

XP  inc.

4Q21 Earnings Presentation

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Market data and industry information used throughout this presentation are based on management’s knowledge of the industry and the good faith estimates of management. The Company also relied, to the extent available, upon management’s review of industry surveys and publications and other publicly available information prepared by a number of third party sources. All of the market data and industry information used in this presentation involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Although the Company believes that these sources are reliable, there can be no assurance as to the accuracy or completeness of this information, and the Company has not independently verified this information.

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This presentation also includes certain non-GAAP financial information. We believe that such information is meaningful and useful in understanding the activities and business metrics of the Company’s operations. We also believe that these non-GAAP financial measures reflect an additional way of viewing aspects of the Company’s business that, when viewed with our International Financial Reporting Standards (“IFRS”) results, as issued by the International Accounting Standards Board, provide a more complete understanding of factors and trends affecting the Company’s business. Further, investors regularly rely on non-GAAP financial measures to assess operating performance and such measures may highlight trends in the Company’s business that may not otherwise be apparent when relying on financial measures calculated in accordance with IFRS. We also believe that certain non-GAAP financial measures are frequently used by securities analysts, investors and other interested parties in the evaluation of public companies in the Company’s industry, many of which present these measures when reporting their results. The non-GAAP financial information is presented for informational purposes and to enhance understanding of the IFRS financial statements. The non-GAAP measures should be considered in addition to results prepared in accordance with IFRS, but not as a substitute for, or superior to, IFRS results. As other companies may determine or calculate this non-GAAP financial information differently, the usefulness of these measures for comparative purposes is limited. A reconciliation of such non-GAAP financial measures to the nearest GAAP measure is included in this presentation.

For purposes of this presentation:

“Active Clients” means the total number of retail clients served through our XP Investimentos, Rico, Clear, XP Investments and XP Private (Europe) brands, with an AUC above R\$100.00 or that have transacted at least once in the last thirty days. For purposes of calculating this metric, if a client holds an account in more than one of the aforementioned entities, such client will be counted as one “active client” for each such account. For example, if a client holds an account in each of XP Investimentos and Rico, such client will count as two “active clients” for purposes of this metric.

“Assets Under Custody (AUC)” means the market value of all client assets invested through XP’s platform, including equities, fixed income securities, mutual funds (including those managed by XP Gestão de Recursos Ltda., XP Advisory Gestão Recursos Ltda. and XP Vista Asset Management Ltda., as well as by third-party asset managers), pension funds (including those from XP Vida e Previdência S.A., as well as by third-party insurance companies), exchange traded funds, COEs (Structured Notes), REITs, and uninvested cash balances (Floating Balances), among others.

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01 2021 Recap

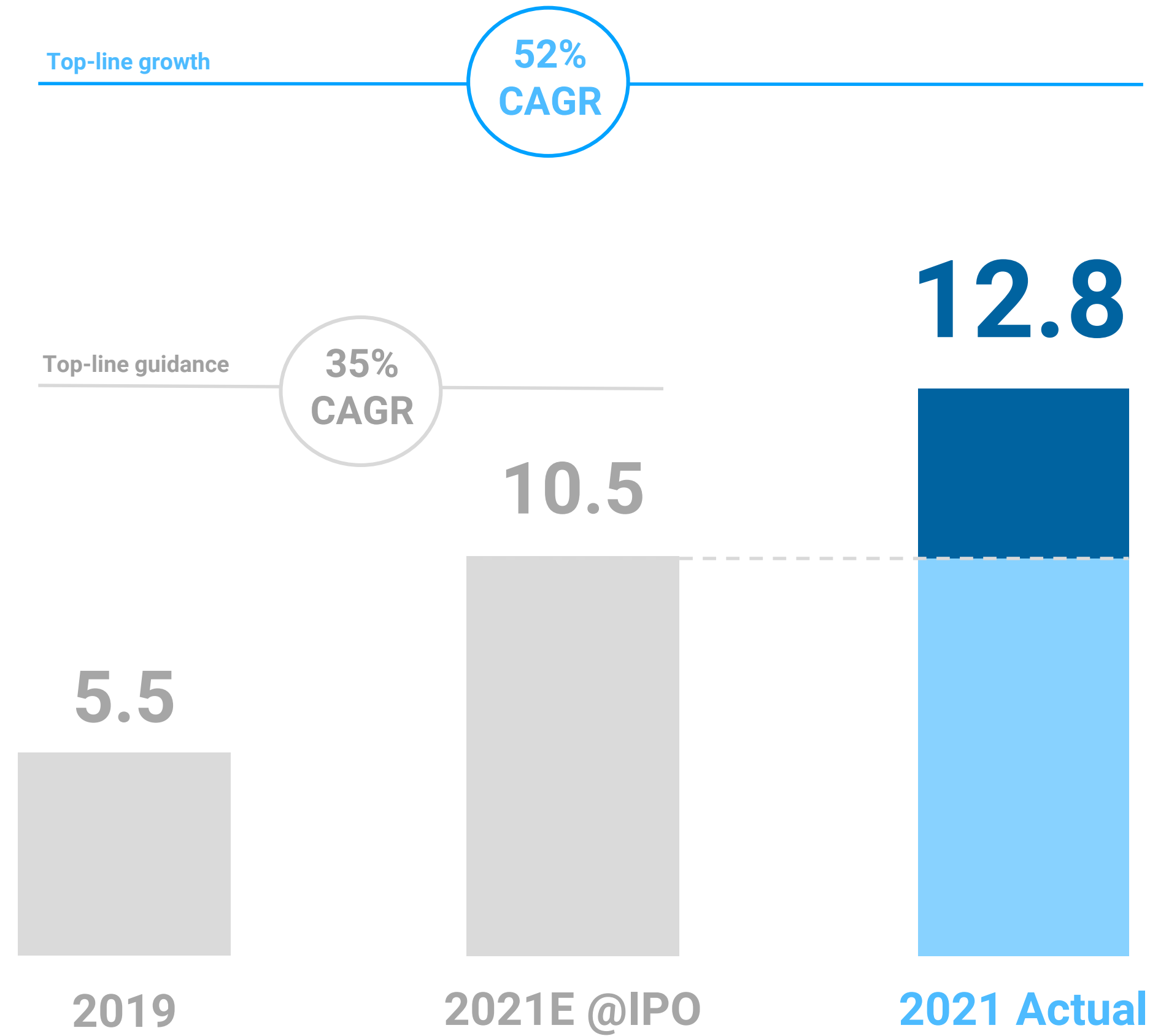
02 4Q21 KPIs and Financials

03 Q&A

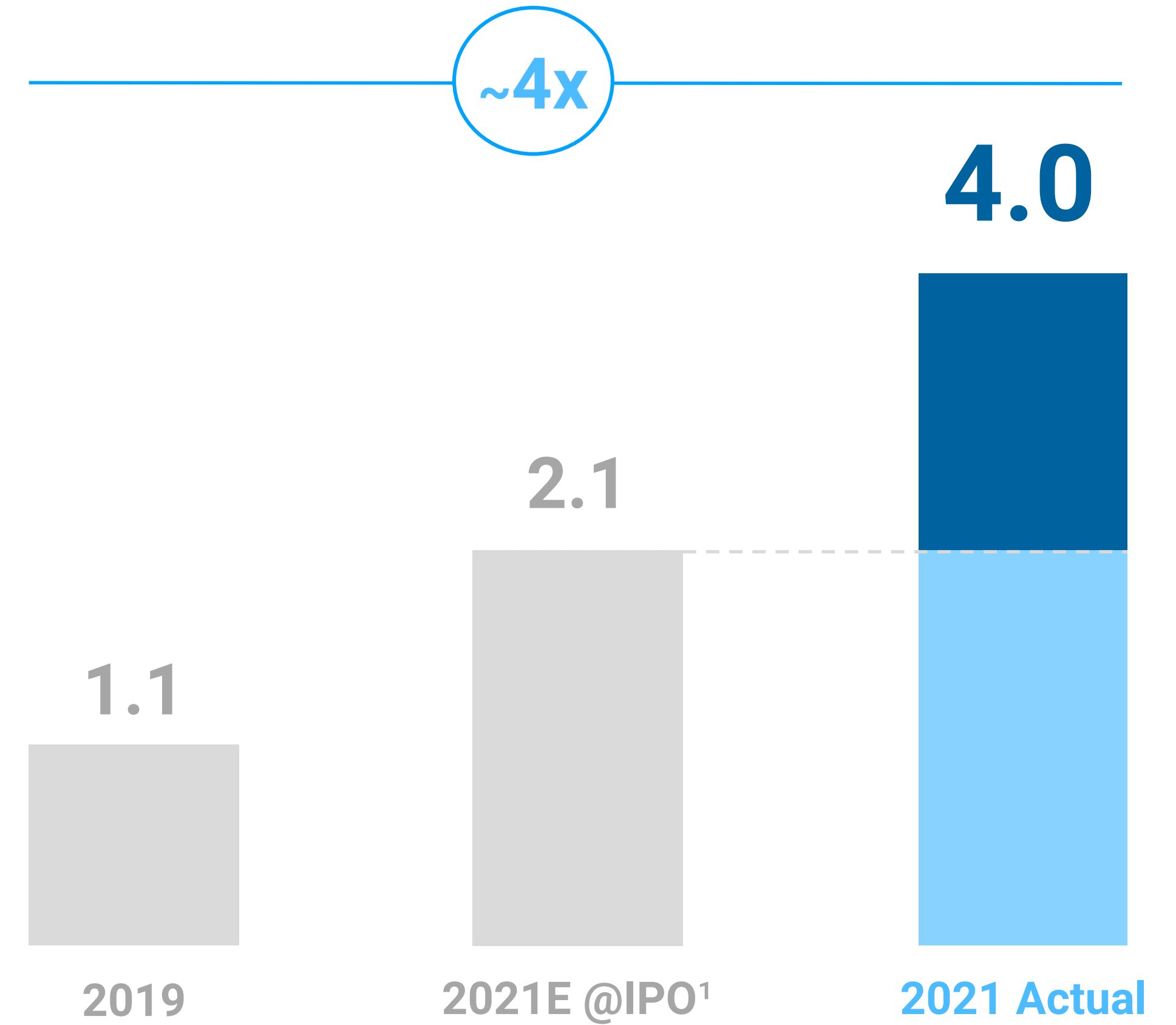


1 2021 Recap

Two years since IPO – 2021 Recap



Gross Revenues (in R\$ bn)



