



cielo

Earnings Release

2Q22



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Presentation

This report presents the economic and financial situation of Cielo S.A. (B3: CIEL3 and OTC: CIOXY). Intended for market analysts, shareholders, investors, the press, and other stakeholders, this document provides analyses, indicators and information considered relevant for analyzing the performance of Cielo and its subsidiaries. It is released quarterly and presents the results of the second quarter of 2022. This document is not audited.

The consolidated financial statements are presented in thousands of reais (R\$ thousand), in accordance with the Chart of Accounts for Institutions of the National Financial System (COSIF) and accounting practices adopted in Brazil. The tables and charts show values in R\$ million, except where otherwise indicated. Occasionally, accounting data may be supplemented by operational and/or managerial information.

Below are the different views presented in this report:

- **Cielo Brasil** – Managerial presentation that represents the results of the companies Cielo, Stelo, Aliança, Servinet and FIDCs structured by the Company.
- **Cateno** – Managerial presentation that demonstrates the individual result of the subsidiary Cateno.
- **Cielo + Cateno** – Managerial presentation that consolidates the results of Cielo Brasil and Cateno.
- **Other Subsidiaries** – Managerial presentation that represents the results of Cielo's other subsidiaries, except for those in the Cielo Brasil and Cateno views.
- **Cielo Consolidated** – Presentation that consolidates the results of all the companies of the group.

For purposes of this report, references to net income always refer to the profit attributable to Cielo shareholders, except where otherwise indicated.

This report is available online, at Cielo's Investor Relations website, where there is also more information about the Company, its structure, business, and other information considered relevant to investors. The website is ri.cielo.com.br. This report is not a substitute for the financial statements and other documents filed with the regulatory agencies.

This report may include statements about future events that are subject to risks and uncertainties. Such statements are based on our Management's beliefs and assumptions taken to the best of our knowledge and information currently available to us. Statements about future events may include information about our intentions, beliefs or current expectations, as well as those of the members of the Board of Directors and Officers of the Company.

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

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

This report may include non-accounting metrics. We draw attention to these metrics. They have been included because Management considers them to be relevant for understanding the business, but are not necessarily subject to the same preparation criteria as the financial statements.

The rates of variation and sums in the tables and charts are calculated before rounding.

1. 2Q22 Highlights

CIELO REPORTS HIGHEST NET INCOME SINCE 4Q18: R\$ 635 MILLION, 252% YoY.

On recurring basis, net income reaches **R\$ 383 million**. The quarter was marked by strong operating performance in Acquiring and in Cateno.



Recurring Result Maintains It's Recovery Path

Recurring net income reached R\$ 383 million, recording a 112.5% increase over last year's reported results, in 2Q21.



Growth Sustained By Operating Result Improvements

Results were driven by growth in captured volume, revenue yield recovery, continuous spending control, expansion of the pre-payment business, and stronger performance of Cateno.



Captured Volume Accelerates Growth

Volume captured by Cielo Brasil reaches record in 2Q22, at R\$ 221 billion, recording a 33.8% growth over 2Q21 and 11.4% over the previous quarter.



Expansion Of The Prepaid Receivables Business

Pre-payment products, solutions that allow Cielo's customers to anticipate their receivables, arising from credit card transactions (with and without installments), totaled **R\$29 billion in volume, a growth of 58.1% compared to 2Q21**. Among the pre-payment products, we highlight the expansion of the acquisition of receivables line, which **reached a 9.8% penetration, compared to 8.1% in 2Q21**.



Cielo Brasil's Net Revenues Grew 34.3% Over 2Q21

Performance reflects volume expansion and revenue yield recovery.



Cielo Concludes Successful Disinvestment Agenda

The Company announced the closing of the sale of MerchantE Solutions ("MerchantE"), a payments company based in the United States, in April. The sale of MerchantE had a positive non-recurring impact of R\$ 282 million on net income for the quarter.

2. Result Per Business Unit

This section presents an analysis of the Company's consolidated results. Considering the sale of MerchantE, concluded in April/22, the "Other Subsidiaries" business unit will lose relevance as of the next quarter, which is why the "Cielo + Cateno" view is presented, which consolidates the two business units that will make up the group from now on, enabling a better understanding of the Company's future performance and improved comparability against history.

2.1. Net Operating Revenue

Net Revenue (R\$ million)	2Q22	2Q21	Var. %	1Q22	Var. %
Cielo Brasil	1,567.9	1,167.7	34.3%	1,325.9	18.3%
Cateno	972.3	731.9	32.8%	867.2	12.1%
Cielo + Cateno	2,540.2	1,899.6	33.7%	2,193.1	15.8%
Other Subsidiaries	-	912.3	-100.0%	569.1	-100.0%
Consolidated	2,540.2	2,811.8	-9.7%	2,762.2	-8.0%

- The Net Operating Revenue (Cielo + Cateno) reached R\$ 2,540.2 million in 2Q22 – higher 33.7% over the same quarter of the previous year and a 15.8% over 1Q22.

2.2. Non-Recurring Events in the Period

- In 2Q22, there were one-off events that impacted the result for the period, as follows:
 - Software Impairment** – Review of the useful life of software currently in use in customer relationships, considering the restructuring of the service model that is in progress, which involves, among other changes, the implementation of new systems;
 - Restructuring Stores Channel** – Restructuring of channels, with stores and stalls that will be closed, which generated provisions of R\$ 5.5 million in Cielo Brasil's Other Operating Expenses;
 - Sale of MerchantE** – The sale of MerchantE, including the receipt of the upfront installment of USD137.2 million, and the recognition of USD25.0 million related to a portion of the earnout, net of the write-off of the respective assets and costs associated with the transaction, generated an impact of R\$ 282.3 million, allocated to Other Operating Expenses of "Other Subsidiaries".

