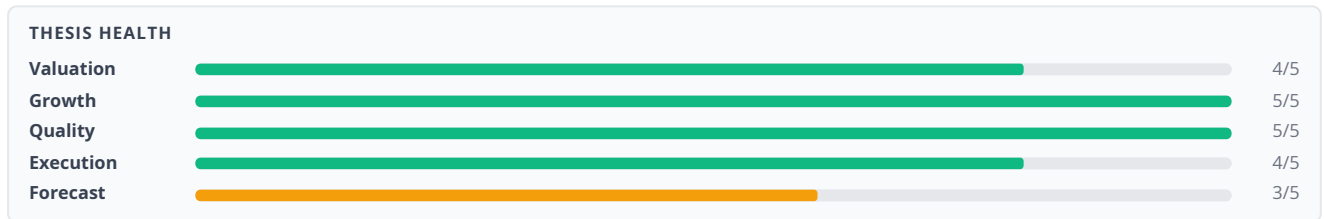
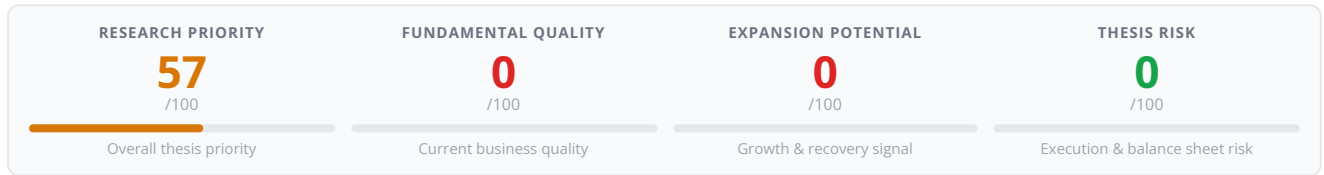


DLO — High-Return Growth Trading at Cash-Flow Compression Multiples

DLO | | | FY 2025 | 2026-06-08T09:22:17.163Z

FCF Growth of 861.1% and ROIC of 28.8% support a durable high-return profile, while the absence of EPS estimates and limited analyst coverage of 2 introduce forecast opacity; the debate is whether recent cash flow acceleration is structural enough to justify EV/EBITDA of 15x.

<p>SIGNALCORE VIEW</p> <p>Mixed but researchable candidate</p>	<p>SIGNAL SCORE</p> <p>57 /100</p>	<p>PRIMARY DEBATE</p> <p>FCF Yield of 10.1% and ROIC of 28.8% suggest the current EV/FCF of 9.1x is conservative, while Operating CF Growth of -111.2% in 2024 highlights prior volatility. The debate is whether 2025 cash flow acceleration is durable enough to anchor valuation.</p>
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SCORECARD



KEY METRICS



EXECUTIVE SUMMARY

Investable Debate	FCF Yield of 10.1% and ROIC of 28.8% suggest the current EV/FCF of 9.1x is conservative, while Operating CF Growth of -111.2% in 2024 highlights prior volatility.
Market Pricing	EV/Sales of 3.5x combined with Revenue Growth of 46.6% suggests the market expects sustained expansion but not a return to the 5Y average Revenue Growth of 64.5%.
Valuation	EV/EBITDA of 15x is below the 3Y average of 20.2x and far below the 5Y average of 41.7x, indicating valuation compression despite Latest ROE of 34.6% exceeding its 3Y average of 30.6%.
Growth	Revenue Growth of 46.6% exceeds the 3Y average of 38.8% but trails the 5Y average of 64.5%, suggesting partial deceleration versus longer history.
Cash Flow	Latest Operating CF Growth of 1393.8% and FCF Growth of 861.1% exceed 3Y averages of 452.3% and 268.5% and 5Y averages of 286.9% and 190.7%, respectively, indicating accelerating cash momentum versus history.

Execution

Over 8 quarters, EPS Beat Rate of 87.5% and Revenue Beat Rate of 75.0% with Avg EPS Surprise of 21.6% indicate consistent outperformance relative to expectations.