Adj. Net Income (in R\$ bn)

(1) Assuming 22% Adj. Net margin – top of the range of the first Guidance

Recent Developments

XP's Digital Account



~150k digital account users

Fully integrated experience

Day-to-day bill payments

Transfers between XP accounts

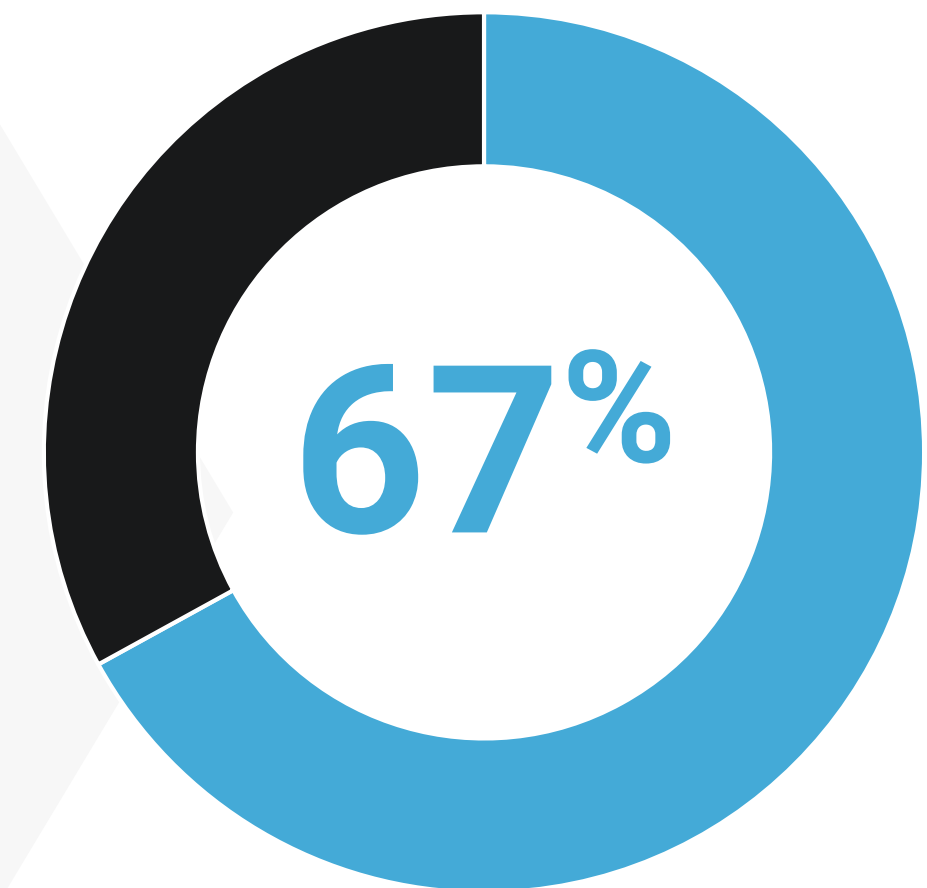
Pix

Automatic debit

Payroll portability

Deposits with QR Codes

Completion



Recent Developments

XP's Life Insurance Launch



Simple, fully digital hiring

Transparency: no hidden costs

Official launch within 4 months, from interviews with clients to app offering



A large blue graphic element on the left side of the slide, consisting of a dark blue triangle at the bottom left and a lighter blue triangle at the top left, meeting at a diagonal line.

2 4Q21 KPIs and Financials

4Q21 Highlights and Main KPIs

Highlights

Gross Revenue
R\$3.4 Bn
 +34% YoY

Gross Profit
R\$2.4 Bn
 +52% YoY

Adjusted EBITDA¹
R\$1.4 Bn
 +56% YoY

Adjusted Net Income¹
1.1 Bn
 +51% YoY

33.3% Adjusted Net Margin
 +322 bps YoY

KPIs

Investment AuC
R\$815 Bn
 +23% YoY

Credit Portfolio²
R\$10.2 Bn
 +164% YoY

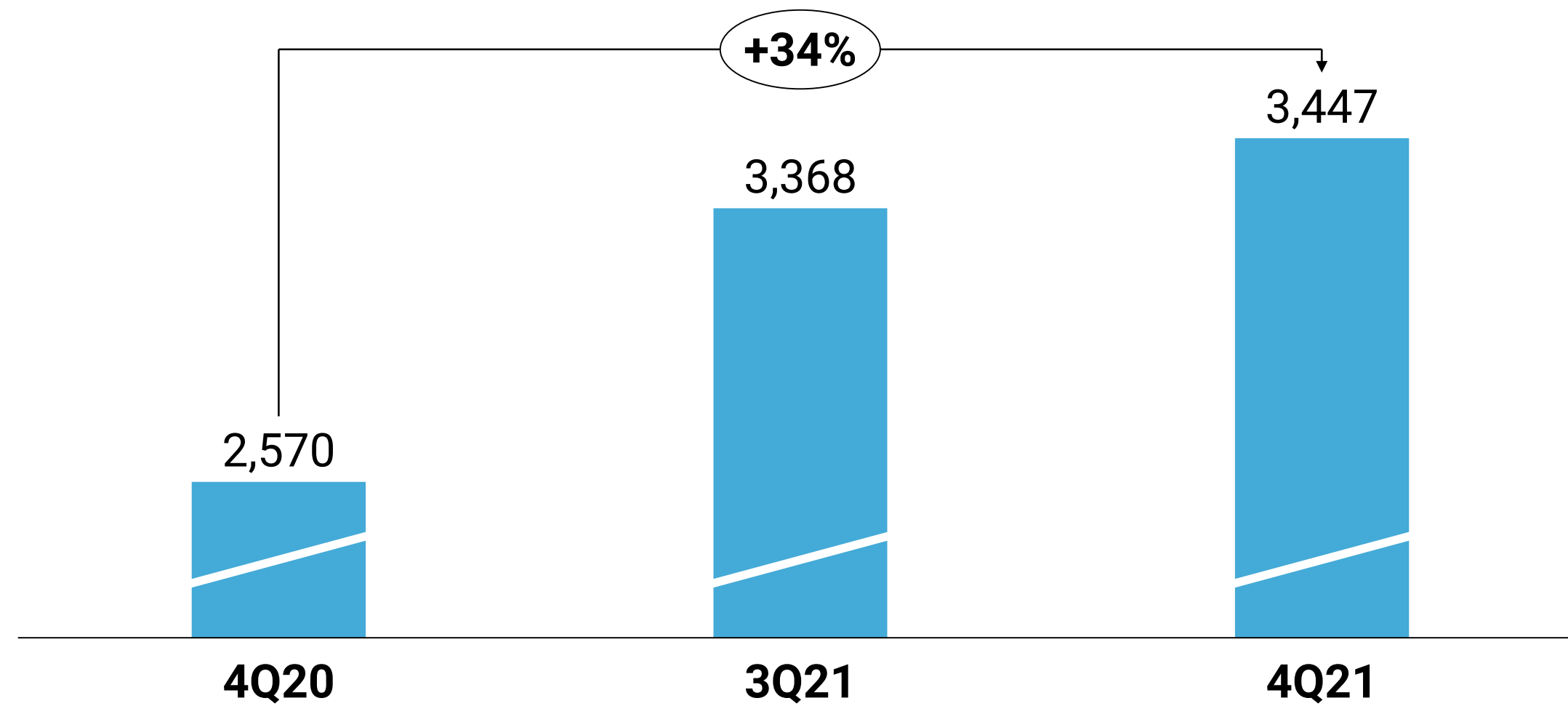
Pension AuC
R\$48 Bn
 +51% YoY

Credit Card TPV
R\$4.4 Bn
 +35% QoQ

NPS 76

Total Revenues and Retail Revenues

Total Gross Revenues (in R\$ mn)

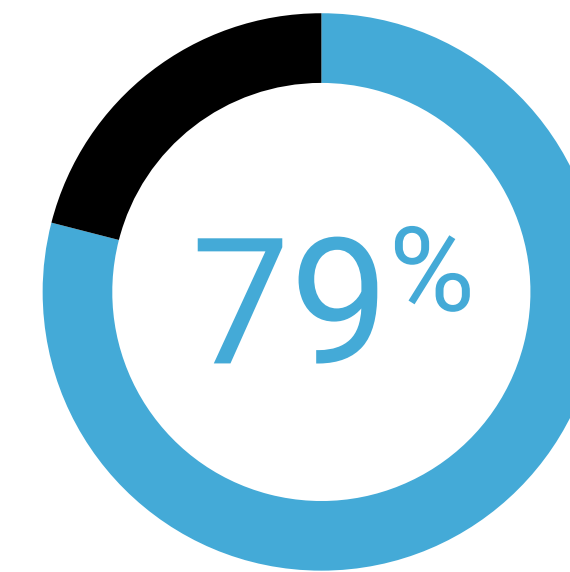


Highlights

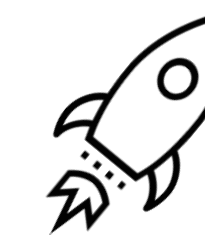
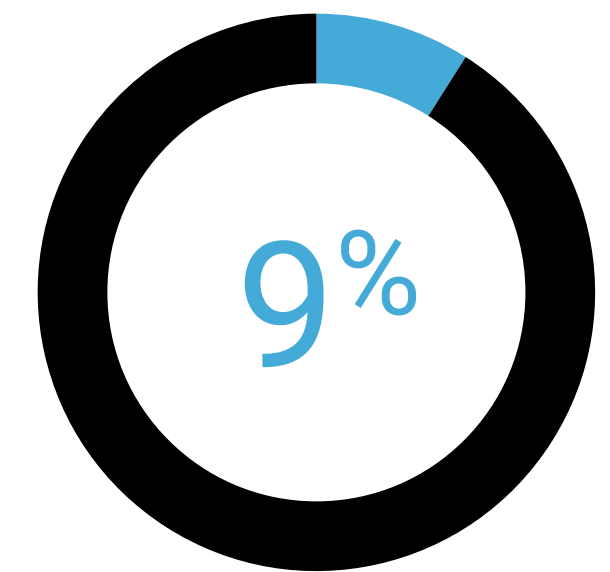
- Driven by strong Retail revenue, with growing contribution from new verticals and fixed income products;
- New initiatives – Pension, Credit Cards, Credit, and Insurance – already representing 6% of total gross revenue



