

# Comments on performance

2Q2024 



cielo

## DEAR SHAREHOLDERS

We present the Comments on Performance and the Interim Financial Statements of Cielo S.A. – Instituição de Pagamento (“Cielo” or “Company”) and its subsidiaries (together referred to as “Consolidated” or “Cielo Group”) for the quarter ended June 30, 2024, accompanied by the Independent Auditor’s Report and the Supervisory Board report.

The Interim Financial Statements have 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 Central Bank of Brazil (BACEN), together referred to as “COSIF”.

The Interim Financial Statements included the balances of the accounts of Cielo and of the direct and indirect subsidiaries: Cateno, Servinet, Aliança, Paggo, Stelo and Cielo USA; and the Funds: Credit Rights Investment Funds (FIDCs) and Investment Funds in Investment Fund Shares (FICs). The management presentation called “Cielo Brasil” represents the results of the companies Cielo, Stelo, Aliança, Servinet and FIDCs structured by the Company.

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

The amounts are presented in millions of Reais, unless otherwise stated.

In accordance with BCB Normative Instruction 236/22, Cielo chose to maintain the presentation of the Comments on Performance based on the Interim Financial Statements prepared under COSIF, for consistency with the disclosures of prior quarters.

Cielo's management is pleased to present the financial statements and the results for the first half of 2024.

## MARKET CONTEXT

We observed a slowdown in Brazilian retail activity measured by ICVA – The Cielo Extended Retail Index – which indicated a decline in the months of January, March, April and June. Adjusted for inflation, the result for the first half of the year reflects a 0.7% drop in retail sales compared to the same period in 2023.

It is worth mentioning the situation in Rio Grande do Sul, where the impacts of climate events in the state directly affected commercial establishments, families, and consumption. In this scenario, Cielo supported its customers with relief measures. Among them were the exemption of rent and receivables prepayment fees. This allowed cost reductions and provided access to cash resources in a moment of uncertainty. This move demonstrates Cielo's commitment to the country and, especially, to Brazilian retail.

In the card industry, transaction volumes show resilience and continue to expand, resulting from the increased penetration of cards in consumption. However, with the penetration of cards in household consumption in Brazil now comparable to mature markets, the industry's growth rate is naturally experiencing a period of slowdown.

## RESULTS

Cielo is in an intense cycle of investments in its business transformation agenda, seeking to create new capabilities and reach new frontiers of efficiency and value generation.

Investments in the #PraCimaCielo initiative continue to drive the Company's transformation process. The program is already starting to yield results, mainly in the quality of services provided and new opportunities for operational efficiency. At Cielo Brasil, our main acquiring business, the ratio between total expenses and captured volume ("cost yield") improved over the first half of the year, with a reduction of 6 bps in cost yield in May and June compared to the other months of 2024.

On another strategic front, the financial results continue to evolve, positively impacted by initiatives to optimize assets and liabilities, as well as the profitability of receivables prepayment operations, generating gains of R\$ 244 million compared to the same period last year. Driven by financial results and greater tax efficiency, Cielo Brasil's recurring results grew by 1.5% compared to the first half of 2023, despite higher expenses with the Company's transformation.

The consolidated result totaled R\$ 889 million in the first half of the year, with a return on average equity – cash basis view – of 17%.

## TRANSFORMATION

The #PraCimaCielo transformation program emerged as a response to the challenges and opportunities the Company faces in a constantly evolving and changing environment. It was designed to propel the Company to a new level of operational excellence, strengthening its capacity for innovation and adaptation. One of the main aspects of the program is the focus on creating an organizational culture that promotes innovation, teamwork, and continuous improvement.

Throughout its implementation, #PraCimaCielo has played a crucial role in transforming the Company, driving advances in key areas such as enhancing the customer experience, product and service innovation, and modernizing internal processes.

In the first half of the year, we made significant progress toward positioning Cielo as best in class in service quality. We highlight the increasing adoption of analytical intelligence to anticipate our customers' needs. Predictive models have led to a 62% increase in terminal battery replacements compared to the same period last year, addressing issues before they become noticeable to our customers. We also expanded the use of predictive models in the first half for scenarios requiring terminal replacements, thus preventing situations that could impair device performance.

As a result of #PraCimaCielo, we have observed greater organizational agility, especially in the Products and Technology areas, reducing the time-to-market for new solutions.

We highlight the simplification of the onboarding process for our tap-on-phone solution ("Cielo Tap"), allowing entrepreneurs to start selling via mobile phones in as little as five minutes.

Additionally, we implemented Automatic Receivables on D+1. With the option to receive payments in one business day, entrepreneurs have quicker access to funds generated from sales. This solution benefits various sectors, including Grocery Stores, Supermarkets, Gas Stations, Restaurants, Apparel, and Pharmacies.

## VALUES, SUSTAINABILITY AND ORGANIZATIONAL CULTURE

Cielo continues to commit to and aim for value generation through the reconciliation of its long-term business success with the promotion of economic development, the construction of a just society, and the conservation of the environment. This commitment is established on solid foundations and reinforces ties with our employees and the best governance practices.

It is worth noting that the Company is part of the B3 IDIVERSA portfolio, an indicator that evaluates the performance of companies excelling in the promotion of gender and race diversity. Cielo was also highlighted in the Great Place to Work (GPTW) survey, recognized with the best companies to work for seal in its category, and in 2023, it was honored in the Women's Ranking, endorsing its commitment to an inclusive culture. A highlight is the growing participation of women in the Company's senior management, with women now representing 44% of the Executive Board and 25% of the Board of Directors.

As previously mentioned, Cielo fostered support initiatives for Rio Grande do Sul. In addition to financial incentives for its customers, the Company provided exclusive service channels, psychological support, and care to offer assistance in light of the State's situation. Moreover, building solid solutions, the Company has structured the Social Impact Fund (Juntos Fazemos Acontecer) with the goal of contributing to social transformation in Brazil and assisting during emergency situations.

These actions and recognitions emphasize and strengthen Cielo's purpose of driving business for everyone in a sustainable, inclusive, and diverse manner, thereby contributing to lasting economic and social growth.

## LOOKING TO THE FUTURE

We remain committed to our strategic planning and the Company's transformation program. We are aware of the challenges posed by the dynamic and competitive Brazilian payments market, but we are confident in the people who make up the Cielo team and in the opportunities we see ahead. We continue to strive to build a better company for Brazilian retail and thank our team for their dedication and our customers, shareholders, and partners for their trust.

Finally, after the end of a six-month period, we announced a material fact, communicating the publication of the bid notice of the Public Offering for Acquisition of Shares (OPA) launched by the Company's controlling shareholders, which may result in the withdrawal from the New Market and delisting, with a change in its CVM issuer registration from Category "A" to "B". Management remains committed to providing the market with all relevant information on the matter.

# ACKNOWLEDGMENTS

**Top 3 in two categories of the Best Diversity Practices Award:** conducted by the Business Initiative for Racial Equality in partnership with the German Chamber and supported by various institutions, the award is considered the largest movement for the promotion of racial equity in Latin America and highlights companies that implement effective practices and actions for diversity and inclusion in the corporate environment. Cielo was Top 3 in the Recruitment & Selection category (PcD Tech Bootcamp Program case) and Value Chain Engagement (ESG Audit case).

**Great Place to Work (GPTW) Women's Ranking:** in this ranking, GPTW highlights companies committed to a diverse and inclusive corporate culture. The recognition for the year 2023 endorses Cielo's commitment to gender equity, leveraging the potential of all women in the Company.

**Customer Excellence Awards:** the case of Digital Supply Chain solution implementation in Cielo's Logistics was recognized in 1st place in the Supply Chain Management category of the 2nd edition of the Customer Excellence Awards, promoted by SAP.

**Most Valuable Brazilian Brands:** Cielo ranks 19th among the most valuable Brazilian brands in the 23/24 edition of the ranking promoted by Interbrand.

## OPERATIONAL PERFORMANCE

2Q24

### Financial Volume of Transactions

In 2Q24, Cielo's financial volume of transactions totaled R\$ 198.9 billion, a decrease of 0.6% or R\$ 1.1 billion compared to 1Q24 and an increase of 1.6% or R\$ 3.1 billion compared to 2Q23.

Specifically with credit cards (lump sum and installment payments), the financial volume of transactions totaled R\$ 127.2 billion in 2Q24, in line with 1Q24 and an increase of 5.2% compared to 2Q23. In debit cards, the financial volume of transactions totaled R\$ 71.7 billion in 2Q24, a decrease of 1.4% compared to 1Q24 and a decrease of 4.3% compared to 2Q23.

Additionally, Cielo captured 1.9 billion transactions in 2Q24, in line with 1Q24 and 2Q23.

## NET REVENUE

Net revenue totaled R\$ 2,479.1 million in 2Q24, a decrease of 3.3% or R\$ 84.1 million compared to 1Q24.

The primary impact on net revenue is related to the mix of products and customers, affecting Cielo's revenue from the capture, transmission, processing, and financial settlement of transactions. This was partially offset by the growth in Cateno's net revenue, which is directly linked to the increased transaction volume and product mix, impacting the interchange revenue from the Ourocard arrangement.

## COST OF SERVICES PROVIDED

Consolidated cost of services provided totaled R\$ 1,437.3 million in 2Q24, an increase of R\$ 26.1 million, or 1.8% compared to 1Q24. This increase was mainly due to the following events:

(i) Increase of R\$ 27.2 million or 9.9% in **equipment-related costs and other costs**, which is mainly due to an impact on the line of maintenance of POS equipment.

(iii) Increase of R\$ 23.6 million or 3.8% in **costs related to management of payment accounts of the Ourocard Arrangement at Cateno**, mainly related to costs with brand fees; and

(iii) Decrease of R\$ 24.7 million or 4.8% in **costs related to the capture, processing and settlement of Cielo transactions**, mainly due to costs with brand fees, as a result of the volume reduction and lower expenses with the call center;



## OPERATING EXPENSES

Operating expenses totaled R\$ 534.2 million in 2Q24, a decrease of R\$ 88.9 million compared to R\$ 623.1 million in 1Q24. This decrease was mainly due to the following events:

**Personnel expenses** - Decrease of R\$ 26.1 million, or 7.2%, to R\$ 336.8 million in 2Q24, compared to R\$ 362.9 million in 1Q24. The decrease is mainly related to operating efficiency gain.

**General and administrative expenses, including depreciation** - Increase of R\$ 1.4 million or 1.4% to R\$ 104.4 million in 2Q24, compared to R\$ 103.0 million in 1Q24. In line with the previous quarter;

**Sales and marketing expenses** - Increase of R\$ 10.7 million or 32.3% to R\$ 43.8 million in 2Q24, compared to R\$ 33.1 million in 1Q24. The variation is mainly due to higher expenses with media, production and broadcasting in 2Q24; and

**Other operating income (expenses), net** - Decrease of R\$ 74.9 million or 60.4%, to R\$ 49.2 million in expenses in 2Q24, compared to R\$ 124.1 million in expenses in 1Q24. This variation is mainly related to the increase in the expected volume of operating losses that occurred in 1Q24.

## FINANCE INCOME (COSTS)

Finance income totaled R\$ 86.3 million in 2Q24, an increase of R\$ 48.8 million or 130.1%, compared to R\$ 37.5 million in 1Q24. The main variations in finance income (costs) were:

**Finance income** – Decrease of R\$ 21.4 million, or 30.1%, to R\$ 49.7 million in 2Q24, compared to R\$ 71.1 million in 1Q24, related to the lower average balance invested and lower average CDI rate.

**Finance costs** – Decrease of R\$ 124.9 million or 31.1% to R\$ 277.3 million in 2Q24 compared to R\$ 402.2 million in 1Q24. This decrease is mainly related to the lower average balance borrowed and the remuneration of third-party shares of FIDCs, due to the optimization of the Company's debt structure.

**Prepayment of receivables** – Decrease of R\$ 56.4 million, or 15.2%, to R\$ 315.6 million in 2Q24, compared to R\$ 372.0 million in 1Q24, mainly related to the increased revenues in 1Q24; and

**Exchange differences, net** – Decrease of R\$ 1.7 million or 50.0% to a loss of R\$ 1.7 million in 2Q24 compared to a loss of R\$ 3.4 million in 1Q24. The variation is directly related to foreign currency exposures.

## NET REVENUE

Net revenue totaled R\$ 2,479.1 million in 2Q24, a decrease of 6.2% or R\$ 162.9 million compared to 2Q23.

The main impact on net revenue is related to the mix of products and customers, affecting Cielo's revenue from the capture, transmission, processing, and financial settlement of transactions. This was partially offset by the growth in Cateno's net revenue, which is directly linked to the increased transaction volume and product mix, impacting the interchange revenue from the Ourocard arrangement.

## COST OF SERVICES PROVIDED

Consolidated cost of services provided totaled R\$ 1,437.3 million in 2Q24, an increase of R\$ 41.3 million or 3.0% compared to 2Q23. This increase was mainly due to the following events:

- (i) Increase of R\$ 85.0 million or 15.2% in **costs related to management of payment accounts of the Ourocard Arrangement at Cateno**, mainly related to higher costs with brand fees, card embossing and mailing.
- (ii) Decrease of R\$ 36.2 million or 6.9% in **costs related to the capture, processing and settlement of Cielo transactions** related to efficiency gain with the implementation of operational improvement initiatives; and
- (iii) Decrease of R\$ 7.5 million or 2.4% in **equipment-related costs and other costs** compared to 2Q23, which is mainly due to an impact on the line of depreciation and maintenance of POS equipment.

## OPERATING EXPENSES

Operating expenses totaled R\$ 534.2 million in 2Q24, an increase of R\$ 487.5 million compared to R\$ 46.7 million in 2Q23. The increase was mainly due to the following events:

**Personnel expenses** - Increase of R\$ 35.4 million, or 11.7%, to R\$ 336.8 million in 2Q24, compared to R\$ 301.4 million in 2Q23. The increase is mainly related to higher expenses resulting from the expansion of the commercial team.

**General and administrative expenses, including depreciation** - Increase of R\$ 11.3 million or 12.1% to R\$ 104.4 million in 2Q24, compared to R\$ 93.1 million in 2Q23. The increase is related to expenses with various initiatives aimed at improving the quality of services provided and the operating efficiency gain.

**Sales and marketing expenses** - Increase of R\$ 7.8 million or 21.7% to R\$ 43.8 million in 2Q24, compared to R\$ 36.0 million in 2Q23. The variation is related to the increase in expenses with sales incentives; and

**Other operating income (expenses), net** - Variation of R\$ 433.0 million or 112.8%, to R\$ 49.2 million in expenses in 2Q24, compared to R\$ 383.8 million in income in 2Q23. The variation is mainly due to a non-recurring event recognized in 2Q23, due to the reversal of the provision for ISS Municipality, resulting from the completion of the Federal Supreme Court (STF) judgment that set the understanding and maintained the collection of the Service Tax (ISS) in the city of the service provider and not in the cities where the service takers are located.

## FINANCE INCOME (COSTS)

Finance income totaled R\$ 86.3 million in 2Q24, a variation of R\$ 135.6 million compared to 2Q23, when the Company presented finance costs of R\$ 49.3 million. The main variations in finance income (costs) are:

**Finance income** – Decrease of R\$ 32.7 million, or 39.7%, to R\$ 49.7 million in 2Q24, compared to R\$ 82.4 million in 2Q23, related to the lower average balance invested and lower average CDI rate;

**Finance costs** – Decrease of R\$ 225.3 million or 44.8% to R\$ 277.3 million in 2Q24 compared to R\$ 502.6 million in 2Q23, mainly related to the lower average balance borrowed and the remuneration of third-party shares of FIDCs, due to the optimization of the Company's debt structure;

**Prepayment of receivables** – Decrease of R\$ 62.3 million, or 16.5%, to R\$ 315.6 million in 2Q24, compared to R\$ 377.9 million in 2Q23, mainly related to the lower volume of prepayments; and

**Exchange differences, net** - Variation of R\$ 5.3 million or 75.7% to a loss of R\$ 1.7 million in 2T24, compared to a loss of R\$ 7.0 million in 2Q23. The variation is directly related to foreign currency exposures.

Below we present the reconciliation of equity and profit for the period between COSIF and IFRS accounting practices. The balances of equity as at June 30, 2024 and December 31, 2023 and the consolidated result for the quarters ended June 30, 2024 and 2023 were compared:

R\$ million	Equity		Profit for the Quarter	
	06/30/2024	12/31/2023	06/30/2024	06/30/2023
<b>COSIF - Balance</b>	<b>20,297.0</b>	<b>22,308.3</b>	<b>460.1</b>	<b>825.0</b>
Third parties' interest in Investment Funds (a)	(5,228.6)	(7,346.0)	-	-
Others (b)	22.8	22.5	-	0.1
<b>IFRS - Balance</b>	<b>15,091.2</b>	<b>14,984.8</b>	<b>460.1</b>	<b>825.1</b>

- (a) Third-party interests in Credit Rights Investment Funds (FIDCs) and Investment Funds in Investment Fund Shares (FICs), previously presented in current and non-current liabilities, according to BCB Normative Instruction No. 272/22, are now recognized directly in equity, specifically under the line item “noncontrolling interests” under COSIF.
- (b) Composed of: i) goodwill from Subsidiaries not amortized in accordance with CPC 15 (R1) – Business Combinations; and ii) property and stores lease agreements, recorded as right-of-use assets and lease liabilities in the statement of financial position and amortized over the term of the agreements, pursuant to IFRS 16 (CPC 06 (R2)) – Leases.

