



**3Q21 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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**03** 3Q21 KPIs and Financials

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# **1 Opening Remarks**

# Where are we investing in?

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Main corporative pillars to successfully deliver our purpose

1

FOUNDATIONS

2

PROTECT AND  
EXPAND THE CORE

3

BUILD THE FUTURE

A blue gradient background on the left side of the slide, transitioning from a darker blue at the bottom to a lighter blue at the top.

# **2 Highlights**

# Highlights

## 3Q21 Results

- **All time high quarterly** Gross Revenue and Adjusted Net Income
- Highest gross margin since the IPO, of **71.8%**
- Consistent Adj. Net Inflow **+R\$15bn monthly average**

## Improved Governance

- BDRs listed in B3 with **~500k** new individual investors and improved liquidity
- XP Controle voting power increased to **68%**

## Product Highlights

- **Record Pension Funds Inflows**
- Strong Credit Card TPV growth of **+55% QoQ**



# **3 3Q21 KPIs and Financials**



## Investments

Total AuC

**R\$789 Billion**

+40% YoY

Active Clients

**3.3 Million**

+25% YoY

Adjusted Net Inflows

**R\$47 Billion**

+22% YoY

## Banking

Credit Portfolio<sup>1</sup>

**R\$8.6 Billion**

+122% YTD

Credit Card TPV

**R\$3.3 Billion**

+55% QoQ

NPL Ratio

**0%**

## Financials

Gross Revenue

**R\$3.4 Billion**

+50% YoY

Adjusted EBITDA<sup>2</sup>

**R\$1.2 Billion**

+61% YoY

Adjusted Net Income<sup>2</sup>

**R\$1.0 Billion**

+82% YoY

**NPS<sup>3</sup> Sep-21: 77**

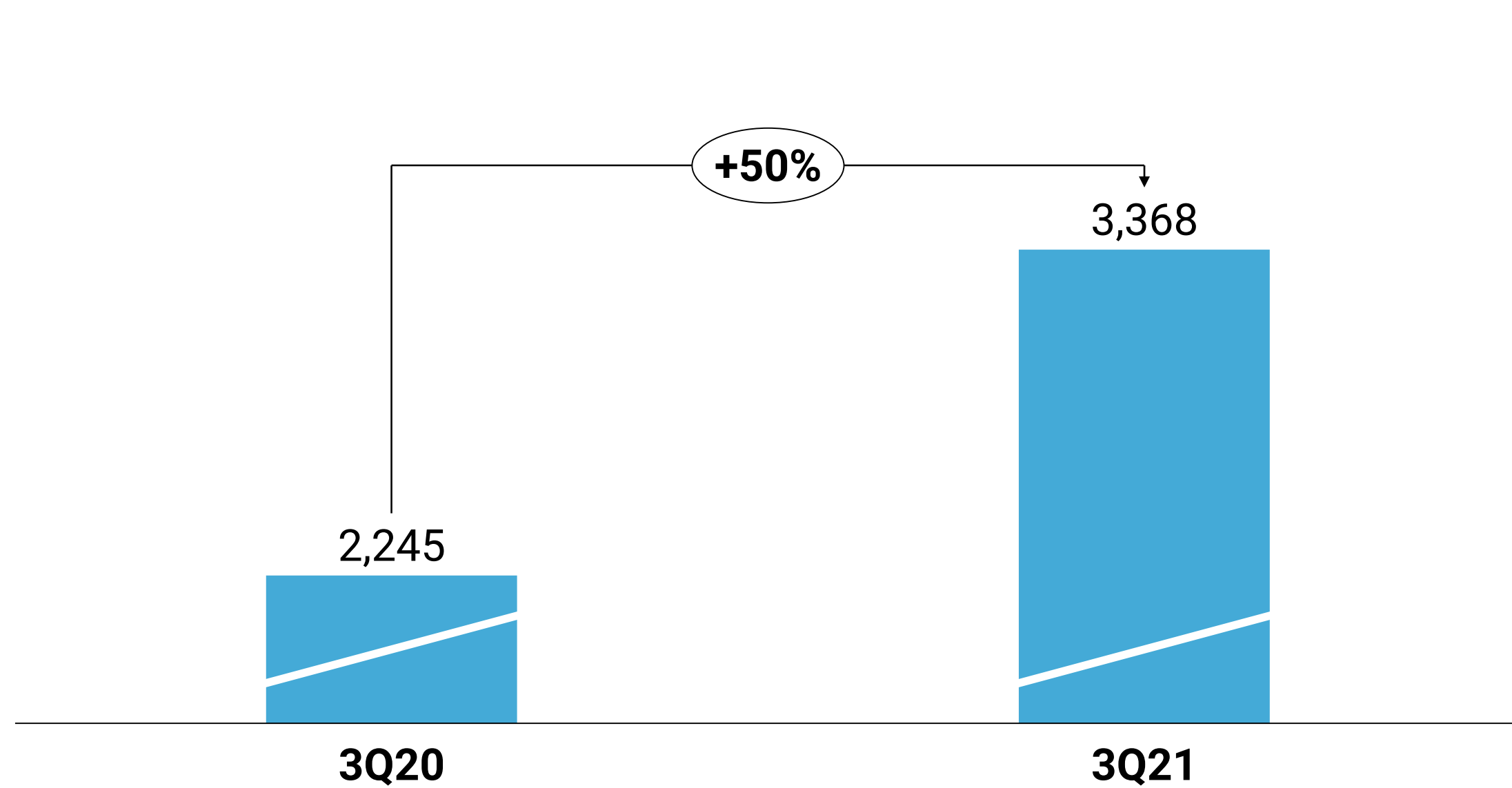
(1) This portfolio does not include Intercompany and Credit Card related loans and receivables

(2) See appendix for a reconciliation of Adjusted Net Income and Adjusted EBITDA

(3) NPS, is an independent widely known survey methodology that measures the willingness of customers to recommend a Company's products and services. The NPS calculation as of a given date reflects the average of the answers in the previous six months

# Revenue and Breakdown

Total Gross Revenues (in R\$ mn)