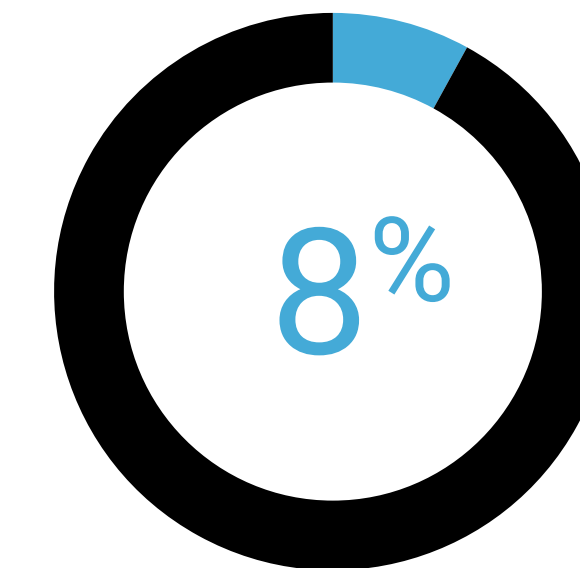
RETAIL



INSTITUTIONAL



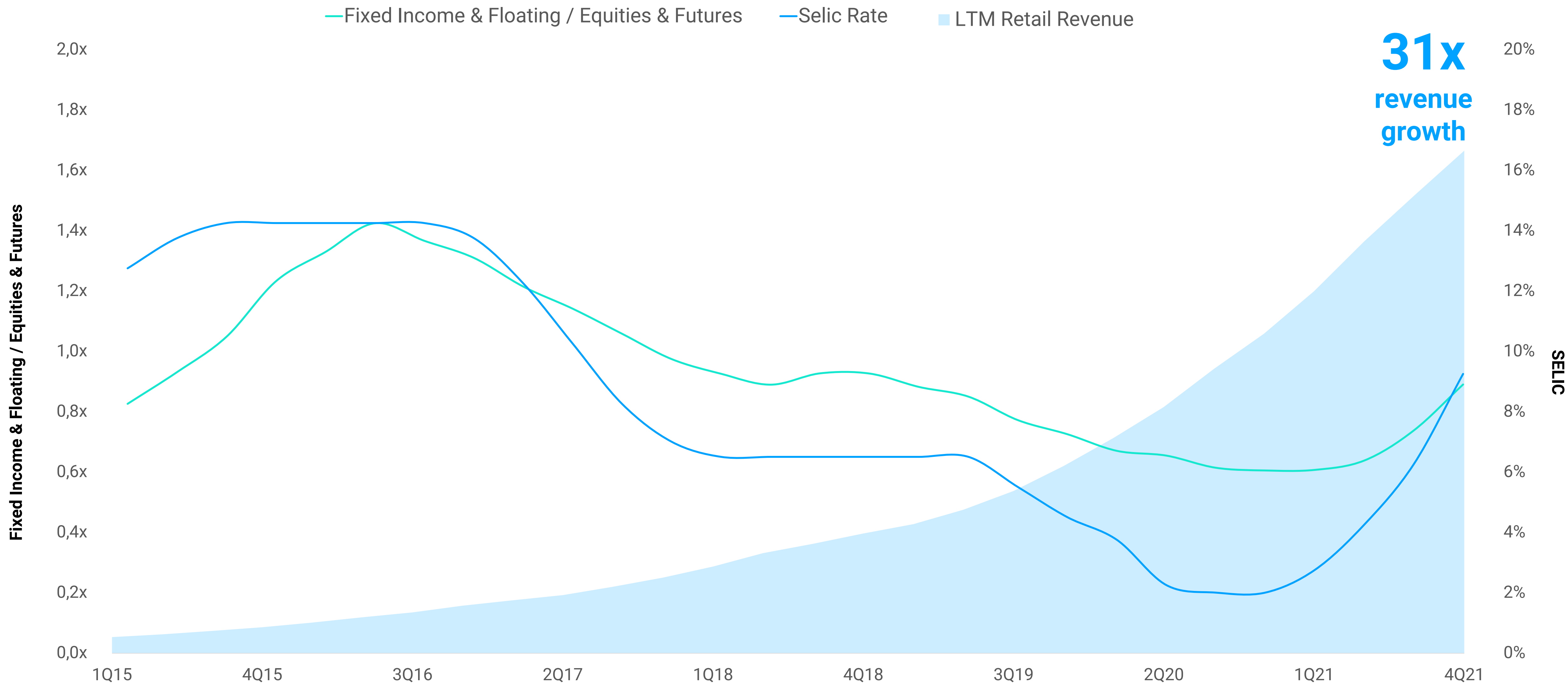
ISSUER SERVICES



of 4Q21 Total Gross Revenue

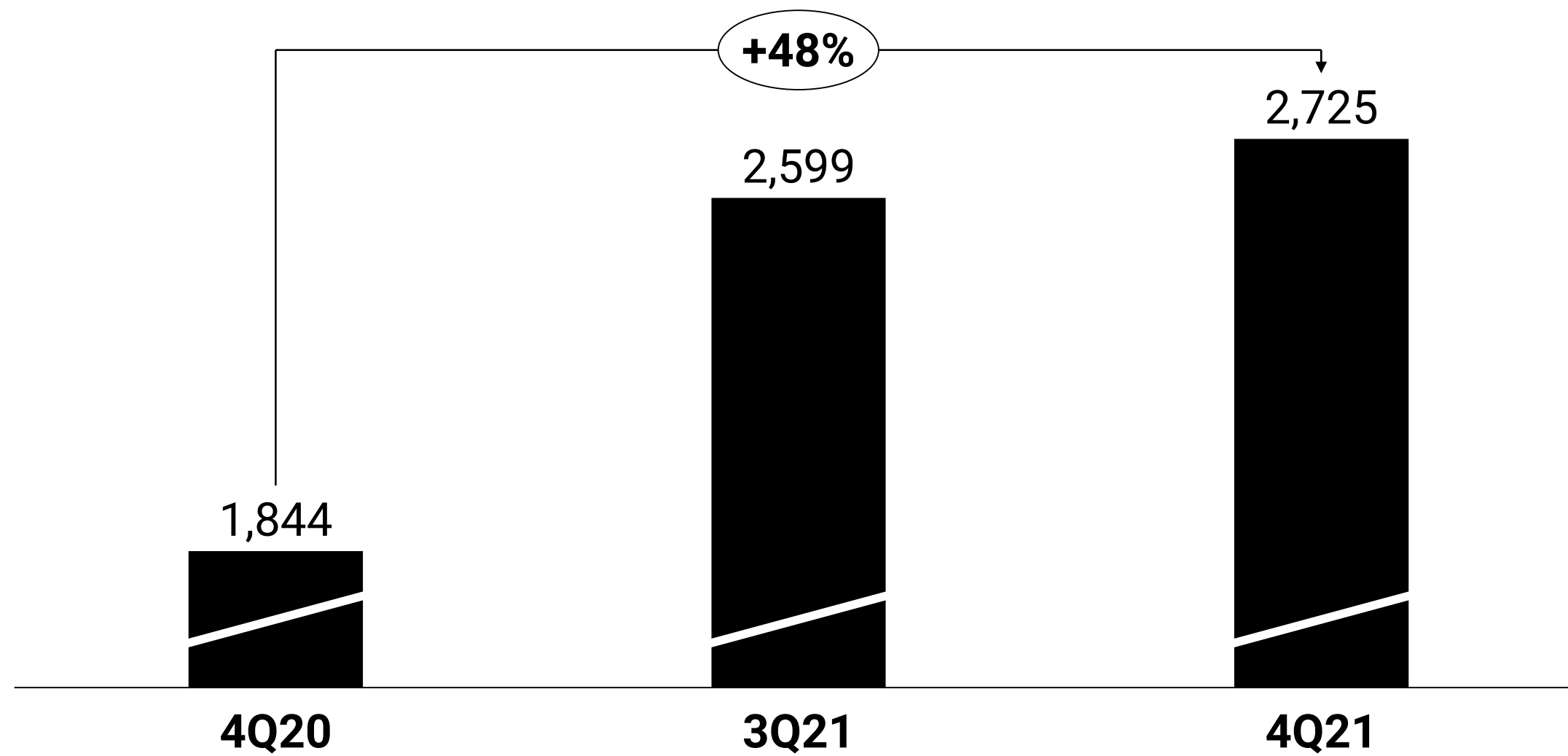
Other Revenue represented 4% of Total Gross Revenues

