

# d-local

3Q 2021

Earnings Presentation

NASDAQ: DLO



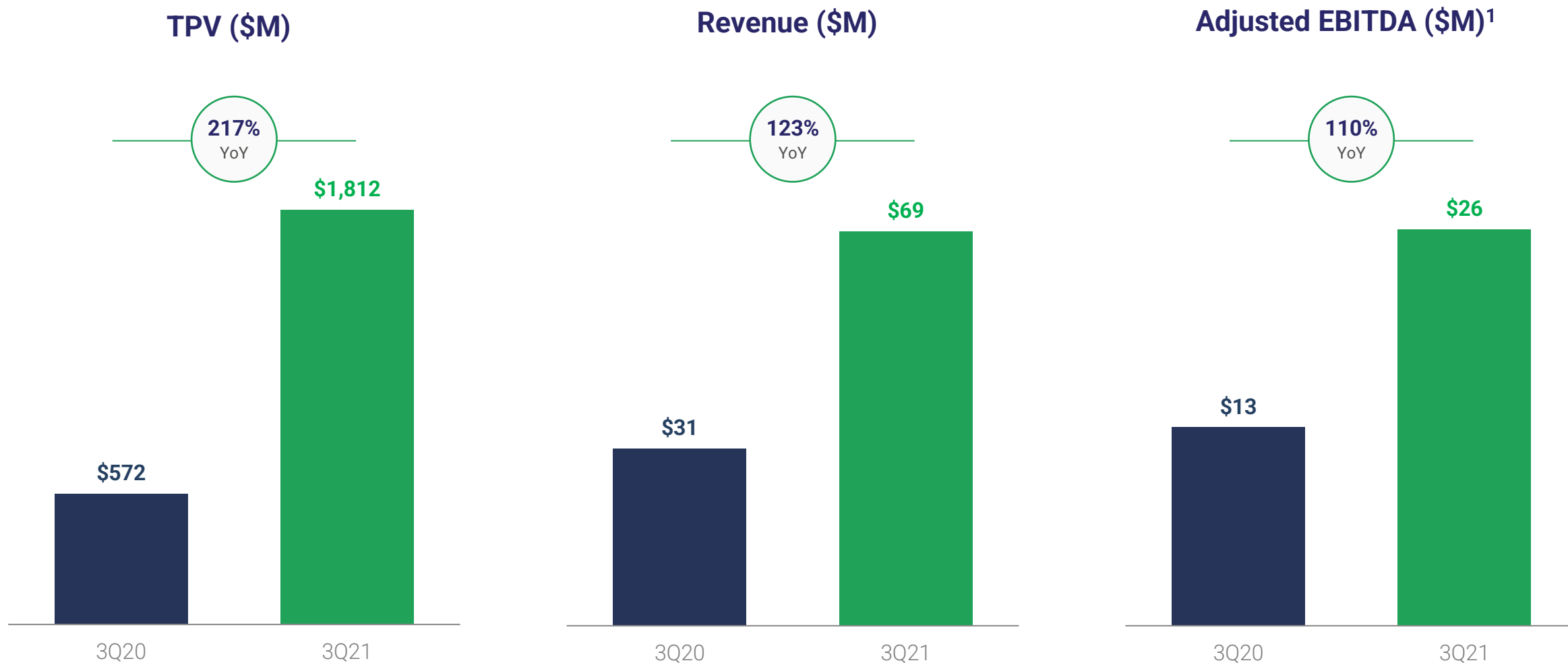
# Safe Harbor

This presentation may contain forward-looking statements.

These forward-looking statements convey DLocal's current expectations or forecasts of future events. Forward-looking statements regarding DLocal involve known and unknown risks, uncertainties and other factors that may cause DLocal's actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. Certain of these risks and uncertainties are described in the "Risk Factors," and "Cautionary Note Regarding Forward-Looking Statements" sections of DLocal's registration statement on the Form F-1 and certain of DLocal's other filings with the U.S. Securities and Exchange Commission.

Unless required by law, DLocal undertakes no obligation to publicly update or revise any forward-looking statements to reflect circumstances or events after the date hereof.

# Our **Highlights** for the Quarter



# Our Business **Continues to Grow**

## SCALE

## GROWTH

## RETENTION

## PROFITABILITY

3Q21

**\$69M**

Revenue

**123%**

Revenue YoY growth

**185%**

NRR

**38%**

Adj. EBITDA Margin<sup>1</sup>

2Q 21

**\$59M**

Revenue

**186%**

Revenue YoY growth

**196%**

NRR

**44%**

Adj. EBITDA Margin<sup>1</sup>

2020

**\$104M**

Revenue

**88%**

Revenue YoY growth

**159%**

NRR<sup>2</sup>

**40%**

Adj. EBITDA Margin<sup>1</sup>



Note: Results for the year ended December 31, 2020 and unaudited results for the quarters ended June 30, 2021 and September 30, 2021

<sup>1</sup> dLocal has only one operating segment. Although Adjusted EBITDA and Adjusted EBITDA Margin may be commonly viewed as non-IFRS measures in other contexts, pursuant to IFRS 8, Adjusted EBITDA and Adjusted EBITDA Margin are treated by dLocal as IFRS measures based on the manner in which dLocal utilizes these measures. See detailed methodology for Adj. EBITDA and Adjusted EBITDA Margin in appendix. <sup>2</sup> NRR of 159% is based on normalized 2019 total revenue to exclude non-cash non-recurring warrant with a merchant, which was (\$4.3M). Including this adjustment, FY'2020 NRR would be 171%.

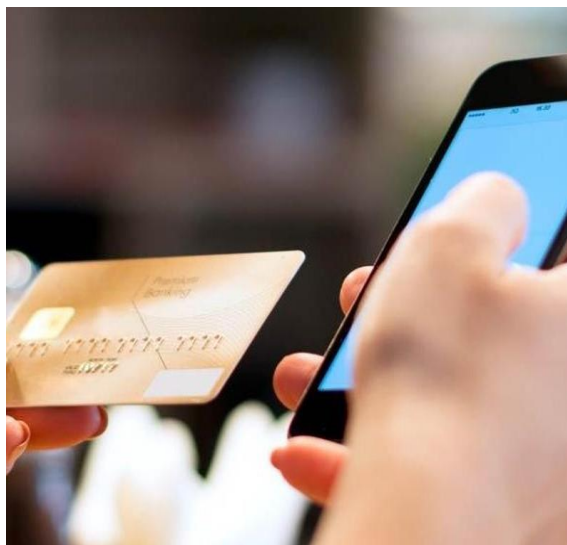
# What **Problems** Are We Addressing?

Multiple local payment methods with rising fragmentation



Local payment methods represent a significant portion of total e-commerce expenditure in our core markets

Poor conversion and high fraud



We deliver higher conversion rates and lower friction through automatic retries, automatic validation and other capabilities

