

XP  inc.

1Q21 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 1Q21 KPIs and Financials

04 Q&A



1 Opening Remarks

Highlights

1Q21 Results

- **Strongest Quarter Ever:** Records in all KPIs and Financials
- **Cost discipline and efficiency as a competitive advantage**
- **Operating leverage** enabling reinvestments in the platform

Investments

- **International Funds** has reached R\$20bn in AUC (six times higher YoY), with 120 funds available, including new exclusive partners, such as Systematica, Nordea (ESG Global Fund) and Goldman Sachs
- **Pension Funds** with 88% of market transfers in March, yet with a small AUC (1.6% share)¹

Banking

- **XP VISA INFINITY** card officially launched
- **Loan portfolio growth of +22% QoQ**

Governance

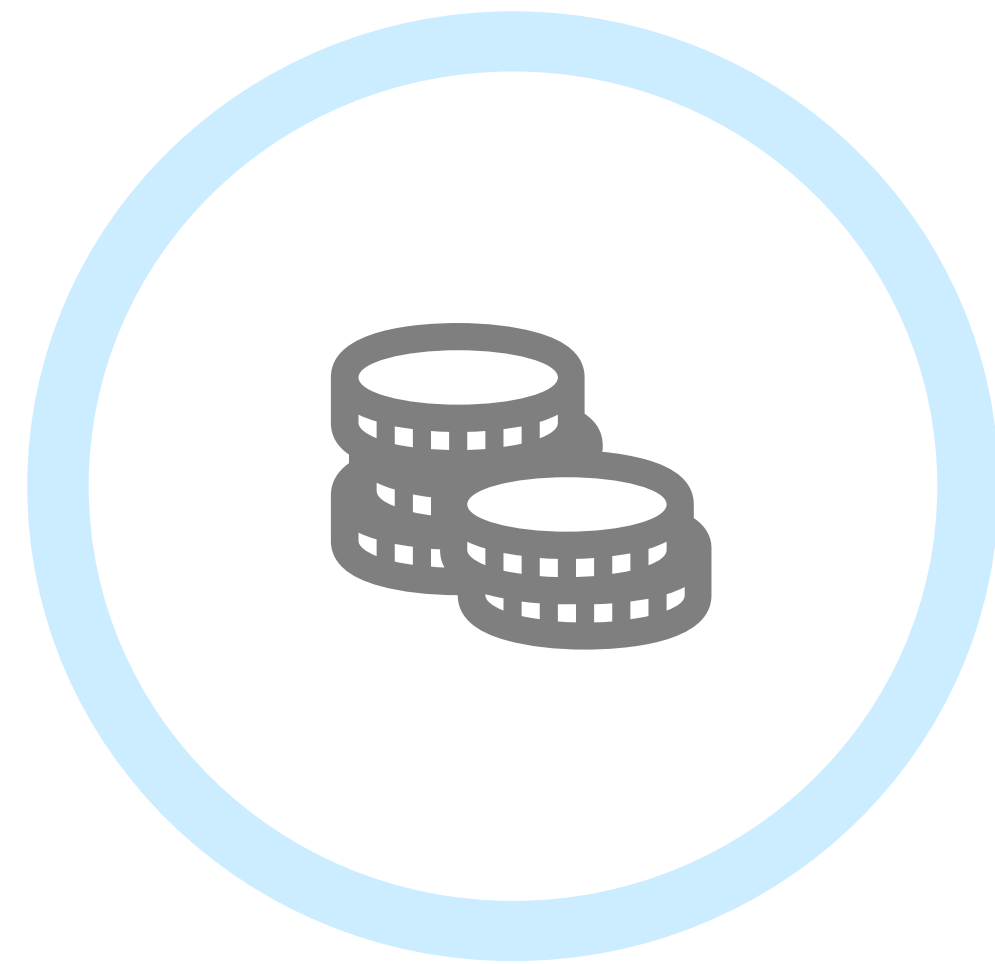
- **Elimination** of Material Weaknesses within the first year as listed company

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2 Banking Update

Banking: Recent Developments

Solid deliveries over the last twelve months



COLLATERALIZED CREDIT

- **R\$4.7 billion** book (Individuals and Companies)
- Conservative approach to risk aiming **zero NPL**
- **Lower capital** vs traditional credit lines



CREDIT CARD

- **XP VISA INFINITY** card officially launched
- Higher than expected **card activation** to date
- **Marketplace** delivered in **two months**



MARGIN LOANS

- **Credit line** currently in pilot phase
- Relevant tool to enhance **trading experience**
- **Collateralization** mitigates default risk

Banking: What's Next

Connecting the dots to execute an ambitious business plan and grow our revenue SAM (serviceable available market) with expanded product offering

INDIVIDUALS (MASS AFFLUENT AND PRIVATE)

COMPANIES (SMB, MIDDLE AND CORPORATE)

Short-Term (2021-2022)

- Full Digital Account
- Debit Card and PIX

- Scale existing products: Investments, FX, Collateralized Credit, Derivatives
- Scale Energy Trading Desk

Mid-Term (2022-2023)

- Expanded credit offering
- New Insurance products

- Expanded credit offering
- Taylor-Made Insurance products
- Cash Management

Business Plan Optionalities

- Attract and monetize Retail clients through cross-sell and non-investment products
- Open Banking opportunities

- Enter the Acquiring / Payments market
- Enhance Data Analytics
- Cross-sell and explore Corporate Pension
- Open Banking opportunities

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3 1Q21 KPIs and Financials

Investments

Total AuC

R\$715 Billion

+96% YoY

Active Clients

3.0 Million

+47% YoY

DARTS

3.2 Million

+91% YoY

Banking

Collateralized Credit Portfolio

R\$4.7 Billion

+74x YoY

Credit Card TPV

R\$505 Million

NPL Ratio¹

0%

Financials

Gross Revenue

R\$2.8 Billion

+50% YoY

Adjusted EBITDA²

R\$1.0 Billion

+75% YoY

Adjusted Net Income²

R\$846 Million

+104% YoY

NPS³ Mar-21: 74

(1) Rounded number

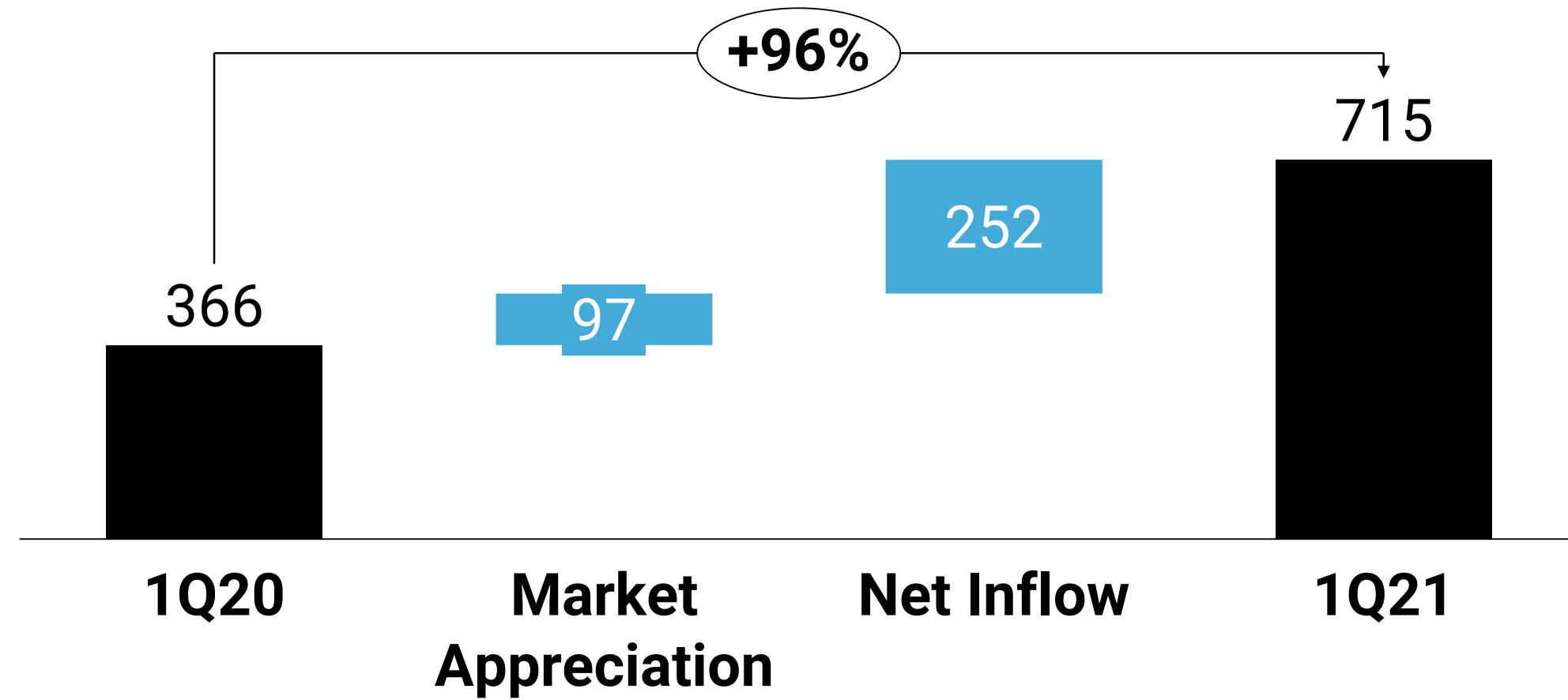
(2) See appendix for a reconciliation of Adjusted Net Income and Adjusted EBITDA