Update on Macroeconomic Impacts on Retail

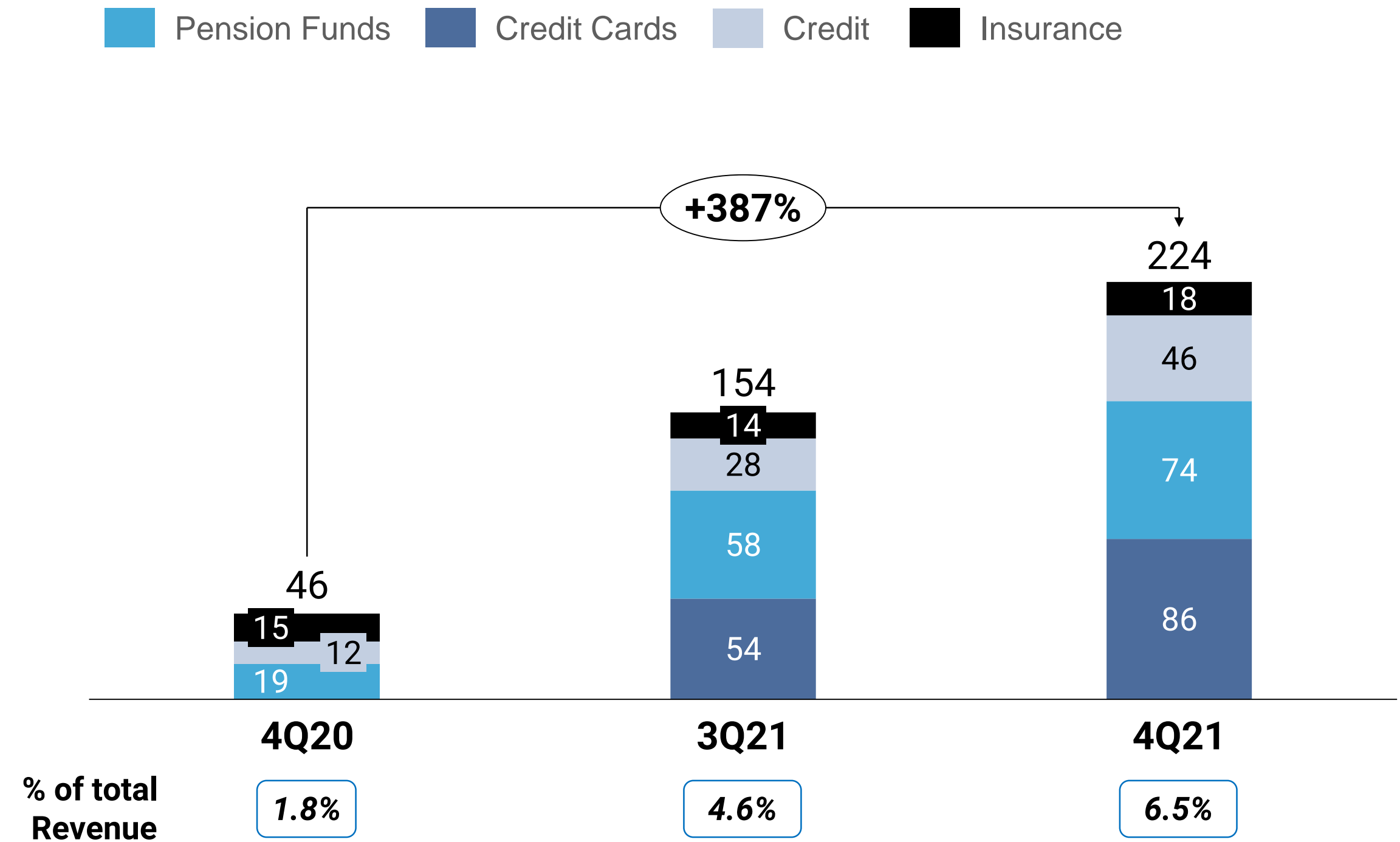


Retail Revenue and New Verticals

Retail Revenue (in R\$ mn)



Revenues from New Verticals (in R\$ mn)



Highlights

- Stable take rate at 1.3%¹, proving the resilience of our platform
- On 4Q21, Retail related revenues represented 88% of consolidated Net Income from Financial Instruments.

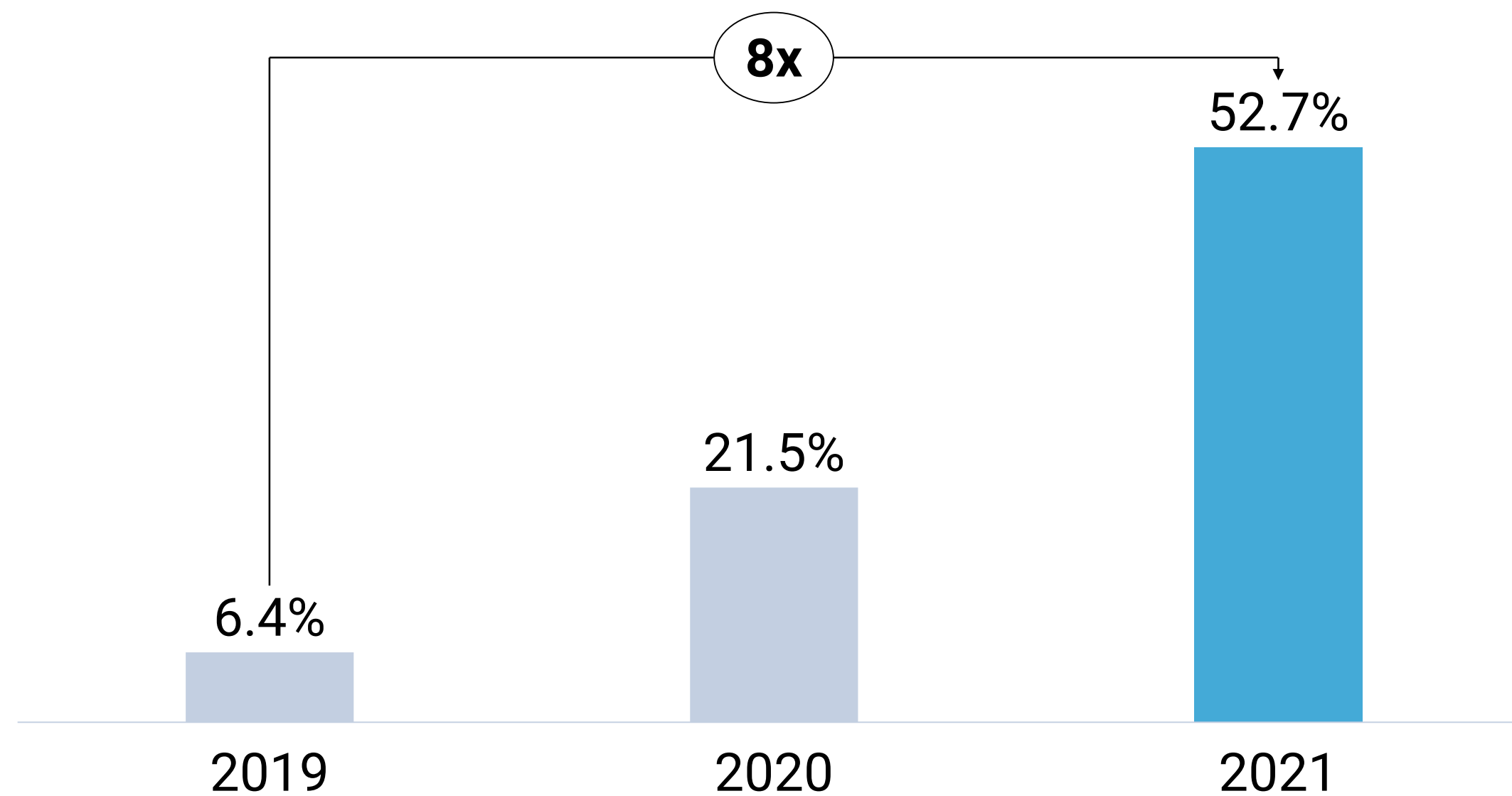
Highlights

- Exponential growth of 387% in one year, driven mainly by Pension Funds and Credit Cards

(1) LTM Take Rate (LTM Retail Revenue / Average AUC). Average AUC = (Sum of AUC from the beginning of period and each quarter-end in a given year, being 5 data points in one year)/5

New Verticals Update

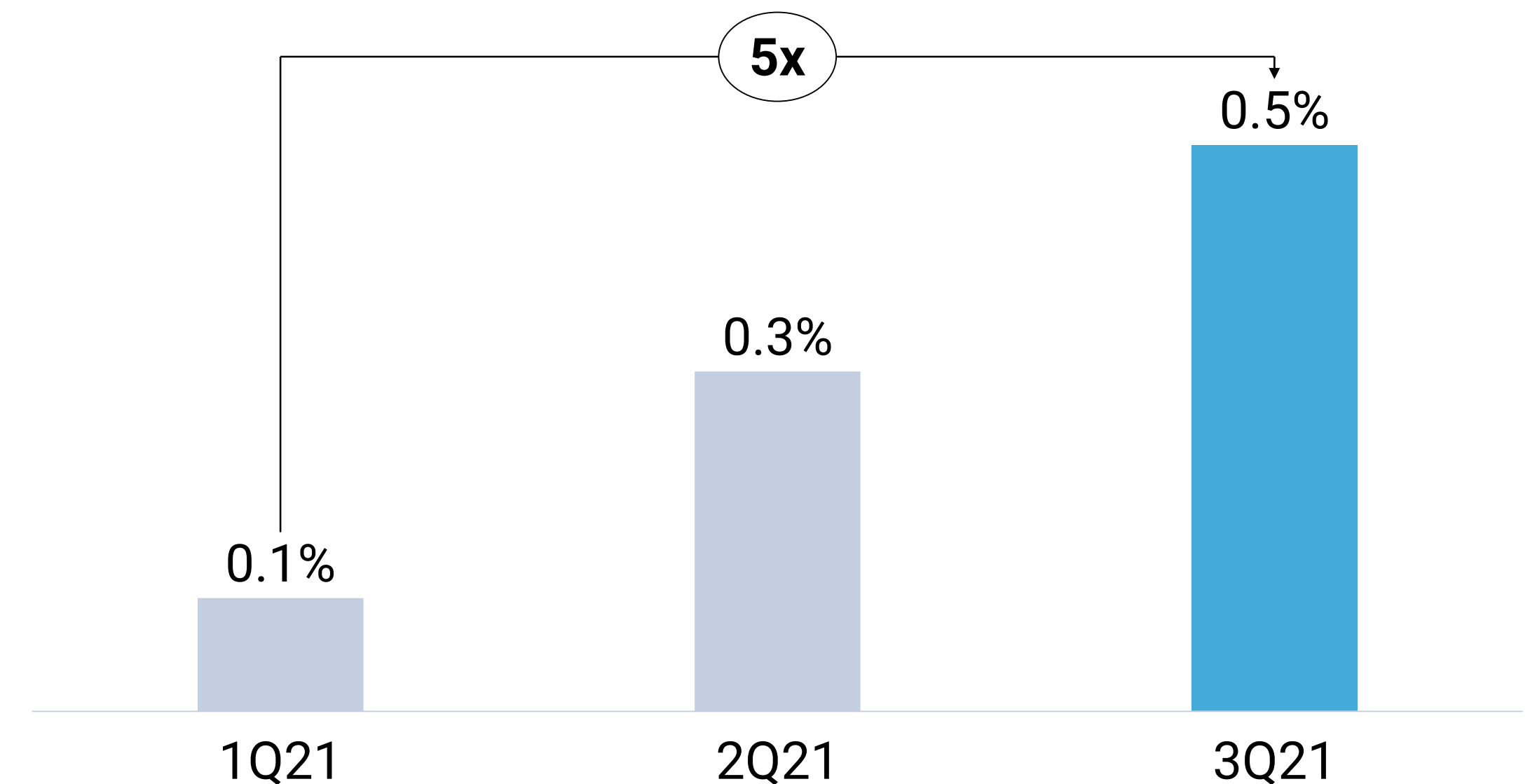
Private Pension¹ (NNM market share %)



