

## 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 June 30, 2022 (2Q22), accompanied by the Independent Auditor’s Report on the interim financial information (ITR).

The 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 Interim Financial Information contemplated the balances of the accounts of Cielo, and of the direct and indirect subsidiaries: Cateno, Servinet, Stelo, Cielo USA, MerchantE (sold on April 8, 2022) and M4U (M4Produtos’ and Multidisplay’s interests were sold on November 2, 2021). This interim 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 interim financial information. For purposes of presentation of the Interim Financial Information, the assets and liabilities of the foreign subsidiary, originally denominated in US dollars, were translated into Brazilian reais at the exchange rates prevailing at the end of each 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.

As mentioned in Note 27 to the interim financial information as at June 30, 2022, the second quarter of 2022 recorded non-recurring net gains generated in the total of R\$ 251.9 million, which refer to: (i) the disposal of the subsidiary MerchantE in the amount of R\$ 282.3 million, offset by (ii) net expenses with impairment of legacy software in the amount of R\$ 26.8 million and (iii) provision for restructuring the stores channel in the amount of R\$ 3.6 million.

BACEN has determined through Resolution 219/21 the presentation of the consolidated interim financial information in accordance with the International Financial Reporting Standards (“IFRSs”), from the first quarter of 2022. Additionally, in accordance with Resolution 236/22, Cielo chose to maintain the presentation of the Comments on Performance based on the financial information prepared under COSIF, for consistency with the disclosures of prior quarters.

We present below the reconciliation between COSIF and IFRS accounting practices of Cielo’s consolidated equity and profit for 2Q22:

	Equity	Net Income
<b>COSIF Balance - 2Q22</b>	<b>20,939.1</b>	<b>708.7</b>
Goodwill in subsidiaries abroad (a)	-	(158.7)
Third-party participation in Investment Funds (b)	(7,298.9)	-
Other (c)	21.8	0.2
<b>IFRS Balance - 2Q22</b>	<b>13,662.0</b>	<b>550.2</b>

- (a) Difference in accounting practice in recognition of goodwill. Under IFRS, the goodwill is maintained at historical value and under COSIF, it is amortized over the estimated period of the benefit. For 2Q22, the impact on the profit for the period is related to the goodwill’s realization after the sale of MerchantE.
- (b) Third-party interests in Credit Rights Investment Funds (FIDCs) and Investment Funds in Investment Fund Quotas (FICs), previously presented in current and non-current liabilities, according to BCB Normative Instruction No. 206/21, are now directly recorded in shareholders' equity, specifically under the heading of “shareholders other than Cielo” in COSIF.
- (c) Refer to the balances of unamortized goodwill in subsidiaries and the impacts of the application of IFRS 16 – Leases.

## MESSAGE FROM THE MANAGEMENT

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### Period Highlights

In the first half of 2022, Cielo saw accelerated revenue growth as a result of a robust transformation process that has been implemented in recent years.

The Company also regained market share and advanced its operational improvement agenda, which seeks to place Cielo amongst the most qualified service providers in the industry.

These achievements have been recognized by the different stakeholders either through publications or through the behavior of its stocks with the highest increase at IBOVESPA in the semester.

### Economic Environment

The economic environment brought challenges and opportunities in the first half of the year. On the one hand, there were favorable trends including the retail recovery, which led to better ratings for the Cielo Broad Retail Index (ICVA), decreased unemployment, and the recovery of the services sector. These factors have driven robust growth in the payments industry, which also benefitted from a higher penetration of card transactions in household consumption.

On the other hand, issues in global supply chains amid the post-Covid economic recovery combined with fears about the Ukraine war create major inflationary challenges not only in Brazil, but worldwide. In response, Central Banks have been raising interest rates on a scale and pace not seen in recent years, with effects on borrowing costs and global liquidity levels.

The payments industry is affected by inflationary pressures on spending, rising borrowing costs, and a more challenging environment to raise funds through the capital market.

### Operational and Financial Performance

Within this context, Cielo stood out for its ability to anticipate movements and market trends. In recent years, the Company took several measures that have strengthened its economic and financial health and competitive edge while increasing the focus on its core competencies.

In 2021, we anticipated and raised future cash needs at opportune market times and entered 2022 with a strong liquidity position, which allowed us to expand our support to our clients in prepayment of receivables even in a scenario of increased market volatility.

In April, we completed a successful divestment strategy resulting in a leaner organizational structure that enabled directors to invest their time and energy in the payments business in Brazil, adding BRL 1.3 billion in cash resources – not including potential, additional earn out amounts.

The efficiency Cielo gained over the past few years has really set the company apart. The Company's normalized spending continues to grow below the inflation rate despite the major investments made in the transformation of the business. Cielo's ratio between costs and expenses and the total payment volume (TPV) reached a record low and ranked number one among peers listed on the stock exchange.

The Company has improved its distribution channels. A few years ago, Cielo relied heavily on partner banks to attract new customers. Despite relying on these extremely relevant partnerships, the Company today has its own highly qualified sales force that has shown linear productivity growth.

We have also changed Cielo's approach to large accounts. We regained clients in this segment and resumed the path to volume growth without losing sight of our commitment to profitability.

Cielo's market share, which had been retreating due to the increased competition in the acquiring market, showed growth between Q4 2021 and Q1 2022 – the last period with public information available from competitors that disclose data to the market.

This resumed growth is on solid ground. In recent years Cielo has prioritized investments to refine its operations with a focus on boosting customer service quality. In this sense, we made improvements in metrics such as the time spent on POS delivery, digital channel penetration, and the level of service provided by our contact center.

Now it is time for us to reap the rewards of the progress made in multiple fronts of our transformation process and present the results of the first half of 2022 to our shareholders. Our net income amounted to BRL 820 million in the period, BRL 568 million on a recurring basis, growing by 80% over the same period of the previous year. This is our best result since the first half of 2019. Cielo's total payment volume was BRL 419 billion – a 29% growth compared to Q1 2021 and the best result of the historical series. On the same basis of comparison, the ratio between costs and expenses and volume of payments decreased from 0.60% to 0.57%.

Cielo has made relentless efforts become leaner and more efficient, a company increasingly invested in providing excellence customer service. Our operational progress, results, and market recognition show that we are on the right track. Looking further ahead, we are convinced that the transformation process brings a competitive edge and enables the Company to tap into the full potential of its core payments business, strengthen its portfolio with increasingly innovative solutions, and explore new avenues of growth.

We appreciate the dedication of our employees and the trust of our customers, shareholders and partners.

## HIGHLIGHTS 2Q22

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- The financial volume of transactions captured by Cielo totaled R\$ 221.0 billion, an increase of 33.8% or R\$ 55.8 billion compared to 2Q21 and of 11.4% or R\$ 22.7 billion compared to 1Q22.
- Consolidated net revenue totaled R\$ 2,540.2 million, a decrease of 9.7% or R\$ 271.6 million compared to 2Q21 and of 8.0% or R\$ 222.0 million compared to 1Q22.
- Consolidated revenues from purchase of receivables (ARV) totaled R\$ 231.0 million, an increase of 144.7% or R\$ 136.6 million compared to 2Q21 and an increase of 46.4% or R\$ 73.2 million compared to 1Q22.
- Total consolidated expenditures (costs and expenses, not considering the effects from share of profit (loss) of investees), totaled R\$ 1,597.1 million, a decrease of 35.9% or R\$ 894.6 million compared to 2Q21 and a decrease of 31.0% or R\$ 718.8 million compared to 1Q22.
- Cielo's profit for the period totaled R\$ 635.3 million, an increase of 252.2% or R\$ 454.9 million compared to 2Q21 and of 244.1% or R\$ 450.7 million compared to 1Q22. Excluding non-recurring items in the current quarter (as per Note 27), there was an increase of 112.5% or R\$ 203.0 million compared to R\$ 180.4 million in 2Q21 and an increase of 107.7% or R\$ 198.8 million compared to R\$ 184.6 million in 1Q22.
- Consolidated EBITDA totaled R\$ 1,183.3 million, an increase of 103.8% or R\$ 602.5 million compared to 2Q21 and of 66.3% or R\$ 471.8 million compared to 1Q22. Excluding non-recurring items (as per Note 27), EBITDA increased by 57.5% or R\$ 334.0 million compared to R\$ 580.8 million in 2Q21 and by 28.6% or R\$ 203.3 million compared to R\$ 711.5 million in 1Q22.

## OPERATING PERFORMANCE 2Q22

### Financial Volume of Transactions

#### Quarterly evolution

In 2Q22, Cielo's financial volume of transactions totaled R\$ 221.0 billion, an increase of 11.4% or R\$ 22.7 billion, compared to R\$ 198.4 billion in 1Q22 and an increase of 33.8% or R\$ 55.8 billion, compared to R\$ 165.2 billion in 2Q21.

Specifically with credit cards (lump sum and installment payments), the financial volume of transactions totaled R\$ 130.9 billion in 2Q22, an increase of 10.5% compared to 1Q22 and an increase of 41.0% compared to 2Q21. With debit cards, the financial volume of transactions totaled R\$ 90.1 billion in 2Q22, an increase of 12.8% compared to 1Q22 and of 24.5% compared to 2Q21.

In addition, Cielo captured 2,092.8 million in transactions in 2Q22, an increase of 10.3% and of 32.5% compared to 1Q22 and 2Q21, respectively.

## FINANCIAL PERFORMANCE 2Q22

### COMPARISON OF THE QUARTERS ENDED JUNE 30, 2022 AND MARCH 31, 2022

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### Net Revenue

#### Quarterly evolution

Cielo's consolidated net revenue totaled R\$ 2,540.2 million in 2Q22, a decrease of 8.0% or R\$ 222.0 million compared to 1Q22.

The main impact on the consolidated revenue decrease is related to the non-consolidation after the sale of MerchantE in April 2022. Excluding this impact of R\$ 569.1 million, there was a revenue increase of R\$ 347.4 million or 15.8% related to the increase in volume captured and prices 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 a positive impact in the Municipality ISS provision at Cielo and Cateno, after the improvement of the criteria used during 2Q22.

### Cost of Services Rendered

#### Quarterly evolution

Consolidated cost of services rendered totaled R\$ 1,465.5 million in 2Q22, a decrease of R\$ 382.8 million, or 20.7% compared to 1Q22. This decrease was mainly due to the following events:

- (i) Decrease of R\$ 491.9 million in **cost of services rendered in North American subsidiaries Cielo Inc and MerchantE**, due to the disposal of MerchantE in April 2022.
- (ii) Increase of R\$ 55.3 million in **costs related to the capture, processing and settlement of Cielo's transactions** due to the increase in volume, reflecting in brand fees and related costs.

- (iii) Increase of R\$ 43.3 million in **costs related to management of payment accounts of the Ourocard Arrangement at Cateno**, as a result of the costs with brand fees and call center due to the increase in volume.
- (iv) Increase of R\$ 10.5 million in **costs related to equipment and other costs** compared to 1Q22, mainly due to an impact on the depreciation lines related to new acquisitions of POS terminals.

## Operating Expenses

### Quarterly evolution

Operating expenses totaled R\$ 131.6 million in 2Q22, a decrease of R\$ 336.0 million or 71.9% compared to 1Q22. This decrease was mainly due to the following events:

**Personnel expenses** - Decrease of R\$ 12.3 million, or 5.0%, to R\$ 233.9 million in 2Q22, compared to R\$ 246.2 million in 1Q22. Excluding the impacts of the non-consolidation of MerchantE in 2Q22, the R\$ 23.6 million increase in personnel expenses is substantially related to the impacts of collective agreement.

**General and administrative expenses, including depreciation** - Decrease of R\$ 20.7 million or 20.4% to R\$ 80.7 million in 2Q22, compared to R\$ 101.4 million in 1Q22. Excluding the impacts of the non-consolidation of MerchantE in 2Q22, general and administrative expenses showed no relevant variations in the period.

**Sales and marketing expenses** - Decrease of R\$ 40.3 million or 61.4% to R\$ 25.3 million in 2Q22, compared to R\$ 65.6 million in 1Q22. Excluding the impacts of the non-consolidation of MerchantE in 2Q22, sales and marketing expenses were consistent with the previous quarter.

**Other net operating expenses** – Variation of R\$ 262.7 million, from expenses of R\$ 54.4 million in 1Q22 to income of R\$ 208.3 million in 2Q22, mainly due to non-recurring items recognized in 2Q22 as the net gain on the sale of all shares of MerchantE in April 2022 in the amount of R\$ 282.3 million, as well as a reduction in the expectation of losses with bad debts and contractual commitments of R\$ 9.2 million, including the receivables counter, partially offset by the impairment of legacy software at Cielo of R\$ 40.6 million and the restructuring of the stores channel by R\$ 5.5 million.

## Financial Results

### Quarterly evolution

The finance costs totaled R\$ 99.8 million in 2Q22, a variation of 20.0% or R\$ 16.6 million in relation to 1Q22, when the Company incurred a finance cost of R\$ 83.2 million. The main variations in the finance income (costs) are:

**Finance income** – Decrease of R\$ 40.7 million, or 33.4%, to R\$ 81.1 million in 2Q22, compared to R\$ 121.8 million in 1Q22, related to the lower average balance invested, partially offset by the increase in the average CDI rate on financial investments in 2Q22.

**Finance costs** – Increase of R\$ 53.8 million, or 15.7%, to R\$ 396.1 million in 2Q22, compared to R\$ 342.3 million in 1Q22, related to the increase in the average balance raised and the average CDI rate in the quarter.

**Purchase of receivables, net (ARV)** – Increase of R\$ 73.2 million or 46.4% to R\$ 231.0 million in 2Q22, compared to R\$ 157.8 million in 1Q22, substantially related to the increase in the volume of credit acquisition, as well as the increase in the average remuneration.

**Exchange variation and mark-to-market of financial instruments, net** – Totaled a loss of R\$ 15.8 million in 2Q22, a variation of R\$ 4.7 million, compared with a loss of R\$ 20.5 million in 1Q22. The result is due to the effect of mark-to-market of financial instruments in order to hedge foreign currency liabilities.

## FINANCIAL PERFORMANCE 2Q22

### COMPARISON OF THE QUARTERS ENDED JUNE 30, 2022 AND 2021

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## Net Revenue

### Quarterly evolution

Cielo's consolidated net revenue totaled R\$ 2,540.2 million in 2Q22, a decrease of 9.7% or R\$ 271.6 million compared to R\$ 2,811.8 million in 2Q21.

The main impact on the consolidated revenue decrease is related to the sale of MerchantE in April 22 and Multidisplay in November 2021, both were not consolidated in 2Q22. Excluding the net impact of R\$ 611.1 million and R\$ 302.8 million due to the non-consolidation after the sale of shares of subsidiaries MerchantE and Multidisplay, there was an increase of R\$ 642.2 million or 33.8% related to the growth of the volume captured and prices 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 the positive impact on the provision for Municipality ISS at Cielo and Cateno, after improving the criteria used during 2Q22.

## Cost of Services Rendered

### Quarterly evolution

**Cost of services rendered** totaled R\$ 1,465.5 million in 2Q22, a decrease of R\$ 537.8 million or 26.8% compared to R\$ 2,003.3 million in the same quarter of the prior year. This decrease was mainly due to the following events:

- (i) Decrease of R\$ 523.2 million in **cost of services rendered in subsidiary MerchantE** due to the sale in April 2022;
- (ii) Decrease of R\$ 273.7 million in **cost of services rendered in subsidiary M4U**, directly related to the sale of all shares in 4Q21;
- (iii) Increase of R\$ 144.7 million in **costs related to capture, processing and settlement of transactions of Cielo** compared to 2Q21, due to higher expenses with brand fees and related costs;
- (iv) Increase of R\$ 94.1 million in **costs related to management of payment accounts of the Ourocard Arrangement at Cateno**, substantially related to the increased costs with brand fees;
- (v) Increase in **costs related to equipment and others** by R\$ 20.3 million compared to 2Q21, mainly due to the depreciation lines related to new acquisitions of POS terminals, partially offset by the decrease of amortization of subsidy generated in the sale of POS terminals to merchants.



## Operating Expenses

### Quarterly evolution

Operating expenses totaled R\$ 131.6 million in 2Q22, a decrease of R\$ 356.8 million or 73.1% compared to R\$ 488.4 million in 2Q21. The decrease was mainly due to the following events:

**Personnel expenses**- Increase of R\$ 19.5 million or 9.1% compared to the same quarter of the prior year, from R\$ 214.4 million in 2Q21 to R\$ 233.9 million in 2Q22. Excluding the impacts of the non-consolidation of MerchantE and Multidisplay in 2Q22, the R\$ 64.8 million increase in personnel expenses is substantially related to higher expenses with the commercial team and the collective agreement.

**General and administrative expenses, including depreciation** - Decrease of R\$ 9.5 million or 10.5% to R\$ 80.7 million in 2Q22, compared to R\$ 90.2 million in 2Q21. Excluding the impacts of the non-consolidation of MerchantE and Multidisplay in 2Q22, the increase is related to higher spending on projects and initiatives aimed at improving the quality of services provided at Cielo.

