



cielo

Earnings Release

1Q23



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Presentation

This report presents the economic and financial situation of Cielo S.A. – Instituição de Pagamento (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, this version presents the results of the first quarter of 2023. This document is not audited and its reading does not replace the reading of the financial statements of the period and other documents filed with regulatory bodies.

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 in this report show values in R\$ million**, except where otherwise indicated. Occasionally, accounting data may be supplemented by operational and/or management information (not audited).

Below are the different perspectives 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 view.
- **Cielo Consolidated:** Presentation that consolidates the results of all the companies that make up the group, according to accounting practices adopted in Brazil.

For purposes of this report, references to consolidated 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 you can find the financial statements as well as more information about the Company, its structure, business, and other information considered relevant to investors. The website is ri.cielo.com.br.

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 made to the best of our knowledge and based on 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 change ratios and sums in the tables and charts are calculated before rounding.

1. Highlights

NET INCOME REACHED R\$ 441 MILLION IN 1Q23. GROWTH OF 139% YoY.

Consistency in profitability: robust operating performance at Cielo Brasil and Cateno continues to leverage EBITDA margin, which totaled 39% in 1Q23.



Recurring Results Follow Positive Trajectory

Net income reached R\$ 441 million in 1Q23, recording a growth of 139% when compared to the result reported in 1Q22. This is the **7th consecutive quarter** of annual recurring net income growth.



Growth Sustained by Improvements in Operating Results

Recurring EBITDA of R\$ 994 million, +40% over 1Q22. Result benefited from the growth in revenue yield, continuous cost control and Cateno's performance.



Cielo Brasil Net Revenues Grow 19% over 1Q22

Compared to the same period in 2022, performance reflects 12bps growth in the revenue yield (0.78% in 1Q23).



Expansion of the Pre-payment of Receivables Business

Pre-payment Products recorded a record-breaking penetration rate of 26% in 1Q23, a new record in prepaid volume: R\$ 32.2 billion, reinforcing the commitment to diversify income sources and assist retailers in managing their cash flow. Highlight for the acquisition of receivables line, which **presented revenue growth of 130%** when compared to 1Q22.



Efficiency

Cielo Brasil continues to show gains in efficiency. Total costs and expenses have grown at a slower rate than net revenue.



Proceeds

The Company approved, for the first quarter, Interest on Equity (ISE) by the tax deductibility limit, which resulted in a **payout of 45%** in 1Q23.

2. Result by 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 loses relevance, which is why the "Cielo + Cateno" perspective is presented, consolidating the two business units that make up the group since 2Q22, enabling a better understanding of the Company's future performance and better comparability against history.

2.1. Net Operating Revenue

Net Revenue (R\$ million)	1Q23	1Q22	Var. %	4Q22	Var. %
Cielo Brasil	1,577.6	1,325.9	19.0%	1,677.3	-5.9%
Cateno	992.2	867.2	14.4%	1,076.7	-7.8%
Cielo + Cateno	2,569.8	2,193.1	17.2%	2,754.0	-6.7%
Other Subsidiaries	-	569.1	n/a	-	n/a
Consolidated	2,569.8	2,762.2	-7.0%	2,754.0	-6.7%

- The **Net Operating Revenue (Cielo + Cateno)** reached R\$ 2,569.8 million in 1Q23, up 17.2% over the same quarter of the previous year, mainly driven by growth of yield in Cielo Brasil, in addition to growth of yield and volume in Cateno.

2.2. EBITDA

Recurring EBITDA (R\$ million)	1Q23	1Q22	Var. %	4Q22	Var. %
Cielo Brasil	497.0	322.2	54.3%	563.4	-11.8%
Cateno	497.9	386.5	28.8%	530.0	-6.1%
Cielo + Cateno	994.9	708.7	40.4%	1,093.4	-9.0%
EBITDA Margin (Cielo + Cateno)	38.7%	32.3%	6.4pp	39.7%	-1.0pp
Other Subsidiaries	(0.5)	2.7	n/a	(1.0)	-51.6%
Consolidated	994.4	711.5	39.8%	1,092.4	-9.0%
EBITDA Margin	38.7%	25.8%	12.9pp	39.7%	-1.0pp

- EBITDA (Cielo+Cateno) reached R\$ 994.9 million in 1Q23, recording a 40.4% expansion over 1Q22.
- In 1Q23, the **EBITDA margin (Cielo+Cateno)** was 38.7%, 6.4 percentage points (pp) higher than in 1Q22, given the operational leverage provided by revenue expansion and expense control.

