




cielo

Earnings
Release


2 Q 2 2

Legal Disclaimer

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

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

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

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

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

Variation rates and sums contained in the tables and graphs are calculated before the rounding procedure.

Agenda

Presentation:

- Filipe Oliveira – CFO and IRO

Q&A:

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

Quarter Highlights

2Q22 marked by strong operational performance and advances in the strategic agenda



2Q22 Recurring Net Income is the largest since 2Q19: **R\$383 MM**. +112% YoY and 108% QoQ
4th consecutive quarter of YoY growth



Largest TPV in history: **R\$221 BI**. +34% YoY and 11% QoQ
Sequential growth in prepaid volume (ARV and RR): **R\$29 BI**. +58% YoY



Growth in SMB active merchant base in relation to March



Robust cash generation in Cielo and Cateno. Recurring EBITDA: **R\$915 MM**. +58% YoY and +29% QoQ



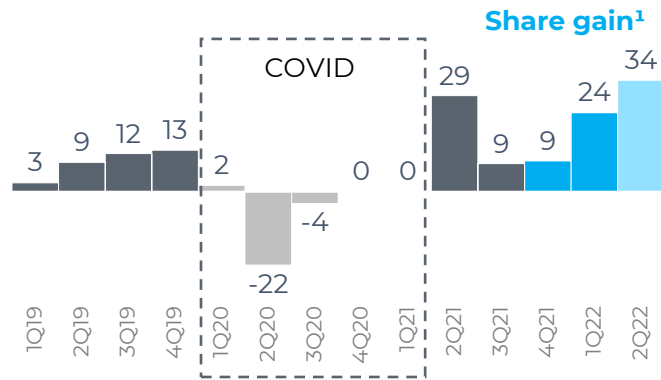
Efficiency: 2Q22 normalized costs+expenses growing **4.6 pp below inflation**
7th consecutive quarter of variation below inflation



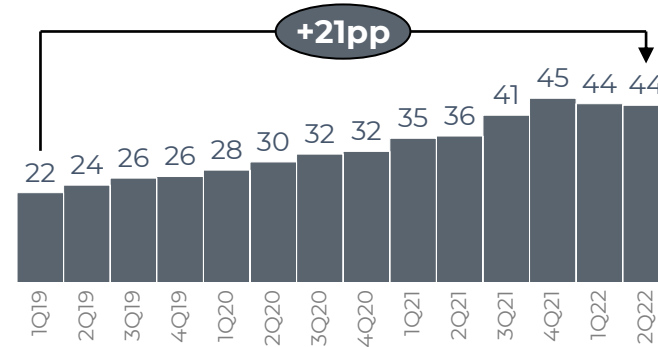
Market **Recognition**: CIEL3 presented the highest appreciation in the first semester within IBOV

Consolidation of Operational Transformation

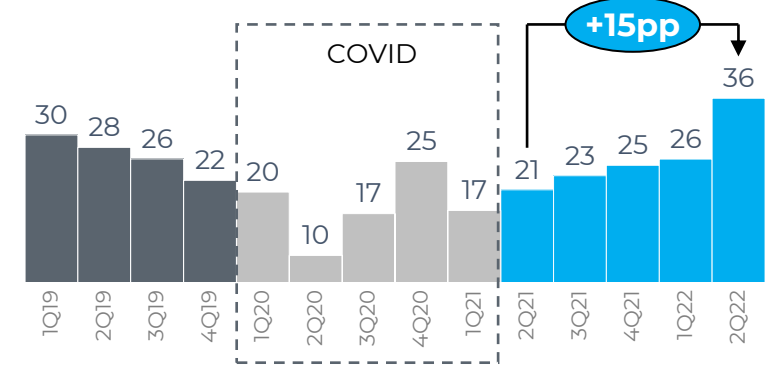
TPV YoY variation (%)



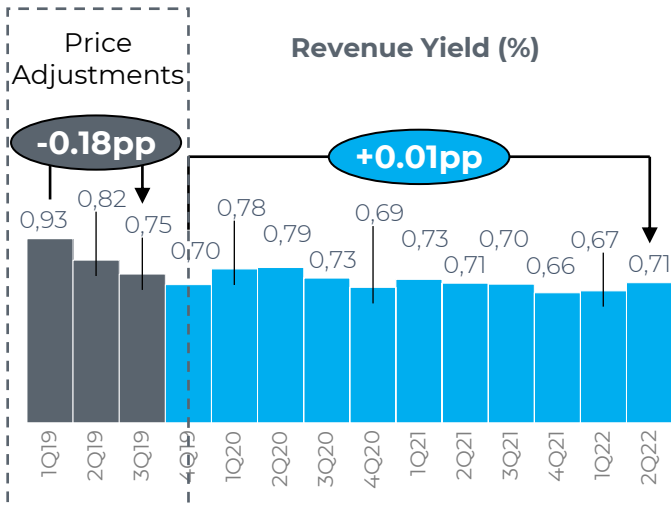
Prepaid Penetration in SMB and LT (%)



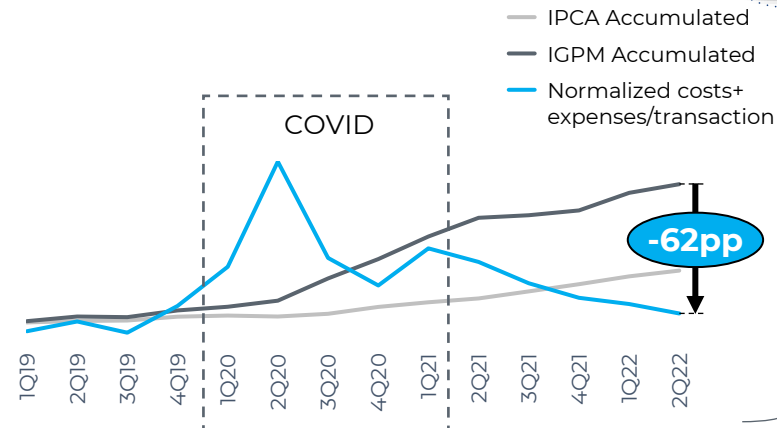
Recurring EBITDA Margin² (%)