**Sales and marketing expenses** - Decrease of R\$ 36.8 million or 59.3% to R\$ 25.3 million in 2Q22, compared to R\$ 62.1 million in 2Q21. Excluding the impacts of the non-consolidation of MerchantE and Multidisplay in 2Q22, sales and marketing expenses were consistent with the previous quarter.

**Other net operating expenses** – Variation of R\$ 330.0 million, from expense of R\$ 121.7 million in 2Q21 to income of R\$ 208.3 million in 2Q22, mainly due to non-recurring items recognized in 2Q22 as the gain on the sale of all shares of MerchantE in April 2022 in the amount of R\$ 282.3 million, as well as a reduction in the expectation of losses with bad debts, contractual commitments of R\$ 58.3 million, including the receivables counter, partially offset by the impairment of legacy software at Cielo of R\$ 40.6 million and restructuring of the stores channel by R\$ 5.5 million.

## Financial Results

### Quarterly evolution

The finance costs totaled R\$ 99.8 million in 2Q22, a variation of R\$ 84.0 million compared to 2Q21, when the Company obtained a finance costs of R\$ 15.8 million. The increase was mainly due to the following events:

**Finance income** – Decrease of R\$ 2.9 million, or 3.5% to R\$ 81.1 million in 2Q22, compared to R\$ 84.0 million in 2Q21, related to the lower average balance invested, partially offset by the increase in the average CDI rate on financial investments in 2Q22.

**Finance costs** – Increase of R\$ 207.3 million, or 109.8%, to R\$ 396.1 million in 2Q22, compared to R\$ 188.8 million in 2Q21, related to the increase in the average balance raised and in the average CDI rate in the quarter.

**Purchase of receivables, net (ARV)** – Totaled R\$ 231.0 million in 2Q22, an increase of R\$ 136.6 million or 144.7%, compared to R\$ 94.4 million in 2Q21, related to the increase in the volume of acquisitions, as well as the increase in the average remuneration of the product.

**Exchange variation and mark-to-market of financial instruments, net** - Exchange variation, net totaled a loss of R\$ 15.8 million in 2Q22, a variation of R\$ 10.4 million compared to a loss of R\$ 5.4 million in 2Q21. The result is due to the accounting effect of mark-to-market of financial instruments in order to hedge foreign currency liabilities.

## EBITDA

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### EBITDA

#### Quarterly evolution

Consolidated EBITDA totaled R\$ 1,183.3 million in 2Q22, an increase of 66.3% compared to 1Q22 and an increase of 103.7% compared to 2Q21, as shown below:

<b>EBITDA (R\$ million)</b>	<b>2Q22</b>	<b>2Q21</b>	<b>1Q22</b>
Cielo Net Income	635.3	180.4	184.6
Shareholders other than not of Cielo S.A.	73.4	41.1	63.3
Financial Income (Expenses)	99.8	15.8	83.2
Tax and Social Contribution	134.6	82.8	115.2
Depreciation e Amortization	240.2	260.7	265.2
<b>EBITDA</b>	<b>1,183.3</b>	<b>580.8</b>	<b>711.5</b>
<i>% EBITDA margin</i>	46.6%	20.7%	25.8%

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

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According to the Cielo Expanded Retail Index (ICVA), which monitors the evolution of Brazilian retail on a monthly basis, sales in Retail Trade recorded a nominal increase of 27.8% in 2Q22 compared to 2Q21. Discounting inflation, this rise was 10.7%. The growth on deflated bases is related to the comparative basis, in which Retail still had a billing level below the pre-pandemic period. In this comparison, the macro sectors showed 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 35.3% (in nominal terms the growth was 52.0%), followed by durable and semi-durable goods, with rises of 5.4% in the deflated index and of 21.3% in nominal terms and, finally, the non-durable goods macro sector with a deflated growth of 4.1% and, in nominal terms, a growth of 21.3%.

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

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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 S.A. - Brasil, Bolsa, Balcão (“B3”), 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 can be seen in: **(a)** the adoption of an appropriate decision-making system and the monitoring of compliance therewith; **(b)** the maintenance of a Corporate Governance Office, which aims to support management bodies and committees/advisory forums of 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 Other Situations Involving Conflicts of Interest (“TPR Policy”); **(i)** a Code of Ethics mandatorily adhered to by all employees and management, which establishes basic principles that shall guide 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 the Company’s Investor Relations website.

It is worth pointing out that since 2013 Cielo has been adopting the TPR Policy, which aims at consolidating the procedures to be followed in 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 Interagentes 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 actually obtained from independent third parties and market researches about prices and other conditions in similar operations). Notwithstanding the submission of this documentation, in the cases in which the aforementioned Committee deems it necessary, an independent study, report or appraisal report must be submitted, prepared without the participation of any of the parties involved in the TPR, be it a bank, lawyer, specialized consulting firm, among others, based on realistic assumptions and information endorsed by third parties about the commutativity of the terms of the transaction. 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 proposals of transactions with related parties carried out between the Company and any of its controlling shareholders, will exceptionally be composed of all independent directors, and such independent directors shall be called upon to consider the matter as ad hoc members of the Committee, replacing the member(s) appointed by the conflicting controlling shareholder(s), in addition to the Committee members who are not in conflict.

In addition, a Key Person<sup>1</sup> in a position of conflict (i) a priori, will not participate in the meetings or (ii) if he or she is present due to other matters covered, he or she shall be absent from discussions on the topic and abstain from voting to decide about transactions, evaluate, express opinion or in any other way participate or influence the conducting or approval of the matter. If requested by the Chairman of the Board of Directors or

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<sup>1</sup> Individuals with authority and responsibility for planning, directing and controlling the entity’s activities, directly or indirectly, including any officer (executive or not) of such entity, and in the case of Cielo and its Subsidiaries, the members of the Board of Directors, of the Statutory Board or officer of the Controlling Shareholder(s) who actually have power to influence the business and decisions of the Company shall be considered as Key People.

by the Chief Executive Officer, as the case may be, the Key Person may partially participate in the discussions, aiming to support them with more information about the operation and the parties involved, but shall always, however, be absent at the end of the discussions, including and especially from the voting process to decide about the matter. The member(s) appointed by the controlling shareholder(s) who is (are) not in conflict regarding the matter to be decided about shall not participate in the meetings of the Board of Directors or Corporate Governance Committee when the matter to be decided about refers to a strategic issue of the conflicting shareholder.

Regarding Cielo's corporate governance bodies, the Board of Directors, which is a joint committee, started to be composed of 12 (twelve) members, as per resolution of the Ordinary and Extraordinary General Meeting ("OEGM") held on April 27, 2022. The members of the Board do not hold executive positions at the Company. The Company had 3 (three) independent members until the AGEO of April, 27, and this number was increased to 4 (four). The independence aims specially at ensuring the interests of the Company and its non-controlling 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 Executive Board is composed of at least 2 (two) and no more than 10 (ten) 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) full members and 5 (five) deputy members, with 4 of the full members being appointed by the controlling shareholders and 1 (one) of them being 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, we have established the guidelines and strategic themes for the Company's sustainability in Cielo's Sustainability Strategic Plan for 2021-2025, with the purpose of 'enhancing businesses that are sustainable and inclusive of everyone'.

Approved by the Executive Board and by the Sustainability Committee and in line with the Company's Strategic Plan, the plan has the following guidelines: **(a)** promote sustainable operations, resources and structures; **(b)** develop the business model for value generation with positive impact; and **(c)** be a means for social transformation. The enforcement of the plan is followed up periodically by the Sustainability Committee, which reports its progress to the Board of Directors.

Also, the plan addresses the strategic themes for Sustainability, being: Diversity & Inclusion, Social Responsibility, Climate Change & Eco-efficiency, Social and Environmental Risk Management, Innovation & Impact Business and Governance & ESG Reporting.

### *Diversity & Inclusion*

It is worth highlighting the Diversity & Inclusion Program, structured with the goal of promoting diversity and inclusion on representativeness and corporate culture. 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.

The year 2021 was marked by the focus on evolving significantly and increasing the range of the theme 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.

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

#### *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 guides our actions regarding climate governance, risk and opportunity management, accounting for emissions, goals and engagement with the value chain. Also as part of its climate strategy, the Company presents information on climate change management in the Carbon Disclosure Project (CDP) and is included in the Carbon Efficient Index (ICO2) of B3 (Brasil, Bolsa e Balcão).

#### *Governance and ESG reporting*

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. In 2022, Cielo evolved in its transparency mechanisms on ESG performance, adopting the Integrated Report model for the 2021 period, following the IIRC framework and verification by an independent third party.

#### *Social responsibility*

Cielo's private social investment strategy seeks to adopt specific causes for the use of incentive laws, in order to connect the supported initiatives to the Company's business. In this way, Cielo invests in social projects that promote education, entrepreneurship and diversity and inclusion.

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

## **RELATIONSHIP WITH AUDITORS**

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Pursuant to CVM Instruction No. 381/03, we inform that during 2Q22, the Company engaged the independent auditing services of KPMG.

The Company's policy when contracting independent auditors' 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 or her own work, (b) the auditor shall not perform managerial duties at his or her client and (c) the auditor shall not promote the interests of his or her client.

Cielo declares that the independent auditors have been engaged to provide services not related to external audit until June 30, 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 auditors who audit its financial statements, directly or indirectly, needs to be previously analyzed by the Audit Committee and authorized by the Board of Directors. The total amount of these services is R\$ 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.

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# **Cielo S.A.**

Individual and Consolidated  
Interim Financial Information  
for the three and six-month period  
ended June 30, 2022 and Report on Review of  
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 June 30, 2022, which comprises the balance sheet at June 30, 2022 and the related statements of income and comprehensive income for the three and six-month periods then ended and changes in shareholders’ equity and cash flows for the six-month period then ended, including the explanatory notes.

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

## **Scope of review**

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



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

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information, included in the interim financial information referred to above, 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 six-month period ended June 30, 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 June 30, 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 August 02, 2022.

São Paulo, August 02, 2022

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

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

**Cielo S.A.**

**Statements of financial position as at June 30 2022 and December 31, 2021**

*(In thousands of Brazilian reais)*

<b>Assets</b>	<b>Note</b>	<b>Parent Company</b>		<b>Consolidated</b>		<b>Liabilities and equity</b>	<b>Note</b>	<b>Parent Company</b>		<b>Consolidated</b>	
		<b>06/30/2022</b>	<b>12/31/2021</b>	<b>06/30/2022</b>	<b>12/31/2021</b>			<b>06/30/2022</b>	<b>12/31/2021</b>	<b>06/30/2022</b>	<b>12/31/2021</b>
<b>Current assets</b>						<b>Current liabilities</b>					
Cash	4	15,472	69,177	73,252	350,104	Borrowings	12	1,453,474	652,144	3,576,704	2,912,802
Financial instruments, including derivatives	5	506,498	1,978,842	3,872,685	5,225,593	Derivative financial instruments	5	6,701	-	6,701	-
Credit rights investment funds	6	7,160,374	5,568,737	-	-	Other payables		88,355,866	81,031,373	74,748,942	71,640,186
Income receivable	7	182,705	170,080	246,638	213,358	Social and statutory	15 and 21	272,682	290,146	299,087	347,750
Receivables from card-issuing banks	7	85,512,545	78,865,744	85,512,554	79,088,367	Tax and social security	8	183,975	95,655	515,961	582,399
Receivables from related parties	26	3,287	2,793	765,780	738,105	Payables to merchants	13	72,816,458	69,138,706	72,923,985	69,530,057
Taxes and contributions for offset/recoverable		486,217	382,956	729,646	837,561	Payables to related parties	26	14,548,014	10,942,421	408,088	396,503
Other operating receivables	7	164,125	148,866	223,555	155,641	Others		534,737	564,445	601,821	783,477
Allowance for doubtful debts	7	(200,084)	(188,986)	(200,639)	(205,161)						
Other receivables		131,790	111,639	136,289	139,594						
<b>Total current assets</b>		<b>93,962,929</b>	<b>87,109,848</b>	<b>91,359,760</b>	<b>86,543,162</b>	<b>Total current liabilities</b>		<b>89,816,041</b>	<b>81,683,517</b>	<b>78,332,347</b>	<b>74,552,988</b>
<b>Long-term assets</b>						<b>Long-term liabilities</b>					
Financial instruments, including derivatives	5	-	6,350	286,955	284,999	Borrowings	12	3,370,957	3,382,302	3,370,957	3,382,302
Escrow deposits	14	1,575,815	1,573,876	1,578,882	1,576,643	Other payables		2,102,531	3,690,282	2,335,356	2,228,853
Tax credits	8	1,051,670	924,523	1,360,406	1,283,046	Provision for contingencies	14	2,059,187	1,985,883	2,277,614	2,158,491
Other operating receivables	7	27,178	18,549	158,147	29,077	Deferred taxes and contributions		-	-	6,188	25,964
						Provision for obligations with investees		170	1,665,683	170	170
						Others		43,174	38,716	51,384	44,228
						<b>Total long-term liabilities</b>		<b>5,473,488</b>	<b>7,072,584</b>	<b>5,706,313</b>	<b>5,611,155</b>
<b>Permanent assets</b>						<b>Equity</b>					
Investments	9	7,752,014	7,596,638	-	-	Issued capital	15	5,700,000	5,700,000	5,700,000	5,700,000
Property and equipment	10	983,751	914,756	999,491	971,151	Capital reserves	15	66,733	77,030	66,733	77,030
Intangible assets	11	486,165	502,150	9,234,092	9,734,557	Earnings reserves	15	5,073,458	4,542,989	5,073,458	4,542,989
						Other comprehensive income	15	(167,889)	(330,852)	(167,889)	(330,852)
						(-) Treasury shares	15	(122,309)	(98,578)	(122,309)	(98,578)
<b>Total long-term and permanent assets</b>		<b>11,876,593</b>	<b>11,536,842</b>	<b>13,617,973</b>	<b>13,879,473</b>	<b>Attributable to:</b>					
						Owners of the Company		10,549,993	9,890,589	10,549,993	9,890,589
						Non-controlling interests		-	-	10,389,080	10,367,903
						<b>Total equity</b>		<b>10,549,993</b>	<b>9,890,589</b>	<b>20,939,073</b>	<b>20,258,492</b>
<b>Total assets</b>		<b>105,839,522</b>	<b>98,646,690</b>	<b>104,977,733</b>	<b>100,422,635</b>	<b>Total liabilities and equity</b>		<b>105,839,522</b>	<b>98,646,690</b>	<b>104,977,733</b>	<b>100,422,635</b>

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

Cielo S.A.

Statements of profit or loss

For the three and six-month period ended June 30, 2022 and June 30, 2021  
(In thousands of Brazilian reais, except earnings per share)

Note	Parent Company				Consolidated				
	Three-month period		Six-month period		Three-month period		Six-month period		
	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	
NET REVENUE	17	1,577,509	1,173,603	2,911,182	2,342,837	2,540,198	2,811,861	5,302,392	5,534,428
COST OF SERVICES PROVIDED	18	(878,555)	(711,606)	(1,694,137)	(1,462,835)	(1,465,540)	(2,003,320)	(3,313,886)	(4,033,535)
<b>GROSS PROFIT</b>		<b>698,954</b>	<b>461,997</b>	<b>1,217,045</b>	<b>880,002</b>	<b>1,074,658</b>	<b>808,541</b>	<b>1,988,506</b>	<b>1,500,893</b>
<b>OPERATING INCOME (EXPENSES)</b>									
Personnel	18	(110,389)	(71,217)	(212,368)	(151,547)	(233,920)	(214,456)	(480,149)	(423,269)
General and administrative	18	(211,827)	(161,754)	(406,268)	(316,929)	(80,668)	(90,213)	(182,008)	(179,643)
Sales and marketing	18	(25,346)	(20,950)	(47,040)	(44,833)	(25,331)	(62,087)	(90,891)	(123,286)
Share of profit (loss) of investees	9	481,251	93,243	607,515	121,695	-	-	-	679
Other operating expenses, net	18	(90,305)	(87,032)	(128,290)	(17,539)	208,326	(121,652)	153,880	(129,356)
<b>OPERATING PROFIT</b>		<b>742,338</b>	<b>214,287</b>	<b>1,030,594</b>	<b>470,849</b>	<b>943,065</b>	<b>320,133</b>	<b>1,389,338</b>	<b>646,018</b>
<b>FINANCE INCOME (COSTS)</b>									
Finance income	24	16,643	24,071	45,297	53,792	81,143	83,993	202,938	122,788
Finance costs	24	(402,587)	(98,556)	(724,460)	(157,474)	(396,142)	(188,733)	(738,406)	(293,914)
Purchase of receivables and FIDC	24	255,607	70,925	463,962	142,875	230,993	94,352	388,729	190,193
Exchange differences and MtM, net	24	(15,762)	(5,383)	(36,193)	(8)	(15,781)	(5,406)	(36,219)	(18)
		(146,099)	(8,943)	(251,394)	39,185	(99,787)	(15,794)	(182,958)	19,049
<b>OPERATING PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION</b>		<b>596,239</b>	<b>205,344</b>	<b>779,200</b>	<b>510,034</b>	<b>843,278</b>	<b>304,339</b>	<b>1,206,380</b>	<b>665,067</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION</b>									
Current	8	(31,398)	(51,792)	(86,530)	(74,637)	(181,312)	(129,581)	(357,733)	(202,783)
Deferred	8	70,419	26,860	127,147	(13,723)	46,721	46,791	107,910	24,395
<b>PROFIT FOR THE PERIOD</b>		<b>635,260</b>	<b>180,412</b>	<b>819,817</b>	<b>421,674</b>	<b>708,687</b>	<b>221,549</b>	<b>956,557</b>	<b>486,679</b>
<b>ATTRIBUTABLE TO:</b>									
Owners of the Company						635,260	180,412	819,817	421,674
Noncontrolling interests						73,427	41,137	136,740	65,005
Earnings per share (in RS) - Basic	16	0.23467	0.06656	0.30273	0.15554	0.23467	0.06656	0.30273	0.15554
Earnings per share (in RS) - Diluted	16	0.23305	0.06628	0.30064	0.15489	0.23305	0.06628	0.30064	0.15489

The accompanying notes are an integral part of these financial statements.

