	(72.7)	(74.9)	-3.0%	(81.3)	-10.7%
<b>Cost of service rendered</b>	<b>(809.3)</b>	<b>(759.6)</b>	<b>6.5%</b>	<b>(843.0)</b>	<b>-4.0%</b>

- The higher costs compared to the same quarter last year are mainly due to transaction-related costs. The expansion of these costs stems from higher volumes captured, resulting in higher expenses in brand fees and processing services, which was partially offset by lower expenses for services provided by banks, resulting in growth substantially lower than the volume expansion seen in the period.

Also, in relation to 1Q21, there was a drop in **costs related to POS**, mainly explained by the reduction in the amortization of subsidies in sale modality.

### 3.3.2.2. OPERATING EXPENSES

R\$ million	1Q22	1Q21	Var. %	4Q21	Var. %
Salaries / Wages and benefits	(190.7)	(152.2)	25.3%	(190.1)	0.3%
General and administratives	(65.3)	(37.2)	75.5%	(63.6)	2.7%
Sales and Marketing expenses	(22.0)	(24.1)	-8.7%	(10.4)	111.5%
Other operating expenses net	(37.9)	60.1	-163.1%	(35.8)	5.9%
Depreciation and Amortization	(2.0)	(3.6)	-44.4%	(2.6)	-23.1%
<b>Operating Expenses</b>	<b>(317.9)</b>	<b>(157.0)</b>	<b>102.5%</b>	<b>(302.5)</b>	<b>5.1%</b>

- The increase in operating expenses in 1Q22, observed in comparison with the same quarter of the previous year, stemmed from the variation in the line of **other net operating expenses**, higher **personnel expenses**, and higher **general and administrative expenses**.

The behavior of other operating expenses is mainly associated with non-recurring events observed in 1Q21. Isolating from these effects, the other operating expenses would have recorded a reduction of 55.8%, mainly due to the reduction in expenses with bad debts and losses with terminals, reflecting greater efficiency in collection and in the management of the POS terminal park.

In personnel expenses, the increase observed over 1Q21 is mainly due to higher expenses related to the commercial team (increase in average headcount and bonuses) and from yearly salary adjustment agreement.

The increase observed in General and administrative expenses over the 1Q21, mainly stems from higher expenses with projects and initiatives aimed at improving the quality of services provided at Cielo.

R\$ million	1Q22	1Q21	Var. %	4Q21	Var. %
<b>Normalized Operating Expenses</b>	<b>(317.9)</b>	<b>(302.8)</b>	<b>5.0%</b>	<b>(313.8)</b>	<b>1.3%</b>

Adjusting for extraordinary events that impacted the baseline, both in 1Q21 and 4Q2, normalized operating expenses grew by 5.0% over 1Q21 - significantly below inflation for the period – and 1.3% over 4Q21.

### 3.3.2.3. NORMALIZED COSTS AND EXPENSES (managerial view)

R\$ million	1Q22	1Q21	Var. %	4Q21	Var. %
<b>Normalized Total Expenses (costs + expenses)</b>	<b>(663.7)</b>	<b>(667.1)</b>	<b>-0.5%</b>	<b>(696.0)</b>	<b>-4.6%</b>

- The normalized costs and expenses, a concept in which variable costs and extraordinary events are segregated, presented stability in relation to 1Q21, and a reduction of 4.6% over the previous quarter. This performance is the result of the spending discipline and the efficient actions that have been taken by management, which were sufficient to offset the effects of inflation, the pressure on Cielo Brasil's cost structure from the increase in volume, and the investments in new operational improvement initiatives, which totaled R\$36 million in expenses for the quarter.

### 3.3.3. EBITDA

Recurring EBITDA (R\$ million)	1Q22	1Q21	Var. %	4Q21	Var. %
<b>EBITDA</b>	<b>322.2</b>	<b>378.1</b>	<b>-14.8%</b>	<b>355.0</b>	<b>-9.2%</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>322.2</b>	<b>232.3</b>	<b>38.7%</b>	<b>343.7</b>	<b>-6.3%</b>

- On a recurring basis, Cielo Brasil's EBITDA recorded significant growth of 38.7% over 1Q21. In relation to 4Q21, isolated from non-recurring events, EBITDA would have decreased by 6.3%, reflecting the last period of each fiscal year bringing higher retail sales.



3.3.4. FINANCIAL INCOME

Financial Result (R\$ million)	1Q22	1Q21	Var. %	4Q21	Var. %
Financial Revenues	89.2	33.1	169.5%	84.4	5.7%
Financial Expenses	(320.0)	(83.3)	284.2%	(251.9)	27.0%
Acquisition of receivables income, net	157.8	95.8	64.7%	113.5	39.0%
Net exchange variation	(20.4)	5.4	n/a	(6.2)	229.0%
<b>Total</b>	<b>(93.4)</b>	<b>51.0</b>	<b>n/a</b>	<b>(60.2)</b>	<b>55.1%</b>

- Cielo Brasil's financial result dropped in both comparison bases. Overall, the result reflected the increases in the benchmark interest rate (SELIC), which impacts the Company's financial expenses and, to a lesser extent, the lower result with net exchange variation. These effects were only partially offset by financial revenues and with ARV.
- The **Financial expenses** showed a growth trend in both comparison bases, impacted mostly by the increase in the average DI rate.
- The **net acquisition of receivables income** increased both in relation to 1Q21 and in comparison to 4Q21, reflecting the increase in the DI and the higher volume of operations, resulting from improvements implemented by the Company in the business processes related to this product. The anticipated volume growth in ARV, observed throughout 1Q22, has not yet been fully captured in the result, given the *pro-rata temporis* appropriation method.
- **Financial revenues** showed recovery in both comparison bases, basically reflecting the higher average DI rate. On the other hand, a stronger growth of this line was limited by the reduction in the average balance of investments, given more capital have been employed to pre-payment products.

