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

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the month of November 2022

Commission File Number: 001-40451

DLocal Limited

(Exact name of registrant as specified in its charter)

**Dr. Luis Bonavita 1294
Montevideo
Uruguay 11300
+1 (424) 392-7437**
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No

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-

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DLocal Limited

By: /s/ Diego Cabrera Canay

Name: Diego Cabrera Canay

Title: Chief Financial Officer

Date: November 15, 2022



dLocal Limited Reports 2022 Third Quarter Financial Results

Third Quarter 2022

US\$2.7 billion Total Payment Volume, up 51% year-over-year

Revenues of US\$112 million, up 63% year-over-year

152% Net Revenue Retention Rate

37% Adjusted EBITDA Margin

dLocal reports in US dollars and in accordance with IFRS as issued by the IASB

Montevideo, Uruguay November 14, 2022 — DLocal Limited (“dLocal”, “we”, “us”, and “our”) (NASDAQ:DLO), a technology- first payments platform, announced its financial results today for the third quarter ended September 30, 2022.

“We delivered another quarter of record results, reaching US\$2.7 billion in TPV and US\$112 million in revenues. We saw robust growth in TPV increasing by 51% and revenues further accelerating 63% year-over-year, despite the high comparison base from last year, and both metrics increasing by 12% and 11%, respectively, quarter-over-quarter. The growth has been supported by our disciplined execution and lean culture, in addition to our business strength of continuous diversification across verticals, regions, and products. Throughout recent quarters, we have been committed to growing outside Latin America, and we are very pleased to announce the impressive results we reached in Q3 2022. Revenues from Africa and Asia increased by four times year-over-year and 80% quarter-over-quarter, reaching US\$25 million. These strong results over just a three-month period surpassed the US\$21 million recorded in the entire twelve months of 2021. In Q3 2022, Africa and Asia revenues already contributed to 22% of our total revenues, which is a proven record that our strategic decision making is paying off.

We continue to deliver on our strategy of maximizing gross profit and EBITDA dollars. During the third quarter, gross profit increased to US\$54 million, up by 56% year-over-year, whereas Adjusted EBITDA was up by 58% year-over-year to US\$42 million. Both metrics increased by 9% quarter-over-quarter. This was reflected in a solid adjusted EBITDA margin of 37%, in line with the 38% recorded in the past four quarters, while we continue to invest in our business with discipline by increasing our headcount 34% year-over-year to 712 employees.

We continue to drive our expansion across emerging markets, launching operations in two new countries, Nicaragua and Saudi Arabia, bringing the total number of countries in which we operate to 39, as we balance the expansion of our operations into new countries with strengthening our presence in existing markets.

Our track record of disciplined, high profitable growth and our strong balance sheet, give us confidence that we are uniquely positioned to fulfill our long-term growth strategy while navigating a challenging global macro environment. We will seek to continue building the best financial infrastructure across multiple emerging markets for our merchants through the One dLocal model: one contract, one single platform, and one API,” said Sebastian Kanovich.

Third Quarter 2022 Financial Highlights

- Total Payment Volume (“TPV”) reached US\$2.7 billion in the quarter, representing 51% year-over-year growth compared to US\$1.8 billion in the third quarter of 2021 and 12% growth compared to \$2.4 billion in the second quarter of 2022.
- Revenues in the third quarter of 2022 amounted to US\$111.9 million, up 63% year-over-year compared to US\$68.6 million in the third quarter of 2021 and up 11% compared to \$101.2 million in the second quarter of 2022.
- Gross profit was US\$53.9 million in the third quarter of 2022, up 56% year-over-year compared to US\$34.4 million in the third quarter of 2021 and up 9% compared to US\$49.6 million in the second quarter of 2022.
- Gross profit margin was 48% in the third quarter of 2022, compared to 49% in the second quarter of 2022 and 50% in the third quarter of 2021. The slight decrease in gross margin is mainly attributable to country mix and product mix.
- Adjusted EBITDA was US\$41.6 million in the third quarter of 2022, up 58% year-over-year compared to US\$26.3 million in the third quarter of 2021 and up 9% compared to US\$38.2 million in the second quarter of 2022.
- Adjusted EBITDA margin was 37% in the third quarter of 2022, compared to 38% in both the third quarter of 2021 and the second quarter of 2022.
- Profit for the third quarter of 2022 was US\$32.3 million, or US\$0.10 per diluted share, up 64% compared to a profit of US\$19.7 million, or US\$0.06 per diluted share, for the third quarter of 2021 and up 5% compared to a profit of US\$30.7 million, or US\$0.10 per diluted share, for the second quarter of 2022. Profit for the third quarter of 2022 included higher net financial losses of US\$2.5 million, mainly driven by higher cost of hedges, as a result of adapting to changes in FX regulations, in addition to higher interest rates.

- As of September 30, 2022, dLocal had US\$542.3 million in cash, cash equivalents and marketable securities, compared to US\$454.0 million as of June 30, 2022 and US\$293.1 million as of September 30, 2021. The quarter-over-quarter increase of US\$88.3 million reflects an increase of US\$49.8 million in our funds and an increase of US\$38.5 million in merchants' funds with respect to the second quarter of 2022.
-

The following table summarizes our key performance metrics:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(in millions of US\$ except for %)			
Key Performance Metrics				
TPV	2,734	1,812	7,271	4,193
<i>TPV growth YoY</i>	51%	217%	73%	221%
Revenue	111.9	68.6	300.5	167.9
<i>Revenue growth YoY</i>	63%	123%	79%	142%
Adj. EBITDA	41.6	26.3	112.7	70.1
<i>Adj. EBITDA Margin</i>	37%	38%	37%	42%

Third quarter 2022 Business Highlights

- dLocal is well diversified across verticals, so its business does not depend on the performance of any single industry vertical. During the third quarter of 2022, dLocal saw strong year-over-year and quarter-over-quarter growth in TPV driven by the performance and continued growth of its merchants across most verticals, particularly in commerce, on-demand delivery, travel, SaaS (“software as a service”), advertising and financial services.
- dLocal is also well diversified across geographies. In Q3 2022 dLocal continued to focus on its expansion efforts and added Nicaragua and Saudi Arabia to its geographic network, bringing the total number of countries in which dLocal operates to 39, out of which 23 countries are outside Latin America.
- Revenue increased across all regions during the quarter. LatAm grew 39% compared to the third quarter of 2021 to US\$87.3 million, while flat quarter-over-quarter, accounting for 78% of total revenue. If we exclude Argentina’s cross-border business, where the market faced some limitations imposed by the Argentine Central Bank to access the foreign exchange market for the payment of certain imports of goods and services, LatAm revenue increased by 43% year-over-year and 7% quarter-over-quarter. Asia & Africa revenue increased by 312% year-over-year and 80% quarter-over-quarter to US\$24.5 million, accounting for the remaining 22% (compared to 9% of total revenue in the third quarter of 2021).
- During the quarter, dLocal continued delivering strong revenue growth both from existing and from new customers. Revenue from Existing Merchants increased by US\$35.1 million in the third quarter of 2022 to US\$104.1 million. The net revenue retention rate, or NRR, in the third quarter of 2022 reached 152%. Revenue from New Merchants was US\$7.8 million for the third quarter of 2022.

Special Note Regarding Adjusted EBITDA and Adjusted EBITDA Margin

dLocal has only one operating segment. dLocal measures its operating segment’s performance by Revenues, Adjusted EBITDA and Adjusted EBITDA Margin, and uses these metrics to make decisions about allocating resources.

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, and inflation adjustment. dLocal defines Adjusted EBITDA Margin as the Adjusted EBITDA divided by consolidated revenues.

Although Adjusted EBITDA and Adjusted EBITDA Margin may be commonly viewed as non-IFRS measures in other contexts, pursuant to IFRS 8, (“Operating Segments”), Adjusted EBITDA and Adjusted EBITDA Margin are treated by dLocal as IFRS measures based on the manner in which dLocal utilizes these measures. Nevertheless, dLocal’s Adjusted EBITDA and Adjusted EBITDA Margin metrics should not be viewed in isolation or as a substitute for net income for the periods presented under IFRS. dLocal also believes that its Adjusted EBITDA and Adjusted EBITDA Margin metrics are useful metrics used by analysts and investors, although these measures are not explicitly defined under IFRS. Additionally, the way dLocal calculates operating segment’s performance measures may be different from the calculations used by other entities, including competitors, and therefore, dLocal’s performance measures may not be comparable to those of other

entities.

The table below presents a reconciliation of dLocal's Adjusted EBITDA and Adjusted EBITDA Margin to net income:

In thousands of US\$ except for %	Three-months ended September 30		Nine-months ended September 30	
	2022	2021	2022	2021
Profit for the period	32,338	19,669	89,333	54,304
<i>Income tax expense</i>	2,287	2,558	7,651	5,533
<i>Depreciation and amortization</i>	2,110	1,381	5,690	3,240
<i>Finance income and costs, net</i>	2,479	(865)	3,519	(762)
<i>Share-based payment non-cash charges</i>	1,599	2,673	4,874	5,354
<i>Other operating loss/(gain)</i>	18	—	706	(2,896)
<i>Secondary offering expenses¹</i>	—	695	89	4,442
<i>Transaction costs</i>	—	211	—	665
<i>Other charges, net</i>	791	(3)	799	205
Adjusted EBITDA	41,622	26,319	112,661	70,085
Revenues	111,864	68,646	300,497	167,863
Adjusted EBITDA	41,622	26,319	112,661	70,085
Adjusted EBITDA Margin	37.2%	38.3%	37.5%	41.8%

¹ Secondary expenses for the nine-months ended September 30, 2022 corresponds to expenses assumed by dLocal in relation to the secondary offering of its shares occurred in 2021.

Earnings per share:

We calculate basic earnings per share by dividing the profit attributable to equity holders by the weighted average number of common shares issued and outstanding during the three-months and nine-months periods ended September 30, 2022 and 2021.

Our diluted earnings per share is calculated by dividing the profit attributable to equity holders of dLocal by the weighted average number of common shares outstanding during the period plus the weighted average number of common shares that would be issued on conversion of all dilutive potential common shares into common shares.

The following table presents the information used as basis for the calculation of our earnings per share:

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2022	2021	2022	2021
Profit attributable to common shareholders (U.S. Dollars)	32,461,922	19,663,000	89,325,969	54,291,000
Weighted average number of common shares	295,918,751	293,558,997	295,455,429	284,456,779
Adjustments for calculation of diluted earnings per share	17,246,606	19,646,000	17,783,776	19,609,500
Weighted average number of common shares for calculating diluted earnings per share	313,165,357	313,204,997	313,239,205	304,066,279
Basic earnings per share	0.11	0.07	0.30	0.19
Diluted earnings per share	0.10	0.06	0.29	0.18

This press release does not contain sufficient information to constitute an interim financial report as defined in International Accounting Standards 34, "Interim Financial Reporting" nor a financial statement as defined by International Accounting Standards 1 "Presentation of Financial Statements". The financial information in this press release has not been audited.

Conference Call and Webcast

dLocal's management team will host a conference call and audio webcast on November 15, 2022 at 8:30 a.m. Eastern Time. Please [click here](#) to pre-register for the conference call and obtain your dial in number and passcode.

The live conference call can be accessed via audio webcast at the investor relations section of dLocal's website, at <https://investor.dlocal.com/>. An archive of the webcast will be available for a year following the conclusion of the conference call. The investor presentation will also be filed on EDGAR at www.sec.gov.

About dLocal

dLocal powers local payments in emerging markets, connecting global enterprise merchants with billions of emerging market consumers in 39 countries across APAC, the Middle East, Latin America, and Africa. Through the "One dLocal" platform (one direct API, one platform, and one contract), global companies can accept payments, send pay-outs and settle funds globally without the need to manage separate pay-in and pay-out processors, set up numerous local entities, and integrate multiple acquirers and payment methods in each market.

Definition of Selected Operational Metrics

“**API**” means application programming interface, which is a general term for programming techniques that are available for software developers when they integrate with a particular service or application. In the payments industry, APIs are usually provided by any party participating in the money flow (such as payment gateways, processors, and service providers) to facilitate the money transfer process.

“**Enterprise Global Merchants**” means merchants with at least US\$6 million of annual TPV processed through our platform.

“**Local payment methods**” refers to any payment method that is processed in the country where the end user of the merchant sending or receiving payments is located, which include credit and debit cards, cash payments, bank transfers, mobile money, and digital wallets.

“**NRR**” means net revenue retention rate, which is the U.S. dollar-based measure of retention and growth of our merchants. We calculate the NRR of a period by dividing the current period revenue by the prior period revenue. The prior period revenue is the revenue billed by us to all of our merchant customers in the corresponding period for the prior fiscal year. The current period revenue is the revenue billed by us in the corresponding period for the current fiscal year to the same merchant customers included in the calculation of the prior period revenue. Current period revenue includes any upsells and cross sells of products, geographies, and payment methods to such merchant customers, and is net of any contractions or attrition, but excludes revenue from new customers on-boarded during the last 12 months.

“**Pay-in**” means a payment transaction whereby dLocal’s merchant customers receive payment from their customers.

“**Pay-out**” means a payment transaction whereby dLocal disburses money in local currency to the business partners or customers of dLocal’s merchant customers.

“**Revenue from New Merchants**” means the revenue billed by us to merchant customers that we did not bill revenues in the same quarter (or period) of the prior year.

“**Revenue from Existing Merchants**” means the revenue billed by us in the last twelve months to the merchant customers that we billed revenue in the same quarter (or period) of the prior year.

Forward Looking Statements

This press release contains certain 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,” “Forward-Looking Statements” and “Cautionary Statement Regarding Forward-Looking Statements” sections of dLocal’s 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.