Consolidated EBITDA totaled R\$ 727.0 million in 2Q24, a decrease of 2.6% compared to 1Q24 and a decrease of 49.2% compared to 2Q23, as shown below:

EBITDA (R\$ million)	2Q24	2Q23	1Q23
Cielo Net Profit	385.6	708.5	503.1
Noncontrolling interests	74.5	116.5	75.5
Financial income (costs)	(86.3)	49.4	(37.5)
Income Tax and Social Contribution	133.8	325.0	(12.2)
Depreciation and Amortization	219.4	231.2	217.8
<b>EBITDA</b>	<b>727.0</b>	<b>1,430.6</b>	<b>746.7</b>
% EBITDA margin	29.3%	54.1%	29.1%

EBITDA corresponds to net profit, plus income tax and social contribution, depreciation and amortization expenses and finance income and costs. For such calculation, Cielo's net profit includes noncontrolling 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 indicator or as an alternative to cash flow or as a liquidity indicator. In addition, the EBITDA has a limitation which jeopardizes its use as a measure of profitability, since it does not consider certain costs deriving from businesses, which may significantly affect profit, such as finance costs, taxes, depreciation, capital expenditures and other related charges.

## DIVIDEND DISTRIBUTION POLICY

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

The remaining balance of profit for the fiscal year will be allocated in accordance with the resolution of the annual general meeting. The Company records, at the end of the fiscal year, a provision for the amount of minimum dividends that have not yet been distributed during the year up to the limit of the mandatory minimum dividend described above. The Bylaws grant the Company the right to prepare statements of financial position for six-month periods or for shorter periods and, subject to the limits set forth by law, the Board of Directors may declare dividends on the profit account calculated in these statements of financial position. Furthermore, the Board of Directors may declare interim dividends on account of existing profits, based on the last statement of financial position approved by the shareholders.

At the Board of Directors' meeting held on February 5, 2024, the payment of additional interest on capital in the amount of R\$ 410,000 was approved, subject to ratification at the Ordinary General Meeting. The payment was made on April 30, 2024.

## INVESTMENTS IN SUBSIDIARIES

The value of investments and share of profit (loss) of investees of the main companies of the Group are shown in the table below:

Subsidiaries (R\$ million)	Investments		Share of profit (loss) of investees	
	06/30/2024	12/31/2023	06/30/2024	06/30/2023
Servinet	31.7	70.2	16.5	10.8
Cielo USA	3.6	3.6	(0.5)	(0.5)
Cateno	6,325.3	6,308.2	349.9	469.2
Stelo	364.3	314.1	50.2	46.1
Aliança	6.2	6.1	-	0.2



## HUMAN RESOURCES

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

We follow transformations focused on the present, with an eye to the future, driving change from the inside out through our way of being and doing, engaging employees and offering our internal and external customers an excellent service. We do this through our Culture and our purpose of simplifying and boosting business for everyone, in a way that positively impacts the lives of each Cielo employee. This occurs through our competencies:

1. **Assertive Empathy:** we genuinely care about each other, we are interested in learning about the difficulties, contexts and daily lives of the people we interact with – whether they are colleagues, partners, customers or suppliers. We practice assertive empathy through quick, clear, direct and sincere feedback, always in a constructive way, because we know that this way we make a difference in people's lives.
2. **Transformative Ambition:** we challenge ourselves in our deliveries, we have a learning perspective throughout the journey and deliver more and better. We draw inspiration from the best and develop actions that positively transform our daily lives, those of our employees and customers. We give our best, we work as a team, because we know that together we achieve the best results.
3. **Ownership Mindset:** we are proactive, concerned, restless and responsible in solving problems, committed to results and seeking excellence. We have a flexible and constructive stance, as we believe that this way we can find the best solution for the Cielo team and our customers. As owners, we perform or ask for help long before delivery is expected.
4. **Collaboration:** we are a team that understands the Company's main objectives and work together to achieve them. We believe in the power of teamwork, we support each other, we welcome each other to build innovative solutions and go further. Trust is the basis of our relationship with all partners in the value chain and allows us to seek positive conflict with total commitment to the decisions made.

5. Sense of Urgency: we know how to establish what our priorities are. We plan all our deliveries with agility, collaboration and customer focus. We assume risks inherent to the business, and adopt measures to minimize or even eliminate them, considering the generation of value for customers and the Company. Furthermore, we know that we will not always get it right, but we quickly adjust the course and believe that all initiatives serve as a learning experience.

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

Many of the initiatives are extended to employees' dependents, such as: emotional care, personal support and guidance, vaccinations, conversation circles, Wellhub, Olympics – Sports Championship. The program is recognized by employees, with a favorability of 88.8% in the internal Employee Experience survey.

Much more than just policies and practices, we build an environment every day where everyone feels valued, respected, and empowered. We are a team that cares for and supports all individuals.

At the end of June 2024, the organization had 6,471 employees and 184 interns.

## HUMAN RESOURCES HIGHLIGHT



**GPTW:** Renewal of the GPTW seal, achieved through meeting the pre-requisites.

Cielo's actions focused on promoting sustainable development are guided by the Sustainability Policy, which guides the Company to implement an agenda of environmental, social and governance practices (ESG - Environmental, Social and Governance, a commonly used acronym).

The purpose of implementing this agenda is to make long-term business success compatible with the construction of a fair society, economic development and environmental conservation, through the generation of shared value.

To structure the achievement of these commitments, Cielo established its Sustainability Strategic Plan, approved by the Executive Board and in line with the Company's Strategy, which establishes 8 strategic sustainability objectives distributed across 4 pillars, namely:

- ESG Strategy and Engagement;
- ESG Management, Risks and Opportunities;
- Diversity, Equity, Inclusion and Impact; and
- Eco-efficiency and Climate Change.

Strategic sustainability objectives unfold in actions linked to different fronts of the Company, whether with impacts that generate changes in operations, or in opportunities to generate shared value through the business model, or even in its social actions to transform the context in which the business operates.

The execution of the planning is monitored by the Executive Vice President of People, Management and Performance, reporting to the Executive Board, and supported by an Executive Forum to monitor topics related to environmental, social and governance aspects. Furthermore, its evolution is periodically monitored by the Sustainability Committee, which reports its progress to the Board of Directors.

It is worth highlighting the Diversity, Equity and Inclusion Strategy, structured to incorporate the practice and promotion of the topic into the Company's representation and culture, in line with the cultural attributes necessary to boost the business. As part of the aforementioned Program, 6 commitments were established that cover aspects linked to gender identity, race and ethnicity, disability and LGBTQIAPN+.

Through the Diversity Forum, coordinated by the CEO, we discuss related topics to advise the Executive Board in decision-making.

The Company has 4 Affinity Groups—safe spaces to discuss Diversity and Inclusion and generate transformation initiatives, namely:

(i) “We Are All One”, aimed at the inclusion of people with disabilities, (ii) “Blue To Black” focused on ethnic-racial issues; (iii) “Prism” aimed at the inclusion of the LGBTQIAPN+ community; and (iv) “Beyond Gender”, focused on gender equity.

In the first quarter of 2022, Cielo announced its representation goals, which aim at making the staff more diverse and representative. The goals were approved within the scope of the Board of Directors, and by 2025, the number of women in the overall workforce is expected to represent 45% of the total, while 42% of leadership positions should be occupied by women. Additionally, professionals who are Black or Indigenous are expected to make up 35% of the workforce, and 22% of the positions of leadership roles should be filled by Black or Indigenous professionals.

Cielo has a Climate Strategy, which guides the actions regarding climate governance, risk and opportunity management, accounting for Greenhouse Gases (GHG) emissions, goals and engagement with the value chain. It is worth highlighting that our taxonomy for climate risk management is aligned with the recommendations of the Task Force on Climate related Financial Disclosures (TCFD), an initiative that seeks to prepare and implement recommendations for the disclosure and analysis of risks and opportunities related to climate issues.

Furthermore, the environmental aspects and impacts of our operations are evaluated and monitored by our Environmental Management System (SGA), certified by the ISO 14001 standard. Scope 1 and 2 residual greenhouse GHG emissions are offset through carbon credits from projects that prevent greenhouse gas emissions through actions focused on forest conservation and/or energy efficiency.

Every year, Cielo publishes its Integrated Report, an instrument through which the Company presents information on the performance and impacts of its business model, structuring financial information in synergy with environmental, social and governance aspects. The publication offers a broad strategic view of Cielo, its business model and value generation and is available at <https://www.cielo.com.br/sistemia/central-de-downloads/>.

## MAIN ESG INITIATIVES

Publication of the **Integrated Annual Report 2023**. In this edition, the document features two interconnected sections:



- **Main Section:** Provides a strategic and concise view of the company's value creation processes.
- **Complementary Section:** Includes a map with key ESG indicators and GRI and SASB summaries.

Learn more at <https://blog.cielo.com.br/institucional/relatorio-anual-integrado-23/>.



Through the **Impulsiona Cielo** program, a social impact initiative focused on entrepreneurial education, Cielo has accelerated 11 food businesses led by black entrepreneurs.

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

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

It is worth pointing out that since 2013 Cielo has been adopting its 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 and according to the current legislation and regulation.

Regarding the transactions with related parties, the levels of authority, rules and procedures set forth in the TPR Policy, Bylaws and applicable legislation must be observed.

Transactions are accompanied by documentation that demonstrates that the respective transaction will be carried out in the best interests of the company and 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, independent studies, reports and/or appraisal reports may still be submitted, prepared without the participation of any of the parties involved in the TPR, be it a bank, lawyer, specialized consulting firm, among others, based on realistic assumptions and information endorsed by third parties about the commutativity of the terms of the transaction.

If the approval of the transaction falls under the authority of Cielo's Board of Directors, the Corporate Governance Committee will evaluate the aforementioned documentation and recommend or not the topic to be decided about by the Board of Directors.

It is important to note that the Corporate Governance Committee and the Board of Directors, when called to evaluate and/or approve proposals of transactions with related parties carried out between 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 members who are not in conflict.

In addition, a person in a position of conflict (i) a priori, will not participate in the meetings or (ii) if he or she is present due to other matters covered, he or she shall be absent from discussions on the topic and abstain from voting to decide about transactions, evaluate, express opinion or in any other way participate or influence the conducting or approval of the matter. If requested by the Chairman of the Board of Directors or by the Chief Executive Officer, as the case may be, the person in conflict 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, shall be composed of at least 7 (seven) and no more than 12 (twelve) members who do not perform management activities at Cielo, with 4 (four) members considered independent, whose independence aims to specially safeguard the interests of the Company, as well as the other directors, and its noncontrolling shareholders. The Board of Directors is responsible, among other attributions, for setting the general direction of Cielo's business, electing the members of the Executive Board and overseeing its management. Currently, Cielo's Executive Board is composed of at least 2 (two) and no more than 11 (eleven) members and performs the general management of Cielo, respecting the guidelines defined by the Board of Directors. Moreover, as another evidence of Cielo's adherence to the best Corporate Governance practices, the Board of Directors has 6 (six) Advisory Committees, namely: Audit Committee, Finance Committee, Corporate Governance Committee, People and Compensation Committee, Sustainability Committee and Risk Committee; and the Executive Board has 8 (eight) advisory forums: Disclosure Forum, Ethics Forum, ESG Forum, Social and Cultural Investment Forum, Diversity Forum, Products Forum, Information Security Management and Fraud Prevention Forum and Data Privacy and Protection Forum.

Cielo's Supervisory Board is currently installed to oversee the management activities and is composed of 5 (five) full members and 5 (five) deputy members, with 4 (four) of the full members being appointed by the controlling shareholders and 1 (one) member appointed by noncontrolling shareholders.

## ACKNOWLEDGEMENTS

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

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

We inform that, during the second quarter of 2024, Cielo Group engaged the independent auditing services of KPMG.

Cielo'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 independent auditors have been engaged to provide services not related to external audit until December 31, 2024, which consists of: (i) limited assurance about Environmental, Social and Governance information presented in the 2023 Integrated Annual Report; and (ii) limited assurance about the 2023 Greenhouse Gas Emissions. This engagement complies with the Company's corporate governance requirement, which determines that every extraordinary engagement of independent auditors that audit its financial statements, directly or indirectly, needs to be previously analyzed by the Audit Committee and authorized by the Board of Directors. The total amount of these services is R\$ 126.6 thousand and represents approximately 6.4% of the total fees for auditing Cielo Group's financial statements for the year ending December 31, 2024. Further information on audit fees is provided on the Reference Form.

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

Individual and Consolidated  
Interim Financial Statements  
for the three- and six-month periods ended  
June 30, 2024 and  
Independent Auditor's Report on  
Interim Financial Statements  
(*COSIF*)

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# Report on Review of Interim financial Information - ITR

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

## **Introduction**

We have reviewed the individual and consolidated interim financial information of Cielo S.A. – Instituição de Pagamento (“Company”), included in the Interim Financial Information Form (ITR) for the quarter ended June 30, 2024, which comprises the balance sheet at June 30, 2024 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, applicable to the preparation of Interim Financial Information (ITR). 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, 2024, 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 (R1) - 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, 2024, 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. 100 of BCB Resolution No. 352, 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 S.A. – Instituição de Pagamento, on this date and on which we issued a report independent audit, not containing any modification, dated August 01, 2024.

São Paulo, August 01, 2024

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

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

## Cielo S.A. - Instituição de Pagamento

### Statements of financial position as at June 30, 2024 and December 31, 2023

(In thousands of Brazilian reais)

Assets	Note	Parent Company		Consolidated		Liabilities and equity	Note	Parent Company		Consolidated	
		06/30/2024	12/31/2023	06/30/2024	12/31/2023			06/30/2024	12/31/2023		
<b>Current assets</b>						<b>Current liabilities</b>					
Cash	4	56,790	63,146	70,572	69,745	Borrowings	12	613,787	4,732,526	613,787	4,732,526
Financial instruments	5	61,442	336,834	968,726	1,184,419	Other payables		89,001,744	94,748,666	76,193,974	77,841,668
Credit rights investment funds	6	9,297,574	13,398,720	-	-	Social and statutory		461,119	302,631	500,281	376,912
Income receivable	7	104,135	128,977	970,909	2,546,047	Tax and social security	8	61,287	78,669	395,033	778,611
Receivables from card-issuing banks	7	85,001,309	91,035,557	85,006,560	91,043,327	Payables to merchants	13	73,928,056	75,341,285	74,078,911	75,480,752
Receivables from related parties	26	142,040	112,511	898,017	921,146	Payables to related parties	26	13,898,806	18,356,044	468,834	464,250
Taxes and contributions for offset/recoverable		1,082,259	800,639	1,306,437	1,368,266	Others		652,476	670,037	750,915	741,143
Other operating receivables	7	169,818	173,765	186,418	183,221	<b>Total current liabilities</b>		<b>89,615,531</b>	<b>99,481,192</b>	<b>76,807,761</b>	<b>82,574,194</b>
Expected losses on doubtful debts	7	(194,714)	(199,804)	(196,720)	(201,094)						
Other receivables		234,660	151,863	249,120	162,413	Borrowings	12	2,998,808	2,998,405	2,998,808	2,998,405
<b>Total current assets</b>		<b>95,955,313</b>	<b>106,002,208</b>	<b>89,460,039</b>	<b>97,277,490</b>	Other payables		361,331	360,034	400,882	391,499
						Tax, civil and labor risks	14	288,153	303,436	315,409	326,229
<b>Noncurrent assets</b>						Others		73,178	56,598	85,473	65,270
Financial instruments	5	-	-	172,952	180,164	<b>Total noncurrent liabilities</b>		<b>3,360,139</b>	<b>3,358,439</b>	<b>3,399,690</b>	<b>3,389,904</b>
Escrow deposits	14	69,777	64,859	80,544	70,741						
Tax credits	8	1,045,398	875,386	1,272,800	1,111,975	<b>Equity</b>					
Other operating receivables	7	24,231	30,609	24,548	31,914	Issued capital	15	5,700,000	5,700,000	5,700,000	5,700,000
						Capital reserve	15	44,311	58,578	44,311	58,578
<b>Investments in subsidiaries and joint ventures</b>	<b>9</b>	<b>6,731,034</b>	<b>6,702,197</b>	<b>-</b>	<b>-</b>	Earnings reserves	15	6,845,528	6,757,870	6,845,528	6,757,870
						Other comprehensive income	15	(162,547)	(162,656)	(162,547)	(162,656)
<b>Property and equipment</b>	<b>10</b>	<b>849,460</b>	<b>811,165</b>	<b>853,617</b>	<b>816,739</b>	(-) Treasury shares	15	(69,704)	(94,989)	(69,704)	(94,989)
Property and equipment in use		1,990,103	1,922,204	2,009,155	1,953,102	<b>Attributable to:</b>					
(-) Accumulated depreciation		(1,104,956)	(1,073,633)	(1,119,851)	(1,098,957)	Owners of the Company		12,357,588	12,258,803	12,357,588	12,258,803
(-) Impairment of assets		(35,687)	(37,406)	(35,687)	(37,406)	Noncontrolling interests		-	-	7,939,442	10,049,499
<b>Intangible assets</b>	<b>11</b>	<b>658,045</b>	<b>612,010</b>	<b>8,639,981</b>	<b>8,783,377</b>	<b>Total equity</b>		<b>12,357,588</b>	<b>12,258,803</b>	<b>20,297,030</b>	<b>22,308,302</b>
Other intangible assets		1,826,652	1,759,982	13,421,102	13,350,850						
(-) Accumulated amortization		(1,145,974)	(1,114,164)	(4,758,488)	(4,533,665)	<b>Total liabilities and equity</b>		<b>105,333,258</b>	<b>115,098,434</b>	<b>100,504,481</b>	<b>108,272,400</b>
(-) Impairment of assets		(22,633)	(33,808)	(22,633)	(33,808)						
<b>Total noncurrent assets</b>		<b>9,377,945</b>	<b>9,096,226</b>	<b>11,044,442</b>	<b>10,994,910</b>						
<b>Total assets</b>		<b>105,333,258</b>	<b>115,098,434</b>	<b>100,504,481</b>	<b>108,272,400</b>						