(3) 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

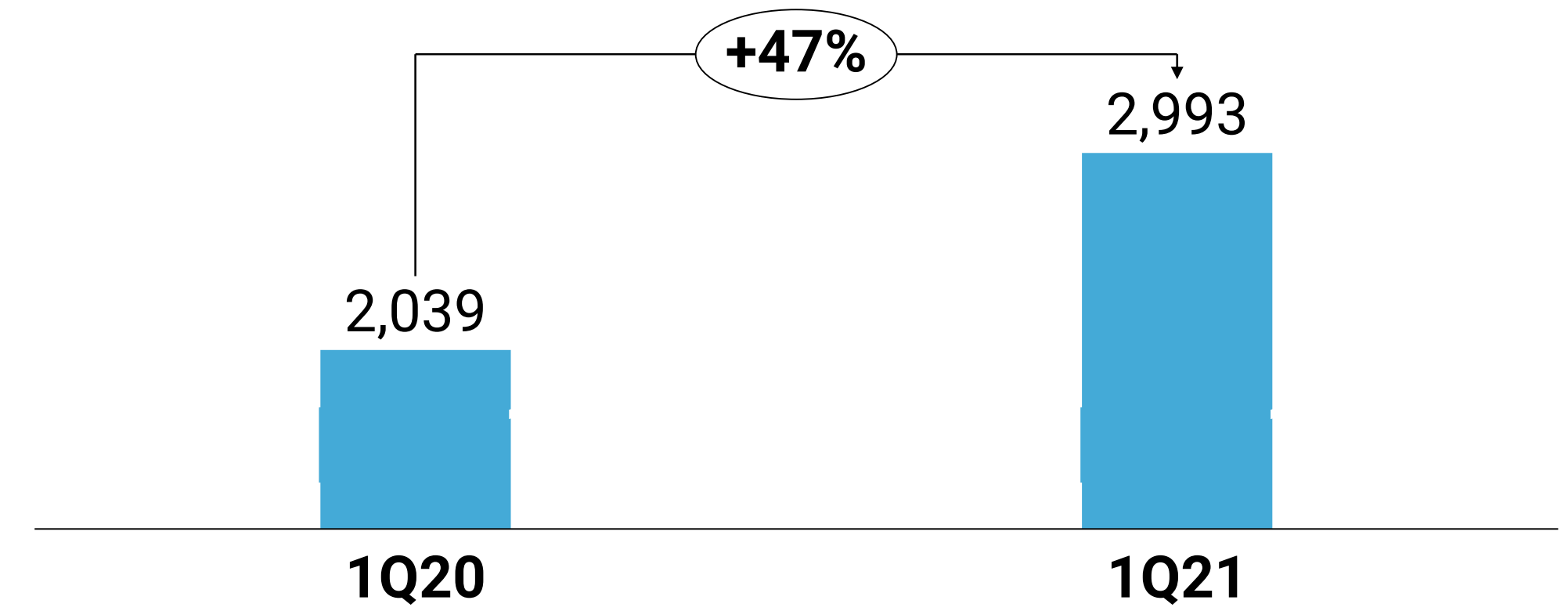
KPIs

AUC, Active Clients and Net Inflows

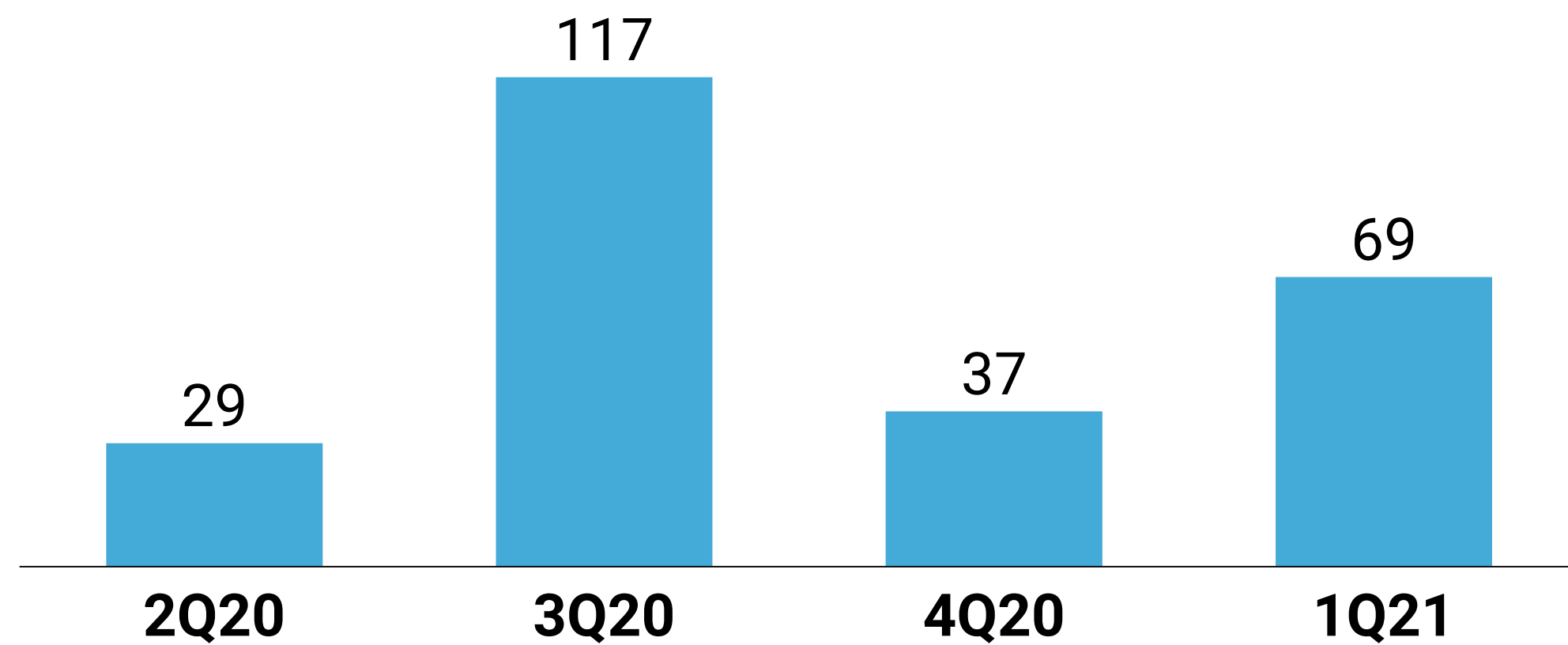
Assets Under Custody (AUC) (in R\$ bn)



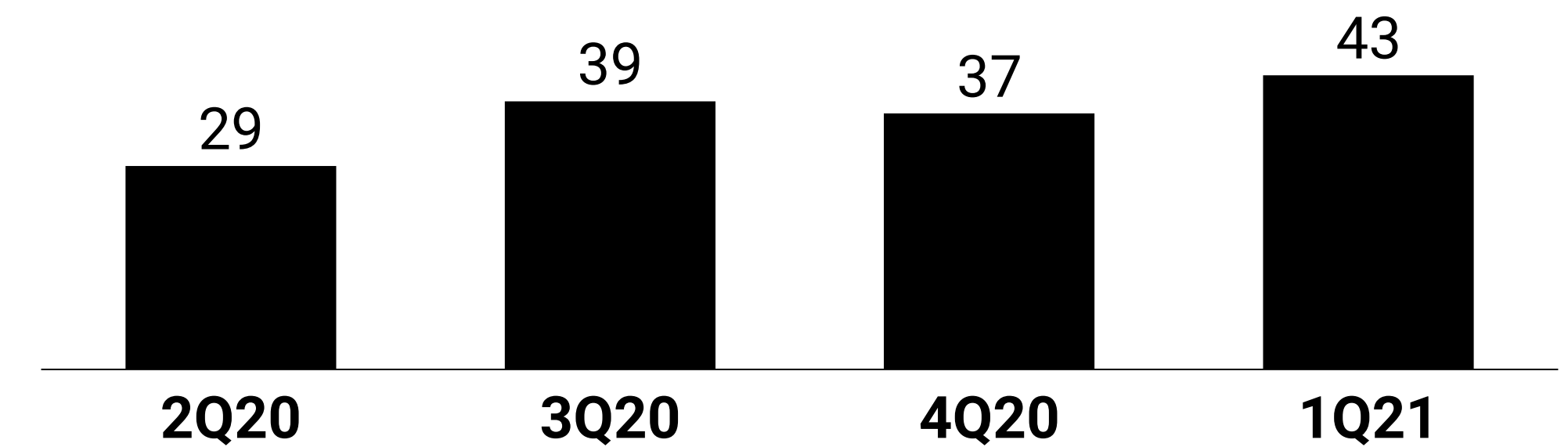
Active Clients ('000)



Net Inflow (in R\$ bn)