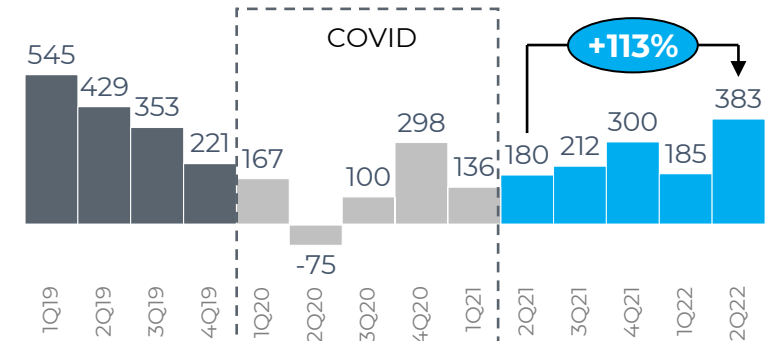
Revenue Yield (%)



Expenses per transaction VS Inflation



Recurring Net Income² (million)



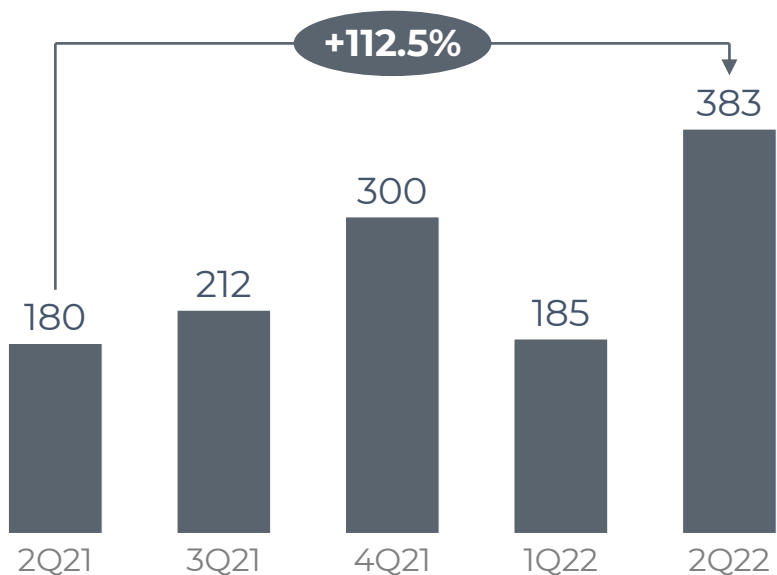
Result of the operational transformation demonstrated by the inflection of all key indicators

¹ Market share gain in 4Q21 and 1Q22 using Top6 concept (6 largest players that disclose data). Waiting for 2Q22 data for verification.
² Excluding non-recurring items in accordance with the Company's regulations as of 1Q21. For the other periods, no extraordinary items were excluded.

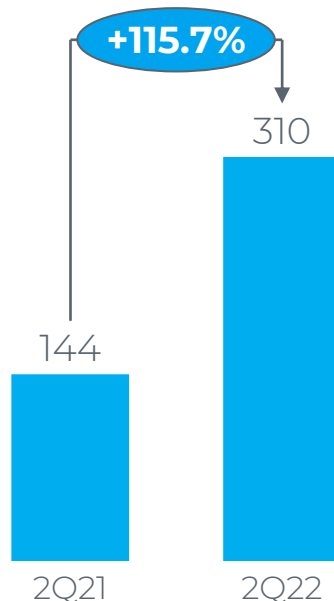
Recurring Result

Largest recurring result since 2Q19. Robust cash generation

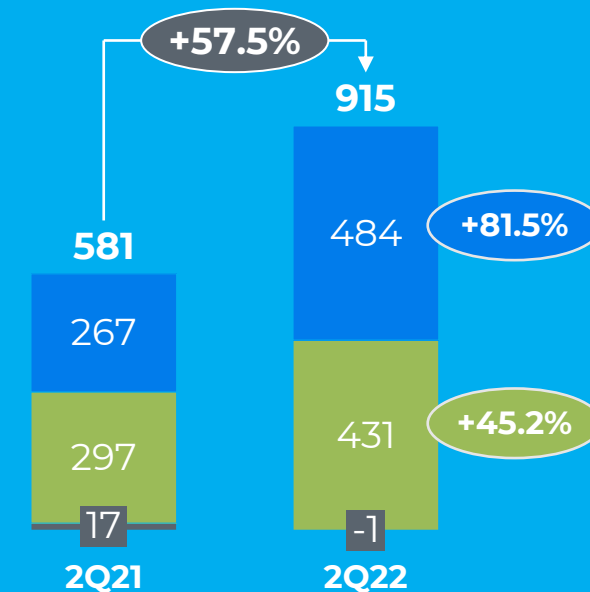
Recurring Net Income^{1,2}
(R\$ million)



Acquiring Net Income^{2,3}
(R\$ million)



Recurring EBITDA²
(R\$ million)



Total Net Income¹: R\$635 MM

In addition to the solid operating performance, total net income was impacted by the effects of the MerchantE sale

