

DEAR SHAREHOLDERS

We present the Comments on Performance and the Interim Financial Information of Cielo S.A. (“Company”, “Parent” or “Cielo”) and its subsidiaries (together referred to as “Consolidated” or “Cielo Group”) for the quarter ended March 31, 2022, accompanied by the Independent Auditor’s Report on the interim financial information (ITR).

The Individual (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”, and the Brazilian Securities and Exchange Commission (CVM), where applicable.

The Consolidated Interim Financial Information contemplated the balances of the accounts of Cielo (Parent Company), of the direct and indirect subsidiaries, Cateno, Servinet, Stelo, Cielo USA, MerchantE and M4U (M4Produtos’ and Multidisplay’s interests were sold on November 2, 2021). This financial information has been adjusted, as applicable, in order to conform its accounting practices to those established by the Cielo Group. All the transactions, revenues and expenses among Group companies were fully eliminated in the consolidated financial statements. For purposes of presentation of the consolidated financial statements, the assets and liabilities of foreign subsidiaries, originally denominated in US dollars, were translated into Brazilian reais at the exchange rates prevailing at the end of each quarter, while revenues and expenses were translated at the average monthly exchange rates. Exchange differences resulting from such translations were classified in Cielo’s other comprehensive income and accumulated in equity.

According to Note 29 of the interim quarter information of March 31, 2022, non-recurring net gains generated by the assignment of authorization and processing platforms for the Elo Brand in the amount of R\$ 75.9 million, reversal of the residual balance of legacy provisions of the NewELO project in the amount of R\$ 46.2 million and positive result on the sale of interest in Orizon with a gain of R\$ 4.2 million were recorded in the first quarter of 2021, partially offset by the recognition of provision for corporate restructuring in the amount of R\$ 20,8 million. In the fourth quarter of 2021, a gain was recorded in the net income referring to the process of disposal of Cielo shares at Multidisplay in the amount of R\$ 49.4 million, partially offset by the write-off of the residual capitalized balance of the Cielopay platform in the net amount of R\$ 12.6 million. In the first quarter of 2022 there was no impact from non-recurring items.

As determined by the BCB, through Resolution 219/21 published on December 23, 2021, as at the first quarter of 2022, Cielo started to present the Consolidated Financial Information in accordance with international accounting practices (IFRS), issued by the “International Accounting Standards Board - IASB”. Also, as provided in Resolution 236/22 published on February 17, 2022, Payment Institutions may maintain the presentation of the consolidated financial information under COSIF until December 31, 2024. Cielo chose to maintain the presentation of the comments on performance based on the financial statements prepared under COSIF, as it understands that it accurately reflects the equity and financial position of its operations.

In addition, we present below the reconciliation of the income and shareholders' equity for 1Q22 between COSIF and IFRS accounting practices:

	Equity attributable to Cielo	Consolidated Net Profit attributable to Cielo
COSIF - 1Q22	10,170.4	184.6
goodwill amortization in subsidiaries abroad (a)	158.0	-
Others (b)	21.6	(0.1)
IFRS - 1Q22	10,350.0	184.5

(a) Refers to the balance of goodwill in subsidiaries abroad that is maintained at historical value under IFRS and under COSIF, which have already been 100% amortized over the estimated period of the benefit. In both, the estimated recoverability is evaluated at least once each year.

(b) Refers to impacts from the application of IFRS 16 – Leases, and unamortized goodwill balances in subsidiaries.

HIGHLIGHTS 1Q22

- Cielo's financial volume of transactions totaled R\$ 198.4 billion, an increase of 23.9% or R\$ 38.3 billion compared to 1Q21 and a decrease of 4.8% or R\$ 10 billion compared to 4Q21.
- Cielo's consolidated net revenue totaled R\$ 2,762.2 million, an increase of 1.5% or R\$ 39.6 million compared to 1Q21 and a decrease of 12.1% or R\$ 379.3 million compared to 4Q21.
- Consolidated revenues from purchase of receivables (ARV) and FIDC, net of taxes, totaled R\$ 157.8 million, an increase of 64.6% compared to 1Q21 and an increase of 44.3% compared to 4Q21.
- Total consolidated expenditures (costs and expenses), not considering the effects from share of profit (loss) of investees, totaled R\$ 2,315.9 million, a decrease of 11.8% or R\$ 310.0 million compared to 4Q21 and a decrease of 3.4% or R\$ 81.4 million compared to 1Q21.
- Cielo's profit for the period totaled R\$ 184.6 million, a decrease of 23.5% or R\$ 56.7 million compared to 1Q21 and a decrease of 45.2% or R\$ 152.3 million compared to 4Q21. Excluding non-recurring items in the comparative quarters (as per Note 29), there was an increase of 35.9% or R\$ 48.8 million compared to the R\$ 135.8 million adjusted income in 1Q21 and a reduction of 38.5% or R\$ 115.6 million compared to the R\$ 300.2 adjusted income in 4Q21.
- Consolidated EBITDA totaled R\$ 711.5 million, an increase of 16.0% or R\$ 98 million compared to 1Q21 and a decrease of 9.9% or R\$ 78 million compared to 4Q21. Excluding non-recurring items (as per Note 29), EBITDA increased by 40.1% or R\$ 203.5 million compared to the adjusted 1Q21 of R\$ 508 million and decreased by 5.5% or R\$ 41, 3 million compared to the adjusted 4Q21 of R\$ 752.9 million.

OPERATING PERFORMANCE 1Q22

Financial Volume of Transactions

Quarterly Evolution

In 1Q22, Cielo's financial volume of transactions totaled R\$ 198.4 billion, a decrease of 4.8% or R\$ 10 billion, compared to R\$ 208.4 billion in 4Q21 and an increase of 23.9% or R\$ 38.4 billion, compared to R\$ 160 billion in 1Q21.

Specifically with credit cards (lump sum and installment payments), the financial volume of transactions totaled R\$ 118.4 billion in 1Q22, a decrease of 3.0% compared to 4Q21 and an increase of 33.4% compared to 1Q21. In debit cards, the financial volume of transactions totaled R\$ 79.9 billion in 1Q22, a decrease of 7.4% compared to 4Q21 and an increase of 12.2% compared to 1Q21.

In addition, Cielo captured 1,898.0 million in transactions in 1Q22, a decrease of 2.0% and an increase of 23.7% compared to 4Q21 and 1Q21, respectively.

FINANCIAL PERFORMANCE 1Q22

COMPARISON OF THE QUARTERS ENDED MARCH 31, 2022 AND DECEMBER 31, 2021

Net revenue

Quarterly Evolution

Cielo's consolidated net revenue totaled R\$ 2,762.2 million in 1Q22, a decrease of 12.1% or R\$ 379.3 million compared to 4Q21.

The reduction in net revenue, excluding the impact of R\$ 196.4 million, net of taxes, from the sale of shares in the subsidiary M4U in November 2021, was R\$ 182.9 million or 6.2% and is related to reduction in the volume captured at Cielo (which impacts revenue from capture, transmission, processing and financial settlement of transactions and revenue from the 2-day Payment product) and at Cateno (which impacts interchange revenue from the Ourocard arrangement), as well as impact of the depreciation of the dollar in the conversion of revenues in the North American operation (MerchantE).

Cost of services rendered

Quarterly Evolution

Consolidated cost of services rendered totaled R\$ 1,848.3 million in 1Q22, a decrease of R\$ 263.8 million, or 12.5% compared to 4Q21. This increase was mainly due to the following events:

- (i) Reduction of R\$ 178.3 million in **costs with services provided at subsidiary M4U**, as a result of the non-consolidation of the results of these subsidiaries after the sale of all shares in November 2021.
- (ii) Decrease of R\$ 47.3 million in **cost of services rendered in North-American subsidiaries Cielo Inc and MerchantE**, impacted by the average dollar depreciation in the quarter and the decrease in volume.
- (iii) Reduction of R\$ 18.2 million in **costs related to the capture, processing and settlement of Cielo's transactions** due to the decrease in volume, reflecting in processing and related services, as well as a reduction in project expenses, when compared to 4Q21.
- (iv) Reduction of R\$ 6.8 million in **costs related to equipment** compared to 4Q21, substantially due to the reduction in expenses with terminal maintenance, as well as the end of the subsidy applied to the sale of machines.
- (v) Reduction of R\$ 8.7 million in **other costs**, substantially due to the reduction in the personnel line item in 1Q22, as well as a reduction in costs with software maintenance services when compared to 4Q21.
- (vi) Reduction of R\$ 5.2 million in **costs related to the management of Ourocard Arrangement payment accounts at Cateno**, mainly as a result of the reduction in call center volume, partially offset by higher costs with brand fees, related to discounts granted in the previous quarter, as well as an increase in expenses with embossing and card postings, when compared to 4Q21.

Operating Expenses

Quarterly Evolution

Operating expenses totaled R\$ 467.6 million in 1Q22, a decrease of R\$ 46.2 million or 9.0% compared to 4Q21. This decrease was mainly due to the following events:

Personnel expenses - Decrease of R\$ 3.9 million, or 1.6%, to R\$ 246.2 million in 1Q22, compared to R\$ 250.1 million in 4Q21. This reduction substantially reflects the non-consolidation of M4U after the sale of all shares in November 2021.

General and administrative expenses, including depreciation - Decrease of R\$ 6.6 million or 6.2% to R\$ 101.4 million in 1Q22, compared to R\$ 108 million in 4Q21. The reduction is related to the non-consolidation of M4U after the sale of all the shares.

Sales and marketing expenses - Increase of R\$ 12.9 million or 24.5% to R\$ 65.6 million in 1Q22, compared to R\$ 52.7 million in 4Q21, substantially due to lower expenses with campaigns, materials and events in 4Q21.

Other net operating expenses – Decrease of R\$ 48.6 million or 47.2%, to R\$ 54.4 million in 1Q22 when compared to R\$ 103 million in 4Q21, chiefly due to non-recurring items recognized in 4Q21 as the write-off due to discontinuity of the Cielopay platform, partially offset by the net gain from the sale of all shares of Multidisplay Comércio e Serviços Tecnológicos S.A. (“Multidisplay”) occurred in November 2021, as well as lower expenses with expected losses on doubtful debt (including provision for losses on the receivables counter) at the parent company and with disputes in the subsidiary Cateno.

Financial Results

Quarterly Evolution

The finance costs totaled R\$ 83.2 million in 1Q22, a variation of 35.7% or R\$ 21.9 million in relation to 4Q21, when the Company obtained a finance cost of R\$ 61.3 million. The main variations in the finance income (costs) are:

Finance income – Increase of R\$ 15.1 million, or 14.2%, to R\$ 121.8 million in 1Q22, compared to R\$ 106.7 million in 4Q21, related to the higher average CDI rate in 1Q22 on financial investments.

Finance costs – Increase of R\$ 67.0 million, or 24.3%, to R\$ 342.3 million in 1Q22, compared to R\$ 275.3 million in 4Q21, related to the increase in the average CDI rate in the quarter.

Purchase of receivables, net (ARV) and yield from quotas of FIDC – Increase of R\$ 44.3 million or 39.0% to R\$ 157.8 million in 1Q22, when compared to R\$ 113.5 million in 4Q21, substantially related to the increase in the volume of credit acquisition, as well as the increase of the average CDI rate and the longer average term of operations.

Exchange variation and mark-to-market of financial instruments, net – Totaled a loss of R\$ 20.5 million in 1Q22, a variation of R\$ 14.3 million, compared with a loss of R\$ 6.2 million in 4Q21. The result is due to the effect of mark-to-market of financial instruments in order to hedge foreign currency liabilities.

FINANCIAL PERFORMANCE 1Q22

COMPARISON OF THE QUARTERS ENDED MARCH 31, 2022 AND 2021

Net revenue

Quarterly Evolution

Cielo's consolidated net revenue totaled R\$ 2,762.2 million in 1Q22, an increase of 1.5% or R\$ 39.6 million, compared to R\$ 2,722.6 million in 1Q21.

The increase in net revenue, excluding the impact of R\$ 324.6 million, net of taxes, from the sale of shares of the subsidiary M4U in November 2021, was R\$ 364.2 million or 15.2% and is related to the increase in volume captured at Cielo (which impacts revenue from capture, transmission, processing and financial settlement of transactions and revenue from the 2-day Payment product) and at Cateno (which impacts interchange revenue from the Ourocard arrangement). This increase was partially offset by the discontinuation of NewElo revenue due to the sale of the platform in 1Q21.

Cost of services rendered

Quarterly Evolution

Cost of services rendered totaled R\$ 1,848.3 million in 1Q22, a decrease of R\$ 181.9 million or 9.0% compared to R\$ 2,030.2 million posted in the same quarter of the prior year. This decrease was mainly due to the following events:

- (i) Decrease of R\$ 292.7 million in **costs of services rendered in subsidiary M4U**, referring to cell phone credit costs (especially in the form of virtual recharge resale), directly related to the sale of the total shares in 4Q21.
- (ii) Decrease in **costs relating to POS equipment and other costs** by R\$ 14.3 million compared to 1Q21, mainly due to the reduction in amortization of subsidy generated on the sale of POS equipment to merchants, offset by the increase in the depreciation lines related to new purchases of POS equipment.
- (iii) Decrease of R\$ 4.8 million in **costs of services rendered in American subsidiaries Cielo Inc and MerchantE**, related to the decrease in interchange fees and brand compensation related to the decrease in volume, as well as the depreciation of the average dollar in the quarter-on-quarter comparison.
- (iv) Increase of R\$ 64.8 million in **costs related to management of payment accounts of the Ourocard Arrangement of Cateno**, substantially related to the growth in the volume of costs with brand and call center fees.
- (v) Increase of R\$ 64.1 million in **costs related to capture, processing and settlement of transactions of Cielo** compared to 1Q21, due to the higher volume in expenses with credit cards brand and processing fees, partially offset by efficiency actions in the management of call center expenses, as well as a reduction in intermediation services, attraction and maintenance of customers provided by banks.

Operating Expenses

Quarterly Evolution

Operating expenses totaled R\$ 467.6 million in 1Q22, an increase of R\$ 101.1 million or 27.6% compared to R\$ 366.5 million in 1Q21. The increase was mainly due to the following events:

Personnel expenses- Increase of R\$ 37.4 million or 17.9% compared to the same quarter of the prior year, from R\$ 208.8 million in 1Q21 to R\$ 246.2 million in 1Q22. The increase is substantially related to higher expenses with the commercial team and the collective agreement.

General and administrative expenses, including depreciation - Increase of R\$ 11.9 million or 13.3% to R\$ 101.3 million in 1Q22, compared to R\$ 89.4 million in 1Q21. The increase is linked to higher expenses with projects and initiatives aimed at improving the quality of services provided at Cielo.

Sales and marketing expenses - Increase of R\$ 4.4 million or 7.1% to R\$ 65.6 million in 1Q22, compared to R\$ 61.2 million in 1Q21. The increase is due to higher expenses with media, production, and placement.

Other net operating expenses - Increase of R\$ 46.7 million or 606.8%, to R\$ 54.4 million in 1Q22, compared to R\$ 7.7 million in 1Q21. The variation is substantially related to non-recurring net gains in 1Q21 related to the sale of authorization and processing platforms to Bandeira Elo and the positive result from the sale of the stake in Orizon. This increase in expenses was partially offset by the lower expected losses on doubtful debt at Cielo and with disputes at Cateno.

Financial Results

Quarterly Evolution

The finance costs totaled R\$ 83.2 million in 1Q22, a variation of R\$ 118.0 million compared to 1Q21, when the Company obtained a finance income of R\$ 34.8 million. The decrease was mainly due to the following events:

Finance income – Increase of R\$ 83.0 million, or 213.9%, to R\$ 121.8 million in 1Q22, compared to R\$ 38.8 million in 1Q21, substantially related to the increase in income from short term investments due to the increase in the average CDI rate, partially offset by the lower average balance of the invested cash.

Finance costs – Increase of R\$ 237.1 million, or 225.5%, to R\$ 342.3 million in 1Q22, compared to R\$ 105.2 million in 1Q21, related to the increase in the average CDI rate when comparing quarters.

