



cielo

Earnings Release

2Q23



## Summary

Presentation .....	3
1. Highlights.....	4
2. Result by Business Unit.....	5
2.1. Net Operating Revenue .....	5
2.2. Non-Recurring Events in the Period .....	5
2.3. EBITDA .....	5
2.4. Consolidated Net Income .....	6
2.5. Liquidity and Indebtedness .....	6
3. Cielo Brasil.....	7
3.1. Highlights.....	7
3.2. Operational Performance.....	7
3.2.1 Financial volume (R\$ million).....	7
3.2.3 Active Client Base (thousands).....	8
3.2.3 Pre-Payment Products.....	8
3.3. Financial Performance.....	9
3.3.1 Operating Income and Revenue Yield.....	9
3.3.2 Analysis of Costs and Expenses .....	10
3.3.3 EBITDA.....	11
3.3.4 Financial Income .....	12
3.3.5 Net Income.....	12
4. Cateno .....	13
4.1. Highlights.....	13
4.2. Financial volume (R\$ million) .....	13
4.3. Financial Performance .....	13
4.3.1 Net Revenue, Costs and Expenses.....	13
4.3.2 Financial Result .....	14
4.3.3 Recurring Net Income and Cash Earnings.....	14
5. Exhibits.....	15
5.1. 2Q23 Management Performance - COSIF (Unaudited).....	15

## Presentation

This report presents the economic and financial situation of Cielo S.A – Instituição de Pagamento (B3: CIEL3 and OTC: CIOXY). Intended for market analysts, shareholders, investors, the press, and other stakeholders, this document provides analyses, indicators and information considered relevant for analyzing the performance of Cielo and its subsidiaries. It is released quarterly and presents the results of the second quarter of 2023. This document is not audited and its reading does not replace the reading of the accounting statements of the period and other documents filed with regulatory bodies.

The consolidated financial statements are presented in thousands of reais (R\$ thousand), in accordance with the Chart of Accounts for Institutions of the National Financial System (COSIF) and accounting practices adopted in Brazil. **The tables and charts in this report show values in R\$ million**, except where otherwise indicated. Occasionally, accounting data may be supplemented by operational and/or management information (not audited).

Below are the different perspectives presented in this report:

- **Cielo Brasil:** Managerial presentation that represents the results of the companies Cielo, Stelo, Aliança, Servinet and FIDCs structured by the Company.
- **Cateno:** Managerial presentation that demonstrates the individual result of the subsidiary Cateno.
- **Other Subsidiaries:** Managerial presentation that represents the results of Cielo's other subsidiaries, except for those in the Cielo Brasil and Cateno perspectives. This outlook has lost relevance after the sale of MerchantE in April 2022.
- **Cielo Consolidated:** Presentation that consolidates the results of all the companies that make up the group, according to accounting practices adopted in Brazil.

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

This report is available online, at Cielo's Investor Relations website, where you can find the financial statements as well as more information about the Company, its structure, business, and other information considered relevant to investors. The website is [ri.cielo.com.br](http://ri.cielo.com.br).

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

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

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

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

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

## 1. Highlights

### CIELO REPORTS HIGHEST NET INCOME SINCE 4Q18: R\$ 709 million

In recurring terms, net income amounted to R\$ 486 million in 2Q23, driven by strong operational performance, with further increase in the recurring EBITDA margin, reaching 40% in 2Q23.



#### Recurring Results Continues Growth Trajectory

Recurring net income reached R\$ 486 million in 2Q23, representing a 27% growth compared to 2Q22. This is the 8th consecutive quarter of annual recurring net income growth.



#### Growth Sustained by Improvements in Operating Results

Recurring EBITDA of R\$ 1,046 million, a 14% increase over 2Q22. This result was driven by higher revenue yield and Cateno's performance.



#### Cielo Brasil Net Revenues Grew 4% over 2Q22

Compared to the same period in 2022, the performance reflects an increase of 13 basis points in revenue yield (0.83% in 2Q23), the highest level reported since 1Q19.



#### Expansion of the Prepayment of Receivables Business

Prepaid volume of R\$ 32 billion, reinforcing the commitment to diversify income sources and assist retailers in managing their cash flow. A highlight was the acquisition of receivables ("ARV"), which showed revenue growth for the 8th consecutive quarter, registering a 64% growth, compared to 2Q22.



#### Proceeds

The company approved, for the second quarter, Interest on Shareholders' Equity, totaling R\$ 197 million to be distributed.



#### Transformation

Given all the challenges and countless opportunities that the company faces, we understand that we need a robust and structured process, closely monitoring all initiatives to improve our acquiring core, in order to take the operation to the next level and leverage initiatives beyond the core. Therefore, we have developed a broad transformation program called **#PraCimaCielo**. The program permeates the entire organization and aims to consolidate cultural attributes and competencies that will make Cielo successful in its transformation journey.



## 2. Result by Business Unit

### 2.1. Net Operating Revenue

Net Revenue (R\$ million)	2Q23	2Q22	Var. %	1Q23	Var. %
Cielo Brasil	1,635.0	1,567.9	4.3%	1,577.6	3.6%
Cateno	1,007.1	972.3	3.6%	992.2	1.5%
Other Subsidiaries	-	-	n/a	-	n/a
<b>Consolidated</b>	<b>2,642.0</b>	<b>2,540.2</b>	<b>4.0%</b>	<b>2,569.8</b>	<b>2.8%</b>

- The **Net Operating Revenue** reached R\$ 2,642.0 million in 2Q23, up 4.0% over the same quarter of the previous year, mainly driven by growth of yield in Cielo Brasil, as well as growth of yield and volume in Cateno.

