UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

-OR-

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to _________

Commission file number 001-33647

MercadoLibre, Inc.

(Exact name of Registrant as specified in its Charter)

Delaware	98-0212790
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

WTC Free Zone
Dr. Luis Bonavita 1294, Of. 1733, Tower II
Montevideo, Uruguay, 11300

(Address of principal executive offices) (Zip Code)

(+598) 2-927-2770

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value per share	MELI	Nasdaq Global Select Market
2.375% Sustainability Notes due 2026	MELI26	The Nasdaq Stock Market LLC
3.125% Notes due 2031	MELI31	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

50,697,375 shares of the issuer’s common stock, $0.001 par value, outstanding as of November 6, 2024.

MERCADOLIBRE, INC.
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MercadoLibre, Inc. - Interim Condensed Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023
(In millions of U.S. dollars, except par value) (Unaudited)

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 2,162	$ 2,556
Restricted cash and cash equivalents	1,316	1,292
Short-term investments	4,511	3,480
Accounts receivable, net	216	156
Credit card receivables and other means of payments, net	4,585	3,632
Loans receivable, net of allowances of $1,565 and $1,042	4,248	2,629
Inventories	322	238
Customer crypto-assets safeguarding assets	81	34
Other assets	383	277
Total current assets	**17,824**	**14,294**
Non-current assets:		
Long-term investments	1,226	162
Loans receivable, net of allowances of $47 and $42	156	65
Property and equipment, net	1,283	1,250
Operating lease right-of-use assets	968	899
Goodwill	149	163
Intangible assets, net	12	11
Intangible assets at fair value	34	24
Deferred tax assets	780	710
Other assets	191	68
Total non-current assets	**4,799**	**3,352**
Total assets	**$ 22,623**	**$ 17,646**
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	$ 2,940	$ 2,117
Funds payable to customers	5,854	4,475
Amounts payable due to credit and debit card transactions	1,681	1,072
Salaries and social security payable	665	545
Taxes payable	426	477
Loans payable and other financial liabilities	2,250	2,292
Operating lease liabilities	201	166
Customer crypto-assets safeguarding liabilities	81	34
Other liabilities	215	119
Total current liabilities	**14,313**	**11,297**
Non-current liabilities:		
Amounts payable due to credit and debit card transactions	35	20
Loans payable and other financial liabilities	3,103	2,203
Operating lease liabilities	770	672
Deferred tax liabilities	193	183
Other liabilities	207	200
Total non-current liabilities	**4,308**	**3,278**
Total liabilities	**$ 18,621**	**$ 14,575**
Commitments and contingencies (Note 11)		
Equity		
Common stock, $0.001 par value, 110,000,000 shares authorized, 50,697,438 and 50,697,442 shares issued and outstanding	$ —	$ —
Additional paid-in capital	1,770	1,770
Treasury stock	(311)	(310)
Retained earnings	3,173	1,901
Accumulated other comprehensive loss	(630)	(290)
Total equity	**4,002**	**3,071**
Total liabilities and equity	**$ 22,623**	**$ 17,646**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

MercadoLibre, Inc.
Interim Condensed Consolidated Statements of Income
For the nine and three-month periods ended September 30, 2024 and 2023
(In millions of U.S. dollars, except for share data)
(Unaudited)

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2024	2023 (1)	2024	2023 (1)
Net service revenues and financial income	$ 13,307	$ 9,719	$ 4,760	$ 3,586
Net product revenues	1,411	979	552	341
Net revenues and financial income	**14,718**	**10,698**	**5,312**	**3,927**
Cost of net revenues and financial expenses	(7,890)	(5,158)	(2,873)	(1,832)
Gross profit	**6,828**	**5,540**	**2,439**	**2,095**
Operating expenses:				
Product and technology development	(1,422)	(1,145)	(504)	(396)
Sales and marketing	(1,555)	(1,207)	(566)	(441)
Provision for doubtful accounts	(1,331)	(751)	(507)	(277)
General and administrative	(709)	(565)	(305)	(196)
Total operating expenses	**(5,017)**	**(3,668)**	**(1,882)**	**(1,310)**
Income from operations	**1,811**	**1,872**	**557**	**785**
Other income (expenses):				
Interest income and other financial gains	107	95	43	38
Interest expense and other financial losses	(117)	(136)	(40)	(53)
Foreign currency losses, net	(132)	(508)	(40)	(239)
Net income before income tax expense and equity in earnings of unconsolidated entity	**1,669**	**1,323**	**520**	**531**
Income tax expense	(397)	(504)	(123)	(172)
Equity in earnings of unconsolidated entity	—	3	—	—
Net income	**$ 1,272**	**$ 822**	**$ 397**	**$ 359**

(1) Recast for consistency with the current presentation due to the change in the presentation of certain financial results. Please refer to Note 2 – Summary of significant accounting policies - Change in the presentation of certain financial results and reclassification of prior year results.

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2024	2023	2024	2023
Basic earning per share				
Basic net income available to shareholders per common share	$ 25.09	$ 16.40	$ 7.83	$ 7.18
Weighted average of outstanding common shares	50,697,442	50,137,826	50,697,438	50,008,320
Diluted earning per share				
Diluted net income available to shareholders per common share	$ 25.09	$ 16.36	$ 7.83	$ 7.16
Weighted average of outstanding common shares	50,697,442	50,338,945	50,697,438	50,209,439

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

MercadoLibre, Inc.
Interim Condensed Consolidated Statements of Comprehensive Income
For the nine and three-month periods ended September 30, 2024 and 2023
(In millions of U.S. dollars)
(Unaudited)

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2024	2023	2024	2023
Net income	$ 1,272	$ 822	$ 397	$ 359
Other comprehensive (loss) income, net of income tax:				
Currency translation adjustment	(350)	99	(52)	(76)
Unrealized gains on investments	5	—	5	—
Tax expense on unrealized gains on investments	(1)	—	(1)	—
Unrealized gains (losses) on hedging activities	9	(8)	(3)	2
Tax (expense) benefit on unrealized gains (losses) on hedging activities	(3)	2	1	(1)
Less: Reclassification adjustment for gains (losses) on hedging activities included in cost of net revenues and financial expenses, interest expense and other financial losses and foreign currency losses, net	1	(8)	3	(6)
Less: Reclassification adjustment for estimated tax (expense) benefit on unrealized losses	(1)	3	(2)	2
Total other comprehensive (loss) income, net of income tax	**(340)**	**98**	**(51)**	**(71)**
Total comprehensive income	**$ 932**	**$ 920**	**$ 346**	**$ 288**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

MercadoLibre, Inc.
Interim Condensed Consolidated Statements of Equity
For the nine and three-month periods ended September 30, 2024 and 2023
(In millions of U.S. dollars)
(Unaudited)

	Common stock		Additional paid-in capital	Treasury Stock [1]	Retained Earnings	Accumulated other comprehensive loss	Total Equity
	Shares	Amount					
Balance as of December 31, 2023	50	$ —	$ 1,770	$ (310)	$ 1,901	$ (290)	$ 3,071
Net income	—	—	—	—	344	—	344
Other comprehensive loss	—	—	—	—	—	(25)	(25)
Balance as of March 31, 2024	50	$ —	$ 1,770	$ (310)	$ 2,245	$ (315)	$ 3,390
Common Stock repurchased	—	—	—	(1)	—	—	(1)
Net income	—	—	—	—	531	—	531
Other comprehensive loss	—	—	—	—	—	(264)	(264)
Balance as of June 30, 2024	50	$ —	$ 1,770	$ (311)	$ 2,776	$ (579)	$ 3,656
Net income	—	—	—	—	397	—	397
Other comprehensive loss	—	—	—	—	—	(51)	(51)
Balance as of September 30, 2024	50	$ —	$ 1,770	$ (311)	$ 3,173	$ (630)	$ 4,002

(1) As of September 30, 2024, the Company held 225,474 shares as treasury stock.

	Common stock		Additional paid-in capital	Treasury Stock	Retained Earnings	Accumulated other comprehensive loss	Total Equity
	Shares	Amount					
Balance as of December 31, 2022	50	$ —	$ 2,309	$ (931)	$ 913	$ (464)	$ 1,827
Common Stock repurchased	—	—	—	(61)	—	—	(61)
Net income	—	—	—	—	201	—	201
Other comprehensive income	—	—	—	—	—	73	73
Balance as of March 31, 2023	50	$ —	$ 2,309	$ (992)	$ 1,114	$ (391)	$ 2,040
Common Stock repurchased	—	—	—	(146)	—	—	(146)
Net income	—	—	—	—	262	—	262
Other comprehensive income	—	—	—	—	—	96	96
Balance as of June 30, 2023	50	$ —	$ 2,309	$ (1,138)	$ 1,376	$ (295)	$ 2,252
Capped call settlement	—	—	412	(412)	—	—	—
Conversion of 2028 Convertible Notes	—	—	(762)	1,112	—	—	350
Common Stock repurchased	—	—	—	(149)	—	—	(149)
Net income	—	—	—	—	359	—	359
Other comprehensive loss	—	—	—	—	—	(71)	(71)
Balance as of September 30, 2023	50	$ —	$ 1,959	$ (587)	$ 1,735	$ (366)	$ 2,741

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

MercadoLibre, Inc. - Interim Condensed Consolidated Statements of Cash Flows
For the nine-month periods ended September 30, 2024 and 2023
(In millions of U.S. dollars)
(Unaudited)

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Cash flows from operations:		
Net income	$ 1,272	$ 822
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in earnings of unconsolidated entity	—	(3)
Unrealized foreign currency losses, net	176	498
Depreciation and amortization	465	389
Accrued interest and financial income	(287)	(232)
Non cash interest expense and amortization of debt issuance costs and other charges	78	79
Provision for doubtful accounts	1,331	751
Results on derivative instruments	(18)	26
Long term retention program (“LTRP”) accrued compensation	210	122
Results on digital assets at fair value	(10)	—
Deferred income taxes	(167)	(84)
Changes in assets and liabilities:		
Accounts receivable	(94)	(46)
Credit card receivables and other means of payments	(1,421)	(361)
Inventories	(110)	(85)
Other assets	(270)	(92)
Payables and accrued expenses	957	605
Funds payable to customers	1,880	440
Amounts payable due to credit and debit card transactions	761	255
Other liabilities	71	(85)
Interest received from investments	170	213
Net cash provided by operating activities	**4,994**	**3,212**
Cash flows from investing activities:		
Purchases of investments	(12,383)	(15,540)
Proceeds from sale and maturity of investments	10,089	14,847
Receipts from settlements of derivative instruments	18	—
Payments from settlements of derivative instruments	(12)	(49)
Purchases of intangibles assets	(4)	—
Changes in loans receivable, net	(3,316)	(1,465)
Investments of property and equipment	(551)	(329)
Net cash used in investing activities	**(6,159)**	**(2,536)**
Cash flows from financing activities:		
Proceeds from loans payable and other financial liabilities	12,575	19,390
Payments on loans payable and other financing liabilities	(11,334)	(19,353)
Payments of finance lease liabilities	(38)	(21)
Common Stock repurchased	(1)	(356)
Net cash provided by (used in) financing activities	**1,202**	**(340)**
Effect of exchange rate changes on cash, cash equivalents, restricted cash and cash equivalents	(407)	(443)
Net decrease in cash, cash equivalents, restricted cash and cash equivalents	**(370)**	**(107)**
Cash, cash equivalents, restricted cash and cash equivalents, beginning of the period	3,848	3,363
Cash, cash equivalents, restricted cash and cash equivalents, end of the period	**$ 3,478**	**$ 3,256**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

MercadoLibre, Inc. - Interim Condensed Consolidated Statements of Cash Flows
For the nine-month periods ended September 30, 2024 and 2023
(In millions of U.S. dollars)
(Unaudited)

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Non-cash transactions:		
Right-of-use assets obtained under operating leases	$ 257	$ 188
Property and equipment obtained under finance leases	13	20

NOTE 1. NATURE OF BUSINESS

MercadoLibre, Inc. ("MercadoLibre" and together with its consolidated entities, the "Company") was incorporated in the state of Delaware, in the United States of America, in October 1999. MercadoLibre is the largest online commerce ecosystem in Latin America, serving as an integrated regional platform and as a provider of necessary digital and technology tools that allow businesses and individuals to trade products and services in the region.

The Company enables commerce through its marketplace platform, which allows users to buy and sell in most of Latin America. Through Mercado Pago, the fintech platform, MercadoLibre offers a comprehensive set of financial technology services to users of its e-commerce platform, and to users outside of its e-commerce platform; through Mercado Envios, MercadoLibre facilitates the shipping of goods from the Company and sellers to buyers; through the advertising products, MercadoLibre facilitates advertising services for large retailers and brands to promote their products and services on the web; through Mercado Shops, MercadoLibre allows users to set-up, manage, and promote their own online web-stores under a subscription-based business model; through Mercado Credito, MercadoLibre extends loans to certain merchants and consumers; and through Mercado Fondo, MercadoLibre allows users to invest funds deposited in their Mercado Pago accounts.

As of September 30, 2024, MercadoLibre, through its wholly-owned subsidiaries, operated online e-commerce platforms directed towards Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Peru, Mexico, Panama, Honduras, Nicaragua, El Salvador, Uruguay, Bolivia, Guatemala, Paraguay and Venezuela. Additionally, MercadoLibre operates its fintech solution in Argentina, Brazil, Mexico, Colombia, Chile, Peru, Uruguay and Ecuador, and extends loans through Mercado Credito in Argentina, Brazil, Mexico and Chile. It also offers a shipping solution directed towards Argentina, Brazil, Mexico, Colombia, Chile, Uruguay, Peru and Ecuador.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying unaudited interim condensed consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the accounts of the Company, its wholly-owned subsidiaries and consolidated Variable Interest Entities ("VIEs"). Investments in entities where the Company holds joint control, but not control, over the investee are accounted for using the equity method of accounting. As of September 30, 2024, the Company had no investments where it has the ability to exercise joint control. These unaudited interim condensed consolidated financial statements are stated in U.S. dollars, except where otherwise indicated. Intercompany transactions and balances have been eliminated for consolidation purposes.

Substantially all net revenues and financial income, cost of net revenues and financial expenses and operating expenses, are generated in the Company's foreign operations. Long-lived assets, intangible assets and goodwill and operating lease right-of-use assets located in the foreign jurisdictions totaled $2,405 million and $2,321 million as of September 30, 2024 and December 31, 2023, respectively.

These unaudited interim condensed consolidated financial statements reflect the Company's consolidated financial position as of September 30, 2024 and December 31, 2023. These unaudited interim condensed consolidated financial statements include the Company's consolidated statements of income, comprehensive income and equity for the nine and three-month periods ended September 30, 2024 and 2023 and statements of cash flows for the nine-month periods ended September 30, 2024 and 2023. These unaudited interim condensed consolidated financial statements include all normal recurring adjustments that Management believes are necessary to fairly state the Company's financial position, operating results and cash flows.

Because all of the disclosures required by U.S. GAAP for annual consolidated financial statements are not included herein, these unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended December 31, 2023, contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission ("SEC") (the "Company's 2023 10-K"). The Company has evaluated all subsequent events through the date these unaudited interim condensed consolidated financial statements were issued. The interim condensed consolidated statements of income, comprehensive income, equity and cash flows for the periods presented herein are not necessarily indicative of results expected for any future period. For a more detailed discussion of the Company's significant accounting policies, see Note 2 to the financial statements in the Company's 2023 10-K. During the nine-month period ended September 30, 2024, there were no material updates made to the Company's significant accounting policies. For information regarding the change in the presentation of the statements of income, please refer to section "Change in the presentation of certain financial results and reclassification of prior year results" of Note 2 – Summary of significant accounting policies of these unaudited interim condensed consolidated financial statements.

Change in the presentation of certain financial results and reclassification of prior year results

Change in the presentation of certain financial results

Mercado Pago Fintech platform operations have significantly evolved during the last several years, not only because of the increase in the volume of transactions but also as a result of transitioning from being a non-regulated business to a regulated business, subject to the oversight of central banks and other regulators in the various countries in which the Company operates (refer to Note 3 – Fintech Regulations to the consolidated financial statements in the Company's 2023 10-K for further details).

Many of the regulations to which the Company is subject require the Company, among other things, to maintain liquidity reserves to guarantee the funds on users' account balances in their Mercado Pago digital accounts. Depending on the country, these reserves can be partially or totally invested. During the last several years, these new regulations, coupled with the increase in the volume of transactions, have led the Company to view interest income and other financial gains from investments of these liquidity reserves as part of the Company's operations.

Furthermore, the evolution of Mercado Pago's activities themselves has resulted in the Company managing a significant volume of cash, cash equivalents and investments. This is due to an increase in users' account balances in their Mercado Pago digital account managed by the Company, and an increase in the level of the Company's indebtedness to finance those operations. As a result, these Mercado Pago's funds, together with the financing activities, have generated a significant volume of interest income and other financial gains and interest expenses and other financial losses, respectively.

The Company believes that these regulatory trends and related activities will continue and, therefore, with the goal of creating a better measure of the performance of the Company, the Company decided to reclassify and present certain financial results from "Other income (expenses)" to "Net services revenues and financial income" and "Cost of net revenues and financial expenses," in the statement of income, starting January 1, 2024 and for all prior periods presented.

The reclassified financial results are related to activities that are needed or mandatory for Mercado Pago's operations, and consist of:

- interest income derived from investments and cash and cash equivalents, generated as part of the treasury strategy of the fintech business and because of the different regulations that require liquidity reserves, net of sales taxes;
- interest expense and other financing costs generated by the different sources of funding of the fintech activities; and
- gains and losses of derivatives hedging risks related to Mercado Pago's activities.

Reclassification of prior year results

According to the Accounting Standards Codification ("ASC") 205, Presentation of Financial Statements, the Company should present in a consistent manner all periods presented within the accompanying unaudited interim condensed consolidated financial statements. Therefore, prior period balances have been reclassified for consistency with the current presentation. These unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's 2023 10-K.

This reclassification did not have an impact on previously reported net income, earnings per share, retained earnings or other components of equity or total equity.

The following tables, recast for the changes summarized above, present condensed statement of income line items affected by the revisions and reclassifications of previously reported financial statements, detailing amounts previously reported, the impact upon those line items due to reclassifications and amounts as currently revised within the financial statements:

	Three Months Ended March 31, 2023	Six Months Ended June 30, 2023	Nine Months Ended September 30, 2023			For the Year Ended December 31, 2023
	Recast	Recast	As reported	Reclassification	Recast	Recast
	(In millions)	(In millions)		(In millions)		(In millions)
Net service revenues and financial income	$ 2,912	$ 6,133	$ 9,233	$ 486	$ 9,719	$ 13,617
Net product revenues	274	638	979	—	979	1,490
Net revenues and financial income	**3,186**	**6,771**	**10,212**	**486**	**10,698**	**15,107**
Cost of net revenues and financial expenses	(1,572)	(3,326)	(4,961)	(197)	(5,158)	(7,517)
Gross profit	**1,614**	**3,445**	**5,251**	**289**	**5,540**	**7,590**
Operating expenses:						
Product and technology development	(381)	(749)	(1,145)	—	(1,145)	(1,831)
Sales and marketing	(383)	(766)	(1,207)	—	(1,207)	(1,736)
Provision for doubtful accounts	(252)	(474)	(751)	—	(751)	(1,050)
General and administrative	(180)	(369)	(565)	—	(565)	(766)
Total operating expenses	**(1,196)**	**(2,358)**	**(3,668)**	**—**	**(3,668)**	**(5,383)**
Income from operations	**418**	**1,087**	**1,583**	**289**	**1,872**	**2,207**
Other income (expenses):						
Interest income and other financial gains	23	57	545	(450)	95	135
Interest expense and other financial losses	(34)	(83)	(297)	161	(136)	(174)
Foreign currency losses, net	(87)	(269)	(508)	—	(508)	(615)
Net income before income tax expense and equity in earnings of unconsolidated entity	**320**	**792**	**1,323**	**—**	**1,323**	**1,553**
Income tax expense	(122)	(332)	(504)	—	(504)	(569)
Equity in earnings of unconsolidated entity	3	3	3	—	3	3
Net income	**$ 201**	**$ 463**	**$ 822**	**$ —**	**$ 822**	**$ 987**

	Three Months Ended March 31, 2023	Three Months Ended June 30, 2023	Three Months Ended September 30, 2023			Three Months Ended December 31, 2023	For the year ended December 31, 2023
	Recast	Recast	As reported	Reclassification	Recast	Recast	Recast
	(In millions)	(In millions)	(In millions)			(In millions)	(In millions)
Net service revenues and financial income	$ 2,912	$ 3,221	$ 3,419	$ 167	$ 3,586	$ 3,898	$ 13,617
Net product revenues	274	364	341	—	341	511	1,490
Net revenues and financial income	**3,186**	**3,585**	**3,760**	**167**	**3,927**	**4,409**	**15,107**
Cost of net revenues and financial expenses	(1,572)	(1,754)	(1,765)	(67)	(1,832)	(2,359)	(7,517)
Gross profit	**1,614**	**1,831**	**1,995**	**100**	**2,095**	**2,050**	**7,590**
Operating expenses:							
Product and technology development	(381)	(368)	(396)	—	(396)	(686)	(1,831)
Sales and marketing	(383)	(383)	(441)	—	(441)	(529)	(1,736)
Provision for doubtful accounts	(252)	(222)	(277)	—	(277)	(299)	(1,050)
General and administrative	(180)	(189)	(196)	—	(196)	(201)	(766)
Total operating expenses	**(1,196)**	**(1,162)**	**(1,310)**	**—**	**(1,310)**	**(1,715)**	**(5,383)**
Income from operations	**418**	**669**	**685**	**100**	**785**	**335**	**2,207**
Other income (expenses):							
Interest income and other financial gains	23	34	196	(158)	38	40	135
Interest expense and other financial losses	(34)	(49)	(111)	58	(53)	(38)	(174)
Foreign currency losses, net	(87)	(182)	(239)	—	(239)	(107)	(615)
Net income before income tax expense and equity in earnings of unconsolidated entity	**320**	**472**	**531**	**—**	**531**	**230**	**1,553**
Income tax expense	(122)	(210)	(172)	—	(172)	(65)	(569)
Equity in earnings of unconsolidated entity	3	—	—	—	—	—	3
Net income	**$ 201**	**$ 262**	**$ 359**	**$ —**	**$ 359**	**$ 165**	**$ 987**

Furthermore, the following tables, recast for the changes summarized above, present net revenues per reporting segment (which have been disaggregated by similar products and services), detailing amounts previously reported, the impact upon those line items due to reclassifications and amounts as currently revised within the financial statements for the nine and three-month periods ended September 30, 2023:

	Nine Months Ended September 30, 2023				
As reported	Brazil	Mexico	Argentina	Other countries	Total
			(In millions)		
Commerce services	$ 2,615	$ 1,160	$ 727	$ 293	$ 4,795
Commerce products sales	552	212	158	23	945
Total commerce revenues	**3,167**	**1,372**	**885**	**316**	**5,740**
Fintech services	1,375	198	927	134	2,634
Credit revenues	808	489	502	5	1,804
Fintech products sales	15	7	3	9	34
Total fintech revenues	**2,198**	**694**	**1,432**	**148**	**4,472**
Total net revenues	**$ 5,365**	**$ 2,066**	**$ 2,317**	**$ 464**	**$ 10,212**

Reclassification	Nine Months Ended September 30, 2023				
	Brazil	Mexico	Argentina	Other countries	Total
	(In millions)				
Financial services and income	$ 179	$ 63	$ 235	$ 9	$ 486
Total fintech revenues	**179**	**63**	**235**	**9**	**486**
Net revenues and financial income	**$ 179**	**$ 63**	**$ 235**	**$ 9**	**$ 486**

Recast	Nine Months Ended September 30, 2023				
	Brazil	Mexico	Argentina	Other countries	Total
	(In millions)				
Commerce services	$ 2,615	$ 1,160	$ 727	$ 293	$ 4,795
Commerce products sales	552	212	158	23	945
Total commerce revenues	**3,167**	**1,372**	**885**	**316**	**5,740**
Financial services and income	1,554	261	1,162	143	3,120
Credit revenues	808	489	502	5	1,804
Fintech products sales	15	7	3	9	34
Total fintech revenues	**2,377**	**757**	**1,667**	**157**	**4,958**
Net revenues and financial income	**$ 5,544**	**$ 2,129**	**$ 2,552**	**$ 473**	**$ 10,698**

As reported	Three Months Ended September 30, 2023				
	Brazil	Mexico	Argentina	Other countries	Total
	(In millions)				
Commerce services	$ 1,007	$ 429	$ 260	$ 100	$ 1,796
Commerce products sales	204	70	50	8	332
Total commerce revenues	**1,211**	**499**	**310**	**108**	**2,128**
Fintech services	487	75	344	45	951
Credit revenues	304	195	171	2	672
Fintech products sales	4	3	—	2	9
Total fintech revenues	**795**	**273**	**515**	**49**	**1,632**
Total net revenues	**$ 2,006**	**$ 772**	**$ 825**	**$ 157**	**$ 3,760**

Reclassification	Three Months Ended September 30, 2023				
	Brazil	Mexico	Argentina	Other countries	Total
	(In millions)				
Financial services and income	$ 57	$ 23	$ 85	$ 2	$ 167
Total fintech revenues	**57**	**23**	**85**	**2**	**167**
Total net revenues and financial income	**$ 57**	**$ 23**	**$ 85**	**$ 2**	**$ 167**

Recast	Three Months Ended September 30, 2023				
	Brazil	Mexico	Argentina	Other countries	Total
			(In millions)		
Commerce services	$ 1,007	$ 429	$ 260	$ 100	$ 1,796
Commerce products sales	204	70	50	8	332
Total commerce revenues	**1,211**	**499**	**310**	**108**	**2,128**
Financial services and income	544	98	429	47	1,118
Credit revenues	304	195	171	2	672
Fintech products sales	4	3	—	2	9
Total fintech revenues	**852**	**296**	**600**	**51**	**1,799**
Total net revenues and financial income	**$ 2,063**	**$ 795**	**$ 910**	**$ 159**	**$ 3,927**

Use of estimates

The preparation of these unaudited interim condensed consolidated financial statements in conformity with U.S. GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used for, but not limited to, accounting and disclosures for allowance for doubtful accounts and chargeback provisions, inventories valuation reserves, recoverability of goodwill, intangible assets with indefinite useful lives and deferred tax assets, impairment of short-term and long-term investments, impairment of long-lived assets, separation of lease and non lease components for aircraft leases, asset retirement obligation, compensation costs relating to the Company's long term retention program, fair value of customer crypto-assets safeguarding assets and liabilities, fair value of certain loans payable and other financial liabilities, fair value of loans receivable, fair value of derivative instruments, income taxes, contingencies and determination of the incremental borrowing rate at commencement date of lease operating agreements. Actual results could differ from those estimates.

Customer crypto-assets safeguarding assets and liabilities

As of September 30, 2024 and December 31, 2023, the fair value of the crypto-assets held in customers' names by third-party service providers that the Company recognized on its consolidated balance sheets for both the crypto-asset safeguarding liability and the corresponding safeguarding asset, which are included in "Customer crypto-assets safeguarding liabilities" and "Customer crypto-assets safeguarding assets," respectively, was $81 million and $34 million, respectively, which consisted of $41 million and $18 million of Bitcoin, $14 million and $7 million of Ether, and $26 million and $9 million of other crypto-assets, respectively.

