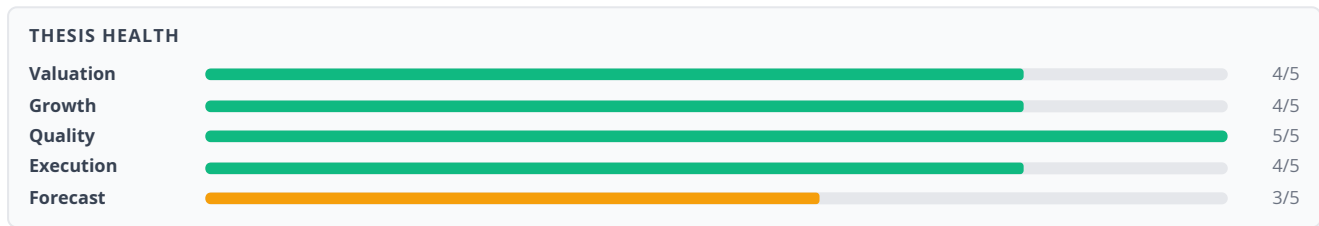


dLocal (DLO): High Returns and Cash Inflection vs. Cyclical Volatility Debate

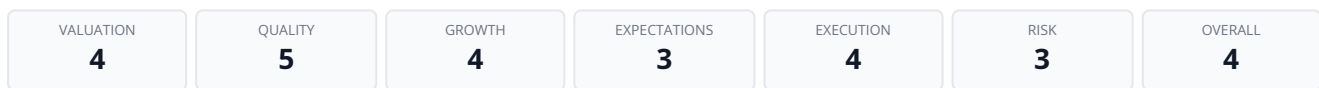
DLO | FY 2025 | 2026-06-08T08:36:25.889Z

EV/FCF of 9.1x and ROIC of 28.8% suggest durable cash-generative returns, while the 5Y average revenue growth of 64.5% versus latest 46.6% and a 2024 free cash flow contraction of -120.1% highlight volatility; the debate is whether 861.1% free cash flow growth in 2025 marks a sustainable reset or a rebound peak.

SIGNALCORE VIEW	SIGNAL SCORE	PRIMARY DEBATE
Mixed but researchable candidate	57/100	Free Cash Flow Growth of 861.1% and ROIC of 28.8% support EV/FCF of 9.1x, while 5Y Avg Revenue Growth of 64.5% versus latest 46.6% and a prior Free Cash Flow contraction of -120.1% suggest deceleration and volatility; the debate is whether current cash generation is sustainable.



SCORECARD



KEY METRICS



EXECUTIVE SUMMARY

Investable Debate	Free Cash Flow Growth of 861.1% and ROIC of 28.8% support EV/FCF of 9.1x, while 5Y Avg Revenue Growth of 64.5% versus latest 46.6% and a prior Free Cash Flow contraction of -120.1% suggest deceleration and volatility; the debate is whether current cash generation is sustainable..
Valuation	EV/Sales of 3.5x with Revenue Growth of 46.6% suggests the market assigns value to scale but not extreme growth persistence.
Growth	Revenue Growth of 46.6% exceeds the 3Y average of 38.8% but trails the 5Y average of 64.5%, suggesting moderation from peak expansion.
Cash Conversion	Operating Cash Flow Growth of 1393.8% translated into Free Cash Flow Growth of 861.1%, indicating strong conversion in 2025.
Execution	Over 8 quarters, EPS Beat Rate of 87.5% and Revenue Beat Rate of 75.0% indicate consistent outperformance, with Average EPS Surprise of 21.6% and Average Revenue Surprise of 2.3%.

WHY NOW?

