

1Q22

CONFERENCE CALL (English)

05/13
12:00 p.m. (BRT) /
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Brazil: +55 (11) 3181-8565
+55 (11) 4210-1803
U.S. Toll Free: +1 (844) 204-8942
U.S. Dial-In: +1 (412) 717-9627
Password: B3

Webcast:
<https://choruscall.com.br/b3/1q22.htm>

CONFERENCE CALL (Portuguese)

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B3 ANNOUNCES RESULTS FOR THE FIRST QUARTER OF 2022

São Paulo, May 12, 2022 - B3 S.A. – Brasil, Bolsa, Balcão (“B3” or “Company”; B3SA3) reports today its first quarter of 2022 (1Q22) earnings. Total revenues reached R\$2,544.6 million, down by 4.6% vs. 1Q21 and up by 4.7% vs. 4Q21. Recurring EBITDA totaled R\$1,722.7 million, down by 11.5% vs. 1Q21 and up by 4.1% vs. 4Q21, while recurring net income¹ totaled R\$1,240.0 million, down by 7.2% vs. 1Q21 and up by 0.9% vs. 4Q21.

MESSAGE FROM MANAGEMENT

In the first quarter of 2022, the escalation of the conflict in Eastern Europe brought uncertainty to global financial markets and ramped up inflationary pressures on the world’s major economies. In Brazil, concerns about soaring prices led the Central Bank to keep its contractionary policy and raise the basic interest rate, which ended the quarter at 11.75%.

In this scenario of increased risk aversion in international markets and higher interest rates in Brazil, the average daily traded volume (ADTV) in the equities segment on B3 amounted to R\$31.2 billion in 1Q22, down by 15.3% against 1Q21, while in the listed derivatives segment, the average daily volume (ADV) totaled 4.4 million contracts, down 16.4% against 1Q21. It is important to point out that 1Q21 was a period of all-time high volumes as the second wave of COVID-19 was expanding. In comparison to the 4Q21, the ADTV for cash equities was 1.1% lower, while the ADV for derivatives grew 4.5%.

Despite the absence of IPOs, as companies chose to temporarily postpone initial offerings given the current scenario, follow-ons proved a good option for companies already listed to raise funds, and the quarter was marked by 8 of such offerings, amounting to R\$11.5 billion for the period.

Regarding financial performance, revenues amounted to R\$2.5 billion, down by 4.6% compared to 1Q21, especially due to smaller volumes and margins in the Listed segment, which in 1Q21 did not yet fully contemplate the changes in pricing policies (implemented in Feb 2021). Recurring net income was R\$1.2 billion, down by 7.2% against 1Q21.

In line with the strategy of expanding its core business and the commitment to foster progress in the capital market by consistently delivering improvements and benefits to its customers, B3 launched, in the Listed segment, the Retail Liquidity Provider (RLP) for selected stocks in the cash equities market. The expansion of this type of order, which was previously available only for Ibovespa and Dollar mini-future contracts, is valid for a trial period of 12 months from its launch date (Jan 31).

The first quarter was also marked by B3 entering the credit card receivables segment, with a registration platform launched for these financial assets. The requirement for registration by acquirers and for interoperability between registers was imposed by the Central Bank in 2021, and B3 has entered this market in order to provide high-quality market infrastructure and enable new businesses, always in line with its customers’ interests.

Still in the OTC segment, B3 moved forward with its insurance initiative and started registering property insurance policies in March. B3 has more than 80 customers using its infrastructure for the insurance market, and these services are expected to expand over the second half, due to the registration of other insurance lines becoming mandatory as well such as auto, life, private pension and housing insurance.

It is worth noting that, given the completion of the Neoway acquisition on December 23, 2021, the financial information includes Neoway for 1Q22 and 4Q21 (in the latter, proportionally to the 8 days between the acquisition and the end of the period). For better comparison, some lines were adjusted to exclude the impact of Neoway figures, and those are indicated accordingly along this document.

(In R\$ millions)	1Q22	1Q21	1Q22/1Q21 (%)	4Q21	1Q22/4Q21 (%)
Total revenues	2,544.6	2,667.6	-4.6%	2,431.5	4.7%
Net revenues	2,284.7	2,396.7	-4.7%	2,179.1	4.8%
Net revenues (ex-Neoway)	2,245.3	2,396.7	-6.3%	2,175.6	3.2%
Expenses	(856.4)	(661.2)	29.5%	(810.3)	5.7%
Financial result	229.0	(43.8)	-	86.6	164.5%
Net income	1,100.9	1,256.0	-12.3%	1,091.6	0.9%
Adjusted expenses ²	(431.9)	(291.7)	48.1%	(386.4)	11.8%
Adjusted expenses (ex-Neoway)	(390.6)	(291.7)	33.9%	(380.8)	2.6%
Recurring EBITDA	1,722.7	1,946.3	-11.5%	1,654.1	4.1%
EBITDA margin (recurring)	75.4%	83.1%	-766 bps	75.9%	-50 bps
Recurring EBITDA (ex-Neoway)	1,741.1	1,946.3	-10.5%	1,656.1	5.1%
Recurring EBITDA margin (ex-Neoway)	77.5%	83.1%	-559bps	76.1%	142 bps
Recurring net income	1,240.0	1,336.1	-7.2%	1,229.2	0.9%
Recurring net income (ex-Neoway)	1,258.3	1,336.1	-5.8%	1,230.9	2.2%