Purchase of receivables, net (ARV) and yield from quotas FIDC – Totaled R\$ 157.8 million in 1Q22, an increase of R\$ 61.9 million or 64.6%, when compared to the R\$ 95.8 million in 1Q21, related to the increase in the volume of acquisitions and greater penetration in the credit product, as well as the increase in the average CDI rate.

Exchange variation and mark-to-market of financial instruments, net - Exchange variation, net totaled an expense of R\$ 20.5 million in 1Q22, a variation of R\$ 25.9 million compared to a gain of R\$ 5.4 million in 1Q21. The result is due to the accounting effect of mark-to-market of financial instruments in order to hedge foreign currency liabilities.

EBITDA

EBITDA

Quarterly Evolution

Consolidated EBITDA totaled R\$ 711.5 million in 1Q22, a decrease of 9.9% compared to 4Q21 and an increase of 16.0% compared to 1Q21, as shown below:

EBITDA (R\$ million)	1Q21	1Q20	4Q20
Cielo Net Income	184.6	241.3	336.9
Shareholders other than Cielo S.A.	63.3	23.9	68.1
Financial Income (Expenses)	83.2	(34.8)	61.3
Tax and Social Contribution	115.2	95.6	49.3
Depreciation e Amortization	265.2	287.5	273.9
EBITDA	711.5	613.5	789.5
<i>% EBITDA margin</i>	25.8%	22.5%	25.1%

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

Management believes that EBITDA is an important parameter for investors because it provides relevant information about our operating results and profitability.

However, EBITDA is not an accounting measurement used in the accounting practices adopted in Brazil, does not represent the cash flow for the reporting periods and should not be considered as an alternative to net profit as an operating performance measure or as an alternative to operating cash flow or as a measurement of liquidity. In addition, the EBITDA has a limitation which jeopardizes its use as a measure of profitability, since it does not consider certain costs deriving from businesses, which may significantly affect profit, such as finance costs, taxes, depreciation, capital expenditures and other related charges.

IMPACTS FROM THE GLOBAL COVID-19 PANDEMIC

According to the Cielo Amplified Retail Index (ICVA), which reflects evolution of Brazilian retail sales on a monthly basis, retail sales posted a nominal increase of 21.9% in 1Q22 compared to 1Q21. The growth is related to the comparative base, in the first quarter of the previous year, trade was affected by the adoption of more restrictive isolation measures, due to the worsening of the COVID-19 pandemic. Discounting inflation, this increase was 8.8% compared to the same quarter of the previous year. In this comparison, the macro sectors presented an increase, discounting the effects of inflation. The macro service sector (the most affected by the effects of the isolation caused by the Covid-19 pandemic), grew 23.7% (in nominal terms the growth was 32.8%), followed by Durable and Semi-durable Goods, with increases of 7.4% in the deflated index and of 19.9% in nominal terms and, finally, the non-durable goods macro sector with deflated growth of 3.9% and, in nominal terms, a growth of 18.1 %.

Considering that Cielo's operational and financial performance is highly dependent on national consumption and, consequently, on the volume of transactions in the card market, the Company has maintained, since the beginning of the pandemic, more rigorous criteria for losses on overdue balances of customers assessed as involving high risk of default. This procedure is periodically reassessed, according to the evolution of the collection and default portfolio.

The Company, with the relaxation of social isolation measures and economic recovery, started to privilege the penetration in term products, as a way to boost the Company's profitability. In view of the current scenario,

the Company believes that it maintains its capacity to manage cash in order to meet all its short-term commitments.

CORPORATE GOVERNANCE

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

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

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

Regarding the approval of transactions with related parties, it is the responsibility of the Corporate Governance Committee to evaluate the transaction (the business and its rationale), as well as the documentation that evidences that the transaction will be carried out under fair market conditions (such as, but not limited to, commercial proposals and market surveys). Notwithstanding the submission of this documentation, in the cases in which the aforementioned Committee deems it necessary, an independent appraisal report must be submitted, prepared without the participation of the party involved in the transaction with a related party, be it a bank, lawyer, specialized consulting firm, among others, based on realistic assumptions and information endorsed by third parties. After analysis, the Corporate Governance Committee will recommend or not the topic to be decided about to the Company's Board of Directors, which will have access to all documents related to transactions with related parties.

It is important to note that the Corporate Governance Committee, when called to evaluate transactions between the Company and any of its controlling shareholders, will exceptionally be composed of all independent directors, and such independent directors should be called upon to consider the matter as ad hoc members of the Committee, replacing the member(s) appointed by the conflicting controlling shareholder(s), in addition to the Committee members who are not in conflict.

In addition, the members of the Board of Directors in a position of conflict (i) a priori, will not participate in the meetings or (ii) if they are present due to other matters covered, they should declare themselves in conflict, be absent from discussions on the topic and abstain from voting to decide about the matter. If requested by the Chairman of the Board of Directors or by the Chief Executive Officer, as the case may be, such members may partially participate in the discussions, aiming to support them with more information about the operation and the parties involved, but should always, however, be absent at the end of the discussions, including from the

voting process to decide about the matter. The member(s) appointed by the controlling shareholder(s) who is (are) not in conflict regarding the matter to be decided about shall not participate in the meetings of the Board of Directors or Corporate Governance Committee when the matter to be decided about refers to a strategic issue of the conflicting shareholder.

Regarding to Cielo's corporate governance bodies, the Board of Directors, which is a joint committee, was composed of 11 (eleven) members until the reference date of the DFs and will now be composed of 12 (twelve) members, as resolved in the meeting held on April 27, 2022. The members of the Board do not have an executive role in the Company. Until the reference date of the financial statements, the Company had 03 (three) independent members, a number that was increased to 04 (four) at the Meeting of April 27, 2022. The independence aims to protect the interests of the Company and its minority shareholders. The Board of Directors is responsible, among other attributions, for setting the general direction of the Company's business, electing the members of the Executive Board and overseeing its management. Currently, the Company's Statutory Board is composed of ten (10) members and performs the general management of the Company, respecting the guidelines defined by the Board of Directors. Moreover, as another evidence of the Company's adherence to the best Corporate Governance practices, the Board of Directors has 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, Pricing Forum, Diversity Forum, Innovation Forum, Products and Services Forum, Information Security Management and Fraud Prevention Forum and Data Privacy and Protection Forum.

Cielo's Supervisory Board, an independent management body, is currently installed to oversee the Management activities and is composed of 5 (five) members, 1 (one) of them is an independent member.

Sustainability Management

The Company is committed to Sustainability, Diversity and Corporate Responsibility. Cielo's actions for sustainable development are carried out through the Sustainability Policy, whose guidelines include environmental, social and governance (ESG) aspects and practices. When carrying out its activities, Cielo seeks to ensure the success of the business in the long term, contributing to the construction of a just society, economic development and environmental conservation, through the generation of shared value.

To structure the achievement of these commitments, in 2020, the Company revised its Sustainability Strategic Plan. Approved by the Executive Board, the Sustainability Committee and the Board of Directors, and in line with the Company's Strategic Planning, this work resulted in the interpretation of the Purpose and Vision for Sustainability and allowed the establishment of Sustainability Guidelines that will guide our performance until 2025. The structure of the plan established six strategic themes for sustainability, with the purpose of 'enhancing businesses that are sustainable and inclusive of everyone' and the vision of 'being the intelligent platform recognized for boosting sustainability and inclusion in Brazilian trade'.

The plan has actions planned for the range from 2021 to 2025 and addresses the strategic themes for Sustainability, as follows: Diversity & Inclusion, Social Responsibility, Climate Change & Eco-efficiency, Social and Environmental Risk Management and Social and Environmental Innovation & Entrepreneurship, Governance & ESG Reporting.

Diversity & Inclusion

It is worth highlighting the Diversity & Inclusion Program, structured in the 2nd half of 2019 with the objective of transforming our culture, structures and positions. The topic is the object of attention of senior management through the Diversity Forum, which discusses the strategic importance of the topic and is coordinated by the company's CEO. Its main objective is to discuss, decide and advise the Executive Board in decision making. The debates at the Diversity Forum are taken to the Sustainability Committee, which allows for a gain in visibility of the theme under the scope of the Board of Directors.

2021 was marked by the focus on evolving significantly and increasing the breadth of Diversity & Inclusion within the Company. In the first quarter, we launched the Diversity & Inclusion Manifesto and six official commitments related to the theme to reach by 2030, which positions us as a Company that has the belief of moving the market in a more plural, intersectional and inclusive direction.

In December 2021, we published our Diversity and Inclusion Policy, whose main objective is to establish guidelines and governance to increase the representation of minority groups in the workforce and promote a culture of inclusion.

Environmental management

The environmental aspects and impacts of our operations are evaluated and monitored by our Environmental Management System (SGA), ISO14.001 certified, for Cielo's headquarters in 2019, which was preserved in 2021.

The Company has a Climate Strategy, which includes carrying out an Inventory of Greenhouse Gases (GHG) - which was done following the guidelines of the Brazilian GHG Protocol Program. Scope 1 and 2 emissions are neutralized. Also, as part of its climate strategy, the Company responds to the Carbon Disclosure Project (CDP) transparency initiative and it is included in the Carbon Efficient Index (ICO2) of B3 (Brasil, Bolsa, Balcão).

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

Social responsibility

In our private social investment strategy, we seek to adopt specific causes for the use of incentive laws, in order to connect the supported initiatives to our business. In this way, we invest in social projects that promote education, entrepreneurship and diversity and inclusion.

In 2021, we realized more than R\$ 3 million in private social investment (via incentive laws) and R\$ 756,000 in donations to social projects and causes.

RELATIONSHIP WITH AUDITORS

Pursuant to CVM Instruction No. 381/03, we inform that during 1Q22, the Company engaged the independent auditing services of KPMG.

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

Cielo declares that the independent auditors have been engaged to provide services not related to external audit until March 31, 2022, which consist of provision of reasonable assurance about the Environmental, Social and Governance information and the 2021 Sustainability Report and reasonable assurance about compliance with the clauses (obligations) of the Procedure Adjustment Agreement ("TCC") by and between CADE (Brazilian antitrust agency) and Cielo. These engagements comply with the company's corporate governance requirement, which determines that every extraordinary engagement of independent auditor who audits its financial statements, directly or indirectly, needs to be previously analyzed by the Audit Committee and authorized by the Board of Directors. The total amount of these services is R\$ 302.3 thousand and represents

approximately 15.0% of the total fees for auditing the Cielo Group's financial statements for the year ended December 31, 2022.

Cielo S.A.

Interim Financial Information
for the quarter ended March 31, 2022 and
Independent Auditors' Report on
Interim Financial Information (COSIF)

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Report on Review of Interim financial Information - ITR

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

Introduction

We have reviewed the individual and consolidated interim financial information of Cielo S.A. (“Company”), included in the Interim Financial Information Form (ITR) for the quarter ended March 31, 2022, which comprises the balance sheet at March 31, 2022, 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, 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, were 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, 2022, 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, were 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, 2022, 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 were presented separately by Cielo, on this date and on which we issued a report independent audit, not containing any modification, dated May 03, 2022.

São Paulo, May 03, 2022

KPMG Auditores Independentes Ltda.
CRC 2SP014428/O-6

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

Cielo S.A.

Statements of financial position as at March 31, 2022 and December 31, 2021
(In thousands of Brazilian reais - R\$)

Assets	Note	Parent Company		Consolidated		Liabilities and equity	Note	Parent Company		Consolidated	
		03/31/2022	12/31/2021	03/31/2022	12/31/2021			03/31/2022	12/31/2021	03/31/2022	12/31/2021
Current assets						Current liabilities					
Cash	4	25,801	69,177	27,602	350,104	Borrowings	12	521,303	652,144	2,459,135	2,912,802
Financial instruments, including derivatives	5	576,509	1,978,842	3,199,410	5,225,593	Derivative financial instruments	5	29,281	-	29,281	-
Credit rights investment funds	6	6,263,743	5,568,737	-	-	Other payables		83,451,336	81,031,373	70,513,723	71,640,186
Income receivable	7	179,402	170,080	191,829	213,358	Social and statutory	15 and 21	83,983	290,146	96,651	347,750
Receivables from card-issuing banks	7	80,347,753	78,865,744	80,347,883	79,088,367	Tax and social security	8	148,047	95,655	319,657	582,399
Receivables from related parties	26	2,926	2,793	741,791	738,105	Payables to merchants	13	68,820,157	69,138,706	68,910,743	69,530,057
Taxes and contributions for offset/recoverable		424,930	382,956	514,900	837,561	Payables to related parties	26	13,663,128	10,942,421	392,436	396,503
Other operating receivables	7	369,302	148,866	376,594	155,641	Others		736,021	564,445	794,236	783,477
Allowance for doubtful debts	7	(188,691)	(188,986)	(189,235)	(205,161)						
Other receivables		135,491	111,639	141,215	139,594						
Total current assets		88,137,166	87,109,848	85,351,989	86,543,162	Total current liabilities		84,001,920	81,683,517	73,002,139	74,552,988
Non-current assets held for sale		-	-	293,016	-	Long-term liabilities					
		-	-	293,016	-	Borrowings	12	3,376,664	3,382,302	3,376,664	3,382,302
						Other payables		2,264,643	3,690,282	2,299,115	2,228,853
						Provision for contingencies	14	2,039,894	1,985,883	2,244,723	2,158,491
						Deferred taxes and contributions		-	-	7,849	25,964
Long-term assets						Provision for obligations with investees		184,210	1,665,683	170	170
Financial instruments, including derivatives	5	6,664	6,350	285,067	284,999	Others		40,539	38,716	46,373	44,228
Escrow deposits	14	1,576,317	1,573,876	1,579,188	1,576,643	Total long-term liabilities		5,641,307	7,072,584	5,675,779	5,611,155
Tax credits	8	981,252	924,523	1,315,209	1,283,046						
Other operating receivables	7	30,413	18,549	30,459	29,077	Equity					
						Issued capital	15	5,700,000	5,700,000	5,700,000	5,700,000
						Capital reserves	15	71,437	77,030	71,437	77,030
						Earnings reserves	15	4,662,408	4,542,989	4,662,408	4,542,989
						Other comprehensive income	15	(177,017)	(330,852)	(177,017)	(330,852)
						(-) Treasury shares	15	(86,452)	(98,578)	(86,452)	(98,578)
						Attributable to:					
						Owners of the Company		10,170,376	9,890,589	10,170,376	9,890,589
						Non-controlling interests		-	-	10,431,216	10,367,903
						Total equity		10,170,376	9,890,589	20,601,592	20,258,492
Total long-term and permanent assets		11,676,437	11,536,842	13,927,521	13,879,473	Total liabilities and equity		99,813,603	98,646,690	99,279,510	100,422,635
Total assets		99,813,603	98,646,690	99,279,510	100,422,635						

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

Cielo S.A.

Statements of profit or loss

For the three-month period ended March 31, 2022 and 2021

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

	<u>Note</u>	<u>Parent Company</u>		<u>Consolidated</u>	
		<u>03/31/2022</u>	<u>03/31/2021</u>	<u>03/31/2022</u>	<u>03/31/2021</u>
NET REVENUE	17	1,333,673	1,169,234	2,762,194	2,722,567
COST OF SERVICES PROVIDED	18	(815,582)	(751,229)	(1,848,346)	(2,030,215)
GROSS PROFIT		518,091	418,005	913,848	692,352
OPERATING INCOME (EXPENSES)					
Personnel	18	(101,979)	(80,330)	(246,229)	(208,813)
General and administrative	18	(194,441)	(155,175)	(101,340)	(89,430)
Sales and marketing	18	(21,694)	(23,883)	(65,560)	(61,199)
Share of profit (loss) of investees	9	126,264	28,452	-	679
Other operating income (expenses), net	18	(37,985)	69,493	(54,446)	(7,704)
OPERATING PROFIT		288,256	256,562	446,273	325,885
FINANCE INCOME (COSTS)					
Finance income	24	28,654	29,721	121,795	38,795
Finance costs	24	(321,873)	(58,918)	(342,264)	(105,181)
FIDCs yield and prepayment of receivables	24	208,355	71,950	157,736	95,841
Gain / (loss) on exchange differences, net	24	(20,431)	5,375	(20,438)	5,388
		(105,295)	48,128	(83,171)	34,843
OPERATING PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		182,961	304,690	363,102	360,728
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	8	(55,132)	(22,845)	(176,421)	(73,202)
Deferred	8	56,728	(40,583)	61,189	(22,396)
PROFIT FOR THE PERIOD/YEAR		184,557	241,262	247,870	265,130
ATTRIBUTABLE TO:					
Owners of the Company				184,557	241,262
Noncontrolling interests				63,313	23,868
Earnings per share (in R\$) - Basic	16	0.06835	0.08914	0.06835	0.08914
Earnings per share (in R\$) - Diluted	16	0.06781	0.08873	0.06781	0.08873

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

Cielo S.A.