### 2.2. Non-Recurring Events in the Period

- In 2Q23, a one-off event impacted the result for the period, as follow:

**Reversal of Municipal ISS** – As a result of the judgment by the Brazilian Supreme Federal Court (STF) of Direct Action of Unconstitutionality 5835, which took place in June 2023, maintaining the collection of the Service Tax (ISS) in the municipality where the service provider is located and not in the cities where the service recipients are, provisions for previously recorded risks for this purpose were reversed in the gross amount of R\$ 226.0 million in Cielo and R\$ 158.8 million in Cateno (100%). The impact of this provision's reversal in the results of Cielo and Cateno is detailed in the following table:

Item (R\$ million)	Unidade de Negocio	Net
Reversal of ISS provision	Cielo Brasil	149.2
Reversal of ISS provision	Cateno (70%)	73.4
	<b>Total</b>	<b>222.5</b>

### 2.3. EBITDA

Recurring EBITDA (R\$ million)	2Q23	2Q22	Var. %	1Q23	Var. %
Cielo Brasil	545.8	484.4	12.7%	497.0	9.8%
Cateno	500.7	431.0	16.2%	497.9	0.6%
Other Subsidiaries	(0.7)	(0.7)	0.0%	(0.5)	40.0%
<b>Consolidated</b>	<b>1,045.8</b>	<b>914.7</b>	<b>14.3%</b>	<b>994.4</b>	<b>5.2%</b>
<b>EBITDA Margin</b>	<b>39.6%</b>	<b>36.0%</b>	<b>3.6pp</b>	<b>38.7%</b>	<b>0.9pp</b>

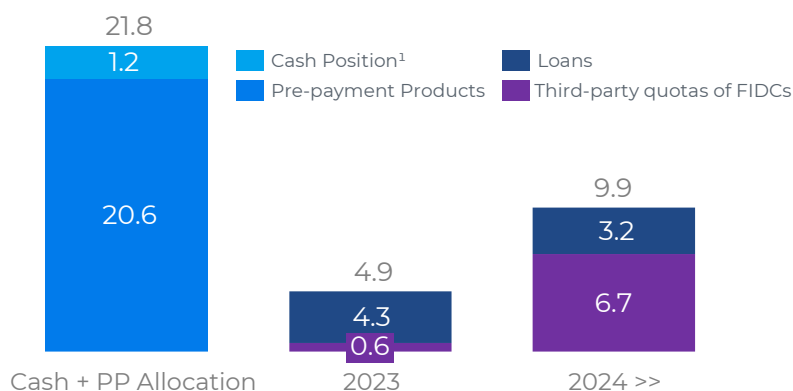
- Recurring EBITDA reached R\$ 1,045.8 million in 2Q23, up 14.3% over 2Q22.
- The EBITDA margin in 2Q23 was 39.6%, 3.6 percentage points (pp) higher than in 2Q22, driven by revenue expansion and expense control.

## 2.4. Consolidated Net Income

Net Income (R\$ million)	2Q23	2Q22	Var. %	1Q23	Var. %
Cielo Brasil	437.0	204.6	113.6%	243.5	79.5%
Cateno	271.9	171.3	58.7%	197.3	37.8%
Other Subsidiaries	(0.3)	259.4	n/a	0.0	n/a
<b>Consolidated</b>	<b>708.5</b>	<b>635.3</b>	<b>11.5%</b>	<b>440.8</b>	<b>60.7%</b>
Non-recurring Items - Cielo Brasil	149.2	(30.4)			
Non-recurring Items - Cateno	73.4				
Non-recurring Items - Other Subsidiaries	-	282.3			
<b>Recurring Net Income</b>	<b>486.0</b>	<b>383.4</b>	<b>26.8%</b>	<b>440.8</b>	<b>10.2%</b>

- Recurring net income totaled R\$ 486.0 million in 2Q23, up 26.8% over 2Q22, driven by improvement in operating fundamentals of Cielo Brasil and Cateno.

## 2.5. Liquidity and Indebtedness



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

- On June 30, 2023, the Company recorded a balance of cash and cash equivalents of R\$ 1,244.0 million, down R\$ 2,988.9 million compared to June 30, 2022 and down R\$ 1,107.1 million compared to March 31, 2023. The reduction in cash and cash equivalents in both comparison bases is explained, mainly, by the strong increase in resources allocated to Pre-Payment Products.
- As of the balance sheet date, Cielo recorded total loan obligations and financing of R\$ 7,398.7 million, up R\$ 451.0 million compared to June 30, 2022. The increase in total loan obligations compared to the same period last year is explained by the 6th issuance of Public Debentures, partially mitigated by the settlement of debt issued abroad ("bonds") related to the MerchantE acquisition.
- In addition to loan obligations and financing operations, Cielo uses as funds raised through Credit Rights Investment Funds ("FIDCs") according to note 6 of its Interim Financial Information. The FIDC quotas belonging to third parties are part of the Company's liabilities and are recorded in COSIF under "Non-controlling shareholders" and in the IFRS under "Liabilities with senior FIDC quotas", and the balance with third-party FIDC quota holders was R\$ 7.3 billion on June 30, 2023.

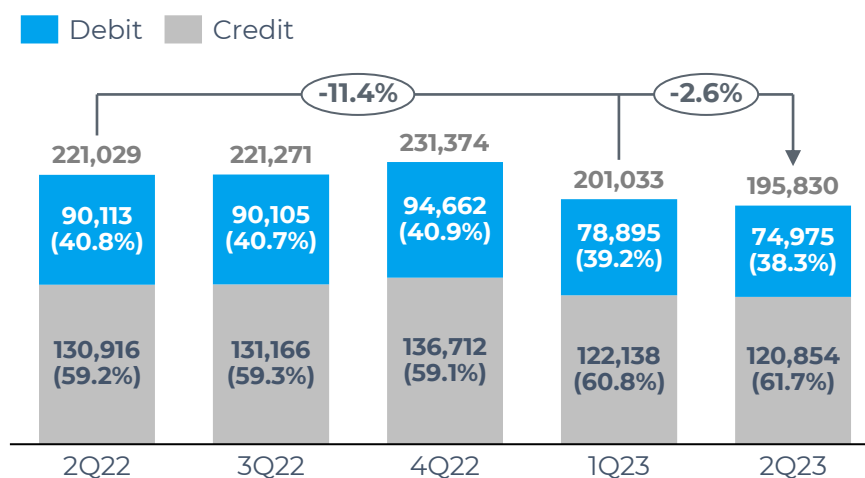
## 3. Cielo Brasil

### 3.1. Highlights

- Cielo Brasil's recurring net income reached at R\$ 287.8 million, up 22.5% over 2Q22. This is the 5th consecutive quarter of year-over-year growth.
- Net operating income grew 4.3% over 2Q22. Revenue was mainly driven by the growth in revenue yield, which reached 0.83% in 2Q23, 0.13 percentage points higher than 2Q22, and the highest level reported since 1Q19. The main factors driving the yield were the profitability actions implemented throughout 2022 and 1Q23, as well as the interchange fee behavior, which was impacted by the BCB Resolution 246/22, effective as of April/23.
- Penetration of Prepaid Volume (RR and ARV) reaches 26.3%, with R\$ 31.8 billion in prepaid volume, up 8.5% over 2Q22, reinforcing the commitment to diversify revenue sources and support retailers in cash flow management. The capital allocated in Prepaid Volume totaled R\$ 20.6 billion.