WHY NOW? — KEY VARIABLES

— 46.6% revenue growth

— 28.8% ROIC (quality anchor)

— 861.1% FCF growth (*priority signal*)

— 87.5% EPS beat rate (execution track)

THESIS DRIVERS

SUPPORTING DRIVERS

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

HEADWINDS

1	Analyst Coverage	2 analysts
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INVESTMENT THESIS

DLO combines Revenue Growth of 46.6% with ROIC of 28.8% and FCF Growth of 861.1%, indicating a business model that is converting scale into high incremental returns and cash generation. EV/EBITDA of 15x and EV/FCF of 9.1x at a market cap of \$4.2B imply the market is pricing continued double-digit growth but not extreme multiple expansion relative to its 5Y average EV/EBITDA of 41.7x. However, EPS estimates of 0 and analyst coverage of 2 create forecast opacity despite an EPS Beat Rate of 87.5% over 8 quarters. The central question is whether the recent step-change in Operating CF Growth of 1393.8% and FCF Yield of 10.1% represents a new earnings base or a volatile rebound following prior declines such as Operating CF Growth of -111.2% in 2024.

INVESTABLE DEBATE

FCF Yield of 10.1% and ROIC of 28.8% suggest the current EV/FCF of 9.1x is conservative, while Operating CF Growth of -111.2% in 2024 highlights prior volatility. The debate is whether 2025 cash flow acceleration is durable enough to anchor valuation.

MARKET EXPECTATIONS

EV/Sales of 3.5x combined with Revenue Growth of 46.6% suggests the market expects sustained expansion but not a return to the 5Y average Revenue Growth of 64.5%. EV/EBITDA of 15x versus a 3Y average of 20.2x implies multiple compression despite Latest ROIC of 28.8% exceeding its 3Y average of 27.3%, indicating the current \$4.2B valuation embeds continued profitability but moderates historical premium assumptions. EV/FCF of 9.1x and FCF Yield of 10.1% imply expectations of stable or improving free cash flow rather than deterioration.

VALUATION

EV/EBITDA of 15x is below the 3Y average of 20.2x and far below the 5Y average of 41.7x, indicating valuation compression despite Latest ROE of 34.6% exceeding its 3Y average of 30.6%. EV/FCF of 9.1x compares to a 5Y average of 32.7x, while FCF Yield of 10.1% exceeds the 3Y average of 4.6%, suggesting the current valuation assumes normalization rather than continued 861.1% FCF Growth. The tension is that capital efficiency metrics such as ROIC of 28.8% are slightly above the 3Y average of 27.3%, yet multiples remain below historical levels, implying skepticism around growth durability.

QUALITY & CAPITAL EFFICIENCY

ROE of 34.6% and ROIC of 28.8% indicate strong capital efficiency relative to 3Y averages of 30.6% and 27.3%, respectively, supporting a high-return classification. Net Debt/EBITDA of -3.1x and Current Ratio of 1.5 demonstrate balance sheet flexibility, while Cash Conversion Cycle of -255.6 days reflects favorable working capital dynamics. Income Quality of 2.2 and FCF to Firm of \$405.4M indicate strong cash generation relative to accounting income.

GROWTH TRAJECTORY

Revenue Growth of 46.6% exceeds the 3Y average of 38.8% but trails the 5Y average of 64.5%, suggesting partial deceleration versus longer history. EPS Growth of 71.8% exceeds the 3Y average of 28.7% and the 5Y average of 59.7%, indicating earnings acceleration. Net Income Growth of 63.4% also exceeds the 3Y average of 27.1% and slightly exceeds the 5Y average of 59.4%. Given the priority order, FCF Growth of 861.1% and EPS Growth of 71.8% confirm that profitability and cash flow are accelerating faster than revenue.

CASH FLOW & CONVERSION

Latest Operating CF Growth of 1393.8% and FCF Growth of 861.1% exceed 3Y averages of 452.3% and 268.5% and 5Y averages of 286.9% and 190.7%, respectively, indicating accelerating cash momentum versus history. Capex Growth of 89.9% remains below Operating CF Growth of 1393.8%, suggesting no capex drag. SBC Growth of -100% versus Net Income Growth of 30.3% reduces dilution pressure.

