
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2024
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
OR
 SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report _____

Commission file number: 001-39155

XP Inc.

(Exact name of Registrant as specified in its charter)

Not applicable

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

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Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A common shares, par value US\$0.00001 per share	XP	The NASDAQ Global Select Market

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

The number of outstanding shares as of December 31, 2024 was 434,047,695 Class A common shares and 103,375,726 Class B common shares.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes

No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes

No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes

No (not required)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this annual report:

U.S. GAAP

International Financial Reporting Standards as issued by
the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17

Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

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All references to "U.S. dollars," "dollars" or "\$" are to the U.S. dollar. All references to "real," "reais," "Brazilian real," "Brazilian reais" or "R\$" are to the Brazilian real the official currency of Brazil. All references to IFRS accounting standards are to International Financial Reporting Standards, as issued by the International Accounting Standards Board, or the "IASB," currently described as "IFRS Accounting Standards" by the IFRS Foundation.

Financial Statements

XP was incorporated on August 29, 2019, as a Cayman Islands exempted company with limited liability duly registered with the Cayman Islands Registrar of Companies. Until the contribution of the shares of XP Investimentos S.A., or XP Brazil shares, to it prior to the consummation of our initial public offering of Class A common share completed on December 13, 2019, or the "Initial Public Offering" and the "Share Contribution," XP had not commenced operations and had only nominal assets and liabilities and no material contingent liabilities or commitments.

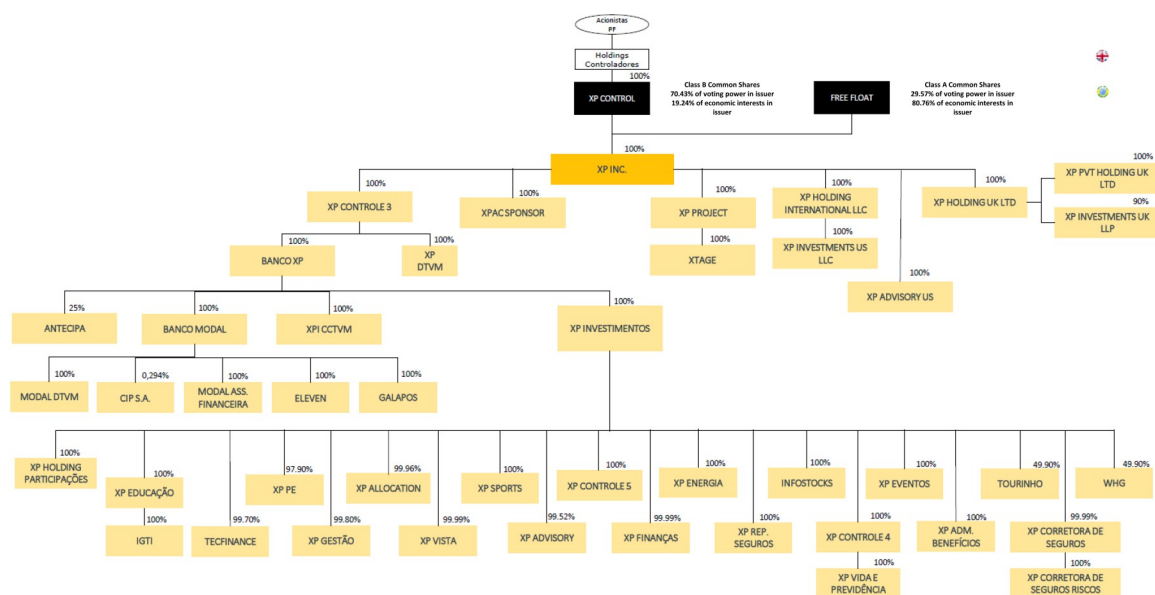
We maintain our books and records in Brazilian reais, the presentation currency for our financial statements and the functional currency of our operations in Brazil. Our annual consolidated financial statements were prepared in accordance with IFRS, as issued by the IASB, currently described as "IFRS Accounting Standards" by the IFR Foundation. Unless otherwise noted, our consolidated statement of financial position information presented herein as of December 31, 2024 and 2023 and the consolidated statements of income for the years ended December 31, 2024, 2023 and 2022 is stated in Brazilian reais, our reporting currency. Our consolidated financial information contained in this annual report is derived from our audited consolidated financial statements as of December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022, together with the notes thereto. All references herein to "our financial statements," "our audited consolidated financial information" and "our audited consolidated financial statements" are to our consolidated financial statements included elsewhere in this annual report.

This financial information should be read in conjunction with "Item 5. Operating and Financial Review and Prospects" and our audited consolidated financial statements, including the notes thereto, included elsewhere in this annual report.

Our fiscal year ends on December 31. References in this annual report to a fiscal year, such as "fiscal year 2024," relate to our fiscal year ended on December 31 of that calendar year.

Corporate Structure

The following chart shows our corporate structure as of December 31, 2024:



As of the date of this annual report, we had a total of 537,423,421 common shares issued and outstanding; 103,375,726 of these shares are Class B common shares beneficially owned by XP Control; and 434,047,695 of these shares are Class A common shares owned by investors. For further information on our major shareholders, please refer to "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders."

Please read the information in the section entitled "Item 4. Information on the Company—C. Organizational Structure" for a more thorough description of the operations of our material operating subsidiaries.

Financial Information in U.S. Dollars

Solely for the convenience of the reader, we have translated some of the real amounts included in this annual report from reais into U.S. dollars. You should not construe these translations as representations by us that the amounts actually represent these U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated. Unless otherwise indicated, we have translated real amounts into U.S. dollars using a rate of R\$6.192 to US\$1.00, the commercial selling rate for U.S. dollars as of December 31, 2024 as reported by the Central Bank. See "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Exchange Rates" for more detailed information regarding translation of reais into U.S. dollars and for historical exchange rates for the Brazilian real.

Special Note Regarding Non-GAAP Financial Measures

This annual report presents our Adjusted Net Income information and its reconciliation for the convenience of the investors.

We present Adjusted Net Income as a financial measure that reflects the company's net income excluding certain non-recurring or non-cash items that management believes do not reflect the company's core operating performance. For the year ended December 31, 2024, this includes adjustments related to social contribution charges and deferred tax assets associated with Performance Stock Units (PSUs) that expired unvested. These adjustments exclude accounting charges that neither impact cash flow nor reflect recurring earnings volatility. These adjustments were not applicable to the year ended December 31, 2023 and as a consequence Adjusted Net Income was the same as Net Income for this period.

The non-GAAP financial measure described in this annual report are not a substitute for the IFRS Accounting Standards measures of earnings.

Market Share and Other Information

This annual report contains data related to economic conditions in the market in which we operate. The information contained in this annual report concerning economic conditions is based on publicly available information from third-party sources that we believe to be reasonable. Market data and certain industry forecast data used in this annual report were obtained from internal reports and studies, where appropriate, as well as estimates, market research, publicly available information (including information available from the United States Securities and Exchange Commission website) and industry publications. We obtained the information included in this annual report relating to the industry in which we operate, as well as the estimates concerning market shares, through internal research, public information and publications on the industry prepared by official public sources, such as the Central Bank, the Brazilian Institute of Geography and Statistics (Instituto Brasileiro de Geografia e Estatística), or the "IBGE," the Institute of Applied Economic Research (Instituto de Pesquisa Econômica Aplicada), or the "IPEA," the National Confederation of Insurance Companies ("Confederação Nacional das Seguradoras"), or the "CNseg," the National Supplementary Health Agency ("Agência Nacional de Saúde Suplementar"), the "ANS," the National Private Pension Fund Federation ("Federação Nacional de Previdência Privada e Vida"), or the "Fenaprevi," the Brazilian Association of Close Pension Fund Institutions ("Associação Brasileira das Entidades Fechadas de Previdência Complementar"), or the "Abrapp," as well as private sources, such as B3, ANBIM Nielsen, consulting and research companies in the Brazilian financial services industry, the Brazilian Economic Institute of Fundação Getúlio Vargas (Instituto Brasileiro de Economia da Fundação Getúlio Vargas), or the "FGV/IBRE," among others.

Industry publications generally state that the information they include has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Although we have no reason to believe any of this information or these reports are inaccurate in any material respect and believe and act as if they are reliable, neither we nor our affiliates or agents have independently verified it. Governmental publications and other market sources, including those referred to above, generally state that their information was obtained from recognized and reliable sources, but the accuracy and completeness of that information is not guaranteed. In addition, the data that we compile internally and our estimates have not been verified by an independent source. Except as disclosed in this annual report, none of the publications, reports or other published industry sources referred to in this annual report were commissioned by us or prepared at our request. Except as disclosed in this annual report, we have not sought or obtained the consent of any of these sources to include such market data in this annual report.

Calculation of Net Promoter Score

Net Promoter Score, or "NPS," is a widely known survey methodology that measures the willingness of customers to recommend a company's products and services. It is used to gauge customers' overall satisfaction with a company's products and services and their loyalty to the brand, and it is typically based on customer surveys. NPS measures satisfaction using a scale of zero to 10 based on a customer's response to the following question: "How likely is it that you would recommend XP to a friend or colleague?" Responses of nine or ten are considered "Promoters." Responses of seven or eight are considered neutral. Responses of six or less are considered "Detractors." The NPS, a percentage expressed as a numerical value, is calculated by subtracting the percentage of respondents who are Detractors from the percentage who are Promoter: and dividing that number by the total number of respondents, which means that the higher the number, the higher the measure of customer satisfaction. The NPS calculation gives no weight to customers who decline to answer the survey question. The NPS calculation as of a given date reflects the average of the answers in the previous six months, e.g., the NPS as of December 2024 reflects the average of answers from July 2024 to December 2024. Our NPS score as calculated by us as of December 2022, 2023 and 2024 was 73, 72 and 70, respectively.

Rounding

We have made rounding adjustments to some of the figures included in this annual report. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them.

This annual report on Form 20-F contains statements that constitute forward-looking statements. Many of the forward-looking statements contained in this annual report can be identified by the use of forward-looking words such as "anticipate," "believe," "could," "expect," "should," "plan," "intend," "estimate" and "potential," among others.

Forward-looking statements appear in a number of places in this annual report and include, but are not limited to, statements regarding our intent, belief or current expectations. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors, including, but not limited to, those identified under the section entitled "Item 3. Key Information—D. Risk Factors" in this annual report. These risks and uncertainties include factors relating to:

- general economic, financial, political, demographic and business conditions in Brazil, as well as any other countries we may serve in the future and their impact on our business;
- fluctuations in interest, inflation and exchange rates in Brazil and any other countries we may serve in the future and the imposition of tariffs by Brazil or other governments;
- the economic, financial, political and health effects of pandemics (such as the coronavirus pandemic, or COVID-19), epidemics and similar crises, and governmental responses thereto, particularly as such factors impact Brazil and consumer behavior and continue to cause severe, ongoing, negative macroeconomic effects, which could intensify the impacts of other risks described under "Item 3. Key Information—D. Risk Factors";
- general economic, financial, political, demographic and business conditions, such as the conflict between Russia and Ukraine, or between Israel and Hamas, tension along the Israeli borders or with other countries in the region, including Iran, which may result in, among other things, global security issues that may adversely affect international business and economic conditions, and economic sanctions which may impact the global economy;
- competition in the financial services industry;
- our ability to implement our business strategy;
- our ability to adapt to the rapid pace of technological changes in the financial services industry;
- the reliability, performance, functionality and quality of our products and services, the investment performance of investment funds managed by third parties or by our asset managers and the quality, reliability and performance of our suitability, risk management and business continuity policies and processes;
- the availability of government authorizations on terms and conditions and within periods acceptable to us;
- our ability to continue attracting and retaining new appropriately skilled employees;
- our capitalization and level of indebtedness;
- the interests of our controlling shareholders;
- changes in government regulations applicable to the financial services industry in Brazil and elsewhere;
- our ability to compete and conduct our business in the future;
- the success of our operating initiatives, including advertising and promotional efforts and new product, service and concept development by us and our competitors;
- changes in consumer demands regarding financial products, customer experiences related to investments and technological advances, and our ability to innovate to respond to such changes;
- changes in labor, distribution and other operating costs;
- our compliance with, and changes to, government laws, regulations and tax matters that currently apply to us;
- other factors that may affect our financial condition, liquidity and results of operations; and
- other risk factors discussed under "Item 3. Key Information—D. Risk Factors."

Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and Senior Management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

A. Offer Statistics

Not applicable.

B. Method and Expected Timetable

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved.]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Summary of Risk Factors

Our business, results of operations, financial condition or prospects could be adversely affected if any of these risks occurs, and as a result, the trading price of our common shares could decline. The risks described below are those known to us and those that we currently believe may materially affect us.

Certain Risks Relating to Our Business and Industry

- If we cannot make the necessary investments to keep pace with rapid developments and change in our industry, the use of our services could decline, reducing our revenues.
- Substantial and increasingly intense competition within our industry may harm our business.
- Client attrition could cause our revenues to decline or our expenses to increase, and the degradation of the quality of the products and services we offer, including support services, could adversely impact our ability to attract and retain clients and partners.
- Our investment services to our retail clients subject us to additional risks.
- We do not have long-term contractual arrangements with most of our institutional brokerage clients, and our trading volumes and revenues could be reduced if these clients stop using our platform and solutions.

- Our institutional brokerage business depends on our key dealer clients providing us with liquidity and supporting our marketplaces by transacting with our other institutional and wholesale clients.
- A significant part of our business depends on B3.
- If we fail to maintain our reputation, our business, operating results and financial condition may be adversely affected.
- Unauthorized disclosure, destruction or modification of data, through cybersecurity breaches, computer viruses or otherwise, or disruption of our services could expose us to liability and protracted and costly litigation and damage to our reputation.
- We may not be able to ensure the accuracy of the third-party product information on our platform, and we have limited control over the performance of third-party financial products we offer.
- We are subject to increasing scrutiny from certain investors with respect to the societal and environmental impact of investments made at our platform, which may constrain capital deployment opportunities and adversely impact our ability to attract new customers or raise capital.
- We derive a significant portion of our revenues from one of our operating subsidiaries.
- We are exposed to fluctuations in foreign currency exchange rates and enter into derivatives transactions to manage our exposure to exchange rate risk.
- We could fail to maintain effective internal controls over financial reporting, and thus be unable to accurately report our results of operations, meet our reporting obligations and/or prevent fraud.
- Our business is subject to complex and evolving regulations and oversight related to our provision of financial products and services and to costs and risks associated with other increased or changing laws and regulations affecting our business, including developments in data protection and privacy laws, which could harm our business, financial condition and results of operations.

Certain Risks Relating to Brazil

- The Brazilian federal government has exercised, and continues to exercise, significant influence over the Brazilian economy. This involvement as well as Brazil's political and economic conditions could harm us and the price of our Class A common shares.
- Inflation and certain measures by the Brazilian government to curb inflation have historically harmed the Brazilian economy and Brazilian capital markets, and high levels of inflation in the future would harm our business and the price of our Class A common shares.
- Economic uncertainty and political instability in Brazil may harm us and the price of our Class A common shares.
- Exchange rate instability may have adverse effects on the Brazilian economy, us and the price of our Class A common shares.
- Infrastructure and workforce deficiency in Brazil may impact economic growth and have a material adverse effect on us.
- Developments and the perceptions of risks in other countries, including other emerging markets, the United States and Europe, may harm the Brazilian economy and the price of our Class A common shares.

Certain Risks Relating to Our Class A Common Shares

- An active trading market for our common shares may not be sustainable. If an active trading market is not maintained, investors may not be able to resell their shares at or above offering price and our ability to raise capital in the future may be impaired.
- The dual class structure of our common shares has the effect of concentrating voting control with XP Control, our controlling shareholder; this will limit or preclude your ability to influence corporate matters.
- We are a Cayman Islands exempted company with limited liability. The rights of our shareholders, including with respect to fiduciary duties and corporate opportunities, may be different from the rights of shareholders governed by the laws of U.S. jurisdictions.

Certain Risks Relating to Our Business and Industry

If we cannot make the necessary investments to keep pace with rapid developments and change in our industry, the use of our services could decline, reducing our revenues.

The financial services market in which we compete is subject to rapid and significant changes. This market is characterized by rapid technological change, new product and service introductions, evolving industry standards, changing client needs and the entrance of nontraditional competitors. In order to remain competitive and maintain and enhance customer experience and the quality of our services, we must continuously invest in projects to develop new products and features. These projects carry risks, such as cost overruns, delays in delivery, performance problems and lack of client adoption. There can be no assurance that we will have the funds available to maintain the levels of investment required to support our projects, and any delay in the delivery of new services or the failure to differentiate our services or to accurately predict and address market demand could render our services less desirable, or even obsolete, to our clients.

In addition, the services we deliver are designed to process highly complex transactions and provide reports and other information concerning those transactions, all at high volumes and processing speeds. Any failure to deliver an effective and secure service, or any performance issue that arises with a new service, could result in significant processing or reporting errors or other losses. As a result of these factors, our development efforts could result in increased costs and/or we could also experience a loss in business that could reduce our earnings or could cause a loss of revenue if promised new services are not timely delivered to our clients or do not perform as anticipated. We also rely in part, and may in the future rely in part, on third parties for the development of, and access to, new technologies. Our future success will depend in part on our ability to develop or adapt to technological changes and evolving industry standards. We cannot predict the effects of technological changes on our business. If we are unable to develop, adapt to or access technological changes or evolving industry standards on a timely and cost-effective basis, our business, financial condition and results of operations could be materially adversely affected.

Furthermore, our competitors may have the ability to devote more financial and operational resources than we can to the development of new technologies and services that provide improved functionality and features to their existing service offerings. If successful, their development efforts could render our services less desirable to clients, resulting in the loss of clients or a reduction in the fees we could generate from our service offerings.

Substantial and increasingly intense competition within our industry may harm our business.

The financial services market is highly competitive. Our growth will depend on a combination of the continued growth of financial services and our ability to increase our market share. Our primary competitors include traditional financial services providers such as affiliates of financial institutions and well-established financial services companies in Brazil. We also face competition from non-traditional financial services providers that have significant financial resources and develop different kinds of services.

Many of our competitors have substantially greater financial, technological, operational and marketing resources than we do. Accordingly, these competitors may be able to offer more attractive fees to our current and prospective clients, especially our competitors that are affiliated with financial institutions. In recent years, we announced the elimination of brokerage fees for online stock trades at Rico Corretora de Títulos e Valores Mobiliários S.A., or "Rico," and a 75% reduction in brokerage fees for online stock trades through XP Direct, which did not have a material impact on our revenues and margins. If the expected offset does not materialize, we will need to offset the impact by reducing and eliminating costs in order to maintain our profit margins. Moreover, we may not be successful in reducing or controlling costs and our margins may be adversely affected. In particular, we may need to further reduce the fees we charge in order to maintain market share, as clients may demand more customized and favorable pricing from us. In addition, we may incur increased costs from incentive payments made to independent financial advisors, or "IFAs" in order to gain or maintain market share. We may also decide to terminate client relationships which may no longer be profitable to us due to such pricing pressure. Competition could also result in a loss of existing clients, and greater difficulty in attracting new clients. One or more of these factors could have a material adverse effect on our business, financial condition and results of operations. For further information regarding our competition, see "Item 4. Information on the Company—B. Business Overview—Competition."

Client attrition could cause our revenues to decline or our expenses to increase, and the degradation of the quality of the products and services we offer, including support services, could adversely impact our ability to attract and retain clients and partners.

We experience client attrition resulting from several factors, including, among others, client business closures, transfers of accounts to our competitors and lack of client satisfaction with our platform and overall user experience, including the reliability, performance, functionality and quality of our products and services. We cannot predict the level of attrition in the future, and our revenues could decline as a result of higher than expected attrition, which could have a material adverse effect on our business, financial condition and results of operations. In addition, our growth to date has been partially driven by the growth of our clients' businesses. Should the rate of growth of our clients' business slow or decline, this could have an adverse effect on our results of operations. Furthermore, should we not be successful in selling additional solutions to our active client base, we may fail to achieve our desired rate of growth.

Moreover, our clients expect a consistent level of quality on our platform and in the provision of our products and services. The support services that we provide are also a key element of the value proposition to our clients. In addition, increased market volatility may result in unexpected losses in equities, derivatives and other products, which may lead to questions regarding the accuracy of our suitability procedures and our advisory services. If the reliability, performance or functionality of our products and services is compromised or the quality of those products or services is otherwise degraded, or if we fail to continue to provide a high level of support, this could adversely affect our reputation and the confidence in and use of our products and services, and we could lose existing clients and find it harder to attract new clients and partners. If we are unable to scale our support functions and our suitability procedures to address the growth of our client and partner network, the quality of our products and services may decrease, which could adversely affect our ability to attract and retain clients and partners.

For more information on consumer complaints and proceedings, see "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings—Consumer Matters."

Our investment services to our retail clients subject us to additional risks.

We provide investment services to our retail clients, including through IFAs. The risks associated with these investment services include those arising from possible conflicts of interest, unsuitable investment recommendations, inadequate due diligence on the issuer or the provider of the security, inadequate disclosure and fraud and risk associated to investments in general, including those related to the issuer of the securities. Realization of these risks could lead to liabilities for client losses, regulatory fines, civil penalties and harm to our reputation and business. The realization of these risks may be heightened during periods of increased market volatility, which may result in unexpected losses in the products provided to our retail clients.

We do not have long-term contractual arrangements with most of our institutional brokerage clients, and our trading volumes and revenues could be reduced if these clients stop using our platform and solutions.

Our business largely depends on certain of our institutional brokerage clients using our solutions and trading on our platforms. A limited number of such clients can account for a significant portion of our trading volumes, which in turn results in a significant portion of our transaction fees. Most of our institutional brokerage clients do not have long-term contractual arrangements with us and utilize our platform and solutions on a transaction-by-transaction basis and may choose not to use our platform at any time. These institutional brokerage clients buy and sell a variety of products within various asset classes using traditional methods, including by telephone, email and instant messaging, and through other trading platforms. Any significant loss of these institutional brokerage clients or a significant reduction in their use of our platform and solutions could have a substantial negative impact on our trading volumes and revenues, and materially adversely affect our business, financial condition and results of operations.

Our institutional brokerage business depends on our key dealer clients providing us with liquidity and supporting our marketplaces by transacting with our other institutional and wholesale clients.

Our institutional brokerage business relies on its key dealer clients to provide liquidity on our trading platforms by posting prices on our platform and responding to client inquiries, and this business has historically earned a substantial portion of its revenues from such dealer clients. Increased market volatility and market declines can cause our key dealer clients to experience reduced liquidity or to decrease their use of our platform. Market knowledge and feedback from these dealer clients have been important factors in the development of many of our offerings and solutions. In addition, these dealer clients also provide us with data via feeds and through the transactions they execute on our trading platforms, which is an important input for our market data offerings.

Our dealer clients also buy and sell through traditional methods, including by telephone, email and instant messaging, and through other trading platforms. Some of our dealer clients have developed electronic trading networks that compete with us or have announced their intention to explore the development of such electronic trading networks, and many of our dealer clients are involved in other ventures, including other trading platforms or other distribution channels, whether as trading participants and/or as investors. In particular, some of our dealer clients or their affiliates, as is typical for a large number of major banks, have their own single bank or other competing trading platform and frequently invest in such businesses and may acquire ownership interests in similar businesses, and such businesses may also compete with us. These competing trading platforms may offer some features that we do not currently offer or that we are unable to offer, including customized features or functions and solutions that are fully integrated with some of their other offerings. Accordingly, there can be no assurance that such dealer clients' primary commitments will not be to one of our competitors or that they will not continue to rely on their own trading platforms or traditional methods instead of using our trading platforms.

Although we have established and maintain significant long-term relationships with our key dealer clients, we cannot assure you that all of these relationships will continue or will not diminish. Any reduction in the use of our trading platforms by our key dealer clients for any reason, including increased market volatility, and any associated decrease in the pool of capital and liquidity accessible across our marketplaces, could reduce the volume of trading on our platform, which could, in turn, reduce the use of our platform by their counterparty clients. In addition, any decrease in the number of dealer clients competing for trades on our trading platforms could cause our dealer clients to forgo the use of our platform and instead use platforms that provide access to more competitive trading environments and prices. The occurrence of any of the foregoing may have a material adverse effect on our business, financial condition and results of operations.

A significant part of our business depends on the B3.

The B3 is the only public stock exchange in Brazil, and a significant volume of our trading activities is conducted through the B3, for which we pay the B3 clearing, custody and other financial services fees. We cannot assure you that the B3 will not impose restrictions on trading, request additional guarantees or margin requirements, increase existing fees or introduce new fees, among other measures. The occurrence of any of the foregoing may have a material adverse effect on our business, financial condition and results of operations.

If we fail to maintain our reputation, our business, operating results and financial condition may be adversely affected.

We believe that our brand and reputation is an important factor in the success and development of our business, enabling us to attract and retain customers and enter into business agreements with third parties. XP has developed an ecosystem involving investment advisors, consultants, asset managers and distributors, of which our business is dependent. We also rely on third parties for the development of, and access to, new technologies. We believe that our reputation distinguishes us from our competitors, which is essential for maintaining and expanding our market share by supporting our sustainable growth. Any negative publicity and news coverage relating to us may harm our reputation. Thus, maintaining, protecting, and enhancing our reputation is important to our development plans, operational stability, and relationships with our customers, business partners and other counterparties.

XP CCTVM depends in part on the performance of its IFAs. If XP CCTVM is unable to hire, retain and qualify such IFAs, our business may be harmed.

XP CCTVM, one of our principal operating subsidiaries and a securities broker, has a broad network of IFAs, and our business depends in part on such IFAs. Pursuant to CVM Resolution No. 178, which replaced CVM Resolution No. 16 on June 1, 2023, IFAs may carry out the following activities on behalf of a broker-dealer: (1) prospecting and acquiring customers; (2) receiving and registering orders and transmitting such orders to the appropriate trading or registration systems; and (3) providing information and recommendation on the products offered and the services provided by XP CCTVM. XP CCTVM's reliance on IFAs creates numerous risks.

As of December 31, 2024, XP CCTVM had approximately 14,000 individual IFAs organized into approximately 1,725 IFA entities, which were responsible for serving approximately 24% of XP CCTVM's active clients. In addition, XP CCTVM's 20 largest IFA entities comprised 4,724 individual IFAs and were responsible for serving approximately 10% of XP CCTVM's active clients.

In accordance with CVM Resolution No. 178 of February 14, 2023, which replaced CVM Resolution No. 16 of June 1, 2023, XP CCTVM is liable for the acts of its IFAs acting on XP CCTVM's behalf. As a result, XP CCTVM may be subject to claims, lawsuits, arbitration proceedings, government investigations and other legal and regulatory proceedings seeking to hold XP CCTVM liable for the actions of IFAs. We cannot give any assurances as to the outcome of any such claims, lawsuits, arbitration proceedings, government investigations or other legal or regulatory proceedings. Any claims against XP CCTVM, whether with or without merit, could be time-consuming, result in costly litigation, be harmful to its reputation and to the "XP" brand, require significant management attention and divert significant resources, and the resolution of one or more such proceedings may result in substantial damages, settlement costs, sanctions, consent decrees, injunctions, fines and penalties that could adversely affect XP CCTVM's business, financial condition and results of operations. In addition, no assurances can be given that these IFAs' interests will continue to be aligned with the interests of XP CCTVM, that there will be no commercial disagreements between the IFAs and XP CCTVM, that such IFAs will not compete with XP CCTVM or that they will not engage in improper conduct (i.e., churning) in their role as IFAs. In Brazil, there is competition between financial institutions seeking to attract IFAs to increase their client base, assets under custody and business possibilities. No assurances can be given that XP CCTVM will be able to remain an attractive player to such IFAs or to retain such agents in its business platform. Furthermore, many clients have their commercial relationship directly with the IFA of their choice and trust and not with the employees of XP CCTVM despite the relation with XP to intermediate all the transactions. Accordingly, the loss of IFAs may result in loss of clients and assets under custody, which would affect XP CCTVM's business.

Furthermore, the independent contractor status of the IFAs may be challenged in the courts of Brazil. For example, XP CCTVM has in the past been involved in, and successfully challenged, a number of legal proceedings claiming that IFAs should be treated as its employees rather than as independent contractors, and there can be no assurance that we will be successful in challenging any future claims. Changes to foreign, federal, state, and local laws governing the definition or classification of independent contractors, or judicial decisions regarding independent contractor classification, could require classification of IFAs as employees. If, as a result of legislation or judicial decisions, XP CCTVM is required to classify IFAs as employees, XP CCTVM would incur significant additional expenses for compensating IFAs, potentially retroactively to the past five years and including expenses associated with the application of wage and hour laws (including minimum wage, overtime, meal and rest period requirements), vacation, 13th-month salary, Fundo de Garantia do Tempo de Serviço, or "FGTS," severance, employee benefits, social security contributions, taxes, and penalties (including collective moral damages in case of a collective lawsuit).

Moreover, on February 14, 2023, the CVM issued CVM Resolution No. 178, which replaced CVM Resolution No. 16 on June 1, 2023. According to such new resolution, the exclusivity provision set forth in CVM Resolution No. 16 is no longer mandatory, but is still permitted through contract between XP and the IFA. The new CVM Resolution No. 178 also allows IFA entities to become corporations and to admit unlicensed partners (i.e., non-IFA partners) as shareholders or quotaholders of an IFA entity.

Poor investment performance could lead to a loss of assets under management and a decline in revenues.

Distributing investment fund quotas managed by third parties or by our asset managers represents a relevant part of our business, which income is a percentage of the management and/or performance fee related to such funds. Moreover, a portion of our consolidated income is derived from management and performance fees collected by our three principal asset managers, XP Gestão, XP Advisory and XP Vista. Poor investment performance by the investment funds managed by third parties or by our asset managers for a number of reasons including as a result of overall market declines, could hinder our growth and reduce our revenues because (1) existing clients might withdraw funds in favor of better performing products or fixed income products, such as government debt, which would result in lower investment advisory and other fees; (2) our ability to attract capital from existing and new clients might diminish; and (3) the negative investment performance will directly reduce our managed assets and revenues base, which may have a material adverse effect on our business, financial condition, results of operations and the price of our Class A common shares.

Unauthorized disclosure, destruction or modification of data, through cybersecurity breaches, computer viruses or otherwise, or disruption of our services could expose us to liability and protracted and costly litigation and damage our reputation.

Our business involves the collection, storage, processing and transmission of customers' personal data, including names, addresses, identification numbers, bank account numbers and trading and investment portfolio data. An increasing number of organizations, including large clients and businesses, other large technology companies, financial institutions and government institutions, are the target of, and have been impacted by, breaches of their information technology systems, some of which have involved sophisticated and highly targeted attacks, including on or against portions of their websites, networks or infrastructure, or those of third parties who provide services to them. We could also be subject to breaches of security by hackers or other unauthorized third parties. In addition, cyber or data security threats may derive from human error, fraud, malice or malfeasance on the part of employees, third-party service providers or IFAs, or may result from accidental technological failure. Concerns about security are increased when we transmit information electronically, as such transmissions can be subject to attack, interception or loss. Also, computer viruses and malware can be distributed and spread rapidly over the internet and could infiltrate our systems or those of our associated participants, which can impact the confidentiality, integrity and availability of information, and the integrity and availability of our products, services and systems, among other effects. Denial of service or other attacks could be launched against us for a variety of purposes, including interfering with our services or creating a diversion for other malicious activities. Each of the foregoing types of actions and attacks could disrupt our delivery of products and services or make them unavailable, or result in the exposure of our sensitive, proprietary, and/or personal information, which could damage our reputation, force us to incur significant expenses in remediating the resulting impacts, expose us to uninsured liability, subject us to lawsuits, fines, sanctions, or other enforcement actions, distract our management or increase our costs of doing business.

Moreover, in the scope of our business activities, we disclose information to third parties, including thousands of IFAs, commercial partners, third-party service providers and other agents, who collect, process, store and transmit sensitive information, and we may be held responsible for any failure or cybersecurity breaches attributed to these third parties insofar as they relate to the information we share with them. Cyber-attacks, security breaches, and other similar incidents, whether directed at us or at third-party service providers with access to our confidential, proprietary, personal and other information, and the loss, destruction or unauthorized modification of information by us or such third parties or through systems we provide could result in significant fines, sanctions and proceedings or actions against us by governmental bodies or third parties, which could have a material adverse effect on our business, financial condition and results of operations. Any such proceeding or action, and any related indemnification obligation, could damage our reputation, force us to incur significant expenses in defense of these proceedings, distract our management, increase our costs of doing business or result in the imposition of financial liability or sanctions that prevent us from processing data.

Cybersecurity incidents are increasing in frequency and evolving in nature and include, but are not limited to, installation of malicious software, unauthorized access to data and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and the corruption of data. Given the unpredictability of the timing, nature and scope of information technology disruptions, there can be no assurance that the procedures and controls we employ will be sufficient to prevent security breaches from occurring, and we could be subject to manipulation or improper use of our systems and networks or financial losses from remedial actions, any of which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to cybersecurity risks and have experienced cybersecurity incidents and attempted breaches in the past. A recent incident resulted in an unauthorized third party gaining access of a company database, hosted by a third-party vendor, as discussed in "Item 16K. Cybersecurity." There is no assurance that we will not experience additional impacts related to this incident. Though we have implemented and maintain what we believe to be reasonable physical, technical, and administrative security measures, these may not prevent future security incidents, which may materially impact our business operations or financial condition, harm our reputation or deter clients from using our products and services, thus reducing our revenues, or could cause us to incur costs to correct the breaches or failures, expose us to uninsured liability, increase our risk of regulatory scrutiny, subject us to lawsuits, and result in the imposition of material penalties and fines under state and federal laws or regulations.

We cannot assure you that there are written agreements in place with every third party service provider or that such written agreements will prevent the unauthorized use, modification, destruction or disclosure of data or enable us to obtain reimbursement from such third parties in the event we should suffer incidents resulting in unauthorized use, modification, destruction or disclosure of data. Any such unauthorized use, modification, destruction or disclosure of data caused by third party service providers could result in protracted and costly litigation, which could have a material adverse effect on our business, financial condition and results of operations.

Moreover, while we maintain cyber insurance, which may help provide coverage for these types of incidents (including both cybersecurity incidents and civil damages arising therefrom), we cannot assure that our insurance will be adequate to cover all costs and liabilities related to these incidents. In addition, such insurance may not be available to us in the future on economically reasonable terms, or at all. Further, our insurance may not cover all claims made against us and could have high deductibles in any event, and defending a suit, regardless of its merit, could be costly and divert management attention.

As administrative sanctions established by Law No. 13,709/2018 (*Lei Geral de Proteção de Dados Pessoais*) or the "LGPD" are now enforceable, cybersecurity incidents and personal data breach or leakage events may subject us to penalties under LGPD. Any proceeding or action, and any related indemnification obligation, could damage our reputation, force us to incur significant expenses in defense of these proceedings, divert the attention of our management, increase our costs of doing business or result in the imposition of financial penalties.

Our business depends on well-regarded and widely known brands, including "XP Investimentos," "Clear," "Rico," "XP Asset Management," "Infomoney," "XP Educação," "XP Seguros," "XP Investments," "Banco Modal S.A." and "Modal DTVM Ltda.," and any failure to maintain, protect, and enhance our brands, including through effective marketing and communications strategies, would harm our business.

We have developed well-regarded and widely known brands, including "XP Investimentos," "Clear," "Rico," "XP Asset Management," "Infomoney," "XP Educação," "XP Seguros," "XP Investments" and "Banco XP" and, after regulatory approval, Banco Modal and Modal DTVM that have contributed significantly (and recently in the case of Modal Group) to the success of our business. Maintaining, protecting, and enhancing our brands are critical to expanding our client base, and that of other third-party partners, as well as increasing engagement with our products and services. This will depend largely on our ability to remain widely known, maintain trust, be a technology leader, and continue to provide high-quality and secure products and services. Any negative publicity about our industry or our company, the quality, reliability and performance of our products and services, our suitability, risk management and business continuity policies and processes, changes to our products and services, our ability to effectively manage and resolve client complaints, our privacy and security practices, litigation, regulatory activity, and the experience of clients with our products or services could adversely affect our reputation and the confidence in and use of our products and services. Harm to our brands can arise from many sources, including failure by us or our partners to satisfy expectations of service and quality, inadequate protection of personal information, compliance failures and claims, litigation and other claims, third-party trademark infringement claims, administrative proceedings at the applicable national trademark offices, employee misconduct, and misconduct by our associated participants, partners, service providers, or other counterparties. If we do not successfully maintain well-regarded and widely known brands, our business could be materially and adversely affected.

We have been from time to time in the past, and may in the future be, the target of incomplete, inaccurate, and misleading or false statements about our company, our business, and our products and services that could damage our brands and materially deter people from adopting our services. For example, over the past several years, certain persons or entities have fraudulently used the "XP" brand and/or presented themselves as part of or affiliated with the "XP" brand as IFAs carrying out activities on our behalf. Negative publicity about our company or our management, including about our product quality, reliability and performance, changes to our products and services, privacy and security practices, litigation, regulatory enforcement, and other actions, as well as the actions of our clients and other users of our services, even if inaccurate, could cause a loss of confidence in us.

In addition, we believe that promoting our brands in a cost-effective manner is critical to achieving widespread acceptance of our products and services and to expanding our base of clients. Our brand promotion activities may not generate customer awareness or increase revenue, and even if they do, any increase in revenue may not offset the expenses we incur in building our brands. If we fail to successfully promote and maintain our brands or if we incur excessive expenses in this effort, our business could be materially and adversely affected.

The introduction and promotion of new services, as well as the promotion of existing services, may be partly dependent on our visibility on third-party advertising platforms such as Google, Facebook or Instagram. Changes in the way these platforms operate or changes in their advertising prices or other terms could make the maintenance and promotion of our products and services and our brands more expensive or more difficult. If we are unable to market and promote our brands on third-party platforms effectively, our ability to acquire new clients would be materially harmed.

An increase in volume on our systems or other errors or events could cause them to malfunction.

Most of our trade orders to buy or sell securities or invest in the broad range of asset classes we offer are received and processed electronically. This method of trading is heavily dependent on the integrity of the electronic systems supporting it. While we have never experienced a significant failure of our trading systems, heavy stress placed on our systems during peak trading times could cause our systems to operate at unacceptably low speeds or fail altogether, such as in periods of increased market volatility. Any significant degradation or failure of our systems or the systems of third parties involved in the trading process (e.g., online and internet service providers, the systems of the B3, record keeping and data processing functions performed by third parties, and third-party software), even for a short time, could cause customers to suffer delays in trading. In addition, systems errors, including as a result of human error, could occur. These delays or errors could cause substantial losses for customers and could subject us to claims from these customers for losses or other regulatory penalties or other sanctions or increased settlement disbursements. There can be no assurance that our network structure will operate appropriately in the event of a subsystem, component or software failure or error. Furthermore, we cannot assure you that we will be able to prevent an extended systems failure in the event of a power or telecommunications failure, earthquake, terrorist attack, epidemics or pandemics such as COVID-19, fire or any act of God. Any systems failure, including any infrastructure or other failure outside of our control, that causes interruptions in our operations could have a material adverse effect on our business, financial condition and results of operations.

We rely on a number of external service providers for certain key market information and data, technology, processing and supporting functions.

We rely on a number of external service providers for certain key market information and data, technology, processing and supporting functions, such as Microsoft, SAP and Oracle, among others. These include trading platform, portfolio management and asset allocation services, account opening and management systems, communication systems, registration systems, data control systems, information security systems, anti-fraud systems, trading surveillance systems, exchanges, clearinghouses, accounting and others which are of critical importance for us in order to provide our services to our clients in a satisfactory manner as well as to maintain our internal control systems, including accounting and risk management. These service providers may face technical, operational and security risks of their own, including risks similar to those that we face as described herein. Any significant failures by them, including improper use or disclosure of our confidential customer, employee or company information, could interrupt our business, cause us to incur losses and harm our reputation. Particularly, we have contracted with Bloomberg, Reuters and certain other institutions to allow our clients to access real-time market information data, which are essential for our clients to make their investment decisions and take certain actions (such as making trades). Also, for our accounting, risk management and internal control processes, we rely on several other software services that are subject to malfunction, errors, bugs and/or security issues. Any failure of such information or software providers to update, deliver, prepare or process the data in a timely and/or correct manner as provided in the agreements could lead our clients or us to potential losses, which may in turn affect our business operations and reputation and may cause us to incur losses.

We cannot assure you that our external service providers will be able to continue to provide these services to meet our current needs in an efficient and cost-effective manner, or that they will be able to adequately expand their services to meet our needs in the future. Some external service providers may have assets and infrastructure that are important to the services they provide us that are located in or outside Brazil, and their ability to provide these services is subject to risks from unfavorable political, economic, legal or other developments, such as social or political instability, changes in governmental policies or changes in the applicable laws and regulations of the jurisdictions in which their assets and operations are located.

An interruption in or the cessation of service by any external service provider as a result of system failures, capacity constraints, financial constraints or problems, unanticipated trading market closures or for any other reason and our inability to make alternative arrangements in a smooth and timely manner, if at all, could have a material adverse effect on our business, financial condition and results of operations.

Further, disputes might arise in relation to the agreements that we enter into with our service providers or the performance of the service providers thereunder. To the extent that any service provider disagrees with us on the quality of the products or services, terms and conditions of the payment or other provisions of such agreements, we may face claims, disputes, litigation or other proceedings initiated by such service provider against us. We may incur substantial expenses and require significant attention of management in defending against these claims, regardless of their merit. We could also face damage to our reputation as a result of such claims, and our business, financial condition, results of operations and prospects could be materially and adversely affected.

We may not be able to ensure the accuracy of the third-party product information on our platform, and we have limited control over the performance of third-party financial products we offer.

We offer certain third-party financial products. The acceptance and popularity of our platform is partially premised on the reliability and performance of the relevant underlying products and information on our platform. We rely on the relevant third-party providers of the relevant products for the authenticity of their underlying products and the comprehensiveness, accuracy and timeliness of the related financial information. While the products and information from these third-party providers have been generally reliable, there can be no assurance that the reliability can be maintained in the future. If these third-party providers or their agents provide inauthentic financial products or incomplete, misleading, inaccurate or fraudulent information, we may lose the trust of existing and prospective investors. In addition, if our investors purchase the underlying products that they discover on our platform and they suffer losses, they may blame us and attempt to hold us responsible for their losses, even though we have made risk disclosures before they invest. Our reputation could be harmed and we could experience reduced user traffic to our platform, which would adversely affect our business and financial performance.

Furthermore, as investors access the underlying products through our platform, they may have the impression that we are at least partially responsible for the quality and performance of these products. Although we have established standards to screen product providers before distributing their products on our platform, we have limited control over the performance of the third-party financial products we offer. In the event that an investor is dissatisfied with underlying products or the services of a products provider, we do not have any means to directly make improvements in response to user complaints. If investors become dissatisfied with the underlying products available on our platform, our business, reputation, financial performance and prospects could be adversely affected.

We rely upon our systems and upon third-party data center service providers to host certain aspects of our platform and content, and any systems failure due to factors beyond our control or any disruption to, or interference with, our use of third-party data center services could interrupt our service, increase our costs and impair our ability to deliver our platform, resulting in customer dissatisfaction, damaging our reputation and harming our business.

We utilize data center hosting facilities from third-party service providers to make certain content available on our platform. Our primary data centers are located in the cities of Barueri and Santana do Parnaíba, in the state of São Paulo, Brazil (which are located approximately five miles apart). Our operations depend, in part, on our providers' ability to protect their facilities against damage or interruption from natural disasters, power or telecommunications failures, criminal acts and similar events. The occurrence of spikes in user volume, traffic, natural disasters, acts of terrorism, vandalism or sabotage, or a decision to close a facility without adequate notice, or other unanticipated problems at our providers' facilities, could result in lengthy interruptions in the availability of our platform, which would adversely affect our business.

In addition, we depend on the efficient and uninterrupted operation of numerous systems, including our computer systems, software, data centers and telecommunications networks, as well as the systems of third parties. Our systems and operations, or those of our third-party providers, could be exposed to damage or interruption from, among other things, fire, natural disaster, power loss, telecommunications failure, unauthorized physical entry and computer viruses. We do not maintain insurance policies specifically for property and business interruptions. Defects in our systems or those of third parties, errors or delays in the processing of transactions, telecommunications failures or other difficulties could result in:

- loss of revenues;
- loss of clients;
- loss of client data;
- loss of licenses or authorizations with the CVM, the Central Bank, the Superintendency of Private Insurance (*Superintendência de Seguros Privados*), or "SUSEP," and/or any other applicable authority;
- loss of our membership to the B3 and/or loss of access to the trading facilities of the B3;
- fines imposed by applicable regulatory authorities and other issues relating to non-compliance with applicable financial services or data protection requirements;
- a failure to receive, or loss of, Central Bank authorizations to operate as a financial services provider in Brazil;
- fines or other penalties imposed by the Central Bank, as well as other measures taken by the Central Bank, including intervention, temporary special management systems, the imposition of insolvency proceedings, and/or the out-of-court liquidation of XP CCTVM and any of our subsidiaries to whom licenses may be granted in the future;
- harm to our business or reputation resulting from negative publicity;

- exposure to fraud losses or other liabilities;
- additional operating and development costs; and/or
- diversion of technical and other resources.

We are subject to risks in using prime brokers and custodians.

Our asset management division and its managed funds depend on the services of prime brokers, administrators and custodians to settle and report securities transactions. In the event of the insolvency of a prime broker, administrator or custodian, our funds might not be able to recover equivalent assets in whole or in part, as they will rank among the prime broker's, the administrator's and the custodian's unsecured creditors in relation to assets that the prime broker, administrator or custodian borrows, lends or otherwise uses. In addition, cash held by our funds with the prime broker, administrator or custodian will not be segregated from the prime broker's, administrator's or custodian's own cash, and the funds will therefore rank as unsecured creditors in relation thereto.

If we lose key personnel, our business, financial condition and results of operations may be adversely affected.

We are dependent upon the ability and experience of a number of key personnel who have substantial experience with our operations, the financial services industry and the markets in which we offer our products and services. Many of our key personnel have worked for us for a significant amount of time or were recruited by us specifically due to their industry experience. It is possible that the loss of the services of one or a combination of our senior executives or key managers, including our chief executive officer, could have a material adverse effect on our business, financial condition and results of operations. See "Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Executive Officers."

The ability to attract, recruit, develop and retain qualified employees and continue to strengthen our existing infrastructure and systems is critical to our success and growth. If we are not able to do so, our business and prospects may be materially and adversely affected.

Our business functions at the intersection of rapidly changing technological, social, economic and regulatory developments that require a wide-ranging set of expertise and intellectual capital. In order for us to successfully compete and grow, we must attract, recruit, develop and retain the necessary personnel who can provide the needed expertise across the entire spectrum of our intellectual capital needs. While a number of our key personnel have substantial experience with our operations, we must also develop our personnel to provide succession plans capable of maintaining continuity in the midst of the inevitable unpredictability of human capital. However, the market for qualified personnel is competitive, and we may not succeed in recruiting additional personnel or may fail to effectively replace current personnel who depart with qualified or effective successors. We must continue to hire additional personnel to execute our strategic plans. Our effort to retain and develop personnel may also result in significant additional expenses, which could adversely affect our profitability. We cannot assure you that our qualified employees will continue to be employed by us or that we will be able to attract and retain qualified personnel in the future. Failure to retain or attract key personnel could have a material adverse effect on our business, financial condition and results of operations.

In addition, in order to manage our growth effectively, we must continue to strengthen our existing infrastructure, develop and improve our internal controls, create and improve our reporting systems, and timely address issues as they arise.

Furthermore, we encourage employees to quickly develop and launch new features for our products and services. As we grow, we may not be able to execute as quickly as smaller, more efficient organizations. If we do not successfully manage our growth, our business will suffer, which may have an adverse effect on our financial condition, results of operations and capacity to fulfill our contractual obligations.

We are subject to increasing scrutiny from certain investors with respect to the societal and environmental impact of investments made at our platform, which may constrain capital deployment opportunities and adversely impact our ability to attract new customers or raise capital.

In recent years, certain investors, including public pension funds, have placed increasing importance on the negative impacts of investments made by the private equity and other funds to which they commit capital, including with respect to ESG matters. Certain investors have also demonstrated increased activism with respect to existing investments, including by urging asset managers to invest or refrain from investing in securities of certain companies and/or industries. Increased focus and activism related to ESG and similar matters and the demands of certain investors, including public pension funds, may further limit the types of investments that are available to our customers through our platform or to investments by the funds we manage, including our ability to raise capital and deploy such resources, which may impact our Client Assets and AUM and, therefore, our related fees. In addition, investors, including public pension funds, may decide to withdraw capital from our platform or funds we manage or to not commit capital to future fundraises as a result of their assessment of our approach to and consideration of the social cost of investments made by our operations or companies that received investments from the funds we manage. To the extent our access to capital from investors, including public pension funds, is impaired, we may not be able to maintain or increase the size of our funds or raise sufficient capital for new funds, which may adversely impact our revenues. For further information on our ESG matters, see "Item 6. Directors, Senior Management and Employees—C. Board Practices – Environmental, Social and Governance Committee."

In addition, ESG matters and concerns relating to the use of misleading labels and marketing materials in relation to investment products have been the subject of increased focus by regulatory authorities in the EU. For example, in 2021 certain requirements under Regulation (EU) 2019/2088, also known as the Sustainable Finance Disclosure Regulation or SFDR, came into force. The SFDR was introduced to improve transparency in the market for sustainable investment products, to prevent greenwashing and to increase transparency around sustainability claims made by, among others, fund and asset managers. In 2022, the EU Taxonomy Regulation (Regulation (EU) 2020/852) entered into force. The Taxonomy Regulation establishes a framework for classifying whether an economic activity is "environmentally sustainable". As a result of these and other legislative initiatives, we may be required to provide additional disclosure to EU-based investors in our funds with respect to ESG matters.

On this subject, also in 2022, came into effect, a regulatory framework related to ESG in the scope of Central Bank supervision. The following regulations can be mentioned: Resolution CMN 4943/2021, Resolution CMN 4945/2021, Resolution CMN 4944/2021, and enacted by Central Bank, Resolutions n. 139/2021 and 151/2021.

In October 2023, the CVM issued Resolution No. 193, which provides for the preparation and disclosure of consolidated financial statements related to sustainability, based on ISSB (International Sustainability Standards Board) standards.

In November 2024, the Brazilian Central Bank published CMN Resolution No. 5,185, which requires financial institutions to prepare and disclose, along with their financial statements, the sustainability-related financial information report, in accordance with the pronouncements IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 - Climate-related Disclosures, issued by the International Sustainability Standards Board (ISSB) and approved by the Brazilian Sustainability Pronouncements Committee (CBPS). Preparation and disclosure of the report is mandatory for all institutions that currently disclose consolidated annual financial statements adopting international accounting standards in accordance with the pronouncements issued by the International Accounting Standards Board (IASB), which are institutions incorporated as publicly traded companies or which are leaders of prudential conglomerates classified in the S1, S2 or S3 segment. The measure also stipulates that the report must be subject to reasonable assurance by an independent auditor.

The Company is subject to general Social, Environmental and Climate Risks, associated to the Company's business, which may adversely impact its operations and financial/reputational standing.

For us, social and environmental risks refer to the likelihood of losses arising from exposure to environmental and social events related to our activities. We also understand climate risk as the possibility of losses caused by the materialization of climatic events, including extreme weather events and chronic changes in climate patterns, as well as climate-transition risks, including reputational, legal, and market risks that may arise as a consequence of transitioning to a low-carbon economy.

Social, Environmental, and Climate risks can directly affect our daily activities, as well as indirectly impact our relationship with clients and operations we support in some way. Our daily activities as well as our revenues, AuC and AUM can be directly impacted by: (i) increased compliance costs for meeting new regulations related to social, environmental, and climate issues set by various regulatory bodies that require us to exercise greater control and disclose more information to regulators and stakeholders; (ii) restrictions on opening new accounts, conducting operations, and launching new products that are not aligned with the company's Environmental, Social, and Climate Responsibility Policy, or "PRSAC"; (iii) difficulties in raising capital and attracting new clients and investors due to greater activism and scrutiny from clients, investors, and multilateral agencies related to social, environmental, and climate issues (see "—Certain Risks Relating to Our Business and Industry — We are subject to increasing scrutiny from certain investors with respect to the societal and environmental impact of investments made at our platform, which may constrain capital deployment opportunities and adversely impact our ability to attract new customers or raise capital"); (iv) physical damage to our facilities due to extreme weather events, resulting in increased costs; (v) financial impact from receiving fines or having our activities halted due to non-compliance with social, environmental, and climate regulations; and (vi) reputational impact if we fail to meet voluntary commitments we have made, which could also impact the market value of our brand.

Through our relationship with our clients, we may be impacted by: (i) the deterioration of credit quality in our loan portfolio and the consequent increase in delinquencies due to social, environmental, or climatic events affecting our clients and operations, either through some eventual social, environmental, or climatic damage, a decrease in profitability and an increase in costs to our company or sector arising from physical or transitional climate risks and non-compliance with social, environmental, or climatic laws and regulations, which could also adversely affect our profitability; (ii) social, environmental, or climatic events related to clients and operations we support, which could adversely affect the value of our brand and our reputation; (iii) risk of indirect liability related to social, environmental or climatic damage caused by clients and operations we finance; (iv) deterioration of financial and non-financial collateral due to social, environmental, or climatic events, such as the reduction of market value of a company's stocks or assets, a decrease in the financial value of properties that may be contaminated, affected by physical impacts of climate change, or non-compliance with social and environmental legislation related to the property, reducing the recoverable value in our portfolios; and (v) the deterioration of the market value of companies in our proprietary portfolios due to social, environmental, or climatic events, adversely impacting our revenue and profitability.

The absence of the incorporation of social, environmental, and climatic risks into our risk governance structure for adequate measurement, assessment, management, monitoring, and disclosure of information may result in adverse impacts on our profitability, revenue generation, competitiveness, funding costs, and capital requirements.

In light of the relevance of managing and mitigating these risks in our activities, our PRSAC is aimed at reinforcing the social, environmental and climate principles and guidelines applied to our business, activities, processes and stakeholder relationships, and seeks to prevent and mitigate negative impacts and increase positive impacts to the environment and society, based on the principles of relevance and proportionality and our other specific internal policies.

We are subject to various risks associated with the securities industry, any of which could have a material adverse effect on our business, cash flows and results of operations.

We are subject to uncertainties that are common across the securities industry. These uncertainties include:

- the volatility of domestic and international financial, bond and stock markets, and the markets for funds and other asset classes;
- extensive governmental regulation;
- litigation;
- intense competition;
- poor performance of investment products that our advisors recommend or sell or that are otherwise sold or distributed on our platform, including poor performance of investment portfolios as a result of strategies or other trading actions;
- substantial fluctuations in the volume and price level of securities; and
- dependence on the solvency of various third parties.

As a result, our revenues and earnings may vary significantly from quarter to quarter and from year to year. In addition, lower price levels of securities may result in reduced volumes of securities, options and futures transactions, with a consequent reduction in our commission revenues. In periods of low retail and institutional brokerage volume and reduced investment banking activity, profitability is impaired because certain expenses remain relatively fixed. Sudden sharp declines in market values of securities and the failure of issuers and counterparties to perform their obligations can result in illiquid markets, which, in turn, can make it difficult to sell securities. In the event of a market downturn, our business could be adversely affected in many ways, potentially for a prolonged period of time, adversely impacting our equity and equity funds' position and the fair value of our Client Assets, which could lead to reduced demand for the asset class. Our revenues are likely to decline in such circumstances, and if we are unable to reduce expenses at the same pace, our profit margins would erode, which could have a material adverse effect on our business, financial condition, and results of operations.

We derive a significant portion of our revenues from one of our operating subsidiaries.

A significant portion of our revenues is derived from one of our principal operating subsidiaries, XP CCTVM. For the years ended December 31, 2024, 2023 and 2022, the average net revenue of XP CCTVM represented 51% of our total consolidated net revenue. We expect that we will continue to depend on XP CCTVM for a significant portion of our revenues for the foreseeable future, and any decrease in the revenue of XP CCTVM or any other event significantly affecting XP CCTVM may have a material adverse effect on our financial condition and results of operations.

Our holding company structure makes us dependent on the operations of our subsidiaries.

We are a Cayman Islands exempted company with limited liability. As a holding company, our corporate purpose is to invest, as a partner or shareholder, in other companies, consortia or joint ventures in Brazil, where most of our operations are located, and outside Brazil. Accordingly, our material assets are our direct and indirect equity interests in our subsidiaries, and we are therefore dependent upon the results of operations and, in turn, the payments, dividends and distributions from our subsidiaries for funds to pay our holding company's operating and other expenses and to pay future cash dividends or distributions, if any, to holders of our Class A common shares, and we may have tax costs in connection with any dividend or distribution. In addition, the payments, dividends and distributions from our subsidiaries to us for funds to pay future cash dividends or distributions, if any, to holders of our Class A common shares, could be restricted under financing arrangements that we or our subsidiaries may enter into in the future, and we and such subsidiaries may be required to obtain the approval of lenders to make such payments to us in the event they are in default of their repayment obligations. Furthermore, we may be adversely affected if the Brazilian government imposes legal restrictions on dividend distributions by our Brazilian subsidiaries, and exchange rate fluctuations will affect the U.S. dollar value of any distributions our subsidiaries make with respect to our equity interests in those subsidiaries.

For further information, see "—Certain Risks Relating to Brazil—Exchange rate instability may have adverse effects on the Brazilian economy, us and the price of our Class A common shares," "—Certain Risks Relating to Brazil—Economic uncertainty and political instability in Brazil may harm us and the price of our Class A common shares" and "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividends and dividend policy."

We are exposed to fluctuations in foreign currency exchange rates and enter into derivatives transactions to manage our exposure to exchange rate risk.

We hold certain funds in non-Brazilian real currencies, and will continue to do so in the future, and our offshore operating subsidiaries generate revenue in non-Brazilian real currencies. Accordingly, our financial results are affected by the translation of these non-real currencies into reais. In addition, to the extent that we need to convert future financing proceeds into Brazilian reais for our operations, any appreciation of the Brazilian real against the relevant foreign currencies would materially reduce the Brazilian real amounts we would receive from the conversion, and any depreciation of the Brazilian real against the relevant foreign currencies could increase the amounts in Brazilian reais that we are required to convert into the relevant foreign currencies in order to service such relevant foreign currency financings. No assurance can be given that fluctuations in foreign exchange rates will not have a significant impact on our business, financial condition, results of operations and prospects. We may also have foreign exchange risk on any of our other assets and liabilities denominated in currencies, or with pricing linked to currencies, other than our functional currency, including certain contract assets. Fluctuations in the Brazilian real versus any of these foreign currencies may have a material adverse effect on our financial position and results of operations.

In addition, we enter into derivatives transactions to manage our exposure to exchange rate risk. Such derivatives transactions are designed to protect us against increases or decreases in exchange rates, but not both. If we have entered into derivatives transactions to protect against, for example, decreases in the value of the real and the real instead increases in value, we may incur financial losses. Such losses could materially and adversely affect us.

XP CCTVM is subject to liquidity risks.

XP CCTVM is subject to liquidity risks. Liquidity is the ability to meet current and future cash flow needs on a timely basis at a reasonable cost. XP CCTVM require sufficient liquidity to meet customer and clearinghouse deposit maturities/withdrawals, payments on debt obligations as they become due and other cash commitments under both normal operating conditions and other unpredictable circumstances causing industry or general financial market stress or increased volatility. XP CCTVM's access to funding sources in amounts adequate to finance its activities on terms that are acceptable to it could be impaired by factors that affect it specifically or the financial services industry or economy generally. To the extent XP CCTVM is unable to maintain adequate levels of liquidity, it may not be able to meet its payment obligations, which may have a material adverse effect on our business, financial condition and results of operations.

In addition, XP CCTVM invests funds held in customer accounts in fixed income financial instruments and securities that meet certain liquidity conditions. To the extent customers withdraw a substantial amount of their funds held in such customer accounts for other uses, XP CCTVM might experience liquidity constraints, requiring it to rapidly sell financial assets at a discounted price, and may be unable to obtain funding and default on its payment obligations to market counterparties and other customers, which may cause XP CCTVM to incur losses, and consequently harm our image and reputation and have a material adverse effect on our business, financial condition and results of operations.

We could fail to maintain effective internal controls over financial reporting, and thus be unable to accurately report our results of operations, meet our reporting obligations and/or prevent fraud.

Our controls are designed to provide reasonable assurance on the information disclosed in our financial report, but, as result of inherent limitations in our internal control over financial reporting, we cannot assure that significant deficiencies or material weaknesses in our internal control over financial reporting will not be identified in the future. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as accounting standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. For further information, see "Item 15. Controls and Procedures—D. Changes in Internal Control Over Financial Reporting." If we fail to maintain an effective internal control environment, we could suffer material misstatements in our financial statements, fail to meet our reporting obligations or fail to prevent fraud, which would likely cause investors to lose confidence in our reported financial information. This could, in turn, limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of our Class A common shares. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from Nasdaq, regulatory investigations and civil or criminal sanctions.

We are subject to the Sarbanes-Oxley Act, which requires, among other things, that we establish and maintain effective internal control over financial reporting and disclosure controls and procedures. Under the current rules of the SEC, we are required to perform system and process evaluation and testing of our internal controls over financial reporting to allow management to assess their effectiveness. Our testing may in the future reveal deficiencies in our internal controls that are deemed to be material weaknesses or significant deficiencies and render our internal controls over financial reporting ineffective. If we or our management identifies material weaknesses or significant deficiencies in our internal controls over financial reporting that are deemed to be additional material weaknesses, the market price of our Class A common shares may decline and we may be subject to investigations or sanctions by the SEC, the Financial Industry Regulatory Authority, Inc., or "FINRA," or other regulator authorities, as well as litigation.

Requirements associated with being a public company in the United States may strain our resources, require significant company resources and management attention and we may not be able to comply with these requirements in a timely or cost-effective manner.

We are subject to certain reporting requirements of the Securities Exchange Act of 1934, or the "Exchange Act," and the other rules and regulations of the SEC and Nasdaq. We are subject to various other regulatory requirements, including the Sarbanes-Oxley Act. We expect these rules and regulations to increase our legal, accounting and financial compliance costs and to make some activities more time-consuming and costly. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantial costs to maintain the same or similar coverage. New rules and regulations relating to information disclosure, financial reporting and controls and corporate governance, which could be adopted by the SEC, Nasdaq or other regulatory bodies or exchange entities from time to time, could result in a significant increase in legal, accounting and other compliance costs and make certain corporate activities more time-consuming and costly, which could materially affect our business, financial condition and results of operations. These rules and regulations may also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers.

These obligations also require substantial attention from our senior management and could divert their attention away from the day-to-day management of our business. These cost increases and the diversion of management's attention could materially and adversely affect our business, financial condition and results of operations.

Our business is subject to complex and evolving regulations and oversight related to our provision of financial products and services and to costs and risks associated with other increased or changing laws and regulations affecting our business, including developments in data protection and privacy laws, which could harm our business, financial condition and results of operations.

As a financial services institution in Brazil, our business is subject to Brazilian laws and regulations relating to financial services in Brazil, comprising Federal Law No. 4,595/64, Federal Law No. 6,385/76 and related rules and regulations issued by the Central Bank, CVM, B3/BSM and ANBIMA, among others. In addition, our insurance business is subject to various laws and regulations in Brazil, such as Federal Law No. 4,595/64, Decree Law No. 73/66 and certain other rules and regulations issued by the National Private Insurance Council (*Conselho Nacional de Seguros Privados*), or "CNSP," and SUSEP, among others.

The laws, rules, and regulations that govern our business include or may in the future include those relating to banking, deposit-taking, cross-border and domestic money transmission, foreign exchange, payments services (such as payment processing and settlement services), consumer financial protection, tax, anti-money laundering and terrorist financing and escheatment (rules relating to unclaimed property). These laws, rules, and regulations are enforced by multiple authorities and governing bodies in Brazil, including the Central Bank and the CMN. In addition, as our business continues to develop and expand, we may become subject to additional rules and regulations which may limit or change how we conduct our business.

We are subject to anti-money laundering and terrorist financing laws and regulations in multiple jurisdictions that prohibit, among other things, involvement in transferring the proceeds of criminal or terrorist activities. We could be subject to liability and forced to change our business practices if we were found to be subject to, or in violation of, any laws or regulations impacting our ability to maintain a bank account in the countries where we operate, including the United States and the Cayman Islands, or if existing or new legislation or regulations applicable to banks in the countries where we maintain a bank account, including the United States, were to result in banks in those countries being unwilling or unable to establish and maintain bank accounts for us.

If any person in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or money laundering or is involved with terrorism or terrorist financing and property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (1) the Financial Regulatory Authority, or "FRA," of the Cayman Islands, pursuant to the Proceeds of Crime Act (As Revised) of the Cayman Islands, if the disclosure relates to criminal conduct or money laundering, or (2) a police officer of the rank of constable or higher, or the FRA, pursuant to the Terrorism Act (As Revised) of the Cayman Islands, if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

Certain of our subsidiaries are subject to regulation in the United States, such as our subsidiary, XP Investments US, LLC, which is registered with the SEC and FINRA as broker-dealer, and XP Advisory US, Inc., which is registered with the SEC as an investment adviser. We do not believe that we or any of our subsidiaries engage in any financial services activities in the United States that would require a license from any U.S. federal or state banking authorities or other financial regulators, except those licenses and registrations that have already been obtained. If we are found to have engaged in a banking or other financial services business in the United States without an appropriate registration or license, we could be subject to liability, or forced to cease doing such business, change our business practices, or obtain the appropriate license or registration. If we or any of our subsidiaries obtain additional licenses or registrations in the United States, we could be subject to compliance with additional applicable laws and regulations, including anti-money laundering and terrorist financing laws and regulations, which could adversely affect our business, financial condition, or results of operations.

Although we have a compliance program focused on applicable laws, rules, and regulations (which currently is principally focused on Brazilian and U.S. law) and are continually investing in this program, we may nonetheless be subject to fines or other penalties in one or more jurisdictions levied by federal, state or local regulators as well as those levied by foreign regulators. In addition to fines, penalties for failing to comply with applicable rules and regulations could include significant criminal and civil lawsuits, forfeiture of significant assets, or other enforcement actions, including loss of required licenses or approvals in a given jurisdiction. We could also be required to make changes to our business practices or compliance programs as a result of regulatory scrutiny. In addition, any perceived or actual failure to comply with applicable laws, rules, and regulations could have a significant impact on our reputation as a trusted brand and could cause us to lose existing clients, prevent us from obtaining new clients, require us to expend significant funds to remedy problems caused by breaches and to avert further breaches, and expose us to legal risk and potential liability, and we could be (1) required to pay substantial fines and disgorgement of our profits; (2) required to change our business practices; or (3) subjected to insolvency proceedings such as an intervention by the Central Bank, as well as the out-of-court liquidation of XP CCTVM, and any of our subsidiaries to whom authorizations may be granted in the future. Any disciplinary or punitive action by our regulators or failure to obtain required operating authorizations could seriously harm our business and results of operations.

In addition, the Brazilian regulatory and legal environment exposes us to other compliance and litigation risks that could materially affect our results of operations. These laws and regulations may change, sometimes significantly, as a result of political, economic or social events. Some of the federal, state or local laws and regulations in Brazil that affect us include: those relating to consumer products, product liability or consumer protection; those relating to the manner in which we advertise, market or sell products; labor and employment laws, including wage and hour laws; tax laws or interpretations thereof; bank secrecy laws, data protection and privacy laws and regulations; and securities and exchange laws and regulations. For instance, data protection and privacy laws are developing to take into account the changes in cultural and consumer attitudes towards the protection of personal data (including as a result of the LGPD). There can be no guarantee that we will have sufficient financial and personnel resources to comply with any new regulations or successfully compete in the context of a changing regulatory environment.

The laws regulating privacy rights and data protection have evolved considerably over recent years. Prior to August 2018, when the LGPD was enacted, practices involving the processing of personal data has been governed by certain sectorial laws, such as the Consumer Defense Code (Law No. 8,078/1990) and the aforementioned "Law No. 12,965/2014." Since then, the LGPD has imposed more restrictive requirements regarding the collection and processing of personal data by regulated organizations, such as XP.

On August 14, 2018, the President of Brazil approved the LGPD, a comprehensive personal data protection law establishing general principles and obligations that apply across multiple economic sectors and contractual relationships. The LGPD establishes detailed rules for the collection, use, processing and storage of personal data and affects all economic sectors, including the relationship between customers and suppliers of goods and services, employees and employers and other relationships in which personal data is collected, whether in a digital or physical environment. The penalties and fines for violations of the LGPD, which became applicable as of August 1, 2021, include: (1) warnings, with the imposition of a deadline for the adoption of corrective measures; (2) a one-time fine of up to 2% of gross sales of the company or a group of companies up to a maximum amount of R\$50,000,000 per violation; (3) a daily fine, up to a maximum amount of R\$50,000,000 per violation; (4) public disclosure of the violation; (5) the restriction of access to the personal data to which the violation relates, until corrective measures are implemented; (6) deletion of the personal data to which the violation relates; (7) partial suspension of the databases to which the violation relates for up to 12 months, until corrective measures are implemented; (8) suspension of the personal data processing activities to which the violation relates for up to 12 months; and (9) partial or full prohibition on personal data processing activities.

Compliance with the LGPD is required since the date it became effective, and all administrative fines and sanctions are currently enforceable by the National Data Protection Authority (*Autoridade Nacional de Proteção de Dados*) or "ANPD," which acts as the main regulatory authority over the subject, and can investigate and sanction the processing activities of controllers. Nonetheless, data subjects, the public prosecutor's offices and private associations, for example, are also able to file lawsuits to enforce the provisions of the LGPD and seek redress. Moreover, the LGPD does not preclude the imposition of administrative sanctions set forth in other laws dealing with privacy and data protection matters, such as the Consumer Defense Code and the Brazilian Internet Law (*Marco Civil da Internet*). These administrative sanctions could be enforced by other public authorities, such as the public prosecutor's offices and consumer protection agencies together with sanctions and fines under the LGPD.

We cannot assure you that our LGPD compliance efforts will be deemed appropriate or sufficient by regulatory authorities or by courts of competent jurisdiction.

To enhance compliance with the LGPD, we have appointed Data Protection Officer (DPO) and assembled a team specializing in privacy and the protection of personal and sensitive data and tasked with overseeing our compliance with the LGPD. Furthermore, ANPD is working to promote additional regulation on several aspects of the LGPD. The 2025-2026 regulatory schedule is focused on topics that include biometric data, personal data of children and teens, good practice and governance rules, a Guidelines for the National Policy on the Protection of Personal Data and Privacy, legal hypotheses for consent and credit protection, and technical and administrative security measures, among other issues. These developments could require us to change our business practices, implement additional measures to adapt our personal data processing activities, or expose us to regulatory oversight and sanctions. This could adversely affect our business, financial condition, or results of operations.

Any additional privacy laws or regulations enacted or approved in Brazil or in other jurisdictions in which we operate could cause us to incur costs to conform to any new requirements, expose us to uninsured liability, increase our risk of regulatory scrutiny, subject us to lawsuits, and result in the imposition of material penalties and fines under state and federal laws or regulations, which could materially harm our business, financial condition or results of operations.

We are subject to regulatory activity and antitrust litigation under competition laws.

We are subject to scrutiny from governmental agencies under competition laws in countries in which we operate. Some jurisdictions also provide private rights of action for competitors or consumers to assert claims of anticompetitive conduct. Other companies or governmental agencies may allege that our actions violate antitrust or competition laws, or otherwise constitute unfair competition. Contractual agreements with clients or companies, as well as our unilateral business practices, could give rise to regulatory action or antitrust investigations or litigation. Some regulators may perceive our business to have such significant market power that otherwise uncontroversial business practices could be deemed anticompetitive. Any such claims and investigations, even if they are unfounded, may be expensive to defend, involve negative publicity and substantial diversion of management time and effort, and result in significant judgments against us.

In order to obtain antitrust regulatory approvals from Brazil's Administrative Council for Economic Defense (*Conselho Administrativo de Defesa Econômica*) or "CADE," and the Central Bank for the Itaú Transaction, we entered into agreements with CADE and the Central Bank, which have been terminated and are no longer in force. As a result of the Itaú Unibanco Holding spin-off, the Central Bank restrictions were lifted on July 23, 2021 and CADE's restrictions were lifted on December 31, 2022. Future breaches may result in financial penalties, antitrust investigations and other legal and administrative proceedings. Although such agreements expired, we cannot predict whether we will need to enter into similar agreements with CADE or the Central Bank in connection to any new transaction we might do in the future.

We are subject to anti-corruption, anti-bribery, anti-money laundering and sanctions laws and regulations.

We operate in jurisdictions that have a high risk of corruption, and we are subject to anticorruption, anti-bribery, anti-money laundering and sanctions laws and regulations, including Brazilian Federal Law No. 12,846/2013, or the "Clean Company Act," the United States Foreign Corrupt Practices Act of 1977, as amended, or the "FCPA" and the Bribery Act 2010 of the United Kingdom, or the Bribery Act. Each of the Clean Company Act, the FCPA and the Bribery Act impose liability against companies who engage in bribery of government officials, either directly or through intermediaries. We have a compliance program that is designed to manage the risks of doing business in light of these new and existing legal and regulatory requirements. Violations of the anticorruption, anti-bribery, anti-money laundering and sanctions laws and regulations could result in criminal liability, administrative and civil lawsuits, significant fines and penalties, forfeiture of significant assets, as well as reputational harm.

Regulators may increase enforcement of these obligations, which may require us to adjust our compliance and anti-money laundering programs, including the procedures we use to verify the identity of our clients and to monitor our transactions and transactions made through our platform. Regulators regularly reexamine the transaction volume thresholds at which we must obtain and keep applicable records, verify identities of customers, and report any change in such thresholds to the applicable regulatory authorities, which could result in increased costs in order to comply with these legal and regulatory requirements. Costs associated with fines or enforcement actions, changes in compliance requirements, or limitations on our ability to grow could harm our business, and any new requirements or changes to existing requirements could impose significant costs, result in delays to planned product improvements, make it more difficult for new customers to join our network and reduce the attractiveness of our products and services.

We are subject to the Economic Substance Regime in the Cayman Islands.

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act (As Revised) (the "Economic Substance Act"). The Economic Substance Act supplemented by the issuance of related Guidance on Economic Substance for Geographically Mobile Activities, version 3.2 of which was issued in July 2022. We are currently subject to the Economic Substance Act. Given our business activities and operations may change from time to time, it is difficult to predict if we will continue to be subject to the Economic Substance Act and the impact that the Economic Substance Act could have on us and our subsidiaries. For example, compliance with any applicable obligations may create significant additional costs that may be borne by us or otherwise affect our management and operation. We will continue to consider the implications of the Economic Substance Act on our business activities and operations and reserve the right to adopt such arrangements as we deem necessary or desirable to comply with any applicable requirements.

Changes in tax laws, tax incentives, benefits or differing interpretations of tax laws may adversely affect our results of operations.

Changes in tax laws, regulations, related interpretations and tax accounting standards in Brazil, the United States or the United Kingdom (countries where we operate), or the Cayman Islands, may result in a higher tax rate on our earnings, which may significantly reduce our profits and cash flows from operations. For example, social contribution on net profits, or "CSLL," are typically levied in Brazil at a rate of 9%. However, financial institutions (i.e., XP CCTVM) and insurance companies (i.e., XP Vida Previdência) are subject to a higher CSLL rate of 15%, while as of March 2020, Brazilian banks (i.e., Banco XP) are subject to a CSLL rate of 20%. In July 2021, Law 14,183/2021 increased the CSLL rate by 5% for all Brazilian financial entities until December 2021 (Brazilian banks were subject to a CSLL rate of 25% until December 31, 2021) and for all other financial entities, including insurance companies (these companies were subject to a CSLL rate of 20%, until December 31, 2021). During the period in which the 5% rate increase was in effect, the combined rate of taxes of income, which includes corporate income tax, or "IRPJ and CSLL," was 50% for banks and 45% for all other financial institutions. As of January 1, 2022, the aggregate income tax rate (IRPJ and CSLL) applied specifically to Brazilian banks returned to 45% while the combined income tax rate for other financial institutions (i.e., XP CCTVM and XP Vida e Previdência) returned to 40%. However, with the enactment of Federal Law No. 14,446/2022, the rate of CSLL applied for all financial entities was increased in 1% until December 12, 2022 (Brazilian banks were subject to CSLL rate of 26% while all other financial entities including insurance companies, were subject to a rate of 21%).

In addition, our financial condition and results of operations may decline if certain tax incentives are not retained or renewed. For example, Brazilian Law No. 11,196 currently grants tax benefits to companies that invest in research and development (R&D), provided that some requirements are met, which significantly reduces our annual corporate income tax expense. This incentive is based on the so called "Lei do Bem" federal law.

If the taxes applicable to our business increase or any tax benefits are revoked and we cannot alter our cost structure to pass our tax increases on to clients, our financial condition, results of operations and cash flows could be adversely affected. Our activities are also subject to sales taxes such as Federal contributions to PIS (Programa de Integração Social) and COFINS (Contribuição para o Financiamento da Seguridade Social) as well as the Municipal Tax on Services so called ISS (Imposto sobre Serviços). Any increases in PIS, COFINS or ISS rates could also harm our profitability.

Furthermore, Brazilian governmental authorities at the federal, state and local levels are considering changes in tax laws in order to cover budgetary shortfalls resulting from the recent economic downturn in Brazil.

In January 2025 was enacted Supplementary Law No. 214, publicly known as the VAT Reform. This legislation aims to consolidate certain taxes (i.e., ICMS, IPI, ISS and PIS/COFINS), currently levied on revenues from the sales of goods and services, into three principal taxes: Goods and Services Tax ("IBS"), Contribution on Goods and Services ("CBS") and the Excise Tax ("IS"). As of the date of this annual report, the VAT Reform is pending a regulation, which will establish the applicable rates.

In addition, the Brazilian government is expected to introduce proposals for income tax reform during the course of 2025.

The Supplementary Law No. 214 and proposal for income tax, if is enacted, may harm our profitability by increasing our tax liabilities, increasing our tax compliance costs, or otherwise affecting our financial condition, results of operations and cash flows.

Moreover, we are subject to tax laws and regulations that may be interpreted differently by tax authorities and us. The application of indirect taxes, such as sales and use tax, value-added tax, or "VAT," provincial taxes, goods and services tax, business tax and gross receipt tax, to businesses such as ours is complex and continues to evolve. We are required to use significant judgment in order to evaluate applicable tax obligations. In many cases, the ultimate tax determination is uncertain because it is not clear how existing statutes apply to our business. One or more states or municipalities, the federal government or other countries may seek to challenge the taxation or procedures applied to our transactions, which could impose the charge of taxes or additional reporting, record keeping or indirect tax collection obligations on businesses like ours. New taxes could also require us to incur substantial costs to capture data and collect and remit taxes. If such obligations were imposed, the additional costs associated with tax collection, remittance and audit requirements could have a material adverse effect on our business and financial results.

Tax rules in Brazil, particularly at the local level, can change without notice. We may not always be aware of all such changes that affect our business and we may therefore fail to pay the applicable taxes or otherwise comply with tax regulations, which may result in additional tax assessments and penalties for our company.

The costs and effects of pending and future litigation, investigations or similar matters, or adverse facts and developments related thereto, could materially affect our business, financial position and results of operations.

We are, and may be in the future, party to legal, arbitration and administrative investigations, inspections and proceedings arising in the ordinary course of our business or from extraordinary corporate, tax or regulatory events, involving our clients, suppliers, customers, investors, as well as competition, government agencies, tax and environmental authorities, particularly with respect to civil, tax and labor claims. Indemnity rights that we seek to negotiate in certain transactions may not cover all claims that may be asserted against us, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. Also, we may in the future be party to one or more securities class actions regarding our registration statements, annual reports on Form 20-F, and other related reports. Furthermore, there is no guarantee that we will be successful in defending ourselves in future litigation or similar matters under various laws. Should the ultimate judgments or settlements in any future litigation or investigation significantly exceed any amounts we are able to recover under any indemnity arrangements, such judgments or settlements could have a material adverse effect on our business, financial condition and results of operations and the price of our Class A common shares. Further, even if we adequately address issues raised by an inspection conducted by an agency or successfully defend our case in an administrative proceeding or court action, we may have to set aside significant financial and management resources to settle issues raised by such proceedings or those lawsuits or claims, which could adversely affect our business. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings."

The credit quality of our loan portfolio may deteriorate beyond expectations and our collateral supporting our loan portfolio may be insufficient to cover our outstanding exposure, which would have a material adverse effect on our business, financial condition and results of operations.

Risks arising from changes in credit quality and the recoverability of amounts due from counterparties are inherent in many aspects of our businesses, in particular our collateralized credit products business. We expect the amount of reported non-performing loans to increase in the future on an absolute basis as a result of the expected growth in our total loan portfolio, the credit quality of which may turn out to be worse than anticipated. The amount of reported non-performing loans may also increase due to factors beyond our control, such as adverse changes in the credit quality of our borrowers and counterparties or a general deterioration in economic conditions in the markets in which we operate. Our provisions for credit losses are based on our current assessments and expectations concerning various factors affecting the quality of our loan portfolio. These factors include, among other things, our borrowers' financial condition, government macroeconomic policies, interest rates, exchange rates, tariffs and the legal and regulatory environment. As many of these factors are beyond our control and there is no infallible method for predicting loan and credit losses, we cannot guarantee that our current or future reserves for credit losses will be sufficient to cover actual losses. If our assessment of and expectations concerning the above-mentioned factors differ from actual developments, if the quality of our total loan portfolio deteriorates beyond expectations, for any reason, or if the future actual losses exceed our estimates of expected losses, we may be required to increase our provisions for credit losses, which may adversely affect our financial condition. As such, any unexpected increase in the level of our non-performing loans could have a material adverse effect on our financial condition.

We may not be able to successfully manage our intellectual property and may be subject to infringement claims.

We rely on a combination of contractual rights, trademarks and trade secrets to establish and protect our proprietary technology. Third parties may challenge, invalidate, circumvent, infringe or misappropriate our intellectual property, including at the administrative or judicial level, or such intellectual property may not be sufficient to permit us to take advantage of current market trends or otherwise to provide competitive advantages, which could result in costly redesign efforts, the discontinuance of certain service offerings or other competitive harm. Others, including our competitors, may independently develop similar technology, duplicate our services or design around our intellectual property, and in such cases, we could not assert our intellectual property rights against such parties. Further, our contractual arrangements may not effectively prevent disclosure of our confidential information or provide an adequate remedy in the event of unauthorized disclosure of our confidential information. We may have to litigate to enforce or determine the scope and enforceability of our intellectual property rights, trade secrets and know-how, which is expensive, could cause a diversion of resources and may not prove successful. Also, because of the rapid pace of technological change in our industry, aspects of our business and our services rely on technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties on reasonable terms or at all. The loss of intellectual property protection, the inability to obtain third-party intellectual property or delay or refusal by relevant regulatory authorities to approve pending intellectual property registration applications could harm our business and ability to compete. With respect to trademarks, loss of rights may result from term expirations, owner abandonment and forfeiture or cancellation proceedings before the Brazilian Patent and Trademark Office (Instituto Nacional da Propriedade Industrial), or the "INPI." In addition, if we lose rights over registered trademarks, we would not be entitled to use such trademarks on an exclusive basis, and therefore, third parties would be able to use similar or identical trademarks to identify their products or services, which could adversely affect our business.

We may also be subject to costly litigation in the event our services and technology infringe upon or otherwise violate a third party's proprietary rights. Third parties may have, or may eventually be issued, patents that could be infringed by our services or technology. Any of these third parties could make a claim of infringement against us with respect to our services or technology, and we have been subject to such claims in the past. Also, we may in the future be party to one or more claims by third parties for breach of copyright, trademark, license usage or other intellectual property rights. We are not currently a defendant in any proprietary rights infringement proceedings. Any claim from third parties may result in a limitation on our ability to use the intellectual property subject to these claims or could prevent us from registering our brands as trademarks. Additionally, in recent years, individuals and groups have been purchasing intellectual property assets for the sole purpose of making claims of infringement and attempting to extract settlements from companies like ours. Even if we believe that intellectual property-related claims are without merit, defending against such claims is time-consuming and expensive and could result in the diversion of the time and attention of our management and employees. Claims of intellectual property infringement also might require us to redesign affected services, enter into costly settlement or license agreements, pay costly damage awards, change our brands, or face a temporary or permanent injunction prohibiting us from marketing or selling certain services or using certain brands. Even if we have an agreement for indemnification against such costs, the party providing such indemnification may be unwilling or unable to comply with its indemnification obligations. If we cannot or do not license the infringed technology on reasonable terms or substitute similar technology from another source, our revenues and earnings could be adversely impacted.

Our use of open-source software could negatively affect our ability to sell our solutions and subject us to possible litigation.

Our solutions incorporate, and are dependent to some extent, on the use and development of open-source software and we intend to continue our use and development of open-source software in the future. Such open-source software is generally licensed by its authors or other third parties under open-source licenses and is typically freely accessible, usable and modifiable. Pursuant to such open-source licenses, we may be subject to certain conditions, including requirements that we offer our proprietary software that incorporates the open-source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open-source software and that we license such modifications or derivative works under the terms of the particular open-source license. If an author or other third party that uses or distributes such open-source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the use or sale of our solutions that contained or are dependent upon the open-source software and required to comply with the foregoing conditions, which could disrupt the distribution and sale of some of our products and services. Litigation could be costly for us to defend, have a negative effect on our financial condition and results of operations or require us to devote additional research and development resources to change our platform. The terms of many open-source licenses to which we are subject have not been interpreted by courts. As there is little or no legal precedent governing the interpretation of many of the terms of certain of these licenses, the potential impact of these terms on our business is uncertain and may result in unanticipated obligations regarding our solutions and technologies.

Any requirement to disclose our proprietary source code, termination of open-source license rights or payments of damages for breach of contract could be harmful to our business, financial condition or results of operations, and could make it easier for our competitors to develop products and services that are similar to or better than ours.

In addition to risks related to license requirements, use of open-source software can lead to greater risks than use of third-party commercial software, as open-source licensors generally do not provide warranties, controls on the origin or development of the software, or remedies against the licensors. Many of the risks associated with usage of open-source software cannot be eliminated and could adversely affect our business.

Although we believe that we have complied with our obligations under the various applicable licenses for open-source software, it is possible that we may not be aware of all instances where open-source software has been incorporated into our proprietary software or used in connection with our solutions or our corresponding obligations under open-source licenses. We do not have open-source software usage policies or monitoring procedures in place. We rely on multiple software programmers to design our proprietary software, and we cannot be certain that our programmers have not incorporated open-source software licensed under copyright license or similar provisions into our proprietary software that we intend to maintain as confidential or that they will not do so in the future. To the extent that we are required to disclose the source code of certain of our proprietary software developments to third parties, including our competitors, in order to comply with applicable open-source license terms, such disclosure could harm our intellectual property position, competitive advantage, financial condition and results of operations. In addition, to the extent that we have failed to comply with our obligations under particular licenses for open-source software, we may lose the right to continue to use and exploit such open-source software in connection with our operations and solutions, which could disrupt and adversely affect our business.

We may face challenges in expanding into new geographic regions outside of Brazil.

We may face challenges in connection with our expansion through XP Investments and certain of our other subsidiaries into new geographic regions outside of Brazil and we will face challenges associated with entering markets in which we have limited or no experience and in which we may not be well known. Offering our services in new geographic regions requires substantial expenditures and takes considerable time, and we may not recover our investments in new markets in a timely manner or at all. For example, we may be unable to attract a sufficient number of clients, fail to anticipate competitive conditions or fail to adapt and tailor our services to different markets. In addition, the ongoing economic uncertainty and political instability in the countries in which we operate may adversely affect us.

The development of our products and services globally exposes us to risks relating to staffing and managing cross-border operations; increased costs and difficulty protecting intellectual property and sensitive data; tariffs and other trade barriers; differing and potentially adverse tax consequences; increased and conflicting regulatory compliance requirements, including with respect to privacy and security; lack of acceptance of our products and services; challenges caused by distance, language, and cultural differences; exchange rate risk; and political instability. Accordingly, our efforts to develop and expand the geographic footprint of our operations may not be successful, which could limit our ability to grow our business.

Any acquisitions, partnerships or joint ventures that we make or enter into could disrupt our business and harm our financial condition.

Acquisitions, partnerships and joint ventures are part of our growth strategy. See "Item 4. Information on the Company—A. History and Development of the Company—Acquisitions and New Lines of Business." We evaluate, and expect in the future to evaluate, potential strategic acquisitions of, and partnerships or joint ventures with, complementary businesses, services or technologies. We may not be successful in identifying acquisition, partnership and joint venture targets. In addition, we may not be able to successfully finance or integrate any businesses, services or technologies that we acquire or with which we form a partnership or joint venture, and we may lose clients as a result of any acquisition, partnership or joint venture. In addition, we may be unable to realize the expected benefits, synergies or developments that we may initially anticipate. Furthermore, the integration of any acquisition, partnership or joint venture may divert management's time and resources from our core business and disrupt our operations.

In addition, we may spend time and money on projects that do not increase our revenue or profitability. To the extent we finance any acquisition or investment in cash, it would reduce our cash reserves, and to the extent the purchase price is paid with our common shares, it could be dilutive to our shareholders. To the extent we finance any acquisition or investment with the proceeds from the incurrence of debt, this would increase our level of indebtedness and could negatively affect our liquidity and credit rating and restrict our operations. Our competitors may be willing to pay more than us for acquisitions or investments, which may cause us to lose certain opportunities that we would otherwise desire to complete. Moreover, we may face contingent liabilities in connection with our acquisitions and joint ventures, including, among others, (1) judicial and/or administrative proceeding or contingencies relating to the company, asset or business acquired, including civil, regulatory, tax, labor, social security, environmental and intellectual property proceedings or contingencies; and (2) financial, reputational and technical issues, including with respect to accounting practices, financial statement disclosures and internal controls, as well as other regulatory or compliance matters, all of which we may not have identified as part of our due diligence process and that may not be sufficiently identifiable under the relevant acquisition or joint venture agreement. We cannot assure you that any acquisition, partnership, investment or joint venture we make will not have a material adverse effect on our business, financial condition and results of operations. As of the date of this annual report, there were no indicators of a potential impairment in our goodwill and intangible assets.

Our insurance policies may not be sufficient to cover all claims.

Our insurance policies may not adequately cover all risks to which we are exposed. A significant claim not covered by our insurance, in full or in part, may result in significant expenditures by us. Moreover, we may not be able to maintain insurance policies in the future at reasonable costs or on acceptable terms, which may adversely affect our business and the trading price of our Class A common shares.

Our risk management policies and procedures may not be fully effective in mitigating our risk exposure in all market environments or against all types of risks, which could expose us to losses and liability and otherwise harm our business.

We operate in a dynamic industry, and we have experienced significant change in recent years, including undertaking certain acquisitions and conducting our initial public offering, and the emergence of new risks within the industries in which we operate or may operate in the future. Accordingly, our risk management policies and procedures may not be fully effective in identifying, monitoring and managing our risks. Some of our risk evaluation methods depend upon information provided by others and public information regarding markets, clients or other matters that is otherwise inaccessible by us. In some cases, however, that information may not be accurate, complete or up-to-date. If our policies and procedures are not fully effective or we are not always successful in capturing all risks to which we are or may be exposed, we may suffer harm to our reputation or be subject to litigation or regulatory actions that could have a material adverse effect on our business, financial condition and results of operations.

We have implemented risk management and mitigation processes and strategies, including the use of risk models in analyzing and monitoring the various risks that our subsidiaries are exposed to as part of our activities. Our risk management policies are designed to identify and analyze the risks, to set appropriate risk limits and controls, and to monitor risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in our activities.

In our credit operations, we are exposed to credit defaults and the incurrence of losses on the credit transactions we make to our customers. We seek to mitigate the risks inherent to our credit portfolio by our use of client investments as collateral in an effort to reduce potential losses, and we also seek to mitigate our credit risk exposure by managing collateral and by monitoring the value of existing collateral. Although we believe that our credit portfolio criteria are, and historically have been, appropriate for the various kinds of credit transactions we make, we may incur losses on credit transactions that have met these criteria, and may experience higher-than-expected losses depending on economic factors and consumer behavior.

Further, we may have higher credit risk, or experience higher credit losses, to the extent our credit operations are concentrated by loan type, industry segment, borrower type, or location of the borrower or collateral. Any changes affecting any of the sectors to which we have significant lending exposure, and changes in the value of the collateral securing our credit operations, may result in a reduction in the value we realize from collateral and in our loan portfolio. The value of any collateral supporting the credit portfolio may be insufficient to cover our outstanding exposure. Consequentially, this may have an adverse impact on our results of operations and financial condition, and it could also adversely affect the growth rate and the mix of our credit portfolio. We offer financial services and other products and services to a large number of clients, and we are responsible for vetting and monitoring these clients and determining whether the transactions we process for them are legitimate. When our products and services are used in connection with illegitimate transactions, and we settle those funds to clients and are unable to recover them, we suffer losses and liability. These types of illegitimate, as well as unlawful, transactions can also expose us to governmental and regulatory sanctions, including outside of Brazil (for example, U.S. anti-money laundering and economic sanctions violations). Our risk management policies, procedures, techniques, and processes may not be sufficient to identify all of the risks to which we are exposed, to enable us to mitigate the risks we have identified, or to identify additional risks to which we may become subject in the future. Furthermore, if our risk management policies and processes contain errors or are otherwise ineffective, we may suffer large financial losses, we may be subject to civil and criminal liability, and our business may be materially and adversely affected.

Holding large and concentrated positions may expose us to losses.