¹ See the conciliation on page 6

² Expenses adjusted for: (i) depreciation and amortization; (ii) long-term share-based incentive program – principal and charges; (iii) provisions; (iv) revenue-linked expenses; (v) expenses with write-off of projects; and (vi) extraordinary M&A expenses.

Guidance for 2022

REAFFIRMED:

- (i) CAPEX - **Core Business** (R\$200 million to R\$250 million);
- (ii) Earnings Distributions to Shareholders (110-140% of corporate net income);
- (iii) Adjusted Expenses—**Core Business** (R\$1,280 million - R\$1,380 million); and
- (iv) Leverage (1.6x gross debt/recurring EBITDA for the past 12 months).

REVISED as per Material Fact of May 12, 2022, due to the acquisition and consolidation of Neoway:

- (i) Expenses + CAPEX—**New Initiatives and Business** (R\$380 million - R\$440 million to R\$585 million - R\$665 million);
- (ii) Depreciation and Amortization (R\$990 million - R\$1,045 million to R\$1,050 million - R\$1,130 million); and
- (iii) Revenue-linked Expenses (R\$255 million - R\$305 million to R\$265 million - R\$325 million).

Operational Performance

All comparisons in this document are in relation to the first quarter of 2021 (1Q21), unless otherwise stated.

Listed

Equities

		1Q22	1Q21	1Q22/1Q21 (%)	4Q21	1Q22/4Q21 (%)
Cash market	ADTV (R\$ million)	31,177.5	36,817.9	-15.3%	31,531.1	-1.1%
	Margin (bps)	3.493	3.828	-0.335 bps	3.461	0.032 bps
Average market capitalization	(R\$ billion)	4,701.9	5,161.2	-8.9%	4,727.2	-0.5%
Turnover velocity	Annualized (%)	165.8%	176.2%	-1,043 bps	164.8%	102 bps
Options market (stock/indices)	ADTV (R\$ million)	801.5	925.1	-13.4%	789.8	1.5%
	Margin (bps)	13.364	11.672	1.691 bps	13.172	0.192 bps
Forward market	ADTV (R\$ million)	251.4	416.6	-39.7%	269.6	-6.7%
	Margin (bps)	9.291	8.954	0.337 bps	9.924	-0.633 bps
Stock indices futures	ADV (thousands of contracts)	3,763.5	3,804.5	-1.1%	4,290.7	-12.3%
	Average RPC (R\$)	0.891	0.908	-2.0%	0.913	-2.4%
Number of individual investors (CPFs)	Average (thousand)	4,275.9	2,906.2	47.1%	3,681.9	16.1%
Number of accounts in depository	Average (thousand)	5,062.6	3,489.6	45.1%	4,397.2	15.1%
Securities lending	Average open positions (R\$ billion)	112.2	104.8	7.0%	104.3	7.5%

Note: "ADTV" stands for Average Daily Traded Volume; "ADV" stands for Average Daily Volume; "RPC" stands for Revenue per Contract; "bps" stands for basis points; "turnover velocity" results from dividing the volume traded on the spot market in the period by the average market capitalization for the period.

In the equities segment, there was a 15.3% drop in the average daily volume traded in the cash equities market (ADTV), reflecting the lower turnover in the period against the high levels recorded in the same period of the previous year, when we had higher volatility influenced by the second wave of COVID-19 and the political scenario in Brazil. Concerning indices futures contracts, the 1.1% drop in number of contracts traded is due to the decrease in trading of their "mini" version.

The trading/post-trading margin in cash equities market was 3.493 bps. The 0.335 bps decrease was mainly due to (i) the new pricing policy for the equities market, in effect since Feb/21³, which replaced the progressive discount model based on global ADTV for all investors and increased discounts for day traders; and (ii) the implementation, in Jun/21, of the incentive program for large non-day traders⁴. The average revenue per contract (RPC) of stock indices future contracts, in turn, was R\$0.891, down by 2.0%.

The new pricing policy for equities is consistent with B3's strategy to lower fees by sharing operating leverage gains.



Note: Margin in bps includes fees at both ends of trades (buy + sell). 3.53 bps was the average margin in the last month of the period (March 2022).

The average number of accounts in the equities' depository was up by 45.1%, reflecting the continuous search by individual investors for diversification of their portfolios. Finally, the volume of outstanding positions for securities lending grew 7.0%.