### 3.2. Operational Performance

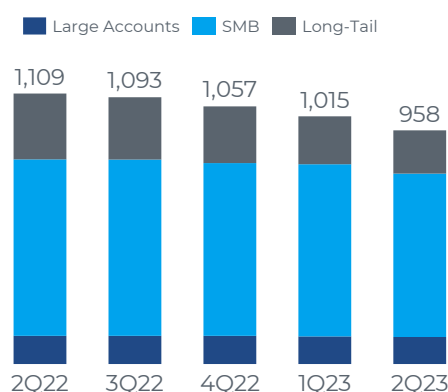
#### 3.2.1 Financial volume (R\$ million)



Financial and transaction volume	2Q23	2Q22	Var. %	1Q23	Var. %
<b>Credit and Debit Cards</b>					
Financial transaction volume (R\$ million)	195,829.9	221,028.5	-11.4%	201,032.6	-2.6%
Number of transactions (million)	1,915.7	2,092.8	-8.5%	1,947.3	-1.6%
<b>Credit Cards</b>					
Financial transaction volume (R\$ million)	120,854.4	130,915.9	-7.7%	122,137.6	-1.1%
Number of transactions (million)	832.1	898.4	-7.4%	831.4	0.1%
<b>Debit Cards</b>					
Financial transaction volume (R\$ million)	74,975.5	90,112.7	-16.8%	78,895.0	-5.0%
Number of transactions (million)	1,083.6	1,194.3	-9.3%	1,115.9	-2.9%

- The financial volume of transactions captured by Cielo Brasil was R\$ 195.8 billion in 2Q23, down 11.4% over 2Q22, with a 7.7% reduction in credit card transactions and a 16.8% reduction in debit card transactions.

### 3.2.3 Active Client Base (thousands)



Considering merchants that carried out at least one transaction with Cielo in the last 90 days, the total active base ended 2Q23 at 958 thousand, down 5.7% over 1Q23, mainly reflecting the behavior of smaller customer segments.

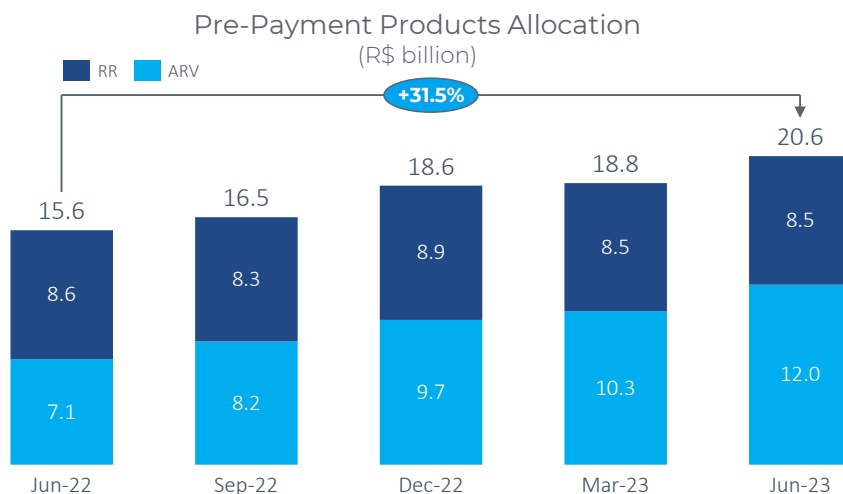
### 3.2.3 Pre-Payment Products

Pre-Payment Products (R\$ million)	2Q23	2Q22	Var. %	1Q23	Var. %
Credit card captured volume	120,854.4	130,915.9	-7.7%	122,137.6	-1.1%
<b>ARV financial volume</b>	<b>17,782.4</b>	<b>12,793.8</b>	<b>39.0%</b>	<b>17,407.7</b>	<b>2.2%</b>
% over credit card volume	14.7%	9.8%	4.9pp	14.3%	0.5pp
<b>Two-day payment financial volume</b>	<b>14,039.7</b>	<b>16,528.9</b>	<b>-15.1%</b>	<b>14,780.6</b>	<b>-5.0%</b>
% over credit card volume	11.6%	12.6%	-1.0pp	12.1%	-0.5pp
<b>Pre-Payment Products - financial volume*</b>	<b>31,822.1</b>	<b>29,322.7</b>	<b>8.5%</b>	<b>32,188.3</b>	<b>-1.1%</b>
% over credit card volume	26.3%	22.4%	3.9pp	26.4%	0.0pp
SMB and LT (R\$ million)	2Q23	2Q22	Var. %	1Q23	Var. %
Credit card captured volume	34,625.6	36,908.0	-6.2%	34,680.7	-0.2%
<b>ARV financial volume</b>	<b>2,347.0</b>	<b>1,649.8</b>	<b>42.3%</b>	<b>2,233.8</b>	<b>5.1%</b>
% over credit card volume	6.8%	4.5%	2.3pp	6.4%	0.3pp
<b>Two-day payment financial volume</b>	<b>12,487.2</b>	<b>14,709.5</b>	<b>-15.1%</b>	<b>12,866.7</b>	<b>-2.9%</b>
% over credit card volume	36.1%	39.9%	-3.8pp	37.1%	-1.0pp
<b>Pre-payment products - financial volume*</b>	<b>14,834.3</b>	<b>16,359.3</b>	<b>-9.3%</b>	<b>15,100.4</b>	<b>-1.8%</b>
% over credit card volume	42.8%	44.3%	-1.5pp	43.5%	-0.7pp