Concentration of risk may reduce revenues or result in losses in our institutional and retail investment business, our market-making activities and our underwriting businesses in the event of unfavorable market conditions, failed executions or settlements with respect to transactions that we underwrite, or in instances in which market conditions are more favorable to our competitors. We commit substantial amounts of capital to these businesses, which often results in our taking large positions in the securities of a particular issuer or issuers in a particular industry, country or region, and any losses in these large positions may have a material adverse effect on our financial condition and results of operations.

We may not be able to secure financing on favorable terms, or at all, to meet our future capital needs.

We have funded our operations since inception in part through equity financings, bank credit facilities and other financing arrangements. In the future, we may require additional capital to respond to business opportunities, refinancing needs, challenges, acquisitions, or unforeseen circumstances and may decide to engage in equity or debt financings or enter into credit facilities for other reasons, and we may not be able to secure any such additional debt or equity financing or refinancing on favorable terms, in a timely manner, or at all. Any debt financing obtained by us in the future could also include restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. Our credit facilities contain restrictive covenants, including customary limitations on the incurrence of certain indebtedness and liens. Our ability to comply with these covenants may be affected by events beyond our control, and breaches of these covenants could result in a default under our credit facilities and any future financing agreements into which we may enter. If not waived, defaults could cause our outstanding indebtedness under our credit facilities and any future financing agreements that we may enter into under these terms to become immediately due and payable. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited. See "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Indebtedness."

Some of our clients reach us on digital media platforms, leading to our difficulties in maintaining all the communication records.

Under the relevant laws and regulations of Brazil (including CVM Resolution No. 35), we are generally required to keep the records of our communications with customers concerning our services for at least a period of five years, including from IFAs. To ensure all of our users and customers are best served, we occasionally provide customer service on popular digital media platforms in a similar way as other market participants in both our industry and other industries. However, we cannot solve all the difficulties arising therefrom because the digital media platforms usually do not have functions that telephone or email operation systems use for the long-term storage of communication records, which, such difficulties, if questioned by the CVM, could have a material adverse effect on our business, financial condition and results of operations.

If we are not able to respond to changes in user preferences for our financial products and services and provide a satisfactory user experience on our platform, or our existing and new products and services do not maintain or achieve sufficient market acceptance, we will not be able to maintain and expand our user base and increase user activities, and our financial results and competitive position will be harmed.

We believe that our user base is the cornerstone of our business. Our ability to maintain and expand our user base depends on a number of factors, including our ability to offer suitable financial products and services for our users, and our ability to provide relevant and timely products and services to meet changing user needs at a reasonable cost. If we are unable to respond to changes in user preference and deliver a satisfactory and distinguishable user experience at a reasonable cost, our users may switch to competing platforms or, in relevant cases, obtain the relevant products and services directly from their providers. As a result, user access to and activity on our platform will decline, our products and services will be less attractive to our users, and our business, financial performance and prospects will be materially and adversely affected.

We have devoted significant resources to, and will continue to emphasize, upgrading and marketing our existing financial products and services and enhancing their market awareness. We also incur expenses and expend resources upfront to develop, acquire and market new financial products and services that incorporate additional features, improve functionality or otherwise make our products more desirable to clients. New financial products and services must achieve high levels of market acceptance in order for us to recoup our investment in developing, acquiring and bringing them to market.

Our existing and new financial products and services could fail to attain sufficient market acceptance for many reasons, including:

- investors are not willing to deploy their funds in a timely or efficient manner;
- we may fail to predict market demand accurately and provide products and services that meet this demand in a timely fashion;
- users may not like, find useful or agree with any changes;
- there may be defects, errors or failures on our platform;
- there may be negative publicity about our financial products and services or our platform's performance or effectiveness;

- if new financial products and services or changes to our platform do not comply with Brazilian laws, regulations or rules applicable to us;
- there may be competing products and services introduced or anticipated to be introduced by our competitors; and
- there may be changes in our clients' preferences towards low-risk investments with traditional banks, which could decrease our net inflows from both new and existing clients.

If our existing and new financial products and services do not achieve adequate acceptance in the market, our competitive position, financial condition and results of operations could be adversely affected.

Our balance sheet includes significant amounts of goodwill and intangible assets. The impairment of a significant portion of these assets would negatively affect our business, financial condition and results of operations.

As of December 31, 2024, our balance sheet includes goodwill and intangible assets that amounted to R\$4,139 million. These assets consist primarily of identified goodwill and intangible assets associated with our acquisitions and investments in associates and joint ventures. We also expect to engage in additional acquisitions and investments in associates and joint ventures, which may result in our recognition of additional goodwill and intangible assets. Under current accounting standards, we are required to amortize certain intangible assets over the useful life of the asset, while certain other intangible assets (including goodwill) are not amortized. On at least an annual basis, we assess whether there have been impairments in the carrying value of certain intangible assets and goodwill. If the carrying value of the asset is determined to be impaired, then it is written down to fair value by a charge to operating earnings. An impairment of a significant portion of goodwill and intangible assets could have a material adverse effect on our business, financial condition and results of operations.

If we do not respond to rapid technological changes, our services could become obsolete and we could lose customers.

To remain competitive, we must continue to enhance and improve the functionality and features of our services. We may face material delays in introducing new services, products and enhancements. If this happens, our customers may forgo the use of our websites and use those of our competitors. If competitors introduce new products and services using new technologies, including artificial intelligence ("AI") tools or technologies or if new industry standards and practices emerge, our existing technology and systems may become obsolete. Our failure to respond to technological change or to adequately maintain, upgrade and develop our computer network and the systems used to process customers' orders and payments, or if our competitors adopt AI or generative AI more quickly or more effectively than we do, this could harm our business, prospects, financial condition and results of operations.

Use of social media may adversely impact our reputation.

There has been a marked increase in the use of social media platforms and similar devices, including blogs, social media websites and other forms of internet-based communications that allow individuals access to a broad audience of consumers and other interested persons. Consumers value readily available information concerning retailers, manufacturers, and their goods and services and often act on such information without further investigation, authentication and without regard to its accuracy. The availability of information on social media platforms and devices is virtually immediate as is its impact. Social media platforms and devices immediately publish the content their subscribers and participants post, often without filters or checks on accuracy of the content posted. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information concerning our company may be posted on such platforms and devices at any time. Information posted may be adverse to our interests, may be inaccurate, and may harm our performance, prospects or business. The harm may be immediate without affording us an opportunity for redress or correction. Such platforms also could be used for the dissemination of trade secret information or otherwise compromise valuable company assets, all of which could harm our business, prospects, financial condition and results of operations.

In addition, in September and November 2023, respectively, BSM and ANBIMA issued new rules regarding the contractual relationships between influencers and broke dealer firms such as XP CCTVM. Moreover, in November 2023, the CVM opened a public hearing to debate the scope of the duties and responsibilities of regulated entities (such as XP CCTVM) when hiring and/or interacting with digital influencers. These new rules may expose us to additional risks in connection with contractual arrangements we enter into with influencers (e.g., conflicts of interests, validation and disclosure of documents containing services offered by XP CCTVM).

Our expansion into new products, services, technologies, and geographic regions subjects us to additional risks.

We may have limited or no experience in our newer markets, and our customers may not adopt our product or service offerings. These offerings, which can present new and difficult technology challenges, may subject us to claims if customers of these offerings experience service disruptions or failures or other quality issues. For example, certain digital assets may prove to be speculative and not sustain the value they currently have to our clients. In addition, profitability, if any, in our newer activities may not meet our expectations, and we may not be successful enough in these newer activities to recoup our investments in them. Failure to realize the benefits of amounts we invest in new technologies, products, or services could result in the value of those investments being written down or written off.

Certain Risks Relating to Brazil

The Brazilian federal government has exercised, and continues to exercise, significant influence over the Brazilian economy. This involvement as well as Brazil's political and economic conditions could harm us and the price of our Class A common shares.

The Brazilian federal government frequently exercises significant influence over the Brazilian economy and occasionally makes significant changes in policy and regulations. The Brazilian government's actions to control inflation and other policies and regulations have often involved, among other measures, increases or decreases in interest rates, changes in fiscal policies, wage and price controls, foreign exchange rate controls, blocking access to bank accounts, currency devaluations, capital controls and import and export restrictions. We have no control over and cannot predict what measures or policies the Brazilian government may take in the future. We and the market price of our Class A common shares may be harmed by changes in Brazilian government policies, as well as general economic factors, including, without limitation:

- growth or downturn of the Brazilian economy;
- interest rates and monetary policies;
- exchange rates and currency fluctuations;
- inflation;
- liquidity of the domestic capital and lending markets;
- import and export controls and tariffs;
- exchange controls and restrictions on remittances abroad and payments of dividends;
- modifications to laws and regulations according to political, social and economic interests;
- fiscal policy, monetary policy and changes in tax laws;
- economic, political and social instability, including general strikes and mass demonstrations;
- labor and social security regulations;
- epidemics, pandemics and other public health crises;
- energy and water shortages and rationing;
- commodity prices; and
- other political, diplomatic, social and economic developments in or affecting Brazil.

Uncertainty over whether the Brazilian federal government will implement reforms or changes in policy or regulation affecting these or other factors in the future may affect economic performance and contribute to economic uncertainty in Brazil, which may have an adverse effect on our activities and consequently our results of operations, and may also adversely affect the trading price of our Class A common shares. In recent years, economic and political instability has led to a negative perception of the Brazilian economy and higher volatility in the Brazilian securities markets, which also may adversely affect us and our Class A common shares. See "—Economic uncertainty and political instability in Brazil may harm us and the price of our Class A common shares" and "Item 5. Operating and Financial Review and Prospects—A Operating Results—Brazilian Macroeconomic Environment."

Economic uncertainty and political instability in Brazil may harm us and the price of our Class A common shares.

Brazil's political environment has historically influenced, and continues to influence, the performance of the country's economy. Political crises have affected and continue to affect the confidence of investors and the general public, which have historically resulted in economic deceleration and heightened volatility in the securities offered by companies with significant operations in Brazil.

In recent years, economic instability in Brazil has contributed to a decline in market confidence in the Brazilian economy as well as to a deteriorating political environment. In addition, various ongoing investigations into allegations of money laundering and corruption being conducted by the Office of the Brazilian Federal Prosecutor have negatively impacted the Brazilian economy and political environment. The potential outcome of these investigations is uncertain, but they have already had an adverse impact on the image and reputation of the implicated companies, and on the general market perception of the Brazilian economy. We cannot predict whether the ongoing investigations will result in further political and economic instability, or if new allegations against government officials and/or executives of private companies will arise in the future or will result in additional investigations.

A failure by the Brazilian government to implement necessary reforms may result in diminished confidence in the Brazilian government's budgetary condition and fiscal stance, which could result in downgrades of Brazil's sovereign foreign credit rating by credit rating agencies, negatively impact Brazil's economy, lead to further depreciation of the real and an increase in inflation and interest rates, adversely affecting our business, financial condition and results of operations.

Any of the above factors may create additional political uncertainty, which could harm the Brazilian economy and, consequently, our business, and could adversely affect our financial condition, results of operations and the price of our Class A common shares.

Inflation and certain measures by the Brazilian government to curb inflation have historically harmed the Brazilian economy and Brazilian capital markets, and high levels of inflation in the future would harm our business and the price of our Class A common shares.

In the past, Brazil has experienced extremely high rates of inflation. Inflation and some of the measures taken by the Brazilian government in an attempt to curb inflation have had significant negative effects on the Brazilian economy generally. Inflation, policies adopted to curb inflationary pressures and uncertainties regarding possible future governmental intervention have contributed to economic uncertainty and heightened volatility in the Brazilian capital markets.

According to the National Consumer Price Index (*Índice Nacional de Preços ao Consumidor Amplo*) or "IPCA," which is published by the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*) or "IBGE," Brazilian inflation rates were 4.8%, 4.6%, and 5.8% for the years ended as of December 31, 2024, 2023 and 2022, respectively. Brazil may experience high levels of inflation in the future and inflationary pressures may lead to the Brazilian government's intervention in the economy and introducing policies that could harm our business and the trading price of our Class A common shares. One of the tools used by the Brazilian government to control inflation levels is its monetary policy, specifically relating to interest rates. An increase in the interest rate restricts the availability of credit and reduces economic growth, and vice versa. During recent years there has been significant volatility in the official Brazilian interest rate. The base interest rate (*Sistema Especial de Liquidação e Custódia*), or "SELIC rate," that ranged from 14.25% on December 31, 2015 to 2.00% on December 31, 2020. This rate is set by the Monetary Policy Committee of the Central Bank (*Comitê de Política Monetária*), or "COPOM." On March 18, 2021, the COPOM raised the SELIC rate to 2.75% and gradually increased the SELIC rate to 13.75% on August 2022. In 2023, COPOM reversed this trend, decreasing the SELIC rate to 13.25% on August 3, 2023, to 12.75% on September 21, 2023, to 12.25% on November 2, 2023, 11.75% on December 13, 2023, to 11.25% on January 31, 2024 and to 10.75% on March 20, 2024. As of April 25, 2024, the SELIC rate was 10.75%. As of May 05, 2024 SELIC rate was reduced to 10.50% until September 18, 2024 when COPOM reversed the trend and increased SELIC rate to 10.75%, on November 6, 2024 to 11.25%, on December 1 2024 to 12.25%, on January 29, 2025 to 13.25% and on March 19, 2025 to 14.25%, which still the same on April 2024. Increases in inflation in the past years, particularly during the COVID-19 pandemic, led to more stringent monetary policies and interest rate increases by the COPOM. Any further increase in inflation may trigger further price volatility and the need for further interest rate increases, which could negatively affect our business and increase our indebtedness. Any change in interest rates, in particular any volatile swings, could adversely affect our growth, results of operations and financial condition, mainly by affecting product mix and client sentiment in the short term.

Also, in 2021, Complementary Law No. 179 (Lei Complementar No. 179) was enacted to grant more stability to the Central Bank's president and its officers and restrict the possibilities of removal from office by the President of Brazil and therefore reducing influence on the execution of monetary policies established by the COPOM. Recently, Luis Inácio Lula da Silva, the current President of Brazil, mentioned that such law could be rediscussed. If Complementary Law No. 179 is revoked or amended, reducing stability of Central Bank's president and officers, there can be new uncertainties regarding possible future governmental intervention and increase volatility in the Brazilian capital markets. Moreover, any reduction on interest rates due to political pressure may increase inflation in the future.

Exchange rate instability may have adverse effects on the Brazilian economy, us and the price of our Class A common shares.

The Brazilian currency has been historically volatile and has been devalued frequently over the past three decades. Throughout this period, the Brazilian government has implemented various economic plans and used various exchange rate policies, including sudden devaluations, periodic mini-devaluations (during which the frequency of adjustments has ranged from daily to monthly), exchange controls, dual exchange rate markets and a floating exchange rate system. Although long-term depreciation of the real is generally linked to the rate of inflation in Brazil, depreciation of the real occurring over shorter periods of time has resulted in significant variations in the exchange rate between the real, the U.S. dollar and other currencies. In 2022, the real appreciated 6.5% to R\$5.218 per US\$1.00. In December 31, 2023 The real/U.S. dollar exchange rate reported by the Central Bank was R\$4.841 per US\$1.00, which reflected a 7.2% appreciation of the real against the U.S. dollar during 2023. As of December 31, 2024, the real/U.S. dollar exchange rate reported by the Central Bank was R\$6.192 per US\$1.00, a depreciation of 27.7% of the real since December 31, 2023. There can be no assurance that the real will not appreciate or further depreciate against the U.S. dollar or other currencies in the future.

A devaluation of the *real* relative to the U.S. dollar could create inflationary pressures in Brazil and cause the Brazilian government to, among other measures, increase interest rates. Any depreciation of the real may generally restrict access to the international capital markets. It would also reduce the U.S. dollar value of our results of operations. Restrictive macroeconomic policies could reduce the stability of the Brazilian economy and harm our results of operations and profitability. In addition, domestic and international reactions to restrictive economic policies could have a negative impact on the Brazilian economy. These policies and any reactions to them may harm us by curtailing access to foreign financial markets and prompting further government intervention. A devaluation of the real relative to the U.S. dollar may also, as in the context of the current economic slowdown, decrease consumer spending, increase deflationary pressures and reduce economic growth.

On the other hand, an appreciation of the real relative to the U.S. dollar and other foreign currencies may deteriorate the Brazilian foreign exchange current accounts. We, and certain of our suppliers, purchase services from countries outside Brazil, and thus changes in the value of the U.S. dollar compared to other currencies may affect the costs of services that we purchase from international suppliers. Depending on the circumstances, either devaluation or appreciation of the real relative to the U.S. dollar and other foreign currencies could restrict the growth of the Brazilian economy, as well as our business, results of operations and profitability.

Infrastructure and workforce deficiency in Brazil may impact economic growth and have a material adverse effect on us.

Our performance depends on the overall health and growth of the Brazilian economy. Brazilian GDP growth has fluctuated over the past few years, with a contraction of 4.1% in 2020, and a growth of 4.6% in 2021, 2.9% in 2022, 2.9% in 2023 and 3.4% in 2024. Growth is limited by inadequate infrastructure, including potential energy shortages and deficient transportation, logistics and telecommunication sectors, general strikes, the lack of a qualified labor force and the lack of private and public investments in these areas, which limit productivity and efficiency. Any of these factors could lead to labor market volatility and generally impact income, purchasing power and consumption levels, which could limit growth and ultimately have a material adverse effect on us.

Developments and the perceptions of risks in other countries, including other emerging markets, the United States and Europe, may harm the Brazilian economy and the price of our Class A common shares.

The market for securities offered by companies with significant operations in Brazil is influenced by political, economic and market conditions in Brazil and, to varying degrees, market conditions in other Latin American and emerging markets, as well as the United States, Europe and other countries. To the extent the conditions of the global markets or economy deteriorate, the business of companies with significant operations in Brazil may be harmed. The weakness in the global economy has been marked by, among other adverse factors, lower levels of consumer and corporate confidence, decreased business investment and consumer spending, increased unemployment, reduced income and asset values in many areas, reduction of China's growth rate, currency volatility and limited availability of credit and access to capital. Developments or economic conditions in other countries may significantly affect the availability of credit to companies with significant operations in Brazil and result in considerable outflows of funds from Brazil, decreasing the amount of foreign investments in Brazil.

Crises and political instability in other emerging market countries, the United States, Europe or other countries could decrease investor demand for securities offered by companies with significant operations in Brazil, such as our Class A common shares. Investor sentiment in one country may cause capital markets in other countries to fluctuate, affecting the value of our Class A common shares, even if indirectly. The economic, political and social instability in the United States, the trade war between the United States and China, crises in Europe and other countries and global tensions, as well as economic or political crises and social unrest in Latin America or other emerging markets, can significantly affect the perception of the risks inherent in investment in Brazil.

On November 5, 2024, Donald Trump won the presidential election in the United States and assumed office as the 47th President of the United States on January 20, 2025. The U.S. president has considerable influence, which may materially and adversely global economy and political stability. We cannot ensure that the Trump administration will adopt policies designed to promote macroeconomic stability and fiscal discipline, as well as domestic and foreign investment, which may materially and adversely impact the trading price of securities of Brazilian issuers, including our common shares. Economic uncertainty, geopolitical tensions, proposed policies including tariffs, reciprocal tariffs, trade restrictions or export controls may also create uncertainty in the Brazilian economy. These developments, as well as potential crises and other forms of political instability or any other as of yet unforeseen development, may harm our business and the price of our Class A common shares.

New presidential elections were held in Brazil, with a first round on October 2, 2022. A second round between candidates was necessary as none of the candidates obtained more than 50% of the valid votes. The second round was held on October 30, 2022, and the new president was elected with 50.90% of the votes. Since the results of the presidential election have been announced, certain groups formed by extreme supporters of the defeated candidate have been organizing public demonstrations and protests against the current president, the judiciary, electronic ballot boxes and the existence of an alleged conspiracy against their candidate. Any potential threat to the democratic system or the ballots counting in the next elections may result in deterioration of the political environment and, as a consequence, affect the confidence of investors and the general public.

We may incur losses as a result of unforeseen or catastrophic events, including the emergence of a pandemic, cybersecurity incidents and events, terrorist attacks, war, trade policies, military conflict, climate-related incidents or other natural disasters.

The occurrence of unforeseen or catastrophic events, including the emergence of a pandemic, such as COVID-19, or other widespread health emergency (or concerns over the possibility of such an emergency), cybersecurity incidents and events, terrorist attacks, war, trade policies, military conflict, extreme climate-related incidents or events or other natural disasters, could create economic and financial disruptions, and could lead to operational difficulties (including travel limitations) that could impair our ability to manage our businesses. For instance, the spread of illnesses or pandemics has, and could in the future, cause illness, quarantines, various shutdowns, reduction in business activity and financial transactions, labor shortages, supply chain interruptions and overall economic and financial market instability. Governmental responses to such incidents may disrupt supply chains and otherwise continue to reduce international trade and business activity, and result in increased unemployment rates in Brazil, which may decrease the flow of money into investments and increase withdrawal of funds from investment and other financial products, negatively impacting our business. This may result in changes in fair value of assets and liabilities that are recognized in our income statement. Economic slowdowns and market downturns caused by pandemics, epidemics or similar crises could also negatively impact specific portfolios through negative ratings migration and higher than expected losses, potentially leading clients to redirect investments away from us and to more traditional financial institutions, as well as reduced management fees from our asset management businesses, which are required to meet certain criteria to earn performance fees. We may be unable to meet our financial targets as a result of similar incidents.

In addition, geopolitical and military conflict and war between Russia and Ukraine and Israel, Hamas and other countries and terrorist organizations, have and will continue to result in instability and adversely affect the global economy or specific markets, which could continue to have an adverse impact or cause volatility in the financial services industry generally or on our results of operations and financial conditions. In addition, these geopolitical tensions can cause an increase in volatility in commodity and energy prices, creating supply chain issues, and causing instability in financial markets. Sanctions imposed by the United States, EU, the U.K. and other countries in response to such conflicts include financial measures such as freezing Russia's central bank assets, limiting its ability to access its dollar reserves, the U.S., the EU and the U.K. have also banned people and businesses from dealings with the Russian central bank, its finance ministry and its wealth funds, selected Russian banks will also be removed from Swift messaging system, which enables the smooth transfer of money across borders. Other sanctions by the U.K. include major Russian banks from the U.K. financial system, stopping them from accessing sterling and clearing payments, preventing major Russian companies and the country from raising finances or borrowing money on the U.K. markets, establishing limits on deposits Russians can make at U.K. banks and other sanctions against Iran and North Korea. The U.S., the EU and the U.K. adopted personal measures, such as sanctions on individuals with close ties to Mr. Putin, and placed visa restrictions on several oligarchs, as well as their family members and close associates, and froze their assets. These actions could further adversely impact the financial markets and the global economy, and any economic countermeasures by the affected countries or others, could exacerbate market and economic instability.

While the precise effect of the ongoing armed conflict and these sanctions on the Russian, the Middle Eastern and global economies remains uncertain, should tensions continue to increase, markets may face continued volatility as well as economic and security consequences including, but not limited to, supply shortages of different kinds, increases in prices of commodities, including piped gas, oil and agricultural goods, among others. Given that Russia and Ukraine are among the largest grain exporters in the world, impacts on financial markets, inflation, interest rates, unemployment and other matters could affect the global economy that is currently recovering from the effects of the COVID-19 pandemic. Particularly, these effects could result in increased inflation in Brazil and in measures by the Brazilian government to contain inflation, such as raising the basic interest rate (SELIC rate), which could materially impact the cost of debt and third-party capital for financing and investing activities across industries.

As of December 31, 2024, we did not have any relevant direct or indirect exposure to Russia, Belarus, Ukraine or Israel through our operations, employee base investments, suppliers or securities trading. However, such conflict may affect the global economy and its uncertainty may cause an increase of costs related to certain financial operations, such as hedge instruments, which may affect our financial results.

Such events could have an adverse effect on our business and financial performance, through increased worldwide inflation, increased costs of compliance, higher volatility in foreign currency exchange rates, and increases in provisions for expected credit losses for our clients that sell goods to Russia counterparties.

Any further downgrading of Brazil's credit rating could reduce the trading price of our Class A common shares.

We may be harmed by investors' perceptions of risks related to Brazil's sovereign debt credit rating. Rating agencies regularly evaluate Brazil and its sovereign credit ratings, which are based on a number of factors including macroeconomic trends, fiscal and budgetary conditions, indebtedness metrics and the perspective of changes in any of these factors.

The rating agencies began to review Brazil's sovereign credit rating in September 2015. Subsequently, the three major rating agencies have downgraded Brazil's investment-grade status on multiple occasions:

- In 2015, Standard & Poor's initially downgraded Brazil's credit rating from BBB-negative to BB-positive and subsequently downgraded it again from BB-positive to BB, maintaining its negative outlook, citing a worse credit situation since the first downgrade. On January 11, 2018, Standard & Poor's further downgraded Brazil's credit rating from BB to BB-negative, and on December 11, 2019, the agency affirmed the rating at BB-negative and revised the outlook on Brazil to positive. On April 6, 2020, the rating was reaffirmed as BB-negative with stable outlook, reflecting uncertainties stemming from the COVID-19 pandemic. On June 14, 2022, Standard & Poor reaffirmed Brazil's BB- rating and stable outlook. On June 14, 2023, the agency affirmed the rating at BB- and revised the outlook on Brazil to positive. On December 19, 2023, the agency raised its rating from BB- to BB and revised the outlook on Brazil to stable.
- In December 2015, Moody's placed Brazil's Baa3's issue and bond ratings under review for downgrade and subsequently downgraded the issue and bond ratings to below investment grade, at Ba2 with a negative outlook, citing the prospect of a further deterioration in Brazil's debt indicators, taking into account the low growth environment and the challenging political scenario. On April 9, 2018, Moody's revised the outlook to stable, reaffirming the Ba2 rating. On May 25, 2021, April 12 2022 and October 20, 2023, Moody's reaffirmed Brazil's Ba2 rating and stable outlook. On October 1, 2024, Moody's increased Brazil's long-term issuer rating from Ba2 to Ba1 and maintained a positive outlook.

- Fitch downgraded Brazil's sovereign credit rating to BB-positive with a negative outlook, citing the rapid expansion of the country's budget deficit and the worse-than-expected recession. In February 2018, Fitch downgraded Brazil's sovereign credit rating again to BB-negative, citing, among other reasons, fiscal deficits, the increasing burden of public debt and an inability to implement reforms that would structurally improve Brazil's public finances. In July 2022, Fitch reaffirmed Brazil's credit rating as BB-, but revised the outlook from negative to stable due to better-than-expected evolution of public finances amid successive shocks in recent years. In December 2022, Fitch reaffirmed Brazil's BB- rating and stable outlook, but highlighted high uncertainties regarding the plans from the new government elected and its impacts over economic and fiscal challenges. On July 26, 2023, Fitch upgraded Brazil's credit rating at BB and changed its outlook on Brazil's credit rating to a stable outlook. On June 27, 2024, Fitch affirmed Brazil's credit rating at BB and stable outlook.

Brazil's sovereign credit rating is currently rated below investment grade by the three main credit rating agencies. Consequently, the prices of securities offered by companies with significant operations in Brazil have been negatively affected. A prolongation or worsening of the current Brazilian recession and continued political uncertainty, among other factors, could lead to further ratings downgrades. Any further downgrade of Brazil's sovereign credit ratings could heighten investors' perception of risk and, as a result, cause the trading price of our Class A common shares to decline.

Certain Risks Relating to Our Class A Common Shares

An active trading market for our common shares may not be sustainable. If an active trading market is not maintained, investors may not be able to resell their shares at or above offering price and our ability to raise capital in the future may be impaired.

Although our Class A common shares are listed and traded on Nasdaq, an active trading market for our shares may not be maintained. If an active market for our Class A common shares is not maintained, it may be difficult for you to sell shares you have purchased without depressing the market price for the shares or at all. An active trading market may also impair our ability to raise capital to acquire other companies or technologies by using our shares as consideration.

XP Control owns 100.0% of our outstanding Class B common shares, which represents approximately 70.43% of the voting power of our issued share capital, and controls all matters requiring shareholder approval. This concentration of ownership and voting power limits your ability to influence corporate matters.

As of December 31, 2024, XP Control controlled our company and did not hold any of our Class A common shares, but beneficially owned 19.24% of our issued share capital through their beneficial ownership of an aggregate of 100.0% of our outstanding Class B common shares, and consequently, 70.43% of the combined voting power of our issued share capital. Our Class B common shares are entitled to 10 votes per share and our Class A common shares are entitled to one vote per share. Our Class A common shares are convertible into an equivalent number of Class B common shares. As a result, XP Control controls the outcome of all decisions at our shareholders meetings, and is able to elect a majority of the members of our board of directors. The decisions of XP Control on these matters may be contrary to your expectations or preferences, and it may take actions that could be contrary to your interests. XP Control is able to prevent any other shareholders, including you, from blocking these actions.

So long as XP Control beneficially owns a sufficient number of Class B common shares, even if it beneficially owns significantly less than 50% of our outstanding share capital, it will be able to effectively control all decisions requiring shareholder approval.

We have granted the holders of our Class B common shares preemptive rights to acquire shares that we may sell in the future, which may impair our ability to raise funds.

Under our Memorandum and Articles of Association, the holder of our Class B common shares, XP Control is entitled to preemptive rights to purchase additional common shares in the event that there is an increase in our share capital and additional common shares are issued, upon the same economic terms and at the same price, in order to maintain their proportional ownership interests, which are approximately 19.24% of our outstanding shares. The exercise by XP Control of its preemptive rights with respect to our Class B common shares may impair our ability to raise funds, or adversely affect the terms on which we are able to raise funds, as we may not be able to offer to new investors the quantity of our shares that they may desire to purchase. For more information, see "Item 10. Additional Information—B. Memorandum and Articles of Association—Preemptive or Similar Rights."

Class A common shares eligible for future sale may cause the market price of our Class A common shares to drop significantly.

The market price of our Class A common shares may decline as a result of sales of a large number of our Class A common shares in the market or the perception that these sales may occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

As of December 31, 2024, we had 434,047,695 Class A common shares and 103,375,726 Class B common shares issued and outstanding. The Class A common share sold in our public offering are freely tradable without restriction or further registration under the Securities Act by persons other than our affiliates within the meaning of Rule 144 of the Securities Act.

Our shareholders or entities controlled by them or their permitted transferees are able to sell their Class A common shares in the public market from time to time without registering them, subject to certain limitations on the timing, amount and method of those sales imposed by regulations promulgated by the SEC. If any of our shareholders, the affiliated entities controlled by them or their respective permitted transferees were to sell a large number of their Class A common shares, the market price of our Class A common shares may decline significantly. In addition, the perception in the public markets that sales by them might occur may also cause the trading price of our Class A common shares to decline.

Sales of substantial amounts of our Class A common shares in the public market, or the perception that these sales may occur, could cause the market price of our Class A common shares to decline. This could also impair our ability to raise additional capital through the sale of our equity securities. Under our Articles of Association, we are authorized to issue up to 3,500,000,000 shares, of which 537,423,421 common shares were outstanding as of December 31, 2024. We cannot predict the size of future issuances of our shares or the effect, if any, that future sales and issuances of shares would have on the market price of our Class A common shares.

Our Memorandum and Articles of Association contain antitakeover provisions that may discourage a third party from acquiring us and adversely affect the rights of holders of our Class A common shares.

Our Memorandum and Articles of Association contain certain provisions that could limit the ability of others to acquire our control, including a provision that grants authority to our board of directors to establish and issue from time to time one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series. These provisions could have the effect of depriving our shareholders of the opportunity to sell their shares at a premium over the prevailing market price by discouraging third parties from seeking to obtain our control in a tender offer or similar transactions.

If securities or industry analysts do not publish research, or publish inaccurate or unfavorable research, about our business, the price of our Class A common shares and our trading volume could decline.

The trading market for our Class A common shares depends in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrade our Class A common shares or publish inaccurate or unfavorable research about our business, the price of our Class A common shares would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our Class A common shares could decrease, which might cause the price of our Class A common shares and trading volume to decline.

We may not pay any cash dividends in the foreseeable future.

The declaration, payment and amount of any future dividends will be made at the discretion of our board of directors and will depend upon, among other things, the results of operations, cash flows and financial condition, operating and capital requirements, and other factors as our board of directors considers relevant. In addition, our holding company structure makes us dependent on the operations of our subsidiaries. See "—Certain Risks Relating to Our Business and Industry—Our holding company structure makes us dependent on the operations of our subsidiaries." There is no assurance that future dividends will be paid, and if dividends are paid, there is no assurance with respect to the amount of any such dividend. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividends and Dividend Policy" and "Item 10. Additional Information—B. Memorandum and Articles of Association—Dividends and Capitalization of Profits."

The dual class structure of our common shares has the effect of concentrating voting control with XP Control, our controlling shareholder; this will limit or preclude your ability to influence corporate matters.

Each Class A common share entitles its holder to one vote per share and each Class B common share entitles its holder to 10 votes per share, so long as the total number of votes of the issued and outstanding Class B common shares represents at least 10% of the voting share rights of the Company. As of December 31, 2024, the beneficial owner of our Class B common shares consisted of XP Control with 100.0% of the Class B common shares issued and outstanding. Due to the ten-to-one voting ratio between our Class B and Class A common shares, our controlling shareholder, XP Control, controls a majority of the combined voting power of our common shares and therefore is able to elect a majority of the members of our board of directors, so long as the total number of the issued and outstanding Class B common shares is at least 10% of the voting share rights of the Company.

In addition, our Memorandum and Articles of Association provide that at any time when there are Class A common shares in issue, additional Class B common shares may only be issued pursuant to (1) a share split, subdivision of shares or similar transaction or where a dividend or other distribution is paid by the issue of shares or rights to acquire shares or following capitalization of profits; (2) a merger, consolidation, or other business combination involving the issuance of Class B common shares as full or partial consideration; or (3) an issuance of Class A common shares, whereby holders of the Class B common shares are entitled to purchase a number of Class B common shares that would allow them to maintain their proportional ownership and voting interests in XP (following an offer by us to each holder of Class B common shares to issue to such holder, upon the same economic terms and at the same price, such number of Class B common shares as would ensure such holder may maintain a proportional ownership and voting interest in XP pursuant to our Memorandum and Articles of Association).

In light of the above provisions relating to the issuance of additional Class B common shares, as well as the ten-to-one voting ratio of our Class B common shares and Class A common shares, holders of our Class B common shares in many situations maintain control of all matters requiring shareholder approval. This concentrated control limits or precludes your ability to influence corporate matters for the foreseeable future. For a description of our dual class structure, see "Item 10. Additional Information—B. Memorandum and Articles of Association—Voting Rights."

We are a Cayman Islands exempted company with limited liability. The rights of our shareholders, including with respect to fiduciary duties and corporate opportunities, may be different from the rights of shareholders governed by the laws of U.S. jurisdictions.

We are a Cayman Islands exempted company with limited liability. Our corporate affairs are governed by our Memorandum and Articles of Association and by the laws of the Cayman Islands. The rights of shareholders and the responsibilities of members of our board of directors may be different from the rights of shareholders and responsibilities of directors in companies governed by the laws of U.S. jurisdictions. In particular, as a matter of Cayman Islands law, directors of a Cayman Islands company owe fiduciary duties to the company and separately a duty of care, diligence and skill to the company. Under Cayman Islands law, directors and officers owe the following fiduciary duties: (1) duty to act in good faith in what the director or officer believes to be in the best interests of the company as a whole; (2) duty to exercise powers for the purposes for which those powers were conferred and not for a collateral purpose; (3) directors should not improperly fetter the exercise of future discretion; (4) duty to exercise powers fairly as between different sections of shareholders; (5) duty to exercise independent judgment; and (6) duty not to put themselves in a position in which there is a conflict between their duty to the company and their personal interests. Our Memorandum and Articles of Association have varied this last obligation by providing that a director must disclose the nature and extent of his or her interest in any contract or arrangement, and following such disclosure and subject to any separate requirement under applicable law or the listing rules of the Nasdaq, and unless disqualified by the chairman of the relevant meeting, such director may vote in respect of any transaction or arrangement in which he or she is interested and may be counted in the quorum at the meeting. Conversely, under Delaware corporate law, a director has a fiduciary duty to the corporation and its stockholders (made up of two components) and the director's duties prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. See "Item 10. Additional Information—B. Memorandum and Articles of Association—Principal Differences Between Cayman Islands and U.S. Corporate Law."

We may need to raise additional capital in the future by issuing securities or may enter into corporate transactions with an effect similar to a merger, which may dilute your interest in our share capital and affect the trading price of our Class A common shares.

We may need to raise additional funds to grow our business and implement our growth strategy through public or private issuances of common shares or securities convertible into, or exchangeable for, our common shares, which may dilute your interest in our share capital or result in a decrease in the market price of our common shares. In addition, we may also enter into mergers or other similar transactions in the future, which may dilute your interest in our share capital or result in a decrease in the market price of our Class A common shares. Any fundraising through the issuance of shares or securities convertible into or exchangeable for shares, or the participation in corporate transactions with an effect similar to a merger, may dilute your interest in our issued share capital or result in a decrease in the market price of our Class A common shares.

As a foreign private issuer, we have different disclosure and other requirements than U.S. domestic registrants.

As a foreign private issuer, we are subject to different disclosure and other requirements than domestic U.S. registrants. For example, as a foreign private issuer, in the United States, we are not subject to the same disclosure requirements as a domestic U.S. registrant under the Exchange Act, including the requirements to prepare and issue quarterly reports on Form 10-Q or to file current reports on Form 8-K upon the occurrence of specified significant events, the proxy rules applicable to domestic U.S. registrants under Section 14 of the Exchange Act or the insider reporting and short-swing profit rules applicable to domestic U.S. registrants under Section 16 of the Exchange Act. In addition, we rely on exemptions from certain U.S. rules which permit us to follow Cayman Islands legal requirements rather than certain of the requirements that are applicable to U.S. domestic registrants.

We follow Cayman Islands laws and regulations that are applicable to Cayman Islands companies, including such laws and regulations applicable to entities registered with the Cayman Islands Monetary Authority ("CIMA"). However, Cayman Islands laws and regulations applicable to Cayman Islands companies do not contain all provisions comparable to the U.S. proxy rules, the U.S. rules relating to the filing of reports on Form 10-Q or 8-K or the U.S. rules relating to liability for insiders who profit from trades made in a short period of time, as referred to above.

Furthermore, foreign private issuers are required to file their annual report on Form 20-F within 120 days after the end of each fiscal year, while U.S. domestic issuers that are large accelerated filers are required to file their annual report on Form 10-K within 60 days after the end of each fiscal year. Foreign private issuers are also exempt from Regulation Fair Disclosure, aimed at preventing issuers from making selective disclosures of material information, although we are subject to Cayman Islands laws and regulations having, in some respects, a similar effect as Regulation Fair Disclosure. As a result of the above, even though we are required to file reports on Form 6-K disclosing the limited information which we have made or are required to make public pursuant to Cayman Islands law, or are required to distribute to shareholders generally, and that is material to us, you may not receive information of the same type or amount that is required to be disclosed to shareholders of a U.S. company.

As a foreign private issuer, we rely on exemptions from certain Nasdaq corporate governance standards applicable to U.S. issuers. This may afford less protection to holders of our Class A common shares.

Section 5605 of the Nasdaq equity rules requires listed companies to have, among other things, a majority of their board members be independent, and to have independent director oversight of executive compensation, nomination of directors and corporate governance matters. As a foreign private issuer, however, we are permitted to follow, and we do follow home country practice in lieu of the above requirements. Accordingly, as a foreign private issuer, we are not required to (i) have a board that is composed of a majority of "independent directors," as defined under the rules of Nasdaq; (ii) have a compensation committee that is composed entirely of independent directors; or (iii) have a nominating and corporate governance committee that is composed entirely of independent directors.

See "Item 10. Additional Information—B. Memorandum and Articles of Association—Principal Differences between Cayman Islands and U.S. Corporate Law."

We may lose our foreign private issuer status, which would then require us to comply with the Exchange Act's domestic reporting regime and cause us to incur significant legal, accounting and other expenses.

In order to maintain our current status as a foreign private issuer, either (1) more than 50% of our Class A common shares must be either directly or indirectly owned of record by nonresidents of the United States or (2)(a) a majority of our executive officers or directors may not be U.S. citizens or residents; (b) more than 50% of our assets cannot be located in the United States; and (c) our business must be administered principally outside the United States. If we lose this status, we would be required to comply with the Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. We may also be required to make changes in our corporate governance practices in accordance with various SEC and Nasdaq rules. The regulatory and compliance costs to us under U.S. securities laws if we are required to comply with the reporting requirements applicable to a U.S. domestic issuer may be significantly higher than the costs we will incur as a foreign private issuer.

Our shareholders may face difficulties in protecting their interests because we are a Cayman Islands exempted company.

Our corporate affairs are governed by our Memorandum and Articles of Association, by the Companies Act (As Revised) of the Cayman Islands, or the "Companies Act" and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, not binding, authority on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less exhaustive body of securities laws than the United States. In addition, some U.S. states, such as Delaware, have more fulsome and judicially interpreted bodies of corporate law than the Cayman Islands.

While Cayman Islands law allows a dissenting shareholder to express the shareholder's view that a court-sanctioned reorganization of a Cayman Islands company would not provide fair value for the shareholder's shares, Cayman Islands statutory law does not specifically provide for shareholder appraisal rights in connection with a court sanctioned reorganization (by way of a scheme of arrangement). This may make it more difficult for you to assess the value of any consideration you may receive in a merger or consolidation (by way of a scheme of arrangement) or to require that the acquirer gives you additional consideration if you believe the consideration offered is insufficient. However, Cayman Islands law provides a mechanism for a dissenting shareholder in a statutory merger or consolidation to apply to the Grand Court of the Cayman Islands for a determination of the fair value of the dissenter's shares if it is not possible for the company and the dissenter to agree on a fair price within the time limits prescribed.

Shareholders of Cayman Islands exempted companies (such as us) have no general rights under Cayman Islands law to inspect corporate records and accounts or to obtain copies of lists of shareholders. Our directors have discretion under our Memorandum and Articles of Association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

Subject to limited exceptions, under Cayman Islands law, a minority shareholder may not bring a derivative action against the board of directors. Class actions are not recognized in the Cayman Islands, but groups of shareholders with identical interests may bring representative proceedings, which are similar.

United States civil liabilities and certain judgments obtained against us by our shareholders may not be enforceable.

We are a Cayman Islands exempted company and substantially all of our assets are located outside of the United States. In addition, the majority of our directors and officers are nationals and residents of countries other than the United States. A substantial portion of the assets of these persons is located outside of the United States. As a result, it may be difficult to effect service of process within the United States upon these persons. It may also be difficult to enforce in U.S. courts judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors who are not resident in the United States and the substantial majority of whose assets that are located outside of the United States.

Further, it is unclear if original actions predicated on civil liabilities based solely upon U.S. federal securities laws are enforceable in courts outside the United States, including in the Cayman Islands and Brazil. Courts of the Cayman Islands may not, in an original action in the Cayman Islands, recognize or enforce judgments of U.S. court predicated upon the civil liability provisions of the securities laws of the United States or any state of the United States on the grounds that such provisions are penal in nature. Although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, courts of the Cayman Islands will recognize and enforce a foreign judgment of a court of competent jurisdiction if such judgment is final, for a liquidated sum, provided it is not in respect of taxes or a fine or penalty, is not inconsistent with a Cayman Islands judgment in respect of the same matters and was not obtained in a manner which is contrary to the public policy of the Cayman Islands. In addition, a Cayman Islands court may stay proceedings if concurrent proceedings are being brought elsewhere.

Judgments of Brazilian courts to enforce our obligations with respect to our Class A common shares may be payable only in reais.

Most of our assets are located in Brazil. If proceedings are brought in the courts of Brazil seeking to enforce our obligations in respect of our Class A common shares, we may not be required to discharge our obligations in a currency other than the real. Under Brazilian exchange control laws, an obligation in Brazil to pay amounts denominated in a currency other than the real may only be satisfied in Brazilian currency at the exchange rate, typically as determined by the Central Bank, in effect on the date the judgment is obtained, and such amounts are then typically adjusted to reflect exchange rate variations and monetary restatements through the effective payment date. The then-prevailing exchange rate may not afford non-Brazilian investors with full compensation for any claim arising out of or related to our obligations under the Class A common shares.

Our Class A common shares may not be a suitable investment for all investors, as investment in our Class A common shares presents risks and the possibility of financial losses.

The investment in our Class A common shares is subject to risks. Investors who wish to invest in our Class A common shares are thus subject to asset losses, including loss of the entire value of their investment, as well as other risks, including those related to our Class A common shares, us, the sector in which we operate, our shareholders and the general macroeconomic environment in Brazil, among other risks.

Each potential investor in our Class A common shares must therefore determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of our Class A common shares, the merits and risks of investing in our Class A common shares and the information contained in this annual report;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in our Class A common shares and the impact our Class A common shares will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in our Class A common shares;
- understand thoroughly the terms of our Class A common shares and be familiar with the behavior of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

There can be no assurance that we will not be a passive foreign investment company for any taxable year, which could subject United States investors in our Class A common shares to significant adverse U.S. federal income tax consequences.

Under the Internal Revenue Code of 1986, as amended, or the "Code," we will be a passive foreign investment company, or "PFIC," for any taxable year in which, after the application of certain look-through rules with respect to subsidiaries, either (1) 75% or more of our gross income consists of "passive income"; or (2) 50% or more of the average quarterly value of our assets consists of assets that produce, or are held for the production of, "passive income." Passive income generally includes dividends, interest, certain non-active rents and royalties, and capital gains. Based on our operations, income, assets and certain estimates and projections, including as to the relative values of our assets, including goodwill, which is based on the market price of our Class A common shares, we do not believe we were a PFIC for our 2024 taxable year. However, there can be no assurance that the Internal Revenue Service, or the "IRS" will agree with our conclusion. In addition, whether we will be a PFIC in 2025 or in any future year is uncertain because, among other things, our PFIC status for any taxable year will depend on the composition of our income and assets and the value of our assets from time to time (which may be determined, in part, by reference to the market price of our Class A common shares, which could be volatile). Accordingly, there can be no assurance that we will not be a PFIC for any taxable year.

If we are a PFIC for any taxable year during which a U.S. investor holds Class A common shares, we generally would continue to be treated as a PFIC with respect to the U.S. investor for all succeeding years during which the U.S. investor holds Class A common shares, even if we ceased to meet the threshold requirements for PFIC status. Such a U.S. investor may be subject to adverse U.S. federal income tax consequences, including (1) the treatment of all or a portion of any gain on disposition as ordinary income; (2) the application of a deferred interest charge on such gain and the receipt of certain dividends; and (3) compliance with certain reporting requirements. A "mark-to-market" election may be available that will alter the consequences of PFIC status if our Class A common shares are regularly traded on a qualified exchange. For further discussion see "Item 10. Additional Information—E. Taxation—U.S. Federal Income Tax Considerations."

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

We are a Cayman Islands exempted company incorporated with limited liability on August 29, 2019 for purposes of effectuating our initial public offering. At the time of our incorporation, XP Controle (the predecessor-in-interest to XP Control), Itaú Unibanco (the predecessor-in-interest to ITB Holding and Itaú Unibanco Holding), G.A. Brazil Fundo de Investimento em Participações (the predecessor-in-interest to GA Bermuda) and DYNA III held 2,036,988,542 shares (prior to giving effect to the Share Split) of XP Brazil, our Brazilian principal non-operating holding company at the time.

On November 29, 2019, XP Controle, ITB Holding, GA Bermuda and DYNA III contributed all of their shares in XP Brazil to us. In return for this contribution, we issued 12,730,020 Class B common shares to XP Controle, new Class A common shares and Class B common shares to ITB Holding, new Class A common shares and Class B common shares to GA Bermuda, and new Class A common shares to DYNA III in a one-to-one exchange for the shares of XP Brazil contributed to us, or the "Share Contribution." In addition to the Share Contribution, we implemented a four-to-one reverse share split (or consolidation), effective as of November 30, 2019, or the "Share Split."

On December 10, 2019, the registration statement on Form F-1 (File No 333-234719) relating to our initial public offering of our Class A common shares was declared effective by the SEC. On December 10, 2019, we commenced our initial public offering. On December 13, 2019 we closed our initial public offering, pursuant to which we issued and sold 42,553,192 Class A common shares and certain selling shareholders sold an additional 40,834,045 Class A common shares for an aggregate amount of US\$83,387,237 Class A common shares for an aggregate price of US\$2,251,455,399 (R\$9,044 million). We did not receive any proceeds from the sale of Class A common shares by the selling shareholders.

On July 1, 2020, we closed a public offering of 22,465,733 Class A common shares offered by GA Bermuda and XP Controle, as selling shareholders, at a public offering price of US\$42.50 per share, including the full exercise of the underwriters' option to purchase an additional 2,930,313 Class A common shares from the selling shareholders.

On December 7, 2020, we closed a public offering of 31,654,894 Class A common shares, 7,130,435 of which were issued and sold by us and 24,524,459 of which were sold by ITB Holding at a public offering price of US\$39.00 per share, including the full exercise of the underwriters' option to purchase an additional 4,135,122 Class A common shares from ITB Holding. We did not receive any proceeds from the sale of the Class A common shares by the selling shareholders.

On November 26, 2020, Itaú Unibanco Holding issued a material fact announcement and on November 27, 2020 furnished a corresponding Form 6-K to the SEC stating that its board of directors had approved the segregation of its investment in us from the Itaú Unibanco Holding conglomerate, including by transferring, through spin-off transactions, certain of its shares (representing 41.05% of our share capital as of September 30, 2020) to XPart. XPart was incorporated on May 31, 2021 as a result of the segregation of Itaú Unibanco Holding's investment in us. The proposed segregation was approved by Itaú Unibanco Holding shareholders on January 31, 2021 and by the U.S. Federal Reserve System, and became effective on May 31, 2021. On February 1, 2021 and May 28, 2021, we announced our intention to carry out the merger of XPart, which was intended to enhance our corporate governance and capital structure at shareholders' level. On August 24, 2021, our registration statement on Form F-4 (File No. 333-257304) was declared effective by the SEC for a public offering of our Class A common shares in connection with the merger. On October 1, 2021, we consummated the merger of XPart with and into us, pursuant to which XPart ceased to exist. In connection with the merger, XPart shareholders, including IUPAR and Itaúsa, received 225,796,528 Class A common shares issued by us, including in the form of BDRs, in the case of Brazilian or non-Brazilian residents. Our BDRs started trading at the B3 on October 4, 2021 and the symbol "XPBR31."

On December 10, 2021, IUPAR concluded a corporate reorganization within its partial spin-off resulting in the transfer of (1) 39,386,461 Class A common shares to Itaúsa; (2) 9,906,362 Class A common shares to São Carlos Investimentos Ltda.; and (3) 9,906,362 Class A common shares to São Marcos Investimentos Ltda. holdings held by João Moreira Salles and Walther Moreira Salles Junior, respectively.

On December 14, 2021, XP Controle went through a corporate reorganization resulting in the transfer of 108,631,284 Class B common shares to XP Control, so that XP Controle retained only 12,730,020 Class B common shares acquired before our initial public offering in connection with our corporate reorganization on November 29, 2019, which were subject to ITB Holding's 2022 acquisition. The indirect holders of such common shares and our indirect controlling shareholders did not change as a result of such XP Controle corporate reorganization, since XP Control is under same control as XP Controle.

On April 29, 2022, ITB Holding acquired 3,388,652 Class A common shares and 9,341,368 Class B common shares from XP Controle. Such acquisition was made pursuant to certain rights of ITB Holding to acquire shares from XP Controle, as set forth in the Itaú Transaction agreements entered into on May 11, 2017.

On June 8, 2022, we purchased 1,056,308 outstanding Class B common shares from Itaú Unibanco S.A.

On November 10, 2022, we purchased 5,500,000 outstanding Class A common shares from Itaú S.A.

In 2024, we made certain corporate governance enhancements that included (i) the creation of a majority-independent board, (ii) enhancements to our Board committees and (iii) the transition from slate director elections to individual director elections. We believe that strong corporate governance is an essential component to ensure that we achieve leadership in transforming the financial markets as an accountable institution on behalf of our clients, shareholders, and other stakeholders. In considering potential enhancements to our governance structure, the Board focused on augmenting its oversight capabilities.

- **Creation of a Majority-Independent Board.** The Company enhanced the level of independent oversight in the boardroom by increasing the number of independent directors. Following the Annual Meeting of Shareholders on May 24, 2024, the Board became majority-independent, currently composed of five Independent Directors, three Non-Independent Directors, and Founder and Chairman Guilherme Benchimol. A majority-independent board ensures a greater voice for shareholders not affiliated with the Company's controlling shareholders while enhancing the skill set represented on the Board.
- **Enhancements to our Board Committees.**
 - **Two New Committees.** We created two new committees to provide the oversight necessary to execute our sustainable growth strategy: one responsible for overseeing our identification, assessment and management of key risks, including those relating to cybersecurity, climate, credit, market, liquidity, and ESG factors (the Risks, Credit and ESG Committee); and another responsible for overseeing the development and implementation of our business strategies, and evaluating the performance of such business strategies (the Strategy and Performance Committee).
 - **Expanded Scope of the Compensation Committee.** To enhance the Board's oversight of talent management beyond the Company's executive team, and to oversee governance issues, we expanded the scope of the Compensation Committee and changed its name to the Compensation, People, Nominating and Governance Committee.
- **Elimination of Slate Director Elections.** Eliminating slate elections enables shareholders to vote on directors on an individual basis, enhancing director accountability to shareholders.

Our group is currently composed of 43 entities, including XP Inc. and our 42 subsidiaries, 42 of which are controlled by us, 36 of which are incorporated in Brazil and 8 of which are incorporated in other countries. Please read the information in the section entitled "Item 4. Information on the Company—C. Organizational Structure" for a more thorough description of the operations of our subsidiaries.

As of December 31, 2024, we had a total of 537,423,421 common shares issued, 103,375,726 of these shares are Class B common shares beneficially owned by XP Control, and 434,047,695 of these shares are Class A common shares owned by investors.

Material Operating Subsidiaries

XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A., or "XP CCTVM"

XP CCTVM is a Brazilian broker-dealer entity and the core entity of the group, with the highest concentration of the group's employees. All retail clients of XP Investimentos (including XP Direct and through our IFA network), Clear and Rico brands onboard and access all the products in our investment platform through XP CCTVM. In addition, it provides brokerage and issuer services to institutional and corporate clients. XP CCTVM had assets of R\$79,269 million (representing 41.3% of our combined assets) as of December 31, 2022, R\$103,289 million (representing 41.5% of our combined assets) as of December 31, 2023, and R\$154,407 million (representing 44.4% of our combined assets) as of December 31, 2024. XP CCTVM recorded total revenue and income of R\$6,642 million during 2022 (representing 49.8% of our consolidated total revenue and income), R\$7,832 million during 2023 (representing 52.7% of our consolidated total revenue and income) and R\$7,693 million during 2024 (representing 45.2% of our consolidated total revenue and income).

XP Gestão de Recursos Ltda., or "XP Gestão"

XP Gestão, founded in 2005, was the first asset management firm within the group. It manages mutual funds focused on stocks and macro strategies, which are distributed to our retail clients via XP CCTVM and to institutional clients. XP Gestão had assets of R\$106 million (representing 0.1% of our combined assets) as of December 31, 2022, R\$108 million (representing 0.04% of our combined assets) as of December 31, 2023 and R\$89,1 million (representing 0.03% of our combined assets) as of December 31, 2024. XP Gestão recorded total revenue and income of R\$99 million during 2022 (representing 0.7% of our consolidated total revenue and income), R\$90.3 million during 2023 (representing 0.6% of our consolidated total revenue and income) and R\$62,7 million during 2024 (representing 0.4% of our consolidated total revenue and income).

XP Advisory Gestão de Recursos Ltda., or "XP Advisory"

XP Advisory is a Brazilian asset management firm focused on single client mandates, including managing exclusive funds and managed portfolios for our high-net-worth retail clients via XP CCTVM and managing proprietary treasury funds that constitute part of our Adjusted Gross Financial Assets. XP Advisory had assets of R\$45 million (representing 0.02% of our combined assets) as of December 31, 2022, R\$48 million (representing 0.02% of our combined assets) as of December 31, 2023 and R\$30 million (representing 0.01% of our combined assets) as of December 31, 2024. XP Advisory recorded total revenue and income of R\$59 million during 2022 (representing 0.4% of our consolidated total revenue and income), R\$49 million during 2023 (representing 0.3% of our consolidated total revenue and income) and R\$36 million during 2024 (representing 0.2% of our consolidated total revenue and income).

XP Vista Asset Management Ltda., or "XP Vista"

XP Vista, acquired in 2018, is a Brazilian asset management firm focused on managing passive mutual funds that track market indexes, and mutual and investment funds focused on fixed income, credit, real estate, infrastructure and other alternative strategies, which are distributed to our retail clients (via XP CCTVM) and institutional clients. XP Vista had assets of R\$239 million (representing 0.1% of our combined assets) as of December 31, 2022, R\$266 million (representing 0.1% of our combined assets) as of December 31, 2023 and R\$332 million (representing 0.1% of our combined assets) as of December 31, 2024. XP Vista recorded total revenue and income of R\$226 million during 2022 (representing 1.7% of our consolidated total revenue and income), R\$225 million during 2023 (representing 1.7% of our consolidated total revenue and income) and R\$316,5 million during 2024 (representing 1.9% of our consolidated total revenue and income).

XP Corretora de Seguros Ltda., or "XP Seguros"

XP Seguros, founded in 2008, is a Brazilian insurance broker focused on providing retirement plans, both from our insurance company and from third-party insurance companies, and life insurance products from third-party insurance companies. XP Seguros provides such products to our retail clients through our platform. XP Seguros had assets of R\$163 million (representing 0.1% of our combined assets) as of December 31, 2022, R\$134 million (representing 0.1% of our combined assets) as of December 31, 2023 and R\$229 million (representing 0.1% of our combined assets) as of December 31, 2024. XP Seguros recorded total revenue and income of R\$50 million during 2022 (representing 0.4% of our consolidated total revenue and income), R\$43 million during 2023 (representing 0.3% of our consolidated total revenue and income) and R\$144 million during 2024 (representing 0.8% of our consolidated total revenue and income).

XP Investments US, LLC, or "XP Investments"

XP Investments, founded in 2010, is a broker-dealer registered with the SEC and FINRA, as well as an interdealer broker member with the NFA. With offices in New York and Miami, its key businesses include providing securities brokerage services for institutional and retail investors (most of which are Brazilian) and interdealer brokerage services for institutional traders. XP Investments had assets of R\$717 million (representing 0.4% of our combined assets) as of December 31, 2022, R\$907 million (representing 0.4% of our combined assets) as of December 31, 2023, and R\$1,252 million (representing 0.4% of our combined assets) as of December 31, 2024. XP Investments recorded total revenue and income of R\$453 million during 2022 (representing 3.4% of our consolidated total revenue and income), R\$481 million during 2023 (representing 3.2% of our consolidated total revenue and income) and R\$627 million during 2024 (representing 3.7% of our consolidated total revenue and income).

XP Educaç o, or "XP Educaç o"

XP Educaç o, founded in 2003, focuses on our digital content services, including developing and selling financial education courses and events online and in person to retail clients. XP Educaç o had assets of R\$67 million (representing 0.03% of our combined assets) as of December 31, 2022, R\$60 million (representing 0.02% of our combined assets) as of December 31, 2023 and R\$62 million (representing 0.02% of our combined assets) as of December 31, 2024. XP Educaç o recorded total revenue and income of R\$11 million during 2022 (representing 0.1% of our consolidated total revenue and income), R\$2 million during 2023 (representing 0.01% of our consolidated total revenue and income) and R\$70 million during 2024 (representing 0.0004% of our consolidated total revenue and income).

XP Vida e Previd ncia S.A., or "XP VP"

XP VP was founded in 2017 as a life insurance and retirement plans provider in Brazil. On September 5, 2018, the Superintendence of Private Insurance (Superintend ncia de Seguros Privados), or "SUSEP," granted it the authorization to operate as an insurance company in Brazil, and it became operational in April 2019. XP VP had assets of R\$46,107 million (representing 24% of our combined assets) as of December 31, 2022, R\$56,860 million (representing 23% of our combined assets) as of December 31, 2023 and R\$66,645 million (representing 19.2% of our combined assets) as of December 31, 2024. XP VP recorded total revenue and income of R\$217 million during 2022 (representing 1.6% of our consolidated total revenue and income), R\$271 million during 2023 (representing 1.8% of our consolidated total revenue and income) and R\$308 million during 2024 (representing 1.8% of our consolidated total revenue and income).

Banco XP S.A.

Banco XP was founded in 2019 as a financial institution in Brazil. On October 11, 2019, the Central Bank authorized Banco XP to operate as a multipurpose bank, with both commercial and investment banking activities, as well as to carry out transactions in the foreign exchange market. Banco XP had assets of R\$79,352 million (representing 41.3% of our combined assets) as of December 31, 2022, R\$114,726 million (representing 46.1% of our combined assets) as of December 31, 2023 and R\$188,670 million (representing 54.3% of our combined assets) as of December 31, 2024. Banco XP recorded total revenue and income of R\$234 million during 2022 (representing 1.8% of our consolidated total revenue and income), R\$689 million during 2023 (representing 4.6% of our consolidated total revenue and income) and R\$298 million during 2024 (representing 1.8% of our consolidated total revenue and income).

Banco Modal S.A., or "Modal"

Modal, acquired in 2023, is a Brazilian investment and digital banking platform that provides customers traditional banking and investment products and services, including financial educational content and customized financial advice. Modal had assets of R\$6,875 million (representing 2.8% of our combined assets) as of December 31, 2023 and R\$5,028 million (representing 1.4% of our combined assets) as of December 31, 2024. Modal recorded total revenue and income of R\$343 million during 2023 (representing 2.3% of our consolidated total revenue and income) and R\$85,405 million during 2024 (representing 0.5% of our consolidated total revenue and income).

For the purposes of the foregoing, combined assets are assets held by each entity directly, as well as their investments in other subsidiaries of ours and are not presented on a consolidated basis.

Acquisitions and New Lines of Business

Banco Modal S.A. acquisition by Banco XP S.A.

On January 6, 2022, we entered into a binding agreement to acquire Banco Modal S.A., or "Modal," with Banco XP through certain corporate acts pursuant to which Banco XP would deliver up to 19.5 million newly issued XP Inc. Class A common shares in the form of XP BDRs to shareholders of Modal.

The transaction was approved by CADE in July 2022 and by the Central Bank in June 2023. We closed the transaction on July 1, 2023, the date on which we obtained control of Modal in exchange for the delivery of 18.7 million XP BDRs to the shareholders of Modal. This amount reflects the initial amount of 19.5 million XP BDRs adjusted for the interest on equity amount of R\$82.1 million, distributed by Banco Modal between January 6, 2022 and the closing date of the transaction.

XP Corretora de Seguros de Riscos Corporativos S.A. or "XP Corretora de Seguros Riscos"

On August 15, 2022, our subsidiary, XP Corretora de Seguros, exercised its call option over the equity of BTR, acquiring 100% of the total share capital of BTR. This acquisition allows XP to further strengthen its operations on the health and benefits front, with a focus on corporate customers. The management of health plans is a priority topic on the corporate market agenda as it represents, in Brazil, one of the largest costs to most companies. We closed the transaction on October 3, 2022. On September 9, 2024 the company's name has changed to XP Corretora de Seguros de Riscos Corporativos S.A.

XTAGE

On May 12, 2022, XP announced the creation of XTAGE, a new platform for trading digital assets, in collaboration with Nasdaq, a global leading technology company serving the capital markets and other industries. The XTAGE platform was launched in the second half of 2022. On December 18, 2023, we terminated XTAGE's operations closing all remaining open positions and returning all funds to our clients. As a result, we no longer offer any cryptocurrency trading or other related services to our client.

Acquisition of Minority Stakes in Research Companies

On September 3 and 8, 2021, respectively, we announced the acquisition of minority stakes in two research groups, Suno, Levante and Solaise (also known as OHM Research). On February 2, 2022, we announced the acquisition of a minority stake in another research group, Inside Research S.A. These research companies disseminate analyses and professional knowledge about investments with simple and accessible language. The products are very close to Clear's customer base, which currently does not have its own analysis area, and we believe this is more than efficient hiring and building such an area at internally. In October 2023, we sold our minority interest in OHM Research and in December 2024 we sold our minority interest in Levante.

Acquisition of Minority Stakes in Asset Managers

In line with our strategy of acquiring minority stakes in asset managers, since 2020 we have invested in relevant asset managers, such as Vista Capital Holding S.A., or "Vista Capital," Giant Steps Empreendimentos S.A., or "Giant Steps," Capitânia Holding S.A. or "Capitânia", Jive Investments Consultoria S.A., or "Jive," AZ Quest Holding S.A., or "AZ Quest", Newave Holding S.A. or "Newave", Novus, Encore and Augme. These are all independent investment managers in Brazil, each with different strategies such as recession recovery, real estate, energy sector and distressed strategies. These transactions reinforce our strategy to develop the most complete ecosystem of managers and distributors in Brazil. Additionally, we believe the development of independent asset managers contributes to an increase in secondary market liquidity, helping to democratize access to investment products to more Brazilians.

Acquisition of Minority Stakes in IFA Firms

During the year ended December 31, 2023 and 2024, we have entered into agreements through our subsidiary, XP Controle 5 Participações Ltda, with the largest independent financial adviser firms of our network (Monte Bravo, Fami Capital, Blue3, Manchester, Nomos and Ável, or our "IFA Firms") and their respective principal shareholders, pursuant to which we have been acquiring minority interests in a holding company that will consolidate the business generated by the main shareholders of the IFA Firms in the financial market, including through the IFA Firms. As of December 31, 2024, we owned minority interests in the holding companies of Monte Bravo, Blue Ável, FAMI, SVN and Manchester. We intend to continue to acquire interests in the holding companies of the IFA Firms subject to the satisfaction of customary conditions precedent.

Acquisition of Minority Stake in Ontick Invest Serviços Financeiros S.A.

In 2024, we announced the acquisition of a minority stake in *Ontick Invest Serviços Financeiros S.A. or "Ontick"*, a holding company which operates in the development and licensing of customizable computer programs and securities analysis. We closed the transaction on July 24, 2024.

Corporate Information

Our legal and commercial name is XP Inc. Our principal executive offices are located at 20, Genesis Close, Grand Cayman, George Town, Cayman Islands, KY-1-1208. Our telephone number at this address is +55 (11) 3075-0429. We are registered under the laws of the Cayman Islands as an exempted company with limited liability. We have appointed XP Investments US, LLC, with offices at 55 West 46th Street, 30th Floor, New York, NY 10036, as our agent to receive service of process with respect to any action brought against us in the United States under the federal securities laws of the United States or of any state in the United States.

Investors should contact us for any inquiries through the address and telephone number of our principal executive office. Our principal website is www.xpinc.com. The information contained in, or accessible through, our website is not incorporated into this annual report. In addition, the SEC maintains a website at <https://www.sec.gov>, from which you can electronically access this annual report, and other information regarding issuers that file electronically with the SEC.

B. Business Overview

Our Mission

Our mission is to transform the financial markets in order to improve people's lives in Brazil, which is the tenth largest economy in the world with over 203 million people in 2023 and a GDP of R\$13.1 trillion (approximately US\$2.2 trillion) in 2024, according to the IBGE and FMI. We believe the financial services industry in Brazil inefficient and expensive by international standards and provides poor client experiences. Brazil's investments industry is highly concentrated and we estimate our Individual's Client Assets as of December 31, 2024 to account for nearly 12% of a market totaling R\$ 7.3 trillion, according to internal research and public data from Anbima.

We believe this concentration has enabled the incumbent players to secure a large profit pool and restrict the market in Brazil by: (1) providing a more narrow selection of financial products than typically found in larger markets, such as the United States and Europe; (2) promoting inefficient financial products, such as savings accounts called *poupança*, which provide investors with relatively low returns, at times below the inflation rate, and come with highly restrictive and punitive redemption options; (3) charging relatively high fees with low yields since the clients are captive and the products made available are often limited only to those issued by each bank; and (4) providing poor customer service due to a low prioritization of the client experience, limited market competition, and a lack of alternative choices available to consumers.

Our vision is to become leaders in the Brazilian investment market and to provide the best complementary financial services, such as asset management and wholesale banking, to our clients. We are dedicated to disrupting this market and improving people's lives by providing them with access to more financial products and services through multiple channels, at lower fees, with a strong emphasis on financial education and high-quality services delivered through a highly differentiated client-centric approach and innovative technology solutions. More recently, we have been evolving beyond the market in order to differentiate ourselves with higher quality end-to-end services, by providing superior functionality, smarter curated advice, better software and Apps, and high quality support.

Introduction to XP

XP is a leading, technology-driven platform and a trusted provider of low-fee financial products and services in Brazil. We have developed a mission-driven culture and a business model that we believe provide us with strong competitive advantages in our market. We use these to disintermediate the legacy models of traditional financial institutions by educating new classes of investors, democratizing access to a wider range of financial services, developing new financial products and technology applications to empower our clients and providing what we believe is the highest-quality customer service and client experience in the industry in Brazil. We believe we have established ourselves as the leading alternative to the traditional banks, with a large and fast-growing ecosystem of retail investors, institutions, and corporate issuers, built over many years that reached approximately 4.7 million active clients. Based on data from the sources indicated below, we believe we are the:

- **#1 Ranked Financial Investment Brand in Brazil** – with an NPS of 70 as of December 2024;
- **#1 Independent Financial Investment Platform in Brazil** – with Client Assets of R\$1.2 trillion as of December 31, 2024;
- **#1 Independent Digital Platform for Investors in Brazil** – with three digital portals: *XP*, *Rico*[™] and *Clear*[™], serving clients directly, XP Inc. has the largest number of followers on Instagram (over 6.6 million as of December 31, 2024) among investment firms in Brazil;
- **#1 Independent Financial Investment Network in Brazil** – with a range of proprietary *XP Advisory Services* and approximately 14,000 IFAs as of December 31, 2024, who onboard new clients onto the XP Platform;
- **#1 Financial Media Portal in Latin America** – with approximately 7.5 million monthly unique visitors to our *Infomoney*[™] website as of December 31, 2024; approximately 48% of our website traffic in this period was originated organically by viewers without being driven from a related site or advertisement according to third-party traffic data from Similar web; and

- **#1 Financial Services Event in Latin America**– with over 84,000 attendees at our annual EXPERT conference held both in-person and virtually in August 2024, we believe it ranks as the largest investment services event in Latin America and one of the largest in the world based on an internal analysis of third-party data.

Our Founding and Evolution

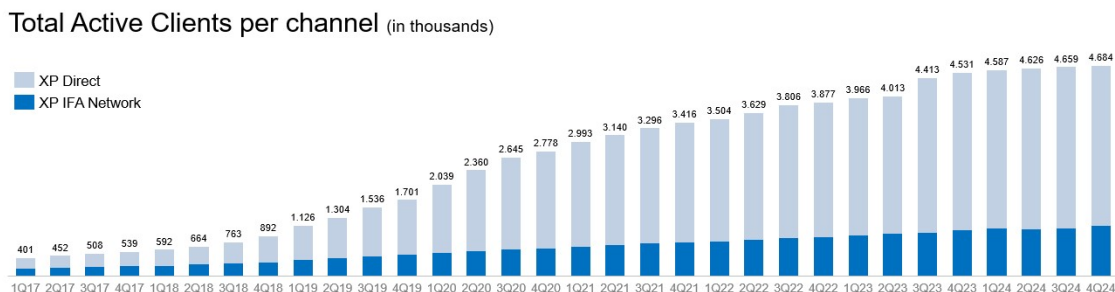
We were founded in 2001 as a small, independent financial advisor partnership dedicated to improving the lives of people in our country. In order to build our business from the ground up, while competing against the traditional banks, we dedicated ourselves to the search for new ways to compete and to leverage next-generation technologies that enable us to differentiate ourselves and provide the operating efficiencies to scale. Over the years, we have been able to consistently innovate, develop our technology solutions and evolve our proprietary business model in several integrated phases that have complemented each other and compounded our capabilities. We believe this evolution has enabled us to instill trust in the XP brand and begin a revolution in the way financial services are sold in Brazil. These integrated evolutionary phases include:

- **Providing Financial Education and Empowerment** – We began our evolution by providing financial education courses to empower new classes of first-time and early-stage investors teaching them how to invest and how to access new types of financial products and services that they may not previously have had access to through traditional financial institutions. These educational courses began to build trust in XP and became an effective client acquisition model by converting students into empowered clients.
- **Democratizing Access to Financial Products and Services**– We developed an open product platform which provided our clients with a much wider selection of financial products than the traditional banks provide to their customers. This platform included a more diverse selection of financial investment products, such as equity and fixed income securities, mutual and hedge funds, structured products, life insurance, retirement plans and real estate trusts, and a wider choice of issuers that include XP, our product partners and our competitors. The breadth of our open platform was a significant market innovation, that enhanced our brand further, and provided clients with new opportunities for risk taking and investment returns. We believe it remains substantially differentiated when compared to the relatively closed platforms of the traditional banks or to similar open platforms from new players.
- **Scaling of Our Ecosystem of Users, Distribution and Media Content**– We expanded our ecosystem of users, distribution channels, and proprietary digital content and marketing. As our retail customer base and Client Assets volumes grew, we attracted new issuers of financial products, corporate clients and institutional traders into our fast-growing ecosystem of clients. We complemented our distribution by scaling our network of IFAs located across Brazil who solicit new clients, provide them access to our wide selection of financial products and technology applications, and help us onboard them as XP clients. These IFAs are our strategic business partners who share our entrepreneurial spirit and mission to democratize financial services in Brazil and benefit from the competitive advantages provided by our platform and technology. To support this expansion while building trusted relationships in the market, we expanded our proprietary marketing initiatives and digital media content. We continued to build our educational course offerings, created what we believe is the largest investment conference in the world, developed the largest financial information online portal in Latin America and developed a range of social media and digital influencer programs to promote our services and brand.
- **Diversification and Enhancement of Our Direct Digital Channels and Brands**– We expanded our distribution significantly by leveraging our growing ecosystem to (1) grow and enhance *XP Direct*, our primary digital portal for investors and our internal team of financial advisors; (2) develop new digital channels, such as *Rico*, our digital portal brand for self-directed investors, and *Clear*, our digital portal and online trading platform brand for retail active traders; and (3) develop our Direct Channel, with internal advisors that have been growing strongly in the recent years. We also enhanced these direct portals further by leveraging our technology platform, fast-growing data lake, and artificial intelligence capabilities to provide more sophisticated functionality and offer more advanced data analytics tools through more intuitive and convenient user interfaces, or "UX."
- **Empowerment of the Client Journey**– We leveraged the significant technology DNA in our company, comprising our innovation and development teams and agile software development methods to develop a suite of new products, services and technology applications that engage and serve our clients across their financial journeys. We launched an advanced suite of cloud-based and mobile technology applications, with sleek advanced UX and easy user experience, that complement our advisory services and provide powerful functionality across the user journey, enabling our clients and partners to better manage their various accounts, trading activities, analytics and data queries. We have also begun to expand our solutions into adjacent and complementary financial services that our clients use. Main product developments include: (1) retirement plans platform launched in 2019; (2) collateralized credit in 2020; (3) Visa Infinite credit cards in 2021; and (4) digital account, international investments platform and life insurance in 2022.

- **Empowerment of XP Advisors to Provide Enhanced Quality & Experience** - By providing our advisors with our cutting-edge proprietary software in order to personalize client's asset allocation and risk management, we are able to continue to differentiate ourselves with higher quality end-to-end services, and smarter curated advice.

The following chart illustrates how we have successfully scaled across channels and grown our client base as we evolved our business over time.

Total Active Clients per Channel (in thousands)



The XP Business Model

Our business model has been developed over the course of our evolution and enables us to go to market in a different way from the legacy models of the large traditional financial institutions. We believe our model provides us with a unique value proposition for our clients and partners, and it has begun to change the way investment services are accessed and sold in Brazil. Our differentiated approach incorporates a unique combination of proprietary capabilities, services and technologies to deliver a highly customized and integrated client experience, with significant operating efficiency advantages that have enabled us to scale and grow profitably. As illustrated in the following image, our differentiation pillars in the market are based on four principles:



These principles are linked to the key components of our business model: (1) a mission-driven culture; (2) a self-reinforcing ecosystem; (3) a superior products and services platform; and (4) a differentiated, advanced technology platform.

- **A Mission-Driven Culture**— Our culture remains central to XP and we remain vigilant in preserving and nurturing it, so that it can continue to guide our firm by promoting: (1) a strong collaborative environment within our company; (2) a clear focus on our mission to improve people's lives by empowering them as investors; (3) a zero-fee pricing philosophy wherever possible; (4) a strong, long-term client-centric focus which we prioritize ahead of maximizing short-term gains; and (5) an energetic entrepreneurial spirit with a commitment to innovation and the pursuit of improvement.

- **A Self-Reinforcing Ecosystem** – We believe we have developed a valuable ecosystem of clients, distribution channels and media content that are a powerful lead-generation engine, reinforcing each other and helping promote XP’s products and services as they grow. These include:
 - **User Base of Clients**– This includes our (1) approximately 4.7 million retail clients who buy and sell the financial products on our platform as of December 31, 2024, benefiting from our ecosystem because they can access a much broader portfolio of financial products, from hundreds of different providers, and get help finding the product that is right for them, all in a user-friendly way, with exceptionally low fees; and (2) over 800 commercial clients as of December 31, 2024, such as institutions and corporate issuers, fund managers, private banks, corporate treasuries and insurance companies, who provide additional liquidity and unique financial products for our platform. These issuers benefit from our ecosystem because they are provided with dedicated strategic advisory services that enable them to access a much broader pool of capital, from our retail investors, at an overall lower cost.
 - **Omni-Channel Distribution Network**– This enables us to reach clients and deliver our products and services through a range of proprietary brands and channels, that includes (1) *XP Direct* our fast-growing full-service offering for mass-affluent clients; (2) *Rico*[™], our online-only solution for self-directed investors; and (3) *Clear*[™], our digital portal and electronic trading platform for retail active traders. We also reach clients through our proprietary, and efficient distribution network of approximately 14,000 IFA partners as of December 31, 2024, who are located in 1,725 offices in 172 cities across Brazil, which collectively represent more than 51% of Brazilian GDP. Together, they form the largest independent financial advisor network in the country. Our IFA partners benefit from our suite of financial products, education tools, and the IFA-specific applications that we developed to help them build and grow their businesses, and we benefit from their abilities to reach and cultivate new clients.
 - **Complementary Capabilities** - In order to extend our services and reach, we have built over the last few years complementary business lines such as asset management and wholesale banking, which we believe can benefit from and reinforce our powerful ecosystem.
- **A Superior Product and Services Platform**– We primarily provide our clients with two types of offerings, our financial advisory services and our open financial product platform. We have developed both of these solutions to provide our clients with significant differentiation and a superior value proposition versus the legacy offerings of traditional banks. Additionally, in order to improve our client’s experience with our platform and, consequentially, capture additional funds, we have launched over the past 5 years different lines of products, such as: retirement plans, collateralized credit, cards, international investments, life insurance, foreign exchange (FX), and digital account, among others. These and other solutions include:
 - **Suite of XP Advisory Services** – Comprised of services such as; (1) *XP Investimentos*, for our retail clients in Brazil; (2) *XP Private*, for our high-net-worth clients; (3) *XP Investments*, for our international clients; and (4) *XP Issuer Services*, for our corporate and institutional clients.
 - **Open Product Platform** – This is our open product platform that provides our clients access to investment products, without the protectionist barriers, conflicts and closed-loop restrictions of traditional banks. These include investment products from XP, our partners and our competitors, such as equity and fixed income securities, mutual and hedge funds, structured products, life insurance, retirement plans, real-estate investment funds, or “REITs” and others.
 - **VIP Customer Service**– This is our premier customer service program and support organization, designed to provide our clients and partners with the highest-quality client service. We train our customer service personnel to (1) understand the daily activities and processes across the client journey in order to help resolve customer issues more effectively; (2) prioritize positive client experiences and long-term relationships above short-term performance results; and (3) leverage and promote our advanced technologies to serve our clients more efficiently.
 - **Collateralized Credit Products**– We have offered our XP-brand clients access to low-fee collateralized credit lines to improve their experience within the XP ecosystem since 2020. Most of our credit portfolio is collateralized with investments held in XP, both from companies and individuals. Our loan book, excluding credit cards, increased 1.2% in 2024, reaching R\$21.2 billion in December 31, 2024.
 - **Credit and Debit Cards** – Our credit card is the first of its kind to offer an investment-back award, or “investback,” of 1% of all purchases, free of any charges for clients in the XP brand with over R\$50,000 in investments. In December 2021, we lowered that threshold for clients that have at least R\$5,000 invested with us further improving our client’s experience within the XP ecosystem. In October 2022, we further expanded the eligible client base for both credit and debit cards with the official launch in the Rico brand. In December 31, 2024, we had a total of approximately 1.4 million active cards, both credit and debit, and a total payments volume, or TPV, of R\$47.9 billion in 2024.

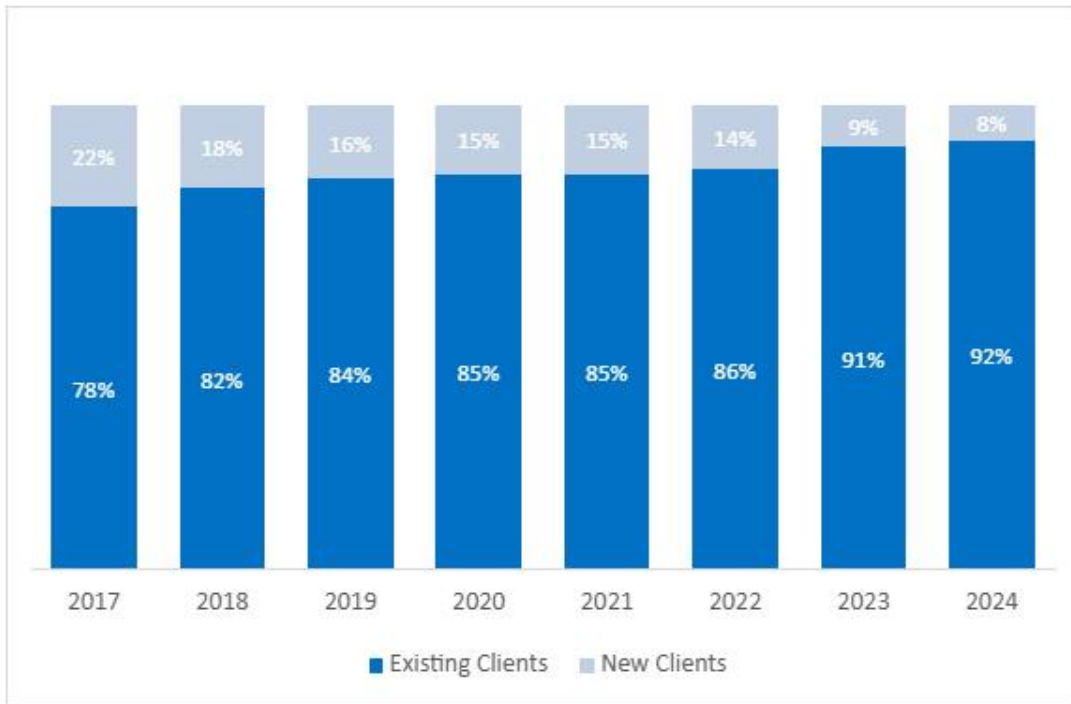
- **A Differentiated, Advanced Technology Platform**– We have developed a powerful, integrated suite of proprietary technology assets, technology applications, and technology development resources that enable us to differentiate us in the market, manage all of our solutions, conduct all of our activities and operate with low-cost advantages and efficiencies. These include:
 - **XP Genius** – This is our powerful, integrated, cloud-based technology platform built with a modular architecture that efficiently leverages a range of microservices to help: (1) connect our various portals, systems, technologies and environments; (2) power our solutions and applications across our organization; (3) manage our large, valuable and rapidly growing pools of proprietary data; (4) conduct our big data analytics and artificial intelligence initiatives; (5) provide us with proprietary information and market insights; and (6) extend our reach and capabilities into new areas.
 - **XP Innovation Teams**– These dedicated technology resources develop and support our solutions by using agile software development methods and leveraging our significant technology and data assets. These include *XP Tribes*, comprising two to three managers each, that help guide and support our development priorities across numerous projects, and *XP Squads* comprising autonomous integrated teams of eight to ten people, including a product owner and business expert, a UX specialist, a technology leader and several developers, that collaborate to create new technologies and solutions or improve our current offerings. These teams focus on the complete customer experience, conducting client interviews, prototyping, behavior analysis and user tests. One of the most visible external examples of our technology capabilities is the suite of technology applications that we provide to our clients and partners. The technology evolution of XP Inc. was followed by a deeper and broader corporate transformation process, which involved the creation of business units and integrated our front-office to the company’s foundations – back-office, middle-office and innovation teams. We believe that among the main benefits of the transformation are a leaner and more efficient corporate organization that allows us to optimize decision making and execution of our projects.
 - **XP Technology Apps**– This is an advanced suite of cloud-based and mobile technology applications, that complement our advisory services and provide powerful functionality across the user journey, enabling our clients and partners to better manage their various accounts, trading activities and data queries. Our apps are integrated with our powerful databases and analytics tools and are designed to be powerful, yet simple, attractive, and easy to use, with sleek user interfaces, or “UX,” that are comparable to some of the top consumer technology products in the world.

Our Operations

We operate an asset-light, scalable business model that emphasizes operational efficiency and profitability. We leverage our business model to serve a diverse group of retail, corporate and institutional clients in local and international markets, with offices in Brazil, New York and Miami. We currently serve approximately 4.7 million active retail clients who have an investment account with us. Approximately 24% of our clients are served by one of our IFA partners whereas approximately 76% of our clients are served through direct channels, either utilizing an account through one of our websites, or served by an investment adviser through XP Direct. As of December 31, 2024, our average Retail Client Assets per client account was approximately R\$231 thousand.

We generate our revenues primarily by (1) providing our existing clients with a growing range of financial products and services in which to invest their existing Client Assets already on our platform; (2) attracting additional money onto our platform from existing investors to grow total Client Assets; and (3) attracting new clients and money inflows onto our platform across a variety of channels to increase total Client Assets. As shown in the following chart, we generate a significant amount of our revenues from existing clients and Client Assets, which is recurring and predictable in nature.

% of Retail Revenue from New Clients vs. Existing Clients



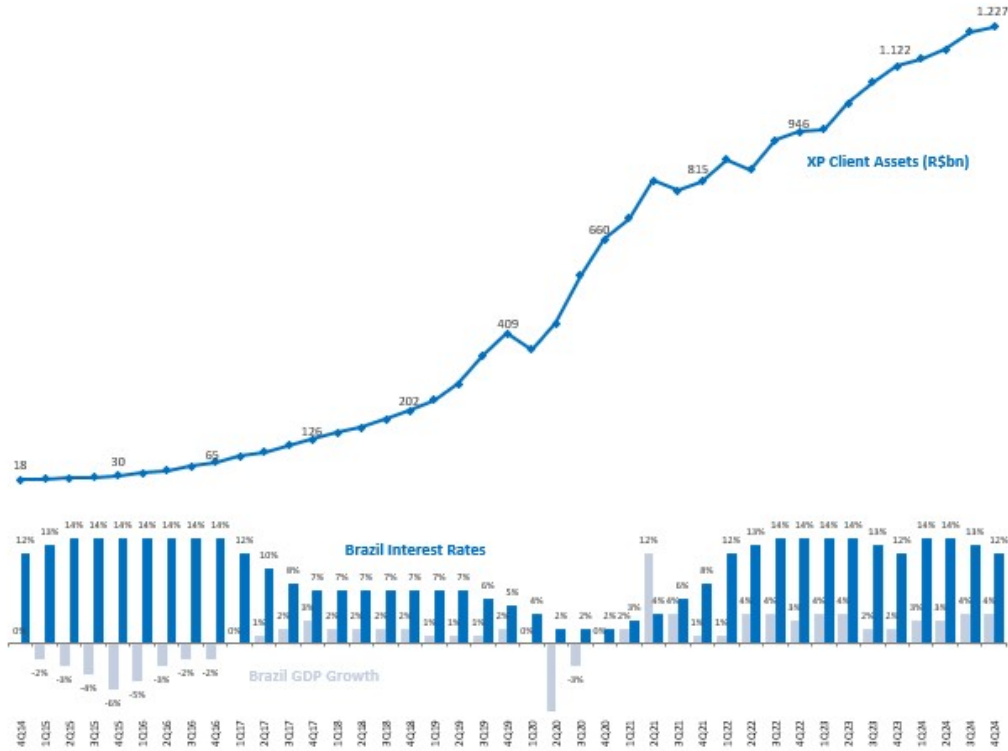
Depending on the mix of products and services, we generate numerous forms of income from Client Assets, including advisory fees, commissions, distribution fees from product offerings, asset management fees, among others. Following the launch of some of the aforementioned new products, we were able to add new forms of income into our ecosystem, such as credit card interchange fees, and income from interest on loans. As a result of our enhanced business model and market position, our revenue tends to be more diversified now than it was a few years ago, with new business lines representing close to 21.6% of total revenues in 2024, making our business less cyclical. We have established a track record of delivering strong financial performance, even during difficult macroeconomic conditions in Brazil. For example, while Brazil GDP growth fluctuated significantly over the past decade, with Brazil going through different recessions, political turmoil and the COVID-19 outbreak, our core investment KPIs kept growing consistently, with Client Assets reaching R\$1.2 trillion in December 31, 2024.

Our technology-driven business model is asset-light and highly scalable. This enables us to generate scale efficiencies from increases in Client Assets. We conduct the majority of our business online and through mobile applications and emphasize operational efficiency and profitability throughout our operations. These operating efficiencies enable us to generate strong cash flow in various market conditions, allowing us to continue investing in the growth of our business. Our business requires minimal capital expenditures to facilitate organic growth, with expenditures amounting to 1.9%, 1.3% and 1.0% of net revenues for the years ended December 31, 2024, 2023 and 2022, respectively. Additionally, our strong balance sheet serves as a substantial competitive advantage in relation to other independent financial services providers in Brazil, enabling us to underwrite, develop and distribute new financial products and services, and capture inorganic opportunities, such as our acquisitions of equity in DM10 in November 2020, Antecipa in September 2020, WHG in September 2020, in some asset managements throughout 2021 and 2023, such as Giant Steps, Jive, Capitani Vista Capital, AZ Quest, Newave and Habitat Capital; Trybe, BTR Benefícios e Seguros, some research companies such as Suno. In addition between the second half of 2021 and 2022, we entered into investment agreements with, among other entities, IFAs, and in the end of 2023 and during 2024 we have concluded the acquisition of minority stake in some IFAs, such as Manchester, Blue 3, Ável, Monte Bravo, FAMI and SVN. We may carry out additional stake acquisitions or investments from time to time.

In 2022, we reported R\$946 billion in Client Assets, R\$14.0 billion in gross revenue, R\$13.3 billion in net revenue, and R\$3.6 billion in net income, a year-over-year increase of 16%, 10%, 11%, and a decrease of (0.3)%, respectively, compared to 2021. In 2023, we reported R\$1,122 billion in Client Assets, R\$15.7 billion in gross revenue, R\$14.9 billion in net revenue, and R\$3.9 billion in net income, a year-over-year increase of 19%, 12%, 11%, and 9%, respectively, compared to 2022. In 2024, we reported R\$1,227 billion in Client Assets, R\$18.0 billion in gross revenue, R\$17.1 billion in net revenue, and R\$4.5 billion in net income, a year-over-year increase of 9%, 14%, 15% and 16%, respectively, compared to 2023.

Our Market

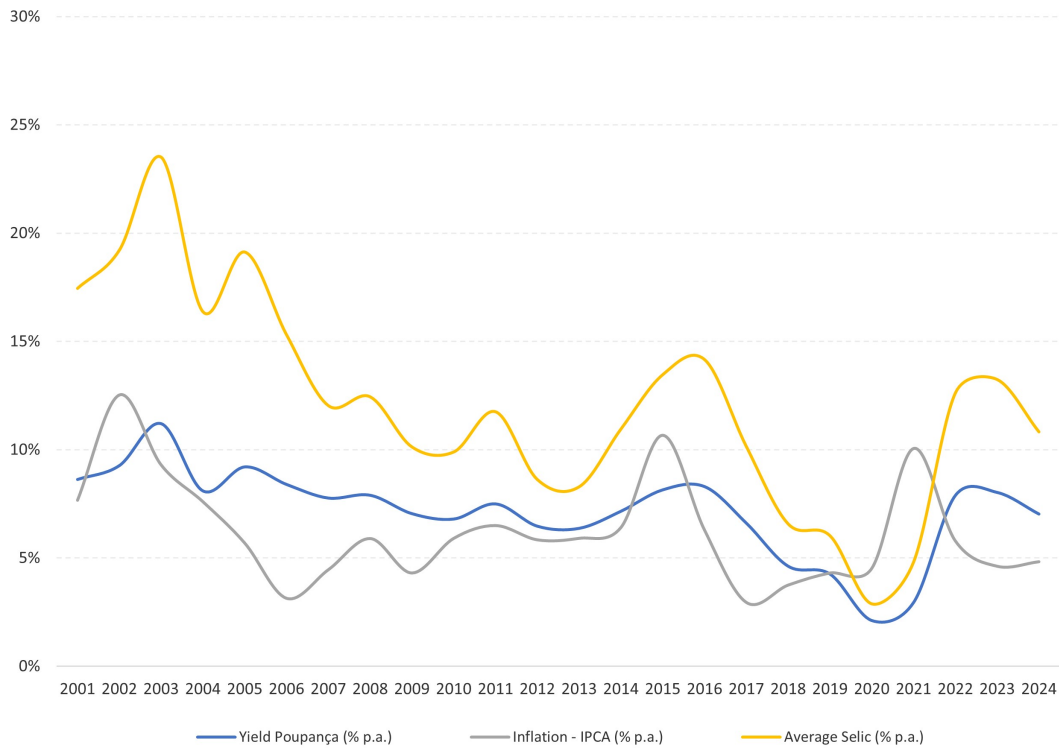
Brazil is a large and attractive market for financial services and financial technology solutions. The country has the seventh largest population and the tenth largest economy in the world with over 203 million people and a GDP of nearly US\$2.2 trillion in 2024. Brazil’s GDP growth fluctuated significantly over the past decade, with Brazil going through different recessions, political turmoil and the COVID-19 outbreak, our core investment KPIs kept growing consistently, with Client Assets reaching R\$1.2 trillion in December 31, 2024.



