

Comments on performance

3Q2023 



cielo

DEAR SHAREHOLDERS

We present the Comments on Performance and the Interim Financial Statements of Cielo S.A. – Instituição de Pagamento (“Cielo”) and its subsidiaries (together referred to as “Consolidated” or “Cielo Group”) for the quarter ended September 30, 2023, accompanied by the Independent Auditor’s Report and the Supervisory Board Opinion.

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 account balances of Cielo and of the direct and indirect subsidiaries: Cateno, Servinet, Aliança, Paggo, Stelo, Cielo USA and MerchantE (sold in April 2022) and of the Funds: Credit Rights Investment Funds (FIDCs) and Investment Funds in Investment Fund Shares (FICs).

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 No. 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.

3Q23

cielo

HIGHLIGHTS



Cielo Profit for
the Period

R\$ 456.7
million

8.3% 
YoY



Net
Revenue


R\$ 2,619.0
million

-0.7% 
YoY



Revenue from
Purchase of
Receivables

R\$ 442.0
million

59.2% 
YoY



Total
Expenses

R\$ 1,852.4
million

-0.6% 
YoY



EBITDA

R\$ 991.3
million

-1.5% 
YoY

RECOGNITIONS

GPTW 2023 (Financial Institutions Category): Cielo was recognized as the Best Company to Work for in the Financial Institutions category of the GPTW ranking.

Prêmio Ouvidorias do Brasil – Cielo won, for the 2nd time, the *Prêmio Ouvidorias Brasil*, organized by ABRAREC (Brazilian Association of Company-Customer Relations), being the only acquirer among the winners.

Top Companies 2023 | LK - Cielo was recognized by LinkedIn Brazil as one of the 25 best companies for those who want to develop professionally, being the only acquirer in the ranking.

Valor Inovação 2023: Cielo was considered the most innovative company in the Financial Services sector by *Valor Inovação*, from *Valor Econômico*.

Melhores e Maiores | 50 years: Voted the financial services company that has won most times in the last 50 years of Exame's *Melhores e Maiores*.

Folha | Top Of Mind - Cielo is the winner of the Payment Machine category of the Top of Mind 2022 Award, held by *Folha de S. Paulo* and the Datafolha Institute.

IDiversa B3: B3 selected Cielo to make up the first portfolio of IDIVERSA B3, the first Latin American index composed of companies that stand out in terms of gender and racial diversity in their workforce.

OPERATIONAL PERFORMANCE

3Q23

FINANCIAL VOLUME OF TRANSACTIONS

In 3Q23, Cielo's financial volume of transactions totaled R\$ 197.5 billion, an increase of 0.8% or R\$ 1.6 billion compared to 2Q23 and a decrease of 10.8% or R\$ 23.8 billion compared to 3Q22.

Specifically with credit cards (lump sum and installment payment), the financial volume of transactions totaled R\$ 120.2 billion in 3Q23, in line with 2Q23 and a decrease of 8.4% compared to 3Q22. In debit cards, the financial volume of transactions totaled R\$ 77.3 billion in 3Q23, an increase of 3.1% compared to 2Q23 and a decrease of 14.3% compared to 3Q22.

Additionally, Cielo captured 1.9 billion transactions in 3Q23, in line with 2Q23 and a decrease of 9.5% compared to 3Q22.



NET REVENUE

Net revenue totaled R\$ 2,619.0 million in 3Q23, a decrease of 0.9% or R\$ 23.0 million compared to 2Q23.

The main impact on net revenue is related to product and customer mix, partially offset by the increase in captured volume, impacting Cielo's revenue from capture, transmission, processing and financial settlement of transactions. At Cateno, the growth in net revenue is directly linked to the increase in the volume transacted, impacting the interchange revenue of the Ourocard Arrangement.

COST OF SERVICES PROVIDED

Consolidated cost of services provided totaled R\$ 1,372.4 million in 3Q23, a decrease of R\$ 23.6 million, or 1.7% compared to 2Q23. This decrease was mainly due to the following events:

- (i) Decrease of R\$ 43.0 million or 13.8% in **equipment-related costs and other costs** compared to 2Q23, which is mainly due to an impact on the depreciation and maintenance lines related to the POS terminals;
- (ii) Decrease of R\$ 12.7 million or 2.4% in **costs related to the capture, processing and settlement of Cielo transactions** related to efficiency gains through the implementation of operational improvement initiatives;
- (iii) Increase of R\$ 32.1 million or 5.7% in **costs related to management of payment accounts of the Ourocard Arrangement at Cateno**, mainly related to higher costs with remuneration of brands.

OPERATING EXPENSES

Operating expenses totaled R\$ 480.0 million in 3Q23, an increase of R\$ 433.3 million, compared to R\$ 46.7 million in 2Q23. The increase was mainly due to the following events:

Personnel expenses - Increase of R\$ 4.8 million or 1.6% to R\$ 306.2 million in 3Q23, compared to R\$ 301.4 million in 2Q23. The increase is mainly related to the expansion of the commercial team;

General and administrative expenses, including depreciation - Decrease of R\$ 3.8 million or 4.1% to R\$ 89.3 million in 3Q23, compared to R\$ 93.1 million in 2Q23. The variation is mainly related to the operating efficiency gain which impacted general and administrative expenses.

Sales and marketing expenses - Increase of R\$ 14.1 million or 39.2% to R\$ 50.1 million in 3Q23, compared to R\$ 36.0 million in 2Q23. The variation is mainly due to higher expenses with media, production and broadcasting in 3Q23;

Other operating income (expenses), net - Increase of R\$ 418.2 million or 109.0%, to expenses of R\$ 34.4 million in 3Q23, compared to income of R\$ 383.8 million in 2Q23. The variation is substantially related to non-recurring net gains generated by the reversal of the provision for ISS Municipality ISS that occurred in 2Q23, 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 costs totaled R\$ 38.0 million in 3Q23, a variation of 22.9% or R\$ 11.3 million compared to 2Q23, when the Company recorded finance costs of R\$ 49.3 million. The main variations in finance income (costs) are:

Finance income – Decrease of R\$ 15.3 million or 18.6% to R\$ 67.1 million in 3Q23, compared to R\$ 82.4 million in 2Q23, related to the lower average balance invested.

Finance costs – Increase of R\$ 39.5 million or 7.9% to R\$ 542.1 million in 3Q23, compared to R\$ 502.6 million in 2Q23, mainly related to the increase in the average balance raised during the quarter.

Purchase of receivables – Increase of R\$ 64.1 million or 17.0% to R\$ 442.0 million in 3Q23, compared to R\$ 377.9 million in 2Q23, related to the growth in the number of revenues recognized from prior periods.

Loss on exchange differences, net – Decrease of R\$ 2.0 million or 28.6% to R\$ 5.0 million in 3Q23 compared to a loss of R\$ 7.0 million in 2Q23. The variation is directly related to foreign currency exposures.

NET REVENUE

Net revenue totaled R\$ 2,619.0 million in 3Q23, a decrease of 0.7% or R\$ 17.7 million compared to 3Q22.

The main impacts on net revenue refer to the reduction in the volume captured due to the slowdown in retail activities in the country and the competitive scenario, partially offset by the increase in revenue yield, which benefited from the prices and interchange behavior, impacting Cielo's revenue from capture, transmission, processing and financial settlement of transactions. At Cateno, the growth in net revenue is directly linked to the increase in the volume transacted, impacting the interchange revenue of the Ourocard Arrangement.

COST OF SERVICES PROVIDED

Consolidated cost of services provided totaled R\$ 1,372.4 million in 3Q23, a decrease of R\$ 95.4 million, or 6.5% compared to 3Q22. This decrease was mainly due to the following events:

- (i) Decrease of R\$ 61.4 million or 18.7% in **equipment-related costs and other costs** compared to 3Q22, mainly due to the impact on the depreciation and maintenance lines related to POS terminals, in addition to the efficiency gain due to the implementation of operational improvement initiatives;
- (ii) Decrease of R\$ 47.4 million or 8.4% in **costs related to capture, processing and settlement of Cielo transactions** resulting from expenses with brand fees related to volume reduction;
- (iii) Increase of R\$ 13.4 million or 2.3% in **costs related to management of payment accounts of the Ourocard Arrangement at Cateno**; The increase in expenses is mainly related to costs with brand fees, linked to the growth in transacted volume, partially offset by efficiency gains in the call center and card management lines.

OPERATING EXPENSES

Operating expenses totaled R\$ 480.0 million in 3Q23, an increase of R\$ 84.1 million or 21.2% compared to R\$ 395.9 million in 3Q22. The increase was mainly due to the following events:

Personnel expenses - Increase of R\$ 46.3 million or 17.8% to R\$ 306.2 million in 3Q23, compared to R\$ 259.9 million in 3Q22. The increase is 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 14.5% to R\$ 89.3 million in 3Q23, compared to R\$ 78.0 million in 3Q22. The increase is related to expenses with various initiatives aimed at improving the quality of services provided and gaining operational efficiency.

Sales and marketing expenses - Increase of R\$ 21.5 million or 75.2% to R\$ 50.1 million in 3Q23, compared to R\$ 28.6 million in 3Q22. The variation is related to expenses with marketing campaigns and commercial actions in 3Q23.

Other operating income (expenses), net - Increase of R\$ 5.0 million or 17.0% to R\$ 34.4 million in 3Q23 compared to expenses of R\$ 29.4 million in 3Q22. This increase is mainly related to higher expenses with expected losses on doubtful debts.

FINANCE INCOME (COSTS)

Finance costs totaled R\$ 38.0 million in 3Q23, a variation of 63.6% or R\$ 66.4 million compared to 3Q22, when the Company recorded finance costs of R\$ 104.4 million. The main variations in finance income (costs) are:

Finance income – Decrease of R\$ 23.0 million or 25.5%, to R\$ 67.1 million in 3Q23, compared to R\$ 90.1 million in 3Q22, related to lower average balance invested.

Finance costs – Increase of R\$ 88.4 million or 19.5%, to R\$ 542.1 million in 3Q23, compared to R\$ 453.7 million in 3Q22, mainly related to the increase in the average balance raised in 3Q23.

Purchase of receivables – Increase of R\$ 164.4 million or 59.2% to R\$ 442.0 million in 3Q23, compared to R\$ 277.6 million in 3Q22, related to the increase in the volume of purchase of receivables between periods.

Loss on exchange differences, net - Decrease of R\$ 13.4 million or 72.8% to R\$ 5.0 million in 3Q23, compared to a loss of R\$ 18.4 million in 3Q22. The variation is directly related to foreign currency exposures.

Below we present the reconciliation between COSIF and IFRS accounting practices related to equity compared to the quarter ended September 30, 2023 and December 31, 2022 and the consolidated result compared to the quarters ended September 30, 2023 and 2022:

R\$ million	Equity		Profit for the Quarter	
	09/30/2023	12/31/2022	09/30/2023	09/30/2022
COSIF - Balance	22,193.8	21,122.4	542.5	499.6
Third parties' interest in Investment Funds (a)	(7,425.9)	(7,327.9)	-	-
Others (b)	22.0	22.3	0.1	0.4
IFRS - Balance	14,789.9	13,816.8	542.6	500.0

(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 “non-controlling 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 CPC 6 (R2) – Leases.

Consolidated EBITDA totaled R\$ 991.3 million in 3Q23, a decrease of 30.7% compared to 2Q23 and a decrease of 1.5% compared to 3Q22, as shown below:

EBITDA (R\$ million)	3Q23	3Q22	2Q23
Cielo Net Profit	456.7	421.7	708.5
Noncontrolling interests	85.8	77.9	116.5
Financial income (costs)	38.0	104.4	49.3
Income Tax and Social Contribution	186.1	169.0	325.0
Depreciation and Amortization	224.7	233.1	231.2
EBITDA	991.3	1,006.1	1,430.5
<i>% EBITDA margin</i>	37.9%	38.2%	54.1%

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 profit for the period 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 remuneration of equity, 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.

The Company will distribute proceeds for the third quarter of 2023 in the form of interest on capital within the tax deductibility limit, reaching a payout of 42.0%.

INVESTMENTS IN SUBSIDIARIES

The value of investments of the main companies of the group is shown in the table below:

Subsidiaries (R\$ million)	Investments		Share of profit (loss) of investees	
	09/30/2023	12/31/2022	09/30/2023	09/30/2022
Servinet	60.3	72.0	18.5	16.6
Cielo USA	3.7	4.4	(0.5)	220.7
Cateno	6,578.2	6,687.2	669.4	500.8
Stelo	313.8	278.6	64.5	16.7
Aliança	6.0	5.6	0.4	62.2

In 2022, Cielo sold the indirect subsidiary MerchantE through the subsidiary Cielo USA.

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, through optimal management of the human capital involved in the Company's operations.

Our goal is to promote a work environment where each individual feels valued, respected and empowered, keeping them engaged and willing to offer our internal and external customers an excellent service. We do this through our culture, with our purpose of simplifying and boosting business for all people, guided by our skills that clearly convey what is expected of us, in addition to guiding us in relation to our growth and development. They are:

Assertive empathy: We genuinely care about each other, for their difficulties and contexts. And we practice assertive empathy through quick, direct, constructive and sincere feedback, because we know that this way we make a difference in people's lives.

Transformative Ambition: We challenge ourselves in our deliveries, with a learning perspective throughout the journey to deliver more and better. We look outward in search of excellence. We develop actions that positively transform our daily lives, those of our employees and customers. We give our best and, as a team, we achieve the best results together and build the Cielo we want. We go beyond what we know how to do because we believe we can learn even more.

Ownership Mindset: The success of the business is our success and that of our customers. We solve problems proactively, with responsibility and commitment to results. We are flexible and understand that constructive conflict promotes the creative search for better solutions. As owners, we know when to ask for help so as not to compromise our deliveries. Our restless spirit seeks excellence in all processes, especially those that improve customers' lives.

