

XP  inc.

4Q20 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.

Index

01 Opening Remarks

02 Strategy Update

03 4Q20 KPIs and Financials

04 Guidance

05 Q&A

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1 Opening Remarks

2020: A Challenging Year With Many Lessons Learned

XP reinvented itself in order to maintain growth and contribute to society

2020 LESSONS

CAPACITY TO ADAPT
QUICKLY TO CHANGES

ESG INITIATIVES AND A
DIFFERENT WAY OF
WORKING

DIGITAL ACCELERATION:
A SECULAR TREND

BEST HISTORICAL FINANCIALS AND KPIS

R\$8,711 mn
GROSS REVENUE
+58% YoY

27.8%
ADJ. NET MARGIN

R\$660 bn
TOTAL AUC
+61% YoY

R\$2,270 mn
ADJ NET INCOME
+111% YoY

+8K IFA
IN OUR NETWORK

2,777k
ACTIVE CLIENTS
+63% YoY

OUR CULTURE

DREAM
BIG

OPEN
MINDED

ENTREPRENEURIAL
SPIRIT



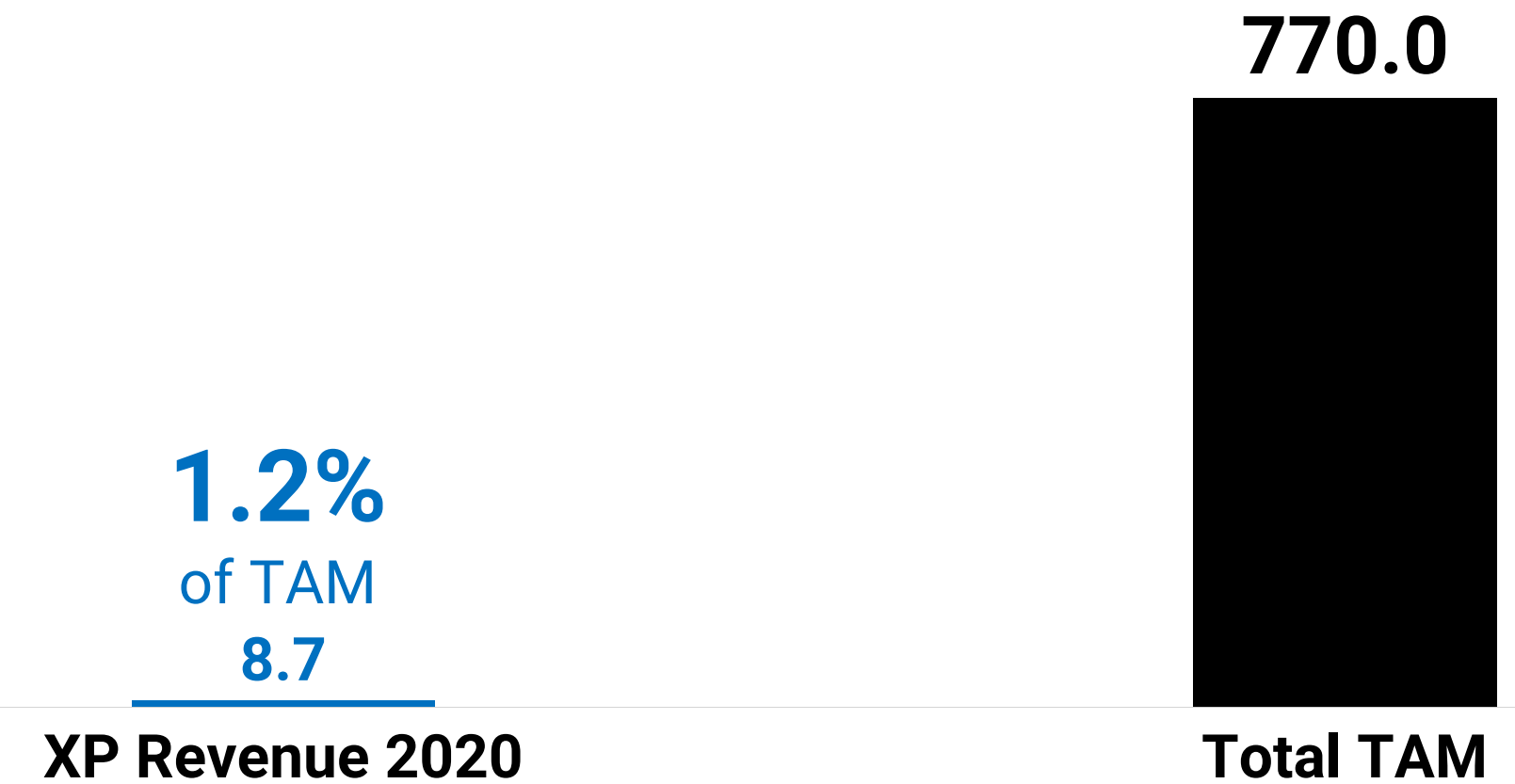
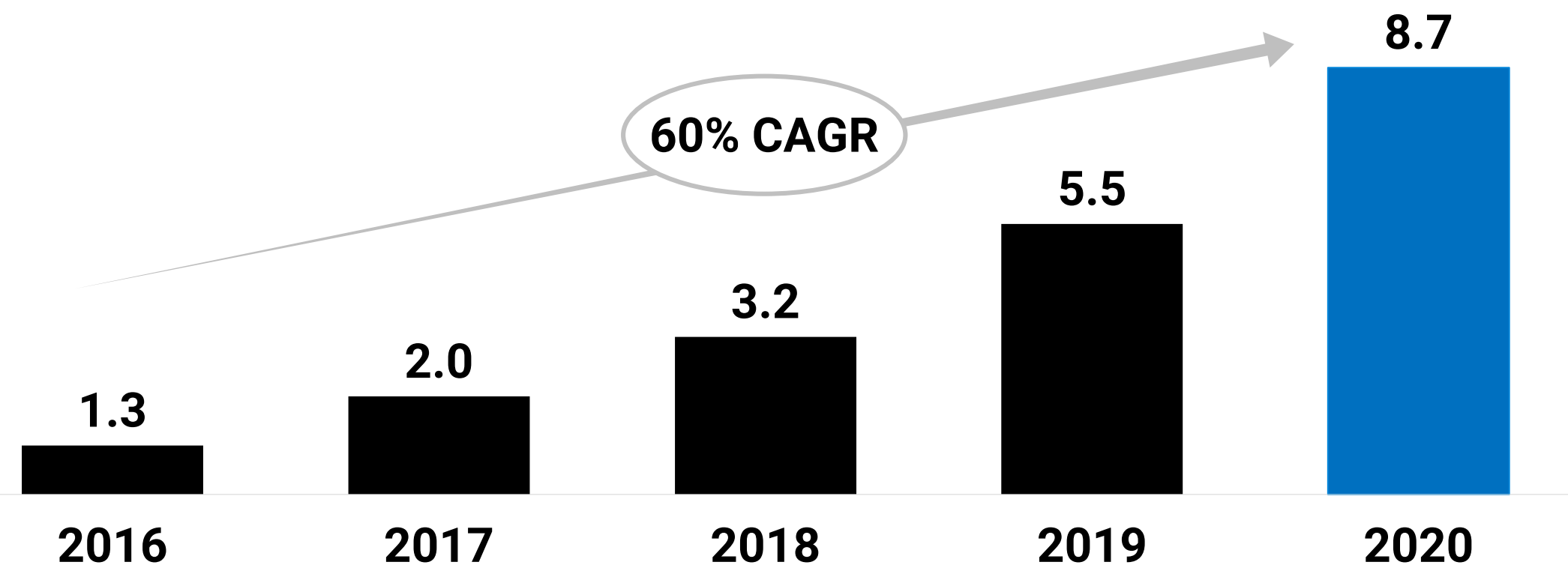
2 Strategy Update

Addressing the Brazilian Financial Revenue Pool

Expanding our TAM: XP has historically entered in new verticals and there is much more to come...

XP INC. GROSS REVENUE
(in R\$ bn)

TOTAL FINANCIAL REVENUE POOL (2021)
(in R\$ bn)



TOTAL ADDRESSABLE MARKET (TAM) ROADMAP

2001 - 2018

HISTORICAL REVENUE DRIVERS

- RETAIL INVESTMENTS
- INSTITUTIONAL BROKERAGE
- DCM

2019

ADDRESSED TAM @IPO R\$70BN

- + PENSION FUNDS
- + INSURANCE BROKERAGE
- + ECM
- + REITS

2020

ADDRESSED TAM R\$125BN

- + INSURANCE (LIFE + SURETY)
- + FX AND DERIVATIVES
- + M&A (RIZA ACQUISITION)
- + COLLATERALIZED CREDIT

2021

ADDRESSED TAM TODAY R\$180BN

- + CREDIT CARD
- + DEBIT CARD
- + DIGITAL BANKING
- + UPPER MIDDLE MARKET CREDIT
- + CORPORATE CREDIT

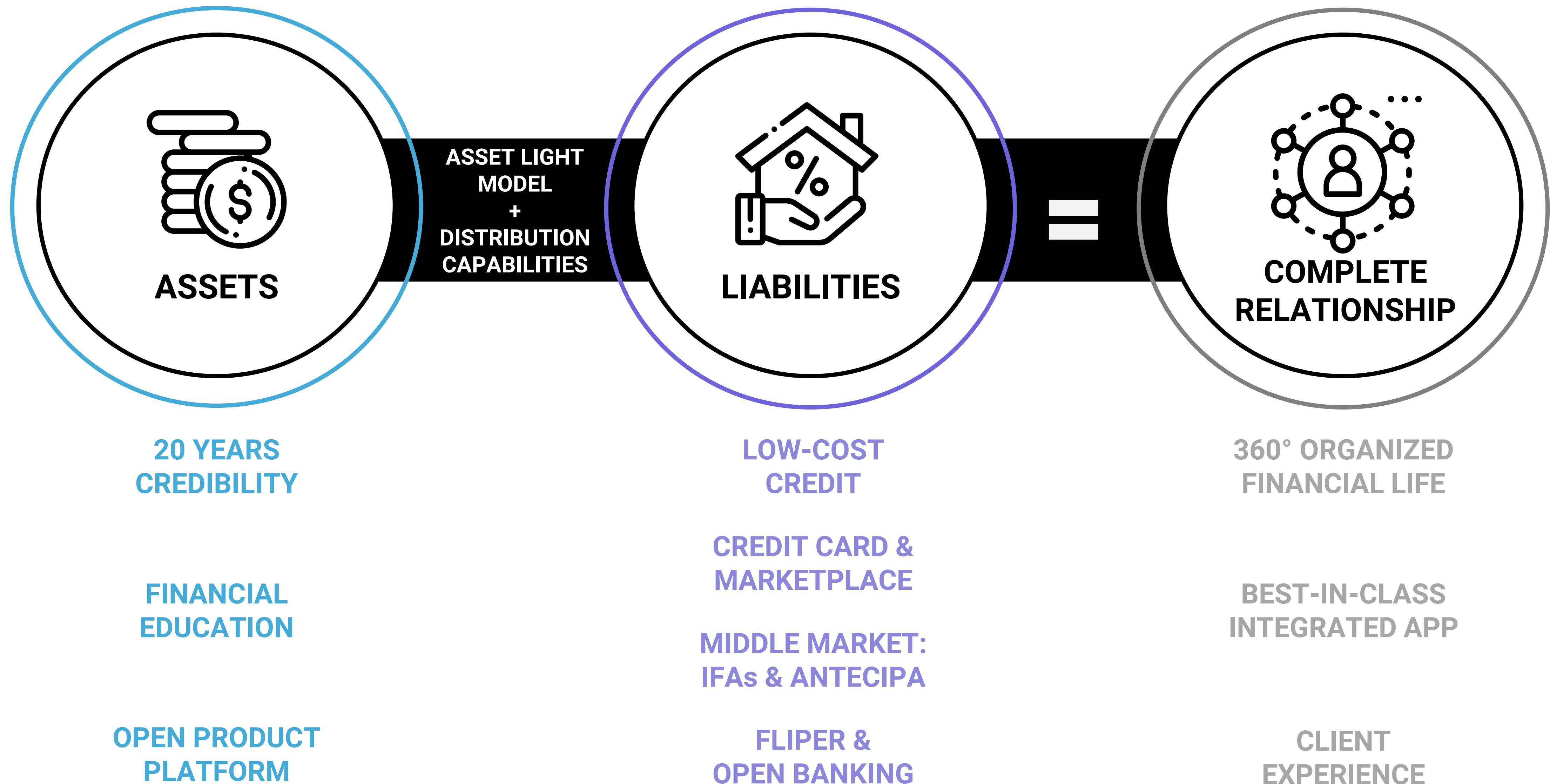
2022+

LONG-TERM TAM R\$770BN

- + SMB & MIDDLE MARKET CREDIT
- + OTHER CREDIT PRODUCTS
- + OTHER PRODUCTS

Connecting the Dots: How XP Will Complement the Client Journey

From Assets to Liabilities, we intend to democratize financial services in its integrity