Complex and changing regulatory and tax frameworks

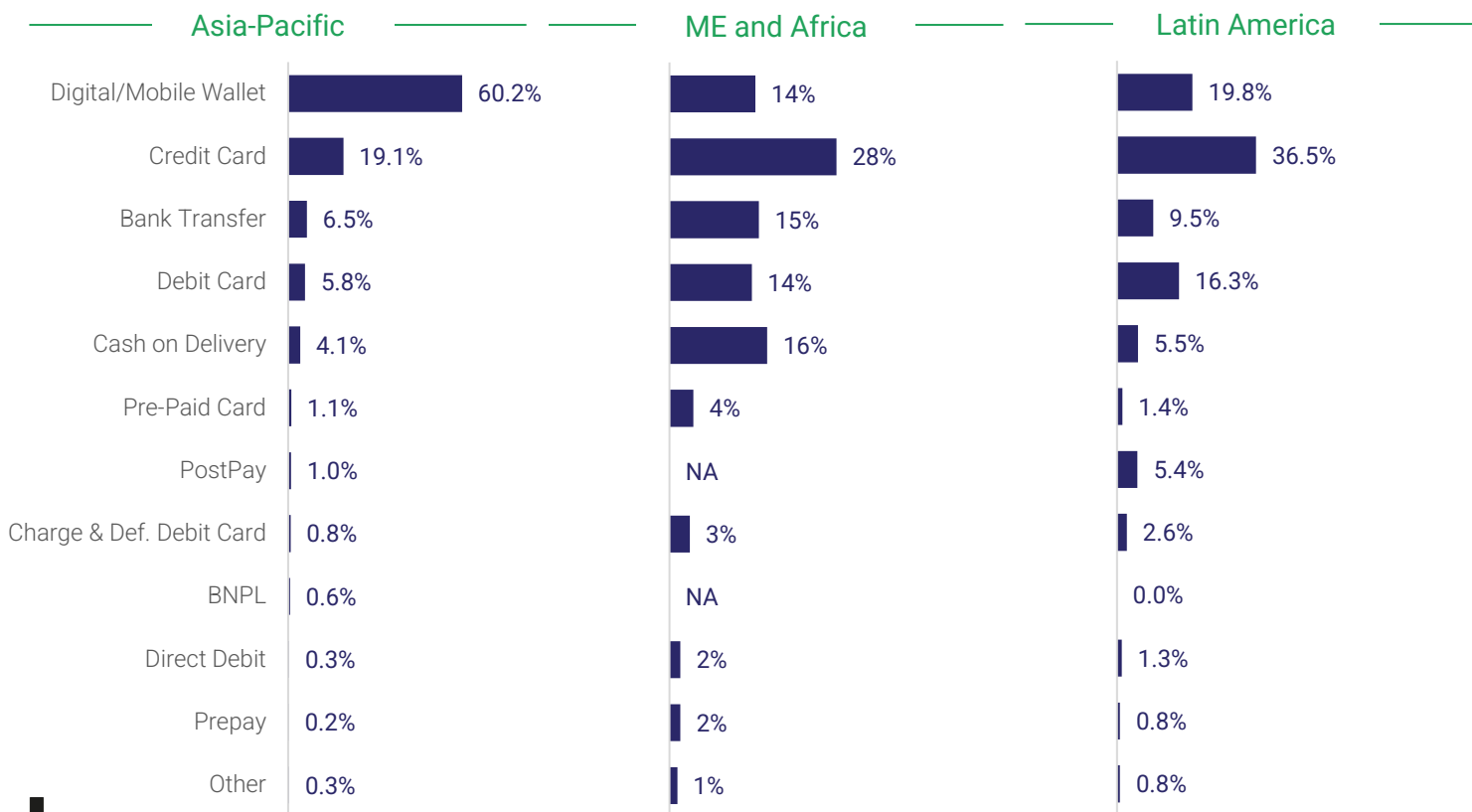


Constant assessment of tax and regulatory changes in the multiple geographies we operate

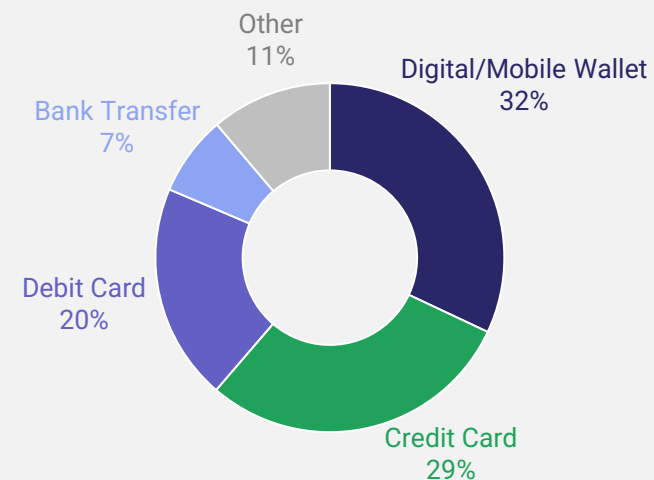
# Multiple Payment Methods **Add Complexity** to EM