Cielo S.A.

Statements of comprehensive income

For the six-month period ended June 30, 2022 and June 30, 2021  
(In thousands of Brazilian reais)

	Parent Company				Consolidated			
	Three-month period		Six-month period		Three-month period		Six-month period	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
<b>Profit for the period</b>	<b>635,260</b>	<b>180,412</b>	<b>819,817</b>	<b>421,674</b>	<b>708,687</b>	<b>221,549</b>	<b>956,557</b>	<b>486,679</b>
Comprehensive income								
Exchange differences on translating foreign operations:								
Exchange differences on foreign investments	9,128	(77,155)	162,963	58,535	9,128	(77,155)	162,963	58,535
Changes for the period	9,128	(77,155)	162,963	58,535	9,128	(77,155)	162,963	58,535
<b>Total comprehensive income for the period</b>	<b>644,388</b>	<b>103,257</b>	<b>982,780</b>	<b>480,209</b>	<b>717,815</b>	<b>144,394</b>	<b>1,119,520</b>	<b>545,214</b>
<b>Attributable to:</b>								
Owners of the Company	644,388	103,257	982,780	480,209	644,388	103,257	982,780	480,209
Noncontrolling interests	73,427	41,137	136,740	65,005	73,427	41,137	136,740	65,005

The accompanying notes are an integral part of these financial statements.

Cielo S.A.

Statements of changes in equity

For the six-month period ended June 30 2022 and December 31, 2021

(In thousands of Brazilian reais)

		Earnings reserves						Other comprehensive income	Total owners of the Company	Noncontrolling interests	Total equity	
		Issued capital	Capital reserve	Treasury shares	Legal	Capital budget	Additional dividends					Earnings retention
<b>Balances as at December 31, 2020</b>		<b>5,700,000</b>	<b>67,529</b>	<b>(84,815)</b>	<b>1,140,000</b>	<b>2,891,907</b>	-	-	<b>(223,767)</b>	<b>9,490,854</b>	<b>3,114,858</b>	<b>12,605,712</b>
Acquisition of treasury shares		-	-	(27,124)	-	-	-	-	-	(27,124)	-	(27,124)
Restricted stock options granted	23	-	12,170	-	-	-	-	-	-	12,170	-	12,170
Sale/transfer of treasury shares under the stock option plan	23 e 15.c)	-	(10,971)	10,971	-	-	-	-	-	-	-	-
Profit for the period		-	-	-	-	-	421,674	-	-	421,674	65,005	486,679
Allocation of profit for the period:												
Interest on capital proposed	15.f)	-	-	-	-	-	(63,675)	-	-	(63,675)	-	(63,675)
Interest on capital paid		-	-	-	-	-	(85,151)	-	-	(85,151)	-	(85,151)
Other comprehensive income:												
Exchange differences on net foreign investments	15.g)	-	-	-	-	-	-	58,535	58,535	-	-	58,535
Initial compliance - BCB Regulatory Instruction No. 206/21		-	-	-	-	-	-	-	-	9,823,450	-	9,823,450
Effect of noncontrolling interests on consolidated entities		-	-	-	-	-	-	-	-	(81,791)	-	(81,791)
<b>Balances as at June 30, 2021</b>		<b>5,700,000</b>	<b>68,728</b>	<b>(100,968)</b>	<b>1,140,000</b>	<b>2,891,907</b>	<b>272,848</b>	<b>(165,232)</b>	<b>9,807,283</b>	<b>12,921,522</b>	<b>10,367,903</b>	<b>22,728,805</b>
<b>Balances as at December 31, 2021</b>		<b>5,700,000</b>	<b>77,030</b>	<b>(98,578)</b>	<b>1,140,000</b>	<b>3,402,989</b>	-	-	<b>(330,852)</b>	<b>9,890,589</b>	<b>10,367,903</b>	<b>20,258,492</b>
Acquisition of treasury shares		-	-	(47,425)	-	-	-	-	-	(47,425)	-	(47,425)
Restricted stock options granted	23	-	13,397	-	-	-	-	-	-	13,397	-	13,397
Sale/transfer of treasury shares under the stock option plan	23 e 15.c)	-	(23,694)	23,694	-	-	-	-	-	-	-	-
Profit for the period		-	-	-	-	-	819,817	-	-	819,817	136,740	956,557
Allocation of profit for the period:												
Interest on capital proposed	15.f)	-	-	-	-	-	(224,210)	-	-	(224,210)	-	(224,210)
Interest on capital paid		-	-	-	-	-	(65,138)	-	-	(65,138)	-	(65,138)
Other comprehensive income:												
Exchange differences on net foreign investments	15.g)	-	-	-	-	-	-	162,963	162,963	-	-	162,963
Effect of noncontrolling interests on consolidated entities		-	-	-	-	-	-	-	-	(115,563)	-	(115,563)
<b>Balances as at June 30, 2022</b>		<b>5,700,000</b>	<b>66,733</b>	<b>(122,309)</b>	<b>1,140,000</b>	<b>3,402,989</b>	<b>530,469</b>	<b>(167,889)</b>	<b>10,549,993</b>	<b>10,389,080</b>	<b>10,389,080</b>	<b>20,939,073</b>

The accompanying notes are an integral part of these financial statements.



**Cielo S.A.**

**Statements of cash flows**

For the six-month period ended June 30, 2022 and June 30, 2021  
(In thousands of Brazilian reais)

Note	Consolidated		Consolidated	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
<b>Cash flows from operating activities</b>				
Profit before income tax and social contribution	779,200	510,034	1,206,380	665,067
<b>Adjustments to reconcile profit before income tax and social contribution to net cash generated by operating activities:</b>				
Depreciation and amortization	10 and 11	253,255	249,147	505,312
Write-offs/losses on property and equipment and intangible assets	10 and 11	63,754	160,944	66,754
Share of profit (loss) of investees	9	(607,515)	(121,695)	-
Exchange differences on foreign investments	9	(185,043)	-	-
Exchange differences on property and equipment and intangible assets	10 and 11	-	-	44,691
Stock options granted		13,397	12,170	13,397
Transfer of treasury shares under the stock option plan		(23,694)	(10,971)	(23,694)
Loss on doubtful debts and fraud		11,098	83,929	(4,522)
Provision for tax, civil and labor risks	14	91,281	101,236	139,058
Exchange differences relating to interest on foreign borrowings	12	(33,256)	(19,193)	(167,530)
Gains (losses) on financial instruments		(70,693)	(11,560)	(70,693)
Interest on borrowings	12	213,421	97,426	249,356
Amortization of debt issuance costs	12	233	14,905	233
Yield from interest in FIDC		(486,588)	(149,843)	-
<b>(Increase)/decrease in operating assets:</b>				
Income receivable		(12,625)	196,881	(33,280)
Receivables from card-issuing banks		(6,646,801)	5,387,327	(6,703,261)
Receivables from related parties		(494)	(6,249)	(27,675)
Taxes and contributions for offset/recoverable		(230,408)	152,195	(39,969)
Debtors for guarantee deposits		(1,939)	849	(2,239)
Prepaid expenses		(20,151)	(99,975)	(15,811)
Other assets		139,075	(216,838)	(39,255)
Financial instruments, including derivatives		130,143	17,233	(2,236,728)
<b>Increase (decrease) in operating liabilities:</b>				
Social and statutory		(17,464)	(20,100)	(48,663)
Tax and social security		183,778	(179,936)	(34,179)
Payables to merchants		3,677,752	(5,160,282)	3,778,211
Payables to related parties		3,605,593	662,031	14,904
Provisions for contingencies	14	(17,977)	(23,923)	(19,935)
Other liabilities		(25,250)	(149,508)	(69,058)
<b>Cash from/(used) from operations</b>				
		<b>782,082</b>	<b>1,476,234</b>	<b>(3,518,196)</b>
Income tax and social contribution paid		(42,223)	(8,664)	(259,905)
<b>Net cash generated by (used in) operating activities</b>				
		<b>739,859</b>	<b>1,467,570</b>	<b>(3,778,101)</b>
<b>Cash flows from investing activities</b>				
Acquisitions of shares of FIDC		(1,082,423)	(1,782,272)	-
Redemption of shares of subsidiary		-	122,633	489,483
Capital increase in subsidiaries	9	(1,359,181)	-	-
Dividends received from subsidiaries	9	330,850	190,844	-
Acquisitions of property, plant and equipment	10	(256,637)	(276,767)	(258,103)
Redemption of intangible assets		-	177,896	-
Acquisitions of intangible assets	11	(113,382)	(113,137)	(117,640)
<b>Net cash generated by (used in) investing activities</b>				
		<b>(2,480,773)</b>	<b>(1,680,803)</b>	<b>113,740</b>
<b>Cash flows from financing activities</b>				
Borrowings	12	1,620,000	-	1,620,000
Payment of principal of borrowings, net of derivatives	12	(851,278)	(11,278)	(851,278)
Debt issuance costs incurred	12	-	(7,521)	-
Interest paid	12	(159,135)	(83,001)	(198,224)
Acquisition of treasury shares		(47,425)	(27,124)	(47,425)
Dividends and interest on capital paid		(300,898)	(251,572)	(442,691)
<b>Net cash generated by (used in) financing activities</b>				
		<b>261,264</b>	<b>(380,496)</b>	<b>80,382</b>
<b>Increase (decrease) in cash and cash equivalents</b>				
		<b>(1,479,650)</b>	<b>(593,729)</b>	<b>(3,583,979)</b>
<b>Cash and cash equivalents</b>				
Closing balance	4 and 5 a)	345,062	2,072,051	1,756,224
Effect of exchange difference on foreign cash and cash equivalents		-	-	(27,814)
Opening balance	4 and 5 a)	1,824,712	2,665,780	5,340,203
<b>Increase (decrease) in cash and cash equivalents</b>				
		<b>(1,479,650)</b>	<b>(593,729)</b>	<b>(3,583,979)</b>
The accompanying notes are an integral part of these financial statements.				
		<b>(1,479,650)</b>	<b>(593,729)</b>	<b>(3,583,979)</b>
		<b>7,989,823</b>	<b>7,989,823</b>	<b>7,989,823</b>

**Cielo S.A.**

**Statements of value added**

**For the six-month period ended June 30, 2022 and June 30, 2021**  
*(In thousands of Brazilian reais)*

	Note	Parent Company		Consolidated	
		06/30/2022	06/30/2021	06/30/2022	06/30/2021
<b>REVENUES</b>					
Sales of services	17	3,295,991	2,673,171	6,016,044	6,198,293
Loss on doubtful debts and fraud	18	(35,974)	(83,929)	(82,853)	(179,636)
		<b>3,260,017</b>	<b>2,589,242</b>	<b>5,933,191</b>	<b>6,018,657</b>
<b>INPUTS PURCHASED FROM THIRD PARTIES</b>					
Cost of services provided		(1,335,916)	(1,117,734)	(2,664,886)	(3,308,472)
Materials, electric energy, outside services and others		(443,939)	(354,597)	(290,562)	(334,382)
Other expenses, net		(32,475)	115,480	296,928	100,516
Impairment of assets	18	(59,841)	(49,090)	(60,194)	(50,237)
		<b>(1,872,171)</b>	<b>(1,405,941)</b>	<b>(2,718,714)</b>	<b>(3,592,575)</b>
<b>GROSS VALUE ADDED</b>					
		<b>1,387,846</b>	<b>1,183,301</b>	<b>3,214,477</b>	<b>2,426,082</b>
<b>Retentions</b>					
Depreciation and amortization	10 and 11	(253,255)	(249,147)	(505,312)	(548,322)
<b>WEALTH CREATED, NET</b>					
		<b>1,134,591</b>	<b>934,154</b>	<b>2,709,165</b>	<b>1,877,760</b>
<b>WEALTH RECEIVED IN TRANSFER</b>					
Share of profit (loss) of investees	9	607,515	121,695	-	679
Finance income, including purchase of receivables and exchange differences, net	24	473,066	196,659	555,448	312,963
		<b>1,080,581</b>	<b>318,354</b>	<b>555,448</b>	<b>313,642</b>
<b>TOTAL WEALTH FOR DISTRIBUTION</b>					
		<b>2,215,172</b>	<b>1,252,508</b>	<b>3,264,613</b>	<b>2,191,402</b>
<b>DISTRIBUTION OF WEALTH</b>					
Personnel and related taxes		(233,025)	(185,631)	(463,192)	(450,597)
Profit sharing	21	(52,435)	(38,222)	(78,921)	(66,041)
Taxes and contributions		(382,907)	(446,190)	(1,025,219)	(886,728)
Interest and rental expenses		(726,988)	(160,791)	(740,724)	(301,357)
Dividends and interest on capital paid		(65,138)	(85,151)	(206,929)	(132,508)
Dividends and interest on capital proposed		(224,210)	(63,675)	(224,210)	(63,675)
Earnings retention		(530,469)	(272,848)	(388,678)	(225,491)
Noncontrolling interests		-	-	(136,740)	(65,005)
		<b>(2,215,172)</b>	<b>(1,252,508)</b>	<b>(3,264,613)</b>	<b>(2,191,402)</b>

The accompanying notes are an integral part of these financial statements.

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

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### 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 six-month period

In the six-month period ended June 30, 2022, we highlight the following events:

- On January 31, 2022, the Ordinary General Meeting decided on the early settlement of Fundo de Investimento em Direitos Creditórios Cielo Receba Mais (FIDC Receba Mais). The total amortization and redemption of senior shares was on February 3, 2022. 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 2012 with maturity in November 2022.
- On April 8, 2022, the sale of its subsidiary Merchant E-Solutions, Inc. was concluded, after compliance with the conditions precedent, with payment to the Company of US\$ 137.2 million (R\$ 652.8 million) related to the fixed portion (upfront), adjusted according to the terms set out in the transaction documents. The transaction also includes a variable portion (earn-out) of US\$ 25 million (R\$ 119.0 million), the calculation and realization of which are subject to future verification of certain assumptions agreed between the parties.
- On April 8, 2022, the Board of Directors approved the opening of a new share buyback program, through which the Company was authorized to acquire up to 13,339,245 common shares, without par value, of its own issuance.

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

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## 2 Summary of significant accounting practices

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

The Company's interim 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.

On January 1, 2022, BCB Resolution No. 120 came into effect, establishing the general principles for accounting recognition, measuring, bookkeeping and evidencing by payment institutions authorized to function by the Central Bank of Brazil. The general principles do not differ from the accounting practices applied by the company.

The interim financial information was approved by the Company's Board of Directors and authorized for issue on August 02, 2022.

### 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 as at December 31, 2021 and 2020, as well as, in the balance sheet as at June 30, 2021, as follows:

	12/31/2021	06/30/2021	12/31/2020
Equity – Previously disclosed	12,985,858	12,905,355	12,605,712
Reclassification of non-controlling interests in FIDCs and FICs	<u>7,272,634</u>	<u>9,823,450</u>	<u>3,049,663</u>
Equity after adoption of IN BCB No. 206/21	20,258,492	22,728,805	15,655,375

### 2.3 Significant accounting judgments, estimates and assumptions

The preparation of interim 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, unless otherwise stated)

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### 2.4 Functional and presentation currency

The interim financial information are presented in Brazilian reais (R\$), which is the Company's functional and presentation currency.

Management determined that the functional currency of its foreign subsidiaries is the US dollar. For Cielo USA, the main factor to determine the functional currency was the raising of US dollar denominated borrowings for the acquisition of control of Merchant e-Solutions, Inc ("MerchantE"). In addition, with respect to MerchantE, the cash flows and services provided are fully denominated in US dollars.

