

Open Letter to the Board of dLocal

We have uncovered troubling evidence suggesting...

*Possible Accounting Fraud/Misstatements Through Undisclosed Related Parties or
Subsidiaries*

High-Risk Transactions Resembling Money Laundering

We Therefore Call for Forensic Audit and Suspension of Certain Directors and Officers

February 20, 2024 -- Hollenden Square Research LLC (“HSR,” “We,” or “Us”) is a private entity. We, along with related parties, have conducted investigative research into dLocal Ltd. (“dLocal” or the “Company”) and its sister companies, AstroPay and Directa24. Our related parties’ internal research, spanning over 500 pages, documents troubling patterns of conduct for which we have been unable to identify legitimate explanations.

In summary, we view dLocal as a financial institution operating through a network of seemingly undisclosed related parties and/or subsidiaries, engaging in transactions with questionable counterparties, and reporting financial statements that appear to contain numerous inaccuracies. Moreover, there exist apparent discrepancies between the foreign exchange net exposure reported by certain individual subsidiaries and those disclosed in dLocal’s consolidated accounts. We are not aware of any legitimate financial institution exhibiting such patterns. Indeed, these characteristics are more commonly associated with accounting fraud and money laundering schemes, such as the Bank of Credit and Commerce (BCCI) and Wirecard, which ultimately resulted in bankruptcy and criminal proceedings.

If some of our concerns are justified, and dLocal failed to properly consolidate certain controlled entities as subsidiaries (or at a minimum, did not disclose them as related parties), it raises serious questions about the reliability of dLocal’s reported consolidated financial statements, including assets, liabilities, profits, and even the reported cash balances.

In this letter, along with the accompanying presentation, we outline various apparent irregularities in advance of seeking: (a) an explanation from dLocal for such irregularities; and (b) the initiation of a forensic audit of such irregularities by dLocal’s board of directors (“Board”); and (c) and the suspension or removal of any Board members or senior management who may have been involved in any related misconduct.

For transparency, related parties of us hold a net short position in dLocal (through common shares and equity derivatives). Regardless of our evolving views, we expect that those parties may engage in active, immediate, and frequent trading – without any obligation to disclose our views or trading activities – including to cover or increase such positions or to manage associated risks. We refer to the disclaimer at the bottom of this letter and in beginning of the accompanying presentation.

February 20, 2024

The Board of Directors
dLocal Ltd
Dr. Luis Bonavita, 1294
Montevideo X3 11300
Uruguay
Attn: Director Martín Escobari
Attn: Director Luiz Ribeiro

Dear Members of the Board,

More than two years ago, dLocal was the subject of activist short-seller reports by Muddy Waters Research (“MW Reports”). Instead of seeking an independent evaluation of the allegations raised, the Board appears to have relied partly on dLocal’s management – some of whom may be implicated in the potential accounting fraud alleged by Muddy Waters – to conduct an internal review.¹ Investors have not been privy to the details of this internal review and the Company has not published any final report generated therefrom.

Many investors have arguably found some comfort in General Atlantic’s position as a major pre-IPO investor, its willingness to purchase \$100 million in shares following the MW Reports, and the presence of two of its investment professionals on the Board. Moreover, investors appeared initially excited about the appointment of Pedro Arnt (“Arnt”) as CEO, seemingly lending credibility to dLocal. Earnings misses during the first half of 2024 were attributed to business headwinds rather than any past or present misconduct.

Despite General Atlantic’s unwavering public defense of dLocal amid criticism – including a speech at the 2023 investor day – some of its behind-the-scenes actions tell a different story. Just days after Muddy Waters accused dLocal of potential fraud, Luiz Ribeiro, resigned from the board of dLocal Group Limited (Malta), one of the company’s core subsidiaries.² This departure leaves General Atlantic’s representatives possibly confined to the board of the Cayman Islands holding company – potentially offering them plausible deniability over potential misconduct at the subsidiary level.

In addition, concerns remain about how dLocal was able to realize 3.7% gross take rates and 43% gross margins in FY 2023 (FY 2022: 48%), particularly when payments juggernaut Adyen managed to convert only 23% and 18% of its gross revenues into net revenues in Latin America and Asia Pacific, respectively, during FY 2022.³ In our opinion, dLocal’s positioning should typically result in below-average margins and take rates due to a combination of a purported focus on low-risk and blue-chip merchants, likely stagnating merchant numbers (*e.g.*, unchanged reporting of “over 600 [global] merchants” in both Q3 2022 and Q4 2023, and “700-plus merchants” in Q2 2024⁴), high customer concentration (*e.g.*, the top 10 clients accounted for 62% of revenues and at least 85% of its year-over-year revenue dollar growth in 9M 2024⁵),

and a high supplier concentration (with the top 10 suppliers processing 53% of TPV in FY 2023⁶).

We have also not been able to understand how dLocal previously achieved its reported high gross take rates while it appeared to potentially quote lower average take rates even to its smaller merchants.⁷

In 2023, investors learned that dLocal was under investigation by Argentine regulators for potential capital control evasion and related transactions involving at least \$400 million, although dLocal denied allegations of impropriety.⁸ Analysts also wondered about how dLocal managed to earn gross take rates exceeding 10% in Argentina in FY 2021. While the Company's previous explanation regarding high costs from installments and resulting more average net take rates was deemed plausible,⁹ a recent presentation showing up to 89% gross margins in Argentina suggests otherwise.¹⁰

We were particularly alarmed by certain discoveries in the Argentine investigation. A local news report highlighted a case where dLocal allegedly facilitated millions of dollars in transactions, involving over 9,000 allegedly fabricated transactions from Argentine consumers to a business in Delaware/Florida. This was reportedly done through a small Argentine bank, with payments accepted via cash methods. When customs officers later raided the business, dLocal allegedly sent a lawyer to represent one of the business owners.¹¹

Although dLocal claimed compliance with Argentine laws, and in 2025 CEO Arnt stated that the investigation targeted its clients rather than the company itself,¹² dLocal responded to the probe by investing \$100 million in government bonds of the contemporaneously stressed/distressed sovereign and committed to roughly tripling its employee base in the country – actions that raise questions about the motives behind such significant commitments. Furthermore, we identified a network of apparently undisclosed related parties and potentially irregular currency balances within certain dLocal subsidiaries, with comparable patterns observed in other regions with currency and capital controls.

These issues are not confined to Argentina or dLocal. AstroPay, which is or was controlled by some of dLocal's principals and has been a payments counterparty to dLocal, was restricted by the United Kingdom's FCA from "accepting any new customer funds, providing payment services [...] and onboarding any new customers."¹³ Admittedly, dLocal recently celebrated obtaining an Authorised Payment Institution license from the FCA.¹⁴

dLocal is a payment service provider, subject to strict regulatory requirements, and collects, economically speaking, unsecured client deposits in the form of merchant client funds. Its daily business involves foreign exchange transactions in complex regulatory environments. It is therefore puzzling that dLocal's financial statements seem hastily prepared and appear to include obvious errors and inconsistencies. For example, dLocal's FY 2022 report shows exposure to foreign currency risk that inexplicably includes multiple lines with different numbers for the same currency (e.g., two lines for Mexican Pesos and separate lines for

Egyptian and “Egyptian” (sic) Pounds). Additionally, while the FY 2022 report references foreign currency risk from “United States Dollar,” this is absent in FY 2023 and FY 2021 reports, as if access to US dollar assets was suddenly in question. Prior reports even use “BRZ” as a currency symbol (the symbol of a crypto token, not Brazilian Reais). According to the FY 2021 report, Brazilian Reais were borrowed at a 1.85% fixed interest rate, which would be cheaper than the interbank rate. Such inconsistencies could raise questions about the accuracy of dLocal’s financial statements, and how investors, customers, financial counterparties, and regulators can trust them.