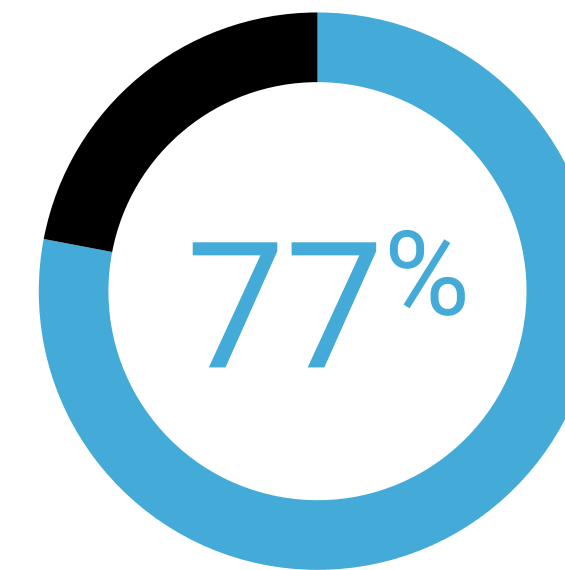


## Highlights

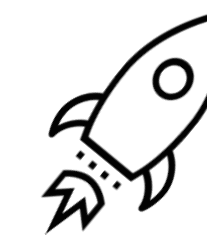
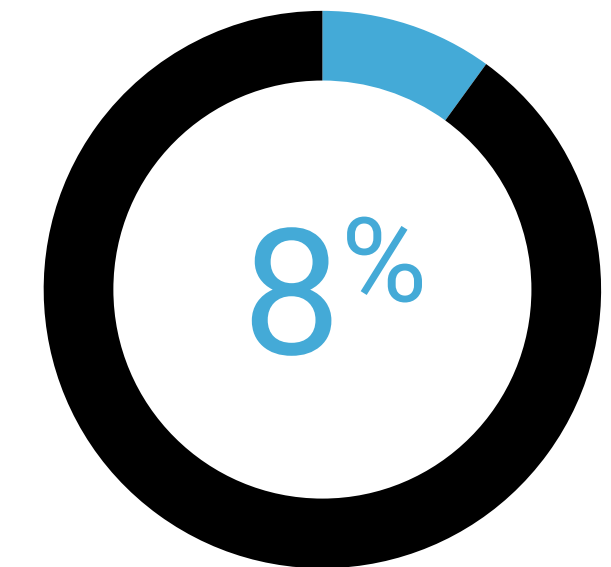
- Strong Retail and Issuer Services revenue, with growth contribution of 80% and 10%, respectively;
- Growing contribution from banking revenues and record quarter for fixed income.



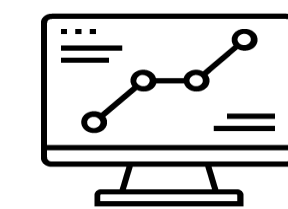
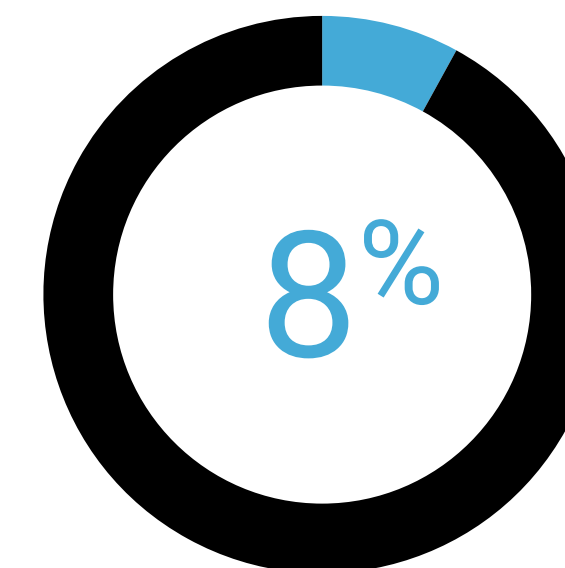
RETAIL