For purposes of presentation of the consolidated interim financial information, the assets and liabilities of subsidiaries Cielo USA and MerchantE (based in the USA), originally denominated in US dollars, were translated into Brazilian reais at the exchange rates prevailing at period-end. Revenues and expenses were translated at the average monthly exchange rates. Exchange differences resulting from such translations were classified in other comprehensive income and accumulated in equity.

### 2.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, less estimated returns, trade discounts and/or bonuses granted and other similar deductions.

Revenues from the capture of transactions with credit and debit cards are recognized on the date of capture/processing of the transactions. Revenues from credit and debit card transactions and payment accounts management services, as well as other services provided to partners and merchants are recognized when the services are provided.

The income from dividends on investments is recognized when the shareholder's right to receive these dividends is established (provided that it is probable that future economic benefits will flow to the Company and the amount of revenue can be measured reliably).

The income from purchase of receivables to merchants is recognized on a "*pro rata temporis*" basis considering their maturities.

In the case of MerchantE, in the context of its agreements with the banks, it assumes liabilities of the acquirer bank and therefore it is accountable for the interchange fees. The bank also receives market rates for its services and therefore it is not exposed to the agreement's risks and rewards. Additionally, there are factors such as the portability of the contracts with merchants and the fact that MerchantE has a direct interaction with its customers in its daily routines and it holds the transaction's credit risk. As a result, MerchantE is the main debtor and recognizes revenue based on its gross amount and the interchange fee is recognized as cost of services provided.

### 2.6 Cash and cash equivalents

For purposes of the statement of cash flows, this balance includes cash and cash equivalents that are represented by cash in local currency and in foreign currency, investments in repurchase agreements (open market investments), investments in interbank deposits and investments in foreign currency, which are highly liquid and readily convertible into a known cash amount and with insignificant risk of change in fair value.

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

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### *Open market investments*

These investments are stated at cost, plus income earned through the end of the reporting period, less a provision for impairment, when applicable.

## **2.7 Financial instruments**

Securities acquired for own portfolio are recorded at the amount actually paid, including brokerage fees and charges, and are classified into three different categories according to the Company's Management intent, in accordance with BACEN Circular Letter No. 3,068/01:

### *Trading securities*

Trading securities are those acquired for the purpose of being actively and frequently traded. They are stated at cost, plus income earned and adjusted to market value with a matching entry in profit or loss for the period;

### *Available-for-sale securities*

Available-for-sale securities are those that are not classified as trading securities or as held-to-maturity. They are stated at cost, plus income earned with a matching entry in profit or loss for the period and adjusted to market value with a matching entry in equity, less tax effects, which will only be recognized in profit or loss upon their actual realization; and

### *Held-to-maturity securities*

Held-to-maturity securities are those acquired for this purpose and for which there is financial ability to hold them to maturity. They are stated at cost, plus income earned with a matching entry in profit or loss for the period, and are not measured at market value.

The securities classified in the categories of trading securities and available-for-sale securities, as well as the derivative financial instruments, are stated in the statement of financial position at their market value. Generally, the market value is based on market price quotations for assets or liabilities with similar characteristics. If these market prices are not available, the market values are based on quotations from market operators, pricing models, discounted cash flows or similar techniques, for which the determination of market value can require significant judgment or estimate by Management.

The securities are assessed to verify if there is objective evidence of impairment. The objective evidence of impairment may include non-payment or late payment by the counterparty, indications of bankruptcy proceedings or even a significant or prolonged decline in the value of the asset. An impairment of a security is recognized in profit or loss for the period if its carrying amount exceeds its recoverable amount.

Pursuant to article 7 of BACEN Circular Letter No. 3,068 dated 11/08/2001, securities classified as trading securities are stated in the statement of financial position in current assets, irrespective of their maturity dates.



# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

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### 2.8 Derivative financial instruments and hedge transactions

The Company enters into derivative financial instruments mainly to manage its exposure to fluctuations in exchange rates. The Company measures its derivative financial instruments based on quotations obtained from market participants, which is the market value at the end of the reporting period.

Changes in the market value of a derivative that is highly effective and that is designated and qualifying as a cash flow hedge or a hedge of exchange differences on foreign investments are recognized in other comprehensive income and when qualifying as a market risk hedge, the hedged item and the hedging instrument are recognized in the statement of profit or loss at their fair values.

The Company assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives used in hedging transactions are highly effective in offsetting changes in market values or cash flows of hedged items. When a hedging instrument is sold, terminated, expires or is exercised, the cumulative unrealized gain or loss, which had been recognized in other comprehensive income, is immediately reported in the statement of profit or loss. Additionally, changes in the market value of financial instruments not qualifying as hedge or qualifying as market risk hedge are recognized in the line item of Finance income (costs), net, in the statement of profit or loss.

### 2.9 Receivables from card-issuing banks and payables to merchants

#### (a) Operating receivables

##### *Receivables from card-issuing banks*

Refer to amounts of transactions carried out by holders of debit and credit cards issued by financial institutions, and the balances of receivables from card-issuing banks are net of interchange fees with receipt terms of less than one year.

##### *Receivables for processed financial transactions*

Refer mainly to receivables from card association members for financial transactions processed by MerchantE that have been authorized but not yet received. These receivables are generally settled on the following business day.

##### *Receivables from merchants*

Represent interchange and service fees for transaction processing receivable from merchants, as a result of MerchantE's practice to settle transactions at full amounts to merchants and collect these fees at the beginning of the next month.

#### (b) Payables to merchants

##### *Payables to merchants*

Refer to the obligation to pay for the purchase of products and services made with cards to merchants accredited by the Company.

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

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### *Payables to merchants for transactions processed*

Refer to the balances due to merchants for transactions processed and that have not yet been paid. MerchantE pays merchants the amounts received from card associations on the business day subsequent to the day the transaction is captured.

### *Merchant deposits*

MerchantE maintains funds as a security deposit to hedge against the risk of a customer going bankrupt and being unable to pay for the services provided. The amount retained from each customer is based on the risk factors associated to the customer, which include, among others, the type of business and the volume of completed transactions.

## **2.10 Investments**

In the individual interim financial information, the investments in subsidiaries, joint ventures and associates are accounted for under the equity method of accounting, based on the equity value of the subsidiary or associate.

In the consolidated interim financial information, subsidiaries are fully consolidated and associates and joint ventures are accounted for under the equity method of accounting.

The interim financial information of foreign subsidiaries are conformed to the accounting criteria of the parent company and translated into the real currency at the period-end rate.

## **2.11 Property and equipment**

Stated at historical cost, less accumulated depreciation and accumulated impairment losses. Depreciation is calculated under the straight-line method, based on the estimated useful lives of the assets. The estimated useful lives, residual values, and depreciation methods are reviewed on an annual basis, and the effect of any changes in estimates is accounted for on a prospective basis.

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its continued use. Any gain or loss from the sale or derecognition of an item of property and equipment is determined by the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

## **2.12 Intangible assets**

Intangible assets correspond to the rights acquired that have as object incorporeal property for the maintenance of the Company's activities or exercised for this purpose. Intangible assets are comprised by:

### *Separately acquired intangible assets*

Separately acquired intangible assets with finite useful lives are stated at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis based on the estimated useful lives of the assets. The estimated useful life and amortization method are reviewed on an annual basis and the effect of any changes in estimates is accounted for on a prospective basis.

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

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### *Internally generated intangible assets*

Costs of research activities are recognized as expense in the period in which they are incurred. When no internally generated intangible asset can be recognized, the development costs are recognized in profit or loss when incurred.

### **2.13 Impairment of tangible and intangible assets**

Annually, and if there is evidence, the Company reviews the carrying amount of its tangible and intangible assets to determine if there is any indication that these assets may be impaired.

Recoverable amount is the higher of the fair value less costs to sell and the value in use. If the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount, and the impairment loss is immediately recognized in profit or loss.

### **2.14 Goodwill**

Goodwill corresponds to the amount exceeding the carrying amount of the investments acquired at fair value, arising from expected future profitability and supported by economic and financial studies on which the purchase price of the businesses was based.

Goodwill from expected future profitability is amortized according to the projection periods that justified it, and is subject to impairment test annually or more frequently, whenever there is indication that the cash-generating unit may be impaired.

The goodwill arising from investments in subsidiaries, associate and joint ventures is included in the carrying amount of the investment in the individual interim financial information. In the consolidated interim financial information, the goodwill arising from the acquisition of subsidiaries is recognized in intangible assets.

### **2.15 Income tax and social contribution - current and deferred**

Income tax and social contribution expenses represent the sum of current and deferred taxes.

#### *Current taxes*

The Company's provision for income tax and social contribution is calculated based on the taxable profit for the period. Income tax was calculated at the rate of 15%, plus a 10% surtax on the annual taxable profit exceeding R\$240. Social contribution was calculated at the rate of 9% on the adjusted book profit.

#### *Deferred taxes*

Deferred income tax and social contribution are recognized on the differences between assets and liabilities recognized for tax purposes and the related amounts recognized in the interim financial information. Deferred income tax and social contribution are determined based on the tax rates and tax laws in effect at the end of the reporting period, applicable when the income tax and social contribution are realized. The recovery of deferred tax assets is reviewed semi-annually and when it is no longer probable that future taxable profits will be available to allow the recovery of all or part of the assets, the asset balance is adjusted to the amount expected to be recovered.

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

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Current and deferred taxes are recognized in profit or loss, except when they relate to items recognized directly in equity.

When current and deferred taxes result from the initial accounting for a business combination, the tax effect is considered in accounting for the business combination.

### **2.16 Employee benefits**

#### *Supplementary Pension Plan*

Refers to amounts in which the Company is the co-sponsor of a defined contribution pension plan. Contributions are made based on a percentage of the employee's compensation. Payments to defined contribution plans are recognized as expense when the services that entitle to such payments are provided.

#### *Post-employment benefits*

Represents amounts in which the Company has an actuarial liability resulting from post-employment benefit, relating to the expected expenses on healthcare plan.

### **2.17 Provision for contingencies**

Recognized when there is a present obligation (legal or constructive) as a result of a past event, with probable outflow of resources, and the amount of the obligation can be reliably estimated. The amount recognized as a provision is the best estimate of the settlement amount at the end of the reporting period, taking into consideration the risks and uncertainties related to the obligation.

The recognition, measurement and disclosure of provisions, contingent assets, contingent liabilities and legal obligations are made according to the criteria defined in CPC 25 - Provisions, Contingent Liabilities and Contingent Assets, approved by CMN Resolution No. 3,823/09.

### **2.18 Dividends and interest on capital**

The proposal for payment of dividends and interest on capital made by the Company's Management that is included in the portion equivalent to the minimum mandatory dividend is recognized in line item "Social and statutory" in current liabilities as it is considered a legal obligation under the Company's bylaws. However, the portion of dividends exceeding the minimum mandatory dividend, when applicable, declared by Management after the accounting period to which the interim financial information refer, but before the date of authorization for issue of the interim financial information, is recognized in line item "Additional dividends proposed" in equity. For corporate and accounting purposes, interest on capital is included in the minimum mandatory dividend.

### **2.19 Stock option plan and restricted stock option plan**

The Company offers a stock option plan and restricted stock option plan to its officers and some of its employees. Options or shares are priced at fair value at the grant date of the plans and are recognized on a straight-line basis in profit or loss as a matching entry to equity. At the end of each reporting period, the Company reviews its estimates of the number of options/shares that will be vested based on these

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

conditions and recognizes the impact of the revision of the initial estimates, if any, in the statements of profit or loss, as a matching entry to equity.

### 3 Consolidated information

The consolidated interim financial information includes 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 policies 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 Financial Statements, were also applied in the preparation of the consolidated interim financial information.

In the consolidated interim financial information, the joint ventures were not consolidated and are accounted for under the equity method.

As at June 30, 2022 and December 31, 2021, the Group consisted of the following companies:

Companies	Ownership interest (%)	
	06/30/2022	12/31/2021
<b>Direct and indirect interest in Subsidiaries and funds:</b>		
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")	90.87	88.48
Fundo de Investimento em Direitos Creditórios Cielo Emissores I ("FIDC Emissor")	11.64	10.63
Fundo de Investimento em Direitos Creditórios Cielo Emissores II ("FIDC Emissor II")	10.92	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
Paggo Soluções e Meios de Pagamento S.A. ("Paggo")	50.00	50.00

### 4 Cash

	Parent Company		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
In local currency	14,407	46,612	25,476	174,912
In foreign currency	1,065	22,565	47,776	175,192
<b>Total</b>	<b>15,472</b>	<b>69,177</b>	<b>73,252</b>	<b>350,104</b>

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## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

### 5 Financial instruments, including derivatives

	Parent Company		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
<b>Assets:</b>				
Cash equivalent financial instruments	329,590	1,755,535	1,682,972	4,990,099
Derivative financial instruments	-	34,815	-	34,815
Other financial instruments	176,908	194,842	2,476,668	485,678
<b>Total</b>	<b>506,498</b>	<b>1,985,192</b>	<b>4,159,640</b>	<b>5,510,592</b>
<b>Total current</b>	506,498	1,978,842	3,872,685	5,225,593
<b>Total noncurrent</b>	-	6,350	286,955	284,999
<b>Liabilities:</b>				
Derivative financial instruments	6,701	-	6,701	-
<b>Total</b>	<b>6,701</b>	<b>-</b>	<b>6,701</b>	<b>-</b>

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

#### (a) Cash equivalent financial instruments

As at June 30, 2022 and December 31, 2021, the balance of cash equivalent financial instruments comprises open market investments and marketable securities as follows:

	Parent Company		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Open market investments	12,185	7,054	34,185	190,628
Marketable securities	317,405	1,748,481	1,648,787	4,799,471
<b>Total</b>	<b>329,590</b>	<b>1,755,535</b>	<b>1,682,972</b>	<b>4,990,099</b>

#### *Open market investments*

As at June 30, 2022 and December 31, 2021, the Company's balances of open market investments are as follows:

	Parent Company		
	Maturity	Total	
	0 - 30	06/30/2022	12/31/2021
<b>Open market investments</b>			
Repurchase agreements	12,185	12,185	7,054
<b>Total</b>	<b>12,185</b>	<b>12,185</b>	<b>7,054</b>
	Consolidated		
	Maturity	Total	
	0 - 30	06/30/2022	12/31/2021
<b>Open market investments</b>			
Foreign currency investments	-	-	176,072
Repurchase agreements	34,185	34,185	14,556
<b>Total</b>	<b>34,185</b>	<b>34,185</b>	<b>190,628</b>

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## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

### 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								
	06/30/2022							12/31/2021	
	Maturity			Total		Total		Market value	Cost
	0 - 30	121 - 150	331 - 365	Market Value	Cost	Market value	Cost		
Trading securities									
Private securities:	315,767	1,279	359	317,405	316,555	1,748,481	1,745,938		
Investment fund shares	310,125	-	-	310,125	309,303	1,691,422	1,689,376		
Bank Deposit Certificate	5,642	1,279	359	7,280	7,252	57,059	56,562		
<b>Total</b>	<b>315,767</b>	<b>1,279</b>	<b>359</b>	<b>317,405</b>	<b>316,555</b>	<b>1,748,481</b>	<b>1,745,938</b>		

  

	Consolidated								
	06/30/2022							12/31/2021	
	Maturity				Above 365	Total		Total	
	0 - 30	121 - 150	241 - 270	331 - 365		Market Value	Cost	Market Value	Cost
Trading securities									
Private securities	1,636,298	1,279	1,287	359	9,564	1,648,787	1,647,804	4,799,471	4,796,653
Investment fund shares	1,630,655	-	-	-	-	1,630,655	1,629,701	4,690,595	4,688,276
Bank Deposit Certificate	5,643	1,279	-	359	-	7,281	7,252	57,059	56,562
Financial Bills	-	-	1,287	-	9,564	10,851	10,851	10,588	10,588
Others	-	-	-	-	-	-	-	41,229	41,227
<b>Total</b>	<b>1,636,298</b>	<b>1,279</b>	<b>1,287</b>	<b>359</b>	<b>9,564</b>	<b>1,648,787</b>	<b>1,647,804</b>	<b>4,799,471</b>	<b>4,796,653</b>

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 June 30, 2022, the Company has "Non Deliverable Forward - NDF" instruments in the total notional amount of US\$ 65,664 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, unless otherwise stated)

The fair value payable (liability) and receivable (asset) of the NDF instruments as at June 30, 2022 is R\$ 6,701 and R\$ 34,815, respectively, as at December 31, 2021.

