



  
cielo

Earnings  
Release

 1 Q 2 3

# Legal Disclaimer

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

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

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

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

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

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

# Agenda

## Presentation :

- Filipe Oliveira – CFO & IRO

## Q&A:

- Estanislau Bassols – CEO
- Filipe Oliveira – CFO & IRO
- Daniel Diniz – Head of RI

# Quarter Highlights



**1Q23 Recurring Net Income: R\$441 MM.** +139% YoY  
**Largest Net Income for a first quarter since 2019**



**Net Revenue<sup>1</sup> totals R\$2.6 BI.** +17% YoY  
+19% YoY in Cielo Brasil (volume: +1%) and +14% YoY in Cateno (volume: +8%)



**Greater efficiency in revenue capture:** *yield* totals **0.78% in 1Q23** and recovers 1Q20 levels. +12bps YoY



**Largest pre-payment penetration in history** - new record in prepaid volume: **R\$32.2 BI.** +22% YoY  
Acquisition of Receivables **Revenue (ARV) grew 130% YoY**



**1Q23 EBITDA reaches R\$1.0 BI.** +40% YoY (+54% in Cielo Brasil and +29% in Cateno)  
**Largest recurring EBITDA<sup>1</sup> for a first quarter since 2018**



**Cateno registers it's second largest cash earnings<sup>2</sup> in history: R\$265 MM**  
Net Income (70%) of R\$197 MM. +34% YoY

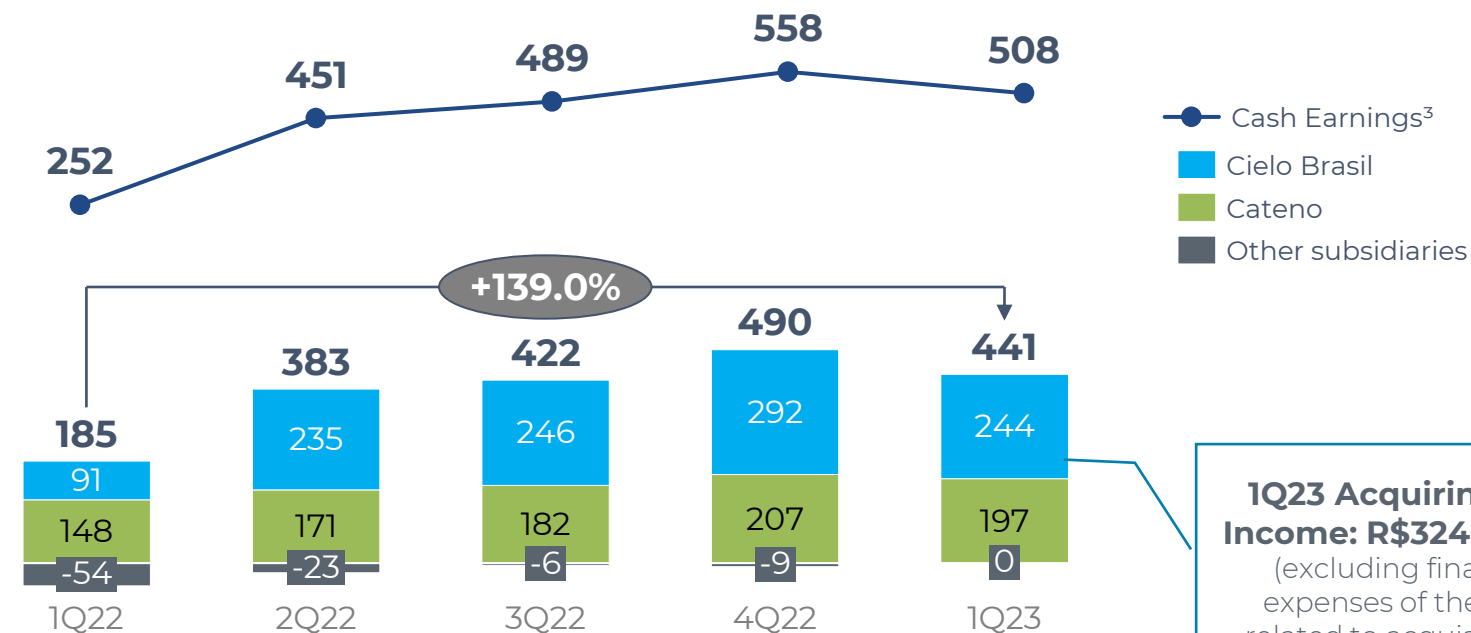


# Recurring Results

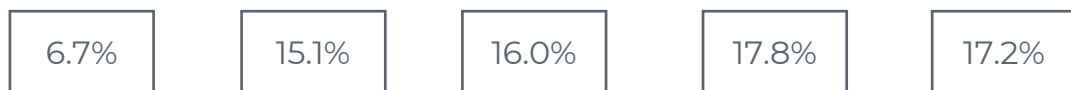
7<sup>th</sup> consecutive quarter of YoY growth