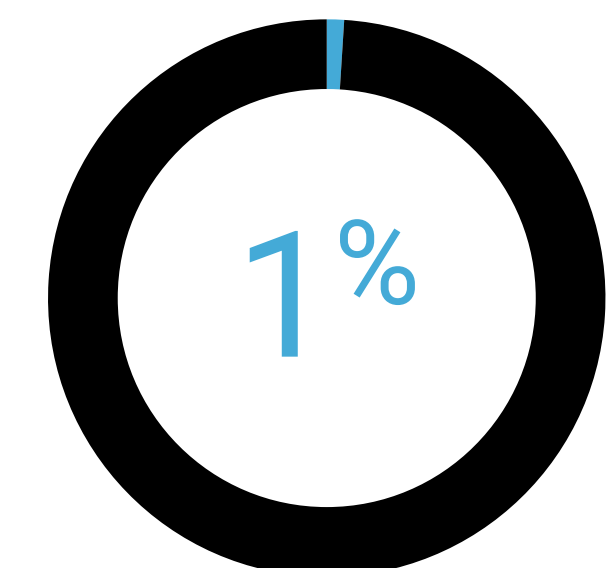
INSTITUTIONAL



ISSUER SERVICES



DIGITAL CONTENT



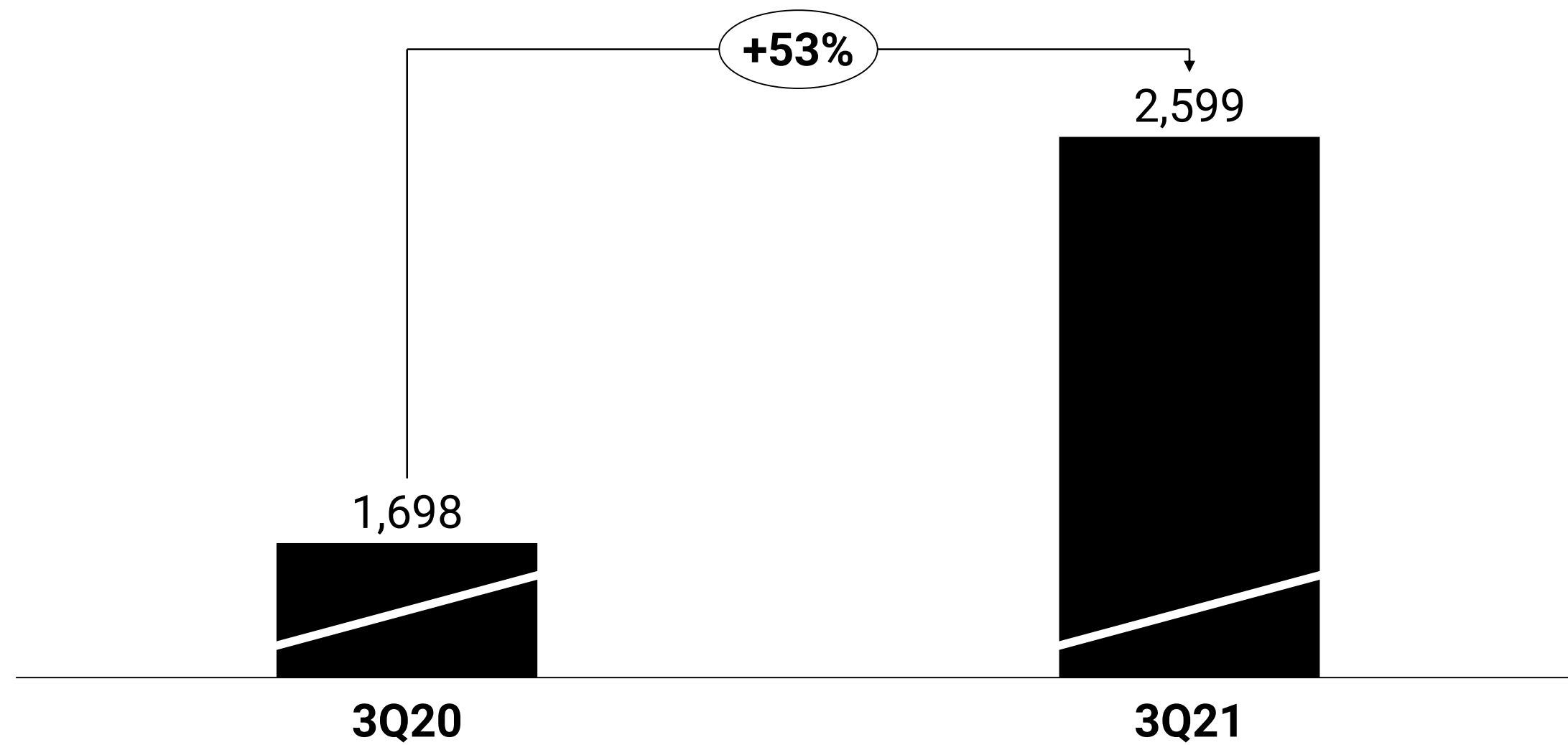
of 3Q21 Total Gross Revenue

Other Revenue represented 5% of Total Gross Revenues

# Retail Revenue and Take Rate

Resilient monetization and product diversification

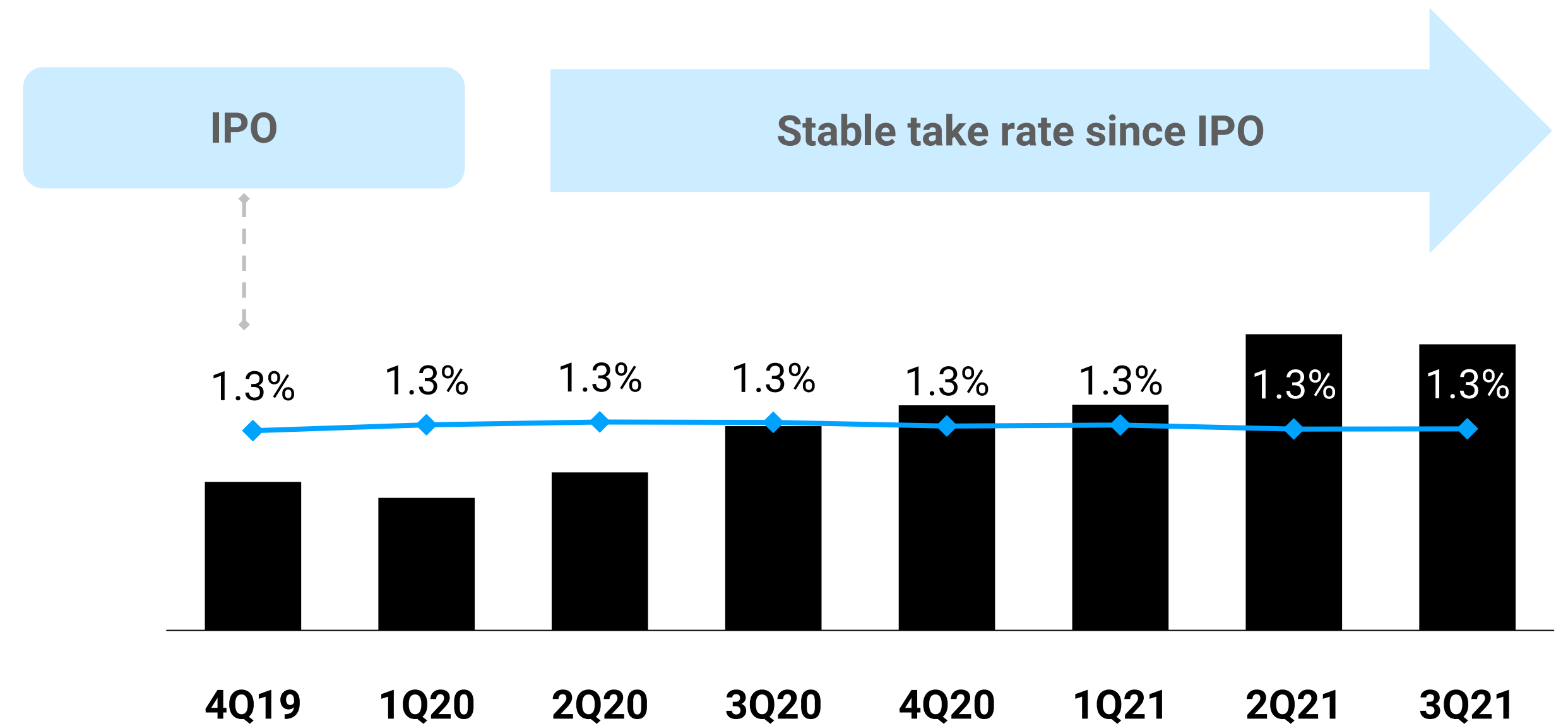
Retail Revenue (in R\$ mn)



## Highlights

- Fixed income and structured products growth and floating revenues driven by higher interest rates;
- On 3Q21, Retail related revenues represented 83% of consolidated Net Income from Financial Instruments.

