

Webcast Presentation Q1 2026

Earnings Call Prepared Remarks May 14, 2026 5:00 pm ET

Good afternoon, and thank you all for joining our earnings call today. If you have not seen the Earnings Release, as always a copy is posted in the Financials section of the Investor Relations website. On the call today, you have Pedro Arnt, Chief Executive Officer; Guillermo Lopez Perez, Chief Financial Officer; Christopher Stromeyer, SVP of Corporate Development; and Mirele Aragão, Head of Investor Relations.

A slide presentation has been provided to accompany the prepared remarks.

This event is being broadcast live via webcast and both the webcast and presentation may be accessed through dLocal's website at investor.dlocal.com. The recording will be available shortly after the event is concluded.

Before proceeding, let me mention that any forward-looking statements included in the presentation or mentioned in this conference call are based on currently available information and dLocal's current assumptions, expectations and projections about future events. While the Company believes that our assumptions, expectations and projections are reasonable given currently available information, you are cautioned not to place undue reliance on those forward-looking statements. Actual results may differ materially from those included in dLocal's presentation or discussed in this conference call for a variety of reasons, including those described in the Forward-Looking Statements and Risk Factors sections of dLocal's filings with the Securities and Exchange Commission, which are available on dLocal's Investor Relations website.

Now I will turn the conference over to dLocal. Thank you.

Pedro Arnt, Chief Executive Officer

Good afternoon, everyone. Thank you for joining us today.

This year, 2026, marks two important milestones for dLocal: ten years since we founded the company, and five years since our Nasdaq IPO. Before we go into the quarter's results, I wanted to reflect briefly on what has been built over this past decade, and why it matters for where we are going.

The story of the past ten years is one of consistent, compounding growth, built on a vision of helping our world-class merchants reach consumers across emerging markets, or as we like to call them, markets of the future.

In 2016, we processed \$100 million in TPV from a single country. On a last-twelve-months basis as of this quarter, we have crossed \$47 billion across the global south. We now process more in a single day than we did in our entire first year of operations, only a decade ago. That is an almost 90% compound annual growth rate sustained over a decade.





What is most notable about that trajectory is not the scale itself, but the consistency. Throughout every phase, from Latin America into Africa and Asia, from a handful of payment methods to over a thousand, from a startup to a publicly listed company, the strategic model never changed. One API. Deep local infrastructure. Continuous expansion of payment method coverage, licensing, regulatory capabilities and products. The same focus on helping merchants operate efficiently in markets where the next wave of digital consumers is coming online.

dLocal now operates in more than 60 countries, including new markets such as Algeria, Qatar, Kuwait, and Oman. We hold 38 licenses and authorizations across 26 markets, with 16 additional applications in process. Our platform reaches approximately 70% of the world's population, serving over 760 enterprise merchants through a single API. It took a decade of investing in infrastructure, building regulatory IP, forging relationships with local ecosystem stakeholders, and learning how to operate at scale in markets that most find too complex to enter. Those foundations are not easy to replicate, and even harder to outperform.

The reason all of that infrastructure matters is simple: localization is what ultimately drives success in emerging markets.

Local payment methods are no longer alternative options. In many of our markets they are the primary way consumers transact online, and their share continues to grow. For merchants, supporting them is not just about improving the checkout experience, but also reaching consumers who do not transact any other way. In Peru, Yape drives 40% net-new customers to our merchant. In South Africa, Payflex drives 80%. And our own innovation layer, such as SmartPix and biometric-enabled Pix, lets us drive differential performance on top of existing local rails.

Even within the global credit cards schemes, local processing is key to maximizing authorization and conversion rates in emerging markets. Compared to international acquiring - when merchants use international card rails to complete transactions - we are able to deliver up to 20 percentage points conversion uplift in certain markets. The same Visa or Mastercard card converts significantly better when processed locally. But Visa and Mastercard are only part of the story. There is a growing base of local card schemes emerging across the global south. In Saudi Arabia, Mada represents around 90% of cards issued. Verve is roughly 60% of Nigeria's digital payment market. Meeza is held by about half of eligible adults in Egypt. If you don't support those schemes, you simply can't win in those markets. That's what One dLocal is: local payment methods, local processing of global card schemes, and local scheme coverage, all in one API.