- The impacts and corresponding taxes for each event are demonstrated in the table below:

Item	Business Unit	Gross	Taxes	Net
Sale of MerchantE	Other Subsidiaries	314.5	(32.2)	282.3
Software Impairment	Cielo Brasil	(40.6)	13.8	(26.8)
Restructuring Stores Channel	Cielo Brasil	(5.5)	1.9	(3.6)
	Total	268.5	(16.6)	251.9

2.3. Ebitda

EBITDA (R\$ million)	2Q22	2Q21	Var. %	1Q22	Var. %
Cielo Brasil	438.4	266.9	64.3%	322.2	36.1%
Cateno	431.0	296.9	45.2%	386.5	11.5%
Cielo + Cateno	869.4	563.8	54.2%	708.7	22.7%
Other Subsidiaries	313.8	17.1	1735.1%	2.7	11522.2%
Consolidated	1,183.2	580.8	103.7%	711.5	66.3%

- Cielo + Cateno's EBITDA reached R\$ 869.4 million in 2Q22, a 54.2% increase over 2Q21. On a consolidated basis, EBITDA reached R\$ 1,183.2 million, driven by, in addition to the operational performance of Cielo and Cateno, to the impacts related to the sale of MerchantE.
- As highlighted in the table below, when excluding one-off events, **recurring EBITDA reached R\$ 914.7 million, up 57.5% over 2Q21 and 28.6% over 1Q22, with EBITDA margin of 36.0% in 2Q22, 20.7% in 2Q21 and 25.8% in 1Q22.**

Recurring EBITDA (R\$ million)	2Q22	2Q21	Var. %	1Q22	Var. %
EBITDA	1,183.2	580.8	103.7%	711.5	66.3%
Non-recurring Items	(268.5)	-	n/a	-	n/a
Recurring EBITDA	914.7	580.8	57.5%	711.5	28.6%

2.4. Consolidated Net Income

Net Income (R\$ million)	2Q22	2Q21	Var. %	1Q22	Var. %
Cielo Brasil	204.6	113.3	80.6%	90.5	126.1%
Cateno	171.3	96.0	78.4%	147.7	16.0%
Cielo + Cateno	375.9	209.3	79.6%	238.2	57.8%
Other Subsidiaries	259.3	(28.9)	n/a	(53.7)	n/a
Consolidated	635.3	180.4	252.2%	184.6	244.1%

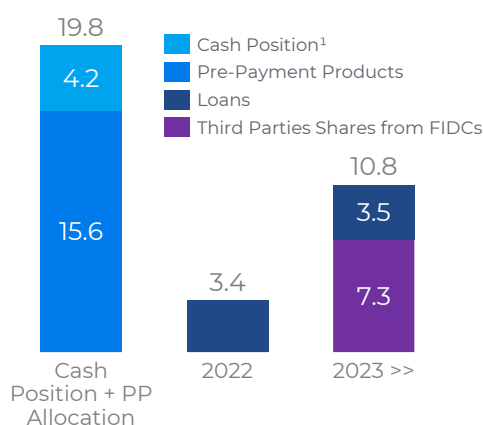
- The consolidated net income grew 252.2% compared to 2Q21 and 244.1% against 1Q22. Result improvements were observed across all business units. In other subsidiaries, the result benefited from positive impacts of the sale of MerchantE. In Cielo and Cateno, results were driven by solid improvements in operating fundamentals, with revenue growth and expenses under control.
- As shown in the table below, **on recurring basis there was a 112.5% growth compared to 2Q21 and 107.7% compared to 1Q22.**

Net Income (R\$ million)	2Q22	2Q21	Var. %	1Q22	Var. %
Net Income	635.3	180.4	252.2%	184.6	244.1%
Non-Recurring Items	(251.9)	-	n/a	-	n/a
Recurring Net Income	383.4	180.4	112.5%	184.6	107.7%

- It should be noted that debts incurred by Cielo when acquiring MerchantE and Cateno are allocated in the results of Cielo Brasil. To make it easier to understand the actual contribution of each business unit to the recurring result, **we reallocated the cost of the debts to the respective business units in the view below. In this view, Cielo Brasil's recurring net income (acquiring) advanced 115.7% over 2Q21 and 102.1% over 1Q22.**

CIELO BR' RESULT NET OF ACQUISITION COST					
R\$ million	2Q22	2Q21	Var. %	1Q22	Var. %
Result Attributed to Cielo	383.4	180.4	112.5%	184.6	107.7%
Cielo Brasil	235.0	113.3	107.4%	90.5	159.6%
Cateno	171.3	96.0	78.4%	147.7	16.0%
Other Subsidiaries	(23.0)	(28.9)	-20.4%	(53.7)	-57.2%
Cost of acquisition debt	(74.7)	(30.2)	146.9%	(62.7)	19.0%
Cateno	(71.0)	(18.9)	274.8%	(59.2)	19.9%
MerchantE	(3.7)	(11.3)	-67.5%	(3.5)	4.6%
Cielo Brasil (-) cost of debt	309.6	83.1	272.8%	27.8	1014.8%
Cateno (+) cost of debt	100.3	77.1	30.2%	88.5	13.4%
Other Subsidiaries (+) cost of debt	(26.7)	(40.2)	-33.6%	(57.2)	-53.4%

2.5. Liquidity and Indebtedness (R\$ Billion)



*The cash position (or total liquidity) presented in this item consolidates 100% of the cash balances and cash equivalents of the subsidiary Cateno.

On June 30, 2022, the Company recorded the total cash and cash equivalents of R\$ 4,232.9 million, an increase of R\$ 720.8 million compared to March 31, 2022. The increase in cash and cash equivalents compared to the previous quarter is due, in addition to the operating cash generation, to the inflow of funds from the sale of MerchantE and the appreciation of the dollar against the Brazilian real reflected in Cielo USA's cash. On the other hand, these effects were partially offset by higher capital allocation in pre-payment products.