DLocal Limited
Certain interim financial information
Consolidated Condensed Interim Statements of Comprehensive Income for the three-month and nine-month periods ended September 30, 2022 and 2021
(In thousands of U.S. dollars, except per share amounts, unaudited)

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Continuing operations				
Revenues	111,864	68,646	300,497	167,863
Cost of services	(57,992)	(34,202)	(153,432)	(76,361)
Gross profit	53,872	34,444	147,065	91,502
Technology and development expenses	(1,692)	(1,116)	(4,741)	(2,232)
Sales and marketing expenses	(3,472)	(1,255)	(9,444)	(3,424)
General and administrative expenses	(11,483)	(10,887)	(30,872)	(30,080)
Impairment gain/(loss) on financial assets	24	159	106	(8)
Other operating (loss)/gain	(18)	224	(706)	3,514
Operating profit	37,231	21,569	101,408	59,272
Finance income	6,810	1,089	12,346	1,273
Finance costs	(9,289)	(275)	(15,865)	(511)
Inflation adjustment	(127)	(156)	(905)	(197)
Other results	(2,606)	658	(4,424)	565
Profit before income tax	34,625	22,227	96,984	59,837
Income tax expense	(2,287)	(2,558)	(7,651)	(5,533)
Profit for the period	32,338	19,669	89,333	54,304
Profit attributable to:				
Owners of the Group	32,462	19,663	89,326	54,291
Non-controlling interest	(124)	6	7	13
Profit for the period	32,338	19,669	89,333	54,304
Earnings per share				
Basic Earnings per share	0.11	0.07	0.30	0.19
Diluted Earnings per share	0.10	0.06	0.29	0.18
Other comprehensive Income				
<i>Items that may be reclassified to profit or loss:</i>				
Exchange difference on translation on foreign operations	(405)	(391)	(488)	477
Other comprehensive income for the period, net of tax	(405)	(391)	(488)	477
Total comprehensive income for the period	31,933	19,278	88,845	54,781
Total comprehensive income for the period is attributable to:				
Owners of the Group	32,057	19,252	88,838	54,759
Non-controlling interest	(124)	26	7	22
Total comprehensive income for the period	31,933	19,278	88,845	54,781

DLocal Limited
Certain interim financial information
Consolidated Condensed Interim Statements of Financial Position as of September 30, 2022 and December 31, 2021

(In thousands of U.S. dollars, except per share amounts, unaudited)

	September 30, 2022	December 31, 2021
ASSETS		
Current Assets		
Cash and cash equivalents	542,298	336,197
Financial assets at fair value through profit or loss	1,065	1,004
Trade and other receivables	228,895	190,966
Derivative financial instruments	657	—
Other assets	3,937	1,339
Total Current Assets	776,852	529,506
Non-Current Assets		
Deferred tax assets	1,101	133
Property, plant and equipment	2,814	2,485
Right-of-use assets	3,938	3,915
Intangible assets	49,875	46,969
Total Non-Current Assets	57,728	53,502
TOTAL ASSETS	834,580	583,008
LIABILITIES		
Current Liabilities		
Trade and other payables	423,606	277,160
Borrowings	14,782	5,014
Lease liabilities	625	502
Tax liabilities	11,885	13,126
Derivative financial instruments	446	221
Provisions	1,540	1,710
Contingent consideration liability	—	665
Total Current Liabilities	452,884	298,398
Non-Current Liabilities		
Deferred tax liabilities	503	883
Lease liabilities	3,449	3,426
Total Non-Current Liabilities	3,952	4,309
TOTAL LIABILITIES	456,836	302,707
EQUITY		
Share Capital	592	590
Share Premium	165,318	157,151
Capital Reserve	13,170	12,741
Other Reserves	(1,785)	(30)
Retained earnings	200,460	109,867
Total Equity Attributable to owners of the Group	377,755	280,319
Non-controlling interest	(11)	(18)
TOTAL EQUITY	377,744	280,301

dLocal was incorporated on February 10, 2021, as a Cayman Islands exempted company with limited liability, duly registered with the Cayman Islands Registrar of Companies. The contribution of dLocal Group Limited (a limited liability company incorporated in Malta, the former holding entity or “dLocal Malta”) shares to dLocal has been finalized as of April 14, 2021. Until the contribution of dLocal Malta shares to it, dLocal had not commenced operations, consequently the historical information previous to that date presented in here corresponds to dLocal Malta, our predecessor. This reorganization was done, among other things, to facilitate the initial public offering of the Group. dLocal had no prior assets, holdings or operations.

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DLocal Limited

**Unaudited Consolidated Condensed Interim Financial Statements as of September 30, 2022
and for the nine-month and three-month periods ended September 30, 2022 and 2021**

DLocal Limited

Consolidated Condensed Interim Statements of Comprehensive Income

For the nine-month and three-month periods ended September 30, 2022 and 2021

(All amounts in thousands of U.S. Dollars except share data or as otherwise indicated)

	Notes	Nine months ended		Three months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Continuing operations					
Revenues	6	300,497	167,863	111,864	68,646
Cost of services	6	(153,432)	(76,361)	(57,992)	(34,202)
Gross profit		147,065	91,502	53,872	34,444
Technology and development expenses	7	(4,741)	(2,232)	(1,692)	(1,116)
Sales and marketing expenses	8	(9,444)	(3,424)	(3,472)	(1,255)
General and administrative expenses	8	(30,872)	(30,080)	(11,483)	(10,887)
Impairment gain/(loss) on financial assets	14	106	(8)	24	159
Other operating (loss)/gain		(706)	3,514	(18)	224
Operating profit		101,408	59,272	37,231	21,569
Finance income		12,346	1,273	6,810	1,089
Finance costs		(15,865)	(511)	(9,289)	(275)
Inflation adjustment		(905)	(197)	(127)	(156)
Other results		(4,424)	565	(2,606)	658
Profit before income tax		96,984	59,837	34,625	22,227
Income tax expense	11	(7,651)	(5,533)	(2,287)	(2,558)
Profit for the period		89,333	54,304	32,338	19,669
Profit attributable to:					
Owners of the Group		89,326	54,291	32,462	19,663
Non-controlling interest		7	13	(124)	6
Profit for the period		89,333	54,304	32,338	19,669
Earnings per share					
Basic Earnings per share	12	0.30	0.19	0.11	0.07
Diluted Earnings per share	12	0.29	0.18	0.10	0.06
Other comprehensive Income					
<i>Items that may be reclassified to profit or loss:</i>					
Exchange difference on translation on foreign operations		(488)	477	(405)	(391)
Other comprehensive income for the period, net of tax		(488)	477	(405)	(391)
Total comprehensive income for the period		88,845	54,781	31,933	19,278
Total comprehensive income for the period is attributable to:					
Owners of the Group		88,838	54,759	32,057	19,252
Non-controlling interest		7	22	(124)	26
Total comprehensive income for the period		88,845	54,781	31,933	19,278

The accompanying notes are an integral part of these Consolidated Condensed Interim Financial Statements.

DLocal Limited

Consolidated Condensed Interim Statements of Financial Position

As of September 30, 2022 and December 31, 2021

(All amounts in thousands of U.S. Dollars except share data or as otherwise indicated)

	Notes	September 30, 2022	December 31, 2021
ASSETS			
Current Assets			
Cash and cash equivalents	13	542,298	336,197
Financial assets at fair value through profit or loss		1,065	1,004
Trade and other receivables	14	228,895	190,966
Derivative financial instruments	20	657	—
Other assets	15	3,937	1,339
Total Current Assets		776,852	529,506
Non-Current Assets			
Deferred tax assets		1,101	133
Property, plant and equipment		2,814	2,485
Right-of-use assets		3,938	3,915
Intangible assets	16	49,875	46,969
Total Non-Current Assets		57,728	53,502
TOTAL ASSETS		834,580	583,008
LIABILITIES			
Current Liabilities			
Trade and other payables	17	423,606	277,160
Borrowings	18	14,782	5,014
Lease liabilities		625	502
Tax liabilities	19	11,885	13,126
Derivative financial instruments	20	446	221
Provisions	21	1,540	1,710
Contingent consideration liability		—	665
Total Current Liabilities		452,884	298,398
Non-Current Liabilities			
Deferred tax liabilities		503	883
Lease liabilities		3,449	3,426
Total Non-Current Liabilities		3,952	4,309
TOTAL LIABILITIES		456,836	302,707
EQUITY			
Share Capital	12	592	590
Share Premium	12	165,318	157,151
Capital Reserve	12	13,170	12,741
Other Reserves	12	(1,785)	(30)
Retained earnings	12	200,460	109,867
Total Equity Attributable to owners of the Group		377,755	280,319
Non-controlling interest		(11)	(18)
TOTAL EQUITY		377,744	280,301

The accompanying notes are an integral part of these Consolidated Condensed Interim Financial Statement

DLocal Limited

Consolidated Condensed Interim Statements of Changes in Equity

For the nine-month periods ended September 30, 2022 and 2021

(All amounts in thousands of U.S. Dollars except share data or as otherwise indicated)

	Notes	Share Capital	Share Premium	Capital Reserve	Other Reserves	Retained Earnings	Total	Non- controlling interest	Total equity
Balance as of January 1st, 2022		590	157,151	12,741	(30)	109,867	280,319	(18)	280,301
Comprehensive Income for the period									
Profit of the period		—	—	—	—	89,326	89,326	7	89,333
Exchange difference on translation on foreign operations		—	—	—	(1,755)	1,267	(488)	—	(488)
Total Comprehensive Income for the period		—	—	—	(1,755)	90,593	88,838	7	88,845
Transactions with Group owners in their capacity as owners									
Share-options exercise	12	2	8,167	(4,445)	—	—	3,724	—	3,724
Forfeitures	12	—	—	(720)	—	—	(720)	—	(720)
Share-based payments	9	—	—	5,594	—	—	5,594	—	5,594
Transactions with Group owners in their capacity as owners		2	8,167	429	—	—	8,598	—	8,598
Balance as of September 30, 2022		592	165,318	13,170	(1,785)	200,460	377,755	(11)	377,744
Balance as of January 1st, 2021		602	—	12,582	119	31,749	45,052	(4)	45,048
Comprehensive Income for the period									
Profit of the period		—	—	—	—	54,291	54,291	13	54,304
Exchange difference on translation on foreign operations		—	—	—	304	164	468	9	477
Total Comprehensive Income for the period		—	—	—	304	54,455	54,759	22	54,781
Transactions with Group owners in their capacity as owners									
Initial public offering, net of underwriting discount and incremental and direct costs		9	86,441	—	—	—	86,450	—	86,450
Issue of ordinary shares	12	45	63,132	—	—	—	63,177	—	63,177
Par value change from 1.1211 U.S. Dollars to 1 U.S. Dollars		(70)	70	—	—	—	—	—	—
Share-options exercise	12	—	6,979	(6,898)	—	—	81	—	81
Share-based payments	9	—	—	5,360	—	—	5,360	—	5,360
Forfeitures	12	—	—	(6)	—	—	(6)	—	(6)
Warrant exercise	12	4	529	(533)	—	—	—	—	—
Transactions with Group owners in their capacity as owners		(12)	157,151	(2,077)	—	—	155,062	—	155,062
Balance as of September 30, 2021		590	157,151	10,505	423	86,204	254,873	18	254,891

The accompanying notes are an integral part of these Consolidated Condensed Interim Financial Statements.

DLocal Limited

Consolidated Condensed Interim Statements of Cash Flows

For the nine-month periods ended September 30, 2022 and 2021

(All amounts in thousands of U.S. Dollars except share data or as otherwise indicated)

	Notes	Nine months ended	
		September 30, 2022	September 30, 2021
Cash flows from operating activities			
Profit before income tax		96,984	59,837
Adjustments:			
Interest income from financial instruments		(12,371)	(1,289)
Interest charges for lease liabilities		133	97
Other finance expense		15,732	414
Amortization of Intangible assets	10	4,809	2,594
Depreciation of Property, plant and equipment	10	530	309
Amortization of Right-of-use asset	10	351	337
Revenue reduction related to prepaid assets	15	457	150
Share-based payment expense, net of forfeitures	9	4,874	5,354
Net exchange differences		(10,434)	528
Fair value loss on financial assets at fair value through profit or loss		25	16
Other operating loss/(gain)	20	—	(2,896)
Net Impairment (gain)/loss on financial assets	14	(106)	8
		100,984	65,459
Changes in working capital			
Increase in Trade and other receivables	14	(37,873)	(91,964)
(Increase)/decrease in Other assets	15	(3,328)	146
Increase in Trade and other payables	17	146,446	101,611
(Decrease)/increase in Tax Liabilities	19	(3,284)	847
(Decrease)/increase in Provisions	21	(170)	1,016
		202,775	77,115
Cash from operating activities		202,775	77,115
Income tax paid	12	(6,956)	(7,975)
Net cash from operating activities		195,819	69,140
Cash flows from investing activities			
Acquisitions of Property, plant and equipment		(859)	(1,639)
Additions of Intangible assets	16	(7,715)	(43,575)
Net collections of financial assets at FVPL		(518)	7,237
Interest collected from financial instruments		12,371	1,289
Payments of contingent consideration		(665)	—
Net cash from/(used in) investing activities		2,614	(36,688)
Cash flows from financing activities			
Proceeds from issuance of shares	12	—	63,177
Proceeds from initial public offering		—	87,088
Initial public offering expenses paid		—	(638)
Proceeds from transaction between shareholders		—	149,411
Increase in Restricted cash		—	(149,411)
Share-options exercise		3,724	81
Borrowings proceeds		14,782	—
Borrowings repayments		(5,364)	—
Interest payments on lease liability		(133)	(97)
Principal payments on lease liability		(125)	(326)
Other finance expense paid		(4,360)	(414)
Net cash provided by financing activities		8,524	148,871
Net increase in cash flow		206,957	181,323
Cash and cash equivalents at the beginning of the period		336,197	111,733
Effects of exchange rate changes on cash and cash equivalents		(856)	(1)
Cash and cash equivalents at the end of the period		542,298	293,055

DLocal Limited

Notes to the Consolidated Condensed Interim Financial Statements

At September 30, 2022

(All amounts in thousands of U.S. Dollars except share data or as otherwise indicated)

1. General information and Significant Events during the period

1.1. General information

DLocal Limited (“dLocal” or the “Company”) is a holding company, referred to together with its subsidiaries as the “Group”. dLocal is a limited liability company. The Group was established on October 5, 2016, under the holding company dLocal Group Limited, domiciled and incorporated in Malta, and on April 14, 2021 it was reorganized under dLocal, domiciled and incorporated in the Cayman Islands. The Company is the ultimate controlling party of the Group.

The Group processes online payment transactions, enabling enterprise merchants located in developed economies (mainly United States, Europe and China) to get paid (“payins”) from customers in emerging markets and to make payments (“payouts”) to customers in emerging markets. As of the date of issuance of this Consolidated Condensed Interim Financial Statements, the Group continued to focus on its expansion efforts bringing the total number of countries in the geographic network to 39.

In order to conduct its business, the Group has direct connections with banks, acquirers and payments processors to process payments locally in emerging markets. It also operates with financial institutions to expatriate/ repatriate the funds to/from the developed economies where the merchant customers elect to settle their funds in the currency of their preference (mainly U.S. Dollar and Euro). These consolidated condensed interim financial statements include dLocal’s subsidiaries and details of the structure are included under Note 4: Consolidation of subsidiaries.