Collaboration: We understand the company's objectives and work as one team to achieve them. We understand the needs of our peers, partners and customers. We know what we want in each demand, combining our tasks with Cielo's purposes. As a team, we go further! Trust is the basis of our relationships with people, with whom we have positive conflicts and commitment to the decisions made.

Sense of Urgency: At Cielo, we know how to establish priorities. We plan our deliveries with agility, collaboration and customer focus. We seek to carry out actions to obtain greater results for the company extremely quickly. We take risks, but do what is necessary to minimize them. We know we will not always get it right, but we are ready to quickly adjust our course, learning from all the initiatives we undertake.

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 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.

Many of the initiatives are extended to employees' dependents, such as: emotional care, personal support and guidance, vaccinations, conversation circles, Gympass, Olympics – Sports Championship. The program is recognized by employees, with a favorability of 91.9% in the internal Employee Experience survey.

To further value our diverse team, we have a defined internal structure to ensure the existence of a formal structure for the Diversity and Inclusion agenda, we have the Diversity Forum, which has the participation of the CEO, the Executive Board and Sustainability Management, Diversity and Corporate Responsibility, aligned with our commitment to developing inclusive leadership that is committed and demonstrates active and protagonist behavior in promoting Diversity & Inclusion. The Human Resources structure has the Diversity, Equity and Inclusion area, responsible for the Diversity and Inclusion strategy, establishing the guidelines and governance to make the Company more inclusive, in line with the cultural attributes necessary to leverage the business, whether by increasing the representation and career development of minority social groups within the workforce or by promoting an inclusive

culture, respecting people and repudiating all forms of discrimination, as provided for in Cielo's Code of Ethical Conduct. And, finally, all employees can participate in Affinity Groups: "We Are All One", aimed at the inclusion of people with disabilities, the "Blue To Black" focused on ethnic-racial issues; "Prism" aimed at the inclusion of the LGBTQIAPN+ community; and "Beyond Gender", focused on gender equity.

Much more than policies and practices, we build an environment with a culture of respect and values for people on our team and our value chain, respecting their identities and skills, with the aim of simplifying and boosting business for everyone.

At the end of the third quarter of 2023, the organization had 5,955 employees and 187 interns.

HUMAN RESOURCES HIGHLIGHTS



HR Management Group Award: It recognizes organizations that stand out in investing in human capital, valuing important aspects such as the psychological health of employees, corporate citizenship, human and organizational development, in addition to people management practices.



Jungle Seal: Recognition by the Great People group, with Jungle's emotional health seal, which classifies the company as concerned about the mental health of its employees, with leaders showing interest and ability to address the topic in their teams and employees who feel an environment of trust.



National Quality of Life Award: silver certification as one of the best companies focused on corporate well-being by the Brazilian Association of Quality of Life.



Award in the "Inclusive Leadership" category, for the Inclusive Leadership Assessment initiative, in the Diversity in Practice award.



Continuous Improvement: Our Lean Six Sigma program was recognized by SETA Organizational Development for its evolution.



Valor Carreira: we ranked 4th in the best companies category.

Cielo is committed to sustainability, diversity and corporate responsibility. The Company' commitment to sustainable development is formalized through the Sustainability Policy, which establishes guidelines for the implementation of an agenda of environmental, social and governance (ESG) practices.

To structure the achievement of these commitments, Cielo established its Sustainability Strategic Plan. Approved by the Sustainability Committee and in line with Cielo's Strategic Objectives, the planning translates Cielo's Purpose and Vision from the perspective of sustainability, establishing as Sustainability Purpose to 'enhance sustainable and inclusive business with all people' and as Sustainability Vision to 'be a platform for the sustainable development of the Brazilian market'.

The enforcement of the plan is followed up periodically by the Sustainability Committee, which reports its progress to the Board of Directors.

Such planning establishes Cielo's guidelines for Sustainability – comprising:

- Sustainable Operations: Adopt ESG practices in culture, structures and processes;
- Impact on the Business: Generate shared value through the business model; and
- Development of Society: To be a means for social transformation.

In this context, strategic themes were structured for value creation, namely: (a) ESG Risks, Management and Engagement; (b) Diversity, Equity & Inclusion; (c) Social Impact with Business; and (d) Eco-efficiency and Climate. Further information and highlights on each of the strategic themes for value creation are presented below:

(a) ESG Risks, Management and Engagement

In May 2023, Cielo published its 2022 Integrated Annual Report. The publication offers a broad strategic vision of Cielo, its business model and value creation. The document is available at <https://ri.cielo.com.br/sobre-acielo/sistēncia-empresarial>.

Cielo is part of the 2023 portfolio of the B3 Corporate Sustainability Index (ISE B3) and is included in the SS&P Global Sustainability Yearbook 2023, making it the only Brazilian company in the IT Services sector.

Since July 2022, Cielo's ESG supplier assessment process incorporated a socio-environmental criticality rule, according to supplier classification, in addition to a module dedicated to Diversity and Inclusion, which includes training and tests on this topic.

(b) Diversity, Equity & Inclusion

To guide actions regarding this theme, Cielo has a Diversity and Inclusion Policy, whose main objective is to establish guidelines and governance to promote diversity and inclusion in the representativeness and corporate culture.

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

During Pride Month, in June 2023, we carried out actions aimed at promoting diversity, equity and inclusion in the LGBTQIAPN+ community, including lectures on 'Employability of people from the community' and 'importance of celebrating diversity and empowerment'.

(c) Social Impact with Businesses

We understand that our role in promoting the development of society can go beyond offering solutions for the trade of goods and services. Therefore, we work to be a means of social transformation, seeking to leverage our social impact through innovation in business and the promotion of entrepreneurship, education, technology and diversity.

In 2022, we carried out the Impulsiona Aí program, aimed at generating income and entrepreneurial education for black women from popular territories in São Paulo, who work in the field of gastronomy. The program supported, free of charge, 150 entrepreneurs in different stages of their business development.

(d) Eco-efficiency & Climate

The environmental aspects and impacts of our operations are evaluated and monitored by our Environmental Management System (SGA), ISO 14001 certified. This environmental management system goes through annual internal and external audits aimed at maintenance or recertification in the standard's requirements.

Cielo has a Climate Strategy, validated and overseen by the Sustainability Committee, which guides the actions regarding climate governance, risk and opportunity management, accounting for Greenhouse Gases (GHG) emissions, goals and engagement with the value chain.

Information on climate change management is presented in the Carbon Disclosure Project (CDP) – Climate index, where it has a “B” rating, thus attesting that Cielo is addressing actions on climate issues in a coordinated manner.

Scope 1 and 2 residual GHG emissions are offset through carbon credits and international renewable energy certificates, both with social and environmental integrity, traceable and verified by an entity recognized in the world market.

MAIN ESG INITIATIVES



In May 2023, Cielo's **Environmental Management System (EMS)** underwent an audit, **ensuring the maintenance of the ISO 14001 certification.**



Cielo reaches 30% of women in senior management positions: Cielo's Executive Board now has 3 women (37.5%), while the Board of Directors now has two more female leadership positions, totaling 3 women (25%).



Cielo was elected by the **Filasa Ranking 2023** (Finance & Law Summit and Awards) as the company with the **Best Legal Department in the Banking and Financial Services category.**



Residual scope 1 and 2 GHG emissions from 2022 were offset through **traceable and verified carbon credits that promote social and environmental integrity.**

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 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 exchange of information through the Corporate Governance Electronic Portal; (h) the existence of a Policy on Related Party Transactions and Other Situations Involving Conflicts of Interest ("TPR Policy"); (i) a Code of Ethics mandatorily adhered to by all employees and management, which establishes basic principles that shall guide 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 the TPR Policy, which aims at consolidating the procedures to be followed in Cielo'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 Cielo's interests, always in compliance with the best Corporate Governance practices, being reviewed in July 2023 to comply with the recommendations of the Brazilian Corporate Governance Code – Publicly-Held Companies prepared by the Interagents Working Group, which is coordinated by the Brazilian Institute of Corporate Governance. Regarding the transactions with related parties, the levels of authority and procedures set forth in the TPR Policy and the Bylaws must be observed. The transactions are instructed with the documentation that evidences that the transaction will be

carried out under fair market conditions (such as, but not limited to, commercial proposals actually obtained from independent third parties and market researches about prices and other conditions in similar operations). Notwithstanding the submission of this documentation, independent studies, reports and/or appraisals report 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 Cielo 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 07 (seven) and no more than 12

(twelve) members who do not perform management activities at Cielo, of which 4 (four) are independent members, where their independence aims to protect the interests of the Company 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, Social and Cultural Investment Forum, Strategic Pricing Forum, Diversity Forum, Products and Services Forum, Information Security Management and Fraud Prevention Forum and Data Privacy and Protection Forum.

Cielo's Supervisory Board, an independent management body, is currently installed to oversee the management activities and is composed of 5 (five) full members and 5 (five) deputy members, with 4 (four) of the full members being appointed by the controlling shareholders and 1 (one) independent 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 2023, Cielo Group engaged the independent auditing services of KPMG.

Cielo Group's policy when contracting independent auditors' services assures there is no conflict of interests, no loss of independence or objectivity. Therefore, Cielo Group'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 Group declares that the independent auditors have been engaged to provide services not related to external audit until December 31, 2023, which consist of provision of limited assurance about Environmental, Social and Governance information and the 2022 Sustainability Report and reasonable assurance about compliance with the Procedure Adjustment Agreement ("TCC") by and between CADE (Brazilian antitrust agency) and Cielo. This engagement complies with the group'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\$ 333.0 thousand and represents approximately 12.8% of the total fees for auditing Cielo Group's financial statements for the year ending December 31, 2023. Further information on audit fees is provided on the Reference Form.

Cielo S.A. - Instituição de Pagamento

Individual and Consolidated
Interim Financial Statements
for the three- and nine-month periods ended
September 30, 2023, and
Independent Auditor's Report on
Interim Financial Statements
(*COSIF*)

Contents

Independent auditor's report	2
Statements of financial position	4
Statements of profit or loss	5
Statements of comprehensive income	6
Statements of changes in equity	7
Statements of cash flows	8
Statements of value added	9
1 Operations	10
2 Summary of significant accounting practices	10
3 Consolidated interim financial statements	12
4 Cash	13
5 Financial instruments, including derivatives	13
6 Credit rights investment funds ("FIDCs")	15
7 Operating receivables	18
8 Income tax, social contribution and other taxes	18
9 Investments	21
10 Property and equipment	23
11 Intangible assets	25
12 Borrowings	27
13 Payables to merchants	28
14 Provision for contingencies	29
15 Equity	32
16 Earnings per share	35
17 Net revenue	36
18 Expenses by nature	36
19 Commitments	38
20 Employee benefits	39
21 Employee and officers result sharing	40
22 Compensation of Key Management Personnel and Supervisory Board ..	41
23 Restricted stock plans	41
24 Finance income (costs)	43
25 Risk Management	43
26 Related-party balances and transactions	52
27 Noncash transactions	57
28 Insurance	58



KPMG Auditores Independentes Ltda.
Rua Arquiteto Olavo Redig de Campos, 105, 12º andar - Torre A
04711-904 - São Paulo/SP - Brasil
Caixa Postal 79518 - CEP 04707-970 - São Paulo/SP – Brasil
Telefone 55 (11) 3940-1500, Fax 55 (11) 3940-1501
www.kpmg.com.br

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 September 30, 2023, which comprises the balance sheet as at September 30, 2023, and the related statements of income and comprehensive income for the three and nine month periods then ended and changes in shareholders’ equity and cash flows for the nine 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, applicable to the preparation of Interim Financial Information. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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



Conclusion on the interim individual and consolidated financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information, included in the interim financial information referred to above, was 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 nine month period ended September 30, 2023, prepared under the Company's Management responsibility, whose presentation is not required by the accounting practices adopted in Brazil applicable to the payments institutions authorized to operate by the Central Bank of Brazil, were submitted to the same review procedures of the review of the Company's interim financial information – ITR. In order to form our opinion, we evaluated whether these statements are reconciled with the interim financial information and accounting records, as applicable, and if their form and content are in accordance with the criteria set forth in the Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, we are not aware, of any fact that could lead us to believe that the accompanying statements of value added were not prepared, in all material respects, consistently with the individual and consolidated interim financial information taken as a whole.

Interim consolidated financial information

This consolidated interim financial information for the quarter ended September 30, 2023, which was prepared in accordance with accounting practices adopted in Brazil applicable to payments institutions authorized to operate by the Central Bank of Brazil (BACEN), is being presented in an additional manner, according to the faculty provided for in Art. No. 68 of BCB Resolution No. 219, to the consolidated interim financial information prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and were presented separately by the Company, on this date and on which we issued a independent review report not containing any modification, dated October 31, 2023.