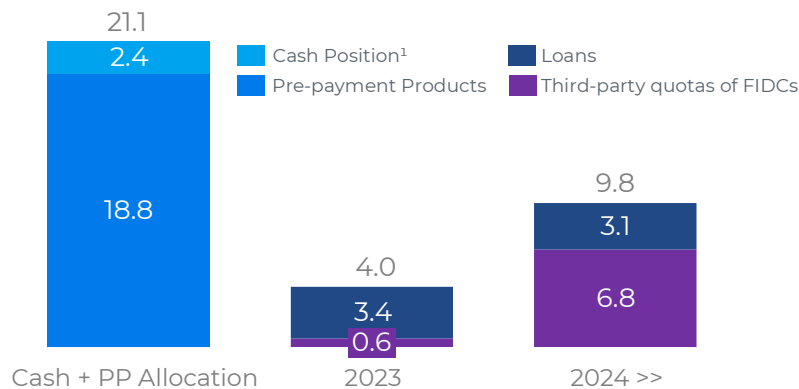
2.3. Consolidated Net Income

Net Income (R\$ million)	1Q23	1Q22	Var. %	4Q22	Var. %
Cielo Brasil	243.5	90.5	169.1%	261.6	-6.9%
Cateno	197.3	147.7	33.6%	206.8	-4.6%
Cielo + Cateno	440.8	238.2	85.1%	468.4	-5.9%
Other Subsidiaries	0.0	(53.7)	n/a	(140.4)	n/a
Consolidated	440.8	184.6	138.8%	328.0	34.4%
Non-recurring Items - Cielo Brasil				(30.2)	
Non-recurring Items - Other Subsidiaries				(131.9)	
Recurring Net Income	440.8	184.6	138.8%	490.1	-10.1%

- Recurring net income totaled R\$ 440.8 million in 1Q23, posting a 138.8% expansion over 1Q22, driven by the solid improvement in the operating fundamentals of Cielo Brasil and Cateno, and by the conclusion of the divestment agenda, which positively impacted the Other Subsidiaries line.
- It should be noted that part of the 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 perspective below. In this view, the recurring result of Cielo Brasil (acquirer) saw an increase of 111.4% over 1Q22 and reached 73% of the consolidated result reported in the period.

Recurring result adjusted by the cost of acquisition debts					
R\$ million	1Q23	1Q22	Var. %	4Q22	Var. %
Recurring Result Attributed to Cielo	440.8	184.6	138.8%	490.1	-10.1%
Cielo Brasil	243.5	90.5	169.1%	291.8	-16.6%
Cateno	197.3	147.7	33.6%	206.8	-4.6%
Other Subsidiaries	0.0	(53.7)	-100.0%	(8.5)	-100.0%
Cost of acquisition debt, net	(80.3)	(62.7)	28.1%	(80.2)	0.1%
Cateno	(80.3)	(59.2)	35.7%	(78.4)	2.5%
MerchantE	-	(3.5)	-100.0%	(1.9)	-100.0%
Cielo Brasil (-) cost of debt	323.8	153.2	111.4%	372.1	-13.0%
Cateno (+) cost of debt	117.0	88.5	32.2%	128.4	-8.9%
Other Subsidiaries (+) cost of debt	0.0	(57.2)	-100.0%	(10.4)	-100.0%

2.4. Liquidity and Indebtedness



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

- On March 31, 2023, the Company recorded a balance of cash and cash equivalents of R\$ 2,351 million, down R\$ 1,161 million compared to March 31, 2022 and up R\$ 181 million compared to December 31, 2022. The reduction in cash and cash equivalents against the same period of the previous year is primarily explained by the increase in cash allocated to Pre-payment Products.
- At the balance sheet closing date, Cielo recorded total loan obligations and financing of R\$ 6,433 million, up R\$ 577 million vs. March 31, 2022 and down R\$ 210 million vs. December 31, 2022. The increase in total loan obligations compared to the same period last year is explained by the 6th issuance of Public Debentures, partially mitigated by the settlement of bonds issued abroad related to the acquisition of MerchantE.
- In addition to loan obligations and financing operations, Cielo uses as funds raised through Credit Rights Investment Funds ("FIDCs"), according to note 6 of its Intermediary Financial Information. The FIDC quotas belonging to third parties are part of the Company's liabilities and are recorded in COSIF under "Noncontrolling interests" and in the IFRS under "Liabilities with senior FIDC quotas", and the balance with third-party FIDC quota holders was R\$ 7.4 billion on March 31, 2023.