Statements of comprehensive income

For the three-month period ended March 31, 2022 and 2021

(In thousands of Brazilian reais - R\$)

	Parent Company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Profit for the quarter	184,557	241,262	247,870	265,130
Comprehensive income				
Exchange differences on translating foreign operations	153,835	(135,690)	153,835	(135,690)
Changes for the period	153,835	(135,690)	153,835	(135,690)
Total comprehensive income for the period/year	338,392	105,572	401,705	129,440
Attributable to:				
Owners of the Company			338,392	105,572
Non-controlling interests			63,313	23,868

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

Cielo S.A.

Statements of changes in equity

Three-month periods ended March 31, 2022 and 2021

(In thousands of Brazilian reais - R\$)

		Earnings reserves					Other comprehensive income	Total owners of the Company	Non-controlling interests	Total equity	
		Issued capital	Capital reserve	Treasury capital	Legal	Capital budget					Earnings retention
Balances as at December 31, 2020		5,700,000	67,529	(84,815)	1,140,000	2,891,907	-	(223,767)	9,490,854	6,164,521	15,655,375
Acquisition of treasury shares		-	-	-	-	-	-	-	-	-	-
Restricted stock options granted	€ 23.00	-	5,664	-	-	-	-	-	5,664	-	5,664
Sale/transfer of treasury shares under the stock option plan	23 and 15.c)	-	(7,703)	7,703	-	-	-	-	-	-	-
Profit (loss) for the quarter		-	-	-	-	-	241,262	-	241,262	23,868	265,130
Allocation of profit for the quarter:											
Legal reserve	15.d)	-	-	-	-	-	-	-	-	-	-
Interest on capital proposed	15.f)	-	-	-	-	-	(85,151)	-	(85,151)	-	(85,151)
Allocation of accumulated profit for the period											
Capital budgeted reserve		-	-	-	-	156,111	(156,111)	-	-	-	-
Other comprehensive income:											
Exchange differences on net foreign investments	15.g)	-	-	-	-	-	-	(135,690)	(135,690)	-	(135,690)
Adoção inicial - Instrução Normativa BCB nº 206/21										1,973,790	1,973,790
Balances as at March 31, 2021		5,700,000	65,490	(77,112)	1,140,000	3,048,018	-	(359,457)	9,516,939	8,162,179	17,679,118
Balances as at December 31, 2021		5,700,000	77,030	(98,578)	1,140,000	3,402,989	-	(330,852)	9,890,589	10,367,903	20,258,492
Acquisition of treasury shares		-	-	-	-	-	-	-	-	-	-
Restricted stock options granted	23	-	6,533	-	-	-	-	-	6,533	-	6,533
Sale/transfer of treasury shares under the stock option plan	23 and 15.c)	-	(12,126)	12,126	-	-	-	-	-	-	-
Profit (loss) for the quarter		-	-	-	-	-	184,557	-	184,557	63,313	247,870
Allocation of profit for the quarter:											
Legal reserve	15.d)	-	-	-	-	-	-	-	-	-	-
Interest on capital proposed	15.f)	-	-	-	-	-	(65,138)	-	(65,138)	-	(65,138)
Allocation of accumulated profit for the period/year											
Capital budgeted reserve		-	-	-	-	119,419	(119,419)	-	-	-	-
Other comprehensive income:											
Exchange differences on net foreign investments	15.g)	-	-	-	-	-	-	153,835	153,835	-	153,835
Balances as at March 31, 2022		5,700,000	71,437	(86,452)	1,140,000	3,522,408	-	(177,017)	10,170,376	10,431,216	20,601,592

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

Cielo S.A.

Statements of cash flows

For the three-month period ended March 31, 2021 and 2020

(In thousands of Brazilian reais - R\$)

	Note	Consolidated			
		03/31/2022	03/31/2021	03/31/2022	03/31/2021
Cash flows from operating activities					
Profit before income tax and social contribution		182,961	304,690	363,102	360,728
Adjustments to reconcile profit before income tax and social contribution to net cash generated by operating activities:					
Depreciation and amortization	10 and 11	122,342	125,518	265,159	287,601
Write-offs/losses on property and equipment and intangible assets	10 and 11	13,825	126,882	14,669	137,272
Share of profit (loss) of investees	9	(126,264)	(28,452)	-	(679)
Exchange differences on property and equipment and intangible assets	10 and 11	-	-	44,691	(39,993)
Restricted stock options granted		6,533	(2,039)	6,533	(2,039)
Transfer of treasury shares under the stock option plan		(12,126)	7,703	(12,126)	7,703
Losses on doubtful debts and fraud		(295)	40,291	(5,923)	92,643
Provision for tax, civil and labor risks	14	59,624	42,574	91,960	39,285
Exchange differences relating to interest on foreign borrowings	12	(82,554)	48,976	(422,049)	251,690
Gains (losses) on financial instruments		(92,650)	(56,557)	(92,650)	(56,557)
Interest on borrowings	12	94,981	38,715	111,650	60,328
Amortization of debt issuance costs	12	118	9,889	118	9,889
Yield from interest in FIDC	24	(218,516)	(75,458)	-	-
(Increase)/decrease in operating assets:					
Income receivable		(9,322)	198,025	21,529	241,035
Receivables from card-issuing banks		(1,482,009)	7,609,226	(1,441,345)	7,519,206
Receivables from related parties		(133)	(6,885)	(6,991)	29,907
Taxes and contributions for offset/recoverable		(98,703)	(23,747)	223,704	155,467
Escrow deposits		(2,441)	902	(2,545)	886
Other receivables		(23,852)	(37,181)	(25,183)	(174,820)
Other assets		(78,465)	(186,601)	(76,848)	(178,352)
Financial instruments, including derivatives		183,640	(7,357)	(1,258,252)	141,414
Increase/(decrease) in operating liabilities:					
Social and statutory		(206,163)	(36,971)	(251,099)	(73,089)
Tax and social security		248,029	3,217	(166,003)	(196,821)
Payables to merchants		(318,549)	(7,584,088)	(406,772)	(7,319,848)
Payables to related parties		2,720,707	2,011,795	(4,067)	-
Provisions for contingencies	14	(5,613)	(6,827)	(5,728)	(6,903)
Other liabilities		(1,361,697)	(121,787)	127,247	1,847,364
Cash from/(used in) operations		(486,592)	2,394,453	(2,907,219)	3,133,317
Income tax and social contribution paid		(21,454)	(888)	(144,854)	(49,022)
Net cash generated by (used in) operating activities		(508,046)	2,393,565	(3,052,073)	3,084,295
Cash flows from investing activities					
Acquisitions of shares of FIDC		(466,329)	(1,274,978)	-	-
Disposal of interest in subsidiary		-	128,992	-	128,992
Dividends received from subsidiaries	9	102,309	45,082	-	-
Acquisitions of property and equipment	10	(82,604)	(105,396)	(83,659)	(120,089)
Sale of intangible assets		-	177,896	-	177,896
Acquisitions of intangible assets	11	(44,232)	(53,470)	(47,028)	(75,570)
Net cash generated by (used in) investing activities		(490,856)	(1,081,874)	(130,687)	111,229
Cash flows from financing activities					
Payment of principal of borrowings, net of derivatives	12	(5,639)	(5,639)	(5,639)	(5,639)
Debt issuance costs incurred	12	-	(5,181)	-	(5,181)
Interest paid	12	(143,385)	(35,215)	(143,385)	(35,215)
Dividends and interest on capital paid		(235,760)	(166,421)	(235,760)	(183,052)
Net cash generated by (used in) financing activities		(384,784)	(212,456)	(384,784)	(229,087)
Increase (decrease) in cash and cash equivalents		(1,383,686)	1,099,235	(3,567,544)	2,966,437
Cash and cash equivalents					
Closing balance	4 and 5.a)	441,026	3,765,015	1,772,659	6,473,678
Opening balance	4 and 5.a)	1,824,712	2,665,780	5,340,203	3,507,241
Increase (decrease) in cash and cash equivalents		(1,383,686)	1,099,235	(3,567,544)	2,966,437

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

Cielo S.A.

Statements of value added

For the three-month period ended March 31, 2021 and 2020

(In thousands of Brazilian Reals - R\$)

	Note	Consolidated			
		03/31/2022	03/31/2021	03/31/2022	03/31/2021
REVENUES					
Sales of services	17	1,522,595	1,334,335	3,117,664	3,045,368
Loss on doubtful debts, chargeback and fraud	18	(15,428)	(40,291)	(37,485)	(92,643)
		1,507,167	1,294,044	3,080,179	2,952,725
INPUTS PURCHASED FROM THIRD PARTIES					
Cost of services provided		(642,524)	(574,693)	(1,499,218)	(1,654,620)
Materials, electric energy, outside services and others		(208,822)	(174,708)	(181,924)	(163,199)
Other expenses, net	18	(9,766)	131,859	(3,358)	107,014
Impairment of assets	18	(12,791)	(22,075)	(13,604)	(22,075)
		(873,903)	(639,617)	(1,698,104)	(1,732,880)
GROSS VALUE ADDED					
		633,264	654,427	1,382,075	1,219,845
Depreciation and amortization	10 and 11	(122,342)	(125,518)	(265,159)	(287,601)
WEALTH CREATED, NET					
		510,922	528,909	1,116,916	932,244
WEALTH RECEIVED IN TRANSFER					
Share of profit (loss) of investees	9	126,264	28,452	-	679
Finance income, including purchase of receivables and exchange differences, net	24	216,578	107,046	259,094	140,024
		342,842	135,498	259,094	140,703
TOTAL WEALTH FOR DISTRIBUTION					
		853,764	664,407	1,376,010	1,072,947
DISTRIBUTION OF WEALTH					
Personnel and related taxes		(116,255)	(98,941)	(247,114)	(222,780)
Profit sharing	21	(21,346)	(20,461)	(34,014)	(34,486)
Taxes and contributions		(208,473)	(242,626)	(503,227)	(440,932)
Interest and rental expenses		(323,133)	(61,117)	(343,785)	(109,619)
Dividends and interest on capital paid		-	-	(43,847)	(16,630)
Dividends and interest on capital proposed		(65,138)	(85,151)	(65,138)	(85,151)
Earnings retention		(119,419)	(156,111)	(75,572)	(139,481)
Noncontrolling interests		-	-	(63,313)	(23,868)
WEALTH DISTRIBUTED					
		(853,764)	(664,407)	(1,376,010)	(1,072,947)

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

Cielo S.A.

Notes to the individual and consolidated interim financial information

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

1 Operations

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

Cielo is a corporation headquartered in the City of Barueri, State of São Paulo. Its shares are traded on B3 S.A. - Brasil, Bolsa, Balcão, under ticker symbol "CIEL3", and Cielo and its subsidiaries are part of the Banco do Brasil 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 services to load fixed or mobile phone credits, development and licensing of computer software, processing of electronic transactions, IT services for collection and management of accounts payable and receivable using the Internet.

Significant events for the quarter

In the quarter ended March 31, 2022, the following main events are presented

On January 31, 2022, the Shareholders' General Meeting decided on the early settlement of Fundo de Investimento em Direitos Creditórios Cielo Receba Mais. The total amortization and redemption of senior shares was on February 3, 2020. On February 23, 2022, FIDC Receba Mais was merged into FIDC NP Cielo.

- On February 18 and March 4, 2022, capital contributions were approved and made in Cielo Inc., in the amount of US\$ 200 million and US\$ 70 million, respectively, by Cielo S.A. The objective of that contribution is to reduce exposure to foreign exchange variation in Cielo Inc. against the Subsidiary's obligation regarding the senior bonds ("bond" or "bonds") issued by the Subsidiary in November 2012 with maturity in November 2022.
- On February 18, 2022, an agreement was entered into for the sale of all shares of Merchant E-Solutions Inc. Consequently, on March 31, 2022, the indirect interest of Cielo in Merchant E-Solutions, Inc was classified as an interest intended for sale in non-current assets, according to CPC 31, in the amount of R\$ 293 million.

Additionally, on April 8, 2022, after compliance with conditions precedent, the sale of its subsidiary Merchant E-Solutions, Inc. was concluded, with the payment to the Company of US\$137 million referring to the fixed installment (upfront), monetarily adjusted in conformity with the terms provided for in the documents of the transaction. The transaction also comprises a variable portion (earn-out), which calculation and effective realization are subject to future analysis of certain assumptions agreed by the parties.

Cielo S.A.

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

2 Summary of significant accounting practices

2.1 Statement of compliance and approval of the Interim Financial Information

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

The financial information were approved by the Company's Board of Directors and authorized for issue on May 3, 2022.

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 the Company and its subsidiaries for the year ended December 31, 2021, approved and published on February 2, 2022, 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, 2021.

2.2 First-time adoption of accounting practice

As from January 1, 2022, according to BCB Normative Instruction No. 206/21, the Company adopted the new accounting practice regarding the presentation of third-party holdings in: Investment Funds in Credit Rights (FIDCs) and Investment Funds in Investment Fund Quotas (FICs). The shares of third parties, previously presented in current and non-current liabilities, began to be recorded directly in shareholders' equity, specifically under the heading of "shareholders other than Cielo". This change in accounting practice was recorded in accordance with technical pronouncement CPC No. 23 - Accounting Policies, Change of Estimation and Rectification of Errors and approved by CMN resolution No. 4,007/11. As a result of the application of this pronouncement, for comparability purposes, the Company also reflected this reclassification in the balance sheet for the quarters ended December 31, 2021 and 2020, as well as, in the balance sheet as of March 31, 2021, as follows:

	12/31//2021	03/31/2021	12/31/2020
Equity – Previously disclosed	12,985,858	12,639,035	12,605,712
Reclassification of non-controlling interests in FIDCs and FICs	<u>7,272,634</u>	<u>5,040,083</u>	<u>3,049,663</u>
Equity after adoption of IN BCB No. 206/21	20,258,492	17,679,118	15,655,375

2.3 Significant accounting judgments, estimates and assumptions

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

Cielo S.A.