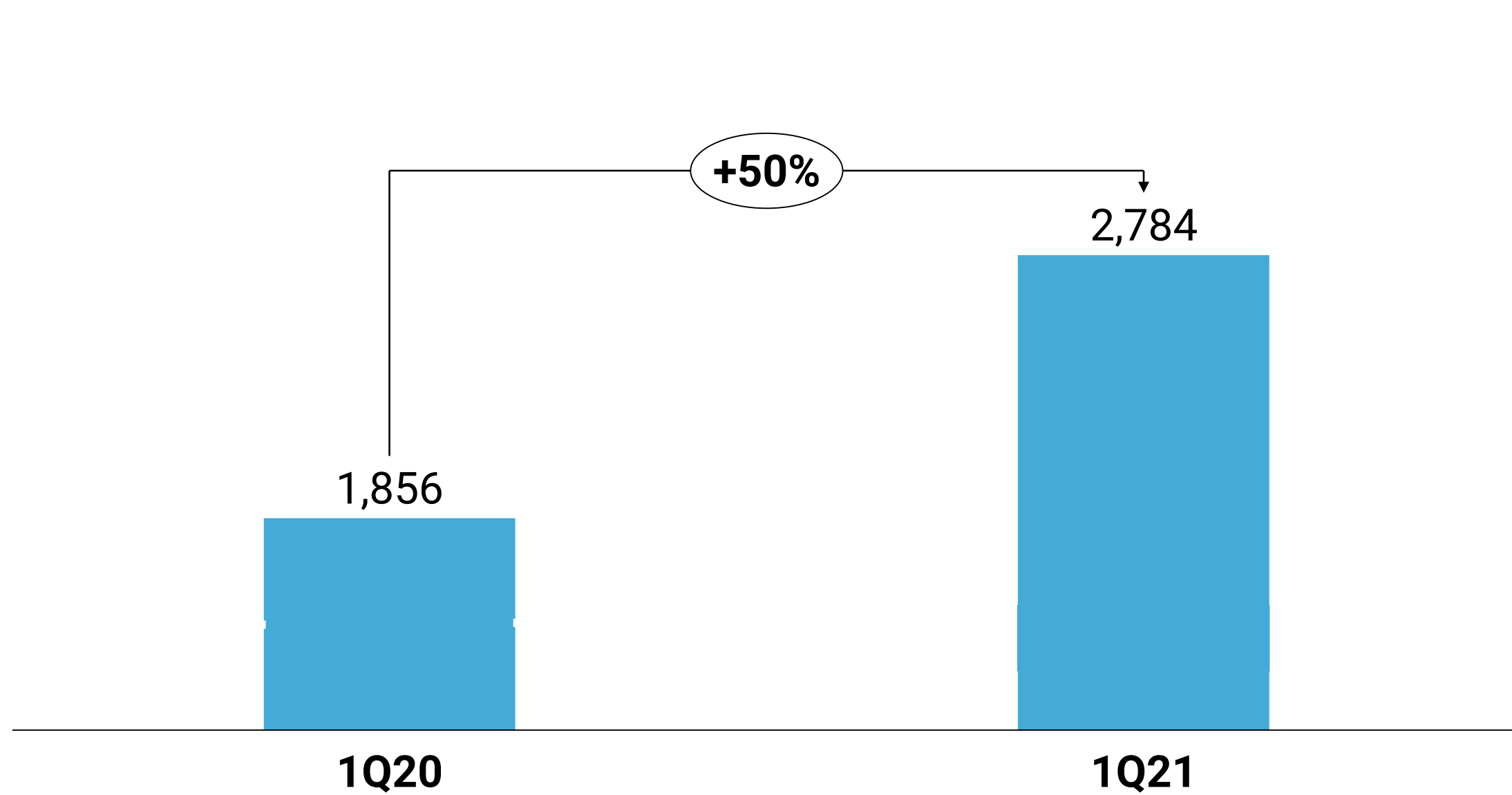


Net Inflow Adj. by Extraordinary Inflows (in R\$ bn)



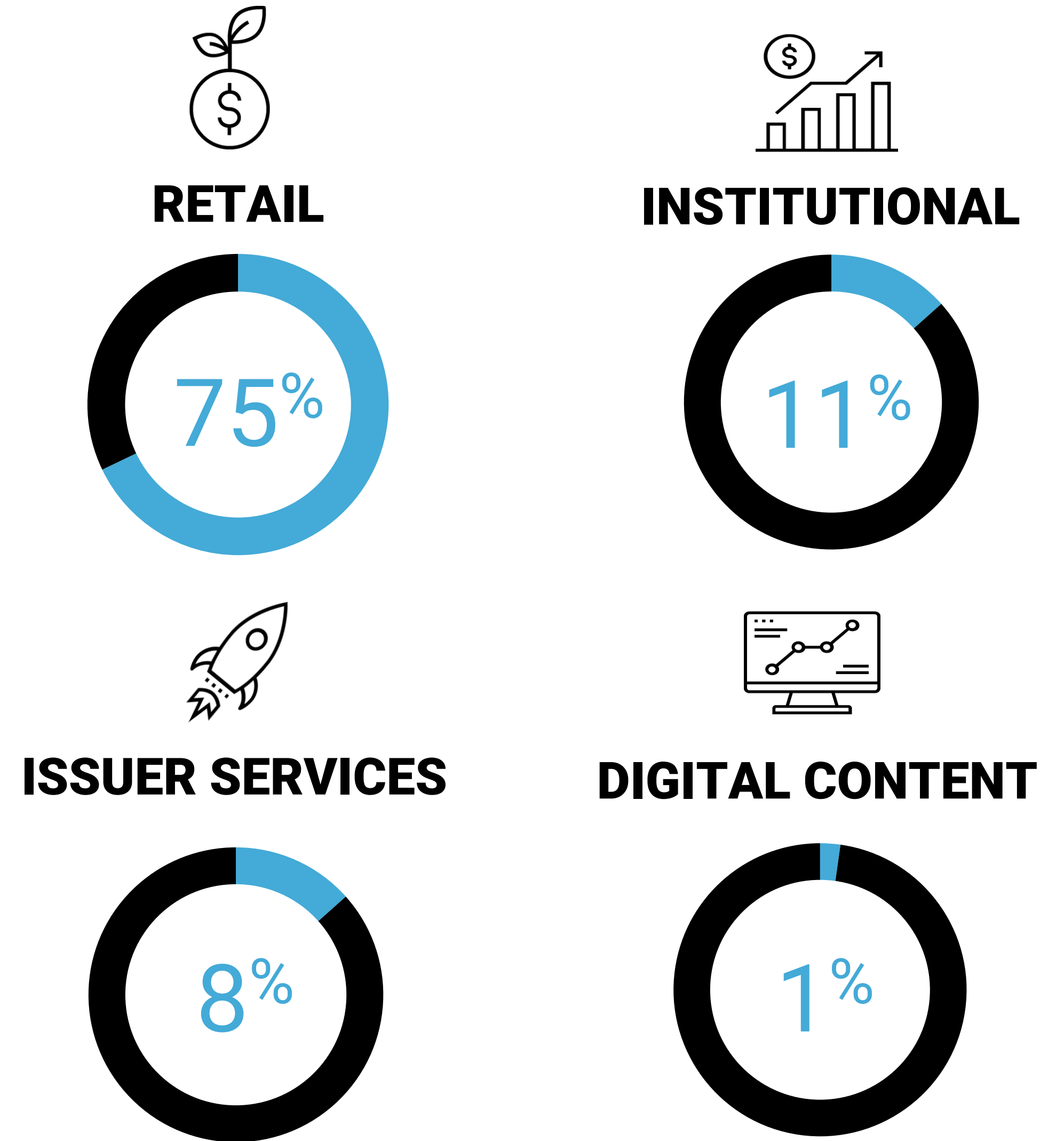
Revenue and Breakdown

Total Gross Revenues (in R\$ mn)



Highlights

- Strong growth leading to a new record, driven mainly by the Retail business, with 90% of growth contribution.

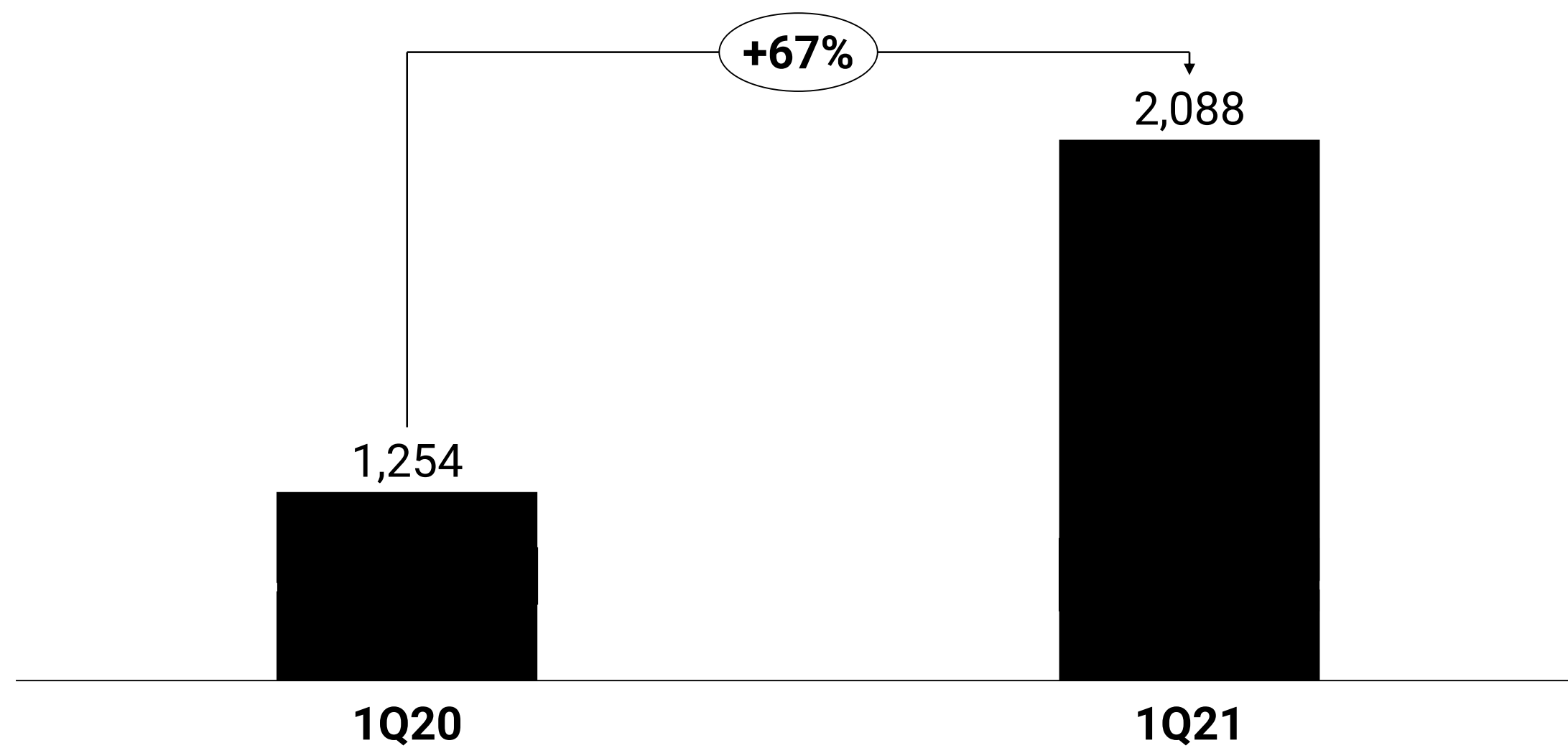


of 1Q21 Total Gross Revenue
 Other Revenue represented 5% of Total Gross Revenues