At the balance sheet closing date, Cielo recorded total loan obligations and financing of R\$ 6,947.7 million, an increase of R\$1,111.9 million compared to March 31, 2022. The increase in total loan obligations and financing against the previous quarter is explained by short-term borrowings and the appreciation of the dollar against the Brazilian real impacting the bonds value.

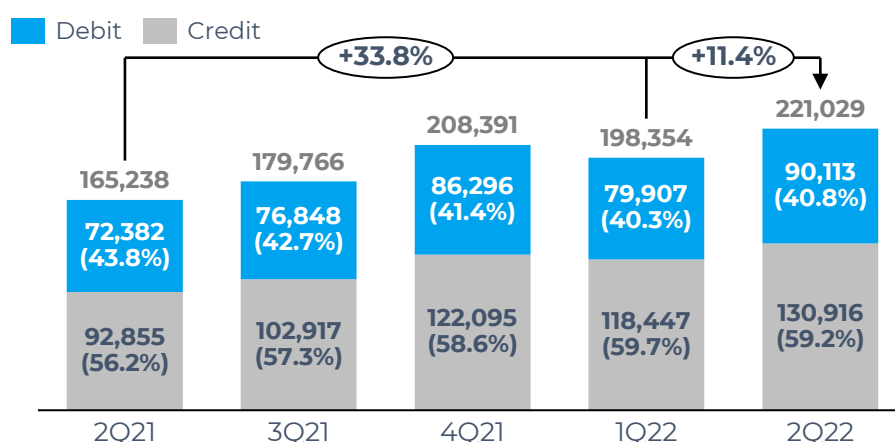
3. Cielo Brasil

3.1. Highlights

- Cielo Brasil's net income reached R\$ 204.6 million, an 80.6% growth over 2Q21. The 2Q22 result was impacted by non-recurring events. Isolated from such effects, **recurring net income reached R\$ 235.0 million**, the highest level since 3Q19, with a growth of 107.4% over 2Q21.
- **The financial volume of transactions** captured by Cielo Brasil hit a record in 2Q22, at R\$ 221.0 billion, a 33.8% growth over 2Q21 and 11.4% over the previous quarter.
- **Active merchant base resumes growth in SMB** – In Cielo's target segment, SMB, which includes clients with card transaction volume between R\$ 120 thousand and R\$15 million per year, the active base returns to growing, expanding 1.1% over the previous quarter.
- **Net operating revenues grew 34.3% over 2Q21 and 18.3% over 1Q22.** Revenues were driven by the expansion of financial transaction volume and by the favorable behavior of the revenue yield, which reached 0.71% in 2Q22, the same level observed in 2Q21, and 0.04 percentage point ("pp") higher than 1Q22.
- **Total prepaid volume in ARV and RR reached R\$ 29 billion**, a 58.1% growth over 2Q21, which reinforces the Company's commitment to diversifying revenue sources and supporting retailers in managing their cash flow.
- **The company continues to reinforce its spending control actions, while intensifying investments in business transformation.** In the quarter, Cielo invested R\$70.4 million in new initiatives to ensure additional leaps in quality of service provided, to increase commercial productivity, and to advance in the modernization of operations and technological base. The amount mentioned includes R\$ 38.7 million in expenses recognized in 2Q22, and R\$ 31.7 million in investments ("CAPEX").
- Despite the **new investments** and inflation in the period, the ratio of total normalized expenses to financial transaction volume ("normalized expense ratio") stood at 0.32%, an improvement of 0.03 pp against 1Q22 and 0.08 pp against 2Q21. Normalized cost + expenses grew 4.6 pp below inflation compared to 2Q21. Total normalized cost + expenses excluding non-recurring items and certain variable costs are understood as normalized cost + expenses, as shown in section 3.3.3.

3.2. Operational Performance

3.2.1 Financial Volume (R\$ million)

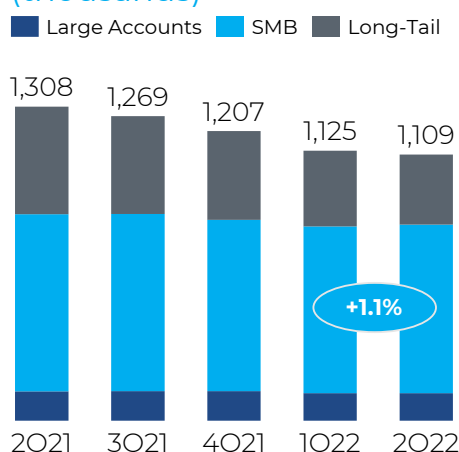


3.2.2 Financial Volume Between Periods

Financial and transaction volume	2Q22	2Q21	Var. %	1Q22	Var. %
Credit and Debit Cards					
Financial transaction volume (R\$ million)	221,028.5	165,237.7	33.8%	198,353.8	11.4%
Number of transactions (million)	2,092.8	1,578.9	32.5%	1,898.0	10.3%
Credit Cards					
Financial transaction volume (R\$ million)	130,915.9	92,855.3	41.0%	118,446.9	10.5%
Number of transactions (million)	898.4	676.8	32.8%	821.3	9.4%
Debit Cards					
Financial transaction volume (R\$ million)	90,112.7	72,382.5	24.5%	79,906.9	12.8%
Number of transactions (million)	1,194.3	902.1	32.4%	1,076.7	10.9%

- The financial volume of transactions captured by Cielo Brasil amounted to R\$ 221.0 billion in 2Q22, a new record, with a growth of 33.8% over 2Q21 and 11.4% over the previous quarter.
- In terms of the mix by type of transaction, credit card transactions accounted for 59.2% in 2Q22, a recovery of 3.0 pp compared to 2Q21. The financial volume of credit card transactions grew 41.0% YoY, while debit card transactions expanded 24.5%. In comparison with 1Q22, the volume of credit card transactions grew by 10.5%, a pace lower than the 12.8% observed in debit transactions.