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

3 Consolidated information

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

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

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

As at March 31, 2022, the Group is composed of the following companies:

Companies	Ownership interest (%)	
	03/31/2022	12/31/2021
Direct and indirect interest in Subsidiaries and funds:		
Servinet Serviços Ltda. ("Servinet")	99.99	99.99
Cateno Gestão de Contas de Pagamentos S.A. ("Cateno")	70.00	70.00
Cielo USA, Inc. ("Cielo USA")	100.00	100.00
Aliança Pagamentos e Participações Ltda. ("Aliança")	99.99	99.99
Fundo de Investimento em Direitos Creditórios Não-Padronizados Cielo ("FIDC")	100.00	100.00
Fundo de Investimento em Direitos Creditórios Cielo ("FIDC Plus")	89.92	88.48
Fundo de Investimento em Direitos Creditórios Cielo Emissores I ("FIDC Emissor")	11.32	10.63
Fundo de Investimento em Direitos Creditórios Cielo Emissores II ("FIDC Emissor II")	10.15	09.94
Fundo de Investimento em Direitos Creditórios Cielo Receba Mais ("FIDC Receba Mais")	-	56.82
Fundos de Investimento em Cotas de Fundo de Investimentos ("FICs")	100.00	100.00
Stelo S.A. ("Stelo")	100.00	100.00
Merchant e-Solutions, Inc. ("MerchantE")	100.00	100.00
Paggo Soluções e Meios de Pagamento S.A. ("Paggo")	50.00	50.00

4 Cash

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
In local currency	25,242	46,612	27,006	174,912
In foreign currency	559	22,565	596	175,192
Total	25,801	69,177	27,602	350,104

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

5 Financial instruments, including derivatives

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Assets:				
Cash equivalent financial instruments	415,225	1,755,535	1,745,057	4,990,099
Derivative financial instruments	-	34,815	-	34,815
Other financial instruments	167,948	194,842	1,739,420	485,678
Total	583,173	1,985,192	3,484,477	5,510,592
Total current	576,509	1,978,842	3,199,410	5,225,593
Total noncurrent	6,664	6,350	285,067	284,999
Liabilities:				
Derivative financial instruments	29,281	-	29,281	-
Total	29,281	-	29,281	-

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

(a) Cash equivalent financial instruments

As at March 31, 2022 and December 31, 2021, the balance of cash equivalent financial instruments comprises open market investments and marketable securities as follows:

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Open market investments	7,148	7,054	43,108	190,628
Marketable securities	408,077	1,748,481	1,701,949	4,799,471
Total	415,225	1,755,535	1,745,057	4,990,099

(a.1) Open market investments

As at March 31, 2022 and December 31, 2021, the Company's balances of open market investments are as follows:

	Parent Company		
	Maturity	Total	
	0 - 30	03/31/2022	12/31/2021
Open market investments			
Repurchase agreements	7,148	7,148	7,054
Total	7,148	7,148	7,054
	Consolidated		
	Maturity	Total	
	0 - 30	03/31/2022	12/31/2021
Open market investments			
Foreign currency investments	-	-	176,072
Repurchase agreements	43,108	43,108	14,556
Total	43,108	43,108	190,628

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

(a.2) Marketable securities

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

	Parent Company						
	03/31/2022				12/31/2021		
	Maturity		Total		Total		
	0 - 30	181 - 365	Market value	Cost	Market value	Cost	
Trading securities							
Private securities	407,386	691	408,077	406,699	1,748,481	1,745,938	
Investment fund shares	401,628	-	401,628	400,344	1,691,422	1,689,376	
Bank Deposit Certificate	5,758	691	6,449	6,355	57,059	56,562	
Total	407,386	691	408,077	406,699	1,748,481	1,745,938	
	Consolidated						
	03/31/2022				12/31/2021		
	Maturity			Total		Total	
	0 - 30	181 - 365	Above 365	Market value	Cost	Market value	Cost
Trading securities							
Private securities	1,690,374	1,968	9,607	1,701,949	1,700,568	4,799,471	4,796,653
Investment fund shares	1,684,616	-	-	1,684,616	1,683,329	4,690,595	4,688,276
Bank Deposit Certificate	5,758	691	-	6,449	6,355	57,059	56,562
Financial Bills	-	1,277	9,607	10,884	10,884	10,588	10,588
Others	-	-	-	-	-	41,229	41,227
Total	1,690,374	1,968	9,607	1,701,949	1,700,568	4,799,471	4,796,653

The market value of the financial instruments is determined according to the market price quotation available at the end of the reporting period. If there is no available market price quotation, the values are estimated based on quotations from dealers, pricing models, quotation models or quotations of prices for instruments with similar characteristics. In the case of investment funds, the updated cost reflects the market value of the respective shares. Even though securities have maturities of more than 90 days, investments are highly liquid and readily convertible into a known cash amount, without any restriction as to their settlement, and are used as part of the Company's cash management.

(b) Derivative financial instruments

According to the derivatives internal policy, the Company's finance result should arise from the generation of cash of its business instead of speculative gains in the financial market. Therefore, it considers that the use of derivatives should be only to hedge against any exposures that the Company may have arising from the risks to which it is exposed, with no speculative purposes. The criterion adopted to define the reference value of the derivative financial instruments is linked to the liability and/or asset values exposed to risks.

At March 31, 2022, the Company has "Non Deliverable Forward - NDF" instruments in the total notional amount of US\$ 67,807 thousand (US\$ 67,807 thousand as at December 31, 2021) with maturity dates according to the payment of the semiannual installments of interest and bullet principal falling due up to November 2022.

The method used by the Company to determine the market value consists in calculating the future value based on contractual conditions and determining the present value based on market curves.

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Notes to the individual and consolidated interim financial information

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

The fair value payable (liability) and receivable (asset) of the NDF instruments as at March 31, 2022 is R\$ 29,281 and R\$ 34,815, respectively, as at December 31, 2021.

(c) Other financial instruments

As at March 31, 2022 and December 31, 2021, the balance of other financial instruments comprises held-to-maturity securities as follows:

	Parent Company			
	03/31/2022			12/31/2021
	Maturity		Total	Total
	181 - 365	Above 365	Amortized cost	Amortized cost
Held-to-maturity securities				
Private securities	161,284	6,664	167,948	194,842
Fixed income securities abroad	161,284	-	161,284	188,492
Debentures	-	6,664	6,664	6,350
Total	161,284	6,664	167,948	194,842
	Consolidated			
	03/31/2022			12/31/2021
	Maturity		Total	Total
	181 - 365	Above 365	Amortized cost	Amortized cost
Held-to-maturity securities				
Public securities	-	90,442	90,442	88,328
National Treasury Bills	-	90,442	90,442	88,328
Private securities	1,463,961	185,017	1,648,978	397,350
Financial Bills	23,358	178,353	201,711	202,508
Fixed-income securities abroad	1,440,603	-	1,440,603	188,492
Debentures	-	6,664	6,664	6,350
Total	1,463,961	275,459	1,739,420	485,678

Fixed-income securities abroad - As a part of the structure of hedging the exchange variation of the “Bonds”, Cielo contracted financial investments in foreign currency with Banco do Brazil in New York and Bradesco S.A. - Grand Cayman Branch in the amount of US\$ 33,630 thousand at a yield rate of 3.15% p.a., and US\$ 260,000 thousand at a yield rate of 2.09% p.a., respectively, both falling due in November 2022. These investments, together with the NDFs and investments described in the previous item, hedge against the fluctuations arising from the exchange variation of the “Bonds”.

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.

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Notes to the individual and consolidated interim financial information

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

Funds

The Fundo de Investimento em Direitos Creditórios Não-Padronizados Cielo ("FIDC NP") started its activities on August 5, 2016 in the form of an open-ended condominium, exclusive and for an indeterminate period. From July 31, 2017 until the updating of the regulation on June 3, 2019, the fund did not operate new purchases of receivables, operating again with new purchases from that date.

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

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

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

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

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

All funds are governed by CMN Resolution No. 2,907/01, by CVM Rulings 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, 2022 is presented below:

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Notes to the individual and consolidated interim financial information

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

	03/31/2022			
	Number of shares	Total value of shares	Cielo's interest	Third parties' interest
FIDC NP	57,285	70,443	70,443	-
FIDC Plus	379,863,546	6,012,937	5,406,938	605,999
Senior	600,000	605,999	-	605,999
Subordinated	379,263,546	5,406,938	5,406,938	-
FIDC Emissor I	2,222,223	2,267,558	256,723	2,010,835
Senior	2,000,000	2,010,835	-	2,010,835
Subordinated	222,223	256,723	256,723	-
FIDC Emissor II	4,965,131	5,217,236	529,639	4,687,597
Senior	4,500,000	4,687,597	-	4,687,597
Subordinated	465,131	529,639	529,639	-
Total	387,108,185	13,568,174	6,263,743	7,304,431

	12/31/2021			
	Number of shares	Total value of shares	Cielo's interest	Third parties' interest
FIDC NP	57,285	29,339	29,339	-
FIDC Plus	346,278,618	5,370,187	4,751,723	618,464
Senior	600,000	618,464	-	618,464
Subordinated	345,678,618	4,751,723	4,751,723	-
FIDC Receba Mais	242,294	72,043	40,937	31,106
Senior	200,000	31,106	-	31,106
Subordinated	42,294	40,937	40,937	-
FIDC Emissor I	2,222,223	2,293,737	243,926	2,049,811
Senior	2,000,000	2,049,811	-	2,049,811
Subordinated	222,223	243,926	243,926	-
FIDC Emissor II	4,965,131	5,060,505	502,812	4,557,693
Senior	4,500,000	4,557,693	-	4,557,693
Subordinated	465,131	502,812	502,812	-
Total	353,765,551	12,825,811	5,568,737	7,257,074

The statements of financial position as at March 31, 2022 and December 31, 2021 are as follows:

	03/31/2022			12/31/2021		
	Assets	Liabilities	Equity	Assets	Liabilities	Equity
FIDC NP	70,713	270	70,443	29,487	148	29,339
FIDC Plus	6,014,851	1,914	6,012,937	5,371,989	1,802	5,370,187
FIDC Receba Mais	-	-	-	72,260	217	72,043
FIDC Emissor I	2,267,560	2	2,267,558	2,293,744	7	2,293,737
FIDC Emissor II	5,217,237	1	5,217,236	5,060,528	23	5,060,505
Total	13,570,361	2,187	13,568,174	12,828,008	2,197	12,825,811

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

The statements of profit or loss of the funds for the three-month period ended March 31, 2022 and 2021 are as follows:

	03/31/2022					Total
	FIDC NP	FIDC Plus	FIDC Receba Mais	FIDC Emissor I	FIDC Emissor II	
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)
Profit/(loss) for the quarter	(218)	195,597	703	69,427	156,731	422,240
Remuneration - Senior Share	-	16,872	318	56,630	129,903	203,723
Remuneration - Subordinated Share	(218)	178,725	385	12,797	26,828	218,517

	03/31/2021					Total
	FIDC NP	FIDC Plus	FIDC Receba Mais	FIDC Emissor I	FIDC Emissor II	
Income - Credit rights	1,995	97,641	-	-	-	99,636
FIDC Income - Card-issuing bank	-	-	-	3,679	-	3,679
Finance income	138	1,679	-	596	-	2,413
Finance costs	-	(384)	-	(49)	-	(433)
Other operating expenses	(2,435)	(248)	-	(38)	-	(2,721)
Profit/(loss) for the quarter	(302)	98,688	-	4,188	-	102,574
Remuneration - Senior Share	-	23,626	-	3,489	-	27,115
Remuneration - Subordinated Share	(302)	75,062	-	699	-	75,459

7 Operating receivables

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Receivables from card-issuing banks	80,347,753	78,865,744	80,347,883	79,088,367
Receivables from card-issuing banks (a)	80,347,753	78,792,703	80,347,883	78,793,460
Receivables from processed transactions, interchange and challenges by credit card holders	-	73,041	-	294,907
Other operating receivables	399,715	167,415	407,053	184,718
Income receivable from payment transactions	179,402	170,080	191,829	213,358
Allowance for doubtful debts (b)	(188,691)	(188,986)	(189,235)	(205,161)
Total	80,738,179	79,014,253	80,757,530	79,281,282
Current	80,707,766	78,995,704	80,727,071	79,252,205
Non-current	30,413	18,549	30,459	29,077
Total	80,738,179	79,014,253	80,757,530	79,281,282

- (a) Refer to amounts receivable from card-issuing banks for transactions with credit and debit cards carried out by card holders, already net of prepayments and assignments with issuing banks.
- (b) Refers to the allowance for expected losses and past-due amounts from transactions carried out with merchants, which are related to products and services provided by the Company, as well as collection of cancellations and chargebacks, as presented in note 25 - Risk management. This allowance is determined through the methodology of attributing ratings and allowance percentages, according to the range of late payment in operations.

8 Income tax, social contribution and other taxes

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

(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 quarters ended March 31, 2022 and 2021 is as follows:

	Parent Company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Profit before income tax and social contribution	182,961	304,690	363,102	360,728
Statutory rates - %	34%	34%	34%	34%
Income tax and social contribution at statutory rates	(62,207)	(103,595)	(123,455)	(122,648)
Tax benefit of interest on capital	22,147	28,951	22,147	28,951
Tax benefit of R&D	-	1,003	-	1,003
Share of profit (loss) of investees	42,930	9,674	-	231
Amortization of goodwill on acquisition of investment	-	(333)	-	(333)
Difference of income tax rate USA	-	-	(8,073)	(8,580)
Effect on permanent differences, net	(1,274)	872	(5,851)	5,778
Income tax and social contribution	1,596	(63,428)	(115,232)	(95,598)
Current	(55,132)	(22,845)	(176,421)	(73,202)
Deferred	56,728	(40,583)	61,189	(22,396)

(b) Deferred income tax and social contribution

Deferred income tax and social contribution arise from temporary differences caused mainly by temporarily non-deductible provisions, and are classified in noncurrent assets and noncurrent liabilities, according to the expected realization of the credit.

Deferred income tax and social contribution reflect future tax effects attributable to temporary differences between the tax base of assets and liabilities and the related carrying amounts. The reported amounts are reviewed monthly.

Breakdown of deferred income tax and social contribution – Assets

	Parent Company			03/31/2022
	12/31/2021	Additions	Disposals/ Reversals	
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
Total	924,523	86,382	(29,653)	981,252

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

	Consolidated			03/31/2022
	12/31/2021	Additions	Disposals/ Reversals	
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
Total	1,283,046	116,174	(84,011)	1,315,209

Realization of Tax Credit

The breakdown presents the technical result that supports the maintenance of the tax credits of Cielo S.A. and its subsidiaries, it is made by measuring and recognizing the current and deferred tax assets and liabilities.

The assumptions for setting up and maintaining the deferred asset take into consideration the history of taxable profits or income for IRPJ and CSLL purposes in at least three out of the five last fiscal years, as well as the expectation of generation of future taxable profits or income for IRPJ and CSLL purposes, based on the technical study that demonstrates the probability of realization of the deferred tax asset within no more than 10 years.

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

We present below the expected tax credit per year:

	Parent company	Consolidated
	03/31/2022	03/31/2022
2022	5,165	199,018
2023	169,081	187,672
2024	59,500	71,306
2025	94,365	106,622
2026	153,569	232,018
2027 to 2031	499,572	518,573
Total	981,252	1,315,209
Present value adjustment	(23,185)	(31,076)
Total net of present value adjustment	958,067	1,284,133

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

(c) Taxes payable

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Income tax and social contribution, net of prepayments	96,983	43,332	232,398	489,258
Contribution for Social Security Funding - Cofins	24,755	26,490	41,447	45,985
Tax on Services - ISS	4,786	4,926	13,973	14,856
Social Integration Program - PIS	5,170	5,555	8,760	9,762
Other taxes payable	16,353	15,352	23,079	22,538
Total	148,047	95,655	319,657	582,399

9 Investments

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
In subsidiaries, including joint ventures	7,674,216	7,596,638	-	-
Total	7,674,216	7,596,638	-	-

On January 7, 2021, after approvals from the Central Bank of Brazil and the CADE (Brazilian antitrust agency), all shares held in Companhia Brasileira de Gestão de Serviços ("Orizon"), which represent 40.95% of the share capital of Orizon, were sold to Bradseg Participações S.A. for R\$ 128,992. The effects of the transaction generated a gain of R\$ 6,359, which was recognized in line item "Other operating income/expenses".

On November 3, 2021, after approvals from the Central Bank of Brazil and the CADE (Brazilian antitrust agency), all shares held in Multidisplay Comércio e Serviços Tecnológicos S.A. ("Multidisplay") were sold for up to R\$ 185,000, of which R\$ 125,000 refers to a fixed installment paid on the closing date and a variable installment of up to R\$ 60,000, subject to the compliance with certain assumptions.

As mentioned in Note 1 - Operations, on February 18, 2022, there was the signing of the sale of all shares of Merchant E-Solutions, Inc. This transaction was classified as "Non-current assets held for sale", in accordance with BCB No. 5, of August 12, 2020.