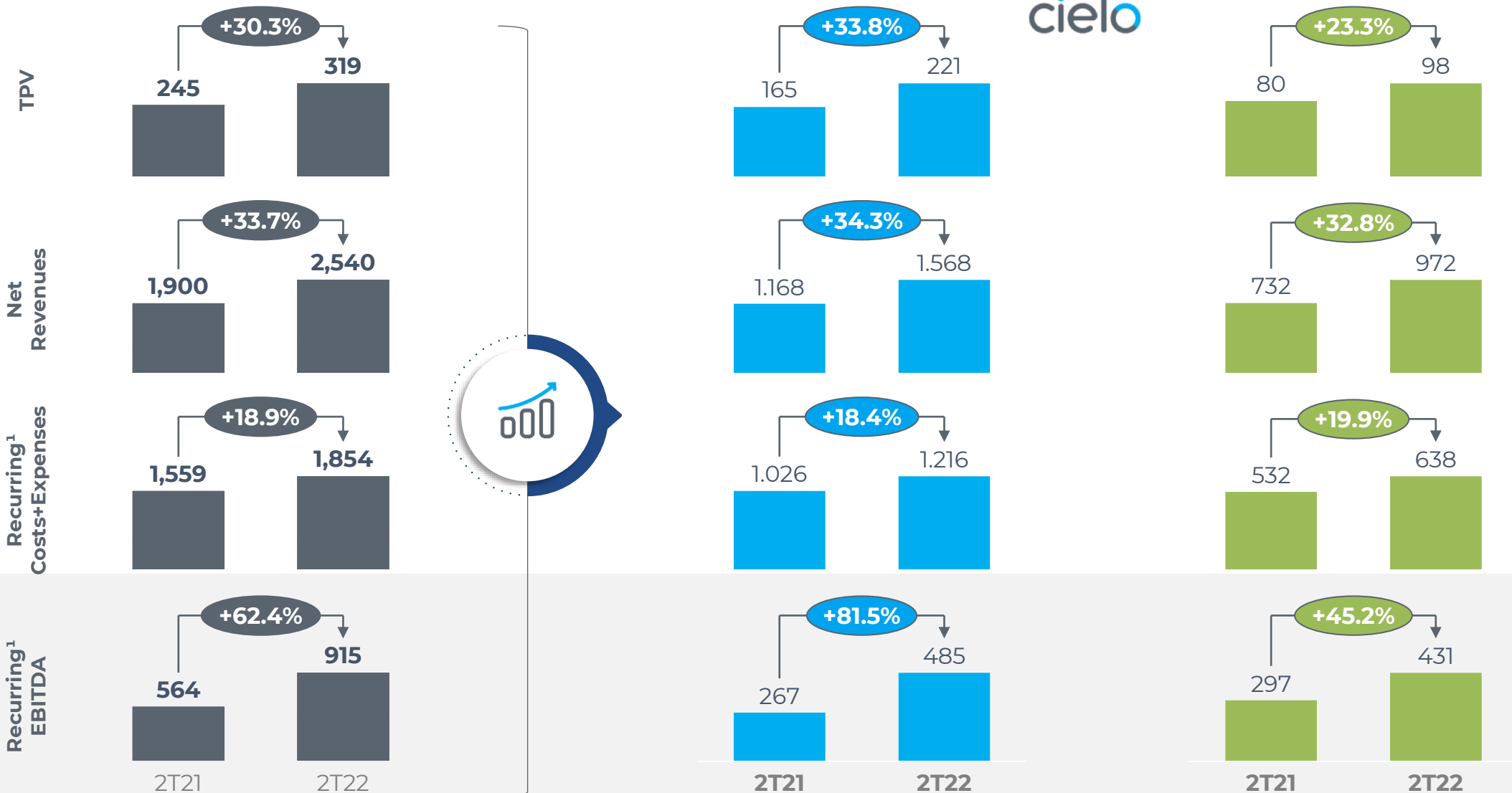
Strong recovery of acquiring result, through operational performance and spending efficiency

- Cielo BR
- Cateno
- Other Subsidiaries

¹ Recurring net income attributable to Cielo shareholders ² Reconciliations available in the attachments of this presentation. ³ Recurring Net Income of Cielo Brasil excluding financial expenses related to debt related to acquisition of subsidiaries.