- **46.6%** revenue growth
- **28.8%** ROIC (quality anchor)
- **861.1%** FCF growth (key variable)
- **87.5%** EPS beat rate

THESIS DRIVERS

POSITIVE DRIVERS

1	FCF Growth	861.1%
2	EPS Growth	71.8%
3	Revenue Growth	46.6%
4	EPS Beat Rate	87.5%

NEGATIVE DRIVERS

1	Analyst Coverage	2 analysts
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INVESTMENT THESIS

dLocal trades at EV/EBITDA of 15.0x and EV/FCF of 9.1x with a Free Cash Flow Yield of 10.1%, levels that imply the market expects sustained double-digit cash returns rather than hyper-growth. That expectation is anchored in quality metrics including ROIC of 28.8% and ROE of 34.6%, both above 3Y averages of 27.3% and 30.6%, respectively. Revenue Growth of 46.6%, Operating Income Growth of 58.1%, Net Income Growth of 63.4%, EPS Growth of 71.8%, and Free Cash Flow Growth of 861.1% indicate strong operating momentum in the latest period. However, 5Y Avg Revenue Growth of 64.5% exceeds the latest 46.6%, and 2024 Free Cash Flow Growth of -120.1% demonstrates volatility. The thesis hinges on whether the 1393.8% Operating Cash Flow Growth and 861.1% Free Cash Flow Growth in 2025 represent structural cash generation or a cyclical rebound from prior contraction.

INVESTABLE DEBATE

Free Cash Flow Growth of 861.1% and ROIC of 28.8% support EV/FCF of 9.1x, while 5Y Avg Revenue Growth of 64.5% versus latest 46.6% and a prior Free Cash Flow contraction of -120.1% suggest deceleration and volatility; the debate is whether current cash generation is sustainable.

MARKET EXPECTATIONS

An EV/EBITDA multiple of 15.0x versus a 3Y average of 20.2x and a 5Y average of 41.7x implies the market is no longer pricing hyper-growth but rather normalized profitability. EV/FCF of 9.1x combined with a Free Cash Flow Yield of 10.1% suggests expectations for sustained cash conversion rather than multiple-driven growth. Revenue Growth of 46.6% versus a 3Y average of 38.8% indicates acceleration relative to recent history, but below the 5Y average of 64.5%, implying pricing for durable mid-to-high double-digit growth rather than a return to peak expansion.

VALUATION

EV/Sales of 3.5x with Revenue Growth of 46.6% suggests the market assigns value to scale but not extreme growth persistence. EV/EBITDA of 15.0x compared to a 3Y average of 20.2x indicates multiple compression despite ROIC improving to 28.8% from a 3Y average of 27.3%, creating a tension between improving capital efficiency and lower valuation. EV/FCF of 9.1x versus a 3Y average of -11.1x and a 5Y average of 32.7x reflects a shift from negative or volatile cash flow to positive Free Cash Flow To Firm of \$405.39M.\$1.37M, supporting the current 10.1% FCF yield. The valuation appears aligned with durable profitability rather than speculative growth.

QUALITY

ROE of 34.6% and ROIC of 28.8% exceed 3Y averages of 30.6% and 27.3%, indicating improved capital efficiency. Net Debt/EBITDA of -3.1x reflects a net cash position, supporting balance sheet flexibility, while a Current Ratio of 1.5 indicates adequate liquidity. A Cash Conversion Cycle of -255.6 days suggests favorable working capital dynamics, reinforced by Working Capital of \$454.85M. Income Quality of 2.2 indicates earnings exceed cash conversion, consistent with Free Cash Flow To Firm of \$405.39M.\$1.37M and a Free Cash Flow Yield of 10.1%.

GROWTH

Revenue Growth of 46.6% exceeds the 3Y average of 38.8% but trails the 5Y average of 64.5%, suggesting moderation from peak expansion. EPS Growth of 71.8% materially exceeds the 3Y average of 28.7% and the 5Y average of 59.7%, indicating acceleration in bottom-line leverage. Net Income Growth of 63.4% versus a 3Y average of 27.1% also signals margin expansion. Free Cash Flow Growth of 861.1% reflects a sharp inflection compared with prior volatility, including -120.1% in 2024.