Since mid-2022, we, along with related parties, have been investigating dLocal. Our findings have raised serious concerns about the accuracy of dLocal’s financial accounts and business activities, as well as the operations of AstroPay/Directa24 (n/k/a D24, under the Eron International umbrella).¹⁵ We have chosen to share the following observations about some of our areas of concern:

- I. Potentially Undisclosed Related Parties or Subsidiaries:** Around twenty-nine (29) entities have been identified that, in our view, are likely undisclosed related parties or outright subsidiaries of dLocal (seventeen (17) of which appear to have been “gradually consolidated”). Based on our research, some of these entities have used “@dlocal.com” email addresses or web domains controlled by dLocal, and some employees or agents held director positions in them. Additionally, more than twenty (20) entities have been identified which we believe to have occupied similar nefarious roles at AstroPay/Directa24.
- II. Potential Indicia of Money Laundering:** Our research reveals patterns consistent with money laundering, characterized by potential, so-called “layering” and “smurfing” tactics designed to obscure the true nature of payments. An easily understood area of concern is dLocal’s involvement in facilitating payments for potential content piracy services – particularly noteworthy given that dLocal claims to help tier-1, blue-chip merchants (including major American content owners) expand into emerging markets.
- III. Apparent Discrepancies in Foreign Exchange Net Assets:** As of December 2023, dLocal’s payment provider entities reported currency exposures subject to foreign exchange and capital controls approximately \$100 million higher than those disclosed in the Company’s SEC filings. This discrepancy would typically necessitate offsetting net liabilities at dLocal’s local subsidiaries, raising the possibility of over-invoicing schemes aimed at circumventing capital controls or converting local currencies at subsidized government exchange rates (akin to the alleged conduct in Argentina). However, in certain markets, dLocal does not maintain local subsidiaries, rendering this explanation less plausible. As a result, we view these reported assets as having an elevated risk of fraud or fabrication.

- IV. Governance Issues:** Appropriate corporate governance is critical for any financial institution, but dLocal’s controls appear deficient. We suspect that Sergio Fogel (“Fogel”) and Andres Bzurovski (“Bzurovski”) (and Eduardo Azar (“Azar”)) have been the true bosses behind the scenes even while partly or completely being listed as only non-executive directors.¹⁶ Private company documents suggest they have exercised control over numerous operating subsidiaries, including some of the suspected undisclosed subsidiaries/related-party entities. Moreover, it is concerning to find that Jacobo Singer (“Singer”), until recently COO and Co-President, – who resides or resided in South Africa – had reportedly been in charge of so many key corporate functions, along with his sister occupying key finance and operating roles.
- V. Next Steps:** Given the gravity of our findings, we urge dLocal to immediately undertake a comprehensive forensic audit and open-ended investigation into the identified issues, as well as any other potential irregularities. In our view, dLocal should take immediate steps, including at least temporarily suspending certain officers, directors, employees, and other individuals who may be directly involved in the apparent irregularities.

We view the above issues as systematic characteristics of the “Fogel-Bzurovski-Azar businesses”, potentially persisting regardless of the “faces” occupying the C-suite. For instance, even with the appointment of new CEO Arnt, new CFO Mark Ortiz (“Ortiz”), and incoming COO Carlos Menendez (“Menendez”), dLocal’s subsidiary consolidation practices remain questionable. For example, the Indian entity Dlocal Solutions Private Limited was incorporated in April 2023¹⁷ but only consolidated in the fiscal quarter ending March 2024,¹⁸ and was seemingly excluded in the following quarters.¹⁹ If dLocal’s consolidation practices are indeed flawed, we cannot but repeat our skepticism about the reliability of its financial statements, including the accuracy of its reported assets and liabilities.

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I. Potentially Undisclosed Related Parties or Subsidiaries

Our research reveals a web of potentially undisclosed related parties or subsidiaries of dLocal, comprising around twenty-nine (29) entities (including seventeen (17) that appear to have been “gradually consolidated”), and numerous additional suspicious entities. A similar, partly overlapping web of around twenty (20) suspicious entities was identified for AstroPay/Directa24.

In some cases, these entities appear to have been incorporated almost simultaneously with dLocal’s official subsidiaries. When such entities are listed as payment beneficiaries instead of dLocal, it raises questions about whether financial counterparties (e.g., banks, credit card schemes) and regulators overseeing capital and currency controls are accurately informed regarding their true control and the purpose of transactions.

If true, these findings call into question the accuracy of dLocal's disclosures, which acknowledge only limited related-party transactions, with AstroPay and Directa24 as the only named related entities. Below, we briefly outline some of the identified suspicious entities that do not appear to have been explicitly named as subsidiaries or related parties in dLocal's financial statements:

- **Dlocal Limited, Hong Kong:** In addition to bearing dLocal's name, the entity's director was Xueting Zhang, dLocal's contemporaneous "Payments & Fraud Leader",²⁰ who is listed with an "@dlocal.com" email address in filings with the Hong Kong Companies Registry. The entity was incorporated on December 31, 2021, and dissolved around October 2023.²¹
- **Jumar Solutions Private Limited, India ("Jumar Solutions"):** A letter announcing the appointment of an auditor in December 2019 features the email address "darpan.shah@dlocal.com."²² Around the same time, the auditor, CNK RK & Co., was also engaged by dLocal's official subsidiary, Depansum Solutions Limited.²³ dLocal's IPO prospectus claims control over the eponymous web domain "jumar.in." For the 12 months ended March 2021, 97% of Jumar Solutions' purported revenues were spent on processor fees (e.g., possibly to dLocal), and the company did not appear to incur expenses for employee salaries. As of March 31, 2021, substantially all of Jumar Solutions' trade payables of INR 224 million (c. \$3 million) were owed to dLocal. This liability was equivalent to five times Jumar Solutions' revenues for the preceding 12 months.²⁴ It also exceeded dLocal's disclosed receivables from related-party collection agents, which stood at \$1.2 million on that date.²⁵ Consequently, it seems impossible for dLocal to argue that its financial statements implicitly account for transactions with Jumar Solutions in the related-party disclosures.

Jumar Solutions' financial statements for the year ended March 31, 2022 (audited and signed in January 2023, and listing "darpan.shah@dlocal.com" as the company's contact email) identify Dlocal Limited, Dlocal Corp, and Dlocal LLP as "related parties," specifically as "companies that exercises [*sic*] control" over Jumar Solutions.²⁶ However, this relationship is apparently not disclosed in dLocal's SEC filings.