For further information related to customer crypto-assets safeguarding assets and liabilities please refer to Note 2 to the consolidated financial statements in the Company's 2023 10-K.

Supplier finance programs

The Company and certain financial institutions participate in a supplier finance program that enables certain of the Company's suppliers, at their own election, to request the payment of their invoices to the financial institutions earlier than the terms stated in the Company's payment policy. As of September 30, 2024 and December 31, 2023, the obligations outstanding that the Company has confirmed as valid to the financial institutions amounted to $404 million and $381 million, respectively.

For further information related to Supplier Finance Programs please refer to Note 2 to the consolidated financial statements in the Company's 2023 10-K.

Revenue recognition

Revenue recognition criteria for the services provided and goods sold by the Company are described in Note 2 to the consolidated financial statements in the Company's 2023 10-K.

The aggregate gain included in "Financial services and income" revenues arising from financing transactions and sales of financial assets, net of the costs recognized on sale of credit card receivables, is $1,274 million and $439 million for the nine and three-month periods ended September 30, 2024, respectively, and $1,055 million and $379 million for the nine and three-month periods ended September 30, 2023, respectively.

Revenues recognized under ASC 606, Revenue from contracts with customers, amounted to $10,701 million and $3,895 million for the nine and three-month periods ended September 30, 2024, respectively, and $7,353 million and $2,709 million for the nine and three-month periods ended September 30, 2023, respectively. Revenues not recognized under ASC 606 amounted to $4,017 million and $1,417 million for the nine and three-month periods ended September 30, 2024, respectively, and $3,345 million and $1,218 million for the nine and three-month periods ended September 30, 2023, respectively.

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. Receivables represent amounts invoiced and revenue recognized prior to invoicing when the Company has satisfied the performance obligation and has the unconditional right to payment. Accounts receivable and credit card receivables and other means of payments are presented net of allowance for doubtful accounts and chargebacks of $43 million and $42 million as of September 30, 2024 and December 31, 2023, respectively. See Note 6 – Loans receivable, net of these unaudited interim condensed consolidated financial statements for information related to the allowance for doubtful accounts with respect to the Company's loans receivable.

Contract liabilities from contracts with customers consists of fees received related to unsatisfied performance obligations at the end of the period in accordance with ASC 606. Due to the generally short-term duration of contracts, the majority of the performance obligations are satisfied in the following months. Contract liabilities from contracts with customers as of December 31, 2023 was $51 million, of which $45 million was recognized as revenue during the nine-month period ended September 30, 2024.

As of September 30, 2024, total contract liabilities from contracts with customers recognized within current other liabilities was $85 million, mainly due to fees related to classifieds advertising services billed, subscriptions and loyalty programs, shipping services and inventory sales that are expected to be recognized as revenue in the coming months.

Foreign currency translation

All of the Company's foreign operations have determined the local currency to be their functional currency, except for Argentina, which has used the U.S. dollar as its functional currency since July 1, 2018. Accordingly, the foreign subsidiaries with local currency as functional currency translate assets and liabilities from their local currencies into U.S. dollars by using period-end exchange rates while income and expense accounts are translated at the average monthly rates in effect during the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of the transaction are used. The resulting translation adjustment is recorded as a component of other comprehensive income (loss). Gains and losses resulting from transactions denominated in non-functional currencies are recognized in earnings. Net foreign currency transaction results are included in the interim condensed consolidated statements of income under the caption "Foreign currency losses, net".

Argentine currency status and macroeconomic outlook

As of July 1, 2018, the Company transitioned its Argentine operations to highly inflationary status in accordance with U.S. GAAP, and changed the functional currency for Argentine subsidiaries from Argentine Pesos to U.S. dollars, which is the functional currency of their immediate parent company. Argentina's inflation rate for the nine and three-month periods ended September 30, 2024 and 2023 was 101.6% and 12.1%, and 103.2% and 34.8%, respectively. Additionally, Argentina's average inter-annual inflation rate for the nine and three-month periods ended September 30, 2024 was 262.8% and 236.4%, respectively.

The Company uses Argentina's official exchange rate to account for transactions in the Argentine segment, which as of September 30, 2024 and December 31, 2023 was 970.50 and 808.45 Argentine Pesos, respectively, against the U.S. dollar. For the nine-month periods ended September 30, 2024 and 2023, Argentina's official exchange rate against the U.S. dollar increased 20.0% and 97.5%, respectively. The average exchange rate for the nine-month periods ended September 30, 2024 and 2023 was 887.8 and 245.8, respectively, resulting in an increase of 261.1%.

The following table sets forth the assets, liabilities and net assets of the Company's Argentine subsidiaries and consolidated VIEs, before intercompany eliminations, as of September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
	(In millions)	
Assets	$ 4,083	$ 3,298
Liabilities	3,064	1,878
Net assets	**$ 1,019**	**$ 1,420**

The following table provides information relating to net revenues and financial income and direct contribution (see Note 9 – Segments of these unaudited interim condensed consolidated financial statements for definition of direct contribution) for the nine and three-month periods ended September 30, 2024 and 2023 of the Company's Argentine subsidiaries and consolidated VIEs:

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2024	2023	2024	2023
	(In millions)		(In millions)	
Net revenues and financial income	$ 2,511	$ 2,552	$ 1,033	$ 910
Direct contribution	1,062	1,238	457	463

Argentine exchange regulations

Since the second half of 2019, the Argentine government instituted exchange controls restricting the ability of companies and individuals to exchange Argentine Pesos for foreign currencies and their ability to remit foreign currency out of Argentina. An entity's authorization request to the Central Bank of Argentina ("CBA") to access the official exchange market to make foreign currency payments may be denied depending on the circumstances. As a result of these exchange controls, markets in Argentina developed trading mechanisms, in which an entity or individual buys U.S. dollar denominated securities in Argentina (i.e. shares, sovereign debt) using Argentine Pesos, and subsequently sells the securities for U.S. dollars, in Argentina, to access U.S. dollars locally, or outside Argentina, by transferring the securities abroad, prior to being sold (the latter commonly known as "Blue Chip Swap Rate"). The Blue Chip Swap Rate has diverged significantly from Argentina's official exchange rate (commonly known as the exchange spread). In recent years, the Blue Chip Swap Rate has been higher than Argentina's official exchange rate. As of September 30, 2024 and December 31, 2023, the exchange spread was 28.2% and 20.4%, respectively.

As part of the exchange controls, since 2019, the Argentine government imposes a tax on the acquisition of foreign currency through the official exchange market in certain circumstances. On July 24, 2023, through the Executive Power Decree No. 377/2023, the Argentine government extended the application of this tax to the following cases: (i) certain services acquired from abroad or services rendered by foreign residents in Argentina (i.e. technical, legal, accounting, management, advertising, engineering, audiovisual services, among others), which will be subject to a 25% tax rate, (ii) freight and other transportation services for import and export of goods, which will be subject to a 7.5% tax rate; and (iii) imported goods, which will be subject to a 7.5% tax rate, with certain exemptions (such as fuels and products of the basic food basket). Later, the Decree No. 29/2023, modified the tax rate for the cases mentioned above under ii) and iii) from 7.5% to 17.5%. On September 2, 2024, the Decree No. 777/2024 reestablished the tax rate for cases ii) and iii) mentioned above from 17.5% to 7.5%.

Income taxes

Income taxes' accounting policy is described in Note 2 to the consolidated financial statements in the Company's 2023 10-K.

The Company's consolidated estimated effective tax rate for the nine and three-month periods ended September 30, 2024, as compared to the same periods in 2023, decreased from 38.1% to 23.8% and 32.5% to 23.7%, respectively, mainly as a result of (i) no foreign exchange losses recognition during the period related to the acquisition of our own common stock in the Argentine market, which was considered as a non-deductible expense, (ii) lower taxable foreign exchange gains accounted for in Argentina for local tax purposes that are not recorded for accounting purposes since, under U.S. GAAP, the Argentine operations' functional currency is the U.S. dollar due to the highly inflationary status of the country, and (iii) higher deductions related to tax inflation adjustments in Argentina. This decrease was partially offset by the reversal of the valuation allowances in one of our Mexican subsidiaries accounted for in the third quarter of 2023.

A valuation allowance is recorded when, based on the available evidence, it is more likely than not that all or a portion of the Company's deferred tax assets will not be realized. In accordance with ASC 740, Management periodically assesses the need to either establish or reverse a valuation allowance for deferred tax assets considering positive and negative objective evidence related to the realization of the deferred tax assets. In its assessment, Management considers, among other factors, the nature, frequency and magnitude of current and cumulative losses on an individual subsidiary basis, projections of future taxable income, the duration of statutory carryforward periods, as well as feasible tax planning strategies, which would be employed by the Company to prevent tax loss carryforwards from expiring unutilized.

Knowledge-based economy promotional regime in Argentina

In August 2021, the Under Secretariat of Knowledge Economy issued the Disposition 316/2021 approving MercadoLibre S.R.L.'s application for eligibility under the knowledge-based economy promotional regime, established by the Law No. 27,506 and complemented by Argentina's Executive Power Decree No. 1034/2020, Argentina's Ministry of Productive Development's Resolution No. 4/2021 and the Under Secretariat of Knowledge Economy's Disposition No. 11/2021. On September 13, 2024, Argentina´s Secretariat of Entrepreneurs and Small and Medium Enterprises and Knowledge-Based Economy issued Resolution 267/2024, reducing the aggregate cap on base salaries used to calculate the tax credit bond to which companies that qualify for the regime are entitled from 40 million Argentine pesos to 5 million Argentine pesos; the tax credit bond represents 70% of the Company´s social security contributions for those employees whose jobs are related to the promoted activities, with a salary cap which has been reduced to the indicated limit. MercadoLibre S.R.L uses the tax credit bond to offset federal taxes.

As a result, the Company recorded an income tax benefit of $6 million and $1 million, and $35 million and $14 million during the nine and three-month periods ended September 30, 2024 and 2023, respectively. The aggregate per share effect of the income tax benefit amounted to $0.13 and $0.03, and $0.69 and $0.27 for the nine and three-month periods ended September 30, 2024 and 2023, respectively. Furthermore, the Company recorded a social security benefit of $31 million for the nine-month period ended September 30, 2024, and $49 million and $16 million during the nine and three-month periods ended September 30, 2023, respectively. For the three-month period ended September 30, 2024, the Company recorded a social security benefit of $11 million and a negative adjustment of $12 million due to the retrospective impact of the aforementioned Resolution 267/2024.

Fair value option applied to certain financial instruments

Under ASC 825, U.S. GAAP provides an option to elect fair value with impact on the statement of income as an alternative measurement for certain financial instruments and other items on the balance sheet.

The Company has elected to measure certain financial assets at fair value with impact on the statement of income for several reasons including to avoid the mismatch generated by the recognition of certain linked instruments / transactions, separately, in the interim condensed consolidated statements of income and interim condensed consolidated statements of comprehensive income and to better reflect the financial model applied for selected instruments. The Company's election of the fair value option applies to: i) foreign government debt securities, and ii) U.S. government debt securities.

Recently Adopted Accounting Standards

As of the date of issuance of these unaudited interim condensed consolidated financial statements there were no accounting pronouncements recently adopted by the Company.

Recently issued accounting pronouncements not yet adopted

On November 27, 2023, the FASB issued the ASU 2023-07 "Segment Reporting (Topic 280)—Improvements to Reportable Segment Disclosures". The amendments in this update improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in this update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The guidance should be applied retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. The Company will adopt this guidance in the fourth quarter of 2024 and provide the new disclosures that the adoption of this accounting pronouncement requires.

On December 14, 2023, the FASB issued the ASU 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". The amendments in this update provide more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information, requiring consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction. The other amendments in this update improve the effectiveness and comparability of disclosures by adding disclosures of pretax income (or loss) and income tax expense (or benefit) and removing disclosures that no longer are considered cost beneficial or relevant. The amendments are effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The guidance should be applied on a prospective basis while retrospective application is permitted. The Company is assessing the effects that the adoption of this accounting pronouncement may have on its financial statements.

On November 4, 2024, the FASB issued the ASU 2024-03 "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses". The amendments in this update improve financial reporting by requiring disclosure of additional information about certain costs and expenses in the notes to financial statements at interim and annual reporting, such as the amounts of purchases of inventory, employee compensation, depreciation and intangible asset amortization included in each relevant expense caption; a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively; the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments should be applied either prospectively to financial statements issued for reporting periods after the effective date of this update or retrospectively to any or all prior periods presented in the financial statements. The Company is assessing the effects that the adoption of this accounting pronouncement may have on its financial statements.

NOTE 3. FINTECH REGULATIONS

Regulations issued by the central banks and other regulators of the countries where the Company operates applicable to its Fintech business are described in Note 3 to the consolidated financial statements in the Company's 2023 10-K.

Brazil

In March 2022, the Central Bank of Brazil announced new rules for payment institutions based on their size and complexity and raised standards for required capital. The new framework, which was effective starting in July 2023 with full implementation by January 2025, will extend the application of the rule regarding proportionality of regulatory requirements (currently applicable to conglomerates of financial institutions) to financial conglomerates led by payment institutions. The new rules require a gradual increase, between 2023 and 2025, in the regulatory capital requirements applicable to the Company's regulated Brazilian subsidiaries based on the following schedule: from July 2023 onwards, 6.75%, from January 2024 onwards, 8.75% and from January 2025 onwards, 10.50%.

On January 2, 2024, article 28 of Law 14,690 came into force, which caps the total amount that may be charged to a credit card holder in the form of interest and financial charges at the value of the original debt. The Central Bank of Brazil also defined rules on the Resolution CMN N° 5,112, clarifying the topic and defining criteria for calculating the original value of the debt in card revolving and invoice financing operations. To comply with the new regulation, the Company's subsidiaries reduced the duration of the credit card invoice financing plans since January 2024.

On June 28, 2024, Law No. 14,905 was enacted, modifying Decree No. 22,626, known as the "Lei da Usura". The law will come into force on August 28, 2024, resulting in operations undertaken with institutions authorized by the Central Bank of Brazil, such as Mercado Pago Instituição de Pagamento Ltda., no longer being subject to the previously imposed interest rate cap.

Argentina

On May 18, 2023, the Central Bank of Argentina ("CBA") enacted a new regulation establishing that QR Codes must be interoperable with credit card payments, effective as from May 1, 2024. This regulation also expanded the payment services providers ("PSP" according to its Spanish acronym) registry and established that certain entities that accept, acquire, aggregate or sub-acquire payments must be registered. Under this regulation, MercadoLibre S.R.L. was required to register as both an acceptor and an aggregator of payments, and Mercado Pago Servicios de Procesamiento S.R.L. was required to register as an acquirer of payments. The Company's subsidiaries completed their registrations as acceptor, acquirer and aggregator, as applicable, on April 9, 2024, February 23, 2024 and June 24, 2024, respectively.

On September 14, 2023, the CBA established that starting on December 1, 2023, DEBIN (debit immediate), the main and simple funding source of Mercado Pago users' accounts, will be suspended and replaced with a pull transfer method that requires the consent of the client outside of Mercado Pago's environment before the first use. After several extensions of the application of the rule, on April 30, 2024, the CBA approved a new method of pull transfer that no longer requires the consent of the client outside of Mercado Pago's environment.

On June 6, 2024, the CBA established that payment service providers who offer payment accounts ("PSPOCP" according to its Spanish acronym) are no longer required to distribute the returns generated by their clients' funds. However, financial institutions are still required to set up a reserve of 100% of the customer funds deposited by Mercado Pago and may invest up to 45% of those funds in Argentine bonds.

Chile

On October 12, 2022, the Chilean Congress approved the Fintech and Open-Banking Law Project, which was published on January 4, 2023, and came into effect on February 3, 2023. This law established a regulatory framework for certain technological financial services that did not have their own legal framework. These services are: (i) Alternative Transaction Systems, (ii) Crowdfunding Financing Platforms, (iii) Financial Instrument Intermediation, (iv) Order Routing, (v) Credit Advisory, and (vi) Investment Advisory. Pursuant to this law, Mercado Pago Crypto S.A. shall file a license request with the Commission for the Financial Market ("CMF" according to its Spanish acronym) in order to continue offering Order Routing services through the "buy, hold and sell" product launched in 2023 in collaboration with Ripio Chile SpA. The rules governing the specifics of this filing and the license that CMF must grant, were issued on January 12, 2024, giving Mercado Pago Crypto S.A. until February 3, 2025 to file the license request.

On April 8, 2024, the Cybersecurity Law was published. Although Mercado Pago Chilean entities already comply with the law's main obligations as a result of being regulated entities, as a result of this new law, such entities will be subject to a new regulator and must comply with certain reporting requirements for cyber security incidents. We expect that the Mercado Pago Chilean entities will be required to comply with these new reporting requirements sometime during 2025 or 2026.

On May 30, 2024, the Chilean Congress passed Law 21,673, amending Law 20,009, which, effective as of June 1, 2024, establishes a limited liability regime for users of prepaid cards in case of loss, theft, or fraud. Pursuant to Law 21,673, there may be instances in which an issuer may suspend a refund in the event of fraud or serious fault on behalf of the user claiming such refund on account of allegedly fraudulent charges. MercadoPago is in the process of implementing these measures for its compliance.

Colombia

In June 2023, MercadoPago S.A. Compañía de Financiamiento obtained a license to operate as a financial institution in Colombia, and therefore is able to offer credits, digital accounts, investments and prepaid cards. On April 22, 2024, MercadoPago S.A. Compañía de Financiamiento started operations offering, for the moment, the “Ordinary Deposit” product only and is subject to minimum capital, reporting, consumer protection and risk management requirements. In accordance with regulations, deposits are now subject to regulatory liquidity, reserve, and solvency requirements to ensure the protection of customers' funds.

Uruguay

On April 12, 2024, MercadoPago Uruguay S.R.L. initiated a process with the Central Bank of Uruguay (“BCU”) to be authorized to act as a payment acquirer with transfers, as an activity related to electronic money issuances, in compliance with new regulations that came into effect on March 1, 2024.

On April 17, 2024, MercadoPago Uruguay S.R.L. was approved as a participant in the automated clearing house managed by Urutec S.A. This approval allows MercadoPago Uruguay S.R.L. to participate in the fast payment system and offer a new payment method to its users: interoperable QR transfer payments. In September 2024, the BCU announced that they approved the release of the interoperable QR transfer payment feature of the payment system.

On July 3, 2024, MercadoPago Uruguay S.R.L. received authorization from the BCU to offer acquiring services, which are being developed during the second half of 2024.

NOTE 4. NET INCOME PER SHARE

Basic earnings per share for the Company's common stock is computed by dividing, net income for the period by the weighted average number of common shares outstanding during the period.

In August 2018, the Company issued an aggregate principal amount of $880 million of 2.00% Convertible Senior Notes due 2028 ("2028 Notes") which were fully converted or redeemed in November 2023. The conversion of these notes was included in the calculation for diluted earnings per share utilizing the "if converted" method for the nine and three-month periods ended September 30, 2023. Accordingly, conversion of these Notes was not assumed for purposes of computing diluted earnings per share if the effect was antidilutive.

The denominator for diluted net income per share for the nine and three-month periods ended September 30, 2023 did not include any effect from the capped call transactions entered into by the Company with certain financial institutions with respect to shares of the Company's common stock ("2028 Notes Capped Call Transactions"), which were settled on September 1, 2023, because it would have been antidilutive. See Note 13 – Loans payable and other financial liabilities to these unaudited interim condensed consolidated financial statements and Note 17 to the financial statements for the year ended December 31, 2023, contained in the Company's 2023 10-K for more details regarding the 2028 Notes and the 2028 Notes Capped Call Transactions.

Net income per share of common stock is as follows for the nine and three-month periods ended September 30, 2024 and 2023:

	Nine Months Ended September 30,				Three Months Ended September 30,			
	2024		2023		2024		2023	
	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
Net income per common share [(1)]	**$ 25.09**	**$ 25.09**	**$ 16.40**	**$ 16.36**	**$ 7.83**	**$ 7.83**	**$ 7.18**	**$ 7.16**
Numerator (in millions):								
Net income	$ 1,272	$ 1,272	$ 822	$ 822	$ 397	$ 397	$ 359	$ 359
Effect of dilutive 2028 Notes	—	—	—	1	—	—	—	—
Net income available to common stock	**$ 1,272**	**$ 1,272**	**$ 822**	**$ 823**	**$ 397**	**$ 397**	**$ 359**	**$ 359**
Denominator:								
Weighted average of common stock outstanding for earnings per share	50,697,442	50,697,442	50,137,826	50,137,826	50,697,438	50,697,438	50,008,320	50,008,320
Adjustment for assumed conversions	—	—	—	201,119	—	—	—	201,119
Adjusted weighted average of common stock outstanding for earnings per share	**50,697,442**	**50,697,442**	**50,137,826**	**50,338,945**	**50,697,438**	**50,697,438**	**50,008,320**	**50,209,439**

(1) Figures have been calculated using non-rounded amounts.

NOTE 5. CASH, CASH EQUIVALENTS, RESTRICTED CASH AND CASH EQUIVALENTS AND INVESTMENTS

The composition of cash, cash equivalents, restricted cash and cash equivalents, short-term and long-term investments is as follows:

	September 30, 2024	December 31, 2023
	(In millions)	
Cash in bank accounts	$ 1,518	$ 1,458
Money market	302	639
Time deposits	342	367
U.S. government debt securities	—	60
Foreign government debt securities	—	32
Total cash and cash equivalents	**2,162**	**2,556**
Securitization transactions (1)	480	355
Foreign government debt securities (Central Bank of Brazil mandatory guarantee)	—	114
Cash in bank accounts (Central Bank of Brazil mandatory guarantee)	18	—
Cash in bank accounts (Argentine Central Bank regulation)	336	309
Cash in bank accounts (Mexican National Banking and Securities Commission regulation)	143	91
Time deposits (Mexican National Banking and Securities Commission regulation)	216	314
Cash in bank accounts (Chilean Commission for the Financial Market regulation)	82	42
Time deposits (Chilean Commission for the Financial Market regulation)	38	54
Money market (Secured lines of credit guarantee)	1	7
Cash in bank accounts (Central Bank of Uruguay mandatory guarantee)	—	1
Time deposits (Central Bank of Uruguay mandatory guarantee)	—	1
Money market (Central Bank of Uruguay mandatory guarantee)	2	2
Foreign government debt securities (Central Bank of Uruguay mandatory guarantee)	—	2
Total restricted cash and cash equivalents	**1,316**	**1,292**
Total cash, cash equivalents, restricted cash and cash equivalents (2)	**$ 3,478**	**$ 3,848**
U.S. government debt securities	$ 975	$ 1,009
Foreign government debt securities (3)	3,358	2,451
Time deposits (4)	84	15
Corporate debt securities (5)	94	5
Total short-term investments	**$ 4,511**	**$ 3,480**
U.S. government debt securities	$ 287	$ —
Foreign government debt securities (5)	692	56
Securitization transactions (1)	19	23
Corporate debt securities	167	25
Equity securities held at cost	61	58
Total long-term investments	**$ 1,226**	**$ 162**

(1) Cash, cash equivalents and investments from securitization transactions are restricted to the payment of amounts due to third-party investors.

(2) Cash, cash equivalents, restricted cash and cash equivalents as reported in the interim condensed consolidated statements of cash flows.

(3) As of September 30, 2024 and December 31, 2023, includes $3,336 million and $2,283 million, respectively, considered restricted due to the Central Bank of Brazil's mandatory guarantee. Also, as of September 30, 2024 and December 31, 2023, includes $6 million that guarantees a line of credit and is considered restricted. As of September 30, 2024, includes $13 million considered restricted due to the Central Bank of Uruguay's mandatory guarantee.

(4) As of September 30, 2024, includes $47 million of collateral as part of credit card scheme arrangement rules in Brazil, and is considered restricted.

(5) As of September 30, 2024, $635 million foreign government debt securities and $2 million corporate debt securities are held by a consolidated VIE.

NOTE 6. LOANS RECEIVABLE, NET

The Company classifies loans receivable as “On-line merchant”, “In-store merchant”, “Consumer”, and “Credit cards”. As of September 30, 2024 and December 31, 2023, the components of current and non-current Loans receivable, net were as follows:

	September 30, 2024		
	Loans receivable	Allowance for doubtful accounts	Loans receivable, net
		(In millions)	
On-line merchant	$ 495	$ (140)	$ 355
In-store merchant	673	(253)	420
Consumer	2,504	(732)	1,772
Credit cards	2,344	(487)	1,857
Total	**$ 6,016**	**$ (1,612)**	**$ 4,404**

	December 31, 2023		
	Loans receivable	Allowance for doubtful accounts	Loans receivable, net
		(In millions)	
On-line merchant	$ 429	$ (119)	$ 310
In-store merchant	332	(137)	195
Consumer	1,808	(592)	1,216
Credit cards	1,209	(236)	973
Total	**$ 3,778**	**$ (1,084)**	**$ 2,694**

The allowance for doubtful accounts with respect to the Company’s loans receivable amounts to $1,637 million and $1,102 million as of September 30, 2024 and December 31, 2023, respectively, which includes $25 million and $18 million related to unused agreed loan commitment on credit cards portfolio presented in Other liabilities of the interim condensed consolidated balance sheets as of September 30, 2024 and December 31, 2023, respectively.

As of September 30, 2024 and December 31, 2023, the Company is exposed to off-balance sheet unused agreed loan commitments on credit cards portfolio, which expose the Company to credit risks for $2,498 million and $934 million, respectively. For the nine and three-month periods ended September 30, 2024, the Company recognized in provision for doubtful accounts $9 million and $5 million as expected credit losses, and $5 million and $2 million for the same periods in 2023, respectively.

The Company closely monitors credit quality for all loans receivable on a recurring basis to assess and manage its exposure to credit risk. To assess merchants and consumers seeking a loan under the Mercado Credito solution, the Company uses, among other indicators, risk models internally developed as a credit quality indicator to help predict the merchant’s and consumer’s ability to repay the principal balance and interest related to the credit. The risk model uses multiple variables as predictors of the merchant’s and consumer’s ability to repay the credit, including external and internal indicators. Internal indicators consider user behavior related to credit/payment history, and with lower weight in the risk models, the Company uses the number of transactions in the Company’s ecosystem and the merchant’s annual sales volume, among other indicators. In addition, the Company considers external bureau information to enhance the model and the decision making process.

The amortized cost of the loans receivable classified by the Company's credit quality internal indicator was as follows:

	September 30, 2024	December 31, 2023
	(In millions)	
1-14 days past due	$ 178	$ 99
15-30 days past due	138	92
31-60 days past due	180	114
61-90 days past due	149	103
91-120 days past due	154	111
121-150 days past due	143	97
151-180 days past due	144	82
181-210 days past due	134	76
211-240 days past due	128	74
241-270 days past due	111	69
271-300 days past due	91	59
301-330 days past due	91	74
331-360 days past due	82	66
Total past due	**1,723**	**1,116**
To become due	4,293	2,662
Total	**$ 6,016**	**$ 3,778**

As of September 30, 2024 and December 31, 2023, renegotiations represented 1.5% and 2.8% of the loans receivable portfolio, respectively.