## Recurring Net Income<sup>1,2</sup> and Cash Earnings<sup>3</sup>

(R\$ million)

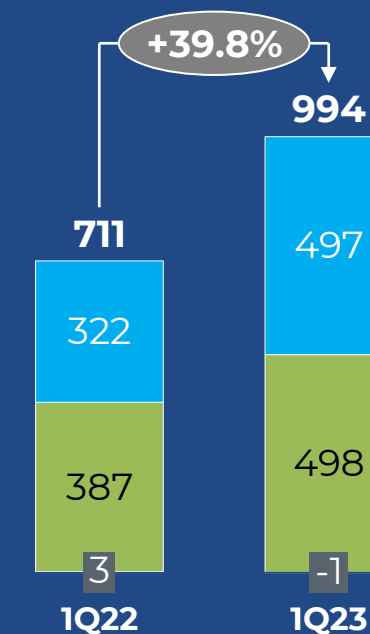


Net Margin



## Recurring EBITDA<sup>2</sup>

(R\$ million)



EBITDA Margin



<sup>1</sup> Consolidated recurring Net Income attributable to Cielo shareholders. <sup>2</sup> Reconciliations available in the attachments to this presentation. <sup>3</sup> Recurring Net Income attributable to Cielo shareholders, excluding 70% of amortization of intangible related to the right of exploration of the Ourocard Arrangement

# Performance by Business Unit



# Operational Performance - Cielo Brasil + Cateno

Profitability improvement in both business units

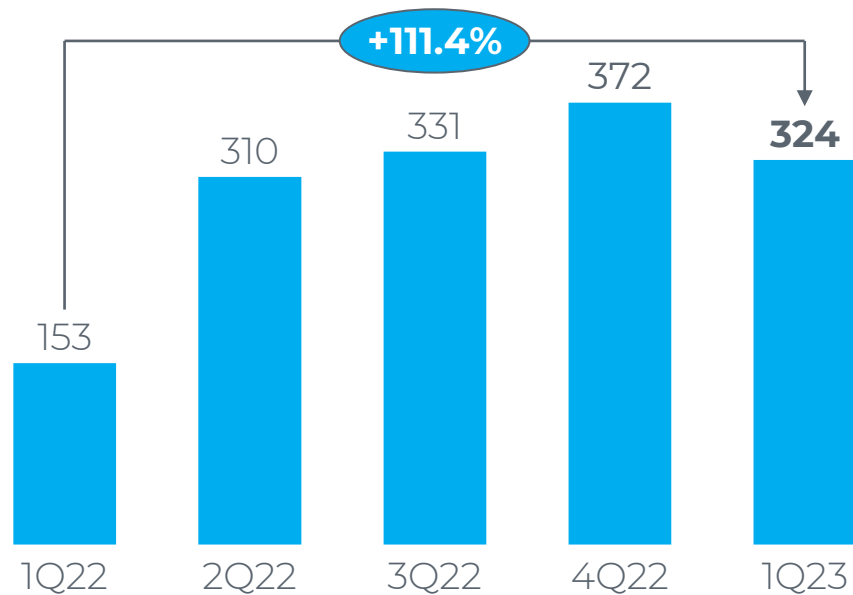


# Business Units Results

Improvements in Acquiring and robust cash generation in Cateno

## Acquiring Net Income<sup>1</sup> (R\$ million)

Excluding the cost of debts from the acquisition of subsidiaries



## Cateno Cash Earnings<sup>1</sup> (70%) (R\$ million attributable to Cielo)

Excluding amortization of intangible related to the right of exploration of the Ourocard Arrangement



Acquisition debt cost allocated to Cielo Brasil (R\$ million)

<sup>1</sup> Reconciliations available in the attachments to this presentation.