3.2.3 Active Merchant Base (thousands)



- Considering merchants that carried out at least one transaction with Cielo in the last 90 days, the SMB active base, Cielo's target segment, grew 1.1% over 1Q22. In total figures, the active base ended 2Q22 down 1.4% from 1Q22, due to the suspension in the policy for granting subsidies to POS in the sales mode, which mainly impacts clients in the Long-Tail segment.

3.2.4 Pre-Payment Products

Pre-payment products (R\$ million)	2Q22	2Q21	Var. %	1Q22	Var. %
Credit card captured volume	130,915.9	92,855.3	41.0%	118,446.9	10.5%
ARV financial volume	12,793.8	7,515.8	70.2%	10,978.4	16.5%
% ARV over credit card volume	9.8%	8.1%	1.7pp	9.3%	0.5pp
Two-day payment financial volume	16,528.9	11,025.7	49.9%	15,437.1	7.1%
% two-day payment over credit card volume	12.6%	11.9%	0.8pp	13.0%	-0.4pp
Pre-payment products - ARV and Two-day payment vol.*	29,322.7	18,541.5	58.1%	26,415.5	11.0%
% Pre-payment products over credit card volume	22.4%	20.0%	2.4pp	22.3%	0.1pp
SMB and LT (R\$ million)	2Q22	2Q21	Var. %	1Q22	Var. %
Credit card captured volume	39,078.5	31,144.6	25.5%	35,468.2	10.2%
ARV financial volume	1,827.5	1,112.6	64.3%	1,470.4	24.3%
% ARV over credit card volume	4.7%	3.6%	1.1pp	4.1%	0.5pp
Two-day payment financial volume	15,174.0	10,090.4	50.4%	14,095.9	7.6%
% two-day payment over credit card volume	38.8%	32.4%	6.4pp	39.7%	-0.9pp
Pre-payment products - ARV and Two-day payment vol.*	17,001.5	11,202.9	51.8%	15,566.3	9.2%
% Pre-payment products over credit card volume	43.5%	36.0%	7.5pp	43.9%	-0.4pp

* Sums for disclosure purposes only. Includes Cielo's pre-payment products (ARV and Receba Rápido)

- The table above shows the details of Cielo's performance with pre-payment products. Cielo classifies under "pre-payment products" different solutions that allow merchants to receive their credit card sales within two days. Usually, credit card transactions (without installments) are settled within 30 days after they are made, with additional time for installment transactions. Pre-payment products include (i) ARV (Acquisition of Receivables), available through Cielo FIDC; and (ii) the two-day payment modality "Receba Rápido", a solution in which the funds for all credit card transactions (with or without installments) are automatically credited to the establishment within two business days after each transaction.

- In the comparison with 2Q21, highlight to the evolution of ARV, with a 70.2% growth in prepaid volume and an increase in penetration of 1.7 pp.

3.3. Financial Performance

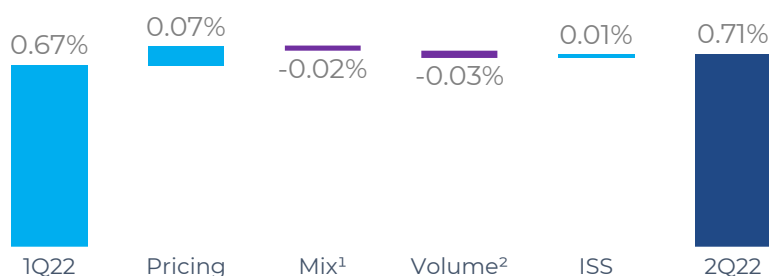
3.3.1 Operating Revenues and Revenue Yield

R\$ million	2Q22	2Q21	Var. %	1Q22	Var. %
TPV	221,028.5	165,237.7	33.8%	198,353.8	11.4%
Net Revenue	1,567.9	1,167.7	34.3%	1,325.9	18.3%
Yield	0.71%	0.71%	0.00pp	0.67%	0.04pp

- Net revenues reached R\$1,568 million in 2Q22, up 34.3% over 2Q21, an improvement driven by the expansion of captured volume in the period. In relation to 1Q22, revenues grew 18.3%, reflecting the 11.4% growth in captured volume and the yield recovery.
- The revenue yield reached 0.71% in 2Q22, remaining flat compared to 2Q21 and growing 0.04 pp from 1Q22. The improvement observed over 1Q22 mainly reflects the price repositioning carried out during the first half of the year, due to changes in the economic environment and the competitive scenario, which was partially offset by the more concentrated mix in large accounts and the strong volume growth, since part of Cielo's revenues do not follow variations in volume, such as POS rentals.

Revenue Yield Bridge

(Main effects in pp)



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

3.3.2 Tax on Service Rendered ("ISS")

- The chart on the previous page, shows the positive impact on yield from ISS (Brazil's Service Tax). In January 2021, Law 175/2020 came into force, which determines the payment of taxes in the location where services are rendered. Its effects have been suspended since then by a decision of the Federal Supreme Court (STF). Since its entry into force, the Company has been paying taxes in the municipality where its headquarters is located and has been cautiously setting up provisions based on expectations related to the future effects of the Law in question.
- The topic is periodically reassessed, and improvements have been made to the provisioning, with impacts starting in 2Q22.

- Specifically in Cielo Brasil, in 2Q22 the total balance of provisions related to the topic increased by R\$19.1 million, reaching R\$216.6 million. The balance reinforcement in the period is lower than the pace observed in the previous quarters, which explains the impact of the ISS on yield.
- Cateno adopts similar practices, and the impacts are detailed in a specific section of this release. On a consolidated basis (Cielo + Cateno) the balance of provisions reached R\$411 million, an increase of R\$23 million compared to March
- The company continues to monitor developments related to the application of Law 175/2020 and the possible impacts on its positioning.

