

# Comments on performance

1Q2023 



cielo

## DEAR SHAREHOLDERS

We present the Comments on Performance and the parent company and consolidated interim financial information of Cielo S.A. – Instituição de Pagamento (“Cielo”) and its subsidiaries (together referred to as “Consolidated” or “Cielo Group”) for the quarter ended March 31, 2023, accompanied by the Independent Auditor’s Report and the Supervisory Board report.

The parent company and consolidated interim financial information has been prepared in conformity with the accounting guidelines from Law No. 6,404/76 (Corporation Law), including the changes introduced by Laws No. 11,638/07 and No. 11,941/09, and the rules and instructions from the National Monetary Council (CMN) and the Brazilian Central Bank (BACEN), together referred to as “COSIF”.

The parent company and consolidated interim financial information included the balances of the accounts of Cielo and of the direct and indirect subsidiaries: Cateno, Servinet, Aliança, Paggo, Stelo, Cielo USA and MerchantE (sold in April 2022); Credit Rights Investment Funds (FIDCs) and Investment Funds in Investment Fund Quotas (FICs).

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

Amounts are presented in millions of Reais (R\$), unless otherwise stated.

In accordance with BCB Normative Instruction 236/22, Cielo chose to maintain the presentation of the comments on performance based on the consolidated interim financial information prepared under COSIF, for consistency with the disclosures of prior quarters.

1Q23


cielo

## HIGHLIGHTS



Profit for  
the Period

R\$ 441  
million

138.9%   
YoY




Net  
Revenue

R\$ 2,570   
million YoY

\*Not considering the non-consolidation effect of the subsidiary MerchantE



Acquisition of  
receivables  
revenue

R\$ 362   
million YoY



Total  
expenses

R\$ 1,810   
million YoY

\*\*Not considering the non-consolidation effect of the subsidiary MerchantE



EBITDA

R\$ 994   
million YoY

## RECOGNITIONS

**GPTW 2022** (Diversity category) – Our gender equity policies were recognized by GPTW (Great Place to Work), which placed us for the first time as one of the Best Companies to Work For in the diversity category of the 2022 ranking.

**Ombudsman Award in Brazil** – Cielo won, for the 2nd time, the Prêmio Ouvidorias Brasil, organized by ABRAREC (Brazilian Association of Company-Customer Relations), being the only acquirer among the winners.

**Lens Prize** – The edUCa platform, from Cielo University, in the Business Performance Program of the Year category, was recognized in the category Business Performance Program of the Year by the Lens Award, Degreed's international award.

**Interbrand** - Cielo was recognized as one of the most valuable Brazilian brands 22/23, ranking in the Top 25.

**The 100 most influential companies in mobility** - Cielo was recognized by Estadão, in the Technology & Innovation for Mobility category, as one of the most influential companies in mobility.

**Folha | Top of Mind** - Cielo is the winner of the Payment Machine category of the Top of Mind 2022 Award, held by Folha de S. Paulo and the Datafolha Institute.

## OPERATIONAL PERFORMANCE

1Q23

### FINANCIAL VOLUME OF TRANSACTIONS

In 1Q23 Cielo's financial volume of transactions totaled R\$ 201.0 billion, a decrease of 13.1% or R\$ 30.3 billion compared to 4Q22 and an increase of 1.4% or R\$ 2.7 billion compared to 1Q22.

Specifically with credit cards (lump sum and installment payments), the financial volume of transactions totaled R\$ 122.1 billion in 1Q23, a decrease of 10.7% compared to 4Q22 and an increase of 3.1% compared to 1Q22. In debit cards, the financial volume of transactions totaled R\$ 78.9 billion in 1Q23, a decrease of 16.7% compared to 4Q22 and a decrease of 1.3% compared to 1Q22.

Additionally, Cielo captured 1.9 billion transactions in 1Q23, a decrease of 10.4% compared to 4Q22 and an increase of 2.6% compared to 1Q22.

## NET REVENUE

Net revenue totaled R\$ 2,569.8 million 1Q23, a decrease of 6.7% or R\$ 184.2 million compared to 4Q22.

The main impact on net revenue is related to the reduction in the volume transacted due to the seasonality of the business, mainly due to the end-of-year sales in 4Q22, which impact: (i) at Cielo, revenue from capture, transmission, processing and financial settlement of transactions and (ii) at Cateno, interchange revenue of the Ourocard arrangement.

## COST OF SERVICES PROVIDED

Consolidated cost of services provided totaled R\$ 1,408.9 million in 1Q23, a decrease of R\$ 78.1 million, or 5.3% compared to 4Q22. This change was mainly due to the following events:

- (i) Reduction of R\$ 51.5 million or 8.8% in **costs linked to payment accounts management of the Ourocard Arrangement at Cateno**, mainly related to lower costs with issuance and posting of cards, call centers and compensation of the brands, due to the lower volume transacted by 7.7%;
- (ii) Reduction of R\$ 23.8 million or 7.0% in **equipment-related costs and other costs** compared to 4Q22, which is mainly due to the reduction in expenses with terminal maintenance, supplies and telecommunications expenses;
- (iii) Reduction of R\$ 2.8 million or 0.5% in **costs related to the capture, processing and settlement of Cielo transactions** related to volume reduction, mainly in brand fees and related costs partially offset by improvements in services provided to customers.

## OPERATING EXPENSES

Operating expenses totaled R\$ 401.6 million in 1Q23, a decrease of R\$ 186.7 million, or 31.7% compared to R\$ 588.3 million in 4Q22. This decrease was mainly due to the following events:

**Personnel expenses** – Decrease of R\$ 13.0 million, or 4.7%, to R\$ 261.9 million in 1Q23, compared to R\$ 274.9 million in 4Q22. Personnel expenses are in line with the previous quarter and the observed volatility is mainly related to changes in provisions, such as the Company's variable compensation programs.

**General and administrative expenses, including depreciation** – Decrease of R\$ 10.5 million or 13.9% to R\$ 65.0 million in 1Q23 compared to R\$ 75.5 million in 4Q22. The variation is mainly due to the concentration of expenses at the end of the previous year with initiatives related to efficiency gains and operational improvement in 1Q23.

**Sales and marketing expenses** – Decrease of R\$ 23.5 million or 65.1% to R\$ 12.6 million in 1Q23, compared to R\$ 36.1 million in 4Q22. It is mainly due to the concentration of sales and marketing expenses, including incentives for commercial partners in 4Q22, given the year-end sales expectations, such as Black Friday and Christmas.

**Other operating income (expenses), net** - Decrease of R\$ 139.7 million or 69.2% to R\$ 62.1 million in 1Q23, compared to R\$ 201.8 million in 4Q22. The variation is mainly due to the baseline effect due to the discontinuity of the possibility of receiving the variable portion (earn-out) on the sale of the subsidiary MerchantE and the provision for discontinuance of the POS terminal (Lio V2), both recognized in 4Q22, as well as the change in expected credit losses.

## FINANCE RESULTS

The finance costs totaled R\$ 70.6 million in 1Q23, a variation of 27.2% or R\$ 26.4 million compared to 4Q22, when the Company recorded a finance cost of R\$ 97.0 million. The main variations in the finance income (costs) are:

**Finance income** – Decrease of R\$ 75.2 million, or 43.1% to R\$ 99.3 million in 1Q23 compared to R\$ 174.5 million in 4Q22, related to the lower average balance of financial investments at Cielo and FIDCs.

**Prepayment of Receivables** – Increase of R\$ 90.1 million or 33.1% to R\$ 362.2 million in 1Q23 compared to R\$272.1 million in 4Q22, related to the increase in the volume of purchase of receivables and average remuneration practiced in 1Q23.

**Finance costs** – Decrease of R\$ 6.6 million or 1.2% to R\$ 523.8 million in 1Q23 compared to R\$ 530.4 million in 4Q22, mainly related to the effect of the settlement of bonds in November 2022, partially offset by the increase in the average balance raised.

**Exchange variation, net** – Totaled a loss of R\$ 8.3 million in 1Q23, a variation of R\$ 4.9 million or 37.1%, compared to a loss of R\$ 13.2 million in 4Q22. It is substantially related to of mark-to-market of financial instruments in order to hedge foreign currency liabilities, settled in November 2022.

## NET REVENUE

Net revenue totaled R\$ 2,569.8 million 1Q23, a decrease of 7.0% or R\$ 192.4 million compared to 1Q22. Not considering the impact of the non-consolidation after the sale of MerchantE in April 2022, there was an increase of R\$ 377.0 million or 17.2%.

The main impact on net revenue is related to price repositioning due to changes in the economic and competitive environment, in addition to the increase in traded volume, which impact: (i) at Cielo, revenue from capture, transmission, processing and financial settlement of transactions, and (ii) at Cateno, interchange revenue of the Ourocard arrangement.

## COST OF SERVICES PROVIDED

Consolidated cost of services provided totaled R\$ 1,408.9 million in 1Q23, a decrease of R\$ 439.4 million, or 23.8% compared to 1Q22. However, not considering the non-consolidation of the subsidiary MerchantE, there was an increase of R\$ 63.5 million or 4.7%. This change was mainly due to the following events:

- (i) Decrease of R\$ 502.9 million in **cost of services rendered in subsidiary Cielo USA** due to the sale of MerchantE in April 2022;
- (ii) Increase of R\$ 45.0 million or 8.8% in **costs related to capture, processing and settlement of transactions of Cielo** related to improvements in the services provided at the call center, services with transaction processing and brand fees, considering the increase in volume;
- (iii) Increase of R\$ 18.3 million or 6.2% in **costs related to equipment and other costs** compared to 1Q22, mainly due to the increase in depreciation related to new acquisitions of POS terminals, expenses with maintenance and supplies;
- (iv) In line with 1Q22, **at Cateno**, the increase in expenses related to volume given the growth **of the Ourocard Arrangement** was partially offset by efficiency gains in card management lines, call centers and bank expenses.



## OPERATING EXPENSES

Operating expenses totaled R\$ 401.6 million in 1Q23, a decrease of R\$ 66.0 million, or 14.1% compared to R\$ 467.6 million in 1Q22. Not considering the non-consolidation of the subsidiary MerchantE, there was an increase of R\$ 41.6 million or 11.6%. This decrease was mainly due to the following events:

**Personnel expenses** – Increase of R\$ 15.7 million, or 6.4%, to R\$ 261.9 million in 1Q23, compared to R\$ 246.2 million in 1Q22. However, not considering the non-consolidation of the subsidiary MerchantE, the increase was R\$ 51.6 million or 24.5%, related to the impacts of collective agreement on salaries, provisions and labor charges, in addition to higher expenses mainly due to the expansion of the commercial team.

**General and administrative expenses, including depreciation** – Decrease of R\$ 36.4 million or 35.9% to R\$ 65.0 million in 1Q23 compared to R\$ 101.4 million in 1Q22. However, excluding the non-consolidation of the subsidiary MerchantE, the decrease was R\$9.1 million or 12.3%, mainly due to cost efficiency actions during 2022.

**Sales and marketing expenses** – Decrease of R\$ 53.0 million or 80.8% to R\$ 12.6 million in 1Q23, compared to R\$ 65.6 million in 1Q22. However, not considering the non-consolidation of the subsidiary MerchantE, the decrease was R\$ 9.4 million or 42.7% due to the concentration of expenses with marketing campaigns, commercial actions and sales incentives in 1Q22.

**Other operating income (expenses), net** – Increase from R\$ 7.7 million to R\$ 62.1 million in 1Q23 when compared to R\$ 54.4 million in 1Q22. The variation is mainly due to the change in expected credit losses.

## FINANCE RESULTS

The finance costs totaled R\$ 70.6 million in 1Q23, a variation of 15.1% or R\$ 12.6 million in relation to 1Q22, when the Company recorded a finance cost of R\$ 83.2 million. The main variations in the finance income (costs) are:

**Finance income** – Decrease of R\$ 22.5 million, or 18.5% to R\$ 99.3 million in 1Q23 compared to R\$ 121.8 million in 1Q22, related to the lower average balance invested at Cielo and FIDCs, partially offset by the increase in the average CDI in 1Q23.

**Prepayment of Receivables** – Increase of R\$ 204.4 million or 129.5% to R\$ 362.2 million in 1Q23 compared to R\$ 157.8 million in 1Q22, related to the increase in the volume of acquisition of receivables and average compensation practiced in 1Q23.

**Finance costs** – Increase of R\$ 181.5 million, or 53.0% to R\$ 523.8 million in 1Q23 compared to R\$ 342.3 million in 1Q22, related to the increase in the average balance raised and higher average CDI rate in 1Q23.

**Exchange variation, net** – Totaled a loss of R\$ 8.3 million in 1Q23, a variation of R\$ 12.2 million, compared to a loss of R\$ 20.5 million in 1Q22. It is substantially related to the impact of the mark-to-market of financial instruments with the purpose of protecting liabilities indexed to foreign currency in 1Q22 (financial instruments were settled in 4Q22).

Below we present the reconciliation between the COSIF and IFRS accounting practices of equity compared to the period ended March 31, 2023 and December 31, 2022 and the consolidated profit compared to the quarters ended March 31, 2023 and 2022:

R\$ million	Equity		Net Income	
	03/31/2023	12/31/2022	03/31/2023	03/31/2022
<b>COSIF - Balance</b>	<b>21,457.2</b>	<b>21,122.4</b>	<b>525.4</b>	<b>247.9</b>
Third-party participation in Investment Funds (a)	(7,404.6)	(7,327.9)	-	-
Other (b)	21.9	22.3	(0.3)	(0.1)
<b>IFRS - Balance</b>	<b>14,074.5</b>	<b>13,816.8</b>	<b>525.1</b>	<b>247.8</b>

- (a) Third-party interests in Credit Rights Investment Funds (FIDCs) and Investment Funds in Investment Fund Quotas (FICs), previously presented in current and non-current liabilities, according to BCB Normative Instruction 272/22, are now directly recorded in equity, specifically under the line item “non-controlling interests” in COSIF.
- (b) Composed by: i) goodwill from subsidiaries not amortized in accordance with CPC 15 (R1) – Business Combinations; and ii) property and store lease agreements, recorded as right-of-use assets and lease liabilities in the balance sheet and amortized over the duration of the agreements, pursuant to CPC 6 (R2) – Lease.