Key Market Challenges

We believe the Brazil financial services industry faces several important market challenges that create market inefficiencies and opportunities for disruption, including:

- **Highly Concentrated Market** – In Brazil, the financial services market continues to be controlled by a few traditional financial institutions. We estimate our Individual Client Assets as of December 31, 2024 to account for nearly 12% of a market totaling R\$7.3 trillion, based on our internal analysis. According to the latest information from the Central Bank and Fenaprevi for 2024, these same five banks collectively accounted for: (1) 65% of the R\$5.8 trillion in all deposits; (2) 97% of the R\$1140 billion in mortgages; (3) 57% of the R\$568 billion in credit card outstanding balances for individuals; (4) 86% of the R\$1.3 trillion in open retirement plans; (5) 72% of the R\$4 trillion in total individual loans ; and (6) 59% of the R\$2.86 trillion in corporate credit balances. We believe this concentration has created material market inefficiencies which provide significant opportunities for disruption, disintermediation, and new business models.
- **Bureaucratic, Asset-Heavy Infrastructures**– The legacy models of the traditional banks are based on asset-heavy infrastructures such as large networks of physical bank branches, large bureaucratic organizations with hundreds of thousands of personnel and processes, and older, segregated technology platforms. We believe these cumbersome infrastructures encourage the traditional banks to focus more on (1) managing the internal burdens of their operations; (2) pushing their in-house products over alternatives from third-party providers; and (3) preserving the status quo.
- **Narrow Selection of Financial Products** – The concentration of traditional financial institutions in Brazil provide their customers with more limited access to financial products than typically found in larger and more developed markets, such as the United States and Europe. These banks have closed-loop product platforms which significantly restricts the selection of investment products made available to their customers typically to those that were created in-house by each bank or have significant embedded costs to drive promotion. We believe these practices tend to drive high fees and/or low cost of funding for the traditional banks, but severely limit choice for investors.
- **Promotion of Inefficient Financial Products**– In Brazil, the traditional banks continue to promote inefficient financial products, such as self-issued time deposits, or "CDBs," and savings accounts called poupança, since their primary business is related to grow the loan book, therefore they provide a large number of the mass population of investors with very low returns and punitive redemption options, often at an attractive margin to the bank. Poupança accounts account for 10.8% of all individual investors assets in Brazil, according to our estimates as of December 31, 2024, despite paying relatively low interest rates, often lower than the SELIC rate in Brazil, and occasionally even lower than the inflation rate, as shown in the graph below. We believe the continued promotion of these products is not in the best interests of investors, but they continue to generate high fees for the traditional banks.



Source: Séries temporais – Brazilian Central Bank

- **High Costs and Spreads** – We believe overall fees and spreads for financial products in Brazil are too high and are driven by (1) the closed platforms of the incumbent banks who often limit their customer’s selection of financial products to those created and controlled by each bank; (2) the promotion of inefficient financial products that pay very low yields, such as poupança; and (3) the high, asset-heavy infrastructure costs of the incumbent banks.
- **Poor Customer Service** – We believe the incumbent banks and other service providers generally provide poor customer service in Brazil based on market surveys, given the lack of market competition and alternative choices available to their clients. We believe these factors drive the prioritization of near-term results over long-term client relationships and discourage the banks from (1) focusing on their client’s day-to-day needs; (2) serving the entire customer experience; and (3) looking for new ways to add value.
- **Underpenetrated Debt Capital and Other Financial Markets** – We believe the debt capital markets in Brazil are significantly underpenetrated for the issuance of fixed income products and corporate bonds, particularly when compared to larger markets such as the United States and Europe. The incumbent banks control the majority of the debt market and typically steers clients to bank issued term loans or limited fixed income products that are sold to their asset management businesses, which we believe limits the amount of available credit in the market and fosters an environment for higher costs due to limited competition. Similarly, other lending products, commonly found in larger markets, such as home equity loans, are very limited in Brazil.

Key Market Trends

- **Favorable and Highly Aligned Regulatory Initiatives**– The Central Bank is actively promoting what it calls financial democratization policies that seek to provide easier access to financial markets, and better and more transparent financial services. We believe these regulatory initiatives provide a favorable regulatory environment that are closely aligned and complement our mission to improve people’s lives by transforming the financial markets in Brazil. The Central Bank, has implemented an active regulatory agenda, called BC# which is focused on addressing structural issues of the National Financial System by fostering technological innovation. The Central Bank has defined five dimensions for its agenda, including:
 - Inclusion – which it defines as to ensure "non-discriminatory access to the market for all those wishing to participate: small and large businesses entrepreneurs, investors and borrowers, both domestic and foreign clients." Initiatives in this dimension involve: (1) fostering the expansion of credit cooperatives; (2) simplifying and modernizing foreign exchange and international trade regulation (convertibility of the real); (3) local capital market development; and (4) enlarging access to microcredit;
 - Competitiveness – which it defines as "to promote adequate pricing by favoring competitive access to markets." Initiatives in this dimension involve: (1) innovation and preparing the financial system for a technological and inclusive future (e.g., instant payments, open banking, and cyber risk management); (2) improving the management of international reserves; and (3) increasing market efficiency (e.g., market infrastructure and reserve requirements).
 - Transparency – which it defines as to improve "the price formation process and the quality of information originated from markets and the Central Bank. It focuses on broadening communication, as well as evaluating its results and symmetry of information." Initiatives in this dimension involve (1) improving conditions for rural and mortgage loans; (2) strengthening the Central Bank’s relationship with the Brazilian Congress and foreign investors; and (3) enhancing transparency and communication of the Central Bank’s actions, including monetary policy decisions.
 - Education – which it defines as to promote "citizens awareness so that everyone can participate in the financial markets and strength their habit of saving." Initiatives in this dimension involve providing scalable financial education solutions to school students, indebted individuals and low-income citizens.
- **Sustainability**: which it defines as "the allocation of resources directed towards the development of a more sustainable, dynamic and modern economy". Initiatives in this dimension involve improvement of regulation on socio-environmental risks, improvement of the stress test for climate risks and nomination of the Central Bank representatives to join the Network from Greening the Financial System (NGFS).
- **Cybersecurity and Fraud Prevention** - The Central Bank is seeking to develop new ways of preventing money transfer fraud and irregularities, including through Join Resolution No. 6, which establishes criteria for selecting and sharing data records related to indications of fraud.
- **Increasing Demand for Financial Education and Information**– With the volatility in interest rates in recent years, we believe there are a growing number of people interested in learning (1) the basics of financial freedom and empowerment; (2) how to access the financial markets more effectively; and (3) more sophisticated financial management strategies. We have seen the number of financial education students increase significantly in the market and believe the demand for financial media content has grown materially in the last few years across a number of channels.
- **Increasing Demand for Financial Products**– As more customers claim their financial freedom from the traditional banks, and yields on other bank products remain stagnant, we believe the market will see a steady increase in the demand for more types of financial products and more choices of issuers across different asset classes and risk appetites. We believe there will also continue to be an increasing interest from institutions and corporates for more product issuing opportunities and product structuring services. We believe this is a long-term trend as the Brazilian market expands to close the product selection gap with other large markets, such as the United States and Europe.
- **Increasing Demand for Technology to Manage Financial Services**– Similar to other trends in commerce, customers in Brazil are increasingly looking to conduct their financial journeys through digital channels, via online portals, cloud-based platforms and mobile technology applications, instead of in bank branches. In addition, as customers engagement increases, they are also demanding access to more sophisticated analytical tools and technology applications, such as comparison engines, risk management tools, and electronic trading platforms, through digital channels that can enable these features at low costs and high efficiency. In addition to BC#, the Central Bank is planning to launch a new digital currency and blockchain platform, Drex.

- *Increasing Demand for Better UX Experiences*– As customers engage in more digital channels, they are increasingly demanding sleeker, more powerful and more convenient UX, similar to the consumer technology products and software applications that they interact with in other areas of their daily lives. We believe these digital customers will increasingly demand technology applications that provide intuitive, easy-to-use, yet powerful features that can integrate and utilize all of their data, and empower them to do more across their client journeys, versus just siloed applications with one or two functions.
- *Increasing Number of Independent Financial Advisors*– The career market for registered IFAs is growing rapidly in Brazil as the traditional banks continue to close branches and reduce costs from their large legacy operations. Many top financial services professionals who previously worked in these banks are looking to become IFAs. The total number of IFAs in Brazil has grown from over 5 thousand in 2015 to almost 20 thousand by 2024, according to the Brazilian National Association of Brokers and Dealers of Securities, Foreign Exchange and Commodities (*Associação Nacional das Corretoras e Distribuidoras de Títulos e Valores Mobiliários, Câmbio e Mercadorias*), or "ANCORD."
- *Increasing Demand for Turn-Key Solutions and Applications for IFAs*– Many of these IFAs are looking for new platforms, that provide the product suites, business management tools and technology applications that they can use to start their businesses, attract new customers and manage their operations more effectively.
- *Disintermediation of Investments, Credit and Market Equitization*– Greater access to information and technology is making Brazilians increasingly aware and inclined to look for alternatives outside the traditional retail banks for investment products and services. Brazil is in the early stages of this process and we estimate our Client Assets as of December 31, 2024 to account for nearly 12% of a market totaling R\$ 7.3 trillion. In addition, equities as an asset class is still incredibly underpenetrated among retail investors, with only approximately 0.8% of Brazilians having an active brokerage account. Further evidence of this trend is the spike seen in the number of individual investors in the B3. This figure increased almost 270% from 1.4 million individual investors in December 2019 to 5.2 million individual investors in December 2024.

In 2024, the CVM published a two-year risk based approach plan through which it would define priority regulatory risks and a new form of regulatory analysis: a thematic supervision that may be exemplified by: (i) AML procedures; (ii) operational structure requirements for asset management that do not comply with regulations; (iii) diligence failures in the liquidity management process in open-ended funds; and (iv) irregular and/or indiscriminate leverage strategies in investment funds.

Addressable Market Opportunities

We believe our *XP Model* will benefit from these key market trends and the favorable macroeconomic environment in Brazil, and has positioned us to continue to penetrate, grow and expand our large addressable market opportunity in Brazil. According to internal estimates, as of December 31, 2024, our Client Assets only account for 12% of a R\$ 7.3 trillion market. Given our leadership, scale, brand and competitive advantages provided by our *XP Model*, we believe we will benefit from and continue to be a catalyst for:

- *Continued Growth of the Investment Assets Addressable Market*– According to our estimates, the total addressable market of investment assets in Brazil is expected to reach R\$9.4 trillion in 2026.
- *Continued Expansion of Our Addressable Market into New Areas* – We have made significant progress in disrupting the investment services of traditional banks, which can be among the hardest to penetrate, due to the difficulty in gaining customer trust, and have one of the highest switching costs in the financial services industry, due to the expense and tax impact of moving accounts. According to our estimates for 2024, we believe the total addressable market size, including adjacent markets that could be complementary to XP, such as insurance, credit and debit cards and other loans was approximately R\$600 billion in gross revenues before funding costs.

Our Competitive Strengths

Over the last 20 years, we have developed a differentiated set of capabilities and attributes in our business that we believe provide us with meaningful strategic advantages and have helped us to disintermediate the legacy models of traditional financial institutions. We believe these competitive strengths form the foundations of our business and drive value creation for our shareholders.

Investment platform

Our open product platform, which we believe is a pioneer in the market and is the most complete among Brazilian players, combines: (i) a wide network of third party partners such as independent asset managers, medium-sized banks and insurance companies; (ii) a comprehensive range of proprietary products that includes our Asset, our funds administration business and our global investment platform; and (iii) capital markets access powered by our Investment Banking business, which originates IPOs and debt issuances.

Distribution network

We are the main benchmark in financial advisory services in Brazil according to Folha de São Paulo and we helped develop this sector in Brazil. Our distribution network has a wide range of professionals, from independent financial advisors (IFA) to internal advisors and wealth managers. We also offer a complete ecosystem for professionals, including systems and tools such as CRM and strategic business support for third parties.

Trusted Brand

We are established as a trusted brand in the financial services in Brazil. This trust has been built through transparency, client-centric innovation, and dedication to providing comprehensive financial education to our clients, enhancing customer engagement and satisfaction. Our reputation as a trusted brand not only attracts new customers but also engenders loyalty among existing clients, thereby supporting sustainable growth. Our status as a trusted entity distinguishes us from competition, providing a significant competitive edge that is essential for maintaining and expanding our market share.

Ability to execute and innovate

Our culture allows us to quickly execute challenging projects and to constantly innovate. For example, in just a few years we were able to build an advisory distribution network, a Retail Liquidity Provider (RLP) service, an Investment Banking business, one of the fastest growing pension insurers in Brazil, a premium credit card and an global investment platform.

Mission-Driven Culture

Our culture remains central to XP and we believe it is the core strength of our company, enabling us to attract talent, unify our people, maintain the mindset to innovate and disrupt, guide our go-to-market-approach, develop powerful relationships with our clients and establish our identity in the marketplace. We remain vigilant in preserving and nurturing it, so that it can continue to guide our firm. We believe the key strengths of our culture are:

- *a Collaborative Partnership Model*– that fosters a collaborative environment within our company and an ownership mentality across our organization, which have enabled employees at all levels to remain focused and well aligned despite our rapid growth and expansion;
- *a Client-Centric Focus*– that prioritizes transparency in our services, high-quality customer service and positive client experiences above short-term performance results, which helps us build a loyal customer base and long-term relationships that can be seen in our client cohorts and retention data; and
- *an Entrepreneurial Spirit*– that keeps us focused on the pursuit of innovation across our firm to improve our operations and our client experiences. This fosters an energetic, meritocratic environment that attracts the most innovative financial and technological talent in the country to work or partner with us, which has helped us remain creative and avoid complacency.

Efficient and Self-Reinforcing Business Model

Our model incorporates a unique combination of proprietary capabilities, services and technologies to deliver a highly differentiated and integrated client experience, that have enabled us to differentiate from our competitors. In addition, the XP Model has resulted in several strategic and operating advantages, including:

- *Highly Efficient Financial Model*– We believe our technology-driven business model provides us with significant scale and operating efficiencies, including:

- **Asset-Light, Low-Cost Structure** – Our technology-driven business model is asset-light and highly scalable. We conduct the majority of our business online and through mobile applications and emphasize operational efficiency and profitability throughout our operations. The asset-light nature of our business model requires minimal capital expenditures to facilitate growth, with expenditures amounting to 1.9%, 1.3% and 1% of net revenues for the years ended December 31, 2024, 2023 and 2022, respectively.
- **Strong Free Cash Flow Generation** – Our business model operating efficiencies enables us to generate strong cash flow in various market conditions, and enables us to continue investing in the growth of our existing business;
- **Network Effects** – As we grow our business, we believe our model demonstrates distinct self-reinforcing network effects that help compound our growth; and
- **Powerful Combination of Attributes** – The success of XP is due to the combination of capabilities, trusted brand, size and scalability of the XP Model that have been developed and nurtured over time.

Our Growth Strategies

Despite our success to date, we believe our business is still in the early days of driving the disintermediation of traditional financial institutions in Brazil and offering better alternatives to their legacy models and practices. We believe there is a large addressable market opportunity remaining in our core business and significant market share to win since, as of December 31, 2024, our Client Assets (assets under custody) accounts for only 12% of a R\$ 7.3 trillion market, according to our internal estimates. We intend to leverage our competitive strengths and continue to enhance the strategic advantages we have created through the XP Model in order to continue to grow and expand our business.

We have four strategic pillars that we believe will guide us to our long term vision. These pillars are known by every employee and they guide our business decisions such as choosing priority projects and the allocation of resources in the budget. Our strategic pillars are the following:

- **Leadership in Investments** - Our first pillar aims to protect and expand our core business. We will continue to seek a greater share of the total Client Assets and trading volumes from our clients, who often keep assets in different accounts and may use the services of several firms. We also intend to continue to grow our base of active retail clients, which reached approximately 4.7 million as of December 31, 2024, an increase of 3% year over year, as well as our base of institutional trading partners and corporate issuers who provide additional liquidity and products to our platform. We intend to do so by:
 - **Improving segmented value proposition** – We aim to grow our client base and our share of wallet in different customer segments. It is key to customize our value proposition to individual investors from Retail to Private segments and to companies from SMEs to Corporate segments;
 - **Expanding Our Omni-Channel Distribution Network** – We intend to lead the evolution of the investments advisory profession in Brazil. We want to position XP Inc. as the premier HUB for all types of financial advisory entrepreneurs, including: Independent Financial Advisors (IFA), Internal advisors in the XP brands, Wealth Managers and Financial Consultants. We also want to offer white label solutions for partners, with a Broker as a service business.
 - **Growing Our Investment Platform Offering** – While we believe our open product platform is key competitive advantage versus the limited, closed-loop platforms of the traditional financial institutions, we believe there is a significant opportunity to continue to build on this strength and provide our clients with greater selection and investment opportunities by (1) developing new investment products; and (2) incorporating new investment products from our partners and competitors.
 - **Providing the best financial planning solution for our clients** – We aim to offer the best portfolio allocation solutions, customized by client profile and objective.
- **Retail cross-sell:** Based on customer needs, we expanded our portfolio to serve the customer's complete financial life, seeking to break once and for all the link between investors and large banks. We believe this strategy diversifies our revenue sources and reinforces our core business since it creates a positive feedback loop where the adoption of cross-sell products increases client's share of wallet. Our cross-sell products include our credit card, digital account, FX solutions, insurance and more.

- **Corporate & SMB** – We intend to offer better business solutions by leveraging existing relationships to gain penetration with products like FX, derivatives, loans, and insurance, among others. We can also rely on our consolidated Investment Banking and Global Markets business to complement our Ecosystem.

Our quality initiative and objective are the foundation of our three pillars of growth, based on delivering a higher quality experience end-to-end. We are focusing on offering superior functionalities, services, support, software and apps. Our goal is to achieve leadership in the Brazilian investment market and provide the best complementary financial services. We believe in incremental opportunities to disintermediate traditional financial institutions' legacy models in other financial sectors beyond investments. These sectors tend to be easier to penetrate and have much lower switching costs versus the investment services industry. We estimate that the total addressable market size was close to R\$600 billion in gross revenues in 2024, including adjacent markets complementary to XP's core market, such as insurance, credit and debit cards, and other loans.

Our Environmental, Social and Governance Commitment

Since 2020, we recognize that the ESG agenda is an ongoing journey. In order to improve consistently in these matters, we are engaged in integrating ESG issues into both our internal operations and our business practices, contributing to the transition to a more sustainable world.

We believe that for a stronger environmental, social, and corporate governance strategy, it is essential to adhere and support voluntary commitments, programs, and international covenants. We are signatories to the Principles for Responsible Investment (PRI), the UN Global Compact, the Carbon Disclosure Project (CDP) and the Partnership for Carbon Accounting Financials (PCAF), which is a partnership among financial institutions with the objective of developing harmonized methodologies for measuring Greenhouse Gas Emissions. PCAF is the most renowned initiative regarding the measurement of financed emissions, being recommended by the Task Force on Climate-Related Financial Disclosures (TCFD) for disclosure of financed emissions.

We have also joined the Climate Commitment, an initiative by Instituto Ekos Brasil that connects companies interested in offsetting their Greenhouse Gas Emissions and projects dedicated to generating social and environmental benefits. With respect to Diversity and Inclusion we have partnerships with Racial Equity Movement (MOVER), Pact for the Promotion of Racial Equity and Inclusion Business Network, and Pact for Inclusion of People with Disabilities (Rede Reis).

In 2024, we continued to make significant progress in advancing our ESG agenda through our key material topics:

1) We aim to provide sustainable investment solutions, in the best interest of our clients focus on ESG integration in processes, products and services:

- Since 2021, we have been offering ESG portfolios, in the best interests of our clients, such as the ESG recommended portfolio, composed of 10 names that we believe combine high ESG standards and solid fundamentals, aiming to outperform B3's Corporate Sustainability Index (ISE) over the long-term.
- In 2024, the research team published 126 ESG-focused reports, of which 10 were thematic reports and 46 were updates on relevant topics to the agenda. Additionally, the number of companies, under XP Research coverage, with a dedicated ESG analyses reached 159 this year. The team also secured over 100 ESG-driven meetings with institutional investors along 2024, while also promoting events related to the agenda.
- We believe we have the largest sustainable investment platform in Brazil, with ESG-labeled investment funds available, including equity, fixed income, hedge fund, index, private equity, and pension funds, featuring both local and global strategies.
- We have launched three ESG ETFs on B3 and we have introduced 48 sustainable securities in the fixed income market, considering both local and international debt markets, which represented a total volume of R\$46.6 billion.

2) We seek to prioritize our sustainable transition, seeking recognition from third parties with international visibility:

- We understand we have adhered to commitments, pacts, and working groups, as well as the implementation of governance processes and ESG and climate transition methodologies.
- Our internal environmental, social and climate risk & ESG assessment covered our active suppliers and potential clients and products, in accordance with our internal policies.
- We analyze our exposure to climate risks through initiatives such as the CDP and PCAF, enabling us to structure a transition strategy and prepare for future regulatory requirements regarding this agenda.

- We aim to identify, measure, and monitor climate-vulnerable sectors and climate sensitivity exposure in our credit portfolio using FEBRABAN's tools.
- Since 2019, we have been calculating, monitoring, and publishing our GHG emissions inventory annually, ensuring transparency and publicity of our Scope 1, 2 and 3 emissions data. We seek to offset our carbon footprint including scope 1, 2 and 3 emissions with the acquisition of carbon credits from conservation projects (REDD+) and energy projects.
- In 2023 and 2024, we also refined the calculations of scope 1, 2 and 3 emissions by expanding the scope coverage and underwent third-party verification of these emissions.
- In 2023, we published our greenhouse gas inventory in conjunction with the Public Emissions Registry - GHG Protocol, achieving the gold seal for the first time, that demonstrate an exceptional commitment to reducing their emissions and adopting sustainable practices.
- We disclose our climate risk actions, including the mensuration of climate sensitivity of our credit portfolio, our institutional carbon inventory, which incorporates carbon credits acquired for offsetting, and the carbon inventory of Banco XP's credit portfolio.

3) We aim to create an internal environment that values and promotes diversity and inclusion:

- Since 2020, we have encouraged an inclusive and healthy work environment, with a focus on building a more inclusive and safer work environment for people's professional development.
- We monitor our internal data on gender, ethnicity, disabilities and actively strive to combat LGBTQIAPN+ discrimination in the financial market through internal initiatives and affinity groups.
- We have made significant progress in our key diversity metrics. In 2020, the percentage of women in the company was 26.5%, with women in leadership positions at 12%. By 2024, we achieved a significant increase to 35% of women in the total workforce, and 26.8% in leadership roles. In terms of ethnicity, we had 17.6% representation of black individuals in the company in 2020, and by 2024, we reached a milestone of 20%. Looking at leadership positions, we had only 2% black leaders in 2021, but by 2024, we achieved a significant increase to 13%.

4) We strive to democratize financial and technological education, changing people's mindset towards money:

- We have partnerships with local players focused on educational solutions.
- We want to promote financial education and empower individuals to achieve autonomy, contributing to the advancement of personal financial planning.
- We want to encourage financial literacy and enable individuals to lead more dignified lives, with greater freedom of choice and improved conditions to pursue their dreams and fulfill their potential as contributors to society.
- We provide free technology educational programs, promoting accessibility and inclusion.

Our ESG Governance

At XP Inc., we acknowledge that we must be responsible for our legacy. Therefore, throughout our entire business, we seek to be protagonists and lead the Environmental Social and Governance Agenda, or "ESG Agenda." We believe that companies play a fundamental role in solving ESG challenges, and we strive to implement significant ESG practices from both internal and external perspectives.

We reference our corporate governance to the best market practices while maintaining our entrepreneurial culture and autonomy in the actions of our teams. We have a specific governance structure for addressing ESG issues where the executive board is responsible for supervising and monitoring ESG strategies and the implementation and compliance of our social, environmental and climate responsibility policy (PRSAC). We have an executive officer responsible for the PRSAC of the company, with the responsibility of implementing actions towards the effectiveness of the PRSAC, monitoring and evaluating the actions implemented and assisting the executive board and board of directors.

Our Social, Environmental and Climate risk management is carried out through five main pillars of action:

- Governance and regulatory - We developed our entire governance process, strategy, goals, and social, environmental, and climate risk metrics. This also includes the development of policies, standards, and procedures, as well as compliance with regulatory standards related to ESG and climate;

- **Methodologies and analysis** - We developed internal ESG and social, environmental, and climate risk methodologies, such as (i) social, environmental, and climate rating methodologies, (ii) climate sensitivity, (iii) financed greenhouse gas emissions, and (iv) carbon footprint of investment funds and equity portfolios. Additionally, we conducted social, environmental, and climate risk analysis on key business areas: (i) onboarding (individual and corporate), (ii) supplier homologation, (iii) currency operations, (iv) corporate credit operations, (v) credit operations rural, (vi) DCM and ECM operations, (vii) asset XP operations, and (viii) new products and businesses;
- **Management and reporting** - We seek to manage and disclose key social, environmental, and climate risk KPIs to internal commissions and committees, manage and report ESG fixed-income operations and manage social, environmental and climate losses. We also prepare internal reports, such as the 2023 Social, Environmental and Climate Risks and Opportunities Report, or "GRSAC" and the Social, Environmental and Climate Risk Document, or "DRSAC," disclosing social, environmental and climate risks incurred within our credit and securities operations;
- **ESG products** - We promote the development and monitoring of ESG products; and
- **Institutional sustainability and education** - We give regular training on the culture of social, environmental and climate risks and addressing human rights and diversity.

In addition to this social, environmental, and climate risk management structure, we recognize the importance of and incorporated recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures, or "TCFD." The objective of TCFD is to encourage the disclosure of financial information related to climate risks and opportunities, allowing investors to make more informed decisions. We are working to ensure increasing adherence to these recommendations, which strengthens our climate risk governance. In 2022 and 2023, we further developed and implemented methodologies for measuring and managing climate risk. In 2024, we continued to advance and evolve our climate agenda by conducting climate stress tests and scenario analyses.

We measured the climate sensitivity of our credit portfolio using the Climate Risk Sensitivity Scale developed by The Brazilian Federation of Banks, or "FEBRABAN." The methodology combines relevance variables - sector classification and credit rating - and proportionality - representation in the portfolio and the weighted average term of the transactions - to identify the most sensitive clients in our portfolio.

Finally, we regard Social, Environmental and Climate risk as material, and we plan to continue developing the best management practices.

Additionally, we believe that the ESG agenda should not be distant from our operational areas and, therefore, we also have technical experts within some of our internal areas and controlled companies, which we call ESG chapter. We expect this will help support the integration of ESG practices into our business practices.

Our Products and Services

We sell a wide range of products and services in various combinations to our clients. We have developed these solutions to provide our clients with significant differentiation and a superior value proposition versus the legacy offerings of traditional banks.

Open Product Platform

We offer our client and partners the XP Platform, which is an open product platform that provides our clients with the broadest access to investment products in the market, ranging from our own XP-branded products to those of our partners and our competitors. We believe the open nature of our product platform is highly differentiated in the market and a key driver of the early success of XP. Traditional financial institutions in Brazil tend to favor a closed-loop models which significantly restricts the selection of investment products made available to their customers to those that were created in-house or have significant embedded costs to drive promotion. For example, these products include:

Name	Type	Description	Clients
Brokerage Securities	Investment Products	Hundreds of equity securities and futures, such as: <ul style="list-style-type: none"> • Equities, iShares, or "ETFs" and BDRs; • Dollar, Ibovespa and rate futures; and • Commodities, such as feeder cattle, coffee, soy; corn, ethanol, oil and gold. 	<ul style="list-style-type: none"> • Retail • Institutional
Fixed Income Securities	Investment Products	Over 275 fixed income securities, including: Bank Deposits: LCI, LCA, CDB, and LC; Corporate Bonds: Debentures, CRI, CRA, LF and FIDC; Sovereign Bonds: NTN-B, NTN-F, LTN, LFTs; and Interest Rate Swaps	<ul style="list-style-type: none"> • Retail • Institutional
Mutual, Hedge and Private Equity Funds	Investment Products	<ul style="list-style-type: none"> • Over 200 XP Asset Management Funds; • Over 500 third-party funds curated by XP from over 160 asset managers; and • Over 100 international funds. 	<ul style="list-style-type: none"> • Retail • Institutional
Structured Products	Investment Products	Derivatives and synthetic instruments including: <ul style="list-style-type: none"> • Derivatives – Structures set up with options, using the margin as security. Can be done with Index, Dollar, Shares, Interest, feeder cattle and corn commodities; and • COE ("Structured Operations Certificate") – Instruments combining fixed and variable income elements, with returns linked to assets indices such as exchange, inflation, shares and international assets. These products appear as one single (synthetic) asset for the client, facilitating monitoring of performance and single taxation, and can have lower costs compared with investing in assets/derivatives separately. 	<ul style="list-style-type: none"> • Retail • Institutional
Credit Cards	Credit Products	We offer to our clients in both XP and Rico a Visa Infinite Credit Card free of charges and with a pioneer "Investback" program - a cash-back program that automatically invests at least 1% of every paid invoice in a liquid fixed-income fund on behalf of the customer as a reward.	<ul style="list-style-type: none"> • Retail
Loan operations/Collateralized Credit Products	Credit Products	Our platform offers hassle-free, low-interest personal loans secured on the customer's invested assets, which allows for rates below market averages. 90-day NPL is almost zero due to the structured nature of the credit.	<ul style="list-style-type: none"> • Retail
Retirement Plans and Life Insurance	Investment Products	XP branded solutions and distribution of over 296 funds from 109 leading independent insurers and asset managers, including: <ul style="list-style-type: none"> • Pension and social security funds; and • Life insurance products of the main independent providers, with similar characteristics to those offered in more developed markets. 	<ul style="list-style-type: none"> • Retail • Institutional
Wealth Management Services	Investment Products	A suite of asset organization, succession planning and other services.	<ul style="list-style-type: none"> • Retail
Other Investment Products	Investment Products	<ul style="list-style-type: none"> • Real Estate funds of corporate assets logistics, retail and receivables; and • Equity and debt capital markets solutions. 	<ul style="list-style-type: none"> • Retail • Institutional

Our Marketing, Sales and Distribution

We market our brands and value-proposition through our proprietary media and we sell our products and services through our omni-channel distribution network and online portals, which are part of our self-reinforcing ecosystem that promotes XP's products and services. We believe the primarily digital, technology-enabled nature of our media and our distribution is a significant differentiator for our business and a key competitive advantage.

Proprietary Media and Digital Content

Our media and digital content is an ecosystem of portals and initiatives that aim to democratize access to financial content in Brazil. It is composed of five key initiatives: Infomoney, XP Educação, EXPERT Platform, EXPERT Event and XP Influencers. As we empower Brazilians on how to take investment decisions more independent we help attract, retain and monetize our clients. We attract clients by providing multiple, ongoing touch points, which we believe help build brand awareness, trust and a greater familiarity and comfort level with investing. These initiatives provide us with a strong organic flow of prospective clients and a highly efficient source of customer acquisition. With millions of users navigating through our platforms monthly, we leverage big data analytical tools and artificial intelligence technology to help create an increasingly personalized experience that helps retain clients. Our content also helps our clients navigate and evolve through their journey as investors, which we believe helps them optimize their asset allocations over time.

- **Infomoney** – acquired in 2011, Infomoney is the largest investment-related website in Latin America, with approximately 7.5 million monthly unique visitors as of December 31, 2024.
- **XP Educação** – a key part of our mission since our founding, XP Educação is a leading financial education portal in Brazil. XP Educação provides seminars, classes and learning tools to help investors, entrepreneurs and executives to evolve through their respective journeys and according to their specific needs.
- **EXPERT Platform** – our proprietary investment *phygital* content platform, comprising a research group of specialists serving retail clients in Portuguese and institutional clients in English. This group produces a wide range of content, which includes insights into fixed income, equities, funds, REITs, asset allocation, economics and politics, among others, covering from the basics to a more advanced content. Our digital research retail platform is free and has over 868 thousand monthly visitors that come to our website, which utilizes a robust SEO strategy to attract new viewers, along with educational content and in-person events.
- **EXPERT Event** – our annual conference for clients, IFAs and partners has become the largest investment event in Latin America. In 2024, the EXPERT event was held both in-person and virtually, and had over 84,000 attendees, including over 200 sponsors, over 170 journalists, and over 2,800 news articles written about our event. EXPERT 2024 included a roster of world-renowned speakers, including former NBA player and businessman Magic Johnson, president of Queen's College and chief economic advisor of Allianz Mohamed El Erian, volleyball coach and entrepreneur Bernardino Rezende, among many others

Omni-Channel Distribution Network

We onboard and serve our clients through our omni-channel distribution network, which enables us to deliver our products and services through a range of proprietary channels designed to provide different levels of service and functionality. These include:

- **XP Direct** – Our full-service website and internal advisory teams focused on mass-affluent clients, which provides access to all of our products and more sophisticated functionality.
- **Rico** – Our online-only solution for self-directed investors, which provides powerful, yet convenient and easy-to-use investment services, decision-making tools and custom-designed educational software applications. These are delivered through a simple, attractive and intuitive online portal that is supported by a dedicated marketing and digital media program. Online stock trades at Rico are not subject to brokerage fees.
- **Clear** – A part of XP since 2014, Clear was first to offer zero brokerage fees in Brazil. Clear's goal is to provide its clients, both professional and novice investors, with the best investment experience at a low cost. One of Clear's main highlights is an intuitive and simple Home Broker application that allows the user to invest in various asset classes in the equities and futures market such as options, stocks, ETFs and futures contracts, among others. Clear is a 100% digital service, with innovative collateral management tools and proprietary front ends designed for retail active traders, and is integrated with the best trading platforms available in the market.

- **IFA Network**– Our proprietary distribution network of approximately 14,000 IFA partners as of December 31, 2024, who solicit new clients and help us onboard them as XP clients. These IFAs are located in 1,725 offices in 172 cities across the country and form the largest independent financial advisor network in Brazil which is a competitive advantage for XP. We believe our IFA partners choose to work with XP for a number of reasons, including: (1) our deep understanding and appreciation of the IFA business model and our promotion of IFA careers given our origins as an IFA; (2) our dedicated suite of technology tools designed to help IFAs manage their businesses more effectively; (3) our trusted brand and reach across Brazil; and (4) our proprietary market information, which can help IFAs reach and sell their services to customers more effectively.

Our Technology

Our technology is a significant competitive advantage for XP. We have developed a powerful, integrated suite of data-driven technology systems, applications, and development resources that enable us to differentiate XP in the market, manage all of our solutions, conduct all of our activities and operate with low-cost advantages and efficiencies. We are leveraging the significant technology DNA in our company, our innovation and development teams, and agile software development methods to develop a suite of new products, services and technology applications that engage and serve our clients across their financial journeys.

XP Genius Platform

Our core technology is *XP Genius*, which is an integrated, cloud-based technology platform with a modular architecture that is highly scalable and secure, and hosted in two fully redundant hot site data centers that operate with real time data synchronization. *XP Genius* enables us to:

- connect our various systems, micro-services, technologies and environments, enabling us to expand our capabilities modularly, while maintaining an efficient architecture and software code base;
- power our solutions and applications across our organization with integrated data harmonized code;
- manage our large, valuable and rapidly growing central database of proprietary data with the ability to access information in our data lake in real time;
- conduct our big data analytics and artificial intelligence initiatives, such as our online customer behavior monitoring and our machine learning techniques to identify deviations in customer information; and
- provide us with proprietary information and market insights from across our integrated ecosystem.

XP Innovation Development Teams

We have also built a dedicated innovation development program, called *XP Innovation*. These dedicated technology resources develop and support our solutions by using agile software development methods and leveraging our significant technology and data assets. These include *XP Tribes*, comprising two to three managers each, that help guide and support our development priorities across numerous projects, and *XP Squads*, comprising autonomous integrated teams of eight to ten people, including a product owner and business expert, a UX specialist, a technology leader and several developers, that collaborate to create new technologies and solutions or improve our current offerings. These teams focus on the complete customer experience, conducting client interviews, prototyping, behavior analysis and user tests. One of the most visible external examples of our technology capabilities is the suite of technology applications that we provide to our clients and partners. Our technology evolution was followed by a deeper and broader corporate transformation process, which involved the creation of business units and integrated our front-office to our foundations – back-office, middle-office and innovation teams. We believe that the main benefits of the transformation are a leaner and more efficient corporate organization that allows us to optimize decision making and execution of our projects.

XP Technology Apps

We complement and enrich our *XP Advisory* services and *XP Platform* of products by developing and offering a differentiated suite of proprietary *XP Apps* including cloud-based and mobile technology applications and tools, that are designed to be powerful, yet simple, attractive, and easy to use, with sleek user interfaces, or UX, that are comparable to the look and convenience of some of the top consumer technology products in the world. We combine some of the powerful technical capabilities of *XP Genius* with the large amount of proprietary data that flows through our systems, and the agile software development methods of our technology innovation *XP Tribes* and *XP Squads* to generate functionality and market insights that are value-added for our clients. As a result, *XP Apps* enable users to incorporate a range of activities across their customer experience journeys, such as managing their accounts, executing trades, performing custom analytics and creating custom reports.

Bull - Pro

Bull is our free, cloud-based trading platform designed for retail and institutional traders, that includes powerful data visualization, custom simulations, analytics, and advance graphics tools that can be used from any internet connected device, such as a desktop, tablet, mobile phone and smart watch. The user can analyze the main flows of the market, time and schedule trades, and conduct various forms of charting and volume and pricing analysis. In addition, the user has access to several trading tools such as Chart Trading and DOM, that can be used to run various market and performance simulations and execute trading quickly and efficiently.

Rede

Rede is an IFA management solution application developed for a desktop environment, that was designed to help an IFA run its business. It provides a comprehensive suite of CRM, account management and investing tools that enable IFAs to: (1) access their customer's information; (2) manage their customer relationships; (3) monitor their clients' financial activity; (4) develop the best investment strategies for their clients based on key performance metrics; and (5) communicate with clients across a range of platforms.

HUB App

HUB is an IFA management solution application, similar to Hub, but designed to help an IFA run its business on-the-go through a mobile application. HUB also provides comprehensive suite of tools for IFAs that enable them to: (1) access client information in real time; (2) manage their CRM application and organize their schedules and meetings on the go; (3) monitor client activity, net funding and upcoming maturities; (4) quickly define and chart investment strategies remotely; and (5) communicate with clients across a range of platforms and third-party applications.

XP App

Enhances our advisory services and product platform through a suite of proprietary apps. These cloud-based and mobile applications combine powerful technology from XP Genius with vast proprietary data and agile development methods from XP Tribes and XP Squads. This integration produces market insights and functionality that add value for our clients. XP Apps allow users to manage accounts, execute trades, perform analytics, and create custom reports, encapsulating all financial activities in one app, from cash flow management to the procurement of credit products and insurance, all easily accessed and backed by our investment platform.

Nasdaq Services Agreements

On September 16, 2021, we entered into a master services agreement with Nasdaq Technology AB, or "Nasdaq AB," for (i) our trading services, or the "Trading Platform Agreement;" and (ii) our market surveillance services, or the "Market Surveillance Agreement" (and together with the Trading Platform Agreement, the "Nasdaq Agreements") We don't expect to incur capital expenditures in connection with the Nasdaq Agreements other than standard onboarding fees.

Pursuant to the Trading Platform Agreement, Nasdaq AB has undertaken to develop a digital environment to allow us to connect our application programming interface with Nasdaq's system, enabling the trading of digital assets on our platform. Pursuant to the Trading Platform Agreement, we have agreed to pay to Nasdaq AB an onboarding fee, a monthly service fee payable annually as from the date the platform goes live, and a variable fee based on the daily trading volume of all digital assets, as from the beginning of the third year of the Trading Platform Agreement. The monthly fee contemplates a minimum number of transactions per second and the parties can agree to increase capacity for an additional variable monthly fee based on transaction volume.

Moreover, pursuant to the Nasdaq Agreements, Nasdaq AB has agreed to certain information security obligations and service level requirements as provided for in the Nasdaq Agreements. The parties have also agreed to indemnify each other upon the occurrence of certain events, subject to certain limitations on liability. The Nasdaq Agreements have an initial term of five years: (i) the Market Surveillance Agreement is renewable for one additional year; and (ii) the Trading Platform Agreement is automatically renewed for successive three-year terms unless either party provides at least six months prior written notice of non-renewal. The Nasdaq Agreements may be terminated by either party upon the occurrence of certain customary termination events and/or material breaches, including a failure to pay amounts due and bankruptcy proceedings.

Our Support Functions

In order to provide, fulfill and support our products, services and platforms, we have built a robust yet efficient operations organization that leverages our technology to onboard our clients, provide high-quality customer support and conduct our fraud prevention and risk management. These support functions include:

Our Customer Onboarding

Our client onboarding process is primarily a digital experience and highly efficient. Prospective clients must register on a web based platform and enter their basic identification information, such as a name, date of birth and government ID number, as well as their residential address and financial data, such as monthly income and total assets. This process is highly efficient and compliant with Brazilian banking regulation and international anti-money laundering and know-your-customer best practices. All information registered by our prospective clients is verified and validated through third-party data services that integrate automatically with our systems through our API applications. On average, this validation procedure takes less than two minutes to be completed and for prospective clients to be informed whether their application was successful or not.

Once a client account is opened, the client is able to login to the platform and respond to the suitability questionnaire. Based on their answers, clients will be informed about their investment profile classification and the products suitable to their profiles. Once the suitability process is completed, clients are able to browse the website, get information of all types of investments available, transfer money to their XP accounts and proceed with investments.

Our Customer Support

Our customer support organization serves our clients across multiple brands and channels providing support online or by phone through our efficient automated technology tools, client relationship personnel and help desk personnel. Our customer support organization professionals are highly trained and have the appropriate market certifications to interact with clients about our financial products and services. Our customer support personnel are also encouraged to continue to enhance their training and raise their qualification levels through in-house courses and additional financial certifications.

For customers of our XP-branded services, such as those that reach us through XP Direct or our IFA network, we provide dedicated support depending on the customer profile. For example, depending on the client profile, our first level of support may be a dedicated advisor, who maintains a close relationship with the client, understands their needs and offers solutions to any questions they have or issues they want to resolve. Our second level of support may be our centralized help desk personnel that are available to answer any operational and technical questions about a client's account via telephone, chat and email. For customers of our Rico and Clear branded online services, our first level of support may be our automated technology tools, such as our self-help tools and chatbots. Our second level of support may be our specialized help desk personnel, who can be reached online, through email and dedicated communication tools, such as online chats and a dedicated WhatsApp application, as well as via telephone.

We closely measure our clients' satisfaction and overall happiness with our services, across all of our brands, through quality indicators and surveys such as NPS and CSAT. These metrics are directly linked with our internal customer support personnel evaluation and compensation, which we believe reinforces our team alignment and commitment to providing high-quality customer service. We are also highly focused on delivering a highly positive overall client experience and intend to continue investing in this area. We have a specific team of professionals that are dedicated to coordinating client experience improvement projects across each point of customer contact throughout our company.

Our Fraud Prevention and Risk Management

Our fraud prevention and risk management operations are primarily managed by three different groups that are staffed with more than 270 employees dedicated to auditing and mitigating our company risk exposure. This team is composed of highly qualified personnel that come from a variety of backgrounds in other areas, such as telecommunications, credit card issuing, merchant acquiring, banking and the stock market. They are completely independent from our business functions and report directly to our Chief Risk Officer. These groups include:

- *Corporate Risk* – this group is focused on identifying, classifying and mitigating operational, reputational, environmental and strategic risks, including any potential internal fraud;
- *Financial Risk* – this group is focused on monitoring our financial positions and managing our exposure to liquidity risk, market risk, and credit risk; and

- *Fraud Prevention* – this group is comprised of fraud experts, data scientist, database administrators, investigators and regulator staff, who focus on managing our antifraud strategy and ensuring the legitimacy of client transactions; their work entails: (1) detecting and preventing potential external fraud with different models of client authentication, such as user logins; (2) managing our transaction verification services; (3) monitoring financial advisors activities; (4) employee and partner fingerprinting; (5) managing our data tokenization and token management technology; and (6) managing our biometric facial recognition technology, among others.

Competition

The Brazilian financial services industry is highly competitive and fast-changing. The markets for our solutions continue to evolve and are competitive in the asset classes, products and geographies in which we operate. We face competition to acquire customers from a variety of traditional and nontraditional financial institutions. Our primary competitors are traditional financial institutions, including Itaú Unibanco, Bradesco, Caixa, Banco do Brasil and Santander. We also face competition across business units, particularly from other financial services companies such as BTG Pactual, Safra, Nubank and Inter, among others. Other potential competitors are other providers in some specific categories, such as asset management firms, insurance companies, investment banking firms, institutional brokerage firms, private banking and wealth management firms, digital banks and research reports providers.

The most significant competitive factors in this business line are prices as well as the quality, reliability, security and ease of our platform and solutions. We believe that our comprehensive products and services and geographic reach increasingly differentiate us from other market participants.

For information on risks relating to increased competition in our industry, see "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—If We Cannot Make the Necessary Investments to Keep Pace with Rapid Developments and Change in Our Industry, the Use of Our Services Could Decline, Reducing Our Revenues," and "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Substantial and Increasingly Intense Competition Within Our Industry May Harm Our Business."

Seasonality

We have experienced in the past, and expect to continue to experience, seasonal fluctuations in our revenues. Historically, our revenues have been strongest during the second and the last quarter of each year as a result of performance fees of mutual funds from both our own asset management business as well as third-party funds distributed through our platform. Adverse events that occur during those periods could have a disproportionate effect on our results of operations for the entire fiscal year. In addition, we are also impacted by the number of business days in each quarter, which affects our trading and brokerage businesses. As a result of quarterly fluctuations caused by these and other factors, comparisons of our results of operations across different fiscal quarters may not be accurate indicators of our future performance.

Regulatory Overview

We are subject to government authorizations in the jurisdictions in which we operate and conduct our activities.

Our Regulatory Position

Five of our subsidiaries, XP CCTVM, Banco XP S.A., or "Banco XP," XP DTVM, Banco Modal and Modal DTVM perform activities that are subject to regulation in Brazil the Central Bank. As required by the applicable Brazilian regulation, they must possess authorizations from the Central Bank in order to operate, as follows:

- XP CCTVM is authorized by the Central Bank to (1) be constituted and operate as a securities broker; (2) carry out operations in the foreign exchange market; and (3) receive direct or indirect foreign investments of up to 100% of its capital stock.
- Banco XP is authorized by the Central Bank to operate as a multi-purpose bank. On October 10, 2019, the board of officers of the Central Bank granted Banco XP authorization to operate as a multi-purpose bank, with both commercial and investment bank activities, as well as to carry out transactions in the foreign exchange market. The authorization was published in the National Official Gazette (Diário Oficial da União) on October 11, 2019. On November 13, 2019, the Central Bank authorized direct or indirect foreign investments in Banco XP of up to 100% of its capital stock.

XP DTVM is authorized by the Central Bank to, among other activities, carry out public offering and distribution of bonds and securities, provide securities portfolio management services and carry out operations in the foreign exchange market.

- Banco Modal was originally founded under the name Modal S.A. DTVM and, in July 1999, started its activities as a multiservice bank with investment bank activities. In 2004, it began to manage an asset portfolio and to develop activities related to private equity. In September 2015, Banco Modal incorporated a new company, Modal DTVM, when it created a new investment channel focused on retail customers (Modalmais).
- Class B Bank Branch & Trust License – Since January 1st, 2023, Banco XP is licensed by CIMA to perform banking, investments, and trust activities.

Eight of our subsidiaries, XP CCTVM, XP DTVM, Modal DTVM, XP Gestão, XP Advisory, XP Vista, XP PE and XP Allocation perform activities that are subject to regulation in Brazil by the CVM. As required by the applicable Brazilian regulation, they are authorized to operate by the CVM, as follows:

- XP CCTVM is authorized to provide securities broker dealer services, securities portfolio management services (exclusively to its own proprietary portfolio) and securities custody services;
- each of XP DTVM, XP Gestão, XP Advisory, XP Vista, XP Allocation and XP PE are authorized to provide securities portfolio management services.
- Modal DTVM is authorized to provide depository services, distribution, portfolio management, administration, book-keeping and controlling of investment funds activities.

Two of our subsidiaries, XP Investments and XP Advisory US, Inc., or "XP Advisory US," perform activities that require registration with and regulation by appropriate regulatory authorities in the United States, as follows:

- XP Investments is (1) registered as a securities broker-dealer with the SEC and in twenty-six U.S. states and territories; (2) registered with the U.S. Commodity Future Trading Commission, or the "CFTC," as an introducing broker; and (3) a member of the Financial Industry Regulatory Authority, or "FINRA," and the National Future Association, or the "NFA," self-regulatory organizations overseen by the SEC and the CFTC, respectively; and
- XP Advisory US became registered as an investment adviser with the SEC on January 30, 2019. XP Advisory US was previously registered as an investment adviser in the state of Florida.

One of our subsidiaries, XP Private Holding UK Ltd., or "XP Private UK," is a holding company, with no operations. On June 16, 2021, XP Private UK sold its subsidiary, Private (Europe) S.A. In December 2021, in virtue of the sale of XP Private (Europe) S.A., XP Private UK decided to write down its other subsidiary, Chameleon Brav Unipessoal Lda ("XP Portugal"). Currently, XP Private UK does not hold equity in any entity.

Two of our subsidiaries, XP Corretora de Seguros Ltda., or "XP CS," and XP VP, perform activities that are subject to regulation by SUSEP. As required by the applicable regulation, both have obtained authorizations to operate from SUSEP, as follows:

- XP CS, our insurance broker-dealer, is authorized to operate as an insurance brokerage; and
- XP VP, our insurance company, is authorized to operate life insurance and private retirement plans.

Regulatory Environment in Brazil

Our main subsidiaries in Brazil are subject to extensive regulation, such as those applicable to banks (in the case of Banco XP and Modal), securities and foreign exchange brokers (in the case of XP CCTVM), securities portfolio managers (in the case of XP Gestão, XP Advisory, XP PE, XP Allocation Asset Management Ltda. and XP Vista), insurance companies and insurance brokers (in the case of XP VP and XP CS, respectively).

We offer various financial and capital markets services; in particular, we conduct activities related to banking, underwriting, brokerage services, portfolio management and insurance.

Legislation Applicable to Financial Institutions and Portfolio Managers in Brazil

The current Brazilian banking and financial institutional system was established by Law No. 4,595 of December 31, 1964, as amended, or the "Banking Law."

The Banking Law laid out the structure of the national financial system, which is made up of the CMN, the Central Bank, Banco do Brasil S.A., the National Bank for Economic and Social Development – BNDES, or the "BNDES," and other public or private financial institutions. While the following entities do not fall under the purview of the Banking Law, they play key roles in the financial system: the CVM, SUSEP, the National Superintendency of Retirement Plans (*Superintendência Nacional de Previdência Complementar*), or "PREVIC;" the CNSP, and the National Council for Retirement Plans (*Conselho Nacional de Previdência Complementar*), or "CNPC."

Law No. 4,728 of July 14, 1965, as amended, or "Law No. 4,728/65," regulates Brazilian capital markets through setting standards and various other mechanisms. Further, pursuant to Law No. 6,385 of December 7, 1976, as amended, or "Law No. 6,385/76," the distribution and issuance of securities in the market, trading of securities and settlement and/or clearance of securities transactions all require prior authorization by the CVM. The banking and capital markets regulatory framework in Brazil is further supplemented by the regulation issued by CMN, CVM and the Central Bank, and self-regulation policies, such as those issued by various associations, over-the-counter organized markets and securities exchanges, that govern their members and participants, (for example, B3, ANBIMA, and the Brazilian Association of Investment Analysts, or "APIMEC"). The incorporation and operation of financial institutions in Brazil depend on prior authorization from the Central Bank (under Decree No. 10,029 of September 26, 2019, the Brazilian Executive Branch granted authority to the Central Bank to approve foreign investments in financial institutions. Such decree was further regulated by Circular No. 3,977 of January 22, 2020), and are also subject to oversight from the CVM when they participate in the Brazilian capital markets (such as XP CCTVM).

Financial institutions in Brazil can operate under various forms—such as commercial banks, investment banks, credit, financing and investment companies, cooperative banks, leasing companies, securities brokerage companies, securities distributor companies, real estate credit companies, mortgage companies, among others—all of which are regulated by different rules issued by the CMN, the Central Bank, and, if such financial institutions participate in capital markets activities, the CVM. In addition, like financial institutions, stock exchanges are also subject to CMN, the Central Bank, and the CVM approval and regulation as well in accordance with Law No. 4,728/65.

Pursuant to Banking Law, CMN Resolution No. 4,970 of November 25, 2021, as amended, or "CMN Resolution No. 4,970," and CMN Resolution No. 5,008 of March 24, 2022, as amended, or "CMN Resolution No. 5,008," financial institutions that are securities brokerage firms (such as XP CCTVM) must seek approval from the Central Bank and, in certain cases, the CVM when appointing managers (including directors, officers and members of certain statutory boards, such as fiscal councils). According to Law No. 4,728/65, for securities brokerage firms (such as XP CCTVM), managers are subject to further restrictions and are prohibited from working for or fulfilling any administrative, advisory, tax or decision-making positions at entities listed on the Brazilian stock exchange. In addition, managers of XP CCTVM are prohibited from filling managerial functions in other brokerage firms authorized to carry out foreign exchange transactions pursuant to CMN Resolution No. 5,009 of March 24, 2022. However, Banco XP, our multi-purpose bank, is authorized to carry out foreign exchange transactions. For additional information, please see "—Multi-Purpose Banks."

According to CMN Resolution No. 5,043 of November 25, 2022, with the exception of (1) equity interests typically held in proprietary investment portfolios by investment banks, development banks, development agencies (*agências de fomento*) and multiservice banks (*bancos múltiplos*); and (2) temporary equity interests not categorized as permanent assets (*ativos permanentes*) and not subject to consolidation by the financial institution, financial institutions must receive prior authorization from the Central Bank to hold capital interest of other companies. In order to receive authorization, the financial institutions' activities must justify the need to hold capital interest for other companies; however, should the financial institutions participate in underwriting activities falling under certain exceptions established by the CMN, they will not need to provide justification.

In addition, as a principle, according to the Banking Law, Brazilian financial institutions are banned from granting loans or cash advances to their managers (officers, directors, and members of advisory boards, as well as their relatives). Certain exceptions to such restrictions are set forth in CMN Resolution No. 4,693 of October 29, 2018.

Furthermore, XP CCTVM and XP VP are required to maintain certain levels of regulatory capital, as determined by the Central Bank and SUSEP, respectively. For further information, see note 36 to our audited consolidated financial statements included elsewhere in this annual report.

Securities Brokerage Firms

Securities trading in stock exchange markets shall be carried out exclusively by securities brokerage firms (such as XP CCTVM) and certain other authorized institutions. Brokerage firms are part of the national financial system and are subject to regulation by and the oversight of the CMN, the Central Bank and the CVM. Securities brokerage firms must be authorized by the Central Bank to trade on the stock exchange market. Among other roles, securities brokerage firms and certain other authorized institutions can act as underwriters in the public offering of financial instruments and may participate in the foreign exchange trades in any foreign exchange market, subject to certain limitations, as set forth in Central Bank regulations.

Brokerage firms are regulated by CMN Resolution No. 5,008, which allows brokerage firms to participate, among others, in the following activities: (1) trading in stock exchanges; (2) underwriting; (3) intermediating public offerings; (4) managing investment portfolios; and (5) intermediating foreign currency trades. In addition to CMN Resolution No. 5,008, brokerage firms are subject to regulations from the CVM.

Under the rules set forth by the Central Bank, brokerage firms (such as XP CCTVM) cannot execute transactions that may result in loans, facilities or cash advances to their clients, including through synthetic transactions (such as assignment of rights), with the exception of margin transactions and other limited transactions.

Moreover, brokerage firms can neither charge commissions in connection with trades during primary distribution, nor purchase real property, except for their own use or as payment under "bad debts" (in which case, the asset must be sold within a year).

Third-Party Funds Management

XP Gestão, XP Advisory, XP Vista, XP PE Gestão de Recursos Ltda. and XP Allocation Asset Management Ltda. are asset managers licensed to operate by, and subject to the rules and oversight of, the CVM, pursuant to Law No. 6,385/76 and CVM Resolution No. 21 of February 25, 2021, as amended, or "CVM Resolution No. 21." XP LT is currently an inactive company and it's not providing any services.

CVM Resolution No. 21 defines asset/portfolio management activities as professional activities directly or indirectly related to the operation, maintenance and management of securities portfolios, including the investment of funds in the securities market on behalf of clients.

CVM Resolution No. 21 provides for two categories of asset managers: (i) trustee administrator and/or (ii) portfolio manager. XP Gestão, XP Advisory, XP Vista and XP Gestão de Recursos Ltda., XP Allocation Asset Management Ltda. and XP Sports Asset Management Ltda. are registered as portfolio managers. To be authorized by the CVM to engage in such activity, legal entities that operate as asset managers must (1) have a registered office in Brazil; (2) have securities portfolio management as a corporate purpose and be duly incorporated and registered with the National Register of Legal Entities – CNPJ; (3) have one or more officers duly certified as asset managers as approved by CVM to take on liability for securities portfolio management, pursuant to CVM Resolution No. 21; (4) appoint a compliance officer and a risk management officer; (5) be controlled by reputable shareholders (direct and indirect), who have not been convicted of certain crimes detailed in article 3, VI of CVM Resolution No. 21; (6) not be unable or suspended from occupying a position in financial institution or other entities authorized to operate by the CVM, the Central Bank, SUSEP or PREVIC, and not have been banned from asset management activities by judicial or administrative decisions; (7) put in place and maintain personnel and IT resources appropriate for the size and types of investment portfolio it manages; and (8) execute and provide the applicable forms to the CVM so as to prove its capacity to carry out such activities, pursuant to CVM Resolution No. 21. Under CVM Resolution No. 21, asset management must, among other requirements, conduct their activities in good faith, with transparency, diligence and loyalty with respect to their clients and perform their duties with the aim of achieving their investment objectives. This same regulation requires asset managers to maintain a website, with extensive current information, including, but not limited to, (1) an updated annual filing form (formulário de referência); (2) a code of ethics; (3) rules, procedures and a description of internal controls in order to comply with CVM Resolution No. 21; (4) a risk management policy; (5) a policy of purchase and sale of securities by managers, employees and the company; (6) a pricing manual for assets from the securities portfolios managed by such asset manager, even if the manual has been developed by a third party; and (7) a policy of apportionment and division of orders among the securities portfolios.

Moreover, under CVM Resolution No. 21, asset management firms are forbidden from (1) making public assurances of profitability levels based on the historical performance of portfolio and market indexes; (2) modifying the basic features of the services they provide without following the prior appropriate procedures under the asset management agreement and regulations; (3) making promises as to future results of the portfolio; (4) contracting or granting loans on behalf of their clients, subject to certain exceptions set out in regulation; (5) providing a surety, corporate guarantee, acceptance or becoming a joint obligor in any other form, with respect to the managed assets; (6) neglecting, under any circumstances, the rights and intentions of the client; (7) trading the securities from the portfolios they manage with the purpose of obtaining brokerage revenues or rebates for themselves or third parties; or (8) subject to certain exceptions set out in the regulation, acting as a counterparty, directly or indirectly, to clients.

IFAs

The activity of IFAs (*assessor de investimentos*) is regulated by CVM Resolution No. 178 of February 14, 2023, as amended, or "CVM Resolution No. 178," and CVM Resolution No. 179 of February 14, 2023, as amended, or "CVM Resolution No. 179." Pursuant to such rules, IFAs are individuals, acting as agents and representatives for an institution that integrates the securities distribution system, registered with the CVM to conduct client development and prospection, to receive and register orders and transmit such orders to the appropriate trading or registration systems, to provide information and recommendation on the products offered and on the services provided by the institution with whom they share a commercial relationship. Although they are individuals, CVM Resolution No. 178 allows IFAs to carry out their activities through corporate entities, which must also be registered with the CVM. IFAs are allowed to provide complementary services to clients, as long as they don't conflict with their main services, being prohibited however, to provide portfolio management, securities consultancy and securities analysis services. The IFAs must be engaged by an institution integrating the securities distribution system and, according to CVM Resolution No. 178, IFAs will not be required to act on an exclusivity basis and may be engaged by multiple institutions, although exclusivity may still be agreed contractually among the parties. The IFAs are also required to ensure the confidentiality of information to which they have access.

In carrying out their services, the IFA must act with integrity, good faith and professional ethics, applying the care and diligence expected from a professional in its position, with respect to clients and its employer. Given IFAs can now have a commercial relationship with more than one financial intermediary, they must take additional care to observe the rules of each such financial intermediary.

The brokerage firms are responsible for verifying their respective IFAs and for overseeing their activities and compliance with the applicable law. They may even be held responsible for malpractice or misconduct by such agents acting in their capacities as such.

Multi-Purpose Banks

According to CMN Resolution No. 2,099 of August 17, 1994, Brazilian multi-purpose banks (such as Banco XP) are subject to extensive and continuous regulatory scrutiny by Brazilian authorities. Multi-purpose banks conduct at least two types of banking activities, provided that at least one of such activities falls into either the category of commercial or investment banking. Banking regulation is enforced by the relevant government entities and regulators with the goal of controlling credit availability and reducing or increasing consumption.

Certain controls are temporary in nature and may vary from time to time in accordance with the relevant government's or regulator's credit policies, including:

- minimum capital requirements;
- compulsory reserve requirements;
- lending limits and other credit restrictions; and
- accounting and statistical requirements.

The following rules are applicable to multi-purpose banks, such as Banco XP:

- they shall ensure the adequacy of products and services for customers' needs, interests and objectives, as well as the integrity, reliability, security and confidentiality of transactions, services and products;
- they may not own real estate other than the property they occupy, unless they take possession of real estate in satisfaction of a debt or when expressly authorized by the Central Bank, subject to certain CMN rules. Moreover, the total amount of fixed assets must be limited to 50.0% of the institution's regulatory working capital;
- they shall comply with the principles of selectivity, guarantee, liquidity and risk diversification;

- financial institutions are prohibited from granting loans or advances without an appropriate agreement formalizing such debt;
- financial institutions may not grant loans to, or guarantee the transactions of, their affiliates, except in certain limited circumstances (see "—Other Rules — Transactions with Affiliates" below);
- the registered capital and total net assets of financial institutions must be compatible with the rules governing share capital and minimum capitalization enforced by the Central Bank for each type of financial institution; and
- financial institutions shall maintain internal policy and procedures governing their relationships with clients and users of their products and services.

In recent years, CMN has issued rules with the intention of modernizing financial services and retail banking. On September 26, 2019, CMN issued Resolution No. 4,753 as amended, or "CMN Resolution No. 4,753," which, effective as of January 1, 2020, replaces and consolidates a series of sparse CMN Resolutions dealing with the opening of bank accounts. In addition, CMN Resolution 4,949 of September 30, 2021, effective as of March 1, 2022, sets forth procedures to be adopted by financial institutions with respect to client relationship.

Aiming to enable the use of more modern and efficient technology for the purpose of attracting new customers through electronic service channels, a process known as digital onboarding, CMN Resolution No. 4,753 removed from the regulatory framework several existing restrictions arising from the adoption of procedures relating to physical handling of documents, such as the requirement that the identification and location details of the client should be physically checked, as previously contained in Resolution No. 2,025, of 1993. The Central Bank acknowledged that there currently are more efficient and secure ways of verifying data by electronic means, which reduces administrative costs.

The integration of modern technology such as Application Programming Interfaces, or "APIs," big data and blockchain/DLT, has incentivized the CMN and the Central Bank to develop new rules in connection with Agenda BC+. The regulatory framework tends to evolve accordingly. With this aim in mind, regulatory authorities are striving to create technological solutions that would plug the gaps from traditional inefficiencies in the banking system. The regulators have expressed significant interest in the benefits and efficiencies that such technology may bring to the banking industry and to its financial inclusion strategies.

According to CMN Resolution No. 4,893 of February 26, 2021, financial institutions and other institutions authorized to operate by the Central Bank must implement cybersecurity policies in order to ensure the integrity of their data systems. Under such Resolution, which regulates cybersecurity policies and the requirements for contracting data processing, storage and cloud computing services, covered institutions are required to appoint an officer who will be responsible for implementing and overseeing cybersecurity policy, and to adopt procedures and controls to prevent and respond to cybersecurity incidents.

The Cybersecurity Regulation also requires relevant institutions to provide an annual report to the Central Bank disclosing any cybersecurity incidents as well as remediation efforts. In addition, communication to the Central Bank is required should any third-party service providers be hired for data processing, storage and cloud computing services. When services are rendered abroad, there are additional requirements for contracting, including the existence of a cooperation agreement between the Central Bank and the supervisory authority of the foreign country, or, absent such cooperation agreement, such contracting is subject to the prior approval of the Central Bank.

Last year, the SUSEP, the CVM and the Central Bank issued regulation approving a regulatory sandbox model in Brazil. The implementation of such a regulatory regime is expected to promote the development of more inclusive and higher quality products and services and to foster constant innovation in the financial, security and capital markets.

Securities Analysts

The activity of securities analysts (*analista de valores mobiliários*) is regulated by CVM Resolution No. 20, of February 25, 2021, and by CVM Circular Letter No. 2/2019/CVM/SIN, of March 1, 2019 and by CVM Circular Letter No. 13/2020/CVM/SIN of November 11, 2020. Pursuant to such rules, securities analysts are individuals or legal entities that, on a professional basis, prepare analyst reports for publication, disclosure or distribution to third parties, even if limited to certain clients. For purposes of CVM Resolution No. 20, "analyst reports" mean any texts, follow-up reports, studies or analyses regarding specific securities or issuers that may assist or influence investors in the investment decision process.

Securities analysts must be registered before a certifying entity duly authorized by CVM. Currently, the certification of securities analysts is carried out by API MEC, which also serves as a self-regulatory entity for securities analysts.

In carrying out its services, securities analysts must act with integrity, good faith and professional ethics, and the analysts' reports must be prepared by the analyst applying the care and diligence expected from a professional in its position.

As set forth in CVM Resolution No. 20, except in relation to the cases set forth therein, securities analysts (both individuals and legal entities) and other professionals that effectively participate in the preparation of the reports, are prohibited from the following activities:

- issuing analyst reports aiming to obtain, for itself or for third parties, unfair advantages;
- omitting information about conflicts of interest in analyst reports;
- trading, on behalf of themselves or of third parties, securities covered by the analysts' reports or derivatives backed in such securities for a period of 30 days prior to and five days after the disclosure of the analyst report about such security or its issuer;
- trading, on behalf of themselves or of third parties, securities covered by the analyst reports or derivatives backed in such securities in the opposite direction of the recommendations or conclusions expressed in the analyst reports for (1) six months as of the disclosure of such report; or (2) until the disclosure of a new report about the same issuer or security, if such disclosure occurs within the six-month period mentioned above;
- participating, directly or indirectly (1) in any activity related to the public offering of securities, including sales efforts involving products or services related to the capital markets and efforts for prospecting new clients or jobs; (2) in the structuring of financial products and securities; and (3) in any activity related to M&A financial consulting; and
- disclosing the analyst reports or their content, even partially, to persons that are not part of the analyst team, in particular the issuer or the securities the subject of the analyst report before its publication, disclosure or distribution through the proper channels.

Securities analysts operating as legal entities are responsible for declaring in a clear and highlighted manner, whenever applicable, in all analysts' reports that are published, disclosed or distributed, situations that may impact the report's impartiality or that are or may be a conflict of interest.

Among others, CVM Resolution No. 20 considers that a conflict of interest may exist whenever the securities analyst entity, its controlled entities, controlling shareholders or entities under common control: (1) have a relevant equity participation in the issuer covered by the analyst report, and vice versa; (2) have relevant financial and commercial interests over the issuer or the securities covered by the analyst report; (3) are involved in the acquisition, selling or intermediation of securities covered by the analyst report; and (4) are paid for other services rendered to the issuer covered by the report or its related parties.

Main Regulatory Entities

National Financial System

The main regulatory authorities in the Brazilian financial system are the CMN, the Central Bank and the CVM. In addition, most Brazilian investment banks, brokerage firms, securities distributors and asset managers are associated with and subject to the self-regulatory rules issued by ANBIMA.

In addition, trading segments managed by B3 are self-regulated and supervised by BSM—*Supervisão de Mercados*, or "BSM," a nonprofit organization that forms part of the B3 group.

We present below a summary of the main duties and powers of each regulatory agent, ANBIMA and BSM.

CMN

CMN is the main monetary and financial policy authority in Brazil, responsible for creating financial, credit, budgetary and monetary rules.

According to Banking Law, the CMN's main responsibilities are to oversee the regular organization, operation and inspection of entities that are subject to the Banking Law, as well as the enforcement of applicable penalties. In addition, Law No. 4,728/65 delegates to the CMN the power to set general rules for underwriting activities for resale, distribution or intermediation in the placement of securities, including rules governing the minimum regulatory capital of the companies that contemplate the underwriting for resale and distribution of instruments in the market and conditions for registration of the companies or individual firms which contemplate intermediation activities in the distribution of instruments in the market. The CMN has the power to regulate credit transactions involving Brazilian financial institutions and Brazilian currency, supervise the foreign exchange and gold reserves of Brazil, establish saving and investment policies in Brazil and regulate the Brazilian capital markets. The CMN also oversees the activities of the Central Bank, the CVM and SUSEP. Other CMN responsibilities include:

- coordinating monetary, credit, budget and public debt policies;
- establishing policies on foreign exchange and interest rates;
- seeking to ensure liquidity and solvency of financial institutions;
- overseeing activities related to the stock exchange markets;
- regulating the structure and operation of financial institutions;
- granting authority to the Central Bank to issue currency and establish reserve requirement levels; and
- establishing general guidelines for the banking and financial markets.

The Central Bank

The activities of financial institutions are subject to limitations and restrictions. The Central Bank is responsible for (1) implementing those CMN policies that are related to monetary, credit and foreign exchange control matters; (2) regulating Brazilian financial institutions in the public and private sectors; and (3) monitoring and regulating foreign investments in Brazil. The president of the Central Bank is appointed by the president of Brazil (subject to ratification by the Senate) for a four-year term.

Banking Law delegated to the Central Bank the responsibility of permanently overseeing companies that directly or indirectly interfere in the financial and capital markets, controlling such companies' operations in the foreign exchange market through operational proceedings and various modalities, and supervising the relative stability of foreign exchange rates and balance of payments. In addition, Law No. 4,728/65 states that the CMN and the Central Bank shall exercise their duties related to the financial and capital markets with the purpose of, among other things, facilitating the public's access to information related to bonds or securities traded in the market and on the companies that issue them, protecting investors against illegal or fraudulent issuances of bonds or securities, preventing fraud and manipulation modalities intended to create artificial conditions of the demand, supply or pricing of bonds or securities distributed in the markets and ensuring the observance of equitable commercial practices by all of those professionals who participate in the intermediation of the distribution or trading of bonds or securities. The Central Bank has authority over brokerage firms, financial institutions, companies or individual firms performing underwriting for resale and distribution of bonds or securities, and maintains a record on, and inspects the transactions of, companies or individual firms that carry out intermediation activities in the distribution of bonds or securities, or which conduct, for any purposes, the prospecting of popular savings in the capital market.

Other important responsibilities of the Central Bank are as follows:

- controlling and approving the organization, operation, transfer of control and corporate reorganization of financial institutions and other institutions authorized to operate by the Central Bank;
- managing the daily flow of foreign capital and derivatives;
- establishing administrative rules and regulation for the registration of foreign investments;
- monitoring remittances of foreign currency;
- controlling the repatriation of funds (in case of a serious deficit in Brazil's payment balance, the Central Bank may limit remittances of profits and prohibit remittances of capital for a limited period);
- receiving compulsory collections and voluntary deposits in cash from financial institutions;
- executing rediscount transactions and granting loans to banking financial institutions and other institutions authorized to operate by the Central Bank;
- intervening in the financial institutions or placing them under special administrative regimes, and determining their compulsory liquidation; and

- acting as depositary of the gold and foreign currency.

CVM

The CVM is a federal authority responsible for implementing the CMN's policies related to the Brazilian capital market and for regulating, developing, controlling and inspecting the securities market.

The main responsibilities of the CVM are the following:

- regulating the Brazilian capital markets, in accordance with Brazilian corporation law and securities law;
- setting rules governing the operation of the securities market;
- defining the types of financial institutions that may carry out activities in the securities market, as well as the kinds of transactions that they may perform and services that they may provide in such market;
- controlling and supervising the Brazilian securities market through, among others:
 - the approval, suspension and delisting of publicly held companies;
 - the authorization of brokerage firms to operate in the securities market and public offering of securities;
 - the supervision of the activities of publicly held companies, stock exchange markets, commodities and future markets, financial investment funds and variable income funds;
 - the requirement of full disclosure of relevant events that affect the market, as well as the publication of annual and quarterly reports by publicly held companies;
 - the imposition of penalties; and
 - permanently supervising the activities and services of the securities market, as well as the dissemination of information related to the market and the amounts traded therein, to market participants.

The CVM has jurisdiction to regulate and supervise financial investment funds and derivatives markets, a role previously fulfilled by the Central Bank. Pursuant to Law No. 10,198 of February 14, 2001, as amended, and Law No. 10,303 of October 31, 2001, the regulation and supervision of both financial mutual funds and variable income funds and of transactions involving derivatives were transferred to the CVM. In compliance with the Brazilian legislation, the CVM is managed by a president and four officers, all of whom are appointed by the president of the Republic (and approved by the Senate). The persons appointed to the CVM shall have strong reputations and be recognized as experts in the capital markets sector. CVM officers are appointed for a single term of office of five years, and one-fifth of the members shall be renewed on an annual basis.

All decisions issued by the CVM and by the Central Bank in administrative proceedings on the topics of the national financial system and the foreign exchange market are subject to appeal before the Appeals Council of the National Financial System, which is composed of members appointed by public authorities and members of the private sector.

The CVM is also responsible for determining and regulating the performance of IFAs. Due to the relevance of the IFAs and our subsidiaries, we highlight below the relevant regulatory frameworks such entities are subject to.

Retirement Plans and Insurance

SUSEP and CNSP

In Brazil, the regulation of insurance, coinsurance, retrocession, capitalization, supplementary retirement schemes and brokerage is carried out by CNSP and SUSEP.

SUSEP is an independent agency in charge of implementing and conducting the policies established by CNSP and the supervision of the insurance, coinsurance, retrocession, capitalization, supplementary retirement schemes and brokerage. SUSEP neither regulates nor supervises (1) the supplementary retirement entities that are regulated by the SPC; and (2) the operators of private healthcare assistance plans, which are regulated by ANS. With the enactment of Supplementary Law No. 126 on January 15, 2007, the CNSP and SUSEP are also responsible for the regulation of the Brazilian reinsurance market.

CNSP is made up of one representative of each one of the following bodies: Ministry of Social Security, the Central Bank, Ministry of Economy, Ministry of Justice, the CVM and the superintendent of SUSEP — Private Insurance Authority.

The supplementary insurance and retirement sectors in Brazil are subject to overlapping regulations. Decree-Law No. 73 of November 21, 1966, as amended, sought to centralize the legislation and inspection activities in the sector by creating the National Private Insurance System – SNSP, composed of: (1) CNSP; (2) SUSEP; (3) insurance companies duly authorized to operate in the private insurance market; (4) the reinsurance companies; and (5) duly qualified and/or registered insurance brokers. CNSP is linked to the Ministry of Economy and its main roles include establishing the guidelines and rules for the private insurance policy in Brazil; regulating the incorporation, organization, operations and inspection of insurers, reinsurers, supplementary open retirement funds and capitalization companies as well as establishing capital thresholds for such entities; establishing the general characteristics of insurance and reinsurance contracts; establishing general guidelines for insurance, reinsurance, supplementary open retirement funds, and capitalization operations; establishing general accounting and statistical rules as well as legal, technical and investment limits for the operations of insurers, reinsurers, supplementary open retirement funds and capitalization companies; and regulating insurance and reinsurance broker activities and profession.

SUSEP's main roles include processing application requests of incorporation, organization and operations, and inspecting insurers, reinsurers, supplementary open retirement funds, and capitalization companies; issuing instructions and circular letters in connection with the regulation of insurance, reinsurance, supplementary open retirement funds and capitalization operations, in accordance with CNSP guidelines; setting forth the conditions of insurance plans to be used by the insurer market; approving limits for the operations of supervised companies; authorizing the use and release of assets and amounts given in guaranty for technical provisions and discretionary capital; inspecting and implementing the general accounting and statistical rules set forth by CNSP; inspecting the operations of supervised companies; and conducting the liquidation of supervised companies.

Self-Regulatory Entities

ANBIMA

ANBIMA is a private self-regulatory association of investment banks, asset managers, securities brokers and investment advisers, which, among other responsibilities establishes rules as well as codes of best practices for the Brazilian capital market, including punitive measures in case of noncompliance with its rules.

BSM

BSM supervises these markets and monitors operations, orders and trades executed in trading environments, supervises market participants and, if necessary, imposes penalties against those who infringe regulations.

Working in close collaboration with CVM and the Central Bank, BSM acts to ensure that institutions and their professionals comply with market regulations, by:

- conducting market surveillance — BSM monitors all orders and trades in B3's markets in order to identify signs of irregularities;
- auditing — BSM audits all B3 participants to ensure their compliance with the regulations and to identify possible violations of market rules;
- imposing punitive processes and other enforcement actions — when violations of regulations occur, BSM adopts guidance, persuasion or disciplinary measures such as letters of recommendation, letters of censure or administrative sanctioning proceedings, in accordance with the severity of the violation that has been identified; in addition, BSM can, in connection with administrative sanctioning proceedings, apply penalties to or enter into Terms of Commitment (termo de compromisso) with the accused;
- providing compensation for loss — BSM analyzes and adjudicates complaints presented to the investor compensation mechanism (mecanismo de ressarcimento de prejuízos), or "MRP," which awards damages of up to R\$120,000 to investors harmed by a B3 participant's inappropriate activity; and
- facilitating market development — BSM develops education initiatives, rule enhancements and institutional relationships with market participants, regulatory bodies and international organizations.

APIMEC

APIMEC is a private self-regulatory association authorized by CVM to perform the certification and self-regulation of securities analysts (both individuals and legal entities), establishing rules, procedures and best practices that must be followed by securities analysts, under penalty of punitive measures in case of noncompliance with its rules.

Other Rules

Adequacy of Capital and Limits of Exposure and Other Solvency Rules

The financial institutions are subject to an extensive set of rules issued by the CMN and the Central Bank related to capital amounts, exposure limits and other solvency rules that follow principles recommended by the Basel Committee, especially in view of the systemic risks associated with the relationship and activity of the financial institutions. As such, the CMN and the Central Bank sought to guarantee the solvency of the financial system and mitigate systemic risks.

With this aim, CMN Resolution No. 2,099 of August 17, 1994, as amended, or "CMN Resolution No. 2,099," and CMN Resolution No. 5,008 established minimum capital and net equity requirements for various types of financial institutions. For example, the CMN set a minimum capital amount and net equity amount of R\$1.5 million for brokerage firms providing firm guarantee of underwriting of securities, in the manner operated by XP CCTVM, and R\$17.5 million for multi-purpose banks, such as Banco XI after all due approvals from the Central Bank.

In accordance with the Basel Committee principles, other relevant rules for financial institutions are CMN Resolution No. 4,955 of October 21, 2021, as amended, or "CMN Resolution No. 4,955," and CMN Resolution No. 4,958, as amended, or "CMN Resolution No. 4,958," which set out the methodology for calculating the reference capital and the ascertainment of the minimum requirements for the reference capital, the main capital and additional capital.

CMN Resolution No. 4,557 of February 23, 2017, as amended, or "CMN Resolution No. 4,557," unifies and expands Brazilian regulation on risk and capital management for Brazilian financial institutions and other institutions authorized to operate by the Central Bank. The rule is also an effort to incorporate recommendations from the Basel Committee on Banking Supervision into Brazilian regulation. The rule states that risk management must be conducted through a unified effort by the relevant entity (i.e., not only must risks be analyzed on an individual basis, but financial institutions and other institutions authorized to operate by the Central Bank must also control and mitigate adverse effects caused by the interaction of different risks). It also strengthens the rules and requirements related to risk management governance and expanded on the competence requirements and duties of the risk management officer.

The rule sets out different structures for risk and capital management, which are applicable for different risk profiles set out in the applicable regulation. Consequently, less sophisticated financial institutions can have a simpler risk management structure, while institutions with more complexity must follow stricter protocols.

Insurance companies are also subject to an extensive set of laws and regulations governing solvency, notably CNSP Resolution No. 432/2021, as amended, and Circular SUSEP No. 648/2021, as amended, which outline minimum regulatory capital parameters, prudential accounting adjustments, limitations on collateral assets supporting insurance reserves (*ativos garantidores*) and other related rules.

An insurance company's minimum regulatory capital may vary from time to time in light of periodic risk-based calculations required by such regulations. Factors such as the risk profile of the insurance portfolio, credit risk of clients, general market-related risks and other indicators may result in the increase or decrease of regulatory capital over time, with corresponding effects of requiring additional capital or releasing capital, as the case may be. Insurance companies have limited control over the variation of such factors, and therefore may be required from time to time to make capital contributions exceeding their projections.

The aforementioned rules also contemplate the creation of various levels of internal and external controls overseeing solvency, such as auditing by independent actuaries, establishing internal audit committees for companies exceeding certain financial thresholds, limiting acceptable assets for purposes of covering insurance reserves and requiring monthly reporting to the insurance regulator, among other requirements.

Internal Compliance Procedures

All financial institutions shall maintain internal guidelines and procedures to control their financial, operational and managerial information systems and shall comply with all the applicable legislation. CMN Resolution No. 4,595 of August 28, 2017, states that Brazilian financial institutions and other institutions authorized to operate by the Central Bank shall implement and maintain a compliance policy compatible with the nature, size, complexity, structure, risk profile and business model of the institution.

According to CMN Resolution No. 4,968 of November 25, 2021, the executive officers of the financial institution are responsible for implementing an efficient structure of internal control, by defining responsibilities and control procedures and establishing corresponding objectives and procedures throughout all levels of the institution. The executive officers are also responsible for verifying compliance with all internal procedures. The internal audit department of a financial institution reports directly to the executive officers or directors of the institution, as applicable.

Laws on Insolvency of Financial Institutions in Brazil

Financial institutions are subject to the procedures set out by Law No. 6,024 of March 13, 1974, as amended, or "Law No. 6,024/74," and Decree-Law No. 2,321 enacted on February 25, 1987, as amended, which set out the provisions applicable to intervention, temporary administration or extrajudicial liquidation by the Central Bank, as well as to bankruptcy proceedings.

Temporary Administration

As per the Decree-Law No. 2,321, the Central Bank may assume the temporary administration of a Brazilian financial institution in certain situations, determining the temporary special administration regime.

The Central Bank is the authority empowered to determine this sort of regime, which shall take place: (1) in case the financial institution (a) performs recurring practices against the economic and financial policies provided in federal law; (b) faces a shortage of assets; (c) fails to comply with the compulsory banking reserve rules; (d) has a reckless or fraudulent management; or (2) in case of the existence of any of the reasons for an intervention by the Central Bank, as provided for in Law No. 6,024/74.

The administration of the financial institution subject to this temporary administration will be carried out by a directive board named by the Central Bank, with ordinary management powers. The financial institution administrators and members of the board of auditors have their mandates immediately terminated. The directive board is expected to issue one or more reports to the Central Bank based on which the regulatory authority shall decide on the actions to be taken in relation to the financial institution.

The temporary administration regime ceases: (1) if the Federal Government takes control over the financial institution; (2) in case the financial institutions go through a corporate restructuring, merger, spin-off, amalgamation or transfer of its controlling interest; (3) in case of normalization of the situation of the finance institution, at Central Bank's discretion; or (4) with the Central Bank decision for its extrajudicial liquidation.

Intervention and Extrajudicial Liquidation

Intervention and extrajudicial liquidation occur when a financial institution is in a precarious financial condition or upon the occurrence of triggering events that may impact its creditors' situation. Such measures are imposed by the Central Bank in order to avoid the entity's bankruptcy.

Intervention

Law No. 6,024/74 granted the Central Bank the power to appoint a liquidator to intervene in the transactions or liquidate any financial institution other than public financial institutions controlled by the Federal Government. The intervention may be ordered at Central Bank's discretion, if the following is verified:

- due to mismanagement, the financial institution has suffered losses exposing creditors to risk;
- the financial institution has consistently violated Brazilian banking laws or regulation; or
- such intervention constitutes a viable alternative to the liquidation of the financial institution.

Effective the date on which it is ordered, the intervention will automatically trigger the following: (1) suspension of the enforceability of payable obligations; (2) suspension of the maturity of previously contracted and imminently due obligations; and (3) the freezing of deposits already existing on the date of its determination. The intervention shall cease (a) if the interested parties, presenting the necessary guarantees, at the Central Bank's discretion, undertake to continue the company's economic activities; (b) at the Central Bank's discretion, if the entity's situation has been normalized; or (c) if extrajudicial liquidation or bankruptcy of the entity is ordered.

The intervention may also be ordered upon request of the management of the financial institution. Any intervention period may not exceed six months, and may be extended once, by up to six additional months, by the Central Bank. The intervention procedure shall terminate if the Central Bank determines that the factors that motivated the intervention have been eliminated or upon the presentation of adequate guarantees by interested parties. On the other hand, the Central Bank may order the extrajudicial liquidation of the institution or authorize the intervener to request the bankruptcy thereof. According to Law No. 6,024/74, the intervention may be converted in a bankruptcy proceeding, currently governed by Law No. 11,101 of February 9, 2005 (which is the Law governing the Bankruptcy and Receivership of Companies, referred hereinafter as the "LFRJE"), if, among others, the assets of the institution under intervention are not enough to cover at least 50% of the amount of its outstanding unsecured credit.

Extrajudicial Liquidation

In accordance with Law No. 6,024/74, extrajudicial liquidation is an administrative procedure ordered by the Central Bank (not applicable to the financial institutions controlled by the federal government) being enforced by a liquidator appointed by the Central Bank.

This measure aims to terminate the activities of a troubled financial institution, removing it from the Brazilian national financial system, liquidating its assets and paying its liabilities, as in an extrajudicially decreed bankruptcy.

The Central Bank will order the extrajudicial liquidation of the financial institution if:

- the economic or financial situation of the institution is at risk, particularly when the institution fails to comply with its obligations in a timely manner, or upon occurrence of an event that indicates a state of insolvency according to LFRJE's rules;
- management seriously violates the banking laws, rules or regulation;
- the institution suffers a loss that subjects its unprivileged and unsecured creditors to severe risk; or
- upon revocation of the authorization to operate, the institution fails to initiate, within 90 days, its ordinary liquidation, or, if initiated, the Central Bank verifies that the pace of the liquidation may harm the institution's creditor.

Extrajudicial liquidation may also be ordered upon the request of a financial institution's management, if its bylaws entitle it to do so or upon request by the intervener, with an indication of the causes of the request.

The decree of extrajudicial liquidation shall trigger the following: (1) suspend the actions or foreclose on rights and interests relating to the collection of the entity being liquidated, so that no other actions or executions may be brought during the liquidation; (2) accelerate the obligations of the entity being liquidated; (3) stall the statute of limitations with respect to the obligations assumed by the institution; (4) trigger the penal clauses provided in unilateral agreements that became due by virtue of the extrajudicial liquidation; (5) ratably deduct interest, against the estate, until the date when the debts are paid in full; and (6) preclude claims for monetary correction of any passive currencies or pecuniary penalties for infringement of criminal or administrative laws.

Extrajudicial liquidation procedures may be terminated (1) if the financial institution is declared bankrupt or (2) by decision of the Central Bank upon the following events: (a) full payment of the unsecured creditors; (b) change of corporate purpose of the institution to an economic activity that is not part of the CMN; (c) transfer of the controlling interest of the financial institution; (d) conversion into ordinary liquidation; (e) exhaustion of the assets owned by the financial institution upon its full realization and distribution of the proceeds among the creditors, even if full payment of the credits did not occur; or (f) acknowledgement by the Central Bank that the remaining assets are illiquid or of difficult disposal.

Repayment of Creditors in an Extrajudicial Liquidation or Bankruptcy

In November 1995, the CMN created the Credits Guarantee Fund, or the "FGC," according to CMN Resolution No. 2,197, of August 31, 1995, amended and superseded by CMN Resolution No. 4,222, of May 23, 2013, in order to guarantee the payment of funds deposited with financial institutions in the event of intervention, extrajudicial liquidation, bankruptcy or other states of insolvency. The FGC is mainly funded by mandatory contributions from all Brazilian financial institutions that work with customer deposits.

The FGC is a deposit insurance system that guarantees, pursuant to CMN Resolution No. 4,688 of September 25, 2018, as amended, a maximum amount of R\$250,000 of deposit and certain credit instruments held by a customer against a financial institution (or against member financial institutions of the same financial group) and a maximum amount of R\$1.0 million per creditor against the set of all consolidated financial institutions every four years. The liability of the participating institutions is limited to the amount of their contributions to the FGC, with the exception that in limited circumstances if FGC payments are insufficient to cover insured losses, the participating institutions may be asked for extraordinary contributions and advances. The payment of unsecured credit and customer deposits not payable under the FGC is subject to the prior payment of all secured credits and other credits to which specific laws may grant special privileges.

In addition, Law No. 9,069, enacted in 1995, sets forth that compulsory deposits maintained by financial institutions with the Central Bank are immune to actions by a bank's general creditors for the repayment of debts.

Transactions with Affiliates

The Banking Law (paragraph 4, article 34), as amended by Law No. 13,506 of November 13, 2017, or "Law No. 13,506," prohibits financial institutions from conducting credit transactions with related parties, except in certain specific circumstances as provided below. Pursuant to CMN Resolution No. 4,693 of October 29, 2018, the following persons are considered related parties of a financial institution for the purpose of such restriction:

- its controlling shareholders (individuals or legal entities), pursuant to Article 116 of Law No. 6,404/76;
- its officers and members of statutory or contractual bodies;
- spouses, partners and blood relatives up to the second degree of individuals specified in items (a) and (b);
- its individual shareholders with stakes equal to or greater than 15% in its capital, or Qualified Equity Interest; and
- its legal entities:
 - with Qualified Equity Interest in the financial institutions' capital stock;
 - in which capital, directly or indirectly, the financial institution holds Qualified Equity Interest;
 - in which the financial institution holds effective operational control or relevance in the deliberations, regardless of the equity interest held; and
 - with a common officer or board member in relation to the financial institution.

The following credit transactions with related parties are exempt from the prohibition referred to above: (1) transactions carried out under market-compatible conditions, without additional benefits or privileges when compared to transactions granted to other clients of the same profile of the respective institutions; (2) transactions with companies controlled by the Federal Government, in the case of federal public financial institutions; (3) credit transactions whose counterparty is a financial institution that is part of the same prudential conglomerate, provided that they contain a contractual subordination clause, subject to the provisions of item V of art. 10 of the Banking Law, in the case of banking financial institutions; (4) interbank deposits; (5) obligations assumed between related parties as a result of liability imposed on clearinghouse participants or providers of clearing and settlement services authorized by the Central Bank or by the CVM; and (6) other cases authorized by CMI Resolution No. 4,693.

According to CMN Resolution No. 4,693, as of April 1, 2019, all financial institutions must adopt internal policies regulating transactions with related parties.

Law No. 7,492 enacted on June 16, 1986, which regulates crimes against the Brazilian financial system, criminalized the extension of credit by a financial institution to certain related parties mentioned in the Banking Law, which are any of its controlling individuals or entities, directors or officers, members of statutory or contractual bodies and certain of their family individual members or legal entities with a qualified interest in the financial institution, as well as any legal entity with qualified interest in the financial institution or in which the financial institution has a qualified interest, either direct or indirect, under common effective control or with common officers or directors.

Punitive Sanctions

Legal violations under Brazilian banking and/or securities laws may lead to administrative, civil and criminal liability. Offenders may be prosecuted under all three legal theories separately, before different courts and regulatory authorities, and face different sanctions with respect to the same legal offense.

Law No. 13,506, Central Bank Resolution No. 131 of August 20, 2021 and CVM Resolution No. 45 of August 31, 2021, as amended, regulate administrative sanctioning proceedings as well as the various penalties, consent orders, injunctive measures, fines and administrative settlements imposed by the Central Bank and the CVM.

Law No. 13,506 is noteworthy, as it:

- sets fines imposed by the Central Bank of up to R\$2 billion or 0.5% of the entity's revenue, arising from services and financial products provided in the year prior to the violation;
- limits fines imposed by the CVM to the greater of the following amounts: R\$50 million, twice the value of the irregular transaction, three times the amount of the economic gain improperly obtained or loss improperly avoided, or twice the damage caused by the irregular conduct. Repeat offenders may be subject to treble the amounts above;
- provides for the suspension, disqualification and prohibition from engaging in certain activities or transactions in the banking or securities market for a period of up to twenty years;
- temporarily bans offending individuals from serving in any managerial capacity for financial institutions;
- imposes coercive or precautionary fines of up to R\$100,000 per day, subject to a maximum period of 30 days in punitive fines;
- defines the scope of the Central Bank's regulatory authority;
- prohibits the offending institutions themselves from participating in the markets;
- provides for a penalty of "public admonition" in place of "warning," imposed by the Central Bank;
- empowers the Central Bank to enter into cease-and-desist commitments;
- empowers the Central Bank and the CVM to enter into administrative agreements;
- provides the CVM with the authority to ban the accused from contracting with official Brazilian financial institutions and participating in public bidding processes for a period of up to five years; and
- redefines related-party transactions.