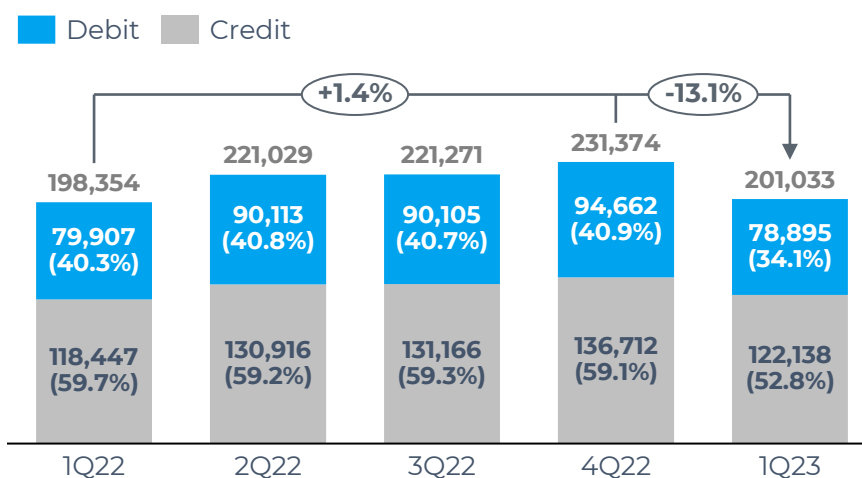
3. Cielo Brasil

3.1. Highlights

- Cielo Brasil's net income stood at R\$ 243.5 million, a growth of 169.1% over 1Q22. This is the 4th consecutive quarter of year-over-year growth.
- Net operating revenue grew 19.0% over 1Q22. Primarily driven by monetization strategies implemented throughout 2022 and consequent growth in revenue yield, which reached 0.78% in 1Q23, up 0.12 pp from 1Q22.
- Penetration of Pre-payment Products (RR and ARV) registered record, reaching 26.4%, with R\$ 32.2 billion in prepaid volume, growth of 21.9% over 1Q22 and 6.5% over 4Q22, reinforcing the commitment to diversify revenue sources and support retailers in the management of their cash flow. The capital allocated in Pre-payment Products totaled R\$ 18.8 billion.

3.2. Operational Performance

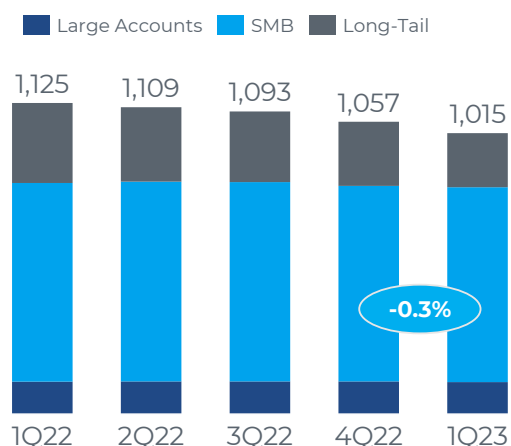
3.2.1 Financial volume (in R\$ million)



Financial and transaction volume	1Q23	1Q22	Var. %	4Q22	Var. %
Credit and Debit Cards					
Financial transaction volume (R\$ million)	201,032.6	198,353.8	1.4%	231,374.0	-13.1%
Number of transactions (million)	1,947.3	1,898.0	2.6%	2,172.5	-10.4%
Credit Cards					
Financial transaction volume (R\$ million)	122,137.6	118,446.9	3.1%	136,712.4	-10.7%
Number of transactions (million)	831.4	821.3	1.2%	912.3	-8.9%
Debit Cards					
Financial transaction volume (R\$ million)	78,895.0	79,906.9	-1.3%	94,661.6	-16.7%
Number of transactions (million)	1,115.9	1,076.7	3.6%	1,260.2	-11.4%

- The financial volume of transactions captured by Cielo Brasil was R\$ 201.0 billion in 1Q23, growth of 1.4% over 1Q22, with a 3.1% expansion of credit card transactions, partially offset by a 1.3% reduction in debit card transactions.

3.2.2 Active Client Base (thousands)



Considering merchants that performed at least one transaction with Cielo in the last 90 days, the total active merchant base ended 1Q23 down 4.1% compared to 4Q22, primarily due to the suspension of the policy of granting subsidies for POS in the sales mode, which impacts affiliations in the Long-tail segment.

3.2.3 Pre-payment Products

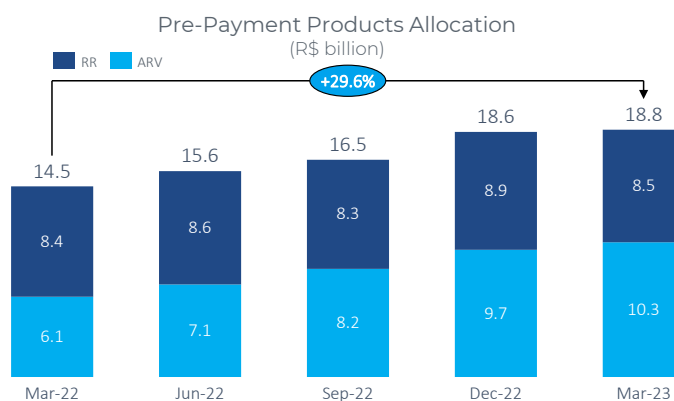
Pre-Payment Products (R\$ million)	1Q23	1Q22	Var. %	4Q22	Var. %
Credit card captured volume	122,137.6	118,446.9	3.1%	136,712.4	-10.7%
ARV financial volume	17,407.7	10,978.4	58.6%	14,005.8	24.3%
% over credit card volume	14.3%	9.3%	5.0pp	10.2%	4.0pp
Two-day payment financial volume	14,780.6	15,437.1	-4.3%	16,216.2	-8.9%
% over credit card volume	12.1%	13.0%	-0.9pp	11.9%	0.2pp
Pre-Payment Products - financial volume*	32,188.3	26,415.5	21.9%	30,222.0	6.5%
% over credit card volume	26.4%	22.3%	4.1pp	22.1%	4.2pp
SMB and LT (R\$ million)	1Q23	1Q22	Var. %	4Q22	Var. %
Credit card captured volume	34,599.8	33,553.2	3.1%	37,001.6	-6.5%
ARV financial volume	2,240.0	1,376.4	62.8%	2,113.5	6.0%
% over credit card volume	6.5%	4.1%	2.4pp	5.7%	0.8pp
Two-day payment financial volume	12,811.5	13,762.2	-6.9%	13,959.0	-8.2%
% over credit card volume	37.0%	41.0%	-4.0pp	37.7%	-0.7pp
Pre-payment Products - financial volume*	15,051.6	15,138.6	-0.6%	16,072.5	-6.4%
% over credit card volume	43.5%	45.1%	-1.6pp	43.4%	0.1pp