Merchants in Emerging Markets need agility and choice

## Emerging Markets Breakdown of E-Commerce Payment Methods (%)



## North America Breakdown of e-Commerce Payment Methods



**US  
Stats**

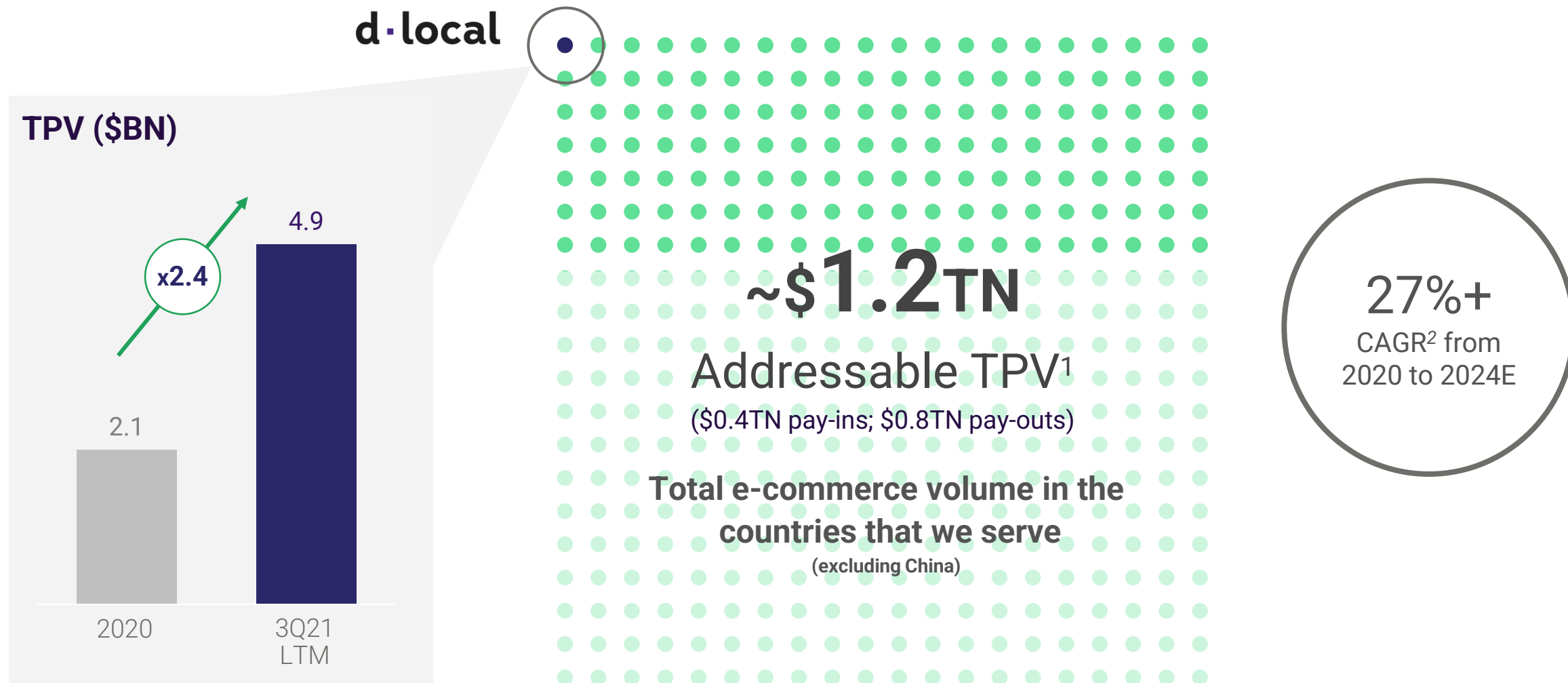
**11%**  
Sales from e-  
Commerce

**96%**  
Internet  
Penetration

**11%**  
2020-2024  
E-Comm CAGR

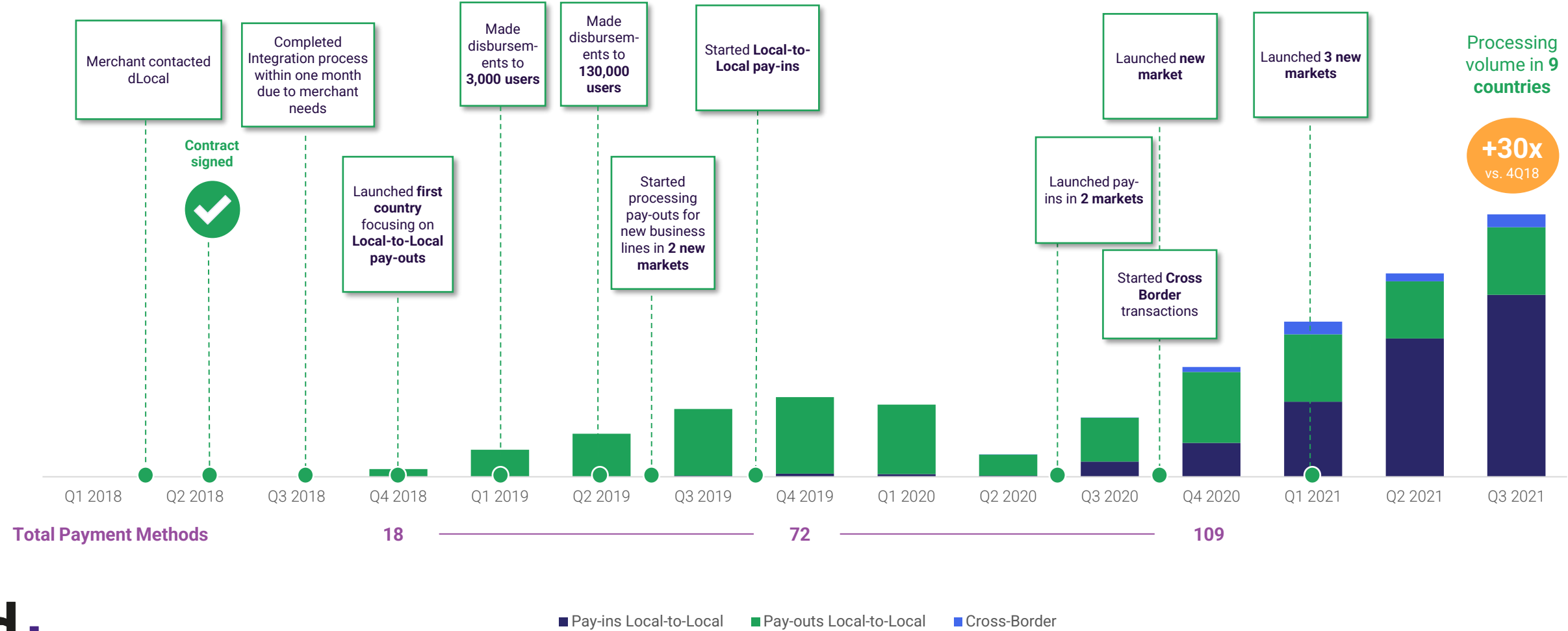


# Large and **Fast-Growing** Addressable Market for dLocal



# How Our Merchants Expand with Us

## Merchant Case Study – TPV Evolution





# Vectors of Future Growth

## Commercial Efforts



Organic growth