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

## Statements of comprehensive income

For the three- and six-month periods ended June 30, 2024 and 2023

(In thousands of Brazilian reais)

	Parent Company				Consolidated			
	Three-month period		Six-month period		Three-month period		Six-month period	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023
<b>Profit for the period</b>	<b>385,572</b>	<b>708,489</b>	<b>888,657</b>	<b>1,149,331</b>	<b>460,046</b>	<b>825,000</b>	<b>1,038,620</b>	<b>1,350,414</b>
<b>Items that may be reclassified to profit or loss</b>								
Exchange differences on translation of foreign operations:								
Exchange differences on foreign investments	378	(215)	494	(331)	378	(215)	494	(331)
Fair value adjustment of financial instruments	(56)	-	(385)	-	(80)	-	(550)	-
<b>Changes for the period</b>	<b>322</b>	<b>(215)</b>	<b>109</b>	<b>(331)</b>	<b>298</b>	<b>(215)</b>	<b>(56)</b>	<b>(331)</b>
<b>Total comprehensive income for the period</b>	<b>385,894</b>	<b>708,274</b>	<b>888,766</b>	<b>1,149,000</b>	<b>460,344</b>	<b>824,785</b>	<b>1,038,564</b>	<b>1,350,083</b>
<b>Attributable to:</b>								
Owners of the Company					385,894	708,274	888,766	1,149,000
Noncontrolling interests					74,450	116,511	149,798	201,083

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

Cielo S.A. - Instituição de Pagamento

Statements of profit or loss

For the three- and six-month periods ended June 30, 2024 and 2023  
(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		
	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023	
<b>NET REVENUE</b>	17	1,437,978	1,645,783	2,977,212	3,231,192	2,479,117	2,642,077	5,042,341	5,211,895
<b>COST OF SERVICES PROVIDED</b>	18	(803,394)	(843,769)	(1,608,633)	(1,720,119)	(1,437,292)	(1,395,951)	(2,848,527)	(2,804,840)
<b>GROSS PROFIT</b>		<b>634,584</b>	<b>802,014</b>	<b>1,368,579</b>	<b>1,511,073</b>	<b>1,041,825</b>	<b>1,246,126</b>	<b>2,193,814</b>	<b>2,407,055</b>
<b>OPERATING INCOME (EXPENSES)</b>									
Personnel	18	(164,632)	(159,246)	(355,814)	(292,158)	(336,794)	(301,374)	(699,675)	(563,308)
General and administrative	18	(290,557)	(230,167)	(571,609)	(426,358)	(104,491)	(93,130)	(207,490)	(158,167)
Sales and marketing	18	(42,992)	(35,989)	(75,345)	(48,591)	(43,827)	(36,044)	(76,945)	(48,654)
Share of profit (loss) of investees	9	207,103	301,052	416,136	525,853	-	-	-	-
Other operating income (expenses), net	18	(21,134)	228,207	(118,750)	190,605	(49,153)	383,762	(173,243)	321,742
<b>OPERATING PROFIT</b>		<b>322,372</b>	<b>905,871</b>	<b>663,197</b>	<b>1,460,424</b>	<b>507,560</b>	<b>1,199,340</b>	<b>1,036,461</b>	<b>1,958,668</b>
<b>FINANCE INCOME (COSTS)</b>									
Finance income	24	8,592	19,846	24,317	54,409	49,734	82,362	120,790	181,649
Finance costs	24	(296,307)	(540,107)	(735,608)	(1,102,296)	(277,295)	(502,630)	(679,531)	(1,026,440)
FIDC shares yield and prepayment of receivables	24	339,159	437,676	771,780	864,384	315,556	377,905	687,551	740,075
Exchange differences, net	24	(1,694)	(7,000)	(5,041)	(15,250)	(1,695)	(7,005)	(5,058)	(15,270)
		49,750	(89,585)	55,448	(198,753)	86,300	(49,368)	123,752	(119,986)
<b>OPERATING PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION</b>		<b>372,122</b>	<b>816,286</b>	<b>718,645</b>	<b>1,261,671</b>	<b>593,860</b>	<b>1,149,972</b>	<b>1,160,213</b>	<b>1,838,682</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION</b>									
Current	8	-	53,046	-	4,479	(145,438)	(110,624)	(282,418)	(310,753)
Deferred	8	13,450	(160,843)	170,012	(116,819)	11,624	(214,348)	160,825	(177,515)
<b>PROFIT FOR THE PERIOD</b>		<b>385,572</b>	<b>708,489</b>	<b>888,657</b>	<b>1,149,331</b>	<b>460,046</b>	<b>825,000</b>	<b>1,038,620</b>	<b>1,350,414</b>
<b>ATTRIBUTABLE TO:</b>									
Owners of the Company						385,572	708,489	888,657	1,149,331
Noncontrolling interests						74,474	116,511	149,963	201,083
Earnings per share (in R\$) - Basic	16	<b>0.14293</b>	<b>0.26272</b>	<b>0.32963</b>	<b>0.42651</b>	<b>0.14293</b>	<b>0.26272</b>	<b>0.32963</b>	<b>0.42651</b>
Earnings per share (in R\$) - Diluted	16	<b>0.14217</b>	<b>0.26076</b>	<b>0.32786</b>	<b>0.42333</b>	<b>0.14217</b>	<b>0.26076</b>	<b>0.32786</b>	<b>0.42333</b>

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

Cielo S.A. - Instituição de Pagamento

Statements of changes in equity

For the six-month periods ended June 30, 2024 and 2023

(In thousands of Brazilian reais)

	Earnings reserves						Other comprehensive income	Attributable to owners of the Company	Noncontrolling interests	Total equity
	Issued capital	Capital reserve	Treasury shares	Legal	Capital budget	Earnings retention				
<b>Balances as at December 31, 2022</b>	<b>5,700,000</b>	<b>70,893</b>	<b>(113,605)</b>	<b>1,140,000</b>	<b>4,295,319</b>	-	<b>(164,030)</b>	<b>10,928,577</b>	<b>10,193,837</b>	<b>21,122,414</b>
Acquisition of treasury shares	-	-	(30,842)	-	-	-	-	(30,842)	-	(30,842)
Restricted stock units granted	-	21,988	-	-	-	-	-	21,988	-	21,988
Transfer of treasury shares due to exercise of shares	-	(32,322)	32,322	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	1,149,331	-	1,149,331	201,083	1,350,414
Allocation of profit for the period:										
Interest on capital proposed	-	-	-	-	-	(196,970)	-	(196,970)	-	(196,970)
Interest on capital paid	-	-	-	-	-	(196,210)	-	(196,210)	-	(196,210)
Other comprehensive income:										
Exchange differences on net foreign investments	-	-	-	-	-	-	(331)	(331)	-	(331)
Effect of noncontrolling interests on consolidated entities	-	-	-	-	-	-	-	-	(200,483)	(200,483)
<b>Balances as at June 30, 2023</b>	<b>5,700,000</b>	<b>60,559</b>	<b>(112,125)</b>	<b>1,140,000</b>	<b>4,295,319</b>	<b>756,151</b>	<b>(164,361)</b>	<b>11,675,543</b>	<b>10,194,437</b>	<b>21,869,980</b>
<b>Balances as at December 31, 2023</b>	<b>5,700,000</b>	<b>58,578</b>	<b>(94,989)</b>	<b>1,140,000</b>	<b>5,617,870</b>	-	<b>(162,656)</b>	<b>12,258,803</b>	<b>10,049,499</b>	<b>22,308,302</b>
Restricted stock units granted	-	11,018	-	-	-	-	-	11,018	-	11,018
Transfer of treasury shares due to exercise of shares	-	(25,285)	25,285	-	-	-	-	-	-	-
Additional interest on capital	-	-	-	-	(410,000)	-	-	(410,000)	-	(410,000)
Profit for the period	-	-	-	-	-	888,657	-	888,657	149,963	1,038,620
Allocation of profit for the period:										
Interest on capital proposed	-	-	-	-	-	(390,999)	-	(390,999)	-	(390,999)
Other comprehensive income:										
Exchange differences on net foreign investments	-	-	-	-	-	-	494	494	-	494
Fair value adjustment of financial instruments	-	-	-	-	-	-	(385)	(385)	(165)	(550)
Effect of noncontrolling interests on consolidated entities	-	-	-	-	-	-	-	-	(2,259,855)	(2,259,855)
<b>Balances as at June 30, 2024</b>	<b>5,700,000</b>	<b>44,311</b>	<b>(69,704)</b>	<b>1,140,000</b>	<b>5,207,870</b>	<b>497,658</b>	<b>(162,547)</b>	<b>12,357,588</b>	<b>7,939,442</b>	<b>20,297,030</b>

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



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

**Statements of cash flows**

**For the six-month periods ended June 30, 2024 and 2023**

*(In thousands of Brazilian reais)*

	Note	Parent Company		Consolidated	
		06/30/2024	06/30/2023	06/30/2024	06/30/2023
<b>Cash flows from operating activities</b>					
Profit before income tax and social contribution		718,645	1,261,671	1,160,213	1,838,682
<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	242,806	270,421	437,153	466,267
Disposals and provisions/(reversals) for losses on property and equipment and intangible assets	10 and 11	39,108	(113)	40,265	(113)
Share of profit (loss) of investees	9	(416,136)	(525,853)	-	-
Restricted stock units granted	23	11,018	21,988	11,018	21,988
Expected losses on doubtful debts	18	86,532	59,414	116,505	94,270
Provision for tax, civil and labor risks		14,770	(195,081)	20,118	(352,147)
Interest on borrowings	12	257,156	454,271	257,156	454,271
Amortization of debt issuance costs	12	614	849	614	849
Yield from interest in FIDC	6	(809,418)	(906,538)	-	-
<b>Decrease/(increase) in operating assets:</b>					
Income receivable		24,842	14,450	1,575,138	(1,414,602)
Receivables from card-issuing banks		5,942,626	12,483,777	5,915,888	12,451,001
Receivables from related parties		(112,740)	(133,010)	23,129	13,851
Taxes and contributions for offset/recoverable		(451,632)	56,238	(98,996)	391,318
Escrow deposits		(4,918)	1,544	(9,803)	330
Dividends receivable	9	116,514	139,195	-	-
Other receivables		(82,797)	(21,145)	(86,707)	(24,403)
Other assets		10,325	(23,659)	4,169	(42,002)
Financial instruments		-	-	7,212	(5,407)
<b>(Decrease)/increase in operating liabilities:</b>					
Social and statutory		(53,123)	(86,450)	63,517	(121,683)
Tax and social security		199,654	(96,917)	(274,394)	(571,029)
Payables to merchants		(1,413,229)	(13,325,361)	(1,401,841)	(13,323,299)
Payables to related parties		(4,457,238)	975,347	4,584	98,967
Provision for labor, tax and civil risks	14	(30,053)	(43,405)	(30,938)	(44,080)
Other liabilities		(981)	(54,053)	(146,400)	(46,032)
<b>Cash (used in)/generated by operating activities</b>		<b>(167,655)</b>	<b>327,580</b>	<b>7,587,600</b>	<b>(113,003)</b>
Income tax and social contribution paid		(9,386)	(22,431)	(230,777)	(277,220)
<b>Net cash (used in)/generated by operating activities</b>		<b>(177,041)</b>	<b>305,149</b>	<b>7,356,823</b>	<b>(390,223)</b>
<b>Cash flows from investing activities</b>					
Purchase of FIDC shares		(4,858,111)	(3,566,003)	-	-
Amortization of FIDC shares		9,731,037	2,115,914	-	-
Dividends received from subsidiaries	9	354,105	498,543	-	-
Purchases of property and equipment	10	(231,425)	(113,925)	(231,724)	(113,971)
Purchases of intangible assets	11	(134,819)	(95,883)	(139,176)	(95,883)
<b>Net cash generated by (used in) investing activities</b>		<b>4,860,787</b>	<b>(1,161,354)</b>	<b>(370,900)</b>	<b>(209,854)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings	12	9,744,118	1,170,000	9,744,118	1,170,000
Payment of principal of borrowings	12	(13,845,397)	(431,277)	(13,845,397)	(431,277)
Interest paid	12	(274,827)	(438,225)	(274,827)	(438,225)
Increase in third parties' interest in FIDC		-	-	361,031	516,675
Amortization of senior shares - FIDC		-	-	(2,444,567)	(517,029)
Acquisition of treasury shares		-	(30,842)	-	(30,842)
Dividends and interest on capital paid		(589,388)	(435,210)	(741,147)	(600,194)
<b>Net cash used in financing activities</b>		<b>(4,965,494)</b>	<b>(165,554)</b>	<b>(7,200,789)</b>	<b>(330,892)</b>
<b>Decrease in cash and cash equivalents</b>		<b>(281,748)</b>	<b>(1,021,759)</b>	<b>(214,866)</b>	<b>(930,969)</b>
<b>Cash and cash equivalents</b>					
Closing balance	4 and 5 a)	118,232	65,676	1,039,298	951,896
Effect of exchange differences on foreign cash and cash equivalents		-	-	5,201	307
Opening balance	4 and 5 a)	399,980	1,087,435	1,254,164	1,882,865
<b>Decrease in cash and cash equivalents</b>		<b>(281,748)</b>	<b>(1,021,759)</b>	<b>(214,866)</b>	<b>(930,969)</b>

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

Cielo S.A. - Instituição de Pagamento

Statements of value added  
For the six-month periods ended June 30, 2024 and 2023  
(In thousands of Brazilian reais)

	Note	Parent Company		Consolidated	
		06/30/2024	06/30/2023	06/30/2024	06/30/2023
<b>REVENUES</b>					
Sales of services	17	3,309,870	3,614,740	5,706,223	5,913,202
Expected losses on doubtful debts	18	(86,532)	(59,414)	(116,505)	(94,270)
		<b>3,223,338</b>	<b>3,555,326</b>	<b>5,589,718</b>	<b>5,818,932</b>
<b>INPUTS PURCHASED FROM THIRD PARTIES</b>					
Cost of services provided		(1,252,567)	(1,354,682)	(2,281,563)	(2,232,454)
Materials, electric energy, outside services and others		(641,422)	(469,999)	(294,220)	(215,372)
Other expenses, net		3,448	242,589	(19,462)	408,581
Impairment of assets	18	(35,666)	7,431	(37,277)	7,431
		<b>(1,926,207)</b>	<b>(1,574,661)</b>	<b>(2,632,522)</b>	<b>(2,031,814)</b>
		<b>1,297,131</b>	<b>1,980,665</b>	<b>2,957,196</b>	<b>3,787,118</b>
<b>GROSS VALUE ADDED</b>					
Depreciation and amortization	10 and 11	(242,806)	(270,421)	(437,153)	(466,267)
		<b>1,054,325</b>	<b>1,710,244</b>	<b>2,520,043</b>	<b>3,320,851</b>
<b>WEALTH RECEIVED IN TRANSFER</b>					
Share of profit (loss) of investees	9	416,136	525,853	-	-
Finance income, including prepayment of receivables and exchange differences, net		791,056	903,543	803,283	906,454
		<b>1,207,192</b>	<b>1,429,396</b>	<b>803,283</b>	<b>906,454</b>
		<b>2,261,517</b>	<b>3,139,640</b>	<b>3,323,326</b>	<b>4,227,305</b>
<b>TOTAL WEALTH FOR DISTRIBUTION</b>					
<b>DISTRIBUTION OF WEALTH</b>					
<b>Personnel and related taxes</b>					
Salaries and wages		(418,762)	(346,791)	(730,210)	(590,936)
Benefits		(264,103)	(228,950)	(449,357)	(376,610)
Severance pay fund (FGTS)		(62,024)	(44,295)	(132,887)	(98,772)
Employees and officers result sharing	21	(18,341)	(14,906)	(34,511)	(27,317)
		(74,294)	(58,640)	(113,455)	(88,237)
<b>Taxes and contributions</b>					
Federal		(215,536)	(537,286)	(873,230)	(1,258,091)
State		(182,407)	(485,914)	(770,332)	(1,132,210)
Municipal		(97)	(10)	(97)	(10)
		(33,032)	(51,362)	(102,801)	(125,871)
<b>Third-party capital remuneration</b>					
Rentals		(738,562)	(1,106,232)	(681,266)	(1,027,863)
Interest		(2,953)	(3,936)	(8,702)	(8,843)
Others		(715,255)	(1,063,009)	(654,526)	(981,245)
		(20,354)	(39,287)	(18,038)	(37,775)
<b>Own capital remuneration</b>					
Dividends and interest on capital paid		(888,657)	(1,149,331)	(1,038,620)	(1,350,415)
Dividends and interest on capital for the period		-	(196,210)	(123,609)	(420,849)
Earnings retention		(390,999)	(196,970)	(417,361)	(196,970)
Noncontrolling interests		(497,658)	(756,151)	(347,687)	(531,513)
		-	-	(149,963)	(201,083)
		<b>(2,261,517)</b>	<b>(3,139,640)</b>	<b>(3,323,326)</b>	<b>(4,227,305)</b>

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

# Cielo S.A. - Instituição de Pagamento

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

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### 1 Operations

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

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

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

### Significant events in the six-month period

In the six-month period ended June 30, 2024, the following event stands out:

- On February 5, 2024, the Board of Directors approved the payment of interest on capital in the amount of R\$ 410,000, which was paid on April 30, 2024.
- On February 5, 2024, the controlling shareholders’ decision to convert Cielo’s registration as a listed company from category “A” to category “B” and deregister it from Novo Mercado of B3 S.A. – Brasil, Bolsa, Balcão (“B3”), through a unified public offering to acquire up to the totality of the common shares in accordance with the relevant legislation and the Company’s bylaws (“OPA”) was communicated. The terms are set out in the OPA instrument (“Notice”) filed and disclosed in conformity with the relevant legislation. The price initially offered for each share subject to the offer was R\$ 5.35.
- On February 6, 2024, the controlling shareholders communicated the filing of the request for registration of the OPA with the CVM and B3 S.A. (“Registration Request”). The Registration Request was accompanied by

# Cielo S.A. - Instituição de Pagamento

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

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the Company's appraisal report prepared by an independent appraisal company contracted by the offerors.