LTM Take Rate (LTM Retail Revenue / Average AUC)



## Highlights

- Ability to add new products and services in the platform – such as credit cards and credit, and diversified revenue profile.

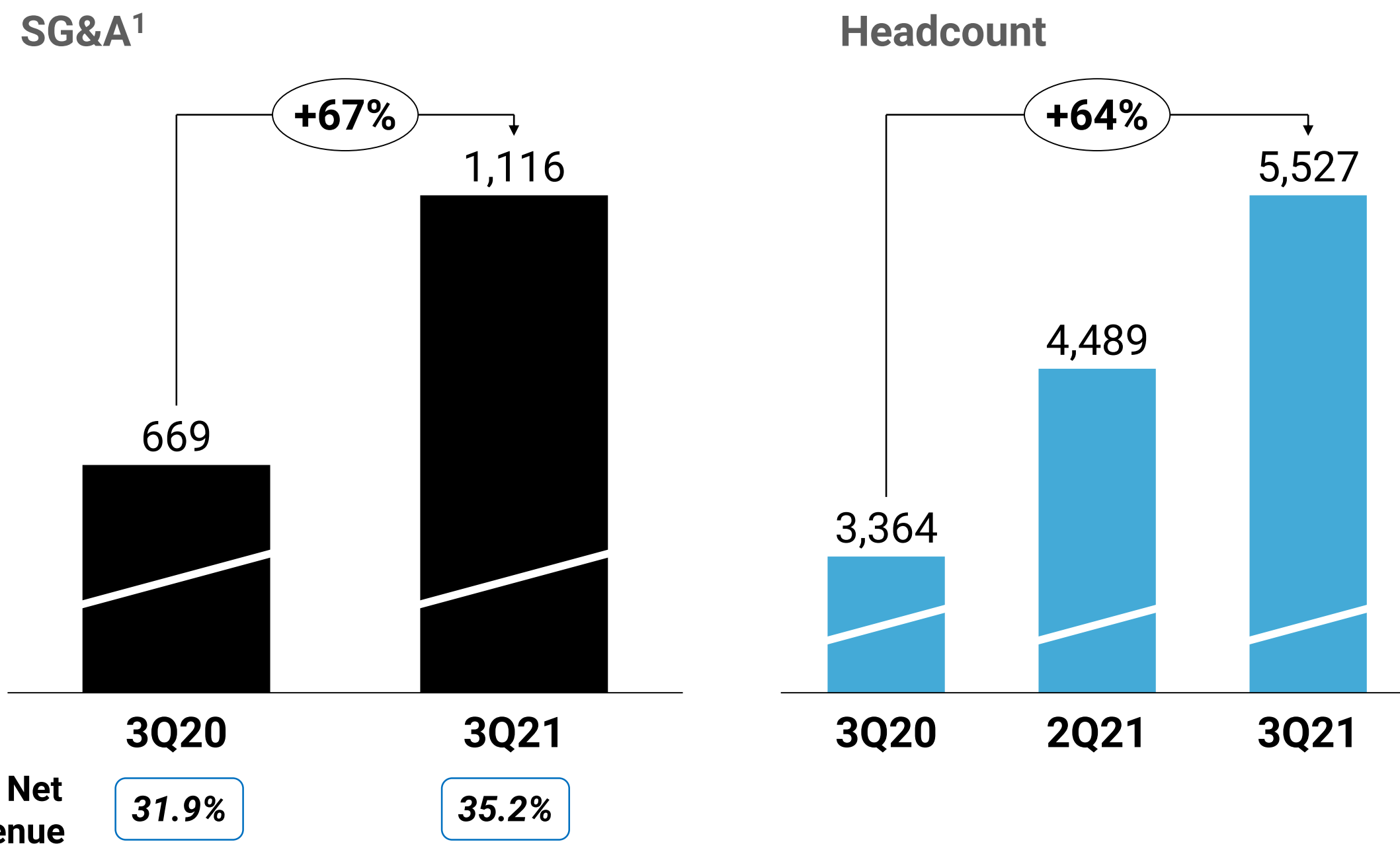
■ AUC  
◆ LTM Take Rate

Note: 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

# Adjusted EBITDA and Margin

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

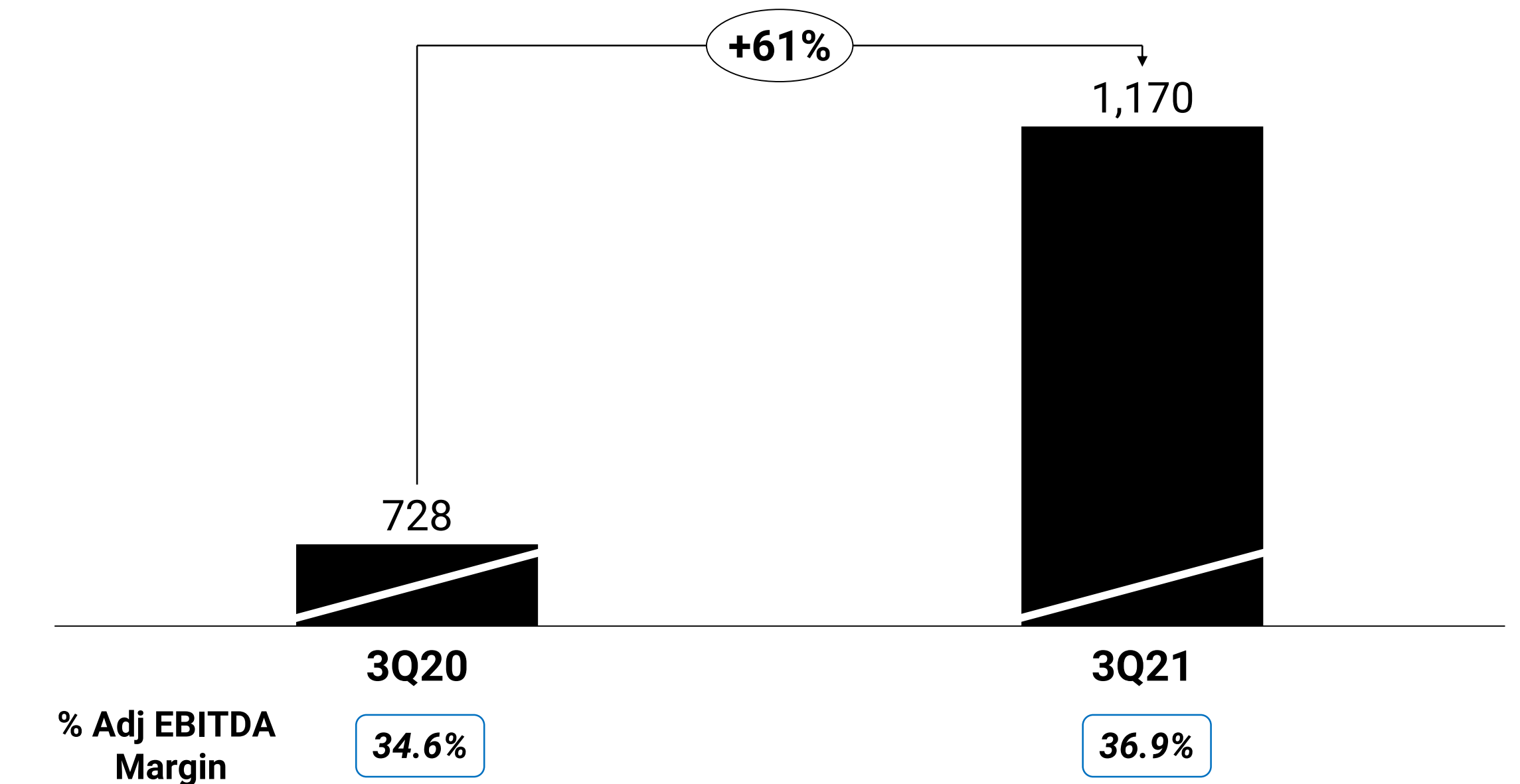
## Operating Expenses (in R\$ mn)



### Highlights

- A 64% increase in headcount YoY was the main driver behind SG&A growth. Despite a competitive marketplace for talents, we have been able to hire people to carry out the new initiatives and products, especially in tech.