Account management



New clients

- 185% NRR<sup>1</sup> for 3Q21 vs. 159% for 2020
- 3Q21 new clients rev. at \$12M (vs. \$9M for 2020)

## Products



Enhance portfolio



Develop new solutions

- Enhanced pay-in & pay-out capabilities

## Geographies



Enhance presence



Enter new countries

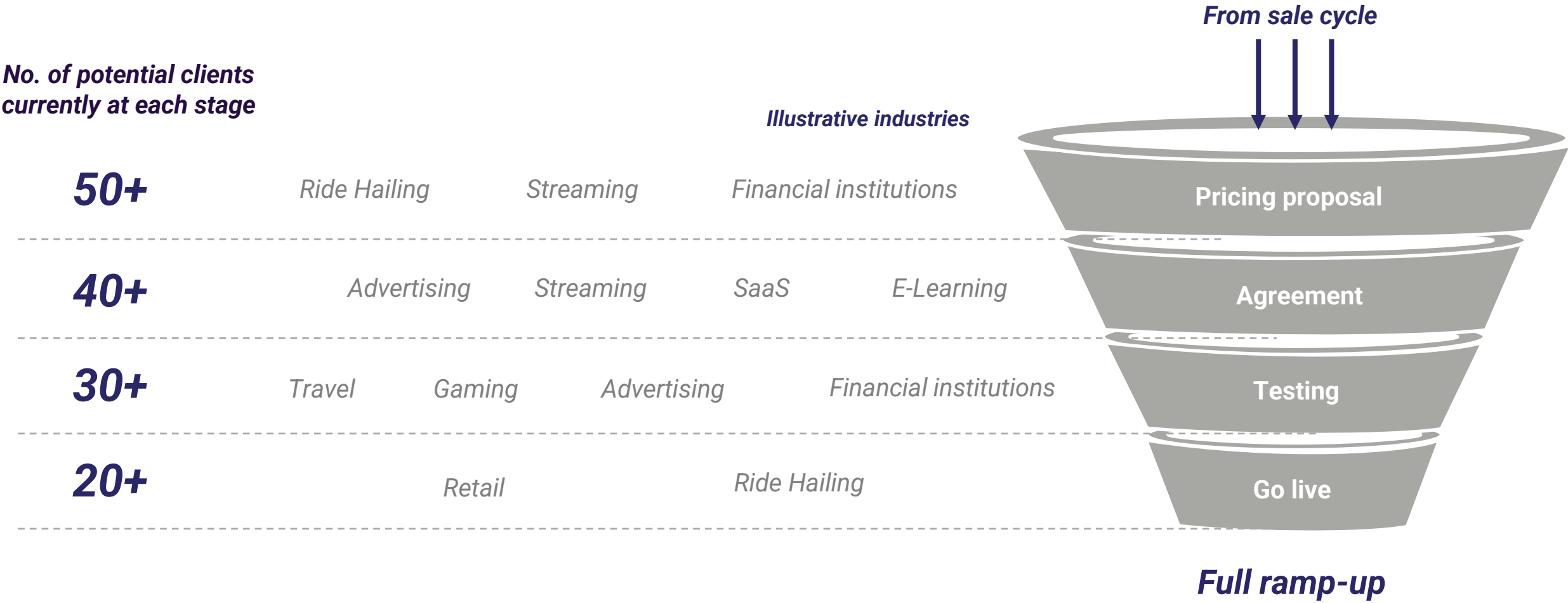
- Thailand and El Salvador in 3Q; +6 markets in 2021

## Inorganic Initiatives

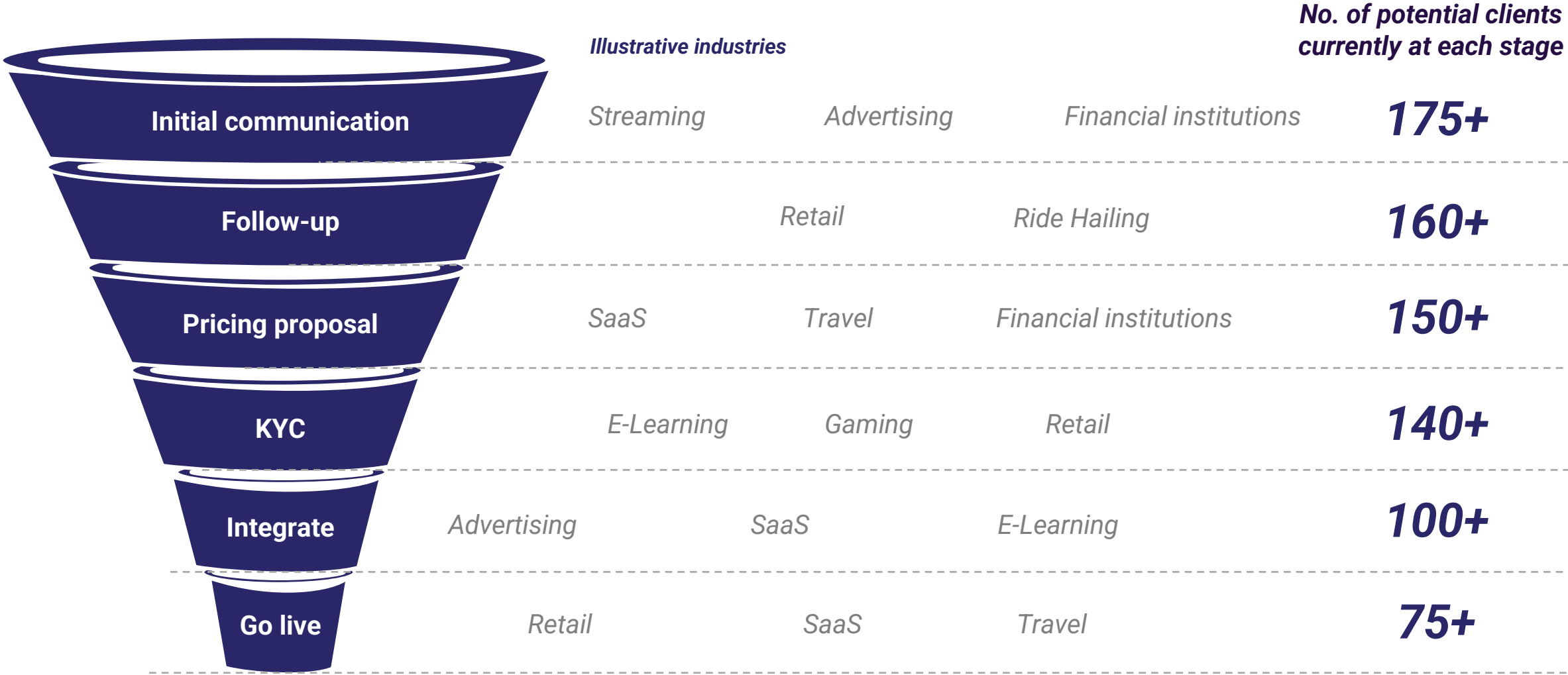


We continue to look at inorganic alternatives to enhance our commercial efforts, products and geographic footprint