The following tables summarize the allowance for doubtful accounts activity during the nine-month periods ended September 30, 2024 and 2023:

	September 30, 2024				
	On-line merchant	In-store merchant	Consumer	Credit cards	Total
	(In millions)				
Balance at beginning of year	$ 119	$ 137	$ 592	$ 236	$ 1,084
Net charged to Net Income	107	221	575	406	1,309
Currency translation adjustments	(6)	(14)	(37)	(39)	(96)
Write-offs [(1)]	(80)	(91)	(398)	(116)	(685)
Balance at end of period	**$ 140**	**$ 253**	**$ 732**	**$ 487**	**$ 1,612**

	September 30, 2023				
	On-line merchant	In-store merchant	Consumer	Credit cards	Total
	(In millions)				
Balance at beginning of year	$ 120	$ 145	$ 614	$ 225	$ 1,104
Net charged to Net Income	81	93	417	140	731
Currency translation adjustments	3	—	9	10	22
Write-offs [(1)]	(84)	(111)	(467)	(171)	(833)
Balance at end of period	**$ 120**	**$ 127**	**$ 573**	**$ 204**	**$ 1,024**

(1) The Company writes off loans when customer balance becomes 360 days past due.

NOTE 7. GOODWILL AND INTANGIBLE ASSETS

Intangible assets

The composition of goodwill and intangible assets is as follows:

	September 30, 2024	December 31, 2023
	(In millions)	
Goodwill	$ 149	$ 163
Intangible assets with indefinite lives		
Trademarks	4	4
Amortizable intangible assets		
Licenses and others	15	14
Non-compete agreements	3	4
Customer lists	15	12
Trademarks	11	12
Hubs network	4	4
Others	3	3
Total intangible assets	**55**	**53**
Accumulated amortization	(43)	(42)
Total intangible assets, net	**$ 12**	**$ 11**

Goodwill

The changes in the carrying amount of goodwill for the nine-month period ended September 30, 2024 and the year ended December 31, 2023 are as follows:

	Nine Months Ended September 30, 2024						
	Brazil	Mexico	Argentina	Chile	Colombia	Other countries	Total
	(In millions)						
Balance, beginning of the year	$ 64	$ 44	$ 10	$ 37	$ 6	$ 2	$ 163
Currency translation adjustments	(7)	(5)	—	(1)	(1)	—	(14)
Balance, end of the period	**$ 57**	**$ 39**	**$ 10**	**$ 36**	**$ 5**	**$ 2**	**$ 149**

	Year Ended December 31, 2023						
	Brazil	Mexico	Argentina	Chile	Colombia	Other countries	Total
	(In millions)						
Balance, beginning of the year	$ 60	$ 39	$ 10	$ 37	$ 5	$ 2	$ 153
Currency translation adjustments	4	5	—	—	1	—	10
Balance, end of the year	**$ 64**	**$ 44**	**$ 10**	**$ 37**	**$ 6**	**$ 2**	**$ 163**

Amortizable intangible assets

Intangible assets with definite useful life are comprised of customer lists, non-compete and non-solicitation agreements, hubs network, acquired software licenses and other acquired intangible assets including developed technologies and trademarks. Aggregate amortization expense for intangible assets for the nine-month periods ended September 30, 2024 and 2023 amounted to $4 million and $4 million, respectively, while aggregate amortization expense for intangible assets totaled $2 million and $1 million for the three-month periods ended September 30, 2024 and 2023, respectively.

The following table summarizes the remaining amortization of intangible assets (in millions) with definite useful life as of September 30, 2024:

For year to be ended December 31, 2024	$	1
For year to be ended December 31, 2025		2
For year to be ended December 31, 2026		2
For year to be ended December 31, 2027		1
Thereafter		2
	$	**8**

NOTE 8. INTANGIBLE ASSETS AT FAIR VALUE

The following tables present the digital assets name, cost basis, fair value, and number of units for each significant digital asset holding as of September 30, 2024 and December 31, 2023:

Digital asset name	September 30, 2024				
		Cost basis (1)		Fair value	Number of units held
	(In millions, except for number of units held)				
Bitcoin	$	6	$	26	412.7
Ether		3		8	3,049.5

Digital asset name	December 31, 2023				
		Cost basis (1)		Fair value	Number of units held
	(In millions, except for number of units held)				
Bitcoin	$	6	$	17	412.7
Ether		3		7	3,041.6

(1) Cost basis of the digital assets is net of $21 million of impairment losses recognized prior to the adoption of ASU 2023-08.

NOTE 9. SEGMENTS

Reporting segments are based upon the Company’s internal organizational structure, the manner in which the Company’s operations are managed and resources are assigned, the criteria used by Management to evaluate the Company’s performance, the availability of separate financial information and overall materiality considerations.

Segment reporting is based on geography as the main basis of segment breakdown in accordance with the criteria, as determined by Management, used to evaluate the Company’s performance. The Company’s segments include Brazil, Mexico, Argentina and Other Countries (which includes Chile, Colombia, Costa Rica, Ecuador, Peru and Uruguay).

Direct contribution consists of net revenues and financial income from external customers less direct costs, which include costs of net revenues and financial expenses, product and technology development expenses, sales and marketing expenses, provision for doubtful accounts and general and administrative expenses over which segment managers have direct discretionary control, such as advertising and marketing programs, customer support expenses, payroll and third-party fees. All corporate related costs have been excluded from the segment’s direct contribution.

Expenses over which segment managers do not currently have discretionary control, such as certain technology and general and administrative costs, are monitored by Management through shared cost centers and are not evaluated in the measurement of segment performance.

The following tables summarize the financial performance of the Company's reporting segments:

	Nine Months Ended September 30, 2024				
	Brazil	Mexico	Argentina	Other Countries	Total
	(In millions)				
Net revenues and financial income	$ 8,270	$ 3,317	$ 2,511	$ 620	$ 14,718
Direct costs	(6,528)	(2,707)	(1,449)	(543)	(11,227)
Direct contribution	**1,742**	**610**	**1,062**	**77**	**3,491**
Operating expenses and indirect costs of net revenues and financial expenses					(1,680)
Income from operations					**1,811**
Other income (expenses):					
Interest income and other financial gains					107
Interest expense and other financial losses					(117)
Foreign currency losses, net					(132)
Net income before income tax expense and equity in earnings of unconsolidated entity					**$ 1,669**

	Nine Months Ended September 30, 2023 (1)				
	Brazil	Mexico	Argentina	Other Countries	Total
	(In millions)				
Net revenues and financial income	$ 5,544	$ 2,129	$ 2,552	$ 473	$ 10,698
Direct costs	(4,183)	(1,593)	(1,314)	(445)	(7,535)
Direct contribution	**1,361**	**536**	**1,238**	**28**	**3,163**
Operating expenses and indirect costs of net revenues and financial expenses					(1,291)
Income from operations					**1,872**
Other income (expenses):					
Interest income and other financial gains					95
Interest expense and other financial losses					(136)
Foreign currency losses, net					(508)
Net income before income tax expense and equity in earnings of unconsolidated entity					**$ 1,323**

(1) Recast for consistency with the current presentation due to the change in the presentation of certain financial results. Please refer to Note 2 – Summary of significant accounting policies - Change in the presentation of certain financial results and reclassification of prior year results.

	Three Months Ended September 30, 2024				
	Brazil	Mexico	Argentina	Other Countries	Total
	(In millions)				
Net revenues and financial income	$ 2,913	$ 1,145	$ 1,033	$ 221	$ 5,312
Direct costs	(2,408)	(953)	(576)	(191)	(4,128)
Direct contribution	**505**	**192**	**457**	**30**	**1,184**
Operating expenses and indirect costs of net revenues and financial expenses					(627)
Income from operations					**557**
Other income (expenses):					
Interest income and other financial gains					43
Interest expense and other financial losses					(40)
Foreign currency losses, net					(40)
Net income before income tax expense and equity in earnings of unconsolidated entity					**$ 520**

	Three Months Ended September 30, 2023 (1)				
	Brazil	Mexico	Argentina	Other Countries	Total
	(In millions)				
Net revenues and financial income	$ 2,063	$ 795	$ 910	$ 159	$ 3,927
Direct costs	(1,492)	(605)	(447)	(155)	(2,699)
Direct contribution	**571**	**190**	**463**	**4**	**1,228**
Operating expenses and indirect costs of net revenues and financial expenses					(443)
Income from operations					**785**
Other income (expenses):					
Interest income and other financial gains					38
Interest expense and other financial losses					(53)
Foreign currency losses, net					(239)
Net income before income tax expense and equity in earnings of unconsolidated entity					**$ 531**

(1) Recast for consistency with the current presentation due to the change in the presentation of certain financial results. Please refer to Note 2 – Summary of significant accounting policies - Change in the presentation of certain financial results and reclassification of prior year results.

The following table summarizes net revenues and financial income per reporting segment, which have been disaggregated by similar products and services for the nine and three-month periods ended September 30, 2024 and 2023:

	Nine Months Ended September 30,									
	Brazil		Mexico		Argentina		Other Countries		Total	
	2024	2023 (1)	2024	2023 (1)	2024	2023 (1)	2024	2023 (1)	2024	2023 (1)
	(In millions)									
Commerce services (2)	$ 4,176	$ 2,615	$ 1,864	$ 1,160	$ 795	$ 727	$ 396	$ 293	$ 7,231	$ 4,795
Commerce products sales (3)	897	552	306	212	123	158	48	23	1,374	945
Total commerce revenues	**5,073**	**3,167**	**2,170**	**1,372**	**918**	**885**	**444**	**316**	**8,605**	**5,740**
Financial services and income (4)	1,793	1,554	398	261	1,165	1,162	165	143	3,521	3,120
Credit revenues (5)	1,384	808	738	489	425	502	8	5	2,555	1,804
Fintech products sales (6)	20	15	11	7	3	3	3	9	37	34
Total fintech revenues	**3,197**	**2,377**	**1,147**	**757**	**1,593**	**1,667**	**176**	**157**	**6,113**	**4,958**
Total net revenues and financial income	**$ 8,270**	**$ 5,544**	**$ 3,317**	**$ 2,129**	**$ 2,511**	**$ 2,552**	**$ 620**	**$ 473**	**$ 14,718**	**$ 10,698**

	Three Months Ended September 30,									
	Brazil		Mexico		Argentina		Other Countries		Total	
	2024	2023 (1)	2024	2023 (1)	2024	2023 (1)	2024	2023 (1)	2024	2023 (1)
	(In millions)									
Commerce services (2)	$ 1,452	$ 1,007	$ 647	$ 429	$ 358	$ 260	$ 144	$ 100	$ 2,601	$ 1,796
Commerce products sales (3)	357	204	111	70	53	50	17	8	538	332
Total commerce revenues	**1,809**	**1,211**	**758**	**499**	**411**	**310**	**161**	**108**	**3,139**	**2,128**
Financial services and income (4)	597	544	137	98	458	429	57	47	1,249	1,118
Credit revenues (5)	499	304	246	195	163	171	2	2	910	672
Fintech products sales (6)	8	4	4	3	1	—	1	2	14	9
Total fintech revenues	**1,104**	**852**	**387**	**296**	**622**	**600**	**60**	**51**	**2,173**	**1,799**
Total net revenues and financial income	**$ 2,913**	**$ 2,063**	**$ 1,145**	**$ 795**	**$ 1,033**	**$ 910**	**$ 221**	**$ 159**	**$ 5,312**	**$ 3,927**

(1) Recast for consistency with the current presentation due to the change in the presentation of certain financial results. Please refer to Note 2 – Summary of significant accounting policies - Change in the presentation of certain financial results and reclassification of prior year results.

(2) Includes final value fees and flat fees paid by sellers derived from intermediation services and related shipping and storage fees, classified fees derived from classified advertising services and ad sales.

(3) Includes revenues from inventory sales and related shipping fees.

(4) Includes revenues from commissions the Company charges for transactions off-platform derived from use of the Company's payment solution and asset management product, revenues as a result of offering installments for the payment to its Mercado Pago users, either when the Company finances the transactions directly or when the Company sells the corresponding financial assets, interest earned on cash and investments as part of Mercado Pago activities, including those required due to fintech regulations, net of interest gains pass through our Brazilian users in connection with our asset management product, Mercado Pago debit card commissions and insurtech fees.

(5) Includes interest earned on loans and advances granted to merchants and consumers, and interest and commissions earned on Mercado Pago credit card transactions.

(6) Includes sales of mobile point of sales devices.

The following table summarizes the allocation of property and equipment, net based on geography:

	September 30, 2024	December 31, 2023
	(In millions)	
US property and equipment, net	$ 3	$ 2
Other countries		
Brazil	585	603
Mexico	376	345
Argentina	226	208
Other countries	93	92
	1,280	**1,248**
Total property and equipment, net	**$ 1,283**	**$ 1,250**

The following table summarizes the allocation of the operating lease right-of-use assets based on geography:

	September 30, 2024	December 31, 2023
	(In millions)	
US right of use asset, net	$ 4	$ —
Other countries		
Brazil	437	396
Mexico	421	380
Argentina	38	51
Other countries	68	72
	964	**899**
Total right of use asset, net	**$ 968**	**$ 899**

The following table summarizes the allocation of the goodwill and intangible assets based on geography:

	September 30, 2024	December 31, 2023
	(In millions)	
US intangible assets at fair value	34	$ 24
	$ 34	**$ 24**
Goodwill and intangible assets, net		
Brazil	$ 62	$ 68
Mexico	39	44
Argentina	12	12
Other countries	48	50
	161	**174**
Total goodwill and intangible assets	**$ 195**	**$ 198**

NOTE 10. FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES

Assets and liabilities measured and recorded at fair value on a recurring basis

The following table summarizes the Company's assets and liabilities measured at fair value on a recurring basis as of September 30, 2024 and December 31, 2023:

	Balances as of September 30, 2024	Quoted Prices in active markets for identical Assets (Level 1)	Significant other observable inputs (Level 2)	Balances as of December 31, 2023	Quoted Prices in active markets for identical Assets (Level 1)	Significant other observable inputs (Level 2)
			(In millions)			
Cash and Cash Equivalents:						
Money Market	$ 302	$ 302	$ —	$ 639	$ 639	$ —
U.S. government debt securities (1)	—	—	—	60	60	—
Foreign government debt securities (1)	—	—	—	32	32	—
Restricted Cash and Cash Equivalents:						
Money Market (2)	393	393	—	278	278	—
Foreign government debt securities (1)	—	—	—	116	116	—
Investments:						
U.S. government debt securities (1)	1,262	1,262	—	1,009	1,009	—
Foreign government debt securities (1) (3)	4,069	4,069	—	2,530	2,530	—
Corporate debt securities	261	261	—	30	30	—
Other Assets:						
Derivative Instruments	26	—	26	23	—	23
Customer crypto-assets safeguarding assets	81	—	81	34	—	34
Intangible assets at fair value	34	34	—	24	24	—
Total Assets	**$ 6,428**	**$ 6,321**	**$ 107**	**$ 4,775**	**$ 4,718**	**$ 57**
Salaries and social security payable:						
Long-term retention plan	$ 133	$ —	$ 133	$ 104	$ —	$ 104
Other Liabilities:						
Derivative Instruments	18	—	18	31	—	31
Other	10	—	10	—	—	—
Customer crypto-assets safeguarding liabilities	81	—	81	34	—	34
Total Liabilities	**$ 242**	**$ —**	**$ 242**	**$ 169**	**$ —**	**$ 169**

(1) Measured at fair value with impact on the statement of income for the application of the fair value option. (See Note 2 – Summary of significant accounting policies – Fair value option applied to certain financial instruments).

(2) As of September 30, 2024 and December 31, 2023, includes $390 million and $269 million, respectively, of money market funds from securitization transactions. (See Note 5 – Cash, cash equivalents, restricted cash and cash equivalents and investments).

(3) As of September 30, 2024 and December 31, 2023, includes $19 million and $23 million, respectively, of investments from securitization transactions. (See Note 5 – Cash, cash equivalents, restricted cash and cash equivalents and investments).

The Company's assets and liabilities measured and recorded at fair value on a recurring basis were valued using i) Level 1 inputs: unadjusted quoted prices in active markets (Level 1 instrument valuations are obtained from observable inputs that reflect quoted prices (unadjusted) for identical assets in active markets); ii) Level 2 inputs: obtained from readily-available pricing sources for comparable instruments as well as instruments with inactive markets at the measurement date; and iii) Level 3 inputs: valuations based on unobservable inputs reflecting Company's assumptions. As of September 30, 2024 and December 31, 2023, there were no assets and liabilities measured and recorded at fair value using level 3 inputs.

There were no transfers to and from Levels 1, 2 and 3 during the nine-month period ended September 30, 2024, nor during the year ended December 31, 2023.

The Company's election of the fair value option applies to: i) foreign government debt securities and ii) U.S. government debt securities. The Company recognized fair value changes, which include the related interest income of those instruments, in net service revenues and financial income if it is related to Mercado Pago's operations (please refer to Note 2 – Summary of significant accounting policies - Change in the presentation of certain financial results and reclassification of prior year results) or in interest income and other financial gains if not. Such fair value changes and interest income amount to gains of $224 million and $167 million in net service revenues and financial income, and $40 million and $28 million in interest income and other financial gains for the nine-month periods ended September 30, 2024 and 2023, respectively, and $83 million and $64 million in net service revenues and financial income and $18 million and $17 million in interest income and other financial gains, for the three-month periods ended September 30, 2024 and 2023, respectively.

As of September 30, 2024 and December 31, 2023, the cost of the Company's investment in corporate debt securities classified as available for sale amounted to $256 million and $30 million, respectively, and the estimated fair value amounted to $261 million and $30 million, respectively. The cost of these securities is determined under a specific identification basis. As of September 30, 2024, the gross unrealized gains accumulated in the interim condensed consolidated statements of comprehensive income amounted to $5 million. As of December 31, 2023 the gross unrealized gains accumulated in the consolidated statements of comprehensive income were less than $1 million. For the nine and three-month periods ended September 30, 2024, the proceeds from sales of corporate debt securities amounted to $12 million and $9 million, respectively. There were no sales of corporate debt securities during the nine and three-month periods ended September 30, 2023.

The following table summarizes the net carrying amount of the corporate debt securities classified as available for sale, classified by its contractual maturities:

	September 30, 2024	December 31, 2023
	(In millions)	
One year or less	$ 94	$ 5
One year to two years	48	12
Two years to three years	24	4
Three years to four years	40	3
Four years to five years	55	6
Total available for sale investments	**$ 261**	**$ 30**

The following table summarizes the net carrying amount of the debt securities not classified as available for sale, classified by its contractual maturities or Management expectation to convert the investments into cash:

	September 30, 2024	December 31, 2023
	(In millions)	
One year or less	$ 4,333	$ 3,668
One year to two years	445	4
Two years to three years	254	—
Three years to four years	297	35
Four years to five years	2	37
More than five years	—	3
Total debt securities not classified as available for sale	**$ 5,331**	**$ 3,747**

Financial assets and liabilities not measured and recorded at fair value

The following table summarizes the estimated fair value of the financial assets and liabilities of the Company not measured at fair value as of September 30, 2024 and December 31, 2023:

	Balances as of September 30, 2024	Estimated fair value as of September 30, 2024	Balances as of December 31, 2023	Estimated fair value as of December 31, 2023
	(In millions)			
Cash and cash equivalents	$ 1,860	$ 1,860	$ 1,825	$ 1,825
Restricted cash and cash equivalents	923	923	898	898
Investments	84	84	15	15
Accounts receivables, net	216	216	156	156
Credit card receivables and other means of payment, net	4,585	4,585	3,632	3,632
Loans receivable, net	4,404	4,387	2,694	2,676
Other assets	167	167	131	131
Total Assets	**$ 12,239**	**$ 12,222**	**$ 9,351**	**$ 9,333**
Accounts payable and accrued expenses	$ 2,940	$ 2,940	$ 2,117	$ 2,117
Funds payable to customers	5,854	5,854	4,475	4,475
Amounts payable due to credit and debit card transactions	1,716	1,716	1,092	1,092
Salaries and social security payable	532	532	441	441
Loans payable and other financial liabilities	5,252	5,186	4,495	4,441
Other liabilities	391	391	285	285
Total Liabilities	**$ 16,685**	**$ 16,619**	**$ 12,905**	**$ 12,851**

As of September 30, 2024 and December 31, 2023, the carrying value of the Company's financial assets with determinable fair value (except for loans receivable) not measured at fair value approximated their fair value mainly because of their short-term maturity. If these financial assets were measured at fair value in the financial statements, cash and restricted cash would be classified as Level 1 (where cost and fair value are aligned) and the remaining financial assets would be classified as Level 2. The estimated fair value of the loans receivable would be classified as Level 3 based on the Company's assumptions.

As of September 30, 2024 and December 31, 2023, the carrying value of the Company's financial liabilities (except for 2026 Sustainability Notes and 2031 Notes) not measured at fair value approximated their fair value mainly because of their short-term maturity or because the effective interest rates are not materially different from market interest rates. If these financial liabilities were measured at fair value in the financial statements, these would be classified as Level 2. As of September 30, 2024 and December 31, 2023, the estimated fair value of the 2026 Sustainability Notes would be $352 million and $375 million, respectively, and the estimated fair value of the 2026 Notes would be $525 million and $599 million, respectively, which is based on Level 2 inputs.

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation and Other Legal Matters

The Company is subject to certain contingent liabilities with respect to existing or potential claims, lawsuits and other proceedings. The Company accrues liabilities when it considers it to be probable that future costs will be incurred and such costs can be reasonably estimated. Proceeding-related liabilities are based on developments to date and historical information related to actions filed against the Company. As of September 30, 2024, the Company had accounted for estimated liabilities involving proceeding-related contingencies and other estimated contingencies of $157 million within other liabilities to cover legal actions against the Company for which Management has assessed the likelihood of a final adverse outcome as probable. Expected legal costs related to litigations are accrued when the legal service is actually provided.

In addition, as of September 30, 2024, the Company and its subsidiaries are subject to certain legal actions considered by the Company's Management and its legal counsels to be reasonably possible of resulting in a loss for an estimated aggregate amount up to $223 million. No loss amounts have been accrued for such reasonably possible legal actions.

For further information related to contingent liabilities please refer to Note 15 to the consolidated financial statements in the Company's 2023 10-K.

Tax Claims

Brazilian preliminary injunction against the Brazilian tax authorities (withholding income tax)

The tax claim related to the Brazilian preliminary injunction against the Brazilian tax authorities is described in Note 15 to the consolidated financial statements in the Company’s 2023 10-K. On April 3, 2024, the Superior Court of Justice decided to analyze whether the matter under consideration is capable of becoming a binding precedent. In April 2024, the Company submitted a petition claiming that the case is fully capable of being judged as a binding precedent and the civil association, Câmara Brasileira da Economia Digital, submitted a petition as *amicus curiae* with the same arguments. On October 14, 2024, the Superior Court of Justice decided the matter under consideration will be judged as a binding precedent. On September 17, 2024, Mercado Crédito Sociedade de Crédito, Financiamento e Investimento S.A. filed a writ of mandamus and requested a preliminary injunction to avoid the withholding income tax over payment being remitted to Argentina by applying the convention signed between Brazil and Argentina to prevent double taxation (the "Brazil-Argentina Treaty") which was granted to the aforementioned entity. Management’s opinion, based on the opinion of external legal counsel, is that the risk of losing the case is probable based on the technical merits of the Company’s tax position and the existence of adverse decisions issued by the Superior Court of Justice. For that reason, the Company has recorded a provision for the disputed amounts, which was $360 million as of September 30, 2024, and which was recorded in non-current other liabilities in the consolidated balance sheets, net of the corresponding judicial deposits for $326 million (which includes $61 million of interest income).

Considering that the Brazil-Argentina Treaty to prevent double taxation treaty was amended in 2017, the Company started a new tax claim for the period from January 2019 to September 30, 2024, and the court granted a preliminary injunction recognizing the right of collecting the withholding tax at a 10% rate was granted. As a result of this preliminary injunction, further judicial deposits of withholding tax will be based on a rate of 10%. Management’s opinion, based on the opinion of external legal counsel, is that the risk of losing the case is possible based on the technical merits of the Company’s position;therefore the Company will maintain the provision considering a 15% rate.

Interstate rate of ICMS-DIFAL on interstate sales

Interstate rate of ICMS-DIFAL on interstate sales without Complementary Law

The tax claim related to the interstate rate of ICMS-DIFAL (Imposto sobre Circulaçao de Mercadorias, Serviços de Transporte Interestadual, Intermunicipal e Comunicação on interstate sales at a differential rate) without the existence of a complementary law is described in Note 15 to the consolidated financial statements in the Company’s 2023 10-K. In March 2024, one of the cases related to the State of Santa Catarina (where the risk of losing had been considered probable) received judgment in favor of the State and will no longer be reported. In June 2024, one of the cases related to the State of Rio de Janeiro (where the risk of losing had been considered remote) received judgment partially in favor of the Company. Therefore, the Company presented a motion of clarification which is now pending judgment. In September 2024, one of the cases related to the State of Paraná (where the risk of losing had been considered remote) had been received in the Superior Tribunal of Justice to the judgment of an Special Appeal filed by the State. In June 2024, one of the cases related to the State of Rio de Janeiro (where the risk of losing had been considered remote) received judgment partially in favor of the Company. Therefore, the Company presented a motion of clarification which is now pending judgment. In addition, a case related to the State do Goiás (where the risk of losing had been considered probable) received judgment in favor of the Company, as a result of which, in June 2024, the State filed an appeal that was rejected by the Court. The case has not become final and unappealable. The remaining cases pending as of December 31, 2023 had no updates during the nine-month period ended September 30, 2024. The Company maintains a $2 million provision as of September 30, 2024 for the disputed amounts related to the 3 ongoing cases where the risk of losing is considered by Management to be probable, based on the opinion of external legal counsel.

Exclusion of ICMS tax benefits from federal taxes base

The tax claim related to the exclusion of ICMS tax benefits from the tax base of the Corporate Income Tax (“IRPJ”) and of the Social Contribution on Net Profits (“CSLL”) is described in Note 15 to the consolidated financial statements in the Company’s 2023 10-K. On April 17, 2024, the Federal Regional Court ruled in favor of the Company. Therefore, the Federal Government presented a motion of clarification, which was rejected in August 2024. In response, the Federal Government filed a special appeal, but it was rejected on October 10, 2024. The case has not yet become final and unappealable. Management’s opinion, based on the opinion of external legal counsel, is that the risk of losing the case is not more likely than not based on the technical merits of the Company’s tax position. For that reason, the Company has not recorded any expense or liability for the disputed amounts. As of September 30, 2024, the total amount under dispute was $61 million.