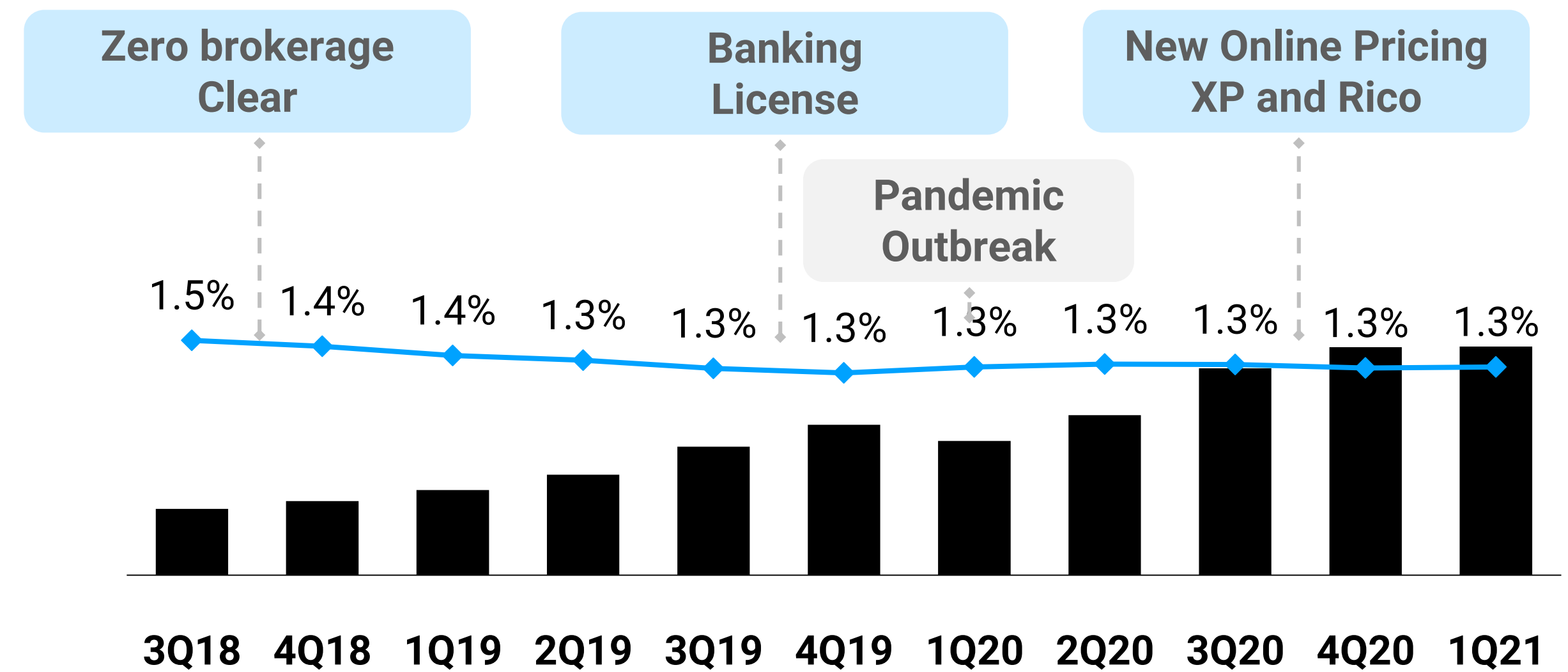
Retail Revenue and Take Rate

Resilient monetization and strong trading volumes, following client net adds and net inflows

Retail Revenue (in R\$ mn)



LTM Take Rate (LTM Retail Revenue / Average AUC)



Highlights

- Retail revenue was strong across all products. Key growth drivers were: (1) Financial Products; (2) Equity and futures; and (3) Fixed Income;
- On 1Q21, Retail related revenues represented 79% of consolidated Net Income from Financial Instruments.

Highlights

- Deepening client relationship and strong flow volumes driving continued monetization of retail revenues

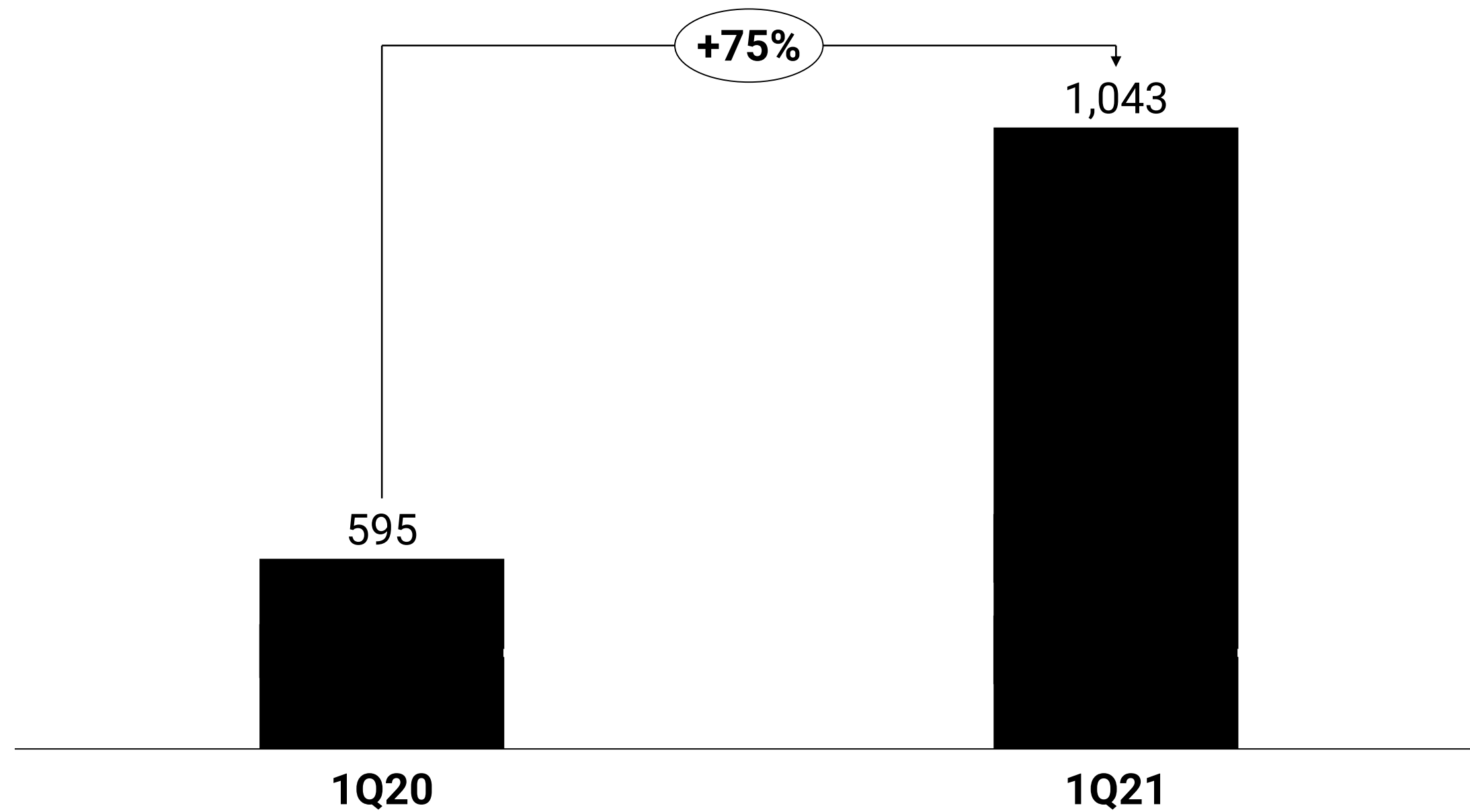
■ AUC
◆ LTM Take Rate

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

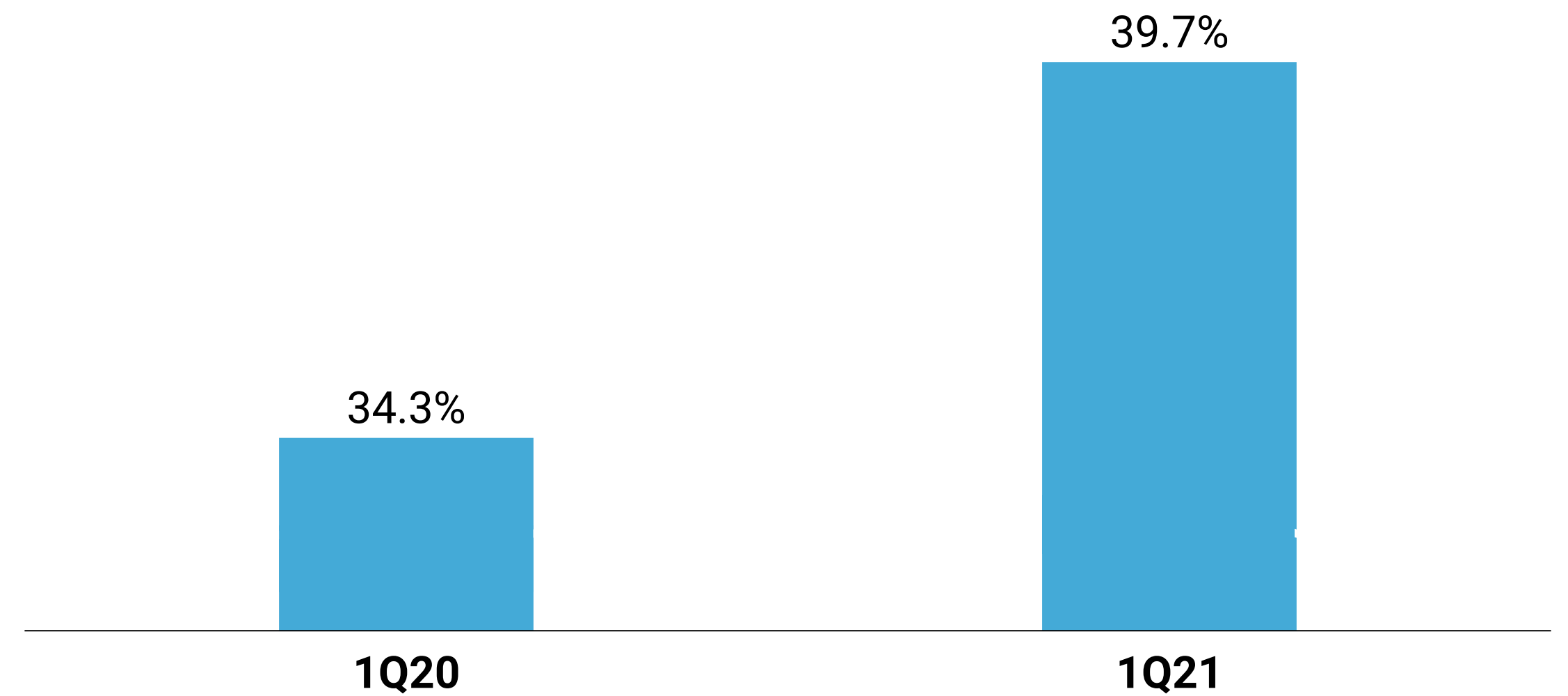
Adjusted EBITDA and Margin

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

Adjusted EBITDA (in R\$ mn)



Adjusted EBITDA Margin



Highlights

- Adjusted EBITDA grew 75%, from R\$595 million to R\$1,043 million. The growth was driven by (1) increases in the top line, mainly coming from Retail; (2) better COGS as a percentage of Net Revenues, and consequently higher gross margins and (3) operating leverage in SG&A.