# Existing Clients Drive Our Growth...

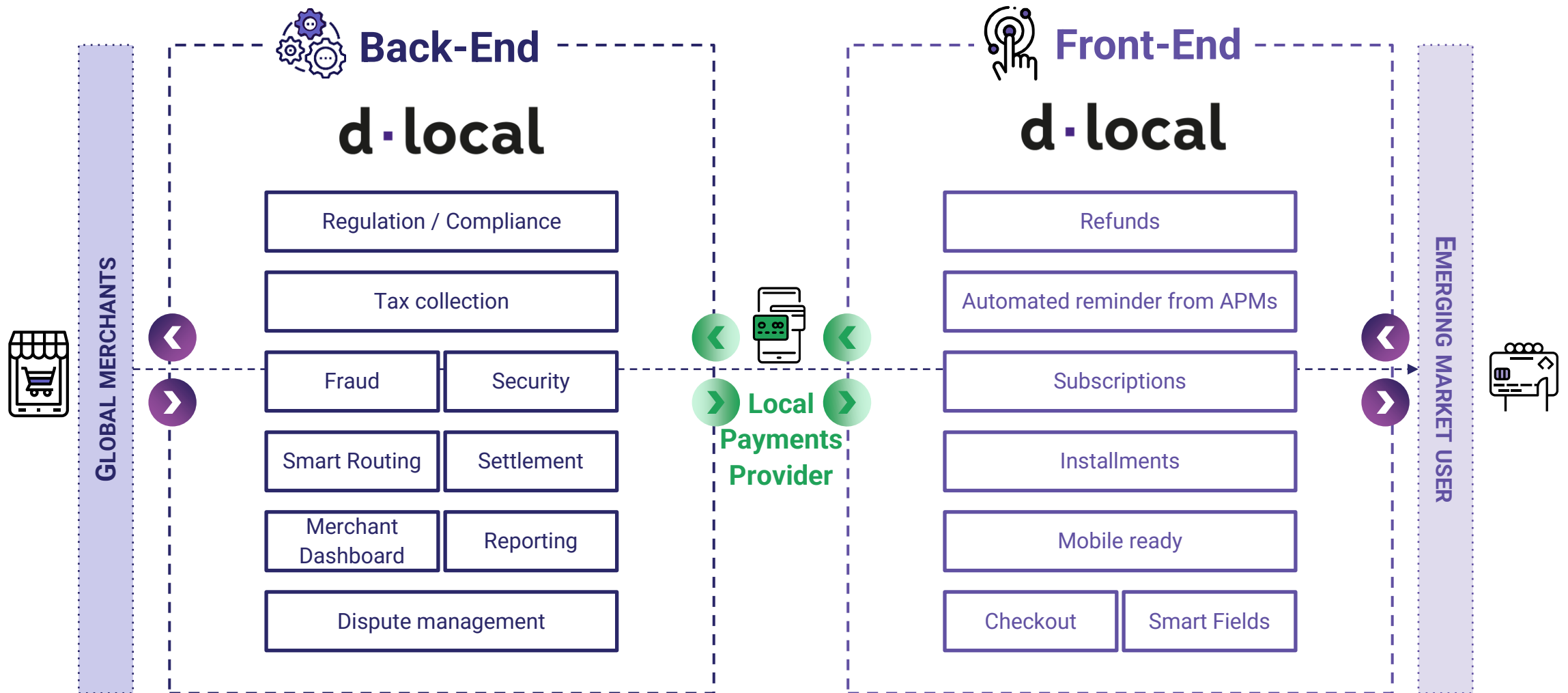


# ...While New Clients Continue to Feed Our Industry-Agnostic Sales Funnel

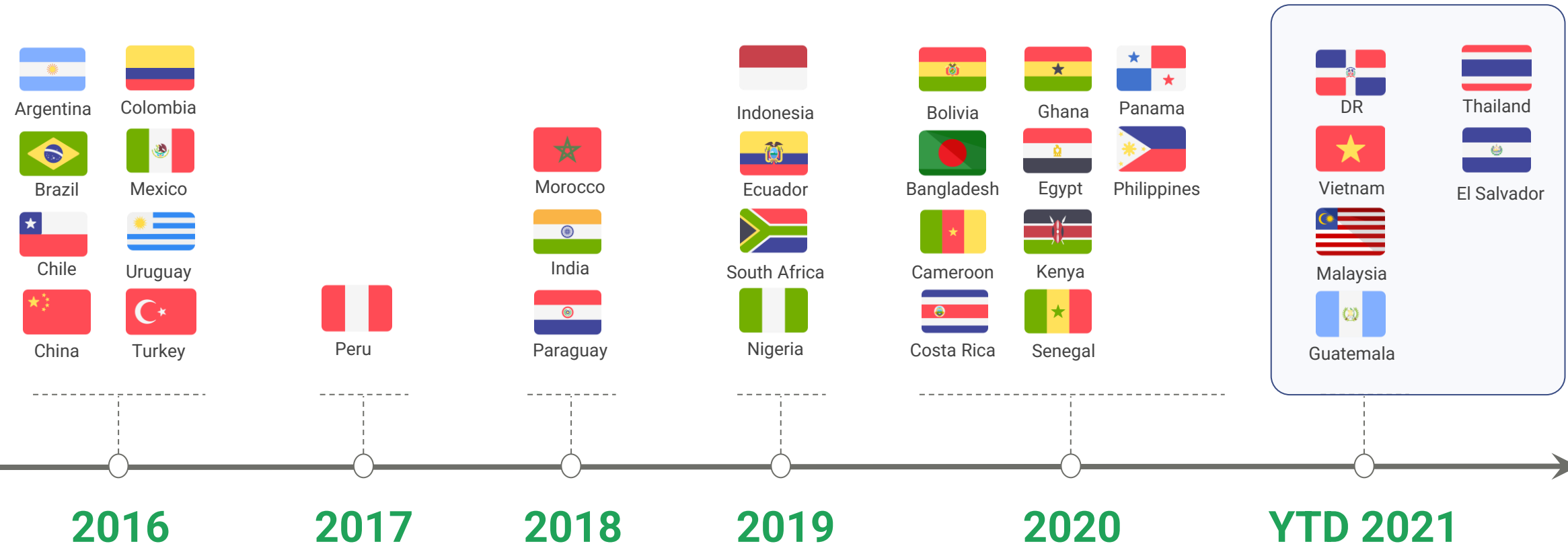




# Comprehensive and Differentiated Suite of Solutions



# Vectors | Geographies



# Powering Diverse High-Growth Verticals

Retail

Streaming

Ride Hailing

Financial  
institutions

Advertising

SaaS

Travel

E-Learning

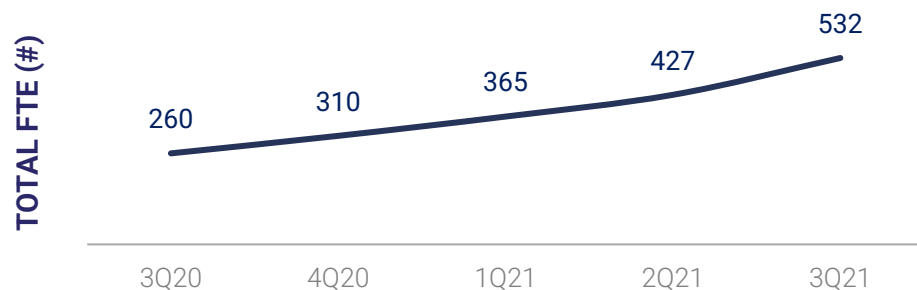
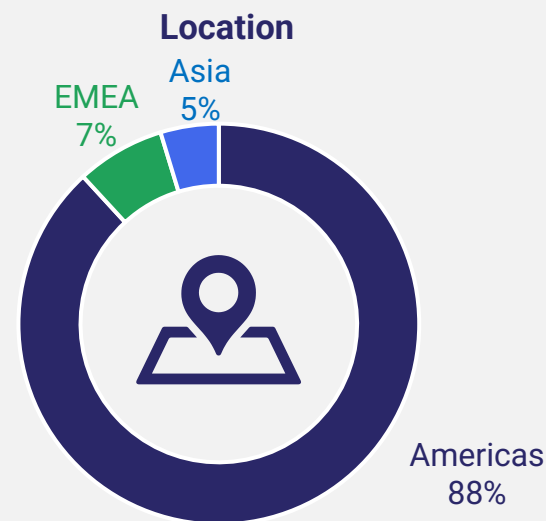
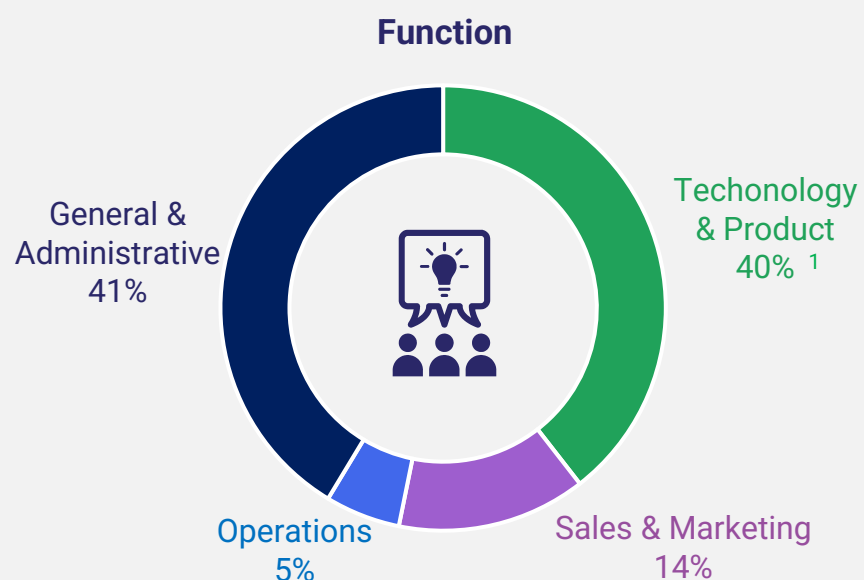
Gaming



**3Q21 TPV of \$1.8B (217% YoY growth)**

- › Continued growth of our enterprise merchants across most verticals, particularly in ride hailing, streaming, advertising, SAAS and retail
- › Financial services remained relatively stable sequentially