- **Clasol Solutions Private Limited, India ("Clasol Solutions"):** Based on our research, an apparent sister company of Jumar Solutions, Clasol Solutions, listed "darpan.shah@dlocal.com" and "legal@directa24.com" as contact points in some government filings.²⁷ In August 2022, the entity's auditor resigned "due to concerns over the company's business."²⁸
- **Depansum Morocco SARL AU (Depansum Marruecos), Morocco:** Using the "Depansum" name of many of dLocal's disclosed subsidiaries, the entity was referenced in dLocal's terms and conditions along with dLocal's official subsidiary, Dlocal Morocco SARL AU, as a counterparty to clients.²⁹ The entity's director was Simon Vella,³⁰ who was

also the managing director of dLocal's Maltese entity at the time.³¹ In 2024, ownership of the entity was transferred to an apparent liquidator, and it was subsequently dissolved due to capital depletion and financial losses.³²

- **Depansum Nigeria Limited, Nigeria:** Incorporated just one week after dLocal's official subsidiary, Demerge Nigeria Limited, the suspicious entity shared the same company address and some of the same directors as Demerge Nigeria Limited.³³ "Depansum" also aligns with the naming convention for other dLocal subsidiaries. In Q1 2023 Nigeria reportedly accounted for 20% of dLocal's revenues in Q1 2023, with a staggering 1,581% year-over-year growth, raising questions about dLocal's secret sauce in this country.
- **FCA Brasil Facilitadora de Pagamentos Ltda., Brazil ("FCA Brasil"):** The "fcabrasil.com" web domain, controlled by dLocal per its IPO prospectus, appears to be tied to this apparent "1-man" payment processor. In 2023, FCA Brasil may have acted as a processor or even middleman/intermediary for transactions involving dLocal's clients GoDaddy and Shein.³⁴ Customer support communications from FCA Brasil were partly signed by "Webpay," potentially referring to **Webpay Brasil Pagamentos Ltda. ("Webpay Brasil")**.³⁵ Since around Q1 2022, dLocal has consolidated Webpay Brasil, which shared the same managing director and company address as FCA Brasil.³⁶ Notably, dLocal's IPO prospectus discloses control over the "webpaybrasil.com" domain but at that time dLocal did not yet appear to disclose control over Webpay Brasil.
- **Webpay SRL, Argentina:** WebPay SRL has or had associations with Andres Bzurovski³⁷ and is listed as the beneficiary on transaction statements linked to Skrill, a service that uses dLocal as its "official" payment partner (according to the same transaction receipt).³⁸ Some consumers perceived a parent-subsidiary relationship between dLocal and WebPay SRL.³⁹ Considering dLocal already operates multiple official subsidiaries in Argentina, the existence of WebPay SRL raises questions about its necessity or legitimacy within dLocal's operating network.
- **DLP Capital Partners S.A., Argentina ("DLP Capital Partners"):** Managed by dLocal's country manager for Argentina,⁴⁰ DLP Capital Partners is listed as a beneficiary on transaction statements for payments facilitated by dLocal.⁴¹
- **Directa24:** The MW Reports previously speculated about potentially nefarious or sham transactions between dLocal and Directa24. Developments in dLocal's FY 2022 annual report appear to support these concerns, as dLocal seemed to retroactively backdate the purported separation of its directors from Directa24 to December 30, 2021. This claim seemingly contradicts disclosures in dLocal's FY 2021 annual report, which indicated an ongoing relationship with Directa24 as of December 31, 2021, and probably even into 2022.⁴²

The legitimacy of any real ownership transfer would be in any case questionable. Directa24 LLP reported operating profits of \$633 million in FY 2022 and \$252 million in FY 2021, both achieved with incredible 85% operating margins.⁴³ The new purported owner of record, Jonathan Kier Joffe (“Joffe”),⁴⁴ appears to be a principal (or a relative of the principal) of an Argentine boutique law firm catering to “small and mid-sized international clients.”⁴⁵ This profile raises questions as to how Joffe could have financed the acquisition of a legitimate business almost comparable in size to Adyen in terms of FY 2022 EBITDA,⁴⁶ with contemporaneous revenue growth rates triple that of Adyen’s (150% vs. 49%), through a legitimate transaction that would normally require billions of dollars. Furthermore, as late as 2023, Fogel and Bzurovski were listed as directors of the Spanish entity Directa24 Payment System SL.⁴⁷

II. Potential Indicia of Money Laundering

While dLocal portrays itself as a facilitator to rather low-risk, blue chip merchants, our research uncovered apparent links to potential high-risk and suspicious services, including but not limited to: (1) Alleged content piracy (discussed below); (2) Alleged e-commerce shopping scams;⁴⁸ (3) 18+ video chat platforms and payouts to hostesses (and/or the “agencies” and sub-agents used to recruit young women) (e.g., Chamet, HoneyCam, LivU, PoppoLive, Tango, Yaar);⁴⁹ (4) Online gambling (e.g., Betway in India through Depansum Solutions Private Limited);⁵⁰ (5) Forex and binary options trading (e.g., HotForex/HF Markets, and Binary.com in at least 2018 and 2019);⁵¹ (6) High-risk payment companies (e.g., Neteller/Skrill⁵²), and (7) Apparent dating scams (e.g., FlirtMe, which seems to be based on fake profiles and expensive subscriptions⁵³).

This letter focusses on content piracy which – if existing – constitutes an obvious and significant risk area that could trigger regulatory action and backlash from blue-chip content merchants (e.g., Netflix, HBO, Disney, Amazon Prime). We look forward to dLocal addressing our observations below.

An analysis, using *Semrush*, of 38 million relevant visits to dLocal.com in 2023 (excluding direct traffic and visits from dLocal’s websites) reveals that four potential content piracy websites rank among the top 10 sources of analyzed incoming traffic to dLocal.com (membersiteorange.com, vendasvioleta.com, tvexpress.io, and mega.nz⁵⁴). Together, they contributed more than 13% of the analyzed relevant incoming traffic (as recorded by *Semrush* and excluding direct traffic), which is more than the traffic from legitimate sites like disneyplus.com or starplus.com. This raises the possibility that a meaningful share of dLocal’s payment transactions might involve illicit activities.

My Family Cinema (and the similar or related service TVExpress) is an alleged content piracy service targeting the Latin American market and distributing shows from Netflix, HBO Max, Disney+, Prime Video, and various sports content. Industry sources describe these apparently Hong Kong- and China-based organizations as “extremely popular and absolutely illegal,” “well-structured organizations,” and “organized crime.”⁵⁵ A former employee indicated that

dLocal's main competitor, Ebanx, would not onboard such merchants,⁵⁶ suggesting that dLocal may be one of the few payment providers enabling these alleged piracy services. Lower competition for such merchants might enable some higher take rates and revenues.