3.3.5. NET INCOME

- In 1Q22, Cielo Brasil recorded R\$ 90.5 million in net income, down 60.6% compared to 1Q21 and 58.6% compared to 4Q21. On a recurring basis, the result was a 27.1% reduction compared to 1Q21.
- Cielo Brasil's recurring result has been driven by the upward trend in operating fundamentals, with volume growth, increased penetration of pre-payment products and expense control. However, net income has been impacted by the deterioration of the financial result, which mainly reflects the higher DI rates.
- As mentioned above, debts incurred by Cielo when acquiring MerchantE and Cateno are allocated in the Cielo Brasil's result. The perspective below presents Cielo Brasil's result without the cost of such debt. **In this view, the recurring result shows an expansion of 6.5% over 1Q21. This expansion occurs even in a scenario of higher costs for the Company's other funding, not yet fully reflected in the revenues obtained with pre-paymet products (especially *Receba Rápido*).**

CIELO BR' RESULT NET OF ACQUISITION COST					
R\$ million	1Q22	1Q21	Var. %	4Q21	Var. %
Recurring Result - Cielo Brasil	90.5	124.1	-27.1%	181.9	-50.2%
Cost of acquisition debt	(62.7)	(19.8)	217.1%	(48.7)	28.9%
<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%
Cielo Brasil (-) cost of debt	153.2	143.9	6.5%	230.5	-33.5%

### 3.4. INCOME STATEMENT

Income Statement	Cielo Brasil				
	1Q22	1Q21	Var. %	4Q21	Var. %
<i>R\$ million</i>					
<b>Gross operating revenue</b>	<b>1,538.4</b>	<b>1,347.6</b>	<b>14.2%</b>	<b>1,597.6</b>	<b>-3.7%</b>
Taxes on services	(212.5)	(185.1)	14.8%	(224.6)	-5.4%
<b>Net operating revenue</b>	<b>1,325.9</b>	<b>1,162.5</b>	<b>14.1%</b>	<b>1,373.0</b>	<b>-3.4%</b>
<b>Total cost + expenses</b>	<b>(1,127.2)</b>	<b>(916.6)</b>	<b>23.0%</b>	<b>(1,145.5)</b>	<b>-1.6%</b>
<b>Total costs</b>	<b>(809.3)</b>	<b>(759.6)</b>	<b>6.5%</b>	<b>(843.0)</b>	<b>-4.0%</b>
Cost of service rendered	(687.8)	(631.7)	8.9%	(718.1)	-4.2%
Depreciation and amortization	(121.5)	(127.9)	-5.0%	(124.9)	-2.7%
<b>Gross income</b>	<b>516.6</b>	<b>402.9</b>	<b>28.2%</b>	<b>530.0</b>	<b>-2.5%</b>
<b>Operating expenses</b>	<b>(317.9)</b>	<b>(157.0)</b>	<b>102.5%</b>	<b>(302.5)</b>	<b>5.1%</b>
Salaries / Wages and benefits	(190.7)	(152.2)	25.3%	(190.1)	0.3%
General and administratives	(65.3)	(37.2)	75.5%	(63.6)	2.7%
Sales and Marketing expenses	(22.0)	(24.1)	-8.7%	(10.4)	111.5%
Other operating ( Expenses) income, net	(37.9)	60.1	n/a	(35.8)	5.9%
Depreciation and amortization	(2.0)	(3.6)	-44.4%	(2.6)	-23.1%
Equity Interest	-	0.7	-100.0%	-	n/a
<b>Operating result</b>	<b>198.7</b>	<b>246.6</b>	<b>-19.4%</b>	<b>227.5</b>	<b>-12.7%</b>
<b>EBITDA</b>	<b>322.2</b>	<b>378.1</b>	<b>-14.8%</b>	<b>355.0</b>	<b>-9.2%</b>
<i>EBITDA Margin</i>	<i>24.3%</i>	<i>32.5%</i>	<i>-8.2pp</i>	<i>25.9%</i>	<i>-1.6pp</i>
<b>Financial income</b>	<b>(93.4)</b>	<b>51.0</b>	<b>n/a</b>	<b>(60.2)</b>	<b>55.1%</b>
Financial revenue	89.2	33.1	169.5%	84.4	5.7%
Financial expenses	(320.0)	(83.3)	284.2%	(251.9)	27.0%
Acquisition of receivables income, net	157.8	95.8	64.7%	113.5	39.0%
Net exchange variation	(20.4)	5.4	n/a	(6.2)	229.0%
Result before income tax and social contribution	105.3	297.6	-64.6%	167.3	-37.1%
Income tax and social contribution	(14.8)	(68.0)	n/a	51.3	n/a
Current	(62.0)	(25.8)	n/a	60.3	n/a
Deferred	47.2	(42.2)	n/a	(9.0)	n/a
<b>Net result</b>	<b>90.5</b>	<b>229.6</b>	<b>-60.6%</b>	<b>218.6</b>	<b>-58.6%</b>
<i>Net margin</i>	<i>6.8%</i>	<i>19.8%</i>	<i>-12.9pp</i>	<i>15.9%</i>	<i>-9.1pp</i>
<b>Attributed to Cielo</b>	<b>90.5</b>	<b>229.6</b>	<b>-60.6%</b>	<b>218.6</b>	<b>-58.6%</b>
Attributed to non Cielo interest	-	-	n/a	-	n/a