Consolidated EBITDA totaled R\$ 994.4 million in 1Q23, an increase of 8.7% in comparison with 4Q22 and an increase of 39.8% compared to 1Q22, as shown below:

EBITDA (R\$ million)	1Q23	1Q22	4Q22
Cielo Net Profit	440.8	184.6	328.0
Non-controlling shareholders	84.6	63.3	88.6
Financial Income (Costs), Net	70.6	83.2	97.0
Income Tax and Social Contribution	163.3	115.2	165.1
Depreciation and Amortization	235.1	265.2	236.0
<b>EBITDA</b>	<b>994.4</b>	<b>711.5</b>	<b>914.7</b>
% EBITDA margin	38.7%	25.8%	33.2%

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

## DIVIDEND DISTRIBUTION POLICY

The Bylaws ensure the distribution of the mandatory minimum dividend of at least 30% on earned profits (after constitution of the legal reserve) at the end of each fiscal year. Also, pursuant to Laws No. 9,430/96 and No. 9,249/95, Article 9, the amount of interest paid or credited by the legal entity, as remuneration of equity, may be imputed to the amount of dividends.

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

The Company will distribute proceeds for 1Q23 in the form of interest on capital within the tax deductibility limit, reaching a payout of 44.5%.

## INVESTMENTS IN AFFILIATES AND JOINT VENTURES

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

Subsidiaries (R\$ million)	Investments		Share of profit of investees	
	03/31/2023	12/31/2022	03/31/2023	03/31/2022
Servinet	77.6	72.0	5.5	4.4
Cielo USA	4.3	4.4	-	(53.6)
Cateno	6,699.4	6,687.2	197.3	147.7
Stelo	100.4	278.6	21.8	5.9
Aliança	5.7	5.6	0.1	21.9

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

In 2022, Cielo sold the indirect subsidiary MerchantE through the subsidiary Cielo USA.

## HUMAN RESOURCES

The Human Resources Management Strategy aims to boost our team's journey, generating pride in belonging and sustainable value to the business, ensuring the creation of value for shareholders, our team and other people involved in the Company's operations. This generation of value takes place through the alignment of stakeholder interests, the pursuit of business sustainability, through optimal management of the human capital involved in the Company's operations.

We believe in our Team Cielo, boosting its journey and keeping employees engaged and willing to offer our internal and external customers an excellent service. We do this through our culture, our purpose of simplifying and boosting business for all people and our skills, which are:

1. Collaboration: We value teamwork, because learning together makes all the difference in achieving results;
2. Make It Happen: The Cielo team does what it needs to do and a little more;
3. Customer focus: This is our starting point. We need to be connected to the needs and expectations of customers;
4. Grit and courage: Having initiative and taking risks is part of the innovation process and contributes to our continuous improvement;
5. Leader of oneself: Self-knowledge brings the ability to motivate oneself, which generates our personal development; and
6. Transforming leader: Being a transforming leader means being fair, giving autonomy and recognizing the deliveries and merit of each person, both professionally and personally.

Cielo cares about the quality of life and well-being of the people who make up Team Cielo, which is why, through the “De Bem com a Vida” Program, we enable several initiatives to promote a healthy and emotionally safe environment. De Bem com a Vida is organized into three pillars, namely: Health in Balance, Always on the Move and Facilities for You. From this organization we have initiatives focused on Health, Nutrition, Pregnancy and Parenting, Physical Activity, Leisure, Culture, Partnerships and Events.

Many of the initiatives are extended to employees' dependents, such as: emotional care, personal support and guidance, vaccination, conversation circles, Gympass, Olympics – Sports Championship. The program is recognized by employees, with a 91.9% favorability in the internal Employee Experience survey.

To further enhance our diverse team, we have the Diversity Forum, which has the participation of the CEO, the Executive Board and the Sustainability, Diversity and Corporate Responsibility Management. The Human Resources structure has the Diversity, Equity and Inclusion area, responsible for the Diversity and Inclusion strategy, establishing the guidelines and governance to make the Company more inclusive, in line with the cultural attributes necessary to leverage the business, either by increasing the representation of minority social groups in the workforce or by promoting an inclusive culture, respecting people and repudiating all forms of discrimination, as provided for in Cielo's Code of Ethical Conduct. And finally, all employees can participate in Affinity Groups: "Somos Todos Um", aimed at the inclusion of people with disabilities, "Blue To Black" focused on ethnic-racial guidelines; "Prisma" focused on the inclusion of the LGBTQIAPN+ community; and "Além do Gênero", focused on gender equality.

Much more than policies and practices, we build an environment with a culture of respect and values for people on our team, respecting their identities and skills, with the aim of simplifying and boosting business for all people.

At the end of March 2023, the organization had 5,120 employees and 186 interns.

## HUMAN RESOURCES HIGHLIGHTS



**Great Place to Work (GPTW):** in 2022 the company stood out in 4 different categories, being 31<sup>st</sup> in the National Ranking of the best companies to work for (companies with between 1,000 and 9,999 people on staff), 5<sup>th</sup> in the Large Companies category | Regional (Barueri and Region), 2<sup>nd</sup> position in the sectoral category (Financial Institutions – Large Financial Services), first recognition in the "Woman" ranking, conquering the 29<sup>th</sup> position;



**National Quality of Life Award:** Silver certification as one of the best companies dedicated to corporate well-being by the Brazilian Quality of Life Association;



**Award in the "Inclusive Leadership" category,** for the Inclusive Leadership Assessment initiative, in the Diversity in Practice award;



**Think Work Flash Innovations:** the "edUCa" platform won the title of champion in the "Compensation and Benefits" category, in the award that evaluates the most innovative practices in the market regarding people management;



**Continuous Improvement:** our Lean Six Sigma program was recognized by SETA Desenvolvimento Organizacional for its evolution;



**Valor Carreira:** we ranked 4<sup>th</sup> in the best companies in People Management category by Valor Carreira.

Cielo is committed to sustainability, diversity and corporate responsibility. The Company's commitment to sustainable development is formalized through the Sustainability Policy, which establishes guidelines for the implementation of an agenda of environmental, social and governance (ESG) practices.

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

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

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

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

#### *(a) Diversity, Equity & Inclusion*

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

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

Also in 2022, we launched two editions of the Business Manager Training Program, allocating exclusive openings for PwDs to work in Cielo's commercial area. In all, 69 professionals with disabilities were selected.



*(b) Innovation & Business for Social Impact*

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

Also in 2022, we carried out the Impulsiona Aí program, aimed at generating income and entrepreneurial education for black women from popular territories in São Paulo, who work in the field of gastronomy. The program supported, free of charge, 150 entrepreneurs in different stages of their business development.

*(c) Eco-efficiency & Climate Strategy*

The environmental aspects and impacts of our operations are evaluated and monitored by our Environmental Management System (SGA), ISO14.001 certified. This environmental management system goes through annual internal and external audits aiming at the maintenance or recertification in the standard's requirements.

Cielo has a Climate Strategy, validated and overseen by the Sustainability Committee, which guides the actions regarding climate governance, risk and opportunity management, accounting for Greenhouse Gas (GHG) emissions, goals and engagement with the value chain.

Information on climate change management is presented in the Carbon Disclosure Project (CDP) – Climate index, where it has a “B” rating, thus attesting that Cielo is addressing actions on climate issues in a coordinated manner. It is also worth noting that Cielo is part of B3's Carbon Efficient Index (ICO2).

Scope 1 and 2 residual GHG emissions are offset through carbon credits and international renewable energy certificates, both with social and environmental integrity, traceable and verified by an entity recognized in the world market.

*(d) Management, Risks and Transparency in ESG*

Cielo is part of the 2023 portfolio of the B3 Corporate Sustainability Index (ISE B3) and is included in the S&P Global Sustainability Yearbook 2023, making it the only Brazilian company in the IT Services sector.

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

#### *(e) Engagement for Impact*

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

## MAIN ESG INITIATIVES



**Global Sustainability Yearbook 2023:** For the 3<sup>rd</sup> consecutive time, Cielo is part of the S&P Global Sustainability Yearbook. Only 22 companies from Brazil are listed in the yearbook and Cielo is the only Brazilian company present in the IT Services sector.



**Representation goals:** Until 2025, the number of women in the overall staff shall represent 45% of the total. Also, black and indigenous professionals shall correspond to 35% of the total.



**Female Mentoring Program:** Aiming to accelerate the careers of employees with high potential.



**B3 Business Sustainability Index (ISE B3):** For the 10<sup>th</sup> consecutive year, Cielo is part of the ISE B3 investment portfolio, proving its high commitment to ESG practices.



**Impulsiona Aí Program:** Aimed at generating income and entrepreneurial education for black women from popular territories in São Paulo, who work in the field of gastronomy. The program supported, free of charge, 150 entrepreneurs in different stages of their business development.

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

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

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

Regarding the transactions with related parties, according to the thresholds established in the TPR Policy and in the Bylaws. The transactions are instructed as the documentation that evidences that the transaction will be carried out under fair market conditions (such as, but not limited to, commercial proposals actually obtained from independent third parties and market researches about prices and other conditions in similar operations). Notwithstanding the submission of this documentation, still need to be presented independent studies, reports and/or appraisal reports must be submitted, prepared without the participation of any of the parties involved in the TPR, be it a bank, lawyer, specialized consulting firm, among others, based on realistic assumptions and information endorsed by third parties about the commutativity of the terms of the transaction. If the approval of the transaction falls under the authority of Cielo's Board of Directors, the Corporate Governance Committee will evaluate the documentation and will recommend or not the topic to be decided about to Cielo's Board of Directors.

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

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

Regarding to Cielo's corporate governance bodies, the Board of Directors, which is a joint committee, should be composed of at least 7 (seven) and no more than 12 (twelve) members who do not perform management activities at Cielo, of which 4 (four) 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 Cielo's business, electing the members of the Executive Board and overseeing its management. Currently, Cielo's Executive Board is composed of at least 2 (two) and no more than 11 (eleven) members and performs the general management of Cielo, respecting the guidelines defined by the Board of Directors. Moreover, as another evidence of Cielo's adherence to the best Corporate Governance practices, the Board of Directors has 6 (six) Advisory Committees, namely: Audit Committee, Finance Committee, Corporate Governance Committee, People and Compensation 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, Strategic 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) full members and 5 (five) deputy members, with 4 (four) of the full members being appointed by the controlling shareholders and 1 (one) of them being an independent member, appointed by noncontrolling shareholders.

## ACKNOWLEDGEMENTS

Motivated by what we achieved in previous periods, we remain aware of the challenges and opportunities that present themselves in the payments market and committed to the purpose of building an increasingly better company.

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

We inform that, during the first quarter of 2023, Cielo Group engaged the independent auditing services of KPMG.

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

Cielo Group declares that the independent auditors have been engaged to provide services not related to external audit until December 31, 2023, which consist of provision of limited assurance about Environmental, Social and Governance information and the 2022 Sustainability Report and reasonable assurance about compliance with the Procedure Adjustment Agreement ("TCC") by and between CADE (Brazilian antitrust agency) and Cielo. These engagements comply with the group's corporate governance requirement, which determines that every extraordinary engagement of independent auditors that audit its financial statements, directly or indirectly, needs to be previously analyzed by the Audit Committee and authorized by the Board of Directors. The total amount of these services is R\$ 333.0 thousand and represents approximately 13.7% of the total fees for auditing Cielo Group' accounting statements for the year ending at December 31, 2023.

\*\*\*

## **Cielo S.A. - Instituição de Pagamento**

Individual and Consolidated  
Interim Financial Information  
for the quarter ended March 31, 2023, and  
Independent Auditors' Report on  
Interim Financial Information  
(*COSIF*)

## Contents

Independent auditor's report.....	2
Statements of financial position.....	4
Statements of profit or loss.....	5
Statements of comprehensive income .....	6
Statements of changes in equity.....	7
Statements of cash flows .....	8
Statements of value added.....	9
1 Operations.....	10
2 Summary of significant accounting practices.....	10
3 Consolidated interim financial statements .....	12
4 Cash.....	12
5 Financial instruments, including derivatives.....	13
6 Credit rights investment funds ("FIDCs") .....	14
7 Operating receivables .....	17
8 Income tax, social contribution and other taxes.....	18
9 Investments.....	20
10 Property and equipment .....	23
11 Intangible assets .....	25
12 Borrowings.....	26
13 Payables to merchants.....	28
14 Provision for contingencies.....	28
15 Equity.....	32
16 Earnings per share.....	34
17 Net revenue.....	35
18 Expenses by nature .....	36
19 Commitments .....	36
20 Employee benefits.....	37
21 Employee and officers result sharing .....	38
22 Compensation of Key Management Personnel and Supervisory Board ..	38
23 Restricted stock plans .....	39
24 Finance income (costs).....	40
25 Risk Management .....	40
26 Related-party balances and transactions.....	49
27 Noncash transactions.....	53
28 Insurance.....	54





KPMG Auditores Independentes Ltda.  
Rua Arquiteto Olavo Redig de Campos, 105, 6º andar - Torre A  
04711-904 - São Paulo/SP – Brasil  
Caixa Postal 79518 - CEP 04707-970 - São Paulo - SP - Brasil  
Telefone 55 (11) 3940-1500  
[kpmg.com.br](http://kpmg.com.br)

# Report on Review of Interim financial Information - ITR

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

## **Introduction**

We have reviewed the individual and consolidated interim financial information of Cielo S.A. – Instituição de Pagamento (“Company”), included in the Interim Financial Information Form (ITR) for the quarter ended March 31, 2023, which comprises the balance sheet as at March 31, 2023, and the related statements of income, comprehensive income, changes in shareholders’ equity and cash flows for the three-month period then ended, including the explanatory notes.

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

## **Scope of review**

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



### ***Conclusion on the interim individual and consolidated financial information***

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

### ***Other matters***

#### ***Statements of value added***

The interim individual and consolidated information referred to above, include the individual and consolidated statement of value added (DVA), related to the three-month period ended March 31, 2023, prepared under the Company's Management responsibility, whose presentation is not required by the accounting practices adopted in Brazil applicable to the payments institutions authorized to operate by the Central Bank of Brazil, was submitted to the same review procedures of the review of the Company's interim financial information – ITR. In order to form our opinion, we evaluated whether these statements are reconciled with the interim financial information and accounting records, as applicable, and if their form and content are in accordance with the criteria set forth in the Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, we are not aware, of any fact that could lead us to believe that the accompanying statements of value added were not prepared, in all material respects, consistently with the individual and consolidated interim financial information taken as a whole.

#### ***Interim consolidated financial information***

This consolidated interim financial information for the quarter ended March 31, 2023, which was prepared in accordance with accounting practices adopted in Brazil applicable to payments institutions authorized to operate by the Central Bank of Brazil (BACEN), is being presented in an additional manner, according to the faculty provided for in Art. No. 68 of BCB Resolution No. 219, to the consolidated interim financial information prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and was presented separately by Cielo, on this date and on which we issued a limited review report, not containing any modification, dated April 27, 2023.