Penalties may be aggregated, and are calculated based on the following factors:

- gains obtained or attempted to be gained by the offender;
- economic capability to comply;
- severity of the offense;
- actual losses;
- any recurrence of the offense; and
- the offender's cooperativeness with the investigation.

Law No. 7,492 provides a legal framework to hold controlling shareholders, officers and managers of a financial institution criminally liable. The regime under Law No. 7,492 also covers interventionists, liquidators and real estate managers, in the context of interventions, extrajudicial liquidation or bankruptcy, respectively. Those found criminally liable under Law No. 7,492 will be subject to detention and/or pecuniary fines.

Law No. 6,385 also imposes imprisonment and/or fines for banking or securities infractions. For example, those liable for market manipulation and insider trading are subject to sentences of up to eight and five years, respectively, plus fines of up to three times the illicit benefit gained.

Regulation Against Money Laundering and Bank Secrecy in Brazil

Law No. 9,613 of March 3, 1998, as amended by Law No. 12,683 of July 9, 2012, or the "Anti-Money Laundering Law," and Law No. 13,506 of November 13, 2017 (related administrative procedures and enforcement conducted by CVM and the Central Bank) play a major regulatory role in the oversight of banking and financial and insurance activities in Brazil. The Anti-Money Laundering Law sets forth the rules and the penalties to be imposed upon persons engaging in activities that constitute "laundering" or the concealing of property, cash or assets acquired or resulting from any kind of criminal activity. Such regulation further prohibits individuals from using the financial system for the aforementioned illicit acts.

Pursuant to the Anti-Money Laundering Law, banks (such as Banco XP), securities brokers (such as XP CCTVM), securities distributors, asset managers (such as XP Gestão, XP Advisory and XP Vista), leasing companies, credit card companies, insurance companies and insurance brokers (such as XP VP and XP CS, respectively), among others, must: (1) identify and maintain up-to-date records of their clients, for a period of at least five years; (2) keep up-to-date records of all transactions, for a period of at least five years, in Brazilian and foreign currencies, involving securities, bonds, credit, financial instruments, metals or any asset that if converted into cash exceed the amount set forth by the competent authorities, and which shall be in accordance with the instruction issued by these authorities; (3) keep up-to-date records of all transactions, for a period of at least five years, in Brazilian and foreign currency, involving securities, bonds, credit, instruments, metals, or any asset that if converted into cash exceeds the applicable minimum amount set forth by the relevant authorities, such transactions must be in accordance with guidance on amount, timing and counterparties from the relevant authorities; (4) adopt AML internal control policies and procedures that are compatible with the size of the company; (5) register and maintain up-to-date records with the appropriate regulatory agency (i.e., the Brazilian Financial Intelligence Unit (Unidade de Inteligência Financeira), or "UIF," CVM and/ SUSEP); (6) comply with UIF's requests and obligations; (7) pay special attention to any transaction that, in light of the provisions set forth by competent authorities, may indicate the existence of a money laundering crime; (8) report all transactions referred to in items 2, 3 and 7 to UIF within twenty-four hours, while abstaining from notifying their customers of such report; and (9) confirm to the applicable regulatory agency (i.e., UIF, CVM and/or SUSEP) that no offending transactions have occurred.

In accordance with Circular No. 3,978 enacted by the Central Bank on January 23, 2020, as amended, or "Central Bank Circular No. 3,978," financial institutions are required to (1) maintain updated client registration data (including declarations regarding the purposes and nature of the transactions and verification of the of clients' statuses as politically prominent persons); (2) adopt preventative internal policies and procedures; (3) record transactions involving amounts in national or foreign currencies, securities, metals or any other assets that may be converted to cash, including specific records for the issuance or reloading of amounts in the form of prepaid cards; (4) maintain records of all financial services provided and all financial transactions carried out with clients or on their behalf as well as consolidated information that allows for verification of the flow of funds, the economic activity and financial capacity of the client, the origin of funds and end beneficiaries of the transactions; (5) maintain records of transactions carried out by individuals or legal entities that involve the same groups of companies, in an amount greater than R\$10,000.00 over the course of a calendar month or transactions that reveal patterns of activity that indicate a scheme to prevent identification; (6) review transactions or proposals that may indicate criminal activities; (7) maintain records of all transfers of funds related to (a) deposits, electronic transfers, checks, among others, and (b) issuance of checks, payment orders, among others, in amounts greater than R\$1,000.00; (8) maintain records of issuances or loading of credit cards that allow the identification of transactions in amounts greater than R\$100,000.00 or which reveal patterns of activity that indicate a scheme to prevent identification; (9) maintain records of transaction activities in amounts greater than R\$100,000.00 in cash or which reveal patterns of activity that indicate a scheme to prevent identification; and (10) notify the relevant authority of any transaction that may be deemed suspicious by the financial institution.

SUSEP Circular No. 612/2020, as amended, or "SUSEP Circular No. 612/2020" imposes similar internal controls and monitoring requirements upon insurance capitalization companies, complementary retirement companies, (entidades abertas de previdência complementar), cooperative companies (sociedades cooperativas), including those authorized to provide reinsurance services, in particular: (1) the monitoring of transactions involving politically prominent persons, terrorism and money laundering; (2) the prevention, monitoring and detection of suspicious transactions; (3) the registration of transactions with clients and beneficiaries, third parties and related parties; and (4) the validation of compliance mechanisms by internal auditing. Companies subject to this regulation are also required to appoint one of their Officers as head of compliance and register such individual in accordance with the Anti-Money Laundering Law and SUSEP Circular No. 612/2020.

Along the same lines, CVM Resolution No. 50 of August 31, 2021, as amended, or "CVM Resolution No. 50," which entered into force on October 1, 2021, establishes, among other obligations, that persons who engage in, on a permanent or occasional basis, as a main or ancillary activity, cumulatively or not, the custody, issuance, distribution, settlement, trade, intermediation, consultancy or management of bonds or securities, and independent audit within the scope of the stock exchange market must adopt rules, procedures and internal controls in accordance with previously and expressly established procedures to confirm the registration information of its clients, keep such information updated and monitor the transactions carried out thereby, so as to prevent the use of the account by third parties and identify the end beneficiaries of the transactions, such entities shall also identify and closely monitor the business relations maintained with politically exposed person. Under CVM Resolution No. 50, the following should be monitored: (1) situations in which (a) it is not possible to maintain current their client registration information, (b) it is not possible to identify the ultimate beneficial owner of a transaction and/or (c) independent auditors are unable to undertake the verifications required by article 19 of CVM Instruction No. 50; (2) transactions in amounts incompatible with the transacting parties' professional occupation, income, and/or equity/financial position (applicable to natural person); (3) transactions incompatible with the transacting parties' economic activity, corporate purpose or income, when compared with the operational pattern adopted by clients with the same profile (applicable to legal entities); (4) repeated transactions between the same parties, through which one or all of the parties involved has registered consistent gains or losses; (5) transactions indicating a material discrepancy between the volume and/or frequency of the business of the parties involved; (6) transactions that may involve identity deception of the parties involved and/or their beneficiaries; (7) transactions that may indicate insubordinate acts committed by agents against their principals; (8) transactions reflecting a sudden and objectively unjustified change in the operations of the persons involved; (9) transactions reflecting a complexity and risk profile incompatible with the investment profile (suitability) of the client or its agent and/or the clients' size and corporate purpose; (10) transactions carried out with the purpose of generating loss or gain for which there is no objective economic basis; (11) private transfers, without apparent reason, of funds and securities; (12) deposits or transfers made by third parties in order to settle client transactions or in order to provide collateral in transactions in future settlement markets; (13) payments made to third parties, in any form, by means of settlement of transactions or redemption of amounts deposited as collateral, registered in the client's name; (14) transactions made with off-market prices; (15) transactions and situations related to people with suspicions to be involved with terrorist acts; (16) transactions with the participation of individuals residing, or entities organized, in countries that either do not follow or insufficiently follow the recommendations from the Financial Action Group against Money Laundering and Terrorism Financing – GAFI, or in countries with favorable taxation and subject to privileged tax regimes, pursuant to the regulation issued by the Brazilian Federal Revenue; (17) transactions settled in cash, if and where permitted; (18) transactions with individuals considered to be Politically Exposed Persons; (19) the business relationship maintained with Politically Exposed Persons, non-resident investors (especially when incorporated as trusts) and private banking; (20) the proposals of new relationships and operations with Politically Exposed Persons, including those from countries with which Brazil has a large volume of financial and commercial transactions, common borders or ethnic, linguistic or political proximity; (21) clients that have become, since the beginning of the relationship with the institution or have already initially been considered to be Politically Exposed Persons, and apply the treatment of items (18) and (19) above; and (22) the origin of the resources involved in the transactions of clients and beneficiaries identified as Politically Exposed Persons.

On March 3, 1998, the Federal Government created the Council of Control of Financial Activities, or the "COAF," that was reviewed and changed in 2019 and in 2020 Pursuant to Federal Law No. 13,974/2020, as amended, COAF was transformed into the Brazilian Financial Intelligence Unit (Unidade de Inteligência Financeira), or "UIF." UIF's purpose is to verify, examine, identify and apply administrative penalties to any suspicious or unlawful activities related to money laundering in Brazil, without prejudice to the jurisdiction of other bodies and entities, as well as report suspicious activities to the prosecutors and the police. UIF's full commission is composed of a president appointed by the President of the Central Bank and by a representative of each one of the following bodies and entities: (1) the Central Bank; (2) the CVM; (3) the Ministry of Foreign Relations; (4) SUSEP; (5) the Federal Revenue Office; (6) the Federal Police Department; (7) the Brazilian Intelligence Agency; (8) the Comptroller General; and (9) the National Treasury Attorney-General's Office. The term of office for each member is three years, with the option of reelection.

The financial institutions shall inform UIF (necessarily without informing its client) of certain transactions that present the characteristics established in the Central Bank Circular No. 3.978, CVM Resolution No. 50 and Circular SUSEP No. 612/2020, under the suspicion of money laundering.

The same obligation is imposed upon asset managers (such as XP Gestão, XP Advisory, XP PE Gestão de Recursos Ltda., XP Vista and XP Allocation As Management Ltda.) and insurance companies and insurance brokers (such as XP CS and XP VP).

Bank Secrecy

Brazilian financial institutions, by virtue of Supplementary Law No. 105 of January 10, 2001, are also subject to strict secrecy rules on transactions, and are required to preserve the confidential nature of their assets and liabilities transactions and of the services provided to their clients. The only circumstances under which the information regarding clients, services or transactions of the financial institutions may be disclosed to third parties are as follows: (1) disclosure of confidential information with the express consent of the interested parties; (2) exchange of information between financial institutions for data registration purposes, including through risk assessment centers, subject to the rules issued by the CMN and the Central Bank; (3) the supply, to credit protection entities, of information included in the register of issuers of rubber checks and debtors, subject to the rules issued by the CMN and the Central Bank; (4) disclosure of the occurrence or suspicion of unlawful criminal or administrative acts among others; (5) reporting of information addressed by article 11, paragraph 2 of Law No. 9,311 of October 24, 1996; (6) reporting of information in accordance with the conditions foreseen in articles 2, 3, 4, 5, 6, 7 and 9 of Supplementary Law No. 105 of January 10, 2001; and (7) reporting of financial and payment data related to credit operations and completed or ongoing payment obligations from individuals or legal entities to database administrators for the purpose of credit history formation.

Politically Exposed Persons

Pursuant to Central Bank Circular No. 3,978, SUSEP Circular No. 612/2020 and CVM Instruction No. 50, those financial institutions and other institutions authorized to operate by the Central Bank, SUSEP and CVM are required to obtain sufficient information from their clients to identify any Politically Exposed Persons from their client base and monitor their transactions accordingly.

Central Bank Circular No. 3,978, SUSEP Circular No. 612/2020 and CVM Instruction No. 50 define Politically Exposed Persons as any government agent who, in the last five years, has held or is holding, in Brazil or in foreign territories relevant government positions, jobs or public office, as well as their representatives, family members and other closely related persons.

Central Bank Circular No. 3,978, SUSEP Circular No. 612/2020 and CVM Instruction No. 50 establish that the internal procedures developed and implemented by financial institutions subject to such regulation must be structured to enable the identification of Politically Exposed Persons and the origin of the funds for such clients' transactions.

Internal Auditors

On December 23, 2020, the CMN issued Resolution No. 4,879 establishing the rules governing internal audits at financial institutions and others authorized to operate by the Central Bank. Pursuant to the resolution, financial institutions and others authorized to operate by the Central Bank must implement and maintain internal audit functions compatible with the nature, size, complexity, structure, risk profile and business model of the respective institution. Such activity must be the responsibility of a discrete unit in the institution or institutions that are part of its financial conglomerate, directly subordinated to the board of directors or by an independent auditor, provided that such independent auditor is not in charge of the institution's financial statements or any other activity that may create a conflict of interest.

Independent Auditors in Brazil

Pursuant to CMN Resolution No. 4,910 of May 27, 2021 as amended, or "CMN Resolution No. 4,910," all financial institutions must be audited by independent auditors. The financial institutions may only hire independent auditors registered with the CVM and certified as experts in banking analysis by the Central Bank. After such auditors have issued opinions auditing the financial statement of a certain financial institution for up to five consecutive fiscal years, the Auditor's team, including managers, supervisors or any members with managerial positions, must be replaced.

Similarly, pursuant to CVM Resolution No. 23 of February 25, 2021, if the audited company has a permanent audit committee, the term limit of five consecutive years provided above may be increased to ten years.

The independent auditors and the audit committee, if applicable, must notify the Central Bank, within three business days, of the existence or evidence of error or fraud, such as:

- lack of compliance with rules and regulations, which could affect the business of the audited entity;
- fraud of any amount conducted by the management of the institution;
- relevant fraud conducted by employees of the institution or of third parties; and
- relevant errors in the accounting records of the audited entity.

Audit Committee

CMN Resolution No. 4,910 requires financial institutions and other institutions authorized by the Central Bank to operate in Brazil, as well as for clearinghouses and clearance and custody service providers that (1) present reference equity equal to, or greater than, R\$1 billion; (2) manage third-party funds in amounts equal to, or greater than, R\$1 billion; or (3) have deposits and funds under management in a total amount equal to, or greater than, R\$5 billion, to maintain an audit committee (comitê de auditoria).

The Brazilian legislation, in certain circumstances, allows the creation of a single audit committee for the financial operating companies (such as XP CCTVM, Banco XP DTVM, Banco Modal and Modal DTVM) of an economic group.

Ombudsman

Pursuant to CMN Resolution No. 4,860 of October 23, 2020, financial institutions (such as XP CCTVM, Banco XP and Banco Modal) and other entities authorized operate by the Central Bank are required to create an Ombudsman to establish an independent communication channel between the institutions and their clients, while observing strict compliance with consumer protection legislation and seeking improvement and enhancement of products, consumer services and other services. The Ombudsman shall be the responsibility of an appointed officer (who can also be the ombudsman himself, however, such person shall not be in charge of any other activity in the financial institution) and shall be compatible with the activities of the institution, as well as the complexity of its operations. Those institutions that are part of a financial conglomerate shall be authorized to implement a single Ombudsman to assist the entire conglomerate.

The following are the ombudsman department's responsibilities: (1) receiving, recording, instructing, analyzing and providing formal and adequate attention to claims from clients and users of products and services of financial institutions; (2) providing clarification regarding the status of a claim and information as to when a response is expected to be given; (3) sending a final answer by the date on which a response is required; (4) keeping the board of directors or, if one does not exist, the financial institution's board of executive officers, informed of the problems and shortcomings detected in the performance of its duties and the results of the actions taken by the financial institution's officers to resolve them; and (5) preparing and sending to the internal audit department, to the audit committee (if one exists), and to the board of directors (or if one does not exist, to the board of executive officers of the financial institution), at the end of each fiscal semester, a quantitative and qualitative report on the ombudsman department's activities and its performance.

The financial institutions must report and keep up-to-date information on the officer in charge of the Ombudsman. Such officer shall prepare a semiannual report (on June 30 and December 31 of each year) and whenever a material event is determined, in accordance with the Central Bank's instructions. In addition, Brazilian law allows for the creation of a single ombudsman department structure for a group of related companies, such that a single ombudsman department can be responsible for all financial institutions that are part of the same group. Any financial institution carrying out leasing transactions, however, shall create its own segregated ombudsman structure.

Insurance companies (such as XP VP) are likewise required by local insurance regulations (CNSP Resolution No. 445/2022) to have an Ombudsman with a substantial similar purpose and responsibilities as those described above.

Whistleblowing/Hotline

Pursuant to CMN Resolution No. 4,859 of October 23, 2020, financial institutions (such as XP CCTVM, Banco XP and Banco Modal) are required to have a whistleblow hotline (*canal de denúncias*), through which their employees, clients, contractors and/or suppliers may anonymously report situations involving potential illicit activities of any nature related to the financial institution. Accordingly, financial institutions are required to appoint a responsible department for forwarding all reported events to the appropriate departments for further handling. This department is also required to prepare reports semiannually detailing, at minimum, the following information relating to each reported event: (1) number of reported events and their nature; (2) the relevant departments that handled them; and (3) the average time frame and relevant measures adopted to solve them. Such reports must be (a) approved by the board of directors of the financial institution or, absent the board of directors, by its officers; and (b) made available to the Central Bank for at least five years.

Foreign Investment in National Financial Institutions

In accordance with Article 192 of the Constitution, Article 52, II, of the Brazilian Transitory Constitutional Rulings enacted in 1988, or "ADCT," foreign investors (regardless of being an individual or entity and irrespective of their nationality) are prevented from controlling, acquiring or increasing equity interest held in a Brazilian financial institution, directly or indirectly, unless there is a bilateral international treaty or such foreign acquisition or increase is in the interest of the Brazilian government. Until September 26, 2019, the interest of the Brazilian government for such foreign acquisition of voting or nonvoting equity interest in financial institutions was determined by specific Presidential Decree. On September 26, 2019, the Brazilian president enacted Decree No. 10,029, transferring to the Central Bank the authority to approve foreign investments in Brazilian financial institutions, eliminating the necessity of specific presidential decree on a case-by-case basis. Decree 10,029 was regulated by Circular No. 3,977 of January 22, 2020, providing that the acquisition of voting or nonvoting equity interest in a Brazilian financial institution by foreign investors, held directly or indirectly, will depend only on the Central Bank's prior approval. On November 13, 2019, the Central Bank authorized direct or indirect foreign investments in XP CCTVM and Banco XP of up to 100% of their respective capital stock.

Furthermore, a Presidential Decree of December 9, 1996, declared that it is in the interest of the Brazilian government to allow foreign investors to acquire non-voting shares issued by Brazilian financial institutions that are traded on a stock exchange. Such Decree is generally applicable to all Brazilian financial institutions.

Corporate Interest Held by Financial Institutions in Nonfinancial Companies

Pursuant to CMN Resolution No. 5,043 of November 25, 2022, as amended, or "CMN Resolution No. 5,043," financial institutions may only directly or indirectly hold equity in legal entities (incorporated locally or abroad) that supplement or subsidize the financial institutions' activities, provided that they obtain prior authorization from the Central Bank and that the invested entity does not hold, directly or indirectly, equity of the referred financial institution. However, this requirement for authorization does not apply to (1) equity interests typically held in the investment portfolios of investment banks, development banks, development agencies (agências de fomento) and multiservice banks with investment or development portfolios; and (2) temporary equity interests not registered as permanent assets and not subject to consolidation of the financial institution.

Regulation of Branches and Subsidiaries

As provided by CMN Resolution No. 5,043, Central Bank authorization is required for operations of foreign branches or subsidiaries of Brazilian financial institutions, including compliance with the following rules: (1) the institution must be in compliance with operational limits and minimum capital and equity requirements currently in force; (2) the entity must carry out complementary or subsidiary activities to those of the institution holding the equity interest; (3) consistency with the institution's operating strategy.

In addition, the Central Bank will only grant such authorization if it has access to information, data and documents relating to the operations and accounting records of such subsidiary financial institutions abroad. In addition, the failure by a Brazilian bank to comply with the requirements of CMN Resolution No. 5,043 would cause the deduction of a designated percentage of the assets of such branch or subsidiary from the net worth of such bank for the purpose of calculating such bank's compliance with the capital adequacy requirements of the Central Bank, on top of the other penalties imposed pursuant to the applicable regulation, including the cancellation of the Central Bank's authorization.

CMN Resolution No. 4,970 sets forth the Central Bank requirements and procedures for approving the establishment, authorization to operate, cancellation or authorization, changes of control and corporate reorganizations of Brazilian financial institutions. Such resolution further requires the Central Bank's approval for the election and confirmation of directors, executive officers and members of the audit committee as set forth in the company's bylaws.

In addition, under the terms of CMN Resolution No. 5,043, the Central Bank's prior authorization is also required in order for Brazilian financial institutions to: (1) acquire equity interests, directly or indirectly, in any entity incorporated in Brazil or abroad; (2) increase equity interests, directly or indirectly, in subsidiaries abroad; and/or (3) establish a branch abroad.

Legislation Applicable to Insurance Brokerage Firms in Brazil

XP VP is a Brazil-based insurance company formed in 2018 and licensed by SUSEP to operate in the life and private retirement lines, focusing primarily on the distribution of its products to individuals through XP's proprietary digital platform. As a local insurer, XP Seguros is subject to the insurance laws and regulation generally applicable to life and private retirement carriers in Brazil.

XP CS is an insurance brokerage company focused on life and retirement insurance brokerage, duly licensed by SUSEP to operate in the insurance market as per SUSI Circular Letter No. 510 of January 22, 2015, and registered with SUSEP under No. 10,0628468. Therefore, it is subject to the applicable legislation and regulation applicable to insurance brokers.

Insurance companies such as XP Seguros and XP VP are required to be duly licensed by SUSEP in order to operate in any given insurance field and are subject to the local legal and regulatory framework governing their operations, governance, solvency, products, accounting, actuarial standards and other technical aspects of their business. By engaging in the insurance business, XP Seguros is subject to a number of regulatory risks, such as (1) changes in solvency and minimum capital regulation, which could result in the need for increased capital to cover new solvency requirements and/or in the divestment of certain classes of assets; (2) changes in product regulation, which could materially alter the way in which the company's products are created, sold or operated in general; (3) intervention and/or liquidation proceedings by SUSEP in the event of solvency-sensitive scenarios, which could lead to material deviations or interruptions to the company's ordinary course of business and/or regulatory sanctions upon the company and its management; and (4) incurrence of fines and other penalties (such as temporary suspension of activities or license cancellation) imposed by SUSEP for perceived breaches of applicable regulation, among others.

Insurance brokerage firms such as XP CS must obtain SUSEP registration and authorization for their operations, pursuant to the rules in force and in accordance with Law No. 4,594 of December 29, 1964, as amended, or "Law No. 4,594/64" and Decree-Law No. 73/66. The insurance broker, whether an individual or legal entity, is the intermediary legally authorized to solicit and promote insurance contracts accepted by the current legislation, between the insurance companies and individuals or public or private legal entities. Only duly qualified insurance brokers pursuant to Law No. 4,594/64 that have signed the insurance proposal shall be paid the brokerage fees related to each insurance modality, based on the respective tariffs, including in case of adjustment to the issued premium.

It is not mandatory that an insurance brokerage company sells its insurance through intermediation. Such companies may seek clients directly. However, when a direct sale of insurance occurs, a fee must be paid to FUNENSEG. The Brazilian legislation does not establish a minimum brokerage fee in such cases.

Under the applicable regulation, insurance brokerage companies, such as XP CS, are obligated to prove technical certification of all their employees and workers who directly participate in the regulation and settlement of insurance claims, customer service and direct sales of insurance, capitalization and open supplementary retirement products. Such certification shall be provided by an institution of recognized technical capacity, duly accredited by SUSEP.

Insured persons and insurance firms can pursue civil action against insurance brokers for losses incurred as a result of intentional malfeasance or negligence caused by brokerage activity. In case of noncompliance with the regulatory rules, in addition to the legal sanctions, insurance brokers and managers are subject to fines, temporary suspension from the exercise of the profession or registration cancellation.

Regulation Applicable to the Controlled Companies Outside Brazil

XP Investments – United States of America

XP Investments is registered as a securities broker-dealer with the SEC and in thirty U.S. states and territories, and is a member of FINRA, a self-regulatory organization or "SRO," subject to SEC oversight. Consequently, XP Investments and its personnel are subject to extensive requirements under the Exchange Act, state securities laws and SEC and FINRA rules, including requirements relating to, among other things, sales and trading practices, recordkeeping, anti-money laundering, financial and other reporting, supervision, misuse of material nonpublic information and the conduct and qualifications of certain personnel. SEC-registered broker-dealers are also subject to capital requirements, which mandate that they maintain minimum levels of capital, or "net capital," and effectively require that a significant portion of a broker-dealer's assets be kept in relatively liquid form. SEC and FINRA rules also require notification when a broker-dealer's net capital falls below certain predefined criteria, limit the ratio of subordinated debt to equity in a broker-dealer's regulatory capital composition and constrain the ability of a broker-dealer to expand its business or distribute capital under certain circumstances.

XP Investments is also registered with the CFTC as a swap dealer, an introducing broker and is a member of the NFA, an SRO that regulates certain CFTC-registrants. CFTC-registered introducing brokers are subject to expansive requirements under the Commodity Exchange Act and CFTC and NFA rules, including requirements relating to, among other things, sales practices, regulatory capital, anti-money laundering, financial reporting, supervision and recordkeeping.

The violation of laws, rules or regulation that govern the activities of an SEC-registered broker-dealer or CFTC-registered introducing broker could result in administrative or court proceedings, censures, fines, penalties, disgorgement, suspension or expulsion from a certain jurisdiction, SRO or market, the revocation or limitation of licenses, the issuance of cease-and-desist orders or injunctions or the suspension or disqualification of the entity and/or its officers, employees or other associated persons.

XP Investments UK LLP and XP Private UK – United Kingdom

XP Investments UK LLP is registered at New Penderel House, 4th Floor, 283-288 High Holborn, London WC1V 7HP and has 1 Poultry, London EC2R 8EN, United Kingdom as its commercial place of business. XP Investments UK LLP is authorized by the FCA to advise and deal in investments as an arranger since April 10, 2017 and to deal in investments as an agent and principal for eligible counterparties and professional clients since August 1, 2019.

XP Private UK is a holding company with no operations. On June 16, 2021, XP Private UK sold its subsidiary, XP Private (Europe) S.A. In December 2021, in virtue of sale of XP Private (Europe) S.A., XP Private UK decided to write down its other subsidiary, Chameleon Bravery Unipessoal Lda ("XP Portugal"). Currently, XP Private UK does not hold equity in any entity.

C. Organizational Structure

We are a Cayman Islands exempted company incorporated with limited liability on August 29, 2019 for purposes of effectuating our initial public offering. At the time of our incorporation, XP Controle (the predecessor-in-interest to XP Control), Itaú Unibanco (the predecessor-in-interest to ITB Holding and Itaú Unibanco Holding), G.A. Brazil Fundo de Investimento em Participações (the predecessor-in-interest to GA Bermuda) and DYNA III held 2,036,988,542 shares (prior to giving effect to the Share Split) of XP Brazil, which were all of the shares of XP Brazil, our Brazilian principal non-operating holding company at the time.

The table below is a list of our subsidiaries, joint ventures and associated companies:

Name	Principal activities	Country	Investment type	Direct and indirect interest		
				2024	2023	2022
XP Investimentos S.A.	Holding	Brazil	Indirectly	100.00 %	100.00 %	100.00 %
XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.	Broker-dealer	Brazil	Indirectly	100.00 %	100.00 %	100.00 %
XP Vida e Previdência S.A.	Retirement plans and insurance	Brazil	Indirectly	100.00 %	100.00 %	100.00 %
Banco XP S.A.	Multipurpose bank	Brazil	Indirectly	100.00 %	100.00 %	100.00 %
XP Controle 3 Participações S.A.	Financial Holding	Brazil	Directly	100.00 %	100.00 %	100.00 %
XPE Infomoney Educação Assessoria Empresarial e Participações Ltda.	Digital content services	Brazil	Indirectly	100.00 %	100.00 %	100.00 %
Tecfinance Informática e Projetos de Sistemas Ltda.	Rendering of IT services	Brazil	Indirectly	99.70 %	99.70 %	99.73 %
XP Corretora de Seguros Ltda.	Insurance Broker	Brazil	Indirectly	99.99 %	99.99 %	99.99 %
XP Gestão de Recursos Ltda.	Asset management	Brazil	Indirectly	95.80 %	95.50 %	95.60 %
XP Finanças Assessoria Financeira Ltda.	Investment consulting service	Brazil	Indirectly	99.99 %	99.99 %	99.99 %
Infostocks Informações e Sistemas Ltda.	Mediation of information systems	Brazil	Indirectly	100.00 %	100.00 %	99.99 %
XP Advisory Gestão Recursos Ltda.	Asset management	Brazil	Indirectly	99.53 %	99.53 %	99.55 %
XP Vista Asset Management Ltda.	Asset management	Brazil	Indirectly	99.99 %	99.99 %	99.99 %
XP Controle 4 Participações S.A.	Insurance holding	Brazil	Indirectly	100.00 %	100.00 %	100.00 %
XP Investments UK LLP	Inter-dealer broker and Organized Trading Facility (OTF)	UK	Indirectly	100.00 %	100.00 %	100.00 %
XP Private Holding UK Ltd	Investment advisor	UK	Indirectly	100.00 %	100.00 %	100.00 %
XP Holding UK Ltd	International financial holding	UK	Directly	100.00 %	100.00 %	100.00 %
XP Investments US, LLC	Broker-dealer	USA	Indirectly	100.00 %	100.00 %	100.00 %
XP Holding International LLC	International financial holding	USA	Directly	100.00 %	100.00 %	100.00 %
XP Advisory US	Investment advisor	USA	Directly	100.00 %	100.00 %	100.00 %
XP PE Gestão de Recursos Ltda.	Asset management	Brazil	Indirectly	97.90 %	98.10 %	98.70 %
XP Controle 5 Participações Ltda.	Holding	Brazil	Indirectly	100.00 %	100.00 %	96.00 %
Carteira Online Controle de Investimentos Ltda. - ME	Investment consolidation platform	Brazil	Indirectly	—	—	100.00 %
Antecipa S.A	Receivables Financing Market	Brazil	Indirectly	25.00 %	100.00 %	100.00 %
XP Allocation Asset Management Ltda.	Asset management	Brazil	Indirectly	99.97 %	99.97 %	99.99 %
XP Eventos Ltda.	Media and Events	Brazil	Indirectly	100.00 %	100.00 %	100.00 %
DM10 Corretora de Seguros Ltda.	Insurance Broker	Brazil	Indirectly	— %	100.00 %	100.00 %
Du Agro Holdings S.A.	Agribusiness platform	Brazil	Joint Venture	— %	— %	49.00 %

Wealth High Governance Holding de Participações S.A.	Financial Holding	Brazil	Associate	49.90 %	49.90 %	49.90 %
NK112 Empreendimentos e Participações S.A.	Digital content services	Brazil	Associate	49.90 %	49.90 %	49.90 %
XP Comercializadora de Energia Ltda.	Energy trading	Brazil	Indirectly	100.00 %	100.00 %	100.00 %
XPAC Acquisition Corp.	Special Purpose Acquisition (SPAC)	Cayman	Indirectly	— %	— %	20.00 %
XP Distribuidora de Títulos e Valores Mobiliários	Securities dealer	Brazil	Indirectly	100.00 %	100.00 %	100.00 %
Instituto de Gestão e Tecnologia da Informação Ltda.	Educational content services	Brazil	Indirectly	100.00 %	100.00 %	100.00 %
Xtage Intermediação S.A.	Digital assets	Brazil	Indirectly	100.00 %	100.00 %	100.00 %
XPAC Sponsor LLC	Special Purpose Acquisition (SPAC) Sponsor	Cayman	Directly	100.00 %	100.00 %	100.00 %
XProject LTD	Holding	Cayman	Directly	100.00 %	100.00 %	100.00 %
XP Ativos Digitais Intermediações S.A.	Digital assets	Brazil	Indirectly	— %	100.00 %	— %
Habitat Capital Partners	Asset management	Brazil	Indirectly	— %	— %	99.99 %
XP Administradora de Benefícios Ltda.	Individual health plan intermediation	Brazil	Indirectly	100.00 %	100.00 %	100.00 %
XP Corretora de Seguros de Riscos Corporativos S.A.	Retirement plans and insurance	Brazil	Indirectly	100.00 %	100.00 %	100.00 %
XP Representação Seguros Ltda.	Insurance broker	Brazil	Indirectly	100.00 %	100.00 %	— %
Banco Modal S.A.	Multipurpose bank	Brazil	Indirectly	100.00 %	100.00 %	— %
Modal Assessoria Financeira Ltda.	Investment consulting services	Brazil	Indirectly	100.00 %	100.00 %	— %
Modal Distribuidora de Títulos e Valores Mobiliários Ltda.	Securities dealer	Brazil	Indirectly	100.00 %	100.00 %	— %
Modalmis Treinamento e Desenvolvimento Ltda.	Professional training services	Brazil	Indirectly	— %	100.00 %	— %
Eleven Serviços de Consultoria e Análise S.A.	Investment consulting services	Brazil	Indirectly	100.00 %	100.00 %	— %
Banking and Trading Desenvolvimento de Sistemas Ltda. ("Carteira Global")	Softwares development services	Brazil	Indirectly	— %	100.00 %	— %
Refinaria de Dados – Análise de Dados Ltda.	Digital content services	Brazil	Indirectly	— %	100.00 %	— %
Hum Bilião Educação Financeira Ltda.	Digital content services	Brazil	Indirectly	— %	100.00 %	— %
Vaivoa Educação Financeira Ltda.	Digital content services	Brazil	Indirectly	— %	100.00 %	— %
Modal As a Service S.A.	Financial services	Brazil	Indirectly	— %	100.00 %	— %
Galapos Consultoria e Participações Ltda.	Consulting services	Brazil	Indirectly	100.00 %	100.00 %	— %
W2D Tecnologia e Soluções Ltda.	Rendering of IT services	Brazil	Indirectly	— %	100.00 %	— %
XP Sports Asset Management Ltda.	Asset management	Brazil	Indirectly	100.00 %	100.00 %	— %
XP Holding Participações Ltda.	Holding	Brazil	Indirectly	100.00 %	100.00 %	— %

For more details about our organizational structure please refer to note 5 to our audited consolidated financial statements.

D. Property, Plants and Equipment

Intellectual Property

We rely on a combination of trademark, domain names and trade secret laws, as well as employee and third-party nondisclosure, confidentiality and other types of contractual arrangements to establish, maintain and enforce our intellectual property rights, including with respect to our proprietary rights related to our products and services. In addition, we license technology from third parties.

As of December 31, 2024, we did not own any Brazil-issued patents or copyrights. We own a number of trademarks including XP, XP Investimentos, XP Private, RIC CORRETORA, CLEAR CORRETORA DE VALORES, INFOMONEY and TECFINANCE, as well as XP Inc, in the United States, and other valuable trademarks and designs covering various brands, products, programs and services, including EXPERT CONVENÇÃO NACIONAL XP INVESTIMENTOS. We also own a number of domain names registered in E including "xp.com.br," "leadr.com.br," "rico.com.br," "clear.com.br" and "infomoney.com.br," and abroad such as "xpi.us." As of December 31, 2024, we held a 21.83% equity interest in "O Primo Rico Mídia, Educacional e Participações Ltda.," with the remaining interest held by our partner, Thiago Lolkus Nigro, which owns the trademark PRIM RICO.

Properties

Our corporate headquarters are located in Rio de Janeiro, we have an executive office located in Belo Horizonte and our principal executive offices, which include the majority of our product development, sales, marketing and business operations, are located in São Paulo. Our principal executive offices consist of approximately 129,895 square feet of space under a lease that expires in December 2027. We also have offices in other locations, including offshore in the United States of America and believe our facilities are sufficient for our current needs.

As of December 31, 2024, we had a services agreement with a data center service provider for the provision of data services to us from its data centers in the cities of Barueri and Santana do Parnaíba, in the State of São Paulo, Brazil (which are located approximately five miles apart).

We believe that our facilities are suitable and adequate for our business as presently conducted; however, we expect to continue our periodical review of our facility requirements and may acquire new space to meet the needs of our business or consolidate and dispose of facilities that are no longer required.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements as of December 31, 2024 and 2023 and for each of three years in the period ended December 31, 2024, 2023 and 2022 and the notes thereto, included elsewhere in this annual report.

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of events may differ materially from those expressed or implied in such forward-looking statements as a result of various factors, including those set forth in "Cautionary Statement Regarding Forward-Looking Statements and "Item 3. Key Information—D. Risk Factors."

A. Operating Results

Overview

XP is a leading, technology-driven platform and a trusted provider of low-fee financial products and services in Brazil. We have developed a mission-driven culture and a business model that we believe provide us with strong competitive advantages in our market. We use these to disintermediate the legacy models of traditional financial institutions by educating new classes of investors, democratizing access to a wider range of financial services, developing new financial products and technology applications to empower our clients, and providing what we believe is the highest-quality customer service experience in the industry in Brazil. We believe we have established ourselves as the leading alternative to the traditional banks, with a large ecosystem of retail investors, institutions and corporate issuers in local and international markets, with offices in Brazil, New York, Miami and London.

Our *XP Business Model* has been developed over the course of our evolution and enables us to go to market in a very different way from the legacy models of the large traditional financial institutions. We believe our model provides us with a unique value proposition for our clients and partners and has enabled us to instill trust in the XP brands and begin to change the way investment services are sold in Brazil. This proprietary approach incorporates a unique combination of capabilities, services and technologies to deliver a highly differentiated and integrated client experience, with significant operating efficiency advantages that have enabled us to scale and grow profitably.

Our technology-driven business model is asset-light and highly scalable. This enables us to generate scale efficiencies from increases in total Client Assets. We conduct most of our business online and through mobile applications and emphasize operational efficiency and profitability throughout our operations. These operating efficiencies enable us to generate strong cash flow in various market conditions, allowing us to continue investing in the growth of our business. Our business requires minimal capital expenditures to facilitate growth, with expenditures amounting to 1.9% of net revenues for the year ended December 31, 2024, an increase from 1.3% of net revenues in 2023.

Key Business Metrics

The following table sets forth our key business metrics as of and for the periods indicated. These supplemental business metrics are presented to assist investors to better understand our business and how it operates.

	As of and for the year ended December 31,		
	2024	2023	2022
Operating Metrics (Unaudited)			
Total Client Assets (in R\$ billions)	1,227	1,122	946
Total Net Inflow (in R\$ bn)	103	105	138
Annualized Retail Take Rate	1.29 %	1.28 %	1.29 %
Active clients (in thousands)	4,684	4,531	3,877
Headcount (EoP)	7,442	6,669	6,928
Total Advisors	18.2	17.2	14.7
Retail DATs (in millions)	2.3	2.2	2.4
Retirement Plans Client Assets (in R\$ billions)	81	73	61
Cards TPV (in R\$ billion)	48	41	25
Loan Portfolio (in R\$ billion)	29	29	22
Financial metrics (in R\$ millions)			
Gross revenue and income	17,988	15,726	14,036
Retail ⁽¹⁾	13,489	11,791	10,157
Institutional	1,373	1,516	1,919
Corporate & Issuer Services ⁽¹⁾	2,289	1,576	1,295
Other	837	842	666
Total Revenue and Income	17,031	14,860	13,347
Gross Margin (%) ⁽²⁾	68.6 %	68.0 %	70.3 %
EBT	4,986	3,936	3,445
EBT Margin (%) ⁽³⁾	29.3 %	26.5 %	25.8 %
Net Income	4,515	3,899	3,580
Net Margin (%) ⁽⁴⁾	26.5 %	26.2 %	26.8 %
Adjusted Net Income	4,544	3,899	3,580
Adjusted Net Margin (%) ⁽⁴⁾	26.7 %	26.2 %	26.8 %

(1) Revenues associated with corporate clients, companies with annual revenues above R\$700 million, were segregated from retail clients, which include individuals and companies with lower revenues. The change was motivated by the growth of the Corporate business. Revenue from Corporate clients is being reported in Corporate & Issuer Services.

(2) Calculated as total revenue and income less operating costs, including expected credit losses, and divided by total revenue and income.

(3) Calculated as income before income tax divided by total revenue and income.

(4) Calculated as Net Income divided by total revenue and income.

Total Client Assets

Client Assets is the market value of all client assets invested through XP's platform, including equities, fixed income securities, mutual, hedge and private equity funds (including those managed by XP Gestão de Recursos Ltda., XP Advisory, XP PE Gestão de Recursos Ltda., XP Allocation Asset Management Ltda., XP Vista Asset Management Ltda. and XP Sports Asset Management Ltda., as well as by third-party asset managers), retirement plans funds (including those from XP VP, as well as by third-party insurance companies), exchanged traded funds, structured operations certificates, REITs (real estate investment funds), uninvested cash balances (Float Balances), among others. We consider Client Assets to be indicative of our appeal in the marketplace. Client Assets vary from period to period based on (1) the amount of cash and assets transferred into, and out of, XP's platform by clients and (2) fluctuation of market prices of securities and net asset values of mutual and retirement plans funds.

Retail – Active Clients

Active clients are the number of total clients served through XP, Rico, Clear and XP Investments brands, with Client Assets above R\$100.00 or that have transacted at least once in the last thirty days. The majority of clients are individuals, but we also include retail, small and medium-sized enterprise clients and corporate clients that have investment accounts with us.

Retail – Gross Total Revenues

Retail gross total revenues include all types of revenue and income streams directly related to retail clients, including, but not limited to: (1) management and performance fees from funds managed by our asset managers, and rebates from management and performance fees from mutual funds managed by third-party asset managers, that are distributed to our retail clients; (2) rebates from management fees from retirement plans funds issued by third-party insurance companies or XP VP that are distributed to our retail clients; (3) management fees from exclusive funds of high net worth retail clients; (4) brokerage commissions earned on trading of stock, futures and derivatives listed on the B3 (although we charge zero commissions on self-directed trading of equities on Rico and Clear, and of futures on the three brands); (5) securities placement fees earned on structured operations certificates (COEs) sales to retail clients; (6) the distribution fee component from securities placement fees earned on the sale of funds and fixed income and equity securities to retail clients; (7) net income from corporate, bank and government fixed income securities and from derivatives sold to retail clients; (8) net interest income from credit products, such as loans and credit cards (interchange fees included), and (9) net income earned on Float Balances, which we allocate in sovereign bonds; (10) net income earned on demand deposits; (11) insurance brokerage fees from insurance products sold to retail clients from third-party insurance companies and premiums from insurance products sold to retail clients by XP VP; (12) Digital Content revenues generated from selling XP Educação educational courses and content sold to retail clients and to non-client individuals, selling branded content articles, direct media advertisements on websites or mobile sites, Infomoney TV insertions, and other advertising and digital content fees generated by Infomoney; and (13) sale of research reports and educational courses to retail clients and other non-client subscribers. A portion of our management fees is calculated based on the performance of the mutual funds we manage or distribute.

Institutional – Gross Total Revenues

Institutional gross total revenues include all types of revenue and income streams directly related to Institutional clients — asset managers, pension fund managers, bank treasuries and private client desks, single and multi-family offices, corporate client treasuries, municipal and state pension fund managers and insurance companies, among others. These clients, across all regions such as Asia, Europe, the United States and Latin America (mainly Brazil), are served through our onshore and offshore trading desks and dedicated support teams in São Paulo, New York and London, both via electronic trading and voice platforms, and access a wide range of products and services including products such as equities (cash, derivatives, stocks lending and index), fixed income government and corporate bonds, FX (spot, NDF, futures, derivatives), rates (futures, swaps and derivatives), commodities, XP Gestão and XP Vista mutual funds, among others. Therefore, we include in this line: (1) brokerage commissions on trade by Institutional clients; (2) the distribution fee component out of securities placement fees earned on the sale of fixed income and equity securities to Institutional clients; (3) management fees from funds managed by our asset managers and XP Vista and sold to Institutional clients; and (4) net income from corporate, bank and government fixed income securities and from derivatives sold to Institutional clients, among others. A portion of our management fees are calculated based on the performance of the mutual funds we manage or distribute.

Corporate & Issuer Services – Gross Total Revenues

Corporate & Issuer Services gross total revenues include capital markets security placement fees earned from corporate clients that hire XP for structuring, underwriting or placement of debt (such as Debentures, Infrastructure Bonds, CRIs, CRAs, FIDCs, LFs) or equity securities (IPOs, follow-ons, block trades and tender offers), the majority which are sold to our retail clients given the breadth and reach of our platform. Corporate & Issuer Services revenues also include services such as M&A advisory, structured finance operations and other services, including derivatives, credit and treasury solutions. We define our corporate clients as entities with more than R\$700 million in annual revenue.

Other – Gross Total Revenues

We include in Other gross revenues and income not allocated to Retail, Institutional and Corporate & Issuer Services solution categories, such as principal trading operations, which consists of investing our own net cash balances in low-risk securities, arbitrage transactions and other investments with limited exposure to market risk.

Review of 2024 Results

Retail – Our number of active clients increased 3%, from 4,531 thousand as of December 31, 2023 to 4,684 thousand as of December 31, 2024. The daily average trades for the year ended December 31, 2024 was 2.3 million, 4% lower compared with the year ended December 31, 2023. Driven by a monthly average net inflow of R\$9 billion, our Total Client Assets increased 9% from R\$1,122 billion as of December 31, 2023 to R\$1,227 billion as of December 31, 2024. Also, there's a natural organic growth due to the expansion of our client base. Retail Gross Total Revenues increased 14% from R\$11,791 million for the year ended December 31, 2023 to R\$13,489 million for the year ended December 31, 2024, attributable mostly to (1) growth in the client base and total Client Assets and (2) increased performance from products such as fixed income, credit cards and other retail revenue.

Institutional – gross revenues totaled R\$1,373 million for the year ended December 31, 2024, a 9% decrease from R\$1,516 million for the year ended December 31, 2023 mainly due to lower trading activity.

Corporate & Issuer Services – gross revenues totaled R\$2,289 million for the year ended December 31, 2024, a 45% increase from R\$1,576 million for the year ended December 31, 2023. This increase was attributable to a strong performance in Debt Capital Markets (DCM). The robust activity in DCM was driven by (1) favorable market conditions, that allowed the company to capitalize on high demand for debt financing solutions, thereby securing substantial deal flow and revenue, and (2) a lower cost of capital and funding for XP, which increase our competitiveness in underwriting. Simultaneously, the company experienced higher M&A advisory fees, reflecting its strategic effectiveness in navigating complex transactions and integrations for clients, along with more transactions with corporate clients with derivative instruments.

As a result, our total revenue and income increased 15%, from R\$14,860 million for the year ended December 31, 2023 to R\$17,031 million for the year ended December 31, 2024. The year ended December 31, 2024 was also marked by an increase in technology solutions associated with new products, infrastructure and also in expanding our employee base. Selling expenses decreased 12%, from R\$169 million to R\$149 million, for the year ended December 31, 2024 and administrative expenses increased 10% from R\$5,641 to R\$6,001 million for the same period, driven by higher personnel expenses and data processing. The increase in expenses and revenue resulted in a 27% higher income before income tax. Our tax expense was R\$434 million higher in the year ended December 31, 2024, resulting in a higher net income, from R\$3,899 million for the year ended December 31, 2023 to R\$4,515 million for the year ended December 31, 2024, and a net margin increase from 26.2% to 26.5%. Adjusted Net Income also increase from R\$3,899 million for the year ended December 31, 2023 to R\$4,544 million for the year ended December 31, 2024, and a net margin increase from 26.2% to 26.7%.

Review of 2023 Results

Retail – Our number of active clients increased 17%, from 3,877 thousand as of December 31, 2022 to 4,531 thousand as of December 31, 2023. The daily average trades for the year ended December 31, 2023 was 2.2 million, remained stable compared with the year ended December 31, 2022. Driven by a monthly average net inflow of R\$9 billion, our Total Client Assets increased 19% from R\$946 billion as of December 31, 2022 to R\$1,122 billion as of December 31, 2023. Our AUM increased 4%, from R\$13 billion as of December 31, 2022 to R\$138 billion as of December 31, 2023 (12.3% of our Total Client Assets). Also, there's a natural organic growth due to the expansion of our client base. Retail Gross Total Revenues increased 12% from R\$10,157 million for the year ended December 31, 2022 to R\$11,791 million for the year ended December 31, 2023, attributable mostly to (1) growth in the client base and total Client Assets and (2) increased performance from products such as fixed income, credit cards and other retail revenue.

Institutional – gross revenues totaled R\$1,516 million for the year ended December 31, 2023, a 21% decrease from R\$1,919 million for the year ended December 31, 2022 mainly due to lower trading activity and lower results from our fixed income, currency and commodities desk.

Corporate & Issuer Services – gross revenues totaled R\$1,576 million for the year ended December 31, 2023, a 22% increase from R\$1,295 million for the year ended December 31, 2022. This increase was attributable to a strong performance in Debt Capital Markets (DCM) and an increase in revenues from merger and acquisition (M&A) advisory fees. The robust activity in DCM was driven by favorable market conditions that allowed the company to capitalize on high demand for debt financing solutions, thereby securing substantial deal flow and revenue. Simultaneously, the company experienced higher M&A advisory fees, reflecting its strategic effectiveness in navigating complex transactions and integrations for clients. This increase in revenue was pivotal in offsetting the weaker results from Equity Capital Markets (ECM), which continued to underperform due to less favorable conditions in the equity issuance landscape.

As a result, our total revenue and income increased 11%, from R\$13,347 million for the year ended December 31, 2022 to R\$14,860 million for the year ended December 31, 2023. Gross margin decreased from 70.3% to 68.0%, mainly due to higher costs associated with credit cards. The year ended December 31, 2023 was also marked by an increase in technology solutions associated with new products, infrastructure and also in expanding our employee base. Selling expenses increased 22% to R\$169 million for the year ended December 31, 2023 and administrative expenses decreased 3% to R\$5,461 million for the same period, driven by lower personnel expenses and third-party services. The decrease in expenses and revenue growth resulted in a 14% higher income before income tax. Our tax expense was R\$173 million higher in the period, resulting in a higher net income, from R\$3,580 million for the year ended December 31, 2022 to R\$3,899 million for the year ended December 31, 2023, and a net margin decrease from 26.8% to 26.2%.

Non-GAAP Financial Measures

This annual report presents our Adjusted Net Income and its respective reconciliation for the convenience of investors, which is a non-GAAP financial measure. A non-GAAP financial measure is generally defined as a numerical measure of historical or future financial performance, financial position or cash flows that purports to measure financial performance but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measure. For further information on why our management chooses to use these non-GAAP financial measures, and on the limits of using these non-GAAP financial measures, please see "Presentation of Financial and Other Information—Special Note Regarding Non-GAAP Financial Measures."

Adjusted Net Income

	As of December 31			
	2024	2024	2023	2022
	(US\$) ⁽¹⁾	(R\$)		
		(in millions)		
Net Income	729	4,515	3,899	3,580
PSU expiration expenses	(2)	(12)	—	—
Tax expenses	7	41	—	—
Adjusted Net Income	734	4,544	3,899	3,580

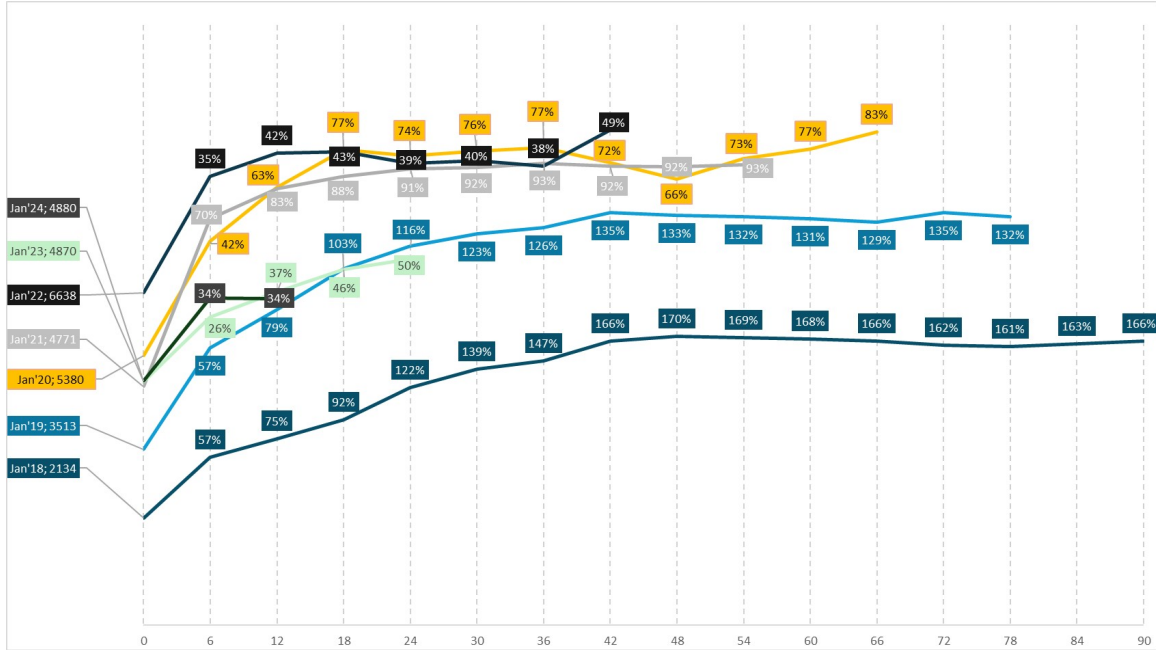
(1) For convenience purposes only, amounts in reais as of December 31, 2024 have been translated to U.S. dollars using an exchange rate of R\$6.1923 to US\$1.00, the commercial selling rate for U.S. dollars as of December 31, 2024 as reported by the Central Bank. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See "—Exchange Rates" for further information about recent fluctuations in exchange rates

Investments Cohorts

We believe that our strong value proposition and client-centric approach will continue to enhance our client loyalty and enable us to grow our share of wallet from our current customer base. We believe a simple cohort data analysis demonstrates this trend in our business and our significant opportunity in the future. For example, we measured the net new money invested with us over time across seven cohorts, which were defined as new clients that became active on our platform annually since January 2018. We then eliminated the appreciation in the value of the invested assets so that we could calculate the accumulated net inflow of new money by each cohort.

As our company is growing, our ecosystem is expanding and our brand is getting stronger, we see faster increases in net new money. For example, our January 2024 cohort began with an initial investment that was more than twice the size of our January 2018 cohort. More importantly, we continue to see the trend where the vast majority of the cohorts significantly grow in their total Client Assets invested with XP over time, after adjusting out the net appreciation of assets in each cohort. This demonstrates that after making their initial investments, clients’ satisfaction with the XP client experience is strong enough for them to continue adding new money into their XP accounts. We believe this illustrates our significant opportunity to continue to penetrate our existing customer base and win a greater share of wallet, as shown in the following chart:

Accumulated Net Inflow



- **January 2022 Cohort** – This cohort began with an initial investment of R\$6,639 million, up 39% over the January 2021 cohort. After adjusting out the net appreciation of assets, the net balance of invested assets in this cohort increased 35% after 6 months and 42% after 12 months.
- **January 2023 Cohort** – This cohort began with an initial investment of R\$4,870 million, 27% lower than January 2022 cohort. However, after adjusting out the net appreciation of assets, the net balance of invested assets in this cohort increased 26% after 6 months and 37% after 12 months.
- **January 2024 Cohort** – This cohort began with an initial investment of R\$4,881 million, in line with January 2023 cohort. However, after adjusting out the net appreciation of assets, the net balance of invested assets in this cohort increased 34% after 6 months and the same after 12 months.

As our clients add new money onto our platform and become more comfortable using our technologies and services, they may also purchase more products within their existing financial product categories or begin to explore new categories. For example, a customer with a portfolio of equity securities may purchase additional equities and equity products, such as futures, and also diversify into fixed income products.

Significant Factors Affecting Our Results of Operations

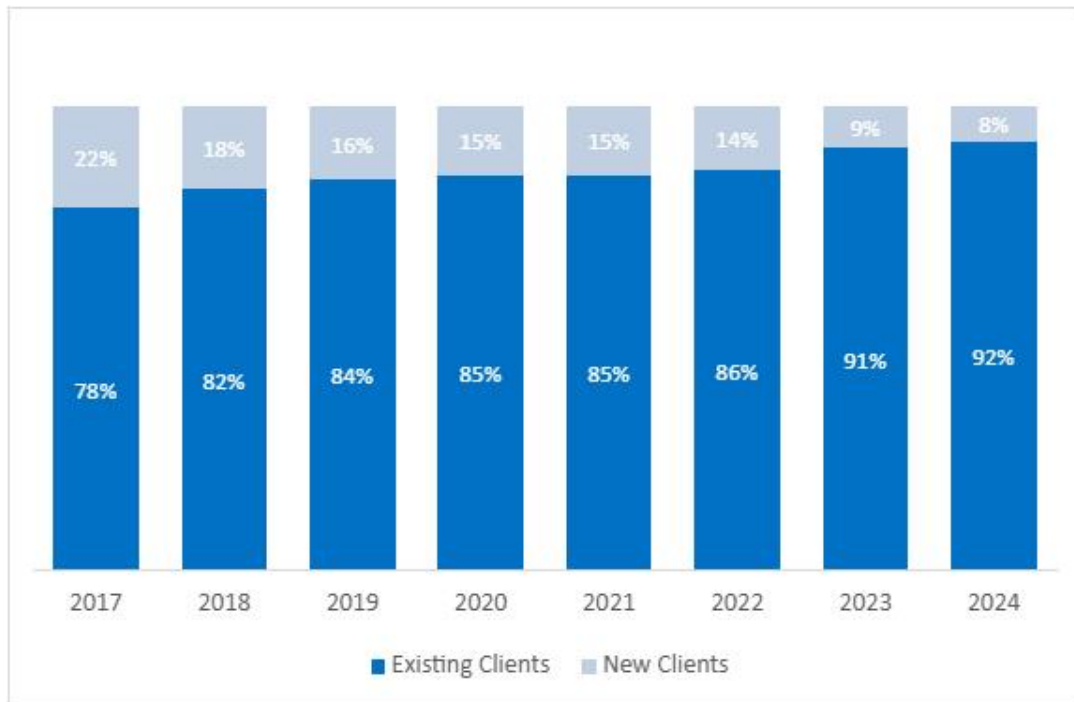
We believe that our results of operations and financial performance are driven by the following factors:

Growth of Our Retail Client Assets

We generate a significant portion of our revenues from fees derived from our balance of Retail Client Assets, including advisory fees, commissions, distribution fees from product manufacturers and asset management fees across various solution categories. This income is primarily driven by:

- *Current Balance of Retail Assets from Existing Clients*– We provide our existing clients with a large range of financial products and services in which to invest their existing assets already on our platform. Depending on the mix of products and services that our clients choose, we generate numerous forms of income from our current balance of Client Assets. As our clients choose to diversify their portfolios and shift their investments from one product to another, we can generate new income from our current balance of Client Assets.
- *New Assets from Existing Clients*– As our clients enjoy the XP client experience, many choose to add more money into their accounts. They may use these additional funds to acquire (1) a greater amount of their existing products and services or (2) diversify their portfolios by purchasing additional products and services in new categories. For example, a customer with a portfolio of equity securities may purchase additional equity products and diversify into fixed income products. As our clients add more money to their accounts, we generate additional income from the new balance of Client Assets introduced onto our platform.
- *New Assets from New Clients*– As our omni-channel distribution and brands continue to grow, we attract and onboard new clients onto our platform who fund their accounts with new money. We generate additional income from the new balance of Client Assets introduced by these new clients.

Given the size and economies of scale of our platform and the recurring nature of our revenues due to our business model, we generate a significant amount of our revenues from our current balance of Client Assets and new Client Assets from existing clients, versus Client Assets from new clients (activated within the last twelve months) as shown in the following chart.

% of Retail Revenue from New Clients vs. Existing Clients

The breakdown set forth in the chart above considers only the portion of retail revenues that we track on a client level that represents: (1) for 2022, 86% of total retail revenues; (2) for 2023, 91% of total retail revenues; and (3) for 2024, 92% of total retail revenues.

Adoption of Our Retail Financial Products and Services

We grow our Client Assets, in part, by providing an open platform that has a large and expanding base of retail financial products and services for our existing active clients to choose from. As our clients choose to diversify their portfolios and shift their investments from one product to another, we generate new income from their purchase of additional products and services. We drive the adoption of our retail financial products and services by:

- *Cross-Sale of Our Products and Services*— Our existing clients represent a sizable opportunity to cross-sell products and services with relatively low incremental marketing and advertising expenses for us. We believe the breadth of our offerings represents an opportunity to further increase engagement with our existing clients. To the extent that we are able to cross-sell these products and services and develop and introduce new products and services to our existing clients and attract new clients, we expect our revenues and financial income to continue to grow and our margins to increase.
- *Development of New Products and Services*— We strive to stay on the cutting edge of the financial technology solutions industry by developing and launching new products and services and intend to continue to invest in product development to build new products and services and to bring them to market. This allows us to continue to meet the needs of our clients, as these needs grow and change over time. We develop our products and services from: (1) our internal new product structuring initiatives; (2) our internal development of new services; (3) third-party vendors who provide complementary financial products and services that we do not provide ourselves; and (4) third-party vendors who provide competitive financial products and services that are similar to those that we offer or are in similar categories.

We plan to continue to invest in product development in order to maintain and increase the attractiveness of our products and services. We also plan to continue integrating value-added services, including the expansion of our asset management and wealth management services to improve the popularity of our platform, enhance customer stickiness and increase revenue streams. While we expect our total expenses to increase in the short term as we plan for growth, we expect our expenses to decline as a percentage of our total revenue and income over the medium term as these investments benefit our business and our business grows. In addition, in implementing new solutions, we expect to incur initial operational investments in periods prior to the realization of any future revenues associated with this upfront investment. With the deployment of new and better technologies, management processes and training, we expect the productivity of our solutions to improve over time.

Growth of Our Active Retail Clients

We grow our Retail Client Assets, in part, by increasing the number of active clients who invest on our platform. We attract new active clients through our digital content initiatives, our direct online portals, such as *XP Direct*, *Rico* and *Clear*, and our IFA network.

The number of these clients depends on several factors, including but not limited to: (1) our brand awareness and reputation; (2) the usability and popularity of our platform; (3) the user experience across the client's journey in our ecosystem and on our platform; (4) our offerings, including access to our broad range of existing products and services and potential new solutions that add value to our clients; (5) the level of customer service and support; and (6) our ability to continue to adapt and innovate.

Our ability to increase our Retail Client Assets from new clients who invest with us is an important lever of revenue growth, though it is decreasing in contribution due to the size and economies of scale of our platform and the recurring nature of our revenues due to our business model. New active clients accounted for 8% of our retail total gross revenues in 2024, compared to 9% in 2023 and 14% in 2022.

Growth of Our Commercial Services

We also generate a smaller portion of our revenues from our Issuer and Institutional services, which are complementary to our platform and enhance the value and liquidity (through the volume of unlisted securities traded through our platform in the secondary market) of our ecosystem. These include a range of financial services to over 800 commercial clients, such as institutions and corporate issuers, that generate several revenue streams, including advisory, structuring and distribution fees from issuers and commissions and asset management fees from institutions. These revenues are based on the volume of investment and capital markets activity accessed through or transacted on our platform. We have developed tailored solutions for commercial customers and intend to (1) expand our service offerings to them; (2) foster long-term partnerships with them; and (3) increase the proportion of revenues generated from them.

Management and Improvement of Our Technology Platform

Our technology platform is critical for us to offer high quality products and services as well as to retain and attract users and customers. We must continue to expand our platform capabilities for our users and customers and enhance our clients' experience by improving existing, and developing new and innovative, features and services. We intend to continue strengthening the innovation, security, efficiency and effectiveness of our services, including our user-friendly interfaces, comprehensive functionalities and customer service capabilities. With the ongoing improvement of our technology infrastructure and compliance capabilities, we are able to serve more clients. Our ability to serve more clients, depends on, among other things, our ability to support all aspects of customer verification, record keeping and compliance functions using our technology and human resources.

In addition, our technology infrastructure and compliance capabilities also enable us to facilitate secure, fast and cost-efficient financial transactions on our platform. We must continue to upgrade our technology infrastructure and to strengthen our compliance system to keep pace with the growth of our business. In addition, we experience cyber threats and attempted security breaches. If these were successful, these cybersecurity incidents could impact revenue and operating income and increase costs. We therefore continue to make investments, which may result in increased costs, to strengthen our cybersecurity measures.

Implementation of Our Marketing Strategy

Our marketing strategy is designed to grow our business and platforms by reinforcing brand recognition and confidence associated with the XP brand and our related brands. We will continue to build and maintain brand recognition and awareness, while generating demand for our products and services through a variety of marketing campaigns, including advertising through traditional media, such as television, magazines and newspapers, online advertising and advertising through digital media, such as social media accounts, social media influencers, online videos and sponsored blogs. Marketing initiatives that specifically aim to attract new customers currently focus on introducing them to our financial services and products through our platform, enhancing our brand awareness by connecting them to our history, and creating awareness of the poor services and low returns of the products offered by traditional banks.

We believe that introducing our financial services and products to potential customers is the most efficient and cost-effective strategy to sustain our growth, creating a "network effect" where existing customers recruit new customers for us through word-of-mouth recommendations. Given the nature of our revenue streams, our investments in marketing and advertising campaigns do not realize returns in the same period in which they are made but over subsequent periods, which could adversely affect our short-term results.

Our Ability to Compete Effectively

We and our competitors compete to attract new customers and increase volume of Client Assets, attract IFAs, increase returns on customer investments, offer a broad range of products and services at competitive prices, win mandates on capital markets transactions; and introduce innovations in online digital solutions and financial services. Our ability to compete is influenced by key factors such as (1) the performance of our products and their asset classes; (2) our ability to improve our platform and launch new products and services; (3) the liquidity we provide on transactions; (4) the transaction costs we incur in providing our solutions; (5) the efficiency in the execution of transactions on our platform and through our issuer services business; (6) our ability to hire and retain talent and IFAs; and (7) our ability to maintain the security of our platform and solutions. See "Item 4. Information on the Company—B. Business Overview—Competition" for more detail on our competitors.

Brazilian Macroeconomic Environment

Our business is impacted by overall market activity and, in particular, trading volumes and market flows and volatility.

While our business is impacted by the overall activity of the market and market volatility, this impact is partially mitigated by the fact that customers do not typically withdraw the funds they invest with us, and instead allocate them to different products we offer depending on market and macroeconomic conditions. For example, during periods of high market volatility or high interest rates, our clients tend to allocate their funds in low-risk, fixed-income instruments, and during periods of low market volatility or low interest rates, they tend to allocate their funds to higher risk, high-yield instruments such as equities. In addition, we are actively engaged in the further digitalization of our financial services and products, which will help further mitigate this impact as we believe secular growth trends can offset market volatility risk. Nevertheless, there may be changes in our clients' preferences towards low-risk investments within the traditional banks, which could decrease our net inflows from both new and existing clients.

The vast majority of our operations are located in Brazil. As a result, our revenues and profitability are subject to political and economic developments and the effect that these factors have on the availability of credit, disposable income, employment rates and GDP growth in Brazil. Our results of operations are affected by levels of interest rates, the expansion or retraction of the capital markets, trading volumes and market inflows in Brazil, each of which impacts the number and overall volume of capital markets transactions and available overall liquidity. For more information, see "Item 3. Key Information—D. Risk Factors—Certain Risks Relating to Brazil—Economic Uncertainty and Political Instability in Brazil May Harm Us and the Price of Our Class A Common Shares."

Brazil is the largest economy in Latin America, as measured by GDP. The following table shows data for real GDP, inflation and interest rates in Brazil and the U.S dollar/real exchange rate at the dates and for the periods indicated.

	For the year ended December 31,		
	2024	2023	2022
	(in percentages, except as otherwise indicated)		
Real growth (contraction) in gross domestic product	3.4	3.2	3.0
Inflation (IGP-M) ⁽¹⁾	6.5	(3.2)	5.5
Inflation (IPCA) ⁽²⁾	4.8	4.6	5.8
Long-term interest rates—TJLP (average) ⁽³⁾	7.6	6.6	7.2
CDI interest rate (average) ⁽⁴⁾	10.9	13.0	12.4
Period-end exchange rate—R\$ per US\$1.00	6.192	4.841	5.218
Average exchange rate—R\$ per US\$1.00 ⁽⁵⁾	5.399	4.993	5.165
Appreciation (depreciation) of the real vs. US\$ in the period ⁽⁶⁾	(21.8)	7.8	6.5
Unemployment rate ⁽⁷⁾	6.2	7.8	9.3

Sources: FGV, IBGE, IPEA, Central Bank and Bloomberg.

(1) Inflation (IGP-M) is the general market price index measured by the FGV.

(2) Inflation (IPCA) is a broad consumer price index measured by the IBGE.

(3) TJLP is the Brazilian long-term interest rate (average of monthly rates for the period).

(4) The CDI (certificado de depósito interbancário) interest rate is an average of interbank overnight rates in Brazil (daily average for the period).

(5) Average of the exchange rate on each business day of the period.

(6) Comparing the US\$ closing selling exchange rate as reported by the Central Bank at the end of the period's last day with the day immediately prior to the first day of the period discussed.

(7) Average unemployment rate for year as measured by the IBGE.

Inflation has a direct effect on our contracts with certain suppliers, such as telecommunications operators, whose costs are indexed to the IPCA, and data processors, whose labor costs are adjusted according to inflation. While inflation may cause our suppliers to increase their prices, we are generally able to offset this effect as higher inflation typically results in higher interest rates, increasing our spreads on certain transactions.

Our financial performance is also tied to fluctuations in interest rates, such as the Brazilian interbank deposit (certificado de depósito interbancário) rate, which is an average of interbank overnight rates in Brazil, or "CDI," because such fluctuations affect the value of the net interest margins we earn on financial investments we allocate customer funds to on an overnight basis, compounding our Client Assets base as well as the potential mix of products clients are willing to invest in.

Exchange Rates

The Brazilian foreign exchange system allows the purchase and sale of foreign currency and the international transfer of reais by any person or legal entity, regardless of the amount, subject to certain regulatory procedures.

In 2018, the *real* depreciated an additional 16%, to R\$3.875 per US\$1.00 on December 31, 2018. In 2019, the *real* depreciated an additional 4% to R\$4.031 per US\$1.00 on December 31, 2019. In 2020, the *real* depreciated an additional 29% to R\$5.197 per US\$1.00 on December 31, 2020. In 2021, the *real* depreciated an additional 7% to R\$5.581 per US\$1.00 on December 31, 2021. In 2022, the *real* appreciated 6.5% to R\$5.287 per US\$1.00 on December 31, 2022. The *real*/U.S. dollar exchange rate reported by the Central Bank was R\$4.841 per US\$1.00 on December 31, 2023, which reflected a 7.8% appreciation of the *real* against the U.S. dollar during 2023. As of December 31, 2024 the *real*/U.S. dollar exchange rate reported by the Central Bank was R\$6.192 per US\$1.00, which reflected a 21.8% depreciation of the *real* against the U.S. dollar during 2024. There can be no assurance that the *real* will not depreciate or appreciate further against the U.S. dollar. The Central Bank has previously intervened in the foreign exchange market to attempt to control instability in foreign exchange rates. We cannot predict whether the Central Bank or the Brazilian government will continue to allow the *real* to float freely or will intervene in the exchange rate market by re-implementing a currency band system or otherwise. The *real* may depreciate or appreciate substantially against the U.S. dollar in the future. Furthermore, Brazilian law provides that, whenever there is a serious imbalance in Brazil's balance of payments or there are serious reasons to foresee a serious imbalance, temporary restrictions may be imposed on remittances of foreign capital abroad. We cannot assure you that the Brazilian government will not place restrictions on remittances of foreign capital abroad in the future.

The following table sets forth, for the periods indicated, the high, low, average and period-end exchange rates for the purchase of U.S. dollars expressed in Brazilian *reais* per U.S. dollar. The average rate is calculated by using the average of reported exchange rates by the Central Bank on each business day during a monthly period and on the last day of each month during an annual period, as applicable.

Year	Period-End	Average ⁽¹⁾	Low ⁽²⁾	High ⁽³⁾
2020	5.196	5.158	4.021	5.937
2021	5.581	5.397	4.894	5.879
2022	5.218	5.166	4.618	5.704
2023	4.841	4.995	4.720	5.446
2024	6.192	5.828	5.426	6.209

Source: Central Bank.

- (1) Represents the average of the exchange rates on the closing of each business day during the year.
- (2) Represents the minimum of the exchange rates on the closing of each business day during the year.
- (3) Represents the maximum of the exchange rates on the closing of each business day during the year.

Month	Period-End	Average ⁽¹⁾	Low ⁽²⁾	High ⁽³⁾
October 2024	5.778	5.624	5.431	5.780
November 2024	6.054	5.807	5.662	6.054
December 2024	6.192	6.097	5.941	6.199
January 2025	5.830	6.022	5.830	6.209
February 2025	5.849	5.766	5.698	5.869
March 2025	5.742	5.747	5.663	5.835
April 2025 (through April 24, 2025)				

Source: Central Bank.

- (1) Represents the average of the exchange rates on the closing of each business day during the month.
- (2) Represents the minimum of the exchange rates on the closing of each business day during the month.
- (3) Represents the maximum of the exchange rates on the closing of each business day during the month.

Description of Principal Line Items

Total Revenue and Income

Our total revenue and income consist of (1) net revenue from services rendered; and (2) net income from financial instruments.

Net Revenue from Services Rendered

This is our main source of revenue, deriving mostly from services rendered and fees charged at daily transactions from customers and consisting of:

- Brokerage commissions, which consist of: (1) commissions earned on trading of stock, futures and derivatives listed on the B3 by our retail clients; (2) commissions earned on trading of stock, futures and derivatives listed on the B3 by our institutional clients; (3) commissions earned on intermediation of non-deliverable-forward and other over-the-counter contracts; and (4) commissions earned on trading of US equities, futures and derivatives by our international institutional clients.
- Securities placements, which consist of: (1) fees earned on COE sales to retail clients (we structure the COE based on perception of demand and attractiveness of a specific exposure under current and prospective macroeconomic scenarios, and a partner bank issues the COE); (2) structuring fees related to issuer services where we are hired by corporate clients placing fixed income, equity or exchange traded fund securities in the capital markets; (3) distribution fees on the sale of such securities to our retail and/or institutional clients; and (4) recurring fees we charge third-party financial institutions that regularly offer CDs or other bank fixed income securities to our retail clients.
- Management fees, which consist of (1) fixed and performance-based management fees from funds managed by our asset managers and sold to our clients; (2) fees from distributions (rebates from fixed and performance-based management fees) of mutual and hedge funds managed by third-party asset managers to our clients; and (3) fixed management fees from XP Advisory managed portfolios and exclusive funds for high net worth retail clients. Fixed management fees are charged on a monthly basis and performance-based management fees for the majority of our funds are charged in June and December of each year.
- Insurance brokerage fees, which consist of (1) fees from distributions (rebates from fixed and performance-based management fees) of retirement plans managed by third-party asset managers sold to our retail clients; and (2) rebates on Whole Life insurance products issued by third-party insurance companies, sold to our retail clients.
- Educational services fees, which consist of fees we charge in connection with the financial education and investment-related courses produced by XP Educação and sold to our retail clients and to non-clients, as part of our digital content offerings.

- Commission Fees, which consist mainly of interchange fees, related to credit card transactions, and loan operations structuring fees.
- Other services, which consist of several small revenue streams, including (1) fees charged to retail clients with negative cash balances (typically as a result of margin calls related to equities and derivatives trading); (2) advertising and other digital content fees generated by Infomoney; and (3) issuer services advisory fees from M&A and other financial advisory mandates.
- Deduction from sales taxes and contributions on revenues, including taxes on services (ISS) and contributions on revenues (Social Integration Program – PIS, and Social Security Program – COFINS).

Net Income from Financial Instruments.

A portion of our total revenue and income we generate from our investment distribution platform to retail clients and our institutional brokerage business lines are accounted for not as net revenue from services rendered but as net income from financial instruments, including through: (1) the difference between purchases and sales earned on sales of corporate, bank and government fixed income securities to our retail clients and institutional clients (some of which we purchase from the issuer and resell to the client instantaneously, and some of which we hold over short periods to leverage flow and add liquidity to the market); (2) sales of structured notes and more complex derivative instruments to our retail clients (in which we are the counterparty of the listed derivative that the client is buying to build the structured note, and we then hedge consolidated exposures in the market); (3) interest income on loans to our retail clients; and (4) interest earned on uninvested cash balances of our retail clients which we allocate to overnight and other highly liquid investments. In addition, a small portion of this revenue line is linked to our principal trading operations, which in general consist of investing our own net cash balances in conservative securities and arbitrage and other investments with little to no direct exposure. Income from financial instruments is deducted by taxes and contributions on financial income.

Operating Costs and Expenses

Operating costs. Operating costs primarily consist of: (1) commission and incentive costs paid to IFAs based on the revenues they generate from the retail clients that they serve and additional incentives to accelerate business expansion; (2) clearinghouse, custody and other financial services fees paid, primarily to the B3; (3) operating losses related to our activities in the ordinary course of our business; and (4) provisions for bad debts.

Selling expenses. Selling expenses consist of advertising and publicity/marketing expenses, primarily in connection with our initiatives to promote our brands to retail clients.

Administrative expenses. Administrative expenses primarily consist of personnel related expenses, including fixed and variable compensation, benefits and social and payroll taxes. Administrative expenses also consist of expenses related to: (1) data processing services; (2) technical services; (3) third-party services; (4) office rent; (5) depreciation and amortization; (6) communications; (7) travel; (8) legal and judicial; and (9) miscellaneous taxes.

Other operating income (expenses), net. Other operating expenses, net primarily consist of: (1) incentives earned from the Brazilian Treasury Bonds (*Tesouro Direto*) and B3 transactions as a result of marketing campaigns to increase our number of retail clients and Client Assets of certain asset classes and incentives received from third parties, mainly due to the joint development of retail products; (2) recovery of charges and expenses; (3) reversal of operating provisions, and other income lines, net of expenses; (4) legal, administrative proceedings and agreements with customers; (5) operating losses on write-offs and disposal of assets; (6) fines and penalties; (7) charitable contributions; (8) associations and regulatory fees and (9) other expenses.

Expected credit losses. Expected credit losses primarily consist of the difference between the contractual cash flows due in accordance with certain agreements and all the cash flows that we expect to receive, discounted at an approximation of the original effective interest rate.

Interest expenses. Interest expenses arising from the loans, lease liabilities and debentures that we have borrowed, contracted and issued.

Share of profit or (loss) in joint ventures and associates. Share of profit or (loss) in joint venture and associates is related to equity accounting.

Income before Income Tax

Income before income tax consists of our net revenue and income minus our operating costs, selling and administrative expenses, others deductible expenses and interest expenses.

Income Tax Expense

Our subsidiaries are subject to different income tax regimes and statutory rates as of December 31, 2023. Given that: (1) Banco XP and Banco Modal are taxed at a 45% corporate income tax rate; (2) XP CCTVM and XP Seguradora are taxed at a 40% corporate income tax rate; (3) XP Gestão, XP Educação, XP Corretora de Seguros, XP Vista PE and XP Allocation and holding entities are taxed at a 34% corporate income tax rate; (4) XP Finanças, Infomoney, Tecfinance and other operating entities are taxed at a 10.9% tax rate on revenues (34% corporate income tax rate on a presumed net margin of 32%); and (5) XP Investments and XP Investments UK LLP are taxed at U.S. and UK rates, respectively. Accordingly, the effective tax rate of our consolidated operations fluctuates over time according to the portion of our total net income that was generated in each of these entities. For 2024, 2023 and 2022, our effective tax rate was 9.4%, 0.9% and -3.9% respectively.

Net Income for the Year

Net income for the year consists of our income before income tax minus our income taxes and social security obligations.

Results of Operations

Year Ended December 31, 2024, Compared to the Year Ended December 31, 2023

The following table sets forth our income statement data for the years ended December 31, 2024 and 2023:

	For the years ended December 31,		
	2024	2023	Variation (%)
	(R\$ millions, except for percentages)		
Income statement data			
Net revenue from services rendered	7,425	6,532	14 %
Net income from financial instruments at amortized cost and at fair value through other comprehensive income	(1,766)	1,573	(212) %
Net income from financial instruments at fair value through profit or loss	11,372	6,756	68 %
Total revenue and income	17,031	14,860	15 %
Operating costs and expenses			
Operating costs	(5,063)	(4,399)	15 %
Selling expenses	(149)	(169)	(12) %
Administrative expenses	(6,001)	(5,461)	10 %
Other operating income (expenses), net	189	11	1676 %
Expected credit losses	(288)	(361)	(20) %
Interest expense on debt	(780)	(617)	26 %
Share of profit or (loss) in joint ventures and associates	47	74	(36) %
Income before income tax	4,986	3,936	27 %
Income tax expense	(471)	(37)	1175 %
Net income for the year	4,515	3,899	16 %

n.m. = not meaningful.

Total Revenue and Income

Total revenue and income for the year ended December 31, 2024 was R\$17,031 million, an increase of R\$2,171 million, or 15%, from R\$14,860 million for the year ended December 31, 2023. Net revenues from services rendered represented an increase of R\$893 million within total revenue and income, driven by:

- a R\$306 million increase in revenue from securities placements, primarily attributable to the increase in mandates where we acted as placement agents or underwriters for third-party transactions in the domestic and international capital markets. Despite the unfavorable scenario for equity capital markets, our debt capital markets revenue has been more relevant, as we believe it tends to be less volatile in different macroeconomic scenarios;

- an increase of R\$142 million in brokerage commissions, driven by an increase in the average daily volume traded in shares in the year ended December 31, 2024;
- a R\$115 million increase in management fees, as a result of a 9% increase in Retail Fund's Client Assets. Additionally, (1) fees from distributions (rebates from management fees) of funds managed by third-party asset managers and management fees attributable to funds managed by third parties (fees from distributions) increased from 44% of total management fees for the year ended December 31, 2023 to 45% for the year ended December 31, 2024, or R\$48 million, while management fees attributable to funds and portfolios managed by our asset managers decreased from 56% to 55%, or R\$ 1 million, during the same period. For the year ended December 31, 2024, 5% of management fees were performance-based and 95% were non-performance-based (i.e., fixed annual fees);
- a R\$44 million increase in insurance brokerage fees, driven by a higher sale of retirement plans and insurance products to retail clients;
- a R\$207 million increase in commission fees, mainly related to interchange fees received in credit card transactions, due to the greater volume of these transactions;
- a R\$145 million increase in other services, including a R\$34 million decrease in penalties collected from retail clients, a R\$32 million increase in client's margin coverage fees, a R\$135 million increase in other ancillary revenues related to the increase in trading operations, such as third-party trading platform fees, revenue from marketing events, and education services; and
- net of a R\$65 million increase in taxes and contributions on services.

Net income from financial instruments represented R\$1,278 million of the increase in total revenue and income, driven by the growth in our retail investment distribution platform (whose number of retail clients grew 20% and Client Assets grew 19% period-over-period), in our institutional businesses, and the increase in our Adjusted Gross Financial Assets balances.

Operating Costs and Expenses

Operating costs. Operating costs for the year ended December 31, 2024 were R\$5,063 million, an increase of R\$664 million, or 15%, from R\$4,399 million for the year ended December 31, 2023. This increase was primarily attributable to a R\$56 million increase in cashback costs related to credit card transactions performed by our customers, which are a strategy for customer acquisition, since it is a percentage of client spending and a R\$390 million increase in commission and incentive costs payable to our IFAs as part of the growth of our omni-channel distribution network. In addition, clearinghouse fees increased by R\$100 million and other costs and third-party services by R\$72 million. As a percentage of total revenue and income, our operating costs were 29.7% for the year ended December 31, 2024 compared to the 29.6% for year ended December 31, 2023.

Selling expenses. Selling expenses for the year ended December 31, 2024 were R\$149 million, a decrease of R\$21 million, or 12%, from R\$169 million for the year ended December 31, 2023, due to higher investments in brand awareness and marketing campaigns.

Administrative expenses. Administrative expenses for the year ended December 31, 2024 were R\$6,001 million, an increase of R\$540 million, or 10%, from R\$5,461 million for the year ended December 31, 2023. This increase was primarily attributable to:

- a R\$268 million, or increase in personnel expenses related to an increase in total employee headcount;
- a R\$129 million, or 17%, increase in data processing expenses, mainly related to consultancy services in connection with the operation and maintenance of our platform's software;
- a R\$10 million, or 3%, increase in third parties' services, mainly due to the optimization of expenses with technological solutions related to social and online media;
- a R\$7 million, or 6%, increase in depreciation of property and equipment and right-of-use assets as a result of new leases contracts; and

Other operating income (expenses), net. We recorded other operating income/expenses, net of R\$189 million for the year ended December 31, 2024 compared to other operating income, net of R\$11 million for the year ended December 31, 2023. This variation is primarily due to an increase of R\$149 million income related to incentives from third parties, mainly as a result of the joint development of retail products and also the association of such entities with the XP ecosystem for the year ended December 31, 2023.

Income before Income Taxes

As a result of the foregoing, income before income taxes for the year ended December 31, 2024 was R\$4,986 million, an increase of R\$1,050 million, or 27%, from R\$3,936 million for the year ended December 31, 2023.

Income Tax Expense

Income tax expense for the year ended December 31, 2024 was a R\$471 million income, an increase of R\$434 million from a R\$37 million expense for the year ended December 31, 2023. This increase was primarily attributable to an increase in our effective tax rate to 9.4% for the year ended December 31, 2024 from 0.9% for the year ended December 31, 2023, as a result of revenues at the level of entities and investment funds which adopt different taxation regimes according to the applicable rules in their jurisdictions.

Net Income for the Year

As a result of the foregoing, net income for the year ended December 31, 2024 was R\$4,515 million, an increase of R\$615 million from R\$3,899 million for the year ended December 31, 2023.

Year Ended December 31, 2023, Compared to the Year Ended December 31, 2022

The following table sets forth our income statement data for the years ended December 31, 2023 and 2022:

	For the years ended December 31,		
	2023	2022	Variation (%)
	(R\$ millions, except for percentages)		
Income statement data			
Net revenue from services rendered	6,532	5,940	10 %
Net income from financial instruments at amortized cost and at fair value through other comprehensive income	1,573	1,145	37 %
Net income from financial instruments at fair value through profit or loss	6,756	6,262	8 %
Total revenue and income	14,860	13,347	11 %
Operating costs and expenses			
Operating costs	(4,399)	(3,871)	14 %
Selling expenses	(169)	(139)	22 %
Administrative expenses	(5,461)	(5,641)	(3) %
Other operating income (expenses), net	11	257	(96) %
Expected credit losses	(361)	(94)	283 %
Interest expense on debt	(617)	(402)	53 %
Share of profit or (loss) in joint ventures and associates	74	(12)	(704) %
Income before income tax	3,936	3,445	14 %
Income tax expense	(37)	136	(127) %
Net income for the year	3,899	3,580	9 %

n.m. = not meaningful.

Total Revenue and Income

Total revenue and income for the year ended December 31, 2023 was R\$14,860 million, an increase of R\$1,513 million, or 11%, from R\$13,347 million for the year ended December 31, 2022. Net revenues from services rendered represented an increase of R\$592 million within total revenue and income, driven by:

- a R\$348 million increase in revenue from securities placements, primarily attributable to the increase in mandates where we acted as placement agents or underwriters for third-party transactions in the domestic and international capital markets. Despite the unfavorable scenario for equity capital markets, our debt capital markets revenue has been more relevant, as we believe it tends to be less volatile in different macroeconomic scenarios;
- a R\$111 million decrease in brokerage commissions, driven by a 5% decrease in the average daily traded volume in equities in the year ended December 31, 2023;

- a R\$47 million increase in management fees, as a result of (1) fees from distributions (rebates from management fees) of funds managed by third-party asset managers and management fees attributable to funds managed by third parties (fees from distributions) increased from 42% of total management fees for the year ended December 31, 2022 to 44% for the year ended December 31, 2023, or R\$48 million, while management fees attributable to funds and portfolios managed by our asset managers decreased from 58% to 56%, or R\$ 1 million, during the same period. For the year ended December 31, 2023, 5% of management fees were performance-based and 95% were non-performance-based (i.e., fixed annual fees);
- a R\$22 million increase in insurance brokerage fees, driven by a higher sale of retirement plans and insurance products to retail clients;
- a R\$226 million increase in banking fees, mainly related to interchange fees received in credit card transactions, due to the greater volume of these transactions;
- a R\$140 million increase in other services, including a R\$34 million decrease in penalties collected from retail clients, a R\$32 million increase in client's margin coverage fees, a R\$135 million increase in other ancillary revenues related to the increase in trading operations, such as third-party trading platform fees, revenue from marketing events, and education services; and
- net of a R\$53 million increase in taxes and contributions on services.

Net income from financial instruments represented R\$921 million of the increase in total revenue and income, driven by the growth in our retail investment distribution platform (whose number of retail clients grew 20% and Client Assets grew 19% period-over-period), in our institutional businesses, and the increase in our Adjusted Gross Financial Assets balances.

Operating Costs and Expenses

Operating costs.

Operating costs for the year ended December 31, 2023 were R\$4,399 million, an increase of R\$528 million, or 14%, from R\$3,871 million for the year ended December 31, 2022. This increase was primarily attributable to a R\$117 million increase in cashback costs related to credit card transactions performed by our customers and a R\$258 million increase in commission and incentive costs payable to our IFAs as part of the growth of our omni-channel distribution network. Incentive costs are capitalized and amortized over the life of the signed contracts. In addition, clearinghouse fees increased by R\$46 million and other costs and third-party services by R\$111 million. As a percentage of total revenue and income, our operating costs increased at 30% for the year ended December 31, 2023 compared to the 29% for year ended December 31, 2022.

Selling expenses.

Selling expenses for the year ended December 31, 2023 were R\$169 million, an increase of R\$31 million, or 22%, from R\$139 million for the year ended December 31, 2022, in line with the marketing guidance, that focused on alternative and efficient communication strategies.

Administrative expenses.

Administrative expenses for the year ended December 31, 2023 were R\$5,461 million, a decrease of R\$ 180 million, or 3%, from R\$5,641 million for the year ended December 31, 2022. This increase was primarily attributable to:

- a R\$215 million, or 5%, decrease in personnel expenses related to an decrease in total employee headcount (from 6,928 employees as of December 31, 2022 to 6,669 employees as of December 31, 2023);
- a R\$54 million, or 8%, increase in data processing expenses, mainly related to consultancy services in connection with the operation and maintenance of our platform's software;
- a R\$90 million, or 23%, decrease in third parties' services, mainly due to the optimization of expenses with technological solutions related to social and online media;
- a R\$8 million, or 8%, increase in depreciation of property and equipment and right-of-use assets as a result of new leases contracts; and
- a R\$38 million, or 40%, increase in amortization of intangible assets as a result of Banco Modal acquisition.

Other operating income (expenses), net.

We recorded other operating income/expenses, net of R\$11 million for the year ended December 31, 2023 compared to other operating income, net of R\$257 million for the year ended December 31, 2022. This variation is primarily due to a decrease of R\$261 million income related to incentives from third parties, mainly as a result of the joint development of retail products and also the association of such entities with the XP ecosystem for the year ended December 31, 2022.

Income before Income Taxes

As a result of the foregoing, income before income taxes for the year ended December 31, 2023 was R\$3,936 million, an increase of R\$492 million, or 14%, from R\$3,444 million for the year ended December 31, 2022.

Income Tax Expense

Income tax expense for the year ended December 31, 2023 was a R\$37 million expense, a decrease of R\$173 million from a R\$136 million income for the year ended December 31, 2022. This decrease was primarily attributable to an increase in our effective tax rate to 0.9% for the year ended December 31, 2023 from -3.9% for the year ended December 31, 2022, as a result of revenues at the level of entities and investment funds which adopt different taxation regimes according to the applicable rules in their jurisdictions.

Net Income for the Year

As a result of the foregoing, net income for the year ended December 31, 2023 was R\$3,899 million, a decrease of R\$319 million from R\$3,580 million for the year ended December 31, 2022.

B. Liquidity and Capital Resources

As of December 31, 2024, we had R\$12,910 million in cash and cash equivalents. We believe that our current available cash and cash equivalents and the cash flows from our operating activities will be sufficient to meet our working capital requirements and capital expenditures in the ordinary course of business for the next 12 months.

The following table shows the generation and use of cash for the periods indicated:

	For the year ended December 31,		
	2024	2023	2022
	(R\$ millions)		
Cash flow data			
Income before income tax	4,986	3,936	3,445
Adjustments to reconcile income before income tax	2,910	1,193	1,097
Income tax paid	(542)	(403)	(371)
Contingencies paid	(8)	(53)	(3)
Interest paid	(349)	(141)	(198)
Changes in assets and liabilities	4,183	3,595	(2,166)
Net cash flows from (used in) operating activities	11,179	8,127	1,804
Net cash flows from (used in) investing activities	(1,667)	539	(372)
Net cash flows from (used in) financing activities	(5,784)	(4,395)	(200)
Net increase in cash and cash equivalents	3,727	4,271	1,232
Effects of exchange rate changes on cash and cash equivalents	(28)	(28)	(17)

Our cash and cash equivalents include cash on hand, interbank certificate deposits with banks and other highly liquid securities purchased under agreements to resell with original maturities of nine months or less, which have an immaterial risk of change in value. For more information, see note 6 to our audited consolidated financial statements included elsewhere in this annual report.