In 2023, numerous additional web domains were identified that appear linked to dLocal.com through significant traffic interactions or contained embedded references to dLocal as a payment facilitator within their source code. They include, among others, myfamilycinema.com, myfamilycinemastore.com, tvexpress.live (latino.tvexpress.live), tvexpressapp.com, tvexpressweb.club, novareseller.xyz (sales.novareseller.xyz) and mega.io. Test transactions initiated on some sites (but not completed) led to repeated email reminders from an "@dlocal.com" address in 2023 and 2024.

A *Semrush* analysis of Q1-Q3 2024 data revealed similar patterns, albeit with new domain names associated with these services. Ten domains linked to My Family Cinema/TVExpress contributed over 6% of dLocal's relevant traffic, even when excluding the suspicious crypto-themed middleman domain vvwallet.io⁵⁷ and Mega.⁵⁸

The presence of numerous web domains offering the same service could suggest possible load balancing – a tactic to distribute payment flows by assigning individual merchant identification numbers to deceive credit card network compliance systems. Payment providers enabling such schemes can face prosecution.⁵⁹

Additionally, dLocal appears to obfuscate certain transactions. In Argentina, despite dLocal having several official subsidiaries and the "maturity [...], all those banking partners" and "all those redundancies that allow us to be more efficient" (according to the Q4 2022 Earnings Call), payments for Mega listed Webpay SRL as the beneficiary instead of a dLocal subsidiary.⁶⁰ This structure appears consistent with layering (*e.g.*, obfuscating involvement) and smurfing (*e.g.*, spreading transaction volumes across entities to evade scrutiny from compliance departments of financial counterparties and regulators) tactics. If true, these practices could create the risk of possible bank fraud or even just accidental misstatements vis-à-vis banks and other financial institutions (*e.g.*, misrepresenting transaction purposes or dLocal's control over entities) or violations of capital and currency control regulations.

Finally, in our view, an investigation into AstroPay/Directa24 may uncover additional concerning transactions and merchants, including interactions with mirror sites for infamous online casino operators like 1xBet. Based on our research, we have concluded the "true bosses" of AstroPay/Directa24 have been or were Bzurovski and Fogel (with Azar as a key partner and active investor). dLocal's former CEO, Sebastian Kanovich ("Kanovich"), was officially the CEO of AstroPay; Singer, until recently dLocal's COO and co-President, was AstroPay's CTO. Given these overlapping leadership histories, it would not be surprising if all these companies share similar anti-money laundering and compliance philosophies.

III. Apparent Discrepancies in Foreign Exchange Net Assets

To facilitate payments and expatriate funds, dLocal's organizational structure consists of two types of entities: (1) Centralized payment provider entities (*e.g.*, Dlocal Limited, Dlocal LLP, Dlocal Corp LLP, Dlocal OpCo UK Ltd), likely serving as counterparties to international merchants, and (2) Local collection entities believed to collect payments from consumers before transferring them to the payment provider entities.⁶¹ In its consolidated financial statements, dLocal reports only limited foreign exchange exposure, consistent with its claims of operating with minimal foreign exchange risk.

However, our analysis of financial reports from payment provider entities suggests a different reality, especially regarding currencies from markets with capital or foreign exchange controls and black-market exchange rates. As of December 2023, the single company accounts of these entities reported significant net foreign exchange exposures, including \$27 million in Nigerian Naira, \$40 million in Vietnamese Dong, \$50 million in Pakistani Rupee, and \$23 million in Chinese Yuan.⁶² These figures stand in stark contrast to dLocal's consolidated financial statements, where none of these individual currency exposures exceed the \$9.1 million reportable threshold. This discrepancy suggests that dLocal would need to have approximately \$100 million in offsetting net liabilities in these currencies elsewhere in its corporate structure, potentially within local collection entities (No financial statements for these local collection entities were obtained by us for further analysis).

It would appear rather unusual for a local collection entity to report substantial negative net assets in local currency. Based on our analysis, a plausible explanation could be an over-invoicing scheme, wherein dLocal's payment provider entities would issue inflated or fictitious invoices to the collection entities. If true, this practice could be used to justify the expatriation of capital and the conversion of local currencies to U.S. dollars at subsidized government exchange rates. A similar pattern may have occurred in Argentina during FY 2022, when dLocal's payment provider entities seemingly reported \$46 million in Argentine peso exposure,⁶³ while the consolidated accounts showed only \$13 million in net foreign exchange exposure and \$7 million in hedges. Following a government investigation and media reports alleging widespread over-invoicing schemes,⁶⁴ these Argentine imbalances apparently disappeared by December 2023.⁶⁵

However, while over-invoicing, if prevalent, potentially explains the discrepancies in Argentine Peso exposure in FY 2022, the substantial foreign exchange exposures reported by dLocal's payment provider entities in smaller markets such as Pakistan and Vietnam raise further questions. Moreover, dLocal apparently did not report any local subsidiaries in some of these markets (*e.g.*, China and Pakistan) or, as far as we understand, have an official pay-in business (*e.g.*, China) as of FY 2023. Why would dLocal's payment provider entities carry such substantial foreign exchange net assets in these currencies? Where within dLocal's corporate structure are the corresponding offsetting net liabilities in these currencies? Alternatively, do these purported \$100 million balances exist at all, particularly given the elevated risks of fraud and fabrication sometimes associated with such payment balances in emerging and frontier markets?⁶⁶

IV. Governance

For a regulated financial institution, robust corporate governance and a well-selected management team are crucial to minimize the risk of fraud and other irregularities. While these principles are no secrets to dLocal's directors, some of which have private equity backgrounds, we believe that they have not been thoroughly implemented at dLocal.

According to SEC filings, Fogel held a non-executive role at dLocal until his appointment to Co-President and Chief Strategy Officer in June 2023. However, our research suggests he may have been a *de facto* executive officer the entire time given his director roles (or having occupied such roles) at more than 20 of dLocal's operating subsidiaries. In some cases, he appeared to be the sole director, suggesting some potential managerial or operational responsibilities. Notably, Fogel was involved with certain suspicious entities before they were officially consolidated (*e.g.*, he was a director of Depansum Malaysia Sdn. Bhd. since April 2021,⁶⁷ whereas dLocal only disclosed it as a new subsidiary in Q1 2022). In still other instances, Fogel's influence appears to be exercised through proxies. For example, in around H2 2022 he transferred the chairman role at Dlocal Uruguay S.A. to Alfredo Moises Curiel Lewkowicz ("Curiel"), whose *LinkedIn* profile shows no experience in the payments industry.⁶⁸ Instead, he was a production manager at Olivos del Uruguay – an olive plantation in which Fogel had invested.⁶⁹ We identified Curiel as a director at around 20 of dLocal's official (*e.g.*, Dlocal Ghana Ltd.) and suspected undisclosed subsidiaries (*e.g.*, Depansum Ghana Limited) towards the end of 2023.⁷⁰ It appears he has even held nominal shares in some of those entities, potentially on behalf of dLocal.⁷¹