On consolidation of the financial information, the accounting information of February 28, 2022 was used in the calculation of the investments as at March 31, 2022 for the direct subsidiaries Multidisplay and Cielo USA, as well as for the indirect subsidiaries M4 Produtos and MerchantE. Therefore, the share of profit (loss) of investees refers to the three-month period ended February 28, 2022.

The main activities of the subsidiaries and jointly-controlled subsidiaries are presented below:

- Servinet Serviços Ltda. ("Servinet") - Provision of maintenance and customer prospecting services.
- Cateno Gestão de Contas de Pagamento S.A. ("Cateno") – Management of payment accounts for Arranjo Ourocard.
- Cielo USA, Inc (Cielo USA) – Holding that is a vehicle for investment in the subsidiary MerchantE.

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- 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 softwares.

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

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Notes to the individual and consolidated interim financial information

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

	03/31/2022							03/31/2022		
	% Equity interest	Assets	Liabilities	Equity	Revenues	Gross profit (loss)	Operating profit (loss) before finance income (costs)	Profit (loss)	Share of profit (loss) of investees for the quarter	Investments
Subsidiaries:										
Servinet	99.99	127,774	74,732	53,042	103,198	102,292	6,102	4,393	4,393	53,037
Cielo USA (b)	100.00	1,755,452	1,939,492	(184,040)	-	(36,483)	(41,709)	(53,623)	(53,623)	-
Cateno	70.00	11,120,911	738,460	10,382,451	867,237	331,149	289,548	211,044	147,731	7,267,716
Stelo	21.36	476,316	121,762	354,554	51,087	38,238	35,747	27,659	5,908	75,742
Aliança	99.99	285,018	7,297	277,721	2,623	2,663	21,903	21,855	21,855	277,721
Subtotal									126,264	7,674,216
Joint ventures:										
Paggo (b)	50.00	-	340	(340)	-	-	-	-	-	-
Subtotal									-	-
Total Parent Company									126,264	7,674,216

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Notes to the individual and consolidated interim financial information

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

	12/31/2021				03/31/2021				03/31/2021	12/31/2021
	% Equity interest	Assets	Liabilities	Equity	Revenues	Gross profit (loss)	Operating profit (loss) before finance income (costs)	Profit (loss)	Share of profit (loss) of investees for the quarter	Investments
Subsidiaries:										
Servinet	99.99	156,793	108,144	48,649	79,235	77,509	4,398	2,649	2,649	48,644
Multidisplay (a)	100.00	-	-	-	296,819	15,354	9,198	6,697	6,697	-
Cielo USA (b)	100.00	566,512	2,232,025	(1,665,513)	-	(44,604)	(45,572)	(51,031)	(51,031)	-
Cateno	70.00	11,336,076	1,018,512	10,317,564	679,709	208,372	115,500	79,562	55,693	7,222,295
Stelo	21.36	488,495	161,599	326,896	50,519	26,914	16,494	13,665	2,919	69,833
Aliança	99.99	263,821	7,955	255,866	2,496	2,534	10,885	10,846	10,846	255,866
Subtotal									27,773	7,596,638
Orizon (c)	40.95	-	-	-	12,367	3,654	200	1,816	744	-
Paggo (b)	50.00	-	340	(340)	-	-	(130)	(130)	(65)	-
Subtotal									679	-
Total Parent Company									28,452	7,596,638
Indirect subsidiaries:										
M4Produtos	100.00	-	-	-	27,994	16,771	1,385	1,963		
MerchantE	100.00	789,520	438,002	351,518	557,411	94,311	270	(969)		

- (a) The investment held by Cielo includes adjustment to the equity of subsidiary Multidisplay due to the special goodwill reserve generated in the corporate restructuring process in which Servrede was merged into its then subsidiary Multidisplay.
- (b) As at March 31, 2022 and December 31, 2021, Cielo USA and Paggo had negative equity, for this reason the investment amount was classified as "Provision for obligations with investees".
- (c) The amount of R\$5,880 is not reflected in the investment because it refers to the unrealized gain on capital contribution with goodwill initially reflected in CBGS Ltda. and transferred to indirect subsidiary CBGS as a result of the merger. In November 2009, CBGS was merged into its then subsidiary Orizon.

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Changes in investments for the quarters ended March 31, 2022 and 2021 are as follows:

	<u>Parent Company</u>	<u>Consolidated</u>
Investment at December 31, 2020	7,753,343	121,890
Provision for obligations with investees (*)	51,071	39
Dividends received:		
Multidisplay	(6,278)	-
Cateno	(38,804)	-
Sale of interest - Orizon	(122,608)	(122,608)
Amortization of goodwill	(979)	-
Share of profit (loss) of investees	28,452	679
Investment at March 31, 2021	7,664,197	-
Investment at December 31, 2021	7,596,638	-
Provision for obligations with investees (*)	53,623	-
Dividends received:		
Cateno	(102,309)	-
Share of profit (loss) of investees	126,264	-
Investment at March 31, 2022	7,674,216	-

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

10 Property and equipment

	Annual depreciation rate- %	<u>Parent Company</u>			
		<u>03/31/2022</u>		<u>12/31/2021</u>	
		Cost	Accumulated depreciation	Net	Net
POS equipment	20	1,793,320	(1,003,913)	789,407	791,128
Data processing equipment	20	229,394	(138,344)	91,050	98,576
Machinery and equipment	10 - 20	21,065	(19,624)	1,441	1,680
Facilities	10	32,916	(13,813)	19,103	19,646
Furniture and fixtures	10	5,105	(2,217)	2,888	2,933
Vehicles	20	1,424	(702)	722	793
Total		2,083,224	(1,178,613)	904,611	914,756

	Annual depreciation rate- %	<u>Consolidated</u>			
		<u>03/31/2022</u>		<u>12/31/2021</u>	
		Cost	Accumulated depreciation	Net	Net
POS equipment	20	1,793,320	(1,003,913)	789,407	791,375
Data processing equipment	20	237,418	(143,906)	93,512	104,780
Machinery and equipment	10 - 20	25,734	(23,842)	1,892	33,096
Facilities	10	73,209	(38,565)	34,644	36,008
Furniture and fixtures	10	10,146	(5,289)	4,857	5,099
Vehicles	20	1,423	(702)	721	793
Total		2,141,250	(1,216,217)	925,033	971,151

Changes in property and equipment for the quarters ended March 31, 2022 and 2021 are as follows:

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

	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
Total	914,756	82,604	(12,154)	(80,595)	904,611

	Parent Company				
	12/31/2020	Additions	Disposals/ Estimated losses	Depreciation	03/31/2021
POS equipment	793,100	101,222	(33,088)	(62,579)	798,655
Data processing equipment	104,229	4,174	-	(6,850)	101,553
Machinery and equipment	2,717	-	-	(264)	2,453
Facilities	23,674	-	(12,959)	(983)	9,732
Furniture and fixtures	4,898	-	(3,000)	(206)	1,692
Vehicles	1,262	-	-	(84)	1,178
Total	929,880	105,396	(49,047)	(70,966)	915,263

	Consolidated						
	12/31/2021	Additions	Disposals/ Estimated losses	Depreciation	Exchange difference	Asset held for sale (a)	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
Total	971,151	83,659	(12,999)	(84,256)	(5,018)	(27,504)	925,033

	Consolidated						
	12/31/2020	Additions	Transfers	Disposals/ Estimated losses	Depreciation	Exchange difference	03/31/2021
POS equipment	793,371	101,299	-	(33,089)	(62,644)	14	798,951
Data processing equipment	115,266	5,185	220	-	(8,423)	622	112,870
Machinery and equipment	19,652	13,378	(220)	-	(439)	1,907	34,278
Facilities	48,323	208	-	(12,959)	(2,191)	-	33,381
Furniture and fixtures	8,846	19	-	(3,015)	(377)	-	5,473
Vehicles	1,298	-	-	-	(87)	-	1,211
Total	986,756	120,089	-	(49,063)	(74,161)	2,543	986,164

(a) As mentioned in Note 1 – Operations, the amounts refer to the classification of the indirect interest of Cielo in MerchantE as non-current assets held for sale.

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As at March 31, 2022 and December 31, 2021, the property and equipment balance includes estimated losses on POS equipment in the amounts of R\$ 63,889 e R\$ 60,847, respectively.

11 Intangible assets

The breakdown of intangible assets is as shown below:

	Annual amortization rate - %	Parent Company			
		03/31/2022		12/31/2021	
		Cost	Accumulated amortization	Net	Net
Software	20	1,310,329	(807,365)	502,964	502,150
Relationship with customers	20	113,581	(113,581)	-	-
Total		1,423,910	(920,946)	502,964	502,150

	Annual amortization rate - %	Consolidated			
		03/31/2022		12/31/2021	
		Cost	Accumulated amortization	Net	Net
Right to use Ourocard Payment-Arrangement (a)	3.33	11,572,000	(2,732,278)	8,839,722	8,936,156
Software (b)	6.66 - 20	1,919,950	(1,301,140)	618,810	691,523
Relationship with customers (c)	4 - 20	1,188,672	(1,151,056)	37,616	71,565
Project development	20	8,325	(5,969)	2,356	34,268
Service agreements	8 - 20	971	-	971	971
Trademarks	10	74	-	74	74
Total		14,689,992	(5,190,443)	9,499,549	9,734,557

- (a) **Right to Use Ourocard Payment Arrangement** - Under the scope of the association agreement between the Company and BB Elo Cartões, a wholly-owned subsidiary of Banco do Brasil, in February 2015 Cateno was granted rights over post-paid payment accounts management activities under the Ourocard Payment Arrangement, rights over the management of the purchase functionalities through debit under the Ourocard Payment Arrangement, and participation in the Ourocard Payment Arrangement as a Payment Institution. By means of an Economic and Financial Appraisal Report issued by an independent auditing firm and prepared based on a future profitability method using the discounted cash flow, the rights under the above-described Ourocard Payment Arrangement were valued at R\$11,572,000 with a 30-year useful life. The intangible assets are amortized under the straight-line method at a rate of 3.33% per year. The useful life and amortization method are reviewed annually.
- (b) **Software** - refers to software licenses acquired from third parties and used to provide services relating to information processing and business transactions with customers. Additionally, in 2012, when 100% of MerchantE's capital stock was acquired, the fair value adjustment of the software platform was recognized in Cielo USA in the amount of R\$223,300 (equivalent to US\$110,000). The independent appraisal firm engaged to issue the appraisal report measured the software platform's fair value using the average of the values obtained from applying the Relief-from-Royalty (at a 16% royalty fee) and Cost Approach - Third-party Cost Estimates methodologies. The useful life defined for this software platform is 12 years.
- (c) **Relationship with customers:**
- **Braspag** - The main component of intangible assets is the customers portfolio, which was appraised using the "Income Approach" methodology, considering the balance of active customers and the respective churn rate, using estimated useful life of 120 months.
 - **MerchantE** - MerchantE customers portfolio was classified in three main groups: "e-commerce", "bank customer" and "B2B/Others". Each portfolio was assessed separately using the "Excess Earnings" methodology, considering their specific and individual characteristics. As discount rate, 10% per year was used for "e-commerce" and "bank customer" portfolios, and 11% for "B2B/Others". The estimated useful life was based on the years in which each portfolio reaches approximately 80% to 90% of the accumulated amount of the discounted cash flow. An interval between the lowest and the highest values

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obtained was adopted.

- **Subsidy on Sale of Transaction Capture Solutions** - Corresponds to the subsidy paid by the Company and its subsidiary (Stelo) on sale of POS equipment to merchants and represents expected future profitability with customers, after the sale of said equipment, being recognized along the estimated average useful life of 15 months.

Changes in intangible assets for the quarters ended March 31, 2022 and 2021 are as follows:

	Parent Company				
	12/31/2021	Additions	(Disposals)	Amortizations	03/31/2022
Software	502,150	44,232	(1,671)	(41,747)	502,964
Relationship with customers	-	-	-	-	-
Total	502,150	44,232	(1,671)	(41,747)	502,964

	Parent Company				
	12/31/2020	Additions	(Disposals)	Amortizations	03/31/2021
Software	572,374	52,815	(77,835)	(40,650)	506,704
Relationship with customers	24,033	655	-	(12,923)	11,765
Total	596,407	53,470	(77,835)	(53,573)	518,469

	Consolidated						
	12/31/2021	Additions	(Disposals)/	Amortizations	Exchange differences	Asset held for sale (a)	03/31/2022
Right to 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
Total	9,734,557	47,028	(1,670)	(180,903)	(39,673)	(59,790)	9,499,549

	Consolidated						
	12/31/2020	Additions	Transfers	(Disposals)	Amortizations	Exchange differences	03/31/2021
Right to use Ourocard Payment-Arrangement	9,321,889	-	-	-	(96,433)	-	9,225,456
Software	828,454	61,552	23,838	(77,835)	(71,323)	28,738	793,424
Relationship with customers	194,327	799	-	-	(43,799)	8,571	159,898
Project development	66,880	13,219	(23,838)	(10,374)	(906)	141	45,122
Non-compete agreement	175	-	-	-	-	-	175
Service agreements	996	-	-	-	-	-	996
Trademarks	74	-	-	-	-	-	74
Total	10,412,795	75,570	-	(88,209)	(212,461)	37,450	10,225,145

(a) As mentioned in Note 1 – Operations, the amounts refer to the classification of the indirect interest of Cielo in MerchantE as non-current assets held for sale.

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In March 2021, the disposal of the NewElo platform was recognized due to the definitive sale to Elo Serviços S.A. of all rights related to the processing platform and the transactions authorizer developed by Cielo for the Elo brand.

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

12 Borrowings

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Private debentures (a)	3,369,456	3,422,466	3,369,456	3,422,466
Long-term financing - "ten-year bonds" (b)	466,540	544,394	2,404,372	2,805,052
Financing of R&D	61,971	67,586	61,971	67,586
Total	3,897,967	4,034,446	5,835,799	6,295,104
Current	521,303	652,144	2,459,135	2,912,802
Noncurrent	3,376,664	3,382,302	3,376,664	3,382,302
Total	3,897,967	4,034,446	5,835,799	6,295,104

(a) Private debentures

On February 27, 2015, the Company conducted the first, second and third issuances of simple debentures, in a single series, unsecured, nonconvertible and for private distribution. The three issuances totaled R\$3,459,449 with maturity date on December 30, 2023. The private debentures' yield includes interest based on the cumulative percentage change between 100.00% and 111.00% of the average daily interest rate of the Interbank Deposit ("DI"), as applicable, as shown in the table below:

	Principal	Remuneration
1st issuance	2,359,449	111% of DI
2nd issuance	700,000	100% of DI until 3/31/2015 and 111% of DI after 3/31/2015
3rd issuance	400,000	100% of DI from the payment date to the day of removal from office of the "Transition Committee", or until the end of the nine-year period counted from the base date to be defined in the amendment to the Debenture Indenture. In case of any of the events, interest will be based on 111% of DI.

Interest is paid on a semiannual basis from the issuance date, except for the last accrual period that will be shorter as it will start on August 27, 2023, and will end with payment on the maturity date together with the principal amount. Exceptionally on March 27, 2015, the principal amount of R\$122,324 related to the 1st issuance of private debentures was partially paid, remaining a balance payable of R\$2,237,125. There are no covenants imposing financial restrictions related to the financial transaction of issuance of Private Debentures.

(b) Long-term financing - Ten-year bonds

In November 2012, the Company and its subsidiary Cielo USA completed a financial transaction whereby bonds were issued in the total amount of US\$875 million, of which US\$470 million were issued by the Company and US\$405 million were issued by subsidiary Cielo USA. The amount raised was used to pay the acquisition of control of MerchantE. The financing obtained is subject to an interest rate of 3.75% per year. Interest is paid on a semiannual basis and principal will be paid in November 2022. The costs directly associated with the issuance of these bonds (banks, auditors and lawyers) were recognized in liabilities and are allocated to profit or loss over the term of the agreement, using the amortized cost method. There are no covenants imposing financial restrictions related to the financial transaction of issuance of bonds.