Net Cash Flows from Operating Activities

Our net cash flows from operating activities for the year ended December 31, 2024 increased to a net cash generated of R\$11,179 million from a net cash generated of R\$8,127 million in the year ended December 31, 2023, primarily driven by: (1) higher balance of securities and derivatives that we hold in the ordinary course of our business as a retail investment distribution platform and as an institutional broker-dealer (with respect to the sale of fixed income securities and structured notes); (2) our strategy to allocate excess cash and cash equivalents from treasury funds, from Float Balances and from retirement plans balances to securities and other financial assets. These balances may fluctuate substantially from quarter to quarter and were the key drivers to the net cash flow from operating activities figures; (3) increases in our banking activities from loans operations, market funding operations mainly derived from deposits (time deposits), structured operations certificates (COEs) and financial bills as a result of our expected growth in new financials services verticals; and (4) other financial liabilities as structure financing, credit card operations among others. Our income before tax combined with non-cash income/expenses consisted primarily of (a) net foreign exchange differences of R\$1,188 million in 2024 and R\$471 million in 2023, (b) share-based plan of R\$417 million in 2024 and R\$366 million in 2023, (c) interest accrued of R\$609 million in 2024 and R\$638 million in 2023, and (d) depreciation and amortization of R\$ 265 million in 2024 and R\$252 million in 2023. The total amount of adjustments to reconcile income before income taxes was R\$2,910 million in 2024 and R\$1,193 million in 2023.

Our net cash flows from operating activities for the year ended December 31, 2023 increased to a net cash generated of R\$8,127 million from a net cash generated of R\$1,804 million in the year ended December 31, 2022, primarily driven by: (1) higher balance of securities and derivatives that we hold in the ordinary course of our business as a retail investment distribution platform and as an institutional broker-dealer (with respect to the sale of fixed income securities and structured notes); (2) our strategy to allocate excess cash and cash equivalents from treasury funds, from Float Balances and from retirement plans balances to securities and other financial assets. These balances may fluctuate substantially from quarter to quarter and were the key drivers to the net cash flow from operating activities figures; (3) increases in our banking activities from loans operations, market funding operations mainly derived from deposits (time deposits), structured operations certificates (COEs) and financial bills as a result of our expected growth in new financials services verticals; and (4) other financial liabilities as structure financing, credit card operations among others. Our income before tax combined with non-cash expenses consisted primarily of (a) net foreign exchange differences of R\$471 million in 2023 and R\$302 million in 2022, (b) share-based plan of R\$366 million in 2023 and R\$585 million in 2022, (c) interest accrued of R\$638 million in 2023 and R\$429 million in 2022, and (d) depreciation and amortization of R\$252 million in 2023 and R\$206 million in 2022. The total amount of adjustments to reconcile income before income taxes was R\$1,193 million in 2023 and R\$1,097 million in 2022. Reclassifications of prior period amounts, related to income from share in the net income of associates measured at fair value, have been made to conform to the current period presentation.

Net Cash Flows used in Investing Activities

Our net cash flows generated or used in investing activities decreased from R\$539 million generated in the year ended December 31, 2023 to a cash consumption of R\$1,667 million in the year ended December 31, 2024, primarily affected by: (1) R\$1,394 million in investments in subsidiaries, associates and joint ventures, mostly related to our asset management strategy, which decreased from R\$705 million generated in the year ended December 31, 2023; and (2) R\$330 million in investments in intangible assets and property plants and equipment, mostly IT infrastructure and capitalized software, which increased from R\$196 million in the year ended December 31, 2023.

Our net cash flows used in investing activities decreased from R\$372 million in the year ended December 31, 2022 to a cash generated of R\$539 million in the year ended December 31, 2023, primarily affected by: (1) R\$705 million in investments in subsidiaries, associates and joint ventures, mostly related to our asset management strategy, which decreased from R\$244 million in the year ended December 31, 2022; and (2) R\$196 million in investments in intangible assets and property plants and equipment mostly IT infrastructure and capitalized software, which increased from R\$127 million in the year ended December 31, 2022.

Net Cash Flows from Financing Activities

Our net cash flows from financing activities decreased from a cash used in financing activities of R\$4,395 million in the year ended December 31, 2023 to R\$5,784 million in the year ended December 31, 2024, primarily due to (1) the acquisition of treasury shares under the share buy-back program in the total amount of R\$1,354 million; (2) the proceeds from the issuance of debt securities in the total amount of R\$1,159 million; (3) the payments of borrowings, lease liabilities and debt securities in the total amount of R\$3,552 million; and (4) dividends paid in the total amount of R\$2,037 million.

Our net cash flows from financing activities decreased from cash used in financing activities of R\$200 million in the year ended December 31, 2022 to R\$4,395 million in the year ended December 31, 2023, primarily due to (1) the acquisition of treasury shares under the share buy-back program in the total amount of R\$916 million; (2) the proceeds from the issuance of debentures in the total amount of R\$373 million; and (3) borrowings mostly derived from our loans agreements with Banco Nacional de México in a total amount of R\$2,253 million; (4) the payments of borrowings, lease liabilities and debt securities in the total amount of R\$2,557 million; and (5) dividends paid in the total amount of R\$3,542 million.

Indebtedness

As of December 31, 2024, we had R\$1,666 million in outstanding loans, R\$311 million in lease liabilities, R\$1,875 million in outstanding debentures and R\$5,814 million in senior notes issued by us. As of December 31, 2024, we were in compliance with all the covenants of our material loan agreements and debentures. The following is a description of our material indebtedness as of the date of this annual report:

Borrowings

On March 28, 2018, XP Brazil entered into a loan agreement with the International Finance Corporation (IFC), or the "IFC Loan," in the amount of R\$325.4 million, which was borrowed to finance the expansion of operations and increase the number of clients and IFAs. The loan accrues interest at a rate per annum equal to the CDI Rate + 0.74% and matured on April 15, 2023. The principal amount was due on the maturity date and interest was payable semiannually on April 15 and October 15 of each year. In July 2020, we prepaid a portion of the IFC Loan in the aggregate amount of R\$54 million. According to the maturity date, the principal amount was paid in April 2023.

On May 28, 2021, we entered into a credit agreement with Banco Nacional de México S.A. for a term loan in the amount of US\$295 million. This loan bears interest at the annual rate of 2.55%, payable annually in arrears on May 23, 2022, and matures on the same date. On May 2022, the loan agreement was rolled over for 1 year, amending the maturity to May 23, 2023. The loan is guaranteed by collateral securities. We paid off this agreement on the maturity date.

On September 26, 2023, we entered into a credit agreement with Banco Nacional de México S.A. for a term loan in the amount of US\$250 million. The loan accrues interest at a rate per annum equal to Term SOFR + 0.40% and matures on August 30, 2024. The principal amount is due on the maturity date and interest is payable quarterly on November 30, February 29, May 30 and August 30. We paid off this agreement on the maturity date.

On October 23, 2023, we entered into a credit agreement with Banco Nacional de México S.A. for a term loan in the amount of US\$200 million. The loan accrues interest at a rate per annum equal to Term SOFR + 0.40% and matures on August 30, 2024. The principal amount is due on the maturity date and interest is payable quarterly on November 30, February 29, May 30 and August 30. We paid off this agreement on the maturity date.

On December 27, 2024, we entered into a credit agreement with Banco Citi México in the total amount of R\$ 1.6 billion. The borrowing accrues interest at a rate per annum equal to Term SOFR + 0.60% and matures on June 30, 2025. This amount was disbursed by the counterparty on January 6, 2025. As of December 31, 2024, the total amount of the borrowing was R\$ 1.6 billion.

On January 16, 2025, we entered into a credit agreement with Banco Santander for a term loan in the amount of US\$180 million. The loan accrues interest at a rate per annum equal to SOFR overnight +0.79% and matures on December 22, 2025. The principal amount is due on the maturity date and interest is payable quarterly on March 24, June 23 and September 22.

On February 24, 2025, we entered into a credit agreement with Bank of America for a term loan in the amount of US\$4 million. The loan accrues interest at a rate per annum equal to 4.358% and matures on May 6, 2025. The principal and interest amounts are due on the maturity date.

On February 24, 2025, we entered into a credit agreement with Bank of America for a term loan in the amount of US\$6 million. The loan accrues interest at a rate per annum equal to 4.395% and matures on June 3, 2025. The principal and interest amounts are due on the maturity date.

On March 11, 2025, we entered into a credit agreement with Bank of America for a term loan in the amount of US\$7.5 million. The loan accrues interest at a rate per annum equal to 4.343% and matures on May 6, 2025. The principal and interest amounts are due on the maturity date.

On March 11, 2025, we entered into a credit agreement with Bank of America for a term loan in the amount of US\$7.5 million. The loan accrues interest at a rate per annum equal to 4.332% and matures on August 4, 2025. The principal amount is due on the maturity date and interest will be amortized on June 11, 2025.

Debentures

On July 19, 2022, XP Brazil issued non-convertible debentures in the amount of R\$1.8 billion (R\$900 million of series 1 and R\$900 million of series 2). Both series have in aggregate a maximum authorized issuance up to R\$1.8 billion. The principal amount is due and will be paid on the maturity date as follows: (i) June 23, 2024 (series 1) and (ii) June 23, 2025 (series 2). The interest rates for series 1 and series 2 debentures are CDI+1.75% and CDI+1.90%, respectively. As of December 31, 2024, the total amount was R\$ 1.2 billion.

3.250% Senior Notes Due 2026

On July 1, 2021, we issued senior notes due 2026 in an aggregate principal amount of US\$750.0 million. The 3.250% notes due 2026 bear interest at the annual rate of 3.250%, payable semiannually in arrears on January 1 and July 1 of each year, which commenced on January 1, 2022. The 3.250% notes due 2026 are guaranteed by XP Investimentos S.A. and have been listed on the Singapore Exchange Securities Trading Limited since July 1, 2021. As of December 31, 2024, the aggregate principal amount outstanding of the 3.250% notes due 2026 was US\$449 million.

6.750% Senior Notes Due 2029

On July 2, 2024, we issued senior notes in an aggregate principal amount of US\$500.0 million. The 6.750% senior notes due 2029 bear an annual interest rate of 6.750% payable semiannually in arrears on January 2 and July 2 of each year, which commenced on January 2, 2025. The 6.750% notes due 2029 are guaranteed by XP Investimentos S.A. and have been listed on the Luxembourg Stock Exchange since July 2, 2024. As of December 31, 2024, the aggregate principal amount outstanding of the 6.750% notes due 2029 was US\$500 million.

Certain of our loans and debentures are subject to certain restrictive covenants and require that the borrower entity (as indicated below) meet certain financial ratios, which are as follows:

Debentures

- an XP Brazil regulatory capital ratio 1% or more above the minimum regulatory capital requirement as established by the Central Bank from time to time; and
- an XP Brazil pre-tax income to financial expenses ratio greater than or equal to 2:1.

As of December 31, 2024, we were in compliance with the covenants in our loan agreements and debentures.

Off-balance Sheet Arrangements

As of December 31, 2024, the off-balance sheet arrangements total an amount of R\$7,874 million (compared to R\$8,913 million as of December 31, 2023). The off-balance sheet arrangements refer to credit card limits granted and not used by our customers. The amounts granted are linked to the value of customers' assets held in guarantee by XP, and may vary daily according to the variation in the credit risk of our customers, as well as the variation in the value of the guarantees. Besides that, we offer to our customers other types of collateral agreements, such as letters of guarantee.

Capital Expenditures

In the years ended December 31, 2024, 2023 and 2022, we made capital expenditures of R\$330 million, R\$196 million, and R\$127 million, respectively. Total capital expenditures as a percentage of total net revenue and income were 1.9% in 2024, 1.3% in 2023, and 1% in 2022. These capital expenditures mainly include expenditures related to the upgrade and development of our IT systems, software and infrastructure, and the expansion of our office spaces due to accelerated growth in employee headcount.

We expect to increase our capital expenditures to support the growth in our business and operations. We expect to meet our capital expenditure needs for the foreseeable future from our operating cash flow and our existing cash and cash equivalents. Our future capital requirements will depend on several factors, including our growth rate, the expansion of our research and development efforts, employee headcount, marketing and sales activities, the introduction of new features to our existing products and the continued market acceptance of our products.

C. Research and Development, Patents and Licenses, Etc.

See "Item 4. Information on the Company—D. Property, Plants and Equipment—Intellectual Property."

D. Trend Information

For a discussion of trend information, see "Item 4. Information on the Company—B. Business Overview—Key Market Trends."

E. Critical Accounting Estimates

Not applicable. See note 4 to our audited consolidated financial statements included elsewhere in this annual report.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

We are managed by our board of directors and by our senior management, pursuant to our Memorandum and Articles of Association and the Companies Act. We are currently upgrading our governance structure, see "Item 16G. Corporate Governance—Board and Governance Enhancements" for more information.

Board of Directors

As of December 31, 2024, our board of directors was composed of nine (9) members, of which five (5) are independent. Each director is appointed for a two-year term, unless they resign or their office is vacated earlier, provided, however, that such term shall be extended beyond two years in the event that no successor has been appointed (in which case such term shall be extended to the date on which such successor has been appointed). Directors appointed by the board of directors hold office until the next annual general meeting. Our directors do not have a retirement age requirement under our Memorandum and Articles of Association.

The following table presents the names of the current members of our board of directors.

Name	Age	Position
Guilherme Dias Fernandes Benchimol	48	Chairman
Bernardo Amaral Botelho	49	Director
Gabriel Klas da Rocha Leal	43	Director
Bruno Constantino Alexandre dos Santos	49	Director
Jose Luiz Acar Pedro	72	Director
Melissa Alves Werneck	52	Director
Martin Emiliano Escobari Lifchitz	53	Director
Oscar Rodríguez Herrero	53	Director
João Roberto Gonçalves Teixeira	59	Director

The following is a brief summary of the business experience of our directors. Unless otherwise indicated, the current business addresses for our directors is Av. Chedid Jafet, 75, Torre Sul, 30th floor, Vila Olímpia – São Paulo, Brazil 04551-065.

Guilherme Dias Fernandes Benchimol is the chairman of our board of directors, a position he has held since August 2019. Mr. Benchimol has over 20 years' experience in the financial services market. He founded the XP group in 2001 and was its CEO until May, 2021. Mr. Benchimol also served on the board of XP Brazil as the chairman from August 2018 to November 2019. Mr. Benchimol holds a bachelor's degree in business economics from *Universidade Federal do Rio de Janeiro*.

Bernardo Amaral Botelho is a member of our board of directors, a position he has held since November 2019. Mr. Amaral has been with the Company group since 2007 and was a board member of XP Brazil from August 2018 to November 2019. He was also an executive officer of our U.S. broker-dealer from 2015 until 2017 and of XP Brazil, XP CCTVM, Banco XP, XP Gestão, XP Vista, XP Advisory, XP VP, Tecfinance, XP Educação and Leadr until 2023, when he ceased to be an executive officer of the Company group. Prior to joining us, he was a lawyer of Costa Advogados Associados from 2001 to 2007. Mr. Amaral holds a bachelor's degree in law from Pontifícia Universidade Católica do Rio de Janeiro and an LL.M. in business law from IBMEC Group.

Gabriel Klas da Rocha Leal is a member of our board of directors, a position he has held since November 2019. Mr. Leal has been with the Company group since 2006 and was a board member of XP Brazil until November 2019. He was also an executive officer of XP CCTVM, Banco XP, XP VP and other Brazilian entities of the Company group until 2023, when he ceased to be an executive officer of the Company group. Mr. Leal holds a bachelor's degree in chemical engineering from Pontifícia Universidade Católica do Rio de Janeiro and an MBA from IBMEC Group.

Bruno Constantino Alexandre dos Santos is a member of our board of directors, position he has held since November 2019. Mr. Constantino has over 26 years' experience in the financial markets. He joined XP in 2012. Prior to joining us, he was a Co-Portfolio Management for Brazil at Emerging Markets Management in 2010, based in Washington DC, and before that a partner at BTG Pactual, where he worked for 10 years, from 2000 to 2010, responsible for proprietary Private Equity deals. Bruno also served as a member of the audit committee of CEMIG from 2002 to 2004, as a member of the board of directors of LIGHT from 2006 to 2009 and VALID from 2010 to 2019. He has an MBA in Corporate Finance from IBMEC-RJ, a bachelor's degree in mechanical engineering from PUC-RJ and holds a Chartered Financial Analyst certificate.

Martin Emiliano Escobari Lifchitz is an independent member of our board of directors, a position he has held since November 2019. He has been with General Atlantic since 2012, and serves as Co-President, Managing Director, Head of Global Growth Equity and Chair of the Investment Committee. Mr. Escobari serves on the board of directors of XP Brazil, Arco Platform Limited, and has previously served on the boards of Ourofino Saúde Animal Participações S.A., Sura Asset Management, Smiles S.A., Aceco TI Participações S.A., Grupo Linx, Laboratórios Sanfer, S.A.P.I. de C.V., Grupo Axo, S.A.P.I. de C.V. and Decolar.com, Inc. Mr. Escobari co-founded Submarino.com and was its chief financial officer from 1999 to 2007. He was an associate at the Boston Consulting Group (New York) from 1994 to 1996, an investment officer at the private equity firm GP Investimentos from 1998 to 1999 and a managing director at Advent International from 2007 to 2011. Mr. Escobari holds a bachelor's degree in economics from Harvard College (Harvard University) and an MBA (George F. Baker Scholar) from Harvard Business School. He serves on the board of Primeira Chance, a scholarship program for gifted children in Brazil and is active with Endeavor Brazil, where he mentors young entrepreneurs. Mr. Escobari is also a member of the Brazil office of Harvard's Rockefeller Center for Latin American Studies and a board member of the Lincoln Center for the Performing Arts. Mr. Escobari was deemed independent upon the termination of the Shareholders Agreement (which included GA) on July 6, 2023.

José Luiz Acar Pedro is a specialist in the Brazilian financial market and banking industry and is the founder and CEO of three venture capital firms in Brazil: Celeris Invest, Devas Investimentos and Acarpar Empreendimentos e Participações. He is also the founder of "Associação Amigos das Escolas" a non-profit Brazilian organization focused in improving the environment in public schools. He served as Executive Vice President of BCN and Bradesco, Partner and Member of the Executive Committee at BT Pactual, CEO of Banco Pan, Chairman of the board of directors of Banco Safra and member of the board of directors at HBR Realty Empreendimentos. He contributes significantly to the banking industry by holding key roles in SROs such as Vice President of FEBRABAN and President of IBRI.

Oscar Rodriguez Herrero brings more than 27 years of international experience in risk management, private equity and strategic consulting and will significantly enhance the credit and risk management capabilities of the Board. He previously worked at McKinsey & Co. at their offices in Miami, Madrid, and Lisbon. Then he held the positions of CRO of Banco Santander Brasil and later for the Global Wholesale Banking Business of Santander. Then Oscar joined, as a Senior Advisor, Cambridge Family Enterprise Group, where he advised international family businesses on corporate governance and risk management. He also served in the Board of Advisors of Grupo Verdi Rodobens and led the Risk Committee of the Board. Until earlier 2024, he served as a member of the Executive Risk Committee at Nubank, a Brazilian digital bank. Mr. Rodriguez holds a Bachelor's degree in business administration from CUNEF (Spain). He also earned a Master of Business Administration (MBA) from the Kellogg School Management – Northwestern University in 2000.

João Roberto Gonçalves Teixeira is a member of the Board of Directors of Fleury S.A., the largest provider of premium medical diagnostic services in Brazil, and Th Mosaic Co. in the USA. He is also a pro bono member of the advisory board of Artemisia, a pioneer Impact Social Business Company in Brazil, and managing partner at Inviste Participações. He acted as independent member and chairman of the Board of Directors of Br Malls Participações S.A. and pro bono independent member of the Investment Committee of Yunus Social Business Brazil from May 2018 to April 2023. Between 2018 and 2020 he also acted as independent member and chairman of the Board of Directors of Julius Baer Family Office in Brazil. From December 2018 until 2022, Mr. Teixeira served as the CEO of Copersucar S.A., a Brazilian sugar, ethanol and logistic corporation, where he was responsible for managing financial and operational risks due to the complexity of the Company's operations. He is also the former CEO of Banco Votorantim S.A., one of the largest Brazilian privately owned banks, from 2011 to November 2016, a period in which he also served as a Director of Febraban (Brazilian Federation of Banks). Mr. Teixeira holds a Bachelor's and Master's degree in economics from PUC-RJ. He also earned a Master of Business Administration (MBA) from the London Business School in 1995 and participated in the Executive Program at Singularity University in 2018.

Melissa Alves Werneck is the Executive Vice President and Global Chief People Officer for The Kraft Heinz Company. She oversees the Company's global Human Resources function, which leads talent management and talent acquisition, leadership and capabilities development, total rewards and recognition, engagement, culture and belonging. She has served in this capacity since August 2016. She has been a board member at Fundação Heinz and subsequently Fundação Kraft Heinz for the past 12 years. Previously, she was Global Head of Human Resources, Performance and Information Technology from 2015 to 2016. Before the Kraft Heinz merger in 2015, Melissa served as Senior Vice President of Human Resources, Performance and Information Technology at H. J. Heinz Company from 2013 to 2015. Before Heinz, Melissa worked at América Latina Logística S.A. (ALL), where she served as Chief People Officer & Performance Management Vice President from 2010 to 2013, People & Performance Management Senior Director from 2009 to 2010, and as People & Performance Management Senior Manager from 2007 to 2008. Melissa holds a degree in Chemical Engineering from Federal University of Minas Gerais in Brazil and an MBA from the COPPEAD Graduate School of Business at the Federal University of Rio De Janeiro.

Executive Officers

Our executive officers are responsible for the management and representation of our company. We have a strong centralized management team led by Thiago Maffra, our CEO, who has broad experience in the financial services industry.

The following table lists our current executive officers:

Name	Age	Position
Thiago Maffra	40	Chief Executive Officer
Victor Andreu Mansur Farinassi	35	Chief Financial Officer
Fabício Cunha de Almeida	42	General Counsel

Unless otherwise indicated, the current business addresses for our executive officers is Av. Chedid Jafet, 75, Torre Sul, 30th floor, Vila Olímpia – São Paulo, Brazil 04551-065.

Thiago Maffra is our chief executive officer, a position he has held since May 2021 after Mr. Benchimol stepped down from the position. Previously, Mr. Maffra was our chief technology officer, a position he held from September 2018 to May 2021. He joined the XP group in February 2015 and has led the strategy and development of our technology-driven financial services platform and digital transformation. Prior to joining the XP group, Mr. Maffra worked as a trader at Corretora Souza Barros Câmbio Títulos S.A. from November 2010 to January 2015 and at Bulltck Capital Markets Holdings, LLC from September 2006 to November 2010. Mr. Maffra was awarded a Charter Financial Analyst (CFA) charter in 2015. Mr. Maffra holds a bachelor's degree in business administration from INSPER and an MBA from Columbia Business School.

Victor Andreu Mansur Farinassi is our Chief Financial Officer, a position he has held since August 2024. With over 15 years of experience in the financial market, he joined XP CCTVM in 2012. Throughout his career at XP, he has held several leadership positions, including Executive Director, Head of Treasury and Head of Structuring Trading and Sales. Since 2022, he has been a key member of XP's financial team. Before joining XP, Victor gained experience at two other brokerage firms. He holds a degree in Business Administration from Escola Superior de Propaganda e Marketing.

Fabício Cunha de Almeida is our general counsel, a position he has held since November 2019. Mr. Almeida has been the general counsel of the XP group since 2013. Prior to joining us, he was a lawyer at Barbosa, Müssnich & Aragão from 2005 to 2011. Mr. Almeida holds a bachelor's degree in law from Universidade Cândido Mendes in Rio de Janeiro and holds a postgraduate degree in corporate law and capital markets from FGV.

Shareholders' Agreement

On July 6, 2023, our Shareholders' Agreement executed between XP Control LLC, General Atlantic (XP) Bermuda, LP ("GA"), Itaúsa S.A. ("Itaúsa"), São Carlos Investimer Ltd. ("São Carlos"), São Marcos Investimentos Ltd. ("São Marcos" and, together with Itaúsa and São Carlos, the "Iupar Group"), ITB Holding Ltd. and Itaú Unibanco Hold S.A., was terminated; it was originally expected to continue until October 30, 2026. This termination was agreed to between the shareholders and strengthens our corporate governance practices and the composition of our board of directors. As a result of the termination: (i) Iupar Group will no longer have the right to nominate members to our Board of Directors, but together with Itaú, they are required to comply with certain registration rights requirements when selling their shares in the market; (ii) GA retains its right to nominate one board member as long as it holds at least 2% of our common shares; and (iii) our Board of Directors was reduced on July 18, 2023 to 9 (nine) members (from 11) to improve its effectiveness. For further information on our board, see "—Board of Directors" and "Item 16G. Corporate Governance—Board and Governanc Enhancements."

B. Compensation

Compensation of Directors and Officers

Under Cayman Islands law, we are not required to disclose compensation paid to our senior management on an individual basis and we have not otherwise publicly disclosed this information elsewhere.

For the years ended December 31, 2024, 2023 and 2022, the aggregate compensation expense for the members of the board of directors and our executive officers for services in all capacities was R\$34 million, R\$33 million, and R\$69 million, respectively, which includes both benefits paid in kind and compensation. See note 26(a) to our audited consolidated financial statements included elsewhere in this annual report.

Employment Agreements

None of our executive officers have entered into employment agreements with the Company. None of our directors have entered into service agreements with the Company.

Long-Term Incentive Plan

On December 6, 2019, we implemented a new equity incentive plan, or the "LTIP," for the purpose of advancing the interests of our shareholders by enhancing our ability to motivate and reward eligible service providers to perform at the highest level. The LTIP governs the issuances of equity incentive awards with respect to our Class A common shares. It is intended that the maximum number of Class A common shares initially available for issuance pursuant to equity incentive awards granted under the LTIP will not exceed 5% of our common shares outstanding at any given time. Our board of directors may adjust the number of Class A common shares available for issuance under the LTIP from time to time in its discretion.

Equity incentive awards may be granted to our employees, nonemployee directors, officers, consultants or other individual service providers, as well as holders of equity compensation awards granted by a company that may be acquired by us in the future. Awards under the LTIP may be granted in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, or the "RSUs," performance awards or other stock-based awards. Stock options and stock appreciation rights will have an exercise price determined by the administrator but that is no less than the fair market value of the underlying Class A common shares on the date of grant.

The vesting conditions for grants under the LTIP are determined by the administrator and, in the case of restricted stock and RSUs, are set forth in the applicable award documentation. For stock options, the administrator determines the exercise price of the option, the term of the option and the time or times at which the option may be exercised. Performance awards are subject to performance conditions as specified by the administrator and are settled in cash, Class A common shares, other awards, other property, net settlement or any combination thereof, as determined by the administrator in its discretion, following the end of the relevant performance period. The LTIP is administered by a compensation committee appointed by our board of directors consisting of not less than three members, which may consist of directors and/or officers or other management members of our company. For more information see "—C. Board Practices—Committees—Compensation, People, Nominating and Governance Committee." As of December 31, 2024, we had made awards consisting of 15,006 shares under the LTIP.

C. Board Practices

Foreign Private Issuer Status

Nasdaq listing rules include certain accommodations in the corporate governance requirements that allow foreign private issuers, such as us, to follow "home country" corporate governance practices in lieu of the otherwise applicable corporate governance standards of Nasdaq. The application of such exceptions requires that we disclose each Nasdaq corporate governance standard that we do not follow and describe the Cayman Islands corporate governance practices we do follow in lieu of the relevant Nasdaq corporate governance standard. We currently follow Cayman Islands corporate governance practices in lieu of the corporate governance requirements of Nasdaq in respect of the following:

- the majority independent director requirement under Section 5605(b)(1) of Nasdaq listing rules;
- the requirement under Section 5605(d) of Nasdaq listing rules that a compensation committee comprised solely of independent directors governed by a compensation committee charter oversee executive compensation;
- the requirement under Section 5605(e) of Nasdaq listing rules that director nominees be selected or recommended for selection by either a majority of the independent directors or a nominations committee comprised solely of independent directors;
- the requirement under Section 5635 of Nasdaq listing rules, which requires an issuer to obtain shareholder approval prior to an issuance of securities (in certain circumstances) in connection with certain events, including: (i) the acquisition of the stock or assets of another company; (ii) equity-based compensation of officers, directors, employees or consultants; (iii) a change of control; and (iv) private placements. Cayman Islands law does not require shareholder approval prior to an issuance of securities to the extent the securities are authorized; and
- the requirement under Section 5605(b)(2) of Nasdaq listing rules that the independent directors have regularly scheduled meetings with only the independent directors present.

Cayman Islands law does not impose a requirement that the board consists of a majority of independent directors or that such independent directors meet regularly without other members present. Nor does Cayman Islands law impose specific requirements on the establishment of a compensation committee or nominating committee or nominating process. However, our board of directors consists of a majority of independent directors and we have a compensation and nominating committee established, although this committee is not comprised solely of independent directors.

Committees

Audit Committee

The audit committee, which consists of Jose Luiz Acar Pedro, Oscar Rodríguez Herrero and João Roberto Gonçalves Teixeira, assists our board of directors in overseeing our accounting and financial reporting processes and the audits of our financial statements. In addition, the audit committee is directly responsible for the appointment, compensation, retention and oversight of the work of our independent registered public accounting firm. Jose Luiz Acar Pedro serves as chairperson of the committee and is considered an "audit committee financial expert" as defined by the SEC. The audit committee consists exclusively of members of our board of directors who are financially literate. Our board of directors has determined that Jose Luiz Acar Pedro, Oscar Rodríguez Herrero and João Roberto Gonçalves Teixeira satisfy the "independence requirements set forth in Rule 10A-3 under the Exchange Act. Members of the audit committee hold office for a period of two years.

The audit committee is governed by a charter that complies with Nasdaq rules. The audit committee is responsible for, among other things:

- the appointment, compensation, retention, termination and oversight of the work of any accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services;
- pre-approving the audit services and non-audit services (including the fees and terms thereof) to be provided by our independent auditor pursuant to the pre-approval procedures established by the audit committee;
- discussing with the independent auditor its responsibilities under generally accepted auditing standards, the planned scope and timing of the independent auditor's annual audit plan(s) and significant findings from the audit and any problems of difficulties encountered, including any restrictions on the scope of the auditor's activities or on access to requested information, and any significant disagreements with management;

- evaluating the independent auditor’s qualifications, independence and performance, including by obtaining and reviewing a report from the independent auditor describing all relationships between the independent auditor and the Company consistent with the applicable PCAOB requirements regarding the independent auditor’s communications with the audit committee concerning independence;
- confirming and evaluating the rotation of the audit partners on the audit engagement team as required by law;
- reviewing with management, in separate meetings whenever the audit committee deems appropriate, any analyses or other written communications prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative IFRS Accounting Standards methods on the financial statements; and other critical accounting policies and practices of the Company;
- reviewing, in conjunction with the Chief Executive Officer and Chief Financial Officer of the Company, the Company’s disclosure controls and procedures and internal control over financial reporting;
- establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
- ratifying certain related-party transactions (as defined in our related-party transaction policy) in accordance with our related-party transaction policy.

The audit committee meets as often as it determines is appropriate to carry out its responsibilities, but in any event meets at least four times per year.

Compensation, People, Nominating and Governance Committee

Our Compensation, People, Nominating and Governance Committee, which consists of Guilherme Dias Fernandes Benchimol, Melissa Werneck and Gabriel Klas da Rocha Leal, assists the board of directors in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. The committee reviews the total compensation package for our executive officers and directors and recommends to the board of directors for determination the compensation of each of our directors and executive officers, and will periodically review and approve any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses and employee pension and benefits plans. Additionally, it oversees talent management policies, executive recruitment and retention, and the relationship between compensation policies and risk management. Regarding nominating and governance functions, the committee recommends candidates for the board and its committees, oversees annual evaluations, and advises on corporate governance and board structure. As permitted by the listing requirements of Nasdaq, we have opted out of Nasdaq Listing Rule 5605(d) which requires that a compensation committee consist entirely of independent directors.

Risks, Credit and ESG Committee

Our *Risks, Credit and ESG Committee* which consists of Oscar Rodríguez Herrero, Bruno Constantino Alexandre dos Santos and Bernardo Amaral Botelho, assists the board of directors in overseeing the identification, assessment, and management of key enterprise risks, including cybersecurity, climate, credit, market, reputational, liquidity, and ESG-related risks. It reviews the company’s risk management framework, policies, and mitigation strategies, ensuring effective oversight of these areas. Additionally, the committee supervises ESG matters, coordinating with other Board committees as needed, and supports the development and implementation of ESG strategies, priorities, and initiatives. It also oversees credit and lending strategies, policies, and portfolio quality, monitoring trends and ensuring compliance with internal controls and financial risk management in coordination with the Audit Committee.

Strategy and Performance Committee

Our *Strategy and Performance Committee*, which consists of Guilherme Dias Fernandes Benchimol, Gabriel Klas da Rocha Leal, Bruno Constantino Alexandre dos Santos, Jose Luiz Acar Pedro and João Roberto Gonçalves Teixeira, assists the board of directors in discharging its responsibilities and oversight duties with respect to the development and implementation of XP’s business strategies and evaluate the performance of the company’s business strategies.

Board Diversity Matrix

Board Diversity Matrix (as of December 31, 2024)

Country of Principal Executive Offices:	Brazil			
Foreign Private Issuer:	Yes (the Cayman Islands)			
Disclosure Prohibited under Home Country Law:	No			
Total Number of Directors:	9			
	Female	Male	Non-Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors:	1	8	0	0
Part II: Demographic Background				
Underrepresented Individual in Home Country Jurisdiction:	0			
LGBTQ+:	0			
Hispanic or Latinx	0			
Did not Disclose Demographic Background:	1	7		

D. Employees

As of December 31, 2024, 2023 and 2022, we had 7,442, 6,669 and 6,928 employees, respectively. As of December 31, 2024, all of our employees were based in our offices in São Paulo, Rio de Janeiro, New York City and Miami.

The table below breaks down our full-time personnel by function as of December 31, 2024:

Function	Number of employees	% of Total
Management	50	1 %
Technology	1,372	18 %
Sales and Marketing	4,113	55 %
Customer Support	336	5 %
General and Administrative	1,571	21 %
Total	7,442	100 %

Our employees in Brazil are affiliated with the unions of independent sales agents and of consulting, information, research and accounting firms for the geographic area in which they render services. We believe we have a constructive relationship with these unions, as we have never experienced strikes, work stoppages or disputes leading to any form of downtime.

E. Share Ownership

The shares and any outstanding beneficially owned by our directors and officers and/or entities affiliated with these individuals are disclosed in "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders."

See "Item 6. Directors, Senior Management and Employees—B. Compensation—Long-Term Incentive Plan, or "LTIP" for information on our share option long-term incentive program.

F. Disclosure of a Registrant’s Action to Recover Erroneously Awarded Compensation

We have adopted a compensation recoupment policy on November 13, 2023. Please see Exhibit 97.1 to this annual report.

We have not been required to prepare an accounting restatement at any time during or after our last completed fiscal year and no recovery of awarded compensation is required pursuant to our compensation recoupment policy.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table and accompanying footnotes present information relating to the beneficial ownership of our Class A common shares and Class B common shares as of April 15, 2025. We are not aware of any other shareholder that beneficially owns more than 5% of our common shares nor of any arrangements the operation of which may at a subsequent date result in a change of control of the company.

The number of common shares beneficially owned by each entity, person, executive officer or director is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power as well as any shares that the individual has the right to acquire within 60 days through the exercise of any option, warrant or other right.

Except as otherwise indicated, and subject to applicable community property laws, we believe that each shareholder identified in the table below possesses sole voting and investment power over all the Class A common shares or Class B common shares shown as beneficially owned by the shareholder in the table. Percentages in the table below are based on 434,047,695 outstanding Class A common shares and 103,375,726 outstanding Class B common shares.

Unless otherwise indicated below, the address for each beneficial owner is c/o XP Inc., Av. Chedid Jafet, 75, Torre Sul, 30th floor, Vila Olímpia – São Paulo, Brazil 04551 065.

Shareholders as of April 15, 2025	Shares Beneficially Owned				% of Total Voting Power ⁽¹⁾
	Class A		Class B		
	Shares	%	Shares	%	
5% Shareholders					
XP Control LLC ⁽²⁾	—	—	103,375,726	100.00 %	70.43 %
Blackrock, Inc. ⁽³⁾	28,858,937	6.65 %	—	—	2.98 %
Capital World Investors ⁽⁴⁾	30,606,282	7.05 %	—	—	2.09 %
Dodge & Cox ⁽⁵⁾	43,153,245	9.94 %	—	—	2.94 %
Entities affiliated with General Atlantic (XP) Bermuda, L.P. ⁽⁶⁾	29,617,733	6.82 %	—	—	2.02 %
Mawer Investment Management Ltd. ⁽⁷⁾	36,680,224	8.45 %	—	—	2.50 %
Executive Officers and Directors*					
Guilherme Dias Fernandes Benchimo ⁽⁸⁾	—	—	—	—	—
Bernardo Amaral Botelho ⁽⁸⁾	—	—	—	—	—
Oscar Rodríguez Herrero	—	—	—	—	—
Gabriel Klas da Rocha Leal ⁽⁸⁾	—	—	—	—	—
Martin Emiliano Escobari Lifchitz ⁽⁹⁾	—	—	—	—	—
Jose Luiz Acar Pedro	—	—	—	—	—
Bruno Constantino Alexandre dos Santos ⁽⁸⁾	—	—	—	—	—
João Roberto Gonçalves Teixeira	—	—	—	—	—
Melissa Alves Werneck	—	—	—	—	—
Fabício Cunha de Almeida ⁽⁸⁾	—	—	—	—	—
Thiago Maffra	—	—	—	—	—
Victor Andreu Mansur Farinassi	—	—	—	—	—
All directors and executive officers as a group (12 persons)	—	—	—	—	—

* No Executive Officer or Director beneficially owns greater than 1% of Class A common shares or Class B common shares outstanding, respectively.

(1) Percentage of total voting power represents voting power with respect to all of our Class A common shares and Class B common shares, as a single class. Holders of our Class B common shares are entitled to 10 votes per share, whereas holders of our Class A common shares are entitled to one vote per share. For more information about the voting rights of our Class A common shares and Class B common shares, see "Item 10. Additional information—B. Memorandum and Articles of Association."

- (2) This information is based solely on the Schedule 13D/A filed with the SEC on July 11, 2023 on behalf of XP Control LLC. Includes Class B common shares owned by XP Control LLC or "XP Control," with its registered address at the offices of Maples Corporate Services Limited, PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. Guilherme Dias Fernandes Benchimol, Bernardo Amaral Botelho, Gabriel Klas da Rocha Leal, Fabricio Cunha de Almeida, Bruno Constantino Alexandre dos Santos and Guilherme Sant'Anna Monteiro da Silva are controlling shareholders of XP Control, or the "XP Control Controlling Shareholders" in accordance with XP Control's shareholders agreement. The XP Control Controlling Shareholders have beneficial ownership of the Class B common shares held of record by XP Control. Each of the XP Control Controlling Shareholders disclaims ownership of the Class B common shares except to the extent he has a pecuniary interest therein.
- (3) This information is based solely on the Schedule 13G/A filed with the SEC on April 23, 2025 on behalf of Blackrock, Inc. The principal business address of Blackrock, Inc. is 50 Hudson Yards, New York, New York 10001.
- (4) This information is based solely on the Schedule G filed with the SEC on November 13, 2024 on behalf of Capital World Investors. The principal business address of Capital World Investors is 333 South Hope Street, 55th Floor, Los Angeles, California 90071.
- (5) This information is based solely on the Schedule 13G/A filed with the SEC on February 13, 2025 on behalf of Dodge & Cox. The principal business address of Dodge & Cox is 555 California Street, 40th Floor, San Francisco, CA 94104.
- (6) This information is based solely on the Schedule 13F-HR filed with the SEC on February 7, 2025 on behalf of General Atlantic, L.P., and several other reporting persons identified therein. Includes Class A common shares and Class B common shares owned by General Atlantic, L.P., a Delaware limited partnership ("GA LP"); General Atlantic GenPar, L.P., a Delaware limited partnership ("GenPar"); General Atlantic (XP) Bermuda, L.P., a Bermuda exempted limited partnership ("GA XP"); GAP (Bermuda) L.P., a Bermuda exempted limited partnership ("GAP (Bermuda) L.P."); General Atlantic Partners 92A, L.P., a Delaware limited partnership ("GAP 92A"); General Atlantic Partners 92B, L.P., a Delaware limited partnership ("GAP 92B"); General Atlantic Partners 92C, L.P., a Delaware limited partnership ("GAP 92C"); General Atlantic Partners 92D, L.P., a Delaware limited partnership ("GAP 92D"); General Atlantic Partners 92E, L.P., a Delaware limited partnership ("GAP 92E"); General Atlantic Partners 92F, L.P., a Delaware limited partnership ("GAP 92F"); General Atlantic Partners 92G, L.P., a Delaware limited partnership ("GAP 92G"); General Atlantic Partners 92H, L.P., a Delaware limited partnership ("GAP 92H"); General Atlantic Partners 92I, L.P., a Delaware limited partnership ("GAP 92I"); General Atlantic Partners 92J, L.P., a Delaware limited partnership ("GAP 92J"); General Atlantic Partners (Bermuda) IV, L.P., a Bermuda exempted limited partnership ("GAP Bermuda IV"); General Atlantic GenPar (Bermuda), L.P., a Bermuda exempted limited partnership ("GenPar Bermuda"); GAP Coinvestments III, LLC, a Delaware limited liability company ("GAPCO III"); GAP Coinvestments IV, LLC, a Delaware limited liability company ("GAPCO IV"); GAP Coinvestments V, LLC, a Delaware limited liability company ("GAPCO V"); GAP Coinvestments CDA, L.P., a Delaware limited partnership ("GAPCO CDA"); GAPCO Management GmbH, a German company ("GmbH"); GAPCO GmbH & Co KG, a German partnership ("KG"); General Atlantic Partners 100, L.P., a Delaware limited partnership ("GAP 100"); General Atlantic Partners (Bermuda) EU, L.P., a Bermuda exempted limited partnership ("GAP Bermuda EU"); General Atlantic Partners (Lux) SCSp, a Luxembourg special limited partnership ("GAP Lux"); General Atlantic GenPar (Lux) SCSp, a Luxembourg special limited partnership ("GA GenPar Lux"); General Atlantic (Lux) S.à r.l., a Luxembourg private limited liability company ("GA Lux"); General Atlantic (SPV) GP, LLC, a Delaware limited liability company ("GA SPV"); and General Atlantic (XP) II, L.P., a Bermuda exempted limited partnership ("GA XP II"). The GA Funds and the Sponsor Coinvestment Funds share beneficial ownership of the Class A common shares held of record by GA XP. The GA XP II Funds share beneficial ownership of the Class A common shares held of record by GA XP II. The general partner of GA XP II is GA SPV. GA LP, which is controlled by the management committee of GASC MGP, LLC (the "GA Management Committee"), is the managing member of GAPCO III, GAPCO IV and GAPCO V, the general partner of GAPCO CDA and the sole member of GA SPV. The general partner of GAP Lux is GA GenPar Lux and the general partner of GA GenPar Lux is GA Lux. The general partner of GAP Bermuda IV and GAP Bermuda EU and the sole shareholder of GA Lux is GenPar Bermuda. The general partner of GenPar Bermuda and GA XP is GAP (Bermuda) L.P., which is also controlled by the GA Management Committee. The general partner of the GA Funds (other than GAP Bermuda IV) and GAP 100 is GenPar. The general partner of GenPar is GA LP. Each of GAP 92A, GAP 92B, GAP 92C, GAP 92D, GAP 92E, GAP 92F, GAP 92G, GAP 92H, GAP 92I, GAP 92J is the sole member of General Atlantic XP A, LLC, General Atlantic XP B, LLC, General Atlantic XP C, LLC, General Atlantic XP D, LLC, General Atlantic XP E, LLC, General Atlantic XP F, LLC, General Atlantic XP G, LLC, General Atlantic XP H, LLC, General Atlantic XP I, LLC, and General Atlantic XP J, LLC, respectively, all of which are Delaware limited liability companies. Each such limited liability company is a limited partner of GA XP. In addition, the Sponsor Coinvestment Funds are members of GA Latin America Coinvestments, LLC, a Delaware limited liability company, GA Latin America Coinvestments, LLC, the Sponsor Coinvestment Funds (other than KG) and GAP Bermuda IV are also limited partners of GA XP. As of the date hereof, there are nine members of the GA Management Committee. The general partner of KG is GmbH and the GA Management Committee controls the investment and voting decisions of GmbH. Each of the members of the GA Management Committee disclaims ownership of the Class A common shares except to the extent that he has a pecuniary interest therein. The principal business address of each of the Reporting Persons (other than GmbH, KG, GA XP, GAP Bermuda IV, GAP (Bermuda) L.P., GenPar Bermuda, GAP Bermuda EU, GA XP II, GAP Lux, GA GenPar Lux and GA Lux) is c/o General Atlantic Service Company, L.P., 55 East 52 Street, 33 Floor, New York, NY 10055. The principal business address of GmbH and KG is c/o General Atlantic GmbH, Luitpoldblock, Amiralplatz 3, 80333 Munich, Germany. The principal business address of GA XP, GAP Bermuda IV, GAP (Bermuda) L.P., GenPar Bermuda, GAP Bermuda EU and GA XP II is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal business address of GAP Lux, GA GenPar Lux and GA Lux is Luxembourg is 412F, Route d'Esch, L-2086 Luxembourg.
- (7) This information is based solely on the Schedule 13G/A filed with the SEC on February 13, 2025 on behalf of Mawer Investment Management Ltd. The principal business address of Mawer Investment Management Ltd. is 600, 517-10th Avenue SW, Calgary, Alberta, Canada, T2R 0A8.
- (8) While these executive officers and directors do not own more than 1% of common shares directly in XP Inc. directly, they own equity interests in XP Control LLC. These executive officers and directors disclaim beneficial ownership of the shares held by XP Control LLC except to the extent, if any, of their respective pecuniary interest therein.
- (9) Mr. Escobari, independent member of our board of directors, is managing director of General Atlantic, L.P. and disclaims beneficial ownership of the shares held by General Atlantic, L.P. and the other reporting persons identified in Note 6 above except to the extent, if any, of their pecuniary interest therein.

The holders of our Class A common shares and Class B common shares have identical rights, except that (1) holders of Class B common shares are entitled to 10 votes per share, whereas holders of our Class A common shares are entitled to one vote per share; (2) holders of Class B common shares have certain conversion rights; and (3) holders of Class B common shares are entitled to preemptive rights in the event that there is an increase in our share capital or additional common shares are issued in order to maintain their proportional ownership and voting interest. For more information see "Item 10. Additional Information—B. Memorandum and Articles of Association."

B. Related Party Transactions

Securities and Repurchase Agreement Transactions with Itaú Unibanco

We entered into bank deposit certificates (CDBs), accounts receivable, purchased and repurchase agreements with Itaú Unibanco in the ordinary course of our business. Bank deposit certificates are highly liquid, short-term securities and accrue interest at rates per annum ranging from 75% to 100% of the CDI Rate. Accounts receivable is related to commission for intermediation of interest rate derivatives offshore operations. Purchased agreements and repurchase agreements are highly liquid cash equivalent operations, in case of repurchase backed by our own securities or third-party securities. On July 10, 2023, we announced the termination of our shareholder agreement with Itaú Unibanco, originally expected to continue until October 2026. As a result, Itaú Unibanco is no longer considered a related party.

The following table sets forth the total amounts of transactions entered into with related parties as of the dates indicated:

Type of transaction	Assets/(Liabilities) as of December 31,		Revenue/(Expenses) for the year ended December 31,		
	2024	2023	2024	2023	2022
	(in millions of R\$)				
Securities (Bank deposit certificates)	—	—	—	17	25
Securities purchased under agreements to resell	—	—	—	5	9
Accounts receivable	—	—	—	—	1
Securities sold under repurchase agreements	—	—	—	(17)	(196)

For further information, see note 26(b) to our audited consolidated financial statements included elsewhere in this annual report.

Related Party Transaction Policy

Our related party transaction policy states that certain related party transactions must be ratified by our audit committee. In determining whether to ratify a transaction with a related party, our audit committee will consider all relevant facts and circumstances, including without limitation the commercial reasonableness of the terms of the transaction, the benefit and perceived benefit, or lack thereof, to us, opportunity costs of alternate transactions, the materiality and character of the related party's direct or indirect interest and the actual or apparent conflict of interest of the related party. Our audit committee will not ratify a related party transaction unless it has determined that, upon consideration of all relevant information, such transaction is in, or not inconsistent with, our best interests and the best interests of our shareholders.

Registration Rights Agreement

On December 1, 2019, we entered into a registration rights agreement (as amended from time to time, the "Registration Rights Agreement"), with XP Controle, Itaú and G. Bermuda. Following the XPart merger on October 1, 2021, we entered into an amended and restated registration rights agreement with XP Controle, GA Bermuda, ITB Holdir IUPAR and Itaúsa. As a result of the XP Controle corporate reorganization in December 2021, XP Control also became a party to the amended and restated registration rights agreement. See "Item 4. Information on the Company—A. History and Development of the Company."

At any time that the Participating Shareholders are no longer subject to restrictions on transfer of their shares, subject to several exceptions, including underwriter cutbacks and our right to defer a demand registration under certain circumstances, the Participating Shareholders may require that we register for public resale under the Securities Act all common shares constituting registrable shares, or the "Registrable Shares," that they request be registered so long as the securities requested to be registered in each registration statement have an aggregate estimated market value of at least US\$25 million (unless the initiating holder is seeking to register the sale of its entire interest in our share capital). As we became eligible to register the sale of Registrable Shares on Form F-3 under the Securities Act, our Participating Shareholders have the right to require us to register the sale of the Registrable Shares held by them on Form F-3, subject to offering size and other restrictions.

If we propose to register the sale of any of our securities under the Securities Act for our own account or the account of any other holder (excluding any securities to be registered on Form S-8 relating to shares issued in connection with an employee benefit plan or Form F-4 relating to shares issued in connection with any transaction), our Participating Shareholders are entitled to notice of such registration and to request that we include Registrable Shares for resale on such registration statement, and we are required, subject to certain exceptions, to include such Registrable Shares in such registration statement.

In connection with the transfer of their Registrable Shares, the parties to the Registration Rights Agreement may assign certain of their respective rights under the Registration Rights Agreement under certain circumstances. In connection with the registrations described above, we will indemnify any selling shareholder in certain situations, subject to certain restrictions, and the selling shareholder will indemnify us in certain situations, subject to certain restrictions.

Indemnification Agreements

Since February 13, 2020, we entered into indemnification agreements with our directors and executive officers. The indemnification agreements and our Memorandum and Articles of Association require us to indemnify our directors and executive officers to the fullest extent permitted by law, save for a limited number of instances, including where such persons have acted contrary to any applicable anti-corruption laws, have breached their duties to avoid conflicting duties in respect of any transaction concerning the Company or have not followed any corporate policies of the Company.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

Financial Statements

See "Item 18. Financial Statements," which contains our audited financial statements prepared in accordance with IFRS Accounting Standards.

Dividends and Dividend Policy

We have not adopted a dividend policy with respect to future distributions of dividends. The amount of any distributions will depend on many factors such as our results of operations, financial condition, cash requirements, prospects and other factors deemed relevant by our board of directors and, where applicable, our shareholders. For further information on dividends, see "Item 10. Additional Information—B. Memorandum and Articles of Association—Dividends and Capitalization of Profits."

On September 1, 2023, we announced that our board of directors approved payment of a cash dividend. The dividend was paid on September 25, 2023 to shareholders on record as of September 12, 2023. The total dividend paid was US\$320.0 million or approximately US\$0.58 per common share.

On November 13, 2023, we announced that our board of directors approved payment of a cash dividend. The dividend was paid on December 22, 2023 to shareholders on record as of December 13, 2023. The total dividend paid was US\$400.4 million or approximately US\$0.73 per common share.

On December 19, 2024, we announced that our board of directors approved payment of a cash dividend. The dividend was paid on December 18, 2024 to shareholders on record as of December 10, 2024. The total dividend paid was US\$350.0 million or approximately US\$0.65 per common share.

For further information regarding dividend payments by XP Brazil since January 1, 2022, see note 25(d) to our audited consolidated financial statements included elsewhere in this annual report.

Certain Cayman Islands Legal Requirements Related to Dividends

Under the Companies Act and our Memorandum and Articles of Association, a Cayman Islands company may pay a dividend out of either its profit or share premium account, but a dividend may not be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. According to our Memorandum and Articles of Association, dividends can be declared and paid out of funds lawfully available to us, which include the share premium account. Dividends, if any, would be paid in proportion to the number of common shares a shareholder holds. For further information, see "Item 10. Additional Information—E. Taxation—Cayman Islands Tax Considerations."

Additionally, please refer to "Item 3. Key Information—D. Risk Factors—Certain risks Relating to Our Business and Industry—Our holding company structure makes us dependent on the operations of our subsidiaries." Our ability to pay dividends is directly related to positive and distributable net results from our subsidiaries. We depend on dividend distributions by our subsidiaries, and we may be adversely affected if the performance of our subsidiaries is not positive. If, for any legal reasons due to new laws or bilateral agreements between countries, they are unable to pay dividends to Cayman Islands companies, or if a Cayman Islands company becomes incapable of receiving them, we may not be able to make any dividend payments in the future.

Legal Proceedings

From time to time, we are involved in disputes that arise in the ordinary course of our business. Any claims against us, whether meritorious or not, can be time-consuming, result in costly litigation, require significant management time and result in the diversion of significant operational resources.

We are subject to a number of judicial and administrative proceedings, including civil, labor and tax law and social security claims and other proceedings, which we believe are common and incidental to business operations in general. We recognize provisions for legal proceedings in our financial statements, in accordance with accounting rules, when we are advised by independent outside counsel that (1) it is probable that an outflow of resources will be required to settle the obligation; and (2) a reliable estimate can be made of the amount of the obligation. The assessment of the likelihood of loss includes analysis by inside or outside counsel of available evidence, the hierarchy of laws, available case law, recent court rulings and their relevance in the legal system. Our provisions for probable losses arising from these matters are estimated and periodically adjusted by management. In making these adjustments our management relies on the opinions of our internal and external legal advisors.

As of December 31, 2024, we have provisions recorded in our audited consolidated financial statements in connection with legal proceedings for which we believe a loss is probable in accordance with accounting rules, in an aggregate amount of R\$146 million and have made judicial deposits in an aggregate amount of R\$35 million. However, legal proceedings are inherently unpredictable and subject to significant uncertainties. If one or more cases were to result in a judgment against us in any reporting period for amounts that exceeded our management's expectations, the impact on our results of operations or financial condition for that reporting period could be material. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—The Costs and Effects of Pending and Future Litigation, Investigations or Similar Matters, or Adverse Facts and Developments Related Thereto, Could Materially Affect Our Business, Financial Position and Results of Operations."

For further information, see note 27 to our audited consolidated financial statements included elsewhere in this annual report.

Civil Matters

The civil claims to which we are a party generally relate to consumer claims, including those related to (1) financial losses in the stock market; (2) portfolio management; and (3) alleged losses as a result of the liquidation of customer assets/portfolios resulting in a negative balance. We believe these proceedings are unlikely to have a material adverse impact, individually, or in the aggregate, on our results of operations or financial condition.

As of December 31, 2024, we were party to 681 judicial and administrative proceedings of a civil nature for which we recorded a provision of R\$59 million. We were also party to 2130 judicial and administrative proceedings of a civil nature totaling R\$971 million, where the likelihood of loss has been assessed by our management as possible based on the opinion of our external legal advisors and for which we have not recorded a provision.

Labor Matters

The labor claims to which we are a party are typically filed by former employees or a third party's employees seeking our joint and/or subsidiary liability for the acts of our suppliers and service providers, and generally relate to (1) whether there is a direct employer/employee relationship between us and our IFAs and whether we should be liable accordingly; (2) overtime; and (3) severance payments. We believe these proceedings are unlikely to have a material adverse impact, individually or in the aggregate, on our results of operations or financial condition.

As of December 31, 2024, we were party to 275 labor-related judicial and administrative proceedings for which we recorded a provision of R\$86 million. We were also party to 235 labor lawsuits totaling R\$173 million, where the likelihood of loss has been assessed by our management as possible based on the opinion of our external legal advisors and for which we have not recorded a provision.

XP Investments is a party to proceedings in the United States filed by former employees, including a lawsuit asserting fraudulent inducement and breach of an alleged agreement to develop proprietary trading software. The lawsuit alleged damages of approximately US\$90 million. However, in January 2021, the court partially granted XP Investments' motion to dismiss, which resulted in the dismissal of the fraudulent inducement claim. In December 2021, the appeals court further affirmed the dismissal of the fraudulent inducement claim. As a result, the amount of damages alleged in this lawsuit has been reduced to approximately US\$18 million.

While external counsel at the present time cannot evaluate the likelihood of an unfavorable outcome of any such matter given, that it is in its preliminary stages, we believe the allegations are meritless.

Tax and Social Security Matters

As of December 31, 2024, XP's main tax and social security contingencies could be grouped and described as follows.

(i) Social Contribution Taxes ("PIS and Cofins"): XP is discussing the definition of gross income for the purposes of social contribution taxes' ("PIS" and "COFINS" calculation basis in a lawsuit before the Federal Court. In connection to this discussion, we were party administrative tax and social security proceedings demanding the payment of the difference. There is a judicial deposit of the amounts involved in this controversy. The likelihood of loss was assessed by our external advisors as possible and we do not record a provision. The amount involved is of R\$ 14.6 million.

(ii) Profit Sharing Program: XP has 7 (seven) assessments related to the payments made to employees in Profit Sharing Programs. These assessments are mainly relate to the allegation that the plans did not comply with the provisions of Law 10,101/00, with differing consequences. Thus, tax and social securities authorities issued assessments for the following years: 2011, 2015, 2017, 2018, 2019 and 2020, detailed bellow.

(a) 2011 and 2015: unpaid social contribution over the payments made in connection to the plan. The amounts claimed are R\$ 21,979 and R\$ 55,232, respectively.

(b) 2017: in addition to the unpaid social contribution, tax authorities also challenge the deductibility of the paid amounts for the purposes of Corporate Income Tax ("IRPJ") 2017 and 2016. The total amount claimed is R\$ 127,286.

(c) 2018, 2019, 2020: unpaid social contribution over the payments made in connection to the plan. The amounts claimed are R\$ 154,026, 206,358 and 364,463, respectively.

(d) 2015 - 2020: In June 2022, the Public Labor Ministry issued a notification for alleged unpaid (FGTS) on the payments related to the plans from 2015 to 2020, which is awaiting decision on an administrative level. The total amount involved is of R\$ 189,277.

The likelihood of loss has been assessed as possible by our external legal advisors, reason why we do not record a provision.

(iii) Goodwill: XP is also part of 4 (four) tax administrative proceedings through which the Brazilian Tax Revenue challenges the deductibility, for IRPJ and Social Contribution on Net Profits ("CSLL") of the expenses deriving from the amortization of goodwill registered upon the acquisitions made between 2013 and 2016. All proceeding are awaiting decisions on an Administrative level. There are also 2 (two) lawsuits in order to prevent the issuance of new tax assessments and/or the application of the 150% penalty by tax authorities related to the tax deduction of these expenses for further periods. The total amount involved is R\$97,9 million.

We believe those proceedings are unlikely to have a material adverse impact, individually or in the aggregate, on our results of operations or financial condition.

Consumer Matters

In 2021, XP received three notices of infraction from the São Paulo Consumer Protection Foundation (Fundação de Proteção e Defesa do Consumidor), or "PROCON," governmental entity responsible for the supervision of consumer protection market practices. PROCON charged us with an aggregate R\$11.0 million penalty based on consumer complaints regarding alleged violations of Brazilian consumer protection laws. Namely, PROCON claims we should adjust our websites to emphasize costs and change certain provisions of our brokerage agreements. Two notices of infraction have already been judged in 2023 and considering the terms of the legal rulings, the penalties have been reduced to, approximately, R\$ 8 million.

B. Significant Changes

None.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Not applicable.

B. Plan of Distribution

Not applicable.

C. Markets

On December 13, 2019, we completed our initial public offering. Our common shares have been listed on the Nasdaq Global Select Market since December 11, 2019 under the symbol "XP."

On June 24, 2021, we issued senior notes due 2026 in an aggregate principal amount of US\$750.0 million. The 3.250% notes due 2026 are guaranteed by XP Investimentos S.A. and have been listed on the Singapore Exchange Securities Trading Limited since July 1, 2021. As of December 31, 2024, the aggregate principal amount outstanding of the 3.250% notes due 2026 was US\$399 million.

On October 1, 2021, we completed our offering of BDRs in connection with the merger of XPart with and into us, pursuant to which XPart ceased to exist. In connection with the merger, XPart shareholders received 225,796,528 Class A common shares previously held by XPart, including in the form of BDRs, in the case of Brazilian or non-Brazilian residents. Our BDRs started trading at the B3 on October 4, 2021 under the symbol "XPBR31." For more information, see "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders—Itaú Unibanco Holding Transaction."

On July 2, 2024, we issued senior notes due 2029 in an aggregate principal amount of US\$500.0 million. The 6.750% senior notes due 2029 bear an annual interest rate of 6.750% payable semiannually in arrears on January 2 and July 2 of each year, which commenced on January 2, 2025. The 6.750% notes due 2029 are guaranteed by XP Investimentos S.A. and have been listed on the Luxembourg Stock Exchange since July 2, 2024. As of December 31, 2024, the aggregate principal amount outstanding of the 6.750% notes due in 2029 was US\$493 million.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

Our shareholders adopted the Amended Memorandum and Articles of Association included as Exhibit 3.1.

Share Capital

Our Memorandum and Articles of Association authorize two classes of common shares: Class A common shares, which are entitled to one vote per share and Class B common shares, which are entitled to 10 votes per share and to maintain a proportional ownership interest in the event that additional Class A common shares are issued. Any holder of Class B common shares may convert his or her shares at any time into Class A common shares on a share-for-share basis. The rights of the two classes of common shares are otherwise identical, except as described below. The implementation of this dual class structure was required by XP Control and Itaú, certain of our principal shareholders at the time, as a condition of undertaking the initial public offering of our common shares. See "—Anti-Takeover Provisions in our Memorandum and Articles of Association—Two Classes of Common Shares."

As of December 31, 2024, XP's total authorized share capital was US\$35,000, divided into 3,500,000,000 shares par value US\$0.00001 each, of which:

- 2,000,000,000 shares are designated as Class A common shares; and
- 1,000,000,000 shares are designated as Class B common shares.

The remaining 500,000,000 authorized but unissued shares are presently undesignated and may be issued by our board of directors as common shares of any class or as shares with preferred, deferred or other special rights or restrictions. Therefore, the Company is authorized to increase capital up to this limit, subject to approval of the Board of Directors.

As of December 31, 2024, XP had a total issued share capital of US\$5,398.06829, divided into 539,806,829 common shares. Those common shares are divided into 434,047,695 Class A common shares and 103,375,726 Class B common shares that are issued and outstanding, and common shares held by XP as treasury shares as set out below. See "Item 3. Key Information—B. Capitalization and Indebtedness."

Treasury Stock

As of December 31, 2024, XP had 1,327,100 Class A common shares and 1,056,308 Class B common shares in treasury. On July 30, 2024, we cancelled 12,650,574 Class A common shares (92.3% of total treasury shares as of the date of cancellation) held in our treasury accounts.

Issuance of Shares

Except as expressly provided in XP's Memorandum and Articles of Association, XP's board of directors has general and unconditional authority to allot, grant options over, offer or otherwise deal with or dispose of any unissued shares in the company's capital without the approval of our shareholders (whether forming part of the original or any increased share capital), either at a premium or at par, with or without preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise and to such persons, on such terms and conditions, and at such times as the directors may decide, but so that no share shall be issued at a discount, except in accordance with the provisions of the Companies Act. In accordance with its Memorandum and Articles of Association, XP shall not issue bearer shares.

XP's Memorandum and Articles of Association provide that at any time that there are Class A common shares in issue, additional Class B common shares may only be issued pursuant to (1) a share split, subdivision of shares or similar transaction or where a dividend or other distribution is paid by the issue of shares or rights to acquire shares or following capitalization of profits; (2) a merger, consolidation or other business combination involving the issuance of Class B common shares as full or partial consideration; or (3) an issuance of Class A common shares, whereby holders of the Class B common shares are entitled to purchase a number of Class B common shares that would allow them to maintain their proportional ownership and voting interests in XP (following an offer by XP to each holder of Class B common shares to issue to such holder, upon the same economic terms and at the same price, such number of Class B common shares as would ensure such holder may maintain a proportional ownership and voting interest in XP pursuant to XP's Memorandum and Articles of Association). In light of (a) the above provisions; and (b) the ten-to-one voting ratio between our Class B common shares and Class A common shares, holders of our Class B common shares will in many situations continue to maintain control of all matters requiring shareholder approval. This concentration of ownership and voting power will limit or preclude your ability to influence corporate matters for the foreseeable future. For more information see "—Preemptive or similar rights."

Fiscal Year

XP's fiscal year begins on January 1 of each year and ends on December 31 of the same year.

Voting Rights

The holder of a Class B common share is entitled, in respect of such share, to 10 votes per share, whereas the holder of a Class A common share is entitled, in respect of such share, to one vote per share. The holders of Class A common shares and Class B common shares vote together as a single class on all matters (including the election of directors) submitted to a vote of shareholders, except as provided below and as otherwise required by law.

XP's Memorandum and Articles of Association provide as follows regarding the respective rights of holders of Class A common shares and Class B common shares:

- class consents from the holders of Class A common shares and Class B common shares, as applicable, shall be required for any variation to the rights attached to their respective class of shares; however, the Directors may treat the two classes of shares as forming one class if they consider that both such classes would be affected in the same way by the proposal;
- the rights conferred on holders of Class A common shares shall not be deemed to be varied by the creation or issue of further Class B common shares and vice versa and
- the rights attaching to the Class A common shares and the Class B common shares shall not be deemed to be varied by the creation or issue of shares with preferred or other rights, including, without limitation, shares with enhanced or weighted voting rights.

As set forth in the Memorandum and Articles of Association, the holders of Class A common shares and Class B common shares, respectively, do not have the right to vote separately if the number of authorized shares of such class is increased or decreased. Rather, the number of authorized Class A common shares and Class B common shares may be increased or decreased (but not below the number of shares of such class then outstanding) by both classes voting together by way of an "ordinary resolution," which is defined in the Memorandum and Articles of Association as being a resolution (1) of a duly constituted general meeting passed by a simple majority of the votes cast by, or on behalf of, the shareholders entitled to vote present in person or by proxy and voting at the meeting; or (2) approved in writing by all of the shareholders entitled to vote at a general meeting in one or more instruments each signed by one or more of the shareholders and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments, if more than one, is executed.

Conversion Rights

As set forth in the Memorandum and Articles of Association, Class B common shares shall be convertible into Class A common shares in any of the manners set out in the Memorandum and Articles of Association, including that each Class B common share will convert automatically into one Class A common share and no Class B common shares will be issued thereafter if, at any time, the total number of votes of the issued and outstanding Class B common shares represents less than 10% of the voting share rights of the Company.

Preemptive or Similar Rights

The Class B common shares are entitled to maintain a proportional ownership and voting interest in the event that additional Class A common shares are issued. As such, except for certain exceptions provided for in the Memorandum, if XP increases its share capital or issues common shares, it must first make an offer to each holder of Class B common shares to issue to such holder on the same economic terms such number of Class A common shares and Class B common shares, as applicable, as would ensure such holder may maintain a proportional ownership and voting interest in XP. This right to maintain a proportional ownership and voting interest may be waived by the holders of two-thirds of the Class B common shares in the context of a public offering.

Equal Status

Except as expressly provided in XP's Memorandum and Articles of Association, Class A common shares and Class B common shares have the same rights and privilege and rank equally, share ratably and are identical in all respects as to all matters. In the event of any merger, consolidation, scheme, arrangement or other business combination requiring the approval of our shareholders entitled to vote thereon (whether or not XP is the surviving entity), the holders of Class A common shares shall have the right to receive, or the right to elect to receive, the same form of consideration (as shall be adjusted, in the case of share or equivalent consideration, by the directors so as to account for the different economic and voting rights that exist or may exist between such consideration and the share classes) as the holders of Class B common shares, and (save as aforesaid) the holders of Class A common shares shall have the right to receive, or the right to elect to receive, at least the same amount of consideration on a per share basis as the holders of Class B common shares. In the event of any (1) tender or exchange offer to acquire any Class A common shares or Class B common shares by any third party pursuant to an agreement to which XP is a party, or (2) tender or exchange offer by XP to acquire any Class A common shares or Class B common shares, the holders of Class A common shares shall have the right to receive, or the right to elect to receive, the same form of consideration (as shall be adjusted, in the case of share or equivalent consideration, by the directors so as to account for the different economic and voting rights that exist or may exist between such consideration and the share classes) as the holders of Class B common shares, and (save as aforesaid) the holders of Class A common shares shall have the right to receive, or the right to elect to receive, at least the same amount of consideration on a per-share basis as the holders of Class B common shares.

Record Dates

For the purpose of determining shareholders entitled to notice of, or to vote at any general meeting of shareholders or any adjournment thereof, or shareholders entitled to receive dividend or other distribution payments, or in order to make a determination of shareholders for any other purpose, XP's board of directors may set a record date which shall not exceed forty clear days prior to the date where the determination will be made.

General Meetings of Shareholders

As a condition of admission to a shareholders' meeting, a shareholder must be duly registered as a shareholder of XP at the applicable record date for that meeting and, in order to vote, all calls or installments then payable by such shareholder to XP in respect of the shares that such shareholder holds must have been paid.

Subject to any special rights or restrictions as to voting then attached to any shares, at any general meeting every shareholder who is present in person or by proxy (or, in the case of a shareholder being a corporation, by its duly authorized representative not being himself or herself a shareholder entitled to vote) shall have one vote per Class A common share and 10 votes per Class B common share.

As a Cayman Islands exempted company, XP is not obliged by the Companies Act to call annual general meetings; however, the Memorandum and Articles of Association provide that in each year the company will hold an annual general meeting of shareholders. For the annual general meeting of shareholders the agenda will include, among other things, the presentation of the annual accounts and the report of the directors (if any). In addition, the agenda for an annual general meeting of shareholders will only include such items as have been included therein by the board of directors.

Also, XP may, but is not required to (unless required by the laws of the Cayman Islands), hold other extraordinary general meetings during the year. General meetings of shareholders are generally expected to take place in São Paulo, Brazil, but may be held elsewhere if the directors so decide.

The Companies Act provides shareholders a limited right to request a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting in default of a company's Memorandum and Articles of Association. However, these rights may be provided in a company's Memorandum and Articles of Association. XP's Memorandum and Articles of Association provide that, upon the requisition of one or more shareholders representing not less than one-third of the voting rights entitled to vote at general meetings, the board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. The Memorandum and Articles of Association provide no other right to put any proposals before annual general meetings or extraordinary general meetings.

Subject to regulatory requirements, the annual general meeting and any extraordinary general meetings must be called by not less than eight days' notice prior to the relevant shareholders meeting and convened by a notice discussed below. Alternatively, upon the prior consent of all holders entitled to receive notice, with regards to the annual general meeting, and the holders of 95% in par value of the shares entitled to attend and vote at an extraordinary general meeting, that meeting may be convened by a shorter notice and in a manner deemed appropriate by those holders.

XP will give notice of each general meeting of shareholders by publication on its website and in any other manner that it may be required to follow in order to comply with Cayman Islands law, Nasdaq and SEC requirements. The holders of registered shares may be given notice of a shareholders' meeting by means of letters sent to the addresses of those shareholders as registered in our shareholders' register, or, subject to certain statutory requirements, by electronic means.

Holders whose shares are registered in the name of DTC or its nominee, which we expect will be the case for all holders of Class A common shares, will not be a shareholder or member of the company and must rely on the procedures of DTC regarding notice of shareholders' meetings and the exercise of rights of a holder of the Class A common shares.

A quorum for a general meeting consists of any one or more persons holding or representing by proxy not less than 50% of the aggregate voting power of all shares in issue and entitled to vote upon the business to be transacted. If a quorum is not present within half an hour from the time appointed for the meeting to commence or if, during such a meeting, a quorum ceases to be present, a second meeting may be called with at least five days' notice to shareholders specifying the place, the day and the hour of the second meeting, as the Directors may determine, and if at the second meeting a quorum is not present within half an hour from the time appointed for the meeting to commence, the shareholders present shall be a quorum.

A resolution put to a vote at a general meeting shall be decided on a poll. Generally speaking, an ordinary resolution to be passed by the shareholders at a general meeting requires the affirmative vote of a simple majority of the votes cast by, or on behalf of, the shareholders entitled to vote, present in person or by proxy and voting at the meeting, and a special resolution requires the affirmative vote on a poll of no less than two-thirds of the votes cast by the shareholders entitled to vote who are present in person or by proxy at a general meeting. Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all the shareholders of our Company, as permitted by the Companies Act and our Memorandum and Articles of Association.

Pursuant to XP's Memorandum and Articles of Association, general meetings of shareholders are to be chaired by the chairman of our board of directors or by any person appointed by the directors, but in their absence, the directors present at the meeting shall appoint one of them to be chairman of the general meeting. If neither the chairman, the person appointed by the directors nor another director is present at the general meeting within 15 minutes after the time appointed for holding the meeting, the shareholders present in person or by proxy and entitled to vote may elect any one of the shareholders to be chairman. The order of business at each meeting shall be determined by the chairman of the meeting, and he or she shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts and things as are necessary or desirable for the proper conduct of the meeting, including, without limitation, the establishment of procedures for the maintenance of order and safety, limitations on the time allotted to questions or comments on the affairs of the Company, restrictions on entry to such meeting after the time prescribed for the commencement thereof, and the opening and closing of the polls.

Liquidation Rights

If XP is voluntarily wound up, the liquidator, after taking into account and giving effect to the rights of preferred and secured creditors and to any agreement between XP and any creditors that the claims of such creditors shall be subordinated or otherwise deferred to the claims of any other creditors and to any contractual rights of set-off or netting of claims between XP and any person or persons (including without limitation any bilateral or any multilateral set-off or netting arrangements between the company and any person or persons) and subject to any agreement between XP and any person or persons to waive or limit the same, shall apply XP's property in satisfaction of its liabilities *pari passu* and subject thereto shall distribute the property among the shareholders according to their rights and interests in XP.

Changes to Capital

Pursuant to the Memorandum and Articles of Association, XP may from time to time by ordinary resolution:

- increase its share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe;
- consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- convert all or any of its paid-up shares into stock and reconvert that stock into paid-up shares of any denomination;
- subdivide its existing shares or any of them into shares of a smaller amount, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so canceled.

XP's shareholders may by special resolution, subject to confirmation by the Grand Court of the Cayman Islands on an application by the Company for an order confirming such reduction, reduce its share capital or any capital redemption reserve in any manner permitted by law.

In addition, subject to the provisions of the Companies Act and our Memorandum and Articles of Association, XP may:

- issue shares on terms that they are to be redeemed or are liable to be redeemed;
- purchase its own shares (including any redeemable shares); and
- make a payment in respect of the redemption or purchase of its own shares in any manner authorized by the Companies Act, including out of its own capital.

Transfer of Shares

Subject to any applicable restrictions set forth in the Memorandum and Articles of Association, any shareholder of XP may transfer all or any of his or her common shares by an instrument of transfer in the usual or common form or in the form prescribed by the Nasdaq or any other form approved by the Company's board of directors.

However, XP's board of directors may, in its absolute discretion, decline to register any transfer of any common share which is either not fully paid up to a person of whom it does not approve or is issued under any share incentive scheme for employees which contains a transfer restriction that is still applicable to such common share. The board of directors may also decline to register any transfer of any common share unless:

- the instrument of transfer is lodged with XP, accompanied by the certificate (if any) for the common shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of shares;
- the instrument of transfer is properly stamped, if required;
- the common shares transferred are free of any lien in favor of XP; and
- in the case of a transfer to joint holders, the transfer is not to more than four joint holders.

If the directors refuse to register a transfer they are required, within two months after the date on which the instrument of transfer was lodged, to send to the transferee notice of such refusal.

Share Repurchase

The Companies Act and the Memorandum and Articles of Association permit XP to purchase its own shares, subject to certain restrictions. The board of directors may only exercise this power on behalf of XP, subject to the Companies Act, the Memorandum and Articles of Association and to any applicable requirements imposed from time to time by the SEC, the Nasdaq, or by any recognized stock exchange on which our securities are listed.

For more information, please see "Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers."

Dividends and Capitalization of Profits

We have not adopted a dividend policy with respect to payments of any future dividends by XP. Subject to the Companies Act, XP's shareholders may, by resolution passed by a simple majority of the voting rights entitled to vote at a general meeting, declare dividends (including interim dividends) to be paid to shareholders but no dividend shall be declared in excess of the amount recommended by the board of directors. The board of directors may also declare dividends. Dividends may be declared and paid out of funds lawfully available to XP. Except as otherwise provided by the rights attached to shares and the Memorandum and Articles of Association of XP, all dividends shall be paid in proportion to the number of Class A common shares or Class B common shares a shareholder holds at the date the dividend is declared (or such other date as may be set as a record date); but, (1) if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly; and (2) where we have shares in issue which are not fully paid up (as to par value), we may pay dividends in proportion to the amounts paid up on each share.

The holders of Class A common shares and Class B common shares shall be entitled to share equally in any dividends that may be declared in respect of XP's common shares from time to time. In the event that a dividend is paid in the form of Class A common shares or Class B common shares, or rights to acquire Class A common shares or Class B common shares, (1) the holders of Class A common shares shall receive Class A common shares, or rights to acquire Class A common shares, as the case may be and (2) the holders of Class B common shares shall receive Class B common shares, or rights to acquire Class B common shares, as the case may be.

Appointment, Disqualification and Removal of Directors

XP is managed by its board of directors. The Memorandum and Articles of Association provide that the board of directors will be composed of such number of directors as a majority of directors in office may determine, being up to 12 directors on the date of adoption of the Memorandum and Articles of Association. There are no provisions relating to retirement of directors upon reaching any age limit. The Memorandum and Articles of Association also provide that, while XP's shares are admitted to trading on Nasdaq, the board of directors must always comply with the residency and citizenship requirements of the U.S. securities laws applicable to foreign private issuers.

The Memorandum and Articles of Association provide that directors shall be elected by an ordinary resolution of our shareholders, which requires the affirmative vote of a simple majority of the votes cast on the resolution by the shareholders entitled to vote who are present, in person or by proxy, at the meeting. Each director shall be appointed for a two-year term, unless they resign or their office is vacated earlier, provided, however, that such term shall be extended beyond two years in the event that no successor has been appointed (in which case such term shall be extended to the date on which such successor has been appointed).

Our directors are Guilherme Dias Fernandes Benchimol, Bernardo Amaral Botelho, Gabriel Klas da Rocha Leal, Bruno Constantino Alexandre dos Santos, Martin Emilia Escobari Lifchitz, José Luiz Acar Pedro, Oscar Rodriguez Herrero, João Roberto Gonçalves Teixeira and Melissa Werneck. Martin Emiliano Escobari Lifchitz, José Luiz Acar Pedro, Oscar Rodriguez Herrero, João Roberto Gonçalves Teixeira and Melissa Werneck are "independent" as that term is defined under Rule 10A-3 under the Exchange Act and the Nasdaq rules applicable to audit committees.

Grounds for Removing a Director

A director may be removed with or without cause by ordinary resolution. The notice of general meeting must contain a statement of the intention to remove the director and must be served on the director not less than ten calendar days before the meeting. The director is entitled to attend the meeting and be heard on the motion for his removal.

The office of a director will be vacated automatically if he or she (1) becomes prohibited by law from being a director; (2) becomes bankrupt or makes an arrangement or composition with his creditors; (3) dies or is in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as director; (4) resigns his office by notice to us; or (5) has for more than six months been absent without permission of the directors from meetings of the board of directors held during that period, and the remaining directors resolve that his or her office be vacated.

Proceedings of the Board of Directors

The Memorandum and Articles of Association provide that XP's business is to be managed and conducted by the board of directors. The quorum necessary for the board meeting shall be a simple majority of the directors then in office and business at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall not have a casting vote.

Subject to the provisions of the Memorandum and Articles of Association, the board of directors may regulate its proceedings as they determine is appropriate. Board meetings shall be held at least once every calendar quarter and shall take place either in São Paulo, Brazil or at such other place as the directors may determine.

Subject to the provisions of the Memorandum and Articles of Association, to any directions given by ordinary resolution of the shareholders and the listing rules of the Nasdaq, the board of directors may from time to time at its discretion exercise all powers of XP, including, subject to the Companies Act, the power to issue debentures, bonds and other securities of the company, whether outright or as collateral security for any debt, liability or obligation of our company or of any third party.

Inspection of Books and Records

Holders of XP shares will have no general right under Cayman Islands law to inspect or obtain copies of the list of shareholders or corporate records of the Company. However, the board of directors may determine from time to time whether and to what extent XP's accounting records and books shall be open to inspection by shareholders who are not members of the board of directors. Notwithstanding the above, the Memorandum and Articles of Association provide shareholders with the right to receive annual financial statements. Such right to receive annual financial statements may be satisfied by publishing the same on the company's website or filing such annual reports as we are required to file with the SEC.

Register of Shareholders

Our Class A common shares are held through DTC, and DTC or Cede & Co., as nominee for DTC, is recorded in the shareholders' register as the holder of our Class common shares.

Under Cayman Islands law, XP must keep a register of shareholders that includes:

- the names and addresses of the shareholders, a statement of the shares held by each member and of the amount paid or agreed to be considered as paid on the shares of each member;
- the date on which the name of any person was entered on the register as a member; and
- the date on which any person ceased to be a member.

Under Cayman Islands law, the register of shareholders of XP is prima facie evidence of the matters set out therein (i.e., the register of shareholders will raise a presumption of fact on the matters referred to above unless rebutted) and a shareholder registered in the register of shareholders is deemed as a matter of Cayman Islands law to have prima facie legal title to the shares as set against his or her name in the register of shareholders.

If the name of any person is incorrectly entered in or omitted from the register of shareholders, or if there is any default or unnecessary delay in entering on the register the fact of any person having ceased to be a shareholder of XP, the person or member aggrieved (or any shareholder of XP, or XP itself) may apply to the Cayman Islands Grand Court for an order that the register be rectified, and the Court may either refuse such application or it may, if satisfied of the justice of the case, make an order for the rectification of the register.

Exempted Company

XP is an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the exemptions and privileges listed below:

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
- an exempted company's register of shareholders is not open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

XP is subject to reporting and other informational requirements of the Exchange Act, as applicable to foreign private issuers. Except as otherwise disclosed in this annual report, XP currently complies with the Nasdaq rules in lieu of following home country practice.

Anti-Takeover Provisions in Our Memorandum and Articles of Association

Some provisions of the Memorandum and Articles of Association may discourage, delay or prevent a change in control of XP or management that shareholders may consider favorable. In particular, the capital structure of XP concentrates ownership of voting rights in the hands of XP Control, as the controlling shareholder. These provisions, which are summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of XP to first negotiate with the board of directors. However, these provisions could also have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of the Class A common shares that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the management of XP. It is possible that these provisions could make it more difficult to accomplish transactions that shareholders may otherwise deem to be in their best interests.

Two Classes of Common Shares

The Class B common shares of XP are entitled to 10 votes per share, while the Class A common shares are entitled to one vote per share. Since XP Control owns the majority of the Class B common shares, XP Control currently has the ability to elect a majority of the directors and to determine the outcome of most matters submitted for a vote of shareholders, with XP Control as the controlling shareholder. This concentrated voting control could discourage others from initiating any potential merger, takeover or other change of control transaction that other shareholders may view as beneficial.

So long as XP Control has the ability to determine the outcome of most matters submitted to a vote of shareholders as well, third parties may be deterred in their willingness to make an unsolicited merger, takeover or other change of control proposal, or to engage in a proxy contest for the election of directors. As a result, the fact that XP has two classes of common shares may have the effect of depriving you as a holder of Class A common shares of an opportunity to sell your Class A common shares at a premium over prevailing market prices and make it more difficult to replace the directors and management of XP.

Preferred Shares

XP's board of directors is given wide powers to issue one or more classes or series of shares with preferred rights. Such preferences may include, for example, dividend rights, conversion rights, redemption privileges, enhanced voting powers and liquidation preferences.

Despite the anti-takeover provisions described above, under Cayman Islands law, XP's board of directors may only exercise the rights and powers granted to them under the Memorandum and Articles of Association for what they believe in good faith to be in the best interests of XP.

Protection of Non-Controlling Shareholders

The Grand Court of the Cayman Islands may, on the application of shareholders holding not less than one fifth of the shares of XP in issue, appoint an inspector to examine the Company's affairs and report thereon in a manner as the Grand Court shall direct.

Subject to the provisions of the Companies Act, any shareholder may petition the Grand Court of the Cayman Islands which may make a winding-up order, if the court is of the opinion that this winding-up is just and equitable.

Notwithstanding the U.S. securities laws and regulations that are applicable to XP, general corporate claims against XP by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by XP's Memorandum and Articles of Association.

The Cayman Islands courts ordinarily would be expected to follow English case law precedents, which permit a minority shareholder to commence a representative action against XP, or derivative actions in XP's name, to challenge (1) an act which is ultra vires or illegal; (2) an act which constitutes a fraud against the minority and the wrongdoers themselves control XP; and (3) an irregularity in the passing of a resolution that requires a qualified (or special) majority.

Registration Rights and Restricted Shares

On December 1, 2019, we entered into a registration rights agreement (as amended from time to time, the "Registration Rights Agreement"), with XP Controle, Itaú and G/ Bermuda. Following the merger of XPart with and into us on October 1, 2021, we entered into an amended and restated registration rights agreement with XP Controle, G/ Bermuda, ITB Holding, IUPAR – Itaú Unibanco Participações S.A., and Itaúsa S.A. Also, following XP Controle's and IUPAR - Itaú Unibanco Participações S.A.'s reorganization in December 2021, XP Control, São Carlos and São Marcos became parties to the Registration Rights Agreement.

C. Material Contracts

See "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions." Except as otherwise disclosed in this annual report on Form 20-F (including the Exhibits), we are not currently, and have not been in the last two years, party to any material contract, other than contracts entered into in the ordinary course of business.

D. Exchange Controls

The Cayman Islands currently has no exchange control restrictions.

E. Taxation

The following summary contains a description of certain Cayman Islands and U.S. federal income tax consequences of the acquisition, ownership and disposition of our Class A common shares. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Class A common shares, is not applicable to all categories of investors, some of which may be subject to special rules, and does not address all of the Cayman Islands and U.S. federal income tax considerations applicable to any particular holder. The summary is based upon the tax laws of the Cayman Islands and regulations thereunder and upon the tax laws of the United States and regulations thereunder as of the date hereof, which are subject to change.

Prospective purchasers of our Class A common shares should consult their own tax advisors about the particular Cayman Islands and U.S. federal, state, local and other tax consequences to them of the acquisition, ownership and disposition of our Class A common shares.

Cayman Islands Tax Considerations

The Cayman Islands laws currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciation, and there is no taxation in the nature of inheritance tax or estate duty or withholding tax applicable to us or to any holder of Class A common shares. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within, the jurisdiction of the Cayman Islands. No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands. The Cayman Islands is not party to any double tax treaties which are applicable to any payments made by or to our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

We have been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, have obtained an undertaking from the Governor in Cabinet of the Cayman Islands as to tax concessions under the Tax Concessions Act (As Revised), or the "Tax Concessions Act." In accordance with the Tax Concessions Act, the Governor in Cabinet has undertaken with us:

- that no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to us or our operations; and
- in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable, on or in respect of the shares, debentures or other obligations of us or by way of the withholding, in whole or part, of any relevant payment as defined in the Tax Concessions Act.

These concessions shall be for a period of twenty years from September 2, 2019.

Payments of dividends and capital in respect of our Class A common shares will not be subject to taxation in the Cayman Islands and no withholding will be required or the payment of a dividend or capital to any holder of our Class A common shares, nor will gains derived from the disposal of our Class A common shares be subject to Cayman Islands income or corporation tax.

U.S. Federal Income Tax Considerations

The following is a description of the material U.S. federal income tax considerations to U.S. Holders (as defined below) of owning and disposing of Class A common shares, but it does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular person's decision to invest in our Class A common shares. This discussion applies only to a U.S. Holder that holds Class A common shares as capital assets for U.S. federal income tax purposes. In addition, it does not describe all of the tax considerations that may be relevant in light of a U.S. Holder's particular circumstances, including alternative minimum tax considerations, the potential application of the provisions of the Code known as the Medicare contribution tax and tax considerations applicable to U.S. Holders subject to special rules, such as:

- one of certain financial institutions;
- a dealer or trader in securities who uses a mark-to-market method of tax accounting;
- a person holding a Class A common share as part of a straddle, wash sale, hedging transaction, conversion transaction or integrated transaction or entering into a constructive sale with respect to a Class A common share;
- a person whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- a person that is subject to the "applicable financial statement" rules under Section 451(b) of the Code;
- an entity classified as a partnership for U.S. federal income tax purposes;
- a tax-exempt entity, including an "individual retirement account" or "Roth IRA"; or
- a person that owns or is deemed to own ten percent or more of our stock (by vote or value).

If a partnership (or other entity or arrangement classified as a partnership for U.S. federal income tax purposes) holds our Class A common shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding Class A common shares and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax considerations of owning and disposing of the Class A common shares.

This discussion is based on the Code, administrative pronouncements, judicial decisions, and final, temporary and proposed Treasury regulations, all as of the date hereof, any of which is subject to change, possibly with retroactive effect.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of Class A common shares that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state therein or the District of Columbia or otherwise treated as a domestic corporation; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Except where otherwise indicated, this discussion assumes that we are not, and will not become, a PFIC, as described below.

Taxation of Distributions

Distributions paid on our Class A common shares will be treated as dividends for U.S. federal income tax purposes to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends. Subject to applicable limitations, dividends paid to a non-corporate U.S. Holder will be "qualified dividend income" and therefore may be taxable at rates applicable to long-term capital gains, provided that the Class A common shares or which the dividends are paid are readily tradable on an established securities market in the United States. The Nasdaq, on which the Class A common shares are listed, is an established securities market in the United States, and we expect that our Class A common shares should qualify as readily tradable, although there can be no assurances in this regard. The amount of any dividend will be treated as foreign-source dividend income and will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Dividends will be included in a U.S. Holder's income on the date of receipt. U.S. Holders should consult their tax advisers regarding the availability of the reduced tax rate on dividends in their particular circumstances.

Sale or Other Disposition of Class A Common Shares

For U.S. federal income tax purposes, gain or loss realized on the sale or other disposition of a Class A common share will be capital gain or loss, and will be long-term capital gain or loss if a U.S. Holder has held the Class A common share for more than one year. The amount of the gain or loss will equal the difference between a U.S. Holder's tax basis in the Class A common share disposed of and the amount realized on the disposition, in each case as determined in U.S. dollars. This gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes. The deductibility of capital losses is subject to various limitations.

Passive Foreign Investment Company Rules

Under the Code, we will be a PFIC for any taxable year in which, after the application of certain "look-through" rules with respect to subsidiaries, either (1) 75% or more of our gross income consists of "passive income," or (2) 50% or more of the average quarterly value of our assets consists of assets that produce, or are held for the production of, "passive income." For purposes of the above calculations, we will be treated as if we hold our proportionate share of the assets of, and receive directly our proportionate share of the income of, any other corporation in which we directly or indirectly own at least 25%, by value, of the shares of such corporation. Passive income generally includes dividends, interest, rents, certain non-active royalties, and capital gains. Based on our operations, income, assets and certain estimates and projections, including as to the relative values of our assets, including goodwill, which is based on the market price of our Class A common shares, we do not believe we were a PFIC for our 2024 taxable year. However, there can be no assurance that the IRS will agree with our conclusion. In addition, whether we will be a PFIC in 2025 or any future year is uncertain because, among other things, our PFIC status for any taxable year will depend on the composition of our income and assets and the value of our assets from time to time (which may be determined, in part, by reference to the market price of our Class A common shares, which could be volatile). Accordingly, there can be no assurance that we will not be a PFIC for any taxable year. If we are a PFIC for any year during which a U.S. Holder holds Class A common shares, we would generally continue to be treated as a PFIC with respect to such holder for all succeeding years during which such holder holds Class A common shares, even if we ceased to meet the threshold requirements for PFIC status.

If we were a PFIC for any taxable year and any of our subsidiaries or other companies in which we owned or were treated as owning equity interests were also a PFIC (any such entity, a "Lower-Tier PFIC"), a U.S. Holder would be deemed to own a proportionate amount (by value) of the shares of each Lower-Tier PFIC and would be subject to U.S. federal income tax according to the rules described in the subsequent paragraph on (1) certain distributions by a Lower-Tier PFIC; and (2) dispositions of shares of Lower-Tier PFICs, in each case as if such holder held such shares directly, even though such holder will not have received the proceeds of those distributions or dispositions.

If we were a PFIC for any taxable year during which a U.S. Holder held any of our Class A common shares, such holder would generally be subject to adverse tax consequences. Generally, gain recognized upon a disposition (including, under certain circumstances, a pledge) of Class A common shares would be allocated ratably over a U.S. Holder's holding period for the Class A common shares. The amounts allocated to the taxable year of disposition and to years before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for that taxable year for individuals or corporations, as appropriate, and an interest charge would be imposed on the tax on such amount. Further, to the extent that any distribution received on a U.S. Holder's Class A common shares exceeded 125% of the average of the annual distributions on those shares during the preceding three years or such holder's holding period, whichever was shorter, that distribution would be subject to taxation in the same manner as gain, described immediately above.