Cielo Brasil's income statements consolidate the operations of Cielo, Servinet, Aliança and Stelo (considering the merger with Braspag on September 30, 2020).

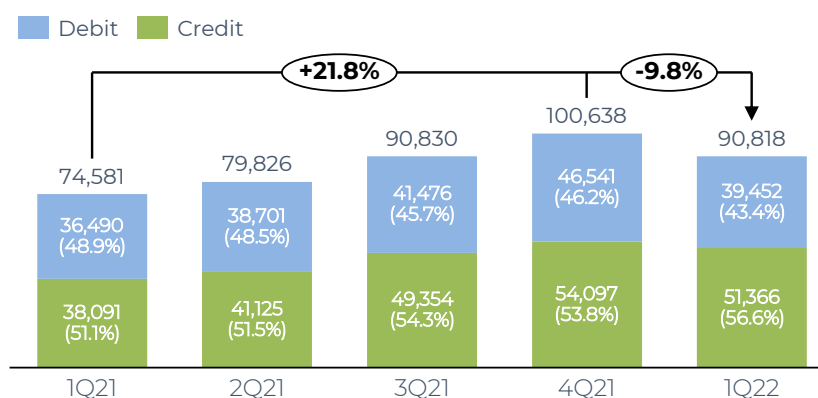
## 4. CATENO

### 4.1. HIGHLIGHTS

- **Cateno's net income reached R\$ 211.0 million in 1Q22**, registering a 165.1% increase over 1Q21, driven by the expansion of net revenues, as well as the drop in operating expenses.
- **Net revenues recorded 27.6% growth over the same quarter last year**, driven by volume expansion and a more favorable transaction mix.
- Operating expenses recorded a reduction of 55.2% in relation to 1Q21, due to lower operating losses and the more favorable behavior of reimbursements related to the Ourocard payment arrangement.

### 4.2. OPERATIONAL PERFORMANCE

#### 4.2.1. EVOLUTION OF FINANCIAL VOLUME (in R\$ million)



#### 4.2.2. FINANCIAL VOLUME

Financial volume (R\$ million)	1Q22	1Q21	Var. %	4Q21	Var. %
<b>Total financial volume</b>	<b>90,818.4</b>	<b>74,580.9</b>	<b>21.8%</b>	<b>100,638.1</b>	<b>-9.8%</b>
Credit volume	51,366.2	38,091.2	34.9%	54,097.3	-5.0%
Debit volume	39,452.2	36,489.8	8.1%	46,540.7	-15.2%
<b>Total financial volume excluding specific business*</b>	<b>90,319.4</b>	<b>73,762.4</b>	<b>22.4%</b>	<b>99,202.3</b>	<b>-9.0%</b>

\*Represents the volume of transactions with Ourocard Agribusiness, BNDES Card and others.

### 4.3. FINANCIAL PERFORMANCE

#### 4.3.1. ANALYSIS OF COSTS AND EXPENSES

##### 4.3.1.1. COST OF SERVICES RENDERED

Changes in the cost of services rendered are presented below:

Cost of service rendered (R\$ million)	1Q22	1Q21	Var. %	4Q21	Var. %
Cost of service rendered	(536.1)	(471.3)	13.7%	(541.3)	-1.0%

- The costs of services rendered, including depreciation and amortization costs, totaled R\$ 536.1 million in 1Q22, an increase of 13.7% over 1Q21. This growth is substantially related to the increase in brand fee costs, resulting from the higher volume transacted in the period.

There was a 1.0% reduction in costs in the comparison with 4Q21, reflecting the lower volume observed in comparison with this period, as well as lower expenses with the customer service center. On the other hand, the reduction was partially offset by increased brand fee costs, due to discounts received in 4Q21, as well as higher expenses with card embossing and postage.