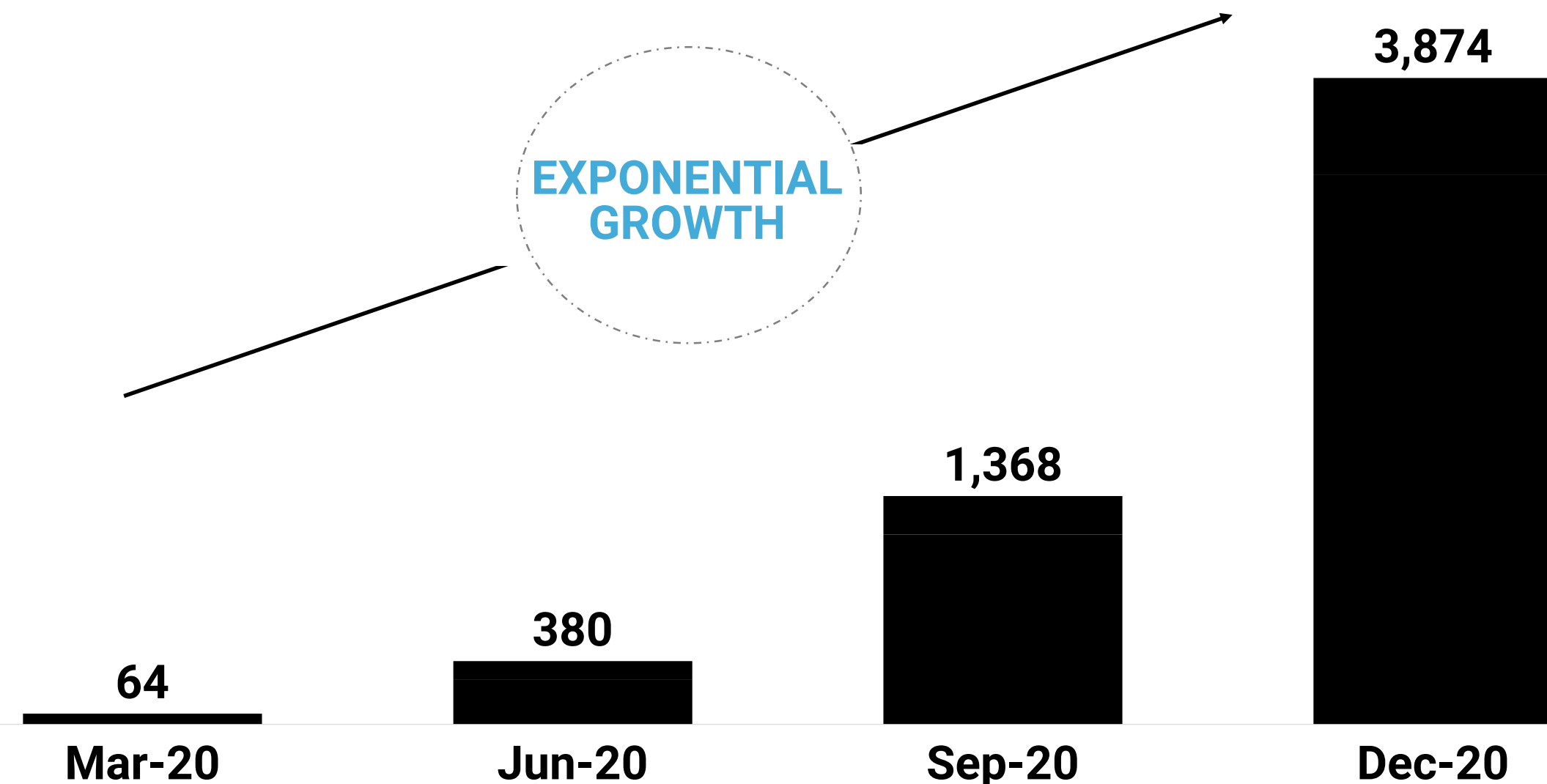
Collateralized Credit and Credit Card

Innovative and integrated solutions made possible by XP's proprietary technology developments

1. COLLATERALIZED CREDIT

- ASSET LIGHT CREDIT PORTFOLIO, WITH 19% RWA
- OVERCOLLATERAL SUPPORTING 0% NPL RATIO
- COMPETITIVE INTEREST RATES FOR COMPANIES AND INDIVIDUALS

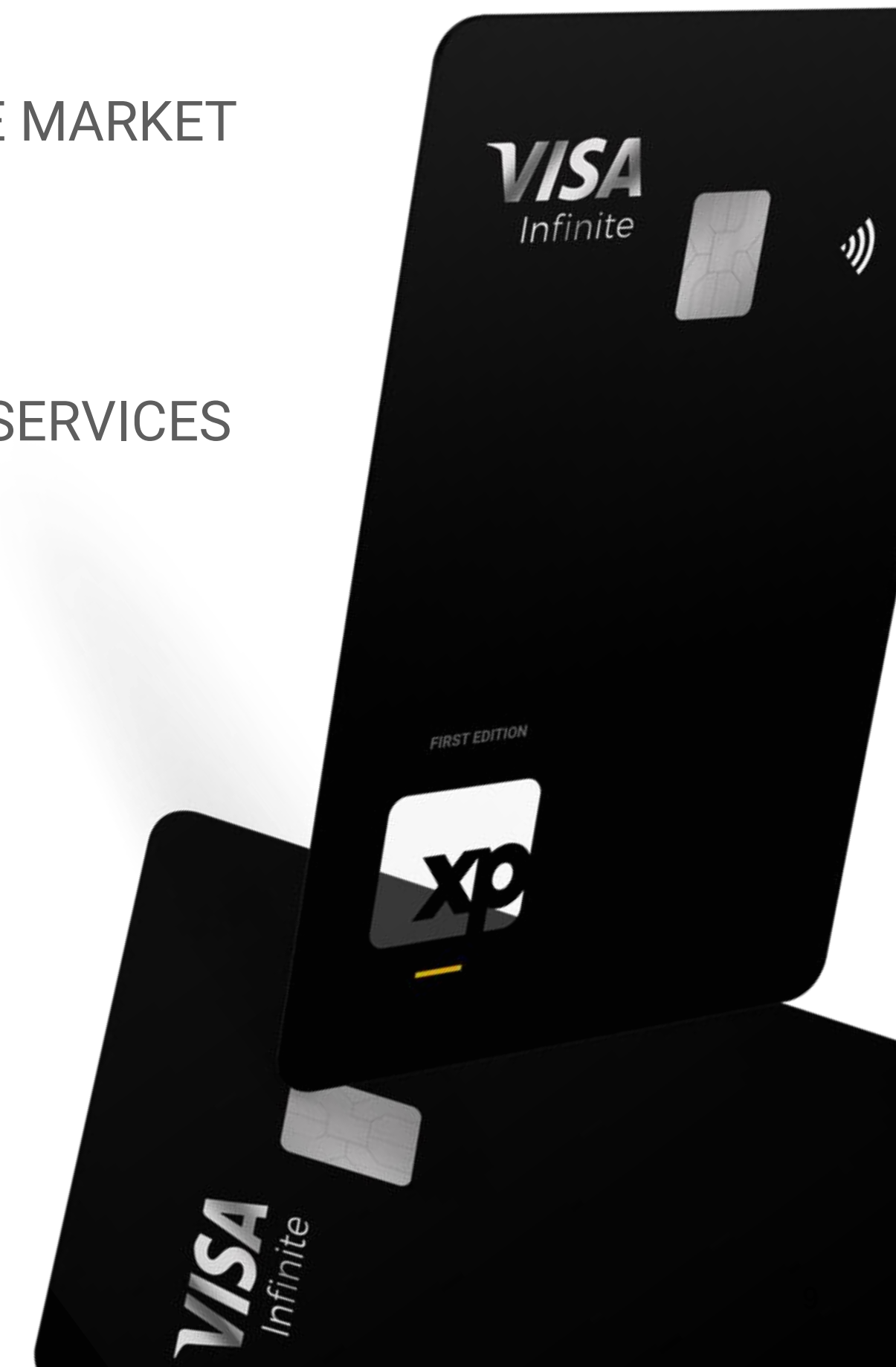
CREDIT PORTFOLIO (in R\$ mn)



2. XP VISA INFINITE CREDIT CARD

CREDIT CARD NOW AVAILABLE FOR XP INVESTIMENTOS' CLIENTS WITH THE FOLLOWING BENEFITS:

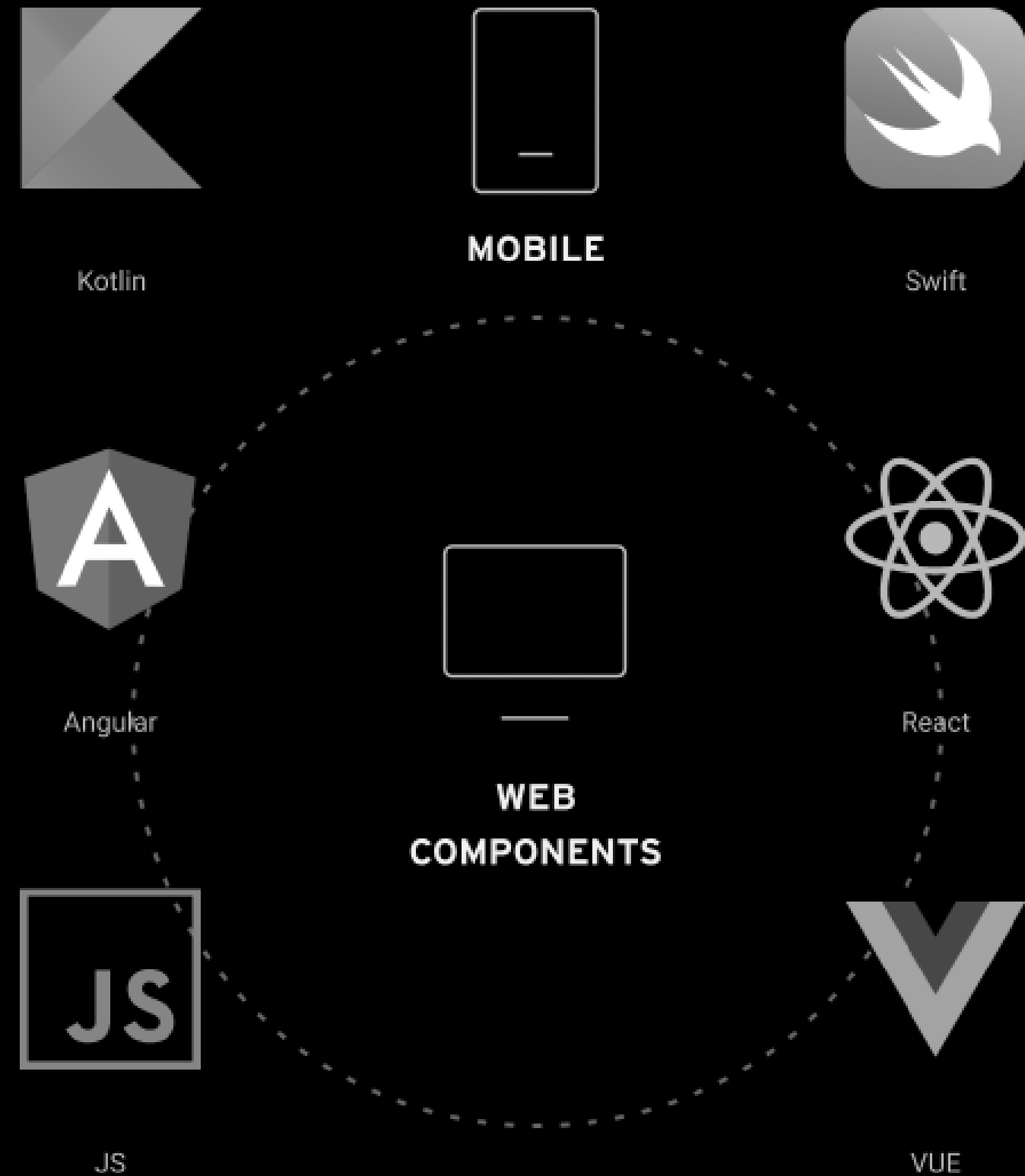
- NO FEES
- 1% INVESTBACK, FIRST IN THE MARKET
- MARKETPLACE
- DYNAMIC CREDIT LIMIT
- SINGLE XP APP FOR ALL THE SERVICES
- DIGITAL WALLET