São Paulo, April 27, 2023

KPMG Auditores Independentes Ltda.  
CRC 2SP027685/O-0 F-SP

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

## Cielo S.A. - Instituição de Pagamento

### Statements of financial position as at March 31, 2023 and December 31, 2022

(In thousands of Brazilian reais)

Assets	Note	Parent Company		Consolidated		Liabilities and equity	Note	Parent Company		Consolidated	
		03/31/2023	12/31/2022	03/31/2023	12/31/2022			03/31/2023	12/31/2022		
<b>Current assets</b>						<b>Current liabilities</b>					
Cash	4	16,062	127,730	35,181	140,547	Borrowings	12	3,418,226	3,623,321	3,418,226	3,623,321
Financial instruments, including derivatives	5	1,002,539	959,705	2,315,911	1,742,318	Other payables		86,025,972	95,323,119	69,865,151	80,156,435
Credit rights investment funds	6	10,632,310	9,927,566	-	-	Social and statutory		217,024	340,911	231,817	405,743
Income receivable	7	122,003	130,002	1,158,157	995,533	Tax and social security	8	123,389	147,767	355,307	787,165
Receivables from card-issuing banks	7	82,147,371	92,081,398	82,147,531	92,083,831	Payables to merchants	13	68,107,704	77,709,823	68,237,534	77,835,921
Receivables from related parties	26	14,162	13,566	797,927	826,350	Payables to related parties	26	17,022,242	16,486,795	413,795	422,596
Taxes and contributions for offset/recoverable		549,568	571,779	637,581	1,112,528	Others		555,613	637,823	626,698	705,010
Other operating receivables	7	181,472	140,633	190,073	142,525	<b>Total current liabilities</b>		<b>89,444,198</b>	<b>98,946,440</b>	<b>73,283,377</b>	<b>83,779,756</b>
Allowance for expected losses associated with credit risk	7	(199,766)	(170,209)	(200,327)	(170,739)						
Other receivables		126,661	80,680	141,252	91,566						
<b>Total current assets</b>		<b>94,592,382</b>	<b>103,862,850</b>	<b>87,223,286</b>	<b>96,964,459</b>						
<b>Noncurrent assets</b>						<b>Noncurrent liabilities</b>					
Financial instruments, including derivatives	5	-	-	-	286,718	Borrowings	12	3,014,493	3,019,750	3,014,493	3,019,750
Escrow deposits	14	1,581,481	1,580,209	1,585,823	1,584,203	Other payables		2,143,737	2,123,349	2,340,159	2,309,281
Tax credits	8	1,090,502	1,046,478	1,383,532	1,346,699	Provision for contingencies	14	2,076,345	2,061,899	2,263,634	2,239,392
Other operating receivables	7	22,180	26,937	22,195	26,952	Provision for obligations with investees		170	170	170	170
						Others		67,222	61,280	76,355	69,719
<b>Investments in subsidiaries and joint ventures</b>	<b>9</b>	<b>7,087,431</b>	<b>7,047,935</b>	<b>-</b>	<b>-</b>	<b>Total noncurrent liabilities</b>		<b>5,158,230</b>	<b>5,143,099</b>	<b>5,354,652</b>	<b>5,329,031</b>
<b>Property and equipment</b>	<b>10</b>	<b>901,548</b>	<b>936,886</b>	<b>914,520</b>	<b>950,937</b>	<b>Equity</b>					
Property and equipment in use		2,220,177	2,143,564	2,271,862	2,195,211	Issued capital	15	5,700,000	5,700,000	5,700,000	5,700,000
(-) Accumulated depreciation		(1,218,518)	(1,096,718)	(1,257,231)	(1,134,314)	Capital reserve	15	58,653	70,893	58,653	70,893
Provision for impairment of assets		(100,111)	(109,960)	(100,111)	(109,960)	Earnings reserves	15	5,679,951	5,435,319	5,679,951	5,435,319
<b>Intangible assets</b>	<b>11</b>	<b>508,359</b>	<b>516,821</b>	<b>8,965,922</b>	<b>9,071,233</b>	Other comprehensive income	15	(164,146)	(164,030)	(164,146)	(164,030)
Other intangible assets		1,636,260	1,452,633	13,535,488	13,039,260	(-) Treasury shares	15	(93,003)	(113,605)	(93,003)	(113,605)
(-) Accumulated amortization		(1,094,093)	(895,244)	(4,535,758)	(3,927,459)	<b>Attributable to:</b>					
Provision for impairment of assets		(33,808)	(40,568)	(33,808)	(40,568)	Owners of the Company		11,181,455	10,928,577	11,181,455	10,928,577
<b>Total noncurrent assets</b>		<b>11,191,501</b>	<b>11,155,266</b>	<b>12,871,992</b>	<b>13,266,742</b>	Noncontrolling interests		-	-	10,275,794	10,193,837
						<b>Total equity</b>		<b>11,181,455</b>	<b>10,928,577</b>	<b>21,457,249</b>	<b>21,122,414</b>
<b>Total assets</b>		<b>105,783,883</b>	<b>115,018,116</b>	<b>100,095,278</b>	<b>110,231,201</b>	<b>Total liabilities and equity</b>		<b>105,783,883</b>	<b>115,018,116</b>	<b>100,095,278</b>	<b>110,231,201</b>

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

## Cielo S.A. - Instituição de Pagamento

### Statements of profit or loss

For the three-month period ended March 31, 2023 and 2022  
(In thousands of Brazilian reais, except earnings per share)

	Note	Parenty Company		Consolidated	
		Three-month period		Three-month period	
		03/31/2023	03/31/2022	03/31/2023	03/31/2022
<b>NET REVENUE</b>	17	1,585,409	1,333,673	2,569,818	2,762,194
<b>COST OF SERVICES PROVIDED</b>	18	(876,350)	(815,582)	(1,408,889)	(1,848,346)
<b>GROSS PROFIT</b>		<b>709,059</b>	<b>518,091</b>	<b>1,160,929</b>	<b>913,848</b>
<b>OPERATING INCOME (EXPENSES)</b>					
Personnel	18	(132,912)	(101,979)	(261,934)	(246,229)
General and administrative	18	(196,191)	(194,441)	(65,037)	(101,340)
Sales and marketing	18	(12,602)	(21,694)	(12,610)	(65,560)
Share of profit (loss) of investees	9	224,801	126,264	-	-
Other operating income (expenses), net	18	(37,602)	(37,985)	(62,020)	(54,446)
<b>OPERATING PROFIT</b>		<b>554,553</b>	<b>288,256</b>	<b>759,328</b>	<b>446,273</b>
<b>FINANCE INCOME (COSTS)</b>					
Finance income	24	34,563	28,654	99,287	121,795
Finance costs	24	(562,189)	(321,873)	(523,810)	(342,264)
FIDC shares yield and purchase of receivables	24	426,708	208,355	362,170	157,736
Exchange differences and MtM, net	24	(8,250)	(20,431)	(8,265)	(20,438)
		(109,168)	(105,295)	(70,618)	(83,171)
<b>OPERATING PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION</b>		<b>445,385</b>	<b>182,961</b>	<b>688,710</b>	<b>363,102</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION</b>					
Current	8	(48,567)	(55,132)	(200,129)	(176,421)
Deferred	8	44,024	56,728	36,833	61,189
<b>PROFIT FOR THE PERIOD</b>		<b>440,842</b>	<b>184,557</b>	<b>525,414</b>	<b>247,870</b>
<b>ATTRIBUTABLE TO:</b>					
Owners of the Company		440,842	184,557	440,842	184,557
Noncontrolling interests				84,572	63,313
Earnings per share (in R\$) - Basic	16	<u>0.16386</u>	<u>0.06835</u>	<u>0.16386</u>	<u>0.06835</u>
Earnings per share (in R\$) - Diluted	16	<u>0.16250</u>	<u>0.06781</u>	<u>0.16250</u>	<u>0.06781</u>

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

## Cielo S.A. - Instituição de Pagamento

### Statements of comprehensive income

For the three-month period ended March 31, 2023 and 2022

(In thousands of Brazilian reais)

	Parent Company		Consolidated	
	Three-month period		Three-month period	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
<b>Profit for the period</b>	<b>440,842</b>	<b>184,557</b>	<b>525,414</b>	<b>247,870</b>
<b>Items that can be reclassified to income</b>				
Exchange differences on translation of foreign operations:				
Exchange differences on foreign investments	(116)	153,835	(116)	153,835
Changes for the period	(116)	153,835	(116)	153,835
<b>Total comprehensive income for the period</b>	<b>440,726</b>	<b>338,392</b>	<b>525,298</b>	<b>401,705</b>
<b>Attributable to:</b>				
Owners of the Company			440,726	338,392
Noncontrolling interests			84,572	63,313

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

## Cielo S.A. - Instituição de Pagamento

### Statements of changes in equity Three-month periods ended March 31, 2023 and 2022 (In thousands of Brazilian reais)

	Earnings reserves					Earnings retention	Other comprehensive income	Total owners of the Company	Noncontrolling interests	Total equity
	Issued capital	Capital reserve	Treasury shares	Legal	Capital budget					
<b>Balances as at December 31, 2021</b>	<b>5,700,000</b>	<b>77,030</b>	<b>(98,578)</b>	<b>1,140,000</b>	<b>3,402,989</b>	-	<b>(330,852)</b>	<b>9,890,589</b>	<b>10,367,903</b>	<b>20,258,492</b>
Restricted stock units granted	-	6,533	-	-	-	-	-	6,533	-	6,533
Transfer of treasury shares due to exercise of shares	-	(12,126)	12,126	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	184,557	-	184,557	63,313	247,870
Allocation of profit for the period:										
Interest on capital proposed	-	-	-	-	-	(65,138)	-	(65,138)	-	(65,138)
Other comprehensive income:										
Exchange differences on net foreign investments	-	-	-	-	-	-	153,835	153,835	-	153,835
<b>Balances as at March 31, 2022</b>	<b>5,700,000</b>	<b>71,437</b>	<b>(86,452)</b>	<b>1,140,000</b>	<b>3,402,989</b>	<b>119,419</b>	<b>(177,017)</b>	<b>10,170,376</b>	<b>10,431,216</b>	<b>20,601,592</b>
<b>Balances as at December 31, 2022</b>	<b>5,700,000</b>	<b>70,893</b>	<b>(113,605)</b>	<b>1,140,000</b>	<b>4,295,319</b>	-	<b>(164,030)</b>	<b>10,928,577</b>	<b>10,193,837</b>	<b>21,122,414</b>
Restricted stock units granted	23	8,362	-	-	-	-	-	8,362	-	8,362
Transfer of treasury shares due to exercise of shares	23	(20,602)	20,602	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	440,842	-	440,842	84,572	525,414
Allocation of profit for the period:										
Interest on capital proposed	15.f)	-	-	-	-	(196,210)	-	(196,210)	-	(196,210)
Other comprehensive income:										
Exchange differences on net foreign investments	15.g)	-	-	-	-	-	(116)	(116)	-	(116)
Effect of noncontrolling interests on consolidated entities	-	-	-	-	-	-	-	-	(2,615)	(2,615)
<b>Balances as at March 31, 2023</b>	<b>5,700,000</b>	<b>58,653</b>	<b>(93,003)</b>	<b>1,140,000</b>	<b>4,295,319</b>	<b>244,632</b>	<b>(164,146)</b>	<b>11,181,455</b>	<b>10,275,794</b>	<b>21,457,249</b>

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

## Cielo S.A. - Instituição de Pagamento

### Statements of cash flows

For the three-month period ended March 31, 2023 and 2022

(In thousands of Brazilian reais)

Note	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
<b>Cash flows from operating activities</b>				
Profit before income tax and social contribution	445,385	182,961	688,710	363,102
<b>Adjustments to reconcile profit before income tax and social contribution to net cash generated by operating activities:</b>				
Depreciation and amortization	137,128	122,342	235,094	265,159
Disposals and provision/(reversals) of losses on property and equipment and intangible assets	(1,008)	13,825	(1,008)	14,669
Share of profit (loss) of investees	(224,801)	(126,264)	-	-
Exchange differences on property and equipment and intangible assets	-	-	-	44,691
Restricted stock units granted	8,362	6,533	8,362	6,533
Loss on doubtful debts and fraud	33,164	15,428	50,640	37,485
Provision for tax, civil and labor risks	38,872	59,624	48,850	91,960
Exchange differences relating to interest on foreign borrowings	-	(82,554)	-	(422,049)
Gains (losses) on derivative financial instruments	-	(92,650)	-	(92,650)
Interest on borrowings	231,600	94,981	231,600	111,650
Amortization of debt issuance costs	459	118	459	118
Yield from interest in FIDC	(447,517)	(218,517)	-	-
<b>Decrease/(increase) in operating assets:</b>				
Income receivable	7,999	(9,322)	(162,624)	21,529
Receivables from card-issuing banks	9,930,420	(1,497,732)	9,915,248	(1,484,753)
Receivables from related parties	(596)	(133)	28,423	(6,991)
Taxes and contributions for offset/recoverable	(21,813)	(98,703)	438,114	223,704
Escrow deposits	(1,272)	(2,441)	(1,620)	(2,545)
Other receivables	(45,981)	(23,852)	(49,686)	(25,183)
Other assets	(36,082)	(78,465)	(42,791)	(76,848)
Financial instruments, including derivatives	-	183,640	286,718	(1,258,252)
<b>(Decrease)/increase in operating liabilities:</b>				
Social and statutory	(123,887)	(206,163)	(173,926)	(251,099)
Tax and social security	52,627	235,903	(476,085)	(178,129)
Payables to merchants	(9,602,119)	(318,549)	(9,598,387)	(406,772)
Payables to related parties	535,447	2,720,707	(8,801)	(4,067)
Provisions for contingencies	(24,426)	(5,613)	(24,608)	(5,728)
Other liabilities	(76,152)	(1,361,697)	(71,676)	79,890
<b>Cash generated by/(used in) operations</b>				
	<b>815,809</b>	<b>(486,593)</b>	<b>1,321,006</b>	<b>(2,954,576)</b>
Income tax and social contribution paid	(18,064)	(21,454)	(99,741)	(144,854)
<b>Net cash generated by/(used in) operating activities</b>				
	<b>797,745</b>	<b>(508,047)</b>	<b>1,221,265</b>	<b>(3,099,430)</b>
<b>Cash flows from investing activities</b>				
Acquisitions of shares of FIDC	(278,037)	(466,328)	-	-
Dividends received from subsidiaries	185,189	102,309	-	-
Purchases of property and equipment	(63,076)	(82,604)	(63,113)	(83,659)
Purchases of intangible assets	(29,244)	(44,232)	(29,245)	(47,028)
<b>Net cash (used in) investing activities</b>				
	<b>(185,168)</b>	<b>(490,855)</b>	<b>(92,358)</b>	<b>(130,687)</b>
<b>Cash flows from financing activities</b>				
Payment of principal of borrowings, net of derivatives	(5,639)	(5,639)	(5,639)	(5,639)
Interest paid	(436,772)	(143,385)	(436,772)	(143,385)
Increase in third parties' interest in FIDC	-	-	264,205	202,448
Amortization of senior quotas - FIDC	-	-	(187,279)	(155,091)
Dividends and interest on capital paid	(239,000)	(235,760)	(295,195)	(235,760)
<b>Net cash (used in) financing activities</b>				
	<b>(681,411)</b>	<b>(384,784)</b>	<b>(660,680)</b>	<b>(337,427)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>				
	<b>(68,834)</b>	<b>(1,383,686)</b>	<b>468,227</b>	<b>(3,567,544)</b>
<b>Cash and cash equivalents</b>				
Closing balance	1,018,601	441,026	2,351,092	1,772,659
Effect of exchange difference on foreign cash and cash equivalents	-	-	(1,114)	(26,487)
Opening balance	1,087,435	1,824,712	1,882,865	5,340,203
<b>(Decrease)/increase in cash and cash equivalents</b>				
	<b>(68,834)</b>	<b>(1,383,686)</b>	<b>468,227</b>	<b>(3,567,544)</b>