# Our People Are Our Competitive Advantage



**532**  
FTE

**30+** nationalities

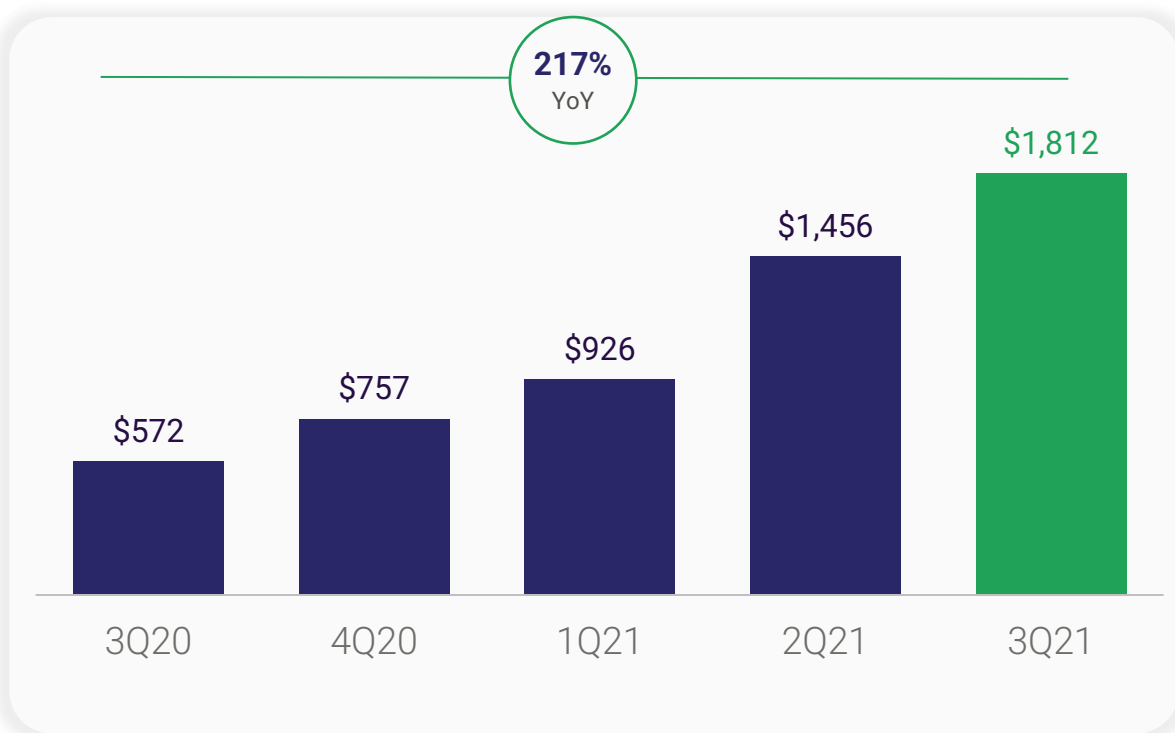




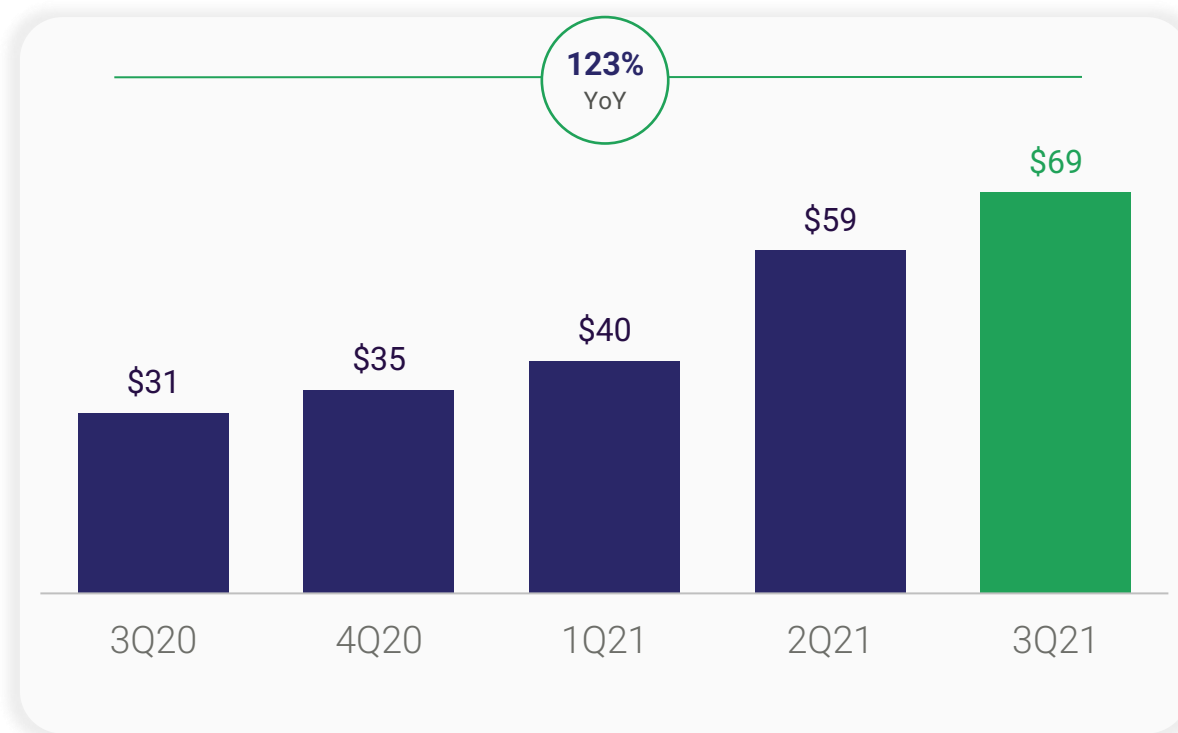
# FINANCIAL HIGHLIGHTS

# Third Quarter 2021 Performance Highlights

## TPV (\$M)



## Revenue (\$M)



Growth YoY

65%

90%

139%

319%

217%

Growth YoY

96%

94%

124%

186%

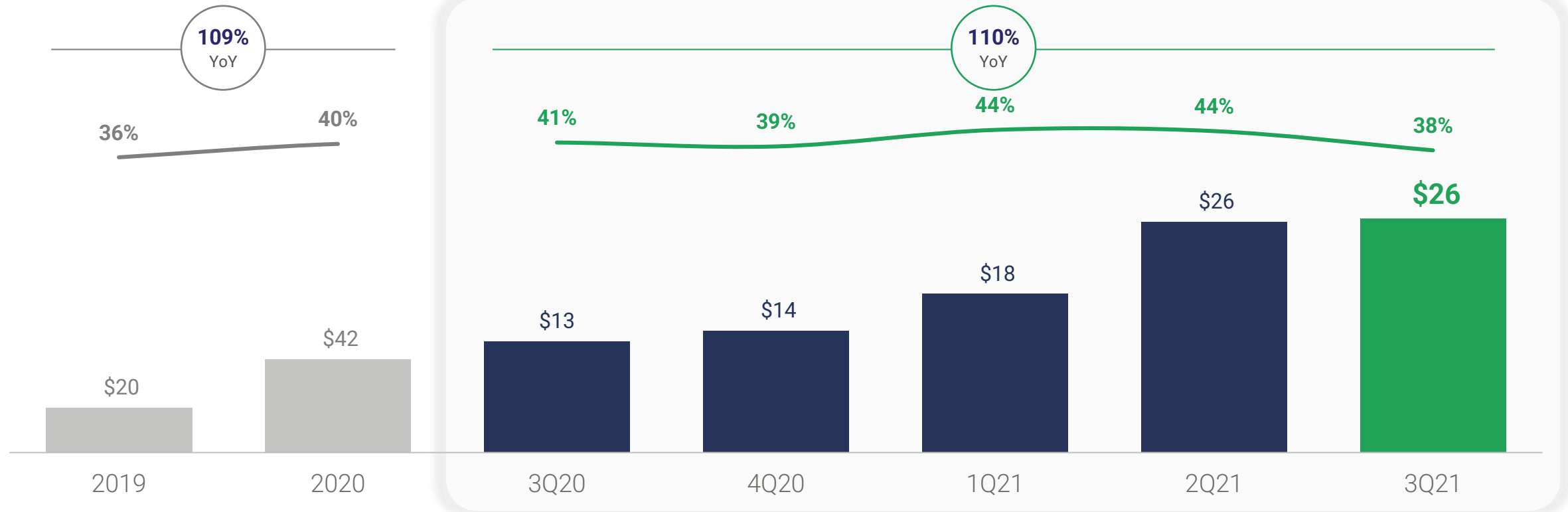
123%



Note: Unaudited quarterly results.

# Third Quarter 2021 Financial Highlights

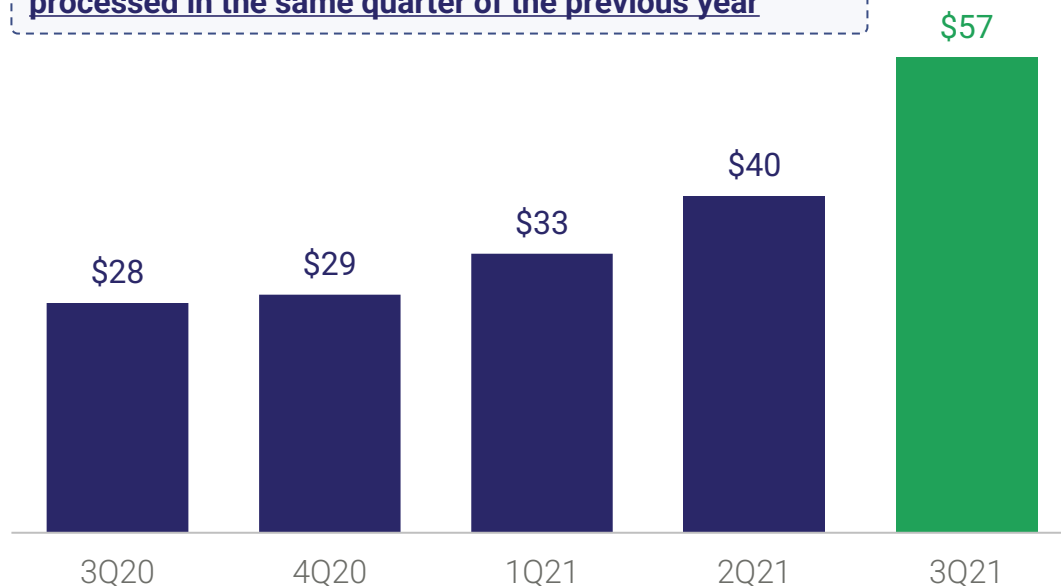
## Adj. EBITDA<sup>1</sup> (\$M) and Adj. EBITDA Margin (%)



# Understanding the Drivers of Revenue Growth

## Existing Merchants Quarterly Revenue Evolution (\$M)

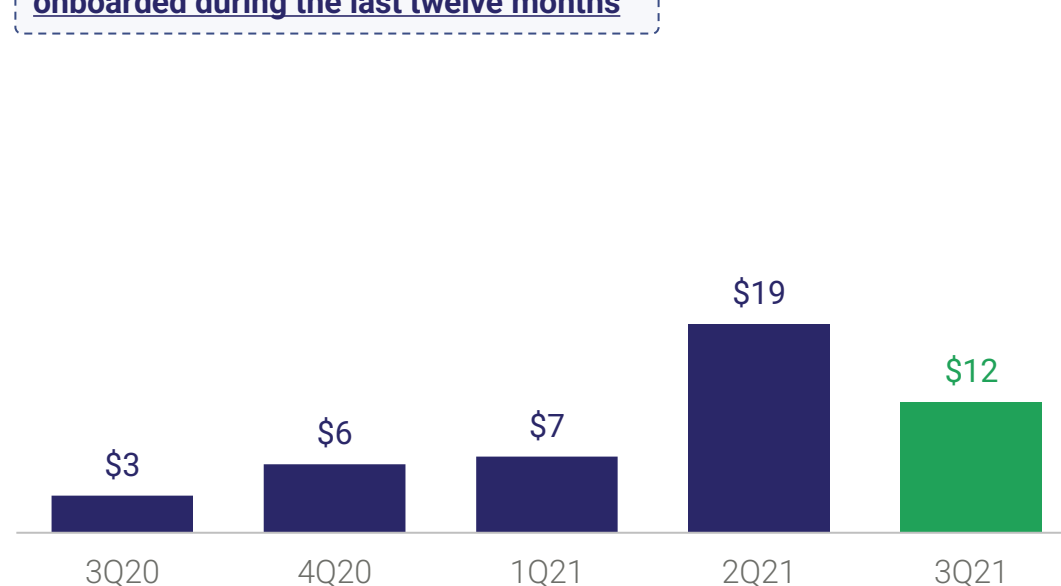
Revenues, in the quarter, from merchants that we already processed in the same quarter of the previous year



Includes any upsells and cross sells of products, geographies, and payment methods to such merchant customers, and is net of any contractions or attrition  
NRR<sup>1</sup> is driven by revenues from existing merchants