Highlights

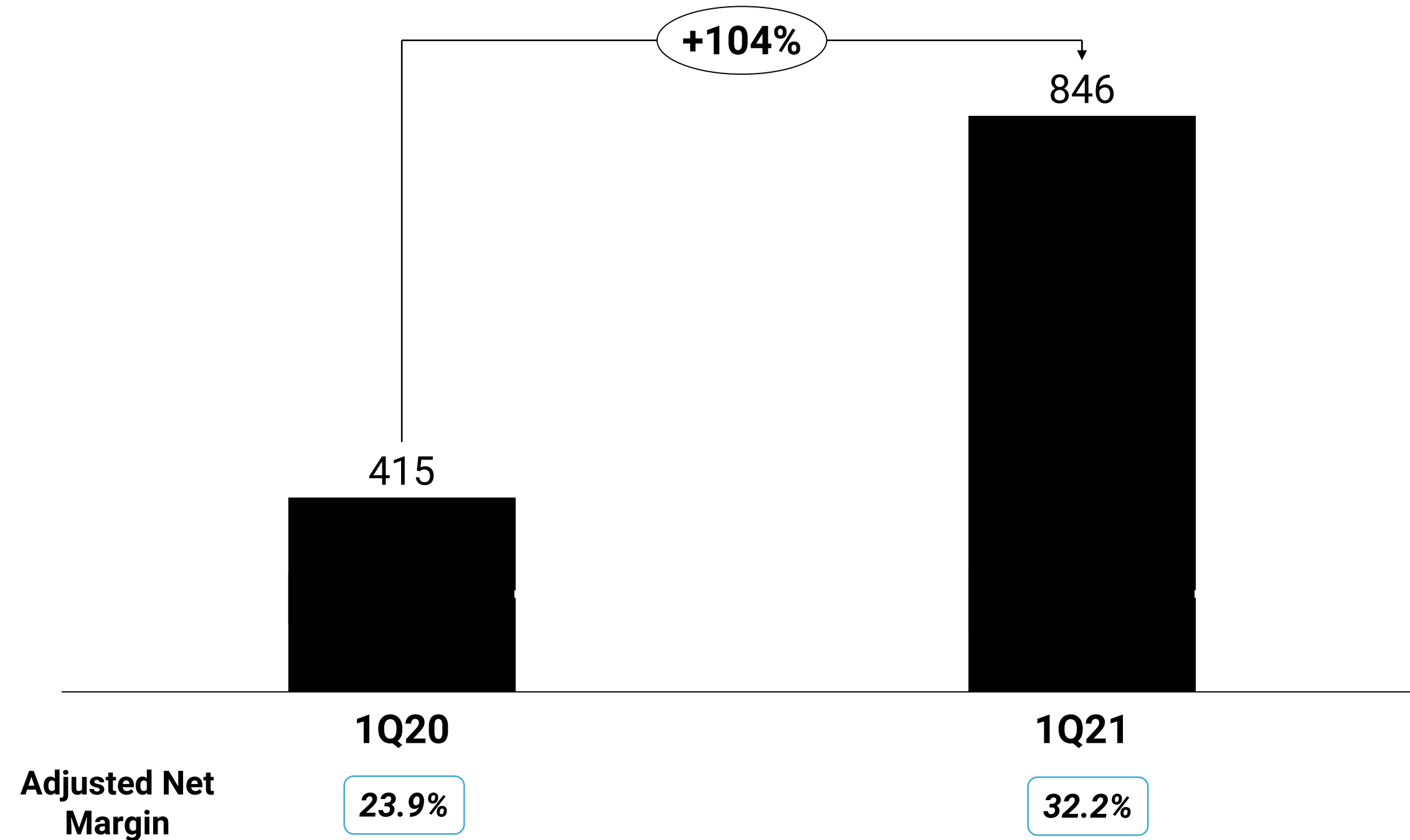
- Despite investments in technology, product development, and new hires -- headcount increased by 64% during the last 12 months - the margin expansion was attributable to our highly scalable business model.

Note: See appendix for a reconciliation of Adjusted EBITDA.

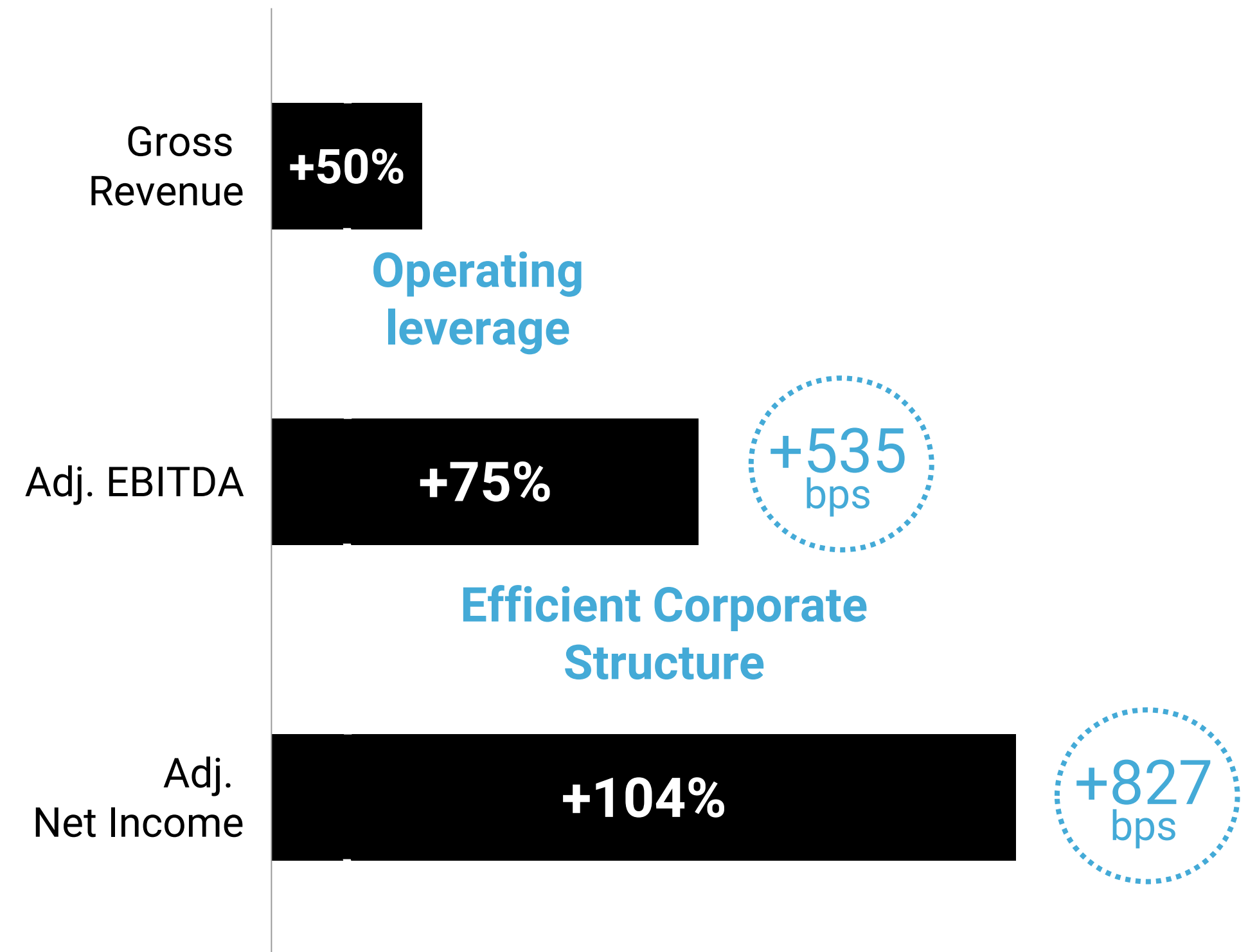
Adjusted Net Income and Margin

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 1Q21 P&L




Margin expansion YoY

Highlights

- Adjusted Net Income grew 104% vs. 1Q20, explained by (1) strong growth in Retail Revenue, (2) operating leverage in SG&A and (3) a lower effective tax rate.

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 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.