## Adjusted EBITDA<sup>2</sup> (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.

# Non-GAAP Financial Information

Normalized Effective Tax Rate reconciliation

(in R\$ mn)

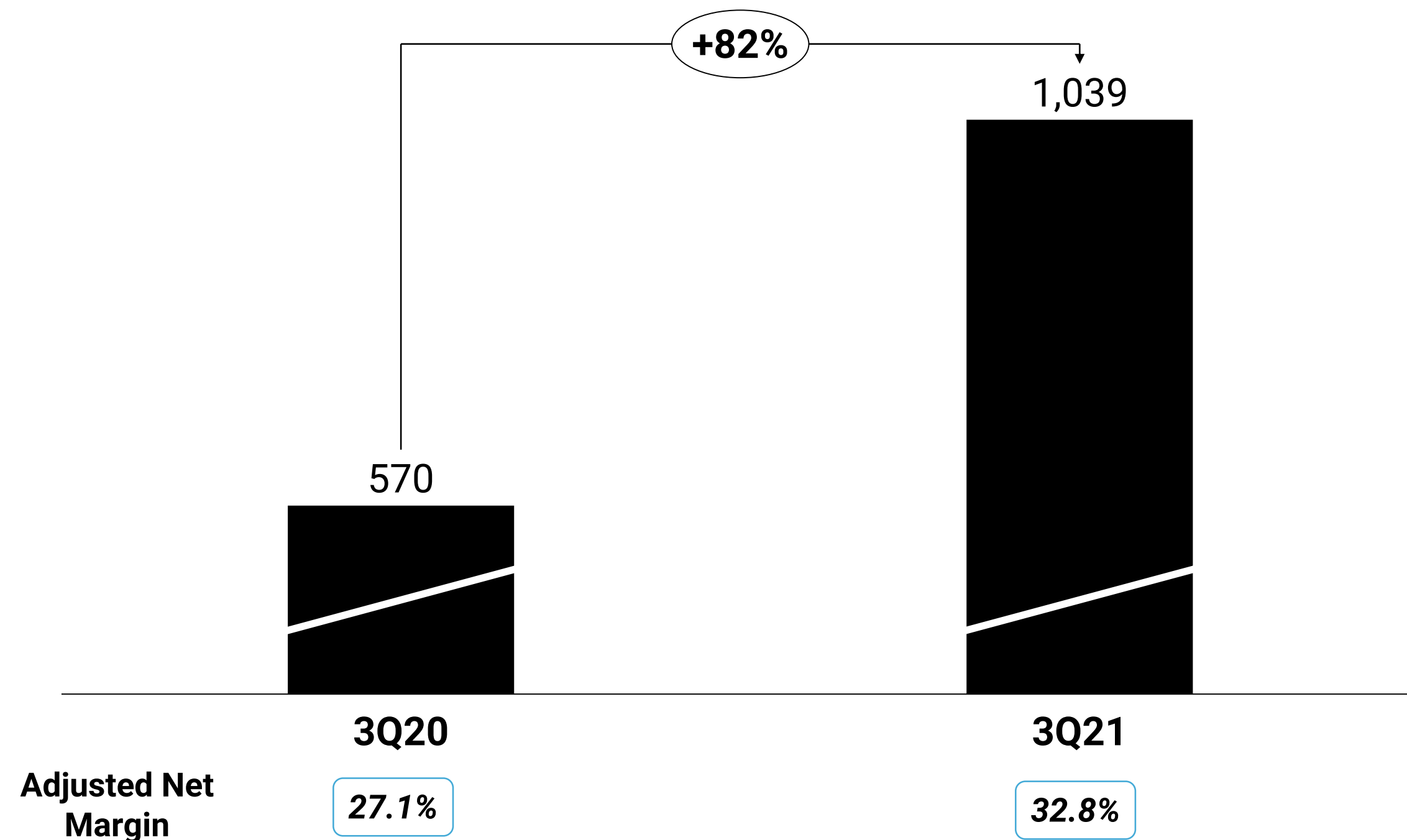
		1Q21	2Q21	3Q21
<b>Accounting ETR</b>				
[A]	EBT	784	1,002	908
[B]	Income tax	(50)	(71)	28
A/B	<b>ETR</b>	<b>-6.4%</b>	<b>-7.1%</b>	<b>3.1%</b>
<b>Normalized ETR</b>				
[C]	Tax withholding	105	126	179
[A+C]	Tax equivalent EBT	889	1,128	1,087
[B-C]	Normalized tax expense	(155)	(197)	(150)
<b>Normalized ETR</b>		<b>-17.4%</b>	<b>-17.5%</b>	<b>-13.8%</b>