- On February 21, 2024, the Company communicated that it had received requests to call a Special Meeting to discuss the performance of a new appraisal to determine the value of the Company common shares.
- On February 23, 2024, the Company communicated that as a result of the requests to call a Special Meeting, the process of registration of the Offering with the CVM has been suspended since February 21, 2024.
- On February 29, 2024, the Company communicated that the Company's Board of Directors met on that date and decided to call a Special Meeting to discuss the performance of a new appraisal to determine the fair value of the Company shares for purposes of the Offering.
- On March 20, 2024, the General Meeting of Shareholders decided on the early liquidation of Fundo de Investimento em Direitos Creditórios Cielo Emissor I ("FIDC Emissor I"). The senior shares were liquidated on the maturity date, March 18, 2024, and the subordinated shares were liquidated on March 20, 2024.
- On April 2, 2024, the Company communicated that it had received the terms and conditions established in the Non-controlling Shareholders Letter in which the Non-controlling Shareholders undertook to support the Offering, provided that, among other conditions, the Offerors commit to increasing the price per share of the Offering to R\$ 5.60.
- On April 23, 2024, the Special Meeting of Shareholders resolved to reject a new valuation of the Company shares for the purposes of a possible public offering to acquire shares in order to convert Cielo's registration as a listed company from category "A" to category "B" and deregister it from Novo Mercado, whose registration process with the Brazilian Securities and Exchange Commission (CVM) has since been resumed. Thus, one of the suspensive conditions of the obligation assumed by the Offerors to increase the price of the OPA, if it is actually made, has been confirmed and this obligation is conditional upon the full performance of the obligations assumed by the group of non-controlling shareholders who have committed to support the possible OPA.

## 2 Material accounting policy information

### 2.1 Statement of compliance and approval of the interim financial statements

The Company's interim financial statements have been prepared under the assumption that the Company will continue as a going concern and in

# Cielo S.A. - Instituição de Pagamento

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

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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 Brazilian Securities and Exchange Commission ("CVM"), when applicable.

The interim financial statements were approved by the Company's Board of Directors and authorized for issue on August 1, 2024.

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

BCB Resolution No. 178/22 – Provides for on accounting criteria applicable to lease transactions contracted, as lessee, by consortium administrators and payment institutions. This resolution is part of BACEN (Central Bank of Brazil) measures for convergence with the international accounting standards. It will be applied prospectively and will be effective as of January 1, 2025, with expectation of material impacts on the adoption date.

BCB Resolutions No. 92/2021 and No. 390/2024 – Provide for on the use of the Accounting Standard for Institutions Regulated by the Central Bank of Brazil (Cosif) by consortium administrators and payment institutions and on the structure of the chart of accounts of the Cosif to be observed by financial institutions and other institutions authorized to operate by the Central Bank of Brazil and will be effective on January 1, 2025 and on January 1, 2030.

BCB Resolution No. 352/23 and No. 397/24 – Provide for on the accounting concepts and criteria applicable to financial instruments, as well as for designation and recognition of hedge transactions, the accounting procedures for definition of cash flows from financial assets as solely payment of principal and interest, the application of the methodology for calculation of the effective interest rate of financial instruments, and the constitution of the allowance for losses associated with credit risk. This resolution supersedes, among other standards, CMN Resolution No. 2,682/99, BACEN Circular Letter No. 3,068/01 and BACEN Circular Letter No. 3,833/17, and revokes BCB Resolution No. 219/22 and BCB Resolution No. 309/23.

The Company prepared the implementation plan based on the standards effective at the time and did not identify material impacts on its financial statements or on internal systems and processes. It will continue assessing the impact of the new standards in order to meet all regulatory requirements prospectively. The effective date will be from January 1, 2024 to the full implementation on January 1, 2027.

# Cielo S.A. - Instituição de Pagamento

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

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### 2.3 Significant accounting judgments, estimates and assumptions

The preparation of interim financial statements requires the Company's Management to adopt estimates that affect certain assets and liabilities, the disclosure of contingent liabilities and the reported amounts of revenues and expenses for the period. Significant assets and liabilities subject to these estimates and assumptions include the residual value of property and equipment and intangible assets, allowance for doubtful debts (on receivables from rental of POS terminal and receivables from card-issuing banks, for example), deferred income tax and social contribution (tax assets), impairment of non-financial assets (when 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.

### 2.4 Functional and presentation currency

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

Management determined that the functional currency of Cielo USA Inc is the US dollar ("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") sold in April 2022).

For purposes of presentation of the consolidated interim financial statements, the assets and liabilities of subsidiary Cielo USA (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 revenue from purchase of receivables with merchants is recognized on a "*pro rata temporis*" basis considering their maturities.

# Cielo S.A. - Instituição de Pagamento

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

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### 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.

#### 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

The financial instruments 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 intent of the Company's Management, in accordance with BACEN Circular Letter No. 3,068/01.

The financial instruments classified in the categories of trading securities and available-for-sale securities, as well as the derivative financial instruments, are recorded in the statement of financial position at their fair value. The fair value is generally based on market price quotations for assets or liabilities with similar characteristics.

The financial instruments 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. 3,068/01, financial instruments classified as trading securities are recorded in the statement of financial position in current assets, irrespective of their maturity dates.

### 2.8 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.

# Cielo S.A. - Instituição de Pagamento

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

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### (b) Payables to merchants

These are related to obligations payable to merchants accredited by the Company and include the amounts transacted using cards (debit/credit) for the purchase of products and/or services.

#### **Payables to merchants for processed transactions**

Refer to the balances due to merchants for processed transactions that have not yet been paid.

## 2.9 Investments

In the individual financial statements, investments in subsidiaries and joint ventures are accounted for under the equity method of accounting, based on the equity value of the investee.

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

The financial statements of foreign subsidiaries are conformed to the accounting criteria of the parent company and translated into the Real currency at the period-end exchange rate.

## 2.10 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 life, the residual value and the depreciation method are reviewed on an annual basis, and the effect of any changes in estimates is accounted for on a prospective basis.

## 2.11 Intangible assets

The intangible assets correspond to the rights acquired that have as object intangible 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 purchase 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, the residual value



# Cielo S.A. - Instituição de Pagamento

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

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and the amortization method are reviewed on an annual basis, and the effect of any changes in estimates is accounted for on a prospective basis.

### **Internally generated intangible assets**

The expenditures attributed to the development of an intangible asset in the research phase are expensed as incurred. Expenditures with development are accounted for as intangible assets; however, when no internally generated intangible asset can be recognized, the expenditures with development are recognized in profit or loss.

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

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

### **2.13 Goodwill**

Goodwill corresponds to the amount paid in excess of 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 and joint ventures is included in the carrying amount of the investment in the individual financial statements.

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

The income tax and social contribution expense represents the sum of current and deferred taxes.

# Cielo S.A. - Instituição de Pagamento

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

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### 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 taxable profit exceeding R\$ 240 (annually). Social contribution was calculated at the rate of 9% on the adjusted book profit.

### Deferred taxes

Deferred income tax and social contribution are fully recognized on the differences between assets and liabilities recognized for tax purposes and the related amounts recognized in the interim financial statements. 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 period 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.

Current and deferred taxes are recognized in profit or loss, except when they relate to items recognized in "Other comprehensive income" in equity.

## 2.15 Employee benefits

### Supplementary pension plan

Refers to amounts of a defined contribution supplementary pension plan in which the Company is the co-sponsor. 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 benefit

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

## 2.16 Provision for contingencies

Recognized when a past event generates a legal or constructive obligation, it is probable that an outflow of funds will be required to settle the obligation based on analyses of the potential loss value and considering the current stage of the process and the amount of the obligation can be reliably estimate. The amount recognized as a provision is the best estimate of the settlement

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

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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.

### 2.17 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. For corporate and accounting purposes, interest on capital is included in the minimum mandatory dividend. However, the portion of dividends exceeding the minimum mandatory dividend, when applicable, declared by Management after the period-end to which the interim financial statements refer, but before the date of authorization for issue of the interim financial statements, is recognized in line item "Additional dividends proposed" in equity.

### 2.18 Restricted stock plan

The Company offers a restricted stock plan to its officers and some of its employees. Shares are priced at fair value at the grant date of the plans and are recognized on a straight-line basis over the term of the grant of the share as a matching entry to equity. At the end of each reporting period, the Company reviews its estimates of the number of shares that will be vested based on these conditions and recognizes the impact caused by the revision of the initial estimates, if any, in the statement of profit or loss, as a matching entry to equity.

## 3 Consolidated interim financial statements

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

In addition to the provisions in the Accounting Chart for Financial Institutions (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 statements.

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

As at June 30, 2024 and December 31, 2023, Cielo Group comprised the following companies:

Companies	Interest in the capital (%)	
	06/30/2024	12/31/2023
<b>Interests in subsidiaries and funds:</b>		
Aliança Pagamentos e Participações Ltda. ("Aliança")	99.99	99.99
BB Coral Fundo de Investimento em Cotas de Fundos de Investimento Renda Fixa LP Crédito Privado ("Coral")	100.00	100.00
Bradesco Fundo de Investimento em Cotas de Fundo de Investimento Renda Fixa Crédito Privado Pegasus ("Pegasus")	86.24	86.24
Cateno Gestão de Contas de Pagamentos S.A. ("Cateno")	70.00	70.00
Cielo USA, Inc. ("Cielo USA")	100.00	100.00
Fundo de Investimento em Direitos Creditórios Cielo ("FIDC Plus")	92.62	94.18
Fundo de Investimento em Direitos Creditórios Cielo Emissores I ("FIDC Emissor I")	-	11.62
Fundo de Investimento em Direitos Creditórios Cielo Emissores II ("FIDC Emissor II")	11.42	10.00
Fundo de Investimento em Direitos Creditórios Não-Padronizados Cielo ("FIDC")	100.00	100.00
Paggo Soluções e Meios de Pagamento S.A. ("Paggo")	50.00	50.00
Servinet Serviços Ltda. ("Servinet")	99.99	99.99
Stelo S.A. ("Stelo")	100.00	100.00

## 4 Cash

	Parent Company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
In local currency	56,197	35,328	66,381	38,306
In foreign currency	593	27,818	4,191	31,439
<b>Total</b>	<b>56,790</b>	<b>63,146</b>	<b>70,572</b>	<b>69,745</b>

## 5 Financial instruments

	Parent Company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
<b>Assets:</b>				
Cash equivalent financial instruments	61,442	336,834	968,726	1,184,419
Other financial instruments	-	-	172,952	180,164
<b>Total</b>	<b>61,442</b>	<b>336,834</b>	<b>1,141,678</b>	<b>1,364,583</b>
<b>Total current</b>	<b>61,442</b>	<b>336,834</b>	<b>968,726</b>	<b>1,184,419</b>
<b>Total noncurrent</b>	<b>-</b>	<b>-</b>	<b>172,952</b>	<b>180,164</b>

The income from financial instruments is included in the finance income shown in note 24 - Finance income (costs).

### (a) Cash equivalent financial instruments

As at June 30, 2024 and December 31, 2023, the balances of cash equivalent financial instruments comprise open market investments and marketable securities as follows:

	Parent Company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Open market investments	47,473	28,559	47,473	28,559
Marketable securities	13,969	308,275	921,253	1,155,860
<b>Total</b>	<b>61,442</b>	<b>336,834</b>	<b>968,726</b>	<b>1,184,419</b>

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

### Open market investments

As at June 30, 2024 and December 31, 2023, the Company's open market investments balances are as follows:

	Parent Company and Consolidated		
	Maturity	Total	
	0 - 30	06/30/2024	12/31/2023
<b>Open market investments</b>			
Repurchase agreements	47,473	47,473	28,559
<b>Total</b>	<b>47,473</b>	<b>47,473</b>	<b>28,559</b>

### Marketable securities

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

	Parent Company				
	06/30/2024			12/31/2023	
	Maturity	Total		Total	
	0 - 30	Fair Value	Cost	Fair Value	Cost
<b>Trading securities</b>					
<b>Private securities:</b>	<b>13,969</b>	<b>13,969</b>	<b>13,864</b>	<b>308,275</b>	<b>307,798</b>
Investment fund shares	13,524	13,524	13,419	113,720	113,413
Bank Deposit Certificate – CDB	445	445	445	194,555	194,385
<b>Total</b>	<b>13,969</b>	<b>13,969</b>	<b>13,864</b>	<b>308,275</b>	<b>307,798</b>

	Consolidated				
	06/30/2024			12/31/2023	
	Maturity	Total		Total	
	0 - 30	Fair Value	Cost	Fair Value	Cost
<b>Trading securities</b>					
<b>Private securities</b>	<b>894,560</b>	<b>894,560</b>	<b>893,686</b>	<b>1,137,702</b>	<b>1,134,970</b>
Investment fund shares	882,614	882,614	881,991	936,096	933,534
Bank Deposit Certificate – CDB	645	645	644	194,902	194,732
Financial Bills – LF	11,301	11,301	11,051	6,704	6,704
<b>Government securities</b>	<b>26,693</b>	<b>26,693</b>	<b>24,308</b>	<b>18,158</b>	<b>16,124</b>
National Treasury Bills – LFT	18,115	18,115	15,311	18,158	16,124
National Treasury Notes (NTN)	8,578	8,578	8,997	-	-
<b>Total</b>	<b>921,253</b>	<b>921,253</b>	<b>917,994</b>	<b>1,155,860</b>	<b>1,151,094</b>

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

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

### (b) Other financial instruments

As at June 30, 2024 and December 31, 2023, the consolidated balances of other financial instruments are comprised of held-to-maturity securities and are recognized in noncurrent assets.

	Consolidated	
	06/30/2024	12/31/2023
Above 365	Total	Total
Amortized cost	Amortized cost	Amortized cost
<b>Held-to-maturity securities</b>		
<b>Private securities</b>	<b>172,952</b>	<b>180,164</b>
Financial Bills – LF	172,952	180,164
<b>Total</b>	<b>172,952</b>	<b>180,164</b>

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

The objective of all FIDCs is to provide shareholders with the appreciation of their shares through the investment of their amounts 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 partner financial institutions, complying with the other applicable rules and standards.

### Funds

Fund	Start of activities	Condominium (a)	Term	Income (b)	Minimum subordination index	Situation
FIDC NP	8/05/2016	Open and exclusive	Indeterminate	-	-	Active
FIDC Plus	7/28/2017	Closed and restricted	Indeterminate	Semiannual	20.0%	Active
FIDC Emissor I (c)	3/16/2021	Closed and restricted	Indeterminate	Semiannual	10.0%	Closed
FIDC Emissor II	5/13/2021	Closed and restricted	Indeterminate	Semiannual	9.1%	Active

- (a) Restricted to professional investors.
- (b) Frequency of payment of income from senior shares.
- (c) All seniors shares of Fundo de Investimento em Direitos Creditórios Cielo Emissores I ("Fund") were redeemed at maturity on March 18, 2024. In addition, at the Fund's General Meeting of Shareholders on March 20, 2024, it was decided that the Administrator would redeem all the subordinated shares on the same date and the liquidation of the fund, pursuant to item 7. subitem (7.2.), of the minutes of the General Meeting of Shareholders, according to publications available on CVM.

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 of return is calculated based on the purchase price, face value and term for receiving the credit rights.