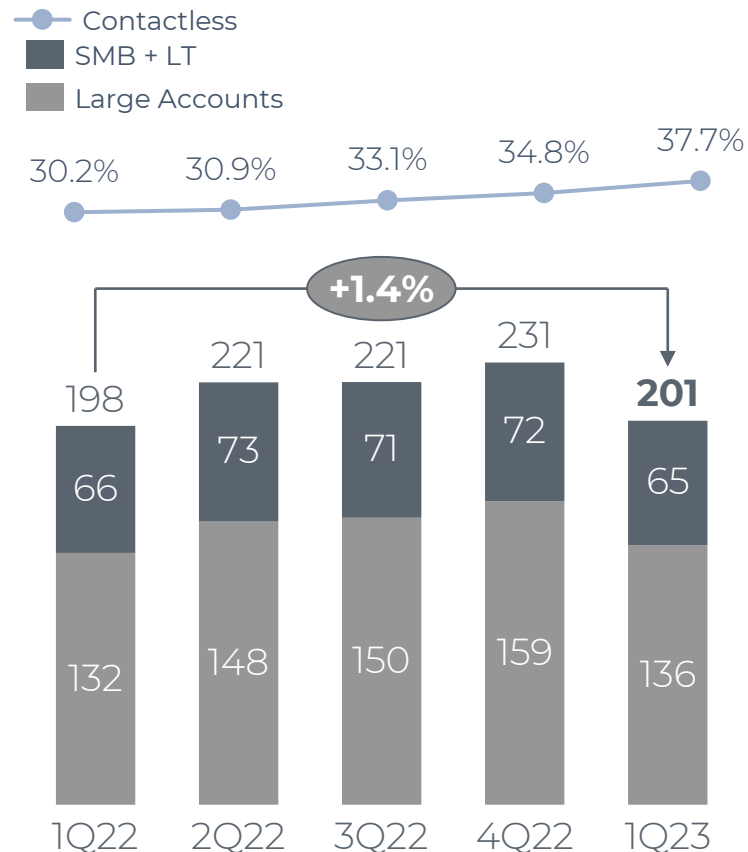


# Cielo Brasil: Operational Performance

Robust growth in revenues, leveraging growth in EBITDA

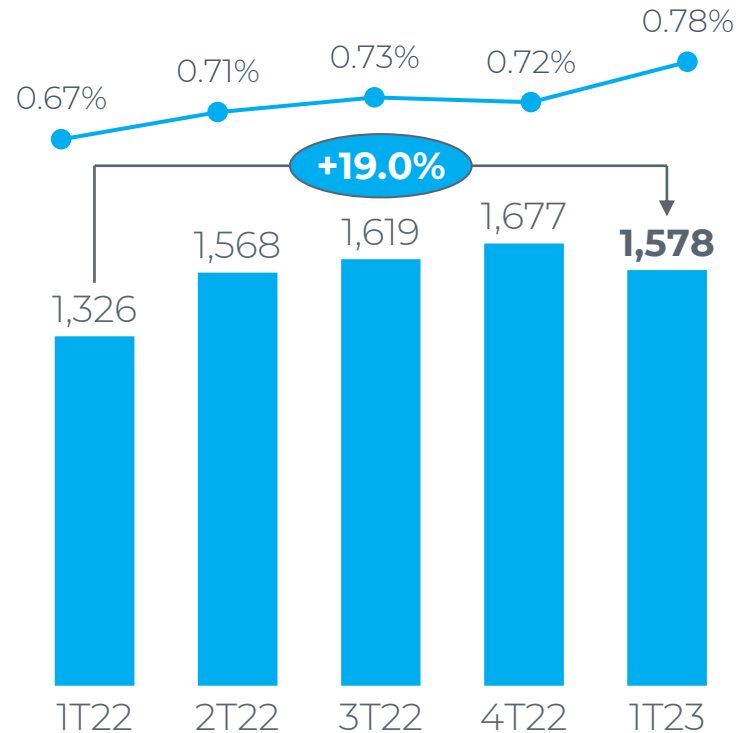
## Total Payment Volume

(R\$ billion)



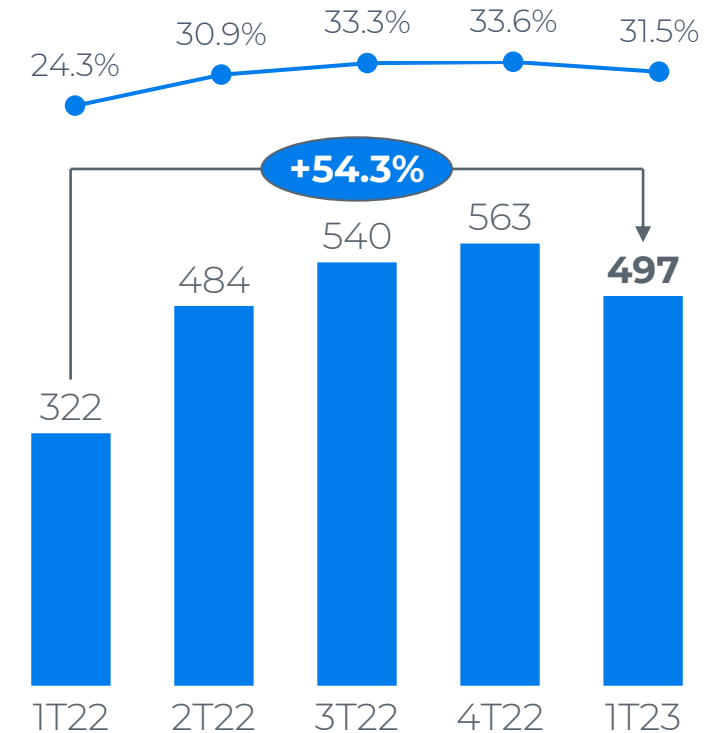
## Net Revenue and Yield

(R\$ million)