##### 4.3.1.2. OPERATING EXPENSES

Changes in operating expenses are presented below:

Operating Expenses (R\$ million)	1Q22	1Q21	Var. %	4Q21	Var. %
Salaries / Wages and benefits	(19.7)	(17.3)	13.9%	(23.1)	-14.7%
General and administratives	(6.3)	(6.9)	-8.7%	(5.6)	12.5%
Sales and Marketing expenses	-	(0.1)	-100.0%	(0.1)	-100.0%
Other operating expenses net	(15.6)	(68.6)	-77.3%	(66.2)	-76.4%
<b>Total</b>	<b>(41.6)</b>	<b>(92.9)</b>	<b>-55.2%</b>	<b>(95.0)</b>	<b>-56.2%</b>

- In 1Q22, operating expenses, including depreciation and amortization, reached R\$ 41.6 million, a reduction of 55.2% compared to 1Q21 and 56.2% when compared to 4Q21.
- In both comparison bases, the variations basically stem from the line of **other net operating expenses**, positively impacted by the progress of efficient actions in fraud losses, which reduced operating losses, as well as by the better behavior of the recognition of expense reimbursement (Ourocard Arrangement) in the different periods.

Other operating expenses, net (R\$ million)	1Q22	1Q21	Var. %	4Q21	Var. %
Operating losses	(21.6)	(46.7)	-53.8%	(28.2)	-23.6%
Reimbursement of expenses	8.0	(20.5)	n/a	(21.7)	-136.9%
Others	(2.0)	(1.4)	41.9%	(16.2)	-87.4%
<b>Other operating expenses, net</b>	<b>(15.6)</b>	<b>(68.6)</b>	<b>-77.3%</b>	<b>(66.2)</b>	<b>-76.4%</b>
Adjustment - discount in brand fees	-	23.6	n/a	-	n/a
<b>Total</b>	<b>(15.6)</b>	<b>(45.0)</b>	<b>-65.4%</b>	<b>(66.2)</b>	<b>-76.4%</b>

### 4.3.2. FINANCIAL INCOME

Changes in financial income are presented below:

Financial Income (R\$ million)	1Q22	1Q21	Var. %	4Q21	Var. %
Financial revenue	31.5	5.3	494.3%	21.7	45.2%
Financial expenses	(1.1)	(0.4)	175.0%	(0.7)	57.1%
<b>Total</b>	<b>30.4</b>	<b>4.9</b>	<b>520.4%</b>	<b>21.0</b>	<b>44.8%</b>

- Financial income reached R\$ 30.4 million in the quarter, an increase of 520.4% compared to 1Q21 and 44.8% compared to 4Q21. In both comparisons, the changes are mostly due to the higher average DI rate.

### 4.3.3. NET INCOME

- Cateno's net income attributable to Cielo was R\$ 147.7 million in 1Q22, representing an increase of 165.2% compared to 1Q21 and down 7.1%, compared to 4Q21.
- In a managerial view, which allocates to Cateno the costs of debts assumed by Cielo Brasil to create Cateno and deducts amortization expenses, Cateno's Managerial Net Income in 1Q22 reached R\$ 156.1 million, as presented below.

Income Statement (Managerial)	Managerial Cateno				
R\$ million	1Q22	1Q21	Var. %	4Q21	Var. %
<b>Net operating revenue</b>	<b>867.2</b>	<b>679.7</b>	<b>27.6%</b>	<b>961.8</b>	<b>-9.8%</b>
Total cost + expenses (ex-amortization)	(481.1)	(467.1)	3.0%	(539.4)	-10.8%
<b>Operating income</b>	<b>386.1</b>	<b>212.6</b>	<b>81.6%</b>	<b>422.4</b>	<b>-8.6%</b>
<b>Financial income</b>	<b>30.4</b>	<b>5.0</b>	<b>508.0%</b>	<b>21.0</b>	<b>44.8%</b>
Income before income tax and social contribution	416.5	217.6	91.4%	443.4	-6.1%
Income tax and social contribution	(108.9)	(40.9)	166.1%	(119.4)	-8.8%
<b>Net income</b>	<b>307.6</b>	<b>176.7</b>	<b>74.1%</b>	<b>324.0</b>	<b>-5.1%</b>
<b>Share Cielo 70%</b>	<b>215.3</b>	<b>123.7</b>	<b>74.1%</b>	<b>226.8</b>	<b>-5.1%</b>
(-) Financial expenses net of taxes related to Cateno	(59.2)	(11.7)	375.0%	(44.8)	24.2%
<b>Adjusted net income (managerial)</b>	<b>156.1</b>	<b>112.0</b>	<b>39.4%</b>	<b>182.0</b>	<b>-14.3%</b>