### (c) Other financial instruments

As at June 30, 2022 and December 31, 2021, the balance of other financial instruments comprises held-to-maturity securities as follows:

	Parent Company		
	06/30/2022		12/31/2021
	Maturity 121 - 150	Total Amortized cost	Total Amortized cost
<b>Held-to-maturity securities</b>			
<b>Private securities</b>			
Fixed income securities abroad (a)	176,908	176,908	194,842
Debentures (b)	-	-	6,350
<b>Total</b>	<b>176,908</b>	<b>176,908</b>	<b>194,842</b>

	Consolidated			
	06/30/2022			12/31/2021
	91 - 120	121 - 150	Above 365	Total Amortized cost
<b>Held-to-maturity securities</b>				
<b>Public securities</b>				
National Treasury Bills	-	-	93,073	93,073
<b>Private securities</b>	24,086	2,175,191	184,318	2,383,595
Financial Bills	24,086	-	184,318	208,404
Fixed-income securities abroad (a)	-	2,175,191	-	2,175,191
Debentures (b)	-	-	-	6,350
<b>Total</b>	<b>24,086</b>	<b>2,175,191</b>	<b>277,391</b>	<b>2,476,668</b>

(a) 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 Brasil 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 and US\$ 120,000 thousand (corresponding to the proceeds from the sale of MerchantE), at a yield rate of 2.09% p.a. and 2.28% 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".

(b) In June 2022, due to the deterioration of the debenture creditor's financial projections, a provision for loss was recorded on this financial instrument.

## 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, unless otherwise stated)

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

All funds are governed by CMN Resolution No. 2,907/01, by CVM 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 June 30, 2022 and December 31, 2021 is presented below:

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## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

	06/30/2022			
	Number of shares	Total value of shares	Cielo's interest	Third parties' interest
<b>FIDC NP</b>	57,285	94,642	94,642	-
<b>FIDC Plus</b>	467,490,875	6,856,138	6,230,425	625,713
Senior	600,000	625,713	-	625,713
Subordinated	466,890,875	6,230,425	6,230,425	-
<b>FIDC Emissor I</b>	2,222,223	2,350,155	273,533	2,076,622
Senior	2,000,000	2,076,622	-	2,076,622
Subordinated	222,223	273,533	273,533	-
<b>FIDC Emissor II</b>	4,965,131	5,143,343	561,774	4,581,569
Senior	4,500,000	4,581,569	-	4,581,569
Subordinated	465,131	561,774	561,774	-
<b>Total</b>	<b>474,735,514</b>	<b>14,444,278</b>	<b>7,160,374</b>	<b>7,283,904</b>

	12/31/2021			
	Number of shares	Total value of shares	Cielo's interest	Third parties' interest
<b>FIDC NP</b>	57,285	29,339	29,339	-
<b>FIDC Plus</b>	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	-
<b>FIDC Receba Mais</b>	242,294	72,043	40,937	31,106
Senior	200,000	31,106	-	31,106
Subordinated	42,294	40,937	40,937	-
<b>FIDC Emissor I</b>	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	-
<b>FIDC Emissor II</b>	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	-
<b>Total</b>	<b>353,765,551</b>	<b>12,825,811</b>	<b>5,568,737</b>	<b>7,257,074</b>

The statements of financial position as at June 30, 2022 and December 31, 2021 are as follows:

	06/30/2022			12/31/2021		
	Assets	Liabilities	Equity	Assets	Liabilities	Equity
FIDC NP	96,035	1,393	94,642	29,487	148	29,339
FIDC Plus	6,861,745	5,607	6,856,138	5,371,989	1,802	5,370,187
FIDC Receba Mais	-	-	-	72,260	217	72,043
FIDC Emissor I	2,350,167	12	2,350,155	2,293,744	7	2,293,737
FIDC Emissor II	5,143,354	11	5,143,343	5,060,528	23	5,060,505
<b>Total</b>	<b>14,451,301</b>	<b>7,023</b>	<b>14,444,278</b>	<b>12,828,008</b>	<b>2,197</b>	<b>12,825,811</b>

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## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

The statements of profit or loss of the funds for the three and six-month periods ended June 30, 2022 and 2021 are as follows:

	Three-month period					Total
	06/30/2022					
	FIDC NP	FIDC Plus	FIDC Receba Mais	FIDC Emissor I	FIDC Emissor II	
Income - Credit rights	1,231	242,226	-	-	-	243,457
Income - Credit rights Card issuing banks	-	-	-	83,132	182,125	265,257
Finance income	1,532	5,171	-	32	2,249	8,984
Finance costs	(5,412)	(7,201)	-	(339)	(348)	(13,300)
Other operating expenses	1,581	(253)	-	(227)	(268)	833
<b>Profit/(loss) for the quarter</b>	<b>(1,068)</b>	<b>239,943</b>	<b>-</b>	<b>82,598</b>	<b>183,758</b>	<b>505,231</b>
<b>Remuneration –Senior Share</b>	<b>-</b>	<b>19,750</b>	<b>-</b>	<b>65,786</b>	<b>151,623</b>	<b>237,159</b>
<b>Remuneration –Subordinated Share</b>	<b>(1,068)</b>	<b>220,193</b>	<b>-</b>	<b>16,812</b>	<b>32,135</b>	<b>268,072</b>

	Three-month period					Total
	06/30/2021					
	FIDC NP	FIDC Plus	FIDC Receba Mais	FIDC Emissor I	FIDC Emissor II	
Income - Credit rights	1,213	97,023	156	-	-	98,392
Income - Credit rights Card issuing banks	-	-	-	17,788	2,972	20,760
Finance income	208	16,139	1,420	8,314	22,306	48,387
Finance costs	(29)	(542)	(111)	(250)	(129)	(1,061)
Other operating expenses	(2,875)	(266)	(110)	(222)	(119)	(3,592)
<b>Profit/(loss) for the quarter</b>	<b>(1,483)</b>	<b>112,354</b>	<b>1,355</b>	<b>25,630</b>	<b>25,030</b>	<b>162,886</b>
<b>Remuneration –Senior Share</b>	<b>-</b>	<b>32,986</b>	<b>1,863</b>	<b>22,835</b>	<b>30,907</b>	<b>88,591</b>
<b>Remuneration –Subordinated Share</b>	<b>(1,483)</b>	<b>79,368</b>	<b>(508)</b>	<b>2,795</b>	<b>(5,877)</b>	<b>74,295</b>

	Six-month period					Total
	06/30/2022					
	FIDC NP	FIDC Plus	FIDC Receba Mais	FIDC Emissor I	FIDC Emissor II	
Income - Credit rights	1,620	409,587	148	-	-	411,355
Income - Credit rights Card issuing banks	-	-	-	143,944	327,677	471,621
Finance income	2,505	35,638	795	9,164	13,982	62,084
Finance costs	(6,410)	(9,185)	(82)	(638)	(655)	(16,970)
Other operating expenses	999	(500)	(158)	(445)	(515)	(619)
<b>Profit/(loss) for the six-month period</b>	<b>(1,286)</b>	<b>435,540</b>	<b>703</b>	<b>152,025</b>	<b>340,489</b>	<b>927,471</b>
<b>Remuneration –Senior Share</b>	<b>-</b>	<b>36,622</b>	<b>318</b>	<b>122,416</b>	<b>281,526</b>	<b>440,882</b>
<b>Remuneration –Subordinated Share</b>	<b>(1,286)</b>	<b>398,918</b>	<b>385</b>	<b>29,609</b>	<b>58,963</b>	<b>486,589</b>

	Six-month period					Total
	06/30/2021					
	FIDC NP	FIDC Plus	FIDC Receba Mais	FIDC Emissor I	FIDC Emissor II	
Income - Credit rights	3,208	194,664	156	-	-	198,028
Income - Credit rights Card issuing banks	-	-	-	21,467	2,972	24,439
Finance income	346	17,818	1,420	8,910	22,306	50,800
Finance costs	(29)	(926)	(111)	(299)	(129)	(1,494)
Other operating expenses	(5,310)	(514)	(110)	(260)	(119)	(6,313)
<b>Profit/(loss) for the six-month period</b>	<b>(1,785)</b>	<b>211,042</b>	<b>1,355</b>	<b>29,818</b>	<b>25,030</b>	<b>265,460</b>
<b>Remuneration –Senior Share</b>	<b>-</b>	<b>56,524</b>	<b>1,863</b>	<b>26,324</b>	<b>30,907</b>	<b>115,618</b>
<b>Remuneration –Subordinated Share</b>	<b>(1,785)</b>	<b>154,518</b>	<b>(508)</b>	<b>3,494</b>	<b>(5,877)</b>	<b>149,842</b>

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## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

### 7 Operating receivables

	Parent Company		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Receivables from card-issuing banks	85,512,545	78,865,744	85,512,554	79,088,367
Receivables from card-issuing banks (a)	85,512,545	78,792,703	85,512,554	78,793,460
Receivables from processed transactions, interchange and challenges by credit card holders	-	73,041	-	294,907
Other operating receivables	191,303	167,415	381,702	184,718
Income receivable from payment transactions	182,705	170,080	246,638	213,358
Allowance for doubtful debts (b)	(200,084)	(188,986)	(200,639)	(205,161)
<b>Total</b>	<b>85,686,469</b>	<b>79,014,253</b>	<b>85,940,255</b>	<b>79,281,282</b>
Current	85,659,291	78,995,704	85,782,108	79,252,205
Non-current	27,178	18,549	158,147	29,077
<b>Total</b>	<b>85,686,469</b>	<b>79,014,253</b>	<b>85,940,255</b>	<b>79,281,282</b>

(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

#### (a) Current income tax and social contribution

The reconciliation of the income tax and social contribution expense in relation to the nominal rate of these taxes for the three and six-month periods ended June 30, 2022 and 2021 is as follows:

	Parent Company				Consolidated			
	Three-month period		Six-month period		Three-month period		Six-month period	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Profit before income tax and social contribution	596,239	205,344	779,200	510,034	843,278	304,339	1,206,380	665,067
Statutory rates - %	34%	34%	34%	34%	34%	34%	34%	34%
Income tax and social contribution at statutory rates	(202,721)	(69,817)	(264,928)	(173,412)	(286,715)	(103,475)	(410,169)	(226,123)
Tax benefit of interest on capital	76,231	21,650	98,378	50,601	76,231	21,650	98,378	50,601
Tax benefit of P&D	3,256	-	3,256	1,003	3,256	-	3,256	1,003
Share of profit (loss) of investees	163,625	31,703	206,555	41,376	-	-	-	231
Tax impact of the sale of MerchantE	-	-	-	-	73,932	-	61,293	-
Difference of income tax rate USA	-	-	-	-	-	(5,832)	-	(14,411)
Effect on permanent differences, net	(1,370)	(8,468)	(2,644)	(7,928)	(1,295)	4,867	(2,581)	10,311
<b>Income tax and social contribution</b>	<b>39,021</b>	<b>(24,932)</b>	<b>40,617</b>	<b>(88,360)</b>	<b>(134,591)</b>	<b>(82,790)</b>	<b>(249,823)</b>	<b>(178,388)</b>
Current	(31,398)	(51,792)	(86,530)	(74,637)	(181,312)	(129,581)	(357,733)	(202,783)
Deferred	70,419	26,860	127,147	(13,723)	46,721	46,791	107,910	24,395

#### (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.

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

The reported amounts are reviewed monthly.

### *Breakdown of deferred income tax and social contribution – Assets*

	Parent Company			
	12/31/2021	Additions	Disposals/ Reversals	06/30/2022
Provision for tax, labor and civil risks	669,089	27,143	(2,311)	693,921
Accrual for sundry expenses	123,906	173,824	(61,672)	236,058
Provision for variable compensation	49,380	4,886	(20,209)	34,057
Allowance for losses on POS equipment, doubtful debts and fraud	82,148	6,745	(1,259)	87,634
<b>Total</b>	<b>924,523</b>	<b>212,598</b>	<b>(85,451)</b>	<b>1,051,670</b>

  

	Consolidated			
	12/31/2021	Additions	Disposals/ Reversals	06/30/2022
Provision for tax, labor and civil risks	727,848	42,782	(2,379)	768,251
Accrual for sundry expenses	262,098	192,095	(77,523)	376,670
Provision for variable compensation	69,767	5,365	(31,046)	44,086
Income tax and social contribution tax losses in subsidiary	76,662	3,640	(6,968)	73,334
Allowance for losses on POS equipment, doubtful debts and fraud	92,486	6,838	(1,259)	98,065
Others	54,185	-	(54,185)	-
<b>Total</b>	<b>1,283,046</b>	<b>250,720</b>	<b>(173,360)</b>	<b>1,360,406</b>

  

	Parent Company			
	12/31/2020	Additions	Disposals/ Reversals	06/30/2021
Provision for tax, labor and civil risks	612,546	26,489	(203)	638,832
Accrual for sundry expenses	202,124	38,021	(73,890)	166,255
Allowance for losses on POS equipment, doubtful debts and fraud	113,249	15,010	(19,150)	109,109
<b>Total</b>	<b>927,919</b>	<b>79,520</b>	<b>(93,243)</b>	<b>914,196</b>

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

	Consolidated			
	12/31/2020	Additions	Disposals/ Reversals	06/30/2021
Provision for tax, labor and civil risks	618,202	26,861	(8,329)	636,734
Accrual for sundry expenses	314,424	78,677	(85,444)	307,657
Income tax and social contribution tax losses in subsidiary	93,678	10,595	-	104,273
Allowance for losses on POS equipment, doubtful debts and fraud	133,451	15,010	(27,969)	120,492
<b>Total</b>	<b>1,159,755</b>	<b>131,143</b>	<b>(121,742)</b>	<b>1,169,156</b>

### Realization of Tax Credit

The premise of measuring and recognizing current and deferred tax assets and liabilities is the history of taxable profits and income for IRPJ and CSLL purposes in at least three out of the five last fiscal years, as well as the expectation of generation of future taxable profits 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
	06/30/2022	06/30/2022
2022	2,930	69,085
2023	152,847	273,591
2024	182,200	192,218
2025	78,296	88,930
2026	180,528	261,777
2027 to 2031	454,869	474,805
<b>Total</b>	<b>1,051,670</b>	<b>1,360,406</b>
<b>Present value adjustment</b>	<b>(52,933)</b>	<b>(68,473)</b>
<b>Total net of present value adjustment</b>	<b>998,737</b>	<b>1,291,933</b>

### (c) Taxes payable

	Parent Company		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Income tax and social contribution, net of prepayments	126,436	43,332	415,860	489,258
Contribution for Social Security Funding - Cofins	28,678	26,490	48,736	45,985
Tax on Services - ISS	5,977	4,926	16,525	14,856
Social Integration Program - PIS	5,994	5,555	10,310	9,762
Other taxes payable	16,890	15,352	24,530	22,538
<b>Total</b>	<b>183,975</b>	<b>95,655</b>	<b>515,961</b>	<b>582,399</b>

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

### 9 Investments

	Parent Company	
	06/30/2022	12/31/2021
In subsidiaries, including joint ventures	7,752,014	7,596,638
<b>Total</b>	<b>7,752,014</b>	<b>7,596,638</b>

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" in the first quarter of 2021.

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. The effects of the transaction generated a gain of R\$ 30,496, which was recognized in line item "Other operating income/expenses" in the fourth quarter of 2021.

On April 8, 2022, the sale of its subsidiary Merchant E-Solutions, Inc. was concluded, after compliance with the conditions precedent, with payment to the Company of US\$ 137.2 million (R\$ 652.8 million) related to the fixed portion (upfront), adjusted according to the terms set out in the transaction documents. The transaction also includes a variable portion (earn-out) of US\$ 25 million (R\$ 119.0 million), the calculation and realization of which are subject to future verification of certain assumptions agreed between the parties. In the consolidated financial information, the effects of the transaction generated a net gain of US\$59.3 million (R\$282.3 million), which were recognized in line item "Other operating income/expenses".