São Paulo, October 31, 2023

KPMG Auditores Independentes Ltda.
CRC 2SP-027685/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 September 30, 2023 and December 31, 2022

(In thousands of Brazilian reais)

Assets	Note	Parent Company		Consolidated		Liabilities and equity	Note	Parent Company		Consolidated	
		09/30/2023	12/31/2022	09/30/2023	12/31/2022			09/30/2023	12/31/2022		
Current assets						Current liabilities					
Cash	4	22,517	127,730	27,768	140,547	Borrowings	12	3,410,572	3,623,321	3,410,572	3,623,321
Financial instruments, including derivatives	5	30,952	959,705	830,288	1,742,318	Other payables		84,373,198	95,323,119	68,282,609	80,156,435
Credit rights investment funds	6	11,874,785	9,927,566	-	-	Social and statutory		282,173	340,911	326,934	405,743
Income receivable	7	117,453	130,002	2,348,110	995,533	Tax and social security	8	64,703	147,767	578,935	787,165
Receivables from card-issuing banks	7	80,840,741	92,081,398	80,844,113	92,083,831	Payables to merchants	13	66,166,099	77,709,823	66,298,117	77,835,921
Receivables from related parties	26	78,487	13,566	841,343	826,350	Payables to related parties	26	17,277,363	16,486,795	420,585	422,596
Taxes and contributions for offset/recoverable		718,478	571,779	1,123,944	1,112,528	Others		582,860	637,823	658,038	705,010
Other operating receivables	7	186,294	140,633	202,378	142,525	Total current liabilities		87,783,770	98,946,440	71,693,181	83,779,756
Expected losses on doubtful debts	7	(199,631)	(170,209)	(200,433)	(170,739)						
Other receivables		96,737	80,680	108,407	91,566	Borrowings	12	3,003,809	3,019,750	3,003,809	3,019,750
Total current assets		93,766,813	103,862,850	86,125,918	96,964,459	Other payables		349,430	2,123,349	378,506	2,309,281
Noncurrent assets						Provision for contingencies	14	302,585	2,061,899	324,359	2,239,392
Financial instruments, including derivatives	5	-	-	289,058	286,718	Others		46,845	61,450	54,147	69,889
Escrow deposits	14	63,830	1,580,209	69,487	1,584,203	Total noncurrent liabilities		3,353,239	5,143,099	3,382,315	5,329,031
Tax credits	8	904,803	1,046,478	1,119,905	1,346,699						
Other operating receivables	7	20,704	26,937	20,810	26,952	Equity					
Investments in subsidiaries and joint ventures	9	6,962,049	7,047,935	-	-	Issued capital	15	5,700,000	5,700,000	5,700,000	5,700,000
Property and equipment	10	818,652	936,886	829,847	950,937	Capital reserve	15	53,791	70,893	53,791	70,893
Property and equipment in use		1,959,258	2,143,564	2,010,915	2,195,211	Earnings reserves	15	6,456,434	5,435,319	6,456,434	5,435,319
(-) Accumulated depreciation		(1,099,712)	(1,096,718)	(1,140,174)	(1,134,314)	Other comprehensive income	15	(164,220)	(164,030)	(164,220)	(164,030)
Impairment of assets		(40,894)	(109,960)	(40,894)	(109,960)	(-) Treasury shares	15	(97,360)	(113,605)	(97,360)	(113,605)
Intangible assets	11	548,803	516,821	8,814,225	9,071,233	Attributable to:					
Other intangible assets		1,653,507	1,452,633	13,241,646	13,039,260	Owners of the Company		11,948,645	10,928,577	11,948,645	10,928,577
(-) Accumulated amortization		(1,070,896)	(895,244)	(4,393,613)	(3,927,459)	Noncontrolling interests		-	-	10,245,109	10,193,837
Impairment of assets		(33,808)	(40,568)	(33,808)	(40,568)	Total equity		11,948,645	10,928,577	22,193,754	21,122,414
Total noncurrent assets		9,318,841	11,155,266	11,143,332	13,266,742						
Total assets		103,085,654	115,018,116	97,269,250	110,231,201	Total liabilities and equity		103,085,654	115,018,116	97,269,250	110,231,201

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

Cielo S.A. - Instituição de Pagamento

Statements of profit or loss

For the three- and nine-month periods ended September 30, 2023 and 2022

(In thousands of Brazilian reais, except earnings per share)

Note	Parent Company				Consolidated				
	Three-month period		Nine-month period		Three-month period		Nine-month period		
	09/30/2023	09/30/2022	09/30/2023	09/30/2022	09/30/2023	09/30/2022	09/30/2023	09/30/2022	
NET REVENUE	17	1,582,170	1,628,975	4,813,362	4,540,157	2,619,012	2,636,715	7,830,907	7,939,107
COST OF SERVICES PROVIDED	18	(791,591)	(895,474)	(2,511,710)	(2,589,611)	(1,372,369)	(1,467,807)	(4,177,209)	(4,781,693)
GROSS PROFIT		790,579	733,501	2,301,652	1,950,546	1,246,643	1,168,908	3,653,698	3,157,414
OPERATING INCOME (EXPENSES)									
Personnel	18	(151,675)	(129,066)	(443,833)	(341,434)	(306,168)	(259,914)	(869,476)	(740,063)
General and administrative	18	(244,940)	(213,834)	(671,298)	(620,102)	(89,354)	(78,016)	(247,521)	(260,024)
Sales and marketing	18	(50,025)	(28,516)	(98,616)	(75,556)	(50,050)	(28,552)	(98,704)	(119,443)
Share of profit (loss) of investees	9	226,371	209,455	752,224	816,970	-	-	-	-
Other operating income (expenses), net	18	(9,179)	13,970	181,426	(114,320)	(34,451)	(29,407)	287,291	124,473
OPERATING PROFIT		561,131	585,510	2,021,555	1,616,104	766,620	773,019	2,725,288	2,162,357
FINANCE INCOME (COSTS)									
Finance income	24	6,526	18,048	60,935	63,345	67,107	90,136	248,756	293,074
Finance costs	24	(588,442)	(464,582)	(1,690,738)	(1,189,042)	(542,064)	(453,731)	(1,568,504)	(1,192,137)
FIDC shares yield and purchase of receivables	24	507,345	320,710	1,371,729	784,672	442,022	277,617	1,182,097	666,346
Loss on exchange differences, net	24	(5,021)	(18,458)	(20,271)	(54,651)	(5,040)	(18,445)	(20,310)	(54,664)
		(79,592)	(144,282)	(278,345)	(395,676)	(37,975)	(104,423)	(157,961)	(287,381)
OPERATING PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		481,539	441,228	1,743,210	1,220,428	728,645	668,596	2,567,327	1,874,976
INCOME TAX AND SOCIAL CONTRIBUTION									
Current	8	-	(9,203)	4,479	(95,733)	(136,892)	(159,385)	(447,645)	(517,118)
Deferred	8	(24,856)	(10,284)	(141,675)	116,863	(49,278)	(9,603)	(226,793)	98,307
PROFIT FOR THE PERIOD		456,683	421,741	1,606,014	1,241,558	542,475	499,608	1,892,889	1,456,165
ATTRIBUTABLE TO:									
Owners of the Company						456,683	421,741	1,606,014	1,241,558
Noncontrolling interests						85,792	77,867	286,875	214,607
Earnings per share (in R\$) - Basic	16	0.16966	0.15617	0.59657	0.45904	0.16966	0.15617	0.59657	0.45904
Earnings per share (in R\$) - Diluted	16	0.16849	0.15505	0.59248	0.45576	0.16849	0.15505	0.59248	0.45576

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

Cielo S.A. - Instituição de Pagamento

Statements of comprehensive income

For the three- and nine-month periods ended September 30, 2023 and 2022

(In thousands of Brazilian reais)

	Parent Company				Consolidated			
	Three-month period		Nine-month period		Three-month period		Nine-month period	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Profit for the period	456,683	421,741	1,606,014	1,241,558	542,475	499,608	1,892,889	1,456,165
Items that may be reclassified to profit or loss								
Exchange differences on translation of foreign operations:								
Exchange differences on foreign investments	140	3,316	(190)	166,279	140	3,316	(190)	166,279
Total comprehensive income for the period	456,823	425,057	1,605,824	1,407,837	542,615	502,924	1,892,699	1,622,444
Attributable to:								
Owners of the Company					456,823	425,057	1,605,824	1,407,837
Noncontrolling interests					85,792	77,867	286,875	214,607

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

Cielo S.A. - Instituição de Pagamento

Statements of changes in equity

For the nine-month periods ended September 30, 2023 and 2022

(In thousands of Brazilian reais)

	Earnings reserves					Earnings retention	Other comprehensive income	Attributable to owners of the Company	Noncontrolling interests	Total equity
	Issued capital	Capital reserve	Treasury shares	Legal	Capital budget					
Balances as at December 31, 2021	5,700,000	77,030	(98,578)	1,140,000	3,402,989	-	(330,852)	9,890,589	10,367,903	20,258,492
Acquisition of treasury shares	-	-	(47,425)	-	-	-	-	(47,425)	-	(47,425)
Restricted stock units granted	-	19,698	-	-	-	-	-	19,698	-	19,698
Transfer of treasury shares due to exercise of shares	-	(32,017)	32,017	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	1,241,558	-	1,241,558	214,607	1,456,165
Allocation of profit for the period:										
Interest on capital proposed	-	-	-	-	-	(148,851)	-	(148,851)	-	(148,851)
Interest on capital paid	-	-	-	-	-	(289,348)	-	(289,348)	-	(289,348)
Other comprehensive income:										
Exchange differences on net foreign investments	-	-	-	-	-	-	166,279	166,279	-	166,279
Effect of noncontrolling interests on consolidated entities	-	-	-	-	-	-	-	-	(324,640)	(324,640)
Balances as at September 30, 2022	5,700,000	64,711	(113,986)	1,140,000	3,402,989	803,359	(164,573)	10,832,500	10,257,870	21,090,370
Balances as at December 31, 2022	5,700,000	70,893	(113,605)	1,140,000	4,295,319	-	(164,030)	10,928,577	10,193,837	21,122,414
Acquisition of treasury shares	-	-	(30,842)	-	-	-	-	(30,842)	-	(30,842)
Restricted stock units granted	23	29,985	-	-	-	-	-	29,985	-	29,985
Transfer of treasury shares due to exercise of shares	23	(47,087)	47,087	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	1,606,014	-	1,606,014	286,875	1,892,889
Allocation of profit for the period:										
Interest on capital proposed	15.f)	-	-	-	-	(191,719)	-	(191,719)	-	(191,719)
Interest on capital paid	15.f)	-	-	-	-	(393,180)	-	(393,180)	-	(393,180)
Other comprehensive income:										
Exchange differences on net foreign investments	15.g)	-	-	-	-	-	(190)	(190)	-	(190)
Effect of noncontrolling interests on consolidated entities	-	-	-	-	-	-	-	-	(235,603)	(235,603)
Balances as at September 30, 2023	5,700,000	53,791	(97,360)	1,140,000	4,295,319	1,021,115	(164,220)	11,948,645	10,245,109	22,193,754

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

Cielo S.A. - Instituição de Pagamento

Statements of cash flows

For the nine-month periods ended September 30, 2023 and 2022

(In thousands of Brazilian reais)

Note	Parent Company		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Cash flows from operating activities				
Profit before income tax and social contribution	1,743,210	1,220,428	2,567,327	1,874,976
Adjustments to reconcile profit before income tax and social contribution to net cash generated by operating activities:				
Depreciation and amortization	10 and 11	397,216	388,319	690,905
Disposals and provisions/(reversals) for losses on property and equipment and intangible assets	10 and 11	2,872	65,595	2,882
Share of profit (loss) of investees	9	(752,224)	(816,970)	-
Exchange differences on property and equipment and intangible assets	10 and 11	-	-	44,691
Restricted stock units granted	23	29,985	19,698	19,698
Expected losses on doubtful debts, fraud and chargeback	18	76,309	42,615	118,129
Provision for tax, civil and labor risks		(182,071)	119,311	(336,872)
Exchange differences relating to interest on foreign borrowings	12	-	(16,665)	(82,062)
Gains (losses) on derivative financial instruments		-	(47,778)	(47,778)
Interest on borrowings	12	709,323	350,916	709,323
Amortization of debt issuance costs	12	1,219	347	1,219
Yield from interest in FIDC	6	(1,438,625)	(822,939)	-
Decrease/(increase) in operating assets:				
Income receivable		12,549	38,258	(1,352,577)
Receivables from card-issuing banks		11,193,770	(5,809,830)	11,141,542
Receivables from related parties		(64,921)	(1,008)	(14,993)
Taxes and contributions for offset/recoverable		(5,024)	(282,837)	215,378
Escrow deposits		(762)	(4,168)	(2,425)
Dividends receivable	9	70,015	-	-
Other receivables		(16,057)	(7,664)	(16,841)
Other assets		(39,428)	(8,445)	(53,711)
Financial instruments, including derivatives		-	100,039	(2,340)
(Decrease)/increase in operating liabilities:				
Social and statutory		(58,738)	(62,999)	(78,809)
Tax and social security		(83,842)	414,010	(463,860)
Payables to merchants		(11,543,724)	2,439,363	(11,537,804)
Payables to related parties		790,568	4,688,394	(2,011)
Provision for contingencies	14	(60,102)	(35,605)	(61,020)
Other liabilities		(69,378)	(257,303)	(62,713)
Cash generated by/(used in) operations		712,140	1,713,082	1,500,455
Income tax and social contribution paid		(22,431)	(51,756)	(399,659)
Net cash generated by/(used in) operating activities		689,709	1,661,326	1,100,796
Cash flows from investing activities				
Acquisitions of shares of FIDC		(575,490)	(1,920,727)	-
Disposal of interest in subsidiary		-	-	489,483
Redemption of shares of subsidiaries		-	540,027	-
Capital increase in subsidiaries	9	-	(1,359,181)	-
Dividends received from subsidiaries	9	767,905	515,098	-
Purchases of property and equipment	10	(153,762)	(344,246)	(154,102)
Purchases of intangible assets	11	(160,074)	(156,582)	(161,587)
Net cash used in generated by investing activities		(121,421)	(2,725,611)	(315,689)
Cash flows from financing activities				
Proceeds from borrowings	12	6,280,000	2,420,000	6,280,000
Payment of principal of borrowings, net of derivatives	12	(6,296,917)	(2,036,917)	(6,296,917)
Debt issuance costs incurred		-	(925)	(925)
Interest paid	12	(922,315)	(388,359)	(922,315)
Increase in third parties' interest in FIDC		-	-	779,419
Amortization of senior shares - FIDC		-	-	(706,656)
Acquisition of treasury shares		(30,842)	(47,425)	(30,842)
Dividends and interest on capital paid		(632,180)	(525,107)	(912,605)
Net cash used in financing activities		(1,602,254)	(578,733)	(1,809,916)
Decrease in cash and cash equivalents		(1,033,966)	(1,643,018)	(1,024,809)
Cash and cash equivalents				
Closing balance	4 and 5 a)	53,469	181,694	858,056
Effect of exchange differences on foreign cash and cash equivalents		-	-	(1,467)
Opening balance	4 and 5 a)	1,087,435	1,824,712	1,882,865
Decrease in cash and cash equivalents		(1,033,966)	(1,643,018)	(1,024,809)