The Group is licensed and regulated in the EU as an Electronic Money Issuer, or EMI, and Payment Institution, or PI, and registered as a Money Service Business with the Financial Crimes Enforcement Network of the U.S. Department of the Treasury, or FinCEN, and we operate and are licensed, as applicable, in 39 in emerging markets, primarily in the Americas, Asia and Africa.

In addition, the Group is subject to laws aimed at preventing money laundering, corruption and the financing of terrorism. This regulatory landscape is constantly changing, including as a consequence of the implementation of the Fourth Anti-Money Laundering Directive (Directive 2015/849/EU, “MLD4”) and the proposed amendments to the MLD4, often referred to as the fourth Anti-Money Laundering Directive.

1.2. Significant events during the period

a) Filing of Form 20-F

On May 2, 2022, the Group filed its annual report on Form 20-F as of December 31, 2021, and 2020 and for the years ended December 31, 2021, 2020, and 2019.

b) Collateralized Credit Facility

On March 3, 2022, DLocal Group Limited (the “Borrower”) entered into a Credit Agreement (the “Agreement”) with Bank J. Safra Sarasin (Gibraltar) Ltd, acting through its London Branch (the “Bank”), pursuant to which the Bank grants a facility to the Borrower of a maximum amount of a total of US\$ 4,000 (the “Credit Facility”). The Borrower may utilize the Credit Facility for options and futures transactions as well as structured products subject to margin requirements.

c) Change in Management

On August 10, 2022, Alberto Almeida was appointed as the new Chief Technology Officer of the Company, effective immediately, following the decision of Hernan Di Chello to step down from that position to pursue an outside opportunity.

2. Presentation and preparation of the Consolidated Condensed Interim Financial Statements and significant accounting policies

2.1. Basis of preparation of consolidated condensed interim financial information

These Consolidated Condensed Interim Financial Statements for the nine months ended September 30, 2022 have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” as issued by the International Accounting Standard Board.

These Consolidated Condensed Interim Financial Statements do not include all the notes of the type normally included in an annual consolidated financial statement. Accordingly, this report should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2021 (the “Annual Financial Statements”).

The accounting policies and critical accounting estimates and judgments adopted, except for those explicitly indicated on these Consolidated Condensed Interim Financial Statements, are consistent with those of the previous financial year and corresponding interim reporting period.

All amounts are presented in thousands of U.S. Dollars except share data or as otherwise indicated.

These Consolidated Condensed Interim Financial Statements for the nine months ended September 30, 2022 were authorized for issuance by the dLocal’s Board of Directors on November 14, 2022.

2.2. Share-based payments

During the nine months ended September 30, 2022, the Group granted new share options and restricted share units under the Amended and Restated 2020 Global Share Incentive Plan to executives and employees in return for their services, which represented changes in the composition of share options outstanding at the end of the period.

2.2.1. Employee Share Purchase Plan (“ESPP”)

Set out below are summaries of restricted share units and share options granted under the plan:

	September 30, 2022		December 31, 2021 *	
	Average exercise price per share option (U.S. Dollars)	Number of options and RSUs	Average exercise price per share option (U.S. Dollars)	Number of options and RSUs
At the beginning of the period	1.16	4,032,345	1.22	17,361,000
Granted during the period	24.26	1,104,677	3.69	2,371,345
Exercised during the period	3.91	(956,650)	2.03	(15,685,000)
Forfeited during the period	11.01	(681,741)	4.15	(15,000)
At the end of the period	8.45	3,498,631	1.16	4,032,345
Vested and exercisable at the end of the period	3.66	317,350	3.54	486,750

* Retroactively adjusted to reflect the effect of the stock split described in Note 1 to the Annual Financial Statements for the year ended December 31, 2021.

No options expired during the periods covered by the above table.

Share options and restricted share units outstanding at the end of the period have the following expiry dates and exercise prices:

Grant date	Vesting period	Last vesting date	Exercise price (U.S. Dollars per A Share)	Share options and RSUs September 30, 2022	Share options and RSUs December 31, 2021 *
August 1st, 2018	3 years	August 1st, 2021	0.74	—	90,500
October 1st, 2019	3 years	October 1st, 2022	2.18	77,000	90,000
August 24th, 2020	5 years	August 24th, 2025	3.30	700,000	835,000
November 15th, 2020	4 years	November 15th, 2024	4.15	87,750	135,000
November 23rd, 2020	5 years	November 23rd, 2025	3.88	—	525,500
January 1st, 2021	5 years	January 1st, 2026	3.88	133,000	210,000
March 1st, 2021				*	*
	1 year	March 1st, 2022	0.002	5,500 *	5,500 *
March 2nd, 2021	5 years	March 2nd, 2026	7.44	8,000	10,000
March 11th, 2021				*	*
	5 years	March 11th, 2026	0.002	54,600 *	1,031,000 *
March 11th, 2021				*	
	3 years	July 31st, 2024	0.002	772,000 *	—
March 11th, 2021	5 years	March 11th, 2026	7.44	28,500	36,000
March 12nd, 2021	5 years	March 12nd, 2026	7.44	—	7,000
March 15th, 2021	5 years	March 15th, 2026	7.44	—	7,500
March 29th, 2021	5 years	March 29th, 2026	7.44	—	10,000
May 11th, 2021	5 years	May 11th, 2026	7.44	603,500	927,500
May 11th, 2021				*	*
	3 years	May 11th, 2024	0.002	22,500 *	22,500 *
May 18th, 2021	5 years	May 18th, 2026	16.17	10,000	10,000
December 9th, 2021				*	*
	5 years	December 9th, 2026	0.002	73,366 *	79,345 *
February 21st, 2022		February 21st, 2027		*	
	5 years		0.002	6,930 *	—
March 16th, 2022	5 years	March 16th, 2027	30.47	20,000	—
March 28th, 2022	5 years	March 28th, 2027	30.27	55,256	—
April 1st, 2022		April 1st, 2027		*	
	5 years		0.002	4,886 *	—
May 1st, 2022		May 1st, 2027		*	
	5 years		0.002	57,665 *	—
May 1st, 2022	5 years	May 1st, 2027	26.01	240,000	—
May 18th, 2022	5 years	May 18th, 2027	19.72	160,000	—
May 26th, 2022	5 years	May 26th, 2027	21.02	20,000	—
July 1st, 2022	6 years	July 1st, 2028	26.70	88,500	—
July 1st, 2022		July 1st, 2025		*	
	3 years		0.002	13,428 *	—
August 15th, 2022		August 15th, 2027		*	
	5 years		0.002	20,000 *	—
August 15th, 2022	5 years	August 15th, 2027	29.23	80,000	—
August 15th, 2022	5 years	August 15th, 2027	29.23	101,250	—
August 15th, 2022	5 years	August 15th, 2027	29.23	25,000	—
September 6th, 2022	5 years	September 6th, 2027	26.51	30,000	—
Total				3,498,631	4,032,345

Weighted average remaining contractual life of restricted share units and share options outstanding at end of the year

3.12 years 4.24 years

* Retroactively adjusted to reflect the effect of the stock split described in Note 1 to the Annual Financial Statements for the year ended December 31, 2021.

** It corresponds to Restricted Share Units (RSUs) granted.

2.3. New accounting pronouncements

The Group has not early adopted the following standards, interpretations or amendments that have been issued but are not yet effective:

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- On January 23, 2020, the IASB issued narrow-scope amendments to IAS 1 *Presentation of Financial Statements* to clarify how to classify debt and other liabilities as current or non-current. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments clarify, not change, existing requirements, and so are not expected to affect Group's financial statements significantly. This amendment is effective for annual reporting periods beginning on or after January 1, 2023 and is to be applied retrospectively. Earlier application is permitted.
- On February 12, 2021, the IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' to help preparers in deciding which accounting policies to disclose in their financial statements. The management of the Company does not anticipate that the application of this amendment will have a material impact on the Company's consolidated financial statements. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The Company has not opted for early application.
- On February 12, 2021, the IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' providing a new definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates. The management of the Company does not anticipate that the application of this amendment will have a material impact on the Company's consolidated financial statements. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The Company has not opted for early application.
- On May 7, 2021, the IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' clarifying that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The Company has not opted for early application.

The Group did not change its accounting policies or make retrospective adjustments as a result of new accounting standards made applicable on January 1, 2022.

3. Accounting estimates and judgments

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The critical accounting estimates and judgments adopted on these Consolidated Condensed Interim Financial Statements are consistent with those of the previous financial year and corresponding interim reporting period.

4. Consolidation of subsidiaries

Dlocal Limited, located in Cayman Islands, is the parent company of the Group and acts as a holding company for subsidiaries whose main activity is cross-border and local payments, enabling international merchants to access end customers in emerging markets. Its revenue comes from dividends receivable from subsidiaries and share of profit from subsidiary partnership.

The consolidated financial statements of the Group include the following subsidiaries:

Entity name	Country of incorporation	Principal activities	% of equity interest held by Dlocal	
			September 30, 2022	December 31, 2021
Dlocal Group Limited	Malta	Holding Company	100%	100%
Dlocal Limited	Malta	Payments provider	99.999%	99.999%
Dlocal Markets Limited	Malta	Holding Company	100%	100%
Dlocal Hold Ops Limited	Cayman Islands	Holding Company	100% ⁽³⁾	-
Dlocal LLP	United Kingdom	Payments provider	99.999%	99.999%
Dlocal Corp LLP	United Kingdom	Payments provider	99.99%	99.99%
Dlocal OpCo UK LTD	United Kingdom	Payments provider	100% ⁽³⁾	-
Dlocal Inc.	United States of America	Holding Company	100%	100%
Dlocal Technologies S.A.	Uruguay	Service provider	100%	100%
Dlocal Uruguay S.A.	Uruguay	Collection agent	100%	100%
Dlocal PTE Limited	Singapore	Holding Company	100%	100%
Dlocal Argentina S.A.	Argentina	Collection agent	100%	100%
Demerge Argentina S.A.	Argentina	Service provider	100%	100%
Dlocal Services Arg S.A.	Argentina	Service provider	100%	100%
Dlocal Bangladesh Limited	Bangladesh	Collection agent	100%	100%
Demerge Bolivia S.R.L.	Bolivia	Collection agent	100% ⁽³⁾	-
Dlocal Brasil Holding Financeira	Brazil	Holding Company	100%	100%
Dlocal Brasil Instituição de Pagamento S.A.	Brazil	Collection agent	100%	100%
Demerge Brasil Facilitadora de Pagamentos Ltda.	Brazil	Collection agent	100%	100%
Webpay Brasil Pagamentos Ltda.	Brazil	Collection agent	100% ⁽³⁾	-
Demerge Cameroun SARL	Cameroun	Collection agent	100% ⁽³⁾	-
Dlocal Chile SPA	Chile	Collection agent	100%	100%
Demerge Chile SPA	Chile	Collection agent	100%	100%
Pagos y Servicios Limitada	Chile	Collection agent	99%	100%
FCA Chile 2 Spa	Chile	Collection agent	100% ⁽³⁾	-
Dlocal Colombia S.A.S.	Colombia	Collection agent	100%	100%
Demerge Colombia S.A.S.	Colombia	Collection agent	100%	100%
W-Collect S.A.S.	Colombia	Collection agent	- ⁽⁴⁾	100%
BH Collect S.A.S.	Colombia	Collection agent	- ⁽⁴⁾	100%
Kupa Colombia S.A.S.	Colombia	Collection agent	100% ⁽³⁾	-
Dlocal Costa Rica SRL	Costa Rica	Collection agent	100% ⁽³⁾	-
Demerge Ecuador S.A. ⁽¹⁾	Ecuador	Collection agent	100%	0.15%
Dlocal Egypt LLC	Egypt	Collection agent	100%	100%
Dlocal El Salvador S.A de C.V.	El Salvador	Collection agent	100% ⁽³⁾	-
Demerge Guatemala S.A.	Guatemala	Collection agent	100% ⁽³⁾	-
Dlocal Honduras S.A.	Honduras	Collection agent	100% ⁽³⁾	-
Depansum Solutions Private Limited	India	Collection agent	99%	99%
Dlocal India Pvt Limited	India	Collection agent	99.99%	99.99%

Guisol Solutions Private Limited	India	Collection agent	100%	(1)	-
PT Dlocal Solutions Indonesia	Indonesia	Collection agent	100%		100%
Dlocal Israel Limited	Israel	Service provider	100%		100%
Dlocal SARL	Ivory Coast	Collection agent	100%	(3)	-
Demerge Japan Ltd	Japan	Collection agent	66.6%	(3)	-
Dlocal Payments Kenya Limited	Kenya	Collection agent	100%	(3)	-
Depansum Malaysia SDN. BHD.	Malaysia	Collection agent	100.0%	(3)	-
Demerge Mexico S.A. de C.V.	Mexico	Collection agent	99.999%		99.999%
Dlocal Mexico S.A. DE C.V.	Mexico	Collection agent	99.999%		99.999%
Dlocal Technologies Mexico S.A. DE C.V.	Mexico	Service provider	100%		100%
Dlocal Morocco SARL AU	Morocco	Collection agent	100%		100%
Demerge Nigeria Limited	Nigeria	Collection agent	100%		100%
Dlocal Panama S.A.	Panama	Collection agent	100%		100%
Dlocal Paraguay S.A.	Paraguay	Collection agent	100%		100%
Demerge Peru S.A.C.	Peru	Collection agent	99%		99%
Demerge República Dominicana SAS	República Dominicana	Collection agent	99.99%		99.99%
Dlocal Rwanda Ltd.	Rwanda	Collection agent	100%	(3)	-
Depansum PTY Limited	South Africa	Collection agent	100%		100%
DLP South Africa PTY Ltd.	South Africa	Collection agent	100%	(3)	-
Dlocal Tanzania LTD	Tanzania	Collection agent	100%	(3)	-
Demerge (Thailand) Co. LTD (2)	Thailand	Collection agent	49%	(3)	-
Dlocal Uganda LTD	Uganda	Collection agent	100%	(3)	-
Dlocal Payment Services L.L.C.	United Arab Emirates	Collection agent	100%	(3)	-
Dlocal US LLC	United States of America	Service provider	100%	(3)	-
CILFUR S.A.	Uruguay	Service provider	100%	(3)	-
Dlocal Vietnam Company Limited	Vietnam	Collection agent	100%	(3)	-

(1) Although Dlocal was the owner of 0.15% of Demerege Ecuador S.A., the Group controls its operations according to the guidelines in IFRS 10. On July 1, 2022, Dlocal acquired the remaining 99.85%.

(2) Although Dlocal is the owner of 49% of Demerge (Thailand) Co. LTD, the Group controls its operations according to the guidelines in IFRS 10.