The tax claim related to the exclusion of ICMS tax benefits from tax base of the Social Contributions (PIS and COFINS) is described in Note 15 to the consolidated financial statements in the Company’s 2023 10-K. On April 25, 2024, a ruling favorable to the Company was issued recognizing the Company’s right to exclude the amounts of credits arising from ICMS tax incentives from the PIS and COFINS calculation basis. On June 7, 2024, the Federal Government filed an appeal. The Company responded to the appeal and the case was referred to the Court for judgment on the request for an appeal. The first instance court’s decision has not yet become final and unappealable. Management’s opinion, based on the opinion of external legal counsel, is that the risk of losing the case is reasonably possible but not probable based on the technical merits of the Company’s tax position. For that reason, the Company has not recorded any expense or liability for the disputed amounts. The Company had recorded $17 million of PIS and COFINS tax benefits arising from the ICMS tax incentives as of September 30, 2024.

Administrative Tax Claims

The tax assessment claiming corporate income taxes (IRPJ and CSLL), in relation to the 2016 taxable year, is described in Note 15 to the consolidated financial statements in the Company's 2023 10-K. On October 9, 2024, the administrative court of second instance issued a decision in order to return the case of Ebazar.com.br Ltda. back to the first instance in an evidentiary proceeding. The Company will be required to provide more additional evidence that the relevant services were necessary and actually hired and paid by the Brazilian subsidiaries. It is expected that the case has not yet become final and unappealable. Management's opinion, based on the opinion of external legal counsel, is that the risk of losing the case is not more likely than not. For that reason, the Company has not recorded any expense or liability for the disputed amounts. As of September 30, 2024, the total amount under dispute related to IRPJ and CSLL was $13 million.

The tax assessment claiming corporate income taxes (IRPJ and CSLL), in relation to the 2017 taxable year, is described in Note 15 to the consolidated financial statements in the Company's 2023 10-K. On July 24, 2024, the administrative body of first instance issued a decision in the case. The decision issued is partially favorable to the Company as it rejected the punitive fine of 150% over the tax charged and reduced it to 100%, but maintained the tax assessment and also the joint tax liability of the Senior Legal Director. The Company will present an appeal in the Federal Administrative Court. The case has not yet become final and unappealable. On August 28, 2024, after the administrative court of first instance issued an unfavorable decision and maintained the tax assessment, the Company filed an administrative appeal in the administrative court (CARF). The case has not yet become final and unappealable. Management's opinion, based on the opinion of external legal counsel, is that the risk of losing the case is not more likely than not. For that reason, the Company has not recorded any expense or liability for the disputed amounts. As of September 30, 2024, the total amount under dispute related to IRPJ and CSLL was $72 million.

Buyer protection program

The buyer protection program ("BPP") is designed to protect buyers in the Marketplace from losses due primarily to fraud or counterparty non-performance for all transactions completed through the Company's online payment solution Mercado Pago (except for certain excluded categories). The Company's BPP provides protection to consumers by reimbursing them for the total value of a purchased item and the value of any shipping service paid if it does not arrive, arrives incomplete or damaged, does not match the seller's description or if the buyer regrets the purchase. The Company is entitled to recover from the third-party carrier companies performing the shipping service certain amounts paid under the BPP. Furthermore, in some specific circumstances, the Company enters into insurance contracts with third-party insurance companies in order to cover contingencies that may arise from the BPP.

The maximum potential exposure under this program is estimated to be the volume of payments on the Marketplace, for which claims may be made under the terms and conditions of the Company's BPP. Based on historical losses to date, the Company does not believe that the maximum potential exposure is representative of the actual potential exposure. The Company records a liability with respect to losses under this program when they are probable and the amount can be reasonably estimated.

As of September 30, 2024 and December 31, 2023, Management's estimate of the maximum potential exposure related to the Company's buyer protection program is $5,155 million and $5,072 million, respectively, for which the Company recorded a provision of $10 million and $8 million, respectively.

Commitments

The Company committed to purchase cloud platform services based on the following terms:

1. for a total amount of $824 million, to be paid between October 1, 2021 and September 30, 2026. As of September 30, 2024, the Company had paid $601 million;

2. for a total amount of $200 million, to be paid between September 23, 2022 and September 23, 2025. As of September 30, 2024, the Company had paid $148 million in relation thereto. In August 2024, the Company amended this commitment whereby, effective as of August 20, 2024, the aggregate purchase commitment is $1,000 million, to be fully paid off between August 2024 and February 2030; and

3. for a total amount of $90 million, to be paid between November 2024 and June 30, 2030.

On April 8, 2022, the Company signed a 10-year agreement with Gol Linhas Aereas S.A. under which the Company is committed to contract a minimum amount of air logistics services for a total annual cost of $43 million (total amount once all the dedicated aircraft are in operation). Pursuant to the agreement, Gol Linhas Aereas S.A. provides logistics services in Brazil to Mercado Envios through six dedicated aircraft, all of which have already started operations as of September 30, 2024.

As of September 30, 2024, the Company has lease agreements for new warehouses in Brazil, Mexico and Argentina for a total amount of $1,497 million that has not yet commenced. Lease terms under the agreements are between 5 to 15 years.

Since October 2023, the Company signed 3-year agreements with certain shipping companies in Brazil, under which the Company is committed to contract a minimum amount of logistics services. As of September 30, 2024, the remaining commitment amounted to $109 million.

On January 10, 2024, the Company signed a 5-year agreement for the naming rights of the Complexo Pacaembu (municipal stadium of the city of São Paulo), for a total amount of $56 million. The agreement has the option to extend the term for 5 additional independent periods of 5 years each, for the same amount indexed by the Brazilian inflation rate index IPCA.

NOTE 12. LONG TERM RETENTION PROGRAM

The following table summarizes the long term retention program accrued compensation expense for the nine and three-month periods ended September 30, 2024 and 2023, which are payable in cash according to the decisions made by the Board of Directors (the “Board”):

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2024	2023	2024	2023
	(In millions)			
LTRP 2018	$ —	$ 3	$ —	$ 1
LTRP 2019	22	13	9	4
LTRP 2020	22	15	9	5
LTRP 2021	20	17	7	5
LTRP 2022	36	31	14	9
LTRP 2023	61	43	23	15
LTRP 2024	49	—	21	—
Total LTRP	**$ 210**	**$ 122**	**$ 83**	**$ 39**

NOTE 13. LOANS PAYABLE AND OTHER FINANCIAL LIABILITIES

The following tables summarize the Company's Loans payable and other financial liabilities as of September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
	(In millions)	
Loans from banks	$ 680	$ 485
Bank overdrafts	1	33
Secured lines of credit	65	39
Financial Bills	8	—
Deposit Certificates	1,058	976
Commercial Notes	2	7
Finance lease liabilities	32	35
Collateralized debt	390	693
2026 Sustainability Notes	2	4
2031 Notes	4	9
Other lines of credit	8	11
Current loans payable and other financial liabilities	**$ 2,250**	**$ 2,292**
Loans from banks	$ 169	$ 72
Secured lines of credit	8	17
Financial Bills	272	8
Commercial Notes	192	211
Finance lease liabilities	69	96
Collateralized debt	1,455	782
2026 Sustainability Notes	362	389
2031 Notes	575	626
Other lines of credit	1	2
Non-Current loans payable and other financial liabilities	**$ 3,103**	**$ 2,203**

Type of instrument	Currency	Interest	Weighted Average Interest Rate	Maturity	September 30, 2024	December 31, 2023
					(In millions)	
Loans from banks						
Chilean Subsidiaries	Chilean Pesos	Fixed	7.18%	October 2024 - September 2025	$ 126	$ 104
Brazilian Subsidiary	Brazilian Reais	Variable	CDI + 0.81%	March 2025	49	—
Brazilian Subsidiary (1)	US Dollar	Fixed	5.90%	November 2024	53	216
Brazilian Subsidiary (1)	Euros	Fixed	4.26%	September 2025	128	—
Brazilian Subsidiary	Brazilian Reais	Variable	TJLP + 0.80%	October 2024 - May 2031	24	9
Mexican Subsidiaries	Mexican Pesos	Variable	TIIE + 1.59% - 3.5%	October 2024 - August 2029	421	178
Uruguayan Subsidiary	Uruguayan Pesos	Fixed	8.78%	October - December 2024	48	50
Bank overdrafts						
Uruguayan Subsidiary	Uruguayan Pesos	—	—	October 2024	1	13
Chilean Subsidiaries	Chilean Pesos	—	—	—	—	20
Secured lines of credit						
Argentine Subsidiaries	Argentine Pesos	Fixed	42.21%	October 2024	56	29
Mexican Subsidiary	Mexican Pesos	Fixed	10.51%	October 2024 - July 2027	17	27
Financial Bills						
Brazilian Subsidiary	Brazilian Reais	Variable	CDI + 0.45% - 1.40%	March 2025 - September 2027	280	8
Deposit Certificates						
Brazilian Subsidiary	Brazilian Reais	Variable	CDI + 0.32% - 0.69%	October 2024 - September 2025	227	—
Brazilian Subsidiary	Brazilian Reais	Variable	98% to 150% of CDI	October 2024 - September 2025	769	703
Brazilian Subsidiary	Brazilian Reais	Fixed	10.10% - 11.91%	October 2024 - March 2025	34	77
Brazilian Subsidiary	Brazilian Reais	Variable	101.50% of CDI	October 2024	28	196
Commercial Notes						
Brazilian Subsidiary	Brazilian Reais	Variable	DI + 0.88%	October 2024 - August 2027	67	78
Brazilian Subsidiary	Brazilian Reais	Variable	IPCA + 6.41%	October 2024 - August 2029	127	140
Finance lease liabilities					101	131
Collateralized debt					1,845	1,475
2026 Sustainability Notes	US Dollar	Fixed	2.375%	January 2025 - January 2026	364	393
2031 Notes	US Dollar	Fixed	3.125%	January 2025 - January 2031	579	635
Other lines of credit					9	13
					$ 5,353	**$ 4,495**

(1) The carrying amount includes the effect of the derivative instruments that qualified for fair value hedge accounting. See Note 16 – Derivative instruments for further detail.

See Note 14 – Securitization transactions and Note 15 – Leases to these unaudited interim condensed consolidated financial statements for details regarding the Company’s collateralized debt securitization transactions and finance lease obligations, respectively.

2.375% Sustainability Senior Notes Due 2026 and 3.125% Senior Notes Due 2031

On January 14, 2021, the Company closed a public offering of $400 million aggregate principal amount of 2.375% Sustainability Notes due 2026 (the "2026 Sustainability Notes") and $700 million aggregate principal amount of 3.125% Notes due 2031 (the "2031 Notes", and together with the 2026 Sustainability Notes, the "Notes").

During 2023, the Company repurchased $9 million and $70 million in principal amount of the outstanding 2026 Sustainability Notes and 2031 Notes, respectively, plus $1 million of interest accrued on the 2026 Sustainability Notes and 2031 Notes. The total amount paid during 2023 for those repurchases amounted to $66 million. During 2024, the Company repurchased $27 million and $51 million in principal amount of the outstanding 2026 Sustainability Notes and 2031 Notes, respectively. The total amount paid during 2024 for those repurchases amounted to $71 million.

For the nine-month periods ended September 30, 2023, the Company recognized $8 million as a gain in Interest income and other financial gains in the unaudited interim condensed consolidated statements of income. For the nine and three-month periods ended September 30, 2024, the Company recognized $8 million and $3 million as gain in Interest income and other financial gains in the interim condensed consolidated statements of income, respectively.

For additional information regarding the 2026 Sustainability Notes and the 2031 Notes please refer to Note 17 to the audited consolidated financial statements for the year ended December 31, 2023, contained in the Company's 2023 10-K.

2.00% Convertible Senior Notes Due 2028 ("2028 Notes")

On September 19, 2023, the Company announced its intention to redeem all its 2028 Notes on November 14, 2023. Holders of the 2028 Notes could elect to convert their notes at any time before November 13, 2023. Each $1,000 principal amount of 2028 Notes was convertible into 2.2952 shares of MercadoLibre common stock.

On November 13, 2023, holders of the 2028 Notes converted $439 million principal amount of 2028 Notes into 1,007,597 shares of the Company's common stock which MercadoLibre held as treasury stock. As of December 31, 2023, no principal amount of 2028 Notes remained outstanding.

For the nine and three-month periods ended September 30, 2023, the Company recognized interest expense, including the amortization of issuance costs, of $7 million and $2 million, respectively.

For additional information regarding the 2028 Notes and the 2028 Notes Capped Call Transactions please refer to Note 17 to the audited consolidated financial statements for the year ended December 31, 2023, contained in the Company's 2023 10-K.

Amended and Restated Revolving Credit Agreement

On September 27, 2024, the Company entered into a $400 million amended and restated revolving credit agreement (the "Amended and Restated Credit Agreement") with the lenders party thereto and the Company's subsidiaries MercadoLibre S.R.L., Ebazar.com.br Ltda., Mercado Pago Instituição de Pagamento Ltda., DeRemate.com de Mexico S. de R.L. de C.V., MP Agregador, S. de R.L. de C.V., MercadoLibre Chile Ltda., and MercadoLibre Colombia Ltda. as initial guarantors (collectively, the "Initial Guarantors"). The Company's obligations under the Amended and Restated Credit Agreement are guaranteed by the Initial Guarantors.

The interest rates under the Amended and Restated Credit Agreement are based on Term SOFR ("Secured Overnight Funding Rate") plus an interest margin of 1.00% per annum, which may be decreased to 0.90% per annum or increased to 1.15% per annum depending on the Company's debt rating, as further provided under the Amended and Restated Credit Agreement. Any loans drawn from the Amended and Restated Credit Agreement must be repaid on or prior to September 27, 2028, which will be automatically extended to September 27, 2029 upon satisfaction, on or prior to August 28, 2027, of the Maturity Extension Conditions (as defined in the Amended and Restated Credit Agreement), as further provided in the Amended and Restated Credit Agreement. The Company is also obligated to pay a commitment fee on the unused amounts of the facility at a rate per annum equal to 25% of the then Applicable Margin, depending on the Company's debt rating, as further provided under the Amended and Restated Credit Agreement.

As of September 30, 2024, no amounts have been borrowed under the facility.

NOTE 14. SECURITIZATION TRANSACTIONS

The process of securitization consists of the issuance of securities collateralized by a pool of assets through a special purpose entity ("SPEs"), often under a VIE.

The Company securitizes financial assets associated with its credit card receivables and loans receivable portfolio. The Company's securitization transactions typically involve the legal transfer of financial assets to bankruptcy remote SPEs. The Company generally retains economic interests in the collateralized securitization transactions, which are retained in the form of subordinated interests. For accounting purposes, the Company is generally precluded from recording the transfers of assets in securitization transactions as sales or is required to consolidate the SPE.

The Company securitizes certain credit card receivables related to users' purchases through Chilean SPEs. Under these SPE contracts, the Company has determined that it has no obligation to absorb losses or the right to receive benefits of the SPEs that could be significant because it does not retain any equity certificate of participation or subordinated interest in the SPEs. As the Company does not control the vehicles, its assets, liabilities and related results are not consolidated in the Company's financial statements.

Additionally, the Company securitizes certain credit card receivables related to users' purchases through Brazilian SPEs. Under these SPE contracts, the Company has determined that it has the obligation to absorb losses or the right to receive benefits of the SPEs that could be significant because it retains subordinated interest in the SPEs. As the Company controls the vehicles, the assets, liabilities and related results are consolidated in its financial statements.

The Company securitizes certain loans receivable through Brazilian, Argentine and Mexican SPEs, formed to securitize loans receivable provided by the Company to its users or purchased from financial institutions that grant loans to the Company's users through Mercado Pago. According to the SPE contracts, the Company has determined that it has both the power to direct the activities of the entity that most significantly impact the entity's performance and the obligation to absorb losses or the right to receive benefits of the entity that could be significant because it retains the equity certificates of participation and would therefore also be consolidated.

When the Company controls the vehicle, it accounts for the securitization transactions as if they were secured financing and therefore the assets, liabilities and related results are consolidated in its financial statements.

The following table summarizes the Company's collateralized debt under securitization transactions, as of September 30, 2024:

SPEs	Collateralized debt (In millions)	Interest rate	Currency	Maturity
Mercado Crédito I Brasil Fundo de Investimento Em Direitos Creditórios Não Padronizados	$ 202	CDI + 2.50%	Brazilian Reais	March 2027
Mercado Crédito Fundo de Investimento Em Direitos Creditórios Não Padronizado	17	CDI + 3.50%	Brazilian Reais	August 2025
Olimpia Fundo de Investimento Em Direitos Creditórios	30	CDI + 1.25%	Brazilian Reais	November 2024
Mercado Crédito II Brasil Fundo De Investimento Em Direitos Creditórios Nao Padronizados	220	CDI + 2.35%	Brazilian Reais	January 2030
Mercado Crédito II Brasil Fundo De Investimento Em Direitos Creditórios Nao Padronizados	73	CDI + 5.25%	Brazilian Reais	July 2028
Seller Fundo De Investimento Em Direitos Creditórios	192	CDI + 1.60%	Brazilian Reais	March 2026
Seller Fundo De Investimento Em Direitos Creditórios	96	CDI + 1.80%	Brazilian Reais	May 2026
Seller Fundo De Investimento Em Direitos Creditórios	38	CDI + 1.40%	Brazilian Reais	September 2026
Seller Fundo De Investimento Em Direitos Creditórios	19	CDI + 1.60%	Brazilian Reais	November 2026
Seller II Fundo De Investimento Em Direitos Creditórios Segmento Meios De Pagamento De Rsponsabilidade Limitada	183	CDI + 0.85%	Brazilian Reais	July 2027
Mercado Crédito Consumo XXX	11	Badlar rates plus 200 basis points with a min 75% and a max 155%	Argentine Pesos	November 2024 - April 2025 (2)
Mercado Crédito Consumo XXXI	16	Badlar rates plus 200 basis points with a min 45% and a max 125%	Argentine Pesos	December 2024 - March 2025 (2)
Mercado Crédito Consumo XXXII	18	Badlar rates plus 200 basis points with a min 25% and a max 80%	Argentine Pesos	January 2025
Mercado Crédito Consumo XXXIII	24	Badlar rates plus 200 basis points with a min 5% and a max 60%	Argentine Pesos	March 2025 - April 2025 (2)
Mercado Crédito Consumo XXXIV	21	Badlar rates plus 200 basis points with a min 15% and a max 60%	Argentine Pesos	April 2025 - July 2025 (2)

SPEs	Collateralized debt (In millions)	Interest rate	Currency	Maturity
Mercado Crédito Consumo XXXV	23	Badlar rates plus 200 basis points with a min 15% and a max 60%	Argentine Pesos	June 2025 - August 2025 (2)
Mercado Crédito XX	1	Badlar rates plus 200 basis points with a min 100% and a max 170%	Argentine Pesos	September 2024 - December 2024 (2)
Mercado Crédito XXI	5	Badlar rates plus 200 basis points with a min 45% and a max 125%	Argentine Pesos	January 2025 - March 2025 (2)
Mercado Crédito XXII	6	Badlar rates plus 200 basis points with a min 15% and a max 70%	Argentine Pesos	March 2025 - April 2025 (2)
Mercado Crédito XXIII	15	Badlar rates plus 200 basis points with a min 15% and a max 60%	Argentine Pesos	May 2025 - June 2025 (2)
Mercado Crédito XXIV	14	Badlar rates plus 200 basis points with a min 15% and a max 60%	Argentine Pesos	June 2025 - August 2025 (2)
Mercado Crédito XXV	30	Badlar rates plus 200 basis points with a min 15% and a max 60%	Argentine Pesos	July 2025 - August 2025 (2)
Mercado Crédito XXVI	34	Badlar rates plus 200 basis points with a min 15% and a max 60%	Argentine Pesos	August 2025 - October 2025 (2)
Mercado Crédito XXVII (1)	28	Badlar rates plus 200 basis points with a min 15% and a max 60%	Argentine Pesos	August 2025 - October 2025 (2)
Fideicomiso de administración y fuente de pago CIB/3756	214	The equilibrium interbank interest rate published by Banco de Mexico in the Diario Oficial plus 2.35%	Mexican Pesos	August 2026
Fideicomiso de administración y fuente de pago CIB/3369	31	The equilibrium interbank interest rate published by Banco de Mexico in the Diario Oficial plus 7.0%	Mexican Pesos	July 2027
Fideicomiso de administración y fuente de pago CIB/3369	231	The equilibrium interbank interest rate published by Banco de Mexico in the Diario Oficial plus 2.8%	Mexican Pesos	July 2027
Fideicomiso Irrevocable de Administración y Fuente de Pago número CIB/4372	53	The equilibrium interbank interest rate published by Banco de Mexico in the Diario Oficial plus 2.5%	Mexican Pesos	August 2027
	$ 1,845			

(1) As of September 30, 2024, Loans payables owned by this trust were obtained through private placements. Mercado Crédito XXVII trust made a public bond offering in the Argentine stock market on October 7, 2024.

(2) Minimum and maximum maturity depending on the applicable interest rate within the range.

This secured debt is issued by the SPEs and includes collateralized securities used to fund the Company’s Fintech business. The third-party investors in the securitization transactions have legal recourse only to the assets securing the debt and do not have recourse to the Company. Additionally, the cash flows generated by the SPEs are restricted to the payment of amounts due to third-party investors, but the Company retains the right to residual cash flows.

The assets and liabilities of the SPEs are included in the Company's unaudited interim condensed consolidated financial statements as of September 30, 2024 and December 31, 2023 as follows:

	September 30, 2024	December 31, 2023
Assets	(In millions)	
Current assets:		
Restricted cash and cash equivalents	$ 480	$ 355
Credit card receivables and other means of payments, net	32	105
Loans receivable, net of allowances	1,444	1,198
Total current assets	**1,956**	**1,658**
Non-current assets:		
Long-term investments	19	23
Loans receivable, net of allowances	86	27
Total non-current assets	**105**	**50**
Total assets	**$ 2,061**	**$ 1,708**
Liabilities		
Current liabilities:		
Loans payable and other financial liabilities	$ 390	$ 693
Other liabilities	42	1
Total current liabilities	**432**	**694**
Non-current liabilities:		
Loans payable and other financial liabilities	1,455	782
Total non-current liabilities	**1,455**	**782**
Total liabilities	**$ 1,887**	**$ 1,476**

NOTE 15. LEASES

The Company leases certain fulfillment, cross-docking and services centers, office space, aircraft, aircraft hangars, machines, and vehicles in the various countries in which it operates. The lease agreements do not contain any residual value guarantees or material restrictive covenants.

Supplemental balance sheet information related to leases was as follows:

	September 30, 2024	December 31, 2023
	(In millions)	
Operating Leases		
Operating lease right-of-use assets	**$ 968**	**$ 899**
Operating lease liabilities	**$ 971**	**$ 838**
Finance Leases		
Property and equipment, at cost	$ 178	$ 183
Accumulated depreciation	(75)	(50)
Property and equipment, net	**$ 103**	**$ 133**
Loans payable and other financial liabilities	**$ 101**	**$ 131**

The following table summarizes the weighted average remaining lease term and the weighted average incremental borrowing rate for operating leases and the weighted average discount rate for finance leases as of September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Weighted average remaining lease term		
Operating leases	8 Years	8 Years
Finance leases	3 Years	3 Years
Weighted average discount rate (1)		
Operating leases	10 %	9 %
Finance leases	13 %	34 %

(1) Includes discount rates of leases in local currency and U.S. dollar.

The components of lease expense were as follows:

	Nine Months Ended September 30,	
	2024	2023
	(In millions)	
Operating lease cost	**$ 147**	**$ 130**
Finance lease cost:		
Depreciation of property and equipment	$ 25	$ 15
Interest on lease liabilities	12	7
Total finance lease cost	**$ 37**	**$ 22**

The following table summarizes the fixed, future minimum rental payments, excluding variable costs, which are discounted by the Company's incremental borrowing rates to calculate the lease liabilities for the operating and finance leases:

Period Ending	Operating Leases	Finance Leases
	(In millions)	
One year or less	$ 241	$ 44
One year to two years	194	38
Two years to three years	167	33
Three years to four years	160	11
Four years to five years	144	2
Thereafter	472	—
Total lease payments	**1,378**	**128**
Less imputed interest	(407)	(27)
Total	**$ 971**	**$ 101**

NOTE 16. DERIVATIVE INSTRUMENTS

Cash flow hedges

As of September 30, 2024, the Company used foreign currency exchange contracts to hedge the foreign currency effects related to the forecasted purchase of MPOs devices in U.S. dollars owed by a Brazilian subsidiary whose functional currency is the Brazilian Real. The Company designated the foreign currency exchange contracts as cash flow hedges, the derivatives' gain or loss is initially reported as a component of accumulated other comprehensive loss and subsequently reclassified into the interim condensed consolidated statements of income in the "Cost of net revenues and financial expenses" line item, in the same period the forecasted transaction affects earnings. As of September 30, 2024, the Company estimated that the whole amount of net derivative gains or losses related to its cash flow hedges included in accumulated other comprehensive loss will be reclassified into the interim condensed consolidated statements of income within the next 12 months.

In addition, the Company has entered into swap contracts to hedge the interest rate fluctuation of its financial debt held by one of its Brazilian subsidiaries. The Company designated the swap contracts as cash flow hedges. The derivatives' gain or loss is initially reported as a component of accumulated other comprehensive loss and subsequently reclassified into the interim condensed consolidated statements of income in the "Cost of net revenues and financial expenses" line item within the next 12 months. As of September 30, 2024, there are no outstanding derivatives hedging the interest rate fluctuation of the financial debt designated as cash flow hedges.

Fair value hedges

The Company has entered into swap contracts to hedge the interest rate and the foreign currency exposure of its fixed-rate, foreign currency financial debt held by its Brazilian subsidiaries. The Company designated the swap contracts as fair value hedges. The derivatives' gain or loss is reported in the interim condensed consolidated statements of income in the same line items as the change in the value of the financial debt due to the hedged risks. Since the terms of the interest rate swaps match the terms of the hedged debts, changes in the fair value of the interest rate swaps are offset by changes in the fair value of the hedged debts attributable to changes in interest rates. Accordingly, the net impact in current earnings is that the interest expense associated with the hedged debts is recorded at the floating rates.

Net investment hedge

The Company used cross currency swap contracts, to reduce the foreign currency exchange risk related to its investment in its Brazilian foreign subsidiaries and the interest rate risk. This derivative was designated as a net investment hedge and, accordingly, gains and losses are reported as a component of accumulated other comprehensive loss. The derivatives' gain or loss is initially reported as a component of accumulated other comprehensive loss and subsequently reclassified into the interim condensed consolidated statements of income in the "Interest expense and other financial losses" and "Foreign currency losses, net" line items, in the same period that the interest expense affects earnings.

Derivative instruments not designated as hedging instruments

The Company entered into certain foreign currency exchange contracts to hedge the foreign currency fluctuations related to certain transactions denominated in U.S. dollars of certain of its Brazilian subsidiaries, whose functional currencies are the Brazilian Real. These transactions were not designated as hedges for accounting purposes. As of September 30, 2024, there are no outstanding derivatives hedging the foreign currency fluctuation not designated as hedging instruments.

Finally, as of September 30, 2024, the Company entered into swap contracts to hedge the interest rate fluctuation of a certain portion of its financial debt in its Brazilian subsidiaries and VIEs. These transactions were not designated as hedges for accounting purposes.