Vertical diversification is the other dimension of resilience in our model. Many payment companies tend to be concentrated in one or two verticals. Our platform has demonstrated the ability to scale across a wide range of industries and use cases. Every single vertical in our portfolio grew between the first quarter of 2024 and the first quarter of 2026 and our mix has become increasingly diverse across categories.

E-commerce remains our largest vertical. We work with half of the top global platforms in our markets, and they keep expanding with us.





In ride-hailing, we serve four of the five largest players operating in emerging markets and continue to expand global deals with them. For several of those players we also process their on-demand delivery businesses. Both of these verticals inherently carry a higher local-to-local component with stronger adoption of local payment methods, which supports the strength you are seeing in our local-to-local volumes.

In remittances, one of our fastest-growing verticals, we continue to partner with major players and support their geographic expansion, driven by sustained strategic focus and ongoing merchant onboarding.

Looking forward, we are excited about the prospects of our travel and gaming verticals as we continue to build vertical payment flows that optimize for the particularities of multiple industries.

Perhaps the most compelling illustration of our business model in practice is at the individual merchant level. I wanted to take a minute to walk through three examples of top-10 TPV merchants for us that demonstrate how we scale alongside our merchants over time.

What we see consistently is that after an initial ramp-up period, relationships deepen as merchants expand into new countries, adopt products, and add payment methods.

One of our ride-hailing merchants, who we have worked with since 2016, initially started with a specific use case and later expanded into on-demand delivery. We now serve them end-to-end across 18 countries and are expanding through recently signed new deals that further reinforces the long-term growth potential of this relationship.

An internet service provider, who we have categorized as a SaaS merchant, onboarded in 2021 has expanded from 19 countries to 40 in just the last three years, a testament to the trust these merchants place in dLocal to power their international expansion. What enables that pace is our licensing portfolio, our local payment method coverage, and our ability to open frontier markets quickly. In markets such as Kenya, for example, over 50% of users transacting with this merchant via Mobile Money are net-new customers they could not have reached otherwise.

And an e-commerce merchant we onboarded in 2023 started in 2 countries and now operates in 21, with BNPL live in Mexico and South Africa over the past 2 quarters, driving higher ticket sizes and over 50% net-new users.

Examples like these are why our revenue retention has exceeded 140% for four consecutive quarters. But as we like to say, we are still in the early days. These three merchants, for example, all grew TPV north of 70% year-over-year in the 1Q of '26.

To wrap up: ten years in, the thesis is intact, the opportunity is larger than ever, and we are better equipped to capture it than ever before. The infrastructure we have built — the licenses, the payment methods, the stakeholder relationships, the data, the technology — abstracts local complexity and compounds in value over time. And the combination of strong base business momentum, a product roadmap that is gaining traction, and secular tailwinds across our markets as merchants increasingly



convert to local processing, gives us confidence that the next decade can be as impressive as the last.

With that, let me hand the call over to Guillermo to cover our quarterly financials.

Guillermo Lopez Perez, Chief Financial Officer

Thank you, Pedro. Good afternoon, everyone.

Let me take you through the first quarter results. Top-line momentum continued to accelerate, with TPV north of \$14 billion for the first time and gross profit reaching a new record. The bottom-line though reflects two specific dynamics I want to address upfront: the expected and already flagged higher OPEX carrying-over from our 2025 investments, and a non-recurring prior-year tax adjustment.

TPV reached \$14.1 billion in the first quarter, up 73% year-over-year and 7% quarter-over-quarter; our sixth consecutive quarter above 50% growth. That's a number we're very proud of.

And more importantly, this growth isn't concentrated in one place. It's broad-based and runs across different countries, verticals, merchants, and products.

Our top three markets – Mexico, Brazil, and Argentina – continue to grow consistently, and we are also seeing strong contributions from markets like Chile, Nigeria, Colombia, and Vietnam.

On verticals, travel led quarter-over-quarter growth at 38%, driven by a new expansion deal with a key global travel merchant. This is a vertical that's still early for us but is gaining real traction. On-demand delivery also grew strongly quarter-over-quarter at 25%, fueled by the expansion of deals with both regional and global merchants.


On the other hand, E-commerce and remittances delivered soft results sequentially, consistent with the expected seasonality following the fourth-quarter peak.

Gross profit reached a record, \$119 million, up 40% year-over-year and up 2% quarter-over-quarter.