\*Sums for disclosure purposes only. Includes Cielo's Prepaid Volume: Receba Rápido and ARV (includes advance volume from other payment institutions)

- The table above shows the details of Cielo's performance with Pre-Payment Products. The Company classifies different solutions under Pre-Payment Products that allow retailers to receive their credit card sales within two days.
- **Maintained penetration in Prepaid Volume of 1Q23, the highest historical level:** Prepaid Volume reached R\$ 31.8 billion in 2Q23, up 8.5% over 2Q22, demonstrating the Company's successful initiatives to expand its Pre-payment business. The evolution of ARV stands out, 39.0% higher compared to the prepaid volume in 2Q22 and a penetration increase of 4.9 p.p., driven by operational improvements implemented throughout 2022 and a more favorable market for ARV business.
- Below we highlight the balance of capital allocated in Prepaid Volume at the end of each quarter, which reached R\$ 20.6 billion in 2Q23, up 31.5% compared to the same period of the previous year.



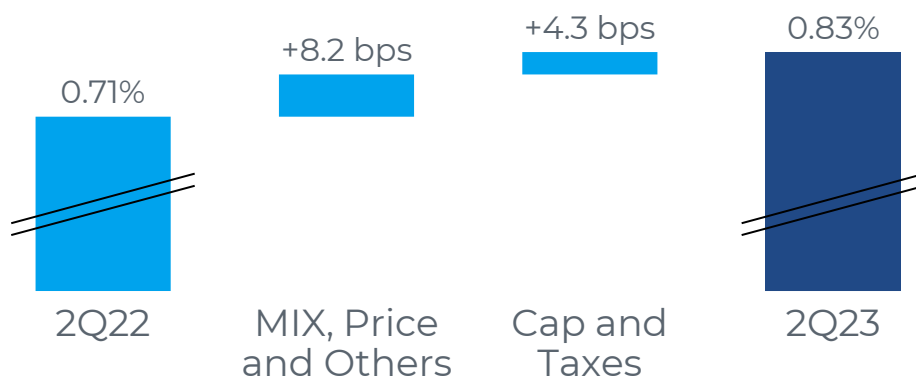


### 3.3. Financial Performance

#### 3.3.1 Operating Income and Revenue Yield

R\$ million	2Q23	2Q22	Var. %	1Q23	Var. %
TPV	195,829.9	221,028.5	-11.4%	201,032.6	-2.6%
Net Revenue	1,635.0	1,567.9	4.3%	1,577.6	3.6%
Yield	0.83%	0.71%	0.13pp	0.78%	0.05pp

- Net income totaled R\$ 1.635 million in 2Q23, up 4.3% over 2Q22, mainly driven by the growth in revenue yield, which reached 0.83% in 2Q23, 0.13 percentage points higher than 2Q22, and the highest level reported since 1Q19. The main factors driving the yield were the profitability actions implemented throughout 2022 and 1Q23, as well as the interchange fee behavior, which was impacted by the BCB Resolution 246/22, effective as of April/23.
- Revenue yield reached 0.83% in 2Q23, up 0.13 p.p. over 2Q22. The expansion in the period reflects the effects explained above and better product mix.



## 3.3.2 Analysis of Costs and Expenses

### 3.3.2.1 Cost of Services Rendered

R\$ million	2Q23	2Q22	Var. %	1Q23	Var. %
Costs related to POS	(232.1)	(227.6)	2.0%	(235.5)	-1.5%
Costs related to transactions	(527.1)	(568.7)	-7.3%	(558.4)	-5.6%
Other costs	(78.4)	(78.9)	-0.6%	(78.7)	-0.3%
<b>Cost of service rendered</b>	<b>(837.7)</b>	<b>(875.1)</b>	<b>-4.3%</b>	<b>(872.6)</b>	<b>-4.0%</b>
Brand fees and services rendered by banks	414.2	475.1	-12.8%	424.8	-2.5%
Tax Credit (PIS / COFINS)	(103.8)	(91.5)	13.4%	(85.0)	22.1%
Depreciation and amortization	132.4	130.1	1.8%	136.3	-2.9%
<b>Normalized Cost of service rendered</b>	<b>(394.9)</b>	<b>(361.4)</b>	<b>9.3%</b>	<b>(396.5)</b>	<b>-0.4%</b>

- The **costs of services rendered** reduced 4.3% over 2Q22, mainly reflecting a reduction in transaction-related costs. Key variations:
  - Transaction-related costs** decreased in both comparisons, mainly reflecting the lower volume in the period.
  - Costs related to POS** grew 2.0% over 2Q22, largely due to the renewal of the POS equipment park, to enhance customer experience, resulting in higher expenses with maintenance, depreciation and amortization.
  - PIS and Cofins credits** showed positive variation, trailing variations in the calculation basis and greater tax efficiency.

### 3.3.2.2 Operating Expenses

R\$ million	2Q23	2Q22	Var. %	1Q23	Var. %
Salaries / Wages and benefits	(276.9)	(214.9)	28.9%	(234.9)	17.9%
General and administratives	(77.6)	(73.9)	5.0%	(56.5)	37.3%
Sales and Marketing expenses	(36.0)	(25.3)	42.3%	(12.6)	185.7%
Other operating expenses net	232.6	(70.4)	n/a	(40.3)	n/a
Depreciation and Amortization	(1.9)	(2.0)	-5.0%	(1.9)	0.0%
<b>Operating Expenses</b>	<b>(159.8)</b>	<b>(386.5)</b>	<b>-58.7%</b>	<b>(346.2)</b>	<b>-53.8%</b>
Non-recurring	(226.0)	46.0			
<b>Normalized Operating Expenses</b>	<b>(385.8)</b>	<b>(340.5)</b>	<b>13.3%</b>	<b>(346.2)</b>	<b>11.4%</b>

- Operating expenses** grew 13.3% over 2Q22, on a normalized basis, mainly reflecting higher personnel expenses, in line with commercial expansion and the restatement established in the collective bargaining agreement in 3Q22. Key variations:
  - Regarding **personnel expenses**, the increase over 2Q22 was mainly due to higher expenses related to the sales team and the collective bargaining agreement established in 3Q22, in addition to higher isolated expenses in 2Q23 related to terminations, due to changes made to the Company's staff.  
Compared to 2Q23, this growth is also explained by the baseline effect of the movement of provisions, such as those related to the Company's variable compensation programs.
  - In **general and administrative expenses**, the increase is mainly related to the new Company transformation program, #PraCimaCielo!, and initiatives to improve customer service and service quality, as well as more expenses with training and transport related to the commercial expansion..