³ In February 2021, the intermediate model for the new price policy for cash equities came into effect, as announced in December 2020. The main changes introduced in this intermediate model were a) replacement of the discount model based on global ADTV for reduced fees, b) adjustments in day trade fees and c) review of custody fees for local investors, with exemption for accounts with balance of up to R\$20 thousand, in addition to eliminating monthly maintenance fees. Further details available in the [Material Fact](#) dated 12/10/2020.

⁴ Further information in [Circular Letter 040/2021-PRE](#)

FICC

		1Q22	1Q21	1Q22/1Q21 (%)	4Q21	1Q22/4Q21 (%)
Interest rates in BRL	ADV (thousands of contracts)	3,082.3	3,860.2	-20.2%	3,004.8	2.6%
	Average RPC (R\$)	0.958	0.855	12.1%	1.001	-4.3%
Interest rates in USD	ADV (thousands of contracts)	343.0	322.7	6.3%	286.6	19.7%
	Average RPC (R\$)	2.479	2.750	-9.8%	2.694	-8.0%
FX rate	ADV (thousands of contracts)	996.5	1,127.2	-11.6%	939.3	6.1%
	Average RPC (R\$)	5.401	5.495	-1.7%	5.609	-3.7%
Commodities	ADV (thousands of contracts)	27.4	13.9	97.2%	26.1	5.2%
	Average RPC (R\$)	1.797	2.516	-28.6%	1.787	0.6%
Total	ADV total (thousands of contracts)	4,449.2	5,324.0	-16.4%	4,256.8	4.5%
	Average RPC (R\$)	2.076	1.957	6.1%	2.137	-2.9%

The average daily volume in 1Q22 was 4.4 million contracts, down by 16.4%, mainly reflecting the 20.2% decrease in ADV of interest rate contracts in BRL and 11.6% in ADV of FX rate contracts. Average RPC increased by 6.1% in the period, primarily influenced by an increase in the RPC of interest rates in BRL, due to the higher concentration of long-term contracts in the total trading volume, which have a higher RPC, offsetting the drop in RPC for interest rate contracts in USD and FX rate contracts.

OTC

Fixed Income Instruments

		1Q22	1Q21	1Q22/1Q21 (%)	4Q21	1Q22/4Q21 (%)
New Issues	Bank funding (total in R\$ billions)	3,367.1	2,757.7	22.1%	3,516.7	-4.3%
	Other (total in billions)	185.2	141.1	31.2%	256.2	-27.7%
Outstanding balance	Bank funding (average in R\$ billions)	2,340.4	2,168.0	8.0%	2,276.9	2.8%
	Corporate debt (average in R\$ billions)	839.5	689.1	21.8%	797.4	5.3%
	Other (average in R\$ billions)	1,049.8	765.4	37.2%	932.6	12.6%
Treasury Direct	Number of investors (average in thousands)	1,863.7	1,471.7	26.6%	1,752.3	6.4%
	Stock (average in R\$ billions)	79.8	66.8	19.5%	73.6	8.4%

Note: "Bank funding" includes DI, CDB, Letras Financeiras and other instruments such as RDB, LC, and DPGE.

"Other" includes real estate notes (LCI, CCI, CRI and LH), agribusiness certificates (CRA, LCA and CDCA) and funding instruments (CCB, CCCB, NCE, CCE, Export Notes, and NC).

In 1Q22, the volume of fixed income products impacted the growth of the segment in an environment of higher interest rates. In 1Q22, the volume of issues and the outstanding positions of bank funding instruments increased by 22.1% and 8.0%, respectively, due to the increase in issuances of certificates of DI and deposit by banks, which represented 20.0% and 68.2%, respectively, of new issues in the quarter. The average outstanding balance of corporate debt instruments increased by 21.8%, with debentures of leasing accounting for 18.6% of the outstanding balance of corporate debt in 1Q22 (vs. 23.6% in 1Q21).

Another highlight in the fixed-income market was the continuous growth in Treasury Direct (TD), where number of investors and outstanding balance were up by 26.6% and 19.5%, respectively. B3 offers an incentive program for brokerage firms to increase the number of investors in this product, which is revised on a yearly basis. In 2022, the incentive program was revised, and two models of incentive were announced, which depend on the broker's outstanding balance⁵ in TD.

OTC Derivatives and Structured Transactions

		1Q22	1Q21	1Q22/1Q21 (%)	4Q21	1Q22/4Q21 (%)
Issues	(Total in R\$ billion)	3,044.1	2,892.3	5.2%	2,864.5	6.3%
Stock	(Average in R\$ billion)	5,450.3	4,659.5	17.0%	5,426.0	0.4%

Registrations of new issues on the OTC derivatives and structured notes market increased by 5.2%, with an increase in the issuance of forwards. In the same comparison, the average outstanding balance was up by 17.0% due to the expansion of issues in the previous quarters that were added to the current stock.