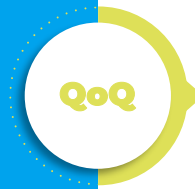
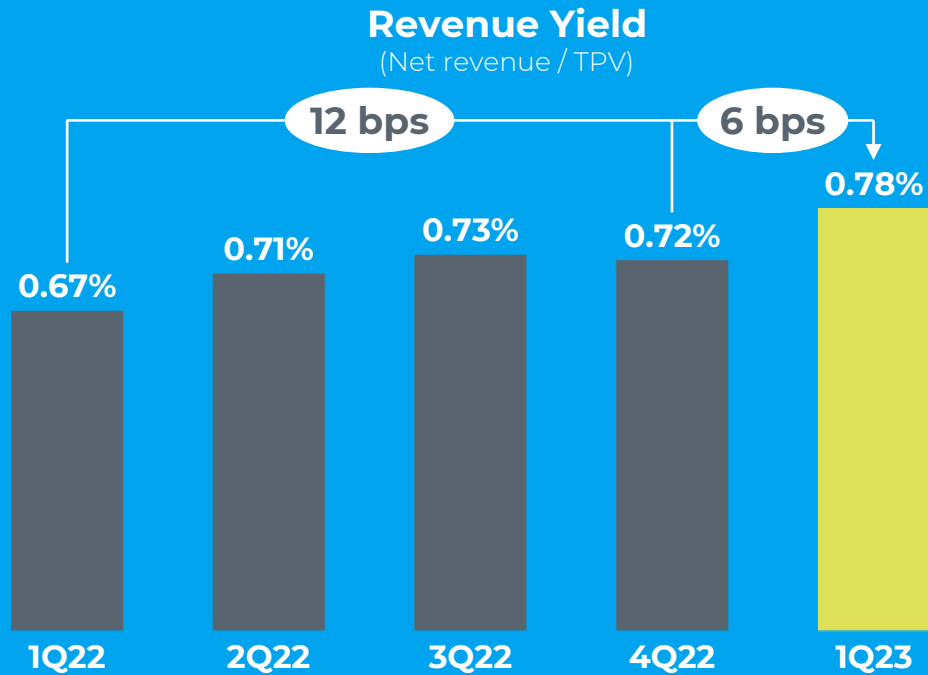
## Recurring EBITDA and EBITDA margin

(R\$ million)