Alternatively, if we were a PFIC and if the Class A common shares were "regularly traded" on a "qualified exchange," a U.S. Holder would be eligible to make a mark-to-market election that would result in tax treatment different from the general tax treatment for PFICs described above. The Nasdaq, on which the Class A common shares are listed, is a qualified exchange for this purpose. Once made, the election cannot be revoked without the consent of the IRS unless the shares cease to be marketable.

If a U.S. Holder makes the mark-to-market election, such holder will generally recognize as ordinary income any excess of the fair market value of such holder's Class A common shares at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the Class A common shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. Holder makes the election, such holder's tax basis in its Class A common shares will be adjusted to reflect these income or loss amounts. Any gain recognized on the sale or other disposition of Class A common shares in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). This election will not apply to any of our non-U.S. subsidiaries. Accordingly, a U.S. Holder may continue to be subject to tax under the PFIC excess distribution regime with respect to any Lower-tier PFIC notwithstanding a mark-to-market election for the Class A common shares.

In addition, if we were a PFIC for any taxable year in which we paid a dividend or for the prior taxable year, the preferential dividend rates discussed above with respect to dividends paid to certain non-corporate U.S. Holders would not apply.

If a company that is a PFIC provides certain information to U.S. Holders, a U.S. Holder can then avoid certain adverse tax consequences described above by making "qualified electing fund" election to be taxed currently on its proportionate share of the PFIC's ordinary income and net capital gains. However, because we do not intend to prepare or provide the information necessary for a U.S. Holder to make a qualified electing fund election, such election will not be available to U.S. Holders.

If a U.S. Holder owns Class A common shares during any year in which we are a PFIC, such holder must generally file annual reports containing such information as the U.S. Treasury may require on IRS Form 8621 (or any successor form) with respect to us, generally with such holder's federal income tax return for that year.

U.S. Holders should consult their tax advisers concerning our potential PFIC status and the potential application of the PFIC rules.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless a U.S. Holder (1) is a corporation or other exempt recipient; or (2) in the case of backup withholding, provides a correct taxpayer identification number and certifies that such holder is not subject to backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS. U.S. Holders should consult their tax advisers regarding the application of the U.S. information reporting and backup withholding rules.

Information with Respect to Foreign Financial Assets

Certain U.S. Holders who are individuals (and certain entities) may be required to report information on their U.S. federal income tax returns relating to an interest in our Class A common shares, subject to certain exceptions (including an exception for Class A common shares held in accounts maintained by certain U.S. financial institutions). U.S. Holders should consult their tax advisers regarding the effect, if any, of this requirement on their ownership and disposition of the Class A common shares.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to the informational requirements of the Exchange Act. Accordingly, we are required to file reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K. You may inspect and copy the reports and other information to be filed with the SEC at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of the materials may be obtained from the Public Reference Room of the SEC at 100 F Street, N. Washington, D.C. 20549 at prescribed rates. The public may obtain information on the operation of the SEC’s Public Reference Room by calling the SEC in the United States a 1-800-SEC-0330. In addition, the SEC maintains an Internet website at <https://www.sec.gov>, from which you can electronically access this annual report and the registration statement of which it forms a part and its materials.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

If we are required to provide an annual report to security holders in response to the requirements of Form 6-K, we will submit the annual report to security holders in electronic format in accordance with the EDGAR Filer Manual.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks in the ordinary course of our business, including the effects of interest rate changes and foreign currency fluctuations. Information relating to quantitative and qualitative disclosures about these market risks is described below and in note 35 to our audited consolidated financial statements included elsewhere in this annual report.

We conducted a sensitivity analysis for market risks we considered relevant as of December 31, 2024, 2023 and 2022. For this analysis, we adopted the following three scenarios:

- Scenario I, which contemplates an increase in fixed interest rate yields, exchange coupon rates and inflation of one basis point, and an increase in the prices of shares and currencies of one percentage point;
- Scenario II, which contemplates 25% increases and decreases in fixed interest rate yields, exchange coupon rates and inflation, assuming the largest possible losses per scenario; and
- Scenario III, which contemplates 50% increases and decreases in pre-fixed interest rate yields, exchange coupon rates, inflation and interest rates, assuming the largest possible losses per scenario.

The below table sets forth the impact of each scenario on each market risk. It does not account for the risk protocols of our risk and treasury areas, which trigger risk mitigation measures as soon as losses are detected, minimizing the risk of significant losses:

Trading Portfolio	Exposures	As of December 31, 2024		
		Scenarios		
Risk Factors:	Risk of Variation in:	I	II	III
(R\$ millions)				
Pre-fixed	Pre-fixed interest rate in <i>reais</i>	—	8	50
Exchange coupons	Foreign currencies coupon rate	—	7	(15)
Foreign currencies	Exchange rates	—	65	148
Price indexes	Inflation coupon rates	—	(12)	(25)
Shares	Shares prices	(6)	(162)	(459)
Seed Money	Seed Money	—	(4)	18
		(7)	(129)	(283)

Trading Portfolio	Exposures	As of December 31, 2023		
		Scenarios		
		I	II	III
Risk Factors:	Risk of Variation in:	(R\$ millions)		
Pre-fixed	Pre-fixed interest rate in <i>reais</i>	—	21	23
Exchange coupons	Foreign currencies coupon rate	—	(18)	(37)
Foreign currencies	Exchange rates	—	343	907
Price indexes	Inflation coupon rates	—	(13)	(25)
Shares	Shares prices	(3)	(252)	(290)
Seed Money	Seed Money	(3)	(71)	(141)
		(7)	11	438

Trading Portfolio	Exposures	As of December 31, 2022		
		Scenarios		
		I	II	III
Risk Factors:	Risk of Variation in:	(R\$ millions)		
Pre-fixed	Pre-fixed interest rate in <i>reais</i>	—	(231)	(484)
Exchange coupons	Foreign currencies coupon rate	—	(5)	(10)
Foreign currencies	Exchange rates	(2)	23	(121)
Price indexes	Inflation coupon rates	—	(20)	(40)
Shares	Shares prices	(5)	(47)	(243)
Seed Money	Seed Money	(7)	(155)	(334)
		(14)	(448)	(1,232)

Currency Risk

We are subject to foreign currency risk as we hold interests in XP Holding International LLC, one of our international financial holding companies in the United States, XI Advisors Inc., our finance services consulting company in the United States, and XP Holding UK Ltd, one of our international financial holding companies in the United Kingdom, whose equity as of December 31, 2024 was US\$96.8 million (US\$83.9 million as of December 31, 2023), US\$12.3 million (US\$8.8 million as of December 31, 2022) and GBP 16.5 million (GBP 12.7 million as of December 31, 2023) respectively.

The foreign currency exposure risk of XP Holding International and XP Advisors Inc. is hedged with the objective of minimizing the volatility of our functional currency (the real) against the U.S. dollar arising from foreign investments offshore. The foreign currency exposure risk of XP Holding UK Ltd has not been hedged.

For more information on our outstanding agreements, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Indebtedness."

As of December 31, 2024, we had no indebtedness denominated in U.S. dollars other than our 3.250% notes due 2026, our 6.75% notes due 2029 and the credits agreements with Banco Nacional de México.

Interest Rate Risk

Interest rate risk arises from the possibility that we incur in gains or losses arising from fluctuations in interest rates on our financial assets and liabilities. The following are the risk rates that we are exposed to: (1) SELIC rate; (2) IGP-M, the Brazilian general market price index (Índice Geral de Preços do Mercado); (3) IPCA, Brazilian national consumer price index (Índice Nacional de Preços ao Consumidor Amplo); (4) PRE, the Brazilian required reference equity index (Patrimônio de Referência Exigido); and (5) foreign exchange coupon.

We have floating interest rate indebtedness, so we are exposed to interest rate risk as a result of changes in the level of interest rates, and any increase in interest rates could negatively affect our results of operations and would increase the costs associated with financing our operations. As of December 31, 2024 and 2023, substantially all of our total indebtedness consisted of floating rate debt and was principally indexed to the CDI. Furthermore, our exposure to interest rate risk also applies to our cash and cash equivalents deposited in interest-bearing accounts which are indexed to the CDI, which can affect our results of operations and cash flows.

Price Risk

Price risk is the risk arising from price changes in investment fund portfolios and shares listed on the stock exchange held in our portfolio, which may affect profit or loss. Price risk is mitigated by our management through the diversification of our portfolio and/or through the use of derivatives contracts, such as options or futures. We believe we adopt conservative price risk limits in our risk budget.

Liquidity Risk

Liquidity risk relates to maintaining sufficient cash and securities through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. We have a liquidity risk management policy, which aims to ensure a minimum level of liquidity considered adequate by our management. This policy establishes actions to be taken in the event of liquidity contingencies, which are designed to reframe cash within required minimum liquidity limits. Our risk department is responsible for the structure and management of risks, and is under the supervision of the board of directors, for the avoidance of any conflicts of interest with departments requiring liquidity.

Liquidity risk control is based on forecasts of cash and assets with credit risk. The cash forecast relies on the free funds deposited by customers, while fund allocations can be classified according to their settlement or zero settlement periods. The stressed scenario models for delays in private credit assets and the extent to which possible stress would affect our liquidity conditions.

Credit Risk

Credit risk is the risk of suffering financial losses related to non-compliance by any of our clients and market counterparties with financial obligations, agreement devaluations as a result of the deterioration in the risk rating of borrowers, reduced gains or remuneration, and concessions granted in the renegotiation of financial arrangements and recovery costs, among others.

Credit risk includes, among other risks: (1) non-compliance by counterparties with obligations related to the settlement of transactions in financial assets, including derivative financial instruments; (2) losses related to non-compliance with financial obligations by borrowers located abroad, as a result of the actions taken by the government of the country in which they reside; (3) cash disbursements to honor warranties, co-obligations, credit commitments or other transactions of a similar nature; and (4) losses associated with non-compliance by intermediaries or borrowers with financial obligations pursuant to financing agreements.

In our credit operations, we use client investments as collateral to reduce potential losses and mitigate credit risk exposure by managing collateral so that they are always sufficient, legally enforceable (effective) and viable. We also monitor the value of the collateral. The credit risk management provides recommendations to set risk appetite strategies, to set limits, including exposure analysis and trends as well as the effectiveness of the credit policy. We believe our credit operations have high credit quality and we often use risk mitigation measures, primarily through client investments as collateral.

Our risk department is responsible for managing credit risk, ensuring compliance with our credit risk policy and established operating limits. Our credit policy is based on our internal scenario, including portfolio composition by security, issuer, rating, economic activity and duration of the portfolio, and on the external economic scenario, including interest rates and inflation, among others. The credit analysis department is also actively involved in this process and is responsible for assessing the credit risk of issues and issuers with which we maintain or intend to maintain credit relations. It also recommends limiting the credit risk positions of customers.

We use both National Scale ratings from internationally recognized Credit Rating Risk Agencies and our internal rating scales to subdivide portfolios into High, Medium and Low Risk. Management undertakes credit quality analysis of all assets, including those that are not past due or reduced to recoverable value. For credit operations, we often use the relevant client's investments under custody with us as collateral to reduce potential losses and protect against credit risk exposure, and we manage and monitor this collateral to ensure it remains sufficient, legally enforceable (effective) and viable. Our credit risk management operations allow us to formulate risk appetite strategies and establish limits, including exposure analysis and trends as well as the effectiveness of our credit policy. As of December 31, 2024, such assets were substantially represented by credit operations and securities purchased under agreements to resell the counterparties, which include Brazilian banks with low credit risk, securities issued by the Brazilian government, as well as derivative financial instruments transactions, which are mostly traded on the B3.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three main types of risk: foreign exchange variation, interest rates and share prices. The aim of market risk management is to control exposure to market risks, within acceptable parameters, while optimizing returns. Market risk management for operations is carried out through policies, control procedures and prior identification of risks in new products and activities, with the purpose of maintaining market risk exposure at levels considered acceptable by us and to meet the business strategy and limits defined by the risk committee of XP Brazil.

The main tool used to measure and control our exposure risk to the market, mainly in relation to the trading assets portfolio, is the Maps Luna program, which calculates the capital allocation based on the exposure risk factors in the regulations issued by the Central Bank for financial institutions, which we apply to verify the risk exposure of our assets. In order to comply with the provisions of the Central Bank, our financial institutions monitor our exposure and calculate it on a daily basis, in accordance with CMN Resolution No. 4,557, and submit it daily to the Central Bank. With the formalized rules, the risk department of XP Brazil has the objective of controlling, monitoring an ensuring compliance with the pre-established limits, and may decline, in whole or in part, to receive and/or execute the requested transactions, upon immediate communication to customers, in addition to intervening in cases of non-compliance and reporting all unusual events to the committee.

In addition to aforementioned controls, we adopt guidelines to control the risk of the assets that mark treasury operations so that the portfolios of the participating companies are composed of assets that have low volatility and, consequently, less exposure to risk. In the event of non-compliance with the operational limits, the treasury manager can take the necessary measures to remedy this as quickly as possible.

Operating Risk

Operating risk is the risk of direct or indirect losses resulting from a variety of internal factors associated with our processes, personnel, technology and infrastructure, and with external factors, except for credit, market and liquidity risks, such as those deriving from legal and regulatory requirements and from generally accepted standards of business behavior. Operating risks arise from all of our operations. Our objective is to manage operating risk to avoid financial losses and damage to our reputation, and also to seek cost efficiency, avoiding control procedures that restrict initiatives and creativity.

The main responsibility for development and implementation of controls to deal with operating risks is attributed to key management within each business unit, and is supported by the development of our general standards for management of operating risks in the following areas: (1) requirements of segregation of functions, including independent authorization for transactions; (2) requirements of reconciliation and monitoring of transactions; (3) compliance with legal and regulatory requirements; (4) documentation of controls and procedures; (5) requirements of periodic assessment of the operating risks faced and the adequacy of the controls and procedures for dealing with the identified risks; (6) development of contingency plans; (7) professional training and development; and (8) ethical and business standards.

Our financial institutions, in compliance with the provisions of CMN Resolution No. 4,557, have a process that encompasses institutional policies, procedures, systems and contingency plans and business continuity for the occurrence of external events, in addition to formalizing the single structure required by the Central Bank.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**A. Debt Securities**

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Not applicable.

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**A. Defaults**

No matters to report.

B. Arrears and Delinquencies

No matters to report.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS**A. Material Modifications to Instruments**

Not applicable.

B. Material Modifications to Rights

Not applicable.

C. Withdrawal or Substitution of Assets

Not applicable.

D. Change in Trustees or Paying Agents

Not applicable.

E. Use of Proceeds

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES**A. Disclosure Controls and Procedures**

We have evaluated, with the participation of our chief executive officer and chief financial officer, the effectiveness of our disclosure controls and procedures as of December 31, 2024. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2024 to provide reasonable assurance that material information is (1) recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms and (2) accumulated and communicated to our management to allow timely decisions regarding required disclosures.

B. Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. Internal control over financial reporting is a process designed by, or under the supervision of, our chief executive officer and chief financial officer and effected by our Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the International Financial Reporting Standards, or "IFRS" issued by the International Accounting Standards Board, or "IASB," currently described as "IFRS Accounting Standards" by the IFRS Foundation.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatement. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2024. Using the criteria described in Internal Control —Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, or "COSO."

Based on this assessment and those criteria, our management has concluded that our internal controls over financial reporting was effective as of December 31, 2024.

Additionally, the effectiveness of our internal control over financial reporting as of December 31, 2024 has been audited by PwC - PricewaterhouseCoopers Auditores Independentes Ltda., an independent registered public accounting firm, as stated in its report.

C. Attestation Report of the Registered Public Accounting Firm

Our independent registered public accounting firm, PwC – PricewaterhouseCoopers Auditores Independentes Ltda., has audited the effectiveness of our internal control over financial reporting, as stated in their report as of December 31, 2024, which is included herein.

D. Changes in Internal Control Over Financial Reporting

As required by Rule 13a-15(d), under the Exchange Act, our management, including our chief executive officer and our chief financial officer, also conducted an assessment of our internal control over financial reporting to determine whether any changes occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Based on that assessment, it has been determined that there has been no such change during the period covered by this annual report.

ITEM 16. [RESERVED]

ITEM 16A. Audit Committee Financial Expert

Our board of directors has determined that José Luiz Acar Pedro is an audit committee financial expert, as that term is defined by the SEC, and is independent for the purposes of SEC and Nasdaq rules.

ITEM 16B. Code of Ethics

We have adopted a code of ethics that applies to all of our employees, officers and directors and posted the full text of our code of ethics on the investor relations section of our website, www.xpinc.com. We intend to disclose future amendments to our code of ethics, or any waivers of such code, on our website or in public filings. The information on our website is not incorporated by reference into this Annual Report on Form 20-F, and you should not consider information contained on our website to be a part of this Annual Report on Form 20-F.

ITEM 16C. Principal Accountant Fees and Services

The following table sets forth the fees billed to us by our independent registered public accounting firm during the years ended December 31, 2024 and 2023. Our independent registered public accounting firm was PricewaterhouseCoopers Auditores Independentes Ltda. for the years ended December 31, 2024, 2023 and 2022. The appointment of PricewaterhouseCoopers Auditores Independentes Ltda., as independent registered public accounting firm, was the result of a tender process completed in 2020 led by the XP Inc.'s audit committee.

	2024	2023
	(in thousands of reais)	
Audit fees	7,137	7,992
Audit-related fees	509	760
Tax fees	—	—
All other fees	1,124	—
Total	8,770	8,752

Audit Fees

Audit fees are fees billed for professional services rendered by the principal accountant for the audit of the registrant’s annual combined financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years. It includes the audit of our financial statements, interim reviews and other services that generally only the independent accountant reasonably can provide, such as comfort letters, statutory audits, consents and assistance with and review of documents filed with the SEC.

Audit-Related Fees

Audit-related fees are fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and not reported under the previous category. These services would include, among others: accounting consultations and audits in connection with acquisitions, internal control reviews, attest services that are not required by statute or regulation and consultation concerning financial accounting and reporting standards.

Tax Fees

Tax fees are fees billed for professional services for tax compliance, tax advice and tax planning. There were no tax fees in 2024 or 2023.

All Other Fees

There were no other fees in 2024 or 2023.

Audit Committee Pre-Approval Policies and Procedures

In accordance with the requirements of the U.S. Sarbanes-Oxley Act of 2002 and rules issued by the Securities and Exchange Commission, in connection with the establishment of our audit committee (which was undertaken as a result of our initial public offering in December 2019), we introduced a procedure for the review and pre-approval of any services performed by PricewaterhouseCoopers Auditores Independentes Ltda., including audit services, audit-related services, tax services and other services. The procedure requires that all proposed engagements of PricewaterhouseCoopers Auditores Independentes Ltda. for audit and permitted non-audit services are submitted to the audit committee for approval prior to the beginning of any such services.

ITEM 16D. Exemptions from the Listing Standards for Audit Committees

See "Item 6. Directors, Senior Management and Employees—C. Board Practices—Foreign Private Issuer Status."

ITEM 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Share Repurchase Program

On February 20, 2024, our board of directors approved a share repurchase program. Under the repurchase program the board of directors could annually, in each calendar year, approve the repurchase by the Company of a number of Class A common shares equal to the number of RSUs that have vested or will vest during the current calendar year. Under the approved repurchase program for 2024, XP may repurchase up to 2,500,000 Class A common shares within the period started on February 28, 2024 and ending on December 27, 2024. The repurchase limit was reached on May 23, 2024 and the program has terminated.

On May 23, 2024, the board of directors approved a new share repurchase program. Under the program, we could repurchase up to the amount in dollars equivalent to R\$1.0 billion of its outstanding Class A common shares over a period beginning on May 23, 2024, continuing until the earlier of the completion of the repurchase or December 31, 2024, depending upon market conditions. The repurchase limit was reached on June 4, 2024 and the program has terminated.

On November 19, 2024, our board of directors approved a new share repurchase program, under which we may repurchase up to the amount in dollars equivalent to R\$1.0 billion of our outstanding Class A common shares over a period beginning on November 20, 2024, continuing until the earlier of the completion of the repurchase or November 20, 2025, depending on market conditions.

Our board of directors authorized management to appoint a broker for the repurchase program of our Class A common shares on our behalf in the open market. Such purchases may benefit from the safe harbors provided by Rule 10b-18 and/or Rule 10b5-1, under the Exchange Act. The actual timing, number and value of shares repurchased under the repurchase program are dependent on several factors, including constraints specified in the Rule 10b-18, price, general business and market conditions, and alternative investment opportunities. The repurchase program does not obligate us to acquire any specific number of shares in any period, and may be expanded, extended, modified or discontinued at any time.

From January 1, 2024 to December 31, 2024, we repurchased 13,977,674 common shares at an average price of approximately US\$18.37 per share (excluding broker and transaction fees). The following table provides information about purchases by us during fiscal year 2024 of our outstanding Class A common shares:

Period ⁸⁰	Total Number of Shares (or BDRs) Purchased ⁽¹⁾	Average Price Paid per Share (or BDR) ⁽²⁾	Total Number of Shares (or BDRs) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or BDRs) that May Yet Be Purchased Under the Plans or Programs
March 1, 2024 – March 31, 2024	81,250	25.46	81,250	—
April 1, 2024 – April 30, 2024	137,500	22.81	137,500	—
May 1, 2024 – May 31, 2024	9,426,784	19.12	9,426,784	29,400,583
June 1, 2024 – June 30, 2024	3,005,040	18.82	3,005,040	—
November 1, 2024 – November 30, 2024	177,900	15.17	177,900	130,738,629
December 1, 2024 – December 31, 2024	1,149,200	12.72	1,149,200	116,116,919
Total	13,977,674	18.37	13,977,674	116,116,919

(1) On November 19, 2024, our board of directors approved the repurchase plan of \$1.0 billion in dollars equivalent.

(2) The average price paid per share excludes broker and transaction fees.

For further information on our shares held in treasury, see "Item 10. Additional Information—B. Memorandum and Articles of

Association—Treasury Stock."

ITEM 16F. Change in Registrant’s Certifying Accountant

None.

ITEM 16G. Corporate Governance

Foreign Private Issuer Status

Nasdaq listing rules include certain accommodations in the corporate governance requirements that allow foreign private issuers, such as us, to follow "home country" corporate governance practices in lieu of the otherwise applicable corporate governance standards of Nasdaq. The application of such exceptions requires that we disclose each Nasdaq corporate governance standard that we do not follow and describe the Cayman Islands corporate governance practices we do follow in lieu of the relevant Nasdaq corporate governance standard. We currently follow Cayman Islands corporate governance practices in lieu of the corporate governance requirements of Nasdaq in respect of the following:

- the majority independent director requirement under Section 5605(b)(1) of Nasdaq listing rules;
- the requirement under Section 5605(d) of Nasdaq listing rules that a compensation committee comprised solely of independent directors governed by a compensation committee charter oversee executive compensation;

- the requirement under Section 5605(e) of Nasdaq listing rules that director nominees be selected or recommended for selection by either a majority of the independent directors or a nominations committee comprised solely of independent directors;
- the requirement under Section 5635 of Nasdaq listing rules, which requires an issuer to obtain shareholder approval prior to an issuance of securities (in certain circumstances) in connection with certain events, including: (i) the acquisition of the stock or assets of another company; (ii) equity-based compensation of officers, directors, employees or consultants; (iii) a change of control; and (iv) private placements. Cayman Islands law does not require shareholder approval prior to an issuance of securities to the extent the company has sufficient authorized but unissued shares available for issuance; and
- the requirement under Section 5605(b)(2) of Nasdaq listing rules that the independent directors have regularly scheduled meetings with only the independent directors present.

Cayman Islands law does not impose a requirement that the board consist of a majority of independent directors or that such independent directors meet regularly without other members present. Nor does Cayman Islands law impose specific requirements on the establishment of a compensation committee or nominating committee or nominating process.

Majority of Independent Directors

The Nasdaq rules applicable to U.S. companies require a majority of the board to be comprised of Independent Directors. Independence is defined by various criteria including the absence of a material relationship between the director and the listed company. This is not required by the laws of the Cayman Islands. Our directors meet the qualification requirements of Cayman corporate law, and, although there are no rules to which we are subject to which oblige us to have a majority of independent directors, the majority of our directors are independent under the Nasdaq test for director independence. Currently, five of our directors, Martin Emiliano Escobari Lifchitz, José Lui Acar Pedro, Oscar Rodriguez Herrero, João Roberto Gonçalves Teixeira and Melissa Werneck are independent.

Principal Differences between Cayman Islands and U.S. Corporate Law

The Companies Act was modelled originally after similar laws in England and Wales but does not follow subsequent statutory enactments in England and Wales. In addition, the Companies Act differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Act applicable to XP and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Island companies.

For these purposes, (1) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company and (2) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies in the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company; and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The plan must be approved by the directors of each constituent company and filed with the Registrar of Companies, together with a declaration as to (i) the solvency of the consolidated or surviving company; (ii) the merger or consolidation is bona fide and not intended to defraud unsecured creditors of the constituent companies; (iii) no petition or other similar proceeding has been filed and remains outstanding and no order or resolution to wind up the company in any jurisdiction; (iv) no receiver, trustee, administrator or similar person has been appointed in any jurisdiction and is acting in respect of the constituent company, its affairs or property; (v) no scheme, order, compromise or similar arrangement has been entered into or made in any jurisdiction with creditors; (vi) a list of the assets and liabilities of each constituent company; (vii) the non-surviving constituent company has retired from any fiduciary office held or will do so; (viii) that the constituent company has complied with any requirements under the regulatory laws, where relevant; and (ix) an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and published in the Cayman Islands Gazette.

Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, may be determined by the Cayman Islands' court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement in question is approved by shareholders representing three-fourths in value of each class of shareholders with whom the arrangement is to be made and by a majority in number of each class of creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder would have the right to express to the court the view that the transaction should not be approved, the court can be expected to approve the arrangement if it satisfies itself that:

- XP is not proposing to act illegally or ultra vires and the statutory provisions as to majority vote have been complied with;
- the shareholders have been fairly represented at the meeting in question;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act or that would amount to a "fraud on the minority."

When a takeover offer is made and accepted by holders of 90.0% in value of the shares affected within four months, the offeror may, within a two-month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection may be made to the Grand Court of the Cayman Islands but is unlikely to succeed unless there is evidence of fraud, bad faith or collusion.

If the arrangement and reconstruction are thus approved, any dissenting shareholders would have no rights comparable to appraisal rights, which might otherwise ordinarily be available to dissenting shareholders of U.S. corporations and allow such dissenting shareholders to receive payment in cash for the judicially determined value of their shares.

Shareholders' Suits

Class actions are not recognized in the Cayman Islands, but groups of shareholders with identical interests may bring representative proceedings, which are similar. However, a class action suit could nonetheless be brought in a U.S. court pursuant to an alleged violation of U.S. securities laws and regulations.

In principle, XP itself would normally be the proper plaintiff and, as a general rule, while a derivative action may be initiated by a minority shareholder on behalf of XP in a Cayman Islands court, such shareholder will not be able to continue those proceedings without the permission of a Grand Court judge, who will only allow the action to continue if the shareholder can demonstrate that XP has a good case against the Defendant, and that it is proper for the shareholder to continue the action rather than the Company's board of directors. Examples of circumstances in which derivative actions would be permitted to continue are where:

- a company is acting or proposing to act illegally or beyond the scope of its authority;
- the act complained of, although not beyond the scope of its authority, could be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

Corporate Governance

Cayman Islands law restricts transactions between a company and its directors unless there are provisions in the Articles of Association which provide a mechanism to alleviate possible conflicts of interest. Additionally, Cayman Islands law imposes on directors duties of care and skill and fiduciary duties to the companies which they serve. Under XP's Articles of Association, a director must disclose the nature and extent of his interest in any contract or arrangement, and following such disclosure and subject to any separate requirement under applicable law or the listing rules of the Nasdaq, and unless disqualified by the chairman of the relevant meeting, the interested director may vote in respect of any transaction or arrangement in which he or she is interested. The interested director shall be counted in the quorum at such meeting and the resolution may be passed by a majority of the directors present at the meeting. Subject to the foregoing and our Memorandum and Articles of Association, our directors may exercise all the powers of XP to vote compensation to themselves or any member of their body in the absence of an independent quorum.

As a foreign private issuer, we are permitted to follow home country practice in lieu of certain Nasdaq corporate governance rules, subject to certain requirements. We currently rely, and will continue to rely, on the foreign private issuer exemption with respect to the following rules:

- Nasdaq Rule 5605(b), which requires that independent directors comprise a majority of a company's board of directors. As allowed by the laws of the Cayman Islands, independent directors do not comprise a majority of our board of directors.
- Nasdaq Rule 5605(e)(1), which requires that a company have a nominations committee comprised solely of "independent directors" as defined by Nasdaq. As allowed by the laws of the Cayman Islands, we do not have a nominations committee nor do we have any current intention to establish one.
- Nasdaq Rule 5605(d) & (e), which require that compensation for our executive officers and selection of our director nominees be determined by a majority of independent directors. As allowed by the laws of the Cayman Islands, we do not have a nomination and corporate governance committee nor do we have any current intention to establish one.

Borrowing Powers

XP's directors may exercise all the powers of XP to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of XP or of any third party. Such powers may be varied by a special resolution of shareholders (requiring a two-thirds majority vote of those shareholders attending and voting at a quorate meeting).

Indemnification of Directors and Executive Officers and Limitation of Liability

The Companies Act does not limit the extent to which a company's articles of association may provide for indemnification of directors and officers, except to the extent that it may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. XP's Articles of Association provide that we shall indemnify and hold harmless our directors and officers against all actions, proceedings, costs, charges, expenses, losses, damages, liabilities, judgments, fines, settlements and other amounts incurred or sustained by such directors or officers, other than by reason of such person's dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil, criminal or other proceedings concerning XP or our affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to XP's directors, officers or persons controlling the Company under the foregoing provisions, we have been informed that, in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' Fiduciary Duties

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company. Accordingly, directors owe fiduciary duties to their companies to act bona fide in what they consider to be the best interests of the company, to exercise their powers for the purposes for which they are conferred and not to place themselves in a position where there is a conflict between their personal interests and their duty to the company. Accordingly, a director owes a company a duty not to make a profit based on his or her position as director (unless the company permits him or her to do so) and a duty not to put himself or herself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party. However, this obligation may be varied by the company's articles of association, which may permit a director to vote on a matter in which he has a personal interest, provided that he has disclosed that nature of his interest to the board of directors. XP's Articles of Association provides that a director must disclose the nature and extent of his or her interest in any contract or arrangement, and following such disclosure and subject to any separate requirement under applicable law or the listing rules of the Nasdaq, and unless disqualified by the chairman of the relevant meeting, such director may vote in respect of any transaction or arrangement in which he or she is interested and may be counted in the quorum at the meeting.

A director of a Cayman Islands company also owes to the company duties to exercise independent judgment in carrying out his functions and to exercise reasonable skill, care and diligence, which has both objective and subjective elements. Recent Cayman Islands case law confirmed that directors must exercise the care, skill and diligence that would be exercised by a reasonably diligent person having the general knowledge, skill and experience reasonably to be expected of a person acting as a director. Additionally, a director must exercise the knowledge, skill and experience which he or she actually possesses.

A general notice may be given to the board of directors to the effect that (1) the director is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm; or (2) he or she is to be regarded as interested in any contract or arrangement which may after the date of the notice to the board of directors be made with a specified person who is connected with him or her, will be deemed sufficient declaration of interest. This notice shall specify the nature of the interest in question. Following the disclosure being made pursuant to XP's Articles of Association and subject to any separate requirement under applicable law or the listing rules of the Nasdaq, and unless disqualified by the chairman of the relevant meeting, a director may vote in respect of any transaction or arrangement in which he or she is interested and may be counted in the quorum at the meeting.

In comparison, under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself or herself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided that it complies with the notice provisions in the governing documents. The Delaware General Corporation Law does not provide shareholders an express right to put any proposal before the annual meeting of shareholders, but Delaware corporations generally afford shareholders an opportunity to make proposals and nominations, provided that they comply with the notice provisions in the certificate of incorporation or bylaws. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. XP's Articles of Association provide that upon the requisition of one or more shareholders representing not less than one-third of the voting rights entitled to vote at general meetings, the board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. The Articles of Association provide no other right to put any proposals before annual general meetings or extraordinary general meetings.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. As permitted under Cayman Islands law, XP's Articles of Association do not provide for cumulative voting. As a result, the shareholders of XP are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors

The office of a director shall be vacated automatically if, among other things, he or she (1) becomes prohibited by law from being a director; (2) becomes bankrupt or makes an arrangement or composition with his creditors; (3) dies or is in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as director; (4) resigns his office by notice to us; or (5) has for more than six months been absent without permission of the directors from meetings of the board of directors held during that period, and the remaining directors resolve that his/her office be vacated.

Transaction with Interested Shareholders

The Delaware General Corporation Law provides that; unless the corporation has specifically elected not to be governed by this statute, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that this person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting shares or who or which is an affiliate or associate of the corporation and owned 15% or more of the corporation's outstanding voting shares within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which the shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, XP cannot avail itself of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that the board of directors owe duties to ensure that these transactions are entered into bona fide in the best interests of the company and for a proper corporate purpose and, as noted above, a transaction may be subject to challenge if it has the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding Up

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. If the dissolution is initiated by the board of directors it may be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board. Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company resolves by ordinary resolution that it be wound up because it is unable to pay its debts as they fall due. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Under the Companies Act, XP may be dissolved, liquidated or wound up by a special resolution of shareholders (requiring a two-thirds majority vote of those shareholders attending and voting at a quorate meeting). XP's Articles of Association also give its board of directors authority to petition the Cayman Islands Court to wind up XP.

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of that class, unless the certificate of incorporation provides otherwise. Under XP's Articles of Association, if the share capital is divided into more than one class of shares, the rights attached to any class may only be varied with the written consent of the holders of two-thirds of the shares of that class or the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

Also, except with respect to share capital (as described above), alterations to XP's Articles of Association may only be made by special resolution of shareholders (requiring a two-thirds majority vote of those shareholders attending and voting at a quorate meeting).

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation’s certificate of incorporation may be amended only if adopted and declared advisable by the board of directors and approved by a majority of the outstanding shares entitled to vote, and the bylaws may be amended with the approval of a majority of the outstanding shares entitled to vote and may, if so provided in the certificate of incorporation, also be amended by the board of directors. Under Cayman Islands law, XP’s Articles of Association generally (and save for certain amendments to share capital described in this section) may only be amended by special resolution of shareholders (requiring a two-thirds majority vote of those shareholders attending and voting at a quorate meeting).

Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by XP’s Articles of Association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on XP’s shares. In addition, there are no provisions in the Articles of Association governing the ownership threshold above which shareholder ownership must be disclosed.

Corporate Governance Advancements Highlights

The following table highlights the key changes we made to our corporate governance structure in 2024 and why:

Key Changes	Why XP Made the Change
Appointment of New Independent Directors	As XP evolves into a more mature organization, it enhanced the level of independent oversight in the boardroom by adding new independent directors with complementary capabilities.
Two New Board Committees	XP created two new committees to provide the oversight necessary to execute its sustainable growth strategy: one responsible for overseeing market, liquidity, credit, cybersecurity, environmental, social, governance and climate risk factors; and another responsible for overseeing strategy and performance.
Expansion of Scope for the Board’s Compensation Committee	To enhance the Board’s oversight of talent management beyond XP’s executive team, and to oversee governance issues, XP expanded the scope of the Compensation Committee and changed its name to the Compensation, People Nominating and Governance Committee.
Elimination of Slate Director Elections	Eliminating slate elections enables shareholders to vote on directors on an individual basis, enhancing director accountability to shareholders.

Active Board Refreshment Process

During the fiscal year ended December 31, 2023, XP engaged an independent executive and board search firm, to assist it in identifying director candidates and potential changes to the structure of the Board, including, but not limited to: the roles and responsibilities of directors, the number of directors, the balance between independent and non-independent directors, the addition of new committees and the responsibilities of existing committees, and the duration of Board members’ terms.

This work, which took place under the supervision of and in consultation with the existing Board, was undertaken with the goals of ensuring that the Board will be well positioned going forward to:

- Direct the development of long-term strategy;
- Serve as a mechanism for effective oversight and advice to management;
- Protect and enhance XP’s culture as it grows and evolves;
- Mentor the leadership team and ensure robust succession planning;
- Lead the evolution of XP’s governance processes;
- Strengthen risk and control management as XP’s operations become increasingly complex; and
- Balance and complement management expertise on key topics related to the business.

The recommendations were informed by discussion of XP’s current strategy and goals for the future, including interviews with 21 executives and directors of XP, a benchmarking analysis spanning major financial institutions, major companies based in Brazil and Latin America-based companies listed on public exchanges in the United States, and robust analysis of potential models for the Board’s evolution going forward.

The executive and board search firm also evaluated the processes and dynamics of the Board’s operations and made recommendations concerning the number and duration of its meetings, guidelines for meeting agendas and format, principles of interaction with the management team, the Board’s evaluation and succession process, and the ongoing development and education of Board members on critical topics related to XP’s business.

Key principles guiding XP's work with the executive and board search firm to identify candidates to stand for election as Independent Directors at the annual general meeting of shareholders included:

- **Independence:** Eagerness to offer an independent perspective in XP's best interests and engage in constructive debate for the benefit of XP.
- **Proximity and openness:** Willingness to speak directly with members of the management team to understand XP's strategy, operations, needs and goals.
- **Commitment and ownership vision:** Interest in and alignment with XP's mission, goals, and teams, approaching the role with an ownership mindset and an entrepreneurial spirit.
- **Continuous education and development:** Willingness to work, inside and outside of scheduled meetings, to develop their expertise on topics relevant to the business.
- **Guardians of culture and people:** Directors should experience and protect XP's culture in practice while working to support the continuous development of its teams.
- **Transparency:** Board members should take advantage of their access to all relevant XP information, ask for additional information, and delve deeper when necessary to advance the best interests of XP.

Based on its review and assessment of candidate skills, qualifications, and the analysis and recommendations of the executive and board search firm, the Board invited four individuals to join the XP Board as new independent members.

Addition of New Directors

Four new, independent directors were elected to XP's Board of Directors at XP's annual shareholder meeting on May 24, 2024. XP believes these new independent directors will provide greater oversight, ensure a greater voice for shareholders not affiliated with XP's controlling shareholders, and enhance the breadth and depth of capabilities and experience represented on the Board.

Following these changes, the Board became majority-independent and continues to consist of nine members. Currently, five directors, Martin Emiliano Escobari Lifchitz, José Luiz Acar Pedro, Oscar Rodriguez Herrero, João Roberto Gonçalves Teixeira and Melissa Werneck are independent.

All new Board members were elected for two-year terms at XP's 2024 annual shareholder meeting, with incumbent Board members standing for re-election ahead of their current two-year term expiring. Director nominees will not stand for election as a bundled slate as in prior years; instead, shareholders will have the right to elect directors individually, consistent with corporate governance best practice.

New Board Committee Structure

Concurrent with the Board's refreshment process was its assessment of its oversight function and evaluation of its committee structure. The Board leveraged its work with the executive and board search firm to identify opportunities to enhance its committee structure to better support XP's go-forward strategy. This process resulted in the following changes to the Board's committee structure:

- Establishment of two new Board committees
 - **Risks, Credit and ESG Committee:** The Risks, Credit and ESG Committee's purpose is to assist in overseeing and reviewing, among others, (i) key risks to XP business, including those relating to cybersecurity, climate, credit, market, reputational, liquidity, and environmental, social and governance, (ii) ESG issues affecting XP, (iii) XP's credit and lending strategies and policies, including credit portfolio quality and limits, and (iv) XP's internal controls and systems and financial related risks compliance. The Risks, Credit and ESG Committee's responsibilities include oversight of the aforementioned risks and relevant metrics as well as establishment of goals associated with such risks in coordination with the Audit Committee.
 - **Strategy and Performance Committee:** The Strategy and Performance Committee's purpose is to assist with (i) the development and implementation of XP's business strategies, and (ii) the evaluation of the performance of such strategies. The Strategy and Performance Committee's responsibilities include review of XP's business strategies and oversight of relevant frameworks and performance indicators around capital and organizational structure.

- Expansion of the Compensation Committee’s Scope
 - The Compensation Committee has been renamed the Compensation, People, Nominating and Governance Committee reflecting the committee’s expanded scope that includes oversight of executive compensation, but also recruitment, promotions, retention and evaluation of executives, directors, and employees.

The Audit Committee continues to consist of all independent directors. The Board also approved the revision of existing committee charters and the creation of new charters for the two new Board committees.

Executive Compensation Enhancement

On November 13, 2023, the Board adopted a compensation recoupment policy in compliance with new SEC and NASDAQ regulations.

Under the new policy, if a financial restatement leads to executive officers receiving more incentive compensation based on original financials than they would under the restatement, the excess amounts are required to be reclaimed. Please see Exhibit 97.1 to this annual report for the full policy document.

Summary

The Board believes that maintaining a strong focus on corporate governance is critical for XP to realize its long-term growth aspirations while delivering value for its stakeholders. The Board will continue to review the company’s governance structure and practices considering input from stakeholders. As it considers potential changes, the Board remains committed to engaging regularly and transparently with its shareholders and other key stakeholders.

ITEM 16H. Mine Safety Disclosure

Not applicable.

ITEM 16I. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections

Not applicable.

ITEM 16J. Insider Trading Policies

We have adopted an insider trading policy that governs the trading in our securities by our directors, officers and certain other covered persons, and which is reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to the Company. A copy of the Information Disclosure and Securities Trading Policy is included as Exhibit 11.1 to this annual report.

ITEM 16K. Cybersecurity

Risk Management Strategy

Cybersecurity risk management is an integral part of our overall enterprise risk management program. Our cybersecurity risk management program is designed to align our information management to best practices such as NIST, CIS, Mitre Attack etc. to guide and provide a solid and resilient framework for dealing with security threats and cybersecurity incidents, including threats and incidents associated with our internal and external resources. Our cybersecurity team is responsible for implementing, maintaining, and evaluating our physical, technical, and administrative security controls as part of the overall cybersecurity risk management program. These functions are primarily performed in-house; we currently engage third parties only for external penetration testing. Additionally, our cybersecurity team provides training to all employees annually.

Cybersecurity controls are focused on the monitoring of workstations, servers and our network. Within the cybersecurity scenario, we rely on incident monitoring through detection controls implemented in the environment, such as content filter, behavior detection tool malicious software, Antivirus, Antispam, among others. Alerts are generated to notify the team to deal with these incidents. Furthermore, the company has a control to prevent data loss to ensure that confidential information is not lost, stolen, misused or leaked onto the web. There are internal and external Intrusion Tests at the network and application layers that are carried out at the minimum annually. Scans of internal networks are also carried out periodically and if any vulnerability is identified, they are treated and prioritized according to their criticality. We also have in place a written cybersecurity incident response protocol designed to allow us to respond promptly when an incident is detected.

There are several other controls to ensure security against threats in digital media, including with respect to identity and access control, application security, privacy, encryption and masking, traceability, network segmentation and backup, and protecting against malicious software. We also address potential risks posed by the use of third party service providers, including by executing appropriate contractual requirements related to data and cyber security and monitoring of assurance reports established by external auditors of these suppliers when such reports are available.

We have been subject to cybersecurity incidents in the past. On March 22, 2025, we became aware that an unauthorized third party gained access to a database, hosted by a third-party vendor, containing certain personal and financial information from our clients. We immediately activated our cybersecurity incident response protocol to investigate, contain, and remediate the incident. As of the date of this report, no client accounts, client funds or XP internal systems have been compromised. The systems and operations of the XP Group have not been affected. We have taken necessary measures to resolve the incident promptly and we have remediated the vulnerability that led to the initial unauthorized access. We have provided or will provide appropriate notifications to affected individuals as required. Regulators and competent authorities have already been notified of the incident as required. This incident has not had any material impact in our business strategy, results of operations, or financial condition, but there is no assurance that we will not experience additional negative impacts to this incident.

For more information about these risks, see "Item 3. Key Information—D. Risk Factors." to learn about certain risks related to our business and industry, such as unauthorized disclosure, destruction or modification of data, through cyber security breaches, computer virus or otherwise, or interruption of our services may expose us to protracted and costly liability and litigation and damage our reputation.

Governance

Our board of directors has overall oversight responsibility for our risk management and is charged with overseeing our cybersecurity risk management program. The Risks, Credit and ESG committee is responsible for ensuring that management has processes in place designed to identify and assess the cybersecurity risks to which the company is exposed, to implement and maintain processes and programs to manage cybersecurity risks, and mitigate, remediate, and otherwise respond to cybersecurity incidents.

Our cybersecurity programs are under the direction of our Chief Technology Officer (CTO), who receives reports from our cybersecurity team and monitors prevention, detection, mitigation, and remediation of cybersecurity incidents. Our CTO and dedicated staff are certified and experienced in information systems security with many years of experience. Management, including the CTO and our cybersecurity team, regularly updates the audit committee on the company's cybersecurity programs, material cybersecurity risks and mitigation strategies, and provide cybersecurity reports annually that cover, among other topics, third-party assessments of the company's cybersecurity program, developments in cybersecurity, and updates to the company's cybersecurity mitigation programs and strategies.

ITEM 17. FINANCIAL STATEMENTS

We have responded to Item 18 in lieu of this item.

ITEM 18. FINANCIAL STATEMENTS

Financial Statements are filed as part of this annual report, see pages **F-1** to **F-83** to this annual report.

ITEM 19. EXHIBITS

The following documents are filed as part of this annual report:

Exhibit No.	Exhibit
1.1**	Third Amended and Restated Memorandum and Articles of Association of XP Inc. (incorporated herein by reference to Exhibit 3.1 to the Company's Annual Report on Form 20-F for the year ended December 31, 2023 (File No. 001-39155) filed with the SEC on April 26, 2024).
2.1*	Description of Securities registered under Section 12 of the Exchange Act.
4.1**	Amended and Restated Registration Rights Agreement, dated as of October 1, 2021, among XP Inc., XP Controle Participações S.A., General Atlantic (XP) Bermuda, L.P., Itaú Unibanco Holding S.A., IUPAR - Itaú Unibanco Participações S.A. and Itaúsa S.A. (incorporated herein by reference to Exhibit 4.1 to the Company's Annual Report on Form 20-F (File No. 001-39155) filed with the SEC on April 13, 2022). ⁸²
8.1*	List of subsidiaries.
10.1**	Form of indemnification agreement (incorporated herein by reference to Exhibit 10.1 to Amendment No. 2 to the Company's Registration Statement on Form F-1 (File No. 333-234719) filed with the SEC on December 2, 2019).
11.1**	XP Inc. Trading Policy (incorporated herein by reference to Exhibit 11.1 to the Company's Annual Report on Form 20-F for the year ended December 31, 2023 (File No. 001-39155) filed with the SEC on April 26, 2024).
11.2**	English translation of the Code of Ethics of XP (incorporated herein by reference to Exhibit 14.1 Amendment No. 2 to the Company's Registration Statement on Form F-1 (File No. 333-234719) filed with the SEC on December 2, 2019).
12.1*	Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002 of the Chief Executive Officer.
12.2*	Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002 of the Chief Financial Officer.
13.1*	Certification pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Executive Officer.
13.2*	Certification pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Financial Officer.
15.1*	Consent of PricewaterhouseCoopers Auditores Independentes Ltda.
97.1**	Compensation Recoupment Policy (incorporated herein by reference to Exhibit 97.1 to the Company's Annual Report on Form 20-F for the year ended December 31, 2023 (File No. 001-39155) filed with the SEC on April 26, 2024).
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.
** Previously filed.

The following is a glossary of certain industry and other defined terms used in this annual report:

"active clients" means the total number of retail clients served through our XP Investimentos, Rico, Clear, XP Investments and XP Private (Europe) brands, with Client Assets 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.

"active suppliers" means all of the suppliers that currently provide some type of service to XP group.

"ANBIMA" means the Brazilian Association of Financial and Capital Markets Entities (*Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais*).

"AUM" is the market value of retail client assets invested in mutual, hedge, private equity and retirement plans managed by XP Gestão de Recursos Ltda., XP PE Gestão de Recursos Ltda., XP Allocation Asset Management Ltda. and XP Vista Asset Management Ltda., as well as assets from high net worth retail clients allocated in managed portfolios and exclusive funds managed by XP Advisory Gestão Recursos Ltda.

"Brazil" means the Federative Republic of Brazil.

"Brazilian government" means the federal government of Brazil.

"B3" means B3 S.A. – *Brasil, Bolsa, Balcão*, the São Paulo Stock Exchange.

"CDI Rate" means the Brazilian interbank deposit (*certificado de depósito interbancário*) rate, which is an average of interbank overnight rates in Brazil.

"Central Bank" means the Brazilian Central Bank (*Banco Central do Brasil*).

"Client Assets" means the market value of all client assets invested through XP's platform, including equities, fixed income securities, mutual, hedge and private equity funds (including those managed by XP Gestão de Recursos Ltda., XP Advisory Gestão Recursos Ltda., XP PE Gestão de Recursos Ltda., XP Allocation Asset Management Ltda. and XP Vista Asset Management Ltda., as well as by third-party asset managers), retirement plans (including those from XP Vida e Previdência S.A., as well as by third-party insurance companies), exchange-traded funds, COEs (Structured Notes), REITs (real estate investment funds), and uninvested cash balances (Float Balances), among others.

"CMN" means the Brazilian National Monetary Council (*Conselho Monetário Nacional*).

"COPOM" means the Brazilian Monetary Policy Committee (*Comitê de Política Monetária do Banco Central*).

"CVM" means the Brazilian Securities and Exchange Commission (*Comissão de Valores Mobiliários*).

"IFAs" means Independent Financial Agents (*Assessores de Investimento*) subject to CVM Resolution No. 16.

"Itaú Transaction" means the transaction with Itaú Unibanco S.A. which was consummated in August 2018 and pursuant to which Itaú Unibanco S.A. acquired 49.9% of the share capital of XP Brazil.

"potential clients" are all individuals or commercial clients that sign up for an account with XP Investimentos, Rico, Clear, XP Investments or XP Private (Europe).

"net new money" means, during a given period, the sum of (1) the total cash sent by clients to XP; (2) total assets transferred by clients from other platforms to XP, net of (3) cash withdrawals by clients from XP; and (4) assets transferred by clients from XP to other platforms.

"real," "reais" or "R\$" means the Brazilian real, the official currency of Brazil.

"SELIC rate" means the Brazilian base interest rate (*Sistema Especial de Liquidação e Custódia*).

"Shareholders' Agreement" means the shareholders' agreement entered into on November 29, 2019 among XP Control, GA Bermuda, Itaú, Itaú Unibanco S.A., São Marcos Holding Brasil Participações Ltda., XP Inc., XP Brazil and the companies that we control that are incorporated in Brazil, as amended from time to time. The Shareholders' Agreement was terminated on July 6, 2023.

"share of wallet" means Client Assets of a given client at XP, divided by the declared net worth of such client invested in financial products and services (shown as a percentage).

"U.S. dollar," "U.S. dollars" or "US\$" means U.S. dollars, the official currency of the United States.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

XP Inc.

April 24, 2025

By: /s/ Thiago Maffra

Name: Thiago Maffra

Title: Chief Executive Officer

By: /s/ Victor Andreu Mansur Farinassi

Name: Victor Andreu Mansur Farinassi

Title: Chief Financial Officer

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of XP Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of XP Inc. and its subsidiaries (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of income and comprehensive income, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2024, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control Over Financial Reporting appearing under Item 15B. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue from services rendered

As described in Notes 3 (xxiii.1) and 29 (a) to the consolidated financial statements, R\$ 6.16 billion of the Company's total revenues for the year ended December 31, 2024 was generated from brokerage commission, securities placement and management fees. These revenues consist of commissions on each brokerage service transaction carried out, commission on the placement of securities on behalf of issuers, and fees related to services as investments advisor and distributions of quotas from investments funds managed by others, generally calculated as an agreed-upon fixed percentage of the net asset value of each fund on a monthly basis. As disclosed by management, brokerage commission is recognized at a point in time as the performance obligation is satisfied, securities placement revenue is recognized at the point in time when the underlying transaction is completed and management fees are recognized over the period when the performance obligation is delivered.

The principal consideration for our determination that performing procedures relating to brokerage commission, securities placement and management fees is a critical audit matter is that there was significant audit effort necessary in performing procedures and evaluating evidence related to these revenue types, which are calculated based on the instrument being traded, volume of the instrument being traded, client's fee schedule and determining when the performance obligations are met.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the completeness and accuracy of brokerage commission, securities placement and management fees revenue recognition. These procedures also included, among others, testing a sample of revenue transactions by agreeing the details of the trade to underlying documentation, agreeing commissions fees charged to the fee schedule based on the trade details, assessing when the performance obligations are met, and calculating, as applicable, the brokerage commission, securities placement and management fees.

/s/ PricewaterhouseCoopers Auditores Independentes Ltda.

São Paulo, Brazil

April 24, 2025

We have served as the Company's auditor since 2019.

XP Inc. and its subsidiaries

Consolidated balance sheets at December 31, 2024 and 2023

In thousands of Brazilian Reals



Assets	Note	2024	2023
Cash		5,610,548	3,943,307
Financial assets		321,697,974	229,197,214
Fair value through profit or loss		196,185,210	127,015,678
Securities	7	149,985,414	103,282,212
Derivative financial instruments	8	46,199,796	23,733,466
Fair value through other comprehensive income		50,879,981	44,062,950
Securities	7	50,879,981	44,062,950
Evaluated at amortized cost		74,632,783	58,118,586
Securities	7	2,836,146	6,855,421
Securities purchased under resale agreements	6	22,057,137	14,888,978
Securities trading and intermediation	18	6,499,097	2,932,319
Accounts receivable	11	778,943	681,190
Loan operations	10	29,228,463	28,551,935
Other financial assets	20	13,232,997	4,208,743
Other assets		10,657,119	7,811,962
Recoverable taxes	12	452,555	245,214
Rights-of-use assets	16	313,141	281,804
Prepaid expenses	13	4,363,233	4,418,263
Other	28	5,528,190	2,866,681
Deferred tax assets	24	2,887,935	2,104,128
Investments in associates and joint ventures	15	3,518,779	3,108,660
Property and equipment	16	449,956	373,362
Goodwill and Intangible assets	16	2,634,449	2,502,045
Total assets		347,456,760	249,040,678

The accompanying notes are an integral part of these consolidated financial statements.

XP Inc. and its subsidiaries

Consolidated balance sheets at December 31, 2024 and 2023

In thousands of Brazilian Reals



Liabilities and equity	Note	2024	2023
Financial liabilities		257,965,004	171,237,146
Fair value through profit or loss		55,301,063	45,208,490
Securities	7	15,253,376	20,423,074
Derivative financial instruments	8	40,047,687	24,785,416
Evaluated at amortized cost		202,663,941	126,028,656
Securities sold under repurchase agreements	6	71,779,721	33,340,511
Securities trading and intermediation	18	18,474,978	16,943,539
Financing instruments payable	17	95,248,482	60,365,590
Accounts payables		763,465	948,218
Borrowings	19	1,666,432	2,199,422
Other financial liabilities	20	14,730,863	12,231,376
Other liabilities		69,179,229	58,266,331
Social and statutory obligations	21	1,310,911	1,146,127
Taxes and social security obligations	22	417,668	559,647
Retirement plans and insurance liabilities	23	66,224,387	56,409,075
Provisions and contingent liabilities	27	146,173	97,678
Other	28	1,080,090	53,804
Deferred tax liabilities	24	265,290	86,357
Total liabilities		327,409,523	229,589,834
Equity attributable to owners of the Parent company		20,043,557	19,449,352
Issued capital		26	26
Capital reserve		20,939,689	19,189,994
Other comprehensive income		(673,978)	376,449
Treasury shares		(222,180)	(117,117)
Non-controlling interest		3,680	1,492
Total equity	25	20,047,237	19,450,844
Total liabilities and equity		347,456,760	249,040,678

The accompanying notes are an integral part of these consolidated financial statements.

XP Inc. and its subsidiaries

Consolidated statements of income and of comprehensive income for the years ended December 31, 2024, 2023 and 2022
In thousands of Brazilian Reais, except earnings per share



	Note	2024	2023	2022
Net revenue from services rendered	29	7,424,856	6,532,005	5,940,456
Net income (loss) from financial instruments at amortized cost and at fair value through other comprehensive income	29	(1,765,733)	1,572,522	1,145,395
Net income from financial instruments at fair value through profit or loss	29	11,371,738	6,755,569	6,261,539
Total revenue and income		17,030,861	14,860,096	13,347,390
Operating costs	30	(5,063,032)	(4,398,923)	(3,871,096)
Selling expenses	31	(148,975)	(169,486)	(138,722)
Administrative expenses	31	(6,001,055)	(5,461,147)	(5,641,233)
Other operating income (expenses), net	32	188,903	10,638	256,944
Expected credit losses	14	(288,496)	(360,859)	(94,159)
Interest expense on debt		(779,525)	(617,478)	(402,303)
Share of profit or (loss) in joint ventures and associates	15	47,286	73,507	(12,165)
Income before income tax		4,985,967	3,936,348	3,444,656
Income tax credit / (expense)	24	(471,127)	(36,957)	135,555
Net income for the year		4,514,840	3,899,391	3,580,211
Other comprehensive income				
<i>Items that can be subsequently reclassified to income</i>				
Foreign exchange variation of investees located abroad		147,671	(41,160)	(19,645)
Gains (losses) on net investment hedge		(136,598)	34,603	17,252
Changes in the fair value of financial assets at fair value through other comprehensive income		(1,166,654)	556,381	218,106
Other comprehensive income (loss) for the year, net of tax		(1,155,581)	549,824	215,713
Total comprehensive income for the year		3,359,259	4,449,215	3,795,924
Net income attributable to:				
Owners of the Parent company		4,513,409	3,898,702	3,579,050
Non-controlling interest		1,431	689	1,161
Total comprehensive income attributable to:				
Owners of the Parent company		3,357,828	4,448,526	3,794,763
Non-controlling interest		1,431	689	1,161
Earnings per share from total income attributable to the ordinary equity holders of the company				
Basic earnings per share	34	8.3324	7.2220	6.4438
Diluted earnings per share	34	8.2314	7.1639	6.2461

The accompanying notes are an integral part of these consolidated financial statements.

XP Inc. and its subsidiaries

Consolidated statements of changes in equity for the years ended December 31, 2024, 2023 and 2022

In thousands of Brazilian Reals



	Notes	Capital reserve			Other comprehensive income and Other	Retained Earnings	Treasury shares	Total	Non-Controlling interest	Total Equity
		Issued Capital	Additional paid-in capital	Other Reserves						
Balances at December 31, 2021		23	6,821,176	8,102,139	(334,563)	—	(171,939)	14,416,836	2,793	14,419,629
Comprehensive income for the year										
Net income for the year		—	—	—	—	3,579,050	—	3,579,050	1,161	3,580,211
Other comprehensive income, net		—	—	—	215,713	—	—	215,713	—	215,713
Transactions with shareholders - contributions and distributions										
Private issuance of shares		1	70,030	—	—	—	—	70,031	—	70,031
Other equity transactions										
Share based plan	33	—	95,241	488,746	—	—	—	583,987	785	584,772
Other changes in equity		—	—	—	(15,059)	—	—	(15,059)	3,556	(11,503)
Acquisition of treasury shares	25(c)	—	—	—	—	—	(1,814,823)	(1,814,823)	—	(1,814,823)
Allocations of the net income for the year										
Transfer to capital reserves		—	—	3,579,050	—	(3,579,050)	—	—	—	—
Dividends distributed	25(d)	—	—	—	—	—	—	—	(1,820)	(1,820)
Balances at December 31, 2022		24	6,986,447	12,169,935	(133,909)	—	(1,986,762)	17,035,735	6,475	17,042,210
Comprehensive income for the year										
Net income for the year		—	—	—	—	3,898,702	—	3,898,702	689	3,899,391
Other comprehensive income, net		—	—	—	549,824	—	—	549,824	—	549,824
Transactions with shareholders - contributions and distributions										
Private issuance of shares	25(a)	2	1,886,172	211,152	—	—	—	2,097,326	—	2,097,326
Other equity transactions										
Share based plan	33	—	330,000	35,388	—	—	—	365,388	327	365,715
Other changes in equity		—	—	—	(39,466)	—	—	(39,466)	(4,146)	(43,612)
Acquisition of treasury shares	25(c)	—	—	—	—	—	(915,859)	(915,859)	—	(915,859)
Cancellation of treasury shares	25(c)	—	(2,785,504)	—	—	—	2,785,504	—	—	—
Allocations of the net income for the year										
Transfer to capital reserves		—	—	3,898,702	—	(3,898,702)	—	—	—	—
Dividends distributed	25(d)	—	—	(3,542,298)	—	—	—	(3,542,298)	(1,853)	(3,544,151)
Balances at December 31, 2023		26	6,417,115	12,772,879	376,449	—	(117,117)	19,449,352	1,492	19,450,844
Comprehensive income for the year										
Net income for the year		—	—	—	—	4,513,409	—	4,513,409	1,431	4,514,840
Other comprehensive income, net		—	—	—	(1,155,581)	—	—	(1,155,581)	—	(1,155,581)
Transactions with shareholders - contributions and distributions										
Private issuance of shares	25(a)	—	106,412	—	—	—	—	106,412	—	106,412
Other equity transactions										
Share based plan	33	—	376,514	38,990	—	—	—	415,504	1,753	417,257
Other changes in equity		—	—	—	105,154	—	—	105,154	(5)	105,149
Acquisition of treasury shares	25(c)	—	—	—	—	—	(1,353,611)	(1,353,611)	—	(1,353,611)
Cancellation of treasury shares	25(c)	—	(1,248,548)	—	—	—	1,248,548	—	—	—
Allocations of the net income for the year										
Transfer to capital reserves		—	—	4,513,409	—	(4,513,409)	—	—	—	—
Dividends distributed	25(d)	—	—	(2,037,082)	—	—	—	(2,037,082)	(991)	(2,038,073)
Balances at December 31, 2024		26	5,651,493	15,288,196	(673,978)	—	(222,180)	20,043,557	3,680	20,047,237

The accompanying notes are an integral part of these consolidated financial statements.

XP Inc. and its subsidiaries

Consolidated statements of cash flows for the years ended

December 31, 2024, 2023 and 2022

(In thousands of Brazilian Reais, unless otherwise stated)

	Note	2024	2023	2022
Operating activities				
Income before income tax		4,985,967	3,936,348	3,444,656
Adjustments to reconcile income before income taxes				
Depreciation of property, equipment and right-of-use assets	16	125,193	118,603	110,248
Amortization of intangible assets	16	140,132	133,810	95,629
Loss on write-off of property, equipment, intangible assets and leases, net	16	29,452	32,266	20,805
Share of profit or (loss) in joint ventures and associates	15	(47,286)	(73,507)	12,165
Income from share in the net income of associates measured at fair value	15	91,212	52,403	54,301
Expected credit losses on financial assets	14	288,496	360,859	78,945
(Reversal of) Provision for contingencies, net	27	34,285	9,940	12,305
Net foreign exchange differences		1,188,410	(470,788)	(301,697)
Share based plan		417,257	365,715	584,772
Interest accrued		609,375	637,640	429,222
(Gain)/Loss on the disposal of investments	15	33,126	26,367	—
Changes in assets and liabilities				
Securities (assets and liabilities)		(59,159,736)	(12,743,703)	(28,309,585)
Derivative financial instruments (assets and liabilities)		(7,340,657)	1,700,236	(1,550,061)
Securities trading and intermediation (assets and liabilities)		(2,057,519)	1,209,000	(1,423,398)
Securities purchased under resale agreements		(4,281,877)	(4,495,605)	1,937,077
Accounts receivable		(109,731)	(53,247)	(157,056)
Loan operations		(951,004)	(5,596,362)	(9,416,502)
Prepaid expenses		55,030	22,722	(257,357)
Other assets and other financial assets		(8,083,216)	(437,106)	(3,358,515)
Securities sold under repurchase agreements		38,439,210	711,818	5,508,746
Accounts payable		(184,753)	326,344	(308,824)
Financing instruments payable		33,547,408	12,478,690	17,563,948
Social and statutory obligations		164,784	126,692	(54,093)
Tax and social security obligations		(154,910)	17,407	(91,326)
Retirement plans liabilities		9,815,312	10,675,260	13,812,415
Other liabilities and other financial liabilities		4,484,949	(347,790)	3,938,385
Cash from/(used in) operations		12,078,909	8,724,012	2,375,205
Income tax paid		(542,404)	(402,842)	(370,862)
Contingencies paid	27	(8,188)	(52,667)	(2,521)
Interest paid	38	(349,353)	(141,202)	(197,937)
Net cash flows from/(used in) operating activities		11,178,964	8,127,301	1,803,885
Investment activities				
Acquisition of intangible assets	16 (b)	(185,404)	(130,219)	(82,412)
Acquisition of property and equipment	16 (a)	(144,808)	(66,004)	(44,563)
Disposal of property and equipment assets	16(a)	10,000	—	—
Acquisition of subsidiaries, net of cash acquired	5	—	770,887	(69,532)
Acquisition of associates	38(ii)	(1,393,863)	(65,444)	(174,773)
Dividends received from associates	15	46,812	—	—
Disposal of investments	15	—	29,589	—
Net cash flows from/(used in) investing activities		(1,667,263)	538,809	(371,280)
Financing activities				
Acquisition of borrowings	38	—	2,252,550	—
Acquisition of treasury shares	25(c)	(1,353,611)	(915,859)	(1,814,823)
Net proceeds from debt securities	38	1,159,233	373,481	1,890,500
Payments of borrowings and lease liabilities	38	(2,381,225)	(1,966,674)	(101,716)
Payment of debt securities	38	(1,170,612)	(590,029)	(175,999)
Dividends paid	25(d)	(2,037,082)	(3,542,298)	—
Transactions with non-controlling interests		(5)	(4,146)	3,556
Dividends paid to non-controlling interests	25(d)	(991)	(1,853)	(1,820)
Net cash flows from/(used in) financing activities		(5,784,293)	(4,394,828)	(200,302)
Net increase/(decrease) in cash and cash equivalents		3,727,408	4,271,282	1,232,303
Cash and cash equivalents at the beginning of the fiscal year		9,210,484	4,967,480	3,751,861
Effects of exchange rate changes on cash and cash equivalents		(28,278)	(28,278)	(16,684)
Cash and cash equivalents at the end of the fiscal year		12,909,614	9,210,484	4,967,480
Cash		5,610,548	3,943,307	3,553,126
Securities purchased under resale agreements	6	2,885,843	2,760,296	646,478
Bank deposit certificates	7	69,224	67,985	252,877
Other deposits at Brazilian Central Bank	20	4,343,999	2,438,896	514,999

The accompanying notes are an integral part of these consolidated financial statements.

XP Inc. and its subsidiaries

Notes to consolidated financial statements

December 31, 2024, 2023 and 2022

(In thousands of Brazilian Reais, unless otherwise stated)



1. Operations

XP Inc. (the "Company") is a Cayman Island exempted company with limited liability, incorporated on August 29, 2019. The registered office of the Company is 20, Genesi Close, in George Town, Grand Cayman.

XP Inc. is currently the entity which is registered with the U.S. Securities and Exchange Commission ("SEC"). The common shares are trading on the Nasdaq Global Select Market ("NASDAQ-GS") under the symbol "XP".

XP Inc. is a holding company controlled by XP Control LLC, which holds 70.4% of voting rights and is controlled by a group of individuals.

XP Inc. and its subsidiaries (collectively, "Group" or "XP Group") is a leading, technology-driven financial services platform and a trusted provider of low-fee financial products and services in Brazil, the USA and the UK. XP Group are principally engaged in providing its customers, represented by individuals and legal entities in Brazil and abroad, various financial products, services, digital content and financial advisory services, mainly acting as broker-dealer, including securities brokerage, private pension plans, commercial and investment banking products such as loan operations, transactions in the foreign exchange markets and deposits, through our brands that reach clients directly and through network of Independent Financial Advisers ("IFAs").

These consolidated financial statements were approved by the Board of Director's meeting on April 24, 2025 and updated by subsequent events through April 24, 2025 as approved by the executive management.

1.1 Share buy-back programs

On May 12, 2022, the Board of Directors approved a share buy-back program. Under the program, XP may repurchase up to the amount in dollars equivalent to R\$1.0 billion of its outstanding Class A common shares over a period beginning on May 12, 2022, continuing until the earlier of the completion of the repurchase or May 12, 2023, depending upon market conditions.

On November 4, 2022, the Board of Directors approved an amendment to the share buy-back program. Under the amended program, XP Inc may repurchase up to the amount in dollars equivalent to R\$2.0 billion of its outstanding Class A common shares (therefore, an increase of the maximum amount of R\$1.0 billion compared to the original program). The program period has not been amended and the repurchase limit of R\$2.0 billion was reached on March 31, 2023.

On February 20, 2024, the Board of Directors approved a new share repurchase program, which aims to neutralize future shareholder dilution due to the vesting of Restricted Stock Units (RSUs) from the Company's long-term incentive plan. The Company proposes to undertake a share repurchase program pursuant to which the Board can annually in each calendar year, approve the repurchase by the Company of a number of Class A common shares equal to the number of RSUs that have vested or will vest during the current calendar year.

Under the approved repurchase program for 2024, XP may repurchase up to 2,500,000 Class A common shares within the period started on February 28, 2024, and ending on December 27, 2024. The repurchase limit was reached on May 23, 2024 and the program has terminated.

On May 23, 2024, the Board of Directors approved a new share repurchase program. Under the program, XP may repurchase up to the amount in dollars equivalent to R\$1.0 billion of its outstanding Class A common shares over a period beginning on May 23, 2024, continuing until the earlier of the completion of the repurchase or December 31, 2024, depending upon market conditions. The repurchase limit was reached on June 4, 2024 and the program has terminated.

On November 19, 2024, the Board of Directors approved a new share repurchase program, under which XP may repurchase up to the amount in dollars equivalent to R\$1.0 billion of its outstanding Class A common shares over a period beginning on November 20, 2024, continuing until the earlier of the completion of the repurchase or November 20, 2025, depending on market conditions.

As of December 31, 2024, the Company held in treasury 1,327,100 Class A shares (equivalent to R\$105 million or US\$17 million), acquired under its share buy-back programs, which were acquired at an average price of US\$13.15 per share, with prices ranging from US\$11.88 to US\$16.13.

For further information on treasury shares, see note 25(c).

1.2 Termination of shareholders agreement between XP Control LLC, General Atlantic (XP) Bermuda, Iupar Group, ITB Holding Ltd. and Itaú Unibanco Holding S.A.

On July 10, 2023, XP Inc announced the termination of its shareholders agreement executed between XP Control LLC, General Atlantic (XP) Bermuda, Iupar Group, ITB Hold Ltd., and Itaú Unibanco Holding S.A., originally expected to continue until October 2026. As a result of the termination, Iupar Group will no longer have the right to nominate members to XP Inc's board of directors, which was reduced from 11 to 9 members.

1.3 Corporate reorganization

In order to improve corporate structure, Group's capital and cash management, XP Inc concluded some entity reorganizations, as follows:

i) Inversion of financial institutions in Brazil: On November 13, 2024, the completion of the corporate reorganization was approved, where Banco XP became the group's main operational holding company.

ii) Reorganization of international operations: The entities XP Holding International LLC, XP Advisory US and XP Holding UK Ltd, which are no longer wholly owned subsidiaries of XP Investimentos S.A., and are now directly owned by XP Inc. The transaction was completed on October 20, 2023.

No material impacts on Group's financial position and results of operations occurred due to the abovementioned corporate reorganization.

2. Basis of preparation of the financial statements and changes to the Group's accounting policies

(i) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), currently described as "IFRS Accounting Standards" by the IFRS Foundation.

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The consolidated financial statements are presented in Brazilian reais ("R\$"), our functional currency, and all amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

The balance sheet is presented in order of liquidity of assets and liabilities. The timing of their realization or settlement is dependent not just on their liquidity, but also on management's judgements on expected movements in market prices and other relevant aspects.

(ii) New or revised standards, interpretations and amendments not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and amendments is set out below:

(a) Amendments to IAS 21 – Lack of Exchangeability (effective for annual periods beginning on or after January 1, 2025): In August 2023, the IASB amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. The Group does not expect these amendments to have a material impact on its operations or financial statements.

(b) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after January 1, 2026): On May 30, 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group does not expect these amendments to have a material impact on its operations or financial statements.

(c) Amendments to new ‘own use’ and hedging guidance for contracts referencing nature-dependent electricity – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after January 1, 2026): The IASB has issued targeted amendments to IFRS 9 ‘Financial Instruments’ and IFRS 7 ‘Financial Instruments Disclosures’, to ensure that financial statements faithfully represent the effects of an entity’s contracts referencing nature-dependent electricity. The Group does not expect these amendments to have a material impact on its operations or financial statements.

(d) IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after January 1, 2027): Issued in May 2024, IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements. The Group does not expect this standard to have an impact on its operations or financial statements.

(e) IFRS 18 Presentation and Disclosure in Financial Statements: The standard replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 - Earnings per Share. IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions. The application of these standards may have an impact on the Group’s consolidated financial statements in future periods.

(f) Provisional Measure n. 1,262/24 (MP 1,262) and Normative Ruling 2,228/24 (IN 2,228): Enactment of Brazilian Pillar 2 rules (“CSLL surcharge”) establishing the application of the Qualified Domestic Minimum Top-Up Tax (“QDMTT”) to determine the minimum local tax rate of 15% for multinational groups with total revenues higher than EUR 750 million. To be in force MP 1,262 should be converted into law in a maximum deadline of 120 days from its publishing.

(iii) Basis of consolidation

The consolidated financial statements comprise the consolidated balance sheets of the Group as of December 31, 2024 and 2023 and the consolidated statements of income and comprehensive income, consolidated statements of cash flows and consolidated statements of changes in equity for each of the years ended December 31, 2024, 2023 and 2022.

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 5(ii)).

XP Inc. and its subsidiaries

Notes to consolidated financial statements

December 31, 2024, 2023 and 2022

(In thousands of Brazilian Reais, unless otherwise stated)



Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of income and of comprehensive income, statement of changes in equity and balance sheet respectively.

b) Associates

Associates are companies in which the investor has a significant influence but does not hold control. Investments in these companies are initially recognized at cost of acquisition and subsequently accounted for using the equity method. Investments in associates include the goodwill identified upon acquisition, net of any cumulative impairment loss.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in the Group's income statement, and the Group's share of movements in other comprehensive income of the investee in the Group's other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

If its interest in the associates decreases, but the Group retains significant influence or joint control, only the proportional amount of the previously recognized amounts in other comprehensive income is reclassified in income, when appropriate.

c) Interests in associates measured at fair value

The Group has investments in associates measured at fair value in accordance with item 18 of IAS 28 – Investments in Associates and Joint Ventures. These investments are held through XP FIP Managers and XP FIP Endor, which are venture capital organizations. In determining whether the funds meet the definition of venture capital organizations, management considers the investment portfolio features and objectives. The portfolio classified in this category has the objective to generate growth in the value of its investments in the medium term and have an exit strategy. Additionally, the performance of these portfolios is evaluated and managed considering a fair value basis of each investment.

(iv) Segment reporting

In reviewing the operational performance of the Group and allocating resources, the Chief Operating Decision Maker of the Group ("CODM"), who is the Group's Chief Executive Officer ("CEO") and the Board of Directors ("BoD"), represented by statutory directors holders of ordinary shares of the immediate parent of the Company, review selected items of the statement of income and of comprehensive income.

The CODM considers the whole Group as a single operating and reportable segment, monitoring operations, making decisions on fund allocation and evaluating performance based on a single operating segment. The CODM reviews relevant financial data on a combined basis for all subsidiaries. Disaggregated information is only reviewed at the revenue level (Note 29), with no corresponding detail at any margin or profitability levels.

The Group's revenue, results and assets for this one reportable segment can be determined by reference to the consolidated statement of income and of comprehensive income and consolidated balance sheet. See Note 29 (c) for a breakdown of revenues and income and selected assets by geographic location.

(v) Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Brazilian Reais ("R\$"), which is the Group functional and presentation currency.

XP Inc. and its subsidiaries

Notes to consolidated financial statements

December 31, 2024, 2023 and 2022

(In thousands of Brazilian Reais, unless otherwise stated)

The functional currency for all the Company's subsidiaries in Brazil is also the Brazilian reais. Certain subsidiaries outside Brazil have different functional currencies including US Dollar ("USD") and Pound Sterling ("GBP").

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the statement of income. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in the statement of income as part of the fair value gain or loss.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of income and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit and loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. Summary of material accounting policies

This note provides a description of the significant accounting policies adopted in the preparation of these consolidated financial statements in addition to other policies that have been disclosed in other notes to these consolidated financial statements. These policies have been consistently applied to all periods presented, unless otherwise stated.

(i) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

XP Inc. and its subsidiaries

Notes to consolidated financial statements

December 31, 2024, 2023 and 2022

(In thousands of Brazilian Reais, unless otherwise stated)

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity, over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the statement of income as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration, when applicable, is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in the statement of income.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquirer is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in the statement of income.

(ii) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1) Financial assets

Initial recognition and measurement

On initial recognition, financial assets are classified as instruments measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit and loss ("FVPL").

The classification of financial assets at initial recognition is based on either (i) the Group's business model for managing the financial assets and (ii) the instruments' contractual cash flows characteristics.

For a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'Solely Payments of Principal and Interest' (the "SPPI" criterion) on the principal amount outstanding. This assessment is referred to as the SPPI Test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model considers whether the group's objective is to receive cash flows from holding the financial assets, from selling the assets or a combination of both.

Purchases or sales of financial assets that require delivery of assets within a time frame set by regulation or market practice (regular way trades) are recognized on the trade date (i.e., the date that the Group commits to purchase or sell the asset).

Classification and subsequent measurement

(i) Financial assets at FVPL

Financial assets at FVPL include Securities, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. This category includes Securities and Derivative financial instruments, including equity instruments which the Group had not irrevocably elected to classify at FVOCI.

Financial assets are classified as fair value through profit and loss if they either fail the contractual cash flow test or in the Group's business model are acquired for the purpose of selling or repurchasing in the near term. Financial assets may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Derivative financial instruments, including separated embedded derivatives, are also classified as fair value through profit and loss unless they are designated as effective hedging instruments. The fair value determination for over-the-counter ("OTC") derivatives include components which reflect the counterparty's credit risk (CVA - Credit Valuation Adjustment) and the funding cost above the risk-free rate (FVA - Funding Valuation Adjustment). Financial assets with cash flows that do not meet the SPPI criteria are classified and measured at FVPL, irrespective of the business model.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of income. The net gain or loss recognized in the statement of income includes any dividend or interest earned on the financial asset.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: (i) the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; (ii) and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in the statement of income. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Investments held in trust account

During the prior period presented in these consolidated financial statements, the Group had a certain class of securities owned by one of our subsidiaries, which qualify as financial instruments, primarily due to their short-term nature. These securities are classified as FVPL. The Group's investments held in the trust account were comprised of money market funds and are recognized at fair value with the changes in fair value recognized in the consolidated statements of income. The estimated fair value of the investments held in the trust account was determined using available market information.

(ii) Financial assets at FVOCI

The Group measures financial assets at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and to sell.
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criteria.

For financial assets at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of income. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit and loss.

The Group's financial assets at FVOCI includes certain debt instruments.

Upon initial recognition, the Group can elect to classify irrevocably equity investments at FVOCI when they meet the definition of equity under IAS 32 - "Financial Instruments: Presentation" and are not financial assets at FVPL.

The classification is determined on an instrument-by-instrument basis.

Dividends are recognized as income in the profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group has no equity instruments that have been irrevocably classified under this category.

(iii) Financial assets at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold the financial asset in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criteria.

Financial assets at amortized cost are subsequently measured using the Effective Interest Rate ("EIR") method and are subject to impairment. Gains and losses are recognized in the statement of income when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost mainly includes 'Securities', 'Securities purchased under resale agreements', 'Securities trading and intermediation', 'Loan operations', 'Accounts receivable' and 'Other financial assets'.

The Group reclassifies financial assets only when its business approach for managing those assets changes.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The contractual rights to receive cash flows from the asset have expired.
- The Group has transferred its contractual rights to receive cash flows from the asset or has assumed a contractual obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its contractual rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Expected credit loss on financial assets

The Group recognizes expected credit losses ("ECLs") for all financial assets not held at FVPL. ECLs are based on internal statistical models that are monitored and reviewed by the credit risk area.

Due to the features of the credit and credit card portfolio, the internal statistical models are modeled by the credit risk area using specific parameters from historical data of those products where the ECL are measured by inputs of PD (Probability of Default), LGS (Loss Given Default) and EAD (Exposure at Default).

For the credit and credit card portfolio, the Group classifies assets in three stages to measure the expected credit loss, in which the financial assets migrate from one stage to another in accordance with the changes in credit risk.

Stage 1: all financial assets are initially recognized in this stage. It is understood that a financial asset in this stage does not present a significant increase in risk since initial recognition. The provision for this asset represents the expected loss resulting from possible noncompliance in the next 12 months.

Stage 2: increase of the change in the risk of a default occurring based on internal models since initial recognition or overdue more than 30 days. If a significant increase in the risk is identified from the initial recognition, and no deterioration is realized, the financial asset falls within this stage. In this case, the amount related to the provision for expected loss reflects the estimated loss of the financial asset's remaining life (lifetime).

Stage 3: overdue more than 90 days. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group.

When a financial asset that migrated to stages 2 and 3 shows an improvement in credit risk, that financial asset can return to stage 1 as long as it meets the minimum cure period established by the credit risk area evaluating internal product data.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The Group categorizes a loan or receivable for write-off when a debtor fails to make contractual payments more than 360 days past due. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

For accounts receivables, and other financial contract assets, the Group applies a simplified approach to calculating ECLs. Therefore, the Group does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs. The Group has established a provision that is based on its historical credit loss.

For debt instruments at FVOCI, the Group applies the low credit risk simplification at every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group, through its risk management area, applies policies, methods and procedures to mitigate its exposure to credit risk arising from insolvency attributable to counterparties.

These policies, methods and procedures are applied in the grant and re-evaluated on a monthly basis using variables that held identify risk.

The procedures applied to identify, measure, control and reduce exposure to credit risk are based on the individual level or grouped by similarity.

Risk management for structured credit operations customers is carried out through analysis complemented by decision-making support tools based on internal risk assessment models.

Standardized customers risk management, that is, which does not qualify as structured operations, is based on automated decision-making and internal risk assessment models, complemented, when the model is not comprehensive or precise enough, by teams of analysts specialized in this type of risk. Credits related to standardized customers are normally considered non-recoverable when they have a historical experience of losses and delays of more than 90 days.

2) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, amortized cost or as Derivative financial instruments designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of amortized cost, net of directly attributable transaction costs.

The Group's financial liabilities include 'Securities', 'Derivative financial instruments', 'Securities purchased under resale agreements', 'Securities trading and intermediation', long-term debts such as 'Borrowings' and 'Financing Instruments payable – Debt securities', 'Accounts payables' and 'Other financial liabilities'.

Classification and subsequent measurement

(i) Financial liabilities at FVPL

Financial liabilities at FVPL include securities loaned and derivatives financial instruments designated upon initial recognition as at FVPL.

Financial liabilities are classified as securities loaned if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as fair value through profit and loss unless they are designated as effective hedging instruments.

Gains or losses on liabilities at fair value through profit and loss are recognized in the statement of income.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Securities loaned, and derivative financial instruments are classified as fair value through profit and loss and recognized at fair value.

(ii) Financial liabilities designated at FVPL

The Group applied the fair value option as an alternative measurement for selected financial liabilities. Financial liabilities can be irrevocably designated as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases, or a group of financial instruments is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy. The amount of change in the fair value of the financial liabilities designated at FVPL that is attributable to changes in the credit risk of that liabilities shall be presented in other comprehensive income. See more information in Note 7(e).

(iii) Amortized cost

After initial recognition, these financial liabilities are subsequently measured at amortized cost using the Effective Interest Method ("EIR") method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

This category generally applies to Securities sold under repurchase agreements, 'Securities trading and intermediation', 'Borrowings', 'Financing Instruments Payable', 'Accounts payables', 'Lease liabilities' and 'Other financial liabilities'.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of income.

3) Fair value of financial instruments

The fair value of financial instruments actively traded in organized financial markets is determined based on purchase prices quoted in the market at the close of business at the reporting date, without deducting transaction costs.

The fair value of financial instruments for which there is no active market is determined by using measurement techniques. These techniques may include the use of recent market transactions (on an arm's length basis); reference to the current fair value of another similar instrument; analysis of discounted cash flows or other measurement models (see note 35).

4) Derivative financial instruments and hedging activities - IFRS 9

Derivative financial instruments are financial contracts, the value of which is derived from the value of the underlying assets, interest rates, indexes or currency exchange rates.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The group designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).
- hedges of expected cash flows to be paid on recognized liabilities (cash flow hedges).

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit and loss over the remaining period until maturity, using a recalculated effective interest rate.

a) Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

To evaluate the effectiveness and to measure the ineffectiveness of such strategies, The Group uses the Dollar Offset Method. The Dollar Offset Method is a quantitative method that consists of comparing the change in fair value or cash flows of the hedging instrument with the change in fair value or cash flows of the hedged item attributable to the hedged risk.

(iii) Cash and cash equivalents

Cash is not subject to a significant risk of change in value and are held for the purpose of meeting short-term cash commitments and not for investments or other purposes. Transactions are considered short-term when they have maturities in three months or less from the date of acquisition. For purposes of consolidated statement of cash flows, cash equivalents refer to collateral held securities purchased under resale agreements, bank deposit certificates measured at fair value through profit and loss and other deposits that are readily convertible into a known cash amount and for which are no subject to a significant risk of change in value.

(iv) Securities purchased under resale agreements and obligations related to securities sold under repurchase agreements

The Group has purchased securities with resale agreement (resale agreements) and sold securities with repurchase agreement (repurchase agreement) of financial assets. Resale and repurchase agreements are accounted for under Securities purchased under resale agreements and Securities sold under repurchase agreements, respectively. The difference between the sale and repurchase prices is treated as interest and recognized over the life of the agreements using the effective interest rate method. The financial assets accepted as collateral in our resale agreements can be used by us, if provided for in the agreements, as collateral for our repurchase agreements or can be sold.

(v) Securities trading and intermediation (receivable and payable)

Refers to transactions at B3 S.A. – Brasil, Bolsa, Balcão (“B3”) on behalf of and on account of third parties. Brokerages on these transactions are classified as revenues and service provision expenses are recognized at the time of the transactions. These balances are offset, and the net amount shown in the balance sheet when, and only when, there is a legal and enforceable right to offset and the intention to liquidate them on a net basis, or to realize the assets and settle the liabilities simultaneously.

Amounts due from and to customers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the balance sheet date respectively. The due from customers balance is held for collection. These amounts are subdivided into the following items:

- Cash and settlement records - Represented by the registration of transactions carried out on the stock exchanges on its own behalf and for customers, which includes any asset liquidity event; and
- Debtors/Creditors pending settlement account - debtor or creditor balances of customers, in connection with transactions with fixed income securities, shares, commodities and financial assets, pending settlement as of the statement of reporting date. Sales transactions are offset, and, in the event, the final amount is a credit, it will be recorded in liabilities, on the other hand if this amount is debt, it will be recorded in assets, provided that the offset balances refer to the same counterparty.
- Customer's cash on investment account - represents customer's cash balances that are held in XP CCTVM.

These amounts are recognized initially at fair value and subsequently measured at amortized cost. At each reporting date, the Group shall measure the loss allowance on amounts due from customers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Group shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the customer, probability that the customer will enter bankruptcy or financial reorganization, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

Any contractual payment which is more than 90 days past due is considered credit impaired. The estimated credit losses for brokerage clients and related activity were immaterial for all periods presented.

(vi) Loan operations

Loan operations consist in arrangements under which clients can borrow stipulated amounts under defined terms and conditions. They are initially measured at its fair value plus transaction costs that are directly attributable to the acquisition and subsequently measured at amortized cost using the effective interest method, less expected credit loss. See note 10 for further information about the Group's accounting for loan operations and note 3(ii) for a description of the Group's expected losses on financial assets.

Interest income from these financial assets is included in net income from financial instruments at amortized cost using the effective interest rate method. Any gain or loss arising on derecognition of the loan operations is recognized directly in the statement of income and presented in Note 14. Expected credit losses are presented as a separate line item in the statement of income.

(vii) Prepaid expenses

Prepaid expenses are recognized as an asset in the balance sheet. These expenditures include mainly incentives to IFAs, prepaid software licenses, certain professional services and insurance premiums. Prepaid expenses are amortized in profit and loss in the period in which the benefits of such items are realized.

(viii) Leases

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expenses in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of properties (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

(ix) Property and equipment

All property and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the items and, if applicable, net of tax credits. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item is material and can be measured reliably. All other repairs and maintenance expenditures are charged to profit and loss during the period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

	Annual Rate (%)
Data Processing Systems	20 %
Furniture and equipment	10 %
Security systems	10 %
Facilities	10 %
Vehicle	10 %

Assets' residual values, useful lives and methods of depreciation are reviewed at each reporting date and adjusted prospectively, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use, if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals or derecognition are determined by comparing the disposal proceeds (if any) with the carrying amount and are recognized in the statement of income.

XP Inc. and its subsidiaries

Notes to consolidated financial statements

December 31, 2024, 2023 and 2022

(In thousands of Brazilian Reais, unless otherwise stated)

(x) Intangible assets**i) Goodwill**

Goodwill arises on the acquisition of subsidiaries and represents the excess of (i) the consideration transferred; the amount of any non-controlling interest in the acquiree; and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. If the total of the consideration transferred, non-controlling interest recognized and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, which is the case of a bargain purchase, the difference is recognized directly in the statement of income.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

ii) Software and development costs

Certain direct development costs associated with internally developed software and software enhancements of the Group's technology platform is capitalized. Capitalized costs, which occur post determination by management of technical feasibility, include external services and internal payroll costs. These costs are recorded as intangible assets when development is complete, and the asset is ready for use, and are amortized on a straight-line basis, during the period which is expected economic benefits generation to the Group. Research and pre-feasibility development costs, as well as maintenance and training costs, are expensed as incurred. In certain circumstances, management may determine that previously developed software and its related expense no longer meets management's definition of feasible, which could then result in the impairment of such assets.

iii) Other intangible assets

Separately acquired intangible assets are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination corresponds to their fair value at the acquisition date. After initial recognition, intangible assets are stated at cost, less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets other than software are not capitalized and the related expenditure is reflected in the statement of income in the period in which the expenditure is incurred.

The useful life of intangible assets is assessed as finite or indefinite. As of December 31, 2024 and 2023, the Group does not hold indefinite life intangible assets, except for goodwill.

Intangible assets with finite useful lives are amortized over their estimated useful lives and tested for impairment whenever there is an indication that their carrying amount may not be recoverable. The period and method of amortization for intangible assets with finite lives are reviewed at least at the end of each fiscal year or when there are indicators of impairment. Changes in estimated useful lives or expected consumption of future economic benefits embodied in the assets are considered to modify the amortization period or method, as appropriate, and treated as changes in accounting estimates.

The amortization of intangible assets with definite lives is recognized in the statement of income in the expense category consistent with the use of intangible assets. The useful lives of the intangible assets are shown below:

	<u>Estimate useful life (years)</u>
Software	3-5
Internally developed intangible	3-7
Customer list	2-8
Trademarks	10-20

Gains and losses recognized in profit and loss resulting from the disposal or derecognition of intangible assets are measured as the difference between the net disposal proceeds (if any) and their carrying amount.

(xi) Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-generating units (CGU's)). For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs (or groups of CGUs) that is expected to benefit from the synergies of the combination, which are identified at the operating segment level.

Non-financial assets other than goodwill that were adjusted due to impairment are subsequently reviewed for possible reversal of the impairment at the balance sheet date. The impairment of goodwill recognized in the statement of income is not reversible.

(xii) Taxes

i) Current income and social contribution taxes

Each of Group's entities pay Federal Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) under one of two different methods:

- Actual Profit Method ("APM"), where the taxpayer calculates both taxes based on its actual taxable income, after computing all income, gains and tax-deductible expenses, including net operating losses of prior years. Taxes calculated under the APM method are due quarterly or annually depending on entity's adoption through the first collection document of each calendar year. APM annual method requires taxpayers to make monthly prepayments of IRPJ and CSLL during the calendar-year.
- Presumed Profit Method ("PPM"), where the taxpayer calculates IRPJ and CSLL applying a presumed profit margin over the operating revenues. It is important emphasize that the profit margin is defined by the Brazilian Revenue Service ("RFB") according to the type of services rendered and/or goods sold. Under the PPM method both taxes are due on a quarterly basis and no prepayment is required during the quarters. This method can be adopted only by entities with gross revenue up to an annually revised threshold determined by tax authorities.

The tax rates applicable to APM or PPM are also defined according to entities' main activity:

- Federal Income Tax (IRPJ) – tax rate of 15% calculated on taxable income and a surcharge of 10% calculated on the taxable income amount that exceeds R\$20 per month (or R\$240 annually).
- Social Contribution on Net Income (CSLL) – tax rate of 9% calculated on taxable income. However, banks (i.e., Banco XP and Banco Modal) are subject to a higher CSLL rate of 20%, while all other companies treated as financial entities for tax purposes (i.e., XP CCTVM, Modal DTVM, XP DTVM and XP Vida e Previdência) are subject to a CSLL rate of 15%.

As of August 2022, by means of federal Law 14.446 the CSLL rate was increased to 11% for all Brazilian Financial entities until December 2022. Therefore, during that period between August and December 2022, Brazilian banks were subject to a CSLL rate of 21% and all other financial entities, including insurance companies, were subject to a rate of 16%. With the ending of Law 14.446 enforceability, the rates of CSLL applied for banks returned to the regular level of 20%, and 15% for all other financial entities.

ii) Deferred income tax and social contribution

Deferred income tax and social contribution are recognized, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred taxes are not accounted for if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss.