3.3.3 Cost and Expense Analysis

3.3.3.1 Cost of Services Rendered

R\$ million	2Q22	2Q21	Var. %	1Q22	Var. %
Costs related to POS	(227.6)	(221.7)	2.6%	(223.2)	1.9%
Costs related to transactions	(568.7)	(424.0)	34.1%	(513.4)	10.8%
Other costs	(78.9)	(64.4)	22.5%	(72.7)	8.6%
Cost of service rendered	(875.1)	(710.1)	23.2%	(809.3)	8.1%
Brand fees, subsidy amortization, services rendered by banks	475.1	350.9	35.4%	411.9	15.4%
Tax Credit (PIS / COFINS)	(91.5)	(94.3)	-2.9%	(69.9)	31.0%
Depreciation and amortization	130.1	115.8	12.3%	121.5	7.1%
Normalized Cost of service rendered	(361.4)	(337.7)	7.0%	(345.8)	4.5%

- The higher costs compared to the same quarter last year are mainly due to transaction-related costs. The expansion of such costs is due to the higher captured volume, which results in higher expenses with brand fees and processing services. On the other hand, the **costs related to POS** grew only 2.6%, mainly due to the reduction in the amortization of subsidies in the POS sale modality, resulting in cost expansion below the growth in volume in the period.
- In the normalized costs view, which mainly isolates the costs linked to volume, the growth was 7.0% YoY, significantly below the growth in volume and 4.9 pp below the inflation for the period (12-month IPCA of 11.9%).

3.3.3.2 Operating Expenses

R\$ million	2Q22	2Q21	Var. %	1Q22	Var. %
Salaries / Wages and benefits	(214.9)	(149.7)	43.6%	(190.7)	12.7%
General and administratives	(73.9)	(40.0)	84.8%	(65.3)	13.2%
Sales and Marketing expenses	(25.3)	(21.1)	19.9%	(22.0)	15.0%
Other operating expenses net	(70.4)	(102.5)	-31.3%	(37.9)	85.8%
Depreciation and Amortization	(2.0)	(2.9)	-31.0%	(2.0)	0.0%
Operating Expenses	(386.5)	(316.2)	22.2%	(317.9)	21.6%
Non-recurring - Software impairment	40.6	-	-	-	-
Non-recurring - Restructuring Stores Channel	5.4	-	-	-	-
Normalized Operating Expenses	(340.5)	(316.2)	7.7%	(317.9)	7.1%

- The increase in operating expenses in 2Q22 compared to the same quarter of the previous year, was due to higher **general and administrative expenses and personnel expenses**.
 - Regarding **personnel expenses**, the increase over 2Q21 was mainly due to higher expenses related to the commercial team (increase in average headcount and performance bonuses) and the collective yearly salary adjustment agreement. In addition, between the periods, Cielo carried out the internalization of positions, with the purpose of improving the quality of service.
 - The increase observed in **general and administrative expenses** against 2Q21 mainly stems from higher expenses with projects and initiatives aimed at improving the quality of services provided at Cielo.
- Also compared to 2Q21, there was a 31.3% decrease in **other operating expenses**. This line was impacted by non-recurring events, which added some R\$ 46 million of expenses in the period. Isolated from such effects, on a recurring basis, the other operating expenses would have totaled R\$ 24.4 million, down 76.2% over 2Q21. Such reduction is mainly due to the behavior of provisions related to the registry of receivables (reversal of R\$ 6.4 million in 2Q22, compared to an expense of R\$ 12.4 million in 2Q21), lower expenses with credit risk and fraud, equipment losses and legal obligations.
- Adjusting for non-recurring events, normalized operating expenses grew 7.7% over 2Q21, significantly below inflation for the period.

3.3.3.3 Normalized Cost and Expenses

R\$ million	2Q22	2Q21	Var. %	1Q22	Var. %
Normalized Cost of service rendered	(361.4)	(337.7)	7.0%	(345.8)	4.5%
Normalized Operating Expenses	(340.5)	(316.2)	7.7%	(317.9)	7.1%
Normalized Total Expenses (costs + expenses)	(701.9)	(653.9)	7.3%	(663.7)	5.8%

- The normalized costs and expenses, a concept in which variable costs and extraordinary events are segregated, were up 7.3% over 2Q21 and 5.8% over the previous quarter. This performance is the result of the spending discipline and the efficient actions that have been taken by management, which were sufficient to offset the effects of inflation, the pressure on Cielo Brasil's cost structure from the increase in volume, and the investments in new operational improvement initiatives, which totaled R\$ 38.7 million in OPEX for the quarter, R\$ 33.1 million higher compared to 2Q22.

3.3.4 Ebitda

Recurring EBITDA (R\$ million)	2Q22	2Q21	Var. %	1Q22	Var. %
EBITDA	438.4	266.9	64.3%	322.2	36.1%
Non-recurring Items	46.0	-	n/a	-	n/a
Software Impairment	40.6				
Stores Channel Restructuring	5.5				
Recurring EBITDA	484.4	266.9	81.5%	322.2	50.4%

- On a recurring basis, Cielo Brasil's EBITDA recorded a solid growth of 81.5% over 2Q21 and 50.4% compared to 1Q22.

3.3.5 Financial Income

Financial Result (R\$ million)	2Q22	2Q21	Var. %	1Q22	Var. %
Financial Revenues	34.1	74.2	-54.0%	89.2	-61.8%
Financial Expenses	(375.2)	(167.4)	124.1%	(320.0)	17.3%
Acquisition of receivables income, net	231.0	94.4	144.7%	157.8	46.4%
Net exchange variation	(15.8)	(5.4)	192.6%	(20.4)	-22.5%
Total	(125.9)	(4.2)	n/a	(93.4)	34.8%

- Cielo Brasil's financial result dropped in both comparison bases. In general terms, the result reflected the increases in the basic interest rate (SELIC), which impacts the Company's financial expenses. It should be noted that the financial result was positively impacted by higher revenues from acquisition of receivables (ARV).
- **Financial revenues** decreased on both comparison bases, reflecting the lower average balance of investments, due to the increase in capital allocated to pre-payment products and to the capital contribution in Cielo USA, made in 1Q22, of USD270 million.
- The **Financial expenses** showed a growth trend in both comparison bases, impacted mostly by the increase in the basic interest rate (SELIC).
- The **Revenue from the acquisition of receivables** was up against 2Q21 and 1Q22, reflecting the higher volume and profitability of operations. The Company has been showing increased volumes of capital allocated to ARV, due to improvements in the business processes related to this product.