On a sequential basis, the gross profit performance is explained by two key positive drivers: Argentina recovery, where we saw strong volume growth and normalized funding costs; and growth in Africa and Asia, with notable contributions from Nigeria, Mozambique, and Vietnam, which is also, helping us drive a more diversified geographic mix.

Those were partially offset by Brazil's normalization after an exceptionally strong Q4, together with a modest mix shift to lower take rate merchants across Other LatAm and other smaller markets. But most of these markets are still growing strongly in volume, and the quarter-over-quarter dynamics are driven by mix and seasonality, not by any underlying softness in demand.

Very importantly, this quarter we decided to book a one-off prior-period tax adjustment. During an internal review of certain tax items, and after consulting with our advisors, we adjusted our tax



treatment for prior-periods of one of our installment payment products in certain markets to reflect what we determined to be the most appropriate position under applicable rules. This out of period adjustment was not material to any previously reported annual or interim period, and do not expect to record comparable items in future quarters. The total impact was \$9.7 million, of which approximately \$5.3 million landed in the corporate tax line and \$4.4 million in operating expenses related to indirect and other taxes. Given its non-recurring and prior-period nature, we think the normalized numbers tell the real bottom-line story better.

Operating profit for the quarter was \$53 million as reported, but \$57 million excluding this one-off out-of-period adjustment, representing a 25% growth year-over-year, and a 48% Operating Profit to Gross Profit ratio excluding the one-off.

On the cost side, total operating expenses were \$62 million excluding the out-of-period adjustment, up 58% year-over-year and 16% quarter-over-quarter. This reflects the expected carry-over of the second half of 2025 OPEX into the first quarter, something we had flagged at our last earnings call. As we close out our investment cycle, a portion of that cost base is annualized into 2026, and the first half of the year is naturally where that pressure is most visible. This reflects the timing of our 2024/2025 investment cycle moving through our P&L. We expect that to moderate as the year progresses.

Below the operating line, Net income came in at \$42 million as reported. Adjusting for the same one-off, we would be at \$52 million, which represents about 11% year-over-year growth. It's worth noting that the first quarter of 2025 benefited from approximately \$7 million in non-cash mark-to-market gains on our Argentine bond holdings, plus a low 10% effective tax rate.

The reported effective tax rate for the quarter was approximately 26%, elevated by the non-recurring item; excluding it, the effective rate would have been approximately 16%.

Adjusted free cash flow was impacted by temporary working capital effects, primarily timing in tax credit netting and higher receivables from our advancement operations. We expect these to gradually reverse over the coming quarters. We continue to see healthy cash generation, with Cash Flow from Operations before working capital changes at \$69.3 million, growing double-digits year-over-year, so the underlying cash generation is working as it should.

So, to wrap up: Top-line momentum was strong again this quarter, with new records on both volume and gross profit. Reported operating profit and net income were weighed down by a one-off, out-of-period tax adjustment, but the underlying business is in great shape, and we're keeping our full-year guidance unchanged.

With that, I'll hand it over to Chris.

Management fireside chat

Christopher Stromeier, SVP of Corporate Development





Hello, everyone.

Before we open the floor to questions, we thought we'd try something a little different today – a brief conversation with Pedro and Guillermo here, covering the key themes behind the quarter that we think will be of most interest to investors.

Christopher: Guillermo, let's start with you, and let's start with the results. Gross profit came in quite strong this quarter, ahead of even our expectations, and this is typically a seasonally softer quarter for the business. What drove this performance?

Guillermo: Yes, and I think it is worth unpacking, because the headline number, as you said, was very strong in Q1.

The standout driver was definitely Argentina. To give some context, Q4 was a weak quarter for us in Argentina. We saw election-related effects volatility, we saw pressure on funding costs, and that pushed our margins down in the quarter. What we saw in Q1 was a clear recovery from that. Those specific pressures like funding costs came down materially, and volumes have continued to grow very strongly in the market. So you have both a real recovery in the market and then an improvement in gross profit quarter-over-quarter. A very good story in Argentina.

On the other hand, Brazil works in the opposite direction in the quarter. So, Q4 was particularly strong in Q4. You had the seasonal peak of Black Friday and holiday e-commerce installments that helped the quarter quite a lot. You saw what you usually expect in Q1, which is a sequential decline from that. What matters in Brazil, though, is that if you look at the performance, it's very strong year-over-year. We more than doubled the gross profit in the quarter year-over-year.