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

All funds are governed by CMN Resolution No. 2,907/01 and CVM Resolution No. 175/22, 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, 2024 and December 31, 2023 is presented below:

	<b>06/30/2024</b>			
	<b>Number of shares</b>	<b>Total value of shares</b>	<b>Cielo's interest</b>	<b>Third parties' interest</b>
<b>FIDC NP</b>	<b>17,185,566</b>	<b>879,952</b>	<b>879,952</b>	-
<b>FIDC Plus</b>	<b>1,674,108,719</b>	<b>8,452,438</b>	<b>7,828,843</b>	<b>623,595</b>
Senior	600,000	623,595	-	623,595
Subordinated	1,673,508,719	7,828,843	7,828,843	-
<b>FIDC Emissor II</b>	<b>4,984,950</b>	<b>5,157,536</b>	<b>588,779</b>	<b>4,568,757</b>
Senior	4,500,000	4,568,757	-	4,568,757
Subordinated	484,950	588,779	588,779	-
<b>Total</b>	<b>1,696,279,235</b>	<b>14,489,926</b>	<b>9,297,574</b>	<b>5,192,352</b>

	<b>12/31/2023</b>			
	<b>Number of shares</b>	<b>Total value of shares</b>	<b>Cielo's interest</b>	<b>Third parties' interest</b>
<b>FIDC NP</b>	<b>9,290,106</b>	<b>2,472,904</b>	<b>2,472,904</b>	-
<b>FIDC Plus</b>	<b>1,226,846,392</b>	<b>10,771,899</b>	<b>10,144,896</b>	<b>627,003</b>
Senior	600,000	627,003	-	627,003
Subordinated	1,226,246,392	10,144,896	10,144,896	-
<b>FIDC Emissor I</b>	<b>2,222,223</b>	<b>2,346,629</b>	<b>272,714</b>	<b>2,073,915</b>
Senior	2,000,000	2,073,915	-	2,073,915
Subordinated	222,223	272,714	272,714	-
<b>FIDC Emissor II</b>	<b>4,984,950</b>	<b>5,083,176</b>	<b>508,206</b>	<b>4,574,970</b>
Senior	4,500,000	4,574,970	-	4,574,970
Subordinated	484,950	508,206	508,206	-
<b>Total</b>	<b>1,243,343,671</b>	<b>20,674,608</b>	<b>13,398,720</b>	<b>7,275,888</b>

The statements of financial position of the FIDCs as at June 30, 2024 and December 31, 2023 are as follows:

	<b>06/30/2024</b>			<b>12/31/2023</b>		
	<b>Assets</b>	<b>Liabilities</b>	<b>Equity</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Equity</b>
FIDC NP	882,379	2,427	879,952	2,473,543	639	2,472,904
FIDC Plus	8,453,328	890	8,452,438	10,772,619	720	10,771,899
FIDC Emissor I	-	-	-	2,346,629	-	2,346,629
FIDC Emissor II	5,157,536	-	5,157,536	5,083,183	7	5,083,176
<b>Total</b>	<b>14,493,243</b>	<b>3,317</b>	<b>14,489,926</b>	<b>20,675,974</b>	<b>1,366</b>	<b>20,674,608</b>

The statements of profit or loss of the FIDCs for the three-month and six-month periods ended June 30, 2024 and 2023 are as follows:

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

	Three-month period			
	06/30/2024			
	FIDC NP	FIDC Plus	FIDC Emissor II	Total
Income - Credit rights	25,936	306,160	-	332,096
Income - Credit rights Card issuing banks	-	-	174,017	174,017
Finance income	2,993	7,193	2,182	12,368
Finance costs	(4,972)	(1,689)	(379)	(7,040)
Other operating expenses	(2,033)	(406)	(304)	(2,743)
<b>Profit for the three-month period</b>	<b>21,924</b>	<b>311,258</b>	<b>175,516</b>	<b>508,698</b>
<b>Remuneration – Senior Share</b>	-	<b>17,602</b>	<b>135,397</b>	<b>152,999</b>
<b>Remuneration – Subordinated Share</b>	<b>21,924</b>	<b>293,656</b>	<b>40,119</b>	<b>355,699</b>

	Three-month period				
	06/30/2023				
	FIDC NP	FIDC Plus	FIDC Emissor I	FIDC Emissor II	Total
Income - Credit rights	58,000	341,249	-	-	399,249
Income - Credit rights Card issuing banks	-	-	91,148	204,289	295,437
Finance income	3,604	18,809	41	3,094	25,548
Finance costs	(1,196)	(1,867)	(363)	(384)	(3,810)
Other operating expenses	(1,192)	(304)	(415)	(425)	(2,336)
<b>Profit for the three-month period</b>	<b>59,216</b>	<b>357,887</b>	<b>90,411</b>	<b>206,574</b>	<b>714,088</b>
<b>Remuneration – Senior Share</b>	-	<b>21,233</b>	<b>70,554</b>	<b>163,279</b>	<b>255,066</b>
<b>Remuneration – Subordinated Share</b>	<b>59,216</b>	<b>336,654</b>	<b>19,857</b>	<b>43,295</b>	<b>459,022</b>

	Six-month period				
	06/30/2024				
	FIDC NP	FIDC Plus	FIDC Emissor I	FIDC Emissor II	Total
Income - Credit rights	77,072	648,117	-	-	725,189
Income - Credit rights Card issuing banks	-	-	70,984	354,317	425,301
Finance income	6,124	27,392	2,237	2,267	38,020
Finance costs	(6,643)	(3,304)	(589)	(773)	(11,309)
Other operating expenses	(1,522)	(717)	(436)	(563)	(3,238)
<b>Profit for the six-month period</b>	<b>75,031</b>	<b>671,488</b>	<b>72,196</b>	<b>355,248</b>	<b>1,173,963</b>
<b>Remuneration – Senior Share</b>	-	<b>35,944</b>	<b>53,926</b>	<b>274,675</b>	<b>364,545</b>
<b>Remuneration – Subordinated Share</b>	<b>75,031</b>	<b>635,544</b>	<b>18,270</b>	<b>80,573</b>	<b>809,418</b>

	Six-month period				
	06/30/2023				
	FIDC NP	FIDC Plus	FIDC Emissor I	FIDC Emissor II	Total
Income - Credit rights	94,060	688,169	-	-	782,229
Income - Credit rights Card issuing banks	-	-	184,568	418,439	603,007
Finance income	5,674	42,665	1,561	3,193	53,093
Finance costs	(2,503)	(4,175)	(693)	(784)	(8,155)
Other operating expenses	(737)	(642)	(710)	(697)	(2,786)
<b>Profit for the six-month period</b>	<b>96,494</b>	<b>726,017</b>	<b>184,726</b>	<b>420,151</b>	<b>1,427,388</b>
<b>Remuneration – Senior Share</b>	-	<b>43,385</b>	<b>145,113</b>	<b>332,352</b>	<b>520,850</b>
<b>Remuneration – Subordinated Share</b>	<b>96,494</b>	<b>682,632</b>	<b>39,613</b>	<b>87,799</b>	<b>906,538</b>



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### 7 Operating receivables

	Parent Company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Receivables from card-issuing banks (a)	85,001,309	91,035,557	85,006,560	91,043,327
Income receivable for payment transactions	104,135	128,977	970,909	2,546,047
Other operating receivables	194,049	204,374	210,966	215,135
Expected losses on doubtful debts (b)	(194,714)	(199,804)	(196,720)	(201,094)
<b>Total</b>	<b>85,104,779</b>	<b>91,169,104</b>	<b>85,991,715</b>	<b>93,603,415</b>
Current	85,080,548	91,138,495	85,967,167	93,571,501
Non-current	24,231	30,609	24,548	31,914
<b>Total</b>	<b>85,104,779</b>	<b>91,169,104</b>	<b>85,991,715</b>	<b>93,603,415</b>

(a) Receivables from card-issuing banks refer to the flow of receivables for card transactions made by cardholders, net of assignments.

(b) Refers to the expected losses on doubtful debts 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. The methodology consists 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-month and six-month periods ended June 30, 2024 and 2023 is as follows:

	Parent Company			
	Three-month period		Six-month period	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Profit before income tax and social contribution	372,122	816,286	718,645	1,261,671
Statutory rates - %	34%	34%	34%	34%
Income tax and social contribution at statutory rates	<b>(126,521)</b>	<b>(277,537)</b>	<b>(244,339)</b>	<b>(428,968)</b>
Interest on capital	67,294	66,970	272,340	133,681
Tax benefit of R&D	-	5,150	-	7,693
Share of profit (loss) of investees	70,415	102,358	141,486	178,790
Other permanent differences, net	2,262	(4,738)	525	(3,536)
<b>Income tax and social contribution</b>	<b>13,450</b>	<b>(107,797)</b>	<b>170,012</b>	<b>(112,340)</b>
<b>Current</b>	-	<b>53,046</b>	-	<b>4,479</b>
<b>Deferred</b>	<b>13,450</b>	<b>(160,843)</b>	<b>170,012</b>	<b>(116,819)</b>

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

	Consolidated			
	Three-month period		Six-month period	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Profit before income tax and social contribution	593,860	1,149,972	1,160,213	1,838,682
Statutory rates - %	34%	34%	34%	34%
Income tax and social contribution at statutory rates	<b>(201,912)</b>	<b>(390,990)</b>	<b>(394,472)</b>	<b>(625,152)</b>
Interest on capital	67,294	66,970	272,340	133,681
Tax benefit of R&D	-	5,150	1,275	7,693
Other permanent differences, net	804	(6,102)	(736)	(4,490)
<b>Income tax and social contribution</b>	<b>(133,814)</b>	<b>(324,972)</b>	<b>(121,593)</b>	<b>(488,268)</b>
<b>Current</b>	<b>(145,438)</b>	<b>(110,624)</b>	<b>(282,418)</b>	<b>(310,753)</b>
<b>Deferred</b>	<b>11,624</b>	<b>(214,348)</b>	<b>160,825</b>	<b>(177,515)</b>

### (b) Deferred income tax and social contribution

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

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

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

	Parent Company			
	12/31/2023	Additions	(Write-offs)	06/30/2024
Provision for tax, labor and civil risks	99,457	279	(1,764)	97,972
Accrual for sundry expenses	145,750	159,415	(14,341)	290,824
Provision for variable compensation	68,008	28,044	(50,804)	45,248
Income tax and social contribution losses	469,033	49,031	-	518,064
Expected loss on doubtful debts relating to POS equipment and fraud	93,138	3,408	(3,256)	93,290
<b>Total</b>	<b>875,386</b>	<b>240,177</b>	<b>(70,165)</b>	<b>1,045,398</b>

	Parent Company			
	12/31/2022	Additions	(Write-offs)	06/30/2023
Provision for tax, labor and civil risks	696,623	-	(596,201)	100,422
Accrual for sundry expenses	181,598	97,540	(64,201)	214,937
Provision for variable compensation	63,154	46,943	(66,710)	43,387
Income tax and social contribution losses	-	471,418	-	471,418
Expected losses on doubtful debts relating to POS equipment and fraud	105,103	13,436	(19,045)	99,494
<b>Total</b>	<b>1,046,478</b>	<b>629,337</b>	<b>(746,157)</b>	<b>929,658</b>

	Consolidated			
	12/31/2023	Additions	(Write-offs)	06/30/2024
Provision for tax, labor and civil risks	108,100	2,224	(1,779)	108,545
Accrual for sundry expenses	292,291	170,624	(17,404)	445,511
Provision for variable compensation	96,749	28,863	(62,962)	62,650
Income tax and social contribution tax losses in subsidiary	519,635	49,030	(7,585)	561,080
Expected losses on doubtful debts relating to POS equipment and fraud	95,200	3,410	(3,596)	95,014
<b>Total</b>	<b>1,111,975</b>	<b>254,151</b>	<b>(93,326)</b>	<b>1,272,800</b>

# Cielo S.A. - Instituição de Pagamento

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

	<b>Consolidated</b>			<b>06/30/2023</b>
	<b>12/31/2022</b>	<b>Additions</b>	<b>(Write-offs)</b>	
Provision for tax, labor and civil risks	757,549	2,158	(651,131)	108,576
Accrual for sundry expenses	327,044	115,999	(72,468)	370,575
Provision for variable compensation	85,962	48,644	(78,236)	56,370
Income tax and social contribution tax losses in subsidiary	61,834	474,657	(4,382)	532,109
Expected losses on doubtful debts relating to POS equipment and fraud	114,310	13,436	(26,191)	101,555
<b>Total</b>	<b>1,346,699</b>	<b>654,894</b>	<b>(832,408)</b>	<b>1,169,185</b>

### Realization of tax credit

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

According to Management's best estimate, the tax credits set up on the accrual for sundry expenses, allowance for losses on POS equipment, and expected losses on doubtful debts and fraud will be realized mainly during the next 12 months. The credits on tax losses with subsidiaries will be realized according to the profitability of each company, not exceeding the term of 10 years, and the credits on the provision for risks, which depend on the final outcome of each claim, partially estimated in up to 5 years, except for the provision for labor risks, estimated to be realized in up to 10 years, according to the development of the lawsuit as described in note 14.

The expected realization/constitution or addition of the tax credit by year is as follows:

	<b>Parent Company</b>	<b>Consolidated</b>
	<b>06/30/2024</b>	<b>06/30/2024</b>
2024	255,878	438,000
2025	120,648	134,769
2026	142,455	154,793
2027	180,642	189,641
2028	272,926	272,926
2029 to 2033	72,849	82,671
<b>Total</b>	<b>1,045,398</b>	<b>1,272,800</b>
<b>Interest related to present value adjustment</b>	<b>(210,145)</b>	<b>(220,939)</b>
<b>Present value of tax credits</b>	<b>835,253</b>	<b>1,051,861</b>

# Cielo S.A. - Instituição de Pagamento

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

### Taxes payable

	Parent Company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Income tax and social contribution, net of prepayments	12,427	14,240	295,591	654,523
Contribution for Social Security Funding – Cofins	16,364	25,956	39,341	54,186
Tax on Services – ISS	5,374	7,200	17,190	20,389
Social Integration Program – PIS	3,317	5,287	8,285	11,389
Other taxes payable	23,805	25,986	34,626	38,124
<b>Total</b>	<b>61,287</b>	<b>78,669</b>	<b>395,033</b>	<b>778,611</b>

## 9 Investments

	Parent Company	
	06/30/2024	12/31/2023
In subsidiaries	6,731,034	6,702,197
<b>Total</b>	<b>6,731,034</b>	<b>6,702,197</b>

The activities of the subsidiaries are described below:

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

The main information on the subsidiaries referring to the investment value and share of profit (loss) of investees recorded in the individual financial statements is shown in the table below:

# Cielo S.A. - Instituição de Pagamento

## Notes to the individual and consolidated financial statements

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

	06/30/2024						06/30/2024				
	Equity interest %	Assets	Liabilities	Equity	Revenues	Gross profit	Operating profit (loss) before finance income (costs)	Profit (loss)	Share of profit of investees for the three-month period	Share of profit of investees for the six-month period	Investments
<b>Subsidiaries</b>											
Servinet	99.99	219,612	187,916	31,696	345,838	342,109	23,284	16,538	9,423	16,538	31,696
Cielo USA	100.00	3,598	-	3,598	-	-	(517)	(517)	(517)	(517)	3,598
Cateno	70.00	9,896,086	859,956	9,036,130	2,099,192	835,990	723,140	499,876	173,773	349,913	6,325,291
Stelo	99.99	585,161	220,861	364,300	110,333	78,963	59,015	50,155	24,382	50,153	364,284
Aliança	99.99	6,283	118	6,165	-	-	(247)	49	42	49	6,165
<b>Total Parent Company</b>									<b>207,103</b>	<b>416,136</b>	<b>6,731,034</b>

  

	12/31/2023				06/30/2023			06/30/2023		12/31/2023	
	Equity interest %	Assets	Liabilities	Equity	Revenues	Gross profit	Operating profit (loss) before finance income (costs)	Profit (loss)	Share of profit of investees for the three-month period	Share of profit of investees for the six-month period	Investments
<b>Subsidiaries</b>											
Servinet	99.99	232,513	162,355	70,158	261,571	259,488	15,082	10,780	5,237	10,780	70,158
Cielo USA	100.00	3,620	-	3,620	-	-	(507)	(507)	(507)	(507)	3,620
Cateno	70.00	10,225,566	1,213,895	9,011,671	1,999,252	904,743	963,595	670,280	271,860	469,196	6,308,170
Stelo	99.99	529,243	215,098	314,145	98,887	67,042	57,232	46,142	24,336	46,140	314,133
Aliança	99.99	6,329	213	6,116	336	336	19	244	126	244	6,116
<b>Total Parent Company</b>									<b>301,052</b>	<b>525,853</b>	<b>6,702,197</b>

# Cielo S.A. - Instituição de Pagamento

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

Below are the changes in investments for the six-month periods ended June 30 2024, and 2023:

	<b>Parent Company</b>
<b>Balance at December 31, 2022</b>	<b>7,047,935</b>
Dividends received:	
Cateno	(384,963)
Servinet	(30,233)
Stelo	(29,280)
Additional dividends – Cateno	(54,067)
Accrued dividends:	
Cateno	(139,195)
Share of profit of investees	525,853
Exchange difference on foreign investments	(331)
<b>Balance at June 30, 2023</b>	<b>6,935,719</b>
<b>Balance at December 31, 2023</b>	<b>6,702,197</b>
Dividends received:	
Cateno	(270,894)
Accrued dividends:	
Cateno	(61,514)
Servinet	(55,000)
Fair value adjustment of financial instruments – Cateno	(385)
Share of profit of investees	416,136
Exchange difference on foreign investments	494
<b>Balance at June 30, 2024</b>	<b>6,731,034</b>

## 10 Property and equipment

	Annual depreciation rate -%	Parent Company				
		06/30/2024		12/31/2023		
		Cost	Accumulated depreciation	Impairment of assets	Net	Net
POS equipment	20	1,727,779	(919,777)	(35,687)	772,315	723,098
Data processing equipment	20	210,206	(157,643)	-	52,563	64,583
Machinery and equipment	10 - 20	9,207	(6,628)	-	2,579	1,945
Facilities	10	35,516	(18,834)	-	16,682	16,365
Furniture and fixtures	10	3,406	(1,319)	-	2,087	2,165
Vehicles	20	3,989	(755)	-	3,234	3,009
<b>Total</b>		<b>1,990,103</b>	<b>(1,104,956)</b>	<b>(35,687)</b>	<b>849,460</b>	<b>811,165</b>
	Annual depreciation rate -%	Consolidated				
		06/30/2024		12/31/2023		
		Cost	Accumulated depreciation	Impairment of assets	Net	Net
POS equipment	20	1,727,779	(919,777)	(35,687)	772,315	723,100
Data processing equipment	20	214,581	(160,936)	-	53,645	65,918
Machinery and equipment	10 - 20	10,539	(7,693)	-	2,846	2,213
Facilities	10	47,184	(28,358)	-	18,826	19,045
Furniture and fixtures	10	5,083	(2,332)	-	2,751	3,454
Vehicles	20	3,989	(755)	-	3,234	3,009
<b>Total</b>		<b>2,009,155</b>	<b>(1,119,851)</b>	<b>(35,687)</b>	<b>853,617</b>	<b>816,739</b>