#### 4.4. INCOME STATEMENT

Income Statement	Cateno				
	1Q22	1Q21	Var. %	4Q21	Var. %
<i>R\$ million</i>					
<b>Gross operating revenue</b>	<b>1,009.7</b>	<b>783.5</b>	<b>28.9%</b>	<b>1,115.6</b>	<b>-9.5%</b>
Taxes on services	(142.5)	(103.8)	37.3%	(153.8)	-7.3%
<b>Net operating revenue</b>	<b>867.2</b>	<b>679.7</b>	<b>27.6%</b>	<b>961.8</b>	<b>-9.8%</b>
<b>Total cost + expenses</b>	<b>(577.7)</b>	<b>(564.2)</b>	<b>2.4%</b>	<b>(636.3)</b>	<b>-9.2%</b>
<b>Total costs</b>	<b>(536.1)</b>	<b>(471.3)</b>	<b>13.7%</b>	<b>(541.3)</b>	<b>-1.0%</b>
Cost of service rendered	(439.5)	(374.3)	17.4%	(444.5)	-1.1%
Depreciation and amortization	(96.6)	(97.0)	-0.4%	(96.8)	-0.2%
<b>Gross income</b>	<b>331.1</b>	<b>208.4</b>	<b>58.9%</b>	<b>420.5</b>	<b>-21.3%</b>
<b>Operating expenses</b>	<b>(41.6)</b>	<b>(92.9)</b>	<b>-55.2%</b>	<b>(95.0)</b>	<b>-56.2%</b>
Salaries / Wages and benefits	(19.7)	(17.3)	13.9%	(23.1)	-14.7%
General and administratives	(5.9)	(6.5)	-9.2%	(5.2)	13.5%
Sales and Marketing expenses	-	(0.1)	-100.0%	(0.1)	-100.0%
Other operating ( Expenses) income, net	(15.6)	(68.6)	-77.3%	(66.2)	-76.4%
Depreciation and amortization	(0.4)	(0.4)	0.0%	(0.4)	0.0%
<b>Operating income</b>	<b>289.5</b>	<b>115.5</b>	<b>150.6%</b>	<b>325.5</b>	<b>-11.1%</b>
<b>EBITDA</b>	<b>386.5</b>	<b>212.9</b>	<b>81.5%</b>	<b>422.7</b>	<b>-8.6%</b>
<i>EBITDA Margin</i>	<i>44.6%</i>	<i>31.3%</i>	<i>13.2pp</i>	<i>43.9%</i>	<i>0.6pp</i>
<b>Financial income</b>	<b>30.4</b>	<b>5.0</b>	<b>508.0%</b>	<b>21.0</b>	<b>44.8%</b>
Financial revenue	31.5	5.3	494.3%	21.7	45.2%
Financial expenses	(1.1)	(0.4)	175.0%	(0.7)	57.1%
Income before income tax and social contribution	319.9	120.5	165.5%	346.5	-7.7%
Income tax and social contribution	(108.9)	(40.9)	166.3%	(119.4)	-8.8%
Current	(114.3)	(52.1)	119.4%	(134.1)	-14.8%
Deferred	5.4	11.2	n/a	14.7	-63.3%
<b>Net income</b>	<b>211.0</b>	<b>79.6</b>	<b>165.1%</b>	<b>227.1</b>	<b>-7.1%</b>
<i>Net margin</i>	<i>24.3%</i>	<i>11.7%</i>	<i>12.6pp</i>	<i>23.6%</i>	<i>0.7pp</i>
<b>Attributed to Cielo</b>	<b>147.7</b>	<b>55.7</b>	<b>165.2%</b>	<b>159.0</b>	<b>-7.1%</b>
Attributed to non Cielo interest	63.3	23.9	164.9%	68.1	-7.0%

The above Income Statement differs from the presentation of financial statements in accordance with accounting practices adopted in Brasil, thus demonstrating additional lines and reclassifying certain balances to facilitate the understanding of readers of this report.

## 5. OTHER SUBSIDIARIES

### 5.1. FINANCIAL PERFORMANCE

Income Statement	Other Subsidiaries				
	R\$ million	1Q22	1Q21	Var. %	4Q21
<b>Gross operating revenue</b>	<b>569.6</b>	<b>914.3</b>	<b>-37.7%</b>	<b>827.3</b>	<b>-31.1%</b>
Taxes on services	(0.5)	(33.9)	-98.5%	(20.6)	-97.6%
<b>Net operating revenue</b>	<b>569.1</b>	<b>880.4</b>	<b>-35.4%</b>	<b>806.7</b>	<b>-29.5%</b>
<b>Total cost + expenses</b>	<b>(611.0)</b>	<b>(916.5)</b>	<b>-33.3%</b>	<b>(844.1)</b>	<b>-27.6%</b>
<b>Total costs</b>	<b>(502.9)</b>	<b>(799.3)</b>	<b>-37.1%</b>	<b>(727.8)</b>	<b>-30.9%</b>
Cost of service rendered	(460.5)	(745.9)	-38.3%	(682.3)	-32.5%
Depreciation and amortization	(42.4)	(53.4)	-20.6%	(45.5)	-6.8%
<b>Gross income</b>	<b>66.2</b>	<b>81.1</b>	<b>-18.4%</b>	<b>78.9</b>	<b>-16.1%</b>
<b>Operating expenses</b>	<b>(108.1)</b>	<b>(117.2)</b>	<b>-7.8%</b>	<b>(116.3)</b>	<b>-7.1%</b>
Salaries / Wages and benefits	(35.8)	(39.3)	-8.9%	(36.9)	-3.0%
General and administratives	(25.5)	(36.4)	-29.9%	(32.5)	-21.5%
Sales and Marketing expenses	(43.6)	(37.0)	17.8%	(42.2)	3.3%
Other operating ( Expenses ) income, net	(1.0)	0.8	n/a	(1.0)	0.0%
Depreciation and amortization	(2.2)	(5.3)	-58.5%	(3.7)	-40.5%
Equity Interest	-	-	n/a	-	n/a
<b>Operating result</b>	<b>(41.9)</b>	<b>(36.1)</b>	<b>16.1%</b>	<b>(37.4)</b>	<b>12.0%</b>
<b>EBITDA</b>	<b>2.7</b>	<b>22.5</b>	<b>-88.0%</b>	<b>11.8</b>	<b>-77.1%</b>
<i>EBITDA Margin</i>	<i>0.5%</i>	<i>2.6%</i>	<i>-2.1pp</i>	<i>1.5%</i>	<i>-1.0pp</i>
<b>Financial income</b>	<b>(20.2)</b>	<b>(21.1)</b>	<b>-4.3%</b>	<b>(22.1)</b>	<b>-8.6%</b>
Result before income tax and social contribution	(62.1)	(57.3)	8.4%	(59.5)	4.4%
Income tax and social contribution	8.5	13.3	-36.1%	18.8	-54.8%
Current	(0.1)	4.7	n/a	(15.9)	-99.4%
Deferred	8.6	8.6	0.0%	34.7	-75.2%
<b>Net result</b>	<b>(53.6)</b>	<b>(44.0)</b>	<b>21.8%</b>	<b>(40.7)</b>	<b>31.7%</b>
<i>Net margin</i>	<i>-9.4%</i>	<i>-5.0%</i>	<i>-4.4pp</i>	<i>-5.0%</i>	<i>-4.4pp</i>
<b>Attributed to Cielo</b>	<b>(53.6)</b>	<b>(44.0)</b>	<b>21.8%</b>	<b>(40.7)</b>	<b>31.7%</b>
Attributed to non Cielo interest	-	-	n/a	-	n/a