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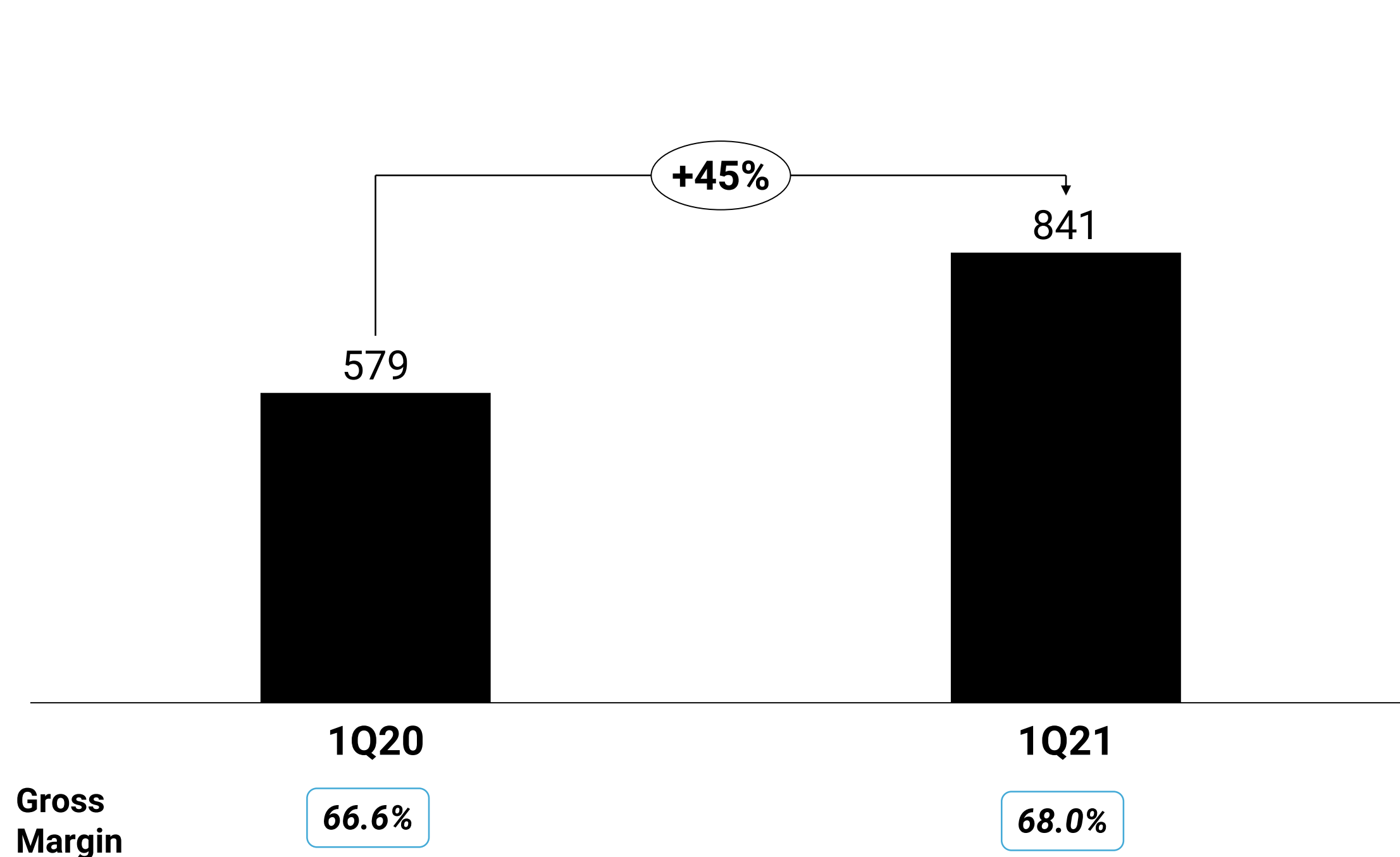
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Appendix

COGS and SG&A

Gross margin expansion and efficiency gains despite investments in the platform

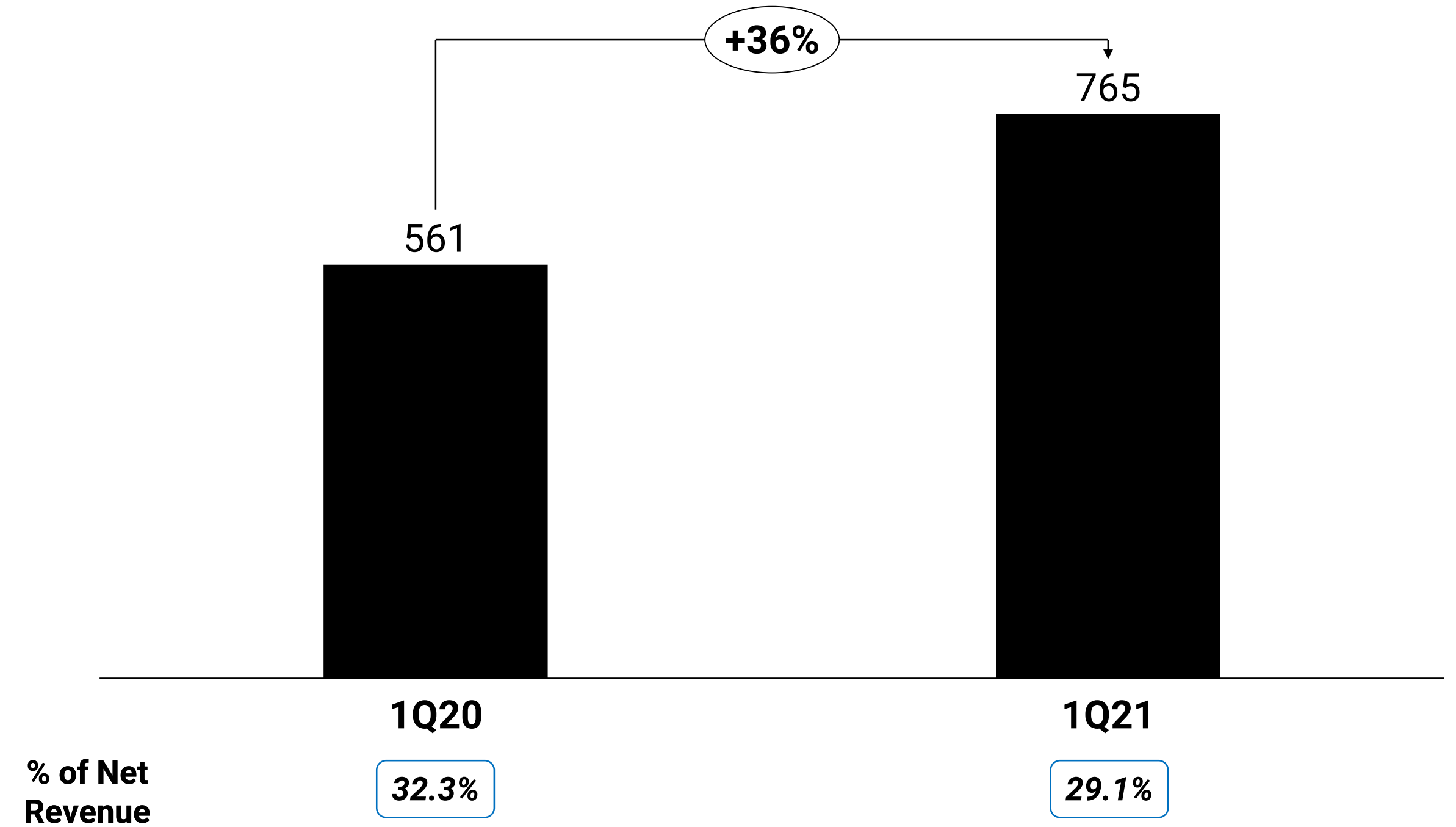
COGS (in R\$ mn)



Highlights

- Year-over-year gross margin expansion, despite the impact of long-term incentives with the IFA network, as costs were abnormally high in the same period of last year due to the beginning of the pandemic.

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



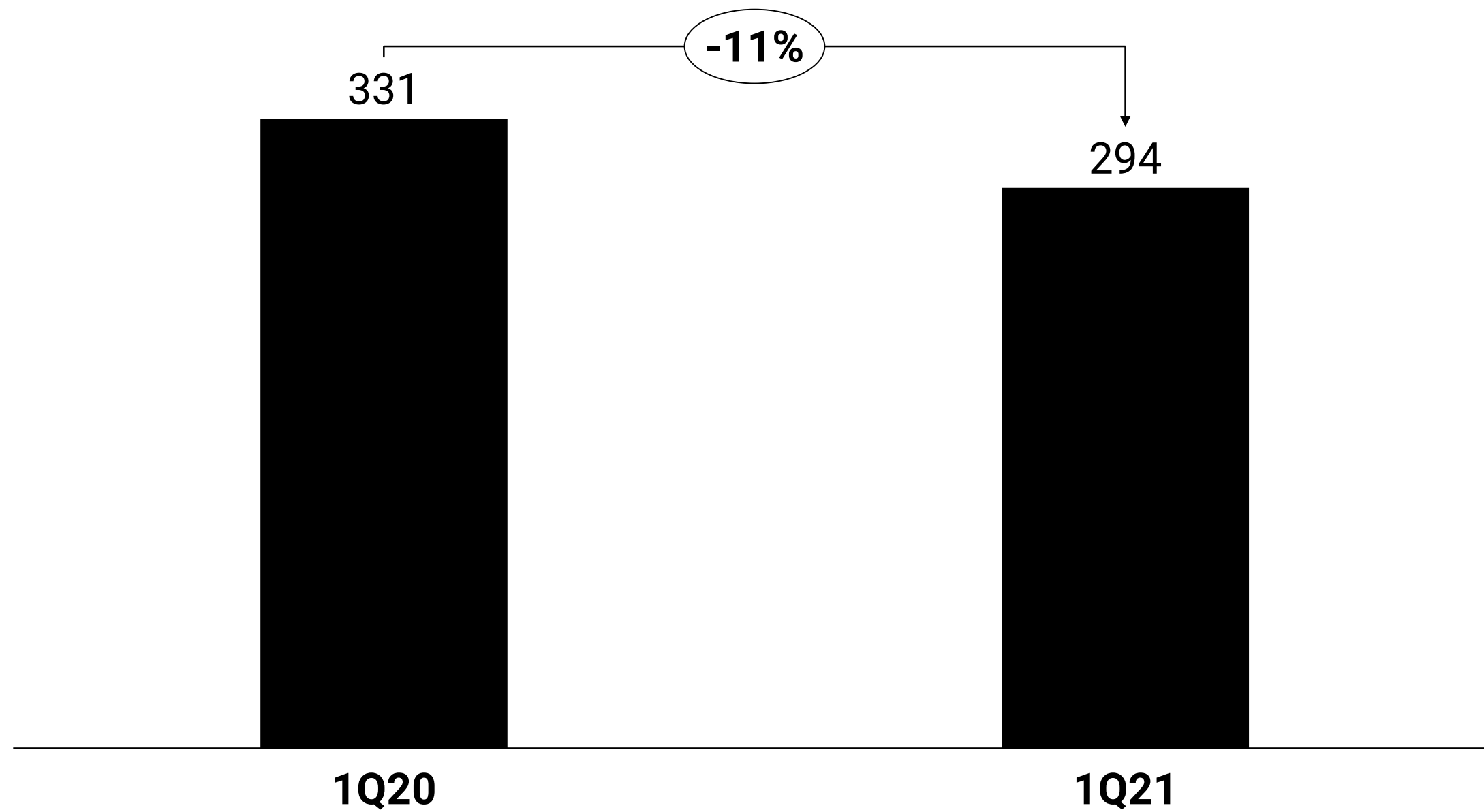
Highlights

- Despite growing our headcount by 64% year-over-year, continuously investing in technology and new verticals, and deploying new products, we increased efficiency, reducing expenses as a percentage of net revenue by 321 bps.