Operating CF Growth of 1393.8% exceeds FCF Growth of 861.1%, but both are positive, indicating effective conversion rather than a conversion problem. Capex Growth of 89.9% is materially below Operating CF Growth of 1393.8%, supporting the neutral Capex Pressure assessment. Compared to 3Y Avg FCF Growth of 268.5% and 5Y Avg FCF Growth of 190.7%, the latest 861.1% suggests step-change improvement rather than deterioration.

VISUAL ANALYSIS

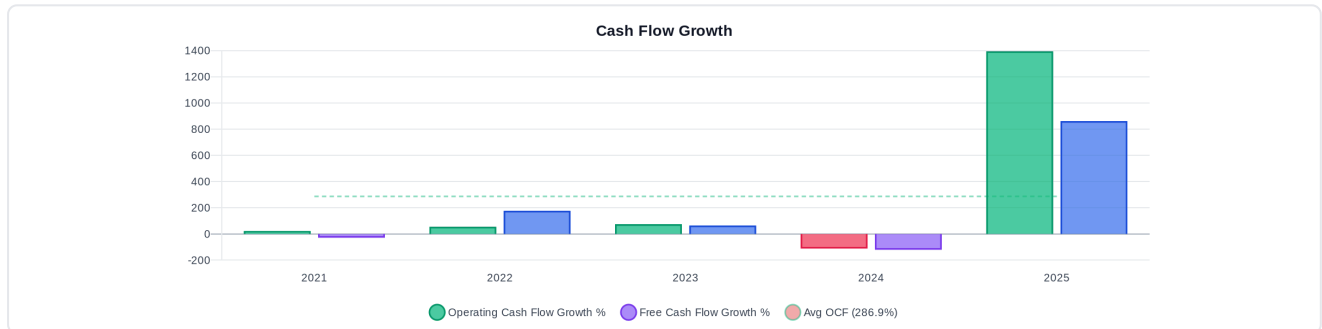


GROWTH TRENDS — REVENUE, EPS & OPERATING INCOME

Revenue Growth of 46.6% exceeds the 3Y average of 38.8% but trails the 5Y average of 64.5%, suggesting partial deceleration versus longer history.

VALUATION MULTIPLES & ROIC OVERLAY

EV/EBITDA of 15x is below the 3Y average of 20.2x and far below the 5Y average of 41.7x, indicating valuation compression despite Latest ROE of 34.6% exceeding...



CASH FLOW GROWTH — OCF & FCF TRENDS

Latest Operating CF Growth of 1393.8% and FCF Growth of 861.1% exceed 3Y averages of 452.3% and 268.5% and 5Y averages of 286.9% and 190.7%, respectively,...

EXPECTATIONS & EXECUTION

Next Revenue Estimate of \$3.42B versus Revenue Growth of 46.6% suggests analysts are embedding continued expansion, while Revenue Dispersion of 7.1% across 2 analysts indicates contained but limited coverage. EPS estimates of 0 with EPS Coverage of 0 create forecasting opacity despite historical EPS Growth of 71.8%, making expectations appear incomplete rather than demanding.

Over 8 quarters, EPS Beat Rate of 87.5% and Revenue Beat Rate of 75.0% with Avg EPS Surprise of 21.6% indicate consistent outperformance relative to expectations. The most recent quarter showed EPS Actual of 0.17 versus 0.16 and Revenue Actual of \$335.9M versus \$331.2M, reinforcing execution credibility.

Historical EPS Growth of 71.8% versus 3Y average of 28.7% and an EPS Beat Rate of 87.5% support credibility of forward revenue expectations of \$3.42B, though absence of EPS estimates introduces model risk. Execution history of 7 EPS beats out of 8 quarters suggests management has exceeded expectations more often than not.