Operating Performance - Cielo BR + Cateno

Significant improvement in key indicators

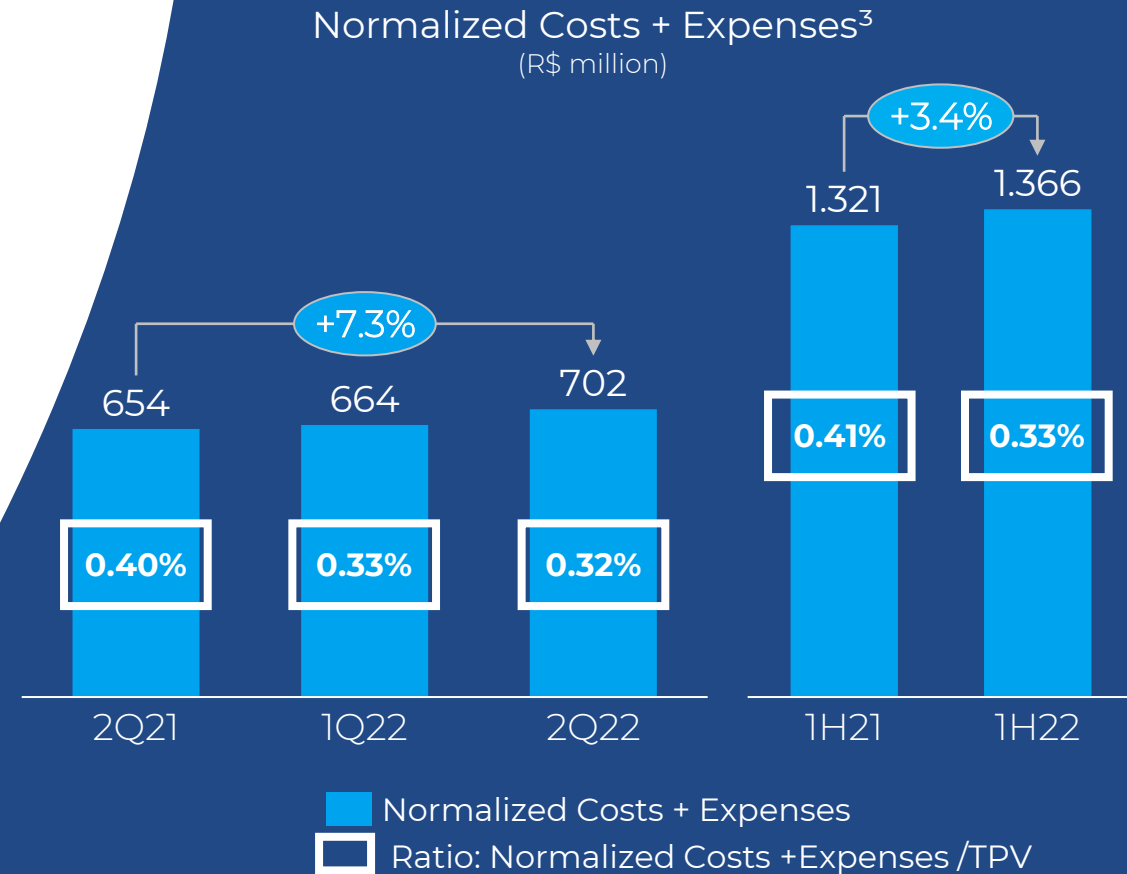


¹ Cielo Brasil excluding non-recurring financial expenses effects described in the attachments of this presentation.

Operational Efficiency – Cielo BR

7th consecutive quarter with normalized costs plus expenses ranging below inflation

- Normalized Costs + Expenses **grew 4.6pp below inflation¹**, even with investments in initiatives to improve operations
- **Normalized Costs + Expenses ratio drops to 0.32%**
- **Most efficient acquirer in the market**, when comparing the cost + expenses ratios² of the listed players



¹ 12 month accumulated IPCA as of June 2022: 11.9%

² Total Costs + Expenses 1Q22 / TPV 1Q22

³ Normalized expenses correspond to the total cost + expenses of Cielo Brasil deducted from the brand fees, subsidies, services provided by banks, PIS and COFINS credits, D&A and the non-recurring items described in the attachments to this presentation

Volume, Pre-payment and Active Merchants - Cielo BR

New records in TPV and Pre-payment. SMB active merchant base returned to grow QoQ

Total Payment Volume
(R\$ billion)

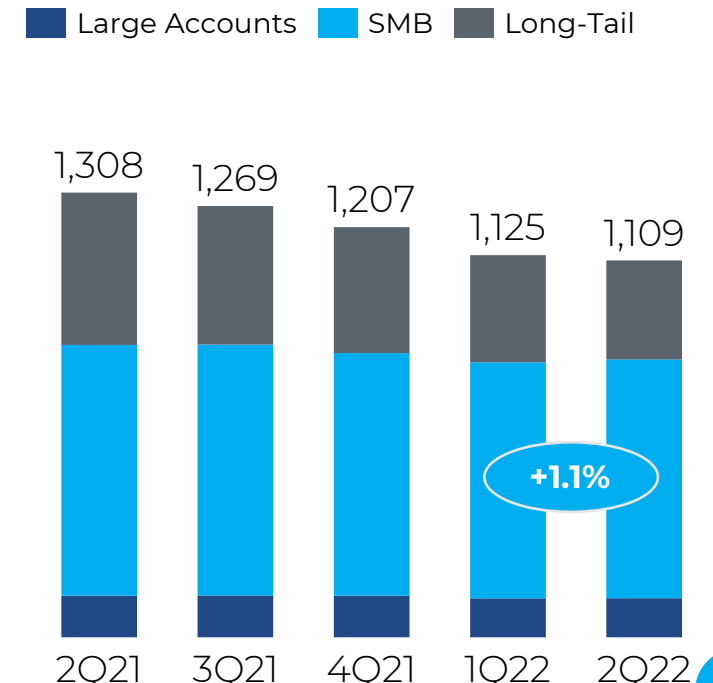
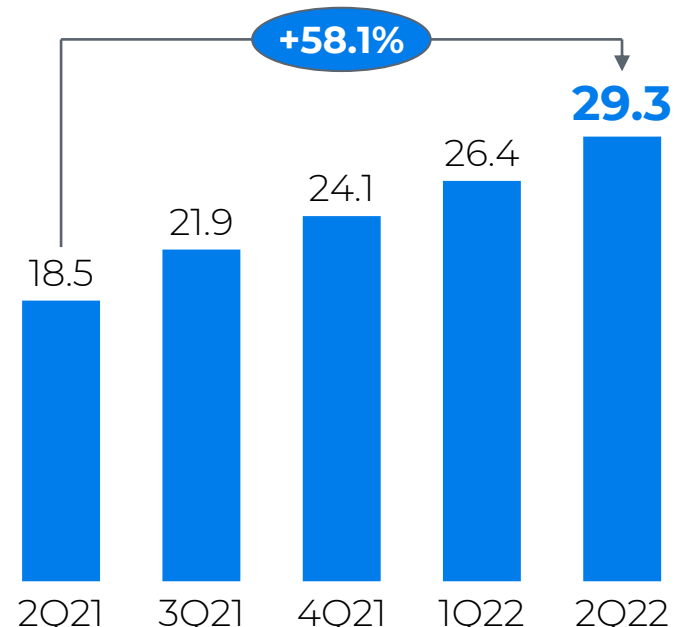
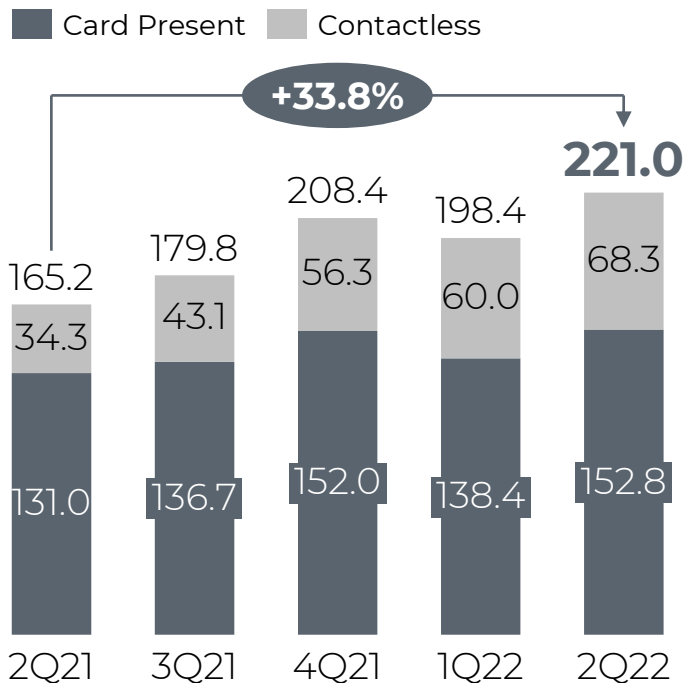
Prepaid Volume
(R\$ billion)