3.3.6 Net Income

- Cielo Brasil's recurring net income in 2Q22 stood at R\$ 235.0 million, up 107.4% from 2Q21 and 159.6% from 1Q22.
- Cielo Brasil's recurring income was driven by improvements in operating fundamentals, with volume growth, yield recovery, increased penetration of prepaid volumes and spending discipline.
- As mentioned above, debts incurred by Cielo when acquiring MerchantE and Cateno are allocated in Cielo Brasil's result. The perspective below presents Cielo Brasil's recurring net income excluding the cost of such debts. In this perspective, the recurring result shows an expansion of 115.7% over 2Q21. This expansion is observed despite the increase in the basic interest rate (SELIC), that impacts the company's financial expenses.

CIELO BR' RESULT NET OF ACQUISITION COST					
R\$ million	2Q22	2Q21	Var. %	1Q22	Var. %
Recurring Result - Cielo Brasil	235.0	113.3	107.4%	90.5	159.6%
Cost of acquisition debt	(74.7)	(30.2)	146.9%	(62.7)	19.0%
<i>Cateno</i>	(71.0)	(18.9)	274.8%	(59.2)	19.9%
<i>MerchantE</i>	(3.7)	(11.3)	-67.5%	(3.5)	4.6%
Cielo Brasil (-) cost of debt	309.6	143.5	115.7%	153.2	102.1%

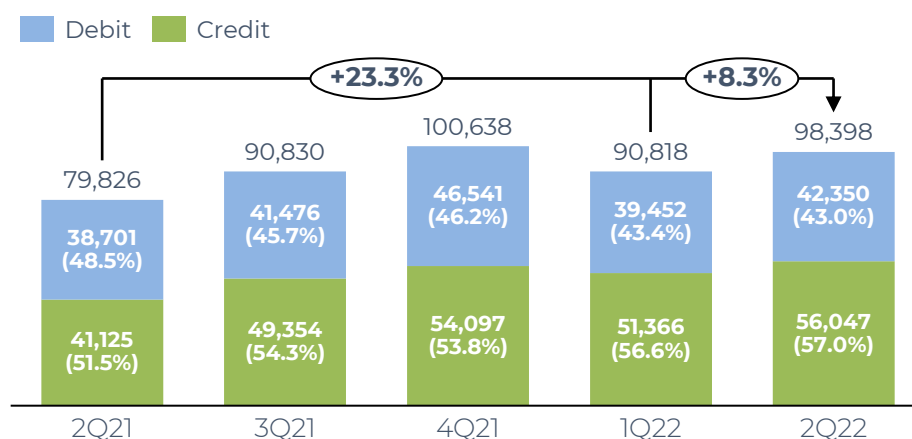
4. Cateno

4.1. Highlights

- Cateno's net income reached R\$244.7 million in 2Q22, the highest of the historical series, with a 78.5% growth over 2Q21, driven by the expansion of net revenues, as well as by the control of expenses.
- Net revenues recorded a 32.8% growth over the same quarter last year, driven by volume expansion and a more favorable transaction mix.

4.2. Operational Performance

4.2.1 Evolution of Financial Volume (R\$ million)



4.2.2 Financial Volume

Financial volume (R\$ million)	2Q22	2Q21	Var. %	1Q22	Var. %
Total financial volume	98,398.0	79,826.3	23.3%	90,818.4	8.3%
Credit volume	56,047.5	41,125.5	36.3%	51,366.2	9.1%
Debit volume	42,350.5	38,700.8	9.4%	39,452.2	7.3%
Total financial volume excluding specific business*	97,377.9	78,097.2	24.7%	90,319.4	7.8%

*Represents the volume of transactions with Ourocard Agribusiness, BNDES Card and others.

4.3. Financial Performance

4.3.1 Net Revenue

Net Revenue (R\$ million)	2Q22	2Q21	Var. %	1Q22	Var. %
Net Revenue	972.3	731.9	32.8%	867.2	12.1%

- Net revenues recorded a 32.8% growth over the same quarter last year, driven by volume expansion and a more favorable transaction mix.
- ISS effects of Law 175/2020: as in Cielo Brasil, Cateno has been setting up additional provisions related to the topic and has improved the criteria in the period. In 2Q22, the total balance of

provisions related to the topic increased by R\$4.3 million, reaching R\$194.2 million. The balance reinforcement in the period is lower than the pace observed in previous quarters.

4.3.2 Analysis of Cost and Expenses

4.3.2.1 Cost of Services Rendered

Changes in the cost of services rendered are presented below:

Cost of service rendered (R\$ million)	2Q22	2Q21	Var. %	1Q22	Var. %
Cost of service rendered	(579.4)	(485.4)	19.4%	(536.1)	8.1%

- The costs of services rendered, including depreciation and amortization costs, totaled R\$ 579.4 million in 2Q22, 13.7% higher over 2Q21. This growth is substantially related to the increase in brand fee costs, resulting from the higher volume transacted in the period.