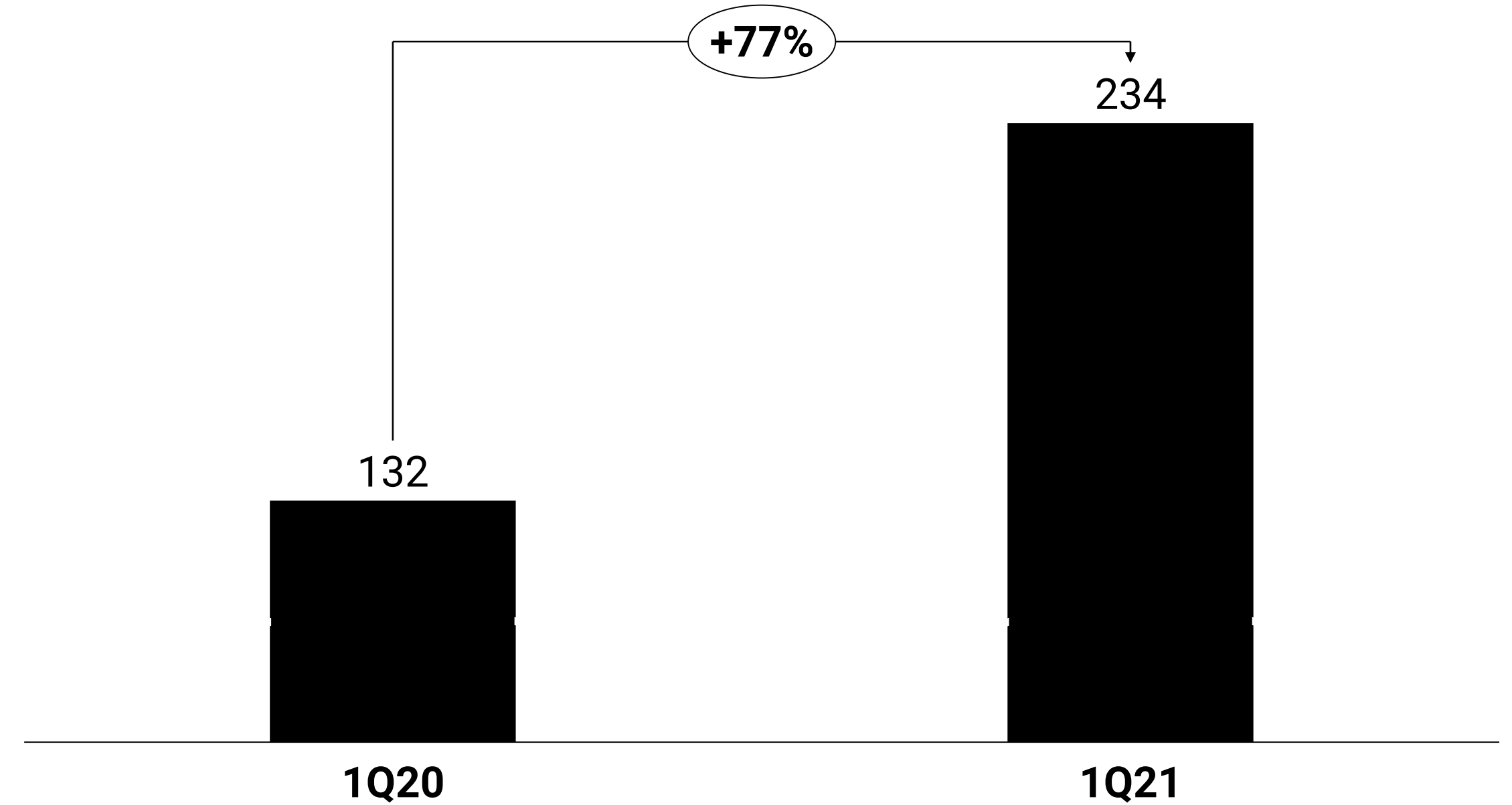
Institutional and Issuer Services

Institutional benefited from volumes and Issuer Services from market window

Institutional Revenue (in R\$ mn)



Issuer Services Revenue (in R\$ mn)



Highlights

- Despite the growth in core trading desks in 1Q21, the same period of last year benefited from a strong client activity in the fixed income business, due to the pandemics.

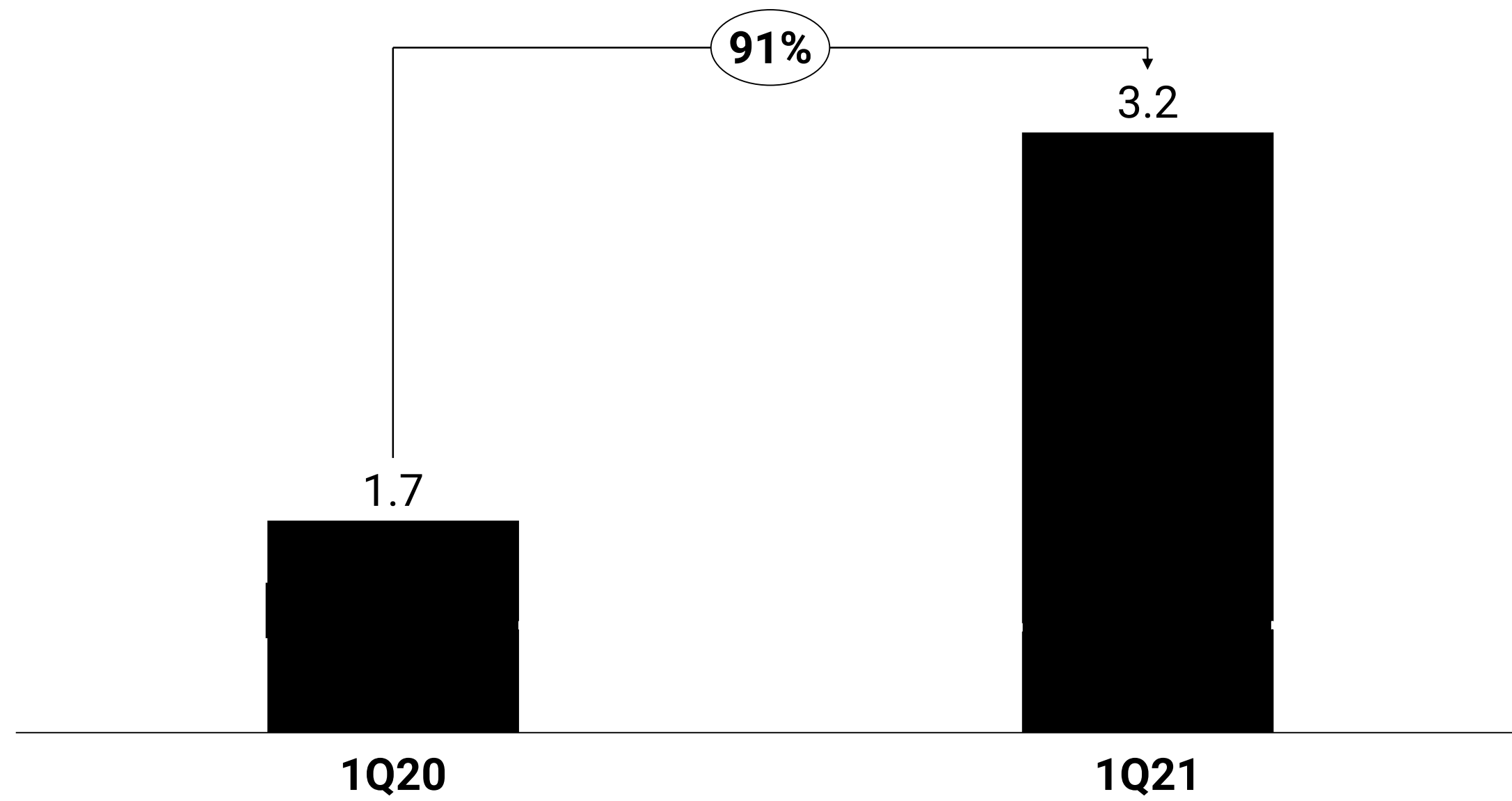
Highlights

- This increase was driven by (1) Equity Capital Markets (ECM), with 12 executed deals vs 5 in 1Q20, and (2) our Debt Capital Markets (DCM) division, with participation in 43 deals vs 36 in 1Q20