Active Merchant Base
(90 days base in thousand)

Greater quarter in Cielo's history in terms of TPV.

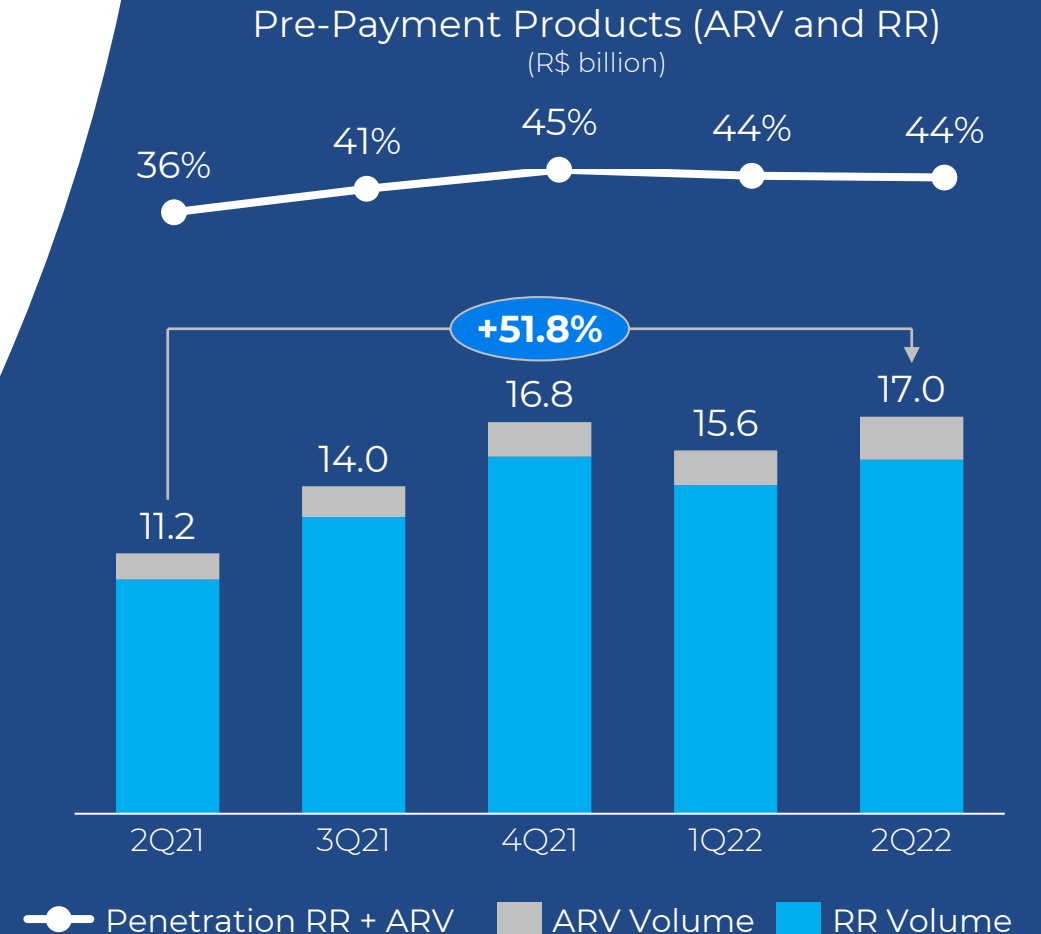
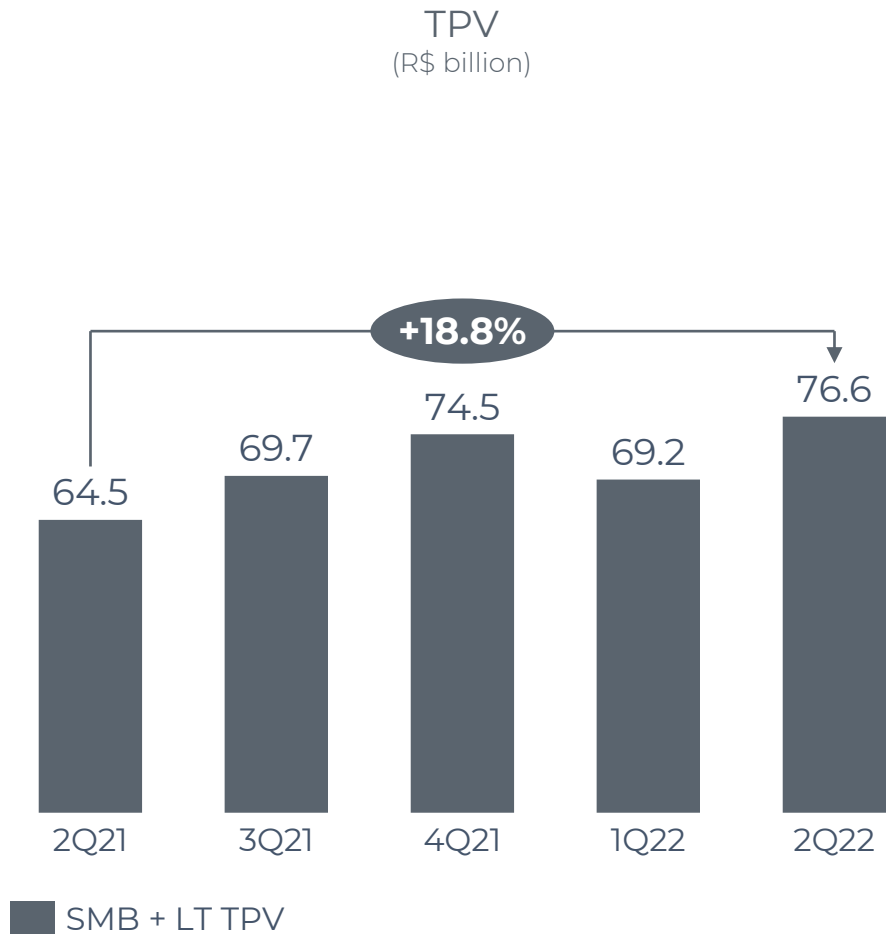
Focus on expanding ARV and RR (Receba Rápido) continues to generate sequential growth in prepaid volume.