4.3.2.2 Operating Expenses

Changes in operating expenses are presented below:

Operating Expenses (R\$ million)	2Q22	2Q21	Var. %	1Q22	Var. %
Salaries / Wages and benefits	(19.0)	(18.7)	1.6%	(19.7)	-3.6%
General and administratives	(4.1)	(7.7)	-46.8%	(6.3)	-34.9%
Sales and Marketing expenses	-	(0.1)	n/a	-	n/a
Other operating expenses net	(35.8)	(20.5)	74.6%	(15.6)	129.5%
Total	(58.9)	(47.0)	25.3%	(41.6)	41.6%

- In 2Q22, operating expenses, including depreciation and amortization, reached R\$ 58.9 million, up 55.2% compared to 2Q21 and 56.2% when compared to 1Q22.
- Movement in both comparison bases are due to the **other net operating expenses** line, impacted mostly by reversal of provisioned amounts in the Reimbursement of expenses line, given the better operational trends, which reduces the projections for reimbursement of expenses to be realized in the year, in addition to a baseline effect, since both in 2Q21 and 1Q22 there was a provision for receiving reimbursement.

Other operating expenses, net (R\$ million)	2Q22	2Q21	Var. %	1Q22	Var. %
Operating losses	(28.5)	(39.3)	-27.3%	(21.6)	32.0%
Reimbursement of expenses	(6.3)	19.7	n/a	8.0	n/a
Others	(1.0)	(1.0)	2.8%	(2.0)	-50.6%
Other operating expenses, net	(35.8)	(20.5)	74.6%	(15.6)	129.5%

4.3.3 Financial Income

Changes in financial income are presented below:

Financial Income (R\$ million)	2Q22	2Q21	Var. %	1Q22	Var. %
Financial revenue	38.7	9.1	325.3%	31.5	22.9%
Financial expenses	(1.3)	(0.5)	160.0%	(1.1)	18.2%
Total	37.4	8.6	334.9%	30.4	23.0%

- Financial income reached R\$ 37.4 million in the quarter, 334.9% higher compared to 2Q21 and 23.0% compared to 1Q22. In both comparisons, the changes are mostly due to the higher basic interest rate (SELIC).

4.3.4 Net Income

- Cateno's net income attributable to Cielo stood at R\$ 171.3 million in 2Q22, representing an increase of 78.4% compared to 2Q21 and 16.0%, compared to 1Q22.

Managerial Income (R\$ million)	2Q22	2Q21	Var. %	1Q22	Var. %
Net Income	171.3	96.0	78.4%	147.7	16.0%
Financial expenses net of taxes related to Cateno	(71.0)	(18.9)	274.8%	(59.2)	19.9%
Adjusted Net Income	100.3	77.1	30.2%	88.5	13.4%
Amortization	67.6	67.9	-0.4%	67.6	0.0%
Cash earnings	167.9	145.0	15.8%	156.1	7.6%

- In the managerial perspective, which allocates to Cateno the costs of debts assumed by Cielo Brasil to create Cateno and deducts amortization expenses, Cateno's cash earnings in 2Q22 reached R\$ 167.9 million, as presented above.