PART OF OUR REVENUE IS  
RECOGNIZED NET OF TAXES.

# Adjusted Net Income and Margin

Net margin expansion driven by strong growth in Retail, operating leverage and a lower tax rate

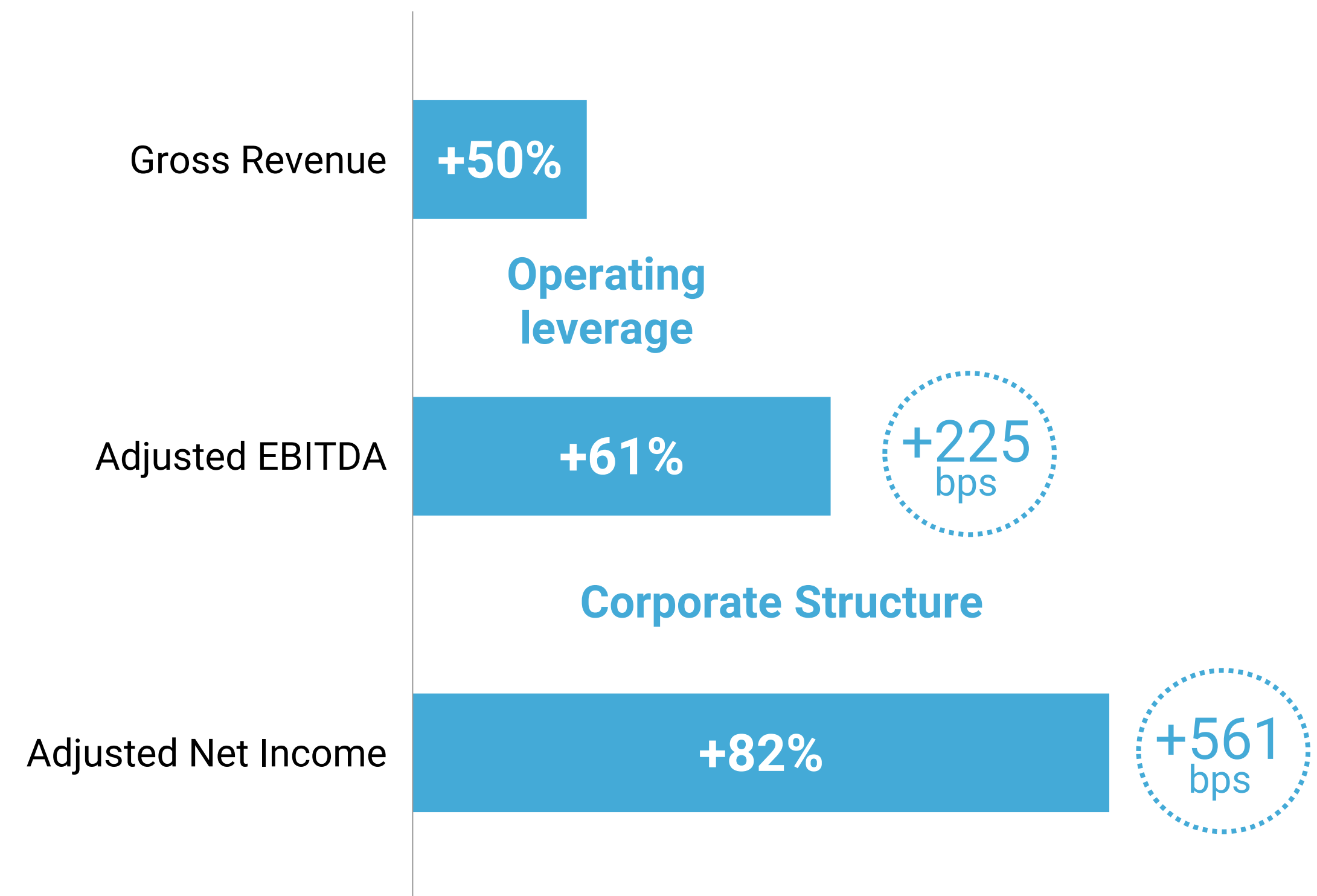
Adjusted Net Income<sup>1</sup> (in R\$ mn)



## Highlights

- Adjusted Net Income grew 82% vs. 3Q20, explained by (1) strong growth in Retail Revenue, (2) operating leverage in SG&A and (3) a lower effective tax rate.

YoY Growth Across 3Q21 P&L



Margin expansion YoY

Note: See appendix for a reconciliation of Adjusted Net Income.