Below are the changes in property and equipment for the six-month periods ended June 30, 2024, and 2023:

# Cielo S.A. - Instituição de Pagamento

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

	Parent Company				06/30/2024
	12/31/2023	Additions	Disposals/ Estimated losses	Depreciation	
POS equipment	723,098	223,250	(35,074)	(138,959)	772,315
Data processing equipment	64,583	3,999	(3)	(16,016)	52,563
Machinery and equipment	1,945	1,058	-	(424)	2,579
Facilities	16,365	2,502	(663)	(1,522)	16,682
Furniture and fixtures	2,165	5	-	(83)	2,087
Vehicles	3,009	611	(18)	(368)	3,234
<b>Total</b>	<b>811,165</b>	<b>231,425</b>	<b>(35,758)</b>	<b>(157,372)</b>	<b>849,460</b>

	Parent Company				06/30/2023
	12/31/2022	Additions	Disposals/ Estimated losses	Depreciation	
POS equipment	834,578	106,701	(6,951)	(161,697)	772,631
Data processing equipment	79,818	2,843	-	(15,861)	66,800
Machinery and equipment	722	1,034	(4)	(251)	1,501
Facilities	19,030	293	-	(1,482)	17,841
Furniture and fixtures	2,485	-	(86)	(86)	2,313
Vehicles	253	3,054	(64)	(145)	3,098
<b>Total</b>	<b>936,886</b>	<b>113,925</b>	<b>(7,105)</b>	<b>(179,522)</b>	<b>864,184</b>

	Consolidated				06/30/2024
	12/31/2023	Additions	Disposals/ Estimated losses	Depreciation	
POS equipment	723,100	223,248	(35,074)	(138,959)	772,315
Data processing equipment	65,918	4,232	(186)	(16,319)	53,645
Machinery and equipment	2,213	1,123	(19)	(471)	2,846
Facilities	19,045	2,505	(673)	(2,051)	18,826
Furniture and fixtures	3,454	5	(545)	(163)	2,751
Vehicles	3,009	611	(18)	(368)	3,234
<b>Total</b>	<b>816,739</b>	<b>231,724</b>	<b>(36,515)</b>	<b>(158,331)</b>	<b>853,617</b>

	Consolidated				06/30/2023
	12/31/2022	Additions	Disposals/ Estimated losses	Depreciation	
POS equipment	834,578	106,701	(6,951)	(161,697)	772,631
Data processing equipment	81,792	2,844	-	(16,247)	68,389
Machinery and equipment	1,068	1,034	(4)	(312)	1,786
Facilities	29,280	329	-	(3,050)	26,559
Furniture and fixtures	3,965	10	(86)	(236)	3,653
Vehicles	254	3,053	(64)	(145)	3,098
<b>Total</b>	<b>950,937</b>	<b>113,971</b>	<b>(7,105)</b>	<b>(181,687)</b>	<b>876,116</b>

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

### 11 Intangible assets

	Annual amortization rate - %	Parent Company				12/31/2023
		06/30/2024				
		Cost	Accumulated amortization	Impairment of assets	Net	Net
Software	20	1,826,652	(1,145,974)	(22,633)	658,045	612,010
<b>Total</b>		<b>1,826,652</b>	<b>(1,145,974)</b>	<b>(22,633)</b>	<b>658,045</b>	<b>612,010</b>

  

	Annual amortization rate - %	Consolidated				12/31/2023
		06/30/2024				
		Cost	Accumulated amortization	Impairment of assets	Net	Net
Right of use - Ourocard Payment Arrangement (a)	3.33	11,572,000	(3,600,179)	-	7,971,821	8,164,688
Software (b)	20	1,849,028	(1,158,309)	(22,633)	668,086	618,215
Others	08 - 20	74	-	-	74	474
<b>Total</b>		<b>13,421,102</b>	<b>(4,758,488)</b>	<b>(22,633)</b>	<b>8,639,981</b>	<b>8,783,377</b>

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

Below are the changes in intangible assets for the six-month periods ended June 30, 2024 and 2023:

	Parent Company				
	12/31/2023	Additions	Disposals	Amortizations	06/30/2024
Software	612,010	134,819	(3,350)	(85,434)	658,045
<b>Total</b>	<b>612,010</b>	<b>134,819</b>	<b>(3,350)</b>	<b>(85,434)</b>	<b>658,045</b>

	Parent Company				
	12/31/2022	Additions	Disposals/ Estimated losses	Amortizations	06/30/2023
Software	516,821	95,883	7,218	(90,899)	529,023
<b>Total</b>	<b>516,821</b>	<b>95,883</b>	<b>7,218</b>	<b>(90,899)</b>	<b>529,023</b>

	Consolidated				
	12/31/2023	Additions	Disposals	Amortizations	06/30/2024
Right of use - Ourocard Payment Arrangement	8,164,688	-	-	(192,867)	7,971,821
Software	618,215	139,176	(3,350)	(85,955)	668,086
Others	474	-	(400)	-	74
<b>Total</b>	<b>8,783,377</b>	<b>139,176</b>	<b>(3,750)</b>	<b>(278,822)</b>	<b>8,639,981</b>



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

	<b>Consolidated</b>				<b>06/30/2023</b>
	<b>12/31/2022</b>	<b>Additions</b>	<b>Disposals/ Estimated losses</b>	<b>Amortizations</b>	
Right of use - Ourocard Payment Arrangement	8,550,422	-	-	(192,867)	8,357,555
Software	520,337	95,883	7,218	(91,713)	531,725
Others	474	-	-	-	474
<b>Total</b>	<b>9,071,233</b>	<b>95,883</b>	<b>7,218</b>	<b>(284,580)</b>	<b>8,889,754</b>

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

## 12 Borrowings

	<b>Parent Company and Consolidated</b>	
	<b>06/30/2024</b>	<b>12/31/2023</b>
Public debentures (a)	3,091,303	3,102,639
Working capital (b)	510,000	4,605,717
Financing of R&D	11,292	22,575
<b>Total</b>	<b>3,612,595</b>	<b>7,730,931</b>
Current	613,787	4,732,526
Noncurrent	2,998,808	2,998,405
<b>Total</b>	<b>3,612,595</b>	<b>7,730,931</b>

### (a) Public debentures

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

### (b) Working capital

In 2024, the Company raised funds for working capital through credit lines via CCB (Bank Credit Note) and other short-term credit lines in the total amount R\$ 9,744,118. As at June 30, 2024, the outstanding balance is R\$ 510,000.

The changes in borrowings for the six-month periods ended June 30, 2024 and 2023 are as follows:

# Cielo S.A. - Instituição de Pagamento

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

	<b>Parent Company and Consolidated</b>
<b>Balance at December 31, 2022</b>	<b>6,643,071</b>
New funding	1,170,000
Payment of principal	(431,277)
Accrued interest and charges	454,271
Interest paid	(438,225)
Amortization of debt issuance costs	849
<b>Balance at June 30, 2023</b>	<b>7,398,689</b>
<b>Balance at December 31, 2023</b>	<b>7,730,931</b>
New funding	9,744,118
Payment of principal	(13,845,397)
Accrued interest and charges	257,156
Interest paid	(274,827)
Amortization of debt issuance costs	614
<b>Balance at June 30, 2024</b>	<b>3,612,595</b>

### Breakdown of borrowings recorded in noncurrent liabilities

Year of Maturity	<b>Parent Company and Consolidated</b>	
	<b>06/30/2024</b>	<b>12/31/2023</b>
2025	3,000,000	3,000,000
<b>Total borrowings</b>	<b>3,000,000</b>	<b>3,000,000</b>
Debt issuance costs incurred	(1,192)	(1,595)
<b>Total</b>	<b>2,998,808</b>	<b>2,998,405</b>

## 13 Payables to merchants

As at June 30, 2024, the Payables to merchants balance is R\$ 73,928,056 and R\$ 74,078,911 in the Parent Company and Consolidated, respectively (R\$ 75,341,285 and R\$ 75,480,752 as at December 31, 2023). The balance refers to transactions related to sale of products and services with cards that are payable to merchants, Company customers, net of remuneration for the services rendered by Cielo and banks.

In addition, the Company also guarantees accredited merchants that they will receive the amounts from cards transactions.

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

### 14 Tax, civil and labor risks

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

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

Cielo Group, based on information from its 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-month periods ended June 30, 2024 and 2023, as follows:

	Parent Company					
	12/31/2023	Additions	Write-offs/ reversals	Monetary adjustment	Payments	06/30/2024
Tax (a)	246,509	24,906	(31,423)	(3,578)	-	236,414
Labor (b)	28,222	7,862	(5,643)	1,529	(4,231)	27,739
Civil (c)	28,705	27,095	(8,877)	2,899	(25,822)	24,000
<b>Total</b>	<b>303,436</b>	<b>59,863</b>	<b>(45,943)</b>	<b>850</b>	<b>(30,053)</b>	<b>288,153</b>
	12/31/2022	Additions	Write-offs/ reversals	Monetary adjustment	Payments	06/30/2023
<b>Total</b>	<b>2,061,899</b>	<b>59,605</b>	<b>(1,796,755)</b>	<b>24,928</b>	<b>(43,405)</b>	<b>306,272</b>
	Consolidated					
	12/31/2023	Additions	Write-offs/ reversals	Monetary adjustment	Payments	06/30/2024
Tax (a)	249,223	25,114	(31,423)	(3,462)	-	239,452
Labor (b)	47,716	14,799	(8,692)	2,666	(5,080)	51,409
Civil (c)	29,290	27,164	(8,969)	2,921	(25,858)	24,548
<b>Total</b>	<b>326,229</b>	<b>67,077</b>	<b>(49,084)</b>	<b>2,125</b>	<b>(30,938)</b>	<b>315,409</b>
	12/31/2022	Additions	Write-offs/ reversals	Monetary adjustment	Payments	06/30/2023
<b>Total</b>	<b>2,239,392</b>	<b>123,909</b>	<b>(2,020,061)</b>	<b>26,864</b>	<b>(44,080)</b>	<b>326,024</b>

The additions refer basically to the complement of the provision for tax risks in the six-month periods ended June 30, 2024 and 2023, recorded with a matching entry in line items "Taxes on revenue" and "Other operating income (expenses), net", and to the complement of the provision for civil and labor risks, represented by new lawsuits and by changes in the assessment of the likelihood of loss on the lawsuits made by the legal counsel, which were recorded with a matching entry in "Other operating income (expenses), net" in the statement of profit or loss.

#### Escrow deposits

As at June 30, 2024 and December 31, 2023, Cielo Group has escrow deposits related to the provision for tax, labor and civil risks, and the balances are broken down as follows

# Cielo S.A. - Instituição de Pagamento

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

	Parent Company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Tax (a)	36,535	36,535	36,575	37,202
Labor (b)	11,310	9,900	22,021	15,103
Civil (c)	21,932	18,424	21,948	18,436
<b>Total</b>	<b>69,777</b>	<b>64,859</b>	<b>80,544</b>	<b>70,741</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:

- **PIS/COFINS – exclusion of ISSQN** – The Company filed a writ of mandamus and was granted an injunction in June 2017, eliminating the ISSQN from the PIS and COFINS calculation basis. After the analysis of the interlocutory appeal filed by the Federal Government, a ruling was issued confirming the terms of the injunction and granting the writ of mandamus in January 2018. Following the filing of the appeal by the Federal Government, the lawsuit is suspended from judgment by the Regional Court of the 3<sup>rd</sup> Region until the judgment of Extraordinary Appeal No. 592.616/RS, submitted to the rite of general repercussion in progress at the Federal Supreme Court.

### (b) Labor lawsuits

Refer to labor claims filed by Cielo Group's former employees and its suppliers. In general, these lawsuits discuss matters such as salary equalization, overtime, labor effects of annual bonus, differentiated union membership, recognition of employment relationship and pain and suffering.

The lawsuits filed by former employees of the Company's suppliers may be paid by the companies themselves, which, in turn, may also be liable for the attorneys' fees and other expenses related to the lawsuits, including any agreements or convictions. In the event that Cielo Group makes payments as a result of these lawsuits, the Company has an internal process for offset or reimbursement of these amounts with the outsourced companies.

### (c) Civil lawsuits

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

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

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

Additionally, as at June 30, 2024, the Company is a party to public civil lawsuits and civil inquiries, generally 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 is only made after the final decision.

### Contingent liabilities classified as possible losses

As at June 30, 2024 and December 31, 2023, Cielo Group is also party to tax, civil and labor lawsuits assessed by its legal counsel as risk of possible losses, for which no provision was recognized, as follows:

	Parent Company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Tax	1,942,485	1,839,870	1,952,879	1,849,330
Labor	62,471	78,005	275,760	249,652
Civil	503,774	515,412	506,819	518,476
<b>Total</b>	<b>2,508,730</b>	<b>2,433,287</b>	<b>2,735,458</b>	<b>2,617,458</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 risk of probable losses. The main discussions are as follows:

- **Social security contribution** – Requirement of social security contribution on amounts distributed to employees as Company's results sharing and stock options ("Restricted stock plan"), referring to the years 2015, 2017, 2018 and 2019 in the monetarily adjusted amounts of R\$ 80,599, R\$ 67,294, R\$ 43,742 and R\$ 59,246, respectively.
- **IRPJ/CSLL** – Requirement of IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income) on the amounts allegedly excluded improperly, as interest on capital, from the calculation of taxable profit in the years 2015/2016, 2017 and 2018, in the monetarily adjusted amounts of R\$ 400,080, R\$ 268,692 and R\$ 238,252, respectively.

# Cielo S.A. - Instituição de Pagamento

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

### 15 Equity

#### (a) Issued capital

Capital as at June 30, 2024 and December 31, 2023 is R\$ 5,700,000 represented by 2,716,815,061 common shares, all of them subscribed and paid in. As mentioned in Note 17, the number of shares net of treasury shares as at June 30, 2024 is 2,702,773,337 (2,697,679,603 shares as at December 31, 2023).

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

#### (b) Capital reserve

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

The capital reserve balance as at June 30, 2024 is R\$ 44,311 (R\$ 58,578 as at December 31, 2023).

#### (c) Treasury shares

The changes in treasury shares are as follows:

	<u>Shares</u>	<u>Amount</u>	<u>Average cost R\$ per share</u>
<b>Balance at December 31, 2023</b>	<b>(19,135,458)</b>	<b>(94,989)</b>	<b>4.96</b>
Exercise of Restricted Stock			
January	16,558	82	4.96
February	4,917,625	24,411	4.96
March	8,588	43	4.96
May	69,550	345	4.96
June	81,413	404	4.96
<b>Balance at June 30, 2024</b>	<b>(14,041,724)</b>	<b>(69,704)</b>	<b>4.96</b>

#### (d) Earnings reserve - legal

It is set up on the basis of 5% of the profit calculated at the end of the year, pursuant to article 193 of Law No. 6,404/76, up to the limit of 20% of the capital. The legal reserve balance as at June 30, 2024 and December 31, 2023 is R\$ 1,140,000, and the limit of 20% was reached in October 2020.

#### (e) Earnings reserve – capital budget

The capital budget reserve totals R\$ 5,207,870 as at June 30, 2024 (R\$ 5,617,870 as at December 31, 2023).

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

The financial statements for the year ended December 31, 2023 and the capital budget proposal for 2024 were approved by the Company's shareholders at the Ordinary General Meeting ("OGM") held on April 30, 2024.

### (f) Dividends and interest on capital

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

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

At a meeting of the Board of Directors on February 5, 2024, the payment of additional interest on capital was approved, *ad referendum* of the Ordinary General Meeting, in the amount of R\$ 410,000, which was paid on April 30, 2024.

### (g) Other comprehensive income

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

	Parent Company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Exchange differences on foreign investments	(165,145)	(165,639)	(165,145)	(165,639)
Post-employment actuarial gains, net	2,983	2,983	2,983	2,983
Fair value adjustment of financial instruments	(385)	-	(550)	-
<b>Total</b>	<b>(162,547)</b>	<b>(162,656)</b>	<b>(162,712)</b>	<b>(162,656)</b>

### (h) Regulatory capital

The Company's capital management structure is compatible with its framework, the nature of its operations, the complexity of the products and services offered with the adequate measurement of its exposure to risks.

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Capital management is defined as the continuous process of monitoring and controlling the capital held by the Company, assessing the need for capital to face the risks to which the institution is exposed, and planning goals and capital needs, considering the Company's strategy.

BCB Resolution No. 198/22 requires payment institutions to permanently maintain an amount of (PRip) Reference Equity of Payment Institution, in an amount higher than the minimum requirement of 8% in 2023, 10% in 2024 and 12% in 2025. The minimum equity required is intended to cover the associated risks.

I - Payment of services provided; and

II - Other activities carried out.

As at June 30, 2024, the reference equity is R\$ 9,118,418 (R\$ 11,982,573 as at December 31, 2023). This amount is higher than the minimum equity required of R\$ 2,138,216 (R\$ 1,801,418 as at December 31, 2023).

## 16 Earnings per share

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

#### Shares issued

<b>Shares at December 31, 2023</b>	<b><u>2,697,679,603</u></b>
Exercise of restricted stock option:	
January	16,558
February	4,917,625
March	8,588
May	69,550
June	81,413
<b>Shares at June 30, 2024</b>	<b><u>2,702,773,337</u></b>

### (b) Earnings per share

The following tables reconcile the profit and the weighted average number of outstanding shares (disregarding those held in treasury) with the amounts used to calculate the basic and diluted earnings per share.