⁵ Brokers holding outstanding balances of Treasury Direct (TDs) that are worth less than R\$4 billion are covered by Model I, in which case the incentive is a variable amount depending on investor base (R\$200 per customer added); Brokerage firms holding an outstanding balance of R\$4 billion or more in TDs are covered by Model II, in which incentive is calculated as a percentage of the average balance, depending on growing the investor base and may reach up to 0.20% for the highest range.

Infrastructure for Financing

		1Q22	1Q21	1Q22/1Q21 (%)	4Q21	1Q22/4Q21 (%)
SNG	Number of vehicles sold (thousands)	3,489.9	4,373.1	-20.2%	4,491.0	-22.3%
	Number of vehicles financed (thousands)	1,273.5	1,402.7	-9.2%	1,450.8	-12.2%
	% Vehicles financed / vehicles sold	36.5%	32.1%	4.4 pp	32.3%	4.2 pp

The number of vehicles sold dropped 20.2% in Brazil, due to shortage of raw materials and increased prices of new and used vehicles. The number of additions to the National Liens System (SNG) dropped 9.2%.

Technology, data and services

		1Q22	1Q21	1Q22/1Q21 (%)	4Q21	1Q22/4Q21 (%)
Monthly Utilization	Average number of customers	17,660	15,188	16.3%	17,061	3.5%
CIP	Number of electronic cash transfers (TEDs) processed (thousands)	176,088	249,174	-29.3%	209,292	-15.9%

The average number of customers that pay for the monthly use of OTC segment systems increased by 16.3%, mainly due to the fund industry's growth in Brazil. The number of TEDs [electronic transfers] processed was down by 29.3%, due to growing use of instant payment (PIX) in the period.

INCOME STATEMENT

Revenues

Total revenues: R\$2,544.6 million, down by 4.6%. The decrease in total revenues is mainly explained by the lower revenues from the Listed and Infrastructure for Financing segments, despite the growth in other segments. It is worth noting that revenues in 1Q21 were positively impacted by the reversal of provisions and recovery of expenses and in 1Q22 by the consolidation of Neoway.

Listed: R\$1,696.8 million (66.7% of the total), down by 10.4%.

- **Equities and equity instruments:** R\$1,122.1 million (44.1% of total), down by 11.5% in the period.
 - Trading and post-trading: R\$963.5 million (37.9% of total), down by 15.5%, reflecting lower volumes and the implementation of the new pricing policy for the equities market in Feb/21, as explained above.
 - Depository: R\$36.7 million (1.4% of total), down by 9.4% in the period, mainly due to the exemption from the maintenance fee for local investors (as part of the new pricing policy).
 - Securities lending: R\$91.1 million (3.6% of total), up by 107.4%, due to the higher average contract rates and increase in business volume.
 - Listing and solutions for issuers: R\$30.8 million (1.2% of total), down by 27.5% mainly due to the drop in the number of offerings in 1Q22.
- **FICC** R\$574.7 million (22.6% of total), down by 8.1%, reflecting lower volumes traded and lower RPC of Interest rates in USD and FX rates.

OTC: R\$300.7 million (11.8% of total), up by 11.6%.

- Fixed income instruments: R\$185.2 million (7.3% of total), an increase of 15.4%, mainly due to (i) 22% growth in the registration of bank funding instruments and 8% growth in their outstanding balance; and (ii) higher average corporate debt stock, which grew by 22% for the period.
- Derivatives and structured transactions: R\$69.1 million (2.7% of total), up by 3.0%, due to higher volumes of registered OTC derivatives.
- Other: R\$46.4 million (1.8% of total), up by 10.7%, reflecting increased registration and outstanding balance of fund quotas.

Infrastructure for financing: R\$109.9 million (4.3% of total), a decrease of 10.0%, due to (i) the decrease in vehicles sold in Brazil; and (ii) a macroeconomic scenario less favorable for financing, partially offset by the annual inflation adjustment of prices (IPCA).

Technology, data and services: R\$435.7 million (17.1% of total), up by 33.0%.

- **Technology and access:** R\$243.8 million (9.6% of total), up by 22.9%, with emphasis on the growth of the monthly utilization line, driven by (i) the increase in the number of customers in the major trading ranges; and (ii) the annual adjustment of prices according to inflation (IPCA).
- **Data and analytics:** R\$120.5 million (4.7% of total), up by 57.5%, mainly due to the addition of revenues from Neoway. Excluding Neoway, the increase would have been 3.5%.
- **Bank:** R\$29.2 million (1.1% of total), up by 58.4%, mainly due to the higher volume of BDRs in the period.

- **Other:** R\$42.2 million (1.7% of total), up by 23.2%, with emphasis on the growth of revenues from auctions.

Net revenues: down by 4.7%, reaching R\$2,284.7 million.