Similarly, Singer's long and odd list of responsibilities outlined in SEC filings (*e.g.*, business development, banking relationships, IT oversight, and compliance) was managed out of an unorthodox location (South Africa). Despite such important responsibilities, his last appearance on an earnings call was in Q1 2023. During Singer's tenure in South Africa, the company's operations in the region came under scrutiny, with dLocal's subsidiary Depansum PTY Limited facing allegations by Visa of conducting "unlawful" payment transactions related to three of its five merchants.⁷² Additionally, Singer's sister, Clara Singer, has been holding key roles at dLocal, including Vice President of Finance until August 2023, when she transitioned to Vice President of Operations.⁷³

This constellation may explain some of dLocal's ongoing deficiencies in corporate functions, which – around three years after its IPO – still "rely on certain manual processes and controls that are performed by individuals rather than automated systems," including "many manual reconciliations, manual journal entries and other manual steps" in treasury, accounting and business assurance operations.⁷⁴

Another concerning governance issue arose after the passing of Tereza Grossi, when Hyman Bielsky ("Bielsky") was appointed as her successor on the audit committee. Bielsky does not meet the SEC's definition of an "audit committee financial expert"⁷⁵ and, in our view, lacks true independence (potentially being a business associate of at least Azar, as well as a potential

pre-IPO shareholder⁷⁶). Candidly, the ongoing weaknesses and allocation of managerial and director responsibilities do not give confidence that dLocal's Board has been fully committed to addressing these deficiencies – even with the new faces on the C-level.

We are also troubled when subsidiary auditors of a large financial institution like dLocal use “@gmail.com” email addresses in official documents. Fogel, who purportedly was only a “non-executive” director at the time, signed a government filing of Dlocal India Private Limited in January 2022, which listed a newly appointed auditor with such an email address.⁷⁷ Another audit firm, which also used a “@gmail.com” address, was appointed by Guisol Solutions Private Limited in December 2023 (effective retroactively for financial periods beginning in April 2022).⁷⁸ In the instance when Depansum Solutions Private Limited appointed the reputable firm Price Waterhouse Chartered Accounts LLP (e.g., a member firm of PwC, which audits dLocal's consolidated financial statements) for a five-year mandate, the relationship lasted for around one year. By September 2024, the auditor reportedly resigned, citing dLocal's “cost reduction measures” as incompatible with being “able to undertake the audit for the proposed fee” given the “time and effort involved” under the “Standards on Auditing and Standards on Quality Control issued by the Institute of Chartered Accountants of India.”⁷⁹ This raises questions about whether dLocal is potentially unable or unwilling to retain reputable auditors for some of its local subsidiaries.

From conversations with former employees and a review of *LinkedIn* profiles, it appears that dLocal did not establish a real compliance department until around its IPO. Consequently, it is to us unclear how the Company could have complied with applicable “know your customer” and anti-money laundering regulations, or whether it consistently obtained the necessary documents about its customers.⁸⁰

dLocal's current compliance policies continue to underwhelm. For instance, in 2022, Gabriela Vieira was appointed General Counsel despite her apparent lack of significant experience at major law firms or major financial institutions. She only graduated in 2020 with a Ph.D., and her most significant experience was in a similar role at PrimeiroPay, a much smaller company valued at just \$40 million at its acquisition by dLocal in 2021.

The governance challenges at dLocal are not isolated to the company itself. We believe that the true decision-makers at AstroPay/Directa24 have been or were Bzurovski, Fogel, and Azar, who partly operated without formal titles, relying on a network of trusted associates. For example, Kanovich became CEO of AstroPay within two years of graduating from university, and Mikael Lijtenstein was appointed CEO in under three years. This is a both comical and concerning pattern for a group of regulated, multinational financial institutions.

Finally, we remain unconvinced that dLocal's newly appointed CEO Arnt, and the C-level team assembled around him can be truly transformative despite their eloquence and smooth-talking demeanor. Arnt's appointment appears to have been orchestrated by Fogel in a rushed process,⁸¹ casting doubt about the degree of influence and stability General Atlantic – expected to serve as a steering anchor investor – has been able to contribute. While leadership changes have

brought in a new CEO, CFO, and incoming COO, dLocal's practices around subsidiary consolidation continue to exhibit potential inaccuracies. For instance, Dlocal Solutions Private Limited (India), established in April 2023,⁸² was consolidated as a subsidiary only for the three months ending March 31, 2024, but appears to have been omitted for the 6-month period ending June 30, 2024, and the 9-month period ending September 30, 2024.⁸³ Such discrepancies raise concerns that these leadership changes were less about substantive professionalization and more about deflecting scrutiny from Fogel, Bzurovski, and Azar. Investors' confidence in these appointments might be misplaced.

V. Next Steps

We ask the Board to initiate a comprehensive internal investigation, and a forensic audit supported by reputable audit, investigative, and legal firms. To ensure transparency, reassure investors that any potential wrongdoing is thoroughly uncovered, and provide internal whistleblowers with a contact point, we believe the names of these firms and the full scope of their mandates should be made public. Furthermore, the Board should commit to publishing their full investigative reports and, by a pre-announced date, an interim report.

We believe that comprehensive, transparent, and purely public communication would avoid the perception that some investors and analysts enjoy preferential access to the Company (as some people may have perceived following the MW Reports and ahead of the Q4 2023 earnings announcement⁸⁴) – and, candidly, our review of some sell-side research notes from the time of the MW Reports does not leave us with confidence that analysts were provided with entirely accurate new information in those meetings.

In our view, it would be prudent to remove certain officers, directors, employees, and other individuals from their roles and restrict their access to Company information, given their potential involvement in the suspected irregularities identified above. At the very least, these individuals should be prevented from influencing any internal investigation. The relevant individuals include, but are not limited to: Azar, Bzurovski, Fogel, Kanovich, Singer, Clara Singer, Emiliano Sebastian Fernandez Balague, Curiel, Bielsky, Joffe, their relatives, and several other individuals (note that some of the mentioned individuals may currently have only limited or no direct involvement with dLocal). Additionally, we do not believe the current CEO, Arnt, should be trusted unconditionally. In the absence of a better alternative, we propose that representatives from General Atlantic take a more active role in the company, with guidance and oversight from their U.S.-based colleagues, to ensure proper management and direction during this critical period.

To immediately enhance investor's understanding of dLocal's *disclosed* related party transactions (including revenues and costs, receivables and payables), we ask that dLocal promptly provides a comprehensive list of the companies and legal entities that were considered for this disclosure for each financial quarter since 2020. Moreover, we ask that dLocal discloses the amount of total payment volumes linked to each of those entities, including payments that were only recorded on paper (such as transaction receipts provided to

consumers, merchants, financial institutions, or regulators) but may not have involved the bank accounts of these entities before being transmitted to dLocal.

We remind the Board members of their fiduciary duties, which each director must uphold independently, regardless of the position of his potentially more conflicted peers. We look forward to dLocal taking the appropriate steps and stand ready to contribute additional material to substantiate our observations or introduce further areas of concern, as we deem appropriate.

Finally, we would like to emphasize that the information outlined in this letter and the accompanying presentation reflects our observations and opinions, and is condensed into a concise format. We nonetheless appreciate all viewpoints and, of course, would welcome hearing from the Board on any or all of these matters. We also hope that this letter helps highlighting some potential key areas that may require your attention as you prepare for the upcoming Q4 2024 results call and finalize the 20-F annual report.