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

Cielo S.A. - Instituição de Pagamento

Statements of value added

For the nine-month periods ended September 30, 2023 and 2022

(In thousands of Brazilian reais)

	Note	Parent Company		Consolidated	
		09/30/2023	09/30/2022	09/30/2023	09/30/2022
REVENUES					
Sales of services	17	5,378,079	5,111,468	8,875,197	8,975,958
Expected losses on doubtful debts, fraud and chargeback	18	(76,309)	(42,615)	(127,870)	(118,129)
		5,301,770	5,068,853	8,747,327	8,857,829
INPUTS PURCHASED FROM THIRD PARTIES					
Cost of services provided		(1,982,621)	(2,034,621)	(3,339,779)	(3,832,526)
Materials, electric energy, outside services and others		(762,331)	(684,158)	(357,587)	(400,194)
Other expenses, net		251,592	(8,748)	409,027	305,918
Impairment of assets	18	6,143	(62,958)	6,134	(63,317)
		(2,487,217)	(2,790,485)	(3,282,205)	(3,990,119)
GROSS VALUE ADDED					
		2,814,553	2,278,368	5,465,122	4,867,710
Depreciation and amortization	10 and 11	(397,216)	(388,319)	(690,905)	(738,436)
WEALTH CREATED, NET					
		2,417,337	1,890,049	4,774,217	4,129,274
WEALTH RECEIVED IN TRANSFER					
Share of profit (loss) of investees	9	752,224	816,970	-	-
Finance income, including purchase of receivables and exchange differences, net		1,412,393	793,366	1,410,543	904,756
		2,164,617	1,610,336	1,410,543	904,756
TOTAL WEALTH FOR DISTRIBUTION					
		4,581,954	3,500,385	6,184,760	5,034,030
DISTRIBUTION OF WEALTH					
Personnel and related taxes		(421,802)	(371,738)	(758,605)	(704,738)
Salaries and wages		(331,099)	(299,654)	(565,033)	(550,635)
Benefits		(68,472)	(52,965)	(151,632)	(116,745)
Severance pay fund (FGTS)		(22,231)	(19,119)	(41,940)	(37,358)
Employees and officers result sharing	21	(92,271)	(85,915)	(137,030)	(129,372)
Taxes and contributions		(765,382)	(608,263)	(1,824,799)	(1,548,654)
Federal		(695,622)	(508,703)	(1,646,880)	(1,330,557)
State		(18)	(19)	(18)	(19)
Municipal		(69,742)	(99,541)	(177,901)	(218,078)
Interest and rental expenses		(1,696,485)	(1,192,911)	(1,571,437)	(1,195,101)
Rentals		(5,747)	(3,869)	(13,207)	(11,537)
Interest		(1,636,515)	(1,131,817)	(1,504,165)	(1,126,371)
Others		(54,223)	(57,225)	(54,065)	(57,193)
Dividends and interest on capital paid		(393,180)	(289,348)	(703,611)	(510,104)
Dividends and interest on capital proposed		(191,719)	(148,851)	(191,719)	(148,851)
Earnings retention		(1,021,115)	(803,359)	(710,684)	(582,603)
Noncontrolling interests		-	-	(286,875)	(214,607)
WEALTH DISTRIBUTED					
		(4,581,954)	(3,500,385)	(6,184,760)	(5,034,030)

The accompanying notes are an integral part of these interim 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)

1 Operations

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

Cielo is a corporation headquartered in the City of Barueri, State of São Paulo. Its shares are traded on B3 S.A. - Brasil, Bolsa, Balcão, under 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 event of the quarter

In the quarter ended September 30, 2023, the following event stands out:

- On August 22, 2023, interest on capital in the amount of R\$196,970 was paid, referring to the second quarter of 2023.

2 Summary of significant accounting practices

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 accordance with the accounting guidelines established by Law No. 6,404/76 ("Brazilian Corporation Law"), including the changes introduced by Laws No. 11,638/07 and No. 11,941/09, and the rules and instructions of the National Monetary Council ("CMN") and Central Bank of Brazil ("BACEN"), together referred to as "COSIF", and the Securities and Exchange Commission of Brazil ("CVM"), when applicable.

Cielo S.A. - Instituição de Pagamento

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

The interim financial statements were approved by the Company's Board of Directors and authorized for issue on October 31, 2023.

The accounting practices applied in the preparation of these individual and consolidated interim financial statements are the same as those used in the prior year, disclosed in Note 2 to the Financial Statements of Cielo Group for the year ended December 31, 2022, approved and published on January 26, 2023, and made available on the CVM website. Therefore, the corresponding interim financial statements should be read in conjunction with the Financial Statements as at December 31, 2022.

2.2 Standards, amendments and interpretations applicable in future periods

BCB Resolutions No. 92/2021, No. 255/2022, No. 320/2023 - Provide for the use of the Accounting Standard for Institutions Regulated by the Central Bank of Brazil (Cosif) by pre-purchase financing pool administrators and payment institutions, and the Cosif structure of accounts to be observed by financial institutions and other institutions authorized to operate by the Central Bank of Brazil ("BACEN" or "BCB"), effective from January 1, 2025.

BCB Resolution No. 178/22 – Provides for accounting criteria applicable to lease transactions contracted, as lessee, by pre-purchase financing pool administrators and payment institutions. This resolution is one of the measures of convergence of the BACEN with international accounting standards and it will be applied prospectively and will be effective as of January 1, 2025, with no expectation of material impacts on the date of adoption.

BCB Resolution No. 219/22 - Provides for accounting concepts and criteria applicable to financial instruments, as well as the designation and recognition of hedge transactions. It replaces, among other standards, CMN Resolution No. 2,682/99, BACEN Circular Letter No. 3,068/01, and BACEN Circular Letter No. 3,833/17.

The Company prepared the implementation plan for the aforementioned standard and did not identify any material impacts on its interim financial statements, nor on its internal systems and processes. It will be applied prospectively and will be effective as of January 1, 2025.

BCB Resolution No. 309/23 – Establishes accounting procedures on the definition of cash flows from financial assets as payment of principal and interest only; the application of the methodology for determining the effective interest rate of financial instruments; the constitution of expected losses associated with credit risk; and the disclosure of information relating to financial instruments in explanatory notes to be observed by financial

Cielo S.A. - Instituição de Pagamento

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

institutions and other institutions authorized to operate by the Central Bank of Brazil, effective January 1, 2025, with no expectation of material impacts on the date of adoption.

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, expected losses on doubtful debts (relating to receivables from rental of POS equipment and receivables from card-issuing banks, for example), deferred income tax and social contribution (tax credits), impairment of non-financial assets (as applicable), provision for risks and fair value measurement of financial instruments. Since Management's judgment involves estimates concerning the probability of occurrence of future events, actual amounts may differ from those estimates. The Company reviews the estimates and assumptions at least semi-annually.

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 financial statements.

As at September 30, 2023 and December 31, 2022, Cielo Group comprised the following companies:

Cielo S.A. - Instituição de Pagamento

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

Companies	Interest in the capital (%)	
	09/30/2023	12/31/2022
Interests in Subsidiaries and funds:		
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")	91.84	95.30
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")	93.41	92.80
Fundo de Investimento em Direitos Creditórios Cielo Emissores I ("FIDC Emissor I")	11.25	13.00
Fundo de Investimento em Direitos Creditórios Cielo Emissores II ("FIDC Emissor II")	14.09	12.27
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	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
In local currency	21,641	100,560	23,147	108,934
In foreign currency	876	27,170	4,621	31,613
Total	22,517	127,730	27,768	140,547

5 Financial instruments, including derivatives

	Parent Company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Assets:				
Cash equivalent financial instruments	30,952	959,705	830,288	1,742,318
Other financial instruments	-	-	289,058	286,718
Total	30,952	959,705	1,119,346	2,029,036
Total current	30,952	959,705	830,288	1,742,318
Total noncurrent	-	-	289,058	286,718

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 September 30, 2023 and December 31, 2022, the balances of cash equivalent financial instruments comprise open market investments and marketable securities as follows:

	Parent Company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Open market investments	18,863	7,473	18,863	7,473
Marketable securities	12,089	952,232	811,425	1,734,845
Total	30,952	959,705	830,288	1,742,318

Cielo S.A. - Instituição de Pagamento

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

Open market investments

As at September 30, 2023 and December 31, 2022, the Company's open market investments balances are as follows:

	Parent Company and Consolidated		
	Maturity	Total	
	0 – 30	09/30/2023	12/31/2022
Open market investments			
Repurchase agreements	18,863	18,863	7,473
Total	18,863	18,863	7,473

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				
	09/30/2023			12/31/2022	
	Maturity	Total		Total	
	0 - 30	Fair Value	Cost	Fair Value	Cost
Trading securities					
Private securities:	12,089	12,089	12,044	952,232	812,274
Investment fund shares	11,372	11,372	11,327	783,879	649,319
Bank Deposit Certificate – CDB	717	717	717	168,353	162,955
Total	12,089	12,089	12,044	952,232	812,274
	Consolidated				
	09/30/2023			12/31/2022	
	Maturity	Total		Total	
	0 – 30	Fair Value	Cost	Fair Value	Cost
Trading securities					
Private securities	793,762	793,762	856,970	1,734,845	1,581,467
Investment fund shares	729,426	729,426	728,393	1,556,283	1,408,421
Financial Bills – LF	64,336	64,336	128,577	168,353	162,955
Government securities	-	-	-	10,209	10,091
National Treasury Bills – LFT	17,663	17,663	16,124	-	-
Investment fund shares	17,663	17,663	16,124	-	-
Total	811,425	811,425	873,094	1,734,845	1,581,467

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.

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) Other financial instruments

As at September 30, 2023 and December 31, 2022, the balances comprise held-to-maturity securities.

	Consolidated		
	09/30/2023	09/30/2023	12/31/2022
	Above 365	Total	Total
	Amortized cost	Amortized cost	Amortized cost
Held-to-maturity securities			
Government securities	109,101	109,101	99,237
National Treasury Bills – LFT	109,101	109,101	99,237
Private securities	179,957	179,957	187,481
Financial Bills – LF	179,957	179,957	187,481
Total	289,058	289,058	286,718

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 Receba Mais (c)	4/29/2021	Closed and restricted	6 years	Monthly	15.0%	Closed
FIDC Emissor I	3/16/2021	Closed and restricted	Indeterminate	Semiannual	10.0%	Active
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) At the General Meeting held on January 31, 2022, the shareholders decided to liquidate the Fund. Therefore, the amortization and full early redemption of senior shares occurred on February 4, 2022.

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

All funds are governed by CMN Resolution No. 2,907/01, by CVM Instructions No. 356/01 and No. 444/06, by the terms of the Regulation, and by all other applicable legal and regulatory provisions.

Cielo S.A. - Instituição de Pagamento

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

Structure and composition of the Funds

The equity structure of the FIDCs as at September 30, 2023 and December 31, 2022 is presented below:

	09/30/2023			
	Number of shares	Total value of shares	Cielo's interest	Third parties' interest
FIDC NP	5,853,312	2,233,199	2,233,199	-
FIDC Plus	981,139,881	9,214,695	8,607,147	607,548
Senior	600,000	607,548	-	607,548
Subordinated	980,539,881	8,607,147	8,607,147	-
FIDC Emissor I	2,222,223	2,264,323	254,658	2,009,665
Senior	2,000,000	2,009,665	-	2,009,665
Subordinated	222,223	254,658	254,658	-
FIDC Emissor II	4,965,131	5,533,906	779,781	4,754,125
Senior	4,500,000	4,754,125	-	4,754,125
Subordinated	465,131	779,781	779,781	-
Total	994,180,547	19,246,123	11,874,785	7,371,338

	12/31/2022			
	Number of shares	Total value of shares	Cielo's interest	Third parties' interest
FIDC NP	57,285	865,073	865,073	-
FIDC Plus	683,501,577	8,739,288	8,109,880	629,408
Senior	600,000	629,408	-	629,408
Subordinated	682,901,577	8,109,880	8,109,880	-
FIDC Emissor I	2,222,223	2,394,175	311,156	2,083,019
Senior	2,000,000	2,083,019	-	2,083,019
Subordinated	222,223	311,156	311,156	-
FIDC Emissor II	4,965,131	5,227,605	641,457	4,586,148
Senior	4,500,000	4,586,148	-	4,586,148
Subordinated	465,131	641,457	641,457	-
Total	690,746,216	17,226,141	9,927,566	7,298,575

The statements of financial position of the FIDCs as at September 30, 2023 and December 31, 2022 are as follows:

	09/30/2023			12/31/2022		
	Assets	Liabilities	Equity	Assets	Liabilities	Equity
FIDC NP	2,243,640	10,441	2,233,199	865,297	224	865,073
FIDC Plus	9,215,383	688	9,214,695	8,739,706	418	8,739,288
FIDC Emissor I	2,264,416	93	2,264,323	2,394,175	-	2,394,175
FIDC Emissor II	5,533,999	93	5,533,906	5,227,618	13	5,227,605
Total	19,257,438	11,315	19,246,123	17,226,796	655	17,226,141

The statements of profit or loss of the FIDCs for the three-month and nine-month periods ended September 30, 2023 and 2022, 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)