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

## Cielo S.A. - Instituição de Pagamento

### Statements of value added

For the three-month period ended March 31, 2023 and 2022

(In thousands of Brazilian reais)

	Note	Parent Company		Consolidated	
		03/31/2023	03/31/2022	03/31/2023	03/31/2022
<b>REVENUES</b>					
Sales of services	17	1,778,046	1,522,595	2,921,169	3,117,664
Loss on doubtful debts and fraud	18	(33,164)	(15,428)	(50,640)	(37,485)
		<b>1,744,882</b>	<b>1,507,167</b>	<b>2,870,529</b>	<b>3,080,179</b>
<b>INPUTS PURCHASED FROM THIRD PARTIES</b>					
Cost of services provided		(689,213)	(642,524)	(1,117,762)	(1,499,218)
Materials, electric energy, outside services and others		(206,516)	(208,822)	(81,563)	(181,924)
Other expenses, net		(7,218)	(9,766)	(14,160)	(3,358)
Impairment of assets	18	2,780	(12,791)	2,780	(13,604)
		<b>(900,167)</b>	<b>(873,903)</b>	<b>(1,210,705)</b>	<b>(1,698,104)</b>
<b>GROSS VALUE ADDED</b>		<b>844,715</b>	<b>633,264</b>	<b>1,659,824</b>	<b>1,382,075</b>
Retentions					
Depreciation and amortization	10 and 11	(137,128)	(122,342)	(235,094)	(265,159)
<b>WEALTH CREATED, NET</b>		<b>707,587</b>	<b>510,922</b>	<b>1,424,730</b>	<b>1,116,916</b>
<b>WEALTH RECEIVED IN TRANSFER</b>					
Share of profit (loss) of investees	9	224,801	126,264	-	-
Finance income, including purchase of receivables and exchange differences, net	24	453,021	216,578	453,192	259,094
		<b>677,822</b>	<b>342,842</b>	<b>453,192</b>	<b>259,094</b>
<b>TOTAL WEALTH FOR DISTRIBUTION</b>		<b>1,385,409</b>	<b>853,764</b>	<b>1,877,922</b>	<b>1,376,010</b>
<b>DISTRIBUTION OF WEALTH</b>					
Personnel and related taxes		(135,343)	(116,255)	(235,820)	(247,114)
Salaries and wages		(107,902)	(92,662)	(175,037)	(197,520)
Benefits		(20,821)	(16,805)	(48,001)	(37,698)
Severance pay fund (FGTS)		(6,620)	(6,788)	(12,782)	(11,896)
Employee and officers result sharing	21	(27,702)	(21,346)	(42,533)	(34,014)
Taxes and contributions		(217,509)	(208,473)	(549,273)	(503,227)
Federal		(188,662)	(159,610)	(481,554)	(396,605)
State		(5)	(3)	(5)	(3)
Municipal		(28,842)	(48,860)	(67,714)	(106,619)
Interest and rental expenses		(564,013)	(323,133)	(524,882)	(343,785)
Rentals		(1,825)	(1,260)	(4,221)	(3,846)
Interest		(539,221)	(302,962)	(497,599)	(320,790)
Others		(22,967)	(18,911)	(23,062)	(19,149)
Dividends and interest on capital paid		-	-	(56,195)	(43,847)
Dividends and interest on capital proposed		(196,210)	(65,138)	(196,210)	(65,138)
Earnings retention		(244,632)	(119,419)	(188,437)	(75,572)
Noncontrolling interests		-	-	(84,572)	(63,313)
<b>WEALTH DISTRIBUTED</b>		<b>(1,385,409)</b>	<b>(853,764)</b>	<b>(1,877,922)</b>	<b>(1,376,010)</b>

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



# Cielo S.A. - Instituição de Pagamento

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

---

### 1 Operations

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

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

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

#### Significant event for the quarter

On March 30, 2023, the Board of Directors approved the opening of a new share buyback program, through which the Company was authorized to acquire up to 6,569,512 common shares, without par value, of its own issuance.

### 2 Summary of significant accounting practices

#### 2.1 Statement of compliance and approval of the Interim Financial Information

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.

# Cielo S.A. - Instituição de Pagamento

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

---

The interim financial information were approved by the Company's Board of Directors and authorized for issue on April 27, 2023.

The accounting practices applied in the preparation of this individual and consolidated interim financial information are the same as those used in the prior year, disclosed in Note 2 to the Financial Statements of Cielo Group for the year ended December 31, 2022, approved and published on January 26, 2023, and made available on the CVM website. Therefore, the corresponding interim financial information should be read in conjunction with the Financial Statements as at December 31, 2022.

### **2.2 Standards, amendments and interpretations applicable in future periods**

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

It will be applied prospectively, effective from January 1, 2025.

The Company developed the implementation plan of said resolution and did not identify material impacts on the financial statements, nor on the systems and internal processes.

BCB Resolution No. 178/22 addresses the accounting criteria applicable to lease transactions contracted as lessee by consortium administrators and payment institutions. The standard is one of BACEN's measures for convergence with the International Financial Reporting Standards. It will also be applied prospectively, effective from January 1, 2025, with no expectation of relevant impacts on the adoption date.

### **2.3 Significant accounting judgments, estimates and assumptions**

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

# Cielo S.A. - Instituição de Pagamento

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

actual amounts may differ from those estimates. The Company reviews the estimates and assumptions at least semi-annually.

### 3 Consolidated interim financial statements

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

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

As at March 31, 2023 and December 31, 2022, Cielo Group consisted of the following companies:

Companies	Interest in the capital (%)	
	03/31/2023	12/31/2022
<b>Direct and indirect interests in Subsidiaries and funds:</b>		
Aliança Pagamentos e Participações Ltda. ("Aliança")	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
Fundo de Investimento em Direitos Creditórios Cielo ("FIDC Plus")	93.22	92.80
Fundo de Investimento em Direitos Creditórios Cielo Emissores I ("FIDC Emissor I")	14.12	13.00
Fundo de Investimento em Direitos Creditórios Cielo Emissores II ("FIDC Emissor II")	12.61	12.27
Fundo de Investimento em Direitos Creditórios Não-Padronizados Cielo ("FIDC")	100.00	100.00
Fundo de Investimento em Cotas de Fundos de Investimento ("FICs")	100.00	100.00
Paggo Soluções e Meios de Pagamento S.A. ("Paggo")	50.00	50.00
Servinet Serviços Ltda. ("Servinet")	99.99	99.99
Stelo S.A. ("Stelo")	100.00	100.00

### 4 Cash

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
In local currency	9,952	100,560	24,745	108,934
In foreign currency	6,110	27,170	10,436	31,613
<b>Total</b>	<b>16,062</b>	<b>127,730</b>	<b>35,181</b>	<b>140,547</b>

# Cielo S.A. - Instituição de Pagamento

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

## 5 Financial instruments, including derivatives

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
<b>Assets:</b>				
Cash equivalent financial instruments	1,002,539	959,705	2,315,911	1,742,318
Other financial instruments		-	-	286,718
<b>Total</b>	<b>1,002,539</b>	<b>959,705</b>	<b>2,315,911</b>	<b>2,029,036</b>
<b>Total current</b>	1,002,539	959,705	2,315,911	1,742,318
<b>Total noncurrent</b>	-	-	-	286,718

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

### (a) Cash equivalent financial instruments

As at March 31, 2023 and December 31, 2022, the balance of cash equivalent financial instruments comprises open market investments and marketable securities as follows:

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Open market investments	15,081	7,473	15,081	7,473
Marketable securities	987,458	952,232	2,300,830	1,734,845
<b>Total</b>	<b>1,002,539</b>	<b>959,705</b>	<b>2,315,911</b>	<b>1,742,318</b>

### Open market investments

As at March 31, 2023 and December 31, 2022, the Company's open market investments balances are as follows:

	Parent Company and Consolidated			
	Maturity	Total		
	0 - 30	03/31/2023	12/31/2022	
<b>Open market investments</b>				
Repurchase agreements	15,081	15,081	7,473	
<b>Total</b>	<b>15,081</b>	<b>15,081</b>	<b>7,473</b>	

### Marketable securities

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

	Parent Company				
	03/31/2023			12/31/2022	
	Maturity	Total		Total	
	0 - 30	Fair Value	Cost	Fair Value	Cost
<b>Trading securities</b>					
<b>Private securities:</b>	<b>987,458</b>	<b>987,458</b>	<b>985,816</b>	<b>952,232</b>	<b>812,274</b>
Investment fund shares	20,793	20,793	20,709	783,879	649,319
Bank Deposit Certificate – CDB	966,665	966,665	965,107	168,353	162,955
<b>Total</b>	<b>987,458</b>	<b>987,458</b>	<b>985,816</b>	<b>952,232</b>	<b>812,274</b>

# Cielo S.A. - Instituição de Pagamento

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

	Consolidated				
	03/31/2023			12/31/2022	
	Maturity	Total		Total	
0 - 30	Fair Value	Cost	Fair Value	Cost	
<b>Held for trading</b>					
<b>Private securities</b>	<b>2,183,818</b>	<b>2,183,818</b>	<b>2,182,284</b>	<b>1,734,845</b>	<b>1,581,467</b>
Investment fund shares	950,443	950,443	949,881	1,556,283	1,408,421
Bank Deposit Certificate – CDB	1,053,199	1,053,199	1,052,227	168,353	162,955
Financial Bills – LF	180,176	180,176	180,176	10,209	10,091
<b>Public securities</b>	<b>117,012</b>	<b>117,012</b>	<b>98,116</b>	-	-
National Treasury Bills – LTN	117,012	117,012	98,116	-	-
<b>Total</b>	<b>2,300,830</b>	<b>2,300,830</b>	<b>2,280,400</b>	<b>1,734,845</b>	<b>1,581,467</b>

The fair value of the financial instruments is determined according to the market price quotation available at the end of the reporting period. If there is no available market price quotation, the values are estimated based on quotations from dealers, pricing models, quotation models or price quotations for instruments with similar characteristics. In the case of investment funds, the updated cost reflects the fair 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) Other financial instruments

As at December 31, 2022, the balances comprises held-to-maturity securities.

	Consolidated	
	03/31/2023	12/31/2022
	Total	Total
	Amortized cost	Amortized cost
<b>Held-to-maturity securities</b>		
<b>Public securities</b>	-	<b>99,237</b>
National Treasury Bills – LTN	-	99,237
<b>Private securities</b>	-	<b>187,481</b>
Financial Bills – LF	-	187,481
<b>Total</b>	-	<b>286,718</b>

## 6 Credit rights investment funds ("FIDCs")

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

# Cielo S.A. - Instituição de Pagamento

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

---

### Funds

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

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

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

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

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

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

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

### Structure and composition of the Funds

The equity structure of the FIDCs as at March 31, 2023 and December 31, 2022

# Cielo S.A. - Instituição de Pagamento

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

is presented below:

	03/31/2023			
	Number of shares	Total value of shares	Cielo's interest	Third parties' interest
<b>FIDC NP</b>	<b>2,464,290</b>	<b>1,262,364</b>	<b>1,262,364</b>	-
<b>FIDC Plus</b>	<b>758,482,424</b>	<b>8,960,886</b>	<b>8,353,073</b>	<b>607,813</b>
Senior	600,000	607,813	-	607,813
Subordinated	757,882,424	8,353,073	8,353,073	-
<b>FIDC Emissor I</b>	<b>2,222,223</b>	<b>2,343,379</b>	<b>330,913</b>	<b>2,012,466</b>
Senior	2,000,000	2,012,466	-	2,012,466
Subordinated	222,223	330,913	330,913	-
<b>FIDC Emissor II</b>	<b>4,965,131</b>	<b>5,441,182</b>	<b>685,960</b>	<b>4,755,222</b>
Senior	4,500,000	4,755,222	-	4,755,222
Subordinated	465,131	685,960	685,960	-
<b>Total</b>	<b>768,134,068</b>	<b>18,007,811</b>	<b>10,632,310</b>	<b>7,375,501</b>

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

The statements of financial of the FIDCs position as at March 31, 2023 and December 31, 2022 are as follows:

	03/31/2023			03/31/2022		
	Assets	Liabilities	Equity	Assets	Liabilities	Equity
FIDC NP	1,262,934	570	1,262,364	865,297	224	865,073
FIDC Plus	8,990,120	29,234	8,960,886	8,739,706	418	8,739,288
FIDC Emissor I	2,343,418	39	2,343,379	2,394,175	-	2,394,175
FIDC Emissor II	5,441,221	39	5,441,182	5,227,618	13	5,227,605
<b>Total</b>	<b>18,037,693</b>	<b>29,882</b>	<b>18,007,811</b>	<b>17,226,796</b>	<b>655</b>	<b>17,226,141</b>

The statements of profit or loss of the FIDCs for the three-month period ended March 31, 2023 and 2022, are as follows:

# Cielo S.A. - Instituição de Pagamento

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

	Three-month period					
	03/31/2023					
	FIDC NP	FIDC Plus	FIDC Receba Mais	FIDC Emissor I	FIDC Emissor II	Total
Income - Credit rights	36,059	346,921	-	-	-	382,980
Income - Credit rights Card issuing banks	-	-	-	93,420	214,150	307,570
Finance income	2,071	23,856	-	1,520	99	27,546
Finance costs	(1,307)	(2,308)	-	(330)	(401)	(4,346)
Other operating expenses	455	(338)	-	(295)	(271)	(449)
<b>Profit for the three-month period</b>	<b>37,278</b>	<b>368,131</b>	<b>-</b>	<b>94,315</b>	<b>213,577</b>	<b>713,301</b>
<b>Remuneration –Senior Share</b>	<b>-</b>	<b>22,152</b>	<b>-</b>	<b>74,559</b>	<b>169,073</b>	<b>265,784</b>
<b>Remuneration –Subordinated Share</b>	<b>37,278</b>	<b>345,979</b>	<b>-</b>	<b>19,756</b>	<b>44,504</b>	<b>447,517</b>

	Three-month period					
	03/31/2022					
	FIDC NP	FIDC Plus	FIDC Receba Mais	FIDC Emissor I	FIDC Emissor II	Total
Income - Credit rights	389	167,361	148	-	-	167,898
Income - Credit rights Card issuing banks	-	-	-	60,812	145,552	206,364
Finance income	973	30,467	795	9,132	11,733	53,100
Finance costs	(998)	(1,984)	(82)	(299)	(307)	(3,670)
Other operating expenses	(582)	(247)	(158)	(218)	(247)	(1,452)
<b>Profit (loss) for the three-month period</b>	<b>(218)</b>	<b>195,597</b>	<b>703</b>	<b>69,427</b>	<b>156,731</b>	<b>422,240</b>
<b>Remuneration –Senior Share</b>	<b>-</b>	<b>16,872</b>	<b>318</b>	<b>56,630</b>	<b>129,903</b>	<b>203,723</b>
<b>Remuneration –Subordinated Share</b>	<b>(218)</b>	<b>178,725</b>	<b>385</b>	<b>12,797</b>	<b>26,828</b>	<b>218,517</b>

## 7 Operating receivables

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Receivables from card-issuing banks (a)	82,147,371	92,081,398	82,147,531	92,083,831
Income receivable for payment transactions	122,003	130,002	1,158,157	995,533
Other operating receivables	203,652	167,570	212,268	169,477
Allowance for doubtful debts (b)	(199,766)	(170,209)	(200,327)	(170,739)
<b>Total</b>	<b>82,273,260</b>	<b>92,208,761</b>	<b>83,317,629</b>	<b>93,078,102</b>
Current	82,251,080	92,181,824	83,295,434	93,051,150
Non-current	22,180	26,937	22,195	26,952
<b>Total</b>	<b>82,273,260</b>	<b>92,208,761</b>	<b>83,317,629</b>	<b>93,078,102</b>

- (a) Receivables from card-issuing banks refer to the flow of receivables for credit and debit card transactions made by cardholders, net of prepayments and assignments with issuing banks.
- (b) Refers to the allowance for expected losses and past-due amounts from transactions carried out with merchants, which are related to products and services provided by the Company, as well as collection of cancellations and chargebacks, as presented in note No. 25 - Risk management. This allowance is determined through the methodology of attributing ratings and allowance percentages, according to the range of late payment in operations.



# Cielo S.A. - Instituição de Pagamento

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

### 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 three-month period ended March 31, 2023, and 2022 is as follows:

	Parent Company		Consolidated	
	Three-month period		Three-month period	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Profit before income tax and social contribution	445,385	182,961	688,710	363,102
Statutory rates - %	34%	34%	34%	34%
Income tax and social contribution at statutory rates	(151,431)	(62,207)	(234,161)	(123,455)
Interest on capital	66,711	22,147	66,711	22,147
Tax benefit of R&D	2,543	-	2,543	-
Share of profit (loss) of investees	76,432	42,930	-	-
Difference in the US income tax rate	-	-	-	(8,073)
Other permanent differences, net	1,202	(1,274)	1,611	(5,851)
<b>Income tax and social contribution</b>	<b>(4,543)</b>	<b>1,596</b>	<b>(163,296)</b>	<b>(115,232)</b>
<b>Current</b>	<b>(48,567)</b>	<b>(55,132)</b>	<b>(200,129)</b>	<b>(176,421)</b>
<b>Deferred</b>	<b>44,024</b>	<b>56,728</b>	<b>36,833</b>	<b>61,189</b>

#### (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, according to the expected realization of the tax 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.

#### Breakdown of deferred income tax and social contribution – assets

	Parent Company			
	12/31/2022	Additions	(Write-offs)	03/31/2023
Provision for tax, labor and civil risks	696,623	11,961	(6,338)	702,246
Accrual for sundry expenses	181,598	90,421	(29,350)	242,669
Provision for variable compensation	63,154	3,566	(33,455)	33,265
Allowance for losses on POS equipment, doubtful debts and fraud	105,103	10,568	(3,349)	112,322
<b>Total</b>	<b>1,046,478</b>	<b>116,516</b>	<b>(72,492)</b>	<b>1,090,502</b>

	Parent Company			
	12/31/2021	Additions	(Write-offs)	03/31/2022
Provision for tax, labor and civil risks	669,089	18,164	-	687,253
Accrual for sundry expenses	123,906	63,266	(5,497)	181,675
Provision for variable compensation	49,380	2,494	(24,156)	27,718
Allowance for losses on POS equipment, doubtful debts and fraud	82,148	2,458	-	84,606
<b>Total</b>	<b>924,523</b>	<b>86,382</b>	<b>(29,653)</b>	<b>981,252</b>

# Cielo S.A. - Instituição de Pagamento

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

	<b>Consolidated</b>			
	<b>12/31/2022</b>	<b>Additions</b>	<b>(Write-offs)</b>	<b>03/31/2023</b>
Provision for tax, labor and civil risks	757,549	16,025	(6,544)	767,030
Accrual for sundry expenses	327,044	93,745	(35,939)	384,850
Provision for variable compensation	85,962	3,999	(49,593)	40,368
Income tax and social contribution tax losses in subsidiary	61,834	10,565	(3,596)	68,803
Allowance for losses on POS equipment, doubtful debts and fraud	114,310	11,520	(3,349)	122,481
<b>Total</b>	<b>1,346,699</b>	<b>135,854</b>	<b>(99,021)</b>	<b>1,383,532</b>

	<b>Consolidated</b>			
	<b>12/31/2021</b>	<b>Additions</b>	<b>(Write-offs)</b>	<b>03/31/2022</b>
Provision for tax, labor and civil risks	727,848	29,164	(18)	756,994
Accrual for sundry expenses	262,098	71,966	(20,291)	313,773
Provision for variable compensation	69,767	2,708	(39,443)	33,032
Income tax and social contribution tax losses in subsidiary	76,662	9,878	(3,185)	83,355
Allowance for losses on POS equipment, doubtful debts and fraud	92,486	2,458	(621)	94,323
Others	54,185	-	(20,453)	33,732
<b>Total</b>	<b>1,283,046</b>	<b>116,174</b>	<b>(84,011)</b>	<b>1,315,209</b>

### Realization of tax credit

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

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

We present below the expected tax credit per year:

# Cielo S.A. - Instituição de Pagamento

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

	<u>Parent company</u> <u>03/31/2023</u>	<u>Consolidated</u> <u>03/31/2023</u>
2023	252,997	419,206
2024	173,186	194,018
2025	309,309	319,309
2026	103,005	112,000
2027	165,002	236,000
2028 to 2032	87,003	103,000
<b>Total</b>	<b>1,090,502</b>	<b>1,383,533</b>
<b>Present value adjustment</b>	<b>(33,916)</b>	<b>(43,030)</b>
<b>Total net of present value adjustment</b>	<b>1,056,586</b>	<b>1,340,503</b>

## Taxes payable

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>03/31/2023</u>	<u>12/31/2022</u>	<u>03/31/2023</u>	<u>12/31/2021</u>
Income tax and social contribution, net of prepayments	60,461	78,765	215,307	668,082
Contribution for Social Security Funding – Cofins	30,155	34,144	53,858	57,802
Tax on Services – ISS	6,659	7,232	17,502	18,993
Social Integration Program – PIS	6,138	7,060	11,255	12,171
Other taxes payable	19,976	20,566	57,385	30,117
<b>Total</b>	<b>123,389</b>	<b>147,767</b>	<b>355,307</b>	<b>787,165</b>

## 9 Investments

	<u>Parent Company</u>	
	<u>03/31/2023</u>	<u>12/31/2022</u>
In subsidiaries, including joint ventures	7,087,431	7,047,935
<b>Total</b>	<b>7,087,431</b>	<b>7,047,935</b>

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

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

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

# Cielo S.A. - Instituição de Pagamento

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

	03/31/2023							03/31/2023		
	% Equity interest	Assets	Liabilities	Equity	Revenues	Gross profit (loss)	Operating profit before finance income (costs)	Profit	Share of profit of investees for the three-month period	Investments
<b>Subsidiaries:</b>										
Servinet	99.99	163,537	85,949	77,588	124,390	123,392	7,467	5,543	5,543	77,588
Cielo USA	100.00	4,326	-	4,326	-	-	-	-	-	4,326
Cateno	70.00	10,347,277	776,751	9,570,526	992,202	455,958	401,000	281,910	197,336	6,699,368
Stelo	99.99	479,170	178,745	300,425	49,065	32,806	26,102	21,804	21,804	300,413
Aliança	99.99	5,859	123	5,736	163	163	9	118	118	5,736
<b>Total Parent Company</b>									<b>224,801</b>	<b>7,087,431</b>

# Cielo S.A. - Instituição de Pagamento

## Notes to the individual and consolidated interim financial information

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

	% Equity interest	12/31/2022			03/31/2022				03/31/2022	12/31/2022
		Assets	Liabilities	Equity	Revenue	Gross profit (loss)	Operating profit before finance income (costs)	Profit (loss)	Share of profit of investees for the three-month period	Investments
<b>Subsidiaries:</b>										
Servinet	99.99	210,236	138,191	72,045	103,198	102,292	6,102	4,393	4,393	72,045
Cielo USA	100	4,443	-	4,443	-	(36,483)	(41,709)	(53,623)	(53,623)	4,443
Cateno	70	10,728,321	1,175,150	9,553,171	867,237	331,149	289,548	211,044	147,731	6,687,219
Stelo	99.99	476,693	198,073	278,620	51,087	38,238	35,747	27,659	5,908	278,609
Aliança	99.99	12,308	6,689	5,619	2,623	2,663	21,903	21,855	21,855	5,619
<b>Total Parent Company</b>									<b>126,264</b>	<b>7,047,935</b>

# Cielo S.A. - Instituição de Pagamento

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

Changes in investments for the quarters ended March 31, 2023, and 2022 are as follows:

	<b>Parent Company</b>
<b>Balance at December 31, 2021</b>	<b><u>7,596,638</u></b>
Dividends received:	
Cateno	(102,309)
Share of profit (loss) of investees	126,264
Provision for obligations with investees	<u>53,623</u>
<b>Balance at March 31, 2022</b>	<b><u>7,674,216</u></b>
<b>Balance at December 31, 2022</b>	<b><u>7,047,935</u></b>
Dividends received:	
Cateno	(131,122)
Additional dividends – Cateno	(54,067)
Share of profit (loss) of investees	224,801
Exchange difference on foreign investments	<u>(116)</u>
<b>Balance at March 31, 2023</b>	<b><u>7,087,431</u></b>

## 10 Property and equipment

	Annual depreciation rate-%	Parent Company				12/31/2022
		03/31/2023				
		Cost	Accumulated depreciation	Impairment of assets	Net	
POS equipment	20	1,897,384	(991,480)	(100,111)	805,793	834,578
Data processing equipment	20	262,165	(188,551)	-	73,614	79,818
Machinery and equipment	10 - 20	20,423	(19,828)	-	595	722
Facilities	10	34,946	(16,655)	-	18,291	19,030
Furniture and fixtures	10	3,863	(1,507)	-	2,356	2,485
Vehicles	20	1,396	(497)	-	899	253
<b>Total</b>		<b><u>2,220,177</u></b>	<b><u>(1,218,518)</u></b>	<b><u>(100,111)</u></b>	<b><u>901,548</u></b>	<b><u>936,886</u></b>

	Annual depreciation rate-%	Consolidated				12/31/2022
		03/31/2023				
		Cost	Accumulated depreciation	Impairment of assets	Net	
POS equipment	20	1,897,384	(991,480)	(100,111)	805,793	834,578
Data processing equipment	20	270,087	(194,692)	-	75,395	81,792
Machinery and equipment	10 - 20	25,018	(24,110)	-	908	1,068
Facilities	10	70,029	(42,270)	-	27,759	29,280
Furniture and fixtures	10	7,948	(4,182)	-	3,766	3,965
Vehicles	20	1,396	(497)	-	899	254
<b>Total</b>		<b><u>2,271,862</u></b>	<b><u>(1,257,231)</u></b>	<b><u>(100,111)</u></b>	<b><u>914,520</u></b>	<b><u>950,937</u></b>

# Cielo S.A. - Instituição de Pagamento

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

Changes in property and equipment for the three-month period ended March 31, 2023, and 2022 are as follows:

	Parent Company				
	12/31/2022	Additions	Disposals/ estimated Losses	Depreciation	03/31/2023
POS equipment	834,578	60,690	(6,123)	(83,351)	805,794
Data processing equipment	79,818	1,698	-	(7,901)	73,615
Machinery and equipment	722	-	(1)	(128)	593
Facilities	19,030	-	-	(739)	18,291
Furniture and fixtures	2,485	-	(86)	(43)	2,356
Vehicles	253	688	-	(42)	899
<b>Total</b>	<b>936,886</b>	<b>63,076</b>	<b>(6,210)</b>	<b>(92,204)</b>	<b>901,548</b>

	Parent Company				
	12/31/2021	Additions	Disposals/ estimated Losses	Depreciation	03/31/2022
POS equipment	791,128	82,192	(12,313)	(71,600)	789,407
Data processing equipment	98,576	412	-	(7,938)	91,050
Machinery and equipment	1,680	-	-	(239)	1,441
Facilities	19,646	-	159	(702)	19,103
Furniture and fixtures	2,933	-	-	(45)	2,888
Vehicles	793	-	-	(71)	722
<b>Total</b>	<b>914,756</b>	<b>82,604</b>	<b>(12,154)</b>	<b>(80,595)</b>	<b>904,611</b>