Tech Development Example: Innovation from Scratch to Scale

Soma is XP's own Design System

AN ECOSYSTEM TO UNITE, CREATE AND EVOLVE



SOMA EFFICIENCY IMPACTS

60 MINUTES OF WORK
REDUCED PER HEAD

40K HOURS OF PROJECT
WORK REDUCED

LESS 15% ON OUR TIME TO
MARKET

ALL XP INC. BRANDS
BENEFITED FROM SOMA

2020 MAIN PROJECTS

NEW XP APP
4.8 RATING IN APPLE STORE

IFA HUB
SCALE AND PERFORMANCE
FOR OUR IFA NETWORK

CREDIT CARD
6 MONTHS OF DEVELOPMENT

DESIGN AWARD 2020 FINALIST

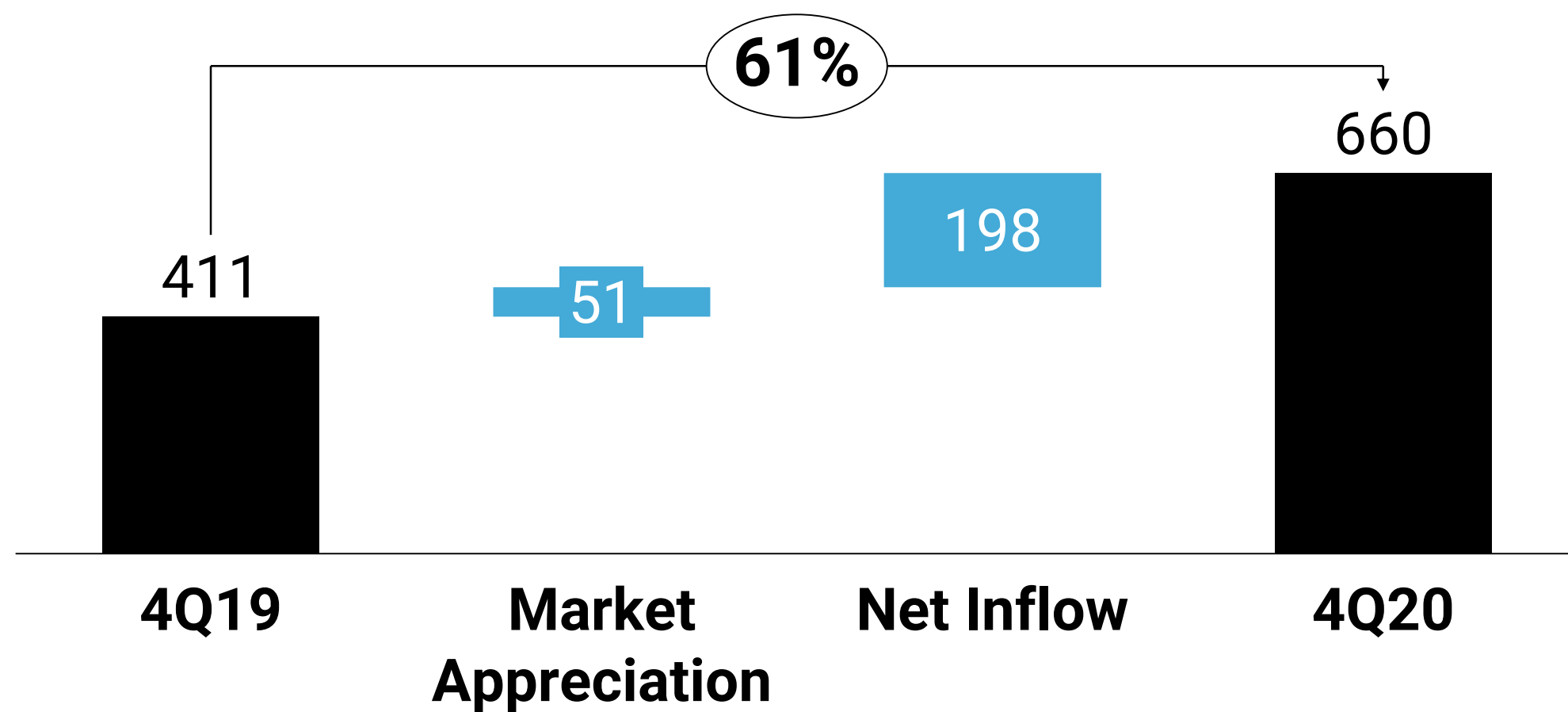
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3 4Q20 KPIs and Financials

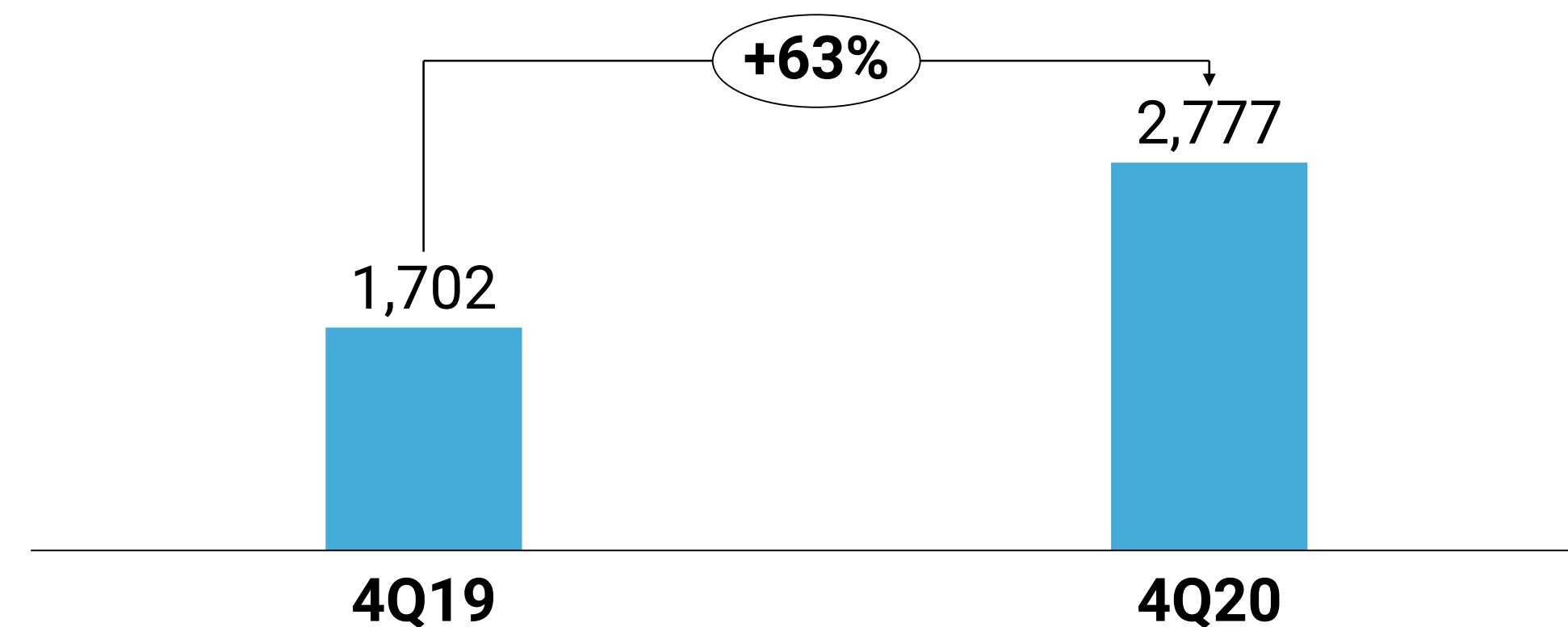
KPIs

AUC, Active Clients and NPS

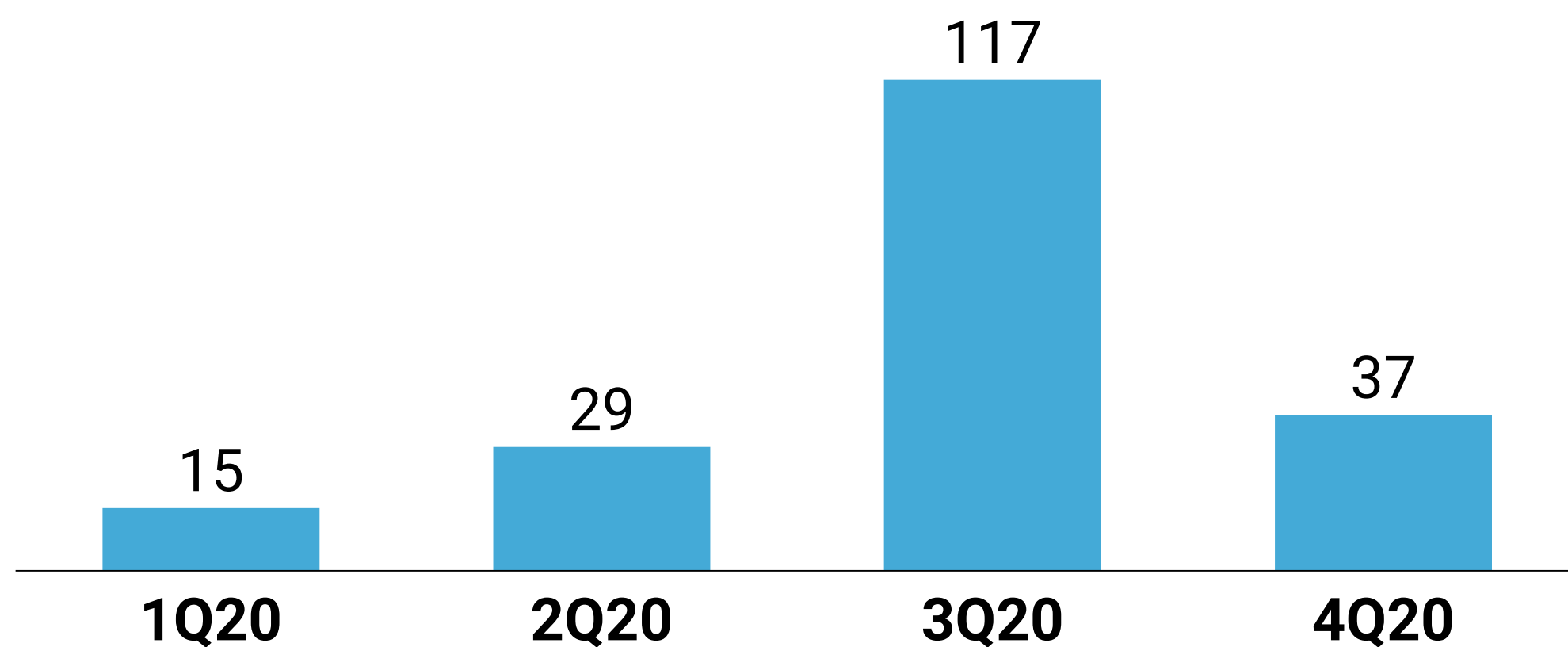
Assets Under Custody (AUC) (R\$ in bn)



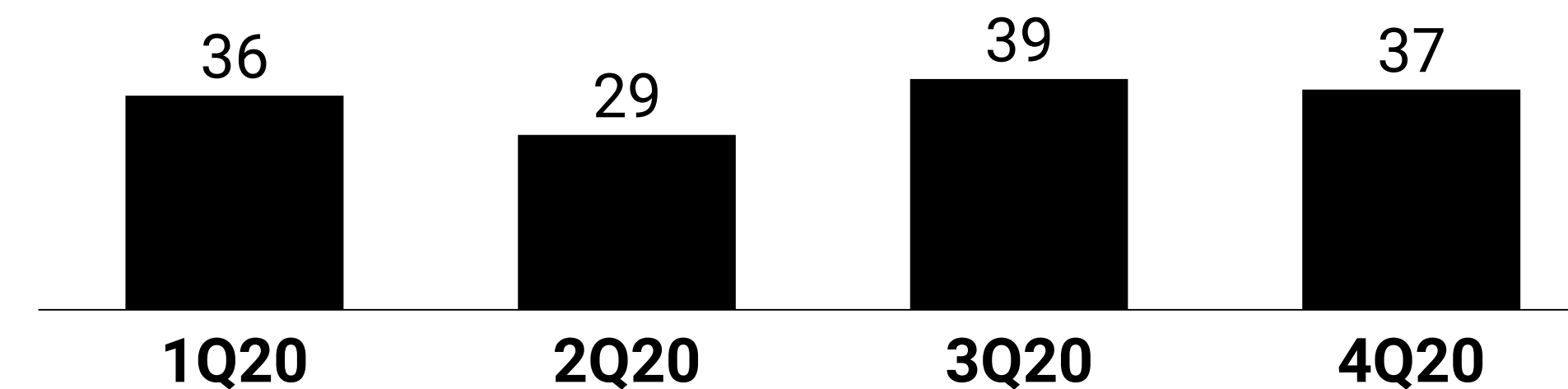
Active Clients ('000)