Fixed and variable portion - sale of MerchantE	R\$ 771,795
Residual balance of the transaction's investments and costs	R\$ (489,482)
Net income in subsidiary sale overseas	<u>R\$ 282,313</u>

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

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

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information

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

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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:



# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

	06/30/2022								06/30/2022		
	% Equity interest	Assets	Liabilities	Equity	Revenues	Gross profit (loss)	Operating profit before finance income (costs)	Profit	Share of profit (loss) of investees for the three-month period	Share of profit (loss) of investees for the six-month period	Investments
<b>Subsidiaries:</b>											
Servinet	99.99	153,661	95,522	58,139	224,322	222,466	13,011	9,489	5,095	9,489	58,139
Cielo USA	100.00	2,228,284	2,123,231	105,053	-	(47,540)	282,313	226,343	279,966	226,343	105,053
Cateno	70.00	11,215,709	914,986	10,300,723	1,839,584	724,105	623,479	455,801	171,330	319,061	7,210,506
Stelo	21.36	526,202	147,105	379,097	99,444	71,001	65,351	52,201	5,248	11,151	80,979
Aliança	99.99	308,863	11,526	297,337	10,165	10,257	41,622	41,471	19,612	41,471	297,337
<b>Subtotal</b>									<b>481,251</b>	<b>607,515</b>	<b>7,752,014</b>
<b>Total Parent Company</b>									<b>481,251</b>	<b>607,515</b>	<b>7,752,014</b>

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

	12/31/2021				06/30/2021				06/30/2021	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 three-month period	Share of profit (loss) of investees for the six-month period	Investments
<b>Subsidiaries:</b>											
Servinet	99.99	156,793	108,144	48,649	166,359	163,784	9,234	5,676	3,026	5,675	48,644
Multidisplay (a)	100.00	-	-	-	572,652	29,451	13,108	8,805	2,108	8,805	-
Cielo USA (b)	100.00	566,512	2,232,025	(1,665,513)	-	(69,972)	(67,151)	(82,547)	(31,516)	(82,547)	-
Cateno	70.00	11,336,076	1,018,512	10,317,564	1,411,547	454,896	314,954	216,683	95,985	151,678	7,222,295
Stelo	21.36	488,495	161,599	326,896	102,021	63,400	36,398	37,185	5,029	7,945	69,833
Aliança	99.99	263,821	7,955	255,866	4,745	4,813	29,504	29,460	18,611	29,460	255,866
<b>Subtotal</b>									<b>93,243</b>	<b>121,016</b>	<b>7,596,638</b>
<b>Joint ventures:</b>											
Orizon (c)	40.95	-	-	-	12,367	3,654	200	1,816	-	744	-
Paggo (b)	50.00	-	340	(340)	-	-	(130)	(130)	-	(65)	-
<b>Subtotal</b>									<b>-</b>	<b>679</b>	<b>-</b>
<b>Total Parent Company</b>									<b>93,243</b>	<b>121,695</b>	<b>7,596,638</b>
<b>Total Consolidated</b>									<b>-</b>	<b>679</b>	<b>-</b>
<b>Indirect subsidiaries:</b>											
M4Produtos	100.00	-	-	-	55,071	30,968	201	714			
MerchantE	100.00	789,520	438,002	351,518	1,168,522	196,529	1,812	2,822			

- (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) The companies Cielo USA and Paggo reported negative equity at December 31, 2021, and the investment amount was recorded under the line item “Provision for obligations with investees”. With the sale of the investee MeS in April 2022, the equity of Cielo USA became positive and was included under the line item “Investments”.
- (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.

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

Changes in investments for the six-month periods ended June 30, 2022 and 2021 are as follows:

	<u>Parent Company</u>	<u>Consolidated</u>
<b>Investment at December 31, 2020</b>	<b>7,753,343</b>	<b>121,890</b>
Accrued dividends:		
Multidisplay	(6,278)	-
Dividends received:		
Cateno	(190,844)	-
Sale of interest - Orizon	(122,608)	(122,608)
Goodwill amortization	(1,936)	-
Share of profit (loss) of investees	121,695	679
Provision for obligations with investees (*)	82,586	39
	<u><b>7,635,958</b></u>	<u><b>-</b></u>
<b>Investment at June 30, 2021</b>		
	<b>7,596,638</b>	<b>-</b>
Dividends received:		
Cateno	(330,850)	-
Share of profit (loss) of investees	607,515	-
Exchange difference on foreign investments	185,043	-
Provision for obligations with investees (*)	(1,665,513)	-
Capital contribution - Cielo USA	1,359,181	-
	<u><b>7,752,014</b></u>	<u><b>-</b></u>

(\*) Refers to the effect of the share of profit (loss) of investees Cielo USA, which presented negative equity on December 31, 2021.

## 10 Property and equipment

	Annual depreciation rate-%	<u>Parent Company</u>			
		<u>06/30/2022</u>		<u>12/31/2021</u>	
		Cost	Accumulated depreciation	Net	Net
POS equipment	20	1,910,755	(1,040,029)	870,726	791,128
Data processing equipment	20	235,505	(145,905)	89,600	98,576
Machinery and equipment	10 - 20	20,558	(19,247)	1,311	1,680
Facilities	10	33,756	(14,509)	19,247	19,646
Furniture and fixtures	10	4,028	(1,703)	2,325	2,933
Vehicles	20	1,189	(647)	542	793
<b>Total</b>		<u><b>2,205,791</b></u>	<u><b>(1,222,040)</b></u>	<u><b>983,751</b></u>	<u><b>914,756</b></u>
	Annual depreciation rate-%	<u>Consolidated</u>			
		<u>06/30/2022</u>		<u>12/31/2021</u>	
		Cost	Accumulated depreciation	Net	Net
POS equipment	20	1,910,755	(1,040,029)	870,726	791,375
Data processing equipment	20	243,442	(151,574)	91,868	104,780
Machinery and equipment	10 - 20	25,093	(23,403)	1,690	33,096
Facilities	10	71,025	(40,245)	30,780	36,008
Furniture and fixtures	10	8,373	(4,488)	3,885	5,099
Vehicles	20	1,189	(647)	542	793
<b>Total</b>		<u><b>2,259,877</b></u>	<u><b>(1,260,386)</b></u>	<u><b>999,491</b></u>	<u><b>971,151</b></u>

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

Changes in property and equipment for the six-month periods ended June 30, 2022 and 2021 are as follows:

	Parent Company				
	12/31/2021	Additions	Disposals/ Estimated losses	Depreciation	06/30/2022
POS equipment	791,128	248,834	(20,520)	(148,716)	870,726
Data processing equipment	98,576	6,839	(14)	(15,801)	89,600
Machinery and equipment	1,680	119	(11)	(477)	1,311
Facilities	19,646	840	159	(1,398)	19,247
Furniture and fixtures	2,933	5	(527)	(86)	2,325
Vehicles	793	-	(116)	(135)	542
<b>Total</b>	<b>914,756</b>	<b>256,637</b>	<b>(21,029)</b>	<b>(166,613)</b>	<b>983,751</b>

	Parent Company				
	12/31/2020	Additions	Disposals/ Estimated losses	Depreciation	06/30/2021
POS equipment	793,100	257,277	(60,706)	(130,723)	858,948
Data processing equipment	104,229	17,735	(6,231)	(13,844)	101,889
Machinery and equipment	2,717	-	-	(522)	2,195
Facilities	23,674	1,755	(12,958)	(1,473)	10,998
Furniture and fixtures	4,898	-	(3,025)	(292)	1,581
Vehicles	1,262	-	(170)	(155)	937
<b>Total</b>	<b>929,880</b>	<b>276,767</b>	<b>(83,090)</b>	<b>(147,009)</b>	<b>976,548</b>

	Consolidated						
	12/31/2021	Additions	Disposals/ Estimated losses	Depreciation	Exchange difference	Sale of MerchantE	06/30/2022
POS equipment	791,375	248,954	(20,552)	(148,750)	(29)	(272)	870,726
Data processing equipment	104,780	7,020	(150)	(17,078)	(385)	(2,319)	91,868
Machinery and equipment	33,096	125	(44)	(1,970)	(4,604)	(24,913)	1,690
Facilities	36,008	1,884	(3,732)	(3,380)	-	-	30,780
Furniture and fixtures	5,099	120	(1,048)	(286)	-	-	3,885
Vehicles	793	-	(116)	(135)	-	-	542
<b>Total</b>	<b>971,151</b>	<b>258,103</b>	<b>(25,642)</b>	<b>(171,599)</b>	<b>(5,018)</b>	<b>(27,504)</b>	<b>999,491</b>

	Consolidated						
	12/31/2020	Additions	Transfers	Disposals/ Estimated losses	Depreciation	Exchange difference	06/30/2021
POS equipment	793,371	257,407	-	(60,769)	(130,806)	(6)	859,197
Data processing equipment	115,266	18,690	220	(6,401)	(16,852)	(119)	110,804
Machinery and equipment	19,652	17,238	(220)	-	(2,170)	(1,866)	32,634
Facilities	48,323	2,558	-	(12,959)	(3,884)	-	34,038
Furniture and fixtures	8,846	34	-	(3,041)	(634)	-	5,205
Vehicles	1,298	-	-	(170)	(161)	-	967
<b>Total</b>	<b>986,756</b>	<b>295,927</b>	<b>-</b>	<b>(83,340)</b>	<b>(154,507)</b>	<b>(1,991)</b>	<b>1,042,845</b>

As at June 30, 2022 and December 31, 2021, the property and equipment balance includes estimated losses on POS equipment in the amounts of R\$ 66,174 and R\$ 60,847, respectively.

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

### 11 Intangible assets

	Annual amortization rate - %	Parent Company			
		06/30/2022		12/31/2021	
		Cost	Accumulated amortization	Net	Net
Software	20	1,338,425	(852,260)	486,165	502,150
Relationship with customers	20	113,581	(113,581)	-	-
<b>Total</b>		<b>1,452,006</b>	<b>(965,841)</b>	<b>486,165</b>	<b>502,150</b>

  

	Annual amortization rate - %	Consolidated			
		06/30/2022		12/31/2021	
		Cost	Accumulated amortization	Net	Net
Right to use Ourocard Payment- Arrangement (a)	3.33	11,572,000	(2,828,711)	8,743,289	8,936,156
Software (b)	6.66 - 20	1,342,523	(855,691)	486,832	691,523
Relationship with customers	4 - 20	426,182	(426,182)	-	71,565
Project development	20	9,785	(6,288)	3,497	34,268
Service agreements	8 - 20	400	-	400	971
Trademarks	10	74	-	74	74
<b>Total</b>		<b>13,350,964</b>	<b>(4,116,872)</b>	<b>9,234,092</b>	<b>9,734,557</b>

- (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.

In the second quarter of 2022, the assessment of the impacts on technology in the project to update the service and logistics channels, aimed at improving customer relationship processes, was completed. In this sense, software was identified that will be discontinued/replaced by new technological solutions. Pursuant to CPC 1 - Reduction in the recoverable value of assets, the

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information

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

Company reassessed the expectation of recovery of these software, based on the projections of future financial flows considering the early termination of use and determined an impairment balance of R\$ 40.6 million, fully recorded in the result for the quarter under the heading of other operating income/expenses.

Changes in intangible assets for the six-months ended June 30, 2022 and 2021 are as follows:

	Parent Company				
	12/31/2021	Additions	Disposals	Amortizations	06/30/2022
Software	502,150	113,382	(42,725)	(86,642)	486,165
<b>Total</b>	<b>502,150</b>	<b>113,382</b>	<b>(42,725)</b>	<b>(86,642)</b>	<b>486,165</b>

	Parent Company				
	12/31/2020	Additions	Disposals	Amortizations	06/30/2021
Software	572,374	112,439	(77,854)	(81,051)	525,908
Relationship with customers	24,033	698	-	(19,151)	5,580
<b>Total</b>	<b>596,407</b>	<b>113,137</b>	<b>(77,854)</b>	<b>(100,202)</b>	<b>531,488</b>

	Consolidated						
	12/31/2021	Additions	Disposals	Amortizations	Exchange differences	Sale of MerchantE	06/30/2022
Right to use Ourocard Payment-Arrangement	8,936,156	-	-	(192,867)	-	-	8,743,289
Software	691,523	116,179	(42,725)	(108,319)	(29,928)	(139,898)	486,832
Relationship with customers	71,565	-	-	(31,913)	(9,459)	(30,193)	-
Project development	34,268	1,461	-	(614)	(286)	(31,332)	3,497
Service agreements	971	-	(571)	-	-	-	400
Trademarks	74	-	-	-	-	-	74
<b>Total</b>	<b>9,734,557</b>	<b>117,640</b>	<b>(43,296)</b>	<b>(333,713)</b>	<b>(39,673)</b>	<b>(201,423)</b>	<b>9,234,092</b>

	Consolidated						
	12/31/2020	Additions	Transfers	Disposals	Amortizations	Exchange differences	06/30/2021
Right to use Ourocard Payment-Arrangement	9,321,889	-	-	-	(192,867)	-	9,129,022
Software	828,454	126,687	23,838	(77,854)	(127,708)	(7,659)	765,758
Relationship with customers	194,327	842	-	-	(69,676)	(2,245)	123,248
Project development	66,880	19,551	(23,838)	(10,374)	(1,628)	(151)	50,440
Non-compete agreement	175	-	-	-	-	(175)	-
Service agreements	996	-	-	-	-	(6)	990
Trademarks	74	-	-	-	-	-	74
<b>Total</b>	<b>10,412,795</b>	<b>147,080</b>	<b>-</b>	<b>(88,228)</b>	<b>(391,879)</b>	<b>(10,236)</b>	<b>10,069,532</b>

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.

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

### 12 Borrowings

	Parent Company		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Private debentures (a)	3,477,021	3,422,466	3,477,021	3,422,466
Long-term financing - "ten-year bonds" (b)	511,066	544,394	2,634,296	2,805,052
Working capital (c)	780,000	-	780,000	-
Financing of R&D	56,344	67,586	56,344	67,586
<b>Total</b>	<b>4,824,431</b>	<b>4,034,446</b>	<b>6,947,661</b>	<b>6,295,104</b>
Current	1,453,474	652,144	3,576,704	2,912,802
Noncurrent	3,370,957	3,382,302	3,370,957	3,382,302
<b>Total</b>	<b>4,824,431</b>	<b>4,034,446</b>	<b>6,947,661</b>	<b>6,295,104</b>

#### (a) Private debentures

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

	Principal	Remuneration
1 <sup>st</sup> issuance	2,359,449	111% of DI 100% of DI until 3/31/2015 and 111% of DI after 3/31/2015
2 <sup>nd</sup> issuance	700,000	
3 <sup>rd</sup> 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 1<sup>st</sup> issuance of private debentures was partially paid, remaining a balance payable of R\$2,237,125. There are no covenants imposing financial restrictions related to the financial transaction of issuance of Private Debentures.

#### (b) 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

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

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.

### (c) Working capital

In May 2022, the Company started a fundraising for working capital purposes through a credit line via CCB (Bank Credit Note) in the total amount of R\$ 1.6 billion. As at June 30, 2022, the outstanding balance is R\$ 780 million with average yield equivalent to CDI + 0.41% p.a.

Changes in borrowings for the six-month period ended June 30, 2022 and 2021 are as follows:

	Parent Company	Consolidated
<b>Balance at December 31, 2020</b>	<b>6,942,036</b>	<b>8,944,612</b>
Payment of principal	(11,278)	(11,278)
Exchange differences (principal and interest)	(19,193)	(57,940)
Accrued interest and charges	97,426	98,630
Interest paid	(83,001)	(123,015)
Debt issuance costs incurred	(7,521)	(7,521)
Amortization of debt issuance costs	14,905	14,905
<b>Balance at June 30, 2021</b>	<b>6,933,374</b>	<b>8,858,393</b>
<b>Balance at December 31, 2021</b>	<b>4,034,446</b>	<b>6,295,104</b>
New fundraisings	1,620,000	1,620,000
Payment of principal	(851,278)	(851,278)
Exchange differences (principal and interest)	(33,256)	(167,530)
Accrued interest and charges	213,421	249,356
Interest paid	(159,135)	(198,224)
Amortization of debt issuance costs	233	233
<b>Balance at June 30, 2022</b>	<b>4,824,431</b>	<b>6,947,661</b>

### Breakdown of borrowings recorded in long-term liabilities

Borrowings classified as noncurrent as at June 30, 2022 and December 31, 2021 by maturity date are broken down as follows:

	06/30/2022	12/31/2021
Year of maturity	Parent Company and Consolidated	Parent Company and Consolidated
2023	3,348,401	3,359,678
2024	22,556	22,556
<b>Total borrowings</b>	<b>3,370,957</b>	<b>3,382,234</b>
Debt issuance costs	-	68
<b>Total</b>	<b>3,370,957</b>	<b>3,382,302</b>



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## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

### 13 Payables to merchants

As at June 30, 2022, the balance of Payables to merchants is R\$ 72,816,458 and R\$ 72,923,985 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 Company's loss history due to default from card-issuing banks and the current credit risks of these institutions, the Company estimates that the fair value of the guarantees provided to merchants is not material and, therefore, is not recognized as a liability.

### 14 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 six-months ended June 30, 2022 and 2021, as follows:

	Parent Company					
	12/31/2021	Additions	Write-offs/ reversals	Monetary adjustment	Payments	06/30/2022
Tax (a)	1,872,457	95,081	(29,973)	14,994	-	1,952,559
Labor (b)	59,158	2,213	(5,382)	3,700	(1,827)	57,862
Civil (c)	54,268	29,854	(24,343)	5,137	(16,150)	48,766
<b>Total</b>	<b>1,985,883</b>	<b>127,148</b>	<b>(59,698)</b>	<b>23,831</b>	<b>(17,977)</b>	<b>2,059,187</b>
	12/31/2020	Additions	Write-offs/ reversals	Monetary adjustment	Payments	06/30/2021
<b>Total</b>	<b>1,819,580</b>	103,465	(14,802)	12,573	(23,923)	1,896,893
	Consolidated					
	12/31/2021	Additions	Write-offs/ reversals	Monetary adjustment	Payments	06/30/2022
Tax (a)	2,033,488	156,684	(47,456)	16,614	-	2,159,330
Labor (b)	69,439	3,893	(5,925)	4,271	(3,580)	68,098
Civil (c)	55,564	30,420	(25,201)	5,758	(16,355)	50,186
<b>Total</b>	<b>2,158,491</b>	<b>190,997</b>	<b>(78,582)</b>	<b>26,643</b>	<b>(19,935)</b>	<b>2,277,614</b>
	12/31/2020	Additions	Write-offs/ reversals	Monetary adjustment	Payments	06/30/2021
<b>Total</b>	<b>1,838,719</b>	155,932	(20,108)	13,130	(25,284)	1,962,389

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## Notes to the individual and consolidated Interim Financial Information

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

The additions refer basically to the complement of the provision for tax risks in the six-months ended June 30, 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.