SMB Active Merchant Base (90 days) grows in June. Large Accounts remains stable, while Long-tail presents a reduction



SMB and Long-Tail

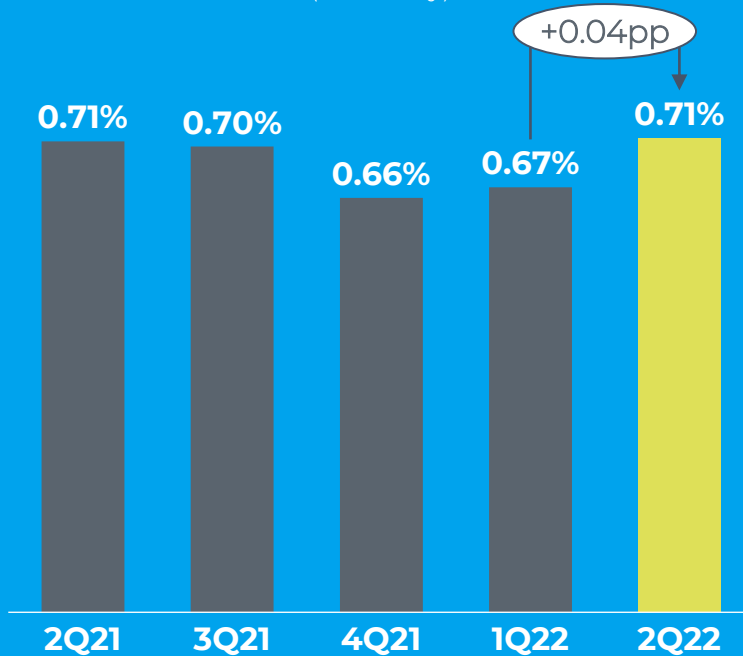
TPV and Prepaid volumes continue to show improvements



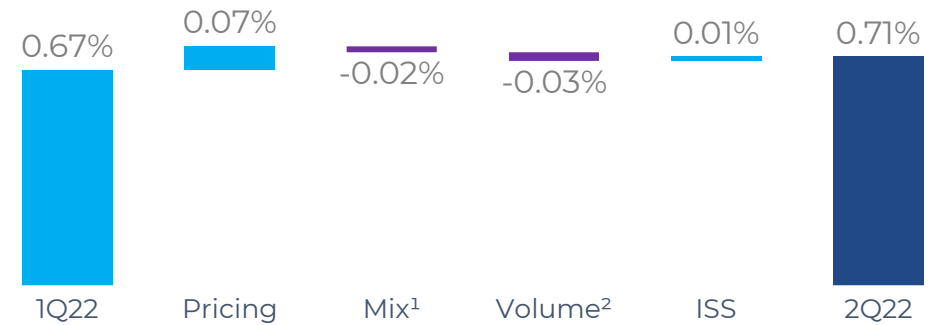
Revenue Yield

Recovery after price repositioning initiatives

Revenue Yield
(Quarterly)



Revenue Yield Bridge
(Main effects in pp)