- The variation seen in **sales and marketing expenses** in both comparison bases is due to higher spending on campaigns, events, and website, resulting in increased affiliation through organic channels and an improvement in customer perception. In comparison with 1Q23, there was a baseline effect, related to brand incentive that occurred in that period.
- **Other operating expenses** recorded non-recurring net gains arising from the reversal of the Municipal ISS provision in 2Q23. Adjusting for these non-recurring items, this line would have totaled R\$ 6.6 million, this positive amount is mainly related to other movements in contingency provisions, including tax-related provisions, and contract negotiations. In relation to 1Q23, there was also an improvement in the behavior of provisions for bad debts.

### 3.3.2.3 Normalized Total Costs and Expenses

R\$ million	2Q23	2Q22	Var. %	1Q23	Var. %
Normalized Cost of service rendered	(394.9)	(361.4)	9.3%	(396.5)	-0.4%
Normalized Operating Expenses	(385.8)	(340.5)	13.3%	(346.2)	11.4%
<b>Normalized Total Expenses (costs + expenses)</b>	<b>(780.7)</b>	<b>(701.9)</b>	<b>11.2%</b>	<b>(742.7)</b>	<b>5.1%</b>

- The normalized cost and expenses, a concept in which variable costs and extraordinary events are segregated, were up 11.2% over 2Q22. This performance is a result of inflationary pressures on the cost structure, including the collective bargaining agreement established in 3Q22, as well as investments in operational improvement initiatives under #PraCimaCielo, and expansion of the salesforce completed in 1Q23.

### 3.3.3 EBITDA

Recurring EBITDA (R\$ million)	2Q23	2Q22	Var. %	1Q23	Var. %
<b>EBITDA</b>	<b>771.8</b>	<b>438.4</b>	<b>76.0%</b>	<b>497.0</b>	<b>55.3%</b>
Non-recurring Items	(226.0)	46.0	n/a	-	n/a
<b>Recurring EBITDA</b>	<b>545.8</b>	<b>484.4</b>	<b>12.7%</b>	<b>497.0</b>	<b>9.8%</b>

- Cielo Brasil's Recurring EBITDA recorded a growth of 12.7% over 2Q22, driven by revenue growth and spending control.

### 3.3.4 Financial Income

Financial Result (R\$ million)	2Q23	2Q22	Var. %	1Q23	Var. %
Financial Revenues	53.4	34.1	56.6%	71.7	-25.5%
Financial Expenses	(501.0)	(375.2)	33.5%	(521.6)	-3.9%
Acquisition of receivables income, net	377.9	231.0	63.6%	362.2	4.3%
Net exchange variation	(7.0)	(15.8)	-55.7%	(8.3)	-15.7%
<b>Total</b>	<b>(76.7)</b>	<b>(125.9)</b>	<b>-39.1%</b>	<b>(96.0)</b>	<b>-20.1%</b>

- The financial result of Cielo Brasil in 2Q23 amounted to an expense of R\$ 76.7 million, compared to R\$ 125.9 million in 2Q22, reflecting the robust increase in revenues from acquisition of receivables, partially offset by the growth of financial expenses due to higher average basic interest rate (SELIC) between the periods.
- **Financial revenues** grew against 2Q22, reflecting the higher average SELIC between the periods.
- Higher **Financial Expenses** over 2Q22 were mainly due to the increase in the average SELIC and new funding obtained between the periods.
- **Revenue from the acquisition of receivables** presented a relevant growth over 2Q22, reflecting the higher anticipated volume and profitability of the operations. The Company has been demonstrating increased capital in ARV, due to improvements in the business processes related to the product.

### 3.3.5 Net Income

- Cielo Brasil's recurring net income in 2Q23 stood at R\$ 287.8 million, up 22.5% over 2Q22.
- The Company's result was driven by improvements in operating fundamentals, with yield recovery and higher ARV revenues.
- It is important to underline that part of the debt financial expenses incurred by Cielo when acquiring MerchantE and Cateno are allocated in Cielo Brasil's result. The perspective below presents Cielo Brasil's recurring result without the cost of such debt. In this managerial perspective, the recurring result totals R\$ 365.0 million, accounting for 75% of the consolidated result. This expansion occurs even in a scenario of an increase in the basic interest rate, which impacts the Company's financial expenses.

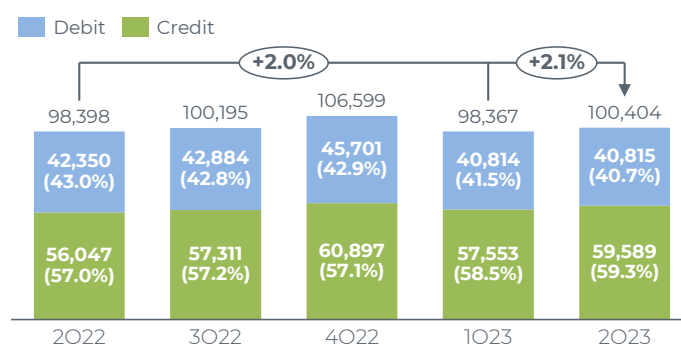
Recurring result adjusted by the cost of acquisition debts					
R\$ million	2Q23	2Q22	Var. %	1Q23	Var. %
<b>Recurring Result - Cielo Brasil</b>	<b>287.8</b>	<b>235.0</b>	<b>22.5%</b>	<b>243.5</b>	<b>18.2%</b>
<b>Cost of acquisition debt, net</b>	<b>(77.1)</b>	<b>(74.7)</b>	<b>3.3%</b>	<b>(80.3)</b>	<b>-4.0%</b>
<i>Cateno</i>	(77.1)	(71.0)	8.6%	(80.3)	-4.0%
<i>MerchantE</i>	-	(3.7)	-100.0%	-	n/a
<b>Cielo Brasil (-) cost of debt</b>	<b>365.0</b>	<b>309.7</b>	<b>17.9%</b>	<b>323.8</b>	<b>12.7%</b>