In June 2019, there was the partial repurchase of the Bonds, related to the portion issued by the Company in the amount of US\$ 372.9 million, with the remaining debt balance of US\$ 97.1 million in the Parent Company and US\$ 405 million in Cielo USA.

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Changes in borrowings for the quarters ended March 31, 2022 and 2021 are as follows:

	Parent Company	Consolidated
Balance as at December 31, 2020	6,942,036	8,944,612
Payment of principal	(5,639)	(5,639)
Exchange differences (principal and interest)	48,976	251,690
Accrued interest and charges	38,715	60,328
Interest paid	(35,215)	(35,215)
Debt issuance costs incurred	(5,181)	(5,181)
Amortization of debt issuance costs	9,889	9,889
Balance at March 31, 2021	6,993,581	9,220,484
Balance as at December 31, 2021	4,034,446	6,295,104
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
Balance as at March 31, 2022	3,897,967	5,835,799

Breakdown of borrowings recorded in long-term liabilities

Borrowings classified as noncurrent as at March 31, 2022 and December 31, 2021 by maturity date are broken down as follows:

Year of maturity	03/31/2022	12/31/2021
	Parent Company and Consolidated	Parent Company and Consolidated
2023	3,354,040	3,359,678
2024	22,556	22,556
Total borrowings	3,376,596	3,382,234
Debt issuance costs	68	68
Total	3,376,664	3,382,302

13 Other payables - Others - Payables to merchants

As at March 31, 2022, the balance of Payables to merchants is R\$ 68,820,157 and R\$ 68,910,743 in the Parent and Consolidated, respectively (R\$ 69,138,706 and R\$ 69,530,057 as at December 31, 2021). The balance refers to amounts for transactions related to sale of products and services using credit and debit cards payable to merchants, Company customers, net of compensation for the services rendered by Cielo and card-issuing banks.

In addition to the services of payments of the amounts transacted in credit and debit cards to merchants, the Company also guarantees accredited merchants that they will receive the amounts from credit card transactions. Based on the immaterial amount of the Company's history of losses due to default from card-issuing banks and the current credit risks of these institutions, the

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Company estimates that the fair value of the guarantees provided to merchants is not material and, therefore, is not recognized as a liability.

14 Provisions, contingent assets and contingent liabilities

Provision for tax, civil and labor risks

The Company and its subsidiaries are parties to lawsuits and administrative proceedings before courts and government agencies, arising in the normal course of business and involving tax, civil and labor and other matters.

The Company and its subsidiaries, based on information from their legal counsel, on the analysis of pending lawsuits and past experience on the amounts claimed in tax, civil and labor lawsuits, recognized a provision in an amount considered sufficient to cover probable future cash disbursements on pending lawsuits in the quarters ended March 31, 2022 and 2021, as follows:

	Parent Company					
	12/31/2021	Additions	Write-offs/ reversals	Monetary adjustment	Payments	03/31/2022
Tax (a)	1,872,457	46,226	(3,771)	7,096	-	1,922,008
Labor (b)	59,158	292	(223)	1,844	(686)	60,385
Civil (c)	54,268	8,672	(3,074)	2,562	(4,927)	57,501
Total	1,985,883	55,190	(7,068)	11,502	(5,613)	2,039,894
	12/31/2020	Additions	Write-offs/ reversals	Monetary adjustment	Payments	12/31/2021
Total	1,819,580	43,772	(6,064)	4,866	(6,827)	1,855,327
	Consolidated					
	12/31/2021	Additions	Write-offs/ reversals	Monetary adjustment	Payments	03/31/2022
Tax (a)	2,033,488	76,414	(3,772)	7,870	-	2,114,000
Labor (b)	69,439	760	(243)	2,112	(691)	71,377
Civil (c)	55,564	9,142	(3,157)	2,834	(5,037)	59,346
Total	2,158,491	86,316	(7,172)	12,816	(5,728)	2,244,723
	12/31/2020	Additions	Write-offs/ reversals	Monetary adjustment	Payments	12/31/2021
Total	1,838,719	44,572	(10,427)	5,140	(6,903)	1,871,101

The additions refer basically to the complement of the provision for tax risks in the quarters ended March 31, 2022 and 2021, recorded with a matching entry in line items "Tax on services" and "Other operating expenses, net", and to the complement of the provision for civil and labor risks, represented by new lawsuits and by changes in the assessment of the likelihood of loss on the lawsuits made by the legal counsel, which were recorded with a matching entry in "Other operating expenses, net" in the statements of profit or loss.

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

Escrow deposits

In the quarters ended March 31, 2022 and 2021, the Company and its subsidiaries have escrow deposits related to the provision for tax, labor and civil risks, broken down as follows:

	Parent Company			
	12/31/2021	Additions	Write-offs	03/31/2022
Tax (a)	1,553,676	-	-	1,553,676
Labor (b)	11,200	750	(72)	11,878
Civil (c)	9,000	1,763	-	10,763
Total	1,573,876	2,513	(72)	1,576,317
	12/31/2019	Additions	Write-offs	12/31/2021
Total	1,586,406	1,110	(2,012)	1,575,504
	Consolidated			
	12/31/2021	Additions	Write-offs	03/31/2022
Tax (a)	1,554,819	-	-	1,554,819
Labor (b)	12,824	854	(72)	13,606
Civil (c)	9,000	1,763	-	10,763
Total	1,576,643	2,617	(72)	1,579,188
	12/31/2020	Additions	Write-offs	12/31/2021
Total	1,578,987	1,129	(2,015)	1,578,101

(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. In May 2017, after the judgment of Extraordinary Appeal No. 570,122/RS - with general repercussion recognized in relation to the matter raised and outcome unfavorable to the taxpayers -, the Company decided to stop making escrow deposits, starting to pay the taxes. The writ of mandamus remains awaiting a decision at a higher court for a final settlement of the dispute. As at March 31, 2022 and 2021, the amount of the provision for risks recognized and the amount of the escrow deposit are both R\$ 1,517,142.
- **ISS** - As a result of the amendments introduced by Supplementary Law No. 157/16 regarding the place of payment of the Tax on Services ("ISS") and subsequently suspended by force of an injunction granted by the Federal Supreme Court ("STF"),

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the Company recognized a provision for risks for the amount allegedly due to the other municipalities of the Federation during the period the Law was in effect. As at March 31, 2022, the amounts of the provision for risks are R\$ 197,544 in the Parent Company and R\$ 387,365 in the Consolidated (R\$ 157,925 in the Parent Company and R\$ 316,971 in the Consolidated as at December 31, 2021).

Based on the opinion of their legal counsel, the Management of the Company and its subsidiaries estimates that the actual disbursement of provisions for tax risks will occur in up to 5 years and understands that the development of the lawsuits will depend on external factors not under the control of the Company and its subsidiaries.

(b) Labor lawsuits

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

The likelihood of loss on labor lawsuits is assessed depending on the content of the claim, the evidence provided and the history of loss on similar lawsuits. The Company and its subsidiaries periodically assess the effectiveness of the provision recognized based on the lawsuits settled.

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

Based on the opinion of their legal counsel, the Management of the Company and its subsidiaries estimates that the actual disbursement of 54.58% of the mentioned provisions will occur within 5 years, and 45.42% within 10 years, and understands that the development of the lawsuits will depend on external factors not under the control of the Company.

(c) Civil lawsuits

Refer basically to collection of transactions made through the Company's system that were passed on to merchants in view of noncompliance with clauses of the accreditation contract, and compensation for losses caused by transactions not passed on at that time.

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

Additionally, as at December 31, 2021, the Company is a party to public civil lawsuits and civil inquiries, most of them filed by the Public Prosecutor's Office or associations, whose intention is to defend collective interests (such as consumers' rights and labor rights). Court decisions may grant rights to groups of people (even without their consent), In many situations, the group's decision on availing a favorable outcome will only be made after the final decision.

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Contingent liabilities classified as possible losses

Additionally, as at March 31, 2022 and December 31, 2021, the Company and its subsidiaries are also parties to tax, civil and labor lawsuits assessed by their legal counsel as possible likelihood of losses, for which no provision was recognized, as follows:

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Tax	773,727	708,594	780,452	714,971
Civil	398,122	359,717	404,529	365,908
Labor	72,263	68,533	114,481	103,919
Total	1,244,112	1,136,844	1,299,462	1,184,798

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

Social Security Contribution - In February 2020 and December 2021, the Company received tax assessment notices requiring the payment of social security contribution on amounts distributed in 2015 and 2017 as employee profit sharing and stock options, in the monetarily adjusted amounts of R\$ 67,115 and R\$ 54,672, respectively. Based on the opinion of the Company's legal counsel, the risk of loss was classified as possible for both cases.

- **IRPJ/CSLL** - In December 2020, a tax assessment notice was issued against the Company, requiring the payment of IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income) on the amounts allegedly excluded improperly, as interest on capital, from the calculation of taxable profit between the years 2015 and 2016, in the monetarily adjusted amount of R\$ 498,417. Based on the opinion of the Company's legal counsel, the risk of loss was classified as possible.
- **PIS/COFINS** - In December 2018, a tax assessment notice was issued against the Company, requiring the payment of PIS and COFINS (taxes on revenue) at the rate of 9.25% on revenues from the purchase of receivables ("ARV"), related to the calendar years 2014 and 2015, in the monetarily adjusted amount of R\$ 735,893. Based on the opinion of the Company's legal counsel, the risk of loss was classified as remote.

15 Equity

(a) Issued capital

Capital as at March 31, 2022 is R\$5,700,000 (December 31, 2021 is R\$5,700,000) represented by 2,716,815,061 common shares, all of them subscribed and paid in. As mentioned in note 16, the number of shares net of treasury shares as at March 31, 2022 is 2,703,697,634 (2,701,857,763 shares as at December 31, 2021).

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The Company's capital can be increased by up to 2,400,000,000 additional common shares, regardless of any amendments to bylaws, at the discretion of the Board of Directors, which has the power to establish the share issue price, the terms and conditions for subscription and payment of shares up to the 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, 2022 is R\$ 71,437 (R\$ 77,030 as at December 31, 2021).

(c) Treasury shares

At the meeting held on March 25, 2021, the Board of Directors approved the new share repurchase program ("Program"), through which the Company was authorized to acquire up to 7,032,041 common shares, with no par value, of its issue, effective from April 6, 2021 to April 12, 2022, as detailed in the Communication on Trading of Shares of Own Issue, prepared as Attachment 30-XXXVI of CVM Instruction No. 480 disclosed on this date.

Changes in treasury shares are as follows:

	Shares	Amount	Average cost R\$ per share
Balance as at December 31, 2021	(14,957,298)	(98,578)	6.59
Exercise of Restricted Shares			
January	324,868	2,141	6.59
February	18,478	122	6.59
March	1,496,525	9,863	6.59
Balance as at March 31, 2022	(13,117,427)	(86,452)	6.59

(d) Earnings reserve - legal

It is set up on the basis of 5% of the profit calculated at the end of the period, pursuant to article 193 of Law No. 6,404/76, up to the limit of 20% of the share capital. The balance of the legal reserve as at March 31, 2022 is R\$ 1,140,000 (R\$ 1,140,000 as at December 31, 2021), the constitution limit of 20% was reached in October 2020.

(e) Earnings reserve - capital budget

The capital budget will be used to strengthen the Company's working capital, allowing more robustness and financial stability with a view to (a) enabling the growth projected for the fiscal year 2022 of the volume paid in advance, in up to two business days, to Cielo's merchant customers, arising from cash and installment credit card transactions captured by the Company; and (b) repurchase of shares issued by the Company, under the terms and up to the limit permitted by CVM Instruction No. 567. The capital budget reserve totals R\$ 3,522,408 as at March 31, 2022 (R\$ 3,402,989 as at December 31, 2021).

The Financial Statements for the year ended December 31, 2021 and the respective capital budget

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proposal for 2022 will be analyzed by the Company's shareholders at the Ordinary General Meeting ("OGM") to be held on April 27, 2022.

(f) Dividends and interest on capital

Under the Company's bylaws, shareholders are entitled to a mandatory minimum dividend of 30% of the profits earned (after the recognition of the legal reserve) at the end of each financial year.

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

At the meeting held on April 26, 2021 the Company's Board of Directors approved the payment of interest on capital for the first quarter of 2021 in the amount of R\$ 85,151. The payment was made on May 13, 2021. The earnings approved and paid in 2021 were countersigned at the Ordinary General Meeting held on April 23, 2021.

Additionally, at the Board of Directors' meeting held on April 29, 2022, the payment of interest on capital for the first quarter of 2022 in the amount of R\$ 65,138 was approved, subject to ratification at the Ordinary General Meeting. The payment will be made on May 24, 2022.

(g) Other comprehensive income

This balance refers to cumulative adjustments for translation into foreign currency of foreign investments and post-employment benefits, which are reclassified to profit or loss upon the actual realization of the balances. The balances below reflect cumulative translation adjustments at the end of the reporting period, as follows:

	<u>Parent company and consolidated</u>	
	<u>03/31/2022</u>	<u>12/31/2021</u>
Exchange differences on foreign investments	(175,002)	(328,837)
Post-employment benefits, net	<u>(2,015)</u>	<u>(2,015)</u>
Total	<u>(177,017)</u>	<u>(330,852)</u>

(h) Regulatory capital

Central Bank of Brasil Circular Letter No. 3,681/13 requires accrediting payment institutions to maintain permanently equity adjusted by profit or loss accounts in an amount corresponding to at least 2% of the average monthly amount of the payment transactions processed by the institution in the last twelve months.

As at March 31, 2022, the Company maintains the required minimum regulatory capital.

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16 Earnings per share

(a) Change in the number of common shares

Shares issued

Shares at December 31, 2021	2,701,857,763
Exercise of restricted shares:	
January	324,868
February	18,478
March	1,496,525
Total	<u>2,703,697,634</u>

(b) Earnings per share

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

Basic earnings per share

	Parent Company and Consolidated	
	1st quarter/22	1st quarter/21
Profit for the period available for common shares	184,557	241,262
Weighted average number of outstanding common shares (in thousands)	<u>2,700,241</u>	<u>2,706,518</u>
Earnings per share (in R\$) – basic	<u>0.06835</u>	<u>0.08914</u>

Diluted earnings per share

	Parent Company and Consolidated	
	1st quarter/22	1st quarter/21
Profit for the period available for common shares	184,557	241,262
Diluted denominator:		
Weighted average number of outstanding common shares (in thousands)	2,700,241	2,706,518
Potential increase in common shares as a result of the stock option plan	21,351	12,497
Total (in thousands)	<u>2,721,592</u>	<u>2,719,015</u>
Earnings per share (in R\$) – diluted	<u>0.06781</u>	<u>0.08873</u>

17 Net operating revenue

	Parent Company		Consolidated	
	1st quarter/22	1st quarter/21	1st quarter/22	1st quarter/21
Gross operating revenue	1,522,595	1,334,335	3,117,664	3,045,368
Taxes on services	<u>(188,922)</u>	<u>(165,101)</u>	<u>(355,470)</u>	<u>(322,801)</u>
Total	<u>1,333,673</u>	<u>1,169,234</u>	<u>2,762,194</u>	<u>2,722,567</u>

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The gross operating revenue is derived from the capture, transmission, processing and financial settlement of the transactions made with credit and debit cards, management of payment accounts related to the Ourocard Payment Arrangement, rental of POS equipment, and provision of services in data transmission to load fixed or mobile phone credits.

18 Expenses by nature

The Company elected to present the consolidated statement of profit or loss classified by function.