**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)	3Q21	2Q21
<b>Assets</b>	<b>(1,065)</b>	<b>(2,776)</b>
(-) Securities trading and intermediation	(1,065)	(2,776)
<b>Liabilities</b>	<b>19,635</b>	<b>20,814</b>
(+) Securities trading and intermediation	19,635	20,814
<b>(=) Floating Balance</b>	<b>18,570</b>	<b>18,038</b>

### Adjusted Gross Financial Assets (in R\$ mn)

Adjusted Gross Financial Assets	3Q21	2Q21
<b>Assets</b>	<b>120,595</b>	<b>105,113</b>
(+) Cash	2,823	1,237
(+) Securities - Fair value through profit or loss	53,432	45,360
(+) Securities - Fair value through other comprehensive income	28,566	23,701
(+) Securities - Evaluated at amortized cost	858	988
(+) Derivative financial instruments	15,471	15,485
(+) Securities purchased under agreements to resell	7,871	8,174
(+) Loans and credit card operations	10,535	7,964
(+) Foreign exchange portfolio	1,039	2,204
<b>Liabilities</b>	<b>(85,459)</b>	<b>(73,704)</b>
(-) Securities	(2,082)	(2,790)
(-) Derivative financial instruments	(14,506)	(16,373)
(-) Securities sold under repurchase agreements	(24,234)	(16,062)
(-) Private Pension Liabilities	(26,711)	(22,046)
(-) Deposits	(6,867)	(6,628)
(-) Structured Operations	(5,699)	(4,198)
(-) Financial Bills	(2,343)	(2,160)
(-) Foreign exchange portfolio	(1,150)	(2,324)
(-) Credit card operations	(1,867)	(1,124)
<b>(-) Floating Balance</b>	<b>(18,570)</b>	<b>(18,038)</b>
<b>(=) Adjusted Gross Financial Assets</b>	<b>16,566</b>	<b>13,372</b>

# 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]
<b>Total</b>	<b>129,735</b>	<b>26,711</b>	<b>103,024</b>	<b>19,635</b>	<b>83,389</b>	<b>39,706</b>	<b>43,683</b>
Securities - Fair Value through P&L	53,432	26,711	26,721	-	26,721	6,368	20,354
Securities - Repos	7,871	-	7,871	-	7,871	7,871	-
Securities - Fair Value through OCI	28,566	-	28,566	18,570	9,996	9,996	-
Securities - Trading & Intermediation	1,065	-	1,065	1,065	-	-	-
Other Financial Instruments	16,329	-	16,329	-	16,329	15,471	858
Other Assets	22,472	-	22,472	-	22,472	-	22,472
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]
<b>Total</b>	<b>129,735</b>	<b>26,711</b>	<b>92,276</b>	<b>19,635</b>	<b>71,462</b>	<b>39,706</b>	<b>43,683</b>
Securities - Repos	24,234	-	24,234	-	24,234	24,234	-
Other Finan. Liab.	16,588	-	16,588	-	16,588	15,471	1,117
Pension Funds	26,711	26,711	-	-	-	-	-
Securities - Trading & Intermediation	19,635	-	19,635	19,635	-	-	-
Other Liabilities & Equity	42,567	-	42,567	-	42,567	-	42,567

## 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)

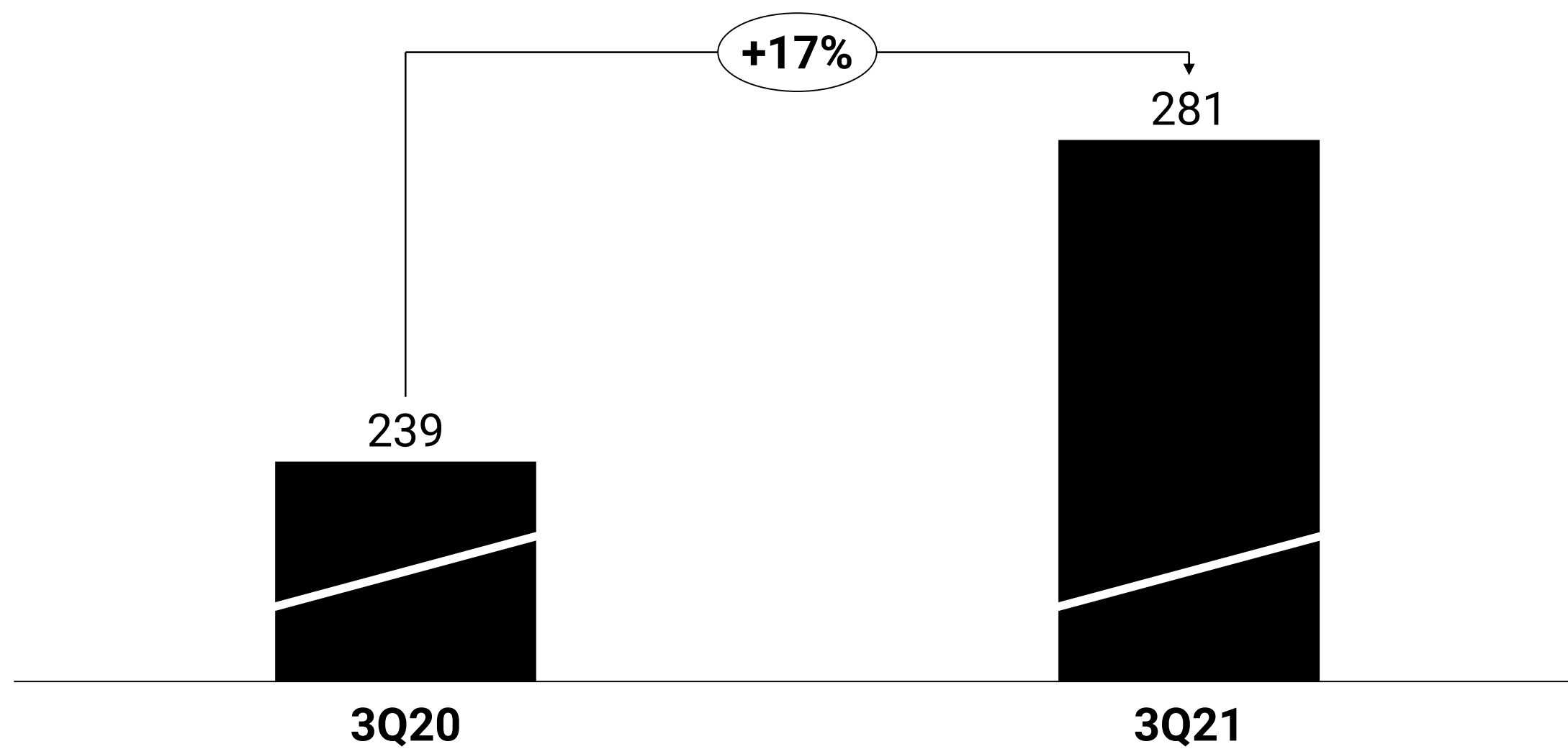
	3Q21	3Q20	YoY	2Q21	QoQ
<b>EBITDA</b>	<b>1,005</b>	<b>681</b>	<b>48%</b>	<b>1,080</b>	<b>-7%</b>
(+) Share Based Compensation	165	45	269%	165	0%
(+) Offering expenses	-	2	-100%	-	n.a.
<b>Adj. EBITDA</b>	<b>1,170</b>	<b>728</b>	<b>61%</b>	<b>1,245</b>	<b>-6%</b>