Net Inflow (R\$ in bn)

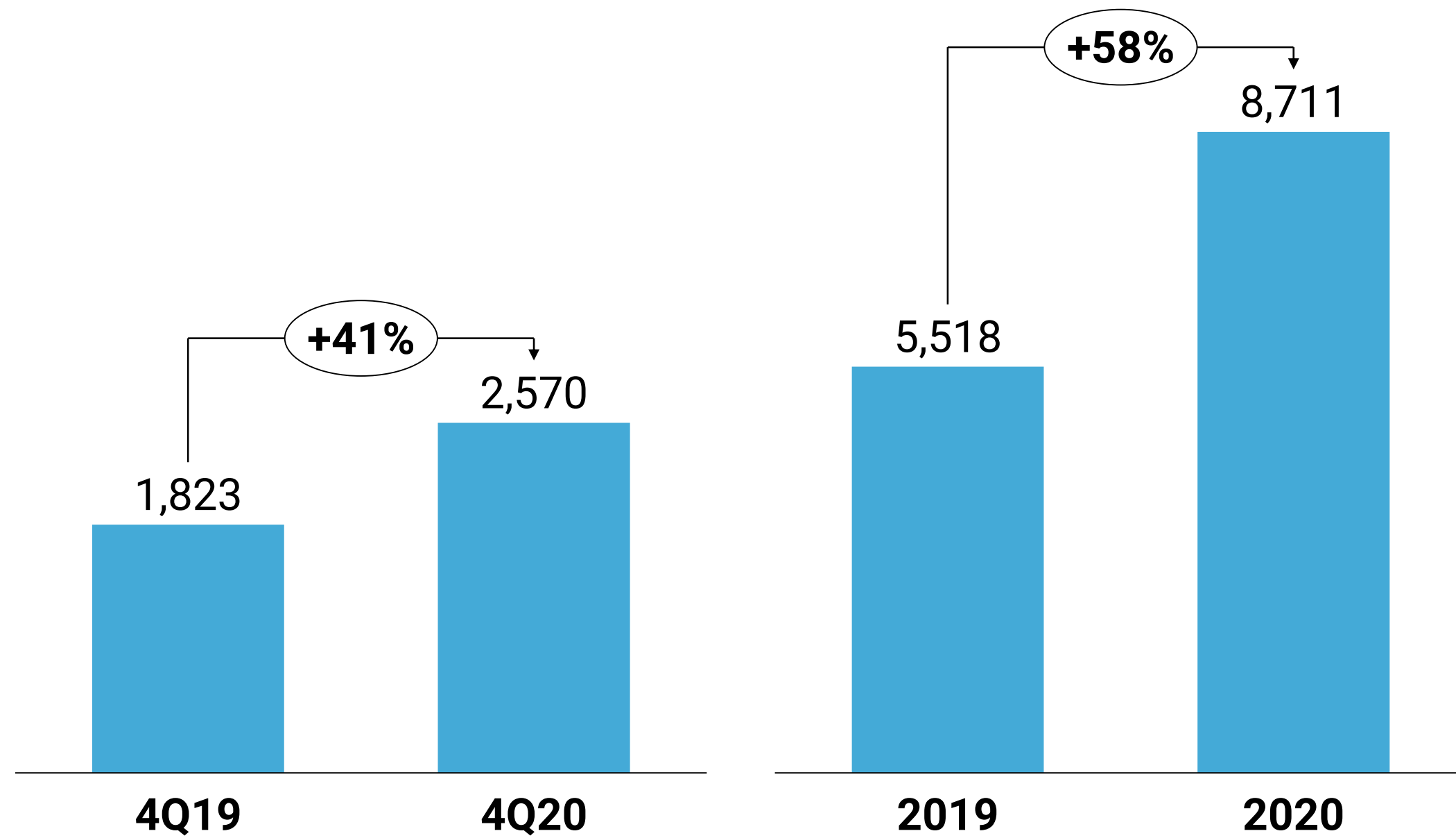


Net Inflow Adj. by Extraordinary Inflows (R\$ in bn)



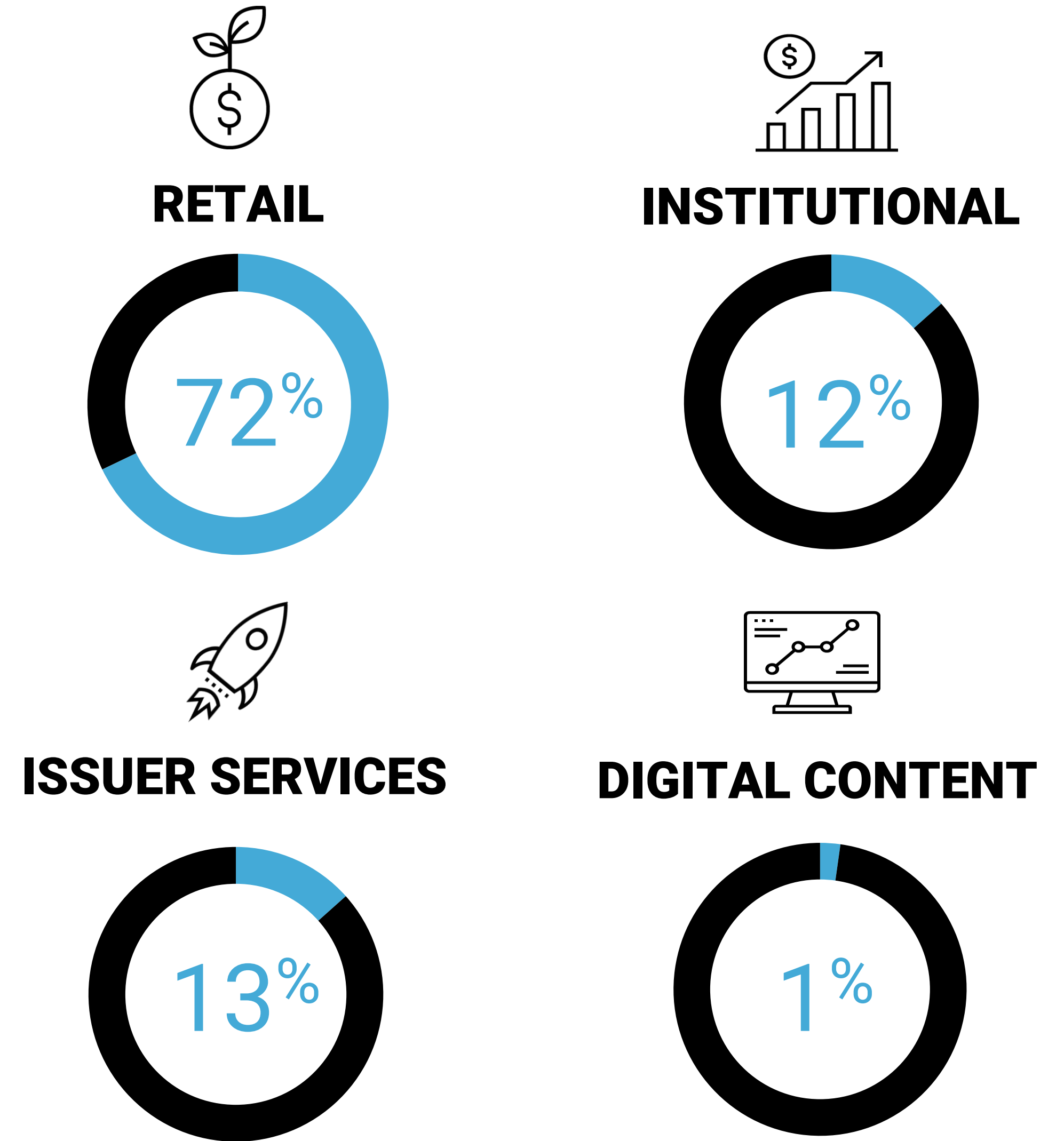
Gross Revenue Breakdown

Total Gross Revenues (in R\$ mn)



Highlights

- Strong growth of the Retail business, with 92% and 81% growth contribution, respectively, in those periods.



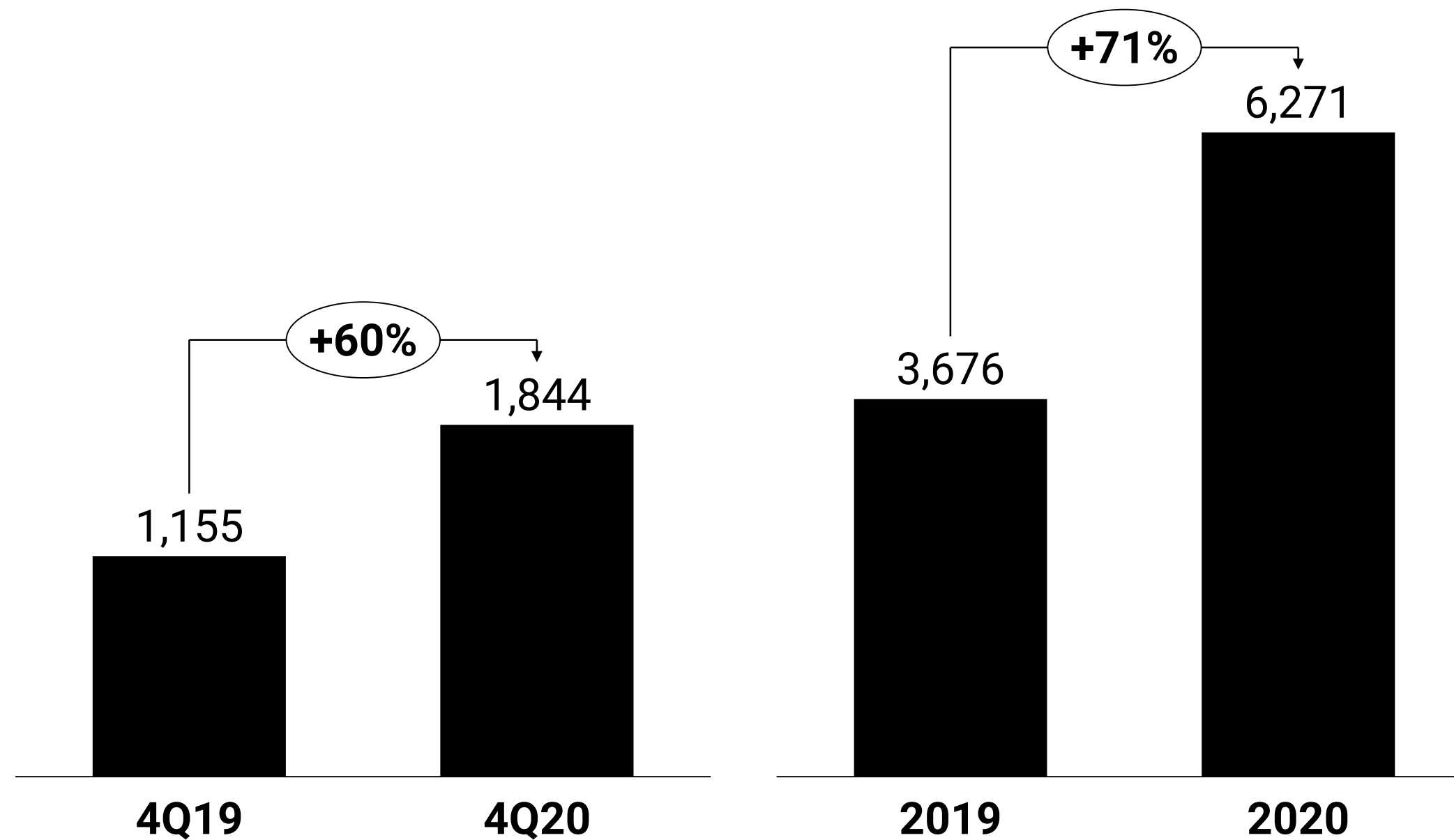
of 4Q20 Total Gross Revenue

Other Revenue represented 3% of Total Gross Revenues

Retail Revenue and Take Rate

Strong expansion following client addition and healthy net inflow

Retail Revenue (in R\$ mn)



LTM Take Rate (LTM Retail Revenue / Average AUC)



Highlights

- Key revenue growth drivers were: (1) Equity and futures; (2) Financial Products and (3) Fixed Income;
- On 4Q20, Retail related revenues represented 75% of consolidated Net Income from Financial Instruments.