Expenses

Expenses totaled R\$856.4 million, up by 29.5%.

- **Personnel and charges:** R\$311.5 million, up by 36.7%, mainly explained by (i) the addition of Neoway to this expense line, (ii) new hires and (iii) annual salary adjustment by inflation. Excluding Neoway, the increase would have been of 20.4%.
- **Data processing:** R\$116.1 million, an increase of 66.8%, mainly due to (i) the development of new initiatives that, given the nature and way in which they are being developed (agile model, etc.), are accounted for as expenses rather than investments (CAPEX). In addition, Neoway's expenses were included. Excluding Neoway, the increase would have been of 58.3%.
- **Depreciation and amortization:** R\$275.9 million, up by 4.4%. Excluding Neoway, increase would have been of 1.9%.
- **Revenue-linked expenses:** R\$67.9 million, a 14.7% increase. Excluding Neoway, increase would have been of 3.9%.
- **Third-party services:** totaled R\$38.7 million, up by 223.7%, due to (i) higher M&A expenses for the period; and (ii) the addition of Neoway. Excluding Neoway, increase would have been of 189.2%.
- **Others:** totaled R\$29.8 million, up by 101.7%, mainly due to (i) provisions for court disputes for which part of the amount under litigation is adjusted according to the price for B3SA3; (ii) updates of provisions for lawsuits in progress and (iii) energy expenses.

Reconciliation of adjusted expenses (ex-Neoway)

(In R\$ millions)	1Q22	1Q21	1Q22/1Q21 (%)	4Q21	1Q22/4Q21 (%)
Expenses (ex-Neoway)	(792.1)	(661.2)	19.8%	(804.2)	-1.5%
(+) Depreciation and amortization	269.5	264.4	1.9%	255.2	5.6%
(+) Long term stock-based compensation	38.4	41.6	-7.8%	35.7	7.5%
(+) Provisions (recurring and non-recurring)	13.7	4.4	215.3%	28.5	-51.7%
(+) Revenue-linked expenses	61.4	59.2	3.9%	74.6	-17.6%
(+) Projects write-off	-	-	-	17.2	-
(+) Extraordinary M&A expenses	18.5	-	-	12.3	50.7%
Adjusted expenses	(390.6)	(291.7)	33.9%	(380.8)	2.6%

Reconciliation of adjusted expenses

(In R\$ millions)	1Q22	1Q21	1Q22/1Q21 (%)	4Q21	1Q22/4Q21 (%)
Expenses	(856.4)	(661.2)	29.5%	(810.3)	5.7%
(+) Depreciation and amortization	275.9	264.4	4.4%	255.7	7.9%
(+) Long term stock-based compensation	47.5	41.6	14.2%	35.7	33.2%
(+) Provisions (recurring and non-recurring)	14.7	4.4	237.0%	28.5	-48.4%
(+) Revenue-linked expenses	67.9	59.2	14.7%	74.6	-9.0%
(+) Projects write-off	-	-	-	17.2	-
(+) Extraordinary M&A expenses	18.5	-	-	12.3	50.7%
Adjusted expenses	(431.9)	(291.7)	48.1%	(386.4)	11.8%
<i>Core business expenses</i>	<i>(324.6)</i>	<i>(258.2)</i>	<i>25.8%</i>	<i>(340.7)</i>	<i>-4.7%</i>
<i>Non-core expenses – New initiatives and businesses</i>	<i>(107.3)</i>	<i>(33.5)</i>	<i>219.8%</i>	<i>(45.6)</i>	<i>135.0%</i>

EBITDA

Recurring EBITDA totaled R\$1,722.7 million, down by 11.5%. Recurring EBITDA margin was 75.4%, 766 bps lower than the same period of the previous year. Excluding Neoway, recurring EBITDA would have amounted to R\$1,741.1 million, with a 77.5% margin.

(In R\$ millions)	1Q22	1Q21	1Q22/1Q21 (%)	4Q21	1Q22/4Q21 (%)
EBITDA	1,704.2	1,999.9	-14.8%	1,624.6	4.9%
(+) Reversal of non-recurring provisions	-	(53.6)	-	-	-
(+) Write-off of projects	-	-	-	17.2	-
(+) Extraordinary M&A expenses	18.5	-	-	12.3	-
Recurring EBITDA	1,722.7	1,946.3	-11.5%	1,654.1	4.1%
<i>Recurring EBITDA margin</i>	<i>75.4%</i>	<i>83.1%</i>	<i>-766 bps</i>	<i>75.9%</i>	<i>-50 bps</i>
Recurring EBITDA (ex-Neoway)	1,741.1	1,946.3	-10.5%	1,656.1	5.1%
<i>EBITDA margin (ex-Neoway)</i>	<i>77.5%</i>	<i>83.1%</i>	<i>-559 bps</i>	<i>76.1%</i>	<i>142 bps</i>

Financial Result

The financial result for 1Q22 was positive by R\$229.0 million. Financial revenues reached R\$486.0 million, up by 489.0%, due to (i) higher interest rates; and (ii) the increase in cash from the issue of debts in the domestic and international markets (a debenture of BRL3.0 billion, and a bond of USD700 million) in May and September 2021, respectively. In turn, financial expenses amounted to R\$347.1 million, up by 386.1%, also mainly explained by the Company's higher indebtedness after the issues mentioned above.