Sincerely,
Hollenden Square Research LLC
Email: contact@hollendensquareresearch.com

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¹ We acknowledge that the audit committee “consisting of solely independent directors” also conducted some review. Like for the management’s review, no final report was made available to investors.

² See Dlocal Group Limited, “Notification of changes amongst directors or company secretary or in the representation of a company” (Document Number 69, signed and effective November 22, 2022), registered with the Malta Business Registry on January 2, 2023.

³ See Adyen, FY 2023 Annual Report at 114-115, available at <https://investors.adyen.com/financials/2023> (Adyen’s FY 2023 numbers do not appear to be comparable due to a change in gross revenue recognition).

⁴ See https://www.sec.gov/Archives/edgar/data/1846832/000095017022025201/dlo-ex99_2.htm, <https://www.sec.gov/ix?doc=/Archives/edgar/data/1846832/000095017024033510/dlo-20231231.htm> at 70, Q2 2024 Earnings Call.

⁵ See https://www.sec.gov/Archives/edgar/data/1846832/000095017024126375/dlo-ex99_2.htm (9M 2024 top 10 merchants: 62% of \$541 million revenues, 9M 2023 top 10 merchants: 58% of \$462 million revenues). By comparison the top 10 merchants accounted for 16% of Adyen’s FY 2023 revenue (See Adyen, FY 2023 Annual Report at 114, available at <https://investors.adyen.com/financials/2023>), and 21.6% of Nuvei’s FY 2023 revenue (See <https://www.sec.gov/Archives/edgar/data/1765159/000176515924000007/nuvei-aifx2023xfvcleanv2.htm> at 40).

⁶ See <https://www.sec.gov/ix?doc=/Archives/edgar/data/1846832/000095017024033510/dlo-20231231.htm> at 32.

⁷ The indicative analysis was conducted in 2022 based on pricing lists such as https://d46gg4i27i09z.cloudfront.net/dLocal_Payins_pricing_multiple_countries.pdf (May 2022); the current pricing list seems to be <https://dlocalgo.com/en/coverage>. We assumed dLocal’s historically reported TPV shares by country, a share of relevant payment methods as reported in dLocal’s contemporaneous country reports (See <https://dlocal.com/insights/regional-and-country-guides/>), and adjusted, among others, for the reported share of lower-margin payout transactions. It seems to us unrealistic that dLocal could legitimately charge sufficiently excessive, untransparent foreign exchange fees that are not competitive with alternative services in order to bridge the gap between our calculated take rates and dLocal’s reported take rates (however, even if dLocal imposed such charges, we would question the legitimacy of them unless they were transparently disclosed to merchants).

⁸ See <https://www.reuters.com/business/finance/report-argentina-fraud-probe-sinks-shares-dlocal-2023-05-26/>.

⁹ See Q4 2022 Earnings Call (Question by Jorge Echevarria (Morgan Stanley), answer by Kanovich (dLocal CEO)).

¹⁰ See https://www.sec.gov/Archives/edgar/data/1846832/000095017024059799/dlo-ex99_4.htm at 23-24 (Q1 2023 Argentine gross margins of 89% based on \$20 million revenues and \$17.8 million gross profit).

¹¹ See <https://www.infobae.com/economia/2023/09/15/el-gobierno-denuncio-un-supuesto-fraude-para-acceder-a-dolares-oficiales-y-girarlos-a-eeuu-por-medio-del-unicornio-dlocal/>, <https://titulares.ar/el-gobierno-acusa-a-una-fintech-de-estafa-por-usd-400-millones/>. Some observers might be surprised that the website lists a business address (See <https://web.archive.org/web/20211218131732/https://beuoinstitute.com/>) only a few miles south of Bzurovski’s and Bielsky’s apartments on Collins Avenue (Bielsky is or was associated with dLocal’s pre-IPO shareholder HMAJG, LLC and is now a purportedly “independent” director of dLocal and member of its audit committee).

¹² See https://youtu.be/HIP1vjXL6zs?si=QdNqPSaqP6-Qh_s_&t=1430 at minute 23:50-25:10.

¹³ See <https://register.fca.org.uk/s/firm?id=0010X00004VrOzRQAV>, <https://www.bloomberg.com/news/articles/2024-06-12/uk-restricts-fintech-owned-by-uruguay-s-first-ever-billionaires>.

¹⁴ See <https://www.dlocal.com/press-releases/dlocal-announces-new-authorised-payment-institution-license/>.

¹⁵ While seemingly not disclosed by dLocal, we understand that the business of Directa24 was divided into D24, OneKey Payments, Pandablue, Authus, Quickpay, tuPay with the head organization being Eron International. dLocal has seemingly not disclosed any transactions with these new entities.

¹⁶ Fogel was appointed Co-President and Chief Strategy Officer only in June 2023.

¹⁷ See <https://www.thecompanycheck.com/company/dlocal-solutions-private-limited/U62099DL2023PTC413357>.

¹⁸ See https://www.sec.gov/Archives/edgar/data/1846832/000095017024059799/dlo-ex99_2.htm at “4. Consolidation of subsidiaries.”

¹⁹ See https://www.sec.gov/Archives/edgar/data/1846832/000095017024097048/dlo-ex99_2.htm at “4. Consolidation of subsidiaries.”

²⁰ See <https://www.linkedin.com/in/xueting-zhang-281091141/>.

²¹ See Dlocal Limited, “PS600000296185_02.pdf” at 4, and general information, filed with the Hong Kong Company Register.