Highlights

- From 5th in NNM Ranking in 2019 to **#1 in 2021**
- We still have a long way to go, with **only 3% market share** in AUM in December 2021

Credit Cards (TPV market share %)



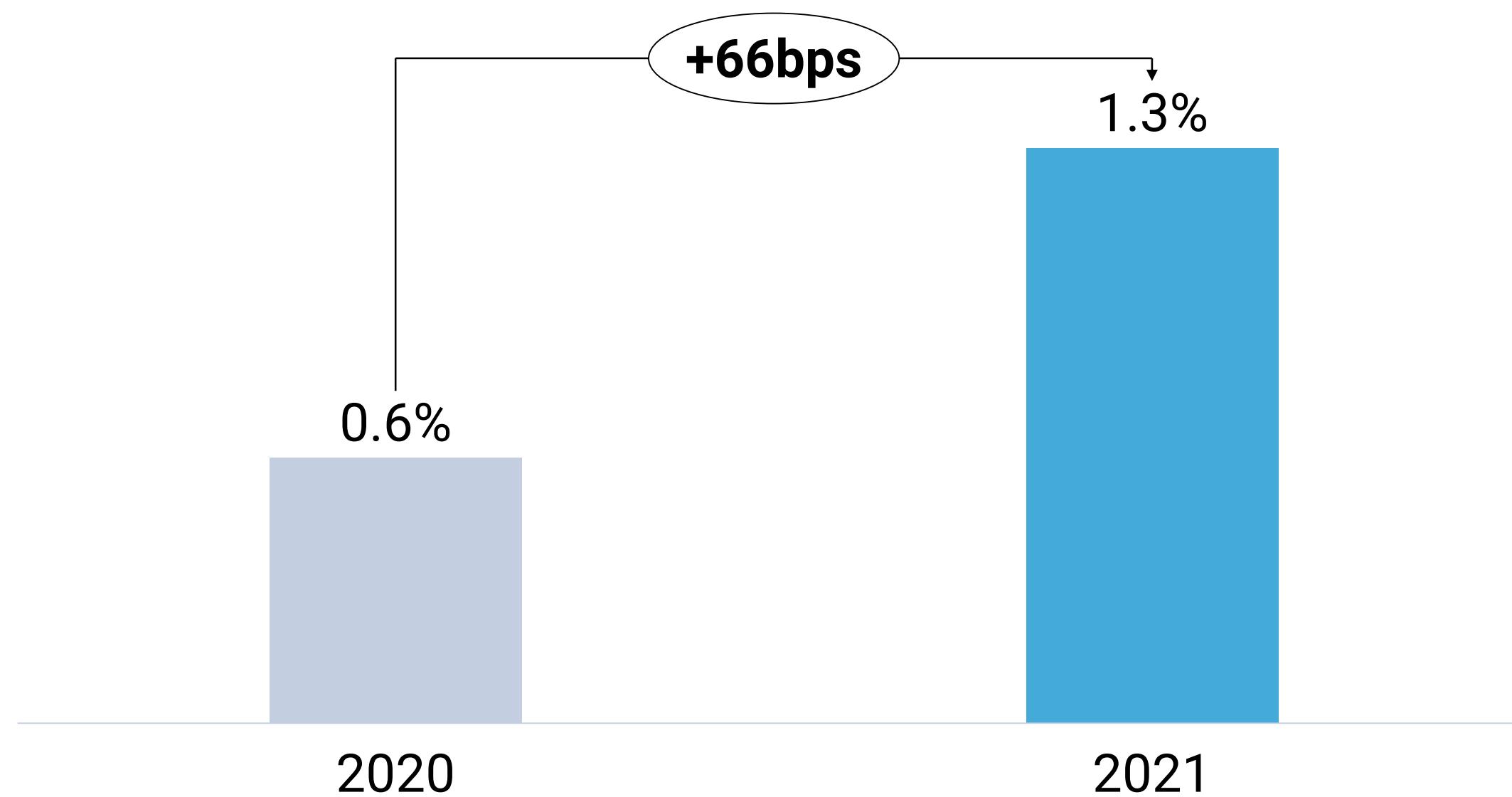
Highlights

- From zero to **over R\$10 billion in total TPV** in 2021
- In December 2021, we lowered the threshold for credit card eligibility to R\$5,000 in XP brand

Source: Susep, ABECs.
 (1) Considers only funds managed by XPV&P.

New Verticals Update

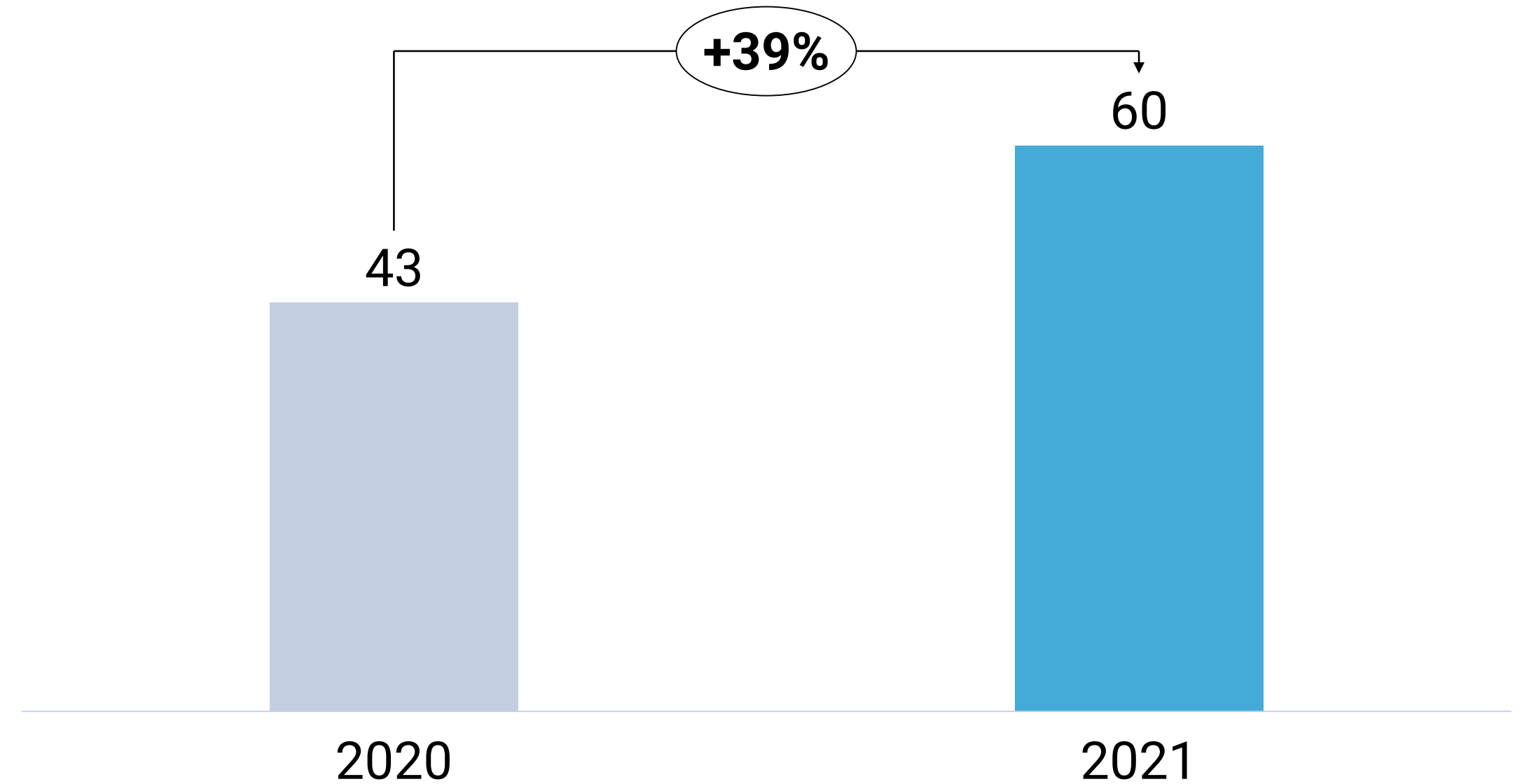
Credit (% of AUC)



Highlights

- Consistent growth while maintaining **zero NPL**
- Margin loan and real estate mortgages soft launch

Insurance Revenue (in R\$ mn)