	Consolidated				
	12/31/2022	Additions	Disposals/ Estimated losses	Depreciation	03/31/2023
POS equipment	834,578	60,689	(6,123)	(83,351)	805,793
Data processing equipment	81,792	1,698	-	(8,095)	75,395
Machinery and equipment	1,068	-	(1)	(159)	908
Facilities	29,280	33	-	(1,554)	27,759
Furniture and fixtures	3,965	6	(86)	(119)	3,766
Vehicles	254	687	-	(42)	899
<b>Total</b>	<b>950,937</b>	<b>63,113</b>	<b>(6,210)</b>	<b>(93,320)</b>	<b>914,520</b>

	Consolidated						
	12/31/2021	Additions	Disposals/ Estimated losses	Depreciation	Exchange differences	Assets Held for Sale	03/31/2022
POS equipment	791,375	82,312	(12,345)	(71,634)	(29)	(272)	789,407
Data processing equipment	104,780	593	(135)	(9,022)	(385)	(2,319)	93,512
Machinery and equipment	33,096	6	(15)	(1,678)	(4,604)	(24,913)	1,892
Facilities	36,008	748	(411)	(1,701)	-	-	34,644
Furniture and fixtures	5,099	-	(93)	(149)	-	-	4,857
Vehicles	793	-	-	(72)	-	-	721
<b>Total</b>	<b>971,151</b>	<b>83,659</b>	<b>(12,999)</b>	<b>(84,256)</b>	<b>(5,018)</b>	<b>(27,504)</b>	<b>925,033</b>

# Cielo S.A. - Instituição de Pagamento

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

### 11 Intangible assets

	Annual amortization rate - %	Parent Company				12/31/2022
		03/31/2023				
		Cost	Accumulated amortization	Impairment of assets	Net	Net
Software	20	1,497,635	(955,468)	(33,808)	508,359	516,821
Project development	20	25,044	(25,044)	-	-	-
Relationship with customers	20	113,581	(113,581)	-	-	-
<b>Total</b>		<b>1,636,260</b>	<b>(1,094,093)</b>	<b>(33,808)</b>	<b>508,359</b>	<b>516,821</b>

	Annual amortization rate - %	Consolidated				12/31/2022
		03/31/2023				
		Cost	Accumulated amortization	Impairment of assets	Net	Net
Right of use - Ourocard Payment-Arrangement (a)	3,33	11,572,000	(3,118,011)	-	8,453,989	8,550,422
Software (b)	6,66 - 20	1,502,002	(959,202)	(33,808)	508,992	517,544
Relationship with customers	10 - 20	426,182	(426,182)	-	-	-
Project development	20	34,830	(32,363)	-	2,467	2,793
Service agreements	08 - 20	400	-	-	400	400
Trademarks	10	74	-	-	74	74
<b>Total</b>		<b>13,535,488</b>	<b>(4,535,758)</b>	<b>(33,808)</b>	<b>8,965,922</b>	<b>9,071,233</b>

- (a) **Right of Use - Ourocard Payment Arrangement** - Under the scope of the association agreement between the Company and BB Elo Cartões, a wholly-owned subsidiary of Banco do Brasil, in February 2015 Cateno was granted rights over post-paid payment accounts management activities under the Ourocard Payment Arrangement, rights over the management of the purchase functionalities under the Ourocard Payment Arrangement, and participation in the Ourocard Payment Arrangement as a Payment Institution.
- (b) **Software** - Refers to software licenses acquired from third parties and used to provide services relating to information processing and transactions with customers.

Changes in intangible assets for the three-month period ended March 31, 2023, and 2022 are as follows:



# Cielo S.A. - Instituição de Pagamento

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

	Parent Company				
	12/31/2022	Additions	Disposals	Amortizations	03/31/2023
Software	516,821	29,244	7,218	(44,924)	508,359
<b>Total</b>	<b>516,821</b>	<b>29,244</b>	<b>7,218</b>	<b>(44,924)</b>	<b>508,359</b>

	Parent Company				
	12/31/2021	Additions	Disposals	Amortizations	03/31/2022
Software	502,150	44,232	(1,671)	(41,747)	502,964
<b>Total</b>	<b>502,150</b>	<b>44,232</b>	<b>(1,671)</b>	<b>(41,747)</b>	<b>502,964</b>

	Consolidated				
	12/31/2022	Additions	Disposals	Amortizations	03/31/2023
Right of use – Ourocard Payment Arrangement	8,550,422	-	-	(96,433)	8,453,989
Software	517,544	29,245	7,218	(45,015)	508,992
Project development	2,793	-	-	(326)	2,467
Service agreements	400	-	-	-	400
Trademarks	74	-	-	-	74
<b>Total</b>	<b>9,071,233</b>	<b>29,245</b>	<b>7,218</b>	<b>(141,774)</b>	<b>8,965,922</b>

	Consolidated						
	12/31/2021	Additions	Disposals	Amortizations	Exchange differences	Assets Held for Sale	03/31/2022
Right of use -Ourocard Payment-Arrangement	8,936,156	-	-	(96,434)	-	-	8,839,722
Software	691,523	47,028	(1,670)	(59,683)	(29,930)	(28,458)	618,810
Relationship with customers	71,565	-	-	(24,491)	(9,458)	-	37,616
Project development	34,268	-	-	(295)	(285)	(31,332)	2,356
Service agreements	971	-	-	-	-	-	971
Trademarks	74	-	-	-	-	-	74
<b>Total</b>	<b>9,734,557</b>	<b>47,028</b>	<b>(1,670)</b>	<b>(180,903)</b>	<b>(39,673)</b>	<b>(59,790)</b>	<b>9,499,549</b>

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

## 12 Borrowings

	Parent Company and Consolidated	
	03/31/2023	12/31/2022
Private debentures (a)	3,382,027	3,498,894
Public debentures (b)	3,011,217	3,099,074
Financing of R&D	39,475	45,103
<b>Total</b>	<b>6,432,719</b>	<b>6,643,071</b>
Current	3,418,226	3,623,321
Noncurrent	3,014,493	3,019,750
<b>Total</b>	<b>6,432,719</b>	<b>6,643,071</b>

# Cielo S.A. - Instituição de Pagamento

## Notes to the individual and consolidated interim financial information (Amounts in thousands of Brazilian reais, 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
1 <sup>st</sup> issuance	2,359,449	111% of DI
2 <sup>nd</sup> issuance	700,000	111% of DI after 3/31/2015
3 <sup>rd</sup> issuance	400,000	100% 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 1<sup>st</sup> issuance of private debentures was partially paid, remaining a balance payable of R\$ 2,237,125. There are no covenants imposing financial restrictions related to the financial transaction of issuance of private debentures.

### (b) Public debentures

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

Changes in borrowings for the three-months ended March 31, 2023 and 2022 are as follows:

	Parent Company	Consolidated
<b>Balance at December 31, 2021</b>	<b>4,034,446</b>	<b>6,295,104</b>
Payment of principal	(5,639)	(5,639)
Exchange differences (principal and interest)	(82,554)	(422,049)
Accrued interest and charges	94,981	111,650
Interest paid	(143,385)	(143,385)
Amortization of debt issuance costs	118	118
<b>Balance at March 31, 2022</b>	<b>3,897,967</b>	<b>5,835,799</b>
<b>Balance at December 31, 2022</b>	<b>6,643,071</b>	<b>6,643,071</b>
Payment of principal	(5,639)	(5,639)
Accrued interest and charges	231,600	231,600
Interest paid	(436,772)	(436,772)
Amortization of debt issuance costs	459	459
<b>Balance at March 31, 2023</b>	<b>6,432,719</b>	<b>6,432,719</b>

# Cielo S.A. - Instituição de Pagamento

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

### Breakdown of borrowings recorded in noncurrent liabilities

Borrowings classified as noncurrent as at March 31, 2023 and December 31, 2022 by maturity date are broken down as follows:

Maturity	Parent Company and Consolidated	
	03/31/2023	12/31/2022
2024	16,917	22,556
2025	3,000,000	3,000,000
<b>Total borrowings</b>	<b>3,016,917</b>	<b>3,022,556</b>
Debt issuance costs incurred	(2,424)	(2,806)
<b>Total</b>	<b>3,014,493</b>	<b>3,019,750</b>

### 13 Payables to merchants

As at March 31, 2023, the Payables to merchants balance is R\$ 68,107,704 and R\$ 68,237,534 in the Parent Company and Consolidated, respectively (R\$ 77,709,823 and R\$ 77,835,921 as at December 31, 2022). The balance refers to transactions related to sale of products and services using credit and debit cards payable to merchants, Company customers, net of compensation for the services rendered by Cielo and card-issuing banks.

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

### 14 Provision for contingencies

#### Provision for tax, civil and labor risks

Cielo Group is part to lawsuits and administrative proceedings before courts and government agencies, arising in the normal course of business and involving tax, civil, labor and other matters.

Cielo Group, 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 three-months ended March 31, 2023 and December 31, 2022, as follows:

# Cielo S.A. - Instituição de Pagamento

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

Parent Company						
	<u>12/31/2022</u>	<u>Additions</u>	<u>Write-offs/ reversals</u>	<u>Monetary adjustment</u>	<u>Payments</u>	<u>03/31/2023</u>
Tax (a)	1,963,951	20,366	(1,756)	12,721	-	1,995,282
Labor (b)	50,209	5,943	(6,369)	1,613	(15,756)	35,640
Civil (c)	47,739	7,114	(2,839)	2,079	(8,670)	45,423
<b>Total</b>	<b><u>2,061,899</u></b>	<b><u>33,423</u></b>	<b><u>(10,964)</u></b>	<b><u>16,413</u></b>	<b><u>(24,426)</u></b>	<b><u>2,076,345</u></b>
	<u>12/31/2021</u>	<u>Additions</u>	<u>Write-offs/ reversals</u>	<u>Monetary adjustment</u>	<u>Payments</u>	<u>03/12/2022</u>
<b>Total</b>	<b><u>1,985,883</u></b>	<b><u>55,190</u></b>	<b><u>(7,068)</u></b>	<b><u>11,502</u></b>	<b><u>(5,613)</u></b>	<b><u>2,039,894</u></b>
Consolidated						
	<u>12/31/2022</u>	<u>Additions</u>	<u>Write-offs/ reversals</u>	<u>Monetary adjustment</u>	<u>Payments</u>	<u>03/31/2023</u>
Tax (a)	2,127,889	55,539	(29,320)	13,121	-	2,167,229
Labor (b)	63,099	8,131	(7,020)	2,059	(15,845)	50,424
Civil (c)	48,404	7,178	(2,930)	2,092	(8,763)	45,981
<b>Total</b>	<b><u>2,239,392</u></b>	<b><u>70,848</u></b>	<b><u>(39,270)</u></b>	<b><u>17,272</u></b>	<b><u>(24,608)</u></b>	<b><u>2,263,634</u></b>
	<u>12/31/2021</u>	<u>Additions</u>	<u>Write-offs/ reversals</u>	<u>Monetary adjustment</u>	<u>Payments</u>	<u>03/31/2022</u>
<b>Total</b>	<b><u>2,158,491</u></b>	<b><u>86,316</u></b>	<b><u>(7,172)</u></b>	<b><u>12,816</u></b>	<b><u>(5,728)</u></b>	<b><u>2,244,723</u></b>

The additions refer basically to the complement of the provision for tax risks in the three-month period ended March 31, 2023 and 2022, recorded with a matching entry in line items "Taxes on revenue" and "Other operating income (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 income (expenses), net" in the statements of profit or loss.

### Escrow deposits

At March 31, 2023 and December 31, 2022, the Cielo Group have escrow deposits related to the provision for tax, labor and civil risks, and the balances are broken down as follows:

	Parent Company		Consolidated	
	<u>03/31/2023</u>	<u>12/31/2022</u>	<u>03/31/2023</u>	<u>12/31/2022</u>
Tax (a)	1,553,676	1,553,676	1,554,819	1,554,819
Labor (b)	13,187	13,142	16,383	15,991
Civil (c)	14,618	13,391	14,621	13,393
<b>Total</b>	<b><u>1,581,481</u></b>	<b><u>1,580,209</u></b>	<b><u>1,585,823</u></b>	<b><u>1,584,203</u></b>

# Cielo S.A. - Instituição de Pagamento

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

---

### (a) Tax lawsuits

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

- **COFINS - Non-cumulative Regime** - In February 2004, the Company filed a writ of mandamus seeking to eliminate the demand for COFINS under the Law at a rate of 7.6%, making an escrow deposit for the monthly calculated amounts and recording the difference between the cumulative and non-cumulative regimes as provision for risks. As at March 31, 2023 and December 31, 2022, the amount of the provision for risks recognized and the amount of the escrow deposits is R\$ 1,517,141.
- **ISS Municipality (CL 157/16 and CL 175/20)** – As a result of the amendments to Complementary Law (CL) No. 157/16 regarding the place of payment of ISS, and subsequently suspended by an injunction granted by the Federal Supreme Court (“STF”), as well as of the enactment of CL No. 175/20, Cielo Group there are provisions for risks constituted on March 31, 2023, amounts of R\$ 246,874 in the Parent Company and R\$ 404,923 in the Consolidated (R\$ 228,808 in the Parent Company and R\$ 378,944 in the Consolidated as at December 31, 2022).

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

### (b) Labor lawsuits

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

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

### (c) Civil lawsuits

Refer basically to collection of transactions made through the Company's

# Cielo S.A. - Instituição de Pagamento

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

system that were not passed on to merchants in view of noncompliance with clauses of the accreditation contract, and compensation for losses caused by transactions not passed on at that time.

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

Additionally, as at March 31, 2023, 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.

### Contingent liabilities classified as possible losses

Additionally, as at March 31, 2023 and December 31, 2022, Cielo Group is also part 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	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Tax	1,342,653	1,112,970	1,351,018	1,120,780
Labor	68,872	71,665	163,512	163,422
Civil	478,321	463,559	481,550	468,854
<b>Total</b>	<b>1,889,846</b>	<b>1,648,194</b>	<b>1,996,080</b>	<b>1,753,056</b>

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

**Social Security Contribution** - Requirement of the payment of Social Security Contribution on amounts distributed to employees as result sharing and restricted stock plans, in the monetarily adjusted amount of R\$ 172,816.

- **IRPJ/CSLL** - Requirement of IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income) on the amounts allegedly excluded improperly, as interest on capital, from the calculation of taxable profit between the years 2015 and 2016, in the monetarily adjusted amounts of R\$ 361,519 and R\$ 240,348, respectively.