The other thing that I would highlight as well is Africa and Asia. They now represent approximately 29% of gross profit, and they grew by 16% quarter on quarter. So, more than the average of the company. That is meaningful at pacing how the company is growing, and it's actually helping us from our diversification of geography as well.

The key message is very simple. All our core markets are growing in volume, and the sequential movements are mainly explained by mix, seasonality, and in the case of Argentina, clear recovery from a weak Q4. The most important thing is the diversification that I'm talking about in the gross profit base, which is pointing to a more healthy portfolio of countries.

Christopher: Great. Staying on the financial results for a second and talking more about bottom line dynamics, specifically on operating expenses. We've previously communicated, we talked about this quite a bit during the fourth quarter, our expectations for OPEX trajectory this year, and indicated that operating leverage would be much more pronounced in the second half of the year than the first half. Based on what you've seen so far, has anything changed, and how should investors think about operating leverage going forward?

Guillermo: I don't think it's changed.





On Opex, the first quarter shows what we already flagged in Q4 last year in the earnings call. We are carrying over from the investment cycle costs that happened at the end of 2025. And as we said, they are more visible at the beginning of the first half of 2026. And the operating profit to gross profit ratio obviously reflects that.

OPEX was also impacted by the prior year tax adjustment I mentioned. And specifically, of the \$9.7 million, \$4.4 million were in OPEX. That's the portion that relates to indirect and other taxes. And obviously, that flows through operating expenses and the operating profit to gross profit ratio. So, it's important to normalize this when you want to get a clear picture of the underlying expense performance.

Excluding that one-off, which I'll discuss a little bit more in a moment, the underlying operating profit to gross profit ratio would have been 48%. It's still relatively healthy.

As we lap the 2025 cost build out, OPEX growth rates should naturally moderate throughout the year. That's the mechanics that we're waiting to see throughout the year. So, that combined with the continued top-line momentum, that should drive improving operating leverage in the back half of the year. That trajectory is what matters to us more than the results of a single quarter.

Now, looking ahead, the ongoing impact from this updated tax treatment that I mentioned, we're expected to be limited. We're actively working with merchants to pass this cost through, commercially. And to the extent that we cannot fully do so, we believe the residual impact will be manageable. We do not foresee at this point any meaningful additional prior period adjustments in relation to this. Again, you need to normalize for the tax adjustment that I mentioned to get a clear picture. Excluding this item, operating profit grew 25% year-over-year. And Net income grew approximately 11% year-over-year, which I think tells the real story of the underlying performance.

Christopher: So putting this all together and going to Pedro, and as a reminder to our investor community, unless there are material changes, we only expect to provide updates to our guidance twice yearly. But just for the avoidance of doubt here, how should investors interpret our results in the connection to our full year guidance?

Pedro: Guidance remains unchanged, as Guillermo mentioned at the end of his prepared remarks. We continue to see a lot of strength across the top line. We expected costs to come in heavy from a margin perspective in H1 and improving towards H2 on a year-over-year basis. And I'd say they came in slightly ahead even of that expectation. But we're already addressing that. So, guidance remains unchanged.

Christopher: I want to talk now about the commercial side, what really fuels our business. You spent time, Pedro, with some of our most important merchants during our large annual event just a few weeks ago. In these conversations with these merchants, what stood out to you? Where are their priorities?





Pedro: It was a genuinely very energizing event. And to me, what was most interesting is how much the conversation has shifted over the past three, four years.

In the past, merchants would typically come to us with a very specific market or payment method problem. And it was usually something in one of the few very large emerging markets where we operate.

Conversations now show that they're thinking about emerging market payments infrastructure as a core part of what they need to solve, as part of their overall go-to-market strategy across emerging markets. So, the conversations are deeper and merchants are definitely increasingly more sold on the concept of localizing payments as a key unlock to growth. The conversations with us are much more central to them, not in a few markets and a few payment methods, markets and a few payment methods, but truly across the global south. So, it goes beyond your typical BRICS conversation and they start asking for solutions for a vast number of frontier markets.

Merchants who used to come to us with a very basic local acquiring coverage of just VISA or MasterCard now start to ask about real-time networks like PIX and Bre-B in Colombia. We're beginning to see a strong pickup in curiosity around credit solutions and Buy Now Pay Later, local wallets and certainly local card schemes that are also becoming increasingly important in different markets.

