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

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2022

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

WTC Free Zone
Dr. Luis Bonavita 1294, Of. 1733, Tower II
Montevideo, Uruguay, 11300
(Address of registrant's principal executive offices) (Zip Code)

(+598) 2-927-2770
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 x 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 x No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See 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	x	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 x

APPLICABLE ONLY TO CORPORATE ISSUERS:
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.
50,377,981 shares of the issuer's common stock, $0.001 par value, outstanding as of May 2, 2022.

MERCADOLIBRE, INC.
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MercadoLibre, Inc.
Interim Condensed Consolidated Balance Sheets
As of March 31, 2022 and December 31, 2021
(In millions of U.S. dollars, except par value)
(Unaudited)

	March 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 1,573	$ 2,585
Restricted cash and cash equivalents	841	1,063
Short-term investments (941 and 602 held in guarantee - see Note 4)	1,412	810
Accounts receivable, net	98	98
Credit cards receivable and other means of payments, net	2,512	1,839
Loans receivable, net	1,657	1,199
Prepaid expenses	79	40
Inventories	239	253
Other assets	294	288
Total current assets	8,705	8,175
Non-current assets:		
Long-term investments	121	89
Loans receivable, net	80	61
Property and equipment, net	967	807
Operating lease right-of-use assets	542	461
Goodwill	162	148
Intangible assets, net	43	45
Deferred tax assets	235	181
Other assets	168	134
Total non-current assets	2,318	1,926
Total assets	$ 11,023	$ 10,101
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,027	$ 1,036
Funds payable to customers	2,483	2,393
Amounts payable due to credit and debit card transactions	420	337
Salaries and social security payable	319	313
Taxes payable	277	291
Loans payable and other financial liabilities	1,459	1,285
Operating lease liabilities	109	92
Other liabilities	134	90
Total current liabilities	6,228	5,837
Non-current liabilities:		
Amounts payable due to credit and debit card transactions	4	4
Salaries and social security payable	5	20
Taxes payable	28	—
Loans payable and other financial liabilities	2,638	2,233
Operating lease liabilities	434	372
Deferred tax liabilities	42	62
Other liabilities	55	42
Total non-current liabilities	3,206	2,733
Total liabilities	$ 9,434	$ 8,570
Commitments and Contingencies (Note 9)		
Equity		
Common stock, $0.001 par value, 110,000,000 shares authorized, 50,377,981 and 50,418,980 shares issued and outstanding at March 31, 2022 and December 31, 2021	$ —	$ —
Additional paid-in capital	2,308	2,439
Treasury stock	(829)	(790)
Retained earnings	496	397
Accumulated other comprehensive loss	(386)	(515)
Total Equity	1,589	1,531
Total Liabilities and Equity	$ 11,023	$ 10,101

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

MercadoLibre, Inc.
Interim Condensed Consolidated Statements of Income
For the three-month periods ended March 31, 2022 and 2021
(In millions of U.S. dollars, except for share data)
(Unaudited)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net service revenues	$ 1,997	$ 1,230
Net product revenues	251	148
Net revenues	2,248	1,378
Cost of net revenues	(1,175)	(787)
Gross profit	1,073	591
Operating expenses:		
Product and technology development	(234)	(126)
Sales and marketing	(541)	(288)
General and administrative	(159)	(86)
Total operating expenses	(934)	(500)
Income from operations	139	91
Other income (expenses):		
Interest income and other financial gains	31	25
Interest expense and other financial losses (*)	(56)	(91)
Foreign currency losses	(3)	(15)
Net income before income tax expense	111	10
Income tax expense	(46)	(44)
Net income (loss)	$ 65	$ (34)

(*) Includes $49 million of loss on debt extinguishment and premium related to the 2028 Notes repurchase recognized in January 2021. See Note 11 to these unaudited interim condensed consolidated financial statements for further detail on 2028 Notes repurchase.