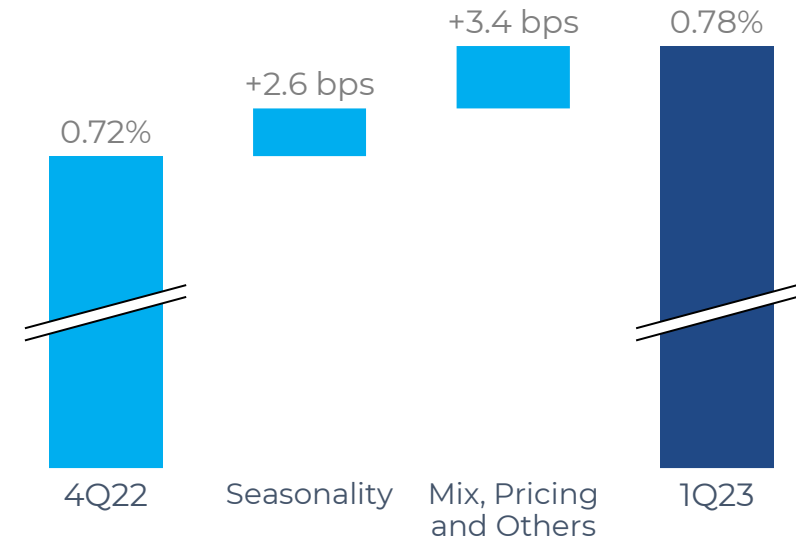


# Revenue Yield

4<sup>th</sup> consecutive quarter of YoY growth



**Revenue Yield Bridge**  
(Main effects in pp)

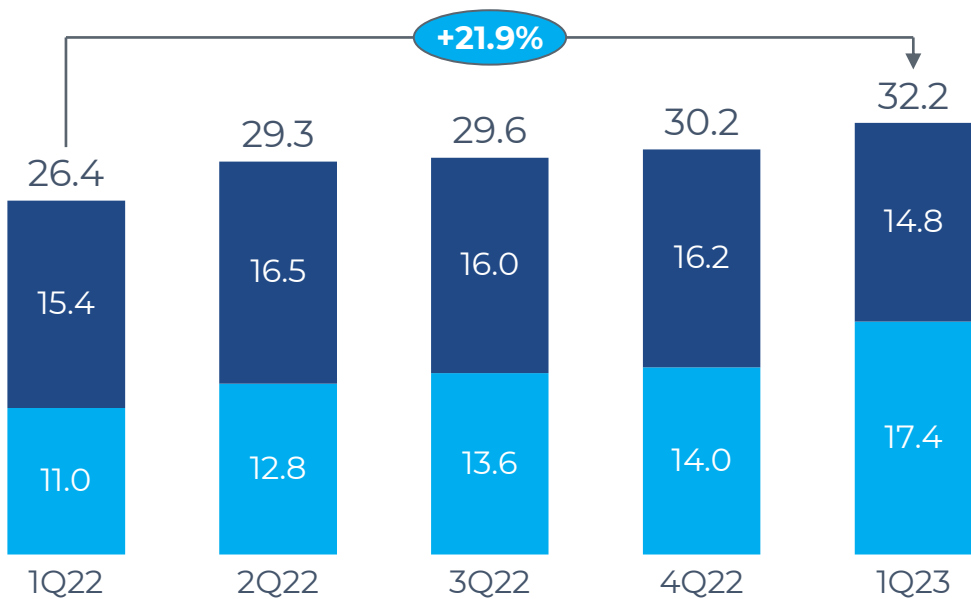
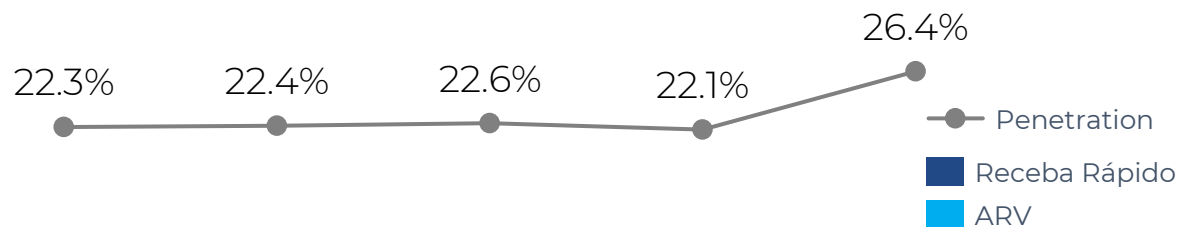


- **Mix and seasonality are the main effects QoQ**
- The YoY increase was driven mainly by the profitability actions taken during 2022
- Company continues to **monitor the market and executed new actions at the end of March**