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

	Parent Company		Consolidated	
	1 st quarter/22	1 st quarter/21	1 st quarter/22	1 st quarter/21
Personnel expenses	(153,460)	(133,600)	(312,090)	(284,191)
Depreciation and amortization	(122,342)	(125,518)	(265,159)	(287,601)
Professional services	(182,597)	(156,434)	(61,154)	(59,307)
Acquiring costs (a)	(666,505)	(594,398)	(1,582,590)	(1,436,250)
Affiliation of customers (b)	(52,270)	(65,923)	(96,136)	(103,237)
Cost of mobile phone credits in subsidiary	-	-	-	(280,020)
Others, net	5,493	134,749	1,208	53,245
Total	(1,171,681)	(941,124)	(2,315,921)	(2,397,361)
Classified as:				
Cost of services provided	(815,582)	(751,229)	(1,848,346)	(2,030,215)
Personnel expenses	(101,979)	(80,330)	(246,229)	(208,813)
General and administrative expenses	(194,441)	(155,175)	(101,340)	(89,430)
Sales and marketing	(21,694)	(23,883)	(65,560)	(61,199)
Other operating expenses, net	(37,985)	69,493	(54,446)	(7,704)
Total	(1,171,681)	(941,124)	(2,315,921)	(2,397,361)

- (a) Acquiring costs are mainly represented by expenses on logistics and maintenance of POS equipment, supplies to merchants, accreditation and customer service, telecommunication services, and capture and processing of transactions.
- (b) Expenses with sales, marketing and affiliation of customers include brand development campaigns, advertising and publicity, endomarketing commercial actions for new customer accreditations, and customer affiliation and accreditation services.

We present below the other operating expenses, net:

	Parent Company		Consolidated	
	1 st quarter/22	1 st quarter/21	1 st quarter/22	1 st quarter/21
Allowance for doubtful debts, chargeback and fraud (a)	(15,428)	(40,291)	(37,485)	(92,643)
Provision for risks, net	(13,513)	(12,017)	(15,999)	(13,958)
Write-offs/provision (reversals) for losses on property and equipment	(12,791)	(22,075)	(13,604)	(22,075)
Others (b)	3,747	143,876	12,642	120,972
Total	(37,985)	69,493	(54,446)	(7,704)

(a) Losses on fraud arising from sales amounts questioned by card users and which have already been settled to merchants, and customers chargeback. At the quarter ended March 31, 2022, the balance of the provision for loss on doubtful debts added as a result of the impacts estimated with the implementation of the new Register of Receivables system is R\$ 35,100.

(b) The first quarter of 2021 recorded non-recurring net gains generated by: the assignment of

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processing platforms and transactions authorizer for the Elo Brand in the amount of R\$ 101.1 million, reversal of the residual balance of legacy provisions referring to the NewELO project of R\$ 70.0 million, and gain on the sale of interest in Orizon of R\$ 6.4 million; provision for organizational restructuring, started in March 2021, in the amount of R\$ 31.6 million.

19 Commitments

The Company and its subsidiaries are primarily engaged in the capture, transmission, processing and financial settlement of transactions using credit and debit cards.

In order to conduct said activities, the Company and its subsidiaries entered into the following agreements:

(a) Lease agreements

As at March 31, 2022, future annual payments under lease agreements in effect are as follows:

Up to 1 year	8,488
1 year to 5 years	27,075
Above 5 years	9,899
Total	45,462

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

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

As at March 31, 2022, based on contracts in effect, the minimum commitments with suppliers of technology, telecommunications, logistics services, call center, back office and telesales are as follows:

Up to 1 year	403,577
1 year to 5 years	330,634
Above 5 years	7,194
Total	741,405

The call center and transaction capture and processing contracts, as well as the telecom and back office contracts, do not provide for penalty for termination.

20 Employee benefits

	<u>1st quarter/22</u>	<u>1st quarter/21</u>
Supplementary Pension Plan (a)	2,341	2,655
Other benefits (b)	34,890	22,348
Total	37,231	25,003

(a) Monthly contribution to the defined contribution pension plan ("PGBL") for the employees, recognized in line items "Cost of services provided" and "Personnel expenses".

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- (b) They relate to health insurance, dental assistance, life and personal accident insurance and professional training. Furthermore, the Company has a Corporate Education Program that includes development actions for its employees. The costs related to the actions described are recognized in profit or loss in line items "Cost of services provided" and "Personnel expenses".

Post-employment benefits

The Company and its subsidiary Servinet have an actuarial liability arising from post-employment benefits, relating to estimated expenses on healthcare plan, the amount provisioned for these expenses as at March 31, 2022 is R\$ 15,383 (R\$15,041 as at December 31, 2021).

The rates used in the year were: nominal discount rate of 5.35% p.a., with inflation index of 3.4% p.a., generating an expected turnover of 18% p.a. and retirement at 60 years old.

21 Profit sharing

The Company and its subsidiaries pay profit sharing to their employees and officers, subject to the achievement of operational goals and specific objectives established and approved at the beginning of each fiscal year.

The shares of employees and officers in profit for the quarters ended March 31, 2022 and 2021 were as follows:

	Parent Company		Consolidated	
	1 st quarter/22	1 st quarter/21	1 st quarter/22	1 st quarter/21
Employees	19,999	17,649	31,293	30,159
Statutory directors	1,347	2,812	2,721	4,327
Total	21,346	20,461	34,014	34,486

22 Compensation of key management personnel

Key management personnel of Cielo include the members of the Board of Directors, Statutory Audit Board and the statutory directors.

Expenses recognized in the Company's profit or loss for the periods are as follows:

	1 st quarter/22			1 st quarter/21		
	Fixed	Others	Total	Fixed	Others	Total
Statutory directors	1,493	6,036	7,529	2,183	2,996	5,179
Board of Directors and statutory audit board	876	-	876	678	-	678
Total	2,369	6,036	8,405	2,861	2,996	5,857

The balance of others refers to variable compensation and termination of executives, net of taxes, and does not include the Stock option plan (see note 23), in addition to other benefits mentioned

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in note 20.

The overall annual compensation of the Managers and the Supervisory Board in 2022, approved at the meeting held on April 27, 2022, is R\$ 66,064, net of charges, as follows: (i) R\$ 750, net of charges, for the Supervisory Board and (ii) R\$ 65,314, net of charges, for the Managers.

23 Restricted stock option plan

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

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

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

As at March 31, 2022, the position of the restricted stock option plans is as follows:

Program	Status	Quantity of shares				Grant date	Value per granted share - R\$	Fair value per share - R\$
		Granted	Cancelled	Exercised	To be exercised			
Restricted Shares 2019	Active	2,419,297	(907,896)	(513,189)	998,212	July 2019	6.73	6.73
Restricted Shares 2020	Active	5,042,968	(1,456,916)	(661,586)	2,924,466	July 2020	3.94	3.94
Restricted Shares 2021	Active	1,945,031	(115,039)	(65,413)	1,764,579	July 2021	3.59	3.59
Sócio Cielo 2019	Active	995,372	(360,891)	(590,285)	44,196	March 2019	10.89	10.89
Sócio Cielo 2020	Active	2,898,458	(1,067,534)	(955,034)	875,890	March 2020	7.12	7.12
Sócio Cielo 2021	Active	5,440,433	(683,311)	(1,267,208)	3,489,914	March 2021	3.89	3.89
Sócio Cielo 2022	Active	11,253,702	-	-	11,253,702	March 2022	2.47	2.47
Total shares		29,995,261	(4,591,587)	(4,052,715)	21,350,959			

In the quarter ended March 31, 2022, the net value of the charges, in the amount of R\$ 8,608 was appropriated to profit or loss (R\$ 5,665 as at March 31, 2021). The balance presented under "Capital reserve" in equity totaled R\$ 6,533 related to restricted shares granted and R\$ 12,126 related to sale/transfer of treasury shares for the exercise of shares (R\$ 5,664 and R\$ 7,703, respectively, as at March 31, 2021).

In addition to the share-based incentive plans, long-term incentives were recorded in the amounts of R\$ 4,041 and R\$ 2,518, as at March 31, 2022 and 2021, respectively.

24 Finance income (costs)

	Parent Company		Consolidated	
	1 st quarter/22	1 st quarter/21	1 st quarter/22	1 st quarter/21
Finance income:				
Interest on financial investments	29,847	16,153	123,549	25,001
Other finance income (a)	203	15,016	1,534	15,548
PIS and Cofins	(1,396)	(1,448)	(3,288)	(1,754)

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Total	28,654	29,721	121,795	38,795
Finance costs:				
Interest and charges on borrowings	(302,039)	(43,350)	(95,675)	(39,170)
Third-party interest in FIDCs	-	-	(203,723)	(27,115)
Interest on provision for contingencies	(11,502)	(4,857)	(12,816)	(5,158)
Other finance costs	(8,332)	(10,711)	(30,050)	(33,738)
Total	(321,873)	(58,918)	(342,264)	(105,181)
Yield:				
Purchase of receivables (b)	-	-	157,736	95,841
FIDC shares yield (c)	208,355	71,950	-	-
Total	208,355	71,950	157,736	95,841
Exchange differences, net	(20,431)	5,375	(20,438)	5,388
Total	(105,295)	48,128	(83,171)	34,843

- (a) In the first quarter of 2021, the amount arising mainly from the recognition of monetary adjustment in the amount of R\$ 14,6 (R\$ 14,0 million, net of PIS and COFINS) on the amounts receivable from Elo Brand, referring to the assignment of the processing platform and authorizer, accumulated up to its assignment date.
- (b) According to Note 6, income from receivables acquired from credit transactions at sight and in installments by FIDC Plus, FIDC NP and FIDC Receba Mais of R\$ 167,898 and R\$ 157,736, net of taxes and consolidation effect (R\$ 99,350 as at March 31, 2021, of which R\$ 95,841 net of taxes and consolidation effect).
- (c) According to Note 6, corresponds to the remuneration of the subordinated shares of the FIDCs, net of taxes.

25 Risk management

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

(a) Risk Management Structure and Governance

The Group adopts the concept of 3 (three) lines of responsibility for its risk management structure, the first represented by the performance of managers in the business and support areas, who ensure that risk management is within the scope of their direct organizational responsibilities; the 2nd line is represented by the Risk, Compliance and Prevention Board Vice-Presidency, which acts in an advisory and independent manner in risk management, compliance, fraud prevention, money laundering prevention, business continuity management, information security, data privacy and protection, crisis management and monitoring of the quality of the control environment, reporting to the CEO and the Board of Directors, through the Risk Committee; and, finally, the 3rd line of responsibility, represented by the Internal Audit, which provides independent opinions to the Board of Directors, through the Audit Committee, on the risk management process, the effectiveness of internal controls and corporate governance.

The Company maintains updated and robust policies, processes, procedures and controls to reduce, control and monitor its exposure to risks, in order to manage risks and keep them within acceptable limits to achieve its business and operational objectives. More information on the Group's risk management methodology, governance and structure, as well as risk factors and preventive and mitigating actions and controls, can be found in the Corporate Risk Management

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and Internal Controls Policy and in the item 4.1 of the Reference Form, both documents are available on the Company's website (<https://ri.cielo.com.br/>).

(b) Credit risk management

The Company has rights subject to credit risk with financial institutions, customers and business partners recorded under cash, financial instruments, including derivatives, income receivable and receivables from card-issuing banks, as follows:

	Note	Parent Company		Consolidated	
		03/31/2022	12/31/2021	03/31/2022	12/31/2021
Cash	4	25,801	69,177	27,602	350,104
Financial instruments, including derivatives	5	553,892	1,985,192	3,455,196	5,510,592
Credit Rights Investment Fund - FIDC	6	6,263,743	5,568,737	-	-
Income receivable	7	314,893	281,719	333,044	352,952
Receivables from card issuers	7	80,347,753	78,865,744	80,347,883	79,088,367
Total		87,506,082	86,770,569	84,163,725	85,302,015

Counterparty Credit Risk - Issuer Risk

In acquiring operations, card-issuing banks are required to make payment to Cielo for the amounts related to transactions carried out by holders of cards issued by those banks, and Cielo, in turn, must pay such amounts to the accredited merchants. Card-issuing banks may default on their financial obligations with Cielo due to lack of liquidity, operational failure, cardholder default, types of bankruptcy or other reasons, what does not discharge Cielo from making the aforementioned payments to the accredited merchants. The risk level to which Cielo is exposed depends on the volumes transacted by the issuer and the risk/guarantee model adopted by the card's brand in its operation with issuers and accreditors, and the Company assesses and manages these risks, requiring or dispensing with the pledge of guarantees from card issuers according to the internal model.

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

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

Internal rating of issuers	Guarantee requirement	Total exposure at 03/31/2022	% Guarantee in relation to exposure	Total exposure at 12/31/2021	% Guarantee in relation to exposure
Group 1	No	95.6%	-	95.5%	-
Group 2	Yes	4.4%	56%	4.5%	48%
Total receivables from card-issuing banks		100%		100%	

The 5 largest issuing banks, classified in Group 1, represent 73.2% of the balance of receivables from card-issuing banks and are represented by the main financial institutions in the country, which have strict monitoring and control processes and a solid economic and financial position. For issuers classified in Group 1, which do not require guarantee, there is intense monitoring of the transactions and risks posed, with the possibility of revising the internal rating and requesting guarantees if indications of increased credit risk are identified. Guarantees may be required or waived depending on the volume transacted, the size and regulation of the brands or issuers.

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Law No. 14,031/2020 establishes that amounts received by payment arrangement participants must be earmarked for the compliance with the obligation of settlement of transactions to which they relate, among other aspects, These changes introduced by Law No. 12,865/2013 are not yet reflected in the payment arrangement regulations at the time of disclosure of these financial information so that, depending on the arrangement regulations, accreditors could, in thesis, be held liable for the default on obligations of third parties.

Credit Risk with Payment Arrangement Participants

In its operation, the Company may also be at risk with sub-accreditors with whom it maintains a commercial relationship, depending on the rule established by each brand in relation to the responsibilities applicable to sub-accreditors, as well as any judicial decisions, in the event the sub-accreditors do not carry out the settlement of the amounts transacted by the merchants associated with them. The Company adopts risk and control analysis procedures that prevent sub-accreditors from prepaying all the amounts available in their financial schedule with the Company. In addition, the Company may, pursuant to the risk analysis carried out, request guarantees to them.

It should be noted that Law No. 14,031/2020 is also applicable to sub-accreditors, as payment arrangement participants, who must comply, in addition to other obligations, with the segregation of the payment flow.

In the midst of the crisis caused by the COVID-19 pandemic, in the second quarter of 2020 the Cielo Group started to adopt stricter criteria in the monitoring of sub-accreditors, as well as in relation to the relationship strategy, including: more restrictions on prepayment of receivables, proof of settlement for establishments that are sub-accreditors and new guarantee models.

The proportion of sub-accreditors on the volume traded in the Cielo system in the quarters ended March 31, 2022 and 2021 corresponds to 6.7% and 4.0%, respectively.

Credit Risk when receiving products and services provided to Customers

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

As at March 31, 2022, the allowance for doubtful debts totaled R\$ 188,691 in parent company and R\$ 189,235 in consolidated (as at December 31, 2021, the balance was R\$ 188,986 in parent company and R\$ 205,161 in consolidated).

Customer Credit Risk – Chargeback and Deferred Sales

The Company's customers must comply with their obligations to deliver the products and provide the services contracted with their end customers, who pay for the transactions by credit or debit card. In situations of default on the part of the Company's customers in the delivery of the goods or provision of services, or cancellation by the end customer, it is possible to demand the reversal of the payment made to merchants through (i) cancellation, which is requested by the merchant

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

If the Company is unable to offset the amounts of chargebacks directly on the financial schedule of a merchant (regardless of the reason), or by means of any other form of collection (example bank payment slip), the financial burden of such chargebacks falls to Cielo. Historically, cancellations and chargebacks occur more frequently in transactions in merchants that carry out sales with cards and deferred sales, when the service or product is not consumed instantly, but after its purchase. Deferred sales occur typically in sectors such as tourism and entertainment, which include airlines, and sales with cards occur typically through electronic channels (e-commerce), and the exposure to these potential losses arising from chargebacks increases as the Company provides solutions for the acquisition of receivables or payment in a reduced cycle to these establishments.

The crisis initiated by the COVID-19 pandemic severely affected the tourism and entertainment sectors, which include airlines, increasing the aforementioned risks, especially due to the issue of provisional acts, which already became laws, that extend the deadlines applicable to cancellations and chargebacks which, associated to the reduction of the financial schedule of these customers, may reduce chargebacks in the schedules or render them impossible.

