

MERCADOLIBRE Q1'23 EARNINGS CONFERENCE CALL SCRIPT



May 3rd, 2023.

PART I: INTRODUCTION AND DISCLAIMER - RICHARD CATHCART, INVESTOR RELATIONS OFFICER

Hello everyone, and welcome to the Mercado Libre earnings conference call for the quarter ended March 31st, 2023. Thank you for joining us. I am Richard Cathcart, Investor Relations Officer at Mercado Libre.

Today we will share our quarterly highlights on video, after which we will begin our live Q&A session with our Chief Financial Officer, Pedro Arnt and Chief Executive Officer of MercadoPago, Osvaldo Gimenez.

Before we go on to discuss our results of the first quarter of 2023, I remind you that management may make, and this presentation may contain, forward-looking statements, so please refer to the disclaimer on screen, which will also be available in our earnings materials in our investor relations website and our Form 10-K for the year ended 2022.

With that, let's begin with a summary of our results.

Management may make forward-looking statements relating to such matters as continued growth prospects for the company, industry trends, and product and technology initiatives. 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 these forward-looking statements.

Our actual results may differ materially from those included in this conference call, for a variety of reasons, including those described in the forward-looking statements and risk factor sections of our Form 10-K for the year ended December 31st, 2022, and any of MercadoLibre Inc.'s other applicable filings with the Securities and Exchange Commission, which are available on our investor relations website.

PART II - OVERVIEW & FINANCIAL RESULTS - PEDRO ARNT, CHIEF FINANCIAL OFFICER

Hello everyone.

I'm pleased to share the key messages about Mercado Libre's performance during the first quarter of 2023.

Our businesses continue to deliver strong growth with continued momentum in GMV and TPV. This quarter, we hit a significant milestone in unique active users, which surpassed 100 million across our ecosystem.

In Commerce, unique buyer growth accelerated in all geographies, and this helped drive an acceleration of items sold and FX-neutral GMV growth in our three largest geographies, and on a consolidated basis. Moreover, this acceleration translated into market share gains, particularly in Brazil.

Commerce revenues continued to grow rapidly on the back of faster GMV growth and higher monetization. This is a consequence of a well-executed value proposition across geographies, which resulted in take-rate expansion. Our higher take rate was driven primarily by: 1) Shipping Fees; 2) Ads revenues; and 3) Minor price increases to offset rising costs.

Our fintech business presented strong results once again, especially driven by off-platform TPV growth that once again more than doubled versus the prior year on an FX neutral basis. We see similar trends as in 2022 in both the Digital Account and our Acquiring businesses.

On the other credit side, Mercado Credito delivered another solid quarter of profitability. We continue to be cautious about the risk that we take on, and, in that context, the portfolio's size was similar to the prior quarter, and focused on lower risk cohorts. Non-performing loans are at comfortable levels. As a result, the business maintained a high margin.

Consequently, these trends in Mercado Pago business lines led to another quarter of rapid revenue growth, albeit at a somewhat slower rate than the previous quarter as we lap last year's sharp growth in credit revenue.

When looking at bottom line performance, the first quarter of 2023 we once again delivered operating leverage on strong revenue growth, resulting in profit expansion, with margins well ahead of the first quarter of last year.

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During Q1, we have reached quarterly Income from Operations, accompanied by strong generation of cash flow from operations. This shows our commitment to delivering operational efficiency as our businesses grow at above market rates and scale.

Dilution of G&A expenses and a positive mix shift towards higher margin revenue streams, accompanied by growing advertising and net logistics revenues drove this margin expansion. At the same time, we continued to invest heavily in technology, as we look to build our competitive advantages for the years to come.

In summary, we've gotten off to a great start to the year, reaching and even surpassing our targeted levels for combined growth with profitability. Richard will now share some more detailed business news with you.

PART III - BUSINESS HIGHLIGHTS - RICHARD CATHCART, INVESTOR RELATIONS OFFICER

We continue to innovate and invest to build the technology and capabilities that will strengthen our competitive advantages, and support growth and profitability for the years to come. The development of Mercado Pago continues to play an important role in our growth.

We have developed and launched several new products and services over the last two years to position Mercado Pago as a provider of a full suite of financial services to our users.