The above Income Statement differs from the presentation of financial statements in accordance with accounting practices adopted in Brasil, thus demonstrating additional lines and reclassifying certain balances to facilitate the understanding of readers of this report.

The statements of other subsidiaries consolidate the operations of M4U (until November 2021), MerchantE, Cielo USA Inc. and Braspag (until September 30, 2020).



6. EXHIBITS

6.1. MANAGEMENT PERFORMANCE 1Q22 – COSIF (NOT AUDITED)

Income Statement	Cielo Brasil					Cateno - Accounting value					Other Subsidiaries					Cielo Consolidated				
	1Q22	1Q21	Var. %	4Q21	Var. %	1Q22	1Q21	Var. %	4Q21	Var. %	1Q22	1Q21	Var. %	4Q21	Var. %	1Q22	1Q21	Var. %	4Q21	Var. %
<b>Gross operating revenue</b>	<b>1,538.4</b>	<b>1,347.6</b>	<b>14.2%</b>	<b>1,597.6</b>	<b>-3.7%</b>	<b>1,009.7</b>	<b>783.5</b>	<b>28.9%</b>	<b>1,115.6</b>	<b>-9.5%</b>	<b>569.6</b>	<b>914.3</b>	<b>-37.7%</b>	<b>827.3</b>	<b>-31.1%</b>	<b>3,117.7</b>	<b>3,045.4</b>	<b>2.4%</b>	<b>3,540.5</b>	<b>-11.9%</b>
Taxes on services	(212.5)	(185.1)	14.8%	(224.6)	-5.4%	(142.5)	(103.8)	37.3%	(153.8)	-7.3%	(0.5)	(33.9)	-98.5%	(20.6)	-97.6%	(355.5)	(322.8)	10.1%	(399.0)	-10.9%
<b>Net operating revenue</b>	<b>1,325.9</b>	<b>1,162.5</b>	<b>14.1%</b>	<b>1,373.0</b>	<b>-3.4%</b>	<b>867.2</b>	<b>679.7</b>	<b>27.6%</b>	<b>961.8</b>	<b>-9.8%</b>	<b>569.1</b>	<b>880.4</b>	<b>-35.4%</b>	<b>806.7</b>	<b>-29.5%</b>	<b>2,762.2</b>	<b>2,722.6</b>	<b>1.5%</b>	<b>3,141.5</b>	<b>-12.1%</b>
<b>Total cost + expenses</b>	<b>(1,127.2)</b>	<b>(916.6)</b>	<b>23.0%</b>	<b>(1,145.5)</b>	<b>-1.6%</b>	<b>(577.7)</b>	<b>(564.2)</b>	<b>2.4%</b>	<b>(636.3)</b>	<b>-9.2%</b>	<b>(611.0)</b>	<b>(916.5)</b>	<b>-33.3%</b>	<b>(844.1)</b>	<b>-27.6%</b>	<b>(2,315.9)</b>	<b>(2,397.3)</b>	<b>-3.4%</b>	<b>(2,625.9)</b>	<b>-11.8%</b>
<b>Total costs</b>	<b>(809.3)</b>	<b>(759.6)</b>	<b>6.5%</b>	<b>(843.0)</b>	<b>-4.0%</b>	<b>(536.1)</b>	<b>(471.3)</b>	<b>13.7%</b>	<b>(541.3)</b>	<b>-1.0%</b>	<b>(502.9)</b>	<b>(799.3)</b>	<b>-37.1%</b>	<b>(727.8)</b>	<b>-30.9%</b>	<b>(1,848.3)</b>	<b>(2,030.2)</b>	<b>-9.0%</b>	<b>(2,112.1)</b>	<b>-12.5%</b>
Cost of service rendered	(687.8)	(631.7)	8.9%	(718.1)	-4.2%	(439.5)	(374.3)	17.4%	(444.5)	-1.1%	(460.5)	(745.9)	-38.3%	(682.3)	-32.5%	(1,587.8)	(1,751.9)	-9.4%	(1,844.9)	-13.9%