(3) The Group has determined that the acquisition or incorporation of these subsidiaries during 2022 does not constitute a business according to IFRS 3. The subsidiary was liquidated during 2022.

5. Segment reporting

The Group operates in a single operating segment, which is “payment processing”. Operating segments are defined as components of an enterprise for which separate financial information is regularly evaluated by the chief operating decision maker, who in the Group’s case is the Executive Team, in deciding how to allocate resources and assess performance. The Executive Team is composed of the Chief Executive Officer (“CEO”), the Chief Operating Officer (“COO”), the Chief Financial Officer (“CFO”) and the President of DLocal Limited.

The Executive Team evaluates the Group’s financial information and resources and assesses the financial performance of these resources on a consolidated basis on the basis of Revenues, Adjusted EBITDA and Adjusted EBITDA margin as further described below.

The Group’s revenue, results and assets for this one reportable segment can be determined by reference to the Consolidated Condensed Statement of Comprehensive Income and Consolidated Condensed Statement of Financial Position.

As required by IFRS 8 Operating Segments, below are presented applicable entity-wide disclosures related to dLocal’s revenues.

Revenue breakdown by region

The Group’s revenues arise from operations in 39 countries, where the merchants’ customers are based.

Based on the region where payments from/to such customers are processed this is the revenue breakdown:

	Nine months ended			Three months ended		
	September 30, 2022	September 30, 2021	YoY%	September 30, 2022	September 30, 2021	YoY%
LatAm	252,507	152,239	65.9%	87,329	62,684	39.3%
Asia and Africa	47,990	15,624	207.2%	24,535	5,962	311.5%
Revenues	300,497	167,863	79.0%	111,864	68,646	63.0%

Revenue with large customers

During the nine months ended September 30, 2022 the Group operated with more than 600 merchants, excluding merchants from DLocal Go & Marketplaces (more than 400 merchants in the nine months ended September 30, 2021).

For the nine months ended September 30, 2022, the Group’s revenue from its top 10 merchants represented 52% of revenue (60% of revenue for the nine months ended September 30, 2021). For the nine months ended September 30, 2022 there are no customers (two for the nine months ended September 30, 2021) that on an individual level accounted for more than 10% of the total revenue.

Adjusted EBITDA and Adjusted EBITDA Margin

The Executive Team assesses the financial performance of the Group's sole segment by Revenues, Adjusted EBITDA and Adjusted EBITDA Margin. The Adjusted EBITDA is defined as the consolidated 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 financial instruments carried at fair value through profit or loss, impairment gain/loss on financial assets, transaction costs, share-based payment non-cash charges, secondary offering expenses and inflation adjustment. The Group defines Adjusted EBITDA Margin as the Adjusted EBITDA divided by consolidated revenues.

The Group reconciles the segment's performance measure to profit for the period as presented in the Consolidated Condensed Interim Statements of Comprehensive Income as follows:

	Note	Nine months ended		Three months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Profit for the period		89,333	54,304	32,338	19,669
Income tax expense	11	7,651	5,533	2,287	2,558
Inflation adjustment		905	197	127	156
Interest charges on leases		133	97	(45)	46
Interest income from financial assets at FVPL		(12,371)	(1,289)	(6,835)	(1,095)
Fair value losses on financial assets at FVPL		25	16	25	6
Other operating loss / (gain)	19	706	(2,896)	18	—
Other finance expense		15,732	414	10,022	178
Impairment (gain) / loss on financial assets	14	(106)	8	(24)	(159)
Depreciation and amortization	10	5,690	3,240	2,110	1,381
Secondary offering expenses (i)	8	89	4,442	—	695
Transaction costs (ii)	8	—	665	—	211
Share-based payment non-cash charges, net of forfeitures	9	4,874	5,354	1,599	2,673
Adjusted EBITDA		112,661	70,085	41,622	26,319
Revenues	6	300,497	167,863	111,864	68,646
Adjusted EBITDA		112,661	70,085	41,622	26,319
Adjusted EBITDA Margin		37.5%	41.8%	37.2%	38.3%

(i) Corresponds to expenses assumed by dLocal in relation to the secondary offering of its shares occurred in 2021.

(ii) Corresponds to costs related to the acquisition of assets of Primeiropay as more fully explained in Note 20 to the Annual Financial Statements for the year ended December 31, 2021.

6. Revenues and Cost of Services

(a) Revenue and Gross profit description

dLocal derives revenue from processing payments for international merchants to enable them to operate in selected emerging markets.

The breakdown of revenue from contracts with customers per type of service is as follows:

	Nine months ended		Three months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Transaction revenues (i)	278,771	162,078	97,336	66,430
Other revenues (ii)	21,726	5,785	14,528	2,216
Revenues from payment processing (iii)	300,497	167,863	111,864	68,646
Cost of services	(153,432)	(76,361)	(57,992)	(34,202)
Gross profit	147,065	91,502	53,872	34,444

- (i) Transaction revenues are comprised of transaction fees, defined either as percentage of the transaction value or a fixed amount per transaction, as well as foreign exchange service fee, usually established as a percentage of the transaction value. These fees are recognized as revenue at a point in time when a payment transaction has been processed.
- (ii) Other revenues are mainly comprised of minor fees, such as initial setup fees, installment fee, minimum monthly fees, chargebacks fees, refunds fees, invoicing processing service fees and small transfer fees.
- (iii) For the nine months ended September 30, 2022 revenues include an amortization charge of USD 457 (USD 150 for the nine months ended September 30, 2021) related to prepaid assets, as detailed in Note 15: Other assets. For the three months ended September 30, 2022 revenues include an amortization charge of USD 246 (USD 357 for the three months ended September 30, 2021) related to prepaid assets, as detailed in Note 15: Other assets.

(b) Revenue recognized at a point in time and over time

Transaction revenues are recognized at a point in time when the payment transaction is processed. Other revenues are recognized as revenue at a point in time when the respective performance obligation is satisfied. The Group did not recognize revenues over time for the nine months ended September 30, 2022 and 2021.

(c) Cost of services

Cost of services are composed of the following:

	Nine months ended		Three months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Processing costs (i) (1)	146,190	72,109	55,280	32,371
Hosting expenses (ii)	3,008	2,253	1,053	1,046
Salaries and wages (iii)	998	454	390	195
Amortization of intangible assets (iv)	3,236	1,545	1,269	590
Cost of services	153,432	76,361	57,992	34,202

- (i) Mainly corresponds to fees that financial institutions (banks, local acquirers, payment methods or brokers) charge the Group, which are typically a percentage of the transaction value but in some instances, they also could be a fixed fee and are related to payment processing, cash advances, and installment payments.
 - (ii) Expenses related to hosting services for the Group's payment platform.
 - (iii) Consist of salaries and wages of the operations department directly involved in the day-to-day operations. For further detail refer to Note 9: Employee Benefits.
 - (iv) Amortization of intangible assets corresponds to the amortization of the internally generated software (i.e., dLocal's payment platform) by the Group. For further detail refer to Note 16: Intangible Assets.
- (1) For the nine months ended September 30, 2022, the amount includes USD 950 of foreign exchange losses (net of hedges) on the processed volume between the processing date and the expatriation or repatriation of funds date (USD 1,460 for the nine months ended September 30, 2021). For the three months ended September 30, 2022, the amount includes USD 386 of foreign exchange gain (net of hedges) on the processed volume between the processing date and the expatriation or repatriation of funds date (a net loss of USD 1,655 for the three months ended September 30, 2021).
-

7. Technology and development expenses

Technology and development expenses are composed of the following:

	Nine months ended		Three months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Salaries and wages (i)	2,351	880	682	495
Software licenses (ii)	866	270	419	110
Infrastructure expenses (iii)	1,063	562	341	261
Information and technology security expenses (iv)	261	135	185	62
Other technology expenses	200	385	65	188
Total Technology and development expenses	4,741	2,232	1,692	1,116

- (i) Consist primarily of FTEs compensation related to technology related roles. For further detail on total salaries and wages refer to Note 9: Employee Benefits
 - (ii) Consist of software licenses used by the technology development department for the development and maintenance of the platform.
 - (iii) Corresponds to information technology costs to support our infrastructure and back-office operations.
 - (iv) Comprises expenses of overall monitoring and security of our network and platform.
-

8. Sales and marketing expenses and General and administrative expenses

Sales and marketing expenses and General and administrative expenses are composed of the following:

<i>Sales and marketing expenses</i>	Nine months ended		Three months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Salaries and wages (i)	7,618	3,023	3,026	1,098
Marketing expenses (ii)	1,826	401	446	157
Total Sales and marketing expenses	9,444	3,424	3,472	1,255

<i>General and administrative expenses</i>	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	Salaries and wages (iii)	16,058	16,151	5,813
Third-party services (iv)	7,010	8,863	2,852	2,733
Office expenses (v)	2,214	2,022	879	732
Travel and other operating expenses	3,136	1,349	1,098	401
Amortization and depreciation (vi)	2,454	1,695	841	791
Total General and administrative expenses	30,872	30,080	11,483	10,887

- (i) Salaries and wages related to Full Time Equivalents (“FTE”) engaged in the Sales and marketing department of the Group. For further detail on total salaries and wages refer to Note 9: Employee Benefits.
 - (ii) Expenses related to the distribution and production of marketing and advertising, public relations expenses, commissions to third-party sales force, online performance marketing and partners and expenses incurred in relation to trade marketing at events.
 - (iii) Salaries and wages related to administrative FTEs. For further detail on total salaries and wages refer to Note 9: Employee Benefits.
 - (iv) This includes Advisors’ fees, Legal fees, Auditors’ fees and Human resources’ fees. Third-party services, for the nine months ended September 30, 2021, also include USD 4,441 of Secondary offering expenses and USD 665 of Transaction costs (USD 694 and USD 211, respectively, for the three months ended September 30, 2021).
 - (v) Consist of office rent and related expenses.
 - (vi) Corresponds to amortization of right-of-use assets as well as depreciation of property, plant and equipment. For further detail on total amortization and depreciation charges refer to Note 10: Amortization and Depreciation.
-

9. Employee Benefits

As of September 30, 2022, the Group's FTEs were 712 (532 as of September 30, 2021) where 40% corresponded to information technology and product engineers and related roles (39% as of September 30, 2021). As of September 30, 2022, 566 FTEs were located in America and 146 were located in Africa and Asia (460 and 72, respectively, as of September 30, 2021).

Employee benefits is composed of the following:

	Nine months ended		Three months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Salaries, wages and contractor fees (i)	29,857	19,858	11,102	7,504
Share-based payments (ii)	4,874	5,354	1,599	2,673
Total employee benefits	34,731	25,212	12,701	10,177

- (i) Salaries, wages and contractor fees include social security costs as well as annual bonuses compensations. This line also includes USD 7,706 for the nine months ended September 30, 2022 (USD 4,704 for the nine months ended September 30, 2021) and USD 2,790 for the three months ended September 30, 2022 (USD 2,159 for the three months ended September 30, 2021) related to capitalized salaries and wages.
- (ii) The share-based payments relate to equity-settled compensation expenses, net of forfeitures if any. For further information refer to Note 2.2: Share-based payments.
-

10. Amortization and Depreciation

Amortization and depreciation expenses are composed of the following:

	Nine months ended		Three months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Amortization of intangible assets	4,809	2,594	1,793	1,115
Right-of-use asset amortization	351	337	128	129
Depreciation of Property, plant & equipment	530	309	189	137
Total Amortization and Depreciation	5,690	3,240	2,110	1,381

For further information related to amortization of intangible assets refer to Note 16: Intangible Assets.

11. Income Tax

Income tax expense is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average income tax rate used for the nine months ended September 30, 2022 is 7.9%, compared to 9.2% for the nine months ended September 30, 2021.

The income tax charge recognized in profit and losses is the following:

	Nine months ended		Three months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<i>Current Income Tax</i>				
Current Income Tax on profits for the period	(8,999)	(5,173)	(2,889)	(2,723)
Total Current Income Tax expense	(8,999)	(5,173)	(2,889)	(2,723)
<i>Deferred income tax</i>				
Increase/(decrease) in deferred income tax assets	968	36	660	176
Decrease/(increase) in deferred income tax liabilities	380	(396)	(58)	(11)
Total Deferred income tax benefit/(expense)	1,348	(360)	602	165
Income Tax expense	(7,651)	(5,533)	(2,287)	(2,558)

12. Capital management

(a) Share capital

Authorized shares, as well as issued and fully paid-up shares, are presented below:

	September 30, 2022		September 30, 2021	
	Amount	USD	Amount	USD
Authorized Shares of USD 0.002 USD each				
Class A common shares	1,000,000,000	2,000	1,000,000,000	2,000
Class B common shares	250,000,000	500	250,000,000	500
Undesignated shares	250,000,000	500	250,000,000	500
	1,500,000,000	3,000	1,500,000,000	3,000
Issued and Fully Paid Up Shares of USD 0.002 each				
Class A Common Shares	161,930,899	324	149,065,490	298
Class B Common Shares	134,054,192	268	145,962,951	292
	295,985,091	592	295,028,441	590
Share Capital evolution				
Share Capital as at January 1	295,028,441	590	268,598,000	602
i) Issue of common shares at USD 0.002	956,650	2	19,906,000	45
ii) Par value change	—	—	—	(70)
iii) Issue of ordinary shares at the IPO	—	—	4,411,765	9
iv) Warrant exercise	—	—	2,112,676	4
Share capital as of September 30	295,985,091	592	295,028,441	590

The rights of the holders of Class A Common Shares and Class B Common Shares are identical, except with respect to voting, conversion and transfer restrictions applicable to the Class B Common Shares. Each Class A Common Share is entitled to one vote while Class B Common Shares are entitled to five votes each. Each Class B Common Share is convertible into one Class A Common Share automatically upon transfer, subject to certain exceptions. Holders of Class A Common Shares and Class B Common Shares vote together as a single class on all matters unless otherwise required by law.