*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. The Company classifies under Pre-Payment Products different solutions that allow retailers 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 includes (i) ARV (Acquisition of Receivables), available through FIDC; and (ii) the two-day payment service Receba Rápido ("RR"), a solution in which the funds for all transactions (with or without installments) are automatically credited to the merchants within two business days after each transaction.
- Highest penetration in the Company's history (26.4%):** Prepaid Volume reached R\$ 32.2 billion, up 21.9% versus 1Q22, which demonstrates the Company's successful initiatives to expand its

Pre-payment business. The evolution of ARV stands out, which grew 58.6% compared to 1Q22 and showed an increase in penetration of 5.0 pp.

- Below we highlight the balance of capital allocated in Pre-payment Products at the end of each quarter, which reached R\$ 18.8 billion in 1Q23, a growth of 29.6% compared to the same period of the previous year.



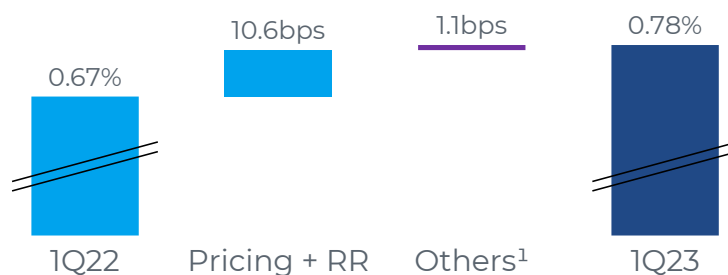
3.3. Financial Performance

3.3.1 Operating Income and Revenue Yield

R\$ million	1Q23	1Q22	Var. %	4Q22	Var. %
TPV	201,032.6	198,353.8	1.4%	231,374.0	-13.1%
Net Revenue	1,577.6	1,325.9	19.0%	1,677.3	-5.9%
Yield	0.78%	0.67%	0.12pp	0.72%	0.06pp

Net revenues reached R\$ 1,577.6 million in 1Q23, a growth of 19.0% over 1Q22, a performance primarily driven by monetization actions suitable to the macro scenario and consequent recovery of yield in the period.

- Revenue yield reached 0.78% in 1Q23, up 0.12 pp compared to 1Q22. The expansion in the period reflects the effects explained above and better product mix.



¹ Effect of (i) customer segment mix, (ii) product mix, (iii) taxes, (iv) volume in yield as certain revenues do not vary the same, and (v) other revenues.

3.3.2 Analysis of Costs and Expenses

3.3.2.1 Cost of Services Rendered

R\$ million	1Q23	1Q22	Var. %	4Q22	Var. %
Costs related to POS	(235.5)	(223.2)	5.5%	(250.4)	-5.9%
Costs related to transactions	(558.4)	(513.4)	8.8%	(561.2)	-0.5%
Other costs	(78.7)	(72.7)	8.3%	(87.6)	-10.2%
Cost of service rendered	(872.6)	(809.3)	7.8%	(899.2)	-3.0%
Brand fees and services rendered by banks	424.8	411.9	3.1%	449.5	-5.5%
Tax Credit (PIS / COFINS)	(85.0)	(69.9)	21.6%	(98.9)	-14.0%
Depreciation and amortization	136.3	121.5	12.2%	137.3	-0.7%
Normalized Cost of service rendered	(396.5)	(345.8)	14.7%	(411.3)	-3.6%

- The **costs of services rendered** expanded 7.8% compared to 1Q22, mainly reflecting increases in transaction-related costs. Key variations:
 - Transaction-related costs** showed growth when compared to 1Q22, mainly explained by initiatives linked to the call center and Journey to Cloud, aiming to improve the customer experience, partially mitigated by higher PIS and Cofins credits.
 - Costs related to the POS** grew 5.5% compared to 1Q22, largely due to the renewal of the equipment park, to improve customer experience, resulting in higher expenses for depreciation and amortization.
 - Other costs** grew mainly because of higher spending with suppliers of cloud storage and cyber security.
 - PIS and Cofins credits** showed positive variation, due to increased costs that generate tax credits and greater tax efficiency.