Depreciation and amortization	(121.5)	(127.9)	-5.0%	(124.9)	-2.7%	(96.6)	(97.0)	-0.4%	(96.8)	-0.2%	(42.4)	(53.4)	-20.6%	(45.5)	-6.8%	(260.5)	(278.3)	-6.4%	(267.2)	-2.5%
<b>Gross income</b>	<b>516.6</b>	<b>402.9</b>	<b>28.2%</b>	<b>530.0</b>	<b>-2.5%</b>	<b>331.1</b>	<b>208.4</b>	<b>58.9%</b>	<b>420.5</b>	<b>-21.3%</b>	<b>66.2</b>	<b>81.1</b>	<b>-18.4%</b>	<b>78.9</b>	<b>-16.1%</b>	<b>913.9</b>	<b>692.4</b>	<b>32.0%</b>	<b>1,029.4</b>	<b>-11.2%</b>
<b>Operating expenses</b>	<b>(317.9)</b>	<b>(157.0)</b>	<b>102.5%</b>	<b>(302.5)</b>	<b>5.1%</b>	<b>(41.6)</b>	<b>(92.9)</b>	<b>-55.2%</b>	<b>(95.0)</b>	<b>-56.2%</b>	<b>(108.1)</b>	<b>(117.2)</b>	<b>-7.8%</b>	<b>(116.3)</b>	<b>-7.1%</b>	<b>(467.6)</b>	<b>(367.1)</b>	<b>27.4%</b>	<b>(513.8)</b>	<b>-9.0%</b>
Personnel	(190.7)	(152.2)	25.3%	(190.1)	0.3%	(19.7)	(17.3)	13.9%	(23.1)	-14.7%	(35.8)	(39.3)	-8.9%	(36.9)	-3.0%	(246.2)	(208.8)	17.9%	(250.1)	-1.6%
General and administratives	(65.3)	(37.2)	75.5%	(63.6)	2.7%	(5.9)	(6.5)	-9.2%	(5.2)	13.5%	(25.5)	(36.4)	-29.9%	(32.5)	-21.5%	(96.7)	(80.1)	20.7%	(101.3)	-4.5%
Sales and Marketing expenses	(22.0)	(24.1)	-8.7%	(10.4)	111.5%	-	(0.1)	-100.0%	(0.1)	-100.0%	(43.6)	(37.0)	17.8%	(42.2)	3.3%	(65.6)	(61.2)	7.2%	(52.7)	24.5%
Other operating ( Expenses) income, net	(37.9)	60.1	n/a	(35.8)	5.9%	(15.6)	(68.6)	-77.3%	(66.2)	-76.4%	(1.0)	0.8	n/a	(1.0)	0.0%	(54.5)	(7.7)	607.8%	(103.0)	-47.1%
Depreciation and amortization	(2.0)	(3.6)	-44.4%	(2.6)	-23.1%	(0.4)	(0.4)	0.0%	(0.4)	0.0%	(2.2)	(5.3)	-58.5%	(3.7)	-40.5%	(4.6)	(9.3)	-50.5%	(6.7)	-31.3%
Equity Interest	-	0.7	-100.0%	-	n/a	-	-	n/a	-	n/a	-	-	n/a	-	n/a	-	0.7	-100.0%	-	n/a
<b>Operating income</b>	<b>198.7</b>	<b>246.6</b>	<b>-19.4%</b>	<b>227.5</b>	<b>-12.7%</b>	<b>289.5</b>	<b>115.5</b>	<b>150.6%</b>	<b>325.5</b>	<b>-11.1%</b>	<b>(41.9)</b>	<b>(36.1)</b>	<b>16.1%</b>	<b>(37.4)</b>	<b>12.0%</b>	<b>446.3</b>	<b>326.0</b>	<b>36.9%</b>	<b>515.6</b>	<b>-13.4%</b>
EBITDA	322.2	378.1	-14.8%	355.0	-9.2%	386.5	212.9	81.5%	422.7	-8.6%	2.7	22.5	-88.0%	11.8	-77.1%	711.5	613.6	16.0%	789.5	-9.9%
<b>EBITDA Margin</b>	<b>24.3%</b>	<b>32.5%</b>	<b>-8.2pp</b>	<b>25.9%</b>	<b>-1.6pp</b>	<b>44.6%</b>	<b>31.3%</b>	<b>13.2pp</b>	<b>43.9%</b>	<b>0.6pp</b>	<b>0.5%</b>	<b>2.6%</b>	<b>-2.1pp</b>	<b>1.5%</b>	<b>-1.0pp</b>	<b>25.8%</b>	<b>22.5%</b>	<b>3.2pp</b>	<b>25.1%</b>	<b>0.6pp</b>