### Escrow deposits

In the six-months ended June 30, 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	06/30/2022
Tax (a)	1,553,676	-	-	1,553,676
Labor (b)	11,200	1,541	(72)	12,669
Civil (c)	9,000	2,321	(1,851)	9,470
<b>Total</b>	<b>1,573,876</b>	<b>3,862</b>	<b>(1,923)</b>	<b>1,575,815</b>
	12/31/2020	Additions	Write-offs	06/30/2021
<b>Total</b>	<b>1,576,406</b>	<b>3,836</b>	<b>(4,685)</b>	<b>1,575,557</b>

  

	Consolidated			
	12/31/2021	Additions	Write-offs	06/30/2022
Tax (a)	1,554,819	-	-	1,554,819
Labor (b)	12,824	1,842	(72)	14,594
Civil (c)	9,000	2,320	(1,851)	9,469
<b>Total</b>	<b>1,576,643</b>	<b>4,162</b>	<b>(1,923)</b>	<b>1,578,882</b>
	12/31/2020	Additions	Write-offs	06/30/2021
<b>Total</b>	<b>1,578,987</b>	<b>3,877</b>	<b>(4,734)</b>	<b>1,578,130</b>

#### (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

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

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taxes. The writ of mandamus remains awaiting a decision at a higher court for a final settlement of the dispute. As at June 30, 2022 and December 31, 2021, the amount of the provision for risks recognized and the amount of the escrow deposit are both R\$ 1,517,142.

- **ISS Municipality (LC 157/16 and LC 175/20)** - As a result of the changes promoted by the Complementary Law regarding the place of payment of the ISS, and later suspended by an injunction granted by the Supremo Tribunal Federal ("STF"), the Company constituted a provision for risks in relation to the alleged amount due to the other municipalities of the Federation during the period of validity of the law. In April 2022, after reassessing the assumptions of the provisions, improvements were mapped in the criteria used in this provision. As of June 30, 2022, the amount of the provision for risks constituted is R\$ 216,605 in the Parent Company and R\$410,762 in the Consolidated (R\$ 157,925 in the Parent Company and R\$316,971 in the Consolidated as of 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 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 55.38% of the mentioned provisions will occur within 5 years, and 44.62% 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

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## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

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 June 30, 2022, the Company is a party to public civil lawsuits and civil inquiries, most of them filed by the Public Prosecutor's Office or associations, whose intention is to defend collective interests (such as consumers' rights and labor rights). Court decisions may grant rights to groups of people (even without their consent). In many situations, the group's decision on availing a favorable outcome will only be made after the final decision.

### Contingent liabilities classified as possible losses

Additionally, as at June 30, 2022, 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	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Tax	800,289	708,594	807,251	714,971
Labor	66,236	68,533	124,276	103,919
Civil	449,568	359,717	456,220	365,908
<b>Total</b>	<b>1,316,093</b>	<b>1,136,844</b>	<b>1,387,747</b>	<b>1,184,798</b>

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

- **Social Security Contribution** - 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\$ 68,515 and R\$ 55,983, 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\$ 464,679. Based on the opinion of the Company's legal counsel, the risk of loss was classified as possible.  
On July 11, 2022, a tax assessment notice was received against the Company demanding the payment of IRPJ/CSLL on amounts allegedly improperly excluded, as interest on equity, from the calculation of taxable income in 2017, in the amount of R\$222,809, so that the appropriate defense will be presented in a timely manner.
- **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\$ 750,697. Based on the opinion of the Company's legal counsel, the risk of loss was classified as remote.

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

### 15 Equity

#### (a) Issued capital

Capital as at June 30, 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 June 30, 2022 is 2,692,644,459 (2,701,857,763 shares as at December 31, 2021).

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 June 30, 2022 is R\$ 66,733 (R\$ 77,030 as at December 31, 2021).

#### (c) Treasury shares

At the meeting held on April 8, 2022, the Board of Directors approved the new share repurchase program ("Program"), through which the Company was authorized to acquire up to 13,339,245 (thirteen million, three hundred and thirty-nine thousand, two hundred and forty-five) common shares, with no par value, of its issue, effective from April 11, 2022 to April 14, 2022, as detailed in the Communication on Trading of Shares, prepared as Appendix 30-XXXVI to CVM Instruction No. 480 disclosed on that date.

Changes in treasury shares are as follows:

	Shares	Amount	Average cost R\$ per share
<b>Balance as at December 31, 2021</b>	<b>(14,957,298)</b>	<b>(98,578)</b>	<b>6.59</b>
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
May	2,286,070	11,568	5.06
Share repurchase - April	<u>(13,339,245)</u>	<u>(47,425)</u>	3.56
<b>Balance as at June 30, 2022</b>	<b><u>(24,170,602)</u></b>	<b><u>(122,309)</u></b>	<b>5.06</b>

#### (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 June 30, 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.

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

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### (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 Financial Statements for the year ended December 31, 2021 and the respective capital budget proposal for 2022 were analyzed and approved by the Company's shareholders at the Ordinary General Meeting ("OGM") held on April 27, 2022. The capital budget reserve totals R\$ 3,402,989 as at June 30, 2022 and December 31, 2021.

### (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 May 3, 2022, the Company's Board of Directors approved the payment of interest on capital for the first quarter of 2022 subject to ratification at the Ordinary General Meeting, in the amount of R\$ 65,138, which was made on May 24, 2022.

At the meeting held on August 2, 2022, the Company's Board of Directors approved the payment of interest on capital for the second quarter of 2022 subject to ratification at the Ordinary General Meeting, in the amount of R\$ 224,210, which will be made on September 23, 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>06/30/2022</u>	<u>12/31/2021</u>
Exchange differences on foreign investments	(165,874)	(328,837)
Post-employment benefits, net	(2,015)	(2,015)
<b>Total</b>	<b><u>(167,889)</u></b>	<b><u>(330,852)</u></b>

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

### (h) Regulatory capital

Central Bank of Brazil 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.

The Company maintains the minimum regulatory capital required at June 30, 2022 and December 31, 2021.

## 16 Earnings per share

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

#### Shares issued

Shares at December 31, 2021	<b>2,701,857,763</b>
Exercise of restricted shares:	
January	324,868
February	18,478
March	1,496,525
May	2,286,070
Shares repurchase – April	(13,339,245)
<b>Total</b>	<b><u>2,692,644,459</u></b>

### (b) Earnings per share

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

#### *Basic earnings per share*

	Parent Company and Consolidated			
	Three-month period		Six-month period	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Profit for the period available for common shares	635,260	180,412	819,817	421,674
Weighted average number of outstanding common shares (in thousands)	2,707,006	2,710,551	2,708,037	2,711,111
<b>Earnings per share (in R\$) - basic</b>	<b><u>0.23467</u></b>	<b><u>0.06656</u></b>	<b><u>0.30273</u></b>	<b><u>0.15554</u></b>

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## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

### Diluted earnings per share

	Parent Company and Consolidated			
	Three-month period		Six-month period	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Profit for the period available for common shares	635,260	180,412	819,817	421,674
<b>Diluted denominator:</b>				
Weighted average number of outstanding common shares (in thousands)	2,707,006	2,710,551	2,708,037	2,711,111
Potential increase in common shares as a result of the stock option plan	18,860	11,290	18,860	11,290
Total (in thousands)	<u>2,725,866</u>	<u>2,721,841</u>	<u>2,726,897</u>	<u>2,722,401</u>
<b>Earnings per share (in R\$) - diluted</b>	<b><u>0.23305</u></b>	<b><u>0.06628</u></b>	<b><u>0.30064</u></b>	<b><u>0.15489</u></b>

## 17 Net operating revenue

	Parent Company				Consolidated			
	Three-month period		Six-month period		Three-month period		Six-month period	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Gross operating revenue	1,773,396	1,338,836	3,295,991	2,673,171	2,898,380	3,152,925	6,016,044	6,198,293
Taxes on services	(195,887)	(165,233)	(384,809)	(330,334)	(358,182)	(341,064)	(713,652)	(663,865)
<b>Total</b>	<b><u>1,577,509</u></b>	<b><u>1,173,603</u></b>	<b><u>2,911,182</u></b>	<b><u>2,342,837</u></b>	<b><u>2,540,198</u></b>	<b><u>2,811,861</u></b>	<b><u>5,302,392</u></b>	<b><u>5,534,428</u></b>

The gross operating revenue is derived from the capture, transmission, processing and financial settlement of the transactions made with credit and debit cards, management of payment accounts related to the Ourocard Payment Arrangement, rental of POS equipment, and provision of services in data transmission 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			
	Three-month period		Six-month period		Three-month period		Six-month period	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Personnel expenses	(165,375)	(117,686)	(318,835)	(251,286)	(293,922)	(285,357)	(606,012)	(569,548)
Depreciation and amortization	(130,913)	(123,629)	(253,255)	(249,147)	(240,153)	(260,721)	(505,312)	(548,322)
Professional services	(205,235)	(171,609)	(387,832)	(328,043)	(55,861)	(67,785)	(117,015)	(127,092)
Acquiring costs (a)	(731,117)	(592,399)	(1,397,622)	(1,186,797)	(1,245,654)	(1,498,676)	(2,828,244)	(2,934,926)
Sales, marketing and affiliation of customers (b)	(62,263)	(54,593)	(114,533)	(120,516)	(62,248)	(95,729)	(158,384)	(198,966)
Cost of mobile phone credits in subsidiary	-	-	-	-	-	(258,993)	-	(539,013)
Others, net	(21,519)	7,357	(16,026)	142,106	300,705	(24,467)	301,913	28,778
<b>Total</b>	<b><u>(1,316,422)</u></b>	<b><u>(1,052,559)</u></b>	<b><u>(2,488,103)</u></b>	<b><u>(1,993,683)</u></b>	<b><u>(1,597,133)</u></b>	<b><u>(2,491,728)</u></b>	<b><u>(3,913,054)</u></b>	<b><u>(4,889,089)</u></b>
Classified as:								
Cost of services provided	(878,555)	(711,606)	(1,694,137)	(1,462,835)	(1,465,540)	(2,003,320)	(3,313,886)	(4,033,535)
Personnel expenses	(110,389)	(71,217)	(212,368)	(151,547)	(233,920)	(214,456)	(480,149)	(423,269)
General and administrative expenses	(211,827)	(161,754)	(406,268)	(316,929)	(80,668)	(90,213)	(182,008)	(179,643)
Sales and marketing	(25,346)	(20,950)	(47,040)	(44,833)	(25,331)	(62,087)	(90,891)	(123,286)
Other operating expenses, net	(90,305)	(87,032)	(128,290)	(17,539)	208,326	(121,652)	153,880	(129,356)
<b>Total</b>	<b><u>(1,316,422)</u></b>	<b><u>(1,052,559)</u></b>	<b><u>(2,488,103)</u></b>	<b><u>(1,993,683)</u></b>	<b><u>(1,597,133)</u></b>	<b><u>(2,491,728)</u></b>	<b><u>(3,913,054)</u></b>	<b><u>(4,889,089)</u></b>



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- (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, internal marketing, commercial actions for new customer accreditations, and customer affiliation and accreditation services.

We present below the other operating expenses, net:

	Parent Company				Consolidated			
	Three-month period		Six-month period		Three-month period		Six-month period	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Allowance for doubtful debts, chargeback and fraud (a)	(20,546)	(43,638)	(35,974)	(83,929)	(45,368)	(86,993)	(82,853)	(179,636)
Provision for risks	(620)	(17,391)	(14,133)	(29,408)	(2,881)	(18,822)	(18,880)	(32,780)
Write-offs/provision (reversals) for losses on property and equipment	(47,050)	(27,015)	(59,841)	(49,090)	(46,590)	(28,162)	(60,194)	(50,237)
Others (b)	(22,089)	1,012	(18,342)	144,888	303,165	12,325	315,807	133,297
<b>Total</b>	<b>(90,305)</b>	<b>(87,032)</b>	<b>(128,290)</b>	<b>(17,539)</b>	<b>208,326</b>	<b>(121,652)</b>	<b>153,880</b>	<b>(129,356)</b>

(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 six-months ended June 30, 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\$ 28,636.

(b) The six-months of 2021 recorded non-recurring net gains generated by: the assignment of 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.

In the first six-month period of 2022, the Company recorded non-recurring net gains generated by the sale of subsidiary MerchantE in the amount of R\$ 282.3 million, provision for impairment of legacy system software in the amount of 40.6 million, and provision for restructuring of the stores channel of 5.5 million.

## 19 Commitments

The Company and its subsidiaries are primarily engaged in the capture, transmission, processing and financial settlement of transactions made 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 June 30, 2022, future annual payments under lease agreements in effect are as follows:

Up to 1 year	8,761
1 year to 5 years	27,907
Above 5 years	8,715
<b>Total</b>	<b>45,383</b>

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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 June 30, 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	371,178
1 year to 5 years	317,053
Above 5 years	4,111
<b>Total</b>	<b>692,342</b>

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

	Parent Company				Consolidated			
	Three-month period		Six-month period		Three-month period		Six-month period	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Supplementary Pension Plan (a)	1,527	1,107	3,420	3,214	1,959	1,398	4,300	4,053
Other benefits (b)	15,650	10,929	30,552	21,122	35,458	22,722	70,348	45,070
<b>Total</b>	<b>17,177</b>	<b>12,036</b>	<b>33,972</b>	<b>24,336</b>	<b>37,417</b>	<b>24,120</b>	<b>74,648</b>	<b>49,123</b>

- (a) Monthly contribution to the defined contribution pension plan ("PGBL") for the employees, recognized in line items "Cost of services provided" and "Personnel expenses".
- (b) They relate to health insurance, dental assistance, meal allowance, 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 June 30, 2022 is R\$ 15,725 (R\$15,041 as at December 31, 2021).

The rates used in the period 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.

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### 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 three-month and six-month periods ended June 30, 2022 and 2021 were as follows:

	Parent Company			
	Three-month period		Six-month period	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Employees	28,486	17,397	48,485	35,046
Statutory directors	2,603	364	3,950	3,176
<b>Total</b>	<b>31,089</b>	<b>17,761</b>	<b>52,435</b>	<b>38,222</b>
	Consolidated			
	Three-month period		Six-month period	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Employees	41,290	30,438	72,583	60,597
Statutory directors	3,617	1,117	6,338	5,444
<b>Total</b>	<b>44,907</b>	<b>31,555</b>	<b>78,921</b>	<b>66,041</b>

### 22 Compensation of key management personnel

Key management personnel include the members of the Board of Directors, the Supervisory Board and the statutory directors. Expenses recognized in the Company's profit or loss for the periods are as follows:

	Three-month period					
	06/30/2022			06/30/2021		
	Fixed	Others	Total	Fixed	Others	Total
Statutory directors	1,280	4,136	5,416	2,122	1,853	3,975
Board of directors and supervisory board	975	-	975	723	-	723
<b>Total</b>	<b>2,255</b>	<b>4,136</b>	<b>6,391</b>	<b>2,845</b>	<b>1,853</b>	<b>4,698</b>
	Six-month period					
	06/30/2022			06/30/2021		
	Fixed	Others	Total	Fixed	Others	Total
Statutory directors	2,773	10,172	12,945	4,305	4,849	9,154
Board of directors and supervisory board	1,851	-	1,851	1,401	-	1,401
<b>Total</b>	<b>4,624</b>	<b>10,172</b>	<b>14,796</b>	<b>5,706</b>	<b>4,849</b>	<b>10,555</b>

The balance of others refers to variable compensation and termination of executives, net of taxes,

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and does not include the Stock option plan (see note 23), in addition to other benefits mentioned 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 plans

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 June 30, 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	(908,732)	(818,138)	692,427	July 2019	6.73	6.73
Restricted Shares 2020	Active	5,042,968	(1,478,959)	(1,445,280)	2,118,729	July 2020	3.94	3.94
Restricted Shares 2021	Active	1,945,031	(132,278)	(278,268)	1,534,485	July 2021	3.59	3.59
Sócio Cielo 2019	Closed	995,372	(360,891)	(634,481)	-	March 2019	10.89	10.89
Sócio Cielo 2020	Active	2,898,458	(1,067,534)	(1,300,164)	530,760	March 2020	7.12	7.12
Sócio Cielo 2021	Active	5,440,433	(683,311)	(1,862,454)	2,894,668	March 2021	3.89	3.89
Sócio Cielo 2022	Active	11,253,702	(165,155)	-	11,088,547	March 2022	2.47	2.47
<b>Total shares</b>		<b>29,995,261</b>	<b>(4,796,860)</b>	<b>(6,338,785)</b>	<b>18,859,616</b>			

In the six-months ended June 30, 2022, the net value of the charges, in the amount of R\$ 13,397 was appropriated to profit or loss (R\$ 12,170 as at June 30, 2021). The balance presented under "Capital reserve" in equity totaled R\$ 13,397 related to restricted shares granted and R\$ 23,694 related to sale/transfer of treasury shares for the exercise of shares (R\$ 12,170 and R\$ 10,971, respectively, as at June 30, 2021).