3.3.2.2 Operating Expenses

R\$ million	1Q23	1Q22	Var. %	4Q22	Var. %
Salaries / Wages and benefits	(234.9)	(190.7)	23.2%	(246.7)	-4.8%
General and administratives	(56.5)	(65.3)	-13.5%	(65.8)	-14.1%
Sales and Marketing expenses	(12.6)	(22.0)	-42.7%	(36.1)	-65.1%
Other operating expenses net	(40.3)	(37.9)	6.3%	(49.2)	-18.1%
Depreciation and Amortization	(1.9)	(2.0)	-5.0%	(1.9)	0.0%
Operating Expenses	(346.2)	(317.9)	8.9%	(399.7)	-13.4%
Non-recurring - Restructuring Stores Channel				45.8	
Normalized Operating Expenses	(346.2)	(317.9)	8.9%	(353.9)	-2.2%

- Operating expenses** grew 8.9% over 1Q22, mainly reflecting higher personnel expenses, in line with commercial expansion and the yearly salary adjustment defined by collective agreement in 3Q22. The growth in this line was partially offset by a reduction in general and administrative expenses, as well as in sales and marketing. Key variations:
 - Regarding **personnel expenses**, the increase over 1Q22 was mainly due to higher expenses related to the commercial team (higher average headcount and performance bonuses) and the yearly salary adjustment. Compared to 4Q22, the volatility observed is mainly related to the

movement of provisions, such as those related to the Company's variable compensation programs.

- In **general and administrative expenses**, the decrease is attributed to a baseline effect, mainly due to increased project expenditures in 1Q22.
- The variation observed in **sales and marketing expenses** compared to 1Q22 stems mainly from increased efficiency in the brand incentive programs.
- **Other operating expenses** recorded growth against 1Q22, primarily explained by movements in provisions for doubtful account losses.

3.3.2.3 Normalized Total Costs and Expenses

R\$ million	1Q23	1Q22	Var. %	4Q22	Var. %
Normalized Cost of service rendered	(396.5)	(345.8)	14.7%	(411.3)	-3.6%
Normalized Operating Expenses	(346.2)	(317.9)	8.9%	(353.9)	-2.2%
Normalized Total Expenses (costs + expenses)	(742.7)	(663.7)	11.9%	(765.2)	-2.9%

- The normalized costs and expenses, a concept in which variable costs and extraordinary events are segregated, were up 11.9% over 1Q22. This performance is a result of the pressure on the cost structure due to inflation and the Company's growth, as well as investments in operational improvement initiatives and sales force expansion.

3.3.3 EBITDA

Recurring EBITDA (R\$ million)	1Q23	1Q22	Var. %	4Q22	Var. %
EBITDA	497.0	322.2	54.3%	517.6	-4.0%
Non-recurring Items	-	-	n/a	45.8	n/a
Recurring EBITDA	497.0	322.2	54.3%	563.4	-11.8%

- Cielo Brasil's EBITDA recorded significant growth of 54.3% over 1Q22, driven by revenue growth and spending control.

3.3.4 Financial Income

Financial Result (R\$ million)	1Q23	1Q22	Var. %	4Q22	Var. %
Financial Revenues	71.7	89.2	-19.6%	141.7	-49.4%
Financial Expenses	(521.6)	(320.0)	63.0%	(506.5)	3.0%
Acquisition of receivables income, net	362.2	157.8	129.5%	272.1	33.1%
Net exchange variation	(8.3)	(20.4)	-59.3%	(13.2)	-37.1%
Total	(96.0)	(93.4)	2.8%	(105.9)	-9.3%

- Cielo Brasil's financial result in 1Q23 totaled R\$96.0 million as expense compared to R\$93.4 million in 1Q22, primarily reflecting the effect of the increased basic interest rate (SELIC) on financial expenses, partially offset by the increased revenue from acquisition of receivables.
- **Financial revenues** decreased compared to 1Q22, reflecting the higher allocation of capital to Pre-payment Products, effect that was partially offset by the increase in the average basic interest rate (SELIC) between the periods.

- The growth of **Financial Expenses** against 1Q22 was mainly due to the increase in the average SELIC rate and new funding obtained in the period.
- **Revenue from acquisition of receivables** presented a relevant growth over 1Q22, reflecting the higher prepaid volume and profitability of the operations. The Company has been demonstrating increased capital allocation in ARV, due to improvements in the business processes related to the product.