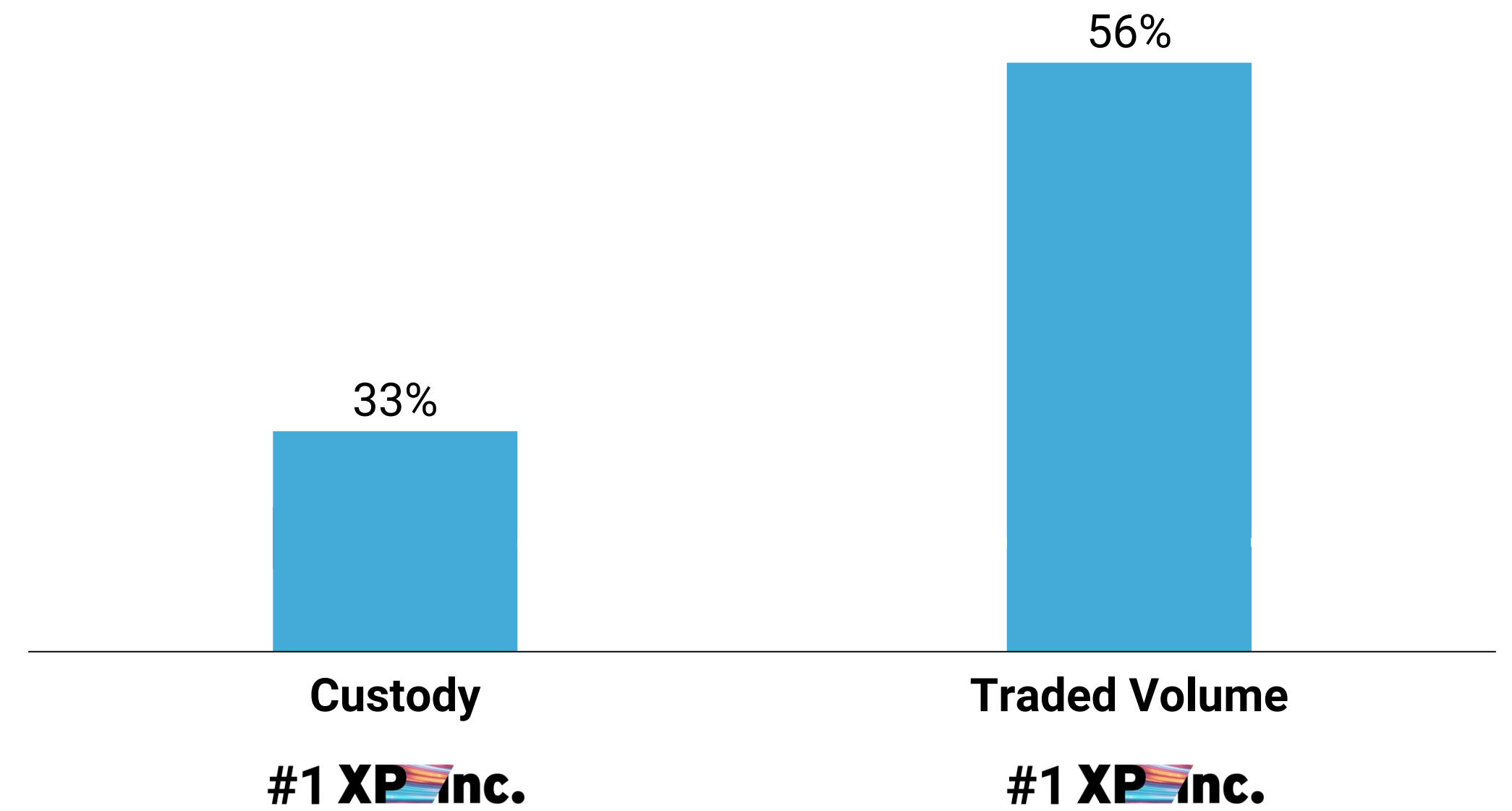
KPIs

Average Trades and Market Share

Retail Equity DARTs (million)



XP Inc. Retail Equity Market Share Mar-21



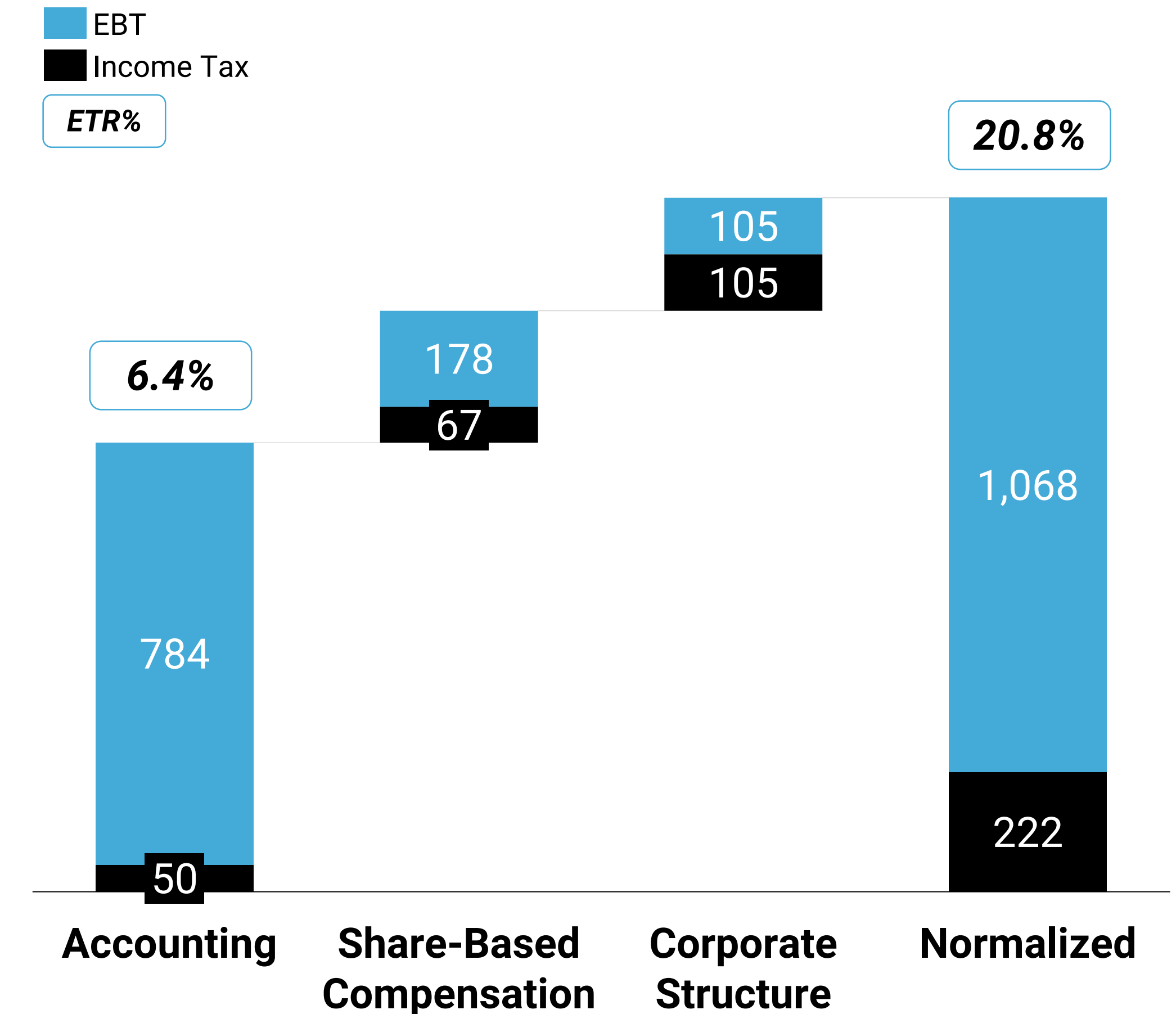
Non-GAAP Financial Information

A low ETR driven by (i) corporate structure and (ii) share based compensation expenses

Normalized ETR from Accounting ETR (in R\$ mn)

	1Q20	2Q20	3Q20	4Q20	1Q21	
[A] Accounting ETR						
ETR	21.8%	10.7%	13.5%	7.6%	6.4%	
EBT	545	650	677	799	784	
Income Tax	119	69	91	60	50	
[A+B] ETR ex-Adjustments¹						
ETR	22.7%	12.4%	15.0%	13.0%	12.1%	[B]
EBT	573	690	723	985	963	+178
Income Tax	130	85	109	128	117	+67
[A+C] ETR ex-Corporate Structure accounting effects²						
ETR	27.5%	17.8%	22.0%	23.2%	17.4%	[C]
EBT	587	707	751	962	889	+105
Income Tax	161	126	165	224	155	+105
[A+B+C] Normalized ETR³						
ETR	28.0%	19.0%	22.9%	25.4%	20.8%	[B+C]
EBT	616	747	797	1,148	1,068	+283
Income Tax	173	142	183	291	222	+172

1Q21 Normalized Effective Tax Rate (in R\$ mn)



(1) Share-Based Compensation and Offering expenses effects on EBT and Income Tax
 (2) A portion of Total Revenue and Income generated is recognized already net of income tax
 (3) Illustrative ETR incorporating both item (1) and (2)

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	121,750	16,897	104,854	20,399	84,455	58,047	26,409
Securities - Fair Value through P&L	62,855	16,897	45,959	-	45,959	33,327	12,632
Securities - Repos	6,741	-	6,741	-	6,741	6,741	-
Securities - Fair Value through OCI	21,629	-	21,629	17,214	4,415	4,415	-
Securities - Trading & Intermediation	3,184	-	3,184	3,184	-	-	-
Other Financial Instruments	15,503	-	15,503	-	15,503	13,564	1,939
Other Assets	11,838	-	11,838	-	11,838	-	11,838

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	121,750	16,897	104,854	20,399	84,455	58,047	26,409
Securities - Repos	44,483	-	44,483	-	44,483	44,483	-
Other Finan. Liab.	16,269	-	16,269	-	16,269	13,564	2,706
Pension Funds	16,897	16,897	-	-	-	-	-
Securities - Trading & Intermediation	20,399	-	20,399	20,399	-	-	-
Other Liabilities & Equity	23,703	-	23,703	-	23,703	-	23,703

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

Floating and Adjusted Gross Financial Assets

Floating Balance (in R\$ mn)

Floating Balance (=net unvested clients' deposits)	1Q21	4Q20
Assets	(3,184)	(1,052)
(-) Securities trading and intermediation	(3,184)	(1,052)
Liabilities	20,399	20,303
(+) Securities trading and intermediation	20,399	20,303
(=) Floating Balance	17,214	19,252

Adjusted Gross Financial Assets (in R\$ mn)

Adjusted Gross Financial Assets	1Q21	4Q20
Assets	113,327	90,518
(+) Cash	1,557	1,955
(+) Securities - Fair value through profit or loss	62,855	49,590
(+) Securities - Fair value through other comprehensive income	21,629	19,039
(+) Securities - Evaluated at amortized cost	1,916	1,829
(+) Derivative financial instruments	13,587	7,559
(+) Securities purchased under agreements to resell	6,741	6,627
(+) Loans	5,041	3,918
Liabilities	(84,493)	(60,484)
(-) Securities loaned	(2,706)	(2,237)
(-) Derivative financial instruments	(13,564)	(7,819)
(-) Securities sold under repurchase agreements	(44,483)	(31,839)
(-) Private Pension Liabilities	(16,897)	(13,388)
(-) Deposits	(4,003)	(3,022)
(-) Structured Operations	(2,841)	(2,178)
(-) Floating Balance	(17,214)	(19,252)
(=) Adjusted Gross Financial Assets	11,619	10,782

Non-GAAP Financial Information

Adjusted Net Income and Adjusted Gross Financial Assets

Adjusted EBITDA (in R\$ mn)

	1Q21	1Q20	YoY	4Q20	QoQ
EBITDA	864	567	52%	705	23%
(+) Share Based Compensation	178	28	528%	180	-1%
(+) Offering expenses	-	-	n.a.	6	-100%
Adj. EBITDA	1,043	595	75%	891	17%

Adjusted Net Income (in R\$ mn)

	1Q21	1Q20	YoY	4Q20	QoQ
Net Income	734	398	85%	602	22%
(+) Share Based Compensation	178	28	n.a.	180	-1%
(+) Offering expenses	-	-	n.a.	6	-100%
(+/-) Taxes	(67)	(11)	n.a.	(68)	-1%
Adj. Net Income	846	415	104%	721	17%