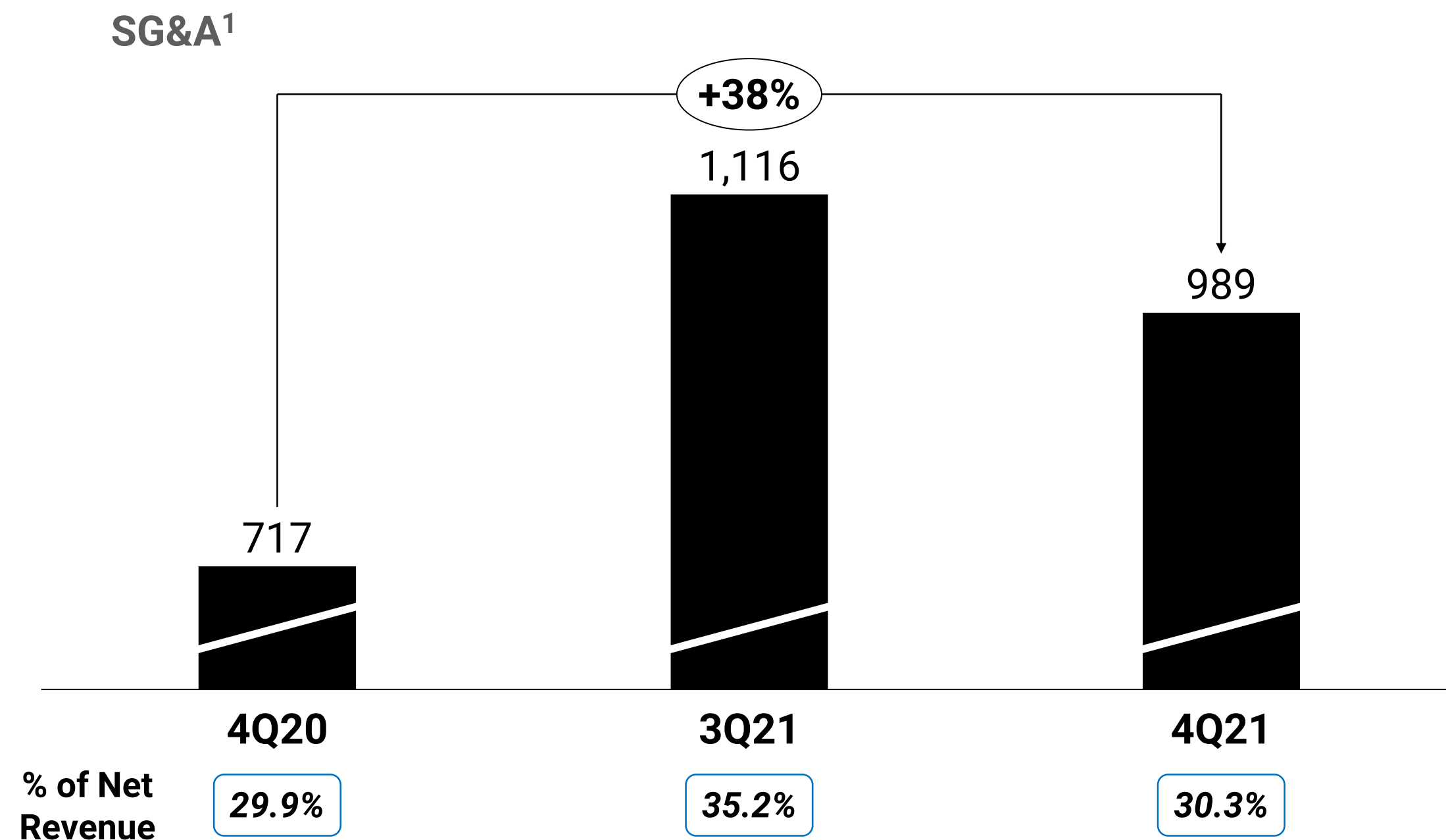
Highlights

- Launch of XP's **Life Insurance**
- We still have a long way to go, with **less than 0.1% market share**

Adjusted EBITDA and Margin

Operational Leverage despite investments in technology, client experience and product offering

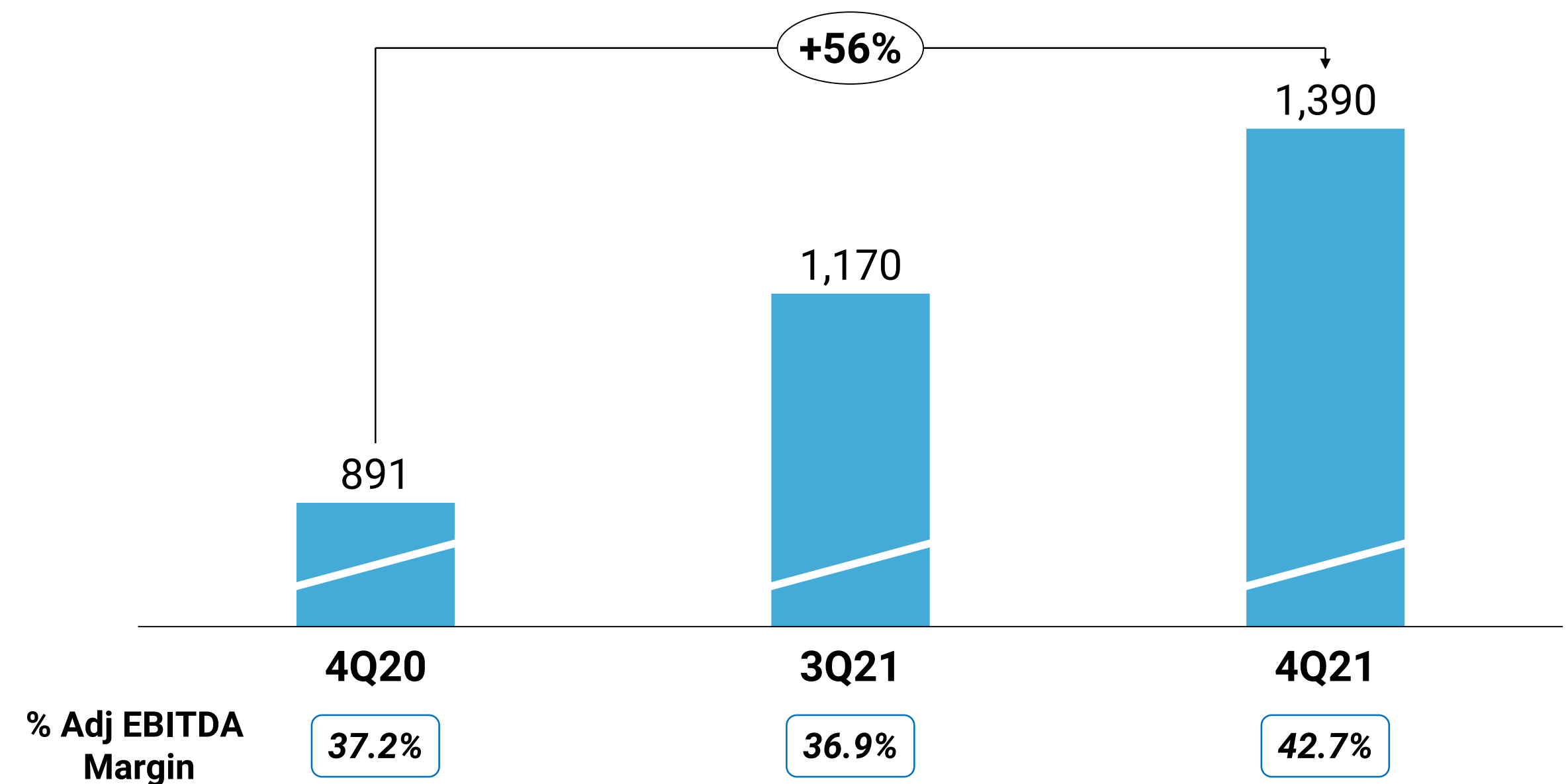
Operating Expenses (in R\$ mn)



Highlights

- The increase YoY was mainly due to investments in technology and people to support our new initiatives. QoQ decrease was mainly due to a net positive line of Other Expenses, reflecting incentives received from third parties, mainly due to the joint development of retail products.

Adjusted EBITDA² (in R\$ mn)



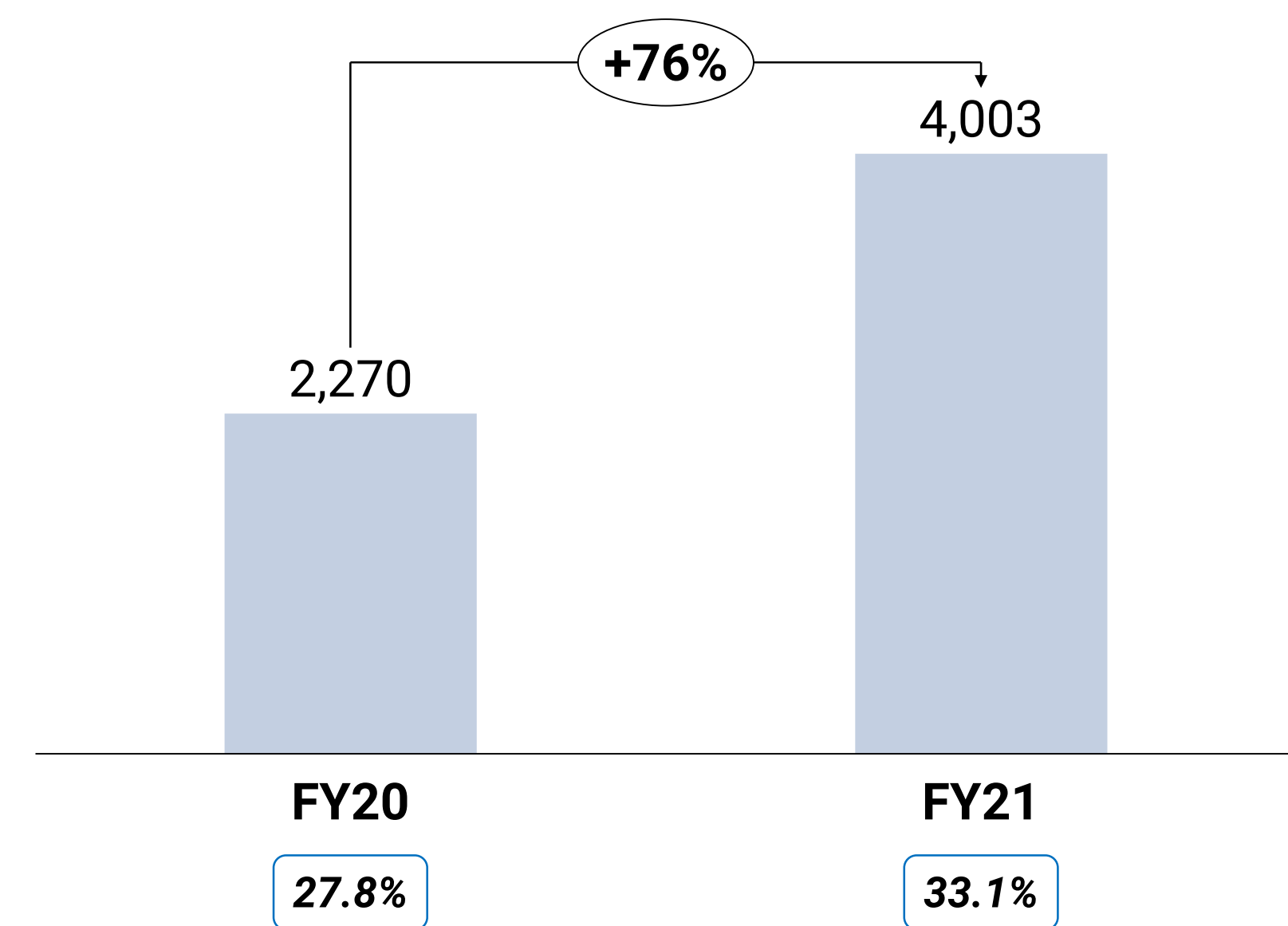
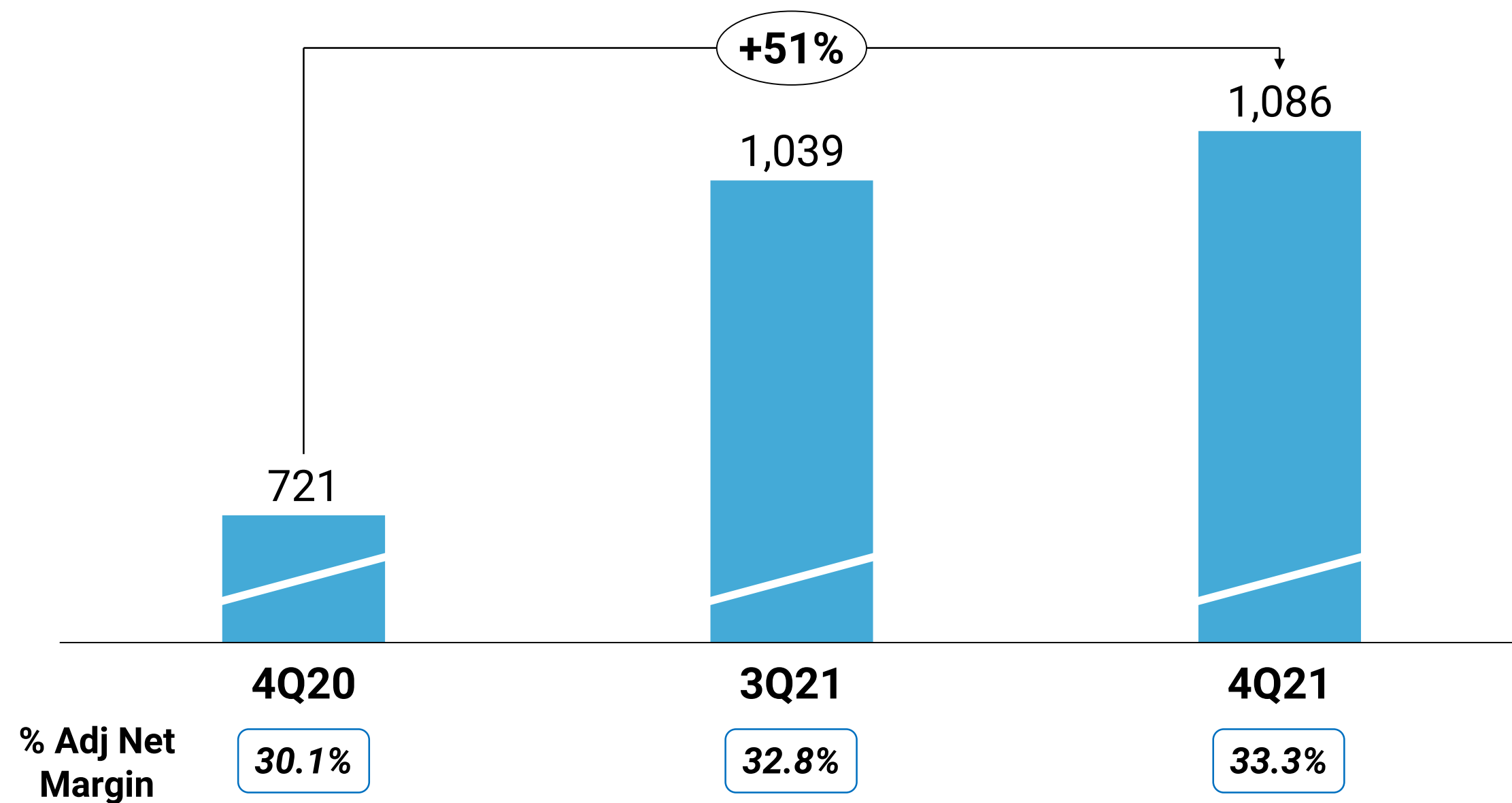
Highlights