<b>Financial income</b>	<b>(93.4)</b>	<b>51.0</b>	<b>n/a</b>	<b>(60.2)</b>	<b>55.1%</b>	<b>30.4</b>	<b>5.0</b>	<b>508.0%</b>	<b>21.0</b>	<b>44.8%</b>	<b>(20.2)</b>	<b>(21.1)</b>	<b>-4.3%</b>	<b>(22.1)</b>	<b>-8.6%</b>	<b>(83.2)</b>	<b>34.8</b>	<b>n/a</b>	<b>(61.3)</b>	<b>35.7%</b>
Financial revenue	89.2	33.1	169.5%	84.4	5.7%	31.5	5.3	494.3%	21.7	45.2%	1.1	0.4	175.0%	0.6	83.3%	121.8	38.8	213.9%	106.7	14.2%
Financial expenses	(320.0)	(83.3)	284.2%	(251.9)	27.0%	(1.1)	(0.4)	175.0%	(0.7)	57.1%	(21.2)	(21.5)	-1.4%	(22.7)	-6.6%	(342.3)	(105.2)	225.4%	(275.3)	24.3%
Acquisition of receivables, net	157.8	95.8	64.7%	113.5	39.0%	-	-	n/a	-	n/a	-	-	n/a	-	n/a	157.8	95.8	64.7%	113.5	39.0%
Net exchange variation	(20.4)	5.4	n/a	(6.2)	229.0%	-	-	n/a	-	n/a	(0.1)	-	n/a	-	n/a	(20.5)	5.4	n/a	(6.2)	230.6%
Income before income tax and social contribution	105.3	297.6	-64.6%	167.3	-37.1%	319.9	120.5	165.5%	346.5	-7.7%	(62.1)	(57.3)	8.4%	(59.5)	4.4%	363.1	360.8	0.6%	454.3	-20.1%
<b>Income tax and social contribution</b>	<b>(14.8)</b>	<b>(68.0)</b>	<b>-78.2%</b>	<b>51.3</b>	<b>n/a</b>	<b>(108.9)</b>	<b>(40.9)</b>	<b>166.3%</b>	<b>(119.4)</b>	<b>-8.8%</b>	<b>8.5</b>	<b>13.3</b>	<b>-36.1%</b>	<b>18.8</b>	<b>-54.8%</b>	<b>(115.2)</b>	<b>(95.6)</b>	<b>20.5%</b>	<b>(49.3)</b>	<b>133.7%</b>
Current	(62.0)	(25.8)	140.3%	60.3	n/a	(114.3)	(52.1)	119.4%	(134.1)	-14.8%	(0.1)	4.7	n/a	(15.9)	-99.4%	(176.4)	(73.2)	141.0%	(89.7)	96.7%
Deferred	47.2	(42.2)	n/a	(9.0)	n/a	5.4	11.2	-51.8%	14.7	-63.3%	8.6	8.6	0.0%	34.7	-75.2%	61.2	(22.4)	n/a	40.4	51.5%
<b>Net result</b>	<b>90.5</b>	<b>229.6</b>	<b>-60.6%</b>	<b>218.6</b>	<b>-58.6%</b>	<b>211.0</b>	<b>79.6</b>	<b>165.1%</b>	<b>227.1</b>	<b>-7.1%</b>	<b>(53.6)</b>	<b>(44.0)</b>	<b>21.8%</b>	<b>(40.7)</b>	<b>31.7%</b>	<b>247.9</b>	<b>265.2</b>	<b>-6.5%</b>	<b>405.0</b>	<b>-38.8%</b>
<b>Net margin</b>	<b>6.8%</b>	<b>19.8%</b>	<b>-12.9pp</b>	<b>15.9%</b>	<b>-9.1pp</b>	<b>24.3%</b>	<b>11.7%</b>	<b>12.6pp</b>	<b>23.6%</b>	<b>0.7pp</b>	<b>-9.4%</b>	<b>-5.0%</b>	<b>-4.4pp</b>	<b>-5.0%</b>	<b>-4.4pp</b>	<b>9.0%</b>	<b>9.7%</b>	<b>-0.8pp</b>	<b>12.9%</b>	<b>-3.9pp</b>
<b>Attributed to Cielo</b>	<b>90.5</b>	<b>229.6</b>	<b>-60.6%</b>	<b>218.6</b>	<b>-58.6%</b>	<b>147.7</b>	<b>55.7</b>	<b>165.2%</b>	<b>159.0</b>	<b>-7.1%</b>	<b>(53.6)</b>	<b>(44.0)</b>	<b>21.8%</b>	<b>(40.7)</b>	<b>31.7%</b>	<b>184.6</b>	<b>241.3</b>	<b>-23.5%</b>	<b>336.9</b>	<b>-45.2%</b>
Attributed to non Cielo interest	-	-	n/a	-	n/a	63.3	23.9	164.9%	68.1	-7.0%	-	-	n/a	-	n/a	63.3	23.9	164.9%	68.1	-7.0%