# Cielo S.A. - Instituição de Pagamento

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

- **PIS/COFINS** - Requirement of PIS and COFINS (taxes on revenue) at the rate of 9.25% on revenues from the purchase of receivables ("ARV"), related to the calendar years 2014 and 2015, in the monetarily adjusted amount of R\$ 801,051.

## 15 Equity

### (a) Issued capital

Capital as at March 31, 2023 is R\$ 5,700,000 (R\$ 5,700,000 as at December 31, 2022) 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 March 31, 2023 is 2,698,435,941 (2,694,364,620 shares as at December 31, 2022).

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

### (b) Capital reserve

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

The capital reserve balance as at March 31, 2023 is R\$ 58,653 (R\$ 70,893 as at December 31, 2022).

### (c) Treasury shares

At the meeting held on March 30, 2023, the Board of Directors approved the new share buyback program ("Program"), through which the Company was authorized to acquire up to 6,569,512 common shares, without par value, of its own issuance, effective from April 3 to 11, 2023, as detailed in the Notice on Trading of Shares of Own Issuance, prepared as Annex G to CVM Resolution No. 80 published on March, 30, 2023.

Changes in treasury shares are as follows:

	Shares	Amount	Average cost R\$ per share
<b>Balance as at December 31, 2022</b>	<b>(22,450,441)</b>	<b>(113,605)</b>	<b>5.06</b>
Exercise of Restricted Stock			
March	4,071,321	20,602	5.06
<b>Balance as at March 31, 2023</b>	<b>(18,379,120)</b>	<b>(93,003)</b>	<b>5.06</b>

# Cielo S.A. - Instituição de Pagamento

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

---

### (d) Earnings reserve - legal

It is set up on the basis of 5% of the profit calculated at the end of the year, pursuant to article 193 of Law No. 6,404/76, up to the limit of 20% of the capital. The legal reserve balance as at March 31, 2023 is R\$ 1,140,000 (R\$ 1,140,000 as at December 31, 2022), the limit of 20% was reached in October 2020.

### (e) Earnings reserve - capital budget

The capital budget reserve totals R\$ 4,295,319 as at March 31, 2023.

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

### (f) Dividends and interest on capital

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

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

The Company's Board of Directors approved the distribution of interest on capital, subject to ratification at the Ordinary General Meeting.

At the Board of Directors' meeting held on April 26, 2023, the payment of interest on capital for the first quarter of 2023 in the amount of R\$ 196,210 was approved, subject to ratification at the Ordinary General Meeting.

The Company will distribute proceeds for the first quarter of 2023 in the form of interest on capital within the tax deductibility limit, reaching a payout of 44.5%.



# Cielo S.A. - Instituição de Pagamento

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

### (g) Other comprehensive income

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

	<b>Parent Company and Consolidated</b>	
	<b>03/31/2023</b>	<b>12/31/2022</b>
Exchange differences on foreign investments	(165,441)	(165,325)
Post-employment benefit, net	1,295	1,295
<b>Total</b>	<b>(164,146)</b>	<b>(164,030)</b>

### (h) Regulatory capital

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

As at March 31, 2023 and December 31, 2022, the Company is compliant with the minimum regulatory capital required.

## 16 Earnings per share

### (a) Change in the number of common shares

#### Shares issued

<b>Shares at December 31, 2022</b>	<b>2,694,364,620</b>
Exercise of restricted shares:	
March	4,071,321
<b>Shares at March 31, 2023</b>	<b>2,698,435,941</b>

### (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.

# Cielo S.A. - Instituição de Pagamento

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

### Basic earnings per share

	<b>Parent Company and Consolidated</b>	
	<b>Three-month period</b>	
	<b>03/31/2023</b>	<b>03/31/2022</b>
Profit for the period available for common shares	440,842	184,557
Weighted average number of outstanding common shares (in thousands)	2,690,293	2,700,241
<b>Earnings per share (in R\$) - basic</b>	<b>0.16386</b>	<b>0.06835</b>

### Diluted earnings per share

	<b>Parent Company and Consolidated</b>	
	<b>Three-month period</b>	
	<b>03/31/2023</b>	<b>03/31/2022</b>
Profit for the period available for common shares	440,842	184,557
<b>Diluted denominator:</b>		
Weighted average number of outstanding common shares (in thousands)	2,690,293	2,700,241
Potential increase in common shares as a result of the restricted stock plans	22,644	21,351
Total (in thousands)	<b>2,712,937</b>	<b>2,721,592</b>
<b>Earnings per share (in R\$) - diluted</b>	<b>0.16250</b>	<b>0.06781</b>

## 17 Net revenue

	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>Three-month period</b>		<b>Three-month period</b>	
	<b>03/31/2023</b>	<b>03/31/2022</b>	<b>03/31/2023</b>	<b>03/31/2022</b>
Gross operating revenue	1,778,046	1,522,595	2,921,169	3,117,664
Taxes on revenue	(192,637)	(188,922)	(351,351)	(355,470)
<b>Total</b>	<b>1,585,409</b>	<b>1,333,673</b>	<b>2,569,818</b>	<b>2,762,194</b>

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.

# Cielo S.A. - Instituição de Pagamento

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

### 18 Expenses by nature

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

	Parent Company		Consolidated	
	Three-month period		Three-month period	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Acquiring costs	(716,935)	(666,505)	(1,189,729)	(1,582,590)
Personnel expenses	(183,357)	(153,460)	(316,600)	(312,090)
Depreciation and amortization	(137,128)	(122,342)	(235,094)	(265,159)
Sales, marketing and affiliation of customers	(48,556)	(52,270)	(48,563)	(96,136)
Professional services	(190,652)	(182,597)	(47,999)	(61,154)
Miscellaneous, net	20,971	5,493	27,495	1,208
<b>Total</b>	<b>(1,255,657)</b>	<b>(1,171,681)</b>	<b>(1,810,490)</b>	<b>(2,315,921)</b>
Classified as:				
Cost of services provided	(876,350)	(815,582)	(1,408,889)	(1,848,346)
Personnel	(132,912)	(101,979)	(261,934)	(246,229)
General and administrative	(196,191)	(194,441)	(65,037)	(101,340)
Sales and marketing	(12,602)	(21,694)	(12,610)	(65,560)
Other operating income (expenses), net	(37,602)	(37,985)	(62,020)	(54,446)
<b>Total</b>	<b>(1,255,657)</b>	<b>(1,171,681)</b>	<b>(1,810,490)</b>	<b>(2,315,921)</b>

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

We present below the other operating expenses, net:

	Parent Company		Consolidated	
	Three-month period		Three-month period	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Allowance for doubtful debts, chargeback and fraud	(33,164)	(15,428)	(50,640)	(37,485)
Expenses on contingencies, net	(9,577)	(13,513)	(13,837)	(15,999)
Reversal (provisions) for property and equipment losses	2,780	(12,791)	2,780	(13,604)
Others	2,359	3,747	(323)	12,642
<b>Total</b>	<b>(37,602)</b>	<b>(37,985)</b>	<b>(62,020)</b>	<b>(54,446)</b>

The balances refer to losses on debt collection portfolio, represented mainly by receivables for rental of POS equipment, losses on fraud arising from amounts contested by card users and that have already been settled to merchants, and customers chargeback.

### 19 Commitments

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

# Cielo S.A. - Instituição de Pagamento

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

### (a) Lease agreements

As at March 31, 2023, estimated future annual payments under lease agreements in effect are as follows:

Up to 1 year	8,798
1 year to 5 years	25,875
Above 5 years	4,256
<b>Total</b>	<b><u>38,929</u></b>

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

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

As at March 31, 2023, based on contracts in effect, the minimum commitments with suppliers of technology, telecommunications, logistics, call center, back office and telesales services are as follows:

Up to 1 year	400,760
1 year to 5 years	327,025
<b>Total</b>	<b><u>727,785</u></b>

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

## 20 Employee benefits

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Three-month period</u>		<u>Three-month period</u>	
	<u>03/31/2023</u>	<u>03/31/2022</u>	<u>03/31/2023</u>	<u>03/31/2022</u>
Supplementary Pension Plan (a)	2,481	1,893	3,625	2,808
Employee benefits (b)	18,340	14,912	44,376	34,890
<b>Total</b>	<b><u>20,821</u></b>	<b><u>16,805</u></b>	<b><u>48,001</u></b>	<b><u>37,698</u></b>

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

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

# Cielo S.A. - Instituição de Pagamento

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

### Post-employment benefits

Cielo 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 March 31, 2023 is R\$ 13,281 (R\$12,949 as at December 31, 2022).

The rates used in the year were: nominal discount rate of 5.78% p.a., with inflation index of 4.0% p.a., generating an expected turnover of 19% p.a. and retirement at 60 years old. In equity, the balance recorded in other comprehensive income is R\$ 1,295 (R\$ 1,295 as at December 31, 2022).

## 21 Employee and officers result sharing

The Cielo Group pay result 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 result for the three-month period ended March 31, 2023, and 2022 were as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Three-month period</u>		<u>Three-month period</u>	
	<u>03/31/2023</u>	<u>03/31/2022</u>	<u>03/31/2023</u>	<u>03/31/2022</u>
Employees	25,936	19,999	39,431	31,293
Statutory directors	1,766	1,347	3,102	2,721
<b>Total</b>	<b>27,702</b>	<b>21,346</b>	<b>42,533</b>	<b>34,014</b>

## 22 Compensation of Key Management Personnel and Supervisory Board

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

Expenses recognized in the Company's profit or loss for the three-month period ended March 31, 2023, and 2022 are as follows:

	<u>Three-month period</u>					
	<u>03/31/2023</u>			<u>03/31/2022</u>		
	<u>Fixed</u>	<u>Others</u>	<u>Total</u>	<u>Fixed</u>	<u>Others</u>	<u>Total</u>
Statutory directors	2,513	392	2,905	1,493	6,036	7,529
Board of directors and supervisory board	1,526	-	1,526	876	-	876
<b>Total</b>	<b>4,039</b>	<b>392</b>	<b>4,431</b>	<b>2,369</b>	<b>6,036</b>	<b>8,405</b>

The Others balance refers to variable compensation and termination of executives, net of taxes, and does not include (i) the restricted stock plans (see

# Cielo S.A. - Instituição de Pagamento

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

Note 23) and (ii) other benefits already presented in Note 20.

The overall annual compensation of the Officers and the Supervisory Board, approved at the meeting held on March 6, 2023, is R\$ 80,512, as follows: (i) R\$ 806, net of charges, for the Supervisory Board and (ii) R\$ 79,706, for the Officers.

## 23 Restricted stock plans

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

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

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

As at March 31, 2023, the position of the restricted stock plans is as follows:

Program	Status	Number of restricted stock units				Grant date	Value per share on grant date - R\$	Fair value per share - R\$
		Granted	Cancelled	Exercised	To be exercised			
Restricted Stock 2019	Active	2,419,297	(916,684)	(1,175,320)	327,293	July 2019	6.73	6.73
Restricted Stock 2020	Active	5,042,968	(1,504,334)	(2,561,700)	976,934	July 2020	3.94	3.94
Restricted Stock 2021	Active	1,945,031	(182,999)	(404,070)	1,357,962	July 2021	3.59	3.59
Restricted Stock 2022	Active	2,313,572	(22,753)	(78,904)	2,211,915	July 2022	3.81	3.81
Restricted Stock 2022 Special Vesting	Active	1,071,876	-	-	1,071,876	November 2022	5.11	5.11
Sócio Cielo 2020	Active	2,898,458	(1,067,534)	(1,504,733)	326,191	March 2020	7.12	7.12
Sócio Cielo 2021	Active	5,440,433	(683,311)	(2,766,692)	1,990,430	March 2021	3.89	3.89
Sócio Cielo 2022	Active	11,253,702	(165,155)	(3,004,367)	8,084,180	March 2022	2.47	2.47
Sócio Cielo 2023	Active	6,297,073	-	-	6,297,073	March 2023	4.93	4.93
<b>Total Stock Units</b>		<b>38,682,410</b>	<b>(4,542,770)</b>	<b>(11,495,786)</b>	<b>22,643,854</b>			

In the quarter ended March 31, 2023, the amount referring to the long-term incentives, net of charges of R\$ 8,362, was recognized in profit or loss (R\$ 6,533 as at March 31, 2022). The balance presented in the line item "Capital reserve" in equity totaled R\$ 8,362 related to restricted stock units granted and R\$ 20,602 related to transfer of treasury shares due to exercise of shares (R\$ 6,533 and R\$ 12,126, respectively, as at March 31, 2022).

In addition to the share-based incentive plans, long-term incentives were recorded in the amounts of R\$ 7,827 and R\$ 4,041 as at March 31, 2023 and

# Cielo S.A. - Instituição de Pagamento

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

2022, respectively.

### 24 Finance income (costs)

	Parent Company		Consolidated	
	Three-month period		Three-month period	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
<b>Finance income:</b>				
Interest on financial investments	35,238	29,847	99,368	123,549
Other finance income	1,011	203	3,319	1,534
PIS and COFINS	(1,686)	(1,396)	(3,400)	(3,288)
<b>Total</b>	<b>34,563</b>	<b>28,654</b>	<b>99,287</b>	<b>121,795</b>
<b>Finance costs:</b>				
Interest and charges on borrowings	(539,170)	(302,039)	(231,600)	(116,162)
Third parties' interest in FIDCs	-	-	(265,784)	(203,723)
Monetary adjustment of contingencies	(16,413)	(11,502)	(17,272)	(12,816)
Other finance costs	(6,606)	(8,332)	(9,154)	(9,563)
<b>Total</b>	<b>(562,189)</b>	<b>(321,873)</b>	<b>(523,810)</b>	<b>(342,264)</b>
<b>Yield:</b>				
Purchase of receivables (a)	-	-	362,170	157,736
FIDC shares yield (b)	426,708	208,355	-	-
<b>Total</b>	<b>426,708</b>	<b>208,355</b>	<b>362,170</b>	<b>157,736</b>
Exchange differences and mark-to-market of financial instruments, net	(8,250)	(20,431)	(8,265)	(20,438)
<b>Total</b>	<b>(109,168)</b>	<b>(105,295)</b>	<b>(70,618)</b>	<b>(83,171)</b>

- (a) As per Note 6, the income from receivables acquired by FIDC Plus, FIDC NP and FIDC Receba Mais is R\$ 382,980, of which R\$ 362,170 net of taxes (R\$ 167,898 as at March 31, 2022, of which R\$ 157,736 net of taxes).
- (b) According to Note 6, this refers to the portion of the remuneration of subordinated shares of the net income of the FIDCs.