- Main drivers were (1) top line increase, mainly coming from Retail; (2) higher gross margins, partially offset by investments in new initiatives.

(1) Excluding Share Based Compensation
 (2) See appendix for a reconciliation of Adjusted EBITDA.

Adjusted Net Income

Adjusted Net Income¹ (in R\$ mn)



Highlights

- Adjusted Net Income grew 51% vs. 4Q20, explained by (1) strong growth in Retail Revenue, (2) operating leverage in SG&A and (3) a lower effective tax rate.

- Record R\$4 billion Adjusted Net Income for 2021, roughly 4x Adjusted Net Income for 2019

(1) See appendix for a reconciliation of Adjusted Net Income.

Non-GAAP Financial Information

Normalized Effective Tax Rate reconciliation

(in R\$ mn)

	4Q21	4Q20	YoY	3Q21	QoQ	FY21	FY20	YoY
Managerial Income Statement								
Total Gross Revenue	3,447	2,570	34%	3,368	2%	12,799	8,711	47%
Net Revenue	3,260	2,395	36%	3,171	3%	12,077	8,152	48%
COGS	(896)	(836)	7%	(894)	0%	(3,523)	(2,701)	30%
SG&A	(989)	(717)	38%	(1,116)	-11%	(3,770)	(2,585)	46%
Share Based Compensation ¹	(133)	(136)	-2%	(156)	-15%	(594)	(250)	138%
Adjusted EBITDA	1,390	891	56%	1,170	19%	4,848	2,918	66%
Adjusted EBITDA Margin	42.7%	37.2%	5.5 p.p	36.9%	5.8 p.p	40.1%	35.8%	4.3 p.p
D&A	(52)	(37)	40%	(51)	2%	(232)	(143)	62%
Interest expense on debt	(57)	(6)	809%	(49)	16%	(136)	(53)	158%
Share of profit or (loss) in joint ventures and associates	(11)	1	-879%	4	-336%	(8)	1	-994%
Taxable equivalent adjustments ²	157	163	-4%	179	-12%	567	336	69%
EBT (Taxable equivalent)	1,278	826	55%	1,087	18%	4,382	2,757	59%
Tax expense (Normalized)	(287)	(224)	28%	(150)	91%	(789)	(676)	17%
Effective tax rate (Normalized)	(22.5%)	(27.1%)	4.6 p.p	(13.8%)	-8.6 p.p	(18.0%)	(24.5%)	6.5 p.p
Adjusted Net Income	1,086	721	51%	1,039	5%	4,003	2,270	76%
Adjusted Net Margin	33.3%	30.1%	3.2 p.p	32.8%	0.6 p.p	33.1%	27.8%	5.3 p.p

**PART OF OUR REVENUE IS
RECOGNIZED NET OF TAXES.**

(1) A portion of total Share-Based Compensation is related to IFAs and allocated in COGS.
(2) Tax adjustments are related to tax withholding expenses that are recognized net in our gross revenue.



Q&A

The logo for XP Inc. is centered on a black rectangular background. It features the letters "XP" in a bold, white, sans-serif font. A blue parallelogram shape is positioned behind the "P" and extends to the right, partially overlapping the "Inc." text. The word "Inc." is also in a bold, white, sans-serif font, with a period at the end.

XP Inc.

Investor Relations

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<https://investors.xpinc.com/>



Appendix

Non-GAAP Financial Information

Floating and Adjusted Gross Financial Assets

Floating Balance (in R\$ mn)

Floating Balance (=net uninvested clients' deposits)	4Q21	4Q20	YoY	3Q21	QoQ
Assets	(1,406)	(1,052)	34%	(1,065)	32%
(-) Securities trading and intermediation	(1,406)	(1,052)	34%	(1,065)	32%
Liabilities	15,598	20,303	-23%	19,635	-21%
(+) Securities trading and intermediation	15,598	20,303	-23%	19,635	-21%
(=) Floating Balance	14,192	19,252	-26%	18,570	-24%

Adjusted Gross Financial Assets (in R\$ mn)

Adjusted Gross Financial Assets	4Q21	4Q20	YoY	3Q21	QoQ
Assets	128,226	90,573	42%	120,595	6%
(+) Cash	2,486	1,955	27%	2,823	-12%
(+) Securities - Fair value through profit or loss	58,180	49,590	17%	53,432	9%
(+) Securities - Fair value through other comprehensive	32,332	19,039	70%	28,566	13%
(+) Securities - Evaluated at amortized cost	2,239	1,829	22%	858	161%
(+) Derivative financial instruments	10,944	7,559	45%	15,471	-29%
(+) Securities purchased under agreements to resell	8,895	6,627	34%	7,871	13%
(+) Loans and credit card operations	12,820	3,918	227%	10,535	22%
(+) Foreign exchange portfolio	332	55	505%	1,039	-68%
Liabilities	(95,847)	(60,622)	58%	(85,459)	12%
(-) Securities	(2,665)	(2,237)	19%	(2,082)	28%
(-) Derivative financial instruments	(11,908)	(7,819)	52%	(14,506)	-18%
(-) Securities sold under repurchase agreements	(26,281)	(31,839)	-17%	(24,234)	8%
(-) Private Pension Liabilities	(31,921)	(13,388)	138%	(26,711)	20%
(-) Deposits	(9,899)	(3,022)	228%	(6,867)	44%
(-) Structured Operations	(7,636)	(2,178)	251%	(5,699)	34%
(-) Financial Bills	(2,588)	(16)	15690%	(2,343)	10%
(-) Foreign exchange portfolio	(425)	(70)	506%	(1,150)	-63%
(-) Credit card operations	(2,523)	(51)	4873%	(1,867)	35%
(-) Floating Balance	(14,192)	(19,252)	-26%	(18,570)	-24%
(=) Adjusted Gross Financial Assets	18,188	10,699	70%	16,566	10%

Non-GAAP Financial Information

Adjusted Assets (from the factors listed below) reflects our business more realistically

Simplified Balance Sheet (in R\$ mn)

Assets	[A]	[B] Pension Funds	[A-B]	[C] Floating	[A-B-C]	[D] Client Liquidity & Sov. Bonds Arb.	Adjusted Assets [A-B-C-D]
Total	139,340	31,921	107,419	15,598	91,821	37,225	54,596
Securities - Fair Value through P&L	58,180	31,921	26,259	-	26,259	-754	27,012
Securities - Repos	8,895	-	8,895	-	8,895	8,895	-
Securities - Fair Value through OCI	32,332	-	32,332	14,192	18,140	18,140	-
Securities - Trading & Intermediation	1,406	-	1,406	1,406	-	-	-
Other Financial Instruments	13,183	-	13,183	-	13,183	10,944	2,239
Other Assets	25,345	-	25,345	-	25,345	-	25,345