	Three-month period				
	09/30/2023				
	FIDC NP	FIDC Plus	FIDC Emissor I	FIDC Emissor II	Total
Income - Credit rights	91,586	375,178	-	-	466,764
Income - Credit rights Card issuing banks	-	-	96,076	219,027	315,103
Finance income	8,109	12,297	512	126	21,044
Finance costs	(1,061)	(1,664)	(381)	(385)	(3,491)
Other operating expenses	(2,117)	(413)	(266)	(266)	(3,062)
Profit for the three-month period	96,517	385,398	95,941	218,502	796,358
Remuneration – Senior Share	-	22,062	74,233	167,976	264,271
Remuneration – Subordinated Share	96,517	363,336	21,708	50,526	532,087

	Three-month period				
	09/30/2022				
	FIDC NP	FIDC Plus	FIDC Emissor I	FIDC Emissor II	Total
Income - Credit rights	2,929	290,329	-	-	293,258
Income - Credit rights Card issuing banks	-	-	93,722	211,978	305,700
Finance income	2,085	15,443	1,581	92	19,201
Finance costs	(7,133)	(2,506)	(377)	(431)	(10,447)
Other operating expenses	336	(436)	(250)	(251)	(601)
Profit (loss) for the three-month period	(1,783)	302,830	94,676	211,388	607,111
Remuneration – Senior Share	-	22,552	75,923	172,286	270,761
Remuneration – Subordinated Share	(1,783)	280,278	18,753	39,102	336,350

	Nine-month period					
	09/30/2023					
	FIDC NP	FIDC Plus	FIDC Receba Mais	FIDC Emissor I	FIDC Emissor II	Total
Income - Credit rights	185,646	1,063,347	-	-	-	1,248,993
Income - Credit rights Card issuing banks	-	-	-	280,644	637,466	918,110
Finance income	13,784	54,962	-	2,072	3,318	74,136
Finance costs	(3,565)	(5,839)	-	(1,074)	(1,169)	(11,647)
Other operating expenses	(2,854)	(1,053)	-	(975)	(963)	(5,845)
Profit for the nine-month period	193,011	1,111,417	-	280,667	638,652	2,223,747
Remuneration – Senior Share	-	65,449	-	219,346	500,327	785,122
Remuneration – Subordinated Share	193,011	1,045,968	-	61,321	138,325	1,438,625

	Nine-month period					
	09/30/2022					
	FIDC NP	FIDC Plus	FIDC Receba Mais	FIDC Emissor I	FIDC Emissor II	Total
Income - Credit rights	4,549	699,916	148	-	-	704,613
Income - Credit rights Card issuing banks	-	-	-	237,666	539,655	777,321
Finance income	4,590	51,081	795	10,745	14,074	81,285
Finance costs	(13,543)	(11,691)	(82)	(1,015)	(1,086)	(27,417)
Other operating expenses	1,335	(936)	(158)	(695)	(766)	(1,220)
Profit (loss) for the nine-month period	(3,069)	738,370	703	246,701	551,877	1,534,582
Remuneration – Senior Share	-	59,174	318	198,339	453,812	711,643
Remuneration – Subordinated Share	(3,069)	679,196	385	48,362	98,065	822,939

Cielo S.A. - Instituição de Pagamento

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

7 Operating receivables

	Parent Company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Receivables from card-issuing banks (a)	80,840,741	92,081,398	80,844,113	92,083,831
Income receivable for payment transactions	117,453	130,002	2,348,110	995,533
Other operating receivables	206,998	167,570	223,188	169,477
Expected losses on doubtful debts (b)	(199,631)	(170,209)	(200,433)	(170,739)
Total	80,965,561	92,208,761	83,214,978	93,078,102
Current	80,944,857	92,181,824	83,194,168	93,051,150
Non-current	20,704	26,937	20,810	26,952
Total	80,965,561	92,208,761	83,214,978	93,078,102

(a) Receivables from card-issuing banks refer to the flow of receivables for credit and debit card transactions made by cardholders.

(b) Refers to the expected losses on doubtful debts and past-due amounts from transactions carried out with merchants, which are related to products and services provided by the Company, as well as collection of cancellations and chargebacks, as presented in note 25 - Risk management. 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 nine-month periods ended September 30, 2023, and 2022 is as follows:

	Parent Company			
	Three-month period		Nine-month period	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Profit before income tax and social contribution	481,539	441,228	1,743,210	1,220,428
Statutory rates - %	34%	34%	34%	34%
Income tax and social contribution at statutory rates	(163,723)	(150,018)	(592,691)	(414,946)
Interest on capital	65,184	50,609	198,866	148,987
Tax benefit of R&D	-	-	7,693	3,256
Share of profit (loss) of investees	76,966	71,215	255,756	277,770
Other permanent differences, net	(3,283)	8,707	(6,820)	6,063
Income tax and social contribution	(24,856)	(19,487)	(137,196)	21,130
Current	-	(9,203)	4,479	(95,733)
Deferred	(24,856)	(10,284)	(141,675)	116,863

Cielo S.A. - Instituição de Pagamento

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

	Consolidated			
	Three-month period		Nine-month period	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Profit before income tax and social contribution	728,645	668,596	2,567,327	1,874,976
Statutory rates - %	34%	34%	34%	34%
Income tax and social contribution at statutory rates	(247,739)	(227,323)	(872,891)	(637,492)
Interest on capital	65,184	50,609	198,866	148,987
Tax benefit of R&D	-	-	7,693	3,724
Difference in the US income tax rate	-	(1,914)	-	59,379
Other permanent differences, net	(3,615)	9,640	(8,106)	6,591
Income tax and social contribution	(186,170)	(168,988)	(674,438)	(418,811)
Current	(136,892)	(159,385)	(447,645)	(517,118)
Deferred	(49,278)	(9,603)	(226,793)	98,307

(b) Deferred income tax and social contribution

Deferred income tax and social contribution arise from temporary differences caused mainly by temporarily non-deductible provisions and are classified in noncurrent assets, 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			
	12/31/2022	Additions	(Write-offs)	09/30/2023
Provision for tax, labor and civil risks	696,623	-	(597,455)	99,168
Accrual for sundry expenses	181,598	82,887	(50,909)	213,576
Provision for variable compensation	63,154	8,687	(26,231)	45,610
Income tax and social contribution losses	-	450,532	-	450,532
Expected loss on doubtful debts relating to POS equipment and fraud	105,103	14,475	(23,661)	95,917
Total	1,046,478	556,581	(698,256)	904,803

	Parent Company			
	12/31/2021	Additions	(Write-offs)	09/30/2022
Provision for tax, labor and civil risks	669,089	32,822	(4,361)	697,550
Accrual for sundry expenses	123,906	148,374	(58,843)	213,437
Provision for variable compensation	49,380	8,805	(11,912)	46,273
Expected losses on doubtful debts relating to POS equipment and fraud	82,148	6,466	(4,488)	84,126
Total	924,523	196,467	(79,604)	1,041,386

Cielo S.A. - Instituição de Pagamento

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

	Consolidated			09/30/2023
	12/31/2022	Additions	(Write-offs)	
Provision for tax, labor and civil risks	757,549	2,120	(652,421)	107,248
Accrual for sundry expenses	327,044	84,971	(65,039)	346,976
Provision for variable compensation	85,962	10,836	(33,341)	63,457
Income tax and social contribution tax losses in subsidiary	61,834	450,532	(7,543)	504,823
Expected losses on doubtful debts relating to POS equipment and fraud	114,310	14,476	(31,385)	97,401
Total	1,346,699	562,935	(789,729)	1,119,905

	Consolidated			09/30/2022
	12/31/2021	Additions	(Write-offs)	
Provision for tax, labor and civil risks	727,848	44,839	(4,444)	768,243
Accrual for sundry expenses	316,283	169,377	(125,355)	360,305
Provision for variable compensation	69,767	9,419	(17,022)	62,164
Income tax and social contribution tax losses in subsidiary	76,662	-	(10,754)	65,908
Expected losses on doubtful debts relating to POS equipment and fraud	92,486	6,466	(4,768)	94,184
Total	1,283,046	230,101	(162,343)	1,350,804

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, no exceeding 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.

We present below the expected realization of the tax credit per year:

	Parent Company 09/30/2023	Consolidated 09/30/2023
2023	162,374	315,183
2024	84,884	95,901
2025	94,628	105,262
2026	116,939	127,644
2027	185,839	194,664
2028 to 2032	260,139	281,251
Total	904,803	1,119,905
Interest on present value adjustment	(78,499)	(97,161)
Total present value of tax credits	826,304	1,022,744

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	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Income tax and social contribution, net of prepayments	8,026	78,765	464,513	668,082
Contribution for Social Security Funding – Cofins	24,580	34,144	46,713	57,802
Tax on Services – ISS	6,466	7,232	17,449	18,993
Social Integration Program – PIS	4,970	7,060	9,751	12,171
Other taxes payable	20,661	20,566	40,509	30,117
Total	64,703	147,767	578,935	787,165

9 Investments

	Parent Company	
	09/30/2023	12/31/2022
In subsidiaries	6,962,049	7,047,935
Total	6,962,049	7,047,935

Below are the activities of the subsidiaries are described:

- 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, development and licensing of software.

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

Cielo S.A. - Instituição de Pagamento

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

	09/30/2023							09/30/2023				
	Equity interest %	Assets	Liabilities	Equity	Revenues	Gross profit	Operating profit (loss) before finance income (costs)	Profit (loss)	Share of profit (loss) of investees for the three-month period	Share of profit (loss) of investees for the nine-month period	Investments	
Subsidiaries												
Servinet	99.99	187,023	126,731	60,292	416,986	413,713	25,180	18,480	7,700	18,480	60,292	
Cielo USA	100.00	3,745	-	3,745	-	-	(508)	(508)	(1)	(508)	3,745	
Cateno	70.00	10,378,243	980,831	9,397,412	3,049,211	1,364,216	1,371,396	956,250	200,179	669,375	6,578,188	
Stelo	99.99	488,514	174,671	313,843	144,122	99,100	78,066	64,504	18,362	64,502	313,830	
Aliança	99.99	6,192	198	5,994	467	467	22	375	131	375	5,994	
Total Parent Company									226,371	752,224	6,962,049	

	12/31/2022				09/30/2022				09/30/2022		12/31/2022
	Equity interest %	Assets	Liabilities	Equity	Revenues	Gross profit (loss)	Operating profit before finance income (costs)	Profit	Share of profit (loss) of investees for the three-month period	Share of profit (loss) of investees for the nine-month period	Investments
Subsidiaries											
Servinet	99.99	210,236	138,191	72,045	355,304	352,364	21,928	16,623	7,134	16,623	72,045
Cielo USA	100.00	4,443	-	4,443	-	(47,540)	286,059	220,713	(5,630)	220,713	4,443
Cateno	70.00	10,728,321	1,175,150	9,553,171	2,857,569	1,165,058	989,575	715,357	181,689	500,750	6,687,219
Stelo	99.99	476,693	198,073	278,620	148,797	105,686	94,404	78,293	5,573	16,724	278,609
Aliança	99.99	12,308	6,689	5,619	11,605	11,727	62,340	62,160	20,689	62,160	5,619
Total Parent Company									209,455	816,970	7,047,935

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 nine-months ended September 30, 2023, and 2022:

	Parent Company
Balance at December 31, 2021	7,596,638
Dividends received:	
Cateno	(515,098)
Redemption of shares – Cateno	(540,027)
Share of profit (loss) of investees	816,970
Exchange difference on foreign investments	188,359
Provision for obligations with investees	(1,665,513)
Capital contribution - Cielo USA	1,359,181
Balance at September 30, 2022	7,240,510
Balance at December 31, 2022	7,047,935
Dividends received:	
Cateno	(654,325)
Servinet	(30,233)
Stelo	(29,280)
Additional dividends – Cateno	(54,067)
Accrued dividends:	
Cateno	(70,015)
Share of profit (loss) of investees	752,224
Exchange difference on foreign investments	(190)
Balance at September 30, 2023	6,962,049

10 Property and equipment

	Annual depreciation rate -%	Parent Company				
		09/30/2023			12/31/2022	
		Cost	Accumulated depreciation	Impairment of assets	Net	Net
POS equipment	20	1,627,438	(857,762)	(40,894)	728,782	834,578
Data processing equipment	20	269,320	(203,635)	-	65,685	79,818
Machinery and equipment	10 - 20	19,785	(18,108)	-	1,677	722
Facilities	10	35,239	(18,144)	-	17,095	19,030
Furniture and fixtures	10	3,863	(1,640)	-	2,223	2,485
Vehicles	20	3,613	(423)	-	3,190	253
Total		1,959,258	(1,099,712)	(40,894)	818,652	936,886

Cielo S.A. - Instituição de Pagamento

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

	Annual depreciation rate-%	Consolidated				
		09/30/2023				12/31/2022
		Cost	Accumulated depreciation	Impairment of assets	Net	Net
POS equipment	20	1,627,438	(857,762)	(40,894)	728,782	834,578
Data processing equipment	20	277,050	(209,838)	-	67,212	81,792
Machinery and equipment	10 - 20	24,418	(22,445)	-	1,973	1,068
Facilities	10	70,340	(45,238)	-	25,102	29,280
Furniture and fixtures	10	8,056	(4,468)	-	3,588	3,965
Vehicles	20	3,613	(423)	-	3,190	254
Total		2,010,915	(1,140,174)	(40,894)	829,847	950,937

Below are the changes in property and equipment for the nine-month periods ended September 30, 2023, and 2022:

	Parent Company				
	12/31/2022	Additions	Disposals/	Depreciation	09/30/2023
			Estimated losses		
POS equipment	834,578	139,398	(9,795)	(235,399)	728,782
Data processing equipment	79,818	9,254	(16)	(23,371)	65,685
Machinery and equipment	722	1,438	(68)	(415)	1,677
Facilities	19,030	293	-	(2,228)	17,095
Furniture and fixtures	2,485	-	(85)	(177)	2,223
Vehicles	253	3,379	(126)	(316)	3,190
Total	936,886	153,762	(10,090)	(261,906)	818,652