(In R\$ millions)	1Q22	1Q21	1Q22/1Q21 (%)	4Q21	1Q22/4Q21 (%)
Financial result	229.0	(43.8)	-	86.6	164.5%
Financial Income	486.0	82.5	489.0%	401.2	21.1%
Financial expenses	(347.1)	(71.4)	386.1%	(297.9)	16.5%
Net FX variations	90.1	(55.0)	-	(16.7)	-

In addition, it is important to note that the financial result was also impacted by the effects of the FX rate variation on foreign currency loans, with this impact being neutralized by changes in the income tax and social contribution line (hedge structure). The table below isolates these effects from both the financial result, and income tax and social contribution.

(In R\$ millions)	1Q22	1Q21	1Q22/1Q21 (%)	4Q21	1Q22/4Q21 (%)
Net Financial Result	229.0	(43.8)	-	86.6	164.5%
(+/-) Effects of the hedge on net financial result	(134.5)	79.9	-	22.5	-
Adjusted net financial income (excluding the effects of the hedge)	94.6	36.0	-	109.1	-13.3%
Income before income tax	1,659.8	1,692.9	-2.0%	1,452.0	14.3%
(+/-) Effects of the hedge on net financial income	(134.5)	79.9	-	22.5	-
Income before tax and social contribution (excluding hedge effect)	1,525.3	1,772.8	-14.0%	1,474.6	3.4%
Income and social contribution taxes	(558.8)	(436.9)	27.9%	(360.4)	55.0%
(+/-) Effects of the hedge on income and social contribution taxes	134.5	(79.9)	-	(22.5)	-
Adjusted income and social contribution taxes (excluding the effects of the hedge)	(424.3)	(516.7)	-17.9%	(382.9)	10.8%
Effective Rate on Income Before Adjusted Income Tax and Social Contribution (excluding hedging effects) – (B) / (A)	27.8%	29.1%	-13.3 bps	26.0%	+18.5 bps

Income tax and social contribution

Income tax and social contribution totaled R\$558.8 million in 1Q22 and was impacted by the payment of interest on capital (IoC) in the amount of R\$302.6 million. Current tax totaled R\$179.4 million, while the deferred income tax and social contribution line was R\$379.3 million, with no cash impact, mainly consisting of temporary difference of tax amortizations of goodwill in 1Q22, in the amount of R\$119.6 million, and R\$259.7 million in tax credits reversal.

In addition, the income tax and social contribution line was also impacted by the hedge structure, as explained above in the financial result.

Net Income

Net income attributed to B3's shareholders was R\$1,100.9 million, down by 12.3%, reflecting the decrease in revenues and the increase in expenses previously explained.

Adjustments to net income

(In R\$ millions)	1Q22	1Q21	1Q22/1Q21 (%)	4Q21	1Q22/4Q21 (%)
Net income (attributable to shareholders)	1,100.9	1,256.0	-12.3%	1,091.6	0.9%
(+) Reversal of non-recurring provisions	-	(53.6)	-	-	-
(+) Tax impacts from non-recurring items	(6.3)	18.2	-	(11.4)	-45.1%
(+) Projects write-off	-	-	-	17.2	-
(+) Extraordinary M&A expenses	18.5	-	-	12.3	50.7%
(+) Impairment	-	-	-	4.1	-
(+) Amortization of intangibles (Cetip combination)	126.9	115.5	9.9%	115.5	9.9%
Recurring net income	1,240.0	1,336.1	-7.2%	1,229.2	0.9%
(+) Deferred Tax (goodwill from Cetip combination)	119.6	119.6	-	119.6	-
Recurring net income adjusted by goodwill tax benefit	1,359.6	1,455.7	-6.6%	1,348.9	0.8%
(-) Net income Neoway	(18.3)	-	-	(1.7)	-
Recurring net income adjusted by goodwill tax benefit (ex-Neoway)	1,378.0	1,455.7	-5.3%	1,350.6	2.0%

Note: amounts net of tax calculated at a rate of 34% on the deductible portion.

Excluding the abovementioned non-recurring items, net income would have reached R\$1,240.0 million in the quarter, a 7.2% decrease. Additionally, if adjusted for the tax benefit resulting from amortization of goodwill related to the combination with Cetip, net income would have totaled R\$1,359.6 million. Lastly, excluding Neoway, net income would have amounted to R\$1,378.0 million.