- ²² See Jumar Solutions Private Limited, “Jumar – Resolution for appointment of CNKRK” at 1, attached to “Form ADT-1-03012020_signed”, filed with India’s Ministry of Corporate Affairs.
- ²³ See Depansum Solutions Private Limited, “AUDIT REPORT FINANCIALS DIRECTOR REPORT_FINAL” at 4, attached to “Form AOC-4-12122019_signed” (signed September 2019), and “Form AOC-4-25022021_signed” at 1, 3 (signed December 2020), filed with India’s Ministry of Corporate Affairs.
- ²⁴ See Jumar Solutions Private Limited, “Consolidated Financials” at 1, 2, 8, attached to “Form AOC-4-21012022_signed”, filed with India’s Ministry of Corporate Affairs.
- ²⁵ See <https://www.sec.gov/Archives/edgar/data/1846832/000119312521182550/d400729d424b1.htm> at F-24.
- ²⁶ See Jumar Solutions Private Limited, “Form AOC-4-29042023_signed” at 1, and “Form_AOC_4_29042023_signed_0_.pdf_Jumar_financials_1_signed” at 1, 9, filed with India’s Ministry of Corporate Affairs.
- ²⁷ See Clasol Solutions Private Limited, “Form AOC-4-14012021_signed” (filed in around January 2021) at 1 (“darpan.shah@dlocal.com”) and “Form MGT-7-13022021_signed.pdf” (filed in around February 2021) at 1 (“legal@directa24.com”), filed with India’s Ministry of Corporate Affairs.
- ²⁸ See Clasol Solutions Private Limited, “Auditor resignation_Form_ADT_3_25092022_signed_0_.pdf” at 1, filed with India’s Ministry of Corporate Affairs.
- ²⁹ Originally mentioned in dLocal’s terms and conditions (See <https://dlocal.com/legal/declaration-for-payments-morocco/>; website no longer available as of February 17, 2025) While this website was deleted in H2 2023, dLocal’s developer documentation still references “Depansum Marruecos” as a “company_name” where normally a dLocal entity would seem more fitting (See <https://docs.dlocal.com/docs/morocco> at “Examples” – “Response Example”).
- ³⁰ See Depansum Marruecos, Fiche Legale (accessed in 2022), filed with the Office Marocain de la Propriété Industrielle et Commerciale (<https://www.directinfo.ma/>).
- ³¹ See, among others, <https://www.linkedin.com/in/simon-vella-b7014667/>.
- ³² See http://www.sgg.gov.ma/BO/AR/3111/2024/BOAL_5842.pdf at 22173.
- ³³ See Depansum Nigeria Limited, Company information, filed with the Nigeria Corporate Affairs Commission (December 2023).
- ³⁴ See https://www.reclameaqui.com.br/fca-brasil-facilitadora-de-pagamentos/compra-feita-no-pix_YMd3x1-uKhu9LMSv/, https://www.reclameaqui.com.br/fca-brasil-facilitadora-de-pagamentos/pago-compra-shein-pela-fca_Bex_R_OjuYyu_Yrx/.
- ³⁵ See https://www.reclameaqui.com.br/fca-brasil-facilitadora-de-pagamentos/cobrancas-indevidas_TIPJRctvlQzaigvj/.
- ³⁶ See <https://transparenciabr.org/socios/eduardo-barasch-halegua>, <https://transparenciabr.org/empresas/fca-brasil-facilitadora-de-pagamentos-ltda-36740720000130>, <https://transparenciabr.org/empresas/webpay-brasil-pagamentos-ltda-36731646000196>.
- ³⁷ See <https://www.dateas.com/en-us/bora/2014/08/20/webpay-srl-812202>.
- ³⁸ See <https://www.scribd.com/document/602899335/ti>.
- ³⁹ See <https://tuquejasuma.com/webpay-srl/reclamos/acrediten-mi-dinero-urgente>.
- ⁴⁰ See <https://www.linkedin.com/in/marcos-piccardo-5121a234>.
- ⁴¹ See <https://www.scribd.com/document/547915831/rapipago-undertale>.
- ⁴² See <https://www.sec.gov/ix?doc=/Archives/edgar/data/1846832/000095017023011942/dlo-20221231.htm> at 46 (“Directa24 ceased to be an affiliated entity of AstroPay and DLocal on December 30, 2021”), and <https://www.sec.gov/ix?doc=/Archives/edgar/data/1846832/000095017022006790/dlo-20211231.htm> at 41 (20-F for the period ending December 31, 2021: “we are subject to competition from AstroPay and its affiliated entity Directa24”).
- ⁴³ Directa24 LLP’s FY 2023 performance – potentially affected by the Eron International reorganization – is lower but still impressive (e.g., \$238 million revenues and \$120 million operating profit). Financial reports retrieved from <https://find-and-update.company-information.service.gov.uk/company/OC425353/filing-history>.
- ⁴⁴ See <https://find-and-update.company-information.service.gov.uk/company/OC425353/persons-with-significant-control>.
- ⁴⁵ See <https://kierjoffe.com/map/sitemap>, <https://www.kierjoffe.com/about>.
- ⁴⁶ See Adyen, FY 2023 Annual Report at 1 (EBITDA), 85 (gross revenues), available at <https://investors.adyen.com/financials/2022>. (For comparison, Adyen’s FY 2022 EBITDA was €728 million – although higher, broadly in the range of Directa24’s EBITDA).
- ⁴⁷ See <https://www.datoscif.es/empresa/directa24-payment-system-sl>.
- ⁴⁸ See <https://www.fiscales.gob.ar/ciberdelincuencia/la-ufeci-advierte-sobre-fraudes-con-falsas-publicidades-de-sodimac-en-instagram-y-facebook/>.

⁴⁹ See <https://talentzinagency.com/become-chamet-host-streamer/> (Chamet), <https://streameragent.com/en/honeycam-agency/> (Honeycam), https://www.livu.me/LivU_termsofservice.html (LivU), <https://streameragent.com/en/poppo-app-agency/> (PoppoLive), *Semrush* analysis (Tango.me), <https://yaar.live/serstreameryaar.html> (Yaar).

⁵⁰ See <https://x.com/TouseefAhmad78/status/1633744094320029697> (dLocal's Indian subsidiary Depansum Solutions Pvt. Ltd.).

⁵¹ See https://www.reclameaqui.com.br/curinga-economico/contratacao-de-empresa-que-nao-repassa-o-dinheiro_0GGQCNDIQBbuK2yN/ (HotForex), https://www.reclameaqui.com.br/d-local/d-local-pagamentos-nao-repassa-pagamento-para-a-binary-com_BsiGnE_UFEyMC_Uj/ (Binary).

⁵² See https://www.reclameaqui.com.br/d-local/gerar-boleto-para-a-neteller_uksQPNR6xKWfbhof/, https://www.reclameaqui.com.br/d-local/boleto-dlocal-skrill_uZWtzJ_-03kdiuxn/.

⁵³ See <https://tuquejasuma.com/webpay-srl/reclamos/falta-de-acreditacion-inmediata> (payment through Webpay). Allegations of fake profiles: https://www.reddit.com/r/DatingRealist/comments/1e98c8t/flirtmecom_review_is_flirtme_legit_or_a_scam/?rdt=63319, https://www.linkedin.com/posts/brucewryan_flirtme-another-fake-scam-site-interested-activity-7056461653965504512-BAEM/.

⁵⁴ Mega.nz, a successor project to Kim Dotcom's Megaupload, would presumably deny that it is a content piracy website. However, there are reports and anecdotes alleging something different (See <https://www.digitalwelt.org/en/digital-subcultures/no-copy/webwarez/mega-nz>, https://www.reddit.com/r/Piracy/comments/a576vd/is_meganz_safe_to_share_pirated_files_on/).

⁵⁵ See <https://www.americasquarterly.org/article/uma-caixa-preta-revolucionaria-a-pirataria-na-america-latina/>, <https://www.viaccess-orca.com/hubfs/VO's%20Combating%20Third%20Generation%20Video%20Piracy.pdf> at 4.

⁵⁶ Conversation conducted in 2022.

⁵⁷ VVWallet's app is published by Panel International Limited in the Google Play Store (See <https://play.google.com/store/apps/developer?id=Panel+International+Limited>). Panel International Limited appeared on terms and conditions of suspicious reseller websites such as <https://planosred.shop/pricing-table> in early 2024 (although not any more as of February 19, 2025).

⁵⁸ The web domains are panelshop.me, membersiteorange.com, vendasvioleta.com, theorangesite.store, novareseller.xyz, violetaloja.com, tvexpress.live, nacaovioleta.com, torcidavloja.com, torcidavioletaloja.com.