BULL / BASE / BEAR SCENARIOS

BULL CASE	BASE CASE	BEAR CASE
<p>If Revenue Growth remains near 46.6% and FCF Growth sustains above the 3Y average of 268.5% while ROIC holds near 28.8%, then EV/EBITDA of 15x could prove conservative relative to historical 3Y average of 20.2x, reinforcing a narrative of durable high-return scaling.</p> <p>Revenue Growth 46.6% FCF Growth 861.1% ROIC 28.8%</p>	<p>If Revenue Growth moderates toward the 3Y average of 38.8% and FCF Growth normalizes closer to 268.5% while ROE remains above 30.6%, then EV/EBITDA of 15x aligns with steady high-return execution without requiring re-rating.</p> <p>3Y Avg Revenue Growth 38.8% 3Y Avg FCF Growth 268.5% ROE 34.6%</p>	<p>If Operating CF Growth reverts toward the 2024 level of -111.2% and Revenue Growth falls below 38.8% while ROIC drops below 27.3%, then EV/FCF of 9.1x may reflect declining cash durability rather than value.</p> <p>Operating CF Growth -111.2% 3Y Avg Revenue Growth 38.8% 3Y Avg ROIC 27.3%</p>

SCENARIO PROBABILITY MATRIX



12-24 MONTH OUTLOOK

If revenue reaches the Next Revenue Estimate of \$3.42B and dispersion remains near 7.1%, then growth durability would be consistent with 46.6% historical expansion.

If EPS resumes growth near 71.8% and maintains beat frequency above 75.0%, then earnings credibility would strengthen despite current EPS estimate of 0.

If ROIC remains above 27.3% and FCF Yield sustains near 10.1%, then EV/EBITDA of 15x would remain supported by capital efficiency.

If EPS Beat Rate remains near 87.5% over the next 4 quarters, then forward estimates may gradually expand in coverage beyond 2 analysts.

If FCF Growth remains above the 3Y average of 268.5% and cash balance growth stays near 70.5%, then the narrative would center on sustained cash compounding rather than rebound volatility.

THESIS MONITOR

TRACK QUARTERLY	THESIS CHANGES IF	THESIS WEAKENS IF
<ul style="list-style-type: none"> Can FCF Growth sustain above 268.5%? Will ROIC remain above 27.3%? Does Revenue exceed \$3.42B? 	<ul style="list-style-type: none"> FCF Growth falling below 190.7% ROIC declining below 27.3% FCF Yield dropping below 4.6% 	<ul style="list-style-type: none"> Operating CF Growth turning negative below 0% Revenue Growth falling below 27.1% ROE declining below 29.4%

RISK ASSESSMENT

Valuation Risk	●●●●●	2/5
Growth Risk	●●●●●	1/5
Execution Risk	●●●●●	2/5
Forecast Risk	●●●●●	3/5
Quality Risk	●●●●●	1/5
Overall Risk	●●●●●	3/5
Composite Risk Score		2.0 / 5

ADDITIONAL RISK NOTES
<ul style="list-style-type: none"> Income Quality 2.2 5Y Avg Revenue Growth 64.5% Latest Capex Growth 89.9%

NEWS NARRATIVE

The headline "dLocal Limited Announces Dismissal of New York State Securities Class Action" aligns with Net Debt/EBITDA of -3.1x and Cash End Growth of 70.5%, suggesting no observable financial strain in supplied metrics. "dLocal Reports First Quarter 2026 Financial Results" corresponds with recent EPS Actual of 0.17 versus 0.16 and Revenue Actual of \$335.9M versus \$331.2M, confirming continued operational delivery.

INVESTMENT VIEW

RATING

Outperform

CONVICTION

High

RISK LEVEL

Moderate

EXP. OUTCOME

Favorable

CORE THESIS

FCF Growth of 861.1% and ROIC of 28.8% support a durable high-return profile, while the absence of EPS estimates and limited analyst coverage of 2 introduce forecast opacity; the debate is whether recent cash flow acceleration is structural enough to justify EV/EBITDA of 15x.

PRIMARY RISK

Revenue Dispersion 7.1%

MONITOR

Can FCF Growth sustain above 268.5%?

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