- i) For the nine months ended September 30, 2022 dLocal issued 956,650 new Class A Common Shares receiving total proceeds of USD 3,724, related to the exercise of share-options. For the nine months ended September 30, 2021 and prior to the IPO date (June 3, 2021) dLocal issued 19,906,000 new Class A Common Shares receiving total proceeds of USD 63,177, according to the following details: i) 15,640,000 shares related to the exercise of share-options where dLocal received payments for USD 31,678; ii) 45,000 shares related to the exercise of share-options where dLocal received payments for USD 98; and iii) 4,221,000 shares, issued on March 3rd, 2021, where dLocal received payments for USD 31,401.
- ii) On April 14, 2021 existing shareholders of dLocal Group Limited contributed the outstanding shares, with par value of 1.1211 U.S. Dollars, to dLocal, and received the same number of shares with par value of 1 U.S. Dollars.
- iii) On June 3, 2021 the following transactions took place related to the Group's IPO: i) the Group made a 500-for-1 share split where the shareholders of dLocal exchanged 577,008 shares with par value of 1 U.S. Dollars for 288,504,000 shares of par value 0.002 U.S. Dollars of the same entity; ii) 4,411,765 shares were issued as part of the initial public offering where dLocal received a payment, net of issuance costs, of USD 86,450 based on a market price of 21.0 U.S. Dollars per share.
- iv) On September 2, 2021 a holder of warrants exercised its net issuance right resulting in a net issuance on September 7, 2021 of 2,112,676 shares at a Fair

Market Value of U.S. Dollars 65.14 per share, calculated using the average price of 5 business days before the exercise date.

(b) Capital reserve

The Capital reserve corresponds to reserves related to the share-based plans, as described in Note 2.11: Share-based payments and warrants to the Annual Financial Statements for the year ended December 31, 2021. Accordingly, this reserve is related to share-based payment compensation plans of the Group.

The following table shows a breakdown of the consolidated condensed interim statement of financial position line item ‘Capital Reserves’ and the movements in these reserves during the periods.

	2022	2021
Balances as of January 1	12,741	12,582
Share-options exercise (i)	(4,445)	(6,898)
Share-based payments charges	5,594	5,360
Forfeitures	(720)	(6)
Warrant exercise	—	(533)
Balance as at September 30	13,170	10,505

- (i) During the nine months ended September 30, 2022 and 2021, a total of 956,650 and 15,685,000 share-options under the share-based payments plan were exercised, respectively. Consequently, the correspondent charge to Capital reserve was recycled into the Share premium line item within equity.

(c) Other Reserves

The reserves for the Group relate to cumulative translation adjustment representing differences on conversion of assets and liabilities at the reporting date.

The following table shows a breakdown of the consolidated statement of financial position line item ‘Other Reserves’ and the movements in these reserves during the periods.

	2022	2021
	Cumulative Translation Adjustment	Cumulative Translation Adjustment
Balances as of January 1	(30)	119
Movement of other reserves	(1,755)	304
Balance as at September 30	(1,785)	423

(d) Retained Earnings

Movements in retained earnings were as follows:

	2022	2021
Balance as at January 1	109,867	31,749
Comprehensive income for the period	90,593	54,455
Balance as at September 30	200,460	86,204

(e) Earnings per share

dLocal calculates basic earnings per share by dividing the profit attributable to equity holders by the weighted average number of common shares issued and outstanding during the nine months ended September 30, 2022 and 2021.

For diluted earnings per share is calculated by dividing the profit attributable to equity holders of dLocal by the weighted average number of common shares outstanding during the period plus the weighted average number of common shares that would be issued on conversion of all dilutive potential common shares into common shares.

The next table presents the information used as base for such calculation:

	Nine months ended		Three months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Profit attributable to common shareholders (U.S. Dollars)	89,326,469	54,291,000	32,462,422	19,663,000
Weighted average number of common shares	295,455,429	284,456,779	295,918,751	293,558,997
Adjustments for calculation of diluted earnings per share ⁽¹⁾	17,783,776	19,609,500	17,246,606	19,646,000
Weighted average number of common shares for calculating diluted earnings per share	313,239,205	304,066,279	313,165,357	313,204,997
Basic earnings per share	0.30	0.19	0.11	0.07
Diluted earnings per share	0.29	0.18	0.10	0.06

¹ For the nine months ended September 30, 2022, the adjustment corresponds to the dilutive effect of i) 14,896,831 average shares related to share-based payment warrants described in Note 2.11: Share-based payments and warrants to the Annual Financial Statements for the year ended December 31, 2021; and ii) 2,886,945 average shares related to share-based payment plans with employees (16,208,500 and 3,401,000 respectively for the nine months ended September 30, 2021). For the three months ended September 30, 2022, the adjustment corresponds to the dilutive effect of i) 14,887,078 average shares related to share-based payment warrants; and ii) 2,359,528 average shares related to share-based payment plans with employees (16,456,000 and 3,190,000 respectively for the three months ended September 30, 2021).

13. Cash and cash equivalents

Cash and cash equivalents breakdown is presented below:

	September 30, 2022	December 31, 2021
Own Balances	319,987	227,913
Merchant Clients Funds	222,311	108,284
	542,298	336,197

As of September 30, 2022, USD 542,298 (USD 336,197 on December 31, 2021) represents cash on hand, demand deposits with financial institutions and other short-term liquid financial instruments.

Own Balances correspond to cash and cash equivalents of the Group while Merchant Clients Funds correspond to freely available funds collected from the merchants' customers, that can be invested in secure, liquid low-risk assets until they are transferred to the merchants in accordance with the agreed conditions with them or transferred to Own Funds accounts for the portion that corresponds to the Group fees. As of September 30, 2022, Merchant Clients Funds includes USD 13,757 pending to be transferred to Own Funds accounts (USD 7,827 as of December 31, 2021).

14. Trade and other receivables

Trade and Other Receivables of the Group are composed of the following:

	September 30, 2022	December 31, 2021
Trade receivables	206,479	179,199
Loss allowance	(216)	(322)
Trade receivables net	206,263	178,877
Advances and other receivables	22,632	12,089
	228,895	190,966

Trade Receivables correspond to uncollateralized gross amounts due from acquirers, processors, merchants and preferred suppliers for services performed that will be collected in less than one year, so they are classified as current. No financial assets are past-due and all Trade and other receivables are categorized as within “normal” credit risk rating.

Loss allowance and impairment losses

The following table presents the evolution of the loss allowance:

	2022	2021
Opening book value as at January 1	(322)	(341)
Decrease/(increase) in loss allowance for trade receivables	106	(8)
Write-offs	—	52
Total as at September 30	(216)	(297)
Net impairment gain/(loss) on financial assets	106	(8)

Initial recognition and subsequent measurement the Group applies the simplified approach to determine expected credit losses on trade receivables.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due (only 0-30 past due bucket as of September 30, 2022 and December 31, 2021 because there are no other material buckets of the outstanding receivables).

The expected loss rates are based on the payment profiles of debtors over a period of 36 months before year end and the corresponding historical credit losses experienced within this period. The historical loss rate is adjusted to reflect current and forward-looking information on credit risk ratings of the countries in which the Group sells its services which affects the ability of the debtors to settle the receivables. On that basis, the average expected credit loss rate of the 0-30 past due bucket was determined at 0.2% for the nine months ended September 30, 2022 (0.1% in the nine months ended September 30, 2021).

15. Other Assets

Other assets are composed of the following:

Current	September 30, 2022	December 31, 2021
Money held in escrow for: (i)	3,153	211
-Requirements for other processors	3,022	80
-Credit card requirements	131	131
Rental guarantees	637	561
Prepaid assets (ii)	108	567
Others	39	—
Total current Other Assets	3,937	1,339

- (i) Comprises money held in escrow in order to constitute a fund required by processors.
- (ii) In 2020 the Group signed with a Merchant a letter of agreement (the “Agreement”) where the Group agreed to pay USD 400 to the Merchant in exchange of a minimum amount of revenue in the period between August 24th, 2020 and September 30th, 2022. During the nine months ended September 30, 2022 and 2021, this asset was reduced in USD 457 and USD 150, respectively, and accounted for as a reduction of revenues. Additionally, the Group signed an agreement with another Merchant where the Group agreed to pay USD 360 to the Merchant in exchange of a minimum amount of revenue during 2021 and for being retained as the provider of at least the 90% of the transacted volume in all markets where dLocal offers a complete payment solution in the same. Such agreement was already paid in 2021 and included within “Prepaid Assets”.

16. Intangible Assets

Intangible assets of the Group correspond to acquired software as well as to capitalized expenses related to internally generated software and are stated at cost less accumulated amortization.

	2022			2021		
	Internally generated software	Acquired intangible assets	Total	Internally generated software	Acquired intangible assets (ii)	Total
Cost	12,387	39,335	51,722	4,987	—	4,987
Accumulated amortization	(3,179)	(1,574)	(4,753)	(834)	—	(834)
Opening book value as at January 1	9,208	37,761	46,969	4,153	—	4,153
Additions (i)	7,715	—	7,715	4,905	39,335	44,240
Amortization of the period	(3,236)	(1,573)	(4,809)	(1,545)	(1,049)	(2,594)
Total as at September 30	13,687	36,188	49,875	7,513	38,286	45,799
Cost	20,102	39,335	59,437	9,892	39,335	49,227
Accumulated amortization	(6,415)	(3,147)	(9,562)	(2,379)	(1,049)	(3,428)

(i) The additions of the nine months ended September 30, 2022 include USD 7,706 related to capitalized salaries and wages (USD 4,704 as of September 30, 2021).

	As of September 30, 2022	As of December 31, 2021
Cost	59,437	51,722
Accumulated amortization	(9,562)	(4,753)
Net book amount	49,875	46,969

As of September 30, 2022, and December 31, 2021 no indicator of impairment related to intangible assets existed, so the Group did not perform an impairment test.

17. Trade and other payables

Trade and Other Payables are composed of the following:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Trade Payables	405,243	269,227
Accrued Liabilities	5,741	3,173
Other Payables	12,622	4,760
Total Trade and other payables	<u>423,606</u>	<u>277,160</u>

These payables are classified as current liabilities as the payment is due within one year or less. Moreover, the carrying amounts are considered to be the same as fair values, due to their short – term nature.

Trade Payables correspond to liabilities with Merchants, either related to payin transactions processed or payout transactions to be processed at their request. Accrued Liabilities mainly correspond to obligations with legal and tax advisors, and auditors. Other Payables mainly correspond to obligations related to processors' costs and the acquisitions of office goods and services necessary for the ordinary course of the business.

18. Borrowings

During the year 2021, dLocal has received borrowings from a financial institution in Brazilian Reais (BRZ) amounting to USD 5,000 (BRZ 27 million) for working capital, with expiration date on April 19, 2022 and accruing interest at an annual fixed interest rate of 1.85%. The total outstanding as of December 31, 2021 amounts to USD 5,014 and is disclosed in the line "Borrowings". Such borrowings were repaid during April 2022.

On April 19, 2022, dLocal has received two borrowings from a financial institution in Brazilian Reais (BRZ 37.5 million each) amounting to a total of USD 15.8 million, with expiration date on January 16, 2023 and accruing interest at an annual variable interest rate equivalent to the Brazilian Interbank Deposit (Certificado de Depósito Interbancário, or "CDI") rate plus 1.70% and 118.14% of the CDI, respectively. The total outstanding as of September 30, 2022 amounts to USD 14,782 and is disclosed in the line "Borrowings".

19. Tax Liabilities

The tax liabilities breakdown is as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Income tax payable	3,983	1,940
Other tax liabilities	7,902	11,186
Income tax perception	6,084	7,490
Digital services withholding VAT	1,180	2,796
Other Taxes	638	900
Total Tax Liabilities	<u>11,885</u>	<u>13,126</u>

20. Derivative financial instruments

Other derivative financial instruments

During the nine months ended September 30, 2022 and the year-ended December 31, 2021, dLocal entered into short-term derivative contracts (delivery and non-delivery forwards) with different counterparties in different countries in which the Group operates, according to the following detail:

Transaction	Type of Forward Transaction	Local currency	Outstanding notional amount in USD as of September 30, 2022	Outstanding balance as of September 30, 2022 - Derivative financial assets / (liabilities)	Outstanding notional amount in USD as of December 31, 2021	Outstanding balance as of December 31, 2021 - Derivative financial liabilities
Non-delivery forwards ⁽¹⁾	Buy USD	Brazilian Reais	11,646,399	328	5,500,000	(152)
Non-delivery forwards ⁽¹⁾	Sell USD	Brazilian Reais	(2,390,000)	(1)	—	—
Non-delivery forwards ⁽¹⁾	Buy USD	Argentine Peso	21,000,000	(263)	2,500,000	—
Non-delivery forwards ⁽¹⁾	Sell USD	Argentine Peso	(2,000,000)	208	—	—
Delivery forwards ⁽¹⁾⁽²⁾	Buy USD	Chilean Peso	12,821,515	(140)	12,391,928	(8)
Delivery forwards ⁽¹⁾	Buy USD	Uruguayan Peso	1,875,602	30	—	—
Non-delivery forwards ⁽¹⁾	Buy USD	Egyptian Pound	13,881,637	21	—	—
Non-delivery forwards	Buy EUR	Moroccan Dirham	5,715,126	48	—	—
Non-delivery forwards ⁽¹⁾	Buy USD	Nigerian naira	10,306,138	(42)	—	—
Non-delivery forwards ⁽¹⁾	Buy USD	Indian Rupee	2,949,743	2	1,000,000	(14)
Non-delivery forwards ⁽¹⁾	Buy USD	South African Rand	5,737,156	20	4,000,000	(47)
Total				211		(221)

(1) During the nine months ended September 30, 2022, dLocal entered into hedge operations of trade and other receivables in Brazilian Reais, Argentine Peso, Chilean Peso, Uruguayan Peso, Egyptian Pound, Nigerian Naira, Indian Rupee, and South African Rand subject to foreign exchange exposure using delivery and non-delivery forward contracts. The transactions have been elected for hedge accounting and classified as fair value hedge in accordance with IFRS 9. The Group has elected to designate only the spot element of these forward contracts as the hedging instrument, except in hedges of Uruguayan Peso and Chilean Peso. During the nine months ended September 30, 2022, dLocal recognized a net gain of USD 11,071 included in the line item "Costs of services" related to the effective portion of the change in the spot rate of the hedged currency and a net loss of USD 11,912 included in the line item "Finance costs" related to the implicit interest rate (a net gain of USD 6,856 and a net loss of USD 7,691, respectively, for the three months ended September 30, 2022).

(2) During the last quarter of the year-ended December 31, 2021, dLocal entered into hedge operations of trade and other receivables in Chilean Peso subject to foreign exchange exposure using the delivery forward contracts. The transactions have been elected for hedge accounting and classified as fair value hedge in accordance with IFRS 9.

Option to purchase common shares

As of the beginning of the nine months ended September 30, 2021, DLocal Limited had an option agreement in place with one shareholder (“Investor”), pursuant to which the Investor had outstanding options to purchase up to 18,068,000 common shares from certain existing shareholders, or by direct issuance of Company shares, which could be exercised by the Investor on or before December 16, 2021.