## New Merchants Quarterly Revenue Evolution (\$M)

Revenues, in the quarter, from merchants onboarded during the last twelve months



This is a rolling measure for each new quarter, based on merchants' classification (new vs. existing)  
E.g., \$12M in 3Q21 includes revenues, in the third quarter, from merchants onboarded during 4Q20, 1Q21, 2Q21 and 3Q21

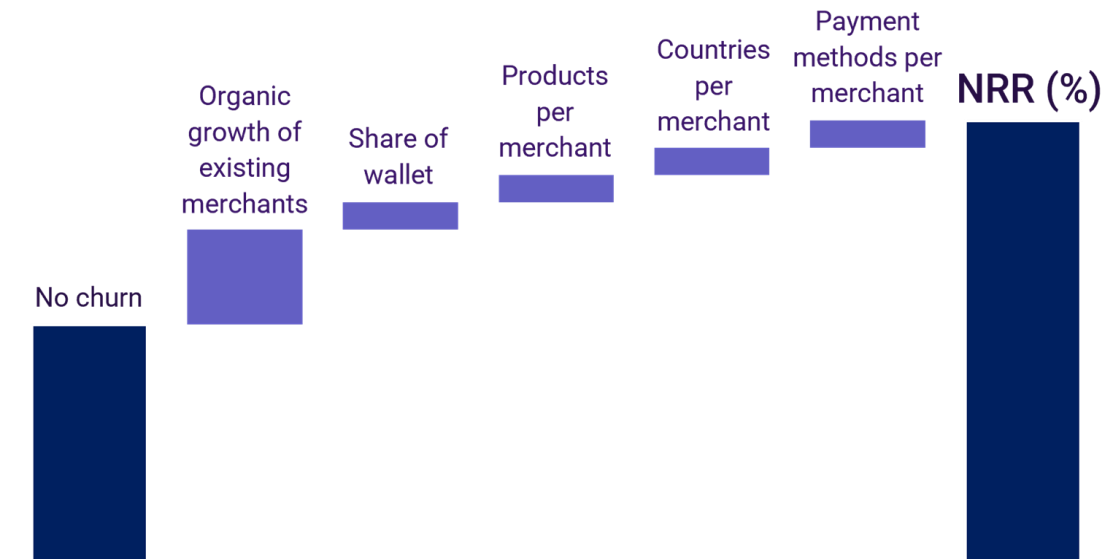
# Existing and New Merchants Driving Growth

## Highlights

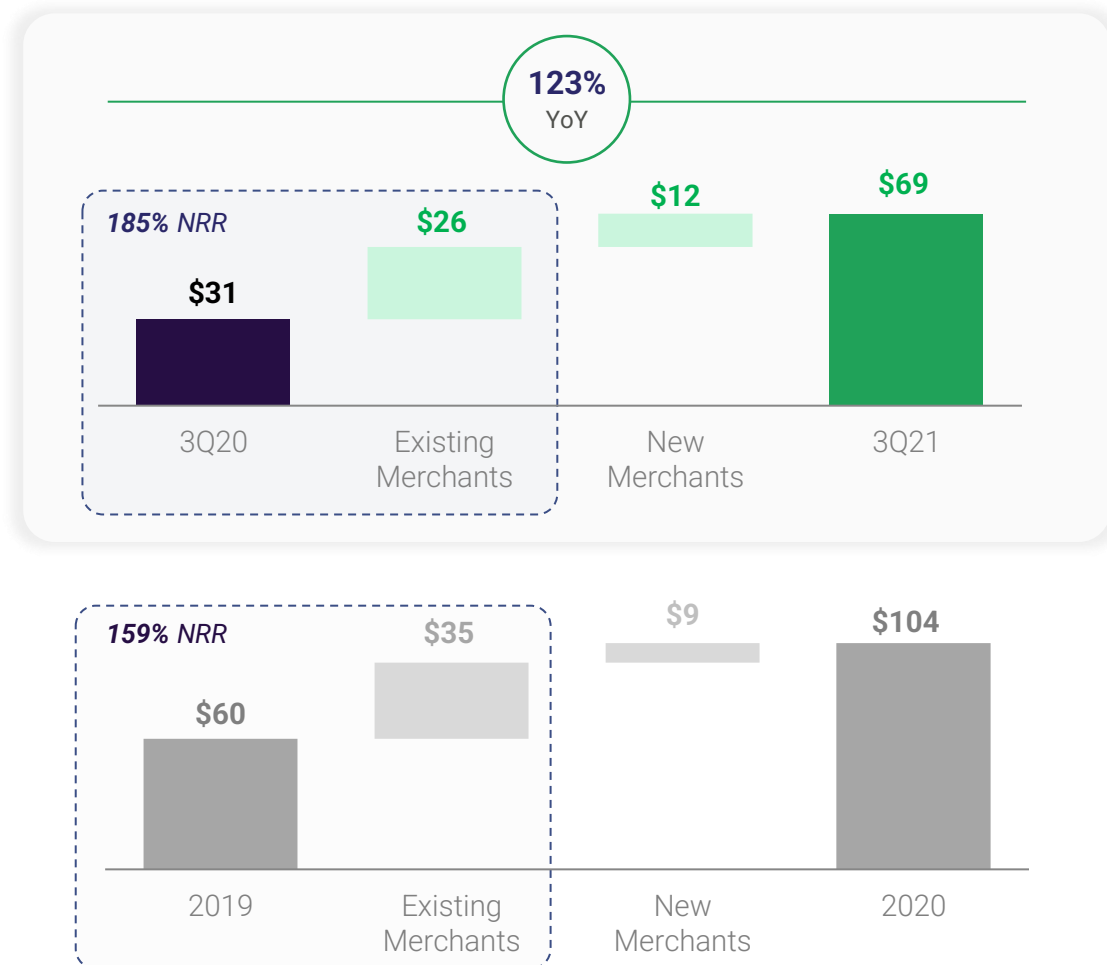
Both existing merchants and new merchants have shown consistent growth in 3Q21 even after a solid second quarter

Net Revenue Retention Rate<sup>1</sup> of  
**185%** in 3Q21 vs. **159%** in 2020

## NRR Components Breakdown



## Revenue Composition



# Investment Highlights



**We power a massive and expanding Emerging Markets ecosystem**



**We are directly integrated with some of the biggest online merchants in the world, driving very strong net revenue retention and strong cohort performance**



**We have built a scalable, single API technology infrastructure that makes the complex simple for merchants across Emerging Markets**



**Our business model is well-diversified across industries and clients**



**We are growing rapidly and profitably at scale**

# d-local

Thank you!