As additional actions to cope with the increased exposure, Cielo intensified monitoring, risk analysis procedures and restricted operations of prepayment of receivables, as well as payment of receivables in a reduced cycle, in an attempt to maintain the schedule for as long as possible.

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

	1stquarter/22		1st quarter/21	
	Volume	Chargeback ratio ³	Volume	Chargeback ratio ³
Tourism and Entertainment, including airlines (typically with deferred sales)	6.6%	0.78%	4.6%	0.77%
E-commerce (without Tourism and Entertainment)	12.2%	1.00%	13.5%	0.95%
Durable and semi-durable goods ¹	22.4%	0.03%	20.7%	0.04%
Non-durable goods ²	33.9%	0.01%	35.5%	0.01%
Services and others	24.9%	0.05%	25.7%	0.04%
Total	100.0%	0.19%	100.0%	0.18%

¹Durable and semi-durable goods: Cielo's customer segment of clothing, furniture, appliances, department stores, construction materials, among others.

²Non-durable goods: supermarkets and hypermarkets, drugstores and pharmacies, gas stations, among others.

³Value of chargebacks in relation to transacted volume.

(c) Management of Operating Risks

The Company faces risks arising from its operation, such as: risks arising from failures, interruptions or breach of information technology systems, processes or infrastructure, unauthorized data disclosures, failures in the authorization of payment transactions, processing failures, internal and external frauds, unfavorable decisions in judicial or administrative

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proceedings, among others. For these risks, the Company adopts methodology for identification, assessment, monitoring, management and reporting of risks and action plans for risk mitigation, according to guidelines defined in the Corporate Risk Management and Internal Controls Policy, as well as in the applicable regulation, including, but not limited to, BACEN Circular Letter No. 3,681/2013 and as the best practice, Resolution No. 4,968/2021.

Due to the relevance of the sector in which the Company develops its activities, in the last years the Central Bank of Brazil has issued a number of regulations related to the payment market. If the Company does not comply with the legal and regulatory requirements in force, after the due legal process it may be subject to penalties, including (i) fines; (ii) warnings; (iii) cancellation of the license granted by Bacen; and (iv) impossibility of its managers continue performing their functions.

Regarding the risk of fraud in transactions with credit and debit cards, the Company uses an anti-fraud system that flags and identifies suspicious fraud transactions at the time of authorization and sends an alert to the card-issuing bank to contact the cardholder.

The implementation of the new receivables registration system, pursuant to regulations issued by the Central Bank of Brazil and the National Monetary Council, has been a challenge for all market participants and has generated impacts on our business processes, as the new structure is complex and substantially changes the current market model. Cielo has been taking important measures, strengthening its service structures and mobilizing resources to address all issues, mitigate risks and collaborate for the proper functioning of the system as a whole.

(d) Capital risk management

The Group manages its capital to ensure that its companies can continue as going concerns, and at the same time maximize the return to all their stakeholders or parties involved in its operations by optimizing the debt and equity balance.

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

Cielo maintains equity in accordance with the BACEN regulation, corresponding to the higher of two (2%) percent of the monthly average of the payment transactions carried out by the institution in the last twelve (12) months and the balance of the electronic currencies issued by them, calculated daily (see note 15). There is no requirement of minimum equity for the other Group companies.

(e) Liquidity risk management

The Group manages the liquidity risk by maintaining appropriate reserves, bank and other credit facilities to raise borrowings that it considers appropriate, based on an ongoing monitoring of budgeted and actual cash flows, and the combination of the maturity profiles of financial assets and liabilities.

The Company has a liquidity risk management report, aimed at evidencing this structure, as

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determined in Circular Letter No. 3,681/2013 of the Central Bank of Brazil and its subsequent amendments. This report represents the governance structure and the current liquidity risk management and is available on the Company's website (<https://ri.cielo.com.br/>).

The indebtedness ratio is as follows:

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Cash	25,801	69,177	27,602	350,104
Financial instruments, including derivatives (a)	553,892	1,985,192	3,455,196	5,510,592
Debt (b)	(3,897,967)	(4,034,446)	(5,835,799)	(6,295,104)
Net debt	(3,318,274)	(1,980,077)	(2,353,001)	(434,408)
Equity	10,170,376	9,890,589	20,601,592	20,258,492
Net debt ratio	32.63%	20.02%	11.42%	2.14%

- (d) Derivative financial instruments comprise the NDF contract position, mentioned in note 5.
(a) Debt is defined as short- and long-term borrowings, as mentioned in note 12.

(f) Market risk management

Foreign exchange rate risk

The exposures to foreign exchange rate risks are managed according to parameters established by the policies approved by the Group.

The Company conducts certain transactions in foreign currency, which comprise transactions carried out by foreign credit card holders in merchants based in Brazil (the transaction between card holder and merchant is made in local currency, but the issuer settles it to the Company in foreign currency) and borrowings. The Company has hedging transactions against currency fluctuations, which consist in pre-sale of US dollars, and contracting of derivatives in hedge structures, which significantly reduces any risks of exposure to currency fluctuation.

Also, the gain on exchange differences on the investment in Cielo USA (including MerchantE) for the quarter ended March 31, 2022 totaled R\$ 153,835 and the loss on exchange differences as at March 31, 2021 totaled R\$ 135,690, both recognized in comprehensive income, directly in equity.

Foreign currency sensitivity analysis

The Company is mainly exposed to US dollar fluctuations.

The sensitivity analysis includes only monetary items outstanding and denominated in foreign currency and adjusts their translation at the end of each reporting period for a change of 10%, 25% and 50% in exchange rates. The sensitivity analysis includes borrowings from third parties when they are denominated in a currency different from that of the creditor or debtor.

As at March 31, 2022 and 2021, estimating an increase or a decrease of 10%, 25% and 50% in exchange rates would increase or decrease profit or loss and equity, as follows:

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	Parent Company and Consolidated					
	03/31/2022			03/31/2021		
	10%	25%	50%	10%	25%	50%
Profit or loss (a)	127	319	637	6,797	16,990	33,975
Equity (b)	18,404	46,010	92,020	157,655	394,150	788,328

(a) Scenario of exposure in profit or loss on the bonds hedge structure.

(b) Scenario of investment in foreign subsidiary.

Interest rate risk on financial investments

Cielo Group's profit or loss is subject to fluctuations resulting from financial investments with floating interest rates.

Pursuant to its financial policies, Cielo Group has invested its resources in first-tier banks. Cielo Group operates with financial instruments within the limits of approval established by Management.

Interest rate sensitivity analysis - Financial investments and borrowings

Income from financial investments and interest on Cielo Group's borrowings are mainly affected by the variations in DI rate (source: B3). Estimating an increase or a decrease of 10%, 25% or 50% in interest rates would increase or decrease profit or loss as follows:

	Parent Company					
	03/31/2022			03/31/2021		
	10%	25%	50%	10%	25%	50%
Profit or loss	(26,625)	(66,561)	(133,123)	(2,031)	(5,077)	(10,155)

	Consolidated					
	03/31/2022			03/31/2021		
	10%	25%	50%	10%	25%	50%
Profit or loss	3,382	8,455	16,911	(728)	(1,820)	(3,640)

26 Related-party balances and transactions

In the normal course of their activities and under market conditions, the Company and its subsidiaries conduct transactions with related parties, such as receivables from card-issuing banks which are part of financial groups in which the controlling shareholders (Bradesco and Banco do Brasil) hold interests, as well as financial services contracted with the shareholder banks and expenses and revenues with services provided by direct and indirect subsidiaries and investment funds.

In conducting their business and engaging services, the Company and its subsidiaries make market quotations and research to find the best technical and pricing terms. Also, the type of business conducted by the Company requires it to enter into agreements with several card issuers, some of which are its direct and indirect shareholders. The Company and its subsidiaries believe that all the agreements entered into with related parties are carried out on an arm's-length basis.

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The tables below include the balances as at March 31, 2022 and December 31, 2021, by type of agreement, shareholders and subsidiaries, of transactions with related parties conducted by the Company and its subsidiaries, as well as the movements related to the quarters ended March 31, 2022 and 2021:

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	Parent Company				Consolidated	
	03/31/2022	03/31/2022		12/31/2021	03/31/2022	12/31/2021
	Controlling shareholders	Subsidiaries	Investment funds	Total	Total	Total
Assets:						
Cash and financial instruments (a)	264,919	-	-	264,919	196,308	204,519
Receivables from card-issuing banks (b)	23,517,489	-	-	23,517,489	23,328,707	23,328,707
Receivables from related parties	-	2,851	75	2,926	2,793	738,105
(Liabilities):						
Private debentures (c)	(3,369,456)	-	-	(3,369,456)	(3,422,466)	(3,422,466)
Payables referring to intermediation, customer attraction and maintenance services	(20,651)	-	-	(20,651)	(23,095)	(23,095)
Financial instruments and derivatives (d)	(29,281)	-	-	(29,281)	-	-
Payables to related parties (f)	-	(200,209)	-	(200,209)	(182,329)	(396,503)
Balances received to transfer to FIDC	-	-	(13,462,919)	(13,462,919)	(10,760,093)	-

	Parent Company				Consolidated	
	03/31/2022			03/31/2021	03/31/2022	03/31/2021
	Controlling shareholders	Subsidiaries	Investment funds	Total	Total	Total
Income:						
Income from financial investments (a)	1,050	-	-	1,050	12,789	1,918
Other income	-	344	-	344	39,617	39,617
Income from other services provided	2,228	-	302	2,530	3,946	2,331
Income from rental of POS equipment	11,902	-	-	11,902	14,914	14,914
Expenses						
Finance costs	(153,824)	-	-	(153,824)	(17,734)	(17,734)
Expenses with prepayment of receivables (e)	-	-	(206,364)	(206,364)	-	-
Expenses with benefits	(10,737)	-	-	(10,737)	(9,216)	(9,216)
Contracts for customer prospecting services (f)	-	(164,670)	-	(164,670)	(141,936)	-
Provision of payment management services	-	-	-	-	-	(7,523)
Intermediation, customer prospecting and maintenance services	(30,576)	-	-	(30,576)	(30,861)	(30,861)

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- (a) Balances related to the amounts held in current account and financial investments, whose terms, charges and remuneration rates were agreed under conditions similar to those applicable to unrelated parties.
- (b) The amounts receivable from issuing banks refer to the amounts to be paid by the issuers to Banco do Brasil e Bradesco arising from credit and debit card transactions, which will subsequently be paid by the Company to accredited merchants.
- (c) Refer to the balances related to the issuance of private debentures held by BB Elo Cartões, a company of the Banco do Brasil.
- (d) Financial instruments and derivatives are the amounts recognized as mark-to-market of the derivative contracts (NDFs) from Banco Bradesco entered into to hedge against the foreign exchange variation risk on Bonds (as described in note 5b).
- (e) Correspond to expenses related to the anticipation of amounts receivable from issuers with the new FIDC's.
- (f) Provision of services by subsidiaries Servinet, Aliança and Stelo of prospecting for the signing up and maintenance of contacts with merchants for the acceptance of credit and debit cards, as well as other means of payment. The remuneration provided for the services rendered is based on the costs incurred when these services are provided, plus taxes and contributions, as well as a remuneration margin.

Main related-party transactions

Purchase of receivables (ARV) - Subsidiaries

Subsidiary Stelo makes advances on maturing amounts, referring to the payments that the Company should make to these subsidiaries for the credit card transactions captured and processed by the Company. These transactions are carried out with FIDC Plus for the purpose of generating short-term working capital.

Contract for anti-fraud system

The Company has an agreement with Bradesco and Banco do Brasil to provide access to the anti-fraud system for monitoring by banks of transactions with cards issued by them.

Participation of Accredited Merchants in Elo Payment Arrangements

The Company participates in Elo Payment Arrangements, established by Elo Serviços S.A. The Company participates in Elo Arrangements as Accrediting Institution, which includes the provision of services relating to accreditation and maintenance of merchants, the participation in the processing and settlement of transactions made with payment instruments of Elo Arrangements and license for the use of Elo brands, in conformity with the technical specifications contained in its manuals. The Company pays Elo for its participation as accrediting institution in Elo Arrangements, and the conditions and prices of such participation are similar to those practiced with the other accrediting institutions and other arrangement settlors ("Brands").

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Right to Use Ourocard Payment Arrangement

As described in Note 11 - Intangible assets, Cateno has entered into agreements with BB Elo Cartões and Banco do Brasil S.A. granting it rights to operate the Ourocard Payment Arrangement. The agreements provide for a compensation for costs and expenses associated to Ourocard Payment Arrangement exceeding an annual limit defined based on a percentage of the transacted volume.

Other widespread agreements

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

- Cash management services;
- Insurance;
- Health insurance and private pension services;
- Corporate credit card;
- Payment to suppliers;
- Travel services
- Intermediation, customer prospecting, referencing and maintenance of establishments services
- Use of Cielo authorized network ("Value Added Network - VAN")
- Share issue and bookkeeping services
- Representation services with CIP
- Granting of Livelu incentive points

27 Noncash transactions

In preparing the Company's statements of cash flows, only the transactions involving cash were included in net cash provided by financing and investing activities. The table below sets out all the remaining changes in the balances of investments and financing not involving cash and/or cash equivalents:

	Parent Company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Exchange differences on net foreign investment	153,835	135,690	-	-
Exchange differences on borrowings	(82,554)	48,976	(422,049)	251,690
Minimum dividends and interest on capital proposed	65,138	85,151	65,138	85,151

28 Insurance

As at March 31, 2022, the Company has the following insurance coverage:

Type	Insured amount
Civil liability of Directors and Officers	287,010
Named perils (fire, windstorm and smoke, electrical damages, electronic equipment, theft, flood and cyber attacks)	193,277
POS equipment warehousing	203,303
POS equipment transportation per travel (limited to 1,700)	2,500
Total fleet	1,005

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29 Non-recurring result

As defined by BCB Resolution No. 2/2020, non-recurring results are those results that are not related to or are not incidentally related to the Company and its subsidiaries' regular activities, and are not expected to occur frequently in future years. Non-recurring results are presented below, net of tax effects.

	<u>03/31/2022</u>
Profit	241,262
Non-recurring items	
Sale of interest in Orizon (a)	(4,197)
Assignment of ELO platform (b)	(75,934)
Reversal of legacy provision - NewELO project (c)	(46,181)
Provision for organizational restructuring (d)	<u>20,850</u>
Total	<u><u>(105,462)</u></u>
Recurring result	135,800

(a) On January 7, 2021, after BACEN and CADE approvals, Orizon shares held by Cielo, which represent 40.95% of the share capital were sold for R\$ 129,0 million. The effects of the transaction generated a gain of R\$ 6.4 million (R\$ 4.2 million, net of tax effects).

(b) On March 31, 2021, the negotiation with Elo Brand referring to the definitive assignment by Cielo to Elo Brand of all rights related to the processing platform and transactions authorizer developed by Cielo for the Elo Brand was concluded. Gains related to the definitive assignment of the platform (net of the effect of the write-off of the residual balance of the asset) and the monetary adjustment of the license were classified as non-recurring events and totaled R\$ 115.1 million (R\$ 75.9 million, net of tax effects).

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

(d) In March 2021, the Executive Board approved the Restructuring Plan of the Cielo activities, recognizing in the result for the 1st quarter the provision in the amount of R\$ 31.6 million (R\$ 20.8 million, net of tax effects). The plan is comprised of two initiatives: the renegotiation of the rental agreement related to the Company's headquarters in Alphaville with reduction in physical space and price and (ii) the adjustment of Cielo's organizational structure, including workforce downsizing.

In 2022, there were no non-recurring events.

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30 Event after the reporting period

On April 8, 2022, according to note no.1, after compliance with conditions precedent, the sale of its subsidiary Merchant E-Solutions, Inc. was concluded.

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

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

Vagner Akihiro Tatebe
Accountant CRC SP292671/O-6