Liabilities + Equity	[A]	[B] Pension Funds	[A-B]	[C] Floating	[A-B-C]	[D] Client Liquidity & Sov. Bonds Arb.	Adjusted Liabilities & Equity [A-B-C-D]
Total	139,340	31,921	107,419	15,598	91,821	37,225	54,596
Securities - Repos	26,281	-	26,281	-	26,281	26,281	-
Other Finan. Liab.	14,573	-	14,573	-	14,573	10,944	3,630
Pension Funds	31,921	31,921	-	-	-	-	-
Securities - Trading & Intermediation	15,598	-	15,598	15,598	-	-	-
Other Liabilities & Equity	50,967	-	50,967	-	50,967	-	50,967

Key factors inflating our balance sheet

[B] Pension Funds

- AUM from XP Vida & Previdência is accounted in both assets and liabilities

[C] Floating

- Uninvested cash from clients allocated in sovereign bonds

[D] Client Liquidity & Sovereign Bonds Arbitrage

- Providing liquidity to clients with derivatives
- Money market funding (repos mostly) allocated into sovereign bonds targeting arbitrage opportunities

Non-GAAP Financial Information

Adjusted EBITDA and Adjusted Net Income

Adjusted EBITDA (in R\$ mn)

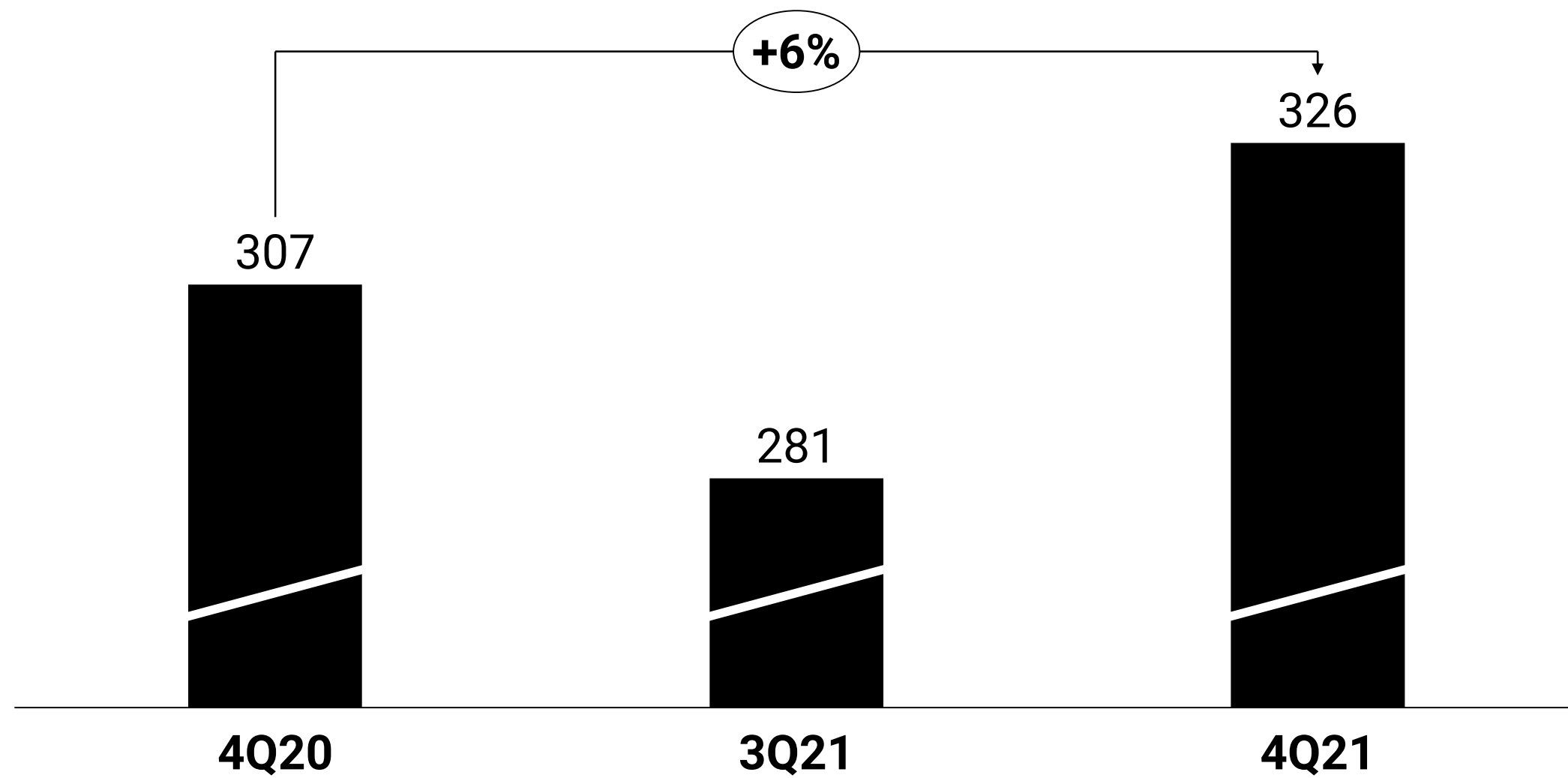
	4Q21	4Q20	YoY	3Q21	QoQ	FY21	FY20	YoY
EBITDA	1,241	705	76%	1,005	24%	4,190	2,616	60%
(+) Share Based Compensation	149	180	-17%	165	-10%	658	293	124%
(+) Offering expenses	-	6	-100%	-	n.a.	-	8	-100%
Adj. EBITDA	1,390	891	56%	1,170	19%	4,848	2,918	66%

Adjusted Net Income (in R\$ mn)

	4Q21	4Q20	YoY	3Q21	QoQ	FY21	FY20	YoY
Net Income	991	602	64%	936	6%	3,592	2,081	73%
(+) Share Based Compensation	149	180	-17%	165	-10%	658	293	124%
(+) Offering expenses	-	6	-100%	-	n.a.	-	8	-100%
(+/-) Taxes	(54)	(68)	-20%	(62)	-13%	(247)	(113)	119%
Adj. Net Income	1,086	721	51%	1,039	5%	4,003	2,270	76%

Institutional and Issuer Services

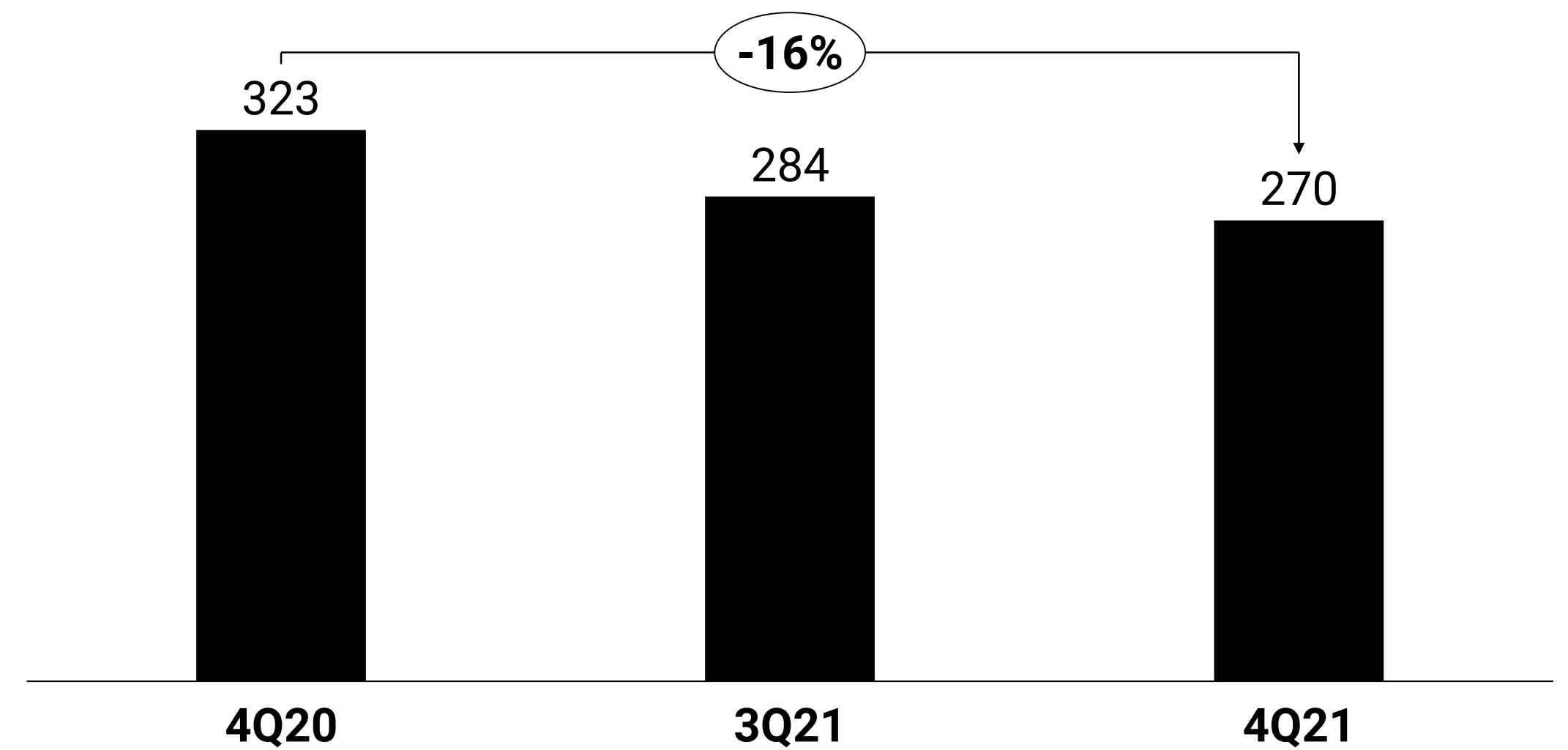
Institutional Revenue (in R\$ mn)



Highlights

- Mostly driven by strong volumes in offshore desks

Issuer Services Revenue (in R\$ mn)



Highlights

- Strong performance from DCM division, coupled with weaker ECM activity in Brazil, and a growing contribution from M&A.