# Pre-Payment (ARV & RR)

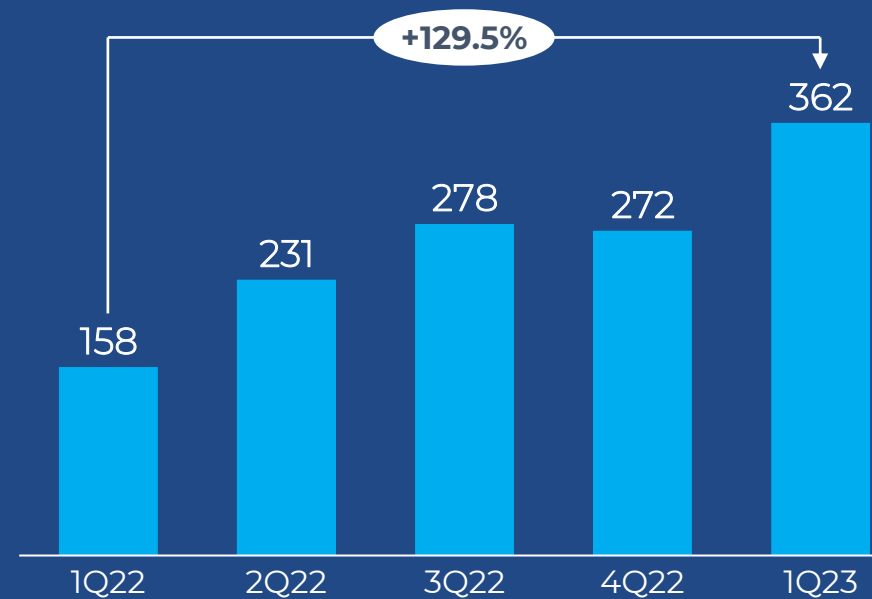
1Q23: record in volume and penetration

### Prepaid Volume (R\$ billion)



### ARV Revenue (R\$ million)

Revenue boosted by larger allocated capital in the quarter



Zoom-in  
ARV

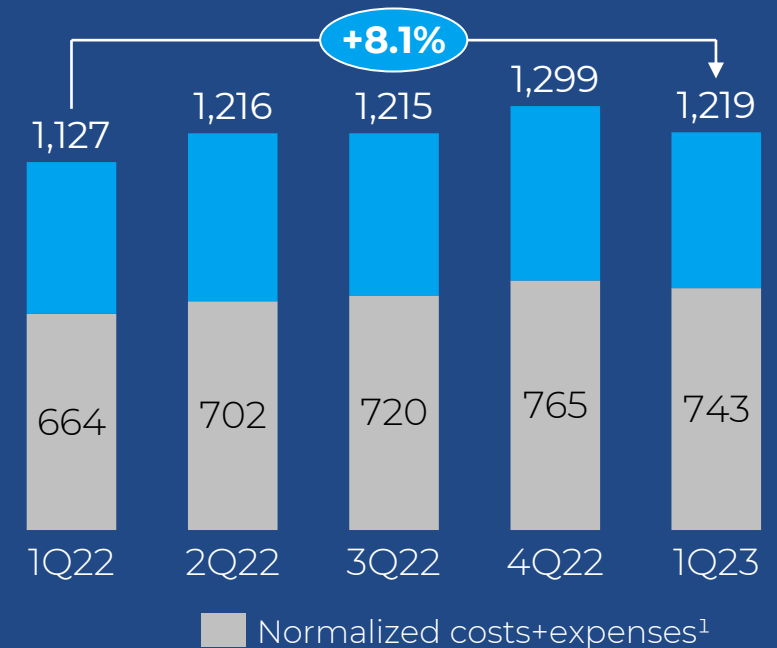
# Operational Efficiency

Cielo continues focused on efficiency

- Total Costs + Expenses grew 8% YoY in Cielo Brasil, compared to a **19% growth in Net Revenue**
- In the normalized perspective, costs + expenses totaled R\$743 million. Growth was concentrated on the **YoY headcount increase of the sales team** and initiatives to improve operation performance and service quality, such as **cloud and call center**



**Total Costs + Expenses**  
(R\$ million)



<sup>1</sup> Normalized expenses correspond to the total costs + expenses of Cielo Brasil deducted from the brand fees, subsidies, services provided by banks, PIS and COFINS credits, D&A and the non-recurring items.