3.3.5 Net Income

- Cielo Brasil's recurring net income in 1Q23 stood at R\$ 243.5 million, up 169.1% from 1Q22.
- **Result was driven by improvements in operating fundamentals**, with yield recovery, increased penetration of Pre-payment Products and spending discipline.
- As mentioned above, part of the debt financial expenses incurred by Cielo when acquiring MerchantE and Cateno are allocated in Cielo Brasil's result. The perspective below presents Cielo Brasil's recurring result without the cost of such debt. **In this managerial view, the recurring result shows an expansion of 111.4% over 1Q22, accounting for 73% of the consolidated result. This expansion occurs even in a scenario of an increased basic interest rate, which impacts the Company's financial expenses.**

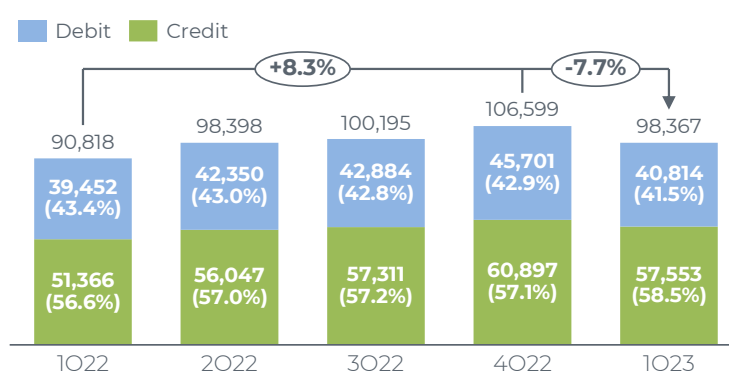
Recurring result adjusted by the cost of acquisition debts					
R\$ million	1Q23	1Q22	Var. %	4Q22	Var. %
Recurring Result - Cielo Brasil	243.5	90.5	169.1%	291.8	-16.6%
Cost of acquisition debt, net	(80.3)	(62.7)	28.1%	(80.2)	0.1%
<i>Cateno</i>	<i>(80.3)</i>	<i>(59.2)</i>	<i>35.7%</i>	<i>(78.4)</i>	<i>2.5%</i>
<i>MerchantE</i>	<i>-</i>	<i>(3.5)</i>	<i>-100.0%</i>	<i>(1.9)</i>	<i>-100.0%</i>
Cielo Brasil (-) cost of debt	323.8	153.2	111.4%	372.1	-13.0%

4. Cateno

4.1. Highlights

- Cateno's net income reached R\$ 281.9 million in 1Q23, with a 33.6% growth over 1Q22, driven by the expansion of net revenue, as well as spending control.
- Net revenue grew 14.4% compared to the same quarter of the previous year, driven by an increase in volume and a more favorable transaction mix, with a higher relative share from credit cards.

4.2. Financial volume (in R\$ million)



Financial volume (R\$ million)	1Q23	1Q22	Var. %	4Q22	Var. %
Credit volume	57,552.7	51,366.2	12.0%	60,897.4	-5.5%
Debit volume	40,814.1	39,452.2	3.5%	45,701.3	-10.7%
Total financial volume	98,366.8	90,818.4	8.3%	106,598.7	-7.7%

4.3. Financial Performance

4.3.1 Net Revenue, Costs and Expenses

R\$ million	1Q23	1Q22	Var. %	4Q22	Var. %
Net Revenue	992.2	867.2	14.4%	1,076.7	-7.8%
Cost of service rendered	(536.3)	(536.1)	0.0%	(587.8)	-8.8%
Operating Expenses	(54.9)	(41.6)	32.0%	(55.7)	-1.4%
Salaries / Wages and benefits	(27.1)	(19.7)	37.6%	(28.2)	-3.9%
General and administratives	(6.1)	(6.3)	-3.2%	(6.7)	-9.0%
Other operating expenses net	(21.7)	(15.6)	39.1%	(20.8)	4.3%

- **Net revenue** grew 14.4% over the same quarter last year, driven by a more favorable transaction mix and volume expansion.
- The **costs of services rendered**, including depreciation and amortization costs, totaled R\$ 536.3 million in 1Q23, stable against 1Q22 and down 8.8% compared to 4Q22, mainly due to lower

expenses for embossing and mailing and, in the comparison with 4Q22, the seasonal drop in volumes.

- **Operating expenses** reached R\$ 54.9 million, up 32.0% compared to 1Q22, due to (i) growth in personnel expenses, mostly explained by the 2022 collective agreement and headcount increase; and (ii) increase in net other operating expenses, mainly due to a baseline effect in the expense reimbursement line.

Other operating expenses, net (R\$ million)	1Q23	1Q22	Var. %	4Q22	Var. %
Operating losses	(19.2)	(21.6)	-11.4%	(17.2)	11.1%
Reimbursement of expenses	-	8.0	n/a	-	n/a
Others	(2.5)	(2.0)	26.8%	(3.6)	-28.4%
Total	(21.7)	(15.6)	39.1%	(20.8)	4.3%

4.3.2 Financial Result

Financial Income (R\$ million)	1Q23	1Q22	Var. %	4Q22	Var. %
Financial revenue	25.5	31.5	-19.0%	22.2	14.9%
Financial expenses	(0.6)	(1.1)	-45.5%	(5.8)	-89.7%
Total	24.9	30.4	-18.1%	16.4	51.8%

- The financial result for the quarter was R\$ 24.9 million, down 18.1% compared to 1Q22, primarily due to the lower balance invested, after the redemption of shares made at the beginning of 3Q22.