#### Basic earnings per share

	<b>Parent Company and Consolidated</b>			
	<b>Three-month period</b>		<b>Six-month period</b>	
	<b>06/30/2024</b>	<b>06/30/2023</b>	<b>06/30/2024</b>	<b>06/30/2023</b>
Profit for the period available for common shares	385,572	708,489	888,657	1,149,331
Weighted average number of outstanding common shares (in thousands)	2,697,540	2,696,765	2,695,894	2,694,729
<b>Earnings per share (in R\$) – basic</b>	<b><u>0.14293</u></b>	<b><u>0.26272</u></b>	<b><u>0.32963</u></b>	<b><u>0.42651</u></b>



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

### Diluted earnings per share

	Parent Company and Consolidated			
	Three-month period		Six-month period	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Profit for the period available for common shares	385,572	708,489	888,657	1,149,331
<b>Diluted denominator:</b>				
Weighted average number of outstanding common shares (in thousands)	2,697,540	2,696,765	2,695,894	2,694,729
Potential increment in common shares as a result of the restricted stock plan	14,552	20,230	14,552	20,230
<b>Total (in thousands)</b>	<b>2,712,092</b>	<b>2,716,995</b>	<b>2,710,446</b>	<b>2,714,959</b>
<b>Earnings per share (in R\$) – diluted</b>	<b>0.14217</b>	<b>0.26076</b>	<b>0.32786</b>	<b>0.42333</b>

## 17 Net revenue

	Parent Company			
	Three-month period		Six-month period	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Gross operating revenue	1,596,765	1,836,694	3,309,870	3,614,740
Taxes on revenue	(158,787)	(190,911)	(332,658)	(383,548)
<b>Total</b>	<b>1,437,978</b>	<b>1,645,783</b>	<b>2,977,212</b>	<b>3,231,192</b>

  

	Consolidated			
	Three-month period		Six-month period	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Gross operating revenue	2,805,488	2,992,033	5,706,223	5,913,202
Taxes on revenue	(326,371)	(349,956)	(663,882)	(701,307)
<b>Total</b>	<b>2,479,117</b>	<b>2,642,077</b>	<b>5,042,341</b>	<b>5,211,895</b>

The gross operating revenue is derived from the capture, transmission, processing and financial settlement of the transactions made with cards, from the management of payment accounts related to the Ourocard Payment Arrangement, and from the rental of POS equipment.

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

### 18 Expenses by nature

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

	Parent Company			
	Three-month period		Six-month period	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Acquiring costs	(665,637)	(704,897)	(1,334,296)	(1,421,832)
Personnel expenses	(228,915)	(204,730)	(470,936)	(388,087)
Depreciation and amortization	(122,285)	(133,293)	(242,806)	(270,421)
Sales, marketing and affiliation of customers	(80,081)	(74,812)	(156,481)	(123,368)
Professional services	(280,137)	(227,892)	(552,393)	(418,544)
Miscellaneous, net	54,346	304,660	26,761	325,631
<b>Total</b>	<b>(1,322,709)</b>	<b>(1,040,964)</b>	<b>(2,730,151)</b>	<b>(2,296,621)</b>
Classified as:				
Cost of services provided	(803,394)	(843,769)	(1,608,633)	(1,720,119)
Personnel	(164,632)	(159,246)	(355,814)	(292,158)
General and administrative	(290,557)	(230,167)	(571,609)	(426,358)
Sales and marketing	(42,992)	(35,989)	(75,345)	(48,591)
Other operating income (expenses), net	(21,134)	228,207	(118,750)	190,605
<b>Total</b>	<b>(1,322,709)</b>	<b>(1,040,964)</b>	<b>(2,730,151)</b>	<b>(2,296,621)</b>

	Consolidated			
	Three-month period		Six-month period	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Acquiring costs	(1,239,873)	(1,193,126)	(2,464,514)	(2,382,855)
Personnel expenses	(409,521)	(350,943)	(825,598)	(667,543)
Depreciation and amortization	(219,391)	(231,173)	(437,153)	(466,267)
Sales, marketing and affiliation of customers	(80,916)	(74,868)	(158,080)	(123,431)
Professional services	(80,196)	(76,088)	(158,226)	(124,087)
Miscellaneous, net	58,340	483,461	37,691	510,956
<b>Total</b>	<b>(1,971,557)</b>	<b>(1,442,737)</b>	<b>(4,005,880)</b>	<b>(3,253,227)</b>
Classified as:				
Cost of services provided	(1,437,292)	(1,395,951)	(2,848,527)	(2,804,840)
Personnel	(336,794)	(301,374)	(699,675)	(563,308)
General and administrative	(104,491)	(93,130)	(207,490)	(158,167)
Sales and marketing	(43,827)	(36,044)	(76,945)	(48,654)
Other operating income (expenses), net	(49,153)	383,762	(173,243)	321,742
<b>Total</b>	<b>(1,971,557)</b>	<b>(1,442,737)</b>	<b>(4,005,880)</b>	<b>(3,253,227)</b>

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

We present below other operating income (expenses), net:

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	Parent Company			
	Three-month period		Six-month period	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Expected losses on doubtful debts	(12,256)	(26,250)	(86,532)	(59,414)
Expenses on tax, civil and labor risks, net	(6,119)	(3,301)	(14,116)	(12,878)
Provision, reversal and loss on property and equipment	(18,001)	4,651	(35,666)	7,431
Others	15,242	253,107	17,564	255,466
<b>Total</b>	<b>(21,134)</b>	<b>228,207</b>	<b>(118,750)</b>	<b>190,605</b>

	Consolidated			
	Three-month period		Six-month period	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Expected losses on doubtful debts	(29,150)	(43,630)	(116,505)	(94,270)
Expenses on tax, civil and labor risks, net	(12,939)	3,975	(28,725)	(9,862)
Provision, reversal and loss on property and equipment	(18,245)	4,651	(37,277)	7,431
Others	11,181	418,766	9,264	418,443
<b>Total</b>	<b>(49,153)</b>	<b>383,762</b>	<b>(173,243)</b>	<b>321,742</b>

The expected losses on doubtful debts mainly to losses on receivables from rental of POS equipment, losses on fraud arising from sales amounts contested by card users and which have already been settled to merchants, and other operating losses.

## 19 Commitments

Cielo Group is primarily engaged in providing services of capture, transmission, processing and financial settlement of transactions made using cards. To carry out these activities, based on Cielo Group's contracts in force, the Group has the following estimated future commitments (items not recorded in the statement of financial position).

### (a) Lease agreements

As at June 30, 2024 and December 31, 2023, estimated future annual payments under lease agreements in effect are as follows:

	06/30/2024	12/31/2023
Up to 1 year	6,852	6,781
From 1 year to 5 years	21,145	22,236
Above 5 years	-	425
<b>Total</b>	<b>27,997</b>	<b>29,442</b>

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

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

As at June 30, 2024 and December 31, 2023, based on contracts in effect, the minimum commitments with suppliers of technology, telecommunications, logistics, call center, back office and telesales services are as follows:

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	<u>06/30/2024</u>	<u>12/31/2023</u>
Up to 1 year	372,115	520,248
From 1 year to 5 years	281,610	208,275
<b>Total</b>	<b><u>653,725</u></b>	<b><u>728,523</u></b>

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

## 20 Employee benefits

	<b>Parent Company</b>			
	<b>Three-month period</b>		<b>Six-month period</b>	
	<b>06/30/2024</b>	<b>06/30/2023</b>	<b>06/30/2024</b>	<b>06/30/2023</b>
Supplementary Pension Plan (a)	2,927	2,425	5,971	4,906
Other benefits (b)	27,534	21,049	56,053	39,389
<b>Total</b>	<b><u>30,461</u></b>	<b><u>23,474</u></b>	<b><u>62,024</u></b>	<b><u>44,295</u></b>

	<b>Consolidated</b>			
	<b>Three-month period</b>		<b>Six-month period</b>	
	<b>06/30/2024</b>	<b>06/30/2023</b>	<b>06/30/2024</b>	<b>06/30/2023</b>
Supplementary Pension Plan (a)	4,081	3,576	8,703	7,201
Other benefits (b)	62,526	47,195	124,184	91,571
<b>Total</b>	<b><u>66,607</u></b>	<b><u>50,771</u></b>	<b><u>132,887</u></b>	<b><u>98,772</u></b>

- (a) Monthly contribution to the defined contribution pension plan - PGBL (defined contribution plan) for employees, recognized in personnel expenses,
- (b) These refer to health insurance, dental care, meal voucher and life and personal accident insurance and others. The Company has also a Corporate Education Program that includes development actions for its employees. The actions described are recognized in personnel expenses.

### Post-employment benefits

Cielo Group has 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, 2024 is R\$ 13,034 (R\$12,399 as at December 31, 2023),

The rates used in the period were: nominal discount rate of 6.0% p.a., with inflation index of 4.0% p.a., generating an expected turnover of 15.0% p.a., and retirement at 60 years old, In equity, the balance recorded in other comprehensive income is R\$ 2,983 (R\$ \$ 2,983 as at December 31, 2023),

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### 21 Employees and officers result sharing

Cielo Group pays result sharing to its 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 the result for the three-month and six-month periods ended June 30, 2024, and 2023 were as follows:

	Parent Company			
	Three-month period		Six-month period	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Employees	31,888	25,684	64,198	51,620
Statutory officers	5,117	5,254	10,096	7,020
<b>Total</b>	<b>37,005</b>	<b>30,938</b>	<b>74,294</b>	<b>58,640</b>

	Consolidated			
	Three-month period		Six-month period	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Employees	51,004	39,583	101,338	79,014
Statutory officers	6,485	6,121	12,117	9,223
<b>Total</b>	<b>57,489</b>	<b>45,704</b>	<b>113,455</b>	<b>88,237</b>

### 22 Compensation of Key Management Personnel and Supervisory Board

Cielo's key management personnel include the members of the Board of Directors and Supervisory Board and statutory officers.

Expenses recognized in the Company's result for the three-month and six-months periods ended June 30, 2024, and 2023 are as follows:

	Three-month period					
	06/30/2024			06/30/2023		
	Fixed	Others	Total	Fixed	Others	Total
Statutory officers	3,635	3,369	7,004	3,634	6,864	10,498
Board of directors and supervisory board members	2,104	-	2,104	1,502	-	1,502
<b>Total</b>	<b>5,739</b>	<b>3,369</b>	<b>9,108</b>	<b>5,136</b>	<b>6,864</b>	<b>12,000</b>

	Six-month period					
	06/30/2024			06/30/2023		
	Fixed	Others	Total	Fixed	Others	Total
Statutory officers	7,189	7,266	14,455	6,147	7,256	13,403
Board of directors and supervisory board members	4,248	-	4,248	3,028	-	3,028
<b>Total</b>	<b>11,437</b>	<b>7,266</b>	<b>18,703</b>	<b>9,175</b>	<b>7,256</b>	<b>16,431</b>

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The “others” balance refers to variable compensation and termination of officers, net of taxes, and does not include (i) restricted stock plans presented in Note 23 and (ii) other benefits already presented in Note 20.

The overall annual compensation of the Officers and Supervisory Board members, approved at the meeting held on April 30, 2024, is R\$ 88,151 net of charges, as follows: (i) R\$ 954 for Supervisory Board members; and (ii) R\$ 87,197 for Officers.

## 23 Restricted stock plans

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

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

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

As at June 30, 2024, the position of the restricted stock plans is as follows:

Program	Status	Number of restricted stock units				Grant date	Value per share on grant date R\$	Fair value per share R\$
		Granted	Cancelled	Exercised	To be exercised			
Restricted Stock 2021	Active	1,945,031	(255,751)	(719,477)	969,803	July 2021	3.59	3.59
Restricted Stock 2022	Active	2,313,572	(144,600)	(542,511)	1,626,461	July 2022	3.81	3.81
Restricted Stock 2022 Special Vesting	Active	1,071,876	-	(357,292)	714,584	November 2022	5.11	5.11
Restricted Stock 2023	Active	2,244,720	(61,779)	(291,018)	1,891,923	July 2023	4.43	4.43
Sócio Cielo 2020	Closed	2,898,458	(1,067,534)	(1,830,924)	-	March 2020	7.12	7.12
Sócio Cielo 2021	Active	5,440,433	(757,589)	(4,030,977)	651,867	March 2021	3.89	3.89
Sócio Cielo 2022	Active	11,253,702	(566,832)	(7,038,311)	3,648,559	March 2022	2.47	2.47
Sócio Cielo 2023	Active	6,297,073	(251,675)	(2,560,236)	3,485,162	March 2023	4.93	4.93
Sócio Cielo 2024	Active	1,563,808	-	-	1,563,808	March 2024	5.35	5.35
<b>Total Stock Units</b>		<b>35,028,673</b>	<b>(3,105,760)</b>	<b>(17,370,746)</b>	<b>14,552,167</b>			

In the six-month period ended June 30, 2024, the amount related to long-term incentive plans of R\$ 11,018 was recognized in profit or loss (R\$ 21,988 as at June 30, 2023). The change in the line item "Capital reserve" in equity includes R\$ 11,018 related to restricted stock units granted and R\$ 25,285 related to transfer of treasury shares due to exercise of shares (R\$ 21,988 related to

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restricted stock units granted and R\$ 32,322 related to transfer of treasury shares, respectively, as at June 30, 2023).

In addition to the share-based incentive plans, long-term incentives were recorded in the amounts of R\$ 17,160 and R\$ 16,303 as at June 30, 2024 and 2023, respectively.

## 24 Finance income (costs)

	Parent Company				Consolidated			
	Three-month period		Six-month period		Three-month period		Six-month period	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023
<b>Finance income:</b>								
Interest on financial investments	7,151	18,593	21,952	53,831	48,539	80,442	118,732	179,810
Other finance income	1,859	2,220	3,551	3,231	2,949	4,621	5,923	7,940
PIS and COFINS	(418)	(967)	(1,186)	(2,653)	(1,754)	(2,701)	(3,865)	(6,101)
<b>Total</b>	<b>8,592</b>	<b>19,846</b>	<b>24,317</b>	<b>54,409</b>	<b>49,734</b>	<b>82,362</b>	<b>120,790</b>	<b>181,649</b>
<b>Finance costs:</b>								
Interest and charges on borrowings	(276,154)	(518,108)	(682,456)	(1,057,278)	(102,137)	(222,671)	(257,156)	(454,271)
Third parties' interest in FIDCs	-	-	-	-	(152,999)	(255,066)	(364,545)	(520,850)
Monetary adjustment of tax, civil and labor risks	4,399	(8,515)	(850)	(24,928)	3,768	(9,592)	(2,125)	(26,864)
Other finance costs	(24,552)	(13,484)	(52,302)	(20,090)	(25,927)	(15,301)	(55,705)	(24,455)
<b>Total</b>	<b>(296,307)</b>	<b>(540,107)</b>	<b>(735,608)</b>	<b>(1,102,296)</b>	<b>(277,295)</b>	<b>(502,630)</b>	<b>(679,531)</b>	<b>(1,026,440)</b>
<b>Yield:</b>								
Purchase of receivables (a)	-	-	-	-	315,556	377,905	687,551	740,075
FIDC shares yield (b)	339,159	437,676	771,780	864,384	-	-	-	-
<b>Total</b>	<b>339,159</b>	<b>437,676</b>	<b>771,780</b>	<b>864,384</b>	<b>315,556</b>	<b>377,905</b>	<b>687,551</b>	<b>740,075</b>
Exchange differences	(1,694)	(7,000)	(5,041)	(15,250)	(1,695)	(7,005)	(5,058)	(15,270)
<b>Finance income (costs)</b>	<b>49,750</b>	<b>(89,585)</b>	<b>55,448</b>	<b>(198,753)</b>	<b>86,300</b>	<b>(49,368)</b>	<b>123,752</b>	<b>(119,986)</b>

- (a) As described in Note 6, the income from receivables acquired by FIDC Plus and FIDC NP is R\$ 725,189 (R\$ 687,551 net of taxes) in the first half of 2024. Of this amount, R\$ 332,096 (R\$ 315,556 net of taxes) is related to the second quarter. For the first half of 2023, the income is R\$ 782,229 (R\$ 740,075 net of taxes). Of this amount, R\$ 399,249 (R\$ 377,905 net of taxes) is related to the second quarter).
- (b) According to Note 6, this refers to the portion of the remuneration of subordinated shares of the net income of the FIDCs.

## 25 Risk management

Cielo has a structure designed for risk management, based on management practices under the terms of BCB Resolution No. 198/2022.

### (a) Risk Management Structure and Governance

Cielo maintains an independent risk management structure and governance,

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thus preserving and respecting the collective decision-making environment, developing and implementing methodologies, models and processes of risk identification, assessment, monitoring, and reporting.

Cielo has a Code of Ethical Conduct, revised on an annual basis, which sets the standards of conduct expected from senior management (members of the Board of Directors and the Executive Board), Supervisory Board members, employees, interns and apprentices, for subsidiaries, shareholders, investors, suppliers, and other stakeholders.

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

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

- 1<sup>st</sup> line of defense: represented by all the business and support area personnel, which shall ensure the effective management of risks within the scope of their direct organizational responsibilities, including the improvement or implementation of new controls to mitigate risks identified and timely and appropriate communication with those charged with governance of: (i) operation issues, (ii) events of non-compliance with defined conduct standards and (iii) violations of the institution's policies or legal and regulatory provisions;
- 2<sup>nd</sup> line of defense: represented by the Risk, Compliance, Prevention and Security Vice-President, who acts in an advisory and independent role with the business and support areas, reporting directly to the Chief Executive Officer. The assessment of the risk management, compliance, business continuity management, crises management, information security, money laundering, fraud and terrorism financing prevention, as well as the quality of the control environment are reported to the CEO and the Risk Committee, which, in turn, reports to the Board of Directors. The operation of the 2<sup>nd</sup> line of defense is segregated from and independent of the activities and management of the business and support areas and the Internal Audit.
- 3<sup>rd</sup> line of defense: represented by the Internal Audit and its purpose is to provide 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 risk management structure maintains processes for the following: recording of risk events, which requires that such events, whether materialized or not, have action plans, with due dates and responsible



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individuals; corporate risk inventory maintenance, and periodic assessment of such risks; mapping of risks and tests of controls, performed by the Internal Control function; monitoring of transactions for suspected fraud, among others.