⁵⁹ See, for example, <https://www.ftc.gov/news-events/news/press-releases/2019/05/ftc-adds-latvian-financial-institution-ceo-case-against-apex-capital-group>.

⁶⁰ See <https://tuquejasuma.com/webpay-srl/reclamos/acrediten-mi-dinero-urgente>.

⁶¹ See <https://www.sec.gov/Archives/edgar/data/1846832/000119312521304061/d230499d424b1.htm> at F-12.

⁶² The referenced numbers reported by payment provider entities (Dlocal LLP (UK), Dlocal Corp LLP (UK), Dlocal OpCo UK Limited (UK), Dlocal Limited (Malta) were retrieved from the respective financial statements filed with the United Kingdom's Companies House and the Malta Business Registry.

⁶³ See *Id.* Note that only Dlocal LLP (UK) and Dlocal Corp LLP (UK) disclose Argentine peso exposure in their respective FY 2022 reports, but not Dlocal Limited (Malta) (page 34 of the entity's FY 2022 annual report).

⁶⁴ See <https://web.archive.org/web/20230609123531/https://primicia24.com/contenido/1626/la-justicia-imputo-a-la-fintech-dlocal-por-maniobras-de-lavado-de-dinero>.

⁶⁵ Only Dlocal Limited (Malta) reported Argentine peso exposure (\$14 million on page 34 of its annual report) in FY 2023. No major exposure seems to be disclosed by Dlocal LLP (UK), Dlocal Corp LLP (UK) or Dlocal OpCo UK Limited (UK). This exposure seems broadly consistent with the consolidated FX exposure of \$12.8 million and \$3.4 million hedges reported in dLocal's consolidated report (The referenced numbers reported by payment provider entities (Dlocal LLP (UK), Dlocal Corp LLP (UK), Dlocal OpCo UK Limited (UK), Dlocal Limited (Malta) were retrieved from the respective financial statements filed with the United Kingdom's Companies House and the Malta Business Registry.).

⁶⁶ Wirecard reportedly fabricated around €2 billion cash in the Philippines (See <https://www.ft.com/content/574ca70f-1d1e-4ade-b02b-9b846ea88d14>). U.S.-listed Tingo Group reportedly fabricated \$462 million cash purportedly held in Nigerian Naira bank accounts (See <https://www.ft.com/content/7825234e-d9aa-4274-bd64-949eea18fa88>).

⁶⁷ See Depansum Malaysia Sdn. Bhd, "UNI-20220824203732604804-1395902-PDOROC-ipaycc.pdf", filed with the Companies Commission of Malaysia (Suruhanjaya Syarikat Malaysia (SSM)).

⁶⁸ See <https://www.linkedin.com/in/alfredo-curiel-8a04a59/>.

⁶⁹ See *Id.*, <https://www.impo.com.uy/diariooficial/2021/12/30/avisos.pdf> at 71.

⁷⁰ See Dlocal OpCo Ireland Limited – Other Directorships List (of Alfredo Moises Curiel Lewkowicz; registered on January 22, 2024, effective from November 23, 2023) at 2-3, retrieved from Companies Registration Office Ireland.

⁷¹ See Guisol Solutions Private Limited, “MGT-4_Alfredo Curiel.pdf” at 1-3, attached to “Form_MGT_6_27082023_signed_3”, filed with India’s Ministry of Corporate Affairs (Curiel held 1 share out of 25,000 shares. Date of entry of name in register: July 2022).

⁷² See <https://www.comptrib.co.za/open-file?FileId=53592> at 15 §43 and 34 §102 (Note that dLocal/Depansum PTY Limited successfully challenged Visa’s rules and requirements to comply with Visa’s interpretation of South Africa’s foreign exchange regulation through the Competition Tribunal of South Africa).

⁷³ See <https://www.linkedin.com/in/clara-singer-9b756528/>.

⁷⁴ See <https://www.sec.gov/ix?doc=/Archives/edgar/data/1846832/000095017024033510/dlo-20231231.htm> at 41.

⁷⁵ See <https://www.sec.gov/ix?doc=/Archives/edgar/data/1846832/000095017024033510/dlo-20231231.htm> at 127.

⁷⁶ We believe that Bielsky is or was associated with HMAJG, LLC, a pre-IPO shareholder of dLocal (See <https://www.sec.gov/Archives/edgar/data/1846832/000119312521182550/d400729d424b1.htm>): In 2015 HMAJG, LLC (and Bielsky as its contact person) were listed as the purchasers of convertible debentures of Ecuador Gold. Another investor with the same exposure was Aqua Crystal Investments through which Azar holds his dLocal stake (See <https://stockhouse.com/companies/bullboard/v.egx/ecuador-gold-and-copper-corp?postid=24545777>). We suspect that “HMAJG” stands for the initials of Bielsky, his wife, and his three children.

⁷⁷ See Dlocal India Private Limited, “Form_ADT_1_02012023_2_” at 1, 3, filed with India’s Ministry of Corporate Affairs.

⁷⁸ See Guisol Solutions Private Limited, “Form_ADT_1_08012024_signed_1_.pdf” at 1, 3, filed with India’s Ministry of Corporate Affairs.

⁷⁹ See Depansum Solutions Private Limited, “ADT-3_Form_ADT_3_17102024_1_.pdf_Signed_Resignation_Letters_Depansum_V2” at 1, filed with India’s Ministry of Corporate Affairs.

⁸⁰ Analysis conducted in 2022.

⁸¹ See <https://www.bloomberglinea.com/english/dlocal-is-a-gem-and-theres-no-need-to-fix-anything-says-former-mercadolibre-cfo-arnt/>.

⁸² See <https://www.thecompanycheck.com/company/dlocal-solutions-private-limited/U62099DL2023PTC413357>.

⁸³ See https://www.sec.gov/Archives/edgar/data/1846832/000095017024059799/dlo-ex99_2.htm, https://www.sec.gov/Archives/edgar/data/1846832/000095017024097048/dlo-ex99_2.htm, and https://www.sec.gov/Archives/edgar/data/1846832/000095017024126375/dlo-ex99_2.htm, each at “4. Consolidation of subsidiaries.”

⁸⁴ dLocal may have held broader investor or analyst calls after the Muddy Waters campaign; however, these calls were apparently not open to all investors, and no recordings seem to be available on dLocal’s investor relations website. News that Arnt would become the only CEO while Kanovich steps down was mentioned in a podcast by Stratechery, which was recorded before the official announcement although not to be released until after the Q4 2023 earnings (See <https://stratechery.com/2024/an-interview-with-dlocal-founder-sebastian-kanovich-and-ceo-pedro-arnt/>). Moreover, we are skeptical that Forbes could have published a comprehensive article with many quotes from Arnt, Fogel, and Kanovich within around 28 minutes of the earnings release (See <https://www.forbes.com/sites/danielwebber/2024/03/18/exclusive-dlocal-appoints-pedro-arnt-as-ceo-as-sebastian-kanovich-steps-back/>).