Highlights

- Stable take rate as higher Equities and Futures' trading volumes and Financial Products distribution offset the impact from the recent extraordinary equity inflow.

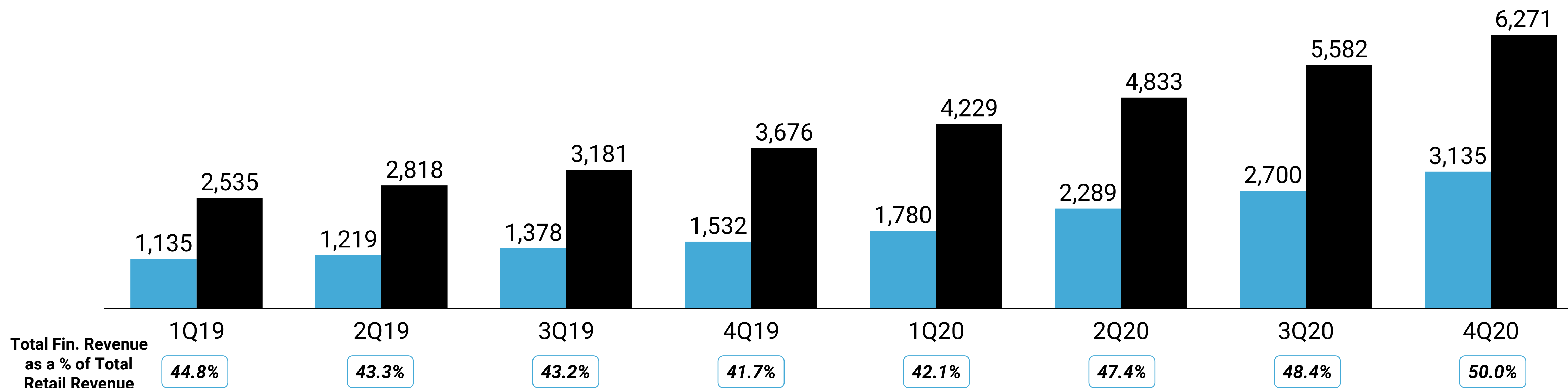
Note: Average AUC = (Sum of AUC from beginning of period and each quarter end in a given year, being 5 data points in one year)/5

Financial Revenue: Recurring Stream Mainly Driven by Retail Growth

75% of Net Income from Financial Instruments is related to our Retail Business

LTM Managerial Retail Revenue vs Accounting Financial Income (in R\$ mn)

■ Total Net Income From Financial Instruments
 ■ Retail



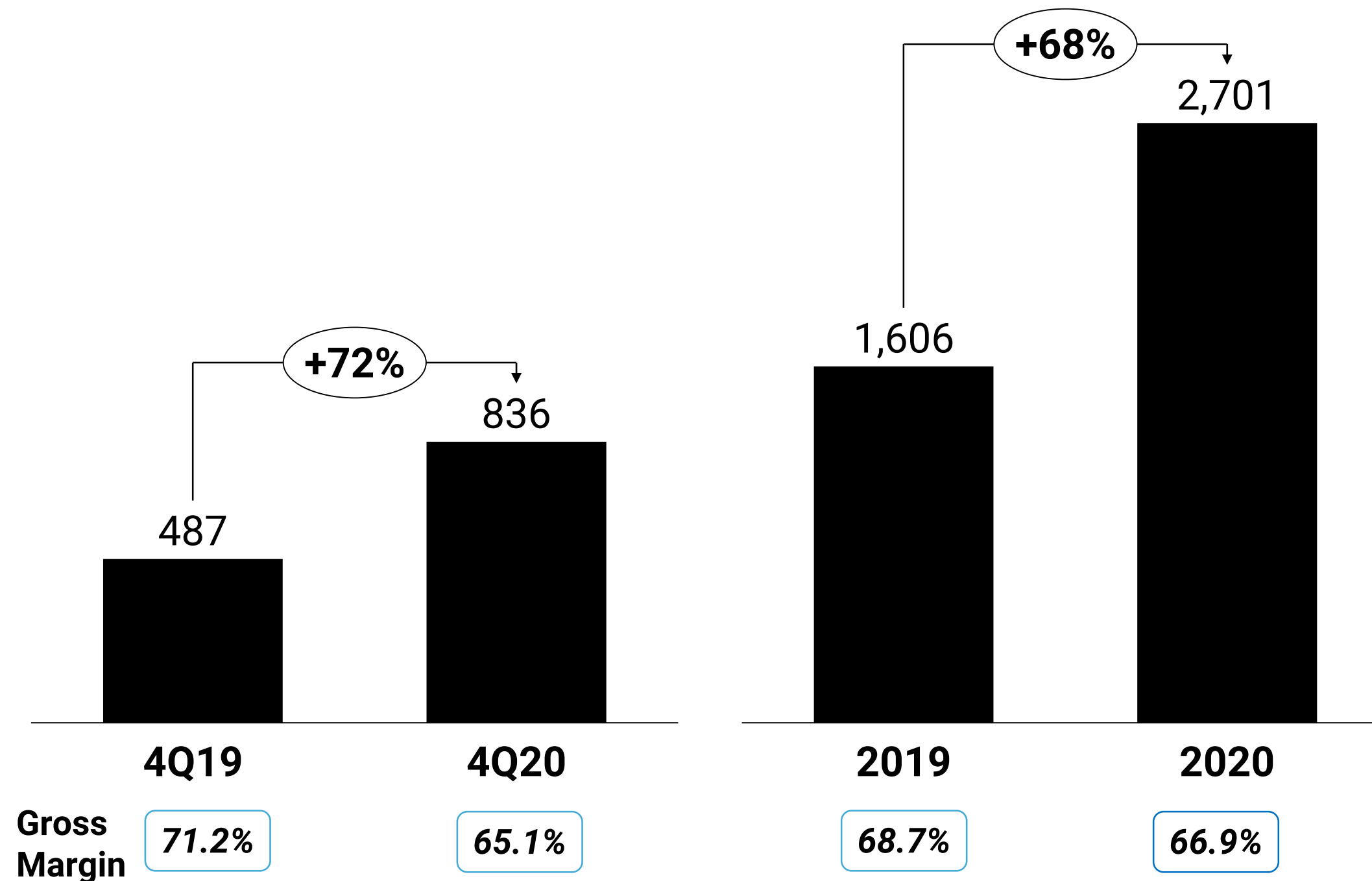
Highlights

- Total Financial Revenue is highly correlated to Retail Revenue over time;
- For the 4Q20, 75% of Financial Revenue was related to Retail.

COGS and SG&A

Gross margin slight compression following distribution channel investments

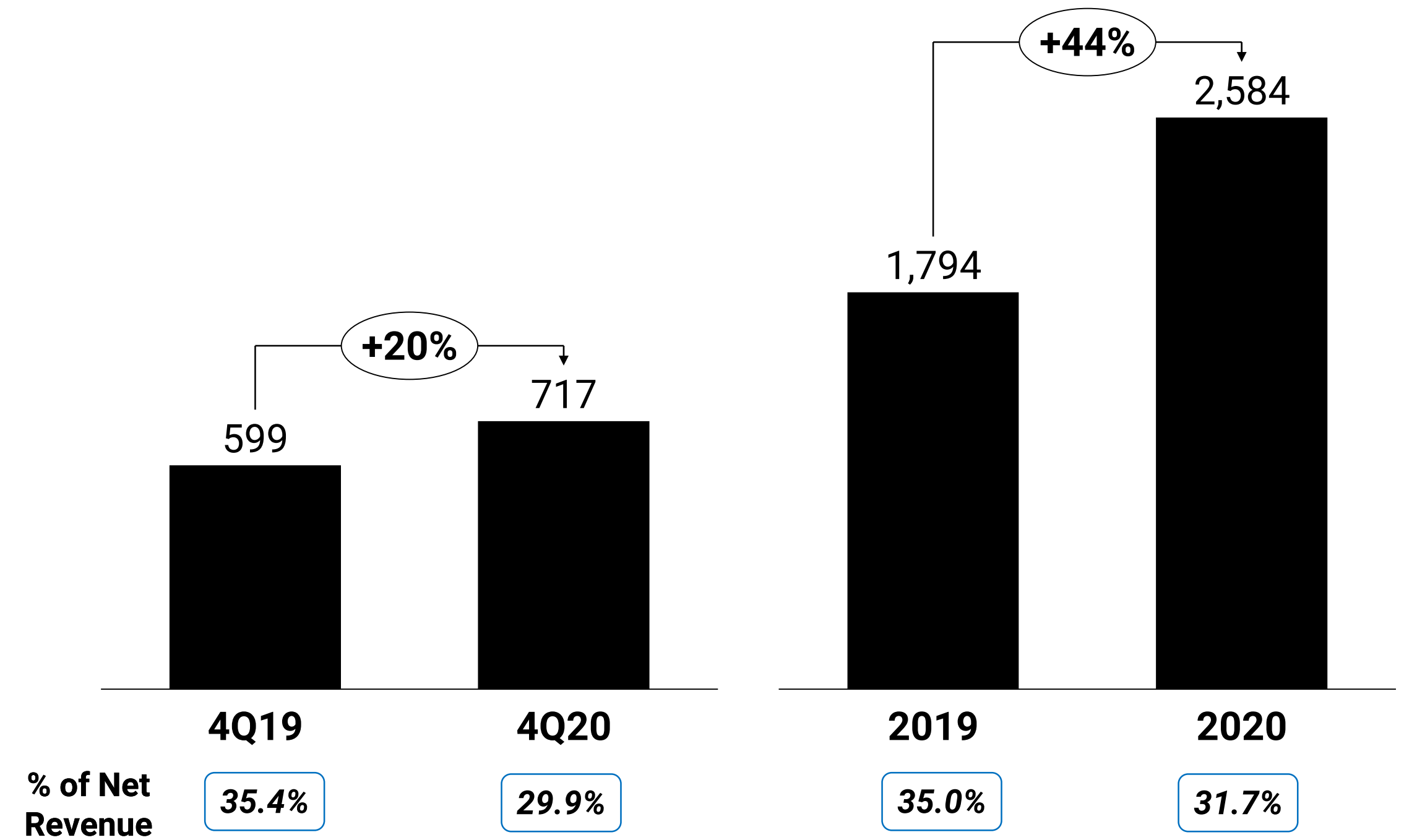
COGS (in R\$ mn)



Highlights

- Year-over-year gross margin contraction due to product mix and investments in the IFA network – including the recognition of shared based compensation expenses related to IFAs.