On March 3, 2021, the investor exercised the right to purchase 18,068,000 Class A Ordinary shares in DLocal Group Limited, by acquiring them from other existing shareholders, without being required the issuance of new shares by dLocal. In this sense, as of March 3, 2021 the obligations of dLocal under this agreement have ceased.

Considering that as of December 31, 2020 the derivative financial instrument represented a liability for dLocal of USD 2,896, a gain for the same amount was recognized within Operating profit in the line item “Other operating gain/(loss)” in the Consolidated Condensed Interim Statements of Comprehensive Income for the nine months ended September 30, 2021.

21. Provisions

(a) Current or potential proceedings

Provisions for the period are related to current or potential proceedings where the management understands, based on the Group's legal advisors' assessment, that it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(b) Movements in current or potential proceedings

Movements in current or potential proceedings are set out below:

	2022	2021
Carrying amount as at January 1	1,710	1,393
Reversal to labor provision	(296)	—
Interest charges for labor provision	126	1,016
Carrying amount as at September 30	1,540	2,409

22. Related parties

(a) Related Party Transactions

Related party transactions are linked to the options agreement that is reflected in Note 20 of these financial statements.

(b) Key Management compensation

The compensation of the Executive Team during the period can be analyzed as follows:

	Nine months ended		Three months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Short-term employee benefits – Salaries and wages	2,806	1,527	280	406
Long-term employee benefits – Share-based payment	4,874	4,789	1,599	2,673
	<u>7,680</u>	<u>6,316</u>	<u>1,879</u>	<u>3,079</u>

(c) Transactions with other related parties

The following transactions occurred with related parties:

	Nine months ended		Three months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Transactions with merchants – Revenues	—	1,177	(8)	660
Transactions with preferred suppliers (Collection agents) – Costs	(581)	(232)	(408)	(28)

(d) Outstanding balances arising from transactions with other related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	September 30, 2022	December 31, 2021
Transactions with merchants – accounts payable	—	(622)
Transactions with preferred suppliers (Collection agents) – accounts payable	0	(125)
Transactions with preferred suppliers (Collection agents) – accounts receivable	7,969	6,058

All transactions with related parties were made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

23. Cash flow disclosures

The most significant non-cash transactions are detailed below:

	Nine months ended	
	September 30, 2022	September 30, 2021
Right-of-use asset recognition with an increase in Lease liabilities	(110)	(3,915)

24. Fair value hierarchy

The following tables show financial instruments recognized at fair value for the period ended September 30, 2022 and December 31, 2021, analyzed between those whose fair value is based on:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based upon observable market data.

The table also includes financial instruments measured at amortized cost. The Group understands that the book value of such instruments approximates their fair value.

September 30, 2022	FVPL	Amortized cost	Total	Level 1	Level 2	Level 3
Assets						
Financial Assets at Fair Value through Profit or Loss	1,065	—	1,065	1,065	—	—
Other Assets	—	3,937	3,937	—	—	—
Trade and Other Receivables	—	228,895	228,895	—	—	—
Derivative financial instruments	657	—	657	—	657	—
Cash and Cash Equivalents	—	542,298	542,298	—	—	—
	1,722	775,130	776,852	1,065	657	—

December 31, 2021	FVPL	Amortized cost	Total	Level 1	Level 2	Level 3
Assets						
Financial Assets at Fair Value through Profit or Loss	1,004	—	1,004	1,004	—	—
Other Assets	—	1,339	1,339	—	—	—
Trade and Other Receivables	—	190,966	190,966	—	—	—
Cash and Cash Equivalents	—	336,197	336,197	—	—	—
	1,004	528,502	529,506	1,004	—	—

September 30, 2022	FVPL	Amortized cost	Total	Level 1	Level 2	Level 3
Liabilities						
Trade and Other Payables	—	(423,606)	(423,606)	—	—	—
Financial liabilities	—	(14,782)	(14,782)	—	—	—
Derivative financial instruments	(446)	—	(446)	—	(446)	—
Contingent consideration liability	—	—	—	—	—	—
	(446)	(438,388)	(438,834)	—	(446)	—

December 31, 2021	FVPL	Amortized cost	Total	Level 1	Level 2	Level 3
Liabilities						
Trade and Other Payables	—	(277,160)	(277,160)	—	—	—
Financial liabilities	—	(5,014)	(5,014)	—	—	—
Derivative financial instruments	(221)	—	(221)	—	(221)	—
Contingent consideration liability	(665)	—	(665)	—	—	(665)
	(886)	(282,174)	(283,060)	—	(221)	(665)

Level 3 Financial Instruments

As of September 30, 2022 and December 31, 2021., the Group has recognized a contingent consideration liability amounting to USD 665, classified in Level 3. The amount of the Level 3 contingent consideration was calculated by the finance team of the Group, using a discounted cash flow analysis, considering the expected cash flows based on terms of the contract, the entity's knowledge of the business and how the current conditions are likely to impact it. As described in note 1.3.e to the Annual Consolidated Financial Statements, such contingent liability is capped in USD 665 thousands, and was paid on July 29, 2022.

There were no changes in level 3 items for the periods ended September 30, 2022 and December 31, 2021. Also, there were no transfer of items between level 2 and level 3, acquisitions, disposals nor gains or losses recognized in profit for the period related to level 3 instruments.

25. Subsequent events

On October 26, 2022, the shareholders of the Company held the Annual General Meeting and approved the following resolutions: (1) to resolve, as an ordinary resolution, that Ms. Mariam Toulan shall be elected as director of the Company, following her appointment as interim director by the board of directors of the Company on June 2, 2022; and (2) to resolve, as an ordinary resolution, that the Company's financial statements and the auditor's report for the fiscal year ended December 31, 2021 be approved and ratified.

On October 27, 2022, Sumita Pandit step down as dLocal's Chief Operating Officer to pursue other opportunities. Ms. Pandit will serve as a consultant for dLocal on an interim basis, ensuring a smooth transition and supporting the company as her responsibilities are effectively transitioned to other team members. Jacobo Singer has been appointed as the new President and Chief Operating Officer of the Company, effective immediately, following the decision of Sumita to step down from that position.

In early November 2022, the Company utilized FTX Trading Ltd. ("FTX") banking services and had deposits of USD 5.6 million whose withdrawals were not processed by FTX yet. On November 11, 2022, FTX filed for Chapter 11 bankruptcy in the United States. dLocal's management is closely monitoring this situation and assessing the recoverability of this cash position. As of the date of the issuance of these financial statements, we are not working with any other crypto exchange as banking service, and our exposure to the crypto ecosystem is minimal as processing FIA payments for crypto exchanges represented less than 0.3% of our TPV in the third quarter of 2022.



d·local

Financial Results

3rd Quarter 2022

Third Quarter 2022

\$2.7B

TOTAL PAYMENT VOLUME
up 51% year-over-year

\$112M

REVENUES
up 63% year-over-year

152%

NET REVENUE
RETENTION RATE

37%

ADJUSTED EBITDA
MARGIN

dLocal reports in US dollars and
in accordance with IFRS

as issued by the IASB

Montevideo, Uruguay November 14, 2022 – DLocal Limited (“dLocal”, “we”, “us”, and “our”) (NASDAQ:DLO), a technology - first payments platform today announced its financial results for the third quarter ended September 30, 2022.

“

We delivered another quarter of record results supported by disciplined execution and lean culture [...] including tremendous results from Africa and Asia with revenues increasing 4x YoY and 80% QoQ

”

Sebastian Kanovich
CEO, dLocal

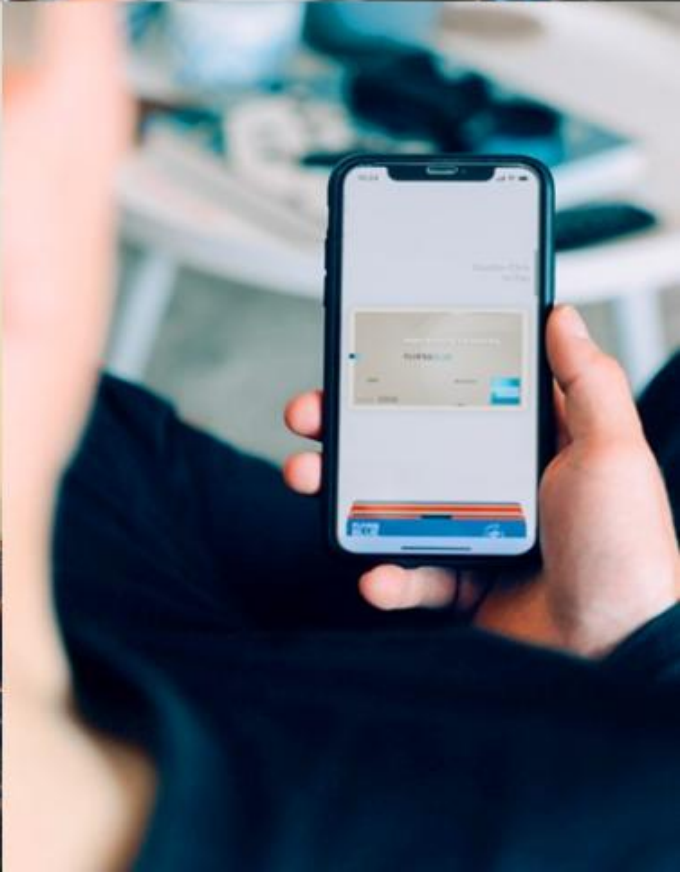


"We delivered another quarter of record results, reaching US\$2.7 billion in TPV and US\$112 million in revenues. We saw robust growth in TPV increasing by 51% and revenues further accelerating 63% year-over-year, despite the high comparison base from last year, and both metrics increasing by 12% and 11%, respectively, quarter-over-quarter. The growth has been supported by our disciplined execution and lean culture, in addition to our business strength of continuous diversification across verticals, regions, and products. Throughout recent quarters, we have been committed to growing outside Latin America, and we are very pleased to announce the impressive results we reached in Q3 2022. Revenues from Africa and Asia increased by four times year-over-year and 80% quarter-over-quarter, reaching US\$25 million. These strong results over just a three-month period surpassed the US\$21 million recorded in the entire twelve months of 2021. In Q3 2022, Africa and Asia revenues already contributed to 22% of our total revenues, which is a proven record that our strategic decision making is paying off.

We continue to deliver on our strategy of maximizing gross profit and EBITDA dollars. During the third quarter, gross profit increased to US\$54 million, up by 56% year-over-year, whereas Adjusted EBITDA was up by 58% year-over-year to US\$42 million. Both metrics increased by 9% quarter-over-quarter. This was reflected in a solid adjusted EBITDA margin of 37%, in line with the 38% recorded in the past four quarters, while we continue to invest in our business with discipline by increasing our headcount 34% year-over-year to 712 employees.

We continue to drive our expansion across emerging markets, launching operations in two new countries, Nicaragua and Saudi Arabia, bringing the total number of countries in which we operate to 39, as we balance the expansion of our operations into new countries with strengthening our presence in existing markets.

Our track record of disciplined, high profitable growth and our strong balance sheet, give us confidence that we are uniquely positioned to fulfill our long-term growth strategy while navigating a challenging global macro environment. We will seek to continue building the best financial infrastructure across multiple emerging markets for our merchants through the One dLocal model: one contract, one single platform, and one API," said Sebastian Kanovich.



Third Quarter 2022 Financial Highlights

- Total Payment Volume ("TPV") reached US\$2.7 billion in the quarter, representing 51% year-over-year growth compared to US\$1.8 billion in the third quarter of 2021 and 12% growth compared to \$2.4 billion in the second quarter of 2022.
 - Revenues in the third quarter of 2022 amounted to US\$111.9 million, up 63% year-over-year compared to US\$68.6 million in the third quarter of 2021 and up 11% compared to \$101.2 million in the second quarter of 2022.
 - Gross profit was US\$53.9 million in the third quarter of 2022, up 56% year-over-year compared to US\$34.4 million in the third quarter of 2021 and up 9% compared to US\$49.6 million in the second quarter of 2022.
 - Gross profit margin was 48% in the third quarter of 2022, compared to 49% in the second quarter of 2022 and 50% in the third quarter of 2021. The slight decrease in gross margin is mainly attributable to country and product mix.
 - Adjusted EBITDA was US\$41.6 million in the third quarter of 2022, up 58% year-over-year compared to US\$26.3 million in the third quarter of 2021 and up 9% compared to US\$38.2 million in the second quarter of 2022.
 - Adjusted EBITDA margin was 37% in the third quarter of 2022, compared to 38% in both the third quarter of 2021 and the second quarter of 2022.
 - Profit for the third quarter of 2022 was US\$32.3 million, or US\$0.10 per diluted share, up 64% compared to a profit of US\$19.7 million, or US\$0.06 per diluted share, for the third quarter of 2021 and up 5% compared to a profit of US\$30.7 million, or US\$0.10 per diluted share, for the second quarter of 2022. Profit for the third quarter of 2022 included higher net financial losses of US\$2.5 million, mainly driven by higher cost of hedges, as a result of adapting to changes in FX regulations, in addition to higher interest rates.
-

Third Quarter 2022 Financial Highlights

- As of September 30, 2022, dLocal had US\$542.3 million in cash, cash equivalents and marketable securities, compared to US\$454.0 million as of June 30, 2022 and US\$293.1 million as of September 30, 2021. The quarter-over-quarter increase of US\$88.3 million reflects an increase of US\$49.8 million in our funds and an increase of US\$38.5 million in merchants' funds with respect to the second quarter of 2022.