The following table presents the notional amounts of the Company's outstanding derivative instruments:

	Notional Amount as of	
	September 30, 2024	December 31, 2023
	(In millions)	
Designated as hedging instrument		
Foreign exchange contracts	$ 86	$ 91
Cross currency swap contracts	177	244
Not designated as hedging instrument		
Foreign exchange contracts	$ —	$ 16
Interest rate swap contracts	165	245

Derivative instrument contracts

The fair values of the Company's outstanding derivative instruments as of September 30, 2024 and December 31, 2023 were as follows:

Derivative instruments		September 30, 2024	December 31, 2023
		(In millions)	
Foreign exchange contracts designated as cash flow hedges	Other current assets	$ 2	$ —
Cross currency swap contracts designated as fair value hedge	Other current assets	4	1
Interest rate swap contracts not designated as hedging instruments	Other non-current assets	20	22
Cross currency swap contracts designated as net investment hedge	Other current liabilities	—	6
Cross currency swap contracts designated as fair value hedge	Other current liabilities	1	4
Interest rate swap contracts not designated as hedging instruments	Other current liabilities	6	7
Foreign exchange contracts not designated as hedging instruments	Other current liabilities	—	1
Foreign exchange contracts designated as cash flow hedges	Other current liabilities	1	3
Interest rate swap contracts not designated as hedging instruments	Other non-current liabilities	10	10

The effects of derivative contracts on the interim condensed consolidated statement of comprehensive income for the nine-month periods ended September 30, 2024 and 2023 were as follows:

	December 31, 2023	Amount of gain recognized in other comprehensive income	Amount of (gain) loss reclassified from accumulated other comprehensive income	September 30, 2024
		(In millions)		
Foreign exchange contracts designated as cash flow hedges	$ (4)	$ 7	$ (2)	$ 1
Cross currency swap contracts designated as net investment hedge	(3)	2	1	—
	$ (7)	**$ 9**	**$ (1)**	**$ 1**

	December 31, 2022	Amount of gain (loss) recognized in other comprehensive income	Amount of (gain) loss reclassified from accumulated other comprehensive income	September 30, 2023
		(In millions)		
Foreign exchange contracts designated as cash flow hedges	$ (2)	$ (9)	$ 9	$ (2)
Interest swap contracts designated as cash flow hedges	(2)	8	(6)	—
Cross currency swap contracts designated as net investment hedge	(1)	(7)	5	(3)
	$ (5)	**$ (8)**	**$ 8**	**$ (5)**

The effect of the Company's fair value hedge relationships on the interim condensed consolidated statements of income for the nine and three-month periods ended September 30, 2024 is a net gain of $24 million and a net loss of $2 million, respectively, and affected Cost of net revenues and financial expenses and foreign exchange losses, net. For the nine and three-month periods ended September 30, 2023, the Company recognized a loss of $9 million and a net gain of $4 million, respectively, that affected Cost of net revenues and financial expenses.

The carrying amount of the hedged items for fair value hedges included in the "Loans payable and other financial liabilities" line item of the interim condensed consolidated balance sheets as of September 30, 2024 and December 31, 2023 was $181 million and $216 million, respectively.

The effect of the Company’s fair value hedge relationships on the interim condensed consolidated balance sheets related to cumulative basis adjustments for fair value hedges as of September 30, 2024 and December 31, 2023 is less than $1 million.

The effects of derivative contracts not designated as hedging instruments on the interim condensed consolidated statements of income for the nine and three-month periods ended September 30, 2024 and 2023 were as follows:

	Nine months period ended September 30,		Three months period ended September 30,	
	2024	2023	2024	2023
	(In millions)		(In millions)	
Foreign exchange contracts not designated as hedging instruments recognized in Foreign currency losses, net	$ —	$ (10)	$ —	$ 1
Interest rate contracts not designated as hedging instruments recognized in Interest expense and other financial losses	(7)	1	(1)	(4)
	$ (7)	**$ (9)**	**$ (1)**	**$ (3)**

NOTE 17. SHARE REPURCHASE PROGRAM

On February 21, 2023, the Board authorized the Company to repurchase shares of the Company’s common stock, for an aggregate consideration of up to $900 million.

The Company acquired shares of its own common stock in the Argentine market and paid for them in Argentine Pesos at a price that reflects the additional cost of accessing U.S. dollars through securities denominated in U.S. dollars, because of restrictions imposed by the Argentine government for buying U.S. dollars at the official exchange rate in Argentina (see Note 2 – Summary of significant accounting policies - Argentine currency status and macroeconomic outlook of these unaudited interim condensed consolidated financial statements). As a result, the Company recognized foreign currency losses of $386 million for the nine-month period ended September 30, 2023, while foreign currency losses for the three-month period ended September 30, 2023 amounted to $173 million. The share repurchase program expired on March 31, 2024. During the nine-month period ended September 30, 2024, the Company did not acquire any shares under the aforementioned share repurchase program.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statement Regarding Forward-Looking Statements

Any statements made or implied in this report that are not statements of historical fact, including statements about our beliefs and expectations, are forward-looking statements within the meaning of Section 27 A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and should be evaluated as such. The words “anticipate,” “believe,” “expect,” “intend,” “plan,” “estimate,” “target,” “project,” “should,” “may,” “could,” “will” and similar words and expressions are intended to identify forward-looking statements. These forward-looking statements are contained throughout this report. Such forward looking statements include, but are not limited to, statements regarding MercadoLibre, Inc.'s expectations, objectives and progress against strategic priorities; initiatives and strategies related to our products and services; business and market outlook, opportunities, strategies and trends; impacts of foreign exchange; the potential impact of the uncertain macroeconomic and geopolitical environment on our financial results; customer demand and market expansion; our planned product and services releases and capabilities; industry growth rates; future stock repurchases; our expected tax rate and tax strategies; and the impact and result of pending legal, administrative and tax proceedings. Such forward-looking statements are subject to known and unknown risks, uncertainties and other important factors (in addition to those discussed elsewhere in this report) that may cause our actual results to differ materially from those expressed or implied by these forward-looking statements. Some of the material risks and uncertainties that could cause actual results to differ materially from our expectations and projections are described in “Item 1A—Risk Factors” in Part I of the Company’s 2023 10-K filed with the Securities and Exchange Commission (“SEC”) on February 23, 2024. You should read that information in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 2 of Part I of this report, our unaudited interim condensed consolidated financial statements and related notes in Item 1 of Part I of this report and our audited consolidated financial statements and related notes in Item 8 of Part II of the Company’s 2023 10-K, as well as the factors discussed in the other reports and documents we file from time to time with the SEC.

We note such information for investors as permitted by the Private Securities Litigation Reform Act of 1995. There also may be other factors that we cannot anticipate or that are not described in this report, generally because they are unknown to us or we do not perceive them to be material that could cause results to differ materially from our expectations. Forward-looking statements speak only as of the date they are made, and we do not undertake to update these forward-looking statements except as may be required by law. You are advised, however, to review any further disclosures we make on related subjects in our periodic filings with the SEC.

Many of these risks are beyond our ability to control or predict. New risk factors emerge from time to time and it is not possible for Management to predict all such risk factors, nor can it assess the impact of all such risk factors on our company’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

These statements are based on currently available information and our current assumptions, expectations and projections about future events. While we believe that our assumptions, expectations and projections are reasonable in view of the currently available information, you are cautioned not to place undue reliance on our forward-looking statements. These statements are not guarantees of future performance.

The discussion and analysis of our financial condition and results of operations has been organized to present the following:

- a brief overview of our company;
- a review of our critical accounting policies and estimates;
- a discussion of our principal trends and results of operations for the nine and three-month periods ended September 30, 2024 and 2023;
- a discussion of the principal factors that influence our results of operations, financial condition and liquidity;
- a discussion of our liquidity and capital resources and a discussion of our capital expenditures;
- a description of our key performance indicators; and
- a description of our non-GAAP financial measures.

Certain monetary amounts included elsewhere in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them.

Other Information

We routinely post important information for investors on our Investor Relations website, investor.mercadolibre.com. We use this website as a means of disclosing material, non-public information and for complying with our disclosure obligations under SEC Regulation FD (Fair Disclosure). Accordingly, investors should monitor our Investor Relations website, in addition to following our press releases, SEC filings, public conference calls and webcasts. The information contained on, or that may be accessed through, our website is not incorporated by reference into, and is not a part of, this report.

Business Overview

We are the largest online commerce ecosystem in Latin America based on unique visitors and we are present in 18 countries: Argentina, Brazil, Mexico, Chile, Colombia, Peru, Uruguay, Venezuela, Bolivia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Paraguay and El Salvador. Our platform is designed to provide users with a complete portfolio of services to facilitate commercial transactions both digitally and offline.

Through our e-commerce platform, we provide buyers and sellers with a robust and safe environment that fosters the development of a large e-commerce community in Latin America, a region with a population of over 650 million people and with one of the fastest-growing Internet penetration and e-commerce growth rates in the world. We believe that we offer world-class technological and commercial solutions that address the distinctive cultural and geographic challenges of operating a digital commerce platform in Latin America.

We offer our users an ecosystem of six integrated e-commerce services and digital financial services: the Mercado Libre Marketplace, the Mercado Pago Fintech platform, the Mercado Envios logistics service, the Mercado Ads solution, the Mercado Libre Classifieds service and the Mercado Shops online storefronts solution.

The Mercado Libre Marketplace, is a fully-automated, topically-arranged and user-friendly online commerce platform, which can be accessed through our website and mobile app. This platform enables us (when we act as sellers in our first party sales), merchants and individuals to list merchandise and conduct sales and purchases digitally. The Marketplace has an ample assortment of products, with a wide range of categories such as consumer electronics, apparel and beauty, home goods, automotive accessories, toys, books and entertainment and consumer packaged goods.

To complement the Mercado Libre Marketplace and enhance the user experience for our buyers and sellers, we developed Mercado Pago, an integrated digital payments solution. Mercado Pago was initially designed to facilitate transactions on Mercado Libre’s Marketplaces by providing a mechanism that allowed our users to securely, easily and promptly send and receive payments. Now, Mercado Pago is a full ecosystem of financial technology solutions both in the digital and physical world. Our digital payments solution enables any MercadoLibre registered user to securely and easily send and receive digital payments and to pay for purchases made on any of Mercado Libre’s Marketplaces. Currently, Mercado Pago processes and settles all transactions on our Marketplaces in Argentina, Brazil, Mexico, Chile, Colombia, Uruguay, Peru and Ecuador.

Beyond facilitating Marketplace transactions, over the years we have expanded our array of Mercado Pago services to third parties outside Mercado Libre’s Marketplace. We began first by satisfying the growing demand for online-based payment solutions by providing merchants the necessary digital payment infrastructure for e-commerce to flourish in Latin America. Today, Mercado Pago’s digital payments business not only allows merchants to facilitate checkout and payment processes on their websites through a branded or white label solution or software development kits, but it also enables users to transfer money in a simple manner to each other through the Mercado Pago website or on the Mercado Pago app. Through Mercado Pago, we brought trust to the merchant customer relationship, allowing online consumers to shop easily and safely, while giving them the confidence to share sensitive personal and financial data with us. Finally, we have also deepened our fintech offerings by growing our online-to-offline (“O2O”) products and services.

The Mercado Envios logistics solution enables sellers on our platform to utilize third-party carriers and other logistics service providers, while also providing them with fulfillment and warehousing services. The logistics services we offer are an integral part of our value proposition, as they reduce friction between buyers and sellers, and allow us to have greater control over the full experience. Sellers that opt into our logistics solutions are not only able to offer a uniform and seamlessly integrated shipping experience to their buyers at competitive prices, but are also eligible to access shipping subsidies to offer free or discounted shipping for many of their sales on our Marketplaces. In 2020, we launched Meli Air with a fleet of dedicated aircraft covering routes across Brazil and Mexico, with the aim of improving our delivery times. We have also developed a network of independent neighborhood stores and commercial points (known as “Meli Places”) to receive and store packages that are in transit using our integrated technology. Meli Places network allows buyers and sellers to pick-up, drop-off, or return packages with a better experience, reducing the travel distance for all parties. As of September 30, 2024, we offer our shipping solution directed towards deliveries in Argentina, Brazil, Mexico, Chile, Colombia, Uruguay, Peru and Ecuador and we also offer free shipping to buyers in Argentina, Brazil, Mexico, Chile, Colombia, Uruguay and Peru.

Mercado Credito, our credit solution available in Argentina, Brazil, Mexico and Chile, leverages our user base, which is loyal and engaged, and in part has also been historically underserved or overlooked by financial institutions and suffers from a lack of access to needed credit. Facilitating credit is a key service overlay that enables us to further strengthen the engagement and lock-in rate of our users, while also generating additional touchpoints and incentives to use Mercado Pago as an end-to-end financial solution.

Our asset management product, which is available in Argentina, Brazil, Mexico and Chile, is a critical pillar to build our alternative two-sided network vision. It incentivizes our users to begin to fund their digital wallets with cash as opposed to credit or debit cards given that the return our product offers is greater than traditional checking accounts.

As an extension of our asset management and savings solutions for users, we launched a digital assets feature as part of the Mercado Pago wallet in Brazil, Mexico and Chile, in 2021, 2022 and 2023, respectively. This service allows our millions of users to purchase, hold and sell selected digital assets through our interface without leaving the Mercado Pago application, while a partner acts as the custodian and exchange and offers the blockchain infrastructure platform. This feature is available for all users through their Mercado Pago wallet.

Our advertising platform, Mercado Ads, enables businesses to promote their products and services on the Mercado Libre Marketplace and Mercado Pago Fintech platform. Through our advertising platform, MercadoLibre’s brands and sellers are able to display ads on our webpages through product searches, banner ads, or suggested products. Our advertising platform enables merchants and brands to access the millions of consumers that are on our Marketplaces at any given time with the intent to purchase, which increases the likelihood of conversion. Advertisers are able to leverage our first-party data to create and target highly particularized audiences.

Through Mercado Libre Classifieds, our online classified listing service, our users can also list and purchase motor vehicles, real estate and services in the countries where we operate. Classifieds listings differ from Marketplace listings as they only charge optional placement fees and not final value fees. Our classifieds pages are also a major source of traffic to our platform, benefiting both the commerce and fintech businesses.

Complementing the services we offer, our digital storefront solution, Mercado Shops, allows users to set-up, manage and promote their own digital stores. These stores are hosted by Mercado Libre and offer integration with the rest of our ecosystem, namely our Marketplaces, payment services and logistics services. Users can create a store at no cost, and can access additional functionalities and value added services on commission.

Reporting Segments and Geographic Information

Our segment reporting is based on geography, which is the criterion our Management currently uses to evaluate our segment performance. Our geographic segments are Brazil, Mexico, Argentina and Other Countries (including Chile, Colombia, Costa Rica, Ecuador, Peru and Uruguay). Although we discuss long-term trends in our business, it is our policy not to provide earnings guidance in the traditional sense. We believe that uncertain conditions make the forecasting of near-term results difficult. Further, we seek to make decisions focused primarily on the long-term welfare of our Company and believe focusing on short-term earnings does not best serve the interests of our stockholders. We believe that execution of key strategic initiatives as well as our expectations for long-term growth in our markets will best create stockholder value. A long-term focus may make it more difficult for industry analysts and the market to evaluate the value of our Company, which could reduce the value of our common stock or permit competitors with short-term tactics to grow more rapidly than us. We, therefore, encourage potential investors to consider this strategy before making an investment in our common stock.

The following table sets forth the percentage of our consolidated net revenues by segment for the nine and three-month periods ended September 30, 2024 and 2023:

	Nine Months Ended September 30,		Three Months Ended September 30,	
(% of total consolidated net revenues)	2024	2023 (1)	2024	2023 (1)
Brazil	56.2 %	51.8 %	54.8 %	52.5 %
Mexico	22.5	19.9	21.6	20.2
Argentina	17.1	23.9	19.4	23.2
Other Countries	4.2	4.4	4.2	4.1

(1) Recast for consistency with the current presentation due to the change in the presentation of certain financial results. Please refer to Note 2 – Summary of significant accounting policies - Change in the presentation of certain financial results and reclassification of prior year results to our unaudited interim condensed consolidated financial statements for further details.

The following table summarizes the changes in our net revenues by segment for the nine and three-month periods ended September 30, 2024 and 2023:

	Nine Months Ended September 30,		Change from 2023 to 2024		Three Months Ended September 30,		Change from 2023 to 2024	
	2024	2023 (1)	in Dollars	in %	2024	2023 (1)	in Dollars	in %
	(in millions, except percentages)				(In millions, except percentages)			
Brazil	$ 8,270	$ 5,544	$ 2,726	49.2 %	$ 2,913	$ 2,063	$ 850	41.2 %
Mexico	3,317	2,129	1,188	55.8	1,145	795	350	44.0
Argentina (2)	2,511	2,552	(41)	(1.6)	1,033	910	123	13.5
Other Countries	620	473	147	31.1	221	159	62	39.0
Total Net Revenues	**$ 14,718**	**$ 10,698**	**$ 4,020**	**37.6 %**	**$ 5,312**	**$ 3,927**	**$ 1,385**	**35.3 %**

(1) Recast for consistency with the current presentation due to the change in the presentation of certain financial results. Please refer to Note 2 – Summary of significant accounting policies - Change in the presentation of certain financial results and reclassification of prior year results to our unaudited interim condensed consolidated financial statements for further details.

(2) For the nine-month period ended September 30, 2024, the main driver of Argentina's net revenues and financial income decrease is partially explained by the average inter-annual increase of Argentina's official exchange rate against U.S. dollar of 273.8% partially offset by an average inter-annual inflation rate in our Argentine segment of 262.8%. However, for the three-month period ended September 30, 2024, the average inter-annual inflation rate in our Argentine segment of 236.4%, was higher than the average inter-annual increase of Argentina's official exchange rate against U.S. dollar of 204.7%.

Critical Accounting Policies and Estimates

There have been no significant changes in our critical accounting policies, Management estimates or accounting policies since the year ended December 31, 2023 and disclosed in the Company's 2023 10-K, see "Critical Accounting Policies and Estimates". For information regarding the change in the presentation of the statements of income, please refer to section "Change in the presentation of certain financial results and reclassification of prior year results" of Note 2 – Summary of significant accounting policies to our unaudited interim condensed consolidated financial statements included in Item 1 of Part I of this report.

Results of operations for the nine and three-month periods ended September 30, 2024 compared to the nine and three-month periods ended September 30, 2023

The selected financial data for the nine and three-month periods ended September 30, 2024 and 2023 discussed herein is derived from our unaudited interim condensed consolidated financial statements included in Item 1 of Part I of this report. The results of operations for the nine and three-month periods ended September 30, 2024, are not necessarily indicative of the results that may be expected for the full year ending December 31, 2024 or for any other period.

Principal trends in results of operations

Net revenues and financial income

We disaggregate revenues into four geographical reporting segments. Within each of our segments, the services we provide and the products we sell generally fall into two distinct revenue streams: “Commerce” and “Fintech”.

Revenues from Commerce transactions are mainly generated from:

- marketplace fees that include final value fees and flat fees. Final value fees represent a percentage of the sale value that is charged to the seller once an item is successfully sold and flat fees represent a fixed charge for certain transactions below a certain merchandise value;
- first party sales, which are generated when control of the good is transferred, upon delivery to our customers;
- shipping fees, which are generated when a buyer elects to receive an item through our shipping service, net of the third-party carrier costs (when we act as an agent). When the Company acts as principal, revenues derived from shipping services are recognized upon delivery of the good to the customer, and presented on a gross basis. In addition, the Company generates storage fees, which are charged to the seller for the utilization of the Company’s fulfillment facilities;
- ad sales fees due to advertising services provided to sellers, vendors, brands and others, through performance products (product ads and brand ads) and display formats, which are recognized based on the number of clicks and impressions, respectively;
- classifieds fees due to offerings in vehicles, real estate and services, which are charged to sellers who opt to give their listings greater exposure throughout our websites; and
- fees from other ancillary businesses.

Fintech revenues and financial income correspond to our Mercado Pago service, which are attributable to:

- commissions representing a percentage of the payment volume processed that are charged to sellers in connection with off Marketplace-platform transactions;
- commissions from additional fees we charge when a buyer elects to pay in installments through our Mercado Pago platform, for transactions that occur either on or off our Marketplace platform;
- interest, cash advances and fees from credit cards, merchant and consumer loans granted under our Mercado Credito solution;
- revenues from our asset management product;
- interest earned on investments as part of Mercado Pago activities, including those required due to fintech regulations, net of interest gains passed through to our Brazilian users in connection with our asset management product;
- commissions that we charge from transactions carried out with Mercado Pago credit and debit cards;
- revenues from the sale of mobile points of sale products;
- revenues from insurtech fees; and
- commissions from additional fees we charge when our sellers elect to withdraw cash.

Although we also process payments on the Marketplace, we do not charge sellers an added commission for this service, as it is already included in the Marketplace final value fee that we charge.

We have a highly fragmented customer revenue base given the large numbers of sellers and buyers who use our platforms. For the nine and three-month periods ended September 30, 2024 and 2023, no single customer accounted for more than 5.0% of our net revenues and financial income.

Our Mercado Libre Marketplace is available in 18 countries (Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Peru, Mexico, Panama, Honduras, Nicaragua, El Salvador, Uruguay, Bolivia, Guatemala, Venezuela (deconsolidated since December 1, 2017) and Paraguay), and Mercado Pago is available in 8 countries (Argentina, Brazil, Mexico, Colombia, Chile, Peru, Uruguay and Ecuador). Additionally, Mercado Envios is available in 8 countries (Argentina, Brazil, Mexico, Colombia, Chile, Peru, Uruguay and Ecuador). The functional currency for each country's operations is the country's local currency, except for Argentina, where the functional currency is the U.S. dollar due to Argentina's status as a highly inflationary economy. Our net revenues are generated in multiple foreign currencies and then translated into U.S. dollars at the average monthly exchange rate. Please refer to Note 2 – Summary of significant accounting policies to our unaudited interim condensed consolidated financial statements for further detail on foreign currency translation.

Our net revenues and financial income grew during the nine and three-month periods ended September 30, 2024 as compared to the same periods in 2023, boosted by an increase in the share of shipping services where we act as principal, as opposed to agent, the growth of credits business originations and our total payment volume.

The continued execution of our long-term strategies in Commerce and Fintech businesses has enabled us to deliver growth in gross merchandise volume, total payment volume and net revenues alongside cash generation.

The following table summarizes our consolidated net revenues and financial income for the nine and three-month periods ended September 30, 2024 and 2023:

	Nine Months Ended September 30,		Change from 2023 to 2024		Three Months Ended September 30,		Change from 2023 to 2024	
	2024	2023 (1)	in Dollars	in %	2024	2023 (1)	in Dollars	in %
	(In millions, except percentages)				(In millions, except percentages)			
Net revenues and financial income	$ 14,718	$ 10,698	$ 4,020	37.6 %	$ 5,312	$ 3,927	$ 1,385	35.3 %

(1) Recast for consistency with the current presentation due to the change in the presentation of certain financial results. Please refer to Note 2 – Summary of significant accounting policies - Change in the presentation of certain financial results and reclassification of prior year results to our unaudited interim condensed consolidated financial statements for further details.

The following table summarizes our consolidated net revenues and financial income by revenue stream and geographic segment for the nine and three-month periods ended September 30, 2024 and 2023:

Consolidated net revenues and financial income	Nine Months Ended September 30,		Change from 2023 to 2024		Three Months Ended September 30,		Change from 2023 to 2024	
	2024	2023 (1)	in Dollars	in %	2024	2023 (1)	in Dollars	in %
	(In millions, except percentages)				(In millions, except percentages)			
Brazil								
Commerce	$ 5,073	$ 3,167	$ 1,906	60.2 %	$ 1,809	$ 1,211	$ 598	49.4 %
Fintech	3,197	2,377	820	34.5	1,104	852	252	29.6
	8,270	**5,544**	**2,726**	**49.2**	**2,913**	**2,063**	**850**	**41.2**
Mexico								
Commerce	2,170	1,372	798	58.2	758	499	259	51.9
Fintech	1,147	757	390	51.5	387	296	91	30.7
	3,317	**2,129**	**1,188**	**55.8**	**1,145**	**795**	**350**	**44.0**
Argentina								
Commerce	918	885	33	3.7	411	310	101	32.6
Fintech	1,593	1,667	(74)	(4.4)	622	600	22	3.7
	2,511	**2,552**	**(41)**	**(1.6)**	**1,033**	**910**	**123**	**13.5**
Other countries								
Commerce	444	316	128	40.5	161	108	53	49.1
Fintech	176	157	19	12.1	60	51	9	17.6
	620	**473**	**147**	**31.1**	**221**	**159**	**62**	**39.0**
Consolidated								
Commerce	8,605	5,740	2,865	49.9	3,139	2,128	1,011	47.5
Fintech	6,113	4,958	1,155	23.3	2,173	1,799	374	20.8
Total	**$ 14,718**	**$ 10,698**	**$ 4,020**	**37.6 %**	**$ 5,312**	**$ 3,927**	**$ 1,385**	**35.3 %**

(1) Recast for consistency with the current presentation due to the change in the presentation of certain financial results. Please refer to Note 2 – Summary of significant accounting policies - Change in the presentation of certain financial results and reclassification of prior year results to our unaudited interim condensed consolidated financial statements for further details.

See Note 9 – Segments of our unaudited interim condensed consolidated financial statements for further information regarding our net revenues and financial income disaggregated by similar products and services for the nine and three-month periods ended September 30, 2024 and 2023.

Our Commerce revenues grew $2,865 million and $1,011 million, or 49.9% and 47.5%, for the nine and three-month periods ended September 30, 2024, respectively, as compared to the same periods in 2023. This increase in Commerce revenues was primarily attributable to:

- (i) an increase of $2,436 million and $805 million in our Commerce services revenues for the nine and three-month periods ended September 30, 2024, respectively, mainly related to a 18.0% and 13.6% increase in gross merchandise volume, respectively, (ii) a 28.8% and 29.4% increase in our shipped items, respectively, and (iii) higher flat fee contributions for low gross merchandise volume transactions. Shipping carrier costs, which are netted against revenues, decreased $916 million and $398 million, from $1,710 million and $611 million for the nine and three-month periods ended September 30, 2023, to $794 million and $213 million for the nine and three-month periods ended September 30, 2024, respectively, mainly due to an increase in the share of shipping services where we act as principal, as opposed to agent; and

- an increase of $429 million in our revenues from Commerce products sales for the nine-month period ended September 30, 2024, as compared to the same period in 2023, mainly in Brazil and Mexico, partially offset by Argentina, mainly due to an increase in the Argentina's official exchange rate against U.S. dollar, and an increase of $206 million for the three-month period ended September 30, 2024, as compared to the same period in 2023, mainly in Brazil and Mexico.

Our Fintech revenues grew 23.3% and 20.8%, from $4,958 million and $1,799 million for the nine and three-month periods ended September 30, 2023, respectively, to $6,113 million and $2,173 million for the nine and three-month periods ended September 30, 2024, respectively. This increase was mainly generated by:

- an increase of $751 million and $238 million in our credits revenues for the nine and three-month periods ended September 30, 2024, respectively, mainly as a consequence of higher originations; and

- an increase of $401 million and $131 million in our revenues from Financial services and income for the nine and three-month periods ended September 30, 2024, respectively, mainly related to a 34.7% and 34.0% increase in our total payment volume, and a 52.2% and 47.5% increase in our total payment transactions, respectively, partially offset by a decrease of financial income as a result of lower interest rates mainly in Argentina.