4.3.3 Net Income and Cash Earnings

Cash Earnings (R\$ million)	1Q23	1Q22	Var. %	4Q22	Var. %
Net Income	281.9	211.0	33.6%	295.4	-4.6%
Amortization	96.6	96.6	0.0%	96.6	0.0%
Cash Earnings	378.5	307.6	23.0%	392.0	-3.4%

- Cateno's net income was R\$ 281.9 million in 1Q23, which represents an increase of 33.6% when compared to 1Q22.
- In the cash earnings perspective, which deducts amortization expenses for the intangible assets related to the right to exploit the Ourocard arrangement, Cateno's Net Income in 1Q23 amounted to R\$ 378.5 million, as presented in the table above.

5. Exhibits

5.1. 1Q23 Managerial Performance - Cosif Standard (Unaudited)

Income Statement	Cielo Brasil					Cateno - Accounting value					Other Subsidiaries					Cielo Consolidated					
	1Q23	1Q22	Var. %	4Q22	Var. %	1Q23	1Q22	Var. %	4Q22	Var. %	1Q23	1Q22	Var. %	4Q22	Var. %	1Q23	1Q22	Var. %	4Q22	Var. %	
<i>R\$ million</i>																					
Gross operating revenue	1,796.6	1,538.4	16.8%	1,899.3	-5.4%	1,124.5	1,009.7	11.4%	1,201.1	-6.4%	-	569.6	n/a	-	n/a	2,921.2	3,117.7	-6.3%	3,100.4	-5.8%	
Taxes on services	(219.0)	(212.5)	3.1%	(222.0)	-1.4%	(132.3)	(142.5)	-7.2%	(124.4)	6.4%	-	(0.5)	n/a	-	n/a	(351.4)	(355.5)	-1.2%	(346.4)	1.4%	
Net operating revenue	1,577.6	1,325.9	19.0%	1,677.3	-5.9%	992.2	867.2	14.4%	1,076.7	-7.8%	-	569.1	n/a	-	n/a	2,569.8	2,762.2	-7.0%	2,754.0	-6.7%	
Total cost + expenses	(1,218.8)	(1,127.2)	8.1%	(1,298.9)	-6.2%	(591.2)	(577.7)	2.3%	(643.5)	-8.1%	(0.5)	(611.0)	-99.9%	(132.9)	-99.6%	(1,810.5)	(2,315.9)	-21.8%	(2,075.3)	-12.8%	
Total costs	(872.6)	(809.3)	7.8%	(899.2)	-3.0%	(536.3)	(536.1)	0.0%	(587.8)	-8.8%	-	(502.9)	n/a	-	n/a	(1,408.9)	(1,848.3)	-23.8%	(1,487.0)	-5.3%	
Cost of service rendered	(736.3)	(687.8)	7.1%	(761.9)	-3.4%	(439.7)	(439.5)	0.0%	(491.3)	-10.5%	-	(460.5)	n/a	-	n/a	(1,176.0)	(1,587.8)	-25.9%	(1,253.2)	-6.2%	
Depreciation and amortization	(136.3)	(121.5)	12.2%	(137.3)	-0.7%	(96.6)	(96.6)	0.0%	(96.5)	0.1%	-	(42.4)	n/a	-	n/a	(232.9)	(260.5)	-10.6%	(233.8)	-0.4%	
Gross income	705.0	516.6	36.5%	778.1	-9.4%	455.9	331.1	37.7%	488.9	-6.7%	-	66.2	n/a	-	n/a	1,160.9	913.9	27.0%	1,267.0	-8.4%	
Operating expenses	(346.2)	(317.9)	8.9%	(399.7)	-13.4%	(54.9)	(41.6)	32.0%	(55.7)	-1.4%	(0.5)	(108.1)	-99.5%	(132.9)	-99.6%	(401.6)	(467.6)	-14.1%	(588.3)	-31.7%	
Personnel	(234.9)	(190.7)	23.2%	(246.7)	-4.8%	(27.1)	(19.7)	37.6%	(28.2)	-3.9%	-	(35.8)	n/a	-	n/a	(261.9)	(246.2)	6.4%	(274.9)	-4.7%	
General and administratives	(56.5)	(65.3)	-13.5%	(65.8)	-14.1%	(5.8)	(5.9)	-1.7%	(6.4)	-9.4%	(0.4)	(25.5)	-98.4%	(1.1)	-63.6%	(62.8)	(96.7)	-35.1%	(73.3)	-14.3%	
Sales and Marketing expenses	(12.6)	(22.0)	-42.7%	(36.1)	-65.1%	-	-	n/a	-	n/a	-	(43.6)	n/a	-	n/a	(12.6)	(65.6)	-80.8%	(36.1)	-65.1%	