## 4. Cateno

### 4.1. Highlights

- On a recurring basis, Cateno's net income reached R\$ 283.6 million in 2Q23, up 15.9% over 2Q22, driven by revenue growth and spending efficiency.
- Net revenue grew 3.6% over the same quarter of the previous year, driven by an increase in volume and a more advantageous transaction mix, with a higher relative share from credit cards, effect partially offset by the new debit interchange CAP rules that came into effect in April 2023.

### 4.2. Financial volume (R\$ million)



Financial volume (R\$ million)	2Q23	2Q22	Var. %	1Q23	Var. %
Credit volume	59,588.5	56,047.5	6.3%	57,552.7	3.5%
Debit volume	40,815.4	42,350.5	-3.6%	40,814.1	0.0%
<b>Total financial volume</b>	<b>100,403.9</b>	<b>98,398.0</b>	<b>2.0%</b>	<b>98,366.8</b>	<b>2.1%</b>

### 4.3. Financial Performance

#### 4.3.1 Net Revenue, Costs and Expenses

R\$ million	2Q23	2Q22	Var. %	1Q23	Var. %
<b>Net Revenue</b>	<b>1,007.1</b>	<b>972.3</b>	<b>3.6%</b>	<b>992.2</b>	<b>1.5%</b>
<b>Cost of service rendered</b>	<b>(558.3)</b>	<b>(579.4)</b>	<b>-3.6%</b>	<b>(536.3)</b>	<b>4.1%</b>
<b>Operating Expenses</b>	<b>113.8</b>	<b>(58.9)</b>	<b>n/a</b>	<b>(54.9)</b>	<b>n/a</b>
Salaries / Wages and benefits	(24.5)	(19.0)	28.9%	(27.1)	-9.6%
General and administratives	(12.8)	(4.1)	212.2%	(6.1)	109.8%
Other operating expenses net	151.1	(35.8)	n/a	(21.7)	n/a
Non-Recurring	(158.8)		n/a		n/a
<b>Recurring Operating Expenses</b>	<b>(45.0)</b>	<b>(58.9)</b>	<b>-23.6%</b>	<b>(54.9)</b>	<b>-18.0%</b>

- Net revenue grew 3.6% over the same quarter last year, driven by a more advantageous transaction mix and volume expansion.
- The costs of services rendered, including depreciation and amortization costs, totaled R\$558.3 million in 2Q23, down 3.6% over 2Q22, mainly due to lower expenses with customer service given the operational improvements implemented, which reduced the need for human assistance.



- **Operating expenses** reached R\$ 45.0 million on a recurring basis, down 23.6% compared to 2Q22, mainly due to adjustments in provisions for contingencies, including tax-related provisions, that impacted the Other Operational expenses line, partially offset by higher personnel expenses, mainly explained by the 2022 collective bargaining agreement and for operational improvement projects, which affect the General and Administrative Expenses line.

### 4.3.2 Financial Result

Financial Income (R\$ million)	2Q23	2Q22	Var. %	1Q23	Var. %
Financial revenue	27.5	38.7	-28.9%	25.5	7.8%
Financial expenses	(0.5)	(1.3)	-61.5%	(0.6)	-16.7%
<b>Total</b>	<b>27.0</b>	<b>37.4</b>	<b>-27.8%</b>	<b>24.9</b>	<b>8.4%</b>

- The financial result for the quarter was R\$ 27.0 million, down 27.8% compared to 2Q22, primarily due to the lower balance invested, after the redemption of shares in early 3Q22.

### 4.3.3 Recurring Net Income and Cash Earnings

Cash Earnings (R\$ million)	2Q23	2Q22	Var. %	1Q23	Var. %
<b>Net Income</b>	<b>388.4</b>	<b>244.7</b>	<b>58.7%</b>	<b>281.9</b>	<b>37.8%</b>
Non recurring	-104.8		n/a		n/a
<b>Recurring Net Income</b>	<b>283.6</b>	<b>244.7</b>	<b>15.9%</b>	<b>281.9</b>	<b>0.6%</b>
Amortization	96.6	96.6	0.0%	96.6	0.0%
<b>Cash Earnings</b>	<b>380.2</b>	<b>341.3</b>	<b>11.4%</b>	<b>378.5</b>	<b>0.4%</b>

- Cateno's net income was R\$ 388.4 million in 2Q23, up 58.7% over 2Q22. On a recurring basis, Cateno's net income reached R\$ 283.6 million in 2Q23, up 15.9% over 2Q22.
- From a **cash perspective**, which deducts amortization expenses for the intangible assets related to the right to exploit the Ourocard Arrangement, **Cateno's Recurring Net Income in 2Q23** amounted to R\$ 380.2 million, as presented in the table above.