MAIN ITEMS OF THE CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2022

Assets, Liabilities and Shareholders' Equity Accounts

The Company ended the quarter with total assets of R\$50.7 billion, down by 3.4% from December 2021. Cash and cash equivalents (current and non-current) totaled R\$21.2 billion. The cash position includes (i) R\$302.6 million in interest on capital; and (ii) R\$789.3 million in dividends regarding 4Q21, both paid in April.

As for liabilities, B3's gross indebtedness in the end of 1Q22 was R\$13.5 billion (77% long term and 23% short term), corresponding to 1.9x the recurring EBITDA for the previous 12 months.

Shareholders' equity at the end of March 2022 was R\$21.8 billion, consisting mainly of capital stock of R\$12.5 billion and capital reserves of R\$7.9 billion (vs. R\$8.3 billion in December 2021).

OTHER INFORMATION

CAPEX

In the quarter, CAPEX totaled R\$35.5 million, mainly for technological upgrades in all segments of B3 and for new product developments.

Expenditure on New Initiatives

Consistent with the [Material Fact disclosed](#) on December 10, 2021, in which B3 announced a new way of stating its projections, the expenditure on new initiatives and new business (CAPEX and OPEX) totaled R\$70.7 million in 1Q22. It is worth reaffirming that these figures are included in the expenses and investments (CAPEX) lines.

Distributions to shareholders

On March 17, 2022, the Board of Directors approved the payment of interest on capital for 1Q22, in the amount of R\$302.6 million, paid on April 8. Additionally, shares were repurchased during the quarter regarding the 2022/2023 Repurchase Program, in the total amount of R\$251.1 million, which, added to IoC, totaled R\$553.7 million returned to the shareholders.

SUSTAINABILITY

The following were our key highlights for 1Q22 regarding B3's sustainability strategy:

- Publication of the Annual Report for 2021, externally audited and prepared based on the guidelines of the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), the International Integrated Reporting Council (IIRC) and, for the first time, in line with the recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD).
- Launch of the ESG Workplace platform, on which data will be made available concerning the Corporate Sustainability Index (ISE) of companies participating in the selection process for the 2021-2022 portfolio in the form of tables and dashboards (comparative panels).
- Through the volunteering actions promoted by B3 Social, B3 continues promoting the engagement of its employees. During the quarter, mobilization actions included the appointment of NGOs, the handing out of items to the homeless population, and an evaluation board for students applying for scholarship grants and emergency donations for Bahia and Petrópolis due to floods.