During the first quarter of 2023 we took another important step by launching a marketing campaign in Brazil to raise awareness of this value proposition and Mercado Pago's ability to serve all of our users' day-to-day financial needs.

The campaign highlights the direct connection between Mercado Libre and Mercado Pago, and leverages the awareness of, and trust in, our yellow world to promote our blue world Fintech business. These campaigns reached millions of users, both offline and online, and they show the strength and synergy of our ecosystem.

Our credit card is an important piece of our full-service offering as it is a product that enables day-to-day transactions, which drives engagement and principality. During the first quarter, the Mercado Pago credit card was made available for the first time in Mexico, a market with major growth potential. We have also slowly re-accelerated credit card issuance in Brazil, expanding the distribution of this product through the digital account.

Mercado Ads continues to be a major area of investment for us across geographies, as we develop the products and technologies needed to provide a world class solution to our advertisers. Today we want to share an update of what we have achieved so far, and the many improvements still to come.

Mercado Libre served millions of unique buyers in the first quarter of 2023 with 7 out of 10 searches being unbranded. This gives our advertisers an opportunity to position their brands, promote their products and increase their sales, with our proprietary solutions.

Mercado Ads currently offers solutions that serve the needs of advertisers in different stages of the customer Journey for full funnel strategies for branding and performance.

At the top of the funnel, we have our display solution that can be seen on our marketplace home and category pages, and also in the Mercado Pago app, generating awareness and creating brand value.

In the last few months we completely rebuilt our display solution, now our advertisers can influence the entire consumer journey, including high-impact placements especially for the consideration stage.

In Q1 2023 we launched our programmatic platform. Brands and agencies now have an automated display buying platform that leverages one of our main assets: our unparalleled first party data. The depth and granularity of our data, let us build unique targeting capabilities, accurate real-time bidding models, live reports, and unique insights analysis.

Further down the funnel, we have our performance advertising solution focused on helping sellers to increase their product's visibility in the search results and product pages. The media buying process is an auction, based on sophisticated algorithms, which takes into consideration the price the seller is willing to pay per click and also the ad's relevance. This enables us to guarantee a good experience to both the buyer and the seller and accomplishes the value proposition of increasing the chance of converting a click into a sale.

With Product Ads, sellers can boost their products into the top positions in the search results, and also on the product page details. More placements of carousels are being released, such as the new carousel with products only based on

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top-of-mind brands. This shows how we continue to innovate in our most advanced ads product.

As part of the search advertising products, we are now developing a new product called "Brand Ads", which is being tested with specific brands. This product focuses on the consideration stage of the funnel to help users discover new products and the format is based on keyword targeting. It also provides context to a brand to present its storytelling of a category with a group of products in the top position of the search results.

Our priority is always to find the best balance between return on investment for the seller, product relevance for the buyer, and monetization for MELI.

Behind all of these products there is a robust tech stack that enables a seamless experience for consumers and advertisers. This is where a lot of work has been done, behind the scenes, over the last 12 months.

We offer our sellers an Ad Console, where they can create, manage and optimize their campaigns for each of Mercado Ads' products and stages of the funnel, while analyzing real time reports to track results and improve campaigns.

Behind the scenes, our Ads Server works to target ads to the right audience, optimize pricing and determine the placement of each listing. This is done considering several factors, including the quality and price of the product, the seller's reputation and the budget and expected return of those sellers willing to advertise its products. Within seconds, this process creates a specific combination of listings, including organic and sponsored content, which optimizes for conversion and GMV.

On top of that, our Ads Measurement technology works to bring real time metrics to advertisers and guarantee the attribution of the results to the right Ads product, demonstrating the value of advertising to the seller. We still have an extensive roadmap ahead to improve the insights given to our advertisers.

With the development of these products and technologies, we have the first version of a complete Adtech stack that strengthens our ability to develop our ads business and offer a world-class experience to advertising agencies, brands and other sellers on Latin America's largest ecommerce platform. We still have more work to do, as much of the technology has been recently launched, so we are engaging with brands and advertising agencies to understand their feedback, and incorporate it into the technology.

We continue to accelerate investment in Ads technology, and this leaves us optimistic about the business' long-term potential to drive growth and profitability.

This is yet another example that, as always at Mercado Libre, *the best is yet to come.*

THANK YOU