Operating Expenses (in R\$ mn)
Excluding Share-Based Compensation



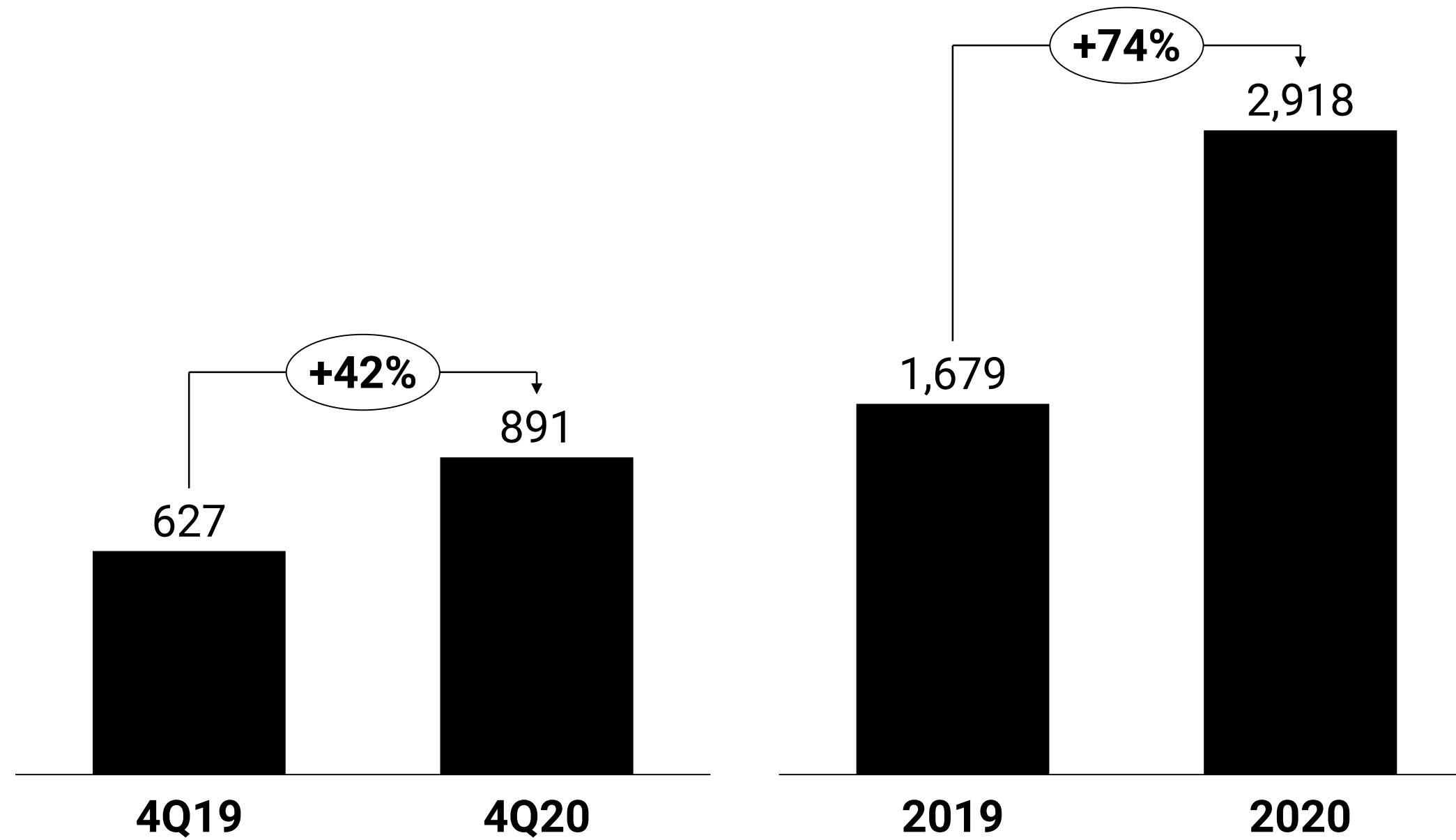
Highlights

- Efficiency gains in SG&A (excluding share-based compensation)

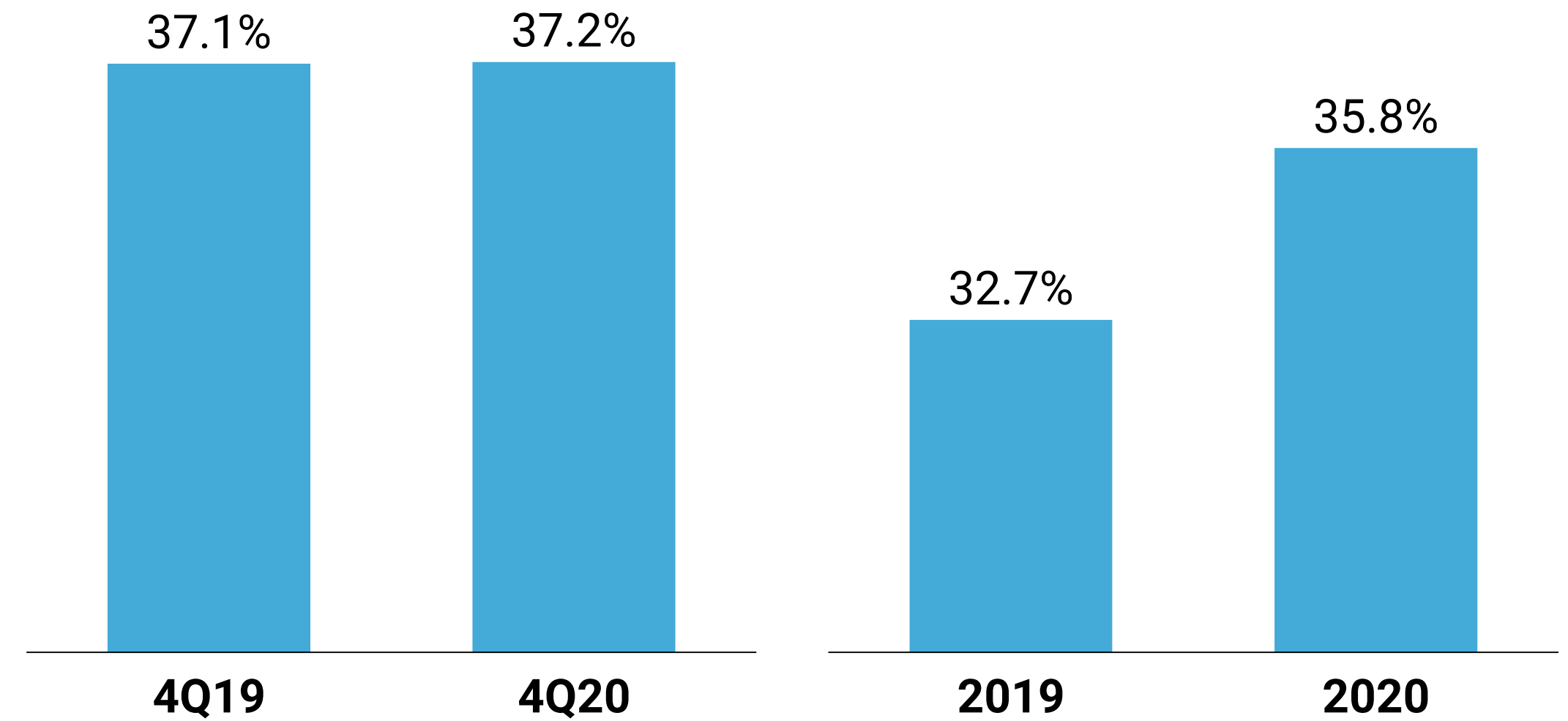
Adjusted EBITDA and Margin

Operating Leverage offsetting higher COGS

Adjusted EBITDA (in R\$ mn)



Adjusted EBITDA Margin



Highlights

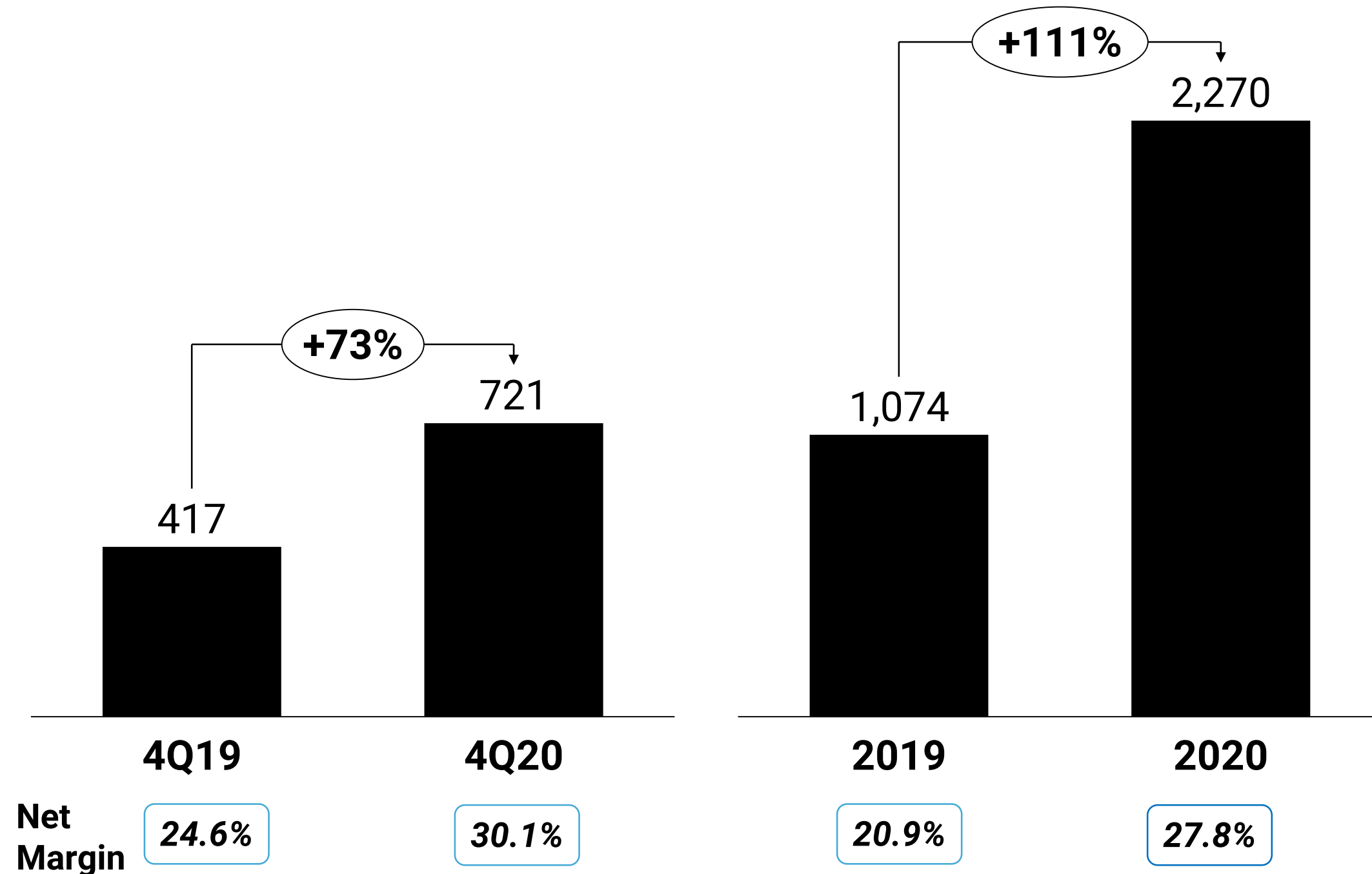
- 4Q20 growth was driven by: (1) strong performance of Retail and (2) operating leverage in SG&A, offset by higher COGS ratio;
- Despite (1) 50% year-over-year growth in headcount, (2) investing in new business and (3) investing in our IFA Network, adjusted EBITDA Margin expanded from 32.7% to 35.8%. The margin expansion reflects the benefits of our operating leverage and technology investments made in the past, which provided scalability for the company.

Note: See appendix for a reconciliation of Adjusted EBITDA.

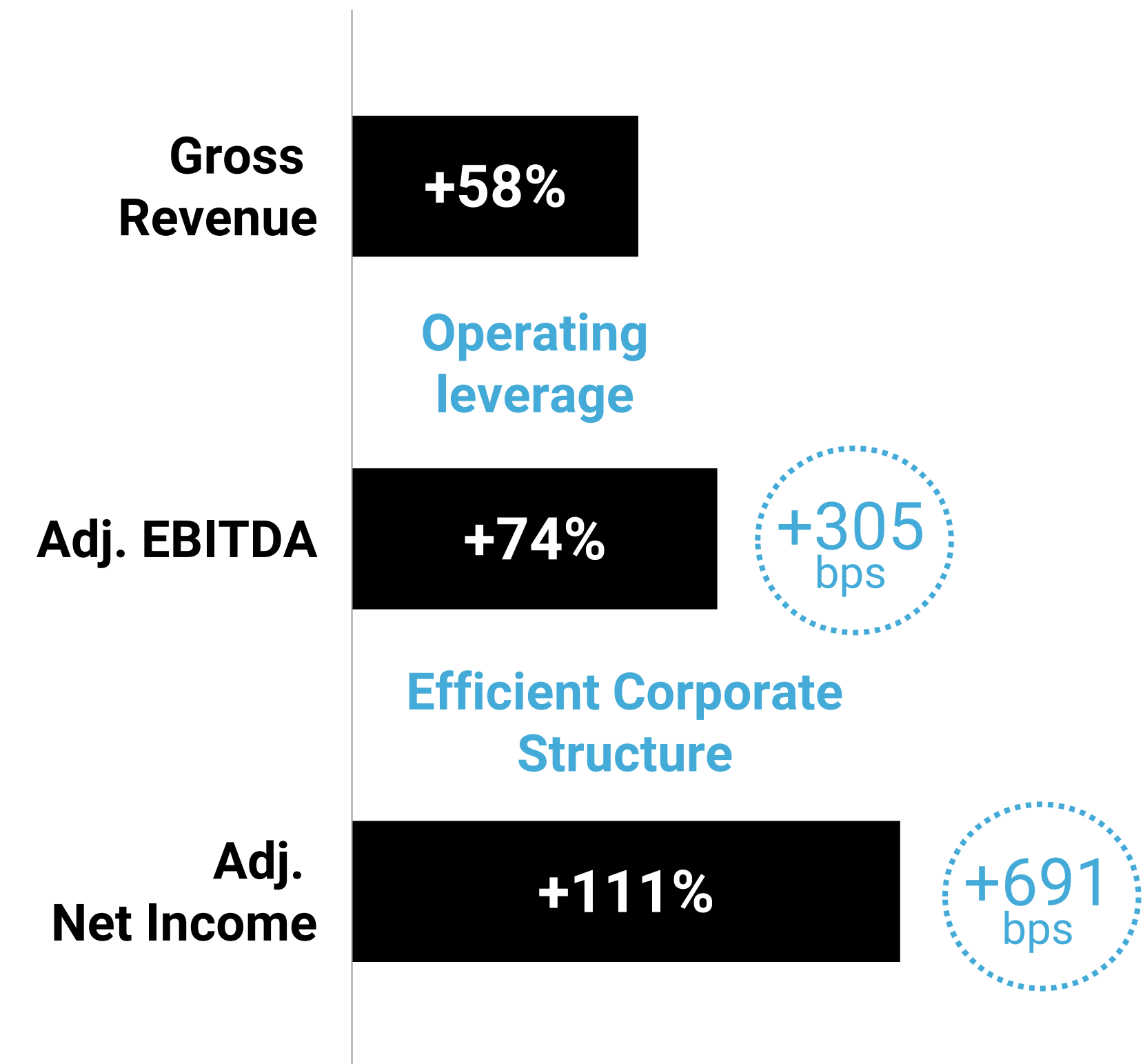
Adjusted Net Income and Margin

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

Adjusted Net Income (in R\$ mn)



YoY Growth Across 2020 P&L



Highlights

- In 2020, Adjusted Net Income grew 111% vs. 2019 explained by (1) strong growth in Retail Revenue, (2) a lower effective tax rate and (3) operational leverage in SG&A.