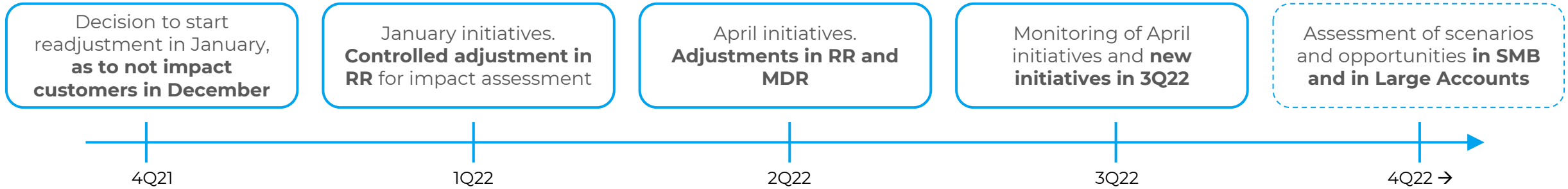


- **Repositioning actions** offset the effect of volume growth and mix effect (next slide)
- Lower ISS net provision in 2Q22 had a positive impact on yield
- **Volume Growth:**
 - 11% QoQ
 - 34% YoY

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

Price repositioning

Strong result of the main initiatives of the 1st half 2022, with low impact on churn



Rational:

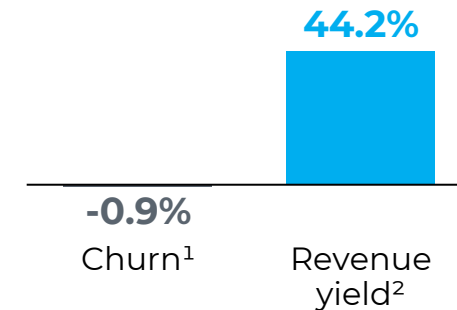
- **Pass cost increase** due to economic factors
- Divide into tranches to **measure and control impacts on Churn**

Result of initiatives in April:

- Focus: RR and SMB clients
- High impact in revenues with low impact on Churn



RESULT – REPOSITIONING APRIL.



1 – Active Merchants – 30 days:

Qty variation of active merchants calculated in M2 in relation to the respective control groups

2 – Revenue Yield

Revenue yield variation of the impacted customers. Calculated in M2 in relation to the respective control groups

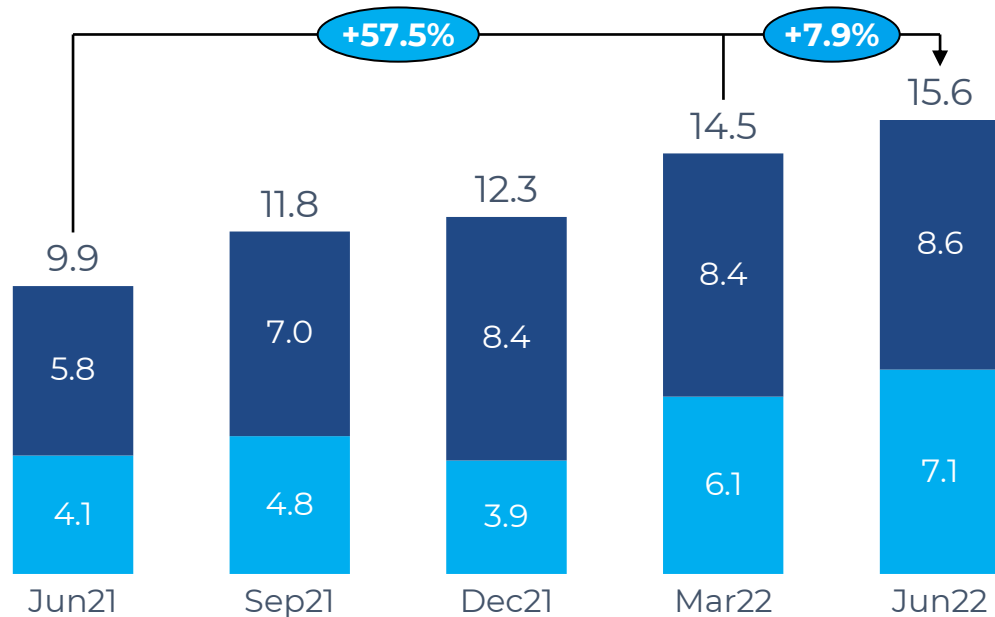
Pre-Payment Products and Liquidity

Record capital allocation in ARV and RR. Efficient cash management

Capital Allocation in Pre-payment Products (PP)

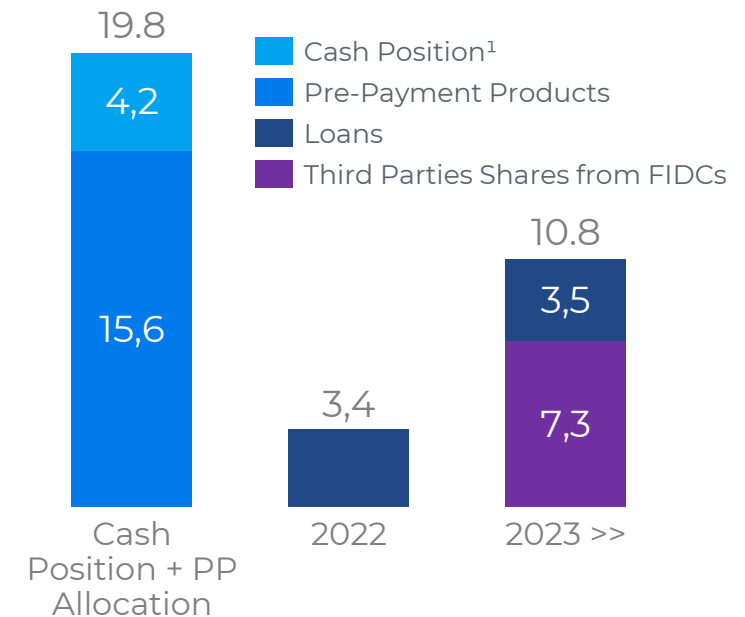
- **57% growth** in the amount allocated to ARV and RR
- **New record** in allocation

■ Receba Rápido ■ ARV (R\$ billion)



Efficient Cash Management and Indebtedness

- Funds transferred to Cielo USA in 1Q22 and upfront from the sale of MerchantE **covers the short-term debt maturing in November 2022 - bonds** (~R\$2,6 BI)
- **Average term of 24 months** excluding bonds



¹ Consolidates 100% of cash balances, cash and financial instruments including derivatives, from Cielo Brasil, Cateno and Other Subsidiaries.