Brazil

Commerce revenues in Brazil increased 60.2% in the nine-month period ended September 30, 2024 as compared to the same period in 2023. This increase was generated by an increase of $1,561 million in our Commerce services revenues mainly due to an increase in the share of shipping services where we act as principal, as opposed to agent, and an increase of $345 million in our revenues from Commerce products sales. Fintech revenues grew by 34.5%, a $820 million increase, during the nine-month period ended September 30, 2024 as compared to the same period in 2023, mainly driven by an increase of $576 million in our Credits revenues and an increase of $239 million in our revenues from Financial services and income.

Commerce revenues in Brazil increased 49.4% in the three-month period ended September 30, 2024 as compared to the same period in 2023. This increase was generated by an increase of $445 million in our Commerce services revenues mainly due to an increase in the share of shipping services where we act as principal, as opposed to agent, and an increase of $153 million in our revenues from Commerce products sales. Fintech revenues grew by 29.6%, a $252 million increase, during the three-month period ended September 30, 2024 as compared to the same period in 2023, mainly driven by an increase of $195 million in our Credits revenues and an increase of $53 million in our revenues from Financial services and income.

Net revenues growth during the nine and three-month periods ended September 30, 2024, as compared to the same periods in 2023, were offset by the average increase of Brazil´s exchange rate against U.S. dollar of 4.6% and 13.6%, respectively.

Mexico

Commerce revenues in Mexico increased 58.2% in the nine-month period ended September 30, 2024 as compared to the same period in 2023. This increase was generated by an increase of $704 million in our Commerce services revenues mainly due to an increase in the share of shipping services where we act as principal, as opposed to agent, and an increase of $94 million in our revenues from Commerce products sales. Fintech revenues grew 51.5%, a $390 million increase, during the nine-month period ended September 30, 2024 as compared to the same period in 2023, mainly driven by an increase of $249 million in our Credits revenues and an increase of $137 million in our revenues from Financial services and income.

Commerce revenues in Mexico increased 51.9% in the three-month period ended September 30, 2024 as compared to the same period in 2023. This increase was generated by an increase of $218 million in our Commerce services revenues mainly due to an increase in the share of shipping services where we act as principal, as opposed to agent, and an increase of $41 million in our revenues from Commerce products sales. Fintech revenues grew 30.7%, a $91 million increase, during the three-month period ended September 30, 2024 as compared to the same period in 2023, mainly driven by an increase of $51 million in our Credits revenues and an increase of $39 million in our revenues from Financial services and income.

Net revenues growth during the three-month period ended September 30, 2024, as compared to the same period in 2023, were offset by the average increase of Mexico´s exchange rate against U.S. dollar of 11.1%.

Argentina

The main driver of the decrease in Argentina's net revenues and financial income for the nine-month period ended September 30, 2024 is an average inter-annual increase of Argentina's official exchange rate against the U.S. dollar of 273.8% for the nine-month period ended September 30, 2024, partially offset by an average inter-annual inflation rate in our Argentine segment of 262.8% for the nine-month period ended September 30, 2024.

Commerce revenues in Argentina increased 3.7% in the nine-month period ended September 30, 2024 as compared to the same period in 2023. This increase was generated by an increase of $68 million in our Commerce services revenues, partially offset by a decrease of $35 million in our revenues from Commerce products sales. Fintech revenues decreased 4.4%, a $74 million decrease, during the nine-month period ended September 30, 2024 as compared to the same period in 2023, mainly driven by a decrease of $77 million in our Credits revenues, partially offset by an increase of $3 million in our revenues from Financial services and income.

Commerce revenues in Argentina increased 32.6% in the three-month period ended September 30, 2024 as compared to the same period in 2023. This increase was generated by an increase of $98 million in our Commerce services revenues, and an increase of $3 million in our revenues from Commerce products sales. Fintech revenues increased 3.7%, a $22 million increase, during the three-month period ended September 30, 2024 as compared to the same period in 2023, mainly driven by an increase of $29 million in our revenues from Financial services and income, partially offset by a decrease of $8 million in our Credits revenues.

The following table sets forth our total net revenues and financial income and the sequential quarterly variation of these net revenues and financial income for the periods described below:

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
	(In millions, except percentages)			
2024				
Net revenues and financial income	$ 4,333	$ 5,073	$ 5,312	n/a
Percent change from prior quarter	(2)%	17 %	5% (2)	
2023 (1)				
Net revenues and financial income	$ 3,186	$ 3,585	$ 3,927	$ 4,409
Percent change from prior quarter	2 %	13 %	10 %	12 %

(1) Recast for consistency with the current presentation due to the change in the presentation of certain financial results. Please refer to Note 2 – Summary of significant accounting policies - Change in the presentation of certain financial results and reclassification of prior year results to our unaudited interim condensed consolidated financial statements for further details.

(2) Net revenues growth for the three-month period ended September 30, 2024 as compared to the three-month period ended June 30, 2024 were offset by the average increase of Brazil and Mexico official exchange rate against U.S. dollar of 6.3% and 9.8%, respectively.

The following table sets forth the growth in net revenues and financial income in local currencies, for the nine and three-month periods ended September 30, 2024 as compared to the same period in 2023:

	Change from 2023 to 2024	
(% of revenue growth in Local Currency) (1)	Nine-month period	Three-month period
Brazil	56.9 %	60.4 %
Mexico	56.3	59.9
Argentina (2)	256.7	245.4
Other countries	41.2	50.3
Total consolidated	**103.7 %**	**102.7 %**

(1) The local currency revenue growth was calculated by using the average monthly exchange rates for each month during 2023 and applying them to the corresponding months in 2024, so as to calculate what our financial results would have been if exchange rates had remained stable from one year to the next. See also "Non-GAAP Financial Measures" section below for details on FX neutral measures.

(2) For the nine-month period ended September 30, 2024, the average inter-annual increase of Argentina's official exchange rate against U.S. dollar of 273.8% was partially offset by an average inter-annual inflation rate in our Argentine segment of 262.8%. For the three-month period ended September 30, 2024, the average inter-annual inflation rate in our Argentine segment of 236.4% was higher than the average inter-annual increase of Argentina's official exchange rate against U.S. dollar of 204.7%.

Cost of net revenues and financial expenses

Cost of net revenues and financial expenses primarily includes shipping operation costs (including warehousing costs), carrier and other operating costs, cost of goods sold, collection fees, sales taxes, funding costs related to our credits and Mercado Pago business, fraud prevention expenses, hosting and site operation fees, certain tax withholding related to export duties, compensation for customer support personnel and depreciation and amortization. The following table presents cost of net revenues and financial expenses for the periods indicated:

	Nine Months Ended September 30,		Change from 2023 to 2024		Three Months Ended September 30,		Change from 2023 to 2024	
	2024	2023 (1)	in Dollars	in %	2024	2023 (1)	in Dollars	in %
	(In millions, except percentages)				(In millions, except percentages)			
Cost of net revenues and financial expenses	$ 7,890	$ 5,158	$ 2,732	53.0%	$ 2,873	$ 1,832	$ 1,041	56.8%
As a percentage of net revenues and financial income	53.6 %	48.2%			54.1%	46.7%		

(1) Recast for consistency with the current presentation due to the change in the presentation of certain financial results. Please refer to Note 2 – Summary of significant accounting policies - Change in the presentation of certain financial results and reclassification of prior year results to our unaudited interim condensed consolidated financial statements for further details.

For the nine-month period ended September 30, 2024 as compared to the same period in 2023, the increase in cost of net revenues and financial expenses was primarily attributable to a: i) $1,838 million increase in shipping operating and carrier costs mainly due to an increase in the share of shipping services where we act as principal, as opposed to agent; ii) $326 million increase in cost of sales of goods mainly in Brazil and Mexico, partially offset by a decrease in Argentina; iii) $270 million increase in collection fees, which was mainly attributable to our Brazilian and Mexican operations as a result of the higher growth of total payment volume of Mercado Pago in those countries; and iv) $179 million increase in sales taxes.

For the three-month period ended September 30, 2024 as compared to the same period in 2023, the increase in cost of net revenues and financial expenses was primarily attributable to a: i) $678 million increase in shipping operating and carrier costs mainly due to an increase in the share of shipping services where we act as principal, as opposed to agent; ii) $167 million increase in cost of sales of goods mainly in Brazil and Mexico; iii) $86 million increase in collection fees, which was mainly attributable to our Brazilian, Argentinian and Mexican operations as a result of the higher transactions volume of Mercado Pago in those countries; and iv) $77 million increase in sales taxes.

Our subsidiaries in Brazil, Argentina and Colombia are subject to certain taxes on revenues and financial income, which are classified as a cost of net revenues and financial expenses. These taxes represented 6.7% and 6.7% of net revenues and financial income for the nine and three-month periods ended September 30, 2024, and 7.5% and 7.1% for the same period in 2023.

Gross profit margins

Our gross profit margin is defined as total net revenues and financial income minus total cost of net revenues and financial expenses, as a percentage of net revenues and financial income.

Our cost structure is directly affected by the level of operations of our services, and our strategic plan on gross profit is built on factors such as an ample liquidity to fund expenses and investments and a cost-effective capital structure.

For the nine and three-month periods ended September 30, 2024 and 2023, our gross profit margins were 46.4% and 45.9%, and 51.8% and 53.3%, respectively.

For the nine-month period ended September 30, 2024, as compared to the same period in 2023, the decrease in our gross profit margin resulted primarily from an increase in our shipping operating and carrier costs, as a percentage of net revenues and financial income mainly due to an increase in the share of shipping services where we act as principal, as opposed to agent, partially offset by a decrease of our other fintech costs, sales taxes and collection fees, as a percentage of net revenues and financial income.

For the three-month period ended September 30, 2024, as compared to the same period in 2023, the decrease in our gross profit margin resulted primarily from an increase in our shipping operating and carrier costs, as a percentage of net revenues and financial income, mainly due to an increase in the share of shipping services where we act as principal, as opposed to agent, and an increase in cost of sales of goods as a percentage of net revenues and financial income, partially offset by a decrease of our other fintech costs, collection fees and sales taxes as a percentage of net revenues and financial income.

In the future, our gross profit margin could continue declining if we maintain the growth of our sales of goods business, which has a lower pure product margin, building up our logistics network and if we fail to maintain an appropriate relationship between our cost of revenue structure and our net revenues and financial income trend.

Product and technology development expenses

Our product and technology development related expenses consist primarily of compensation for our engineering and web-development staff (including long term retention program compensation), depreciation and amortization expenses related to product and technology development, certain tax withholding related to export duties, telecommunications costs and payments to third-party suppliers who provide technology maintenance services to us. The following table presents product and technology development expenses for the periods indicated:

	Nine Months Ended September 30,		Change from 2023 to 2024		Three Months Ended September 30,		Change from 2023 to 2024	
	2024	2023	in Dollars	in %	2024	2023	in Dollars	in %
	(In millions, except percentages)				(In millions, except percentages)			
Product and technology development	$ 1,422	$ 1,145	$ 277	24.2%	$ 504	$ 396	$ 108	27.3%
As a percentage of net revenues and financial income	9.7 %	10.7 %			9.5%	10.1%		

For the nine-month period ended September 30, 2024, the increase in product and technology development expenses as compared to the same period in 2023 was primarily attributable to a: i) $146 million increase in salaries and wages mainly related to the increase of 17% in our product and technology development headcount and increases in amounts accrued under the LTRPs as a consequence of the increase in our common stock price; ii) $78 million increase in other product and technology development expenses mainly related to certain disputed amounts regarding withholding income tax contingencies in Brazil and higher tax withholding in connection with intercompany export services billing duties; and iii) $32 million increase in depreciation and amortization expenses mainly related to capitalized information and technology assets.

For the three-month period ended September 30, 2024, the increase in product and technology development expenses as compared to the same period in 2023 was primarily attributable to a: i) $63 million increase in salaries and wages mainly related to the increase of 17% in our product and technology development headcount and increases in amounts accrued under the LTRPs as a consequence of the increase in our common stock price; ii) $28 million increase in other product and technology development expenses mainly related to certain disputed amounts regarding withholding income tax contingencies in Brazil and higher tax withholding in connection with intercompany export services billing duties; and iii) $9 million increase in depreciation and amortization expenses mainly related to capitalized information and technology assets.

We believe that product and technology development is one of our key competitive advantages and we intend to continue to invest in hiring engineers to meet the increasingly sophisticated product expectations of our customer base.

Sales and marketing expenses

Our sales and marketing expenses consist primarily of costs related to marketing our platforms through online and offline advertising and agreements with portals, search engines and other sales expenses related to strategic marketing initiatives, charges related to our buyer protection program, the salaries of employees involved in these activities (including long term retention program compensation), chargebacks related to our Mercado Pago operations, branding initiatives, marketing activities for our users and depreciation and amortization expenses.

We enter into agreements with portals, search engines, social networks, ad networks and other sites in order to attract Internet users to the Mercado Libre Marketplace and convert them into registered users and active traders on our platform.

We also work intensively on attracting, developing and growing our seller community through our customer support efforts. We have dedicated professionals in most of our operations that work with sellers through trade show participation, seminars and meetings to provide them with important tools and skills to become effective sellers on our platform.

The following table presents sales and marketing expenses for the periods indicated:

	Nine Months Ended September 30,		Change from 2023 to 2024		Three Months Ended September 30,		Change from 2023 to 2024	
	2024	2023	in Dollars	in %	2024	2023	in Dollars	in %
	(In millions, except percentages)				(In millions, except percentages)			
Sales and marketing	$ 1,555	$ 1,207	$ 348	28.8%	$ 566	$ 441	$ 125	28.3%
As a percentage of net revenues and financial income	10.6 %	11.3 %			10.7 %	11.2 %		

For the nine-month period ended September 30, 2024, the increase in sales and marketing expenses as compared to the same period in 2023 was primarily attributable to a: i) $212 million increase in online and offline marketing expenses mainly in Brazil and Mexico; ii) $45 million increase in our buyer protection program expenses; iii) $35 million increase in salaries and wages mainly related to the increase of 13% in our sales and marketing headcount and increases in amounts accrued under the LTRPs as a consequence of the increase in our common stock price; and iv) $32 million increase in chargebacks.

For the three-month period ended September 30, 2024, the increase in sales and marketing expenses as compared to the same period in 2023 was primarily attributable to a: i) $76 million increase in online and offline marketing expenses mainly in Brazil; ii) $14 million increase in our buyer protection program expenses; iii) $13 million increase in chargebacks; and iv) $12 million increase in salaries and wages mainly related to the increase of 16% in our sales and marketing headcount and increases in amounts accrued under the LTRPs as a consequence of the increase in our common stock price.

Provision for doubtful accounts

Provision for doubtful accounts consists of the current expected credit losses on our financial assets, mainly loans receivable. The following table presents provision for doubtful accounts expenses for the periods indicated:

	Nine Months Ended September 30,		Change from 2023 to 2024		Three Months Ended September 30,		Change from 2023 to 2024	
	2024	2023	in Dollars	in %	2024	2023	in Dollars	in %
	(In millions, except percentages)				(In millions, except percentages)			
Provision for doubtful accounts	$ 1,331	$ 751	$ 580	77.2%	$ 507	$ 277	$ 230	83.0%
As a percentage of net revenues and financial income	9.0 %	7.0 %			9.5%	7.1%		

For the nine and three-month period ended September 30, 2024, as compared to the same period in 2023, the provision for doubtful accounts increased $580 million and $230 million, respectively, due to the increase in originations growing at 76% and 77% (mainly related to the credit card and consumer product), respectively, resulting an increase in the average balance of the loans receivable portfolio of 52.7% and 64.2%, respectively.

General and administrative expenses

Our general and administrative expenses consist primarily of salaries for management and administrative staff, compensation of non-employee directors, long term retention program compensation, expenses for legal, audit and other professional services, insurance expenses, office space rental expenses, changes in the fair value of digital assets, travel and business expenses, as well as depreciation and amortization expenses. Our general and administrative expenses include the costs of the following areas: general management, finance, treasury, internal audit, administration, accounting, tax, legal and human resources. The following table presents general and administrative expenses for the periods indicated:

	Nine Months Ended September 30,		Change from 2023 to 2024		Three Months Ended September 30,		Change from 2023 to 2024	
	2024	2023	in Dollars	in %	2024	2023	in Dollars	in %
	(In millions, except percentages)				(In millions, except percentages)			
General and administrative	$ 709	$ 565	$ 144	25.5%	$ 305	$ 196	$ 109	55.6%
As a percentage of net revenues and financial income	4.8 %	5.3 %			5.7%	5.0%		

For the nine-month period ended September 30, 2024, the increase in general and administrative expenses as compared to the same period in 2023 was primarily attributable to a: i) $53 million increase in salaries and wages, mainly related to the increase of 11% in general and administrative headcount and increases in amounts accrued under the LTRPs as a consequence of the increase in our common stock price; ii) $52 million increase in contingencies; and iii) $23 million increase in other general and administrative expenses mainly related to higher tax withholding in connection with intercompany export services billing duties.

For the three-month period ended September 30, 2024, the increase in general and administrative expenses as compared to the same period in 2023 was primarily attributable to a: i) $51 million increase in contingencies; ii) $28 million increase in salaries and wages, mainly related to the increase of 12% in general and administrative headcount and increases in amounts accrued under the LTRPs as a consequence of the increase in our common stock price; and iii) $18 million increase in other general and administrative expenses mainly related to higher tax withholding in connection with intercompany export services billing duties.

Operating income margins

Our operating income margin is defined as income from operations as a percentage of net revenues and financial income.

Our operating income margin is affected by our operating expenses structure, which mainly consists of our employees' salaries, our sales and marketing expenses related to those activities we incurred to promote our services, provision for doubtful accounts mainly related to our loans receivable portfolio and product and technology development expenses, among other operating expenses. As we continue to grow and focus on expanding our leadership in the region, we will continue to invest in product and technology development, sales and marketing and human resources in order to promote our services and capture long-term business opportunities. As a result, we may experience decreases in our operating income margins.

For the nine and three-month periods ended September 30, 2024, as compared to the same period in 2023, our operating income margin decreased from 17.5% and 20.0% to 12.3% and 10.5%, respectively.

For the nine-month period ended September 30, 2024, as compared to the same period in 2023, the decrease was mainly explained by an increase in cost of net revenues and financial expenses as a percentage of net revenues and financial income, mainly due to an increase in the share of shipping services where we act as principal as opposed to agent, and provision of doubtful accounts, as a percentage of net revenues and financial income. This decrease was partially offset by product and technology development related expenses, as a percentage of net revenues and financial income.

For the three-month period ended September 30, 2024, as compared to the same period in 2023, the decrease was mainly explained by an increase in cost of net revenues and financial expenses as a percentage of net revenues and financial income, mainly due to an increase in the share of shipping services where we act as principal as opposed to agent, and provision of doubtful accounts, as a percentage of net revenues and financial income.

Other income (expenses), net

Other income (expenses), net consists primarily of interest income derived from our investments and cash equivalents, interest expense and other financial charges related to financial liabilities not related to Mercado Pago's operations, and foreign currency gains or losses. The following table presents other income (expenses), net for the periods indicated:

	Nine Months Ended September 30,		Change from 2023 to 2024		Three Months Ended September 30,		Change from 2023 to 2024	
	2024	2023 (1)	in Dollars	in %	2024	2023 (1)	in Dollars	in %
	(In millions, except percentages)				(In millions, except percentages)			
Other income (expenses), net	$ (142)	$ (549)	$ 407	(74.1)%	$ (37)	$ (254)	$ 217	(85.4)%
As a percentage of net revenues and financial income	(1.0)%	(5.1)%			(0.7)%	(6.5)%		

(1) Recast for consistency with the current presentation due to the change in the presentation of certain financial results. Please refer to Note 2 – Summary of significant accounting policies - Change in the presentation of certain financial results and reclassification of prior year results to our unaudited interim condensed consolidated financial statements for further details.

For the nine-month period ended September 30, 2024, the decrease in other expense, net as compared to the same period in 2023 was primarily attributable to lower foreign exchange losses of $327 million due to acquisitions of financial instruments in the Argentine market at a price that reflects an additional cost of accessing U.S. dollars through an indirect mechanism due to restrictions imposed by the Argentine government for buying U.S. dollars at the official exchange rate, and due to lower foreign exchange losses from our Argentine subsidiaries. This was partially offset by higher foreign exchange losses from our Brazilian and Mexican subsidiaries.

For the three-month period ended September 30, 2024, the decrease in other expense, net as compared to the same period in 2023 was primarily attributable to (i) lower foreign exchange losses of $146 million due to acquisitions of financial instruments in the Argentine market at a price that reflects an additional cost of accessing U.S. dollars through an indirect mechanism due to restrictions imposed by the Argentine government for buying U.S. dollars at the official exchange rate, and (ii)foreign exchange gains from our Brazilian subsidiaries during the quarter ended September 30, 2024.

Income tax

We are subject to federal and state income tax in the United States, as well as foreign taxes in the multiple jurisdictions where we operate. Our tax obligations consist of current and deferred income taxes incurred in these jurisdictions. We account for income taxes following the liability method of accounting. A valuation allowance is recorded when, based on the available evidence, it is more likely than not that all or a portion of our deferred tax assets will not be realized. Therefore, our income tax expense consists of taxes currently payable, if any (given that in certain jurisdictions we still have net operating loss carry-forwards), plus the change in our deferred tax assets and liabilities as a result of the estimate tax rate, adjusted for discrete items that are accounted for in the relevant period.

The following table summarizes the composition of our income taxes for the nine and three-month periods ended September 30, 2024 and 2023:

	Nine Months Ended September 30,		Change from 2023 to 2024		Three Months Ended September 30,		Change from 2023 to 2024	
	2024	2023	in Dollars	in %	2024	2023	in Dollars	in %
	(In millions, except percentages)				(In millions, except percentages)			
Income tax expense	$ 397	$ 504	$ (107)	(21.2)%	$ 123	$ 172	$ (49)	(28.5)%
As a percentage of net revenues and financial income	2.7 %	4.7 %			2.3 %	4.4 %		

During the nine and three-month periods ended September 30, 2024 as compared to the same periods in 2023, income tax expense decreased mainly as a result of lower income tax expense in Argentina and Brazil due to lower taxable income in Argentina and higher deferred tax assets in our Brazilian segment. This decrease was partially offset by higher income tax expense in Mexico in 2024 mainly driven by the income tax gains recognized in Mexico during the third quarter of 2023 as a result of the reversal of the valuation allowance in one of our Mexican subsidiaries and higher income tax expense due to withholding tax on dividends.

The following table summarizes our estimated effective tax rates for the nine and three-month periods ended September 30, 2024 and 2023:

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2024	2023	2024	2023
Effective tax rate [1]	23.8%	38.1%	23.7%	32.5%

(1) Percentages have been calculated using whole-dollar amounts rather than the rounded amounts that appear in the table.

Our estimated effective tax rate for the nine and three-month periods ended September 30, 2024 decreased as compared to the same periods in 2023, mainly as a result of (i) no foreign exchange losses recognition during the period related to the acquisition of our own common stock in the Argentine market, which was considered as a non-deductible expense, (ii) lower taxable foreign exchange gains accounted for in Argentina for local tax purposes that are not recorded for accounting purposes since, under U.S. GAAP, the Argentine operations' functional currency is the U.S. dollar due to the highly inflationary status of the country, and (iii) higher deductions related to tax inflation adjustments in Argentina. This decrease was partially offset by the reversal of the valuation allowances in one of our Mexican subsidiaries accounted for in the third quarter of 2023.

Segment information

	Nine Months Ended September 30, 2024				
	Brazil	Mexico	Argentina	Other Countries	Total
	(In millions, except percentages)				
Net revenues and financial income	$ 8,270	$ 3,317	$ 2,511	$ 620	$ 14,718
Direct costs	(6,528)	(2,707)	(1,449)	(543)	(11,227)
Direct contribution	**$ 1,742**	**$ 610**	**$ 1,062**	**$ 77**	**$ 3,491**
Margin	21.1%	18.4%	42.3%	12.4%	23.7%

	Nine Months Ended September 30, 2023 [1]				
	Brazil	Mexico	Argentina	Other Countries	Total
	(In millions, except percentages)				
Net revenues and financial income	$ 5,544	$ 2,129	$ 2,552	$ 473	$ 10,698
Direct costs	(4,183)	(1,593)	(1,314)	(445)	(7,535)
Direct contribution	**$ 1,361**	**$ 536**	**$ 1,238**	**$ 28**	**$ 3,163**
Margin	24.5%	25.2%	48.5%	5.9%	29.6%

(1) Recast for consistency with the current presentation due to the change in the presentation of certain financial results. Please refer to Note 2 – Summary of significant accounting policies - Change in the presentation of certain financial results and reclassification of prior year results to our unaudited interim condensed consolidated financial statements for further details.

	Change from the Nine Months Ended September 30, 2023 to September 30, 2024				
	Brazil	Mexico	Argentina	Other Countries	Total
	(In millions, except percentages)				
Net revenues and financial income					
in Dollars	$ 2,726	$ 1,188	$ (41)	$ 147	$ 4,020
in %	49.2%	55.8%	(1.6)%	31.1 %	37.6%
Direct costs					
in Dollars	$ (2,345)	$ (1,114)	$ (135)	$ (98)	$ (3,692)
in %	56.1%	69.9%	10.3%	22.0%	49.0%
Direct contribution					
in Dollars	$ 381	$ 74	$ (176)	$ 49	$ 328
in %	28.0%	13.8%	(14.2)%	175.0%	10.4%

	Three Months Ended September 30, 2024				
	Brazil	Mexico	Argentina	Other Countries	Total
	(In millions, except percentages)				
Net revenues and financial income	$ 2,913	$ 1,145	$ 1,033	$ 221	$ 5,312
Direct costs	(2,408)	(953)	(576)	(191)	(4,128)
Direct contribution	**$ 505**	**$ 192**	**$ 457**	**$ 30**	**$ 1,184**
Margin	17.3%	16.8%	44.2%	13.6%	22.3%

	Three Months Ended September 30, 2023 (1)				
	Brazil	Mexico	Argentina	Other Countries	Total
	(In millions, except percentages)				
Net revenues and financial income	$ 2,063	$ 795	$ 910	$ 159	$ 3,927
Direct costs	(1,492)	(605)	(447)	(155)	(2,699)
Direct contribution	**$ 571**	**$ 190**	**$ 463**	**$ 4**	**$ 1,228**
Margin	27.7%	23.9%	50.9%	2.5%	31.3%

(1) Recast for consistency with the current presentation due to the change in the presentation of certain financial results. Please refer to Note 2 – Summary of significant accounting policies - Change in the presentation of certain financial results and reclassification of prior year results to our unaudited interim condensed consolidated financial statements for further details.