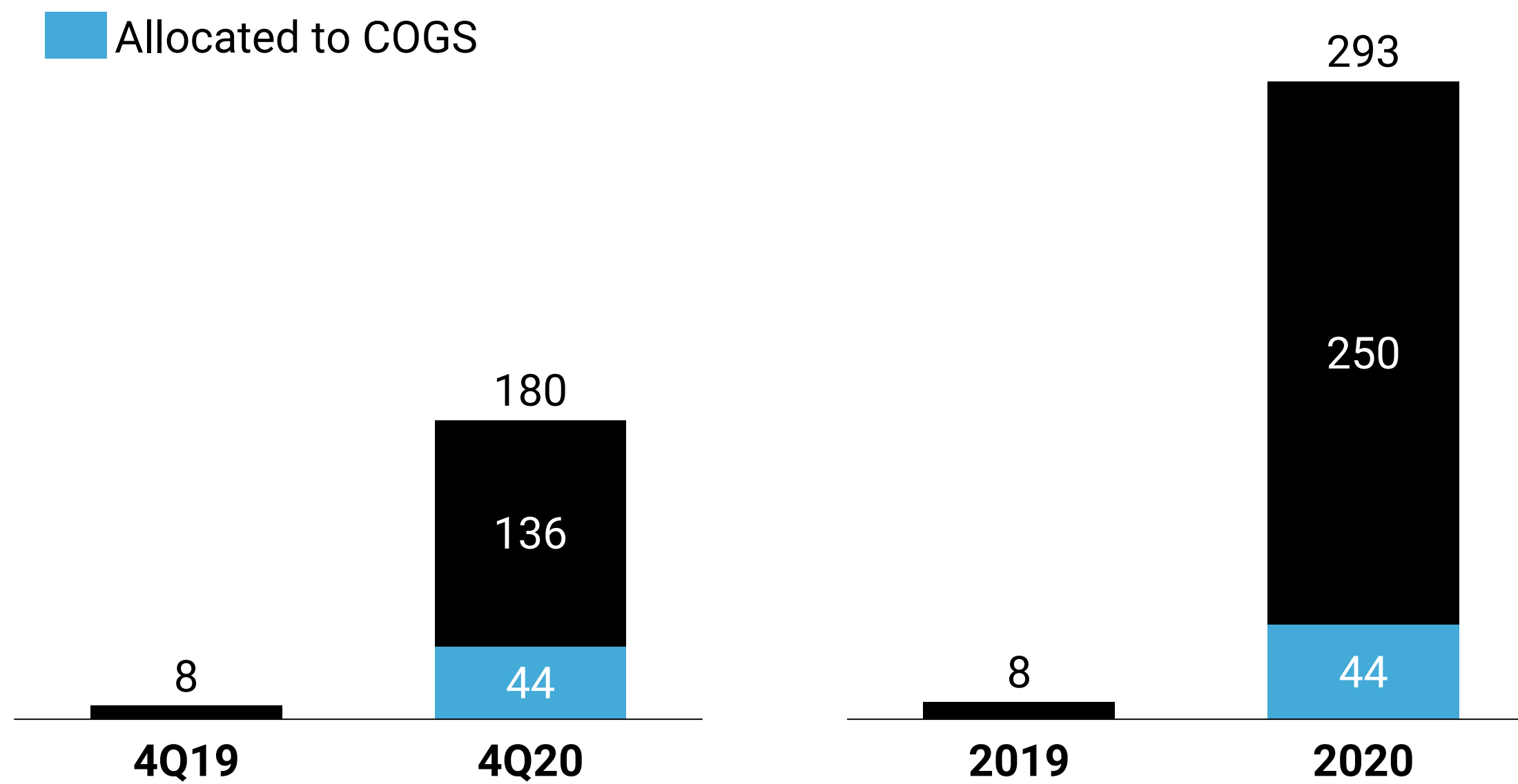
Margin expansion YoY

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

Long-Term Incentive Plan Details

Originally planned dilution on track, with a one-time anticipation in 2H20

Share Based Compensation Expense (in R\$ mn)



Planned Grant Schedule

Total Shares @IPO (million shares) 552
 Approved Dilution (percentage) 5%
 Approved Dilution (million shares) 28

	2019A	2020A	2021E	2022E	2023E	2024E	Total
Originally Planned							
Stock Grant	6	6	6	6	6	-	28
Dilution percentage	1.0%	1.0%	1.0%	1.0%	1.0%	0.0%	5.0%
Actuals							
Stock Grant ²	4	10					14
Dilution percentage	0.7%	1.8%					2.5%
To come - Scenario 1							
Stock Grant ²	4	10	5	5	5	-	28
Dilution percentage	0.7%	1.8%	0.8%	0.8%	0.8%	0.0%	5.0%
To come - Scenario 2							
Stock Grant ²	4	10	3	3	3	3	28
Dilution percentage	0.7%	1.8%	0.6%	0.6%	0.6%	0.6%	5.0%

Highlights

- Our long-term incentive plan is based on the distribution of RSU and PSU based on cultural fit and individual performance;
- SBC expenses were significantly higher in 4Q20, driven by new RSU grants and a significant anticipation during 2H20.

Note: (1) Not affected by new primary offerings; (2) Net of forfeited shares

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4 Guidance

Guidance Revision


REVISED 3-5 YEAR ADJUSTED
NET MARGIN GUIDANCE

OLD

18% – 22%

NEW

24% – 30%



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 trapezoidal shape is positioned behind the "P", extending from the top right to the bottom left. To the right of this shape, the letters "inc." are written in a smaller, white, lowercase sans-serif font, followed by a period.

XP inc.

Investors Relations

ir@xpi.com.br

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

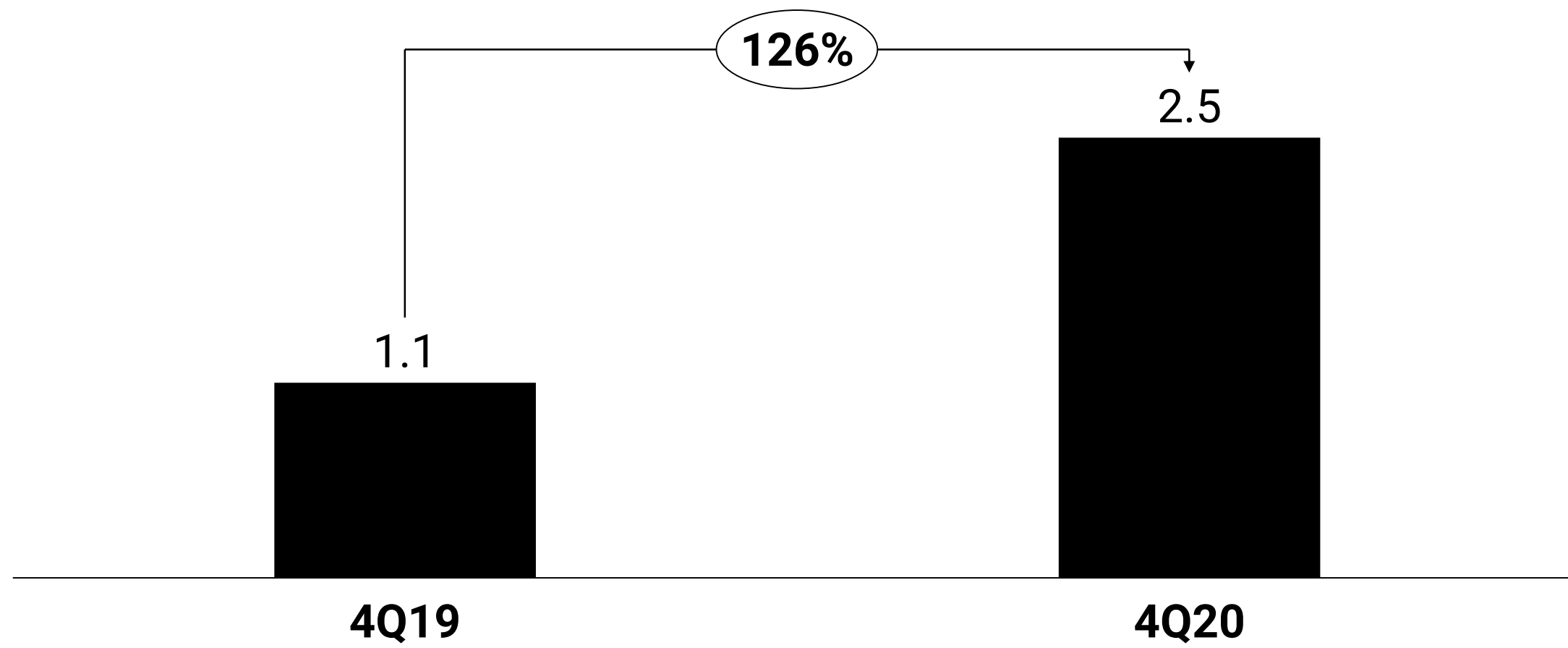
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Appendix

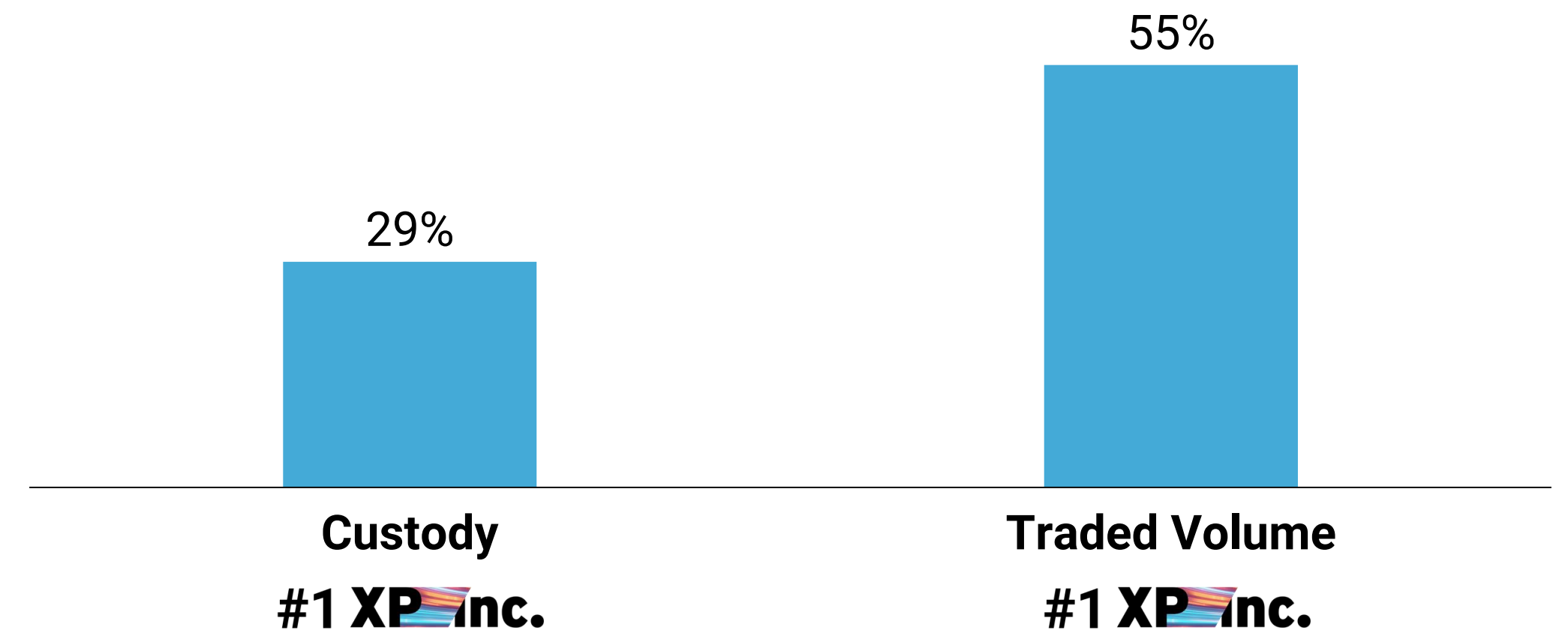
KPIs

Average Trades and NPS

Retail Equity DARTs (million)