And so, all of this raises the bar for what they expect from us. It also raises the share of wallet that we can capture from these market merchants globally. I think one illustrative conversation was when one of our very, very large clients basically told us, "You've now reached a scale with us where you are among our largest payment partners." And this is exactly where we want to be sitting with these merchants, with significant growth and share of wallet, but also our relationship with them becoming very relevant for them on a global basis. That's how you really are able to sustain the kind of compounding of growth that we aim to sustain.

Christopher: Switching topics slightly, there's one more question I want to ask you, Pedro, the AZA transaction, which we spoke about last year, closed during this last quarter. How should investors think about what this opens for strategically and what it means for dLocal's presence in Africa more broadly?

Pedro: I think we need to frame this correctly. The most useful thing is to be very precise about what the AZA transaction is and also what it's not.

To be very upfront, the transaction is not material or meaningful in the results that we've just announced. And that has a lot to do with a number of legal and regulatory hurdles that we faced prior to being able to close. I'm glad we've crossed that finish line, but, in that time period, the deal structure mutated a lot.

It ended up being an asset purchase, and also because it took so long, AZA's top line was definitely negatively affected by the time that took. On the positive side, what we do get is strategically important to deepen the capabilities and the positioning that we have in Africa.



So, it brought us customer relationships, it brought us intellectual property and some licenses, and key talent that will help us continue to expand our leadership across African markets. And it would definitely have taken us a lot longer to build all of that without having gotten this acquisition across the finishing line.

I think most importantly, Africa is a region that we've been investing into consistently and where the long-term opportunity in terms of digital payment adoption, cross-border commerce growth, and the expansion of financial inclusion remains among the most compelling when we look at the globe.

The transaction above all else reinforces our commitment to the region and positions us even better to capture the opportunity as it develops. We're not signaling any near-term revenue impact from this. I'd say by and large, it shouldn't have any sort of distortion in future quarters that would force you to want to look at the business on the same store sale type metric or anything. Happy to have concluded it, happy to have the AZA team and assets on board, and we continue to build a phenomenal business across the continent.

Christopher: One final question for you, Guillermo, as we wrap up here. You've now been at dLocal for about six months. We'd love to hear your early assessment of the company, where we stand today, where you're focused, and what surprised you?


Guillermo: Yeah, that's right. Six months in. And I have to say my conviction in the opportunity that first made me join dLocal has all increased.

I think at the beginning I was talking about we're just scratching the surface. Definitely that's what I'm seeing, six months in. The business is really exceptional at what it does. If you look at the depth of the local infrastructure that we have, the quality of the relationships that we have with merchants, and then how consistently we execute in markets that are difficult to operate, I think that's something that has really impressed me. That combination, I think, is rare and it's difficult to replicate.

Second, where I see my work ahead, I am focused on three key things. The first one is to continue improving how we translate the top line growth that we, for example, see in this quarter into operating profit, especially as we exit the investment cycle that dLocal has been in the past two years. The mechanics are favorable, but that leverage doesn't just happen by itself. I think my role is to make sure that we have the discipline as a company to capture it.

Also, something very close to home is to make sure that our financial model and translate the strong cash generation that the business produces into higher return for our shareholders. We've already taken many full steps to execute these. For example, the \$300 million buyback that we got and we mentioned in the last quarter of last year.

And finally, also making sure that the finance organization continues to build and evolve the processes and the systems in a way that are appropriate for our business that now processes north of \$14 billion of volume every quarter and that is growing by more than 70% year-over-year.



The last thing I would mention is having come from businesses that were at different stages of maturity. And the opportunity ahead for dLocal is genuinely immense. I think even I underappreciated this opportunity that really surprised me. The markets we operate are still in early stages in the digital payment adoption and our merchant base continues to expand, grow and deepen. The product roadmap that Pedro mentioned, I think he talked about BNPL and stablecoins. I mean, these are real growth opportunities and levels that are just beginning to contribute. What can I say? Strong business, clear work ahead in my hands and a large opportunity ahead for the company. So all the exciting work.

Christopher: Great. Pedro, Guillermo, thank you both. We hope this has been a useful conversation to our investors. This concludes it and we can now open the line to your questions.