Strategy



Strategy – Next steps

Solid operational advances enable Cielo for new avenues of growth

2019 – 2022 →

2023 →



Commercial Model



Logistics Model



Pre-payment Products



Expenses Discipline



Asset Optimization



Penetration of Digital Channels



CRM: service + logistics

COMPANY PREPARED TO MAKE NEW LEAPS

- **Core business** optimized
- **Operational excellence** to better serve customers
- Total focus on the **markets that matter**
- With optimized **financial resources**
- Customer Service Front will have new deliveries in the coming months



Digital payments

New payment solutions

Ecosystem Center, best provider for SMBs

VAS / software

Going beyond payment solutions

financial services

Be a hub for financial services distribution

Strategy – Operational Pillar

New advances in the commercial model

Operational Transformation

Positioning, commercial model, logistics and Pre-payment penetration

Asset optimization

Divestments

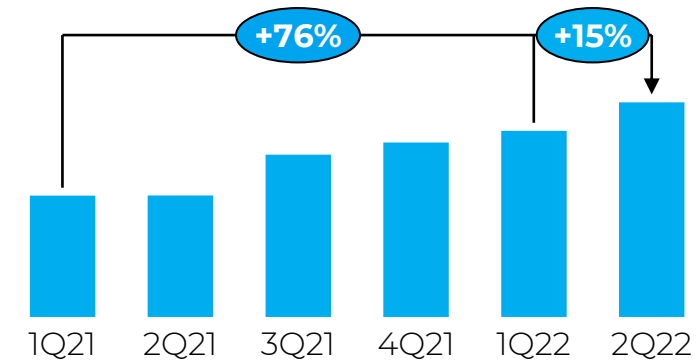
Organizational Transformation

Digital, structure, people and culture



Commercial Productivity

New client activation per sales consultant per business day



SMB – Expansion of commercial team

Hiring of commercial executives

- Cielo currently has ~2,000 salespeople
- Commercial expansion comprises the **addition of ~400** salespeople throughout 2H22
- These people will arrive in a **team with high productivity, consolidated practices and technology focused on sales intelligence**

Strategy – Operational Pillar

Sale of MerchantE impacts breakdown

Operational Transformation

Positioning, commercial model, logistics and Pre-payment penetration

Asset optimization

Divestments

Organizational Transformation

Digital, structure, people and culture



MerchantE sale transaction

Impact on 2Q22 results (COSIF)

Amounts in USD million	COSIF
Upfront Value	137.2
Investment	(61.8)
Intangibles and others Write-off ¹	(41.1)
Earn-out (estimated fair value) ²	25.0
Result	59.3

BRL impact on Net Income:

R\$282 million

¹ Write-off of intangible assets, write-off of tax credits and transaction costs.

² Recognition of fair value estimate of earn-out installment

Strategy – ESG

New milestones in Diversity and Inclusion

Operational Transformation

Positioning, commercial model, logistics and Pre-payment penetration

Asset optimization

Divestments

Organizational Transformation

Digital, structure, people and culture



Female Mentoring Program

The program was created with the purpose of **accelerating the female collaborators' careers** with high potential, plus to contribute with the representativeness of **female leadership** until 2025.

50% of the positions are dedicated to black and indigenous women



'Guia de Rodas' Certification

With a **more accessible structure**, Cielo began to offer an **inclusive experience**

'Garagem Cielo': Innovation's Hub

The Cielo's **Startup Mentoring Program** selected **10 impacting startups** in 2022. Companies dedicated to address socioenvironmental problems.

Attachments



Reconciliation of Net Income (NI), Acquiring NI and EBITDA

Recurring Net Income (R\$ million)	2Q22	2Q21	Var. %	1Q22	Var. %
Consolidated Net Income	635.3	180.4	252.2%	184.6	244.1%
Non-recurring itens	(251.9)	-	n/a	-	n/a
Sale of MerchantE	(282.3)				
Software Impairment	26.8				
Restructuring of store channel	3.6				
Recurring Result	383.4	180.4	112.5%	184.6	107.7%
Acquiring Net Income (R\$ million)	2Q22	2Q21	Var. %	1Q22	Var. %
Recurring Result Attributable to Cielo	383.4	180.4	112.5%	184.6	107.7%
<i>Cielo Brasil</i>	235.0	113.3	107.4%	90.5	159.6%
Cost of acquisition debts	(74.7)	(30.2)	146.9%	(62.7)	19.0%
<i>Cateno</i>	(71.0)	(18.9)	274.8%	(59.2)	19.9%
<i>MerchantE</i>	(3.7)	(11.3)	-67.5%	(3.5)	4.6%
Acquiring Net Income (Cielo BR – cost of acquisition debts)	309.6	143.5	115.7%	153.2	102.1%
Recurring EBITDA (R\$ million)	2Q22	2Q21	Var. %	1Q22	Var. %
EBITDA	1,183.2	580.8	103.7%	711.5	66.3%
Non-recurring itens	(268.5)	-	n/a	-	n/a
Sale of MerchantE	(314.5)				
Software Impairment	40.6				
Restructuring of store channel	5.5				
Recurring EBITDA	914.7	580.8	57.5%	711.5	28.6%

The Cielo logo is displayed in white text against a blue sky background. The letter 'o' is stylized with a blue circular segment on its right side.

cielo

Investor
Relations

ri.cielo.com.br
ri@cielo.com.br