CASH FLOW & CONVERSION

Latest Operating Cash Flow Growth of 1393.8% exceeds the 3Y average of 452.3% and the 5Y average of 286.9%, while Latest Free Cash Flow Growth of 861.1% exceeds the 3Y average of 268.5% and the 5Y average of 190.7%. Capex Growth of 89.9% contrasts with a 3Y average of -560.3%, yet Latest Capex / Revenue of 0.2% remains below the 3Y average of 2.0%. This indicates cash flow momentum has materially improved versus history, albeit after a 2024 contraction.

Operating Cash Flow Growth of 1393.8% translated into Free Cash Flow Growth of 861.1%, indicating strong conversion in 2025. Capex Growth of 89.9% did not prevent Free Cash Flow Growth of 861.1%, suggesting limited capex drag given Capex / Revenue of 0.2%. Stock-Based Compensation Growth of -100% versus Net Income Growth of 30.3% in 2025 reduces dilution pressure and supports earnings quality.

VISUAL ANALYSIS



CHART INTERPRETATION

Revenue Growth of 46.6% exceeds the 3Y average of 38.8% but trails the 5Y average of 64.5%, suggesting moderation from peak expansion. EPS Growth of 71.8% materially exceeds the 3Y average of 28.7% and the 5Y average of 59.7%, indicating acceleration in bottom-line leverage. Net Income Growth of 63.4% versus a 3Y average of 27.1% also signals margin expansion. Free Cash Flow Growth of 861.1% reflects a sharp inflection compared with prior volatility, including -120.1% in 2024.

Operating Cash Flow Growth of 1393.8% translated into Free Cash Flow Growth of 861.1%, indicating strong conversion in 2025. Capex Growth of 89.9% did not prevent Free Cash Flow Growth of 861.1%, suggesting limited capex drag given Capex / Revenue of 0.2%. Stock-Based Compensation Growth of -100% versus Net Income Growth of 30.3% in 2025 reduces dilution pressure and supports earnings quality.

EXPECTATIONS AND EXECUTION

Next Revenue Estimate of \$3.42B sits within a bull case of \$3.52B and a bear case of \$3.27B, implying 7.1% dispersion, which is contained. Revenue Growth of 46.6% versus a 3Y average of 38.8% suggests current growth exceeds recent history, making forward expectations appear reasonable rather than demanding. EPS estimates show 0 coverage and 0 dispersion, limiting visibility and requiring reliance on historical EPS Growth of 71.8%.

Over 8 quarters, EPS Beat Rate of 87.5% and Revenue Beat Rate of 75.0% indicate consistent outperformance, with Average EPS Surprise of 21.6% and Average Revenue Surprise of 2.3%. Recent quarterly EPS surprises reached 66.7% and 41.8% in prior periods, supporting credibility of operating leverage.

EPS Growth of 71.8% versus a 3Y average of 28.7% and an EPS Beat Rate of 87.5% support credibility of earnings expansion. However, Revenue Misses occurred in 2 of 8 quarters and Revenue Beat Rate of 75.0% with Average Revenue Surprise of 2.3% suggests revenue variability. Given Revenue Growth of 46.6% versus 5Y average of 64.5%, expectations appear reasonable but dependent on sustained execution.

BULL / BASE / BEAR SCENARIOS

BULL CASE	BASE CASE	BEAR CASE
If Revenue Growth sustains near 46.6% and EPS Growth remains above the 3Y average of 28.7% while ROIC holds at 28.8%, then EV/EBITDA of 15.0x could prove conservative relative to historical 3Y	If Revenue Growth moderates toward the 3Y average of 38.8% and EPS Growth converges toward the 3Y average of 28.7% while EV/EBITDA remains near 15.0x, then	If Revenue Growth declines materially below 38.8% and Free Cash Flow Growth reverses toward prior contraction of -120.1% while EV/EBITDA remains at 15.0x, then valuation could overstate normalized cash generation despite ROIC of 28.8%.