### 25 Risk Management

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

#### (a) Risk Management Structure and Governance

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

Cielo has a Code of Ethical Conduct, revised on an annual basis, which sets the standards of conduct expected from senior management (members of the

# Cielo S.A. - Instituição de Pagamento

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

---

Board of Directors and the Executive Board), Supervisory Board members, employees, interns and apprentices, for subsidiaries, shareholders, investors, suppliers, and other stakeholders.

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

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

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

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

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



# Cielo S.A. - Instituição de Pagamento

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

### (b) Credit Risk Management

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

	Note	Parent Company		Consolidated	
		03/31/2023	12/31/2022	03/31/2023	12/31/2022
Cash	4	16,062	127,730	35,181	140,547
Financial instruments, including derivatives	5	1,002,539	959,705	2,315,911	2,029,036
Credit Rights Investment Fund	6	10,632,310	9,927,566	-	-
Income receivable		248,664	210,682	1,299,409	1,087,099
Receivables from card issuing banks	7	82,147,371	92,081,398	82,147,531	92,083,831
<b>Total</b>		<b>94,046,946</b>	<b>103,307,081</b>	<b>85,798,032</b>	<b>95,340,513</b>

#### (b.1) Counterparty Credit Risk - Issuer Risk

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

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

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

As at March 31, 2023 and December 31, 2022 Cielo's exposure to issuers is as follows:

Internal rating of issuers	Guarantee requirement	Total exposure at 03/31/2023	% Guarantee in relation to exposure	Total exposure at 12/31/2022	% Guarantee in relation to exposure
Group 1	No	94.9%	-	95.2%	-
Group 2	Yes	5.1%	57.0%	4.8%	57.4%
<b>Total receivables from card-issuing banks</b>		<b>100.0%</b>		<b>100.0%</b>	

The 5 largest issuing banks, classified into Group 1, concentrate 73.4% of receivables from card-issuing banks and are represented by Brazil's major

# Cielo S.A. - Instituição de Pagamento

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

---

financial institutions, which have strict monitoring and control processes and a solid economic and financial position. For issuers classified into Group 1, which do not require guarantee, there is intensive monitoring of the transactions and risks posed, with the possibility of revising the internal rating and requesting guarantees if indications of increased credit risk are identified. Guarantees may be required or waived depending on the volume transacted, the size and regulation of the brands and issuers.

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

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

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

The proportion of Sub-acquirers to the volume transacted in Cielo system in the three-month period ended March 31, 2023 and 2022 corresponds to 3.32% and 6.7%, respectively.

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

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

As at March 31, 2023, the allowance for doubtful debts was R\$ 199,766, Parent Company, and R\$ 200,327, Consolidated (as at December 31, 2022, the balance was R\$ 170,209, Parent Company, and R\$ 170,739, Consolidated).

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

The Cielo customers are required to comply with their obligations to deliver the products and provide the services contracted with their end customers. In situations of default on the part of the Cielo customers in the delivery of the goods or provision of services, or cancellation by the end customer, it is possible to demand the reversal of the payment made to merchants through

# Cielo S.A. - Instituição de Pagamento

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

(i) cancellation, which is requested by the merchant or (ii) chargeback, which is a request from the holder directly to the card issuer. In both cases, the amounts returned to the final bearer are debited, by the acquirer, directly to the merchant's financial schedule. In the case of cancellation, if the merchant's financial schedule does not have sufficient balance, this, generally, is not accepted.

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

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

	03/31/2023		03/31/2022	
	Three-month period		Three-month period	
	Transacted volume	Chargeback ratio (c)	Transacted volume	Chargeback ratio (c)
Tourism and Entertainment, including airlines (typically with deferred sales)	8.2%	0.67%	6.6%	0.78%
E-commerce (without Tourism and Entertainment)	10.3%	0.96%	12.2%	1.00%
Durable and semi-durable goods (a)	21.3%	0.02%	22.4%	0.03%
Non-durable goods (b)	36.0%	0.01%	33.9%	0.01%
Services and others	24.2%	0.03%	24.9%	0.05%
<b>Total</b>	<b>100.0%</b>	<b>0.17%</b>	<b>100.0%</b>	<b>0.19%</b>

- (a) Durable and semi-durable goods: Cielo's customer segment of clothing, furniture, appliances, department stores, construction materials, among others.
- (b) Non-durable goods: supermarkets and hypermarkets, drugstores and pharmacies, gas stations, among others.
- (c) Chargebacks to transacted volume.

### (c) Management of Operational Risks

The risks arising from the Cielo operation include the following: risks arising from failures, interruptions or breach of information technology systems, processes or infrastructure, unauthorized data disclosures, failures in the authorization of payment transactions, processing failures, internal and external fraud, unfavorable decisions in judicial or administrative proceedings, among others. For such risks, the Cielo adopts methodology for identification, assessment, monitoring, management and reporting of risks and action plans for risk mitigation, according to guidelines defined in the Corporate Risk Management and Internal Control Policy, as well as in the applicable

# Cielo S.A. - Instituição de Pagamento

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

---

regulation, including, but not limited to, BACEN Circular Letter No. 3,681/13 and BCB Resolution No. 260/22.

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

### (d) Capital Risk Management

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

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

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

### (e) Liquidity Risk Management

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

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

The debt-to-equity ratio is as follows:

# Cielo S.A. - Instituição de Pagamento

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

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Cash	16,062	127,730	35,181	140,547
Financial instruments, including derivatives	1,002,539	959,705	2,315,911	2,029,036
Debt (a)	(6,432,719)	(6,643,071)	(6,432,719)	(6,643,071)
<b>Net debt</b>	<b>(5,414,118)</b>	<b>(5,555,636)</b>	<b>(4,081,627)</b>	<b>(4,473,488)</b>
Equity	11,181,455	10,928,577	21,457,249	21,122,414
<b>Net debt ratio</b>	<b>48,42%</b>	<b>50,84%</b>	<b>19,02%</b>	<b>21,18%</b>

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

### (f) Market Risk Management

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

#### (f.1) Foreign exchange rate risk

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

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

The impact of exchange rate changes on the foreign investment is recognized in comprehensive income, and the accumulated exchange gain on the investment in Cielo USA in the quarter ended March 31, 2023 and gain as at March 31, 2022 amounted to R\$ 116 and R\$ 153,835, respectively, both recognized in comprehensive income, directly in equity.

#### (f.2) Foreign currency sensitivity analysis

The Cielo is mainly exposed to the US dollar.

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

As at March 31, 2023 and 2022, in estimating an increase or a decrease of 10%, 25% and 50% in exchange rates, there would be an increase or a decrease in profit or loss and equity, as follows:

# Cielo S.A. - Instituição de Pagamento

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

	Parent Company and Consolidated					
	03/31/2023			03/31/2022		
	10%	25%	50%	10%	25%	50%
Profit or loss	776	1,940	3,881	127	319	637
Equity	432	1,081	2,162	18,404	46,010	92,020

### (f.3) Interest rate risk on financial investments

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

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

### (f.4) Interest rate sensitivity analysis – financial investments and borrowings and financing

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

	Parent Company					
	03/31/2023			03/31/2022		
	10%	25%	50%	10%	25%	50%
Profit or loss	(50,352)	(125,879)	(251,759)	(26,625)	(66,561)	(133,123)

	Consolidated					
	03/31/2023			03/31/2022		
	10%	25%	50%	10%	25%	50%
Profit or loss	(13,182)	(32,954)	(65,908)	3,382	8,455	16,911

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

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

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

# Cielo S.A. - Instituição de Pagamento

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

---

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

### **(h) Compliance Risk Management**

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

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

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

### **(i) Social, Environmental and Climate Risk Management**

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

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

### **(j) Reputation Risk Management**

Reputation risk arises from a negative perception of Cielo by customers, partners, suppliers, shareholders, subsidiaries, media, social influencers, investors, regulators, etc. This risk, as shown in item 4.1 of the Reference Form, may materialize due to the materialization of other risk events.

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

# Cielo S.A. - Instituição de Pagamento

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

---

### (k) Strategic Risk Management

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

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

### (l) Management of Emerging Risks and Opportunities

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

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

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

## 26 Related-party balances and transactions

In the usual course of business, market conditions are maintained by the Cielo Group in transactions with related parties, such as: (i) receivables from card-issuing banks, which are part of financial conglomerates in which the Controlling shareholders (Bradesco and Banco do Brasil) hold interests, (ii) as well as financial services contracted from shareholder banks and (iii) expenses and revenues from services provided by direct and indirect subsidiaries and investment funds.

The Cielo Group, in carrying out its business and contracting services, conducts quotations and market research based on the search for the best technical and price conditions. Additionally, the nature of the Company's activities means that it enters into contracts with several card-issuing banks, some of which are its shareholders. The Cielo Group believes that fair market conditions are observed in all contracts entered into with its related parties.

The tables below include the balances as at March 31, 2023 and December 31,



# Cielo S.A. - Instituição de Pagamento

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

---

2022, by type of agreement, shareholders and subsidiaries, of transactions with related parties conducted by the Cielo Group, as well as the movements related to the three-month period ended March 31, 2023 and 2022:

# Cielo S.A. - Instituição de Pagamento

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

	Parent Company				Consolidated			
	03/31/2023				12/31/2022	03/31/2023		12/31/2022
	Controlling shareholders	Subsidiaries	Investment funds	Total	Total	Total	Total	
<b>Assets:</b>								
Cash and financial instruments (a)	988,972	-	-	988,972	190,796	1,092,169	307,284	
Receivables from card-issuing banks (b)	23,925,133	-	-	23,925,133	26,533,121	23,925,133	26,533,121	
Receivables from related parties (c)	-	14,088	74	14,162	13,566	797,927	826,350	
<b>(Liabilities):</b>								
Private debentures (d)	(3,382,027)	-	-	(3,382,027)	(3,498,894)	(3,382,027)	(3,498,894)	
Payables referring to intermediation, customer prospecting and maintenance services (e)	(23,278)	-	-	(23,278)	(25,503)	(23,278)	(25,503)	
Payables to related parties (c)	-	(260,406)	-	(260,406)	(251,979)	(413,795)	(422,596)	
Balances received to transfer to FIDC	-	-	(16,761,836)	(16,761,836)	(16,234,816)	-	-	

	Parent Company				Consolidated			
	03/31/2023				03/31/2022	03/31/2023		03/31/2022
	Controlling shareholders	Subsidiaries	Investment funds	Total	Total	Total	Total	
<b>Income:</b>								
Income from financial investments (a)	27,256	-	-	27,256	1,050	30,699	1,089	
Income from other services provided (f)	888	-	221	1,109	2,530	888	2,228	
Income from rental of POS equipment (g)	9,042	-	-	9,042	11,902	9,042	11,902	
Other income	-	532	-	532	344	-	8,024	
<b>Expenses</b>								
Finance costs (d)	(122,970)	-	-	(122,970)	(153,824)	(123,105)	(153,824)	
Expenses with prepayment of receivables	-	-	(307,570)	(307,570)	(206,364)	-	-	
Expenses with benefits (h)	(14,251)	-	-	(14,251)	(10,737)	(30,404)	(21,950)	
Contracts for customer prospecting services	-	(181,188)	-	(181,188)	(164,670)	-	-	
Payment management services provided (c)	-	-	-	-	-	(10,098)	(8,705)	
Intermediation, customer prospecting and maintenance services (e)	(35,954)	-	-	(35,954)	(30,576)	(35,954)	(30,576)	
Other operating expenses	(104)	-	-	(104)	(154)	(104)	(154)	

# Cielo S.A. - Instituição de Pagamento

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

---

- a) Balances related to the amounts held in current account and financial investments in linked banks.
- b) The amounts receivable refers mainly to the amounts to be paid by issuers Banco do Brasil and Bradesco arising from credit and debit card transactions.
- c) The balances refer to the provision of services by Banco do Brasil to Cateno to act as Payment Institution managing postpaid accounts and purchases using debit cards under the Ourocard Payment Arrangement, while activities involving rights granted to Cateno are not performed by it. The contract has a remuneration clause of 0.01% on the total financial volume of transactions carried out under the management of the Contracting Party.
- d) Balances related to the issuance of private debentures.
- e) Refer to intermediation, customer prospecting and maintenance services with the objective of increasing the volume of sales made up of transactions carried out with credit and debit cards captured and processed by Cielo. In return for providing services, banks are entitled to a remuneration of 10 basis points on the eligible volume. The eligible volume, including the amount captured only in domestic transactions, does not include transactions in which Cielo provides VAN services and takes into account minimum profitability criteria for each establishment.
- f) Refer to the granting of access to the anti-fraud system, so that Bradesco and Banco do Brasil can monitor transactions made with cards issued by them.
- g) Refer to the lease of equipment for capturing transactions with Banco do Brasil and Bradesco, which sublease the equipment to their customers.
- h) Benefits contracted with Banco do Brasil and Bradesco (corporate collective life insurance, hospital and dental insurance and complementary pension agreement).

### Main related-party transactions

#### Participation of Accrediting Institutions in Elo Payment Arrangements

The Company participates in Elo Payment Arrangements, established by Elo Serviços S.A. The Company participates in Elo Arrangements as Accrediting Institution, which includes the provision of services relating to accreditation

# Cielo S.A. - Instituição de Pagamento

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

---

and maintenance of merchants, the participation in the processing and settlement of transactions made with payment instruments of Elo Arrangements and license for the use of Elo brands, in conformity with the technical specifications contained in its manuals. The Company pays Elo for its participation as accrediting institution in Elo Arrangements, and the conditions and prices of such participation are similar to those practiced with the other accrediting institutions and other arrangement settlors ("Brands").

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

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

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

### **Other widespread agreements**

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

- Cash management services
- Insurance
- Corporate credit card
- Payment to suppliers
- Granting of Livelu incentive points
- Representation services with CIP
- Share bookkeeping services
- Operating services - restricted stock plans
- Securities bookkeeping and management services
- Public and private securities operating management 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 shows all the other changes in the investments and financing balances for the three-months period ended March 31, 2023 and 2022 that did not involve the use of cash and/or cash equivalents:

# Cielo S.A. - Instituição de Pagamento

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

---

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>03/31/2023</u>	<u>03/31/2023</u>	<u>03/31/2023</u>	<u>03/31/2022</u>
Exchange differences on net foreign investment	(116)	153,835	(116)	153,835
Exchange differences on borrowings	-	(82,554)	-	(422,049)
Interest on capital	196,210	65,138	196,210	65,138

## 28 Insurance

As at March 31, 2023, the Company has the following insurance coverage:

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

---

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

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

Vagner Akihiro Tatebe  
Accountant CRC 1SP292671/O-6