	Parent Company				
	12/31/2021	Additions	Disposals/	Depreciation	09/30/2022
			Estimated losses		
POS equipment	791,128	332,935	(27,885)	(230,455)	865,723
Data processing equipment	98,576	10,466	(15)	(23,989)	85,038
Machinery and equipment	1,680	-	(16)	(712)	952
Facilities	19,646	840	148	(2,107)	18,527
Furniture and fixtures	2,933	5	(560)	(123)	2,255
Vehicles	793	-	(215)	(191)	387
Total	914,756	344,246	(28,543)	(257,577)	972,882

	Consolidated				
	12/31/2022	Additions	Disposals/	Depreciation	09/30/2023
			Estimated losses		
POS equipment	834,578	139,398	(9,795)	(235,399)	728,782
Data processing equipment	81,792	9,391	(25)	(23,946)	67,212
Machinery and equipment	1,068	1,476	(68)	(503)	1,973
Facilities	29,280	345	-	(4,523)	25,102
Furniture and fixtures	3,965	114	(86)	(405)	3,588
Vehicles	254	3,378	(126)	(316)	3,190
Total	950,937	154,102	(10,100)	(265,092)	829,847

Cielo S.A. - Instituição de Pagamento

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

	Consolidated						
	12/31/2021	Additions	Disposals/ Estimated losses	Depreciation	Exchange differences	Sale MerchantE	09/30/2022
POS equipment	791,375	333,055	(27,916)	(230,490)	(29)	(272)	865,723
Data processing equipment	104,780	10,646	(231)	(25,452)	(385)	(2,319)	87,039
Machinery and equipment	33,096	65	(48)	(2,256)	(4,604)	(24,913)	1,340
Facilities	36,008	2,292	(3,805)	(4,932)	-	-	29,563
Furniture and fixtures	5,099	261	(1,151)	(397)	-	-	3,812
Vehicles	793	-	(215)	(191)	-	-	387
Total	971,151	346,319	(33,366)	(263,718)	(5,018)	(27,504)	987,864

11 Intangible assets

	Annual amortization rate - %	Parent Company				12/31/2022
		09/30/2023				Net
		Cost	Accumulated amortization	Impairment of assets	Net	Net
Software	20	1,628,463	(1,045,852)	(33,808)	548,803	516,821
Project development	20	25,044	(25,044)	-	-	-
Total		1,653,507	(1,070,896)	(33,808)	548,803	516,821

	Annual amortization rate - %	Consolidated				12/31/2022
		09/30/2023				Net
		Cost	Accumulated amortization	Impairment of assets	Net	Net
Right of use - Ourocard Payment Arrangement (a)	3.33	11,572,000	(3,310,879)	-	8,261,121	8,550,422
Software (b)	6.66 - 20	1,632,830	(1,049,757)	(33,808)	549,265	517,544
Relationship with customers	10 - 20	36,342	(32,977)	-	3,365	-
Project development	20	-	-	-	-	2,793
Others	08 - 20	474	-	-	474	474
Total		13,241,646	(4,393,613)	(33,808)	8,814,225	9,071,233

- (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.

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) **Software** - Refers to software licenses acquired from third parties and used to provide services relating to information processing and transactions with customers.

Below are the changes in intangible assets for the nine-month periods ended September 30, 2023 and 2022:

	Parent Company				09/30/2023
	12/31/2022	Additions	Reversals	Amortizations	
Software	516,821	160,074	7,218	(135,310)	548,803
Total	516,821	160,074	7,218	(135,310)	548,803

	Parent Company				09/30/2022
	12/31/2021	Additions	Disposals/ Estimated losses	Amortizations	
Software	502,150	156,582	(37,052)	(130,742)	490,938
Total	502,150	156,582	(37,052)	(130,742)	490,938

	Consolidated				09/30/2023
	12/31/2022	Additions	Reversals	Amortizations	
Right of use – Ourocard Payment Arrangement	8,550,422	-	-	(289,301)	8,261,121
Software	517,544	160,074	7,218	(135,571)	549,265
Project development	2,793	1,513	-	(941)	3,365
Others	474	-	-	-	474
Total	9,071,233	161,587	7,218	(425,813)	8,814,225

	Consolidated						09/30/2022
	12/31/2021	Additions	Disposals/ Estimated losses	Amortizations	Exchange differences	Sale MerchantE	
Right of use - Ourocard Payment Arrangement	8,936,156	-	-	(289,300)	-	-	8,646,856
Software	691,523	159,496	(37,052)	(152,529)	(29,928)	(139,898)	491,612
Relationship with customers	71,565	-	-	(31,913)	(9,459)	(30,193)	-
Project development	34,268	1,461	-	(976)	(286)	(31,332)	3,135
Others	1,045	-	(571)	-	-	-	474
Total	9,734,557	160,957	(37,623)	(474,718)	(39,673)	(201,423)	9,142,077

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.

Cielo S.A. - Instituição de Pagamento

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

12 Borrowings

	Parent Company and Consolidated	
	09/30/2023	12/31/2022
Private debentures (a)	3,378,261	3,498,894
Public debentures (b)	3,007,912	3,099,074
Financing of R&D	28,208	45,103
Total	6,414,381	6,643,071
Current	3,410,572	3,623,321
Noncurrent	3,003,809	3,019,750
Total	6,414,381	6,643,071

(a) Private debentures

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

	Principal	Remuneration
1 st issuance	2,359,449	111% of DI
2 nd issuance	700,000	111% of DI after 3/31/2015
3 rd issuance	400,000	100% of DI

Interest is paid on a semiannual basis from the issuance date, except for the last accrual period that will be shorter as it will start on August 27, 2023 and will end with payment on the maturity date together with the principal amount. Exceptionally on March 27, 2015, the principal amount of R\$122,324 related to the 1st issuance of private debentures was partially paid, remaining a balance payable of R\$ 2,237,125. There are no covenants imposing financial restrictions related to the financial transaction of issuance of private debentures.

(b) 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.

The changes in borrowings for the nine-month periods ended September 30, 2023 and 2022 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)

	<u>Parent Company</u>	<u>Consolidated</u>
Balance at December 31, 2021	4,034,446	6,295,104
New funding	2,420,000	2,420,000
Payment of principal	(2,036,917)	(2,036,917)
Exchange differences (principal and interest)	(16,665)	(82,062)
Accrued interest and charges	350,916	407,258
Interest paid	(388,359)	(427,448)
Debt issuance costs incurred	(925)	(925)
Amortization of debt issuance costs	347	347
Balance at September 30, 2022	4,362,843	6,575,357
Balance at December 31, 2022	6,643,071	6,643,071
New funding	6,280,000	6,280,000
Payment of principal	(6,296,917)	(6,296,917)
Accrued interest and charges	709,323	709,323
Interest paid	(922,315)	(922,315)
Amortization of debt issuance costs	1,219	1,219
Balance at September 30, 2023	6,414,381	6,414,381

Breakdown of borrowings recorded in noncurrent liabilities

Maturity	<u>Parent Company and Consolidated</u>	
	<u>09/30/2023</u>	<u>12/31/2022</u>
2024	5,639	22,556
2025	3,000,000	3,000,000
Total borrowings	3,005,639	3,022,556
Debt issuance costs incurred	(1,830)	(2,806)
Total	3,003,809	3,019,750

13 Payables to merchants

As at September 30, 2023, the Payables to merchants balance is R\$ 66,166,099 and R\$ 66,298,117 in the Parent Company and Consolidated, respectively (R\$ 77,709,823 and R\$ 77,835,921 as at December 31, 2022). The balance refers to transactions related to sale of products and services using credit and debit cards payable to merchants, Company customers, net of remuneration for the services rendered by Cielo and card-issuing banks.

In addition to the services of payment of amounts transacted in credit and debit cards to merchants, the Company also guarantees accredited merchants that they will receive the amounts from credit card transactions.

Cielo S.A. - Instituição de Pagamento

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

14 Provision for contingencies

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, labor and other 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 nine-month periods ended September 30, 2023 and 2022, as follows:

Parent Company						
	<u>12/31/2022</u>	<u>Additions</u>	<u>Write-offs/ reversals</u>	<u>Monetary adjustment</u>	<u>Payments</u>	<u>09/30/2023</u>
Tax (a)	1,963,951	36,228	(1,782,571)	22,165	-	239,773
Labor (b)	50,209	10,734	(17,435)	3,718	(19,710)	27,516
Civil (c)	47,739	39,609	(18,083)	6,424	(40,393)	35,296
Total	<u>2,061,899</u>	<u>86,571</u>	<u>(1,818,089)</u>	<u>32,307</u>	<u>(60,103)</u>	<u>302,585</u>
	<u>12/31/2021</u>	<u>Additions</u>	<u>Write-offs/ reversals</u>	<u>Monetary adjustment</u>	<u>Payments</u>	<u>09/30/2022</u>
Total	<u>1,985,883</u>	<u>162,325</u>	<u>(80,672)</u>	<u>37,658</u>	<u>(35,605)</u>	<u>2,069,589</u>
Consolidated						
	<u>12/31/2022</u>	<u>Additions</u>	<u>Write-offs/ reversals</u>	<u>Monetary adjustment</u>	<u>Payments</u>	<u>09/30/2023</u>
Tax (a)	2,127,889	95,281	(2,003,892)	23,057	-	242,335
Labor (b)	63,099	18,985	(20,697)	5,239	(20,429)	46,197
Civil (c)	48,404	39,800	(18,247)	6,461	(40,591)	35,827
Total	<u>2,239,392</u>	<u>154,066</u>	<u>(2,042,836)</u>	<u>34,757</u>	<u>(61,020)</u>	<u>324,359</u>
	<u>12/31/2021</u>	<u>Additions</u>	<u>Write-offs/ reversals</u>	<u>Monetary adjustment</u>	<u>Payments</u>	<u>09/30/2022</u>
Total	<u>2,158,491</u>	<u>230,631</u>	<u>(115,169)</u>	<u>42,242</u>	<u>(39,465)</u>	<u>2,276,730</u>

The additions refer basically to the complement of the provision for tax risks in the nine-month periods ended September 30, 2023 and 2022, 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.

Cielo S.A. - Instituição de Pagamento

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

Escrow deposits

As at September 30, 2023 and December 31, 2022, Cielo Group has escrow deposits related to the provision for tax, labor and civil risks, and the balances are broken down as follows:

	Parent Company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Tax (a)	36,535	1,553,676	37,202	1,554,819
Labor (b)	9,880	13,142	14,858	15,991
Civil (c)	17,415	13,391	17,427	13,393
Total	63,830	1,580,209	69,487	1,584,203

(a) Tax lawsuits

The Company discusses in court the diverging interpretation of the tax legislation application materialized in tax assessment notices, as well as the lawfulness and constitutionality of certain taxes and contributions. Among the issues included in the Company's provision for tax risks, we highlight the following:

- **COFINS - Non-cumulative Regime** - In February 2004, the Company filed a writ of mandamus to annul the enforceability of the increase in the COFINS rate, making a judicial deposit and the related provision for the amounts under dispute. Due to the understanding consolidated by the Federal Supreme Court (STF) against the merits of the claim and analyzing the advanced stage of this specific case, the Company decided to withdraw from the lawsuit, which resulted in the reversal of the provision for risks previously recorded in the amount of R\$ 1,517,141 and the consequent conversion into income to the Federal Government of an amount equal to that deposited into court, without cash disbursements or impact on the Company's result. The Company can use these credits from then on, since the amounts that were accrued may from now on be deducted from taxable income, in accordance with relevant tax legislation.
- **ISS Municipality (CL 175/20)** - With the completion of the judgment of the Direct Unconstitutionality Action (ADI) 5,835 by the Federal Supreme Court (STF) in June 2023, setting STF's position and maintaining the payment of the Service Tax (ISS) in the city of the service provider and not in the cities where the service takers are located, a provision for risks previously recorded for this purpose in the amount of R\$226.0 million in Cielo (R\$ 149.2 million net of taxes) and R\$ 384.8 million in the consolidated (R\$ 254.0 million net of taxes) was reversed, maintaining the payment of this tax in the city of the service provider, that is, Barueri.

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) Labor lawsuits

Refer to labor lawsuits filed by former employees of the Company, its subsidiaries and their 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 are borne by the companies themselves which in turn are liable for the lawyers' fees and other expenses related to the lawsuits, including any agreements or final sentences. If Cielo Group make payments in view 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.

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 September 30, 2023, 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

Additionally, as at September 30, 2023 and December 31, 2022, 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:

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	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Tax	1,318,428	1,112,970	1,327,707	1,120,780
Labor	74,690	71,665	215,217	163,422
Civil	531,330	463,559	534,548	468,854
Total	1,924,448	1,648,194	2,077,472	1,753,056

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 option plan"), referring to the years 2015, 2017 and 2018, in the monetarily adjusted amounts of R\$ 76,534, R\$ 63,489 and R\$ 41,199, 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 income in the years 2015/2016, 2017 and 2018, in the monetarily adjusted amounts of R\$ 378,672, R\$ 252,956 and R\$ 223,503, respectively.

15 Equity

(a) Issued capital

Capital as at September 30, 2023 is R\$ 5,700,000 (R\$ 5,700,000 as at December 31, 2022) represented by 2,716,815,061 common shares, all of them subscribed and paid in. As mentioned in Note 16, the number of shares net of treasury shares as at September 30, 2023 is 2,697,201,909 (2,694,364,620 shares as at December 31, 2022).

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 September 30, 2023 is R\$ 53,791 (R\$ 70,893 as at December 31, 2022).