<p>average of 20.2x, supported by Free Cash Flow Growth of 861.1% and FCF Yield of 10.1%.</p> <p>Revenue Growth 46.6%</p> <p>EPS Growth 71.8% ROIC 28.8%</p>	<p>Free Cash Flow Yield of 10.1% and ROE of 34.6% support steady cash generation without multiple expansion.</p> <p>3Y Avg Revenue Growth 38.8%</p> <p>3Y Avg EPS Growth 28.7%</p> <p>Free Cash Flow Yield 10.1%</p>	<p>5Y Avg Revenue Growth 64.5%</p> <p>Free Cash Flow Growth -120.1%</p> <p>EV/EBITDA 15.0x</p>
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SCENARIO PROBABILITY MATRIX



12-24 MONTH OUTLOOK

If revenue tracks near the Next Revenue Estimate of \$3.42B and remains within the 7.1% dispersion range, then growth durability above the 3Y average of 38.8% would confirm sustained expansion.

If EPS Growth remains above the 3Y average of 28.7% and Net Income Growth stays near 63.4%, then operating leverage would support current ROE of 34.6%.

If Free Cash Flow Yield remains near 10.1% and ROIC stays above 27.3%, then EV/FCF of 9.1x may remain justified relative to 3Y average of -11.1x.

If EPS Beat Rate remains near 87.5% over the next 4 quarters, then estimate credibility would remain supported.

If Free Cash Flow Growth sustains above the 3Y average of 268.5% and Revenue Growth holds above 38.8%, then the narrative would center on durable high-return cash generation rather than recovery volatility.

THESIS MONITOR

<p>TRACK QUARTERLY</p> <ul style="list-style-type: none"> Can Revenue Growth remain above 38.8% over 24 months? Will Free Cash Flow Growth remain above 268.5% 3Y average? Can ROIC sustain above 27.3% 3Y average? 	<p>THESIS CHANGES IF</p> <ul style="list-style-type: none"> Free Cash Flow Growth falling below 268.5% ROIC declining below 27.3% Revenue Growth dropping below 38.8% 	<p>THESIS WEAKENS IF</p> <ul style="list-style-type: none"> Free Cash Flow Growth returning to -120.1% ROE falling below 30.6% EV/EBITDA rising above 20.2x without EPS Growth above 28.7%
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RISK ASSESSMENT

Valuation Risk	● ● ● ● ●	2/5
Growth Risk	● ● ● ● ●	2/5
Execution Risk	● ● ● ● ●	2/5
Forecast Risk	● ● ● ● ●	3/5
Quality Risk	● ● ● ● ●	1/5
Overall Risk	● ● ● ● ●	3/5
Composite Risk Score		2.2 / 5

NEWS NARRATIVE

The headline "dLocal Limited Announces Dismissal of New York State Securities Class Action" removes a legal overhang, while "dLocal Reports First Quarter 2026 Financial Results" aligns with an EPS Beat Rate of 87.5% over 8 quarters. "dLocal to Report Second Quarter 2026 Financial Results" reinforces near-term catalysts tied to maintaining Revenue Growth of 46.6% and EPS Growth of 71.8%.

INVESTMENT VIEW

RATING

Outperform

CONVICTION

High

RISK LEVEL

Moderate

EXP. OUTCOME

Favorable

CORE THESIS

EV/FCF of 9.1x and ROIC of 28.8% suggest durable cash-generative returns, while the 5Y average revenue growth of 64.5% versus latest 46.6% and a 2024 free cash flow contraction of -120.1% highlight volatility; the debate is whether 861.1% free cash flow growth in 2025 marks a sustainable reset or a rebound peak.

PRIMARY RISK

Revenue Growth 46.6%

MONITOR

Can Revenue Growth remain above 38.8% over 24 months?

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