The following tables summarises our key performance metrics:

	Three months ended		Nine months ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Key Performance metrics	(In millions of US\$ except for %)			
TPV	2,734	1,812	7,271	4,193
TPV Growth YoY	51%	217%	73%	221%
Revenue	111.9	68.6	300.5	167.9
Revenue Growth YoY	63%	123%	79%	142%
Adj. EBITDA	41.6	26.3	112.7	70.1
Adj. EBITDA Margin	37%	38%	37%	42%

Third Quarter 2022 Business Highlights

- dLocal is well diversified across verticals, so its business does not depend on the performance of any single industry vertical. During the third quarter of 2022, dLocal saw strong year-over-year and quarter-over-quarter growth in TPV driven by the performance and continued growth of its merchants across most verticals, particularly in commerce, on-demand delivery, travel, SaaS ("software as a service"), advertising and financial services.
 - dLocal is also well diversified across geographies. In Q3 2022 dLocal continued to focus on its expansion efforts and added Nicaragua and Saudi Arabia to its geographic network, bringing the total number of countries in which dLocal operates to 39, out of which 23 countries are outside Latin America.
 - Revenue increased across all regions during the quarter. LatAm grew 39% compared to the third quarter of 2021 to US\$87.3 million, while flat quarter-over-quarter, accounting for 78% of total revenue. If we exclude Argentina's cross-border business, where the market faced some limitations imposed by the Argentine Central Bank to access the foreign exchange market for the payment of certain imports of goods and services, LatAm revenue increased by 43% year-over-year and 7% quarter-over-quarter. Asia & Africa revenue increased by 312% year-over-year and 80% quarter-over-quarter to US\$24.5 million, accounting for the remaining 22% (compared to 9% of total revenue in the third quarter of 2021).
 - During the quarter, dLocal continued delivering strong revenue growth both from existing and from new customers. Revenue from Existing Merchants increased by US\$35.1 million in the third quarter of 2022 to US\$104.1 million. The net revenue retention rate, or NRR, in the third quarter of 2022 reached 152%. Revenue from New Merchants was US\$7.8 million for the third quarter of 2022.
-
-

Special note regarding Adjusted EBITDA and Adjusted EBITDA Margin

dLocal has only one operating segment. dLocal measures its operating segment's performance by Revenues, Adjusted EBITDA and Adjusted EBITDA Margin, and uses these metrics to make decisions about allocating resources.

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, and inflation adjustment. dLocal defines Adjusted EBITDA Margin as the Adjusted EBITDA divided by consolidated revenues.

Although Adjusted EBITDA and Adjusted EBITDA Margin may be commonly viewed as non-IFRS measures in other contexts, pursuant to IFRS 8, ("Operating Segments"), Adjusted EBITDA and Adjusted EBITDA Margin are treated by dLocal as IFRS measures based on the manner in which dLocal utilizes these measures. Nevertheless, dLocal's Adjusted EBITDA and Adjusted EBITDA Margin metrics should not be viewed in isolation or as a substitute for net income for the periods presented under IFRS. dLocal also believes that its Adjusted EBITDA and Adjusted EBITDA Margin metrics are useful metrics used by analysts and investors, although these measures are not explicitly defined under IFRS. Additionally, the way dLocal calculates operating segment's performance measures may be different from the calculations used by other entities, including competitors, and therefore, dLocal's performance measures may not be comparable to those of other entities.

The table below presents a reconciliation of dLocal's Adjusted EBITDA and Adjusted EBITDA Margin to net income:

In thousands of US\$ except for %	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Profit for the period	32,338	19,669	89,333	54,304
Income tax expense	2,287	2,558	7,651	5,533
Depreciation and amortization	2,110	1,381	5,690	3,240
Finance income and costs, net	2,479	(865)	3,519	(762)
Share-based payment non-cash charges	1,599	2,673	4,874	5,354
Other operating loss/(gain)	18	-	706	(2,896)
Secondary offering expenses	-	695	89	4,442
Transaction costs	-	211	-	665
Other charges, net	791	(3)	799	205
Adjusted EBITDA	41,622	26,319	112,661	70,085
Revenues	111,864	68,646	300,497	167,863
Adjusted EBITDA	41,622	26,319	112,661	70,085
Adjusted EBITDA Margin	37.2%	38.3%	37.5%	41.8%

EARNINGS PER SHARE:

We calculate basic earnings per share by dividing the profit attributable to equity holders by the weighted average number of common shares issued and outstanding during the three-months and nine-months periods ended September 30, 2022 and 2021.

Our diluted earnings per share is calculated by dividing the profit attributable to equity holders of dLocal by the weighted average number of common shares outstanding during the period plus the weighted average number of common shares that would be issued on conversion of all dilutive potential common shares into common shares.

The following table presents the information used as a basis for the calculation of our earnings per share:

	For the three month period ended September 30		For the nine month period ended September 30	
	2022	2021	2022	2021
Profit attributable to common shareholders (U.S. Dollars)	32,461,922	19,663,000	89,325,969	54,291,000
Weighted average number of common shares	295,918,751	293,558,997	295,455,429	284,456,779
Adjustments for calculation of diluted earnings per share	17,246,606	19,646,000	17,783,776	19,609,500
Weighted average number of common shares for calculating diluted earnings per share	313,165,357	313,204,997	313,239,205	304,066,279
Basic earnings per share	0.11	0.07	0.30	0.19
Diluted earnings per share	0.10	0.06	0.29	0.18

This press release does not contain sufficient information to constitute an interim financial report as defined in International Accounting Standards 34, "Interim Financial Reporting" nor a financial statement as defined by International Accounting Standards 1 "Presentation of Financial Statements". The financial information in this press release has not been audited.

Conference call and webcast

dLocal's management team will host a conference call and audio webcast on November 15, 2022 at 8:30 a.m. Eastern Time. Please [click here](#) to pre-register for the conference call and obtain your dial in number and passcode.

The live conference call can be accessed via audio webcast at the investor relations section of dLocal's website, at <https://investor.dlocal.com/>. An archive of the webcast will be available for a year following the conclusion of the conference call. The investor presentation will also be filed on EDGAR at www.sec.gov.

About dLocal

dLocal powers local payments in emerging markets, connecting global enterprise merchants with billions of emerging market consumers in 39 countries across APAC, the Middle East, Latin America, and Africa. Through the "One dLocal" platform (one direct API, one platform, and one contract), global companies can accept payments, send pay-outs and settle funds globally without the need to manage separate pay-in and pay-out processors, set up numerous local entities, and integrate multiple acquirers and payment methods in each market.

Definition of selected operational metrics

"API" means application programming interface, which is a general term for programming techniques that are available for software developers when they integrate with a particular service or application. In the payments industry, APIs are usually provided by any party participating in the money flow (such as payment gateways, processors, and service providers) to facilitate the money transfer process.

"Enterprise Global Merchants" means merchants with at least US\$6 million of annual TPV processed through our platform.

"Local payment methods" refers to any payment method that is processed in the country where the end user of the merchant sending or receiving payments is located, which include credit and debit cards, cash payments, bank transfers, mobile money, and digital wallets.

"NRR" means net revenue retention rate, which is the U.S. dollar-based measure of retention and growth of our merchants. We calculate the NRR of a period by dividing the current period revenue by the prior period revenue. The prior period revenue is the revenue billed by us to all of our merchant customers in the corresponding period for the prior fiscal year. The current period revenue is the revenue billed by us in the corresponding period for the current fiscal year to the same merchant customers included in the calculation of the prior period revenue. Current period revenue includes any upsells and cross-sells of products, geographies, and payment methods to such merchant customers, and is net of any contractions or attrition, but excludes revenue from new customers on-boarded during the last 12 months.

"Pay-in" means a payment transaction whereby dLocal's merchant customers receive payment from their customers.

"Pay-out" means a payment transaction whereby dLocal disburses money in local currency to the business partners or customers of dLocal's merchant customers.

"Revenue from New Merchants" means the revenue billed by us to merchant customers that we did not bill revenues in the same quarter (or period) of the prior year.

"Revenue from Existing Merchants" means the revenue billed by us in the last twelve months to the merchant customers that we billed revenue in the same quarter (or period) of the prior year.

Forward-looking statements

This press release contains certain 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," "Forward-Looking Statements" and "Cautionary Statement Regarding Forward-Looking Statements" sections of dLocal's 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.

dLocal Limited

Certain interim financial information

Consolidated Condensed Interim Statements of Comprehensive Income for the three-month and nine-month period ended September 30, 2022 and 2021

(In thousands of U.S. dollars, except per share amounts, unaudited)

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Continuing operations				
Revenues	111,864	68,646	300,497	167,863
Cost of services	(57,992)	(34,202)	(153,432)	(76,361)
Gross profit	53,872	34,444	147,065	91,502
Technology and development expenses	(1,692)	(1,116)	(4,741)	(2,232)
Sales and marketing expenses	(3,472)	(1,255)	(9,444)	(3,424)
General and administrative expenses	(11,483)	(10,887)	(30,872)	(30,080)
Impairment (loss)/gain on financial assets	24	159	106	(8)
Other operating (loss)/gain	(18)	224	(706)	3,514
Operating profit	37,231	21,569	101,408	59,272
Finance income	6,810	1,089	12,346	1,273
Finance costs	(9,289)	(275)	(15,865)	(511)
Inflation adjustment	(127)	(156)	(905)	(197)
Other results	(2,606)	658	(4,424)	565
Profit before income tax	34,625	22,227	96,984	59,837
Income tax expense	(2,287)	(2,558)	(7,651)	(5,533)
Profit for the period	32,338	19,669	89,333	54,304
Profit attributable to:				
Owners of the Group	32,462	19,663	89,326	54,291
Non-controlling interest	(124)	6	7	13
Profit for the period	32,338	19,669	89,333	54,304
Earnings per share (in USD)				
Basic Earnings per share	0.11	0.07	0.30	0.19
Diluted Earnings per share	0.10	0.06	0.29	0.18
Other comprehensive income				
<i>Items that may be reclassified to profit or loss:</i>				
Exchange difference on translation on foreign operations	(405)	(391)	(488)	477
Other comprehensive income for the period, net of tax	(405)	(391)	(488)	477
Total comprehensive income for the period, net of tax	31,933	19,278	88,845	54,781
Total comprehensive income for the period				
Owners of the Group	32,057	19,252	88,838	54,759
Non-controlling interest	(124)	26	7	22
Total comprehensive income for the period	31,933	19,278	88,845	54,781

dLocal Limited

Certain interim financial information

Consolidated Condensed Interim Statements of Financial Position as of September 30, 2022 and December 31, 2021

(In thousands of U.S. dollars, except per share amounts, unaudited)

	September 30, 2022	December 31, 2021
ASSETS		
Current Assets		
Cash and cash equivalents	542,298	336,197
Financial assets at fair value through profit or loss	1,065	1,004
Trade and other receivables	228,895	190,966
Derivative financial instruments	657	0
Other assets	3,937	1,339
Total Current Assets	776,852	529,506
Non-Current Assets		
Deferred tax assets	1,101	133
Property, plant and equipment	2,814	2,485
Right-of-use assets	3,938	3,915
Intangible assets	49,875	46,969
Total Non-Current Assets	57,728	53,502
TOTAL ASSETS	834,580	583,008
LIABILITIES		
Current Liabilities		
Trade and other payables	423,606	277,160
Lease liabilities	625	502
Tax liabilities	11,885	13,126
Derivative financial instruments	446	221
Borrowings	14,782	5,014
Provisions	1,540	1,710
Contingent considerations liability	-	665
Total Current Liabilities	452,884	298,398
Non-Current Liabilities		
Deferred tax liabilities	503	883
Lease liabilities	3,449	3,426
Total Non-Current Liabilities	3,952	4,309
TOTAL LIABILITIES	456,836	302,707
EQUITY		
Share Capital	592	590
Share Premium	165,318	157,151
Capital Reserve	13,170	12,741
Other Reserves	(1,785)	(30)
Retained earnings	200,460	109,867
Total Equity Attributable to owners of the Group	377,755	280,319
Non-controlling interest	(11)	(18)
TOTAL EQUITY	377,744	280,301

dLocal was incorporated on February 10, 2021, as a Cayman Islands exempted company with limited liability, duly registered with the Cayman Islands Registrar of Companies. The contribution of dLocal Group Limited (a limited liability company incorporated in Malta, the former holding entity or "dLocal Malta") shares to dLocal has been finalized as of April 14, 2021. Until the contribution of dLocal Malta shares to it, dLocal had not commenced operations, consequently the historical information previous to that date presented in here corresponds to dLocal Malta, our predecessor. This reorganization was done, among other things, to facilitate the initial public offering of the Group. dLocal had no prior assets, holdings or operations.

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d-local

Sebastián Kanovich
Chief Executive Officer

Jacobo Singer
President, COO

Diego Cabrera Canay
Chief Financial Officer

Maria Oldham
VP of Corp. Development, IR

Earnings Presentation

3rd Quarter 2022

d·local



Safe Harbor

d·local

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 Statement Regarding Forward-Looking Statements" sections of dLocal's 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.



**We are building
the best financial
infrastructure for
emerging markets.**

One-stop-shop in emerging markets

39

Countries

700+

Local payment
methods

1 API

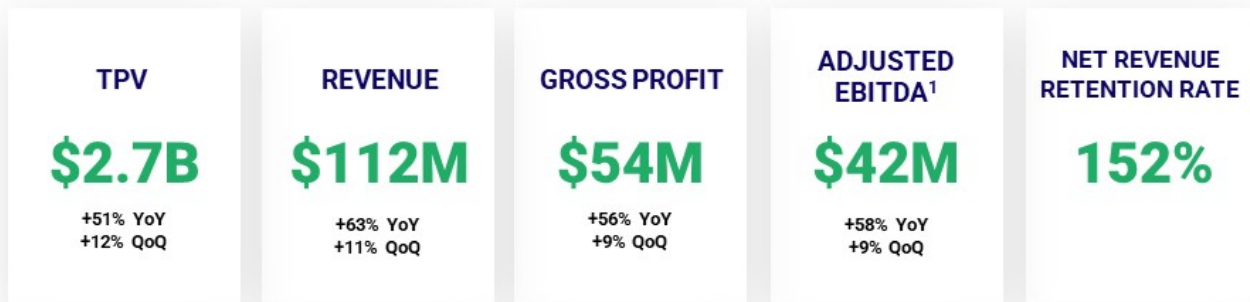
5 solutions

2 B+

Consumers
unlocked

Continued delivery of record financial results

Optimizing for gross profit and EBITDA dollars growth



Note: Unaudited quarterly results

¹ dLocal has only one operating segment. Although Adjusted EBITDA may be commonly viewed as non-IFRS measure in other contexts, pursuant to IFRS 8, Adjusted EBITDA is treated by dLocal as IFRS measure based on the manner in which dLocal utilizes these measures. See detailed methodology for Adjusted EBITDA in appendix.

**Africa and Asia
delivering
unparalleled growth,
contributing to
22% of our revenues**

Note: Unaudited quarterly results

Revenue by region - Africa & Asia (\$M)



Continued solid growth in Latam while navigating changes in FX rules in Argentina

Revenue by region – Latam (\$M)
excluding Argentina cross-border¹



Revenue by region - LATAM (\$M)



Note: Unaudited quarterly results
¹The market faced some limitations imposed by the Argentine Central Bank to access the foreign exchange market for the payment of certain imports of goods and services.