# APPENDIX

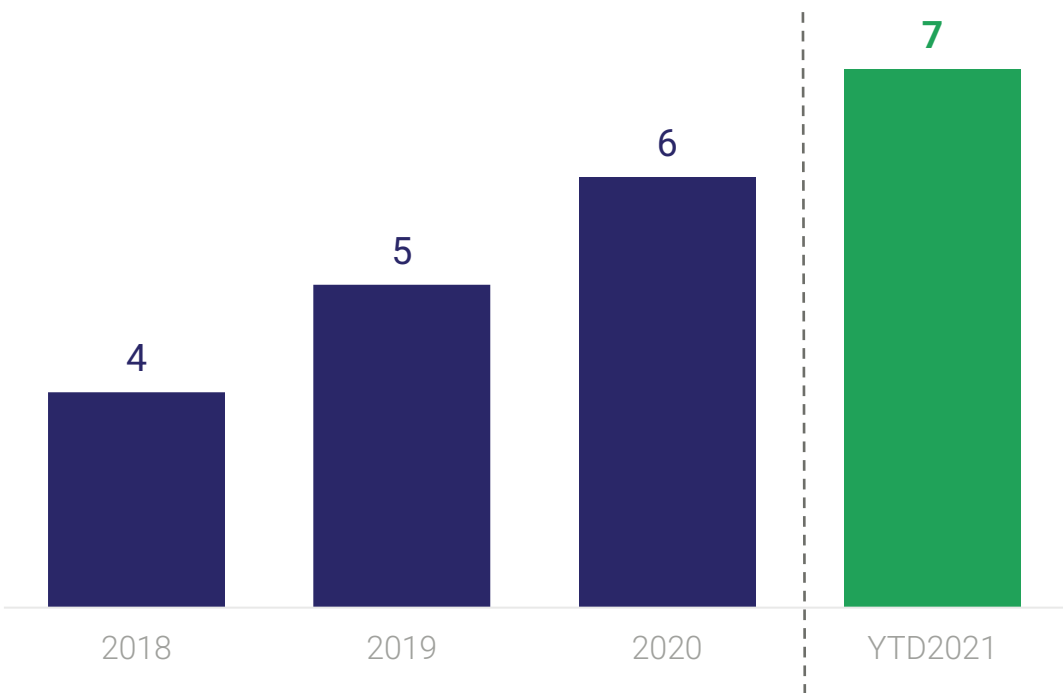


# One Platform | One API | One Contract

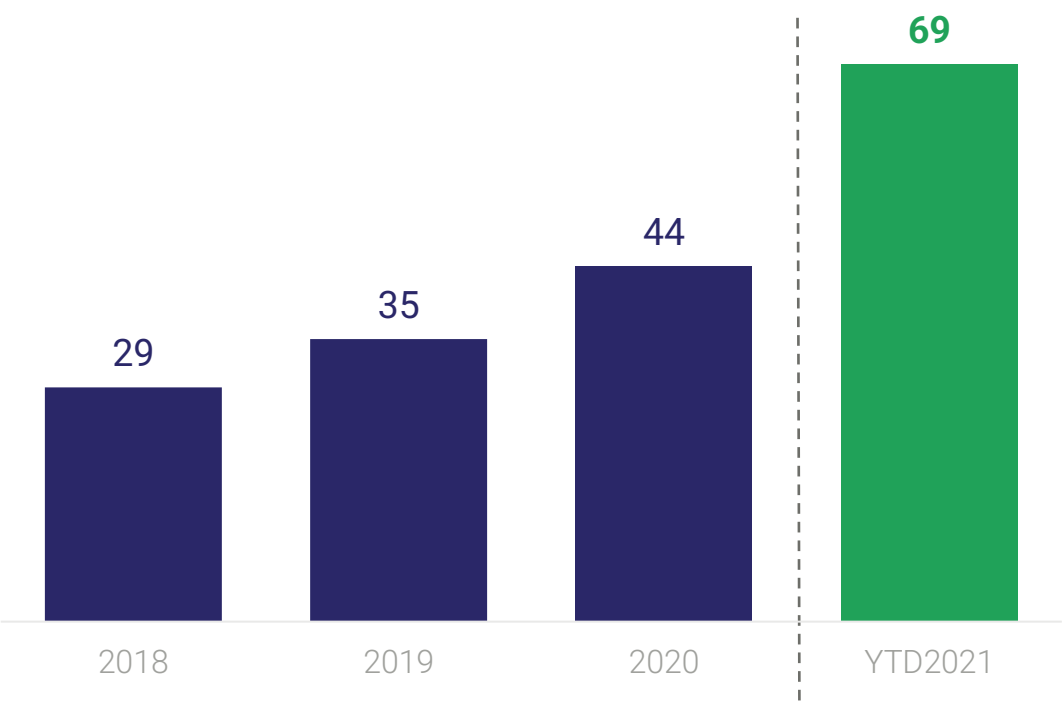


# Consistently Improving Merchant Engagement

Avg. # of Countries per Merchant



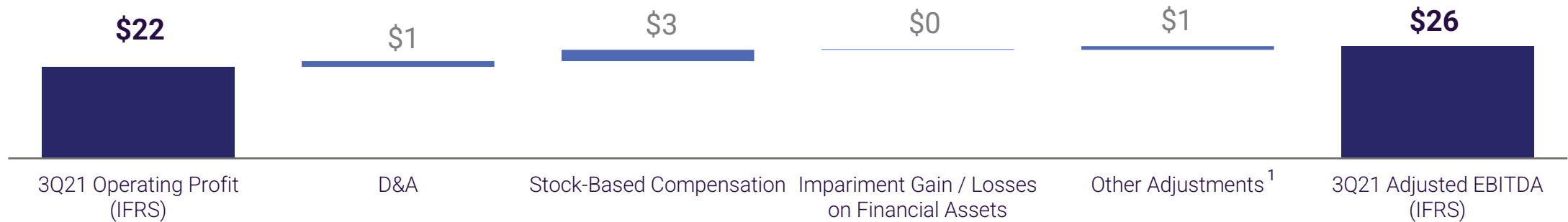
Avg. # of Payment Methods per Merchant



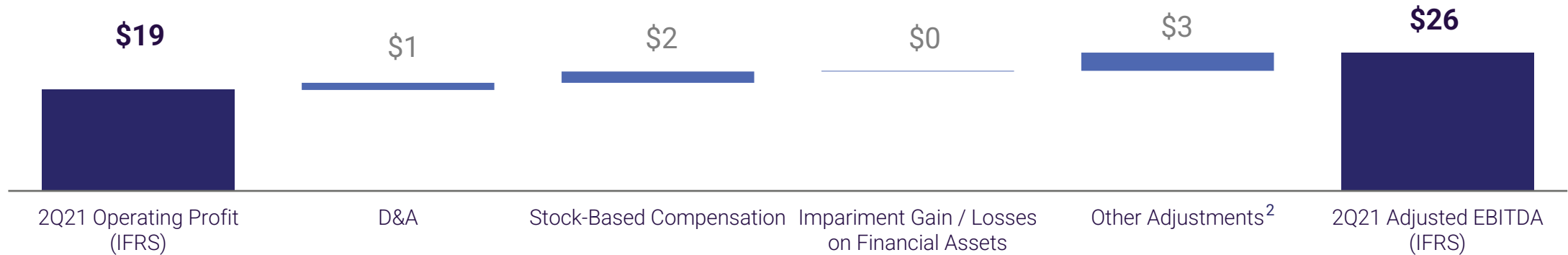
Note: Yearly figures consider merchants that during that year surpassed for the US\$6 million TPV threshold. YTD figures consider merchants that during the 9-month period ended September 30, surpassed the US\$6 million TPV threshold.

# Financial Highlights

## 3Q21 Adjusted EBITDA Bridge (\$M)



## 2Q21 Adjusted EBITDA Bridge (\$M)



Note: Adjusted EBITDA excludes one-off expenses and non-cash items. Unaudited results for the quarters ended June 30, 2021 and September 30, 2021

<sup>1</sup> "Other Adjustments" for 3Q21 includes secondary offerings expenses (\$0.7M) and M&A transaction costs (\$0.2M).

<sup>2</sup> "Other Adjustments" for 2Q21 include secondary offerings expenses (\$3.0M) and M&A transaction costs (\$0.3M).

# Reconciliation of Adjusted EBITDA to Profit

<i>\$ in thousands</i>	Three-month period ended September 30,		Nine-month period ended September 30,	
	2021	2020	2021	2020
<b>Profit for the period</b>	<b>19,669</b>	<b>8,622</b>	<b>54,304</b>	<b>16,586</b>
Income tax expense	2,558	932	5,533	2,231
Other operating (gain)/loss	-	2,760	(2,896)	2,831
Depreciation and amortization	1,381	282	3,240	744
Secondary offering expenses <sup>1</sup>	695	-	4,442	-
Transaction costs <sup>2</sup>	211	-	665	-
Share-based payment charges	2,673	106	5,354	7,039
Other charges, Net <sup>3</sup>	(868)	(169)	(557)	(1,181)
<b>Adjusted EBITDA</b>	<b>26,319</b>	<b>12,533</b>	<b>70,085</b>	<b>28,250</b>

Note: Unaudited results. Although Adj. EBITDA and Adj. EBITDA Margin may be commonly viewed as non-IFRS measures in other contexts, pursuant to IFRS 8, Adjusted EBITDA and Adjusted EBITDA Margin are treated by dLocal as IFRS measures based on the manner in which dLocal utilizes these measures.

Adjusted EBITDA as used by dLocal is defined as the profit from operations before financing and taxation for the year or period, as applicable, before depreciation of property, plant and equipment, amortization of right-of-use assets and intangible assets, and further excluding the changes in fair value of financial assets and derivative instruments carried at fair value through profit or loss, impairment gains/(losses) on financial assets, transaction costs, share-based payment non-cash charges, secondary offering expenses, transaction expenses and inflation adjustment.

<sup>1</sup> Corresponds to expenses assumed by dLocal in relation to secondary offerings of its shares. <sup>2</sup> Corresponds to costs related to the acquisition of assets of PrimeiroPay. <sup>3</sup> Corresponds to other minor adjustments (full reconciliation in financial statements)