CONSOLIDATED INCOME STATEMENT

(In R\$ thousands)	1Q22	1Q21	1Q22/1Q21 (%)	4Q21	1Q22/4Q21 (%)	Neoway (1T22)	B3 ex- Neoway (1T22)
Total revenue	2,544,621	2,667,602	-4.6%	2,431,547	4.7%	41,715	2,502,906
Listed	1,696,750	1,892,963	-10.4%	1,645,639	3.1%	-	1,696,750
Cash equities and equities instruments	1,122,096	1,267,752	-11.5%	1,105,652	1.5%	-	1,122,096
Trading and post-Trading	963,536	1,140,855	-15.5%	975,578	-1.2%	-	963,536
Depository	36,669	40,465	-9.4%	35,827	2.4%	-	36,669
Securities lending	91,085	43,914	107.4%	67,379	35.2%	-	91,085
Listing and services for issuers	30,806	42,518	-27.5%	26,868	14.7%	-	30,806
Interest Rates, FX and commodities	574,654	625,211	-8.1%	539,987	6.4%	-	574,654
Trading and Post-Trading	574,654	625,211	-8.1%	539,987	6.4%	-	574,654
OTC	300,734	269,545	11.6%	300,165	0.2%	-	300,734
Fixed Income	185,237	160,569	15.4%	195,347	-5.2%	-	185,237
Derivatives	69,086	67,067	3.0%	62,552	10.4%	-	69,086
Other	46,411	41,909	10.7%	42,266	9.8%	-	46,411
Infrastructure for financing	109,939	122,104	-10.0%	114,033	-3.6%	-	109,939
Technology, data and services	435,700	327,514	33.0%	371,710	17.2%	41,343	394,357
Technology and access	243,822	198,341	22.9%	225,859	8.0%	-	243,822
Data and analytics	120,494	76,516	57.5%	81,283	48.2%	41,337	79,157
Bank	29,228	18,453	58.4%	27,269	7.2%	-	29,228
Other	42,156	34,204	23.2%	37,299	13.0%	6	42,150
Reversal of provisions and recovery of expenses	1,498	55,476	-97.3%	-	-	373	1,125
Revenue deductions	(259,922)	(270,898)	-4.1%	(252,404)	3.0%	(2,331)	(257,591)
PIS and Cofins	(216,277)	(227,821)	-5.1%	(210,967)	2.5%	(1,507)	(214,770)
Service tax	(43,645)	(43,077)	1.3%	(41,437)	5.3%	(824)	(42,821)
Net revenues	2,284,699	2,396,704	-4.7%	2,179,143	4.8%	39,385	2,245,314
Expenses	(856,396)	(661,217)	29.5%	(810,283)	5.7%	(64,278)	(792,118)
Personnel	(311,494)	(227,823)	36.7%	(259,556)	20.0%	(37,247)	(274,247)
Data processing	(116,066)	(69,596)	66.8%	(106,694)	8.8%	(5,929)	(110,137)
Depreciation and amortization	(275,945)	(264,409)	4.4%	(255,734)	7.9%	(6,485)	(269,460)
Revenue-linked expenses	(67,857)	(59,156)	14.7%	(74,561)	-9.0%	(6,420)	(61,437)
Third-party services	(38,694)	(11,952)	223.7%	(30,839)	25.5%	(4,134)	(34,560)
Maintenance	(5,625)	(5,090)	10.5%	(6,359)	-11.5%	(111)	(5,514)
Marketing	(4,386)	(2,908)	50.8%	(11,658)	-62.4%	(904)	(3,482)
Taxes	(3,176)	(2,748)	15.6%	(4,617)	-31.2%	(394)	(2,782)
Board and committee members' compensation	(3,343)	(2,753)	21.4%	(3,480)	-3.9%	-	(3,343)
Others	(29,810)	(14,782)	101.7%	(56,785)	-47.5%	(2,653)	(27,157)
Operating income	1,428,303	1,735,487	-17.7%	1,368,860	4.3%	(24,894)	1,453,197
<i>Operating margin</i>	62.5%	72.4%	-990 bps	62.8%	-30 bps	-63.2%	64.7%
Impairment	-	-	-	(4,114)	-	-	-
Equity in income of investees	2,465	1,240	98.8%	710	247.2%	-	2,465
Financial result	229,030	(43,848)	-	86,585	164.5%	(469)	229,499
Financial income	485,982	82,512	489.0%	401,200	21.1%	97	485,885
Financial expenses	(347,068)	(71,394)	386.1%	(297,890)	16.5%	(530)	(346,538)
Net FX variation	90,116	(54,966)	-263.9%	(16,725)	-638.8%	(36)	90,152
Income before taxes	1,659,798	1,692,879	-2.0%	1,452,041	14.3%	(25,362)	1,685,160
Income tax and social contribution	(558,755)	(436,852)	27.9%	(360,387)	55.0%	7,042	(565,797)
Current	(179,439)	(209,439)	-14.3%	(267,658)	-33.0%	-	(179,439)
Deferred	(379,316)	(227,413)	66.8%	(92,729)	309.1%	7,042	(386,358)
Net income	1,101,043	1,256,027	-12.3%	1,091,654	0.9%	(18,321)	1,119,364
<i>Net margin</i>	48.2%	52.4%	-421 bps	50.1%	-190 bps	-46.5%	49.9%
Attributable to:							
B3's shareholders	1,100,945	1,256,038	-12.3%	1,091,594	0.9%	(18,321)	1,119,266
<i>Net margin</i>	48.2%	52.4%	-422 bps	50.1%	-191 bps	-	49.8%
Minority interest	98	(11)	-990.9%	60	63.3%	-	98

SUMMARY OF CONSOLIDATED BALANCE SHEET

ASSETS	03/31/2022	12/31/2021	LIABILITIES AND EQUITY	03/31/2022	12/31/2021
Current assets	19,769,140	21,080,155	Current liabilities	11,858,196	12,958,993
Cash and cash equivalent	2,711,499	2,560,516	Collateral for transactions	5,578,318	6,357,430
Financial investments	15,805,419	16,573,301	Financial instruments for hedge	3,179	69,831
Other	1,252,222	1,946,338	Loans and debentures	3,107,862	3,204,429
Long-term non-current assets	14,878	14,878	Other	3,168,837	3,327,303
Non-current assets	30,953,232	31,436,736	Non-current liabilities	17,060,285	17,153,406
Long-term receivables	2,986,904	3,251,443	Loans and debentures	10,368,522	10,994,211
Financial investments	2,702,329	2,962,268	Deferred income tax and social contribution	5,692,536	5,110,484
Other	284,575	289,175	Other	999,227	1,048,711
Investments	653,122	651,036	Equity	21,818,769	22,419,370
Property and equipment	882,590	903,837	Capital	12,548,655	12,548,655
Intangible assets	26,430,616	26,630,420	Capital reserve	7,902,848	8,341,257
Goodwill	23,625,645	23,603,594	Other	1,355,703	1,517,993
Software and projects	2,804,971	3,026,826	Non-controlling interests	11,563	11,465
Total assets	50,737,250	52,531,769	Total liabilities and equity	50,737,250	52,531,769