# Strategy

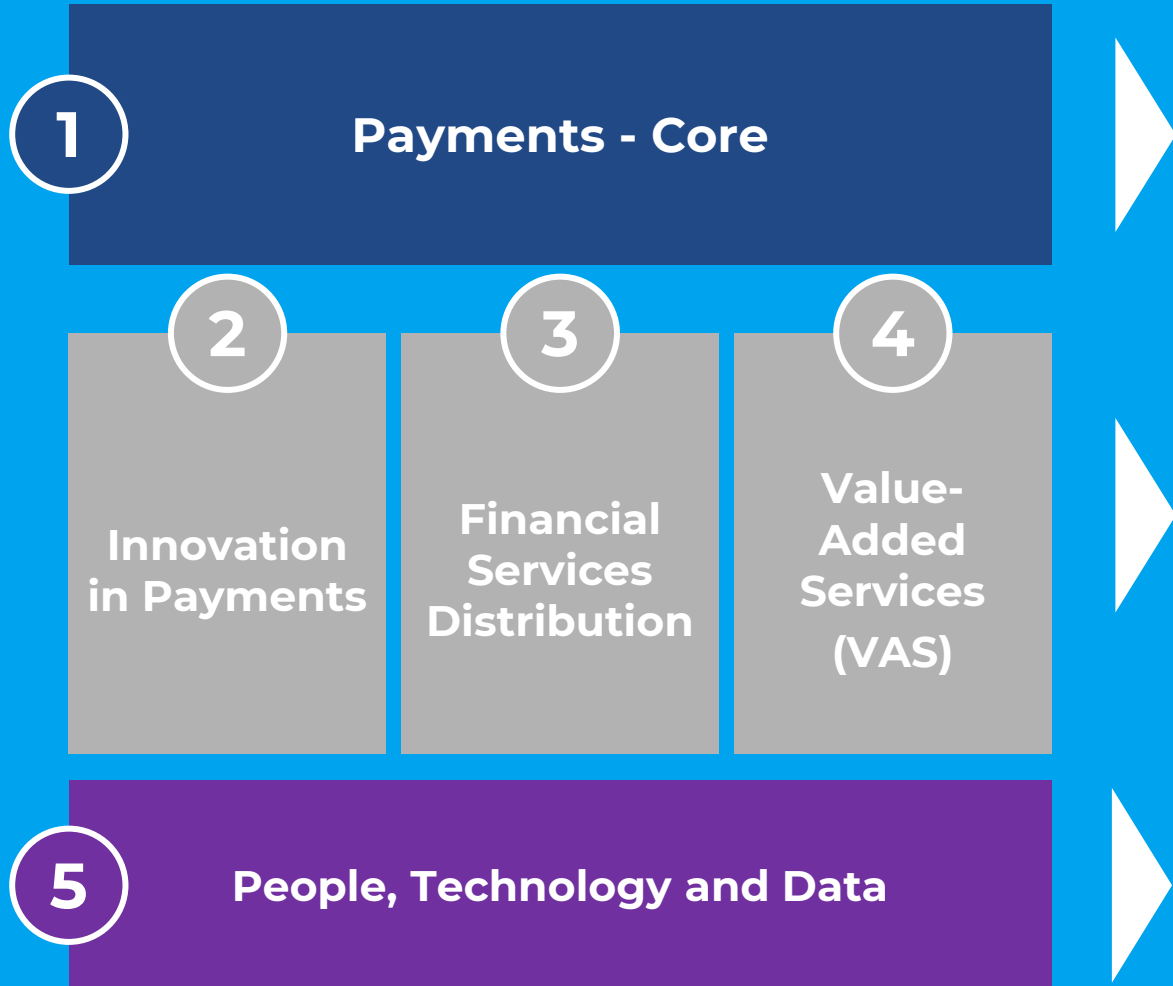




# 2023 Strategy

Consistent strategy. Improved focus.

## Pillars



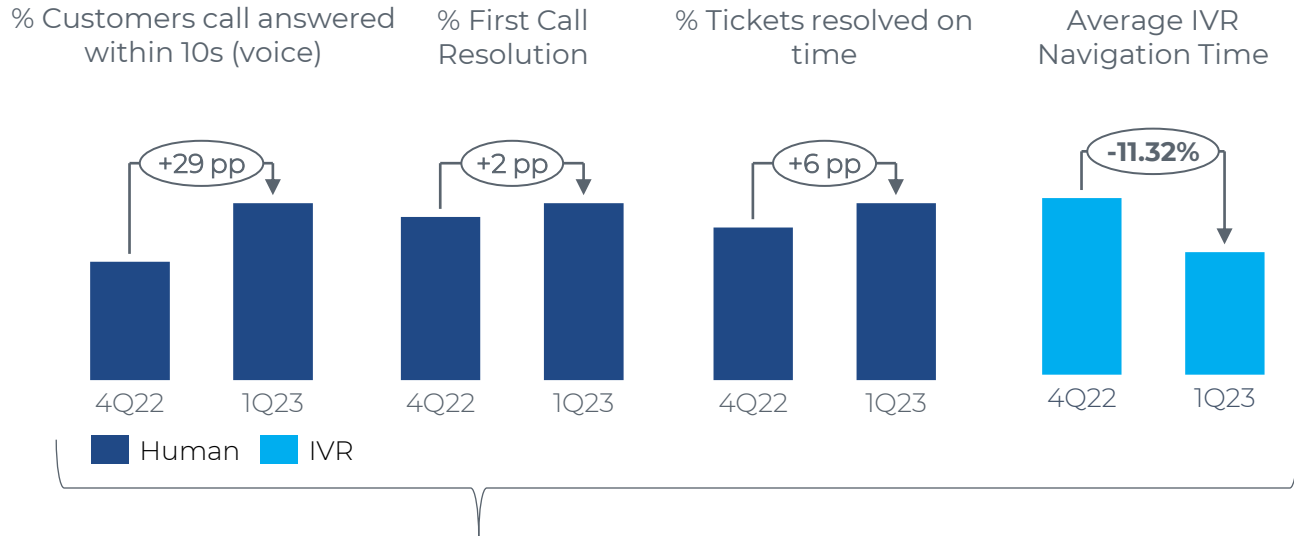
## Main objectives

- A**  Improve customer centricity and reach best-in-class service
- B**  Sell efficiently and with more profitability
- C**  Achieve the next frontier of efficiency
- D**  Evolve the core product offering
- E**  Innovate and explore adjacencies in financial services and VAS
- F**  Consolidate as a reference tech company