Deferred tax assets are recognized only to the extent it is probable that future taxable profit will be available against which the temporary differences and/or tax losses can be utilized. In accordance with the Brazilian tax legislation, loss carryforwards can be used to offset up to 30% of taxable profit for the year and do not expire.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except for a deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are presented net in the statement of financial position when there is a legally enforceable right and the intention is to offset them upon the calculation of current taxes, generally when related to the same legal entity and the same jurisdiction. Accordingly, deferred tax assets and liabilities in different entities or in different countries are generally presented separately, and not on a net basis.

iii) Sales and other taxes

Revenues, expenses and assets are recognized net of sales tax, except:

- When the sales taxes incurred on the purchase of goods or services are not recoverable from tax authorities, in which case the sales tax is recognized as part of the cost of acquiring the asset or expense item, as applicable.
- When the amounts receivable or payable are stated with the amount of sales taxes included.

The net amount of sales taxes, recoverable or payable to the tax authority, is included as part of receivables or payables in the balance sheet, and net of corresponding revenue or cost/expense, in the statement of income.

Sales revenues in Brazil are subject to taxes and contributions, at the following statutory rates:

- PIS and COFINS are contributions levied by the Brazilian Federal government on gross revenues. These amounts are invoiced to and collected from the Group's customer and recognized as deductions to gross revenue (Note 29) against tax liabilities, as we are acting as tax withholding agents on behalf of the tax authorities. PIS and COFINS paid on certain purchases may be claimed back as tax credits to offset PIS and COFINS payable. These amounts are recognized as Recoverable taxes (Note 1) and are offset monthly against Taxes payable and presented net, as the amounts are due to the same tax authority. PIS and COFINS are contributions calculated on two different regimes according to Brazilian tax legislation: cumulative method and non-cumulative method.

The non-cumulative method is mandatory to companies that calculate income tax under the Actual Profit Method (APM). The applicable rates of PIS and COFINS are 1.65% and 7.60%, respectively.

Otherwise, the cumulative method should be adopted by entities under the Presumed Profit Method (PPM) and is also mandatory to Financial and Insurance Companies. The rates applicable to companies under PPM are PIS 0.65% and COFINS 3.00%. Financial entities (i.e., XP CCTVM, Modal DTVM, Banco Modal, Banco XP and XP DTVM) and insurance companies (i.e., XP Vida e Previdência) have a different percentage of COFINS with the surcharge of 1.00%, totaling 4.00%.

- The tax on services ("ISS") is a tax levied by municipalities on revenues from the provision of services. ISS tax is added to amounts invoiced to the Group's customers for the services the Group renders. These are recognized as deductions to gross revenue (Note 29) against tax liabilities, as the Group acts as agent collecting these taxes on behalf of municipal governments. The rates may vary from 2.00% to 5.00%. Currently, XP Group's entities are based majoritarily in the cities of São Paulo and Rio de Janeiro then, revenues perceived by those companies are subject to rates defined by those cities' Laws.

(xiii) Equity security loans

Represent liabilities to return cash proceeds from security lending transactions. Securities lending transactions are used primarily to earn spread income which relates mainly to equity securities received with a fixed term payable, based on the fair value of the securities plus pro rata interest over the period of the equity security loan. Equity securities borrowed are recognized as unrestricted assets on the statement of financial position and may be sold to third parties. The equity security loans are recorded as a trading liability and measured at fair value with any gains or losses included in the income statement under net fair value gains/(losses) on financial instruments (Note 29 b).

(xiv) Debt securities and Borrowings

Debt securities classified as Debentures, Bonds, Promissory Notes and Borrowings are initially recognized at fair value, net of transaction costs incurred, and subsequently carried at amortized cost. Any differences between the proceeds (net of transaction costs) and the total amount payable are recognized in the statement of income over the period of the borrowings using the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense on debt in the statement of income.

(xv) Accounts payables

Accounts payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Accounts payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

(xvi) Retirement plans liabilities

Retirement plans, relates to accumulation of financial resources, called PGBL (Plan Generator of Benefits), a plan that aims at accumulating funds for participant's retirement in life, and VGBL (Redeemable Life Insurance), a financial product structured as a pension plan. In both products, the contribution received from the participant is applied to a Specially Constituted Investment Fund ("FIE") and accrues interest based on FIE investments.

Most of the retirement plans offered by the Group do not contain significant insurance risk where the Group accepts significant insurance risk from participants by agreeing to compensate them if a specified uncertain future event adversely affects them. These products also do not contain any discretionary participation features. Therefore, the contracts are accounted for under the scope of IFRS 9 - Financial Instruments ("IFRS 9").

(xvii) Provisions

Provisions for legal claims (labor, civil and tax) and other risks are recognized when: (i) the Group has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated. Provisions do not include future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the time elapsed is recognized as interest expense.

(xviii) Employee benefits

i) Short-term obligations

Liabilities in connection with short-term employee benefits are measured on a non-discounted basis and are expensed as the related service is provided.

The liability is recognized for the expected amount to be paid under the plans of cash bonus or short-term profit sharing if the Group has a legal or constructive obligation of paying this amount due to past service provided by employees and the obligation may be reliably estimated.

ii) Share-based plan

The establishment of the share-based plan was approved by the board of Director's meeting on December 6, 2019.

The Group launched two share-based plans, the Restricted Stock Unit ("RSU") and the Performance Share Unit ("PSU"). The share-based plans are designed to provide long term incentives to certain employees, directors, and other eligible service providers in exchange for their services. For both plans, management commits to grant shares of XP Inc to the defined participants.

The cost of share-based compensation is measured using the fair value at the grant date. The cost is expensed together with a corresponding increase in equity over the service period or on the grant date when the grant relates to past services.

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The total amount to be expensed is determined by reference to the fair value of the tranche shares granted at the grant date, which is also based on:

- Including any market performance conditions;
- Including the impact of any non-market performance vesting conditions (i.e. remaining an employee of the entity over a specified time), and;
- Including the impact of any non-vesting conditions (i.e. the requirement for participants to save or hold shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions have to be satisfied. At the end of each period, the entity revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions. The Company recognizes the impact of the revision to original estimates, if any, in the statement of income, with a corresponding adjustment to equity.

When the shares are vested, the Company transfers the correspondent number of shares to the participant. The shares received by the participants, net of any directly attributable transaction costs (including withholding taxes), are credited directly to equity.

The significant judgments, estimates and assumptions regarding share-based payments and activity relating to share-based payments are discussed further in note 33.

iii) Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the owners of the Company after certain adjustments, and distributed based on individual and collective performance, including qualitative and quantitative indicators.

Employee profit-sharing terms are broadly established by means of annual collective bargaining with workers' unions. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(xix) Other non-financial assets and liabilities

Other non-financial assets and liabilities are recorded on the date the contract that originates them is signed by the Group at their fair values on the transaction date. Other non-financial assets and liabilities are mostly electricity purchase and sale contracts agreed by the Group, through its subsidiary XP Comercializadora de Energia Ltda.

(xx) Share capital

Common shares are classified in equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(xxi) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

The difference between the sale price and the average price of the treasury shares is recorded as a reduction or increase in capital reserves. The cancellation of treasury shares is recorded as a reduction in treasury shares against capital reserves, at the average price of treasury shares at the cancellation date.

(xxii) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary and preferred shares by the weighted average number of ordinary and preferred shares outstanding during the year, adjusted for bonus elements in ordinary and preferred shares issued during the year and excluding treasury shares (note 34).

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential common and preferred shares, and the weighted average number of additional common and preferred shares that would have been outstanding assuming the conversion of all dilutive potential common and preferred shares (Note 34).

(xxiii) Revenue and income

1) Revenue from contracts with customers

Revenue is recognized when the Group has transferred control of the services to the customers, in an amount that reflects the consideration the Group expects to collect in exchange for those services.

The Group applies the following five steps: i) identification of the contract with a customer; ii) identification of the performance obligations in the contract; iii) determination of the transaction price; iv) allocation of the transaction price to the performance obligations in the contract; and v) recognition of revenue when or as the entity satisfies a performance obligation. Revenue is recognized net of taxes collected from customers, which are subsequently remitted to governmental authorities.

The Group has discretion to involve and contract a third-party provider in providing services to the customer on its behalf. The Group presents the revenues and associated costs to such third-party providers on a gross basis where it is deemed to be the principal and on a net basis where it is deemed to be the agent. Generally, the Group is deemed to be the principal in these arrangements because the Group controls the promised services before they are transferred to customers, and accordingly presents the revenue gross of related costs.

The Group main types of revenues contracts are:

i) Brokerage commission

Brokerage commission revenue consists of revenue generated through commission-based brokerage services on each transaction carried out on, for example, the stock exchanges for customers, recognized at a point in time (trade date) as the performance obligation is satisfied.

ii) Securities placement

Securities placement revenue refers to fees and commissions earned on the placement of a wide range of securities on behalf of issuers and other capital raising activities, such as mergers and acquisitions, including related finance advisory services. The act of placing the securities is the sole performance obligation and revenue is recognized at the point in time when the underlying transaction is complete under the engagement terms, and it is probable that a significant revenue reversal will not occur.

iii) Management fees

Management fees relate substantially to (i) services as investments advisor from funds, investment clubs and wealth management; and (ii) distributions of quotas from investments funds managed by others. Revenue is recognized over the period of time when this performance obligation is delivered, and generally based on an agreed-upon fixed percentage of the net asset value of each fund on a monthly basis. A part of management fees is performance-based (performance fees), which are recognized for the delivery of asset management services and calculated based on appreciation of the net asset value of the funds, subject to certain thresholds, such as internal rates of returns or hurdle rates in accordance with the terms of the fund's constitution. Performance fees, which includes variable consideration, are only recognized after an assessment of the facts and circumstances and when it is highly probable that significant reversal of the amount of cumulative revenue recognized will not occur when the uncertainty is resolved.

iv) Insurance brokerage fee

Refers to insurance brokerage, capitalization, retirement plans and health insurance through the intermediation of the sale of insurance services.

Revenues are recognized after the provision of brokerage services to insurers. Products that were sold through XP Corretora de Seguros are inspected monthly, and amount received from commission are recognized as revenue at a point in time as the performance obligation is satisfied.

v) Commissions fees

Commissions fees are recognized when XP provides or offers services to customers, in an amount that reflects the consideration XP expects to collect in exchange for those services. A five-step model is applied to account for revenues: i) identification of the contract with a customer; ii) identification of the performance obligations in the contract; iii) determination of the transaction price; iv) allocation of the transaction price to the performance obligations in the contract; and v) revenue recognition, when performance obligations agreed upon in agreements with clients are met. Incremental costs and costs to fulfill agreements with clients are recognized as an expense as incurred.

a. Interchange fee

Interchange fees revenue represents fees for authorizing and providing settlement on credit and debit card transactions processed through the Visa networks and is determined as a variable percentage - depending on the type of establishment in which the customer buys - of the total payment processed when the Group's customers use XP's cards. The fees are recognized on completion of the transaction and once the Group has completed its performance obligations under the contract.

vi) Other services

Other services refer to revenue related to finance advisory services, advertisements on the Group's website and sponsorship on events held by the Group.

2) Net income from financial instruments

Net income from financial instruments includes realized gains and losses on the sales of investments, unrealized gains and losses resulting from our investments measured at fair value and interest earned on both cash balances and investments in connection with our trading activities. These gains and losses are outside the scope of IFRS 15 but in scope of IFRS 9 – Financial Instruments, and the related accounting policies are disclosed in Note 3.

4. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements according to accounting policies described in Note 3 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts for assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Information about uncertainties on assumptions and estimates that have a significant risk of resulting in a material adjustment in the future fiscal year is included as follows:

(i) Estimation fair value of certain financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(ii) Expected credit losses on financial assets

The expected credit losses for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

(iii) Recognition of deferred tax asset for carried-forward tax losses

Deferred tax assets are recognized for all unused tax losses to the extent that sufficient taxable profit will likely be available to allow the use of such losses. Significant judgment from management is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits, together with future tax planning strategies.

The Group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiaries where a deferred tax asset has been recognized.

(iv) Property and equipment and intangible assets useful lives

Property and equipment and intangible assets include the use of estimates to determine the useful life for depreciation and amortization purposes. Useful life determination requires estimates in relation to the expected technological advances and alternative uses of assets. There is a significant element of judgment involved in making technological development assumptions, since the timing and nature of future technological advances are difficult to predict.

(v) Impairment of non-financial assets, including goodwill

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and goodwill are tested for impairment annually at the level of the CGU, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Technological obsolescence, suspension of certain services and other changes in circumstances that demonstrate the need for recording a possible impairment are also regarded in estimates.

(vi) Provision for contingent liabilities

Provisions for the judicial and administrative proceedings are recorded when the risk of loss of administrative or judicial proceedings is considered probable and the amounts can be reliably measured, based on the nature, complexity and history of lawsuits and the opinion of legal counsel internal and external.

Provisions are made when the risk of loss of judicial or administrative proceedings is assessed as probable and the amounts involved can be measured with sufficient accuracy, based on best available information. They are fully or partially reversed when the obligations cease to exist or are reduced. Given the uncertainties arising from the proceedings, it is not practicable to determine the timing of any outflow (cash disbursement).

(vii) Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model, including the expected life of the share option or appreciation right.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the consolidated financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events.

5. Group structure

(i) Subsidiaries

The following are the direct and indirect interests of Company in its subsidiaries for the purposes of these consolidated financial statements:

Entity name	Country of incorporation	Principal activities	% of Group's interest (i)		
			2024	2023	2022
Directly controlled					
XPAC Sponsor LLC	Cayman	Special Purpose Acquisition (SPAC) Sponsor	100.00 %	100.00 %	100.00 %
XProject LTD	Cayman	Holding	100.00 %	100.00 %	100.00 %
XP Holding International LLC	USA	International financial holding	100.00 %	100.00 %	100.00 %
XP Advisory US	USA	Investment advisor	100.00 %	100.00 %	100.00 %
XP Holding UK Ltd	UK	International financial holding	100.00 %	100.00 %	100.00 %
XP Controle 3 Participações S.A.	Brazil	Financial holding	100.00 %	100.00 %	100.00 %
Indirectly controlled					

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Entity name	Country of incorporation	Principal activities	% of Group's interest (i)		
			2024	2023	2022
XP Investimentos S.A.	Brazil	Holding	100.00 %	100.00 %	100.00 %
XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.	Brazil	Broker-dealer	100.00 %	100.00 %	100.00 %
XP Vida e Previdência S.A. (iii)	Brazil	Retirement plans and insurance	100.00 %	100.00 %	100.00 %
Banco XP S.A.	Brazil	Multipurpose bank	100.00 %	100.00 %	100.00 %
XPE Infomoney Educação Assessoria Empresarial e Participações Ltda.	Brazil	Digital content services	100.00 %	100.00 %	100.00 %
Tecfinance Informática e Projetos de Sistemas Ltda.	Brazil	Rendering of IT services	99.70 %	99.70 %	99.73 %
XP Corretora de Seguros Ltda.	Brazil	Insurance broker	99.99 %	99.99 %	99.99 %
XP Gestão de Recursos Ltda.	Brazil	Asset management	95.80 %	95.50 %	95.60 %
XP Finanças Assessoria Financeira Ltda.	Brazil	Investment consulting services	99.99 %	99.99 %	99.99 %
Infostocks Informações e Sistemas Ltda.	Brazil	Mediation of information systems	100.00 %	100.00 %	99.99 %
XP Advisory Gestão Recursos Ltda.	Brazil	Asset management	99.53 %	99.53 %	99.55 %
XP Vista Asset Management Ltda.	Brazil	Asset management	99.99 %	99.99 %	99.99 %
XP Controle 4 Participações S.A.	Brazil	Insurance holding	100.00 %	100.00 %	100.00 %
XP Investments UK LLP	UK	Inter-dealer broker and Organized Trading Facility (OTF)	100.00 %	100.00 %	100.00 %
XP Private Holding UK Ltd	UK	Investment Advisor	100.00 %	100.00 %	100.00 %
XP Investments US, LLC	US	Broker-dealer	100.00 %	100.00 %	100.00 %
XP PE Gestão de Recursos Ltda.	Brazil	Asset management	97.90 %	98.10 %	98.70 %
Antecipa S.A.	Brazil	Receivables financing market	25.00 %	100.00 %	100.00 %
XP Allocation Asset Management Ltda.	Brazil	Asset management	99.97 %	99.97 %	99.99 %
XP Eventos Ltda.	Brazil	Media and events	100.00 %	100.00 %	100.00 %
DM10 Corretora de Seguros Ltda.	Brazil	Insurance broker	— %	100.00 %	100.00 %
XP Comercializadora de Energia Ltda.	Brazil	Energy trading	100.00 %	100.00 %	100.00 %
XPAC Acquisition Corp. (vi)	Cayman	Special Purpose Acquisition (SPAC)	— %	— %	20.00 %
XP Distribuidora de Títulos e Valores Mobiliários	Brazil	Securities dealer	100.00 %	100.00 %	100.00 %
Instituto de Gestão e Tecnologia da Informação Ltda.	Brazil	Educational content services	100.00 %	100.00 %	100.00 %
Xtage Intermediação S.A.	Brazil	Digital assets	100.00 %	100.00 %	100.00 %
XP Administradora de Benefícios Ltda.	Brazil	Individual health plan intermediation	100.00 %	100.00 %	100.00 %
XP Corretora de Seguros Riscos	Brazil	Retirement plans and insurance	100.00 %	100.00 %	100.00 %
XP Representação Seguros Ltda.	Brazil	Insurance broker	100.00 %	100.00 %	— %
Banco Modal S.A. (ii)	Brazil	Multipurpose bank	100.00 %	100.00 %	— %
Modal Assessoria Financeira Ltda. (ii)	Brazil	Investment consulting services	100.00 %	100.00 %	— %
Modal Distribuidora de Títulos e Valores Mobiliários Ltda. (ii)	Brazil	Securities dealer	100.00 %	100.00 %	— %
Modalmais Treinamento e Desenvolvimento Ltda. (ii) (v)	Brazil	Professional training services	— %	100.00 %	— %
XP Holding Participações (ii)	Brazil	Insurance broker	100.00 %	100.00 %	— %
Eleven Serviços de Consultoria e Análise S.A. (ii)	Brazil	Investment consulting services	100.00 %	100.00 %	— %
Banking and Trading Desenvolvimento de Sistemas Ltda. ("Carteira Global") (ii) (v)	Brazil	Softwares development services	— %	100.00 %	— %
Refinaria de Dados – Análise de Dados Ltda. (ii)(v)	Brazil	Digital content services	— %	100.00 %	— %
Hum Bilhão Educação Financeira Ltda. (ii)(v)	Brazil	Digital content services	— %	100.00 %	— %
Vaivoo Educação Financeira Ltda. (ii)(v)	Brazil	Digital content services	— %	100.00 %	— %
Modal As a Service S.A. (ii)	Brazil	Financial services	— %	100.00 %	— %
Galapos Consultoria e Participações Ltda. (ii)	Brazil	Consulting services	100.00 %	100.00 %	— %
W2D Tecnologia e Soluções Ltda. (ii)(v)	Brazil	Rendering of IT services	— %	100.00 %	— %
XP Controle 5 Participações Ltda.	Brazil	Holding	100.00 %	100.00 %	96.00 %
XP Sports Asset Management Ltda. (ii)	Brazil	Asset management	100.00 %	100.00 %	— %
Carteira Online Controle de Investimentos Ltda. – ME (ii)(v)	Brazil	Investment consolidation platform	— %	— %	100.00 %
Habitat Capital Partners	Brazil	Asset management	— %	— %	99.99 %

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Entity name	Country of incorporation	Principal activities	% of Group's interest (i)		
			2024	2023	2022
Consolidated investments funds					
Aetos Energia Fundo de Investimento em Direitos Creditórios	Brazil	Investment fund	100.00 %	100.00 %	— %
Araca Fim Cred Priv (iv)	Brazil	Investment fund	100.00 %	— %	— %
Aurea Extrema Logística Fundo de Investimento Imobiliário (iv)	Brazil	Investment fund	100.00 %	— %	— %
Correspondente Banqueiro Consignados INSS Fundo de Investimento em Direitos Creditórios – Resp Ltda (iv)	Brazil	Investment fund	100.00 %	— %	— %
Cactos Fundo de Investimento em Participações Multiestratégia Responsabilidade Limitada (iv)	Brazil	Investment fund	100.00 %	— %	— %
Consignado Público XP Fundo de Investimento em Direitos Creditórios	Brazil	Investment fund	100.00 %	100.00 %	— %
Credit Restructuring Fundo de Investimento em Direitos Creditórios (iv)	Brazil	Investment fund	100.00 %	— %	— %
Credit Restructuring II Fundo de Investimento em Direitos Creditórios Responsabilidade Limitada (iv)	Brazil	Investment fund	100.00 %	— %	— %
Falx Fundo de Investimento Multimercado Crédito Privado Investimento no Exterior	Brazil	Investment fund	100.00 %	100.00 %	100.00 %
Fundo de Investimento em Cotas Multimercado Solar (iv)	Brazil	Investment fund	100.00 %	— %	— %
Fundo de Investimento em Participações Novo Hotel Botafogo Empresas Emergentes (iv)	Brazil	Investment fund	100.00 %	— %	— %
Gladius Fundo de Investimento Multimercado Investimento no Exterior	Brazil	Investment fund	100.00 %	100.00 %	100.00 %
Scorpio Debentures Incentivadas Fundo de Investimento Multimercado Crédito Privado	Brazil	Investment fund	100.00 %	100.00 %	100.00 %
SMF Fundo de Investimento Multimercado Crédito Privado	Brazil	Investment fund	100.00 %	100.00 %	— %
Javelin Fundo de Investimento Multimercado Crédito Privado Investimento no Exterior	Brazil	Investment fund	100.00 %	100.00 %	100.00 %
Frade Fundo de Investimento em Cotas de Fundos de Investimento em Direitos Creditórios NP	Brazil	Investment fund	100.00 %	100.00 %	100.00 %
Frade III Fundo de Investimento em Cotas de Fundo de Investimento Multimercado Crédito Privado	Brazil	Investment fund	100.00 %	100.00 %	100.00 %
Coliseu Fundo de Investimento Multimercado Crédito Privado Investimento no Exterior	Brazil	Investment fund	100.00 %	100.00 %	100.00 %
Makhaira Fundo de Investimento Multimercado Crédito Privado Longo Prazo (iv)	Brazil	Investment fund	100.00 %	— %	— %
NIMROD Fundo de Investimento Multimercado Crédito Privado Investimento no Exterior	Brazil	Investment fund	100.00 %	100.00 %	100.00 %
XP High Yield Fund SP	Cayman	Investment fund	— %	100.00 %	100.00 %
XP International Fund SPC - XP Multistrategy Fund SP	Cayman	Investment fund	100.00 %	100.00 %	100.00 %
XP Managers Fundo de Investimento em Participações Multiestratégia	Brazil	Investment fund	100.00 %	100.00 %	100.00 %
XP Alesia Fund SP CL Shares - Brazil Internacional Fund SPC.	Cayman	Investment fund	100.00 %	100.00 %	100.00 %
Newave Fundo de Investimento em Participações Multiestratégia (v)	Brazil	Investment fund	— %	— %	100.00 %
Endor Fundo de Investimento em Participações Multiestratégia Investimento no Exterior	Brazil	Investment fund	100.00 %	100.00 %	100.00 %
XP Phalanx CT Fund	Cayman	Investment fund	100.00 %	100.00 %	100.00 %
MM Macadâmia FIM CP IE (ii)	Brazil	Investment fund	100.00 %	100.00 %	— %
MM Hedge Icon (ii)	Nassau	Investment fund	99.37 %	99.37 %	— %
Fundo de Investimento Imobiliário Desenvolvimento 1 Modalmais	Brazil	Investment fund	100.00 %	100.00 %	— %
Fundo de Investimento em Participações Chardonnay Capital Semente	Brazil	Investment fund	100.00 %	100.00 %	— %
KSM Realty - Fundo de Investimento em Participações Multiestratégia	Brazil	Investment fund	100.00 %	100.00 %	— %
Suécia I Fundo de Investimento Multimercado (ii)	Brazil	Investment fund	100.00 %	100.00 %	— %
Suécia II Fundo de Investimento Multimercado (ii)	Brazil	Investment fund	100.00 %	100.00 %	— %

(i) The percentage of participation represents the Group's interest in total capital and voting capital of its subsidiaries.

(ii) New subsidiaries acquired in 2023. See further details in Note 5 (ii) Business combinations, below.

(iii) Subsidiary incorporated in 2018 for operating in the retirement plans and life insurance business, which is regulated by the Superintendency of Private Insurance (SUSEP) in Brazil.

(iv) New subsidiaries and investment funds incorporated in the year.

(v) Subsidiaries and investment funds closed or consolidated by other funds/companies during the year.

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(vi) Subsidiaries which the Group holds or has held the operational control. The operational control refers to relevant rights the Company have over the subsidiary, that includes, among other topics, the right to nominate the directors and propose the target entity for merger.

(ii) Business combinations and other developments

(a) Acquisitions in 2023

(i) Banco Modal S.A.

On January 6, 2022, XP Inc entered into a binding agreement to acquire up to 100% of Banco Modal's total shares, in a non-cash equity exchange transaction.

The transaction was approved by Administrative Council for Economic Defense (CADE) in July 2022 and by Brazilian Central Bank (BACEN) in June 2023. The closing occurred on July 1, 2023, the date on which the Group obtained control of 704,200,000 issued shares of Banco Modal S.A. Under the terms of this transaction, on the closing date Banco Modal's former shareholders received 18,717,771 of newly issued XP Inc's BDRs at the price of R\$12.05 per unit of BDRs, paid in consideration for the acquisition of 100% of Banco Modal's shares. This quantity of BDRs reflects the initial consideration of 19.5 million BDRs adjusted for the interest on equity amount of R\$2,052, distributed by Banco Modal between the signing date of the binding agreement and the closing date of the transaction.

On the settlement date with Banco Modal's former shareholders, the transaction was recorded in accordance with Banco Modal's net assets fair value as of July 1, 2023, with an allocation of the purchase price between (i) the amount of fair value of the identifiable assets acquired and liabilities assumed and (ii) the goodwill arising at this date, corresponding to the difference between the total consideration transferred and the fair value of identifiable assets acquired and liabilities assumed. The total consideration transferred corresponds to the fair value of the 18,717,771 XP Inc BDR's at the closing date for an amount of R\$ 2,097,326. The goodwill is R\$ 1,336,092 and is attributable to the workforce and the high profitability of the acquired business.

The table below shows, on the closing date of the transaction, the fair value attributed to each of the identified intangible assets not recorded in the acquiree's balance sheet, as well as the fair value measurement method and their useful lives:

Identified assets at the acquisition date	Amount	Method	Expected useful life
Retail client portfolio	168,876	Multi-Period Excess Earnings	6 years, 11 months
Institutional client portfolio	50,814	Multi-Period Excess Earnings	4 years, 6 months
Core deposits	134,407	With and Without	9 years, 6 months
Trademarks	29,869	Relief-from-Royalty	5 years
Softwares	4,311	Cost Approach	5 years
Total	388,277		

For the period from July 1, 2023 to December 31, 2023, Banco Modal contributed R\$93,611 to XP Inc's net income and R\$343,258 to XP Inc's net revenues. If the acquisition date was on the beginning of the reporting period, XP Inc's combined unaudited net income and revenue for the year ended December 31, 2023, would be R\$3,595,461 and R\$ 14,896,966, respectively.

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The table below shows the fair value of the net assets acquired and the allocation of the purchase price consideration (including goodwill arising on the acquisition), as well as the impacts on the Group's cash flows:

Fair value of net assets acquired	July 1, 2023
Assets	
Cash and cash equivalents	770,887
Financial assets	4,274,729
Investments in associates and joint ventures	765
Property and equipment	39,532
Intangible assets	67,664
Other assets	730,342
Total assets	5,883,919
Liabilities	
Financial liabilities	4,667,147
Other liabilities	843,814
Total liabilities	5,510,961
Net assets at fair value	372,957
Identified assets	
Client portfolios	219,690
Core deposits	134,407
Trademarks	29,869
Software	4,311
Total identified assets	761,234
Goodwill determination	
Purchase consideration transferred	2,097,326
(Less) fair value of identified assets	(761,234)
Goodwill	1,336,092
Analysis of cash flow on acquisition	
Net cash acquired with the subsidiary	770,887
Issuance of shares – XP Inc (non-cash)	–
Net of cash flow on acquisition (investing activities)	770,887

(b) Other developments

(i) SPAC Transactions

On April 25, 2022, XPAC Acquisition Corp., a special purpose acquisition company sponsored by the Group ("XPAC"), entered into a business combination agreement with SuperBac, a Brazilian biotechnology company.

On May 2, 2023, SuperBac informed XPAC that it had decided to terminate the Business Combination Agreement, due to adverse market conditions, among other factors. Following the termination of the proposed business combination with SuperBac, the board of directors of XPAC determined that it is in the best interests of XPAC and its shareholders to accelerate the liquidation date of XPAC.

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Following the announcement about the termination of the Business Combination Agreement and the intention of early liquidation, XPAC's management was approached by professional investors interested in acquiring and taking control of XPAC. On July 10, 2023, XPAC Acquisition Corp. entered into a Purchase and Sponsor Handover Agreement. Pursuant to the agreement, XPAC Sponsor LLC transferred control of XPAC Acquisition Corp., by selling 4,400,283 Class B ordinary shares and 4,261,485 private placement warrants to acquire 4,261,485 Class A ordinary shares of XPAC held by the Sponsor, for a total purchase price of \$50. As a condition to the consummation of the Sponsor Handover, new members of XPAC's board of directors and a new management team for XPAC were appointed by the existing Board, and the existing Board members and the existing management team have resigned. Furthermore, the name of XPAC Acquisition Corp. was changed to Zalatoris II Acquisition Corp.

The Purchase and Sponsor Handover Agreement was approved by the XPAC's shareholders at an extraordinary general meeting of shareholders on July 27, 2023, the date on which the Group ceases to control XPAC.

(ii) Minority stake acquisitions

During the year ended December 31, 2023, XP Inc. entered in agreements through its subsidiary XP Controle 5 Participações Ltda. to acquire minority stakes in Monte Bravo Holding JV S.A. ("Monte Bravo"), Blue3 S.A. ("Blue3") and Ável Participações Ltda. ("Ável"). These companies were part of XP Inc's IFAs network. The total fair value consideration recorded for those acquisitions is R\$784,743, including the goodwill in a total amount of R\$487,671 (Note 15). The goodwill recognized is mainly attributable to expected synergies arising from the investments. As of December 31, 2024, from the total fair value consideration: (i) R\$45,000 was paid during 2023, (ii) R\$669,521 was paid during 2024 (including monetary correction on this amount) and (iii) there is a remaining amount of R\$74,066 recorded through accounts payable (including monetary correction on this amount), of which R\$37,033 was paid in January 2025 and R\$37,033 in January 2026. See note 38(ii)(iii).

During the year ended December 31, 2024, XP Inc. entered in agreements through its subsidiary XP Controle 5 Participações Ltda. to acquire minority stakes in other three IFAs. The total fair value consideration recorded for those acquisitions is R\$414,503, including the preliminary goodwill in a total amount of R\$326,735 (Note 15). The preliminary goodwill recognized is mainly attributable to expected synergies arising from the investments. From the total fair value consideration: (i) R\$225,766 was paid in cash during 2024, (ii) R\$106,412 was settled through the private issuance of XP Inc Class A shares (see note 25a), (iii) there is an amount equal to R\$20,000 recorded through contingent consideration (Note 20(b)) and (iv) there is a remaining amount of R\$62,325 recorded through accounts payable (including monetary correction on this amount), of which R\$26,805 will be paid in February 2025 and R\$35,520 during the last quarter of 2025. See note 38(ii)(iii).

(iii) Termination of XTAGE client operations

On October 18, 2023, XP Inc announced the termination of XTAGE's operations, which took place on December 15, 2023. XTAGE's operations were not considered material to the Group. After termination, XP Inc's customers can continue to have exposure to digital assets through funds (including Exchange-traded Funds, ETFs) regulated by the Brazilian securities commission (CVM).

6. Securities purchased (sold) under resale (repurchase) agreements

a) Securities purchased under resale agreements

	2024	2023
Collateral held	3,163,705	3,891,759
National Treasury Notes (NTNs) ⁽ⁱ⁾	777,325	2,013,366
National Treasury Bills (LTNs) ⁽ⁱ⁾	2,069,688	820,487
Financial Treasury Bills (LFTs) (i)	173,489	799,417
Debentures ⁽ⁱⁱ⁾	27,560	89,234
Real Estate Receivable Certificates (CRIs) ⁽ⁱⁱⁱ⁾	11,073	80,565
Other	104,570	88,690
Collateral repledge	18,895,796	11,000,022
National Treasury Bills (LTNs) ⁽ⁱ⁾	3,230,098	2,416,143
Financial Treasury Bills (LFTs) (i)	529,180	900,245
National Treasury Notes (NTNs) ⁽ⁱ⁾	7,538,695	116,583
Debentures ⁽ⁱⁱ⁾	4,304,132	4,258,213
Real Estate Receivable Certificates (CRIs) ⁽ⁱⁱⁱ⁾	1,982,544	2,436,462
Agribusiness Receivables Certificates (CRAs) ⁽ⁱⁱⁱ⁾	120,652	459,896
Interbank Deposits Certificates (CDIs) ⁽ⁱⁱⁱ⁾	815,302	304,572
Other	375,193	107,908
Expected Credit Loss ⁽ⁱⁱⁱ⁾	(2,364)	(2,803)
Total	22,057,137	14,888,978

(i) Investments in purchase and sale commitments collateral-backed by sovereign debt securities refer to transactions involving the purchase of sovereign debt securities with a commitment to sale originated mainly in the subsidiaries XP CCTVM, Banco XP and in proprietary funds.

(ii) Refers to corporate debt assets, which are low-risk investments collateral-backed.

(iii) The reconciliation of gross carrying amount and the expected credit loss segregated by stages are presented in the Note 14.

As of December 31, 2024, securities purchased under resale agreements were carried out at average interest rates of 12.3% p.a. (11.85% p.a. as of December 31, 2023).

As of December 31, 2024, the amount of R\$2,885,843 (December 31, 2023 – R\$2,760,296) from the total amount of collateral held portfolio, is being presented as cash equivalents in the statements of cash flows.

b) Securities sold under repurchase agreements

	2024	2023
National Treasury Bills (LTNs)	13,742,957	3,274,568
National Treasury Notes (NTNs)	29,235,747	8,456,861
Financial Treasury Bills (LFTs)	2,892,362	1,867,365
Debentures	14,889,816	8,776,735
Real Estate Receivable Certificates (CRIs)	9,260,382	9,201,853
Agribusiness Receivables Certificates (CRAs)	1,741,369	808,682
Other	17,088	954,447
Total	71,779,721	33,340,511

As of December 31, 2024, securities sold under repurchase agreements were agreed with average interest rates of 11.85% p.a. (December 31, 2023 – 10.91% p.a.).

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7. Securities

a) Securities classified at fair value through profit and loss are presented in the following table:

	2024				2023			
	Gross carrying amount	Fair value	Group portfolio	Retirement plan assets ⁽ⁱ⁾	Gross carrying amount	Fair value	Group portfolio	Retirement plan assets ⁽ⁱ⁾
Financial assets								
At fair value through profit or loss								
Brazilian onshore sovereign bonds	48,446,247	46,736,163	43,953,460	2,782,703	29,587,276	30,172,040	28,000,854	2,171,186
Investment funds	65,094,106	65,094,106	3,683,854	61,410,252	55,922,364	55,922,364	3,022,360	52,900,004
Stocks issued by public-held company	6,143,508	6,143,508	5,830,985	312,523	3,981,237	3,981,237	3,642,365	338,872
Debentures	12,806,632	12,491,790	11,898,230	593,560	4,642,827	4,575,326	4,133,285	442,041
Structured notes	15,940	20,546	20,546	—	90,876	113,816	113,816	—
Bank deposit certificates ⁽ⁱⁱ⁾	648,781	661,664	481,083	180,581	756,066	765,741	663,985	101,756
Agribusiness receivables certificates	1,046,979	999,636	990,119	9,517	1,132,479	1,200,254	1,183,214	17,040
Real estate receivable certificates	1,593,132	1,487,443	1,484,637	2,806	1,843,651	1,924,269	1,921,927	2,342
Financial credit bills	534,961	583,840	32,865	550,975	435,425	469,943	153,994	315,949
Real estate credit bill	366,447	366,441	366,441	—	29,126	29,157	29,157	—
Agribusiness credit bills	394,385	394,438	394,438	—	101,796	103,541	103,541	—
Commercial notes	569,465	520,349	514,409	5,940	803,256	892,569	886,149	6,420
Foreign private bonds	8,414,822	8,219,727	8,219,727	—	2,326,809	2,407,962	2,407,962	—
Development Credit Bill	4,182,406	4,195,225	4,195,225	—	—	—	—	—
Others ⁽ⁱⁱⁱ⁾	2,107,849	2,070,538	1,938,125	132,413	728,344	723,993	667,902	56,091
Total	152,365,660	149,985,414	84,004,144	65,981,270	102,381,532	103,282,212	46,930,511	56,351,701

(i) Those financial products represent investment contracts that have the legal form of retirement plans, which do not transfer substantial insurance risk to the Group. Therefore, contributions received from participants are accounted for as liabilities and an asset of the participant in the linked Specially Constituted Investment Fund ("FIE"). Besides assets which are presented segregated above, as retirement plan assets, the Group has proprietary assets to guarantee the solvency of our insurance and pension plan operations, under the terms of CNSP Resolution No. 432/2021, presented as Group portfolio, within the investment funds line. As of December 31, 2024, those assets represent R\$ 84,334 (December 31, 2023 - R\$202,678).

(ii) Bank deposit certificates include R\$69,224 (December 31, 2023 - R\$67,985) presented as cash equivalents in the statements of cash flows.

(iii) Mainly related to bonds issued and traded overseas and other securities.

b) Securities at fair value through other comprehensive income are presented in the following table:

	2024		2023	
	Gross carrying amount	Fair value	Gross carrying amount	Fair value
Financial assets				
At fair value through other comprehensive income				
Brazilian onshore sovereign bonds	49,357,469	46,981,007	41,023,844	41,343,987
Foreign sovereign bonds	3,893,441	3,898,974	2,669,993	2,718,963
Total	53,250,910	50,879,981	43,693,837	44,062,950

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c) Securities evaluated at amortized cost are presented in the following table:

	2024		2023	
	Gross carrying amount	Book value	Gross carrying amount	Book value
Financial assets				
At amortized cost ⁽ⁱ⁾				
Brazilian onshore sovereign bonds	—	—	3,773,404	3,772,534
Rural product note	212,102	211,555	616,083	615,576
Commercial notes	2,638,006	2,624,591	2,472,006	2,467,311
Total	2,850,108	2,836,146	6,861,493	6,855,421

(i) Includes expected credit losses in the amount of R\$13,962 (December 31, 2023 – R\$6,072). The reconciliation of gross carrying amount and the expected credit losses segregated by stages are presented in the Note 14.

d) Securities on the financial liabilities classified at fair value through profit or loss are presented in the following table:

	2024		2023	
	Gross carrying amount	Fair value	Gross carrying amount	Fair value
Financial liabilities				
At fair value through profit or loss				
Securities (i)	14,830,405	14,830,405	19,949,021	19,949,021

(i) Related to stock loan operations carried out through the Group's proprietary funds.

e) Debentures designated at fair value through profit or loss are presented in the following table:

On May 6, 2021, XP Investimentos, issued non-convertible debentures, in the aggregate amount of R\$500,018, and designated this instrument as fair value through profit or loss in order to align it with the Group's risk management and investment strategy. The principal amount is due on April 10, 2036. The accrued interest is payable every month from the issuance date and is calculated based on the IPCA (Brazilian inflation index) plus 5% p.a. On January 31, 2025, XP Investimentos repurchased the total amount of the debentures.

	2024		2023	
	Gross carrying amount	Fair value	Gross carrying amount	Fair value
Financial liabilities				
At fair value through profit or loss				
Debentures	623,620	422,971	594,332	474,053

Unrealized gains/(losses) due to own credit risk for liabilities for which the fair value option has been elected are recorded in other comprehensive income. Gain/(losses) due to own credit risk were not material for the period ended December 31, 2024.

Determination of own credit risk for items for which the fair value option was elected

The debenture's own credit risk is calculated as the difference between its yield and its benchmark rate for similar Brazilian federal securities.

e.1) Difference between aggregate fair value and aggregate remaining contractual principal balance outstanding

The following table reflects the difference between the aggregate fair value and the aggregate remaining contractual principal balance outstanding as of December 31, 2024 for instruments for which the fair value option has been elected.

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	2024		
	Contractual principal outstanding	Fair value	Fair value/(under) contractual principal outstanding
Long-term debt			
Debentures	623,620	422,971	(200,649)

	2023		
	Contractual principal outstanding	Fair value	Fair value/(under) contractual principal outstanding
Long-term debt			
Debentures	594,332	474,053	(120,279)

f) Securities classified by maturity:

	Assets		Liabilities	
	2024	2023	2024	2023
Financial assets				
At fair value through PL and at OCI				
Current	100,930,547	74,520,326	14,830,405	19,949,021
Non-stated maturity	68,336,068	47,996,237	14,830,405	19,949,021
Up to 3 months	7,800,480	18,207,233	—	—
From 4 to 12 months	24,793,999	8,316,856	—	—
Non-current	99,934,848	72,824,836	422,971	474,053
After one year	99,934,848	72,824,836	422,971	474,053
Evaluated at amortized cost				
Current	87,633	4,560,263	—	—
Up to 3 months	9,457	2,015,126	—	—
From 4 to 12 months	78,176	2,545,137	—	—
Non-current	2,748,513	2,295,158	—	—
After one year	2,748,513	2,295,158	—	—
Total	203,701,541	154,200,583	15,253,376	20,423,074

The reconciliation of expected loss to financial assets at amortized cost segregated by stage is demonstrated in Note 14.

8. Derivative financial instruments

The Group trades derivative financial instruments with various counterparties to manage its overall exposures (interest rate, foreign currency and fair value of financial instruments) and to assist its customers in managing their own exposures. The fair value of derivative financial instruments, comprised of futures, forward, options, and swaps operations, is determined in accordance with the following criteria:

- Swap – These operations swap cash flow based on the comparison of profitability between two indexers, thus, the agent assumes both positions – put in one indexer and call on another.
- Forward - at the market quotation value, and the installments receivable or payable are fixed to a future date, adjusted to present value, based on market rates published at B3.

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- Futures – Foreign exchange rates, prices of shares and commodities are commitments to buy or sell a financial instrument at a future date, at a contracted price or yield and may be settled in cash or through delivery. Daily cash settlements of price movements are made for all instruments.
- Options - option contracts give the purchaser the right to buy or sell the instrument at a fixed price negotiated at a future date. Those who acquire the right must pay a premium to the seller of the right. This premium is not the price of the instrument, but only an amount paid to have the option (possibility) to buy or sell the instrument at a future date for a previously agreed price.

Positions with derivative financial instruments as of December 31, 2024 and 2023 are shown below:

	2024					
	Notional	Fair Value	%	Up to 3 months	From 4 to 12 months	Above 12 months
Assets						
Options	2,538,687,746	18,760,746	41	5,326,134	12,239,761	1,194,851
Swap contracts	758,053,043	21,743,021	47	2,296,009	606,502	18,840,510
Forward contracts	24,701,643	2,692,354	6	2,058,810	605,517	28,027
Future contracts	22,759,253	3,003,675	6	134,803	1,269,006	1,599,866
Total	3,344,201,685	46,199,796	100	9,815,756	14,720,786	21,663,254
Liabilities						
Options	2,441,605,116	22,034,604	55	5,905,967	8,037,327	8,091,310
Swap contracts	825,780,642	14,000,255	35	2,501,045	1,106,887	10,392,323
Forward contracts	28,290,772	2,083,292	5	2,008,234	72,285	2,773
Future contracts	397,042,853	1,929,536	5	97,829	917,878	913,829
Total	3,692,719,383	40,047,687	100	10,513,075	10,134,377	19,400,235
2023						
	Notional	Fair Value	%	Up to 3 months	From 4 to 12 months	Above 12 months
Assets						
Options	3,053,641,595	15,982,949	85	6,240,115	6,455,786	3,287,048
Swap contracts	392,133,687	3,883,112	11	381,744	531,023	2,970,345
Forward contracts	125,343,466	2,889,964	3	2,508,142	250,756	131,066
Future contracts	8,005,705	977,441	1	833,172	104,758	39,511
Total	3,579,124,453	23,733,466	100	9,963,173	7,342,323	6,427,970
Liabilities						
Options	2,308,283,883	17,970,099	74	5,996,813	5,601,569	6,371,717
Swap contracts	403,391,373	3,448,067	13	56,590	842,922	2,548,555
Forward contracts	82,074,317	2,705,166	3	2,216,996	250,030	238,140
Future contracts	311,303,078	662,084	10	29,918	79,459	552,707
Total	3,105,052,651	24,785,416	100	8,300,317	6,773,980	9,711,119

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Derivatives financial instruments by index:

	2024		2023	
	Notional	Fair Value	Notional	Fair Value
Swap Contracts				
<i>Asset Position</i>				
Foreign exchange	48,173,431	2,336,907	6,446,652	611,709
Interest	708,886,668	19,137,399	367,589,959	1,863,359
Share	922,307	261,229	17,870,871	1,363,195
Commodities	70,637	7,486	226,205	44,849
<i>Liability Position</i>				
Foreign exchange	48,091,014	(2,332,909)	—	—
Interest	762,360,740	(7,667,588)	403,391,373	(3,448,067)
Share	13,399,986	(3,795,336)	—	—
Commodities	1,928,902	(204,422)	—	—
Forward Contracts				
<i>Asset Position</i>				
Foreign exchange	14,082,204	2,233,794	100,765,753	341,835
Interest	10,619,439	458,560	24,577,713	2,548,129
<i>Liability Position</i>				
Foreign exchange	17,671,333	(1,624,732)	60,387,358	(759,693)
Interest	10,619,439	(458,560)	21,686,959	(1,945,473)
Future Contracts				
<i>Purchase commitments</i>				
Foreign exchange	433,824	1,264	387,663	908
Interest	9,856,454	1,456,514	4,887,109	972,355
Share	4,011,021	545,439	3,520	—
Commodities	8,457,954	1,000,458	2,727,413	4,178
<i>Commitments to sell</i>				
Foreign exchange	17,679,727	(50,786)	43,572	(131)
Interest	91,070,059	(451,014)	35,365,170	(560,676)
Share	201,459,785	(997,705)	274,874,389	(99,779)
Commodities	86,833,282	(430,031)	1,019,947	(1,498)
Options				
<i>Purchase commitments</i>				
Foreign exchange	9,565,942	714,593	14,346,184	520
Interest	2,528,806,657	17,978,224	3,019,606,208	15,593,786
Share	313,605	67,766	18,780,035	385,921
Commodities	1,542	163	909,168	2,722
<i>Commitments to sell</i>				
Foreign exchange	175,548	(526,549)	9,308,549	(123,346)
Interest	2,440,966,741	(15,167,264)	2,278,678,906	(13,820,730)
Share	459,335	(6,340,766)	20,296,428	(4,026,023)
Commodities	3,492	(25)	—	—
Assets		46,199,796		23,733,466
Liabilities		(40,047,687)		(24,785,416)
Net		<u>6,152,109</u>		<u>(1,051,950)</u>

9. Hedge accounting

The Group has three types of hedge relationships: hedge of net investment in foreign operations, fair value hedge and cash flow hedge. For hedge accounting purposes, the risk factors measured by the Group are:

- Interest Rate: Risk of volatility in transactions subject to interest rate variations;

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- Currency: Risk of volatility in transactions subject to foreign exchange variation;
- Stock Grant Charges: Risk of volatility in XP Inc stock prices, listed on NASDAQ.

The structure of risk limits is extended to the risk factor level, where specific limits aim at improving the monitoring and understanding processes, as well as avoiding concentration of these risks.

The structures designed for interest rate and exchange rate categories take into account total risk when there are compatible hedging instruments. In certain cases, management may decide to hedge a risk for the risk factor term and limit of the hedging instrument.

a) Hedge of net investment in foreign operations

The objective of the Group was to hedge the risk generated by the US\$ variation from investments in our subsidiaries in the United States, XP Holding International LLC. and XP Advisory US. The Group has entered into future contracts to protect against changes in future cash flows and exchange rate variation of net investments in foreign operations.

The Group undertakes risk management through the economic relationship between hedge instruments and hedged items, in which it is expected that these instruments will move in opposite directions, in the same proportions, with the aim of neutralizing the risk factors.

Strategies	Hedged item			Hedge instrument	
	Book Value		Variation in value recognized in Other comprehensive income	Notional value	Variation in the amounts used to calculate hedge ineffectiveness
	Assets	Liabilities			
2024					
Foreign exchange risk					
Hedge of net investment in foreign operations	675,168	—	136,598	708,102	(138,777)
Total	675,168	—	136,598	708,102	(138,777)
2023					
Foreign exchange risk					
Hedge of net investment in foreign operations	450,853	—	(34,603)	446,442	41,235
Total	450,853	—	(34,603)	446,442	41,235
2022					
Foreign exchange risk					
Hedge of net investment in foreign operations	395,594	—	(17,281)	414,043	18,480
Total	395,594	—	(17,281)	414,043	18,480

b) Fair value hedge

The Group's fair value strategy consists of hedging the exposure to variation in fair value on the receipt, payment of interests and exchange variation on assets and liabilities.

The group applies fair value hedges as follows:

- Hedging the exposure of fixed income securities carried out through structured notes. The market risk hedge strategy involves avoiding temporary fluctuations in earnings arising from changes in the interest rate market in Reais. Once this risk is offset, the Group seeks to index the portfolio to the CDI, through the use of derivatives (DI1 Futuro). The hedge is contracted in order to neutralize the total exposure to the market risk of the fixed-income funding portfolio, excluding the portion of the fixed-income compensation represented by the credit spread of Banco XP S.A., seeking to obtain the closest match deadlines and volumes as possible.

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- Hedging to protect the change in the fair value of the exchange and interest rate risk of the component of future cash flows arising from the XP Inc bond issued (financial liability) recognized in the balance sheet of XP Inc in July 2021 by contracting derivatives.
- Hedging the exposure of fixed-income securities carried out through sovereign bonds issued by Brazilian government in BRL through the use of derivatives. The strategy involves avoiding temporary fluctuations in statements of income arising from changes in the interest rate market. The hedge is contracted in order to neutralize the exposure arising from the risk-free portion of the fixed-income securities, excluding the portion of the securities' remuneration represented by the credit spread.
- Hedging the exposure to fixed interest rates in BRL arising from the payroll loans portfolio through the use of derivatives. The strategy involves avoiding temporary fluctuations in statements of income arising from changes in the interest rate market.
- Hedging the exposure to floating interest rates in BRL arising from loan operations indexed to IPCA (Brazilian inflation index) through the use of derivatives. The strategy involves avoiding temporary fluctuations in statements of income arising from changes in the interest rate market.

The effects of hedge accounting on the financial position and performance of the Group are presented below:

Strategies	Hedged item			Hedge instrument	
	Book Value		Variation in value recognized in income	Notional value	Variation in the amounts used to calculate hedge ineffectiveness
	Assets	Liabilities			
	2024				
Interest rate and foreign exchange risk					
Structured notes	—	17,671,952	2,727,761	18,273,237	(2,817,265)
Issued bonds	—	2,612,153	(779,318)	2,544,997	861,368
Brazilian sovereign bonds	24,728,299	—	(384,453)	24,624,210	372,940
Payroll loans	842,210	—	(31,328)	850,579	29,466
Loan operations	2,381,358	—	(17,669)	2,377,504	16,600
Total	27,951,867	20,284,105	1,514,993	48,670,527	(1,536,891)

Strategies	Hedged item			Hedge instrument	
	Book Value		Variation in value recognized in income	Notional value	Variation in the amounts used to calculate hedge ineffectiveness
	Assets	Liabilities			
	2023				
Interest rate and foreign exchange risk					
Structured notes	—	16,593,439	(816,142)	16,702,984	849,160
Issued bonds	—	3,542,258	131,181	3,379,798	(189,189)
Total	—	20,135,697	(684,961)	20,082,782	659,971

c) Cash flow hedge

In March 2022, XP Inc recorded a new hedge structure, in order to neutralize the impacts of XP share price variation on highly probable labor tax payments related to share based compensation plans using SWAP-TRS contracts. The transaction has been elected for hedge accounting and classified as cash flow hedge in accordance with IFRS 9. Labor tax payments are due upon delivery of shares to employees under share-based compensation plans and are directly related to share price at that time.

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The effects of hedge accounting on the financial position and performance of the Group are presented below:

Strategies	Hedged item			Hedge instrument	
	Book Value		Variation in value recognized in Other comprehensive income	Notional value	Variation in the amounts used to calculate hedge ineffectiveness
	Assets	Liabilities			
	2024				
Market price risk					
Long term incentive plan taxes	—	234,310	205,701	206,068	(198,386)
Total	—	234,310	205,701	206,068	(198,386)

Strategies	Hedged item			Hedge instrument	
	Book Value		Variation in value recognized in Other comprehensive income	Notional value	Variation in the amounts used to calculate hedge ineffectiveness
	Assets	Liabilities			
	2023				
Market price risk					
Long term incentive plan taxes	—	414,315	(59,517)	438,765	70,906
Total	—	414,315	(59,517)	438,765	70,906

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The table below presents, for each risk factor and hedging instruments categories, the nominal value and the adjustments to the fair value of the hedging instruments and the book value of the hedged object:

2024					
Hedge Instruments	Notional amount	Book value		Variation in fair value used to calculate hedge ineffectiveness	Hedge ineffectiveness recognized in income
		Assets	Liabilities		
Interest rate risk					
Futures	48,535,725	27,951,867	20,150,635	(1,589,844)	(20,755)
Foreign exchange risk					
Futures	842,904	675,168	133,470	(85,824)	(3,322)
Market price risk					
Swaps	206,068	—	234,310	(198,386)	7,315
2023					
Hedge Instruments	Notional amount	Book value		Variation in fair value used to calculate hedge ineffectiveness	Hedge ineffectiveness recognized in income
		Assets	Liabilities		
Interest rate risk					
Futures	19,859,217	—	19,896,226	675,035	(19,807)
Foreign exchange risk					
Futures	670,007	450,853	239,472	26,171	1,449
Market price risk					
Swaps	438,765	—	414,315	70,906	11,389

The table below presents, for each strategy, the notional amount and the fair value adjustments of hedging instruments and the book value of the hedged item:

Strategies	December 31, 2024			December 31, 2023			December 31, 2022		
	Hedge instruments		Hedge item	Hedge instruments		Hedge item	Hedge instruments		Hedge item
	Notional amount	Fair value adjustments	Book value	Notional amount	Fair value adjustments	Book value	Notional amount	Fair value adjustments	Book value
Hedge of fair value	48,670,527	(1,536,891)	1,514,993	20,082,782	659,971	(684,961)	17,887,369	(932,486)	887,138
Hedge of net investment in foreign operations	708,102	(138,777)	136,598	446,442	41,235	(34,603)	414,043	18,480	(17,252)
Hedge of cash flow	206,068	(198,386)	205,701	438,765	70,906	(59,517)	261,818	(348,248)	346,900
Total	49,584,697	(1,874,054)	1,857,292	20,967,989	772,112	(779,081)	18,563,230	(1,262,254)	1,216,786

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The table below shows the breakdown of notional value by maturity of the hedging strategies:

	2024							
	0-1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Over 10 years	Total
Hedge of fair value	12,547,147	15,169,533	11,423,467	3,203,777	2,556,701	941,397	2,828,505	48,670,527
Hedge of net investment in foreign operations	708,102	—	—	—	—	—	—	708,102
Hedge of cash flow	206,068	—	—	—	—	—	—	206,068
Total	13,461,317	15,169,533	11,423,467	3,203,777	2,556,701	941,397	2,828,505	49,584,697

	2023							
	0-1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Over 10 years	Total
Hedge of fair value	696,906	1,653,677	6,001,602	6,920,470	2,888,836	1,921,291	—	20,082,782
Hedge of net investment in foreign operations	400,918	45,524	—	—	—	—	—	446,442
Hedge of cash flow	438,765	—	—	—	—	—	—	438,765
Total	1,536,589	1,699,201	6,001,602	6,920,470	2,888,836	1,921,291	—	20,967,989

	2022							
	0-1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Over 10 years	Total
Hedge of fair value	229,368	707,421	2,773,333	5,913,477	5,930,291	2,333,479	—	17,887,369
Hedge of net investment in foreign operations	381,958	—	32,085	—	—	—	—	414,043
Hedge of cash flow	261,818	—	—	—	—	—	—	261,818
Total	873,144	707,421	2,805,418	5,913,477	5,930,291	2,333,479	—	18,563,230

10. Loan operations

Following is the breakdown of the carrying amount of loan operations by class, sector of debtor, maturity and concentration:

Loans by type	2024	2023
Pledged asset loan	23,217,323	24,845,243
Retail	12,674,565	12,366,330
Companies	4,516,553	7,054,507
Credit card	6,026,205	5,424,406
Non-pledged loan	6,431,221	4,036,646
Retail	549,148	764,712
Companies	3,506,397	959,898
Credit card	2,375,676	2,312,036
Total loans operations	29,648,544	28,881,889
Expected Credit Loss (Note 14)	(420,081)	(329,954)
Total loans operations, net of Expected Loss	29,228,463	28,551,935

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By maturity	2024	2023
Overdue by 1 day or more	304,052	329,707
Due in 3 months or less	6,014,440	6,739,145
Due after 3 months through 12 months	3,808,000	5,056,321
Due after 12 months	19,522,052	16,756,716
Total Loans operations	29,648,544	28,881,889

By concentration	2024	2023
Largest debtor	2,407,808	855,607
10 largest debtors	4,799,033	2,921,734
20 largest debtors	5,831,608	4,058,250
50 largest debtors	7,475,742	5,579,073
100 largest debtors	8,601,442	6,949,906

XP Inc offers loan products through Banco XP to its customers. The loan products offered are mostly 78% and 86% in December 31, 2024 and 2023, respectively) collateralized by customers' investments on XP platform and credit products strictly related to investments in structured notes, in which the borrower is able to operate leveraged, retaining the structured note itself as guarantee for the loan.

The reconciliation of gross carrying amount and the expected credit losses in loan operations, segregated by stage according with IFRS 9 is demonstrated in Note 14.

11. Accounts receivable

	2024	2023
Customers ⁽ⁱ⁾	684,839	579,498
Dividends and interest receivable on equity capital through proprietary funds	50,921	31,779
Other	119,068	133,820
(-) Expected credit losses on accounts receivable (Note 14(b))	(75,885)	(63,907)
Total	778,943	681,190

(i) Refers to receivables from management fees arising from the distribution of funds and amounts receivable related to service provision, which have an average term of 30 days. There is no material concentration on the balances receivable as of December 31, 2024 and 2023.

The reconciliation of gross carrying amount and the expected credit loss in accounts receivable, segregated by stage, according with IFRS 9, is included in Note 14.

12. Recoverable taxes

	2024	2023
Prepayments of income taxes (IRPJ and CSLL)	423,489	192,570
Contributions over revenue (PIS and COFINS)	25,791	45,688
Taxes on services (ISS)	3,255	1,859
Others	20	5,097
Total	452,555	245,214
Current	452,555	245,214
Non-current	—	—

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13. Prepaid expenses

	2024	2023
Commissions and premiums paid in advance ⁽ⁱ⁾⁽ⁱⁱ⁾	3,948,012	4,081,456
Marketing expenses	16,791	10,687
Services paid in advance ⁽ⁱⁱⁱ⁾	213,193	42,331
Other expenses paid in advance	185,237	283,789
Total	4,363,233	4,418,263
Current	935,046	826,107
Non-current	3,428,187	3,592,156

- (i) Mostly comprised by long term investment programs implemented by XP CCTVM through its network of IFAs. These commissions and premiums paid are recognized at the signing date of each contract and are amortized in the Group's income statement, linearly, according to the investment term period.
- (ii) Include balances with related parties, in connection with the transactions disclosed on Note 5(ii)(b)(ii).
- (iii) Mostly related to software's subscription licenses (software as a service "SaaS").

14. Expected Credit Losses on Financial Assets and Reconciliation of carrying amount

a) Reconciliation of carrying amount of Financial Assets

It is presented below the reconciliation of gross carrying amount of financial assets through other comprehensive income and financial assets measured at amortized cost – that have their ECLs (Expected Credit Losses) measured using the three-stage model and the low credit risk simplification.

Stage 1	Balance at December 31, 2023	Acquisition / (Settlements)	Transfer to stage 2	Transfer to stage 3	Transfer from stage 2	Transfer from stage 3	Write-Off	Closing balance December 31, 2024
Financial assets at fair value through other comprehensive income								
Securities	43,693,837	9,557,073	—	—	—	—	—	53,250,910
Financial assets amortized cost								
Securities	6,861,493	(4,011,385)	—	—	—	—	—	2,850,108
Securities purchased under resale agreements	14,891,781	7,167,720	—	—	—	—	—	22,059,501
Loans and credit card operations	26,447,368	1,597,545	(2,108,966)	(309,713)	710,801	253	—	26,337,288
Total on-balance exposures	91,894,479	14,310,953	(2,108,966)	(309,713)	710,801	253	—	104,497,807
Off-balance exposures (credit card limits)	8,323,897	(716,113)	(300,426)	(206)	166,424	1	—	7,473,577
Total exposures	100,218,376	13,594,840	(2,409,392)	(309,919)	877,225	254	—	111,971,384
Stage 2								
	Balance at December 31, 2023	Acquisition / (Settlements)	Transfer to stage 1	Transfer to stage 3	Transfer from stage 1	Transfer from stage 3	Write-Off	Closing balance December 31, 2024
Financial assets amortized cost								
Loans and credit card operations	2,202,931	(566,369)	(710,801)	(125,492)	2,108,966	810	—	2,910,045
Total on-balance exposures	2,202,931	(566,369)	(710,801)	(125,492)	2,108,966	810	—	2,910,045
Off-balance exposures (credit card limits)	583,270	(322,731)	(166,424)	(130)	300,426	5	—	394,416
Total exposures	2,786,201	(889,100)	(877,225)	(125,622)	2,409,392	815	—	3,304,461

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Stage 3	Balance at December 31, 2023	Acquisition / (Settlements)	Transfer to stage 1	Transfer to stage 2	Transfer from stage 1	Transfer from stage 2	Write-Off	Closing balance December 31, 2024
Financial assets amortized cost								
Loans and credit card operations	231,590	(80,172)	(253)	(810)	309,713	125,492	(184,349)	401,211
Total on-balance exposures	231,590	(80,172)	(253)	(810)	309,713	125,492	(184,349)	401,211
Off-balance exposures (credit card limits)	5,540	(312)	(1)	(5)	206	130	—	5,558
Total exposures	237,130	(80,484)	(254)	(815)	309,919	125,622	(184,349)	406,769

Consolidated Stages	Balance at December 31, 2023	Purchases / (Settlements)	Write-Off	Closing balance December 31, 2024
Financial assets at fair value through other comprehensive income				
Securities	43,693,837	9,557,073	—	53,250,910
Financial assets amortized cost				
Securities	6,861,493	(4,011,385)	—	2,850,108
Securities purchased under resale agreements	14,891,781	7,167,720	—	22,059,501
Loans and credit card operations	28,881,889	951,004	(184,349)	29,648,544
Total on-balance exposures	94,329,000	13,664,412	(184,349)	107,809,063
Off-balance exposures (credit card limits)	8,912,707	(1,039,156)	—	7,873,551
Total exposures	103,241,707	12,625,256	(184,349)	115,682,614

Stage 1	Balance at December 31, 2022	Acquisition / (Settlements)	Business Combination	Transfer to stage 2	Transfer to stage 3	Transfer from stage 2	Transfer from stage 3	Write-Off	Closing balance December 31, 2023
Financial assets at fair value through other comprehensive income									
Securities	35,150,599	8,543,238	—	—	—	—	—	—	43,693,837
Financial assets amortized cost									
Securities	9,275,027	(2,413,534)	—	—	—	—	—	—	6,861,493
Securities purchased under resale agreements	7,606,501	7,285,280	—	—	—	—	—	—	14,891,781
Loans and credit card operations	21,168,048	5,678,561	1,082,998	(1,800,466)	(193,066)	518,241	27	(6,975)	26,447,378
Total on-balance exposures	73,200,175	19,093,545	1,082,998	(1,800,466)	(193,066)	518,241	27	(6,975)	91,894,479
Off-balance exposures (credit card limits)	4,759,298	3,670,075	201,949	(495,087)	(5,526)	193,171	17	—	8,323,897
Total exposures	77,959,473	22,763,620	1,284,947	(2,295,553)	(198,592)	711,412	44	(6,975)	100,218,376

Stage 2	Balance at December 31, 2022	Acquisition / (Settlements)	Business Combination	Transfer to stage 1	Transfer to stage 3	Transfer from stage 1	Transfer from stage 3	Write-Off	Closing balance December 31, 2023
Financial assets amortized cost									
Loans and credit card operations	1,073,170	(111,875)	2,734	(518,241)	(33,238)	1,800,466	117	(10,202)	2,202,931
Total on-balance exposures	1,073,170	(111,875)	2,734	(518,241)	(33,238)	1,800,466	117	(10,202)	2,202,931
Off-balance exposures (credit card limits)	255,539	25,490	308	(193,171)	(8)	495,087	25	—	583,270
Total exposures	1,328,709	(86,385)	3,042	(711,412)	(33,246)	2,295,553	142	(10,202)	2,786,201

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Stage 3	Balance at December 31, 2022	Acquisition / (Settlements)	Business Combination	Transfer to stage 1	Transfer to stage 2	Transfer from stage 1	Transfer from stage 2	Write-Off	Closing balance December 31, 2023
Financial assets amortized cost									
Loans and credit card operations	19,319	(11,003)	18,004	(27)	(117)	193,066	33,238	(20,890)	231,590
Total on-balance exposures	19,319	(11,003)	18,004	(27)	(117)	193,066	33,238	(20,890)	231,590
Off-balance exposures (credit card limits)	—	(31)	79	(17)	(25)	5,526	8	—	5,540
Total exposures	19,319	(11,034)	18,083	(44)	(142)	198,592	33,246	(20,890)	237,130

Consolidated Stages	Balance at December 31, 2022	Purchases / (Settlements)	Business Combination	Write-Off	Closing balance December 31, 2023
Financial assets at fair value through other comprehensive income					
Securities	35,150,599	8,543,238	—	—	43,693,837
Financial assets amortized cost					
Securities	9,275,027	(2,413,534)	—	—	6,861,493
Securities purchased under resale agreements	7,606,501	7,285,280	—	—	14,891,781
Loans and credit card operations	22,260,537	5,555,684	1,103,736	(38,068)	28,881,889
Total on-balance exposures	74,292,664	18,970,668	1,103,736	(38,068)	94,329,000
Off-balance exposures (credit card limits)	5,014,837	3,695,534	202,336	—	8,912,707
Total exposures	79,307,501	22,666,202	1,306,072	(38,068)	103,241,707

The following table presents the gross carrying amount of financial assets measured at amortized cost, which have their ECLs measured using the simplified approach:

Operations	2024	2023
Financial assets amortized cost		
Securities trading and intermediation	6,635,969	3,047,011
Accounts Receivable	854,828	745,097
Other financial assets	13,257,189	4,263,947
Total	20,747,986	8,056,055

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b) Expected credit loss

The table below presents the changes in ECLs, measured according to the three-stage model, for assets classified as financial assets through other comprehensive income and financial assets measured at amortized cost in the period ended December 31, 2024 and December 31, 2023, segregated by stages:

Stage 1	Balance at December 31, 2023	Acquisition / (Settlements)	Transfer to stage 2	Transfer to stage 3	Transfer from stage 2	Transfer from stage 3	Write-Off	Closing balance December 31, 2024
Financial assets at fair value through other comprehensive income								
Securities	12,199	3,423	—	—	—	—	—	15,622
Financial assets amortized cost								
Securities	6,072	7,890	—	—	—	—	—	13,962
Securities purchased under resale agreements	2,803	(439)	—	—	—	—	—	2,364
Loans and credit card operations	54,845	227,395	(57,266)	(148,947)	2,872	130	—	79,029
Total on-balance exposures	75,919	238,269	(57,266)	(148,947)	2,872	130	—	110,977
Off-balance exposures (credit card limits)	8,162	8,349	(5,770)	(32)	555	—	—	11,264
Total exposures	84,081	246,618	(63,036)	(148,979)	3,427	130	—	122,241

Stage 2	Balance at December 31, 2023	Acquisition / (Settlements)	Transfer to stage 1	Transfer to stage 3	Transfer from stage 1	Transfer from stage 3	Write-Off	Closing balance December 31, 2024
Financial assets amortized cost								
Loans and credit card operations	74,696	76,541	(2,872)	(117,930)	57,266	184	—	87,885
Total on-balance exposures	74,696	76,541	(2,872)	(117,930)	57,266	184	—	87,885
Off-balance exposures (credit card limits)	6,203	(3,608)	(555)	(6)	5,770	—	—	7,804
Total exposures	80,899	72,933	(3,427)	(117,936)	63,036	184	—	95,689

Stage 3	Balance at December 31, 2023	Acquisition / (Settlements)	Transfer to stage 1	Transfer to stage 2	Transfer from stage 1	Transfer from stage 2	Write-Off	Closing balance December 31, 2024
Financial assets amortized cost								
Loans and credit card operations	182,281	(34,416)	(130)	(184)	148,947	117,930	(184,349)	230,079
Total on-balance exposures	182,281	(34,416)	(130)	(184)	148,947	117,930	(184,349)	230,079
Off-balance exposures (credit card limits)	3,767	215	—	—	32	6	—	4,020
Total exposures	186,048	(34,201)	(130)	(184)	148,979	117,936	(184,349)	234,099

Consolidated Stages	Balance at December 31, 2023	Increase / (Reversal)	Write-Off	Closing balance December 31, 2024
Financial assets at fair value through other comprehensive income				
Securities	12,199	3,423	—	15,622
Financial assets amortized cost				
Securities	6,072	7,890	—	13,962
Securities purchased under resale agreements	2,803	(439)	—	2,364
Loans and credit card operations	311,822	269,520	(184,349)	396,993
Total on-balance exposures	332,896	280,394	(184,349)	428,941
Off-balance exposures (credit card limits)	18,132	4,956	—	23,088
Total exposures	351,028	285,350	(184,349)	452,029

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Stage 1	Balance at December 31, 2022	Acquisition / (Settlements)	Business Combination	Transfer to stage 2	Transfer to stage 3	Transfer from stage 2	Transfer from stage 3	Write-Off	Closing balance at December 31, 2023
Financial assets at fair value through other comprehensive income									
Securities	8,077	4,122		—	—	—	—		12,199
Financial assets amortized cost									
Securities	2,924	3,148	—	—	—	—	—		6,072
Securities purchased under resale agreements	2,681	122		—	—	—	—		2,803
Loans and credit card operations	21,313	223,234	27,499	(63,095)	(148,305)	1,173	1	(6,975)	54,845
Total on-balance exposures	34,995	230,626	27,499	(63,095)	(148,305)	1,173	1	(6,975)	75,919
Off-balance exposures (credit card limits)	4,800	8,064	4,303	(5,427)	(3,765)	187	—	—	8,162
Total exposures	39,795	238,690	31,802	(68,522)	(152,070)	1,360	1	(6,975)	84,081
Stage 2	Balance at December 31, 2022	Acquisition / (Settlements)	Business Combination	Transfer to stage 1	Transfer to stage 3	Transfer from stage 1	Transfer from stage 3	Write-Off	Closing balance at December 31, 2023
Financial assets amortized cost									
Loans and credit card operations	7,656	43,159	807	(1,173)	(28,663)	63,095	17	(10,202)	74,696
Total on-balance exposures	7,656	43,159	807	(1,173)	(28,663)	63,095	17	(10,202)	74,696
Off-balance exposures (credit card limits)	1,428	(467)	3	(187)	(1)	5,427	—	—	6,203
Total exposures	9,084	42,692	810	(1,360)	(28,664)	68,522	17	(10,202)	80,899
Stage 3	Balance at December 31, 2022	Acquisition / (Settlements)	Business Combination	Transfer to stage 1	Transfer to stage 2	Transfer from stage 1	Transfer from stage 2	Write-Off	Closing balance at December 31, 2023
Financial assets amortized cost									
Loans and credit card operations	14,181	(3,226)	15,268	(1)	(17)	148,304	28,663	(20,891)	182,281
Total on-balance exposures	14,181	(3,226)	15,268	(1)	(17)	148,304	28,663	(20,891)	182,281
Off-balance exposures (credit card limits)	—	(18)	18	—	—	3,766	1	—	3,767
Other off-balance exposures	15,214	38,891	—	—	—	—	—	(54,105)	—
Total exposures	29,395	35,647	15,286	(1)	(17)	152,070	28,664	(74,996)	186,048

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Consolidated Stages	Balance at December 31, 2022	Increase / (Reversal)	Business Combination	Write-Off	Closing balance at December 31, 2023
Financial assets at fair value through other comprehensive income					
Securities	8,077	4,122	—	—	12,199
Financial assets amortized cost					
Securities	2,924	3,148	—	—	6,072
Securities purchased under resale agreements	2,681	122	—	—	2,803
Loans and credit card operations	43,149	263,168	43,573	(38,068)	311,822
Total on-balance exposures	56,831	270,560	43,573	(38,068)	332,896
Off-balance exposures (credit card limits)	6,228	7,579	4,325	—	18,132
Other off-balance exposures	15,214	38,890	—	(54,104)	—
Total exposures	78,273	317,029	47,898	(92,172)	351,028

The table below presents the ECLs for the financial assets measured according to simplified approach in the period ended December 31, 2024 and December 31, 2023:

Expected Credit Losses	2024	2023
Financial assets amortized cost		
Securities trading and intermediation	136,872	114,692
Accounts Receivable	75,885	63,907
Other financial assets	24,192	55,204
Total	236,949	233,803

c) Expected credit losses segregated by products

The table below presents the expected credit losses for 2024 and 2023, segregated by products:

Expected Credit Losses	2024	2023
Financial assets at fair value through other comprehensive income	15,622	12,199
Securities	15,622	12,199
Financial assets amortized cost	650,269	554,501
Securities	13,962	6,072
Securities purchased under resale agreements	2,364	2,803
Loans and credit card operations	396,994	311,823
Securities trading and intermediation	136,872	114,692
Accounts Receivable	75,885	63,907
Other financial assets	24,192	55,204
Total losses for exposures	665,891	566,700
Off-balance exposures (credit card limits)	23,087	18,131
Total exposures	688,978	584,831

15. Investments in associates and joint ventures

Set out below are the associates and joint ventures of the Group as of December 31, 2024 and 2023.

Entity	2023	Acquisitions (iv)	Disposals	Equity in earnings	Dividends received	Other changes in equity (v)	Goodwill (i) (vi)	2024
Equity-accounted method								
Associates ^(ii.a)	1,657,956	86,482	—	47,286	(46,812)	(49,146)	276,735	1,972,501
Measured at fair value								
Associates ⁽ⁱⁱⁱ⁾	1,450,704	—	(33,126)	(91,212)	—	219,912	—	1,546,278
Total	3,108,660	86,482	(33,126)	(43,926)	(46,812)	170,766	276,735	3,518,779

Entity	2022	Acquisitions (iv)	Disposals	Equity in earnings	Dividends received	Other changes in equity (v)	Goodwill (i) (vi)	2023
Equity-accounted method								
Associates ^(ii.a)	748,306	297,072	(11,034)	73,507	—	12,434	537,671	1,657,956
Measured at fair value								
Associates ⁽ⁱⁱⁱ⁾	1,523,425	20,444	(44,923)	(52,403)	—	4,161	—	1,450,704
Total	2,271,731	317,516	(55,957)	21,104	—	16,595	537,671	3,108,660

(i) Refers to acquisitions of associates and joint ventures. The goodwill recognized includes the amount of expected synergies arising from the investments and includes an element of contingent consideration. (Note 5(ii)(b)(ii)).

(ii) As of December 31, 2024 and December 31, 2023, includes the interests in the total and voting capital of the following companies: (a) Associates Wealth High Governance Holding de Participações S.A. (49.9% of the total and voting capital on December 31, 2024 and 2023); Primo Rico Mídia, Educacional e Participações Ltda. (21.83% of the total and voting capital on December 31, 2023); NK112 Empreendimentos e Participações S.A. (49.9% of the total and voting capital on December 31, 2024 and 2023); Ável Participações Ltda. (35% of the total and voting capital on December 31, 2024 and December 31, 2023); Monte Bravo Holding JV S.A. (45% of the total and voting capital on December 31, 2024 and December 31, 2023); and Blue3 S.A. (42% of the total and voting capital on December 31, 2024 and December 31, 2023); FMX Capital S.A. (36.01% of the total and voting capital on December 31, 2024); SVN S.A. (22% of the total and voting capital on December 31, 2024) and Manchester Financial Group Participações S.A. (16% of the total and voting capital on December 31, 2024).

(iii) As mentioned in Note 2 (c)(iii), the Group values the investments held through some proprietary investment funds at fair value. The fair value of investments is presented in the statement of income as 'Net income/(loss) from financial instruments at fair value through profit or loss'. Contingent consideration amounts related to the investments at fair value held through proprietary investment funds are presented in Note 20.

(iv) Includes the minority stake acquisitions disclosed in the Note 5(ii)(b)(ii).

(v) Includes loss or acquisition of significant influence in associates (non-cash transaction), reclassified from investments in associates and joint ventures to financial assets at fair value through profit or loss (or vice versa) and other comprehensive income balances.

(vi) During the year ended December 31, 2024, includes the remeasurement of a contingent consideration element, in the total amount of R\$50,000, against 'other financial liabilities', related to minority stake acquisitions occurred in 2023 (Note 5(ii)(b)(ii)).

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16. Property, equipment, intangible assets and leases

(a) Property and equipment

	Data processing system	Furniture and equipment	Security systems	Facilities	Fixed assets in progress	Other	Total
Balance as of January 1, 2022	57,931	18,221	690	39,200	164,096	33,826	313,964
Additions	10,775	152	1,542	245	31,849	—	44,563
Write-offs	—	—	—	—	(1,179)	—	(1,179)
Transfers	101	41	—	104	(15,264)	—	(15,018)
Foreign exchange	21	(58)	—	(407)	—	—	(444)
Depreciation in the year	(18,774)	(3,649)	(93)	(5,019)	(17)	(3,440)	(30,992)
Balance as of December 31, 2022	50,054	14,707	2,139	34,123	179,485	30,386	310,894
Cost	101,101	31,291	2,557	54,553	179,485	34,399	403,386
Accumulated depreciation	(51,047)	(16,584)	(418)	(20,430)	—	(4,013)	(92,492)
Balance as of January 1, 2023	50,054	14,707	2,139	34,123	179,485	30,386	310,894
Additions	9,124	11,328	728	338	44,486	—	66,004
Business combination (Note 5(ii))	35,945	1,881	94	797	816	—	39,533
Write-offs	(1,059)	(158)	(8)	(52)	—	—	(1,277)
Transfers	—	1,501	624	18,041	(20,166)	—	—
Foreign exchange	779	16	1	60	—	—	856
Depreciation in the year	(26,923)	(4,740)	(260)	(7,285)	—	(3,440)	(42,648)
Balance as of December 31, 2023	67,920	24,535	3,318	46,022	204,621	26,946	373,362
Cost	178,361	46,815	4,490	90,191	204,621	34,399	558,877
Accumulated depreciation	(110,441)	(22,280)	(1,172)	(44,169)	—	(7,453)	(185,515)
Balance as of January 1, 2024	67,920	24,535	3,318	46,022	204,621	26,946	373,362
Additions	5,311	5,186	524	455	133,332	—	144,808
Write-offs	(67)	(30)	(20)	—	(14,208)	—	(14,325)
Transfers	(8,069)	7,088	19,034	105,807	(123,860)	—	—
Foreign exchange	82	(101)	—	(136)	120	—	(35)
Disposal	—	—	—	—	(10,000)	—	(10,000)
Depreciation in the year	(19,897)	(4,644)	(3,790)	(11,991)	(92)	(3,440)	(43,854)
Balance as of December 31, 2024	45,280	32,034	19,066	140,157	189,913	23,506	449,956
Cost	133,339	54,916	29,752	183,728	192,965	34,399	629,099
Accumulated depreciation	(88,059)	(22,882)	(10,686)	(43,571)	(3,052)	(10,893)	(179,143)

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(b) Goodwill and Intangible assets

	Software	Goodwill	Customer list	Trademarks	Other intangible assets	Total
Balance as of January 1, 2022	152,332	542,745	92,489	2,567	30,842	820,975
Additions	13,655	—	13,000	—	55,757	82,412
Business combination (Note 5(ii))	—	60,037	—	—	—	60,037
Write-offs	(7,337)	(156)	(12,133)	—	—	(19,626)
Transfers	10,125	(7,404)	(21,189)	18,468	—	—
Foreign exchange	(3,986)	—	—	—	(1)	(3,987)
Amortization in the year	(76,450)	—	(10,663)	(8,495)	(21)	(95,629)
Balance as of December 31, 2022	88,339	595,222	61,504	12,540	86,577	844,182
Cost	276,195	595,222	141,252	25,000	86,674	1,124,343
Accumulated amortization	(187,856)	—	(79,748)	(12,460)	(97)	(280,161)
Balance as of January 1, 2023	88,339	595,222	61,504	12,540	86,577	844,182
Additions	22,387	—	58,692	—	49,140	130,219
Business combination (Note 5(ii))	46,916	1,257,605	355,730	29,909	—	1,690,160
Write-offs	(4,945)	(19,420)	—	(3,113)	(2,722)	(30,200)
Transfers	77,964	—	(7,876)	7,090	(77,178)	—
Foreign exchange	—	—	—	—	1,494	1,494
Amortization in the year	(71,680)	—	(35,076)	(11,468)	(15,586)	(133,810)
Balance as of December 31, 2023	158,981	1,833,407	432,974	34,958	41,725	2,502,045
Cost	302,560	1,833,407	555,674	51,110	41,725	2,784,476
Accumulated amortization	(143,579)	—	(122,700)	(16,152)	—	(282,431)
Balance as of January 1, 2024	158,981	1,833,407	432,974	34,958	41,725	2,502,045
Additions	5,042	4,620	—	—	175,742	185,404
Business combination (Note 5(ii))	—	103,544	(1,633)	(39)	—	101,872
Write-offs	(15,127)	—	—	—	—	(15,127)
Transfers	(28,677)	(20,222)	(9,911)	18,245	40,565	—
Foreign exchange	164	—	—	—	223	387
Amortization in the year	(50,770)	—	(62,449)	(14,254)	(12,659)	(140,132)
Balance as of December 31, 2024	69,613	1,921,349	358,981	38,910	245,596	2,634,449
Cost	197,295	1,921,349	492,886	122,797	266,466	3,000,793
Accumulated amortization	(127,682)	—	(133,905)	(83,887)	(20,870)	(366,344)

(c) Impairment test for goodwill

Given the interdependency of cash flows and the merger of business practices, all Group's entities are considered a single cash generating unit ("CGU") and, therefore, a goodwill impairment test is performed at the single operating level. Therefore, the carrying amount considered for the impairment test represents the Company's equity.

The Group tests whether goodwill has suffered any impairment on an annual basis or more frequently if there is an impairment indicator. For the years ended December 31, 2024 and 2023, the recoverable amount of the single CGU was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a four-year period.

Cash flows beyond the four-year period are extrapolated using the estimated growth rates, which are consistent with forecasts included in industry reports specific to the industry in which the Group operates.

The Group performed its annual impairment test as of December 31, 2024 and 2023 which did not result in the need to recognize impairment losses on the carrying value of goodwill.

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Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions are:

Assumption	Approach used to determine values
Sales	Average annual growth rate over the four-year forecast period; based on management's expectations of market development.
Budgeted gross margin	Based on management's expectations for the future.
Other operating costs	Fixed costs, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost saving measures. The amounts disclosed above are the average operating costs for the four-year forecast period.
Annual capital expenditure	Expected cash costs. This is based on the experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rates	Reflect specific risks relating to the relevant segments and the countries in which they operate.

The long-term growth rate utilized in the impairment test of goodwill is 3.60%.

Discount rates represent the current market assessment of the risks specific to the Group, taking into consideration the time value of the money and risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC take into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group has. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. The average pre-tax discount rate applied to cash flow projections is 14.50% (December 31, 2023 – 13.85%).

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d) Leases

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets	Lease liabilities
As of January 1, 2023	258,491	285,638
Additions ⁽ⁱ⁾	90,851	116,774
Business combination (Note 5(ii))	17,493	19,802
Depreciation expense	(75,955)	—
Write-offs	(114)	(675)
Interest expense	(3,864)	22,927
Revaluation	1,187	—
Effects of exchange rate	(6,285)	(6,967)
Payment of lease liabilities	—	(132,737)
As of December 31, 2023	281,804	304,762
Current	—	123,978
Non-current	281,804	180,784
As of January 1, 2024	281,804	304,762
Additions ⁽ⁱ⁾	160,257	157,750
Depreciation expense	(81,339)	—
Write-offs	—	—
Interest expense	—	19,135
Revaluation	1,304	—
Cancellation/expiration	(65,050)	(65,050)
Effects of exchange rate	16,165	20,716
Payment of lease liabilities	—	(125,966)
As of December 31, 2024	313,141	311,347
Current	—	40,756
Non-current	313,141	270,591

(i) Additions to right-of-use assets in the period include prepayments to lessors and accrued liabilities.

The Group did not recognize rent expense from short-term leases and low-value assets on December 31, 2024 and 2023. The total rent expense of R\$8,503 (R\$23,656 – December 31, 2023), includes other expenses related to leased offices such as condominiums.

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17. Financing instruments payable

	2024	2023
Market funding operations (a)	88,483,485	54,831,509
Deposits	53,506,617	27,493,655
Demand deposits	1,243,221	1,812,469
Time deposits	51,638,802	25,230,996
Interbank deposits	624,594	450,190
Financial bills	14,193,253	9,019,789
Structured notes	20,104,840	18,015,165
Others	678,775	302,900
Debt securities (b)	6,764,997	5,534,081
Debentures	1,251,256	2,212,441
Bond	5,513,741	3,321,640
Total	95,248,482	60,365,590
Current	52,036,137	22,946,160
Non-Current	43,212,345	37,419,430

(a) Market funding operations maturity

Maturity - 2024							
Class	Within 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	After 360 days	Total
Demand deposits	1,243,221	—	—	—	—	—	1,243,221
Time deposits	4,337,012	6,202,542	10,256,783	14,656,194	6,371,748	9,814,523	51,638,802
Interbank deposits	—	—	—	—	370,106	254,488	624,594
Financial bills	385,960	45,916	108,266	432,934	3,779,877	9,440,300	14,193,253
Structured notes	69,880	82,304	90,546	536,373	881,785	18,443,952	20,104,840
Others	—	—	—	4	573,886	104,885	678,775
Total	6,036,073	6,330,762	10,455,595	15,625,505	11,977,402	38,058,148	88,483,485

Maturity - 2023							
Class	Within 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	After 360 days	Total
Demand deposits	1,812,469	—	—	—	—	—	1,812,469
Time deposits	1,944,623	2,823,731	5,370,064	2,522,206	2,878,827	9,691,545	25,230,996
Interbank deposits	—	—	—	1,006	276,113	173,071	450,190
Financial bills	30,954	43,635	94,499	680,490	2,103,902	6,066,309	9,019,789
Structured notes	23,345	32,730	1,756	69,879	712,046	17,175,409	18,015,165
Others	1,119	17,116	—	46,688	235,513	2,464	302,900
Total	3,812,510	2,917,212	5,466,319	3,320,269	6,206,401	33,108,798	54,831,509

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(b) Debt securities maturity

The total balance is comprised of the following issuances:

		2024			2023		
		Up to 1 year	1-5 years	Total	Up to 1 year	1-5 years	Total
Bonds (i)	Fixed rate	359,544	5,154,197	5,513,741	118,402	3,203,238	3,321,640
Debentures (ii)	Floating rate	1,251,256	—	1,251,256	1,105,047	1,107,394	2,212,441
Total		1,610,800	5,154,197	6,764,997	1,223,449	4,310,632	5,534,081
Current				1,610,800			1,223,449
Non- Current				5,154,197			4,310,632

(i) XP Inc Bonds

On July 1, 2021, XP Inc. concluded the issuance of a gross of US\$50 million senior unsecured notes with net proceeds of US\$739 million (R\$3,697 million) with maturity on July 1, 2026 and bear interest at the rate of 3.250% per year, guaranteed by XP Investimentos S.A. The principal amount will be paid on the maturity date and the interest is amortized every six months.

On July 2, 2024, XP Inc concluded an issuance of senior unsecured notes in an aggregate principal amount of US\$00 million, with an interest rate of 6.75% and maturity date on July 2, 2029. The notes will be guaranteed by XP Investimentos S.A. The Company used the net proceeds from the offering of the notes to partially repurchase a amount equal to US\$287 million of the 3.25% outstanding senior unsecured notes mentioned above.

(ii) XP Investimentos debentures

On July 19, 2022, XP Investimentos issued non-convertible debentures in the amount of R\$1,800,000 (R\$900,000 of series 1 and R\$900,000 of series 2). The debentures series, added together, has a maximum authorized issuance up to R\$1,800,000. The principal amount, including the interest, will be paid on the maturity date as follow: (i) June 23, 2024 (series 1) and (ii) June 23, 2025 (series 2). The interest rates for series 1 and series 2 debentures are CDI+1.75% and CDI+1.90%, respectively. According to the maturity date of the Series 1 debentures, the principal amount was paid on June 23, 2024.

18. Securities trading and intermediation

Represented by operations at B3 on behalf of and on account of third parties, with liquidation operating cycle between D+1 and D+3.

	2024	2023
Cash and settlement records	1,521,064	1,277,579
Debtors pending settlement	4,985,532	1,768,735
Other	129,373	697
(-) Expected losses on Securities trading and intermediation ⁽ⁱ⁾	(136,872)	(114,692)
Total Assets	6,499,097	2,932,319
Cash and settlement records	1,499,960	166,625
Creditors pending settlement	3,222,114	1,957,045
Customer's cash on investment account	13,752,904	14,819,869
Total Liabilities	18,474,978	16,943,539

(i) The reconciliation of gross carrying amount and the expected loss, segregated by stage, according to IFRS 9 are included in Note 14.

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19. Borrowings

	Annual Interest rate %	Maturity	December 31, 2024	December 31, 2023
Banco Citi México	Term SOFR(*)+0.60%	June 2025	1,666,432	—
Banco Nacional de México ⁽ⁱ⁾	Term SOFR(*)+0.40%	August 2024	—	2,198,619
Banco Daycoval ⁽ⁱⁱ⁾	15.66 %	September 2024	—	803
Total borrowings			1,666,432	2,199,422
Current			1,666,432	2,199,422
Non-current			—	—

(*) Security Overnight Financing Rate (SOFR).

(i) In August 2024, according to the maturity date, the loan agreement was fully settled.

(ii) In September 2024, according to the maturity date, the loan agreement was fully settled.

Some of the obligations above contain financial covenants, which have certain performance conditions. The Group has complied with these covenants throughout the reporting period (Note 37 (ii)).

20. Other financial assets and financial liabilities

(a) Other financial assets

	2024	2023
Foreign exchange portfolio	2,231,898	1,022,083
Receivables from IFAs	17,818	165,640
Compulsory and other deposits at Brazilian Central Bank ⁽ⁱ⁾	10,940,466	2,956,896
Other financial assets	67,007	119,328
(-) Expected losses on other financial assets ⁽ⁱⁱ⁾	(24,192)	(55,204)
Total	13,232,997	4,208,743
Current	11,919,324	3,471,827
Non-current	1,313,673	736,916

(i) As of December 31, 2024, the amount of R\$4,343,999 (December 31, 2023 - R\$2,438,896) is being presented as cash equivalents in the statements of cash flows.

(ii) The reconciliation of gross carrying amount and the expected loss, according to IFRS 9, are presented in Note 14.

(b) Other financial liabilities

	2024	2023
Foreign exchange portfolio	2,476,659	1,361,882
Structured financing ⁽ⁱ⁾	3,282,750	1,841,790
Credit cards operations	8,138,657	7,234,116
Contingent consideration ⁽ⁱⁱ⁾	116,777	571,723
Lease liabilities	311,347	304,762
Others	404,673	917,103
Total	14,730,863	12,231,376
Current	14,343,495	11,974,989
Non-current	387,368	256,387

(i) Financing with prime brokers through the Group's proprietary fund Multistrategy using some of its own financial assets as collateral.

(ii) Contractual contingent considerations associated with investment acquisitions. The maturity of the total contingent consideration payment is up to 4 years and the contractual maximum amount payable is R\$289,600 (the minimum amount is zero).

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21. Social and statutory obligations

	2024	2023
Obligations to non-controlling interest	177,961	75,196
Employee profit-sharing ⁽ⁱ⁾	965,159	910,739
Salaries and other benefits payable	167,791	160,192
Total	1,310,911	1,146,127

(i) The Group has a bonus scheme for its employees based on a profit-sharing program as agreed under collective bargaining with the syndicate, which does not extend to the Board of Directors. The bonus is calculated at each half of the year and payments are made in February and August.