	Change from the Three Months Ended September 30, 2023 to September 30, 2024				
	Brazil	Mexico	Argentina	Other Countries	Total
	(In millions, except percentages)				
Net revenues and financial income					
in Dollars	$ 850	$ 350	$ 123	$ 62	$ 1,385
in %	41.2%	44.0%	13.5%	39.0 %	35.3%
Direct costs					
in Dollars	$ (916)	$ (348)	$ (129)	$ (36)	$ (1,429)
in %	61.4%	57.5%	28.9%	23.2%	52.9%
Direct contribution					
in Dollars	$ (66)	$ 2	$ (6)	$ 26	$ (44)
in %	(11.6)%	1.1%	(1.3)%	650.0%	(3.6)%

Net revenues and financial income

Net revenues and financial income for the nine and three-month periods ended September 30, 2024 as compared to the same periods in 2023 are described above in “Item 2 — Management’s Discussion and Analysis of Financial Condition and Results of Operations—Principal trends in results of operations — Net revenues and financial income”.

Direct costs

Brazil

For the nine-month period ended September 30, 2024, as compared to the same period in 2023, direct costs increased mainly driven by a: i) $1,712 million increase in cost of net revenues and financial expenses, mainly attributable to an increase in shipping operating and carrier costs mostly due to an increase in the share of shipping services where we act as principal, as opposed to agent, cost of goods sold as a consequence of an increase in first-party sales, sales taxes and collection fees as a consequence of the higher transactions volume of our Mercado Pago business; ii) $410 million increase in provision for doubtful accounts mainly related to our credit card and consumer credits business growth; and iii) $173 million increase in sales and marketing expenses mainly due to an increase in online and offline marketing expenses.

For the three-month period ended September 30, 2024, as compared to the same period in 2023, direct costs increased mainly driven by a: i) $629 million increase in cost of net revenues and financial expenses, mainly attributable to an increase in shipping operating and carrier costs mostly due to an increase in the share of shipping services where we act as principal, as opposed to agent, cost of goods sold as a consequence of an increase in first-party sales, sales tax and collection fees as a consequence of the higher transactions volume of our Mercado Pago business and hosting and site operation fees; ii) $174 million increase in provision for doubtful accounts mainly related to our credit card and consumer credits business growth; iii) $72 million increase in sales and marketing expenses mainly due to an increase in online and offline marketing expenses; and iv) $39 million increase in general and administrative expenses mainly due to contingencies.

Mexico

For the nine-month period ended September 30, 2024, as compared to the same period in 2023, direct costs increased mainly driven by a: i) $810 million increase in cost of net revenues and financial expenses, mainly attributable to increases in shipping operating and carrier costs mostly due to an increase in the share of shipping services where we act as principal, as opposed to agent, cost of goods sold as a consequence of an increase in first-party sales, collection fees due to higher Mercado Pago penetration, hosting and site operation fees and other payments costs mainly related to higher funding cost related to our credits business; ii) $183 million increase in provision for doubtful accounts mainly related to our credit card business growth; and iii) $101 million increase in sales and marketing expenses mainly due to an increase in online and offline marketing expenses, chargebacks and buyer protection program expenses.

For the three-month period ended September 30, 2024, as compared to the same period in 2023, direct costs increased mainly driven by a: i) $272 million increase in cost of net revenues and financial expenses, mainly attributable to increases in shipping operating and carrier costs mostly due to an increase in the share of shipping services where we act as principal, as opposed to agent, cost of goods sold as a consequence of an increase in first-party sales, collection fees due to higher Mercado Pago penetration and hosting and site operation fees; ii) $57 million increase in provision for doubtful accounts mainly related to our credit card business growth; and iii) $17 million increase in sales and marketing expenses mainly due to an increase in online and offline marketing expenses, chargebacks and buyer protection program expenses.

Argentina

For the nine-month period ended September 30, 2024, as compared to the same period in 2023, direct costs increased mainly driven by a: i) $95 million increase in cost in net revenues and financial expenses driven by an increase in shipping operating and carrier costs mainly due to an increase in the share of shipping services where we act as principal, as opposed to agent, hosting and site operation fees and collection fees, offset by a decrease in other payments costs mainly related to lower funding cost related to our credits business; ii) $26 million increase in sales and marketing expenses mainly due to an increase in online and offline marketing expenses; and iii) $23 million increase in product and technology development expenses, mostly due to an increase in depreciation and amortization expenses mainly related to capitalized information and technology assets and in maintenance expenses, partially offset by $10 million decrease in provision for doubtful accounts mainly related to improvements in our non-performing loans ratio and the increase in the Argentina's official exchange rate against U.S. dollar.

For the three-month period ended September 30, 2024, as compared to the same period in 2023, direct costs increased mainly driven by a: i) $93 million increase in cost of net revenues and financial expenses, mainly attributable to an increase in shipping operating and carrier costs mostly due to an increase in the share of shipping services where we act as principal, as opposed to agent, collection fees, sales tax and hosting and site operation fees, partially offset by by a decrease in other payments costs mainly related to lower funding cost related to our credits business; and ii) $20 million increase in sales and marketing expenses mainly due to an increase in online and offline marketing expenses.

Liquidity and capital resources

Our main cash requirement has been working capital to fund Mercado Pago financing operations and our credits business. We also require cash for capital expenditures related to technology infrastructure, software applications, office space, business acquisitions, to build out our logistics capacity and to make interest payments on our loans payable and other financial liabilities.

We have funded Mercado Pago mainly by selling credit card receivables and through credit lines. Additionally, we have financed our Mercado Pago and Mercado Credito businesses through the securitization of credit card receivables and certain loans through SPEs created in Brazil, Mexico and Argentina. Finally, we obtained funding through our financial institution in Brazil through deposit certificates, financial bills and loans from banks. Refer to Note 13 – Loans payable and other financial liabilities and Note 14 – Securitization transactions of our unaudited interim condensed consolidated financial statements for further detail.

We committed to purchase cloud services for: i) a total amount of $824 million to be paid within a 5-year period starting on October 1, 2021. ii) a total amount of $200 million to be paid within a 3-year period starting on September 23, 2022 and iii) a total amount of $90 million, to be paid between November 2024 and June 30, 2030. Please refer to Note 11 – Commitments and Contingencies of our unaudited interim condensed consolidated financial statements for further detail on purchase commitments.

On September 27, 2024, we entered into a $400 million amended and restated revolving credit agreement (the “Amended and Restated Credit Agreement”). The interest rates under the Amended and Restated Credit Agreement are based on Term SOFR (“Secured Overnight Funding Rate”) plus an interest margin of 1.00% per annum, which may be decreased to 0.90% per annum or increased to 1.15% per annum depending on our debt rating, as further provided under the Amended and Restated Credit Agreement. We are also obligated to pay a commitment fee on the unused amounts of the facility at a rate per annum equal to 25% of the then Applicable Margin, depending on our debt rating, as further provided under the Amended and Restated Credit Agreement. As of September 30, 2024, no amounts had been borrowed under the facility. See Note 13 – Loans payable and other financial liabilities of our unaudited interim condensed consolidated financial statements for further detail.

On April 8, 2022, we signed a 10-year agreement with Gol Linhas Aereas S.A. under which we committed to contract a minimum amount of air logistics services for a total annual cost of $43 million (total amount once all the dedicated aircraft are in operation). Pursuant to the agreement, Gol Linhas Aereas S.A. will provide logistics services in Brazil to Mercado Envios through six dedicated aircraft, all of which have already started operations as of September 30, 2024.

Since October 2023, we signed 3-year agreements with certain shipping companies in Brazil, under which we committed to contract a minimum amount of logistics services for a total cost of $109 million.

On January 10, 2024, we signed a 5-year agreement for the naming rights of the Complexo Pacaembu (municipal stadium of the city of São Paulo), for a total amount of $56 million. The agreement has the option to extend the term for 5 additional independent periods of 5 years each, for the same amount indexed by the Brazilian inflation rate index IPCA.

We have several committed leases, mainly related to our fulfillment and service centers, which are one of the most important investments for our Mercado Envios business. In this sense, as of September 30, 2024, we have committed rental expenditures with our lessors for $1,378 million and $128 million for operating leases and finance leases, respectively. See Note 15 – Leases of our unaudited interim condensed consolidated financial statements for further detail on leases. Additionally, we have lease agreements for new warehouses in Brazil, Mexico and Argentina for a total amount of $1,497 million that has not yet commenced. Lease terms under the agreements are between 5 to 15 years.

We and certain financial institutions participate in a supplier finance program (“SFP”) that enables certain of our suppliers, at their own election, to request the payment of their invoices to the financial institutions earlier than the terms stated in our payment policy. Suppliers’ voluntary inclusion of invoices in the SFP does not change our payment terms, the amounts paid or liquidity. The supplier invoices that have been confirmed as valid under the program require payment in full according to the terms established in our payment policies (between 60 and 90 days). There are no assets pledged as security or other forms of guarantees provided for the committed payment to the financial institution. We have no economic interest in a supplier’s decision to participate in the SFP and have no financial impact in connection with the SFP. As of September 30, 2024, the obligations outstanding that the Company has confirmed as valid to the financial institutions amounted to $404 million, and are included in the balance sheet within accounts payable and accrued expenses line.

As of September 30, 2024, our main source of liquidity was $3,271 million of cash and cash equivalents and short-term investments, which excludes $3,402 million of restricted investment mainly related to the Central Bank of Brazil Mandatory Guarantee, and consists of cash generated from operations and proceeds from loans.

As of September 30, 2024, cash and cash equivalents, restricted cash and cash equivalents and investments of our non-U.S. subsidiaries amounted to $7,929 million, or 86.0% of our consolidated cash and cash equivalents, restricted cash and cash equivalents and investments, and our cash and cash equivalents, restricted cash and cash equivalents and investments held outside U.S. amounted to 76.5% of our consolidated cash and cash equivalents, restricted cash and cash equivalents and investments. Our non-U.S. dollar-denominated cash and investments are located primarily in Brazil, Mexico and Argentina.

The following table presents our cash flows from operating activities, investing activities and financing activities for the nine-month periods ended September 30, 2024 and 2023:

	Nine Months Ended September 30,	
	2024	2023
	(In millions)	
Net cash provided by (used in):		
Operating activities	$ 4,994	$ 3,212
Investing activities	(6,159)	(2,536)
Financing activities	1,202	(340)
Effect of exchange rates on cash and cash equivalents, restricted cash and cash equivalents	(407)	(443)
Net decrease in cash, cash equivalents, restricted cash and cash equivalents	**$ (370)**	**$ (107)**

Net cash provided by operating activities

	Nine Months Ended September 30,		Change from 2023 to 2024	
	2024	2023	in Dollars	in %
	(In millions, except percentages)			
Net cash provided by:				
Operating activities	$ 4,994	$ 3,212	$ 1,782	55.5 %

Net cash provided by operating activities in the nine-month period ended September 30, 2024 resulted mainly from our net income of $1,272 million, adjustments to net income related to non-cash items of $1,778 million, an increase in funds payable to customers of $1,880 million and in amounts payable due to credit and debit card transactions of $761 million, partially offset by an increase in credit card receivables and other means of payments of $1,421 million and in other assets of $270 million. The $1,782 million increase in the net cash provided by operating activities in the nine-month period ended September 30, 2024, as compared to the same period in 2023, is mainly explained by the $450 million increase in net income, the increase of $1,440 million in funds payable to customers and the increase of $506 million in amounts payable due to credit and debit card transactions, partially offset by an increase of $1,060 million in funds related to credit card receivables and other means of payments.

Net cash used in investing activities

	Nine Months Ended September 30,		Change from 2023 to 2024	
	2024	2023	in Dollars	in %
	(In millions, except percentages)			
Net cash used in:				
Investing activities	$ (6,159)	$ (2,536)	$ (3,623)	142.9 %

Net cash used in investing activities in the nine-month period ended September 30, 2024 resulted mainly from the use of $3,316 million related to changes on loans receivable due to loans granted to merchants and consumers, and Mercado Pago credit card utilization under our Mercado Credito solution net of collections, $2,294 million related to the net purchases of investments and $551 million in the investment of property and equipment (mainly related to our shipping network and information technology assets in Argentina, Brazil and Mexico). The $3,623 million increase in net cash used in investing activities in the nine-month period ended September 30, 2024, as compared to the same period in 2023, is mainly explained by the $1,851 million increase in our loans receivables due to loans granted to merchants and consumers, and Mercado Pago credit card utilization under our Mercado Credito solution net of collections and the $1,601 million increase in our net purchase of investment.

Net cash provided by (used in) financing activities

	Nine Months Ended September 30,		Change from 2023 to 2024	
	2024	2023	in Dollars	in %
	(In millions, except percentages)			
Net cash provided by (used in):				
Financing activities	$ 1,202	$ (340)	$ 1,542	(453.5)%

For the nine-month period ended September 30, 2024, our net cash provided by financing activities resulted primarily from $1,241 million provided by net loans payables and other financing liabilities and $38 million used for the payments of finance lease obligations. The $1,542 million increase in net cash provided by (used in) financing activities in the nine-month period ended September 30, 2024, as compared to the same period in 2023, is mainly explained by the increase of $1,204 million of the cash provided by net loans payables and other financing liabilities and a $355 million decrease in common stock repurchased.

Debt

2028 Notes

On August 24, 2018, we issued $800 million of 2.00% Convertible Senior Notes due 2028 and on August 31, 2018 we issued an additional $80 million of notes pursuant to the partial exercise of the initial purchasers' option to purchase such additional notes, resulting in an aggregate principal amount of $880 million of 2.00% Convertible Senior Notes due 2028 (collectively the "2028 Notes"). The 2028 Notes were unsecured, unsubordinated obligations, which paid interest in cash semi-annually, on February 15 and August 15, at a rate of 2.00% per annum.

In January 2021, we signed agreements with 2028 Notes holders to repurchase $440 million principal amount of our outstanding 2028 Notes. The total amount paid amounted to $1,865 million, which includes principal, interest accrued and premium.

On November 13, 2023, holders of the 2028 Notes converted $439 million principal amount of 2028 Notes into 1,007,597 shares of our common stock, which we held as treasury stock. As of December 31, 2023, no principal amount of 2028 Notes remained outstanding.

Please refer to Note 13 – Loans payable and other financial liabilities to our unaudited interim condensed consolidated financial statements and to Note 17 to the audited consolidated financial statements for the year ended December 31, 2023, contained in the Company's 2023 10-K for additional information regarding the 2028 Notes and the 2028 Notes Capped Call Transactions.

Debt Securities Guaranteed by Subsidiaries

On January 14, 2021, we issued $400 million aggregate principal amount of 2.375% Sustainability Notes due 2026 (the "2026 Sustainability Notes") and $700 million aggregate principal amount of 3.125% Notes due 2031 (the "2031 Notes" and collectively, the "Notes"). The payment of principal, premium, if any, interest, and all other amounts in respect of each of the Notes, is fully and unconditionally guaranteed (the "Subsidiary Guarantees"), jointly and severally, on an unsecured basis, by certain of our subsidiaries (the "Subsidiary Guarantors"). The initial Subsidiary Guarantors were MercadoLibre S.R.L., Ibazar.com Atividades de Internet Ltda., eBazar.com.br Ltda., Mercado Envios Servicos de Logistica Ltda., Mercado Pago Instituição de Pagamento Ltda. (formerly known as "MercadoPago.com Representações Ltda."), MercadoLibre Chile Ltda., MercadoLibre, S.A. de C.V., Institución de Fondos de Pago Electrónico (formerly known as "MercadoLibre, S. de R.L. de C.V."), DeRemate.com de México, S. de R.L. de C.V. and MercadoLibre Colombia Ltda. On October 27, 2021, MercadoLibre, S.A. de C.V., Institución de Fondos de Pago Electrónico became an excluded subsidiary pursuant to the terms of the Notes and it was released from its Subsidiary Guaranty. On October 27, 2021, MP Agregador, S. de R.L. de C.V. became a Subsidiary Guarantor under the Notes. On July 1 and October 1, 2022, Ibazar.com Atividades de Internet Ltda. and Mercado Envios Servicos de Logistica Ltda. were merged into eBazar.com.br Ltda., respectively.

We pay interest on the Notes on January 14 and July 14 of each year, beginning on July 14, 2021. The 2026 Sustainability Notes will mature on January 14, 2026, and the 2031 Notes will mature on January 14, 2031.

The Notes rank equally in right of payment with all of the Company's other existing and future senior unsecured debt obligations. Each Subsidiary Guarantee will rank equally in right of payment with all of the Subsidiary Guarantor's other existing and future senior unsecured debt obligations, except for statutory priorities under applicable local law.

Each Subsidiary Guarantee will be limited to the maximum amount that would not render the Subsidiary Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of applicable law. By virtue of this limitation, a Subsidiary Guarantor's obligation under its Subsidiary Guarantee could be significantly less than amounts payable with respect to the Notes, or a Subsidiary Guarantor may have effectively no obligation under its Subsidiary Guarantee.

Under the indenture governing the Notes, the Subsidiary Guarantee of a Subsidiary Guarantor will terminate upon: (i) the sale, exchange, disposition or other transfer (including by way of consolidation or merger) of the Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor (other than to the Company or a Subsidiary) otherwise permitted by the indenture, (ii) satisfaction of the requirements for legal or covenant defeasance or discharge of the Notes, (iii) the release or discharge of the guarantee by such Subsidiary Guarantor of the Triggering Indebtedness (as defined in the applicable indenture) or the repayment of the Triggering Indebtedness, in each case, that resulted in the obligation of such Subsidiary to become a Subsidiary Guarantor, provided that in no event shall the Subsidiary Guarantee of an Initial Subsidiary Guarantor terminate pursuant to this provision, or (iv) such Subsidiary Guarantor becoming an Excluded Subsidiary (as defined in the applicable indenture) or ceasing to be a Subsidiary.

We may, at our option, redeem the 2026 Sustainability Notes, in whole or in part, at any time prior to December 14, 2025 (the date that is one month prior to the maturity of the 2026 Sustainability Notes) and the 2031 Notes, in whole or in part, at any time prior to October 14, 2030 (the date that is three months prior to the maturity of the 2031 Notes), in each case by paying 100% of the principal amount of such Notes so redeemed plus the applicable "make-whole" amount and accrued and unpaid interest and additional amounts, if any. We may, at our option, redeem the 2026 Sustainability Notes, in whole or in part, on December 14, 2025 or at any time thereafter and the 2031 Notes on October 14, 2030 or at any time thereafter, in each case at the redemption price of 100% of the principal amount of such Notes so redeemed plus accrued and unpaid interest and additional amounts, if any. If we experience certain change of control triggering events, we may be required to offer to purchase the notes at 101% of their principal amount plus any accrued and unpaid interest thereon through the purchase date.

During 2023, we repurchased $9 million and $70 million in principal amount of the outstanding 2026 Sustainability Notes and 2031 Notes, respectively, plus $1 million of interest accrued on the 2026 Sustainability Notes and 2031 Notes. The total amount paid during 2023 for those repurchases amounted to $66 million. During 2024, we repurchased $27 million and $51 million in principal amount of the outstanding 2026 Sustainability Notes and 2031 Notes, respectively. The total amount paid during 2024 for those repurchases amounted to $71 million.

See Note 13 – Loans payable and other financial liabilities of our unaudited condensed consolidated financial statements for additional detail.

We are presenting the following summarized financial information for the issuer and the Subsidiary Guarantors (together, the “Obligor Group”) pursuant to Rule 13-01 of Regulation S-X, Guarantors and Issuers of Guaranteed Securities Registered or Being Registered. For purposes of the following summarized financial information, transactions between the Company and the Subsidiary Guarantors, presented on a combined basis, have been eliminated. Financial information for the non-guarantor subsidiaries, and any investment in a non-guarantor subsidiary by the Company or by any Subsidiary Guarantor, have been excluded. Amounts due from, due to and transactions with the non-guarantor subsidiaries and other related parties, as applicable, have been separately presented in footnotes.

Summarized balance sheet information for the Obligor Group as of September 30, 2024 and December 31, 2023 is provided in the table below:

	September 30, 2024	December 31, 2023
	(In millions)	
Current assets (1) (2)	$ 13,501	$ 11,343
Non-current assets (3)	3,571	3,032
Current liabilities (4)	12,853	9,683
Non-current liabilities	2,442	2,327

(1) Includes restricted cash and cash equivalents of $355 million and $430 million and guarantees in short-term investments of $3,389 million and $2,289 million as of September 30, 2024, and December 31, 2023, respectively.

(2) Includes Current assets from non-guarantor subsidiaries of $1,825 million and $1,405 million as of September 30, 2024, and December 31, 2023, respectively.

(3) Includes Non-current assets from non-guarantor subsidiaries of $173 million and $309 million as of September 30, 2024, and December 31, 2023, respectively.

(4) Includes Current liabilities to non-guarantor subsidiaries of $2,231 million and $1,808 million as of September 30, 2024, and December 31, 2023, respectively.

Summarized statement of income information for the Obligor Group for the nine-month period ended September 30, 2024, is provided in the table below:

	September 30, 2024
	(In millions)
Net revenues and financial income (1)	$ 12,166
Gross profit (2)	4,598
Income from operations (3)	1,207
Net income (4)	795

(1) Includes net revenues from transactions with non-guarantor subsidiaries of $355 million for the nine-month period ended September 30, 2024.

(2) Includes charges from transactions with non-guarantor subsidiaries of $973 million for the nine-month period ended September 30, 2024.

(3) In addition to the charges included in Gross profit, Income from operations includes charges from transactions with non-guarantor subsidiaries of $602 million for the nine-month period ended September 30, 2024.

(4) Includes other income/ (expense), net from transactions with non-guarantor subsidiaries of $76 million for the nine-month period ended September 30, 2024.

Capital expenditures

Our capital expenditures (comprised of our investments in property and equipment (such as certain assets used in our fulfillment centers) and intangible assets (excluding digital assets)) for the nine-month periods ended September 30, 2024 and 2023 amounted to $555 million and $329 million, respectively.

During the nine-month period ended September 30, 2024, we invested $237 million in information and technology assets in Brazil, Mexico and Argentina, and $269 million in our Argentine, Brazilian and Mexican shipping premises and offices.

We are continually increasing our level of investment in hardware and software licenses necessary to improve and update our platform's technology and computer software developed internally. We anticipate continued investments in capital expenditures related to information technology and logistics network capacity in the future as we strive to maintain our position in the Latin American e-commerce and fintech market.

We believe that our existing cash and cash equivalents, including the sale of credit card receivables, short-term investments and cash generated from operations, will be sufficient to fund our operating activities, property and equipment expenditures and to pay or repay obligations in the foreseeable future.

Other data

The following table includes nine key performance indicators, which are calculated as defined in the footnotes to the table. We continuously assess the adequacy of our key performance indicators based on the growth and ever changing nature of our business. Each of these indicators provides a different measure of the level of activity on our ecosystem, which we use to monitor the performance of the business.

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2024	2023	2024	2023
	(In millions, except percentages) [1]		(In millions, except percentages) [1]	
Fintech monthly active users [2]	56	42	56	42
Unique active buyers [3]	87	74	61	50
Gross merchandise volume [4]	$ 36,919	$ 31,299	$ 12,907	$ 11,360
Number of items sold [5]	1,262	991	456	357
Number of items shipped [6]	1,249	970	453	350
Total payment volume [7]	$ 137,746	$ 102,278	$ 50,691	$ 37,839
Acquiring total payments volume [8]	$ 100,367	$ 81,221	$ 36,042	$ 29,721
Total payment transactions [9]	8,030	5,275	2,936	1,991
NIMAL [10]	28.3 %	35.1 %	24.2 %	37.4 %
Capital expenditures	$ 555	$ 329	$ 223	$ 126
Depreciation and amortization	$ 465	$ 389	$ 157	$ 135

(1) Figures have been calculated using rounded amounts. Growth calculations based on this table may not total due to rounding.

(2) As of January 1, 2024, we have replaced "Unique Active Users" with "Fintech monthly active users" and "Unique active buyers" as our main indicators of our Fintech and Commerce revenue lines. Management believes that the significant growth of our Fintech business merits a standalone metric to more precisely measure its footprint and user base growth and to make the best strategic decisions for the development of the Fintech business. Fintech monthly active users is defined as Fintech payers and/or collectors as of September 30, 2024, that, during the last month of the reporting period, performed at least one of the following actions during such month: 1) made a debit or credit card payment, 2) made a QR code payment, 3) made an off-platform online payment using our checkout or link of payment solutions while logged in to our Mercado Pago fintech platform, 4) made an investment or employed any of our savings solutions, 5) purchased an insurance policy, 6) took out a loan through our Mercado Credito solution, or 7) received the payment from a sale or transaction either on or off marketplace.

(3) As described above, as of January 1, 2024, unique active buyers is the main performance indicator of our Commerce revenue line. Management believes that monitoring the Commerce business growth through a standalone metric enables us to better understand user behavior over each period and make strategic decisions to improve the Commerce business. Unique active buyers is defined as users that have performed at least one purchase on the Mercado Libre Marketplace during the reported period.

(4) Total U.S. dollar sum of all transactions completed through the Mercado Libre Marketplace, excluding Classifieds transactions.

(5) Number of items that were sold/purchased through the Mercado Libre Marketplace, excluding Classifieds items.

(6) Number of items that were shipped through our shipping service.

(7) Total U.S. dollar sum of all transactions paid for using Mercado Pago, including marketplace and non-marketplace transactions, excluding peer-to-peer transactions. As of January 1, 2024, we no longer include peer-to-peer transactions in our TPV in accordance with the metrics and underlying criteria used by our Mercado Pago team, which Management then employs to make strategic decisions. Consequently, total payment volume for the nine and three month periods ended September 30, 2023, has been recast to exclude peer-to-peer transactions.

(8) As of January 1, 2024, we have replaced "Total volume of payment on marketplace" with "Acquiring total payment volume." Total volume of payment on marketplace was limited to the total U.S. dollar sum of all marketplace transactions paid for using Mercado Pago, and thus was a relevant and representative metric when the off-platform payment processor business was managed as a payment processor with a wallet. In light of the significant growth of our Fintech businesses and our payment processing and settling services, Management believes that Acquiring TPV, which also takes into account non-marketplace transactions paid for using Mercado Pago, results in a more representative measure of our physical and online payment processing solutions in any given period. Acquiring TPV is defined as total U.S. dollar sum of all transactions settled using our Mercado Pago and Mercado Pago's payment processing and settling services in marketplace and non-marketplace transactions and consist of the following transactions volume: 1) point of sale payment volume, 2) commerce payment volume through our Mercado Libre Marketplace, 3) online payment volume through our checkout or link payment solution for merchants, and 4) QR code payment volume.

(9) Number of all transactions paid for using Mercado Pago, excluding peer-to-peer transactions. As of January 1, 2024 we no longer include peer-to-peer transactions in our total payment transactions in accordance with the metric and understanding criteria used by our Mercado Pago team, which Management then employs to make strategic decisions. Consequently, total payment volume for the nine and three month periods ended September 30, 2023, has been recast to exclude peer-to-per transactions.

(10) Net interest margins after losses ("NIMAL") represents the annualized ratio between the total credits revenues less funding costs and provision for doubtful accounts for the period and total average gross loans receivable for the period. Management uses NIMAL to monitor how effective our pricing is and managing the credit products relative to their risk and setting targets. Accordingly, Management is of the opinion that NIMAL provides useful information to investors and others related to our risk appetite through the different periods and shows how we effectively prices risk.