## 5. Exhibits

### 5.1. 2Q23 Management Performance - COSIF (Unaudited)

Income Statement	Cielo Brasil					Cateno - Accounting value					Other Subsidiaries					Cielo Consolidated					
	2Q23	2Q22	Var. %	1Q23	Var. %	2Q23	2Q22	Var. %	1Q23	Var. %	2Q23	2Q22	Var. %	1Q23	Var. %	2Q23	2Q22	Var. %	1Q23	Var. %	
<i>R\$ million</i>																					
<b>Gross operating revenue</b>	<b>1,855.4</b>	<b>1,790.7</b>	<b>3.6%</b>	<b>1,796.6</b>	<b>3.3%</b>	<b>1,136.6</b>	<b>1,107.7</b>	<b>2.6%</b>	<b>1,124.5</b>	<b>1.1%</b>	-	-	n/a	-	n/a	<b>2,992.0</b>	<b>2,898.4</b>	<b>3.2%</b>	<b>2,921.2</b>	<b>2.4%</b>	
Taxes on services	(220.4)	(222.8)	-1.1%	(219.0)	0.6%	(129.5)	(135.4)	-4.4%	(132.3)	-2.1%	-	-	n/a	-	n/a	(350.0)	(358.2)	-2.3%	(351.4)	-0.4%	
<b>Net operating revenue</b>	<b>1,635.0</b>	<b>1,567.9</b>	<b>4.3%</b>	<b>1,577.6</b>	<b>3.6%</b>	<b>1,007.1</b>	<b>972.3</b>	<b>3.6%</b>	<b>992.2</b>	<b>1.5%</b>	-	-	n/a	-	n/a	<b>2,642.0</b>	<b>2,540.2</b>	<b>4.0%</b>	<b>2,569.8</b>	<b>2.8%</b>	
<b>Total cost + expenses</b>	<b>(997.5)</b>	<b>(1,261.6)</b>	<b>-20.9%</b>	<b>(1,218.8)</b>	<b>-18.2%</b>	<b>(444.5)</b>	<b>(638.3)</b>	<b>-30.4%</b>	<b>(591.2)</b>	<b>-24.8%</b>	<b>(0.7)</b>	<b>302.8</b>	<b>n/a</b>	<b>(0.5)</b>	<b>40.0%</b>	<b>(1,442.7)</b>	<b>(1,597.1)</b>	<b>-9.7%</b>	<b>(1,810.5)</b>	<b>-20.3%</b>	
<b>Total costs</b>	<b>(837.7)</b>	<b>(875.1)</b>	<b>-4.3%</b>	<b>(872.6)</b>	<b>-4.0%</b>	<b>(558.3)</b>	<b>(579.4)</b>	<b>-3.6%</b>	<b>(536.3)</b>	<b>4.1%</b>	-	<b>(11.0)</b>	<b>-100.0%</b>	-	<b>n/a</b>	<b>(1,396.0)</b>	<b>(1,465.5)</b>	<b>-4.7%</b>	<b>(1,408.9)</b>	<b>-0.9%</b>	
Cost of service rendered	(705.3)	(745.0)	-5.3%	(736.3)	-4.2%	(461.7)	(482.8)	-4.4%	(439.7)	5.0%	-	-	n/a	-	n/a	(1,167.0)	(1,227.8)	-5.0%	(1,176.0)	-0.8%	
Depreciation and amortization	(132.4)	(130.1)	1.8%	(136.3)	-2.9%	(96.6)	(96.6)	0.0%	(96.6)	0.0%	-	(11.0)	-100.0%	-	n/a	(229.0)	(237.7)	-3.7%	(232.9)	-1.7%	
<b>Gross income</b>	<b>797.3</b>	<b>692.8</b>	<b>15.1%</b>	<b>705.0</b>	<b>13.1%</b>	<b>448.8</b>	<b>392.9</b>	<b>14.2%</b>	<b>455.9</b>	<b>-1.6%</b>	-	<b>(11.0)</b>	<b>-100.0%</b>	-	<b>n/a</b>	<b>1,246.0</b>	<b>1,074.7</b>	<b>15.9%</b>	<b>1,160.9</b>	<b>7.3%</b>	
<b>Operating expenses</b>	<b>(159.8)</b>	<b>(386.5)</b>	<b>-58.7%</b>	<b>(346.2)</b>	<b>-53.8%</b>	<b>113.8</b>	<b>(58.9)</b>	<b>n/a</b>	<b>(54.9)</b>	<b>n/a</b>	<b>(0.7)</b>	<b>313.8</b>	<b>n/a</b>	<b>(0.5)</b>	<b>40.0%</b>	<b>(46.7)</b>	<b>(131.6)</b>	<b>-64.5%</b>	<b>(401.6)</b>	<b>-88.4%</b>	
Personnel	(276.9)	(214.9)	28.9%	(234.9)	17.9%	(24.5)	(19.0)	28.9%	(27.1)	-9.6%	-	-	n/a	-	n/a	(301.4)	(233.9)	28.9%	(261.9)	15.1%	
General and administratives	(77.6)	(73.9)	5.0%	(56.5)	37.3%	(12.5)	(3.7)	n/a	(5.8)	115.5%	(0.8)	(0.7)	14.3%	(0.4)	100.0%	(90.9)	(78.3)	16.1%	(62.8)	44.7%	
Sales and Marketing expenses	(36.0)	(25.3)	42.3%	(12.6)	185.7%	-	-	n/a	-	n/a	-	-	n/a	-	n/a	(36.0)	(25.3)	42.3%	(12.6)	185.7%	
Other operating income (Expenses), net	232.6	(70.4)	n/a	(40.3)	n/a	151.1	(35.8)	n/a	(21.7)	n/a	0.1	314.5	-100.0%	(0.1)	n/a	383.8	208.3	84.3%	(62.1)	n/a	
Depreciation and amortization	(1.9)	(2.0)	-5.0%	(1.9)	0.0%	(0.3)	(0.4)	-25.0%	(0.3)	0.0%	-	-	n/a	-	n/a	(2.2)	(2.4)	-8.3%	(2.2)	0.0%	
<b>Operating income</b>	<b>637.5</b>	<b>306.3</b>	<b>108.1%</b>	<b>358.8</b>	<b>77.7%</b>	<b>562.6</b>	<b>334.0</b>	<b>68.4%</b>	<b>401.0</b>	<b>40.3%</b>	<b>(0.7)</b>	<b>302.8</b>	<b>n/a</b>	<b>(0.5)</b>	<b>40.0%</b>	<b>1,199.3</b>	<b>943.1</b>	<b>27.2%</b>	<b>759.3</b>	<b>57.9%</b>	