5. Exhibits

5.1. Management Performance 2Q22 – Cosif (Not Audited)

Income Statement	Cielo Brasil					Cateno - Accounting value					Other Subsidiaries					Cielo Consolidated				
	2Q22	2Q21	Var. %	1Q22	Var. %	2Q22	2Q21	Var. %	1Q22	Var. %	2Q22	2Q21	Var. %	1Q22	Var. %	2Q22	2Q21	Var. %	1Q22	Var. %
<i>R\$ million</i>																				
Gross operating revenue	1,790.7	1,353.8	32.3%	1,538.4	16.4%	1,107.7	854.9	29.6%	1,009.7	9.7%	-	944.2	n/a	569.6	n/a	2,898.4	3,152.9	-8.1%	3,117.7	-7.0%
Taxes on services	(222.8)	(186.1)	19.7%	(212.5)	4.8%	(135.4)	(123.0)	10.1%	(142.5)	-5.0%	-	(31.9)	n/a	(0.5)	n/a	(358.2)	(341.1)	5.0%	(355.5)	0.8%
Net operating revenue	1,567.9	1,167.7	34.3%	1,325.9	18.3%	972.3	731.9	32.8%	867.2	12.1%	-	912.3	n/a	569.1	n/a	2,540.2	2,811.8	-9.7%	2,762.2	-8.0%
Total cost + expenses	(1,261.6)	(1,026.3)	22.9%	(1,127.2)	11.9%	(638.3)	(532.4)	19.9%	(577.7)	10.5%	302.8	(933.0)	n/a	(611.0)	n/a	(1,597.1)	(2,491.7)	-35.9%	(2,315.9)	-31.0%
Total costs	(875.1)	(710.1)	23.2%	(809.3)	8.1%	(579.4)	(485.4)	19.4%	(536.1)	8.1%	(11.0)	(807.8)	-98.6%	(502.9)	-97.8%	(1,465.5)	(2,003.3)	-26.8%	(1,848.3)	-20.7%
Cost of service rendered	(745.0)	(587.5)	26.8%	(687.8)	8.3%	(482.8)	(388.4)	24.3%	(439.5)	9.9%	-	(777.1)	n/a	(460.5)	n/a	(1,227.8)	(1,753.0)	-30.0%	(1,587.8)	-22.7%
Depreciation and amortization	(130.1)	(122.6)	6.1%	(121.5)	7.1%	(96.6)	(97.0)	-0.4%	(96.6)	0.0%	(11.0)	(30.7)	-64.2%	(42.4)	-74.1%	(237.7)	(250.3)	-5.0%	(260.5)	-8.8%
Gross income	692.8	457.6	51.4%	516.6	34.1%	392.9	246.5	59.4%	331.1	18.7%	(11.0)	104.5	n/a	66.2	n/a	1,074.7	808.5	32.9%	913.9	17.6%
Operating expenses	(386.5)	(316.2)	22.2%	(317.9)	21.6%	(58.9)	(47.0)	25.3%	(41.6)	41.6%	313.8	(125.2)	n/a	(108.1)	n/a	(131.6)	(488.4)	-73.1%	(467.6)	-71.9%
Personnel	(214.9)	(149.7)	43.6%	(190.7)	12.7%	(19.0)	(18.7)	1.6%	(19.7)	-3.6%	-	(46.0)	n/a	(35.8)	n/a	(233.9)	(214.4)	9.1%	(246.2)	-5.0%
General and administratives	(73.9)	(40.0)	84.8%	(65.3)	13.2%	(3.7)	(7.3)	-49.3%	(5.9)	-37.3%	(0.7)	(32.5)	-97.8%	(25.5)	-97.3%	(78.3)	(79.8)	-1.9%	(96.7)	-19.0%
Sales and Marketing expenses	(25.3)	(21.1)	19.9%	(22.0)	15.0%	-	(0.1)	n/a	-	n/a	-	(40.9)	n/a	(43.6)	n/a	(25.3)	(62.1)	-59.3%	(65.6)	-61.4%
Other operating (Expenses) income, net	(70.4)	(102.5)	-31.3%	(37.9)	85.8%	(35.8)	(20.5)	74.6%	(15.6)	129.5%	314.5	1.3	n/a	(1.0)	n/a	208.3	(121.7)	n/a	(54.4)	n/a
Depreciation and amortization	(2.0)	(2.9)	-31.0%	(2.0)	0.0%	(0.4)	(0.4)	0.0%	(0.4)	0.0%	-	(7.1)	n/a	(2.2)	n/a	(2.4)	(10.4)	-76.9%	(4.7)	-48.9%
Equity Interest	-	-	n/a	-	n/a	-	-	n/a	-	n/a	-	-	n/a	-	n/a	-	-	n/a	-	n/a
Operating income	306.3	141.4	116.6%	198.7	54.2%	334.0	199.5	67.4%	289.5	15.4%	302.8	(20.7)	n/a	(41.9)	n/a	943.1	320.1	194.6%	446.3	111.3%
EBITDA	438.4	266.9	64.3%	322.2	36.1%	431.0	296.9	45.2%	386.5	11.5%	313.8	17.1	n/a	2.7	n/a	1,183.2	580.8	103.7%	711.5	66.3%
EBITDA Margin	28.0%	22.9%	5.1pp	24.3%	3.7pp	44.3%	40.6%	3.8pp	44.6%	-0.2pp	n/a	1.9%	n/a	0.5%	n/a	46.6%	20.7%	25.9pp	25.8%	20.8pp
Financial income	(125.9)	(4.2)	n/a	(93.4)	34.8%	37.4	8.6	334.9%	30.4	23.0%	(11.3)	(20.3)	-44.3%	(20.3)	-44.3%	(99.8)	(15.8)	531.6%	(83.2)	20.0%
Financial revenue	34.1	74.2	-54.0%	89.2	-61.8%	38.7	9.1	325.3%	31.5	22.9%	8.3	0.7	1085.7%	1.1	654.5%	81.1	84.0	-3.5%	121.8	-33.4%
Financial expenses	(375.2)	(167.4)	124.1%	(320.0)	17.3%	(1.3)	(0.5)	160.0%	(1.1)	18.2%	(19.6)	(21.0)	-6.7%	(21.2)	-7.5%	(396.1)	(188.8)	109.8%	(342.3)	15.7%
Acquisition of receivables, net	231.0	94.4	144.7%	157.8	46.4%	-	-	n/a	-	n/a	-	-	n/a	-	n/a	231.0	94.4	144.7%	157.8	46.4%
Net exchange variation	(15.8)	(5.4)	192.6%	(20.4)	-22.5%	-	-	n/a	-	n/a	-	-	n/a	(0.2)	n/a	(15.8)	(5.4)	192.6%	(20.5)	-22.9%
Income before income tax and social contrib	180.4	137.2	31.5%	105.3	71.3%	371.4	208.1	78.5%	319.9	16.1%	291.5	(41.0)	n/a	(62.2)	n/a	843.3	304.3	177.1%	363.1	132.3%
Income tax and social contribution	24.2	(23.9)	n/a	(14.8)	n/a	(126.7)	(71.0)	78.5%	(108.9)	16.3%	(32.2)	12.1	n/a	8.5	n/a	(134.6)	(82.8)	62.6%	(115.2)	16.8%
Current	(41.2)	(59.8)	-31.1%	(62.0)	-33.5%	(140.2)	(76.0)	84.5%	(114.3)	22.7%	(0.0)	6.2	n/a	(0.1)	-100.0%	(181.3)	(129.6)	39.9%	(176.4)	2.8%
Deferred	65.4	35.9	82.2%	47.2	38.6%	13.5	5.0	170.0%	5.4	150.0%	(32.2)	5.9	n/a	8.6	n/a	46.7	46.8	-0.2%	61.2	-23.7%
Net result	204.6	113.3	80.6%	90.5	126.1%	244.7	137.1	78.5%	211.0	16.0%	259.3	(28.9)	n/a	(53.7)	n/a	708.7	221.5	220.0%	247.9	185.9%
Net margin	13.0%	9.7%	3.3pp	6.8%	6.2pp	25.2%	18.7%	6.4pp	24.3%	0.8pp	n/a	-3.2%	n/a	-9.4%	n/a	27.9%	7.9%	20.0pp	9.0%	18.9pp
Attributed to Cielo	204.6	113.3	80.6%	90.5	126.1%	171.3	96.0	78.4%	147.7	16.0%	259.3	(28.9)	n/a	(53.7)	n/a	635.3	180.4	252.2%	184.6	244.1%
Attributed to non Cielo interest	-	-	n/a	-	n/a	73.4	41.1	78.6%	63.3	16.0%	-	-	n/a	-	n/a	73.4	41.1	78.6%	63.3	16.0%



2Q22 Conference Calls

Date: Wednesday, 08/03/2022

In Portuguese

(Simultaneous translation into English)

Time: 11:30 am (Brasília)

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In English

Time: 11:30 am (EDT)

Phone: +1 844-204-8942

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Password: CIELO

Ticker CIEL3

R\$ 3.75

Market value

R\$10.2 billion

Earnings per share

R\$0.23

P/E

7.44x

Information current as of 06/30/2022

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