Non-GAAP Measures of Financial Performance

To supplement our unaudited interim condensed consolidated financial statements presented in accordance with U.S. GAAP, we present earnings before interest income and other financial gains, interest expense and other financial losses, foreign currency losses, net, income tax expense, depreciation and amortization and equity in earnings of unconsolidated entity ("Adjusted EBITDA"), net debt, foreign exchange ("FX") neutral measures and Adjusted free cash flow and Net increase (decrease) in available cash and investments as non-GAAP measures. Reconciliation of these non-GAAP financial measures to the most comparable U.S. GAAP financial measures can be found in the tables below.

These non-GAAP measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with U.S. GAAP and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with U.S. GAAP. These non-GAAP financial measures should only be used to evaluate our results of operations in conjunction with the most comparable U.S. GAAP financial measures.

We believe that reconciliation of these non-GAAP measures to the most directly comparable GAAP measure provides investors an overall understanding of our current financial performance and its prospects for the future.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that represents our net income, adjusted to eliminate the effect of depreciation and amortization charges, interest income and other financial gains, interest expense and other financial losses, foreign currency losses, net, income tax expense and equity in earnings of an unconsolidated entity. We have included this non-GAAP financial measure because it is used by our Management to evaluate our operating performance and trends, make strategic decisions and the calculation of leverage ratios. Accordingly, we believe this measure provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our Management. In addition, it provides a useful measure for period-to-period comparisons of our business, as it removes the effect of certain items.

The following table presents a reconciliation of net income to Adjusted EBITDA for the period indicated:

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2024	2023	2024	2023
	(In millions)		(In millions)	
Net income	**$ 1,272**	**$ 822**	**$ 397**	**$ 359**
Adjustments:				
Depreciation and amortization	465	389	157	135
Interest income and other financial gains	(107)	(95)	(43)	(38)
Interest expense and other financial losses	117	136	40	53
Foreign currency losses, net	132	508	40	239
Income tax expense	397	504	123	172
Equity in earnings of unconsolidated entity	—	(3)	—	—
Adjusted EBITDA	**$ 2,276**	**$ 2,261**	**$ 714**	**$ 920**

Net debt

We define net debt as total debt which includes current and non-current loans payable and other financial liabilities and current and non-current operating lease liabilities, less cash and cash equivalents, short-term investments and long-term investments, excluding time deposits and foreign government debt securities restricted and held in guarantee, securitization transactions and equity securities held at cost. We have included this non-GAAP financial measure because it is used by our Management to analyze our current leverage ratios and set targets to be met, which will also impact other components of the Company's balance sheet, cash flows and income statement. Accordingly, we believe this measure provides useful information to investors and other market participants in showing the evolution of the Company's indebtedness and its capability of repayment as a means to, alongside other measures, monitor our leverage based on widely-used measures.

The following table presents a reconciliation of net debt for each of the periods indicated:

	September 30, 2024	December 31, 2023
	(In millions)	
Current Loans payable and other financial liabilities	$ 2,250	$ 2,292
Non-current Loans payable and other financial liabilities	3,103	2,203
Current Operating lease liabilities	201	166
Non-current Operating lease liabilities	770	672
Total debt	**6,324**	**5,333**
Less:		
Cash and cash equivalents	2,162	2,556
Short-term investments (1)	1,109	1,191
Long-term investments (2)	1,146	81
Net debt	**$ 1,907**	**$ 1,505**

(1) Excludes time deposits and foreign government debt securities restricted and held in guarantee.

(2) Excludes investments held in VIEs as a consequence of securitization transactions and equity securities held at cost.

FX neutral

We believe that FX neutral measures provide useful information to both Management and investors by excluding the foreign currency exchange rate impact that may not be indicative of our core operating results and business outlook.

The FX neutral measures were calculated by using the average monthly exchange rates for each month during 2023 and applying them to the corresponding months in 2024, so as to calculate what our results would have been had exchange rates remained stable from one year to the next. The table below excludes intercompany allocation FX effects. Finally, these measures do not include any other macroeconomic effect such as local currency inflation effects, the impact on impairment calculations or any price adjustment to compensate local currency inflation or devaluations.

The following table sets forth the FX neutral measures related to our reported results of the operations for the nine and three-month periods ended September 30, 2024:

(Unaudited)	Nine Months Ended September 30,					
	As reported 2024	As recast (1) 2023	Percentage Change	FX Neutral Measures 2024	As recast (1) 2023	Percentage Change
	(In millions, except percentages)			(In millions, except percentages)		
Net revenues and financial income	$ 14,718	$ 10,698	37.6 %	$ 21,795	$ 10,698	103.7 %
Cost of net revenues and financial expenses	(7,890)	(5,158)	53.0 %	(10,838)	(5,158)	110.1 %
Gross profit	**6,828**	**5,540**	**23.2 %**	**10,957**	**5,540**	**97.8 %**
Operating expenses	(5,017)	(3,668)	36.8 %	(7,704)	(3,668)	110.0 %
Income from operations	**$ 1,811**	**$ 1,872**	**(3.3)%**	**$ 3,253**	**$ 1,872**	**73.8 %**

(Unaudited)	Three Months Ended September 30,					
	As reported 2024	As recast (1) 2023	Percentage Change	FX Neutral Measures 2024	As recast (1) 2023	Percentage Change
	(In millions, except percentages)			(In millions, except percentages)		
Net revenues and financial income	$ 5,312	$ 3,927	35.3 %	$ 7,961	$ 3,927	102.7 %
Cost of net revenues and financial expenses	(2,873)	(1,832)	56.8 %	(3,996)	(1,832)	118.1 %
Gross profit	**2,439**	**2,095**	**16.4 %**	**3,965**	**2,095**	**89.3 %**
Operating expenses	(1,882)	(1,310)	43.7 %	(2,775)	(1,310)	111.8 %
Income from operations	**$ 557**	**$ 785**	**(29.0)%**	**$ 1,190**	**$ 785**	**51.6 %**

(1) Recast for consistency with the current presentation due to the change in the presentation of certain financial results. Please refer to Note 2 – Summary of significant accounting policies - Change in the presentation of certain financial results and reclassification of prior year results - to our unaudited interim condensed consolidated financial statements for further details.

See Note 2 – Summary of significant accounting policies - Foreign currency translation - Argentine currency status and macroeconomic outlook and Argentine exchange regulations of our unaudited interim condensed consolidated financial statements for further detail on the currency status and the exchange regulations of our Argentine segment.

Adjusted free cash flow and Net increase (decrease) in available cash and investments

Adjusted free cash flow

Adjusted free cash flow represents cash from operating activities less the increase (decrease) in cash and cash equivalents and investments related to customer funds due to regulatory requirements and other restrictions and equity securities held at cost, investments in property and equipment and intangible assets, changes in loans receivable, net and net proceeds from/payments on loans payable and other financial liabilities related to our Fintech solutions, since we consider those liabilities as the working capital of the Fintech activities. We consider adjusted free cash flow to be a measure of liquidity generation that provides useful information to management and investors since it shows how much cash the Company generates with its core activities that can be used for discretionary purposes and to repay its corporate and/or commerce debt. A limitation of the utility of adjusted free cash flow as a measure of liquidity generation is that it is a partial representation of the total increase or decrease in our available cash and investments balance for the period. Therefore, we believe it is important to view the adjusted free cash flow measure only as a complement to our entire consolidated statements of cash flows.

Net increase (decrease) in available cash and investments

Net increase (decrease) in available cash and investments represents adjusted free cash flow less net proceeds from/payments on loans payable and other financial liabilities, related to our Commerce and corporate activities, payments of finance lease obligations, other investing and/or financing activities not considered above and the effect of exchange rates changes on available cash and investments. We consider Net increase (decrease) in available cash and investments to be a measure of liquidity availability that provides useful information to management and investors after netting out all other debt and corporate payments and activities from the adjusted free cash flow.

The following table shows a reconciliation of Net cash provided by operating activities to Adjusted free cash flow and Net increase in available cash and investments:

	Nine Months Ended September 30,	
	2024	2023
	(In millions)	
Net cash provided by operating activities ("CFO")	$ 4,994	$ 3,212
Adjustments to reconcile CFO to Adjusted free cash flow [1]	117	19
Increase in cash and cash equivalents and investments related to customer funds due to regulatory requirements and other restrictions and equity securities held at cost	(1,594)	(464)
Investments in property and equipment and intangible assets	(555)	(329)
Changes in loans receivable, net	(3,316)	(1,465)
Proceeds from loans payable and other financial liabilities related to our Fintech solutions, net	989	94
Adjusted free cash flow	**635**	**1,067**
Proceeds from/Payments on loans payable and other financial liabilities, related to our Commerce and Corporate activities, net	214	(78)
Other investing and/or financing activities	5	(405)
Effect of exchange rate changes on available cash and investments	(265)	(85)
Net increase in available cash and investments	**$ 589**	**$ 499**
Available cash and investments [2], at the beginning of the year	3,828	3,275
Available cash and investments [2], at the end of the period	4,417	3,774
Net cash used in investing activities	**(6,159)**	**(2,536)**
Net cash provided by (used in) financing activities	**1,202**	**(340)**

(1) Includes accrued interest and financial income net of interest received from available and restricted investments.

(2) Includes cash and cash equivalents, short-term investments (excluding time deposits and foreign government debt securities restricted and held in guarantee) and long-term investments (excluding investments held in VIEs as a consequence of securitization transactions and equity securities held at cost).

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks arising from our business operations. These market risks arise mainly from macroeconomic instability and the possibility that changes in interest rates and the U.S. dollar exchange rate with local currencies, particularly the Brazilian Real, Mexican Peso and Argentine Peso due to Brazil's, Mexico's and Argentina's respective share of our revenues, may affect the value of our financial assets and liabilities.

We are also exposed to market risks arising from our long-term retention programs ("LTRPs"). These market risks arise from our obligations to pay employees cash payments in amounts that vary based on the market price of our stock.

Foreign currencies

We have significant operations internationally that are denominated in foreign currencies, primarily the Brazilian Real, Argentine Peso, Mexican Peso, Colombian Peso and Chilean Peso, subjecting us to foreign currency risk, which may adversely impact our financial results. We transact business in various foreign currencies and have significant international revenues and costs. In addition, we charge our international subsidiaries for their use of intellectual property and technology and for certain corporate services. Our cash flows, results of operations and certain of our intercompany balances that are exposed to foreign exchange rate fluctuations may differ materially from expectations and we may record significant gains or losses due to foreign currency fluctuations and related hedging activities.

We use foreign currency exchange forward contracts and currency swaps to protect our foreign currency exposure and our investment in a foreign subsidiary from adverse changes in foreign currency exchange rates. These hedging contracts reduce, but do not entirely eliminate, the impact of adverse foreign currency exchange rate movements. We designate these contracts as cash flow, net investment and fair value hedges for accounting purposes. The derivatives' gain or loss for cash flow and net investment hedges is initially reported as a component of accumulated other comprehensive loss. Cash flow hedges and net investment hedges are subsequently reclassified into the financial statement line item in which the hedged item is recorded in the same period the forecasted transaction affects earnings. The derivatives' gain or loss for fair value hedges is reported in our interim condensed consolidated statements of income in the same line items as the change in the value of the hedged item due to the hedged risks.

As of September 30, 2024, we hold cash and cash equivalents, restricted cash and cash equivalent, short and long-term investments in local currencies in our subsidiaries, and have receivables denominated in local currencies in all of our operations. Our subsidiaries generate revenues and incur most of their expenses in the respective local currencies of the countries in which they operate. As a result, our subsidiaries use their local currency as their functional currency except for our Argentine subsidiaries, whose functional currency is the U.S. dollar due to the inflationary environment. As of September 30, 2024, the total cash and cash equivalents, restricted cash and cash equivalent denominated in foreign currencies totaled $2,862 million, short-term investments denominated in foreign currencies totaled $3,445 million, long-term investments denominated in foreign currencies totaled $711 million and accounts receivable, credit card receivables and other means of payment and loans receivable in foreign currencies totaled $9,204 million. To manage exchange rate risk, our treasury policy is to transfer most cash and cash equivalents in excess of working capital requirements into U.S. dollar-denominated accounts in the United States and to enter into certain foreign exchange derivatives, such as currency forwards contracts, in order to mitigate our exposure to foreign exchange risk. As of September 30, 2024, our U.S. dollar-denominated cash and cash equivalents, restricted cash and cash equivalents and short-term investments totaled $1,682 million and our U.S. dollar-denominated long-term investments totaled $515 million.

For the nine and three-month periods ended September 30, 2024, we had a consolidated loss on foreign currency of $132 million and $40 million, respectively, mainly related to foreign exchange losses from our Brazilian, Argentine and Mexican subsidiaries. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of operations— Other income (expenses), net" for more information.

Foreign currency sensitivity analysis

The table below shows the impact on our net revenues, cost of net revenues and financial expenses, operating expenses, other income (expenses) and income tax, net income and equity for a positive and a negative 10% fluctuation on all the foreign currencies to which we are exposed to at the moment of translating our financial statements to U.S. dollars for the nine-month period ended September 30, 2024:

	(10)% (1)	Actual	10% (2)
		(In millions)	
Net revenues and financial income	$ 16,351	$ 14,718	$ 13,383
Expenses (3)	(14,262)	(12,907)	(11,798)
Income from operations	**2,089**	**1,811**	**1,585**
Other income (expenses) and income tax expense related to P&L items	(447)	(407)	(375)
Foreign Currency impact related to the remeasurement of our Net Asset position	(147)	(132)	(120)
Net Income	**$ 1,495**	**$ 1,272**	**$ 1,090**
Total Shareholders' Equity	**$ 4,404**	**$ 4,002**	**$ 3,674**

(1) Increase of the subsidiaries' local currency against U.S. Dollar.

(2) Decrease of the subsidiaries' local currency against U.S. Dollar.

(3) Includes cost of net revenues and financial expenses and operating expenses.

The table above shows an increase in our net income when the U.S. dollar weakens against foreign currencies because of the positive impact of the increase in income from operations. On the other hand, the table above shows a decrease in our net income when the U.S. dollar strengthens against foreign currencies because of the negative impact of the decrease in income from operations.

Brazilian segment

Considering a hypothetical increase of 10% of the Brazilian Real exchange rate against the U.S. dollar on September 30, 2024, the reported net assets in our Brazilian subsidiaries would have decreased by approximately $249 million with the related impact in Other Comprehensive Income. Additionally, we would have recorded a foreign currency loss amounting to approximately $37 million in our Brazilian subsidiaries.

Mexican segment

Considering a hypothetical increase of 10% of the Mexican Peso exchange rate against the U.S. dollar on September 30, 2024, the reported net assets in our Mexican subsidiaries would have decreased by approximately $135 million with the related impact in Other Comprehensive Income. Additionally, we would have recorded a foreign currency loss amounting to approximately $8 million in our Mexican subsidiaries.

Argentine segment

In accordance with U.S. GAAP, we have classified our Argentine operations as highly inflationary since July 1, 2018, using the U.S. dollar as the functional currency for purposes of reporting our financial statements. Therefore, no translation effect has been accounted for in other comprehensive income related to our Argentine operations since July 1, 2018. Argentina's inflation rate for the nine-month periods ended September 30, 2024 and 2023 was 101.6% and 103.2%, respectively.

We use Argentina's official exchange rate to account for transactions in our Argentine segment, which as of September 30, 2024 and December 31, 2023 was 970.50 and 808.45 Argentine Pesos, respectively, against the U.S. dollar. For the nine-month periods ended September 30, 2024 and 2023 Argentina's official exchange rate against the U.S. dollar increased 20.0% and 97.5%, respectively. The average exchange rate for the nine-month periods ended September 30, 2024 and 2023 was 887.8 and 245.8, respectively, resulting in an increase of 261%.

Considering a hypothetical increase of 10% of the Argentine Peso exchange rate against the U.S. dollar on September 30, 2024, the effect on non-functional currency net liability position in our Argentine subsidiaries would have been a foreign exchange gain amounting to approximately $35 million in our Argentine subsidiaries.

See Note 2 – Summary of significant accounting policies - Foreign currency translation - Argentine currency status and Argentine exchange regulations" of our unaudited interim condensed consolidated financial statements for further detail on the currency status and the exchange regulations of our Argentine segment.

Interest

Our earnings and cash flows are also affected by changes in interest rates. These changes could have an impact on the interest rates that financial institutions charge us prior to the time we sell our Mercado Pago receivables and on the financial debt that we use to fund Mercado Pago and Mercado Credito's operations. As of September 30, 2024, Mercado Pago's receivables totaled $4,585 million. Interest rate fluctuations could also impact interest earned through our Mercado Credito solution. As of September 30, 2024, loans receivable net of the allowance for doubtful accounts from our Mercado Credito solution totaled $4,404 million. Interest rate fluctuations could also negatively affect certain of our fixed rate and floating rate investments comprised primarily of time deposits, money market funds and sovereign debt securities. Investments in both fixed rate and floating rate interest earning products carry a degree of interest rate risk. Fixed rate securities may have their fair value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than predicted if interest rates fall.

As of September 30, 2024, our short-term investments amounted to $4,511 million and our long-term investments amounted to $1,226 million. Our short-term investments can be readily converted at any time into cash or into securities with a shorter remaining time to maturity. We determine the appropriate classification of our investments at the time of purchase and re-evaluate such designations as of each balance sheet date. See Note 3 – Fintech Regulations and Note 5 – Cash, cash equivalents, restricted cash and cash equivalents and investments of our unaudited interim condensed consolidated financial statements for further detail on our restricted investments.

Fluctuations of the interest rate could also have a negative impact on interest expense related to our Loans payable and other financial liabilities, as a portion of these instruments is subject to variable interest rates. As of September 30, 2024, our loans payable and other financial liabilities which accrue interest based on variable rates amounted to $3,841 million, while our loans payable and other financial liabilities, which accrue interest based on fixed rates, amounted to $1,512 million. See Note 13 – Loans payable and other financial liabilities and Note 14 – Securitization transactions of our unaudited interim condensed consolidated financial statements for further detail. Considering a hypothetical increase of 100 basis points in the interest rates, the reported interest expense related to Loans payable and other financial liabilities for the nine-month period ended September 30, 2024 would have increased by approximately $18 million with the related impact in cost of net revenues and financial expenses or in interest expense and other financial losses. We have entered into swap contracts to hedge the interest rate fluctuation of $342 million notional amount, $177 million of which have been designated as hedging instruments. See Note 16 – Derivative instruments of our unaudited interim condensed consolidated financial statements for further detail on derivative instruments.

Equity price risk

Our Board, upon the recommendation of the compensation committee, approved the 2019, 2020, 2021, 2022, 2023 and 2024 Long Term Retention Programs (the "2019, 2020, 2021, 2022, 2023 and 2024 LTRPs"), respectively, under which certain eligible employees have the opportunity to receive cash payments annually for a period of six years. In order to receive the full target award under the 2019, 2020, 2021, 2022, 2023 and/or 2024 LTRPs, each eligible employee must remain employed as of each applicable payment date. The 2019, 2020, 2021, 2022, 2023 and 2024 LTRP awards are payable as follows:

- the eligible employee will receive 16.66% of half of his or her target 2019, 2020, 2021, 2022, 2023 and/or 2024 LTRP bonus once a year for a period of six years, with the first payment occurring no later than April 30, 2020, 2021, 2022, 2023, 2024 and 2025, respectively (the "2019, 2020, 2021, 2022, 2023 or 2024 Annual Fixed Payment", respectively); and
- on each date we pay the respective Annual Fixed Payment to an eligible employee, he or she will also receive a payment (the "2019, 2020, 2021, 2022, 2023 or 2024 Variable Payment") equal to the product of (i) 16.66% of half of the target 2019, 2020, 2021, 2022, 2023 and/or 2024 LTRP bonus and (ii) the quotient of (a) divided by (b), where (a), the numerator, equals the Applicable Year Stock Price (as defined below) and (b), the denominator, equals the average closing price of our common stock on the NASDAQ Global Select Market during the final 60 trading days of 2018, 2019, 2020, 2021, 2022 and 2023 defined as $322.91, $553.45, $1,431.26, $1,391.81, $888.69 and $1,426.11 for the 2019, 2020, 2021, 2022, 2023 and 2024 LTRPs, respectively. The "Applicable Year Stock Price" shall equal the average closing price of our common stock on the NASDAQ Global Select Market during the final 60 trading days of the year preceding the applicable payment date.

As of September 30, 2024, the total contractual obligation fair value of our outstanding LTRP Variable Payment obligation subject to equity price risk amounted to $763 million. As of September 30, 2024, the accrued liability related to the outstanding Variable Payment of the LTRP included in Salaries and social security payable in our consolidated balance sheet amounted to $133 million. The following table shows a sensitivity analysis of the risk associated with our total contractual obligation fair value related to the outstanding LTRP Variable Award Payment subject to equity price risk if our common stock price per share were to increase or decrease by up to 40%:

Change in equity price in percentage	As of September 30, 2024	
	MercadoLibre, Inc Equity Price	2019, 2020, 2021, 2022, 2023 and 2024 LTRP Variable contractual obligation
	(In millions, except equity price)	
40%	2,885.62	1068
30%	2,679.51	991
20%	2,473.39	915
10%	2,267.28	839
Static (1)	2,061.16	763
(10)%	1,855.04	686
(20)%	1,648.93	610
(30)%	1,442.81	534
(40)%	1,236.70	458

(1) Present value of average closing stock price for the last 60 trading days of the year preceding the applicable payment date.

In November 2021, we acquired Kangu Participações S.A. Former Kangu's shareholders who after the acquisition became the Company's employees will receive cash payments annually over a three-year period subject to certain performance and stay conditions. The payments will be indexed based on changes in equity price of our common stock. As of September 30, 2024, the total contractual obligation fair value of the mentioned payments amounted to $6 million.

ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our Management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Evaluation of Disclosure Controls and Procedures

Based on the evaluation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) required by Exchange Act Rules 13a-15(b) or 15d-15(b), our Chief Executive Officer and our Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the three-month period ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Item 1 of Part I, "Financial Statements — Note 11 – Commitments and Contingencies — Litigation and Other Legal Matters".

ITEM 1A. RISK FACTORS

As of September 30, 2024, there have been no material changes in our risk factors from those disclosed in the Company's 2023 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Program (In millions)
July, 2024	—	—	—	Up to $_
August, 2024	—	—	—	Up to $_
September, 2024	—	—	—	Up to $_

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the three-months ended September 30, 2024, none of the Company’s directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act or any “non-Rule 10b5-1 trading arrangement” as defined in Item 408(c) of Regulation S-K.

ITEM 6. EXHIBITS

The information set forth under “Exhibits Index” below is incorporated herein by reference.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Filed (*) or Furnished (**) Herewith	Incorporated by Reference	
			Form	Filing Date
3.1	Registrant's Amended and Restated Certificate of Incorporation.		S-1	May 11, 2007
3.2	Registrant's Amended and Restated Bylaws.		S-1	May 11, 2007
4.1	Form of Specimen Certificate for the Registrant's Common Stock.		10-K	February 27, 2009
4.2	Indenture with respect to the Registrant's 2.00% Convertible Senior Notes due 2028, dated as of August 24, 2018, between the Registrant and Wilmington Trust, National Association, as trustee.		8-K	August 24, 2018
4.3	Indenture, dated January 14, 2021, between MercadoLibre, Inc., MercadoLibre S.R.L., Ibazar.com Atividades de Internet Ltda., eBazar.com.br Ltda., Mercado Envios Servicos de Logistica Ltda., MercadoPago.com Representações Ltda., MercadoLibre Chile Ltda., MercadoLibre, S. de R.L. de C.V., DeRemate.com de México, S. de R.L. de C.V. and MercadoLibre Colombia Ltda. and The Bank of New York Mellon, as trustee.		8-K	January 14, 2021
4.4	First Supplemental Indenture, dated January 14, 2021, between MercadoLibre, Inc., MercadoLibre S.R.L., Ibazar.com Atividades de Internet Ltda., eBazar.com.br Ltda., Mercado Envios Servicos de Logistica Ltda., MercadoPago.com Representações Ltda., MercadoLibre Chile Ltda., MercadoLibre, S. de R.L. de C.V., DeRemate.com de México, S. de R.L. de C.V. and MercadoLibre Colombia Ltda. and The Bank of New York Mellon, as trustee.		8-K	January 14, 2021
4.5	Form of Global Note representing the Registrant's 2.375% Sustainability Notes due 2026.		8-K	January 14, 2021
4.6	Form of Global Note representing the Registrant's 3.125% Notes due 2031.		8-K	January 14, 2021
4.7	Second Supplemental Indenture, dated October 27, 2021 among MP Agregador, S. de R.L. de C.V., MercadoLibre, Inc. and The Bank of New York Mellon, as Trustee		10-K	February 23, 2022
10.1	Amended and Restated Revolving Credit Agreement, dated September 27, 2024, among MercadoLibre, Inc., as borrower, the lenders party thereto, Citibank, N.A., as administrative agent, and MercadoLibre S.R.L., Ebazar.com.br Ltda., Mercado Pago Instituição de Pagamento Ltda., DeRemate.com de Mexico S. de R.L. de C.V., MP Agregador, S. de R.L. de C.V., MercadoLibre Chile Ltda., and MercadoLibre Colombia Ltda. as initial guarantors.		8-K	October 1, 2024
22.1	List of Subsidiary Guarantors for the Registrant's 2.375% Sustainability Notes due 2026 and 3.125% Notes due 2031.		10-K	February 24, 2023
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	*		
31.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	*		
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	*		
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	*		
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in Inline XBRL: (i) Interim Condensed Consolidated Balance Sheets, (ii) Interim Condensed Consolidated Statements of Income, (iii) Interim Condensed Consolidated Statements of Comprehensive Income, (iv) Interim Condensed Statements of Equity, (v) Interim Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Interim Condensed Consolidated Financial Statements.	*		
104	The cover page from the Company's Form 10-Q for the quarterly period ended September 30, 2024, formatted in Inline XBRL and contained in Exhibit 101.	*		

SIGNATURES

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.

MERCADOLIBRE, INC.
Registrant

Date: November 7, 2024.

By: /s/ Marcos Galperin
Marcos Galperin
President and Chief Executive Officer

By: /s/ Martín de los Santos
Martín de los Santos
Executive Vice President and Chief Financial Officer

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Marcos Galperin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MercadoLibre, Inc. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s Board of Directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

November 7, 2024

/s/ Marcos Galperin

Marcos Galperin
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Martín de los Santos, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MercadoLibre, Inc. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s Board of Directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

November 7, 2024

/s/ Martín de los Santos

Martín de los Santos
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of MercadoLibre, Inc. (the “Company”) for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Marcos Galperin, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Marcos Galperin

Marcos Galperin
President and Chief Executive Officer
(Principal Executive Officer)

November 7, 2024

The foregoing certification is being furnished solely to accompany this report pursuant to 18 U.S.C. 1350, and is not being filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of MercadoLibre, Inc. (the “Company”) for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Martín de los Santos, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Martín de los Santos

Martín de los Santos
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

November 7, 2024

The foregoing certification is being furnished solely to accompany this report pursuant to 18 U.S.C. 1350, and is not being filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.