Cielo S.A. - Instituição de Pagamento

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

(c) Treasury shares

At the meeting held on March 30, 2023, the Board of Directors approved the new share buyback program ("Program"), through which the Company was authorized to acquire up to 6,569,512 common shares, without par value, of its own issuance, effective from April 3 to 11, 2023, as detailed in the Notice on Trading of Shares of Own Issuance, prepared as Annex G to CVM Resolution No. 80, published on March 30, 2023.

The changes in treasury shares are as follows:

	Shares	Amount	Average cost R\$ per share
Balance at December 31, 2022	(22,450,441)	(113,605)	5.06
Exercise of Restricted Stock			
March	4,071,321	20,602	5.06
May	2,287,257	11,354	4.96
June	73,680	366	4.96
July	1,035,842	5,142	4.96
August	1,895,810	9,411	4.96
September	42,891	212	4.96
Repurchase of shares – April	(6,569,512)	(30,842)	4.69
Balance at September 30, 2023	(19,613,152)	(97,360)	4.96

(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 September 30, 2023 is R\$ 1,140,000 (R\$ 1,140,000 as at December 31, 2022), and the limit of 20% was reached in October 2020.

(e) Earnings reserve - capital budget

The capital budget reserve totals R\$ 4,295,319 as at September 30, 2023.

The financial statements for the year ended December 31, 2022 and the capital budget proposal for 2023 were approved by the Company's shareholders at the Ordinary General Meeting ("OGM") held on March 6, 2023.

(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 remuneration on capital may be attributed to the amount of dividends.

The allocation of the remaining balance of the profit for the year will 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)

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.

The Company's Board of Directors approved the distribution of interest on capital, subject to ratification at the Ordinary General Meeting.

The decision is represented as follows:

	<u>Amount</u>	<u>Date of approval</u>	<u>Date of payment</u>
1 st quarter	196,210	04/26/2023	05/18/2023
2 nd quarter	196,970	08/01/2023	08/22/2023
3 rd quarter	191,719	10/31/2023	11/23/2023
Balance at September 30, 2023	<u>584,899</u>		

The Company will distribute proceeds for the third quarter of 2023 in the form of interest on capital within the tax deductibility limit, reaching a payout of 42.0%.

(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 and Consolidated	
	<u>09/30/2023</u>	<u>12/31/2022</u>
Exchange differences on foreign investments	(165,515)	(165,325)
Post-employment actuarial gains, net	1,295	1,295
Total	<u>(164,220)</u>	<u>(164,030)</u>

(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.

Capital management is defined as the continuous process of monitoring and controlling the capital held by the Company, assessing the need for capital to

Cielo S.A. - Instituição de Pagamento

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

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, intended to cover the risks associated with:

I - Payment services provided; and

II - Other activities carried out.

As at September 30, 2023, the reference equity is R\$11,777,156 (R\$10,663,405 as at December 31, 2022). This amount is higher than the minimum equity required of R\$1,750,968 (R\$1,838,419 as at December 31, 2022).

16 Earnings per share

(a) Changes in the number of common shares

Shares issued

Shares at December 31, 2022	2,694,364,620
Exercise of restricted stock option:	
March	4,071,321
May	2,287,257
June	73,680
July	1,035,842
August	1,895,810
September	42,891
Repurchase of shares – April	(6,569,512)
Shares at September 30, 2023	2,697,201,909

(b) Earnings per share

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

Basic earnings per share

	Parent Company and Consolidated			
	Three-month period		Nine-month period	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Profit for the period available for common shares	456,683	421,741	1,606,014	1,241,558
Weighted average number of outstanding common shares (in thousands)	2,691,831	2,700,559	2,692,074	2,704,678
Earnings per share (in R\$) – basic	0.16966	0.15617	0.59657	0.45904

Cielo S.A. - Instituição de Pagamento

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		Nine-month period	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Profit for the period available for common shares	456,683	421,741	1,606,014	1,241,558
Diluted denominator:				
Weighted average number of outstanding common shares (in thousands)	2,691,831	2,700,559	2,692,074	2,704,678
Potential increment in common shares as a result of the restricted stock plan	18,600	19,490	18,600	19,490
Total (in thousands)	2,710,431	2,720,049	2,710,674	2,724,168
Earnings per share (in R\$) – diluted	0.16849	0.15505	0.59248	0.45576

17 Net revenue

	Parent Company			
	Three-month period		Nine-month period	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Gross operating revenue	1,763,339	1,815,477	5,378,079	5,111,468
Taxes on revenue	(181,169)	(186,502)	(564,717)	(571,311)
Total	1,582,170	1,628,975	4,813,362	4,540,157

	Consolidated			
	Three-month period		Nine-month period	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Gross operating revenue	2,961,995	2,959,914	8,875,197	8,975,958
Taxes on revenue	(342,983)	(323,199)	(1,044,290)	(1,036,851)
Total	2,619,012	2,636,715	7,830,907	7,939,107

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

Cielo S.A. - Instituição de Pagamento

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		Nine-month period	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Acquiring costs	(662,909)	(734,170)	(2,084,741)	(2,131,792)
Personnel expenses	(189,312)	(191,555)	(577,399)	(510,390)
Depreciation and amortization	(126,795)	(135,064)	(397,216)	(388,319)
Sales, marketing and affiliation of customers	(89,772)	(64,440)	(213,140)	(178,973)
Professional services	(233,323)	(208,127)	(651,867)	(595,959)
Miscellaneous, net	54,701	80,436	380,332	64,410
Total	(1,247,410)	(1,252,920)	(3,544,031)	(3,741,023)
Classified as:				
Cost of services provided	(791,591)	(895,474)	(2,511,710)	(2,589,611)
Personnel	(151,675)	(129,066)	(443,833)	(341,434)
General and administrative	(244,940)	(213,834)	(671,298)	(620,102)
Sales and marketing	(50,025)	(28,516)	(98,616)	(75,556)
Other operating income (expenses), net	(9,179)	13,970	181,426	(114,320)
Total	(1,247,410)	(1,252,920)	(3,544,031)	(3,741,023)
	Consolidated			
	Three-month period		Nine-month period	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Acquiring costs	(1,197,938)	(1,246,440)	(3,580,793)	(4,074,684)
Personnel expenses	(345,791)	(327,150)	(1,013,334)	(933,162)
Depreciation and amortization	(224,638)	(233,124)	(690,905)	(738,436)
Sales, marketing and affiliation of customers	(89,796)	(64,476)	(213,227)	(222,860)
Professional services	(62,298)	(55,711)	(186,385)	(172,726)
Miscellaneous, net	68,069	63,205	579,025	365,118
Total	(1,852,392)	(1,863,696)	(5,105,619)	(5,776,750)
Classified as:				
Cost of services provided	(1,372,369)	(1,467,807)	(4,177,209)	(4,781,693)
Personnel	(306,168)	(259,914)	(869,476)	(740,063)
General and administrative	(89,354)	(78,016)	(247,521)	(260,024)
Sales and marketing	(50,050)	(28,552)	(98,704)	(119,443)
Other operating income (expenses), net	(34,451)	(29,407)	287,291	124,473
Total	(1,852,392)	(1,863,696)	(5,105,619)	(5,776,750)

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:

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			
	Three-month period		Nine-month period	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Expected losses on doubtful debts, fraud and chargeback	(16,895)	(6,641)	(76,309)	(42,615)
Expenses on contingencies, net	(3,654)	(14,200)	(16,532)	(28,333)
Reversal (provision) for property and equipment losses	(1,288)	(3,117)	6,143	(62,958)
Others (a)	12,658	37,928	268,124	19,586
Total	(9,179)	13,970	181,426	(114,320)

	Consolidated			
	Three-month period		Nine-month period	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Expected losses on doubtful debts, fraud and chargeback	(33,600)	(35,276)	(127,870)	(118,129)
Expenses on contingencies, net	(7,673)	(17,750)	(17,535)	(36,630)
Reversal (provision) for property and equipment losses	(1,297)	(3,123)	6,134	(63,317)
Others (a)	8,119	26,742	426,562	342,549
Total	(34,451)	(29,407)	287,291	124,473

The expected losses on doubtful debts, fraud and chargeback refer 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 chargeback of customers.

(a) In the nine-month period ended September 30, 2023, the main variation arises from the reversal of the provision for ISS Municipality due to the completion of the judgment by the Federal Supreme Court (STF) in June 2023, which maintained the payment of the Service Tax (ISS) in the city of the service provider and not in the cities where the service takers are located, in the amount of R\$226.0 million in Cielo (R\$149.2 million net of taxes) and R\$ 384.8 million in the consolidated (R\$254.0 million net of taxes), recorded as non-recurring item.

19 Commitments

Cielo Group is primarily engaged in providing services of capture, transmission, processing and financial settlement of transactions made using credit and debit cards. To make these activities viable, Cielo Group entered into the following agreements:

(a) Lease agreements

As at September 30, 2023, estimated future annual payments under lease agreements in effect 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)

	<u>09/30/2023</u>	<u>12/31/2022</u>
Up to 1 year	8,280	8,009
From 1 year to 5 years	24,180	24,333
Above 5 years	1,699	5,278
Total	<u>34,159</u>	<u>37,620</u>

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 September 30, 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:

	<u>09/30/2023</u>	<u>12/31/2022</u>
Up to 1 year	488,439	445,896
From 1 year to 5 years	292,268	204,572
Total	<u>780,707</u>	<u>650,468</u>

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

	Parent Company			
	Three-month period		Nine-month period	
	<u>09/30/2023</u>	<u>09/30/2022</u>	<u>09/30/2023</u>	<u>09/30/2022</u>
Supplementary Pension Plan (a)	2,508	1,368	7,414	4,788
Employee benefits (b)	21,669	17,627	61,058	48,177
Total	<u>24,177</u>	<u>18,995</u>	<u>68,472</u>	<u>52,965</u>

	Consolidated			
	Three-month period		Nine-month period	
	<u>09/30/2023</u>	<u>09/30/2022</u>	<u>09/30/2023</u>	<u>09/30/2022</u>
Supplementary Pension Plan (a)	3,428	2,286	10,629	7,505
Employee benefits (b)	49,432	38,894	141,003	109,240
Total	<u>52,860</u>	<u>41,180</u>	<u>151,632</u>	<u>116,745</u>

(a) Monthly contribution to the defined contribution pension plan - PGBL (defined contribution plan) for employees, recognized in personnel expenses.

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) These refer to health insurance, dental care, meal voucher and life and personal accident insurance. Furthermore, the Company has 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 September 30, 2023 is R\$ 13,946 (R\$12,949 as at December 31, 2022).

The rates used in the year were: nominal discount rate of 5.78% p.a., with inflation index of 4.0% p.a., generating an expected turnover of 19.0% p.a. and retirement at 60 years old. In equity, the balance recorded in other comprehensive income is R\$ 1,295 (R\$ 1,295 as at December 31, 2022).

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 nine-month periods ended September 30, 2023, and 2022 were as follows:

	Parent Company			
	Three-month period		Nine-month period	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Employees	29,623	31,311	81,243	79,796
Statutory officers	4,008	2,169	11,028	6,119
Total	33,631	33,480	92,271	85,915

	Consolidated			
	Three-month period		Nine-month period	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Employees	44,693	48,123	123,707	120,706
Statutory officers	4,100	2,328	13,323	8,666
Total	48,793	50,451	137,030	129,372

Cielo S.A. - Instituição de Pagamento

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

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 nine-month periods ended September 30, 2023, and 2022 are as follows:

	Three-month period					
	09/30/2023			09/30/2022		
	Fixed	Others	Total	Fixed	Others	Total
Statutory officers	3,475	3,837	7,312	1,935	7,080	9,015
Board of directors and supervisory board members	1,401	-	1,401	1,143	-	1,143
Total	4,876	3,837	8,713	3,078	7,080	10,158

	Nine-month period					
	09/30/2023			09/30/2022		
	Fixed	Others	Total	Fixed	Others	Total
Statutory officers	9,622	11,093	20,715	4,708	17,252	21,960
Board of directors and supervisory board members	4,429	-	4,429	2,994	-	2,994
Total	14,051	11,093	25,144	7,702	17,252	24,954

The "others" balance refers to variable compensation and termination of officers, net of taxes, and does not include (i) the long-term incentive plan 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 March 6, 2023, is R\$ 80,512, net of charges, as follows: (i) R\$ 806, for Supervisory Board members; and (ii) R\$ 79,706, 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 social 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 statutory officers and employees eligible to the plans are subject to the Board of Directors' approval.

The programs are recognized in the statements of profit or loss for the period, matched against the capital reserve, in accordance with the defined terms and conditions of each plan. In the event of statute barring /cancellation of

Cielo S.A. - Instituição de Pagamento

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

shares, a reversal is made in the period in which the event occurs for the total amount recognized along the period the plan was effective.

As at September 30, 2023, 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 2019	Active	2,419,297	(916,684)	(1,502,613)	-	July 2019	6.73	6.73
Restricted Stock 2020	Active	5,042,968	(1,513,635)	(3,529,333)	-	July 2020	3.94	3.94
Restricted Stock 2021	Active	1,945,031	(255,751)	(661,003)	1,028,277	July 2021	3.59	3.59
Restricted Stock 2022	Active	2,313,572	(134,221)	(396,410)	1,782,941	July 2022	3.81	3.81
Restricted Stock 2022 Special Vesting	Active	1,071,876	-	-	1,071,876	November 2022	5.11	5.11
Restricted Stock 2023	Active	2,244,720	(31,985)	(103,590)	2,109,145	July 2023	4.43	4.43
Sócio Cielo 2020	Active	2,898,458	(1,067,534)	(1,661,169)	169,755	March 2020	7.12	7.12
Sócio Cielo 2021	Active	5,440,433	(757,589)	(3,306,304)	1,376,540	March 2021	3.89	3.89
Sócio Cielo 2022	Active	11,253,702	(566,832)	(4,635,284)	6,051,586	March 2022	2.47	2.47
Sócio Cielo 2023	Active	6,297,073	(251,675)	(1,035,558)	5,009,840	March 2023	4.93	4.93
Total Stock Units		40,927,130	(5,495,906)	(16,831,264)	18,599,960			

In the nine-month period ended September 30, 2023, the amount relating to long-term incentive plans was recognized in profit or loss, net of charges in the amount of R\$29,985 (R\$19,698 as at September 30, 2022). The changes in the line item "Capital reserve", in equity, includes R\$ 29,985 in restricted stock granted and R\$ 47,087 in transfer of treasury shares for the exercise of stock options (R\$ 19,698 in stock granted and R\$ 32,017 in transfer of treasury shares, respectively as at September 30, 2022).