## Adjusted Net Income (in R\$ mn)

	3Q21	3Q20	YoY	2Q21	QoQ
<b>Net Income</b>	<b>936</b>	<b>541</b>	<b>73%</b>	<b>931</b>	<b>1%</b>
(+) Share Based Compensation	165	45	269%	165	0%
(+) Offering expenses	-	2	-100%	-	n.a.
(+/-) Taxes	(62)	(18)	254%	(63)	-1%
<b>Adj. Net Income</b>	<b>1,039</b>	<b>570</b>	<b>82%</b>	<b>1,034</b>	<b>1%</b>

# Institutional and Issuer Services

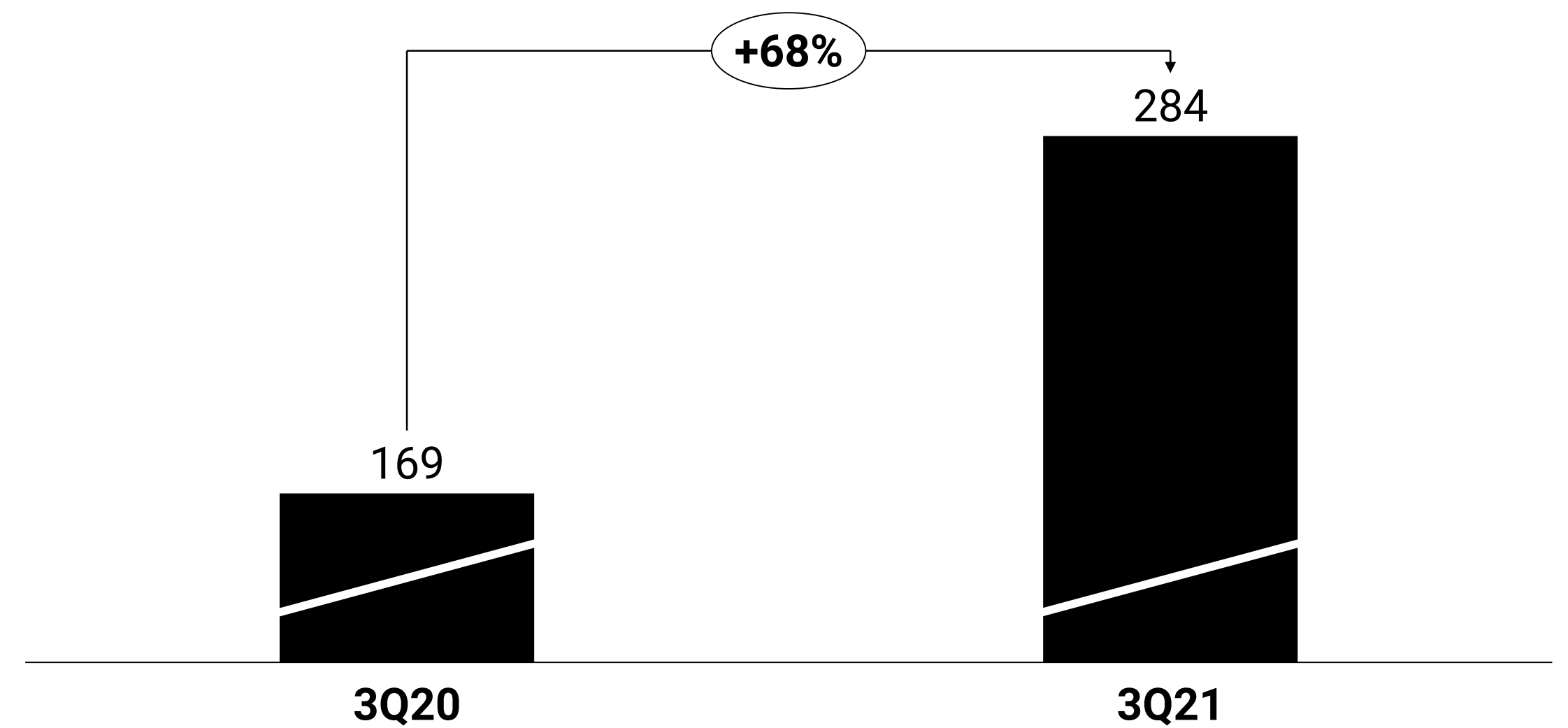
Institutional Revenue (in R\$ mn)



## Highlights

- The result was largely driven by a strong fixed income activity – also benefiting from recent increases in interest rates in Brazil.

Issuer Services Revenue (in R\$ mn)



## Highlights

- Strong performance from both ECM and DCM divisions, with 15 and 48 deals executed in 3Q21 versus 14 and 34 in 3Q20, respectively, and a growing contribution from M&A.