Other operating (Expenses) income, net	(40.3)	(37.9)	6.3%	(49.2)	-18.1%	(21.7)	(15.6)	39.1%	(20.8)	4.3%	(0.1)	(1.0)	-90.0%	(131.8)	-99.9%	(62.1)	(54.4)	14.2%	(201.8)	-69.2%	
Depreciation and amortization	(1.9)	(2.0)	-5.0%	(1.9)	0.0%	(0.3)	(0.4)	-25.0%	(0.3)	0.0%	-	(2.2)	n/a	-	n/a	(2.2)	(4.7)	-53.2%	(2.2)	0.0%	
Operating income	358.8	198.7	80.6%	378.4	-5.2%	401.0	289.5	38.5%	433.2	-7.4%	(0.5)	(41.9)	-98.8%	(132.9)	-99.6%	759.3	446.3	70.1%	678.7	11.9%	
EBITDA	497.0	322.2	54.3%	517.6	-4.0%	497.9	386.5	28.8%	530.0	-6.1%	(0.5)	2.7	n/a	(132.9)	-100%	994.4	711.5	39.8%	914.7	8.7%	
EBITDA Margin	31.5%	24.3%	7.2pp	30.9%	0.6pp	50.2%	44.6%	5.6pp	49.2%	1.0pp	n/a	0.5%	n/a	n/a	n/a	38.7%	25.8%	12.9pp	33.2%	5.5pp	
Financial income	(96.0)	(93.4)	2.8%	(105.9)	-9.3%	24.9	30.4	-18.1%	16.4	51.8%	0.5	(20.3)	n/a	(7.5)	-106.7%	(70.6)	(83.2)	-15.1%	(97.0)	-27.2%	
Financial revenue	71.7	89.2	-19.6%	141.7	-49.4%	25.5	31.5	-19.0%	22.2	14.9%	2.1	1.1	90.9%	10.6	-80.2%	99.3	121.8	-18.5%	174.5	-43.1%	
Financial expenses	(521.6)	(320.0)	63.0%	(506.5)	3.0%	(0.6)	(1.1)	-45.5%	(5.8)	-89.7%	(1.6)	(21.2)	-92.5%	(18.1)	-91.2%	(523.8)	(342.3)	53.0%	(530.4)	-1.2%	
Acquisition of receivables, net	362.2	157.8	129.5%	272.1	33.1%	-	-	n/a	-	n/a	-	-	n/a	-	n/a	362.2	157.8	129.5%	272.1	33.1%	
Net exchange variation	(8.3)	(20.4)	-59.3%	(13.2)	-37.1%	-	-	n/a	-	n/a	-	(0.2)	n/a	-	n/a	(8.3)	(20.5)	-59.5%	(13.2)	-37.1%	
Income before income tax and social contrib	262.8	105.3	149.6%	272.5	-3.6%	425.9	319.9	33.1%	449.6	-5.3%	-	(62.2)	n/a	(140.4)	n/a	688.7	363.1	89.7%	581.7	18.4%	
Income tax and social contribution	(19.2)	(14.8)	29.7%	(10.9)	76.1%	(144.0)	(108.9)	32.2%	(154.2)	-6.6%	-	8.5	n/a	-	n/a	(163.3)	(115.2)	41.8%	(165.1)	-1.1%	
Current	(57.2)	(62.0)	-7.7%	(26.2)	118.3%	(142.9)	(114.3)	25.0%	(141.1)	1.3%	-	(0.1)	n/a	-	n/a	(200.1)	(176.4)	13.4%	(167.3)	19.6%	
Deferred	37.9	47.2	-19.7%	15.3	147.7%	(1.1)	5.4	n/a	(13.1)	-91.6%	-	8.6	n/a	-	n/a	36.8	61.2	-39.9%	2.2	n/a	
Net result	243.5	90.5	169.1%	261.6	-6.9%	281.9	211.0	33.6%	295.4	-4.6%	-	(53.7)	n/a	(140.4)	n/a	525.4	247.9	111.9%	416.6	26.1%	
Net margin	15.4%	6.8%	8.6pp	15.6%	-0.2pp	28.4%	24.3%	4.1pp	27.4%	1.0pp	n/a	-9.4%	n/a	n/a	n/a	20.4%	9.0%	11.5pp	15.1%	5.3pp	
Attributed to Cielo	243.5	90.5	169.1%	261.6	-6.9%	197.3	147.7	33.6%	206.8	-4.6%	0.0	(53.7)	n/a	(140.4)	n/a	440.8	184.6	138.8%	328.0	34.4%	
Attributed to non Cielo interest	-	-	n/a	-	n/a	84.6	63.3	33.6%	88.6	-4.5%	-	-	n/a	-	n/a	84.6	63.3	33.6%	88.6	-4.5%	



1Q23 Conference Calls

Date: Friday, 04/28/2023

Time: 11:30 (Brasília) 10:30 (NY)

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Ticker CIEL3

R\$ 4.85

Market value

R\$ 13.2 billion

Earnings per share

R\$ 0.16

P/E

7.22x

Information current as of March 31, 2023

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