<b>EBITDA</b>	<b>771.8</b>	<b>438.4</b>	<b>76.0%</b>	<b>497.0</b>	<b>55.3%</b>	<b>659.5</b>	<b>431.0</b>	<b>53.0%</b>	<b>497.9</b>	<b>32.5%</b>	<b>(0.7)</b>	<b>313.8</b>	<b>n/a</b>	<b>(0.5)</b>	<b>4.0%</b>	<b>1,430.6</b>	<b>1,183.2</b>	<b>20.9%</b>	<b>994.4</b>	<b>43.9%</b>	
<b>EBITDA Margin</b>	<b>47.2%</b>	<b>28.0%</b>	<b>19.2pp</b>	<b>31.5%</b>	<b>15.7pp</b>	<b>65.5%</b>	<b>44.3%</b>	<b>21.2pp</b>	<b>50.2%</b>	<b>15.3pp</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>54.1%</b>	<b>46.6%</b>	<b>7.6pp</b>	<b>38.7%</b>	<b>15.4pp</b>	
<b>Financial income (costs)</b>	<b>(76.7)</b>	<b>(125.9)</b>	<b>-39.1%</b>	<b>(96.0)</b>	<b>-20.1%</b>	<b>27.0</b>	<b>37.4</b>	<b>-27.8%</b>	<b>24.9</b>	<b>8.4%</b>	<b>0.4</b>	<b>(11.3)</b>	<b>n/a</b>	<b>0.5</b>	<b>-20.0%</b>	<b>(49.4)</b>	<b>(99.8)</b>	<b>-50.5%</b>	<b>(70.6)</b>	<b>-30.0%</b>	
Financial revenue	53.4	34.1	56.6%	71.7	-25.5%	27.5	38.7	-28.9%	25.5	7.8%	1.5	8.3	-81.9%	2.1	-28.6%	82.4	81.1	1.6%	99.3	-17.0%	
Financial expenses	(501.0)	(375.2)	33.5%	(521.6)	-3.9%	(0.5)	(1.3)	-61.5%	(0.6)	-16.7%	(1.1)	(19.6)	-94.4%	(1.6)	-31.2%	(502.6)	(396.1)	26.9%	(523.8)	-4.0%	
Purchase of receivables	377.9	231.0	63.6%	362.2	4.3%	-	-	n/a	-	n/a	-	-	n/a	-	n/a	377.9	231.0	63.6%	362.2	4.3%	
Net exchange variation	(7.0)	(15.8)	-55.7%	(8.3)	-15.7%	-	-	n/a	-	n/a	-	-	n/a	-	n/a	(7.0)	(15.8)	-55.7%	(8.3)	-15.7%	
Income before income tax and social contribution	560.8	180.4	n/a	262.8	113.4%	589.6	371.4	58.8%	425.9	38.4%	(0.3)	291.5	n/a	0.0	n/a	1,150.0	843.3	36.4%	688.7	67.0%	
<b>Income tax and social contribution</b>	<b>(123.8)</b>	<b>24.2</b>	<b>n/a</b>	<b>(19.3)</b>	<b>n/a</b>	<b>(201.2)</b>	<b>(126.7)</b>	<b>58.8%</b>	<b>(144.0)</b>	<b>39.7%</b>	-	<b>(32.1)</b>	<b>-100.0%</b>	-	<b>n/a</b>	<b>(325.0)</b>	<b>(134.6)</b>	<b>141.5%</b>	<b>(163.3)</b>	<b>99.0%</b>	
Current	51.2	(41.2)	n/a	(57.2)	n/a	(161.8)	(140.2)	15.4%	(142.9)	13.2%	-	0.1	-100.0%	-	n/a	(110.6)	(181.3)	-39.0%	(200.1)	-44.7%	
Deferred	(175.0)	65.4	n/a	37.9	n/a	(39.4)	13.5	n/a	(1.1)	n/a	-	(32.2)	-100.0%	-	n/a	(214.4)	46.7	n/a	36.8	n/a	
<b>Net result</b>	<b>437.0</b>	<b>204.6</b>	<b>113.6%</b>	<b>243.5</b>	<b>79.5%</b>	<b>388.4</b>	<b>244.7</b>	<b>58.7%</b>	<b>281.9</b>	<b>37.8%</b>	<b>(0.3)</b>	<b>259.4</b>	<b>n/a</b>	<b>0.0</b>	<b>n/a</b>	<b>825.0</b>	<b>708.7</b>	<b>16.4%</b>	<b>525.4</b>	<b>57.0%</b>	
<b>Net margin</b>	<b>26.7%</b>	<b>13.0%</b>	<b>13.7pp</b>	<b>15.4%</b>	<b>11.3pp</b>	<b>38.6%</b>	<b>25.2%</b>	<b>13.4pp</b>	<b>28.4%</b>	<b>10.2pp</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>31.2%</b>	<b>27.9%</b>	<b>3.3pp</b>	<b>20.4%</b>	<b>10.8pp</b>	
<b>Attributed to Cielo</b>	<b>437.0</b>	<b>204.6</b>	<b>113.6%</b>	<b>243.5</b>	<b>79.5%</b>	<b>271.9</b>	<b>171.3</b>	<b>58.7%</b>	<b>197.3</b>	<b>37.8%</b>	<b>(0.3)</b>	<b>259.4</b>	<b>n/a</b>	<b>0.0</b>	<b>n/a</b>	<b>708.5</b>	<b>635.3</b>	<b>11.5%</b>	<b>440.8</b>	<b>60.7%</b>	
Attributed to Noncontrolling interests	-	-	n/a	-	n/a	116.5	73.4	58.7%	84.6	37.7%	-	-	n/a	-	n/a	116.5	73.4	58.7%	84.6	37.7%	



## 2Q23 Conference Calls

Date: Wednesday, 08/02/2023

Time: 11:30 (Brasília) 10:30 (NY)

Phone: +55 11 3181-8565

+55 11 4090-1621

Password: CIELO

NOTE: Tell us which audio you wish to connect to:  
(i) original, (ii) Portuguese, or (iii) English

## Ticker CIEL3

R\$ 4.67

Market value

R\$ 12.7 billion

Earnings per share

R\$ 0.26

P/E

6.68x

*Information current as of 06/30/2023*

## Contacts

Email: [ri@cielo.com.br](mailto:ri@cielo.com.br)

Phone: +55 (11) 2596-8453

Site: [ri.cielo.com.br](http://ri.cielo.com.br)