22. Taxes and social security obligations

	2024	2023
Income Tax (IRPJ and CSLL) ⁽ⁱ⁾	171,450	225,677
Taxes on long term incentive plan ⁽ⁱⁱ⁾	105,446	192,776
Contributions over revenue (PIS and COFINS)	57,136	63,819
Taxes on services (ISS)	27,040	23,096
Contributions for Social Security (INSS)	33,813	27,529
Others	22,783	26,750
Total	417,668	559,647
Current	417,668	559,647
Non-current	-	-

(i) The Group income tax liability is presented net of tax assets which the entities are allowed to offset during the current year. The line includes current Corporate Income Tax (CIT) liability of R\$ 215,278 (R\$313,167 - 2023), taxes that XP is responsible to pay on behalf of its clients (i.e., withholding taxes over client's investments) in the amount of R\$171,450 (R\$166,755 - 2023) and taxes assets of R\$240,017 (R\$116,591 - 2023). Excess values of the asset and its impact on net positions (R\$24,738) are presented in Note 12.

(ii) The amount classified as "Taxes on long term incentive plan" includes mostly contributions to Brazilian Social Security Programs "FGTS" and "INSS".

23. Retirement plans and insurance liabilities

As of December 31, 2024, active plans are principally accumulation of financial resources through products PGBL and VGBL structured in the form of variable contribution for the purpose of granting participants with returns based on the accumulated capital in the form of monthly withdraws for a certain term or temporary monthly withdraws.

In this respect, such financial products represent investment contracts that have the legal form of private pension plans, but which do not transfer insurance risk to the Group. Therefore, contributions received from participants are accounted for as liabilities and the balance consists of the participant's balance in the linked Specially Constituted Investment Fund ("FIE") on the reporting date (Note 7(a) (i)).

Changes in the period

	2024	2023
As of January, 1	56,409,075	45,733,815
Contributions received	4,998,049	3,333,361
Transfer with third party plans	3,830,602	5,562,491
Withdraws	(3,964,150)	(3,847,214)
Claims paid	-	(210)
Other provisions (Constitution/Reversion)	151,140	9,185
Monetary correction and interest income	4,799,671	5,617,647
As of December, 31	66,224,387	56,409,075

24. Income tax

(a) Deferred income tax

Deferred tax assets (DTA) and deferred tax liabilities (DTL) are comprised of the main following components:

	Balance Sheet		Net change in the year		
	2024	2023	2024	2023	2022
Tax losses carryforwards	1,051,966	742,245	309,721	167,125	466,982
Goodwill on business combinations ⁽ⁱ⁾	51,319	35,823	15,496	29,447	(6,053)
Provisions for IFAs' commissions	84,756	90,075	(5,319)	18,089	(4,988)
Revaluations of financial assets at fair value	294,986	(166,281)	461,267	48,175	(388,197)
Expected credit losses ⁽ⁱⁱ⁾	334,006	335,711	(1,705)	277,503	14,277
Profit sharing plan	298,539	278,983	19,556	9,034	9,084
Net gain/(loss) on hedge instruments	(31,854)	(22,704)	(9,150)	(11,535)	(39,292)
Share-based compensation	558,744	627,730	(68,986)	61,009	181,127
Other provisions	(19,817)	96,189	(116,006)	(81,915)	23,764
Total	2,622,645	2,017,771	604,874	516,932	256,704
Deferred tax assets	2,887,935	2,104,128			
Deferred tax liabilities	(265,290)	(86,357)			

(i) For Brazilian tax purposes, goodwill is amortized at least in 5 years on a straight-line basis when the entity acquired is sold or merged into the acquirer company.
(ii) Include expected credit loss on accounts receivable, loan operations and other financial assets.

The changes in the net deferred tax were recognized as follows:

	2024	2023	2022
As of January, 1	2,017,771	1,500,839	1,244,135
Foreign exchange variations	(84,049)	(78,128)	5,786
Business combination (Note 5(ii))	—	401,521	—
Charges to statement of income	(39,084)	549,702	397,792
Tax relating to components of other comprehensive income	728,007	(356,163)	(146,874)
As of December, 31	2,622,645	2,017,771	1,500,839

Unrecognized deferred taxes

Deferred tax assets are recognized for tax losses to the extent that the realization of the related tax benefit against future taxable profits is probable. The Group did not recognize deferred tax assets of R\$50,661 (December 31, 2023 - R\$55,410) mainly in respect of losses from subsidiaries overseas and that can be carried forward and used against future taxable income.

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(b) Income tax expense reconciliation

The tax on the Group's pre-tax profit differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities. The following is a reconciliation of income tax expense to profit (loss) for the year, calculated by applying the combined Brazilian statutory rates of 34% for the year ended December 31:

	2024	2023	2022
Income before taxes	4,985,967	3,936,348	3,444,656
Combined tax rate in Brazil ⁽ⁱ⁾	34.00 %	34.00 %	34.00 %
Tax expense at the combined rate	1,695,229	1,338,359	1,171,183
Effects from entities taxed at different rates	175,868	(43,572)	62,596
Effects from entities taxed at different taxation regimes ⁽ⁱⁱ⁾	(1,051,135)	(1,174,605)	(1,343,757)
Intercompany transactions with different taxation regimes	(301,833)	(68,673)	(46,674)
Tax incentives	(13,503)	(17,835)	(5,346)
Non-deductible expenses (non-taxable income)	(33,499)	(17,459)	3,758
Others	—	20,742	22,685
Total	471,127	36,957	(135,555)
Current	432,043	586,659	262,237
Deferred	39,084	(549,702)	(397,792)
Total expense / (credit)	471,127	36,957	(135,555)

(i) Considering that XP Inc. is domiciled in Cayman and there is no income tax in that jurisdiction, the combined tax rate of 34% demonstrated above is the current rate applied to XP Controle 3 Participações S.A. which is the holding company of all operating entities of XP Inc. in Brazil.

(ii) Certain eligible subsidiaries adopted the PPM tax regime and the effect of the presumed profit of subsidiaries represents the difference between the taxation based on this method and the amount that would be due based on the statutory rate applied to the taxable profit of the subsidiaries. Additionally, some entities and investment funds adopt different taxation regimes according to the applicable rules in their jurisdictions.

Other comprehensive income

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	Before tax	(Charge) / Credit	After tax
Foreign exchange variation of investees located abroad	(19,645)	—	(19,645)
Gains (losses) on net investment hedge	26,154	(8,902)	17,252
Changes in the fair value of financial assets at fair value	356,078	(137,972)	218,106
As of December 31, 2022	362,587	(146,874)	215,713
Foreign exchange variation of investees located abroad	(41,160)	—	(41,160)
Gains (losses) on net investment hedge	41,477	(6,874)	34,603
Changes in the fair value of financial assets at fair value	905,670	(349,289)	556,381
As of December 31, 2023	905,987	(356,163)	549,824
Foreign exchange variation of investees located abroad	147,671	—	147,671
Gains (losses) on net investment hedge	(136,598)	—	(136,598)
Changes in the fair value of financial assets at fair value	(1,894,661)	728,007	(1,166,654)
As of December 31, 2024	(1,883,588)	728,007	(1,155,581)

25. Equity

(a) Issued capital

The Company has an authorized share capital of US\$35 thousand, corresponding to 3,500,000,000 authorized shares with a par value of US\$0.00001 each of which:

- 2,000,000,000 shares are designated as Class A common shares and issued; and
- 1,000,000,000 shares are designated as Class B common shares and issued.

The remaining 500,000,000 authorized but unissued shares are presently undesignated and may be issued by our board of directors as common shares of any class or as shares with preferred, deferred or other special rights or restrictions. Therefore, the Company is authorized to increase capital up to this limit, subject to approval of the Board of Directors.

On July 1, 2023, XP Inc issued 18,717,771 Class A common shares (R\$ 2,097,326) to acquire up to 100% of Banco Modal's shares, in a non-cash equity exchange transaction.

On August 15, 2024, XP Inc issued 985,297 Class A common shares (R\$106,412) to acquire 22% of SVN's shares, in a non-cash equity exchange transaction.

As of December 31, 2024, the Company had R\$26 of issued capital which were represented by 435,374,795 Class A common shares and 104,432,034 Class B common shares.

(b) Additional paid-in capital and capital reserve

Class A and Class B common shares, have the following rights:

- Each holder of a Class B common share is entitled, in respect of such share, to 10 votes per share, whereas the holder of a Class A common share is entitled, in respect of such share, to one vote per share.
- Each holder of Class A common shares and Class B common shares vote together as a single class on all matters (including the election of directors) submitted to a vote of shareholders, except as provided below and as otherwise required by law.
- Class consents from the holders of Class A common shares and Class B common shares, as applicable, shall be required for any modifications to the rights attached to their respective class of shares the rights conferred on holders of Class A common shares shall not be deemed to be varied by the creation or issue of further Class B common shares and vice versa; and
- the rights attaching to the Class A common shares and the Class B common shares shall not be deemed to be varied by the creation or issue of shares with preferred or other rights, including, without limitation, shares with enhanced or weighted voting rights.

The Articles of Association provide that at any time when there are Class A common shares in issue, Class B common shares may only be issued pursuant to: (a) a share split subdivision of shares or similar transaction or where a dividend or other distribution is paid by the issue of shares or rights to acquire shares or following capitalization of profits; (b) a merger, consolidation, or other business combination involving the issuance of Class B common shares as full or partial consideration; or (c) an issuance of Class A common shares, whereby holders of the Class B common shares are entitled to purchase a number of Class B common shares that would allow them to maintain their proportional ownership and voting interests in XP Inc.

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Below is a summary of the issuances, cancellations and conversions of shares during 2024 and 2023:

	Class A (prior common shares)	Class B (prior preferred shares)	Total Shares
As of December 31, 2022	447,801,661	112,717,094	560,518,755
Canceled shares	(31,267,095)	—	(31,267,095)
Issued shares	20,241,514	—	20,241,514
As of December 31, 2023	436,776,080	112,717,094	549,493,174
Canceled shares	(12,650,574)	—	(12,650,574)
Converted shares	8,285,060	(8,285,060)	—
Issued shares	2,964,229	—	2,964,229
As of December 31, 2024	435,374,795	104,432,034	539,806,829

As mentioned in Note 33, the Board of Directors approved in December 2019 a share based long-term incentive plan, in which the maximum number of shares should not exceed 5% of the issued and outstanding shares. As of December 31, 2024, the outstanding number of shares reserved under the plans is 14,426,088 restricted share units ("RSUs") (2023 - 14,600,588) and 579,540 performance restricted units ("PSUs") (2023 - 1,588,818) to be issued at the vesting date.

During the year ended December 31, 2024, XP Inc issued 1,978,932 Class A common shares in connection with vestings occurred under the share based long-term incentive plan.

The additional paid-in capital refers to the difference between the purchase price that the shareholders pay for the shares and their par value. Under Cayman Law, the amount in this type of account may be applied by the Company to pay distributions or dividends to members, pay up unissued shares to be issued as fully paid, for redemptions and repurchases of own shares, for writing off preliminary expenses, recognized expenses, commissions or for other reasons. All distributions are subject to the Cayman Solvency Test which addresses the Company's ability to pay debts as they fall due in the natural course of business.

(c) Treasury Shares

The Group registered treasury shares in its equity as a result of the share purchase agreement with Itaú Unibanco, signed on June 2022 and the share buy-back program: (Note 1.1). Treasury shares are registered as a deduction from equity until the shares are canceled or reissued.

During the year ended December 31, 2023, the Company repurchased 13,120,268 Class A common shares (R\$ 915,859).

On April 5, 2023, the Company's Board of Directors approved the cancellation of 31,267,095 Class A common shares, totaling an amount of R\$ 2,785,504.

During the year ended December 31, 2024, the Company repurchased 13,977,674 Class A common shares (R\$1,353,611).

On July 30, 2024, the Company's Board of Directors approved the cancellation of 12,650,574 Class A common shares, totaling an amount of R\$1,248,548.

As of December 31, 2024, the Group held 1,327,100 Class A shares (December 31, 2023 – 0) and 1,056,308 Class B shares (December 31, 2023 - 1,056,308) in treasury with a total amount of R\$222,180 (R\$117,117 - December 31, 2023).

(d) Dividends distribution

The Group has not adopted a dividend policy with respect to future distributions of dividends. The amount of any distributions will depend on many factors such as the Company's results of operations, financial condition, cash requirements, prospects and other factors deemed relevant by XP Inc. board of directors and, where applicable, the shareholders.

For the year ended December 31, 2022, XP Inc. did not declare and paid dividends to the shareholders.

For the year ended December 31, 2023, XP Inc. declared and paid dividends to its shareholders in the total amount of US\$720 million (R\$ 3,542,298). The dividends were settled on September 25, 2023 (R\$ 1,577,622) and December 22, 2023 (R\$ 1,964,676).

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For the year ended December 31, 2024, XP Inc. declared and paid dividends to its shareholders in the total amount of US\$50 million (R\$2,037,082). The dividends were settled on December 18, 2024.

Non-controlling shareholders of some XP Inc's subsidiaries received dividends during the years ended December 31, 2024 (R\$991), 2023 (R\$1,853) and 2022 (R\$1,820).

(e) Other comprehensive income

Other comprehensive income consists of changes in the fair value of financial assets at fair value through other comprehensive income, while these financial assets are not realized. Also includes gains (losses) on net investment hedge and foreign exchange variation of investees located abroad.

26. Related party transactions

Transactions and remuneration of services with related parties are carried out in the ordinary course of business, under arm's length conditions, and include interest rates, terms and guarantees, and do not involve risks greater than normal collection or present other disadvantages.

(a) Key-person management compensation

Key management includes executive statutory directors, members of the Board of Directors and Executive Boards. The compensation paid or payable to key management for their services is shown below:

	2024	2023	2022
Fixed compensation	17,695	17,445	7,837
Variable compensation	16,252	15,843	60,781
Total	33,947	33,288	68,618

(b) Transactions with related parties

The material transactions carried with related parties for year-end balances arising from such transactions are as follows:

Relation and transaction	Assets/(Liabilities)		Revenue/(Expenses)		
	2024	2023	2024	2023	2022
Shareholders with significant influence ⁽ⁱ⁾	—	—	—	6,104	(160,835)
Securities	—	—	—	17,403	24,770
Securities purchased under resale agreements	—	—	—	5,101	9,370
Accounts receivable and Loans operations	—	—	—	424	1,330
Securities sold under repurchase agreements	—	—	—	(16,824)	(196,305)
Borrowings	—	—	—	—	—

(i) These transactions are mainly related to Itaúsa S.A. Group. See note 1.2.

Transactions with related parties also includes transactions among the Company and its subsidiaries in the course of normal operations, including services rendered such as: (i) education, consulting and business advisory; (ii) financial advisory and financial consulting in general; (iii) management of resources and portfolio management; (iv) information technology and data processing; (v) insurance and (vi) loan operations. The effects of these transactions have been eliminated and do not have effects on the consolidated financial statements.

27. Provisions and contingent liabilities

The Company and its subsidiaries are party to judicial and administrative litigations before various courts and government bodies, arising from the ordinary course of operations, involving tax, civil and labor matters and other issues. Periodically, Management evaluates the tax, civil and labor risks, based on legal, economic and tax supporting data, in order to classify the risks as probable, possible or remote, in accordance with the chances of them occurring and being settled, taking into consideration, case by case, the analyses prepared by external and internal legal advisors.

	2024	2023
Tax contingencies	1,540	1,537
Civil contingencies	58,738	37,921
Labor contingencies	85,895	57,965
Other provisions	—	255
Total provision	146,173	97,678
Judicial deposits ⁽ⁱ⁾	35,411	22,108

(i) There are circumstances in which the Group is questioning the legitimacy of certain litigations or claims filed against it. As a result, either because of a judicial order or based on the strategy adopted by Management, the Group might be required to secure part or the whole amount in question by means of judicial deposits, without this being characterized as the settlement of the liability. These amounts are classified as "Other assets" on the balance sheets and referred above for information.

Changes in the provision during the year

	2024	2023	2022
Balance as of January 1	97,678	43,541	29,308
Business combination (Note 5(ii))	—	70,910	—
Monetary correction	22,398	25,954	4,449
Provision accrued	47,273	65,731	23,844
Provision reversed	(12,988)	(55,791)	(11,539)
Payments	(8,188)	(52,667)	(2,521)
Balance as of December 31	146,173	97,678	43,541

Nature of claims

a) Civil

Most of the civil and administrative claims involve matters that are normal and specific to the business and refer to demands for indemnity primarily due to: (i) financial losses in the stock market; (ii) portfolio management; and (iii) alleged losses generated from the liquidation of customers assets in portfolio due to margin cause and/or negative balance. As of December 31, 2024, there were 681 (December 31, 2023 - 777) civil and administrative claims for which the likelihood of loss has been classified as probable, in the amount of R\$58,738 (December 31, 2023 - R\$37,921).

b) Labor

Labor claims to which the Group is party primarily concern: (i) the existence (or otherwise) of a working relationship between the Group and IFAs; and (ii) severance payment of former employees. As of December 31, 2024, the Company and its subsidiaries are the defendants in 275 cases (December 31, 2023 - 116) involving labor matters for which the likelihood of loss has been classified as probable, in the amount of R\$85,895 (December 31, 2023 - R\$57,965).

Contingent liabilities - probability of loss classified as possible

In addition to the provisions mentioned above, the Company and its subsidiaries are party to several labor, civil and tax contingencies in progress, in which they are the defendants, and the likelihood of loss, based on the opinions of the internal and external legal advisors, is considered possible. The contingencies amount to approximately R\$2,481,746 (December 31, 2023 - R\$1,826,688).

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Below these claims are summarized by nature:

	2024	2023
Tax ⁽ⁱ⁾ (ii) (iii)	1,338,518	653,714
Civil ^(iv)	970,615	883,485
Labor ^(v)	172,613	289,489
Total	2,481,746	1,826,688

- (i) Employees Profit Sharing Plans: In 2015, 2019, 2021, 2022 and 2024 tax authorities issued assessments against the Group mainly related to allegedly unpaid social security contributions on amounts due and paid to employees as profit sharing plans related to calendar years of 2011, 2015, 2017, 2018, 2019 and 2020. According to the tax authorities, the Group profit sharing plans did not comply with the provisions of Law 10,101/00. The risk of loss for these claims is classified as possible by the external counsels.
- a. Tax assessment related to 2011: The first and the second administrative appeals were denied, and currently the Group awaits judgment on the special appeal before the Superior Court of the Administrative Council of Tax Appeals ("CSRF"). The amount claimed is R\$21,979.
- b. Tax assessment related to 2015: The first and the second administrative appeals were denied, and currently the Group awaits judgment on the special appeal before the CSRF. The amount claimed is R\$55,232.
- c. Tax assessment related to 2017: In this case, in addition to the claim related to the employees' profit-sharing plan, tax authorities are also challenging the deductibility of the amounts paid under the plan to the members of the Board for the purposes of Corporate Income Tax (IRPJ), for 2016 and 2017. Administrative appeals were filed against both assessments. The appeal related to social security contributions is awaiting judgment by the Federal Revenue Service of Brazil ("RFB"), while the appeal related to IRPJ was denied by the RFB, and a second level appeal is currently awaiting judgment. The total amount claimed is R\$127,286.
- d. Tax assessment related to 2018: An administrative appeal was filed against the assessment, which awaits judgment by the RFB. The total amount claimed is R\$154,026.
- e. In June 2022, the Group was notified by the Public Labor Ministry for alleged unpaid FGTS (Fund for Severance Indemnity Payment) on the amounts paid to employees under profit sharing plans related to years 2015 to 2020. According to the tax authorities, the Group profit sharing plans did not comply with the provisions of Law 10,101/00. The Group presented its administrative defense which awaits judgment. The total amount claimed is R\$189,277.
- f. Tax assessment related to 2019: An administrative appeal was filed against the assessment, which awaits judgment by the RFB. The amount claimed is R\$206,358.
- g. Tax assessment related to 2020: An administrative appeal was filed against the assessment, which awaits judgment by the RFB. The total amount claimed is R\$ 364,463.
- (ii) Amortization of goodwill: The Group also received four tax assessments in which the tax authorities challenge the deductibility for the purpose of Corporate Income Tax (IRPJ) and Social Contribution of Net Profits (CSLL) of the expenses deriving from the amortization of goodwill registered upon the acquisitions made by the Group between 2013 and 2016. According to the tax authorities, the goodwill was registered in violation of Laws 9.532/97 and 12.973/14, respectively. Currently, two of the proceedings are pending judgment by the RFB and the other two await judgement by the CARF, since the administrative appeals were denied. Also, the Group has filed two lawsuits to prevent the issuance of new tax assessments and/or the application of the 150% penalty by the tax authorities in relation to expenses of such goodwill incurred in other periods. The risk of loss for these claims is classified as possible by the external counsels. The amount claimed is R\$97,908.
- (iii) Banco Modal S.A. - Employees Profit Sharing Plan: In March 2016, tax authorities issued an assessment against Banco Modal mainly related to allegedly unpaid social security contributions on amounts due and paid to employees as profit sharing plan on calendar year 2012. The first administrative appeal was denied, and currently Banco Modal awaits judgment of the second appeal by the CARF. The risk of loss for this claim is classified as possible by the external counsels. The total amount claimed is R\$7,464.
- (iv) The Group is defendant in 2,130 (December 31, 2023 – 778) civil and administrative claims by customers and investment agents, mainly related to portfolio management, risk rating, copyrights and contract termination. The total amount represents the collective maximum value to which the Group is exposed based on the claims' amounts monetarily restated.
- (v) The Group is defendant in 235 (December 31, 2023 – 116) labor claims by former employees. The total amount represents the collective maximum value to which the Group is exposed based on the claims' amounts monetarily restated.

28. Other assets and other liabilities

a) Other assets

	2024	2023
Energy contracts ⁽ⁱ⁾	5,164,402	2,605,389
Other	363,788	261,292
Total	5,528,190	2,866,681

b) Other liabilities

	2024	2023
Energy contracts ⁽ⁱ⁾	1,012,855	—
Other	67,235	53,804
Total	1,080,090	53,804

- (i) Electricity purchase and sale contracts signed through the subsidiary XP Comercializadora de Energia Ltda.

29. Total revenue and income

a) Net revenue from services rendered

Revenue from contracts with customers derives mostly from services rendered and fees charged at daily transactions from customers, therefore mostly recognized at a point in time. Disaggregation of revenue by major service lines are as follows:

	2024	2023	2022
Major service lines			
Brokerage commission	2,133,266	1,991,781	2,102,878
Securities placement	2,285,110	1,979,406	1,631,399
Management fees	1,742,959	1,628,373	1,580,770
Insurance brokerage fee	219,397	175,326	153,230
Commission fees	996,693	789,822	563,987
Other services	734,090	588,932	476,492
Gross revenue from services rendered	8,111,515	7,153,640	6,508,756
(-) Sales taxes and contributions on services ⁽ⁱ⁾	(686,659)	(621,635)	(568,300)
Net revenue from services rendered	7,424,856	6,532,005	5,940,456

(i) Mostly related to taxes on services (ISS) and contributions on revenue (PIS and COFINS).

b) Net income/(loss) from financial instruments

	2024	2023	2022
Net income/(loss) from financial instruments at fair value through profit or loss	11,727,589	6,923,112	6,326,080
Net income/(loss) from financial instruments measured at a amortized cost and at fair value through other comprehensive income	(1,851,844)	1,649,210	1,201,253
Total income from financial instruments	9,875,745	8,572,322	7,527,333
(-) Taxes and contributions on financial income	(269,740)	(244,231)	(120,399)
Net income/(loss) from financial instruments	9,606,005	8,328,091	7,406,934

c) Disaggregation by geographic location

Breakdown of total net revenue and income and selected assets by geographic location:

	2024	2023	2022
Brazil	16,288,131	14,261,302	12,855,909
United States	684,144	531,997	449,447
Europe	58,586	66,797	42,034
Revenues	17,030,861	14,860,096	13,347,390

	2024	2023
Brazil	16,399,995	13,255,769
United States	723,340	508,544
Europe	136,968	88,395
Selected assets ⁽ⁱ⁾	17,260,303	13,852,708

(i) Selected assets are total assets of the Group, less: cash, financial assets and deferred tax assets, and are presented by geographic location.

None of the clients represented more than 10% of our revenues for the periods presented.

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30. Operating costs

	2024	2023	2022
Commission and incentive costs	3,460,647	3,070,875	2,813,308
Operating losses	171,600	136,014	139,734
Other costs	1,430,785	1,192,034	918,054
Clearing house and proprietary funds fees	575,737	474,013	427,844
Third parties' services	68,847	59,374	53,779
Credit card cashback	435,064	379,711	262,429
Other	351,137	278,936	174,002
Total	5,063,032	4,398,923	3,871,096

31. Operating expenses by nature

	2024	2023	2022
Selling expenses	148,975	169,486	138,722
Advertising and publicity	148,975	169,486	138,722
Administrative expenses	6,001,055	5,461,147	5,641,233
Personnel expenses	3,996,463	3,728,123	3,943,284
Compensation	1,498,476	1,371,973	1,597,229
Employee profit-sharing and bonus	1,592,865	1,531,491	1,540,172
Executives profit-sharing	231,337	149,263	100,732
Benefits	257,289	223,694	195,763
Social charges	404,319	437,377	487,237
Other	12,177	14,325	22,151
Other taxes expenses	91,317	65,526	71,396
Depreciation of property and equipment and right-of-use assets	125,193	118,603	110,248
Amortization of intangible assets	140,132	133,810	95,629
Other administrative expenses	1,647,950	1,415,085	1,420,676
Data processing	868,011	739,804	685,946
Technical services	150,580	152,499	188,986
Third parties' services	318,629	307,952	397,585
Rent expenses	38,503	23,656	14,491
Communication	24,373	31,577	27,076
Travel	51,414	36,232	40,243
Legal and judicial	70,270	24,610	9,873
Other	126,170	98,755	56,476
Total	6,150,030	5,630,633	5,779,955

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32. Other operating income/(expenses), net

	2024	2023	2022
Other operating income	346,056	227,052	353,834
Revenue from incentives from Tesouro Direto, B3 and others ⁽ⁱ⁾	172,142	23,834	284,661
Interest received on tax	27,980	17,224	15,436
Recovery of charges and expenses	6,730	6,072	5,945
Reversal of operating provisions	55,091	29,365	11,704
Other	84,113	150,557	36,088
Other operating expenses	(157,153)	(216,414)	(96,890)
Legal, administrative proceedings and agreement with customers	(18,550)	(46,101)	(8,563)
Tax incentive expenses	(7,204)	(10,034)	(5,780)
Fines and penalties	(5,902)	(9,624)	(4,574)
Associations and regulatory fees	(22,222)	(17,960)	(15,118)
Charity	(12,953)	(14,681)	(34,005)
Other ⁽ⁱⁱ⁾	(90,322)	(118,014)	(28,850)
Total	188,903	10,638	256,944

(i) Includes incentives received from third parties, mainly due to the joint development of retail products, and also the association of such entities with the XP ecosystem.

(ii) Includes, mostly, losses on write-off of property, equipment, intangible assets and leases.

33. Share-based plan

a) Share-based Plan

The establishment of the plan was approved by the Board of Director's meeting on December 6, 2019 and the first grant of Restricted Stock Units ("RSUs") and Performance Stock Units ("PSUs") was on December 10, 2019.

Under the Plan, stocks are awarded at no cost to the recipient upon their grant date. Both RSUs and PSUs, are usually granted in an annual basis, their vesting conditions are service-related and they vest at a rate determined in each granted date. The limit to vest is determined at the grant date of each new grant. After the vesting periods, common shares will be issued to the recipients.

Under the PSUs, stocks are granted to eligible participants and their vesting period and conditions are determined at each new grant, also based on the total shareholder return (TSR), including share price growth, dividends and capital returns.

If an eligible participant ceases its relationship with the Group, within the vesting period, the rights will be forfeited, except in limited circumstances that are approved by the board on a case-by-case basis.

b) Fair value of shares granted

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model and underlying assumptions, which depends on the terms and conditions of the grant and the information available at the grant date.

The Group uses certain methodologies to estimate fair value which include the following:

- Estimation of fair value based on equity transactions with third parties close to the grant date; and
- Other valuation techniques including share pricing models such as Monte Carlo.

These estimates also require determination of the most appropriate inputs to the valuation models including assumptions regarding the expected life of a share-based payment or appreciation right, expected volatility of the price of the Group's shares and expected dividend yield.

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c) Outstanding shares granted and valuation inputs

The maximum number of shares available for issuance under the share-based plan shall not exceed 5% of the issued and outstanding shares. As of December 31, 2024, the outstanding number of Company shares reserved under the plans were 15,005,628 (December 31, 2023 - 16,189,406) including 14,426,088 RSUs (December 31, 2023 - 14,600,588) and 579,540 PSUs (December 31, 2023 - 1,588,818).

Set out below are summaries of XP Inc's RSU and PSU activity for 2024 and 2023.

(In thousands, except weighted-average data, and where otherwise stated)	RSUs	PSUs	Total
	Number of units	Number of units	Number of units
Outstanding, January 1, 2023	13,684,424	2,527,242	16,211,666
Granted	4,489,910	91,589	4,581,499
Forfeited	(1,463,203)	(1,030,013)	(2,493,216)
Vested	(2,110,543)	—	(2,110,543)
Outstanding, December 31, 2023	14,600,588	1,588,818	16,189,406
Outstanding, January 1, 2024	14,600,588	1,588,818	16,189,406
Granted	3,279,640	26,337	3,305,977
Forfeited	(716,334)	(1,035,615)	(1,751,949)
Vested	(2,737,806)	—	(2,737,806)
Outstanding, December 31, 2024	14,426,088	579,540	15,005,628

For the year ended December 31, 2024, total compensation expense of both plans was R\$546,988 (2023 - R\$574,225), including R\$64,596 (2023 - R\$55,593) of tax provisions, and does not include any tax benefits on total share-based compensation expense once this expense is not deductible for tax purposes. The tax benefits will be perceived when the shares are converted into common shares.

The original weighted-average grant-date fair values of RSUs and PSUs shares were US\$7 and US\$34.56 respectively. In May 2020, the Company decided to update the measurement condition of its PSU shares, replacing the TSR measurement from US Dollars (US\$) to Brazilian Reais (R\$), being therefore subject to exchange variation. The weighted-average grant-date fair value of PSU shares for the updated plan was US\$52.41. The incremental fair value will be recognized as an expense over the period from the modification date to the end of the vesting period. All other conditions of the PSU shares plan have not been modified.

Since the inception of the plans in 2019, the original grant-date fair value of RSU plans has ranged from US\$1.16 to US\$51.03 and of PSU plans has ranged from US\$1.60 to US\$64.68.

34. Earnings per share (basic and diluted)

Basic earnings per share is calculated by dividing net income for the period attributed to the owners of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing net income attributable to owners of XP Inc by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on conversion of all dilutive potential shares into shares by applying the treasury stock method. The shares in the share-based plan are the only shares with potential dilutive effect.

The following table presents the calculation of net income applicable to the owners of the parent and basic and diluted EPS for the years ended December 31, 2024, 2023 and 2022.

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	2024	2023	2022
Net Income attributable to owners of the Parent	4,513,409	3,898,702	3,579,050
Basic weighted average number of outstanding shares ⁽ⁱ⁾ ⁽ⁱⁱⁱ⁾	541,673	539,835	555,429
Basic earnings per share - R\$	8.3324	7.2220	6.4438
<i>Effect of dilution</i>			
Share-based plan ⁽ⁱⁱ⁾ ⁽ⁱⁱⁱ⁾	6,646	4,377	17,577
Diluted weighted average number of outstanding shares ⁽ⁱⁱⁱ⁾	548,319	544,212	573,006
Diluted earnings per share - R\$	8.2314	7.1639	6.2461

(i) See on note 25, the number of XP Inc.'s outstanding common shares during the year.

(ii) See on note 33, the number of shares granted and forfeited during the year regarding XP Inc.'s share-based plan.

(iii) Thousands of shares.

35. Determination of fair value

The Group measures financial instruments such as certain financial investments and derivatives at fair value at each balance sheet date.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The financial instruments included in the level 1 consist mainly in public financial instruments and financial instruments negotiated on active markets (i.e. stock exchanges).

Level 2: The fair value of financial instruments that are not traded in active markets is determined using valuation techniques, which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value as an instrument are directly or indirectly observable, the instrument is included in level 2. The financial instruments classified as level 2 are composed mainly from private financial instruments and financial instruments negotiated in a secondary market.

Level 3: If one or more of the significant inputs is unobservable, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- Financial assets (other than derivatives) – The fair value of securities is determined by reference to their closing prices on the date of presentation of the consolidated financial statements. If there is no market price, fair value is estimated based on the present value of future cash flows discounted using the observable rates and market rates on the date of presentation.
- Investments in associates measured at fair value - Fair value is determined using the income approach. In this approach, the discounted cash flow method is used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.
- Swap – These operations swap cash flow based on the comparison of profitability between two indexers. Thus, the agent assumes both positions – put in one indexer and call on another.
- Forward – at the market quotation value, and the installments receivable or payable are fixed to a future date, adjusted to present value, based on market rates published at B3.
- Futures – Foreign exchange rates, prices of shares and commodities are commitments to buy or sell a financial instrument at a future date, at a contracted price or yield and may be settled in cash or through delivery. Daily cash settlements of price movements are made for all instruments.
- Options – option contracts give the purchaser the right to buy or sell the instrument at a fixed price negotiated at a future date. Those who acquire the right must pay a premium to the seller. This premium is not the price of the instrument, but only an amount paid to have the option (possibility) to buy or sell the instrument at a future date for a previously agreed price.

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- Other financial assets and liabilities – Fair value, which is determined for disclosure purposes, is calculated based on the present value of the principal and future cash flows, discounted using the observable rates and market rates on the date the financial statements are presented.
- Loans operations – Fair value is determined through the present value of expected future cash flows discounted using the observable rates and market rates on the date the financial statements are presented.
- Contingent consideration – Fair value of the contingent consideration liability related to acquisitions is estimated by applying the income approach and discounting the expected future payments to selling shareholders under the terms of the purchase and sale agreements.

Below are the Group financial assets and liabilities by level within the fair value hierarchy. The Group assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels:

	2024			Fair Value	Book Value
	Level 1	Level 2	Level 3		
Financial Assets					
Financial assets at Fair value through profit or loss					
Securities	123,368,069	26,245,585	371,760	149,985,414	149,985,414
Derivative financial instruments	3,003,675	43,196,121	—	46,199,796	46,199,796
Investments in associates measured at fair value	—	—	1,546,278	1,546,278	1,546,278
Fair value through other comprehensive income					
Securities	50,879,981	—	—	50,879,981	50,879,981
Evaluated at amortized cost					
Securities	—	2,874,382	—	2,874,382	2,836,146
Securities purchased under resale agreements	—	22,010,879	—	22,010,879	22,057,137
Securities trading and intermediation	—	6,499,097	—	6,499,097	6,499,097
Accounts receivable	—	778,943	—	778,943	778,943
Loan operations	—	29,145,291	—	29,145,291	29,228,463
Other financial assets	—	13,232,997	—	13,232,997	13,232,997
Financial liabilities					
Fair value through profit or loss					
Securities	14,830,405	422,971	—	15,253,376	15,253,376
Derivative financial instruments	1,929,536	38,118,151	—	40,047,687	40,047,687
Evaluated at amortized cost					
Securities sold under repurchase agreements	—	71,693,244	—	71,693,244	71,779,721
Securities trading and intermediation	—	18,474,978	—	18,474,978	18,474,978
Financing instruments payable	—	94,662,035	—	94,662,035	95,248,482
Borrowings	—	1,666,432	—	1,666,432	1,666,432
Accounts payables	—	763,465	—	763,465	763,465
Other financial liabilities	—	14,614,086	116,777	14,730,863	14,730,863

	2023				
	Level 1	Level 2	Level 3	Fair Value	Book Value
Financial Assets					
Financial assets at Fair value through profit or loss					
Securities	92,628,880	10,653,332	—	103,282,212	103,282,212
Derivative financial instruments	977,441	22,756,025	—	23,733,466	23,733,466
Investments in associates measured at fair value	—	—	1,450,704	1,450,704	1,450,704
Fair value through other comprehensive income					
Securities	44,062,950	—	—	44,062,950	44,062,950
Evaluated at amortized cost					
Securities	3,773,404	3,082,017	—	6,855,421	6,855,421
Securities purchased under resale agreements	—	13,551,224	—	13,551,224	14,888,978
Securities trading and intermediation	—	2,932,319	—	2,932,319	2,932,319
Accounts receivable	—	681,190	—	681,190	681,190
Loan operations	—	28,551,935	—	28,551,935	28,551,935
Other financial assets	—	4,208,743	—	4,208,743	4,208,473
Financial liabilities					
Fair value through profit or loss					
Securities	19,949,021	474,053	—	20,423,074	20,423,074
Derivative financial instruments	662,084	24,123,332	—	24,785,416	24,785,416
Evaluated at amortized cost					
Securities sold under repurchase agreements	—	44,589,653	—	44,589,653	33,340,511
Securities trading and intermediation	—	16,943,539	—	16,943,539	16,943,539
Financing instruments payable	—	61,098,677	—	61,098,677	60,365,590
Borrowings	—	3,174,285	—	3,174,285	2,199,422
Accounts payables	—	948,218	—	948,218	948,218
Other financial liabilities	—	11,659,653	571,723	12,231,376	12,231,376

As of December 31, 2024 and 2023 the total contingent consideration liability is reported at fair value and is dependent on the profitability of the acquired associate and businesses. The total contingent consideration is classified within Level 3 of the fair value hierarchy. The contingent consideration liability represents the maximum amount payable under the purchase and sale agreements discounted using an appropriate rate, which includes the Brazilian risk-free rate. Changes in an average discount rate of 11.96% by 100 bps would increase/decrease the fair value of contingent consideration liability by R\$1,002.

The investments held through our investees which are considered to be venture capital investments are classified as Level 3 of the fair value hierarchy. The inputs used by the Group are derived for discounted rates for these investments using a capital asset model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Change in the discount rate by 100 bps would increase/decrease the fair value by R\$15,463.

Transfers into and out of fair value hierarchy levels are analyzed at the end of each consolidated financial statement. As of December 31, 2024, the Group had no transfers between Level 2 and Level 3.

36. Management of financial risks and financial instruments

(a) Overview

The Group's activities are exposed to a variety of financial risks: credit risk, liquidity risk, market risk (including currency risk, interest rate risk and price risk), and operational risk. The Group's overall risk management structure focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to mitigate certain risk exposures. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

(b) Risk management structure

Management has overall responsibility for establishing and supervising the risk management structure of the Group. Risk Management is under a separated structure from business areas, reporting directly to the CEO and the Risk Committee, to ensure exemption of conflict of interest, and segregation of functions appropriate to good corporate governance and market practices.

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The risk management policies of the Group are established to identify and analyze the risks faced, to set appropriate risk limits and controls, and to monitor risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the activities of the Group. Our risk appetite is defined in our Risk Appetite Statement (RAS) and reviewed on an annual basis. The Group, through its training and management standards and procedures developed a disciplined and constructive control environment within which all its employees are aware of their duties and obligations.

Regarding the subsidiary Banco XP and the other subsidiaries components of XP Prudential Conglomerate (Brazilian Central Bank oversight definition), the organizational structure is based on the recommendations proposed by the Basel Accord, in which procedures, policies and methodology are formalized consistent with risk tolerance and with the business strategy and the various risks inherent to the operations and/or processes, including market, liquidity, credit and operating risks. The Group seeks to follow the same risk management practices as those applying to all companies.

Such risk management processes are also related to going concern management procedures, mainly in terms of formulating impact analyses, business continuity plans, contingency plans, backup plans and crisis management.

(c) Credit risk

Credit risk is defined as the possibility of losses associated with the failure, by the borrower or counterparty, of their respective financial obligations under the agreed terms, the devaluation of the credit agreement resulting from the deterioration in the borrower's risk rating, the reduction gains or remuneration, the advantages granted in the negotiation and the costs of recovery.

The credit risk department establishes its credit policy based on the composition of the portfolio by security, by internal rating of issuer and/or the issue, by the current economic activity, by the duration of the portfolio, by the macroeconomic variables, among others.

The credit analysis department is also actively involved in this process, and it is responsible for assessing the credit risk of issues and issuers with which it maintains or intends to maintain credit relationships, also using an internal credit risk allocation methodology (rating) to classify the likelihood of loss of counterparties.

For the loan operations, XP Inc uses client's investments as collaterals to reduce potential losses and protect against credit risk exposure by managing these collaterals so that they are always sufficient, legally enforceable (effective) and viable. XP Inc monitors the value of the collaterals, and the credit risk management provides subsidies to define strategies as risk appetite, to establish limits, including exposure analysis and trends as well as the effectiveness of the credit policy.

The loan operations have a high credit quality, and the Group often uses risk mitigation measures, primarily through client's investments as collaterals, which explains the low provision ratio.

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period.

Management undertakes credit quality analysis of assets that are not past due or reduced to recoverable value. As of December 31, 2024 and 2023 such assets were substantially represented by loan operations and securities purchased under resale agreements, of which the counterparties are Brazilian banks with low credit risk, securities issued by the Brazilian government, as well as derivative financial instruments transactions, which are mostly traded on the stock exchange (B3 S.A. – Brasil, Bolsa, Balcão) and which, therefore, have its guarantee.

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The carrying amount of the financial assets representing the maximum exposure to credit risk is shown in the table below:

	2024	2023
Financial assets		
Securities purchased under resale agreements	22,057,137	14,888,978
Securities	203,701,541	154,200,583
Public securities	93,717,168	75,289,433
Private securities	109,984,373	78,911,150
Derivative financial instruments	46,199,796	23,733,466
Securities trading and intermediation	6,499,097	2,932,319
Accounts receivable	778,943	681,190
Loan operations	29,228,463	28,551,935
Other financial assets	13,232,997	4,208,743
Off-balance exposures (credit card limits)	7,873,551	8,912,707
Total	329,571,525	238,109,921

(d) Liquidity risk

Liquidity risk is the possibility that the institution will not be able to efficiently honor its expected, unexpected, current or future obligations.

Liquidity management operates in line with the Group's strategy and business model, being compatible with the nature of operations, the complexity of its products and the relevance of risk exposure. This liquidity management policy establishes actions to be taken in cases of liquidity contingency, and these must be sufficient to generate a new meaning for cash within the required minimum limits.

The group maintains an adequate level of liquidity at all times, always working with a minimum cash limit. This is done through management that is compatible and consistent with your ability obtaining resources in the market, with its budgetary targets for the evolution of the volume of its assets and is based on the management of cash flows, observing the minimum limits of daily cash balances and cash needs projections, in the management of stocks of highly liquid assets and simulations of adverse scenarios.

Risk structure and management are the responsibility of the risk department, reporting to the Executive Board, thus avoiding any conflict of interest with departments that require liquidity.

(d1) Maturities of financial liabilities

The tables below summarize the Group's financial liabilities into groupings based on their contractual maturities:

Liabilities	2024					Contractual cash flow
	Up to 1 month	From 2 to 3 months	From 4 to 12 months	From 1 to 5 years	Above 5 years	
Securities	14,830,405	—	—	—	422,971	15,253,376
Derivative financial instruments	7,176,746	3,336,329	10,134,377	11,738,481	7,661,754	40,047,687
Securities sold under repurchase agreements	71,779,721	—	—	—	—	71,779,721
Securities trading and intermediation	18,474,978	—	—	—	—	18,474,978
Financing instruments payable	6,140,457	16,786,357	29,109,323	37,796,433	5,415,912	95,248,482
Borrowings	—	—	1,666,432	—	—	1,666,432
Accounts payables	763,465	—	—	—	—	763,465
Other financial liabilities	9,124,704	1,560,439	3,584,285	461,435	—	14,730,863
Total	128,290,476	21,683,125	44,494,417	49,996,349	13,500,637	257,965,004

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Liabilities	2023					
	Up to 1 month	From 2 to 3 months	From 4 to 12 months	From 1 to 5 years	Above 5 years	Contractual cash flow
Securities	19,949,021	—	—	—	474,053	20,423,074
Derivative financial instruments	5,580,573	2,719,744	6,773,980	7,873,062	1,838,057	24,785,416
Securities sold under repurchase agreements	32,796,941	543,570	—	—	—	33,340,511
Securities trading and intermediation	16,943,539	—	—	—	—	16,943,539
Financing instruments payable	3,812,510	8,383,531	10,690,918	36,648,126	830,505	60,365,590
Borrowings	—	10,796	2,188,626	—	—	2,199,422
Accounts payables	948,218	—	—	—	—	948,218
Other financial liabilities	5,815,141	756,864	4,588,231	1,056,580	14,560	12,231,376
Total	85,845,943	12,414,505	24,241,755	45,577,768	3,157,175	171,237,146

(e) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises mainly three types of risk: foreign exchange variation, interest rates and share prices.

The aim of market risk management is to control exposure to market risks, within acceptable parameters, while optimizing return.

Market risk management for operations is carried out through policies, control procedures and prior identification of risks in new products and activities, with the purpose to maintain market risk exposure at levels considered acceptable by the Group and to meet the business strategy and limits defined by the Risk Committee.

The main tool used to measure and control the exposure risk of the Group to the market, mainly in relation to their trading assets portfolio, is the Maps Luna program, which calculates the capital allocation based on the exposure risk factors in the regulations issued by Brazilian Central Bank ("BACEN") for financial institutions, which are taken as a basis for the verification of the risk exposure of the assets of the Group.

In order to comply with the provisions of the regulatory body, the financial institutions of the Group make daily control of the exposure by calculating the risk portions, recording the results in Document 2011 - Daily Statement of Capital Requirements (DDR) in BACEN Circular Letter No, 3,331/08, submitting it daily to this institution.

With the formalized rules, the risk department has the objective of controlling, monitoring and ensuring compliance with the pre-established limits, and may refuse, in whole or in part, to receive and/or execute the requested transactions, upon immediate communication to customers, in addition to intervening in cases of non-compliance and reporting all atypical events to the Risk Committee.

In addition to the control performed by the tool, the Group adopt guidelines to control the risk of the assets that mark the treasury operations so that the own portfolios of the participating companies are composed by assets that have low volatility and, consequently, less exposure to risk. In the case of non-compliance with the operational limits, the treasury manager shall take the necessary measures to reframe as quickly as possible.

(e1) Currency risk

The purpose of Group's management of foreign exchange exposure is to mitigate the effects arising from variation in foreign exchange rates, which may present high volatility periods.

The currency (or foreign exchange) risk arises from positions that are sensitive to oscillations in foreign exchange rates. These positions may be originated by financial instruments that are denominated in a currency other than the functional currency in which the balance sheet is measured or through positions in derivative instruments (for negotiation or hedge) and investments in subsidiaries abroad.

The Group hold interest in XP Holding International LLC, XP Advisory US, and XP Holding UK Ltd, whose equity as of December 31, 2024 was US\$830 (US\$83,991 as of December 31, 2023), US\$12,322 (US\$8,803 as of December 31, 2023) and GBP16,511 (GBP 12,861 as of December 31, 2023), respectively (amounts presented in thousands of the respective currencies).

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The risk of the XP Holding International LLC and XP Advisors Inc is hedged with the objective of minimizing the volatility of the functional currency (BRL) against the US\$ arising from foreign investment abroad (see Note 9). The foreign currency exposure risk of XP Holding UK Ltd is not hedged and is not material for the Group.

(e2) Interest rate risk

It arises from the possibility that the Group incurs in gains or losses arising from fluctuations in interest rates on its financial assets and liabilities.

Below are presented the risk rates that the Group is exposed:

- Selic/DI
- IGPM
- IPCA
- PRE
- Foreign exchange coupon

(e3) Price risk

Price risk is the risk arising from the change in the price of the investment fund portfolio and of shares listed on the stock exchange, held in the portfolio of the Group, which may affect its profit and loss. The price risk is controlled by the management of the Group, based on the diversification of its portfolio and/or through the use of derivatives contracts, such as options or futures.

(e4) Sensitivity analysis

According to the market information, the Group performed the sensitivity analysis by market risk factors considered relevant. The largest losses, by risk factor, in each of the scenarios were presented with an impact on the profit and loss, providing a view of the exposure by risk factor of the Group in exceptional scenarios. The following sensitivity analyzes do not consider the functioning dynamics of risk and treasury areas, since once these losses are detected, risk mitigation measures are quickly triggered, minimizing the possibility of significant losses.

Trading portfolio	Exposures	2024		
		Scenarios		
		I	II	III
Risk factors	Risk of variation in:			
Fixed interest rate	Fixed interest rate in Reais	(117)	(8,285)	50,065
Exchange coupons	Foreign currencies coupon rate	(28)	(6,905)	(15,497)
Foreign currencies	Exchange rates	(124)	64,512	148,169
Price indexes	Inflation coupon rates	(68)	(11,606)	(24,563)
Shares	Shares prices	(5,858)	(162,112)	(458,841)
Commodities	Commodities price	(320)	(4,471)	17,579
		(6,515)	(128,867)	(283,088)

Trading portfolio	Exposures	2023		
		Scenarios		
		I	II	III
Risk factors	Risk of variation in:			
Fixed interest rate	Fixed interest rate in Reais	(258)	21,269	22,753
Exchange coupons	Foreign currencies coupon rate	(367)	(18,174)	(36,588)
Foreign currencies	Exchange rates	331	343,440	907,349
Price indexes	Inflation coupon rates	(103)	(12,998)	(24,579)
Shares	Shares prices	(3,472)	(251,572)	(289,613)
Commodities	Commodities price	(2,822)	(70,566)	(141,133)
		(6,691)	11,399	438,189

Scenario I: Increase of 1 basis point in the rates in the fixed interest rate yield, exchange coupons, inflation and 1 percentage point in the prices of shares, commodities and currencies;

Scenario II: Project a variation of 25 percent in the rates of the fixed interest yield, exchange coupons, inflation, prices of shares, commodities and currencies, both rise and fall, being considered the largest losses resulting by risk factor; and
Scenario III: Project a variation of 50 percent in the rates of the fixed interest yield, exchange coupons, inflation, prices of shares, commodities and currencies, both rise and fall, being considered the largest losses resulting from the risk factor.

(f) Operating risk

Operational risk is characterized by the possibility of losses resulting from external events or failure, deficiency or inadequacy of internal processes, people and systems, including legal risk. Operational risk events include the following categories: internal fraud; external fraud; labor demands and poor workplace safety; inappropriate practices relating to customers, products and services; damage to physical assets owned or used by XP; situations that cause the interruption of XP's activities; and failures in information technology systems, processes or infrastructure.

The Group's main objective is to ensure the identification, classification and monitoring of situations that may generate financial losses, given the companies' reputation, as well as any regulatory assessment due to the occurrence of an operational risk event, XP adopts the model of 3 lines of defense, in which the main responsibility for the development and implementation of controls to deal with operational risks is attributed to the Management within each business unit, seeking to manage mainly:

- (i) Requirements of segregation of functions, including independent authorization for transactions;
- (ii) Requirements of reconciliation and monitoring of transactions;
- (iii) Compliance with legal and regulatory requirements;
- (iv) Documentation of controls and procedures;
- (v) Requirements of periodic assessment of the operating risks faced and the adequacy of the controls and procedures for dealing with the identified risks;
- (vi) Development of contingency plans;
- (vii) Professional training and development; and
- (viii) Ethical and business standards;

In addition, the Group's financial institutions, in compliance with the provisions of Article 4, paragraph 2, of Resolution No. 3,380/06 of the National Monetary Council ("CMN") of June 27, 2006, have a process that covers institutional policies, procedures, contingency and business continuity plans and systems for the occurrence of external events, in addition to formalizing the single structure required by the regulatory agency.

37. Capital Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group also monitors capital based on the net debt and the gearing ratio. Net debt is calculated as total debt (including borrowings, lease liabilities, structured financing and debentures as shown in the balance sheet) less cash and cash equivalent (including cash, securities purchased under resale agreements and certificate deposits as shown in the statement of cash flows). The gearing ratio corresponds to the net debt expressed as a percentage of total capital.

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The net debt and corresponding gearing ratios as of December 31, 2024 and 2023 were as follows:

	2024	2023
Group debt (Note 38) ⁽ⁱ⁾	9,165,747	8,512,319
Structured financing (Note 20 (b))	3,282,750	1,841,790
Total debt	12,448,497	10,354,109
Cash	(5,610,548)	(3,943,307)
Securities purchased under resale agreements (Note 6 (a))	(2,885,843)	(2,760,296)
Bank deposit certificates (Note 7 (a))	(69,224)	(67,985)
Other deposits at Brazilian Central Bank (Note 20 (a))	(4,343,999)	(2,438,896)
Net debt	(461,117)	1,143,625
Total equity attributable to owners of the parent company	20,043,557	19,449,352
Total capital	19,582,440	20,592,977
Gearing ratio %	(2.35)%	5.55%

(i) Includes debentures and bonds designated as fair value through profit or loss. See Note 7(e) and 17, respectively.

(i) Minimum capital requirements

Although capital is managed considering the consolidated position, certain subsidiaries are subject to minimum capital requirement from local regulators.

The subsidiary Banco XP, leader of the Prudential Conglomerate (which includes XP CCTVM, XP DTVM, Banco Modal, Modal DTVM and some proprietary funds), under BA regulation regime, is required to maintain a minimum capital and follow aspects from the Basel Accord.

The subsidiary XP Vida e Previdência operates in retirement plans business and is oversight by the SUSEP, being required to present Adjusted Shareholders' Equity (PLA) equ to or greater than the Minimum Required Capital ("CMR"), CMR is equivalent to the highest value between base capital and Venture Capital Liquidity ("CR").

On December 31, 2024 the subsidiaries Banco XP and XP Vida e Previdência were in compliance with all capital requirements.

There is no requirement for compliance with a minimum capital for the other Group companies.

(ii) Financial covenants

In relation to the long-term debt contracts, including multilateral instruments, recorded within "Borrowings" (Note 19), the Group was required to comply with certain performance conditions, such as profitability and efficiency indexes.

As of December 31, 2024, the amount of debt contracts under financial covenants is R\$1,666,432 (on December 31, 2023, there were no contracts under financial covenants). The Group has complied with these covenants throughout the reporting period.

Eventual failure of the Group to comply with such covenants may be considered as breach of contract and, as a result, considered for early settlement of related obligations.

38. Cash flow information

(i) Debt reconciliation

	Debt securities ⁽ⁱ⁾				Total
	Borrowings	Lease liabilities	Debentures and Notes	Bonds	
Total debt as of January 1, 2022	1,928,782	318,555	705,975	4,128,306	7,081,618
Acquisitions/issuance	—	49,853	1,890,500	—	1,940,353
Payments/repurchase	(2,061)	(99,655)	(175,999)	—	(277,715)
Revaluation	—	(89)	—	—	(89)
Net foreign exchange differences	(87,158)	(5,820)	—	(218,607)	(311,585)
Interest accrued	69,593	22,794	203,275	129,113	424,775
Interest paid	(43,276)	—	(27,232)	(127,429)	(197,937)
Total debt as of December 31, 2022	1,865,880	285,638	2,596,519	3,911,383	8,659,420
Total debt as of January 1, 2023	1,865,880	285,638	2,596,519	3,911,383	8,659,420
Acquisitions/issuance	2,252,550	116,774	373,481	—	2,742,805
Business combination (Note 5(ii))	978	19,802	—	—	20,780
Payments/repurchase	(1,833,937)	(132,737)	(527,687)	(62,342)	(2,556,703)
Write-offs	—	(675)	—	—	(675)
Net foreign exchange differences	(147,802)	(6,967)	—	(319,952)	(474,721)
Interest accrued	61,753	22,927	392,857	134,148	611,685
Interest paid	—	—	(28,396)	(116,670)	(145,066)
Total debt as of December 31, 2023	2,199,422	304,762	2,806,774	3,546,567	8,857,525
Total debt as of January 1, 2024	2,199,422	304,762	2,806,774	3,546,567	8,857,525
Acquisitions/issuance	1,666,432	157,750	—	2,787,575	4,611,757
Payments/repurchase	(2,255,259)	(125,966)	(1,170,612)	(1,628,342)	(5,180,179)
Cancellation/expiration	—	(65,050)	—	—	(65,050)
Net foreign exchange differences	66,632	20,716	—	1,117,579	1,204,927
Interest accrued	91,881	19,135	271,451	204,510	586,977
Interest paid	(102,676)	—	(32,738)	(213,939)	(349,353)
Total debt as of December 31, 2024	1,666,432	311,347	1,874,875	5,813,950	9,666,604

Debt securities include debentures measured at FVPL presented in Note 7(e) and does not include fair value adjustments of (i) Debentures, totaling R\$400,648 ((R\$120,280) - 2023) and (ii) Bonds, totaling R\$ (300,209) (R\$ (224,927) - 2023).

(ii) Cash reconciliation for investing and financing activities

During the year ended December 31, 2024, the Group paid R\$95,287 – out of which R\$225,766 refers to acquisitions concluded during this period – in connection with the minority stake acquisitions in Monte Bravo JV S.A. ("Monte Bravo"), Blue3 S.A. ("Blue3"), Ável Participações Ltda. ("Ável"), FMX Capital S.A ("FMX"), SVN S.A ("SVN") Manchester Financial Group Participações S.A. ("Manchester") disclosed in Note 5(ii)(b)(ii). The Group also paid R\$98,576 of contingent consideration liabilities, due to the achievement of the triggers provided for in the shareholders' agreement with one of its associates.

(iii) Non-cash reconciliation for investing and financing activities

During the year ended December 31, 2022, non-cash investing and financing activities disclosed in other notes are: (i) related to business acquisitions through accounts payables (R\$7,490) and contingent consideration (R\$4,175) and (ii) related to acquisition of investment in associates through accounts payables (R\$72,755), contingent consideration (R\$14,556) and through private issuance of shares (R\$70,030).

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During the year ended December 31, 2023, non-cash investing and financing activities disclosed in other notes were: (i) related to the business combination with Banco Modal through a share exchange transaction – R\$2,097,326 (see Note 5 (ii)(a)(i)) and (ii) related to the acquisitions of minority interests in associates (see Note 5 (ii)(b)(ii)) through accounts payable (R\$739,743) and through contingent consideration (R\$50,000).

During the year ended December 31, 2024, the Group concluded the minority stake acquisitions disclosed in Note 5(ii)(b)(ii). From the total consideration of these transactions, (i) R\$106,412 was settled through the private issuance of XP Inc Class A shares (see note 25(a)), (ii) R\$0,000 was recorded through contingent consideration (Note 20(b)) and (iii) there is a remaining amount of R\$62,325 to be paid during 2025 (including monetary correction on this amount).

During the year ended December 31, 2024, the Group acquired a new borrowing in the total amount of R\$1,666,432 (note 19). This amount was disbursed by the counterparty on January 6, 2025.

39. Subsequent events

On January 16, 2025, the Group acquired a new borrowing with Banco Santander for a term loan in the amount of US\$80 million. The loan accrues interest at a rate per annum equal to SOFR overnight +0.79% and matures on December 22, 2025. The principal amount is due on the maturity date and interest is payable quarterly on March 24, June 23 and September 22.

On February 24, 2025, the Group acquired a new borrowing with Bank of America for a term loan in the amount of US\$4 million. The loan accrues interest at a rate per annum equal to 4.358% and matures on May 6, 2025. The principal and interest amounts are due on the maturity date.

On February 24, 2025, the Group acquired a new borrowing with Bank of America for a term loan in the amount of US\$6 million. The loan accrues interest at a rate per annum equal to 4.395% and matures on June 3, 2025. The principal and interest amounts are due on the maturity date.

On March 11, 2025, the Group acquired a new borrowing with Bank of America for a term loan in the amount of US\$7.5 million. The loan accrues interest at a rate per annum equal to 4.343% and matures on May 6, 2025. The principal and interest amounts are due on the maturity date.

On March 11, 2025, the Group acquired a new borrowing with Bank of America for a term loan in the amount of US\$7.5 million. The loan accrues interest at a rate per annum equal to 4.332% and matures on August 4, 2025. The principal amount is due on the maturity date and interest will be amortized on June 11, 2025.

**DESCRIPTION OF SECURITIES
REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT**

The following is a description of our outstanding securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") as required pursuant to the relevant Items under Form 20-F. As of December 31, 2024, XP Inc. ("we," "us," "our" and "XP") had the following series of securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common shares, par value US\$0.00001 per share	XP	The NASDAQ Global Select Market

XP Inc. was incorporated on August 29, 2019, as a Cayman Islands exempted company with limited liability with the Cayman Islands Registrar of Companies. Our corporate purposes are unrestricted and we have the authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Act (As Revised) of the Cayman Islands, or the Companies Act.

Our affairs are governed principally by: (1) our Third Amended and Restated Memorandum and Articles of Association (the "Memorandum and Articles of Association"); (2) the Companies Act; and (3) the common law of the Cayman Islands. As provided in our Memorandum and Articles of Association, subject to Cayman Islands law, we have full capacity to carry on or undertake any business or activity, do any act or enter into any transaction, and, for such purposes, full rights, powers and privileges. Our registered office is c/o Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

CLASS A COMMON SHARES

Item 9. General

9.A.3 Preemptive rights

See "—Item 10.B Memorandum and articles of association-Preemptive or Similar Rights" below.

9.A.5 Type and class of securities

As of December 31, 2024, XP had a total issued share capital of US\$5,398.06829, divided into 539,806,829 common shares. Those common shares are divided into 434,047,695 Class A common shares and 103,375,726 Class B common shares that are issued and outstanding, and common shares held by XP as treasury shares. All of our issued and outstanding share capital is fully paid. Our Class A common shares are in book-entry form, registered in the name of each shareholder or its nominee.

As of December 31, 2024, our total authorized share capital was US\$35,000, divided into 3,500,000,000 shares par value US\$0.00001 each, of which (i) 2,000,000,000 shares are designated as Class A common shares, (ii) 1,000,000,000 shares are designated as Class B common shares, and (iii) 500,000,000 authorized but unissued shares are presently undesignated and may be issued by our board of directors as common shares of any class or as shares with preferred, deferred or other special rights or restrictions.

Our Memorandum and Articles of Association authorize two classes of common shares: Class A common shares, which are entitled to one vote per share and Class B common shares, which are entitled to 10 votes per share and to maintain a proportional ownership and voting interest in the event that additional Class A common shares are issued. Any holder of Class B common shares may convert his or her shares at any time into Class A common shares on a share-for-share basis. The rights of the two classes of common shares are otherwise identical, except as described in our Memorandum and Articles of Association. See "-Anti-Takeover Provisions in our Memorandum and Articles of Association-Two Classes of Common Shares."

Item 9.A.6. Limitations or qualifications

Not applicable.

Item 9.A.7. Other rights

Not applicable.

Item 10.B Memorandum and articles of association

The following information describes our Class A common shares and provisions set forth by our Memorandum and Articles of Association, the Companies Act; and the common law of the Cayman Islands. This description is only a summary. You should read and refer to our Third Amended and Restated Memorandum and Articles of Association included as Exhibit 1.1 to our annual report on Form 20-F.

Description of Our Memorandum and Articles of Association

History of Share Capital

On December 10, 2019, the registration statement on Form F-1 (File No 333-234719) relating to our initial public offering of our class A common shares was declared effective by the SEC. On December 11, 2019, we commenced our initial public offering and on December 13, 2019, we closed our initial public offering.

As of December 31, 2024, XP had 1,327,100 Class A common shares and 1,056,308 Class B common shares in treasury. On July 30, 2024, we cancelled 12,650,574 Class A common shares (92.3% of total treasury shares as of the date of cancellation) held in our treasury accounts. As a result, our outstanding and treasury shares were reduced from 549,630,977 to 536,980,403.

General

Our shareholders adopted the Memorandum and Articles of Association included as Exhibit 1.1 to our annual report on Form 20-F. The following summary is subject to and qualified in its entirety by XP Inc.'s Memorandum and Articles of Association. This is not a summary of all the significant provisions of our Memorandum and Articles of Association, of the Companies Act or of the common law of the Cayman Islands and does not purport to be complete. Capitalized terms used but not defined herein have the meanings given to them in our annual report.

Corporate Purposes

Our corporate purposes are unrestricted and we have the authority to carry out any object not prohibited by any law as provided by Section 7(4) of Companies Act.

Issuance of Shares

Except as expressly provided in XP's Memorandum and Articles of Association, XP's board of directors has general and unconditional authority to allot, grant options over, offer or otherwise deal with or dispose of any unissued shares in the company's capital without the approval of our shareholders (whether forming part of the original or any increased share capital), either at a premium or at par, with or without preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise and to such persons, on such terms and conditions, and at such times as the directors may decide, but so that no share shall be issued at a discount, except in accordance with the provisions of the Companies Act. In accordance with its Memorandum and Articles of Association, XP shall not issue bearer shares.

XP's Memorandum and Articles of Association provide that at any time that there are Class A common shares in issue, additional Class B common shares may only be issued pursuant to (1) a share split, subdivision of shares or similar transaction or where a dividend or other distribution is paid by the issue of shares or rights to acquire shares or following capitalization of profits; (2) a merger, consolidation or other business combination involving the issuance of Class B common shares as full or partial consideration; or (3) an issuance of Class A common shares, whereby holders of the Class B common shares are entitled to purchase a number of Class B common shares that would allow them to maintain their proportional ownership and voting interests in XP (following an offer by XP to each holder of Class B common shares to issue to such holder, upon the same economic terms and at the same price, such number of Class B common shares as would ensure such holder may maintain a proportional ownership and voting interest in XP pursuant to XP's Memorandum and Articles of Association). In light of (a) the above provisions; and (b) the ten-to-one voting ratio between our Class B common shares and Class A common shares, holders of our Class B common shares will in many situations continue to maintain control of all matters requiring shareholder approval. This concentration of ownership and voting power will limit or preclude your ability to influence corporate matters for the foreseeable future. For more information see "—Preemptive or similar rights."

Fiscal Year

XP's fiscal year begins on January 1 of each year and ends on December 31 of the same year.

Voting Rights

The holder of a Class B common share is entitled, in respect of such share, to 10 votes per share, whereas the holder of a Class A common share is entitled, in respect of such share, to one vote per share. The holders of Class A common shares and Class B common shares vote together as a single class on all matters (including the election of directors) submitted to a vote of shareholders, except as provided below and as otherwise required by law.

XP's Memorandum and Articles of Association provide as follows regarding the respective rights of holders of Class A common shares and Class B common shares:

- class consents from the holders of Class A common shares and Class B common shares, as applicable, shall be required for any variation to the rights attached to their respective class of shares; however, the Directors may treat the two classes of shares as forming one class if they consider that both such classes would be affected in the same way by the proposal;
- the rights conferred on holders of Class A common shares shall not be deemed to be varied by the creation or issue of further Class B common shares and vice versa; and
- the rights attaching to the Class A common shares and the Class B common shares shall not be deemed to be varied by the creation or issue of shares with preferred or other rights, including, without limitation, shares with enhanced or weighted voting rights.

As set forth in the Memorandum and Articles of Association, the holders of Class A common shares and Class B common shares, respectively, do not have the right to vote separately if the number of authorized shares of such class is increased or decreased. Rather, the number of authorized Class A common shares and Class B common shares may be increased or decreased (but not below the number of shares of such class then outstanding) by both classes voting together by way of an "ordinary resolution," which is defined in the Memorandum and Articles of Association as being a resolution (1) of a duly constituted general meeting passed by a simple majority of the votes cast by, or on behalf of, the shareholders entitled to vote present in person or by proxy and voting at the meeting; or (2) approved in writing by all of the shareholders entitled to vote at a general meeting in one or more instruments each signed by one or more of the shareholders and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments, if more than one, is executed.

Conversion Rights

As set forth in the Memorandum and Articles of Association, Class B common shares shall be convertible into Class A common shares (i) at the option of the holder; and (ii) automatically immediately prior to any transfer through a Designated Stock Exchange. Furthermore, as set forth in the Memorandum and Articles of Association, each Class B common share will convert automatically into one Class A common share and no Class B common shares will be issued thereafter if, at any time, the total number of votes of the issued and outstanding Class B common shares represents less than 10% of the voting share rights of the Company.

Preemptive or Similar Rights

The Class B common shares are entitled to maintain a proportional ownership and voting interest in the event that additional Class A common shares are issued. As such, except for certain exceptions provided for in the Memorandum and Articles of Association, if XP increases its share capital or issues common shares, it must first make an offer to each holder of Class B common shares to issue to such holder on the same economic terms such number of Class A common shares and Class B common shares, as applicable, as would ensure such holder may maintain a proportional ownership and voting interest in XP. This right to maintain a proportional ownership and voting interest may be waived by the holders of two-thirds of the Class B common shares in the context of a public offering.

Equal Status

Except as expressly provided in XP's Memorandum and Articles of Association, Class A common shares and Class B common shares have the same rights and privileges and rank equally, share ratably and are identical in all respects as to all matters. In the event of any merger, consolidation, scheme, arrangement or other business combination requiring the approval of our shareholders entitled to vote thereon (whether or not XP is the surviving entity), the holders of Class A common shares shall have the right to receive, or the right to elect to receive, the same form of consideration (as shall be adjusted, in the case of share or equivalent consideration, by the directors so as to account for the different economic and voting rights that exist or may exist between such consideration and the share classes) as the holders of Class B common shares, and (save as aforesaid) the holders of Class A common shares shall have the right to receive, or the right to elect to receive, at least the same amount of consideration on a per share basis as the holders of Class B common shares. In the event of any (1) tender or exchange offer to acquire any Class A common shares or Class B common shares by any third party pursuant to an agreement to which XP is a party, or (2) tender or exchange offer by XP to acquire any Class A common shares or Class B common shares, the holders of Class A common shares shall have the right to receive, or the right to elect to receive, the same form of consideration (as shall be adjusted, in the case of share or equivalent consideration, by the directors so as to account for the different economic and voting rights that exist or may exist between such consideration and the share classes) as the holders of Class B common shares, and (save as aforesaid) the holders of Class A common shares shall have the right to receive, or the right to elect to receive, at least the same amount of consideration on a per-share basis as the holders of Class B common shares.

Record Dates

For the purpose of determining shareholders entitled to notice of, or to vote at any general meeting of shareholders or any adjournment thereof, or shareholders entitled to receive dividend or other distribution payments, or in order to make a determination of shareholders for any other purpose, XP's board of directors may set a record date which shall not exceed forty clear days prior to the date where the determination will be made.

General Meetings of Shareholders

As a condition of admission to a shareholders' meeting, a shareholder must be duly registered as a shareholder of XP at the applicable record date for that meeting and, in order to vote, all calls or installments then payable by such shareholder to XP in respect of the shares that such shareholder holds must have been paid.

Subject to any special rights or restrictions as to voting then attached to any shares, at any general meeting every shareholder who is present in person or by proxy (or, in the case of a shareholder being a corporation, by its duly authorized representative not being himself or herself a shareholder entitled to vote) shall have one vote per Class A common share and 10 votes per Class B common share.

As a Cayman Islands exempted company, XP is not obliged by the Companies Act to call annual general meetings; however, the Memorandum and Articles of Association provide that in each year the company will hold an annual general meeting of shareholders. For the annual general meeting of shareholders the agenda will include, among other things, the presentation of the annual accounts and the report of the directors (if any). In addition, the agenda for an annual general meeting of shareholders will only include such items as have been included therein by the board of directors.

Also, XP may, but is not required to (unless required by the laws of the Cayman Islands), hold other extraordinary general meetings during the year. General meetings of shareholders are generally expected to take place in São Paulo, Brazil, but may be held elsewhere if the directors so decide.

The Companies Act provides shareholders a limited right to request a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting in default of a company's Memorandum and Articles of Association. However, these rights may be provided in a company's Memorandum and Articles of Association. XP's Memorandum and Articles of Association provide that, upon the requisition of one or more shareholders representing not less than one-third of the voting rights entitled to vote at general meetings, the board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. The Memorandum and Articles of Association provide no other right to put any proposals before annual general meetings or extraordinary general meetings.

Subject to regulatory requirements, the annual general meeting and any extraordinary general meetings must be called by not less than eight days' notice prior to the relevant shareholders meeting and convened by a notice discussed below. Alternatively, upon the prior consent of all holders entitled to receive notice, with regards to the annual general meeting, and the holders of 95% in par value of the shares entitled to attend and vote at an extraordinary general meeting, that meeting may be convened by a shorter notice and in a manner deemed appropriate by those holders.

XP will give notice of each general meeting of shareholders by publication on its website and in any other manner that it may be required to follow in order to comply with Cayman Islands law, Nasdaq and SEC requirements. The holders of registered shares may be given notice of a shareholders' meeting by means of letters sent to the addresses of those shareholders as registered in our shareholders' register, or, subject to certain statutory requirements, by electronic means.

Holders whose shares are registered in the name of DTC or its nominee, which we expect will be the case for all holders of Class A common shares, will not be a shareholder or member of the company and must rely on the procedures of DTC regarding notice of shareholders' meetings and the exercise of rights of a holder of the Class A common shares.

A quorum for a general meeting consists of any one or more persons holding or representing by proxy not less than 50% of the aggregate voting power of all shares in issue and entitled to vote upon the business to be transacted. If a quorum is not present within half an hour from the time appointed for the meeting to commence or if, during such a meeting, a quorum ceases to be present, a second meeting may be called with at least five days' notice to shareholders specifying the place, the day and the hour of the second meeting, as the Directors may determine, and if at the second meeting a quorum is not present within half an hour from the time appointed for the meeting to commence, the shareholders present shall be a quorum.

A resolution put to a vote at a general meeting shall be decided on a poll. Generally speaking, an ordinary resolution to be passed by the shareholders at a general meeting requires the affirmative vote of a simple majority of the votes cast by, or on behalf of, the shareholders entitled to vote, present in person or by proxy and voting at the meeting, and a special resolution requires the affirmative vote on a poll of no less than two-thirds of the votes cast by the shareholders entitled to vote who are present in person or by proxy at a general meeting. Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all the shareholders of our Company, as permitted by the Companies Act and our Memorandum and Articles of Association.

Pursuant to XP's Memorandum and Articles of Association, general meetings of shareholders are to be chaired by the chairman of our board of directors or any other person appointed by our board of directors. If the chairman or such other person is absent, the directors present at the meeting shall appoint one of them to be chairman of the general meeting. If neither the chairman nor such other person nor another director is present at the general meeting within 15 minutes after the time appointed for holding the meeting, the shareholders present in person or by proxy and entitled to vote may elect any one of the shareholders to be chairman. The order of business at each meeting shall be determined by the chairman of the meeting, and he or she shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts and things as are necessary or desirable for the proper conduct of the meeting, including, without limitation, the establishment of procedures for the maintenance of order and safety, limitations on the time allotted to questions or comments on the affairs of the Company, restrictions on entry to such meeting after the time prescribed for the commencement thereof, and the opening and closing of the polls.

Liquidation Rights

If XP is voluntarily wound up, the liquidator, after taking into account and giving effect to the rights of preferred and secured creditors and to any agreement between XP and any creditors that the claims of such creditors shall be subordinated or otherwise deferred to the claims of any other creditors and to any contractual rights of set-off or netting of claims between XP and any person or persons (including without limitation any bilateral or any multilateral set-off or netting arrangements between the company and any person or persons) and subject to any agreement between XP and any person or persons to waive or limit the same, shall apply XP's property in satisfaction of its liabilities *pari passu* and subject thereto shall distribute the property among the shareholders according to their rights and interests in XP.

Changes to Capital

Pursuant to the Memorandum and Articles of Association, XP may from time to time by ordinary resolution:

- increase its share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe;
- consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- convert all or any of its paid-up shares into stock and reconvert that stock into paid-up shares of any denomination;
- subdivide its existing shares or any of them into shares of a smaller amount, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so canceled.

XP's shareholders may by special resolution, subject to confirmation by the Grand Court of the Cayman Islands on an application by the Company for an order confirming such reduction, reduce its share capital or any capital redemption reserve in any manner permitted by law.

In addition, subject to the provisions of the Companies Act and our Memorandum and Articles of Association, XP may:

- issue shares on terms that they are to be redeemed or are liable to be redeemed;
- purchase its own shares (including any redeemable shares); and
- make a payment in respect of the redemption or purchase of its own shares in any manner authorized by the Companies Act, including out of its own capital.

Transfer of Shares

Subject to any applicable restrictions set forth in the Memorandum and Articles of Association, any shareholder of XP may transfer all or any of his or her common shares by an instrument of transfer in the usual or common form or in the form prescribed by the Nasdaq or any other form approved by the Company's board of directors.

Our Class A common shares are traded on the Nasdaq in book-entry form and may be transferred in accordance with XP's Memorandum and Articles of Association and Nasdaq's rules and regulations.

However, XP's board of directors may, in its absolute discretion, decline to register any transfer of any common share which is either not fully paid up to a person of whom it does not approve or is issued under any share incentive scheme for employees which contains a transfer restriction that is still applicable to such common share. The board of directors may also decline to register any transfer of any common share unless:

- the instrument of transfer is lodged with XP, accompanied by the certificate (if any) for the common shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of shares;
- the instrument of transfer is properly stamped, if required;
- the common shares transferred are free of any lien in favor of XP; and
- in the case of a transfer to joint holders, the transfer is not to more than four joint holders.

If the directors refuse to register a transfer they are required, within two months after the date on which the instrument of transfer was lodged, to send to the transferee notice of such refusal.

Share Repurchase

The Companies Act and the Memorandum and Articles of Association permit XP to purchase its own shares, subject to certain restrictions. The board of directors may only exercise this power on behalf of XP, subject to the Companies Act, the Memorandum and Articles of Association and to any applicable requirements imposed from time to time by the SEC, the Nasdaq, or by any recognized stock exchange on which our securities are listed.

For more information, please see "Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers."

Dividends and Capitalization of Profits

We have not adopted a dividend policy with respect to payments of any future dividends by XP. Subject to the Companies Act, XP's shareholders may, by resolution passed by a simple majority of the voting rights entitled to vote at a general meeting, declare dividends (including interim dividends) to be paid to shareholders but no dividend shall be declared in excess of the amount recommended by the board of directors. The board of directors may also declare dividends. Dividends may be declared and paid out of funds lawfully available to XP. Except as otherwise provided by the rights attached to shares and the Memorandum and Articles of Association of XP, all dividends shall be paid in proportion to the number of Class A common shares or Class B common shares a shareholder holds at the date the dividend is declared (or such other date as may be set as a record date); but, (1) if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly; and (2) where we have shares in issue which are not fully paid up (as to par value), we may pay dividends in proportion to the amounts paid up on each share.

The holders of Class A common shares and Class B common shares shall be entitled to share equally in any dividends that may be declared in respect of XP's common shares from time to time. In the event that a dividend is paid in the form of Class A common shares or Class B common shares, or rights to acquire Class A common shares or Class B common shares, (1) the holders of Class A common shares shall receive Class A common shares, or rights to acquire Class A common shares, as the case may be and (2) the holders of Class B common shares shall receive Class B common shares, or rights to acquire Class B common shares, as the case may be.

Appointment, Disqualification and Removal of Directors

XP is managed by its board of directors. The Memorandum and Articles of Association provide that the board of directors will be composed of such number of directors as a majority of directors in office may determine, being up to 12 directors on the date of adoption of the Memorandum and Articles of Association. There are no provisions relating to retirement of directors upon reaching any age limit. The Memorandum and Articles of Association also provide that, while XP's shares are admitted to trading on Nasdaq, the board of directors must always comply with the residency and citizenship requirements of the U.S. securities laws applicable to foreign private issuers.

The Memorandum and Articles of Association provide that directors shall be elected by an ordinary resolution of our shareholders, which requires the affirmative vote of a simple majority of the votes cast on the resolution by the shareholders entitled to vote who are present, in person or by proxy, at the meeting. Each director shall be appointed for a two-year term, unless they resign or their office is vacated earlier, provided, however, that such term shall be extended beyond two years in the event that no successor has been appointed (in which case such term shall be extended to the date on which such successor has been appointed).

Grounds for Removing a Director

A director may be removed with or without cause by ordinary resolution. The notice of general meeting must contain a statement of the intention to remove the director and must be served on the director not less than ten calendar days before the meeting. The director is entitled to attend the meeting and be heard on the motion for his removal.

The office of a director will be vacated automatically if he or she (1) becomes prohibited by law from being a director; (2) becomes bankrupt or makes an arrangement or composition with his creditors; (3) dies or is in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as director; (4) resigns his office by notice to us; or (5) has for more than six months been absent without permission of the directors from meetings of the board of directors held during that period, and the remaining directors resolve that his or her office be vacated.

Proceedings of the Board of Directors

The Memorandum and Articles of Association provide that XP's business is to be managed and conducted by the board of directors. The quorum necessary for the board meeting shall be a simple majority of the directors then in office and business at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall not have a casting vote.

Subject to the provisions of the Memorandum and Articles of Association, the board of directors may regulate its proceedings as they determine is appropriate. Board meetings shall be held at least once every calendar quarter and shall take place either in São Paulo, Brazil or at such other place as the directors may determine.

Subject to the provisions of the Memorandum and Articles of Association, to any directions given by ordinary resolution of the shareholders and the listing rules of the Nasdaq, the board of directors may from time to time at its discretion exercise all powers of XP, including, subject to the Companies Act, the power to issue debentures, bonds and other securities of the company, whether outright or as collateral security for any debt, liability or obligation of our company or of any third party.

Inspection of Books and Records

Holders of XP shares will have no general right under Cayman Islands law to inspect or obtain copies of the list of shareholders or corporate records of the Company. However, the board of directors may determine from time to time whether and to what extent XP's accounting records and books shall be open to inspection by shareholders who are not members of the board of directors. Notwithstanding the above, the Memorandum and Articles of Association provide shareholders with the right to receive annual financial statements. Such right to receive annual financial statements may be satisfied by publishing the same on the company's website or filing such annual reports as we are required to file with the SEC.

Register of Shareholders

Our Class A common shares are held through DTC, and DTC or Cede & Co., as nominee for DTC, is recorded in the shareholders' register as the holder of our Class A common shares.

Under Cayman Islands law, XP must keep a register of shareholders that includes:

- the names and addresses of the shareholders, a statement of the shares held by each member and of the amount paid or agreed to be considered as paid on the shares of each member;
- the date on which the name of any person was entered on the register as a member; and
- the date on which any person ceased to be a member.

Under Cayman Islands law, the register of shareholders of XP is prima facie evidence of the matters set out therein (*i.e.*, the register of shareholders will raise a presumption of fact on the matters referred to above unless rebutted) and a shareholder registered in the register of shareholders is deemed as a matter of Cayman Islands law to have *prima facie* legal title to the shares as set against his or her name in the register of shareholders.

If the name of any person is incorrectly entered in or omitted from the register of shareholders, or if there is any default or unnecessary delay in entering on the register the fact of any person having ceased to be a shareholder of XP, the person or member aggrieved (or any shareholder of XP, or XP itself) may apply to the Cayman Islands Grand Court for an order that the register be rectified, and the Court may either refuse such application or it may, if satisfied of the justice of the case, make an order for the rectification of the register.

Exempted Company

XP is an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the exemptions and privileges listed below:

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
- an exempted company's register of shareholders is not open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Anti-Takeover Provisions in Our Memorandum and Articles of Association

Some provisions of the Memorandum and Articles of Association may discourage, delay or prevent a change in control of XP or management that shareholders may consider favorable. In particular, the capital structure of XP concentrates ownership of voting rights in the hands of XP Control, as the controlling shareholder. These provisions, which are summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of XP to first negotiate with the board of directors. However, these provisions could also have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of the Class A common shares that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the management of XP. It is possible that these provisions could make it more difficult to accomplish transactions that shareholders may otherwise deem to be in their best interests.

Two Classes of Common Shares

The Class B common shares of XP are entitled to 10 votes per share, while the Class A common shares are entitled to one vote per share. Since XP Control owns all of the issued and outstanding Class B common shares, XP Control currently has the ability to elect a majority of the directors and to determine the outcome of most matters submitted for a vote of shareholders, with XP Control as the controlling shareholder. This concentrated voting control could discourage others from initiating any potential merger, takeover or other change of control transaction that other shareholders may view as beneficial.

So long as XP Control has the ability to determine the outcome of most matters submitted to a vote of shareholders as well, third parties may be deterred in their willingness to make an unsolicited merger, takeover or other change of control proposal, or to engage in a proxy contest for the election of directors. As a result, the fact that XP has two classes of common shares may have the effect of depriving you as a holder of Class A common shares of an opportunity to sell your Class A common shares at a premium over prevailing market prices and make it more difficult to replace the directors and management of XP.

Preferred Shares

XP's board of directors is given wide powers to issue one or more classes or series of shares with preferred rights. Such preferences may include, for example, dividend rights, conversion rights, redemption privileges, enhanced voting powers and liquidation preferences.

Despite the anti-takeover provisions described above, under Cayman Islands law, XP's board of directors may only exercise the rights and powers granted to them under the Memorandum and Articles of Association for what they believe in good faith to be in the best interests of XP.

Protection of Non-Controlling Shareholders

The Grand Court of the Cayman Islands may, on the application of shareholders holding not less than one fifth of the shares of XP in issue, appoint an inspector to examine the Company's affairs and report thereon in a manner as the Grand Court shall direct.

Subject to the provisions of the Companies Act, any shareholder may petition the Grand Court of the Cayman Islands which may make a winding-up order, if the court is of the opinion that this winding-up is just and equitable.

Notwithstanding the U.S. securities laws and regulations that are applicable to XP, general corporate claims against XP by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by XP's Memorandum and Articles of Association.

The Cayman Islands courts ordinarily would be expected to follow English case law precedents, which permit a minority shareholder to commence a representative action against XP, or derivative actions in XP's name, to challenge (1) an act which is ultra vires or illegal; (2) an act which constitutes a fraud against the minority and the wrongdoers themselves control XP; and (3) an irregularity in the passing of a resolution that requires a qualified (or special) majority.

Registration Rights and Restricted Shares

On December 1, 2019, we entered into a registration rights agreement (as amended from time to time, the "Registration Rights Agreement"), with XP Controle, Itaú and GA Bermuda. Following the merger of XPart with and into us on October 1, 2021, we entered into an amended and restated registration rights agreement with XP Controle, GA Bermuda, ITB Holding, IUPAR – Itaú Unibanco Participações S.A., and Itaúsa S.A. Also, following XP Controle's and IUPAR - Itaú Unibanco Participações S.A.'s reorganizations in December 2021, XP Control, São Carlos and São Marcos became parties to the Registration Rights Agreement.

Subsidiaries of the Registrant

The following are the subsidiaries of the Registrant:

	Name	Country/ Territory
1	XPAC Sponsor LLC	Cayman
2	XProject LTD	Cayman
3	XP Holding International LLC	USA
4	XP Advisory US	USA
5	XP Holding UK Ltd	UK
6	XP Controle 3 Participações S.A	Brazil
7	XP Investimentos S.A	Brazil
8	XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A	Brazil
9	XP Vida e Previdência S.A (iii)	Brazil
10	Banco XP S.A	Brazil
11	XPE Infomoney Educação Assessoria Empresarial e Participações Ltda.	Brazil
12	Tecfinance Informática e Projetos de Sistemas Ltda.	Brazil
13	XP Corretora de Seguros Ltda.	Brazil
14	XP Gestão de Recursos Ltda.	Brazil
15	XP Finanças Assessoria Financeira Ltda.	Brazil
16	Infostocks Informações e Sistemas Ltda.	Brazil
17	XP Advisory Gestão Recursos Ltda.	Brazil
18	XP Vista Asset Management Ltda.	Brazil
19	XP Controle 4 Participações S.A	Brazil
20	XP Investments UK LLP	UK
21	XP Private Holding UK Ltd	UK
22	XP Investments US, LLC	USA
23	XP PE Gestão de Recursos Ltda.	Brazil
24	Antecipa S.A	Brazil
25	XP Allocation Asset Management Ltda.	Brazil
26	XP Eventos Ltda.	Brazil
27	DM10 Corretora de Seguros Ltda.	Brazil
28	XP Comercializadora de Energia Ltda.	Brazil
29	XPAC Acquisition Corp. (vi)	Cayman
30	XP Distribuidora de Títulos e Valores Mobiliários	Brazil
31	Instituto de Gestão e Tecnologia da Informação Ltda.	Brazil
32	XTage Intermediação S.A	Brazil
33	XP Administradora de Benefícios Ltda.	Brazil
34	XP Corretora de Seguros Riscos	Brazil
35	XP Representação Seguros Ltda.	Brazil
36	Banco Modal S.A (ii)	Brazil
37	Modal Assessoria Financeira Ltda. (ii)	Brazil
38	Modal Distribuidora de Títulos e Valores Mobiliários Ltda. (ii)	Brazil
39	Modalmás Treinamento e Desenvolvimento Ltda. (ii)(v)	Brazil
40	XP Holding Participações (ii)	Brazil
41	Eleven Serviços de Consultoria e Análise S.A (ii)	Brazil
42	Banking and Trading Desenvolvimento de Sistemas Ltda. ("Carteira Global") (ii)(v)	Brazil
43	Refinaria de Dados – Análise de Dados Ltda. (ii)(v)	Brazil
44	Hum Bilhão Educação Financeira Ltda. (ii)(v)	Brazil
45	Vaivoa Educação Financeira Ltda. (ii)(v)	Brazil
46	Modal As a Service S.A (ii)	Brazil
47	Galapos Consultoria e Participações Ltda. (ii)	Brazil

48	W2D Tecnologia e Soluções Ltda. (ii)(v)	Brazil
49	XP Controle 5 Participações Ltda.	Brazil
50	XP Sports Asset Management Ltda. (ii)	Brazil
51	Carteira Online Controle de Investimentos Ltda. – ME (ii)(v)	Brazil
52	Habitat Capital Partners	Brazil
53	Aetos Energia Fundo de Investimento em Direitos Creditórios	Brazil
54	Araca Fim Cred Priv (iv)	Brazil
55	Aurea Extrema Logística Fundo de Investimento Imobiliário (iv)	Brazil
56	Correspondente Banqueiro Consignados INSS Fundo de Investimento em Direitos Creditórios – Resp Ltda (iv)	Brazil
57	Cactus Fundo de Investimento em Participações Multiestratégia Responsabilidade Limitada (iv)	Brazil
58	Consignado Público XP Fundo de Investimento em Direitos Creditórios	Brazil
59	Credit Restructuring Fundo de Investimento em Direitos Creditórios (iv)	Brazil
60	Credit Restructuring II Fundo de Investimento em Direitos Creditórios Responsabilidade Limitada (iv)	Brazil
61	Falx Fundo de Investimento Multimercado Crédito Privado Investimento no Exterior	Brazil
62	Fundo de Investimento em Cotas Multimercado Solar (iv)	Brazil
63	Fundo de Investimento em Participações Novo Hotel Botafogo Empresas Emergentes (iv)	Brazil
64	Gladius Fundo de Investimento Multimercado Investimento no Exterior	Brazil
65	Scorpio Debentures Incentivadas Fundo de Investimento Multimercado Crédito Privado	Brazil
66	SMF Fundo de Investimento Multimercado Crédito Privado	Brazil
67	Javelin Fundo de Investimento Multimercado Crédito Privado Investimento no Exterior	Brazil
68	Frade Fundo de Investimento em Cotas de Fundos de Investimento em Direitos Creditórios NP	Brazil
69	Frade III Fundo de Investimento em Cotas de Fundo de Investimento Multimercado Crédito Privado	Brazil
70	Coliseu Fundo de Investimento Multimercado Crédito Privado Investimento no Exterior	Brazil
71	Makhaira Fundo de Investimento Multimercado Crédito Privado Longo Prazo (iv)	Brazil
72	NIMROD Fundo de Investimento Multimercado Crédito Privado Investimento no Exterior	Brazil
73	XP High Yield Fund SP	Cayman
74	XP International Fund SPC - XP Multistrategy Fund SP	Cayman
75	XP Managers Fundo de Investimento em Participações Multiestratégia	Brazil
76	XP Alesia Fund SP CL Shares - Brazil Internacional Fund SPC.	Cayman
77	Newave Fundo de Investimento em Participações Multiestratégia (v)	Brazil
78	Endor Fundo de Investimento em Participações Multiestratégia Investimento no Exterior	Brazil
79	XP Phalanx CT Fund	Cayman
80	MMMacadâmia FIM CP IE (ii)	Brazil
81	MMHedge Icon (ii)	Nassau
82	Fundo de Investimento Imobiliário Desenvolvimento 1 Modalmais	Brazil
83	Fundo de Investimento em Participações Chardonnay Capital Semente	Brazil
84	KSMRealty - Fundo de Investimento em Participações Multiestratégia	Brazil
85	Suécia I Fundo de Investimento Multimercado (ii)	Brazil
86	Suécia II Fundo de Investimento Multimercado (ii)	Brazil

**CERTIFICATION BY THE PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thiago Maffra, certify that:

1. I have reviewed this annual report on Form 20-F of XP Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15c-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 24, 2025

/s/ Thiago Maffra

Thiago Maffra

Chief Executive Officer

**CERTIFICATION BY THE PRINCIPAL FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Victor Andreu Mansur Farinassi, certify that:

1. I have reviewed this annual report on Form 20-F of XP Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 24, 2025

/s/ Victor Andreu Mansur Farinassi

Victor Andreu Mansur Farinassi
Chief Financial Officer

**CERTIFICATION BY THE PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The certification set forth below is being submitted in connection with the Annual Report on Form 20-F of XP Inc. (the "Company") for the fiscal year ended December 31, 2024 (the "Report"), I, Thiago Maffra, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 24, 2025

/s/ Thiago Maffra

Thiago Maffra
Chief Executive Officer

**CERTIFICATION BY THE PRINCIPAL FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The certification set forth below is being submitted in connection with the Annual Report on Form 20-F of XP Inc. (the "Company") for the fiscal year ended December 31, 2024 (the "Report"), I, Victor Andreu Mansur Farinassi, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 24, 2025

/s/ Victor Andreu Mansur Farinassi

Victor Andreu Mansur Farinassi
Chief Financial Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-235755) of XP Inc. of our report dated April 24, 2025 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/PricewaterhouseCoopers
Auditores Independentes Ltda.
Sao Paulo, Brazil
April 24, 2025