In addition to the share-based incentive plans, long-term incentives were recorded in the amounts of R\$ 8,148 and R\$ 5,450, as at June 30, 2022 and 2021, respectively.

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### 24 Finance income (costs)

	Parent Company				Consolidated			
	Three-month period		Six-month period		Three-month period		Six-month period	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
<b>Finance income:</b>								
Interest on financial investments	17,082	25,183	46,929	41,336	82,358	85,002	205,907	110,024
Other finance income (a)	430	67	633	15,083	1,956	696	3,490	16,223
PIS and COFINS	(869)	(1,179)	(2,265)	(2,627)	(3,171)	(1,705)	(6,459)	(3,459)
<b>Total</b>	<b>16,643</b>	<b>24,071</b>	<b>45,297</b>	<b>53,792</b>	<b>81,143</b>	<b>83,993</b>	<b>202,938</b>	<b>122,788</b>
<b>Finance costs:</b>								
Interest and charges on borrowings	(384,734)	(80,198)	(686,773)	(123,548)	(138,158)	(79,405)	(253,699)	(138,671)
Third-party interest in investment funds	-	-	-	-	(237,159)	(88,591)	(440,882)	(115,618)
Monetary adjustment of contingencies	(12,329)	(7,706)	(23,831)	(12,564)	(13,827)	(8,193)	(26,643)	(13,351)
Other finance costs	(5,524)	(10,652)	(13,856)	(21,362)	(6,998)	(12,544)	(17,182)	(26,274)
<b>Total</b>	<b>(402,587)</b>	<b>(98,556)</b>	<b>(724,460)</b>	<b>(157,474)</b>	<b>(396,142)</b>	<b>(188,733)</b>	<b>(738,406)</b>	<b>(293,914)</b>
<b>FIDCs:</b>								
Purchase of receivables (b)	-	-	-	-	230,993	94,352	388,729	190,193
FIDC shares yield (c)	255,607	70,925	463,962	142,875	-	-	-	-
<b>Total</b>	<b>255,607</b>	<b>70,925</b>	<b>463,962</b>	<b>142,875</b>	<b>230,993</b>	<b>94,352</b>	<b>388,729</b>	<b>190,193</b>
Exchange differences, net	(15,762)	(5,383)	(36,193)	(8)	(15,781)	(5,406)	(36,219)	(18)
<b>Total</b>	<b>(146,099)</b>	<b>(8,943)</b>	<b>(251,394)</b>	<b>39,185</b>	<b>(99,787)</b>	<b>(15,794)</b>	<b>(182,958)</b>	<b>19,049</b>

- (a) In the first quarter of 2021, the amount is mainly due to the recognition of monetary adjustment in the amount of R\$ 14,0 million on the amounts receivable from Elo Brand, referring to the assignment of the processing platform and authorizer, accumulated up to its assignment date.
- (b) As mentioned in note 6, the revenue from receivables purchased related to cash and installment credit transactions under FIDC Plus, FIDC NP and FIDC Receba Mais is R\$ 243,457, of which R\$ 230,993 net of taxes and consolidation effect in the second quarter and R\$ 411,355, of which R\$ 388,729 net at the end of the first six-month period of 2022 (R\$ 98,392, of which R\$ 94,352 net of taxes and consolidation effect in the second quarter of 2021 and R\$ 198,028, of which R\$ 190,193 net for the first six-month period of 2021).
- (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 Cielo 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 2<sup>nd</sup> 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

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environment, reporting to the CEO and the Board of Directors, through the Risk Committee; and, finally, the 3<sup>rd</sup> 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 Cielo 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 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	
		06/30/2022	12/31/2021	06/30/2022	12/31/2021
Cash	4	15,472	69,177	73,252	350,104
Financial instruments, including derivatives	5	499,797	1,985,192	4,152,939	5,510,592
Credit Rights Investment Fund	6	7,160,374	5,568,737	-	-
Income receivable		314,495	281,719	382,927	352,952
Receivables from card issuers	7	85,512,545	78,865,744	85,512,554	79,088,367
<b>Total</b>		<b>93,502,683</b>	<b>86,770,569</b>	<b>90,121,672</b>	<b>85,302,015</b>

### 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 June 30, 2022, Cielo's exposure to issuers is as follows:

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<u>Internal rating of issuers</u>	<u>Guarantee requirement</u>	<u>Total exposure at June 30, 2022</u>	<u>% Guarantee in relation to exposure</u>	<u>Total exposure at December 31, 2021</u>	<u>% Guarantee in relation to exposure</u>
Group 1	No	95.5%	-	95.5%	-
Group 2	Yes	4.5%	54.0%	4.5%	48,0%
<b>Total receivables from card-issuing banks</b>		<b>100.0%</b>		<b>100.0%</b>	

The 5 largest issuing banks, classified in Group 1, represent 73.9% 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.

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 six-months ended June 30, 2022 and 2021 corresponds 6.1% and 3.2%, 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

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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 June 30, 2022, the allowance for doubtful debts totaled R\$ 200,084 parent company and R\$ 200,639 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 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:

	06/30/2022		06/30/2021	
	Volume	Chargeback ratio (c)	Volume	Chargeback ratio (c)
Tourism and Entertainment, including airlines (typically with deferred sales)	7.3%	0.83%	4.7%	0.65%
E-commerce (without Tourism and Entertainment)	11.7%	1.04%	13.0%	0.96%
Durable and semi-durable goods (a)	21.8%	0.03%	21.9%	0.04%
Non-durable goods (b)	34.2%	0.01%	35.3%	0.01%
Services and others	25.0%	0.04%	25.1%	0.04%
<b>Total</b>	<b>100.0%</b>	<b>0.20%</b>	<b>100.0%</b>	<b>0.18%</b>



# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

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

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

### (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 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	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Cash	15,472	69,177	73,252	350,104
Financial instruments, including derivatives (a)	499,797	1,985,192	4,152,939	5,510,592
Debit (b)	(4,824,431)	(4,034,446)	(6,947,661)	(6,295,104)
<b>Net debt</b>	<b>(4,309,162)</b>	<b>(1,980,077)</b>	<b>(2,721,470)</b>	<b>(434,408)</b>
Equity	10,549,993	9,890,589	20,939,073	20,258,492
<b>Net debt ratio</b>	<b>40.85%</b>	<b>20.02%</b>	<b>13.00%</b>	<b>2.14%</b>

- (a) Derivative financial instruments comprise the NDF contract position, mentioned in note 5.
- (b) 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 Cielo 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 six-month periods ended June 30, 2022 and 2021 totaled R\$ 162,963 and R\$ 58,535, both recognized in comprehensive income, directly in equity.

#### *Foreign currency sensitivity analysis*

The Company is mainly exposed to US Dollar.

The sensitivity analysis includes only monetary items outstanding and denominated in foreign

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information

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

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 June 30, 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:

	Parent Company and Consolidated					
	06/30/2022			06/30/2021		
	10%	25%	50%	10%	25%	50%
Profit or loss	236	590	1,179	5,991	14,978	29,955
Equity	10,505	26,263	52,527	141,386	353,494	706,959

### *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					
	06/30/2022			06/30/2021		
	10%	25%	50%	10%	25%	50%
Profit or loss	(62,775)	(156,938)	(313,876)	(6,903)	(17,258)	(34,515)

  

	Consolidated					
	06/30/2022			06/30/2021		
	10%	25%	50%	10%	25%	50%
Profit or loss	285	712	1,423	2,541	6,353	12,706

## 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,

# Cielo S.A.

## **Notes to the individual and consolidated Interim Financial Information** **(Amounts in thousands of Brazilian reais, unless otherwise stated)**

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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.

The tables below include the balances as at June 30, 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 six-month periods ended June 30, 2022 and 2021:

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

	Parent Company				Consolidated			
	06/30/2022				12/31/2021	06/30/2022		12/31/2021
	Controlling shareholders	Subsidiaries	Investment funds	Total	Total	Total	Total	
<b>Assets:</b>								
Cash and financial instruments (a)	200,755	-	-	200,755	196,308	2,227,756	204,519	
Receivables from card-issuing banks (b)	25,002,811	-	-	25,002,811	23,328,707	25,002,811	23,328,707	
Receivables from related parties (c)	-	3,237	50	3,287	2,793	765,780	738,105	
<b>(Liabilities):</b>								
Private debentures and CCB (d)	(4,077,021)	-	-	(4,077,021)	(3,422,466)	(4,077,021)	(3,422,466)	
Payables referring to intermediation, customer attraction and maintenance services (e)	(25,880)	-	-	(25,880)	(23,095)	(25,880)	(23,095)	
Financial instruments and derivatives (f)	(6,701)	-	-	(6,701)	-	(6,701)	-	
Payables to related parties (c)	-	(212,271)	-	(212,271)	(182,328)	(408,088)	(396,503)	
Balances received to transfer to FIDC (g)	-	-	(14,335,743)	(14,335,743)	(10,760,093)	-	-	

	Parent Company				Consolidated			
	06/30/2022				06/30/2021	06/30/2022		06/30/2021
	Controlling shareholders	Subsidiaries	Investment funds	Total	Total	Total	Total	
<b>Income:</b>								
Income from financial investments (a)	5,839	-	-	5,839	3,776	13,683	3,776	
Income from other services provided (h)	3,941	-	378	4,319	9,785	3,941	7,074	
Income from rental of POS equipment (i)	23,068	-	-	23,068	28,024	23,068	28,024	
Other income	-	737	-	737	2,210	1,755	2,210	
<b>Expenses</b>								
Finance costs (d)	(246,860)	-	-	(246,860)	(53,570)	(246,860)	(53,570)	
Expenses with prepayment of receivables (g)	-	-	(471,621)	(471,621)	(24,439)	-	-	
Expenses with benefits (j)	(21,235)	-	-	(21,235)	(17,679)	(44,107)	(17,679)	
Contracts for customer prospecting services (k)	-	(351,275)	-	(351,275)	(288,892)	-	-	
Provision of payment management services (c)	-	-	-	-	-	(19,380)	(15,825)	
Intermediation, customer prospecting and maintenance services (e)	(67,493)	-	-	(67,493)	(51,029)	(67,493)	(51,029)	
Other operating expenses	(481)	-	-	(481)	(712)	(481)	(712)	

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

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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 refer mainly to the amounts to be paid by the issuers Banco do Brasil and Bradesco arising from credit and debit card transactions.
- c) In the consolidated, the balances refer to the provision of services by Banco do Brasil to Cateno to act as Payment Institution managing postpaid accounts and purchases using debit cards under the Ourocard Payment Arrangement, while activities involving granted rights to Cateno are not performed by it. The contract has a remuneration clause of 0.01% on the total financial volume of transactions carried out under the management of the Contracting Party.
- d) Balances related to the issuance of private debentures and bank credit notes “CCB”.
- e) Correspond to intermediation, customer prospecting and maintenance services with the objective of increasing the volume of sales made up of transactions carried out with credit and debit cards captured and processed by Cielo. In return for providing services, banks are entitled to a remuneration of 10 basis points on the eligible volume. The eligible volume, including the amount captured only in domestic transactions, does not include transactions in which Cielo provides VAN services and takes into account minimum profitability criteria for each establishment.
- f) Financial instruments and derivatives are the amounts recognized as mark-to-market of the derivative contracts (NDFs) contracted for protection against the foreign exchange variation risk on Bonds (as described in note 5b).
- g) Corresponds to the transfer balance of amounts received by Cielo from the receivables anticipation portfolio to FIDCs Plus and Issuers, as well as to expenses related to the anticipation of amounts receivable from issuers with the FIDCs.
- h) Corresponds to the granting of access to the anti-fraud system, so that Bradesco and Banco do Brasil can monitor transactions made with cards issued by them.
- i) Corresponding to the lease of equipment for capturing transactions with Banco do Brasil and Bradesco, which sublease the equipment to their customers.
- j) Benefits contracted with Banco do Brasil and Bradesco (corporate collective life insurance, hospital and dental insurance and private pension agreement);
- k) Refers to the 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.

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

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### Main related-party transactions

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

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

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

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

The Company has service agreements with Companhia Brasileira de Soluções e Serviços – CBSS. These services include the capture, transmission, authorization and processing of transactions with ALELO cards, as well as services provided to merchants, operational and financial back office services, fraud prevention, issuance of statements and financial control over the electronic transactions resulting from these transactions.

#### *Representation services with CIP*

Agreement entered into with Banco do Brasil S.A. for the bank's representation with CIP (Interbank Payment Clearing House) aiming at the provision of services relating to settlement of transactions carried out with credit and/or debit cards and provision of STR (Reserve Transfer System) issuance services.

#### *Share bookkeeping services*

A share bookkeeping service agreement entered into between the Company and Banco Bradesco S.A. whereby the latter provides share bookkeeping and share certificate issuance services to the Company.

#### *Operating services - Stock option program*

Agreement for rendering operating services for the stock option program and the related grants entered into with Bradesco S.A. Corretora de Títulos e Valores Mobiliários.

#### *Securities bookkeeping and management services*

The agreement signed with Banco Bradesco S.A. consists of the provision of bookkeeping services for debentures and the agent bank, together with Banco Bradesco BBI S.A., the agreement also consists of the provision of coordination and distribution services for promissory notes and debentures, the latter being pursuant to CVM Instruction No. 400.

# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

### *Public and private securities operating management services*

The agreement entered into with Banco do Brasil S.A. is aimed at regulating the provision of services relating to movement, custody and financial settlement of transactions carried out with public securities registered with SELIC and with private securities registered with B3.

### *Other widespread agreements*

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

- Cash management services;
- Insurance;
- Corporate credit card;
- Payment to suppliers;
- Granting of Livelu incentive points

## 27 Non-recurring result

As defined by BCB Resolution No. 2/2020, non-recurring results are those that are not related to or are 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:

	Three-month period		Six-month period	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
<b>Profit for the period</b>	<b>635,260</b>	<b>180,412</b>	<b>819,817</b>	<b>421,674</b>
<b>Non-recurring items</b>				
Sale of interest in Orizon	-	-	-	(4,197)
Assignment of ELO platform	-	-	-	(75,934)
Reversal of legacy provision - NewELO project	-	-	-	(46,181)
Provision for organizational restructuring	-	-	-	20,850
Sale of interest in MerchantE (a)	(282,313)	-	(282,313)	-
Impairment of legacy system software (b)	26,775	-	26,775	-
Restructuring of the Cielo stores channel (c)	3,600	-	3,600	-
<b>Total</b>	<b>(251,938)</b>	<b>-</b>	<b>(251,938)</b>	<b>(105,462)</b>
<b>Recurrent result</b>	<b>383,322</b>	<b>180,412</b>	<b>567,879</b>	<b>316,212</b>

- On April 8, 2022, the shares of Cielo Inc in MerchantE, which represent 100% of its capital, were sold for R\$ 652.8 million. The effects of the transaction generated a gain of R\$ 282.3 million.
- On May 31, 2022, according to Note 11, an impairment of legacy system software in the amount of R\$ 40.6 million was recorded (R\$ 26.8 million net of taxes).
- As at June 30, 2022, a provision for restructuring of the stores channel was recorded, in the amount of R\$ 5.5 million (R\$ 3.6 million net of tax effects).



# Cielo S.A.

## Notes to the individual and consolidated Interim Financial Information (Amounts in thousands of Brazilian reais, unless otherwise stated)

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### 28 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	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Exchange differences on net foreign investment	162,963	58,535	162,963	58,535
Exchange differences on borrowings	(33,256)	(19,193)	(167,530)	(57,940)
Interest on capital proposed	224,210	63,675	224,210	63,675
Minimum dividends and interest on capital proposed	-	6,278	-	-

### 29 Insurance

As at June 30, 2022, the Company has the following insurance coverage:

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

### 30 Subsequent event

In July 2022 shares of Cateno Gestão de Contas de Pagamento S.A. ("Cateno") were partially redeemed totaling R\$ 771,467, of which R\$ 540,027 was settled in cash for Cielo S.A., corresponding to 70% of the economic participation, and R\$ 231,440 for the shareholder BB Elo Cartões Participações S.A., corresponding to 30% of the economic participation. The operation did not result in Cateno's change of economic composition.

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

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