XP Inc. Retail Equity Market Share Dec-20



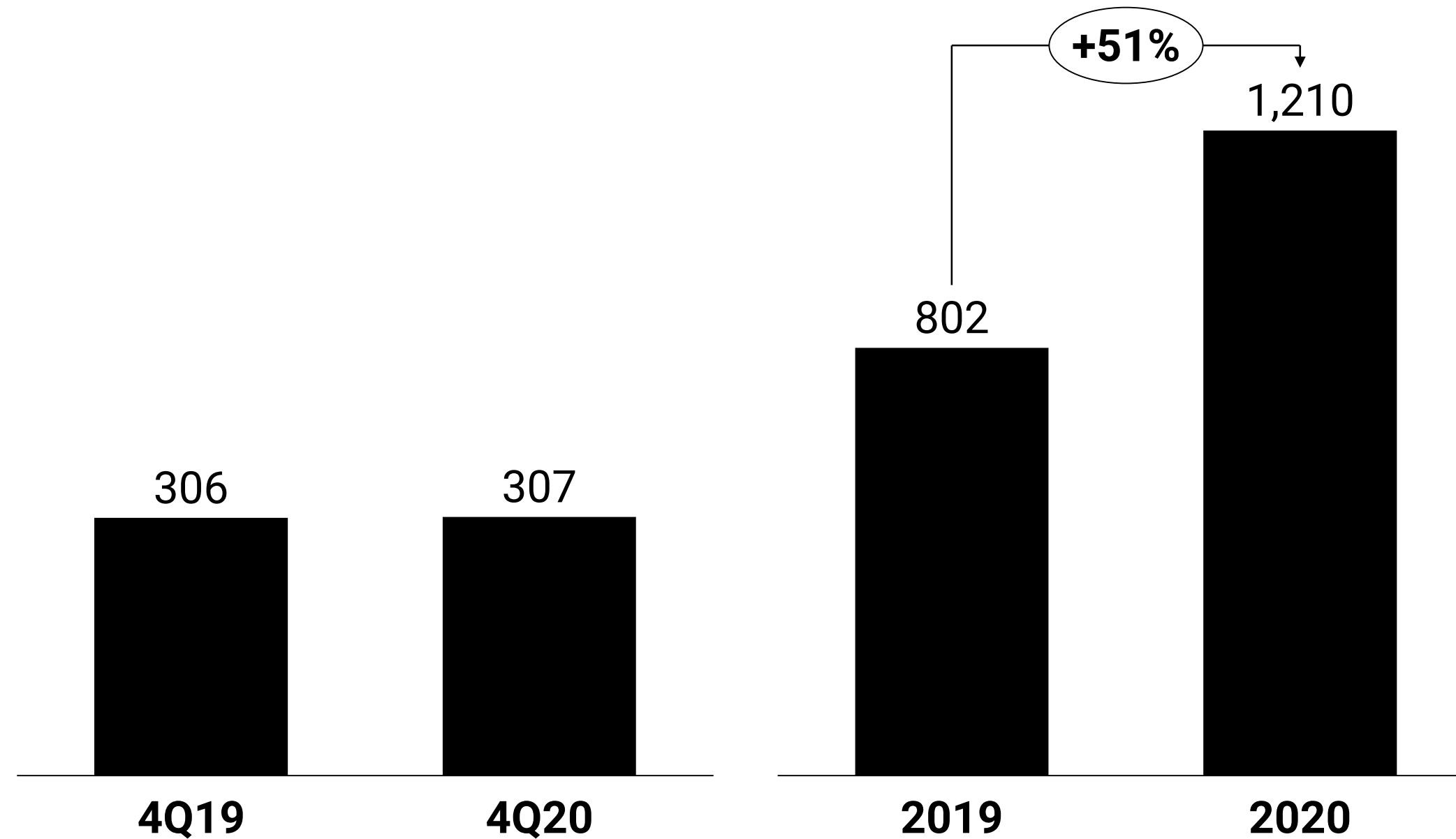
NPS Dec-20: 71

Note: 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

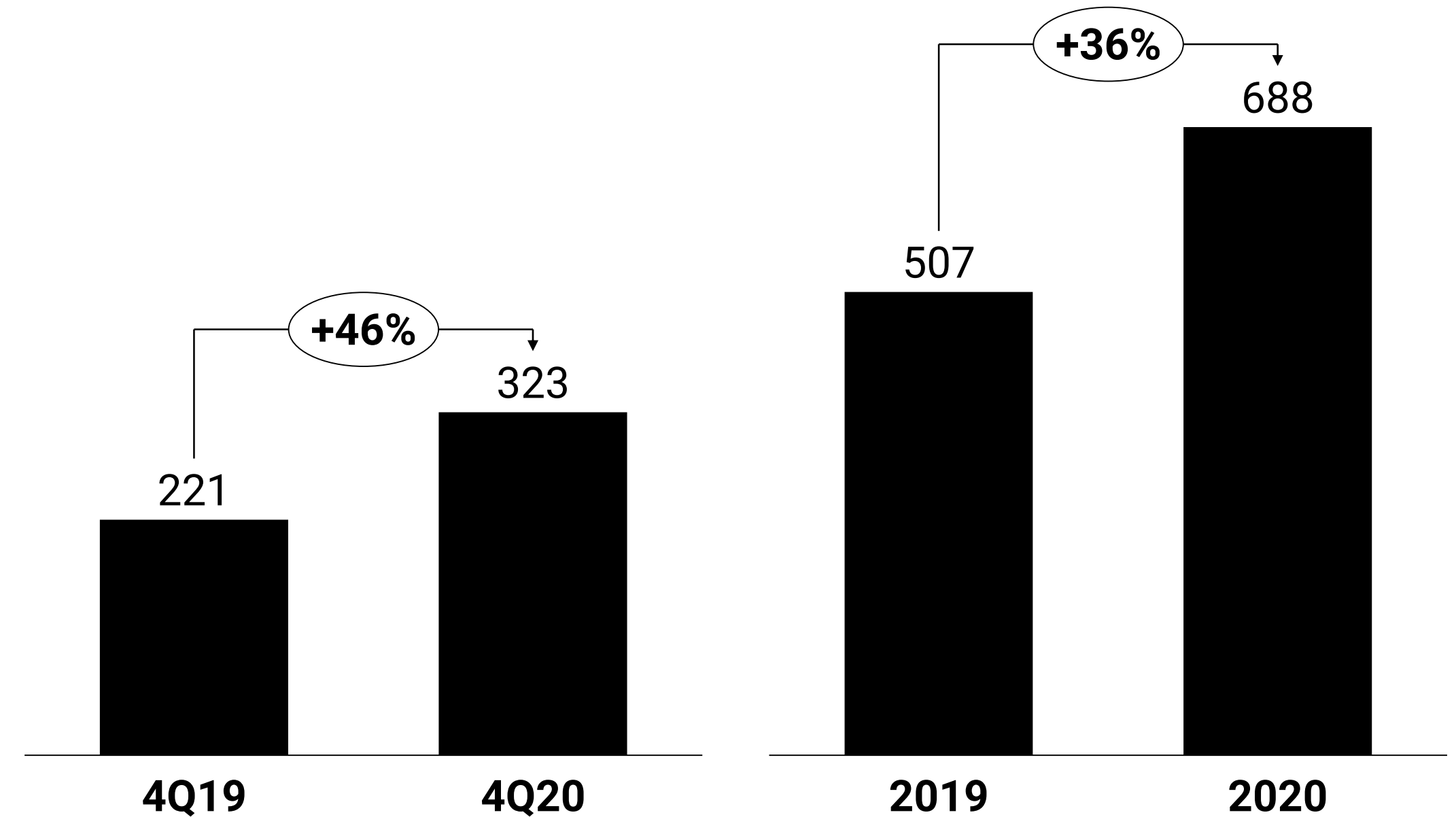
Institutional and Issuer Services

Institutional benefited from volumes and Issuer Services from market window

Institutional Revenue (in R\$ mn)



Issuer Services Revenue (in R\$ mn)



Highlights

- Increase in equity trading volume compared to 4Q19, offset by lower funds performance fees;
- Compared to 2019, Institutional revenue grew 51%, from R\$802 million to R\$1.2 billion, driven by higher equity trading volume.

Highlights

- (1) ECM, with 11 executed deals in the quarter and (2) DCM division, with participation in 55 deals, vs. 8 and 51, respectively;
- Revenue increase of 36% for the full year, even with a low performance in the second quarter due to overall market conditions.

Non-GAAP Financial Information

Adjusted Net Income and Adjusted Gross Financial Assets

Adjusted EBITDA (in R\$ mn)

	4Q20	4Q19	YoY	3Q20	QoQ	FY20	FY19	YoY
EBITDA	705	598	18%	681	4%	2,616	1,720	52%
(+) Stock Based Compensation	180	8	n.a.	44	305%	293	8	n.a.
(+) Offering expenses	6	22	-73%	2	216%	8	22	-65%
(-) Tax claim recognition (2010-2020)	-	-	n.a.	-	n.a.	-	(71)	-100%
Adj. EBITDA	891	627	42%	727	23%	2,918	1,679	74%

Adjusted Net Income (in R\$ mn)

	4Q20	4Q19	YoY	3Q20	QoQ	FY20	FY19	YoY
Net Income	602	390	54%	541	11%	2,081	1,089	91%
(+) Stock Based Compensation	180	8	n.a.	44	305%	293	8	n.a.
(+) Offering expenses	6	22	-73%	2	216%	8	22	-65%
(-) Tax claim recognition (2010-2020)	-	-	n.a.	-	n.a.	-	(71)	-100%
(+/-) Taxes	(68)	(3)	n.a.	(18)	283%	(113)	25	n.a.
Adj. Net Income	721	417	73%	570	26%	2,270	1,074	111%

Non-GAAP Financial Information

Adjusted Net Income and Adjusted Gross Financial Assets

Floating Balance (in R\$ mn)

Floating Balance (=net uninvested clients' deposits)	4Q20	3Q20
Assets	(1,028)	(1,484)
(-) Securities trading and intermediation	(1,028)	(1,484)
Liabilities	20,303	15,160
(+) Securities trading and intermediation	20,303	15,160
(=) Floating Balance	19,275	13,676

Adjusted Gross Financial Assets (in R\$ mn)

Adjusted Gross Financial Assets	4Q20	3Q20
Assets	90,518	83,061
(+) Cash	1,955	642
(+) Securities - Fair value through profit or loss	49,590	38,702
(+) Securities - Fair value through other comprehensive	19,039	9,589
(+) Securities - Evaluated at amortized cost	1,829	1,366
(+) Derivative financial instruments	7,559	13,149
(+) Securities purchased under agreements to resell	6,627	18,244
(+) Loans	3,918	1,369
Liabilities	(60,484)	(61,514)
(-) Securities loaned	(2,237)	(1,112)
(-) Derivative financial instruments	(7,819)	(12,730)
(-) Securities sold under repurchase agreements	(31,839)	(35,254)
(-) Private Pension Liabilities	(13,388)	(9,649)
(-) Deposits	(3,022)	(1,627)
(-) Structured Operations	(2,178)	(1,142)
(-) Floating Balance	(19,275)	(13,676)
(=) Adjusted Gross Financial Assets	10,758	7,871