As at September 30, 2023 and 2022, in addition to the share-based incentive plans, long-term incentives were recorded in the amounts of R\$24,929 and R\$16,039, 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)

24 Finance income (costs)

	Parent Company				Consolidated			
	Three-month period		Nine-month period		Three-month period		Nine-month period	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Finance income:								
Interest on financial investments	6,056	18,164	59,887	65,093	66,165	90,676	245,975	296,583
Other finance income	788	763	4,020	1,396	3,007	2,325	10,947	5,815
PIS and COFINS	(318)	(879)	(2,972)	(3,144)	(2,065)	(2,865)	(8,166)	(9,324)
Total	6,526	18,048	60,935	63,345	67,107	90,136	248,756	293,074
Finance costs:								
Interest and charges on borrowings	(570,155)	(444,077)	(1,627,433)	(1,130,850)	(255,051)	(158,719)	(709,323)	(413,690)
Third parties' interest in FIDCs	-	-	-	-	(264,271)	(270,761)	(785,122)	(711,643)
Monetary adjustment of contingencies	(7,379)	(13,827)	(32,307)	(37,658)	(7,893)	(15,599)	(34,757)	(42,242)
Other finance costs	(10,908)	(6,678)	(30,998)	(20,534)	(14,849)	(8,652)	(39,302)	(24,562)
Total	(588,442)	(464,582)	(1,690,738)	(1,189,042)	(542,064)	(453,731)	(1,568,504)	(1,192,137)
Yield:								
Purchase of receivables (a)	-	-	-	-	442,022	277,617	1,182,097	666,346
FIDC shares yield (b)	507,345	320,710	1,371,729	784,672	-	-	-	-
Total	507,345	320,710	1,371,729	784,672	442,022	277,617	1,182,097	666,346
Exchange differences	(5,021)	(18,458)	(20,271)	(54,651)	(5,040)	(18,445)	(20,310)	(54,664)
Finance costs	(79,592)	(144,282)	(278,345)	(395,676)	(37,975)	(104,423)	(157,961)	(287,381)

- (a) As described in Note 6, the income from receivables acquired by FIDC Plus, FIDC NP and FIDC Receba Mais is R\$ 1,248,993, of which R\$ 1,182,097 net of taxes as at September 30, 2023, since of this amount of R\$ 466,764, R\$ 442,022 net is related to the third quarter (R\$ 704,613 as at September 30, 2022, of which R\$ 666,346 net of taxes and R\$ 293,258, of which R\$ 277,617 net for the third quarter).
- (b) According to Note 6, this refers to the portion of the remuneration of subordinated shares from the net result 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, 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,

Cielo S.A. - Instituição de Pagamento

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

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:

- 1st 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;
- 2nd 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 2nd line of defense is segregated from and independent of the activities and management of the business and support areas and the Internal Audit.
- 3rd 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 individuals; corporate risk inventory maintenance, and periodic assessment of such risks; mapping of risk 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

Cielo S.A. - Instituição de Pagamento

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

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	
		09/30/2023	12/31/2022	09/30/2023	12/31/2022
Cash	4	22,517	127,730	27,768	140,547
Financial instruments, including derivatives	5	30,952	959,705	1,119,346	2,029,036
Credit Rights Investment Fund	6	11,874,785	9,927,566	-	-
Income receivable and other receivables		214,190	210,682	2,456,517	1,087,099
Receivables from card issuing banks	7	80,840,741	92,081,398	80,844,113	92,083,831
Total		92,983,185	103,307,081	84,447,744	95,340,513

(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 guarantees 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 September 30, 2023, Cielo's exposure to issuers is as follows:

Internal rating of issuers	Required guarantee	Total exposure at 09/30/2023	Guarantee % in relation to exposure	Total exposure at 12/31/2022	Guarantee % in relation to exposure
Group 1	No	97.4%	-	95.2%	-
Group 2	Yes	2.6%	71.3%	4.8%	57.4%
Total receivables from card-issuing banks		100.0%		100.0%	

The five largest issuing banks, classified into Group 1, concentrate 72.7% of the

Cielo S.A. - Instituição de Pagamento

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

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 nine-month periods ended September 30, 2023 and 2022 corresponds to 3.0% and 5.3%, 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.

As at September 30, 2023, the expected losses on doubtful debts, fraud and chargeback was R\$ 199,631 in the Parent Company and R\$ 200,433 in the Consolidated (as at December 31, 2022, the balance was R\$ 170,209 in the Parent Company and R\$ 170,739 in the Consolidated).

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.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:

	09/30/2023		09/30/2022	
	Nine-month period		Nine-month period	
	Transacted volume	Chargeback ratio (c)	Transacted volume	Chargeback ratio (c)
Tourism and Entertainment, including airlines (typically with deferred sales)	8.9%	0.50%	7.6%	0.82%
E-commerce (without Tourism and Entertainment)	10.1%	0.68%	11.4%	1.04%
Durable and semi-durable goods (a)	21.0%	0.02%	21.2%	0.03%
Non-durable goods (b)	36.7%	0.00%	35.0%	0.00%
Services and others	23.3%	0.02%	24.8%	0.04%
Total	100.0%	0.12%	100.0%	0.20%

- (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.

(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

Cielo S.A. - Instituição de Pagamento

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

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, documents 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, including derivatives).

Cielo maintains the minimum equity required, in accordance with the regulations issued by BACEN, in an amount higher than the minimum requirement of 8%, 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 arises 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.

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/>).

Cielo S.A. - Instituição de Pagamento

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

The debt-to-equity ratio is as follows:

	Parent Company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Cash	22,517	127,730	27,768	140,547
Financial instruments, including derivatives	30,952	959,705	1,119,346	2,029,036
Debt (a)	(6,414,381)	(6,643,071)	(6,414,381)	(6,643,071)
Net debt	(6,360,912)	(5,555,636)	(5,267,267)	(4,473,488)
Equity	11,948,645	10,928,577	22,193,754	21,122,414
Net debt ratio	53.24%	50.84%	23.73%	21.18%

(a) Debt is defined as short- and long-term borrowings, as detailed 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 comprehensive income, directly in equity. A loss of R\$ 190 was incurred on exchange rate changes on the investment in Cielo USA in the nine-month ended September 30, 2023. There was a gain in the amount of R\$ 166,279 in the nine-month ended September 30, 2022.

(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 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.

Cielo S.A. - Instituição de Pagamento

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

As at September 30, 2023 and 2022, 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					
	09/30/2023			09/30/2022		
	10%	25%	50%	10%	25%	50%
Profit or loss	199	498	996	207	518	1,037
Equity	375	936	1,873	10,274	25,684	51,368

(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					
	09/30/2023			09/30/2022		
	10%	25%	50%	10%	25%	50%
Profit or loss	(156,646)	(391,614)	(783,228)	(104,746)	(261,864)	(523,729)

	Consolidated					
	09/30/2023			09/30/2022		
	10%	25%	50%	10%	25%	50%
Profit or loss	(46,335)	(115,837)	(231,674)	(3,865)	(9,661)	(19,323)

(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.

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

Cielo S.A. - Instituição de Pagamento

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

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 the 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 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.

Cielo S.A. - Instituição de Pagamento

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

Reputational risk is assessed by applying an internal methodology whereby impact and likelihood are assessed.

(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 and Opportunities

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. Additionally, the nature of the Company's activities means that it enters into contracts with several card-issuing banks, some of which are its shareholders. Cielo Group believes that fair market conditions are observed in all contracts entered into with its related parties.

Cielo S.A. - Instituição de Pagamento

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

The tables below include the balances as at September 30, 2023 and December 31, 2022, by type of agreement, shareholders and subsidiaries, of transactions with related parties conducted by Cielo Group, as well as the changes in balances related to the nine-month periods ended September 30, 2023 and 2022:

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		
	09/30/2023			12/31/2022	09/30/2023	12/31/2022	
	Controlling shareholders	Subsidiaries	Investment funds	Total	Total	Total	
Assets:							
Cash and financial instruments (a)	37,697	-	-	37,697	190,796	164,400	307,284
Operating receivables (b)	23,033,109	-	-	23,033,109	26,533,121	23,033,109	26,533,121
Receivables from related parties (c)	-	78,412	75	78,487	13,566	841,343	826,350
(Liabilities):							
Private debentures and CCB (d)	(3,378,262)	-	-	(3,378,262)	(3,498,894)	(3,378,262)	(3,498,894)
Payables referring to intermediation, customer prospecting and maintenance services (e)	(19,175)	-	-	(19,175)	(25,503)	(19,175)	(25,503)
Payables to related parties (c)	-	(277,779)	-	(277,779)	(251,979)	(420,585)	(422,596)
Balances received to transfer to FIDC	-	-	(16,999,584)	(16,999,584)	(16,234,816)	-	-

	Parent Company				Consolidated		
	09/30/2023			09/30/2022	09/30/2023	09/30/2022	
	Controlling shareholders	Subsidiaries	Investment funds	Total	Total	Total	
Income:							
Income from financial investments (a)	46,787	-	-	46,787	7,019	64,454	25,975
Income from other services provided (f)	2,425	-	668	3,093	5,816	2,425	4,989
Income from rental of POS equipment (g)	25,066	-	-	25,066	33,411	25,066	33,411
Other income	-	4,531	-	4,531	1,087	-	1,755
(Expenses)							
Finance costs (d)	(381,446)	-	-	(381,446)	(379,826)	(381,827)	(380,246)
Expenses with purchase of receivables	-	-	(918,110)	(918,110)	(777,321)	-	-
Expenses with benefits (h)	(45,326)	-	-	(45,326)	(32,212)	(94,631)	(67,829)
Contracts for customer prospecting services	-	(592,573)	-	(592,573)	(542,846)	-	-
Payment management services provided (c)	-	-	-	-	-	(31,129)	(29,522)
Intermediation, customer prospecting and maintenance services (e)	(114,523)	-	-	(114,523)	(103,417)	(114,523)	(103,417)
Other operating expenses	(448)	-	-	(448)	(792)	(448)	(15,234)

Cielo S.A. - Instituição de Pagamento

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

- 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 credit and debit 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 credit and debit 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 the balances related to the private debentures and CCB.
- 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 credit and debit cards captured and processed by Cielo. In return for providing services, banks are entitled to a remuneration of 10 basis points on the eligible volume. The eligible volume, including the amount captured only in domestic transactions, does not include transactions in which Cielo provides VAN (Value Added Network) services and takes into account minimum profitability criteria for each merchant.
- f) Refer to the granting of access to the anti-fraud system, so that Bradesco and Banco do Brasil can monitor transactions made with cards issued by them.
- 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).

Cielo S.A. - Instituição de Pagamento

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

Main related-party transactions

Participation of Accrediting Institutions in Elo Payment Arrangements

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

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

Use of Cielo authorized network ("Value Added Network - VAN" and network 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, the Company engages other services from the main shareholders, namely:

- Cash management services
- Insurance
- Corporate credit card
- Payment to suppliers
- Granting of Livelu incentive points
- Representation services with Nuclea
- Share bookkeeping services
- Operating services - restricted stock plans
- Securities bookkeeping and management services
- Public and private securities operating management services

Cielo S.A. - Instituição de Pagamento

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 to or are incidentally related to the typical activities of Cielo Group and are not expected to occur frequently in future years. Non-recurring results are presented below, net of tax effects:

	Parent Company		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Profit for the period	1,606,014	1,241,558	1,892,889	1,456,165
Non-recurring items				
Sale of stake in MerchantE	-	(282,313)	-	(282,313)
Impairment of legacy systems software	-	26,775	-	26,775
Restructuring of Cielo stores channel	-	3,600	-	3,600
Reversal of provision for ISS Municipality	(222,522)	-	(253,964)	-
Total	(222,522)	(251,938)	(253,964)	(251,938)
Recurring result	1,383,492	989,620	1,638,925	1,204,227

In the nine-month period ended September 30, 2023, as mentioned in Note 14, the provision for ISS Municipality was reversed due to the completion of the judgment by the Federal Supreme Court (STF) in June 2023, which maintained the payment of the Service Tax (ISS) in the city of the service provider and not in the cities where the service takers are located, in the amount of R\$ 222.5 million net of taxes in the parent company, considering the proportional non-recurring event of the subsidiary Cateno (R\$ 254.0 million in the consolidated).

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 nine-month periods ended September 30, 2023 and 2022 that did not involve the use of cash and/or cash equivalents:

	Parent Company		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Exchange differences on net foreign investment	(190)	166,279	(190)	166,279
Exchange differences on borrowings	-	(16,665)	-	(82,062)
Interest on capital proposed	191,719	148,851	191,719	148,851
Dividends receivable from direct subsidiary	70,015	-	-	-

Cielo S.A. - Instituição de Pagamento

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

29 Insurance

As at September 30, 2023, the Company has the following insurance coverage:

Type	Insured amount
General civil liability	20,000
Civil liability D&O	250,000
Goods and assets	50,818
Cyberattacks	25,000
Storage of machinery, furniture and fixtures	180,286
Transport of machinery and equipment	2,500
Fleet of vehicles	2,955

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 Officer
Technical Accounting Officer

Vagner Akihiro Tatebe
Accountant
CRC 1SP292671/O-6