# Customer centricity

## Service quality Indicators

### Human Service and IVR<sup>1</sup> Indicators

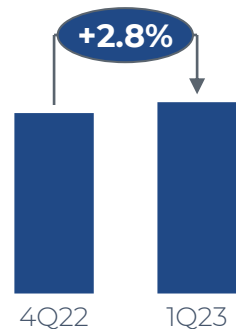


### Customer Experience is key

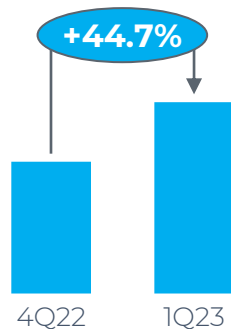
Improvement plan comprises initiatives in different fronts, such as:

- **Client Service** (IVR, Human and Digital)
- **Logistics:** 84% of maintenance calls answered up to 1 business day
- **Intensive use of data** to proactive actions, such as battery changes
- End-to-end review of the digital channels process

#### Human Service Satisfaction



#### Satisfaction with the IVR (balance of promoters and detractors)



<sup>1</sup> IVR: Interactive Voice Response (self-service)

## 4Q22 Messages

- Advance in the customer service and **experience agenda**
- Maintain the **focus on profitability**
- New improvements in digital transformation and new products



## 1Q23 Achievements

- **Customer service** indicators are improving
- **Revenue Yield** of 0.78%. +12bps YoY
- **Meta launches WhatsApp P2M** and Cielo is one of the first Acquirers

# Attachments



# Reconciliation

Recurring Net Income (R\$ million)	1Q23	1Q22	Var. %	4Q22	Var. %
<b>Consolidated</b>	<b>440.8</b>	<b>184.6</b>	<b>138.8%</b>	<b>328.0</b>	<b>34.4%</b>
Non-recurring items (Cielo Brasil)				(30.2)	
Non-recurring items (Other Subsidiaries)				(131.9)	
<b>Recurring Net Income</b>	<b>440.8</b>	<b>184.6</b>	<b>138.8%</b>	<b>490.1</b>	<b>-10.1%</b>
(+) Amortization Cateno (70%)	67.6	67.6	0.0%	67.6	0.0%
<b>Cash Earnings</b>	<b>508.4</b>	<b>252.2</b>	<b>101.6%</b>	<b>557.7</b>	<b>-8.8%</b>

Acquiring Net Income (R\$ million)	1Q23	1Q22	Var. %	4Q22	Var. %
<b>Recurring Result Attributable to Cielo</b>	<b>440.8</b>	<b>184.6</b>	<b>138.8%</b>	<b>490.1</b>	<b>-10.1%</b>
<i>Cielo Brasil</i>	243.5	90.5	169.1%	291.8	-16.6%
<b>Cost of acquisition debts</b>	<b>(80.3)</b>	<b>(62.7)</b>	<b>28.1%</b>	<b>(80.2)</b>	<b>0.1%</b>
<i>Cateno</i>	(80.3)	(59.2)	35.7%	(78.4)	2.5%
<i>MerchantE</i>	-	(3.5)	n/a	(1.9)	-100.0%
<b>Acquiring Net Income</b>	<b>323.8</b>	<b>153.2</b>	<b>111.4%</b>	<b>372.1</b>	<b>-13.0%</b>

Cateno Cash Earnings (R\$ million)	1Q23	1Q22	Var. %	4Q22	Var. %
<b>Net Income</b> (100% Cateno)	<b>281.9</b>	<b>211.0</b>	<b>33.6%</b>	<b>295.4</b>	<b>-4.6%</b>
(+) Amortization	96.6	96.6	0.0%	96.6	-0.3%
<b>Cash Earnings</b>	<b>378.5</b>	<b>307.6</b>	<b>23.0%</b>	<b>392.0</b>	<b>-3.4%</b>
<b>Cash Earnings (70%)</b>	<b>264.9</b>	<b>215.3</b>	<b>23.0%</b>	<b>274.4</b>	<b>-3.4%</b>

Recurring EBITDA (R\$ million)	1Q23	1Q22	Var. %	4Q22	Var. %
<b>EBITDA</b>	<b>994.4</b>	<b>711.5</b>	<b>39.8%</b>	<b>914.7</b>	<b>8.7%</b>
Non-recurring Items			n/a	177.7	n/a
<b>Recurring EBITDA</b>	<b>994.4</b>	<b>711.5</b>	<b>39.8%</b>	<b>1,092.4</b>	<b>-9.0%</b>



The logo for Cielo, featuring the word "cielo" in a lowercase, sans-serif font. The letter "i" has a blue dot, and the letter "o" is a solid blue circle. The rest of the letters are white.

cielo

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