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

### (b) Credit Risk Management

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

	Note	Parent Company		Consolidated	
		06/30/2024	12/31/2023	06/30/2024	12/31/2023
Cash	4	56,790	63,146	70,572	69,745
Financial instruments	5	61,442	336,834	1,141,678	1,364,583
Credit Rights Investment Fund	6	9,297,574	13,398,720	-	-
Income receivable and other receivables		338,795	280,840	1,220,029	2,708,460
Receivables from card issuing banks	7	85,001,309	91,035,557	85,006,560	91,043,327
<b>Total</b>		<b>94,755,910</b>	<b>105,115,097</b>	<b>87,438,839</b>	<b>95,186,115</b>

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

In acquiring operations, card-issuing banks are required to make payment to Cielo of the amounts related to transactions carried out by holders of cards issued by them, and Cielo is required to make payment of such amounts to accredited merchants. In the event card-issuing banks default on their financial obligations with Cielo for varying reasons, Cielo continues to be required to make payments to the accredited merchants.

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

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

As at June 30, 2024, Cielo's exposure to issuers is as follows:

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Internal rating of issuers	Required guarantee	Total exposure at 06/30/2024	Guarantee % in relation to exposure	Total exposure at 12/31/2023	Guarantee % in relation to exposure
Group 1	No	97.1%	-	97.2%	-
Group 2	Yes	2.9%	71.1%	2.8%	69.0%
<b>Total receivables from card-issuing banks</b>		<b>100.0%</b>		<b>100.0%</b>	

The five largest issuing banks, classified into Group 1, concentrate 72.7% of the volume receivable and are represented by Brazil's major financial institutions, which have strict monitoring and control processes and a solid economic and financial position.

For issuers classified into Group 1, which do not require guarantees, there is intensive monitoring of transactions and transacted amounts, credit quality and financial soundness, which may include the review of their internal rating and request of guarantees if any indication of increase in credit risk is identified. Guarantees may be required or waived depending on the volume transacted, the size and regulation of the brands and issuers.

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

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

Depending on the rule established by the payment arrangements in relation to the responsibilities of the Sub-acquirers, as well as any judicial decisions, Cielo may assume the responsibility in the event the Sub-acquirers do not perform the financial settlement of the amounts transacted by the merchants linked to them.

The proportion of Sub-acquirers to the volume transacted in Cielo system in the periods ended June 30, 2024 and 2023 corresponds to 2.88% and 3.21%, respectively.

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

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

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As at June 30, 2024, the expected losses on doubtful debts amounted to R\$ 194,714 in the Parent Company and R\$ 196,720 in the Consolidated (as at December 31, 2023, the balance was R\$ 199,804 in the Parent Company and R\$ 201,094 in the Consolidated).

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

Cielo customers are required to comply with their obligations to deliver the products and provide the services contracted with their end customers. In situations of default on the part of Cielo customers in the delivery of the goods or provision of services, or cancellation by the end customer, it is possible to demand the reversal of the payment made to merchants through (i) cancellation, which is requested by the merchant or (ii) chargeback, which is a request from the holder directly to the card issuer. In both cases, the amounts returned to the final bearer are debited, by the acquirer, directly to the merchant's financial schedule. In the case of cancellation, if the merchant's financial schedule does not have sufficient balance, this generally is not accepted.

If Cielo is unable to offset the amounts of chargebacks directly on the financial schedule of a merchant (irrespective of the reason), or by means of any other form of collection (for example, bank slips), the financial charges on these chargebacks will be borne by Cielo. To manage the exposure to this risk, Cielo periodically monitors the transactions and financial soundness of these customers, prepares credit assessments, limits the volume of prepayments of receivables and pays the receivables in a shorter period, seeking 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:

	06/30/2024		06/30/2023	
	Transacted volume	Chargeback ratio (c)	Transacted volume	Chargeback ratio (c)
Tourism and Entertainment, including airlines (typically with deferred sales)	9.0%	0.55%	8.6%	0.55%
E-commerce (without Tourism and Entertainment)	12.1%	0.66%	10.0%	0.81%
Durable and semi-durable goods (a)	18.8%	0.02%	21.1%	0.02%
Non-durable goods (b)	38.4%	0.00%	36.4%	0.00%
Services and others	21.7%	0.02%	23.9%	0.03%
<b>Total</b>	<b>100.0%</b>	<b>0.14%</b>	<b>100.0%</b>	<b>0.14%</b>

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

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### (c) Management of Operational Risks

The risks arising from Cielo operation include the following: risks arising from failures, interruptions or breach of information technology systems, processes or infrastructure, unauthorized data disclosures, failures in the authorization of payment transactions, processing failures, internal and external fraud, unfavorable decisions in judicial or administrative proceedings, among others. For such risks, Cielo adopts methodology for identification, assessment, monitoring, management and reporting of risks and action plans for risk mitigation, according to guidelines defined in the Corporate Risk Management and Internal Control Policy, as well as in the applicable regulation, including, but not limited to, BCB Resolution No. 198/22 and BCB Resolution No. 260/22.

Further information on Cielo Group's internal control management methodology, governance and structure can be found in the Corporate Risk Management and Internal Control Policy and in item 5.2 of the Reference Form, which are available on the Cielo website (<https://ri.cielo.com.br/>).

### (d) Capital Risk Management

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

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

Cielo maintains the minimum equity required, in accordance with the regulations issued by BACEN, in an amount higher than the minimum requirement of 10%, intended to cover the risks associated with the payment services provided and other activities carried out, calculated daily (see note 15). There is no requirement of minimum equity for the other companies of Cielo Group.

### (e) Liquidity Risk Management

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

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Cielo periodically discloses a liquidity risk management report which describes the prevailing corporate liquidity risk management structure, as required by BCB Resolution No. 198/22 and subsequent amendments. Such report is available on the Cielo website (<https://ri.cielo.com.br/>).

The debt-to-equity ratio is as follows:

	Parent Company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Cash	56,790	63,146	70,572	69,745
Financial instruments	61,442	336,834	1,141,678	1,364,583
Debt (a)	(3,612,595)	(7,730,931)	(3,612,595)	(7,730,931)
<b>Net debt</b>	<b>(3,494,363)</b>	<b>(7,330,951)</b>	<b>(2,400,345)</b>	<b>(6,296,603)</b>
Equity	12,357,588	12,258,803	20,297,030	22,308,302
<b>Net debt ratio</b>	<b>28.28%</b>	<b>59.80%</b>	<b>11.83%</b>	<b>28.23%</b>

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

### (f) Market Risk Management

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

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

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

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

The impact of exchange rate changes on the foreign investment is recognized in other comprehensive income, directly in equity. A gain of R\$ 494 was incurred on exchange rate changes on the investment in Cielo USA in the period ended June 30, 2024. There was a loss in the amount of R\$ 331 in the period ended June 30, 2023.

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

Cielo is mainly exposed to the US dollar.

The sensitivity analysis only includes monetary items that are outstanding and

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in foreign currency and adjusts their translation at the end of each reporting period considering a change of 10%, 25% and 50% in exchange rates.

As at June 30, 2024 and 2023, in estimating an increase or a decrease of 10%, 25% and 50% in exchange rates, there would be an increase or a decrease in profit or loss and equity, as follows:

	Parent Company and Consolidated					
	06/30/2024			06/30/2023		
	10%	25%	50%	10%	25%	50%
Profit or loss	163	408	816	209	522	1,045
Equity	360	899	1,798	360	901	1,802

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

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

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

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

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

	Parent Company					
	06/30/2024			06/30/2023		
	10%	25%	50%	10%	25%	50%
Profit or loss	(66,050)	(165,126)	(330,252)	(100,267)	(250,667)	(501,335)

  

	Consolidated					
	06/30/2024			06/30/2023		
	10%	25%	50%	10%	25%	50%
Profit or loss	(13,842)	(34,606)	(69,212)	(27,368)	(68,421)	(136,842)

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

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

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

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

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

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

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

Further information on the methodology, governance and structure of Cielo Group's integrity program structure can be found in the Compliance Program and in item 5.3 of the Reference Form, which are available on the Cielo website (<https://ri.cielo.com.br/>).

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

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

Further information on Cielo Group's social and environmental policies can be found in the Sustainability Policy and in item 2.1 of the Reference Form, which are available on the Cielo website (<https://ri.cielo.com.br/>).

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

Reputation risk arises from a negative perception of Cielo by customers, partners, suppliers, shareholders, subsidiaries, media, social influencers, investors, regulators, etc. This risk, as shown in item 5.1 of the Reference Form, may materialize due to the materialization of other risk events.

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Reputational risk is assessed by applying an internal methodology whereby impact and likelihood are assessed. Further information on Cielo Group's risks can be found in item 1.2 of the Reference Form, which is available on the Cielo website (<https://ri.cielo.com.br/>).

### (k) Strategic Risk Management

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

Strategic risk is assessed by using an internal methodology whereby impact and likelihood are assessed. Further information on Cielo Group's strategy can be found in item 1.2 of the Reference Form, which is available on the Cielo website (<https://ri.cielo.com.br/>).

### (l) Management of Emerging Risks

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

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

Cielo has a process in place to identify, monitor and report emerging risks based on benchmarking and good industry practices. The main emerging risks to which the Company is exposed are detailed in item 1.2 of the Reference Form, available on the Cielo website (<https://ri.cielo.com.br/>).

## 26 Related-party balances and transactions

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

Cielo Group, in carrying out its business and contracting services, conducts quotations and market research based on the search for the best technical and price conditions. In addition, the nature of Cielo Group's activities makes it to enter into agreements with different issuers, and its shareholders are some of these issuers. Cielo Group believes that fair market conditions are



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observed in all contracts entered into with its related parties.

The tables below include the balances as at June 30, 2024 and December 31, 2023, by type of agreement of transactions with related parties conducted by Cielo Group, as well as the changes in balances related to the six-month periods ended June 30, 2024 and 2023:

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	Parent Company				Consolidated		
	06/30/2024			12/31/2023	06/30/2024	12/31/2023	
	Controlling shareholders	Subsidiaries	Investment funds	Total	Total	Total	
<b>Assets:</b>							
Cash and financial instruments (a)	70,138	-	-	70,138	261,891	162,235	380,268
Operating receivables (b)	22,597,111	-	-	22,597,111	25,124,705	22,597,111	25,124,705
Receivables from related parties (c)	-	141,965	75	142,040	112,511	898,017	921,146
<b>(Liabilities):</b>							
Bank Credit Note - CCB (d)	-	-	-	-	(3,194,012)	-	(3,194,012)
Payables referring to intermediation, customer prospecting and maintenance services (e)	(23,666)	-	-	(23,666)	(27,902)	(23,666)	(27,902)
Payables to related parties (c)	-	(315,955)	-	(315,955)	(287,791)	(468,834)	(464,250)
Balances received to transfer to FIDC	-	-	(13,582,851)	(13,582,851)	(18,068,253)	-	-

	Parent Company				Consolidated		
	06/30/2024			06/30/2023	06/30/2024	06/30/2023	
	Controlling shareholders	Subsidiaries	Investment funds	Total	Total	Total	
<b>Income:</b>							
Income from financial investments (a)	11,337	-	-	11,337	44,111	16,859	56,476
Income from other services provided (f)	9,133	-	451	9,584	2,237	9,133	1,794
Income from rental of POS equipment (g)	12,641	-	-	12,641	17,339	12,641	17,339
Other income	-	727	-	727	3,525	-	-
<b>(Expenses)</b>							
Finance costs (d)	(79,379)	-	-	(79,379)	(242,693)	(79,609)	(242,948)
Expenses with prepayment of receivables	-	-	(425,301)	(425,301)	(603,007)	-	-
Expenses with benefits (h)	(40,193)	-	-	(40,193)	(30,024)	(82,501)	(62,346)
Contracts for customer prospecting services	-	(489,785)	-	(489,785)	(378,901)	-	-
Payment management services provided (c)	-	-	-	-	-	(20,734)	(20,482)
Intermediation, customer prospecting and maintenance services (e)	(81,136)	-	-	(81,136)	(74,777)	(81,136)	(74,777)
Other operating expenses	(285)	-	-	(285)	(210)	(285)	(210)

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## Notes to the individual and consolidated interim financial statements (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 in related banks.
- b) The amounts receivable refers mainly to the amounts to be paid by issuers Banco do Brasil and Bradesco arising from card transactions.
- c) The amounts receivable mainly refers to amounts to be settled by the issuer Banco do Brasil to Cateno, arising from transactions carried out using cards. The balances of accounts payable refer to the provision of services by Banco do Brasil to Cateno for the operation as a Payment Institution in the management of payment accounts in the Ourocard Payment Arrangement, as well as to the balances of dividends payable.
- d) Refer to funds raised for working capital through a credit facility via CCB (Bank Credit Note).
- e) Refer to intermediation, customer prospecting and maintenance services with the objective of increasing the volume of sales made up of transactions carried out with 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 (Value Added Network) services and takes into account minimum profitability criteria for each merchant.
- f) Refer to granting of access to an antifraud system for monitoring by Bradesco of transactions made with cards issued by the bank as well as the collection of the QR Code display service and receipt through Pix (instant payment) and the respective status of the transaction, in Cielo capture means.
- g) Refer to the lease of equipment for capturing transactions with Banco do Brasil and Bradesco, which sublease the equipment to their customers.
- h) Benefits contracted with Banco do Brasil and Bradesco (corporate collective life insurance, hospital and dental insurance and supplementary pension agreement).

### Main related-party transactions

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

The Company participates in Elo Payment Arrangements, established by Elo Serviços S.A. The Company participates in Elo Arrangements as Accrediting Institution, which includes the provision of services relating to accreditation and maintenance of merchants, the participation in the processing and settlement of transactions made with payment instruments of Elo

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

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

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

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

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

### **Other widespread agreements**

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

- Cash management services
- Insurance
- Corporate credit and benefits cards
- Payment to suppliers
- Granting of Liveloo incentive points
- Representation services with Nuclea
- Share bookkeeping services
- Operating services - restricted stock plans
- Securities bookkeeping and management services
- Public and private securities operating management services
- Registration on Cielo system
- Incentive to technological development and updating
- Transactional management services
- Assignment of receivables

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

### 27 Non-recurring results

As defined by BCB Resolution No. 2/20, non-recurring results are those that are not related or are incidentally related to the typical activities of Cielo Group and are not expected to occur frequently in future years.

As at June 30, 2023, there was a non-recurring result related to the reversal of the ISS Municipality provision in the amount of R\$ 222.5 million in the parent company and R\$ 253.9 million in the consolidated, for the accumulated period as at June 30, 2024 there was no non-recurring result.

### 28 Non-cash transactions

In preparing the Company's statements of cash flows, only the transactions involving cash were included in net cash generated by financing and investing activities. The table below shows all the other changes in the investment and borrowing balances for the six-month periods ended June 30, 2024 and 2023 that did not involve the use of cash and/or cash equivalents:

	Parent Company		Consolidated	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Exchange differences on net foreign investment	494	(331)	494	(331)
Interest on capital	390,999	196,970	390,999	196,970
Fair value adjustment of financial instruments	(385)	-	(550)	-
Dividends receivable from direct subsidiary	116,514	139,195	-	-

### 29 Insurance

As at June 30, 2024, the Company has the following insurance coverage:

Type	Insured amount
General civil liability	20,000
Civil liability D&O	250,000
Goods and assets	40,683
Cyberattacks	25,000
Storage of machinery, furniture and fixtures	48,061
Transport of machinery and equipment	2,500
Fleet of vehicles	2,560

### 30 Events after the reporting period

On July 5, 2024, the Brazilian Securities and Exchange Commission ("CVM") approved the registration of a unified public offering to acquire Company common shares in order to convert Cielo's registration as a listed company from category "A" to "B" and deregister it from Novo Mercado ("OPA"), to be

# Cielo S.A. - Instituição de Pagamento

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

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launched by its direct controlling shareholders. The Company was informed by the Offerors and the Intermediary Institution that the OPA will be launched within the regulatory period, as provided for in article 14 of CVM Resolution 85/2022.

On July 10, 2024, the Company received from the Offerors copies of the Notice and of the Valuation Report on the unified public offering to acquire Company common shares in order to convert Cielo's registration as a listed company from category "A" to "B" and deregister it from Novo Mercado ("OPA"), whose auction will be held on August 14, 2024. The OPA will include 902,247,285 Company common shares at a cash price of R\$ 5.60 per share, subject to the price adjustments provided for in the Notice. For information purposes, on this date, the price per share adjusted under the terms of the Notice, including the CDI adjustment detailed therein, is R\$ 5.76.

On July 18, 2024, the independent members of the Board of Directors unanimously approved the opinion favorable to the acceptance of the unified public offering to acquire Company common shares in order to convert the Company's registration as a listed company from category "A" to "B" and deregister it from Novo Mercado.

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

Yvan Calil Zanetti  
Chief Accounting, Tax, Revenue Assurance and Subsidiaries  
Technical Accounting Officer

Vagner Akihiro Tatebe  
Accountant CRC 1SP292671/O-6