Further expanding our footprint in emerging markets

Localizing payments in **39 countries** after adding **Nicaragua** and **Saudi Arabia** in 3Q22



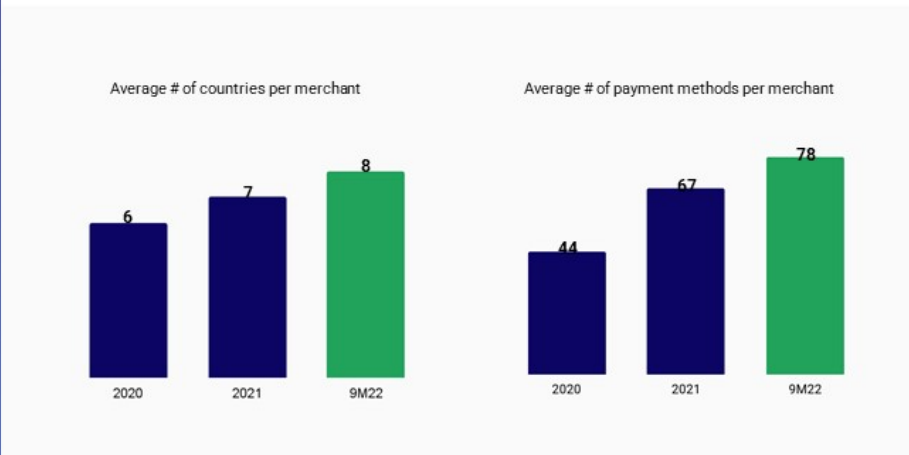
Growing our merchant base while consistently improving engagement

Total Merchants¹

2020	300+
2021	400+
9M22	600+ (200+ key accounts)

Note: Unaudited quarterly results.
Total merchants exclude small and medium-sized businesses in our marketplace solution.
Key accounts consider those merchants that have an Account Manager assigned.
Figures consider merchants that during that period surpassed the US\$M TPV threshold.

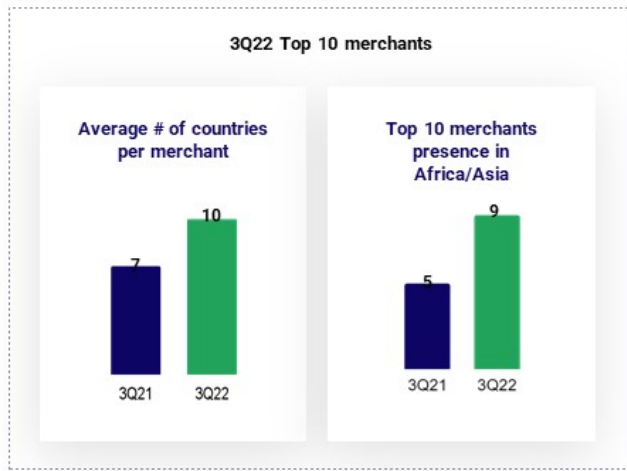
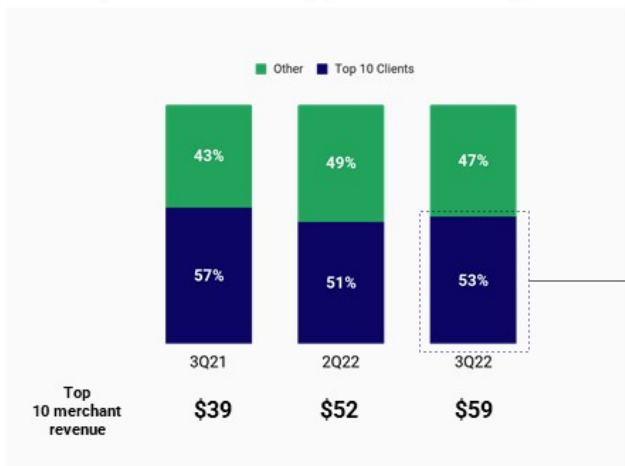
Merchant engagement evolution²



Maximizing opportunities within our largest clients

Continuous growth of our Top 10 merchant revenue and successful cross-selling strategy

Top 10 merchant revenue (\$M) and concentration (%)



Note: Unaudited quarterly results

We continue to grow our global team underpinned by a disciplined investment culture

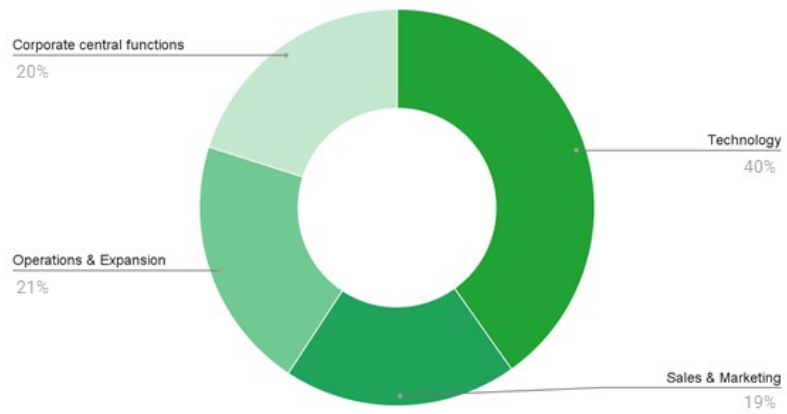
712 TOTAL FTE IN 3Q22
+34% YoY

566 AMERICAS FTE
+23% YoY

146 AFRICA & ASIA FTE
+103% YoY

Note: FTE includes employees and contractors.

FTE by function (%)



TPV growth supported by a well diversified segment base

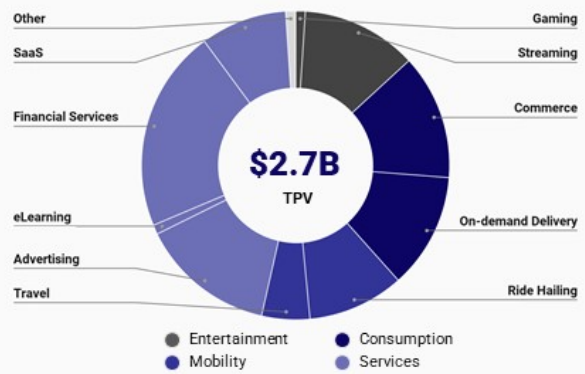
Continued growth across most verticals, particularly in commerce, on-demand delivery, travel, SaaS, advertising and financial services

TPV evolution (\$M)



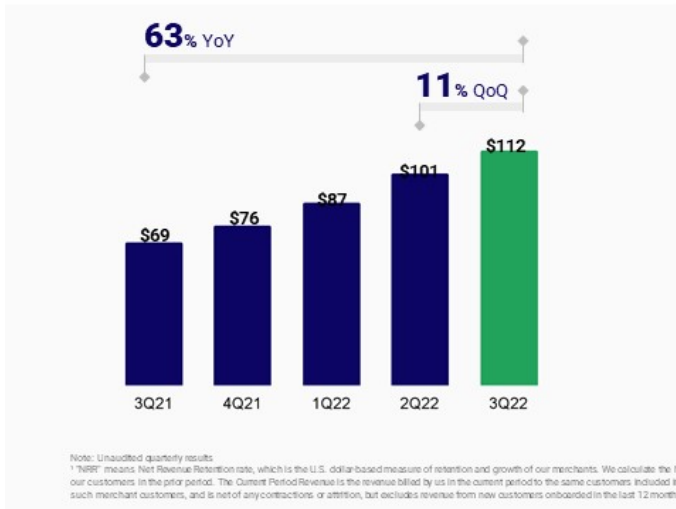
Note: Unaudited quarterly results

3Q22 TPV breakdown by vertical (%)

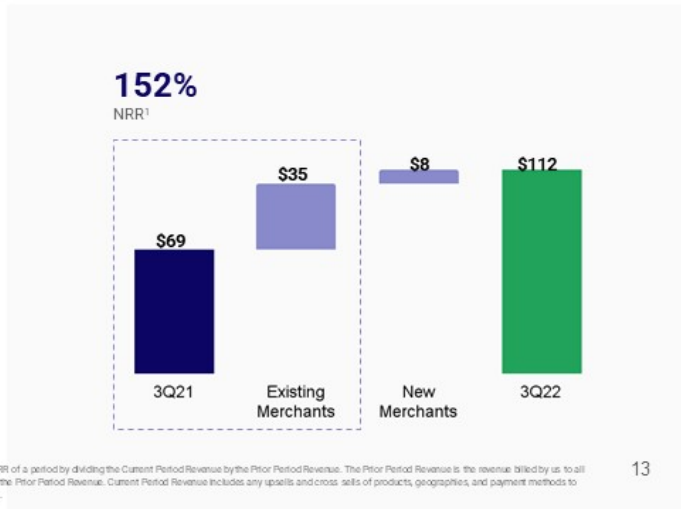


Revenue reached a new record high; supported by solid NRR of 152%

Revenue evolution (\$M)

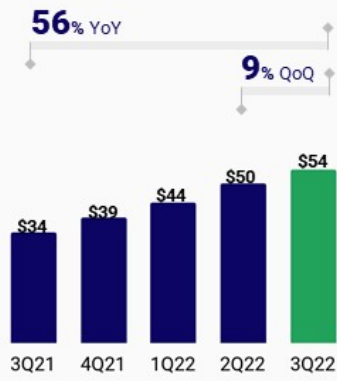


Revenue composition (\$M)



Focused on growing gross profit and EBITDA dollars, while delivering profitable growth

Gross profit evolution (\$M)



Adj. EBITDA¹ (\$M) and Adj. EBITDA margin (%) evolution

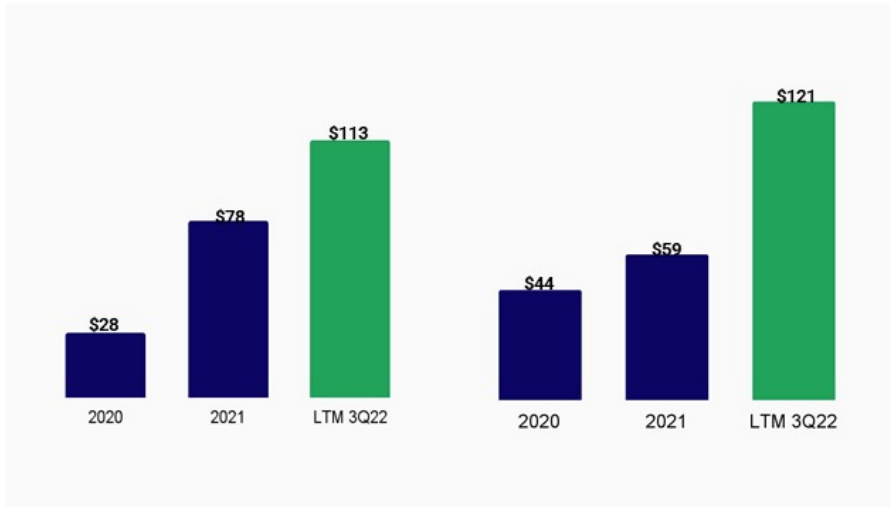


Note: Unaudited quarterly results
¹dLocal has only one operating segment. Although Adjusted EBITDA and Adjusted EBITDA Margin may be commonly viewed as non-IFRS measures in other contexts, pursuant to IFRS 8, Adjusted EBITDA and Adjusted EBITDA Margin are treated by dLocal as IFRS measures based on the manner in which dLocal utilizes these measures. See detailed methodology for Adjusted EBITDA and Adjusted EBITDA Margin in appendix.

Our strong balance sheet and continuous positive free cash flow generation remain key competitive advantages

Net income evolution (\$M)

Free cash flow¹ evolution - own funds (\$M)



- Strong net income to own cash conversion² of 107% in LTM 3Q22
- Robust cash position of \$320M as of September 30, 2022 (own funds)

Note: Unaudited quarterly results
¹ Free cash flow calculated as net cash from operating activities less acquisition of property, plant and equipment and additions of intangible assets. Free cash flow excludes the change in merchant funds. 2021 figure excludes the acquisition of PrimarioPay in 2021 for an immediate cash consideration of \$30M. 2022 merchant funds excludes a consideration of \$13.8M that, as of September 30, 2022, still had not been transferred to Own Funds accounts.
² Cash conversion calculated as Free cash Flow divided by net income.

Summary 9M22

Our top execution capabilities continue to deliver high growth coupled with profitability

We are well positioned for long-term growth

SCALE

TPV

\$7.3B
73% YoY

GROWTH

Revenue

\$300M
79% YoYCUSTOMER
RETENTION

NRR rate

166%

PROFITABILITY

Adj. EBITDA
margin**37%**

Note: Unaudited quarterly results

Investment highlights



We power a **massive and expanding emerging markets ecosystem** accepting more than **700 local payment methods** across **39 countries**



We are **directly integrated** to some of the world's largest online merchants, driving very strong NRR and 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, clients and geographies**



We are **growing rapidly and profitably at scale with strong cash generation**

Thanks!

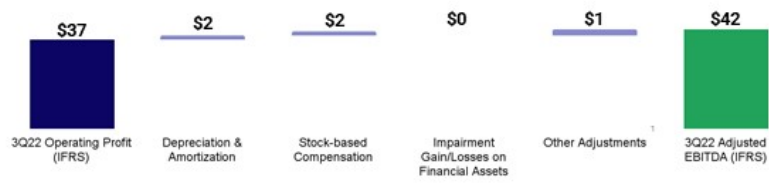
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APPENDIX



Financial highlights

3Q22 Adjusted EBITDA Bridge (\$M)



3Q21 Adjusted EBITDA Bridge (\$M)



Note: Adjusted EBITDA excludes one-off items.
¹ Other Adjustments for 3Q22 includes other operating gain/(loss) of \$0.7M.
² Other Adjustments for 3Q21 includes secondary offerings expenses of \$0.7M and M&A transaction costs of \$0.2M.

Reconciliation of Profit to Adjusted EBITDA

\$ in thousands	Three-month period ended September 30,		Nine-month period ended September 30,	
	2022	2021	2022	2021
Profit for the period	32,338	19,669	89,333	54,304
Income tax expense	2,287	2,558	7,651	5,533
Depreciation and amortization	2,110	1,381	5,690	3,240
Finance income and costs, net	2,479	(865)	3,519	(762)
Share-based payment non-cash charges	1,599	2,673	4,874	5,354
Other operating (gain)/loss	18	-	706	(2,896)
Secondary offering expenses ¹	-	695	89	4,442
Transaction costs ²	-	211	0	665
Other charges, Net ³	791	(3)	799	205
Adjusted EBITDA	41,622	26,319	112,661	70,085

Note: Unaudited quarterly results.

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.

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.

¹ Corresponds to expenses assumed by dLocal in relation to secondary offerings of its shares which occurred in 2021. ² Corresponds to costs related to the acquisition of assets of PimentaPay. ³ Corresponds to other minor adjustments (full reconciliation in financial statements).