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Basic EPS		
Basic net income (loss)		
Available to shareholders per common share	$ 1.30	$ (0.68)
Weighted average of outstanding common shares	50,408,754	49,867,625
Diluted EPS		
Diluted net income (loss)		
Available to shareholders per common share	$ 1.30	$ (0.68)
Weighted average of outstanding common shares	50,408,754	49,867,625

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

MercadoLibre, Inc.
Interim Condensed Consolidated Statements of Comprehensive Income
For the three-month periods ended March 31, 2022 and 2021
(In millions of U.S. dollars)
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
Net income (loss)	$ 65	$ (34)
Other comprehensive income (loss), net of income tax:		
Currency translation adjustment	151	(42)
Unrealized (losses) gains on hedging activities	(24)	4
Less: Reclassification adjustment for (losses) gains from accumulated other comprehensive income (loss)	(2)	—
Net change in accumulated other comprehensive income (loss), net of income tax	129	(38)
Total Comprehensive income (loss)	$ 194	$ (72)

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

MercadoLibre, Inc.
Interim Condensed Consolidated Statements of Equity
For the three-month periods ended March 31, 2022 and 2021
(In millions of U.S. dollars)
(Unaudited)

	Common stock		Additional paid-in capital	Treasury Stock	Retained Earnings	Accumulated other comprehensive loss	Total Equity
	Shares	Amount					
Balance as of December 31, 2021	50	$ —	$ 2,439	$ (790)	$ 397	$ (515)	$ 1,531
Changes in accounting standards (Note 2)	—	—	(131)	—	34	—	(97)
Balance as of December 31, 2021 Restated	50	$ —	$ 2,308	$ (790)	$ 431	$ (515)	$ 1,434
Common Stock repurchased	—	—	—	(39)	—	—	(39)
Net income	—	—	—	—	65	—	65
Other comprehensive income	—	—	—	—	—	129	129
Balance as of March 31, 2022	50	$ —	$ 2,308	$ (829)	$ 496	$ (386)	$ 1,589

	Common stock		Additional paid-in capital	Treasury Stock	Retained Earnings	Accumulated other comprehensive loss	Total Equity
	Shares	Amount					
Balance as of December 31, 2020	50	$ —	$ 1,861	$ (55)	$ 314	$ (468)	$ 1,652
Capped Call	—	—	(101)	—	—	—	(101)
Repurchase of 2028 Notes Conversion Option	—	—	(1,484)	—	—	—	(1,484)
Common Stock repurchased	—	—	—	(25)	—	—	(25)
Net loss	—	—	—	—	(34)	—	(34)
Other comprehensive loss	—	—	—	—	—	(38)	(38)
Balance as of March 31, 2021	50	$ —	$ 276	$ (80)	$ 280	$ (506)	$ (30)

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

MercadoLibre, Inc.
Interim Condensed Consolidated Statements of Cash Flows
For the three-month periods ended March 31, 2022 and 2021
(In millions of U.S. dollars)
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
Cash flows from operations:		
Net income (loss)	$ 65	$ (34)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Unrealized devaluation loss, net	30	25
Impairment of digital assets	2	—
Depreciation and amortization	84	38
Accrued interest	(24)	(4)
Non cash interest, convertible notes amortization of debt discount and amortization of debt issuance costs and other charges	40	34
Bad debt charges	255	84
Financial results on derivative instruments	37	(19)
LTRP accrued compensation	30	22
Deferred income taxes	(24)	4
Changes in assets and liabilities:		
Accounts receivable	(71)	21
Credit cards receivables and other means of payments	(447)	(62)
Prepaid expenses	(35)	(15)
Inventories	38	(19)
Other assets	(30)	(35)
Payables and accrued expenses	(148)	(144)
Funds payable to customers	(89)	(110)
Amounts payable due to credit and debit card transactions	28	3
Other liabilities	—	(63)
Interest received from investments	26	9
Net cash used in operating activities	(233)	(265)
Cash flows from investing activities:		
Purchase of investments	(2,903)	(2,415)
Proceeds from sale and maturity of investments	2,425	2,589
Receipts from settlements of derivative instruments	—	2
Payment for settlements of derivative instruments	(2)	(4)
Purchases of intangible assets	—	(8)
Changes in principal of loans receivable, net	(607)	(149)
Purchases of property and equipment	(137)	(113)
Net cash used in investing activities	(1,224)	(98)
Cash flows from financing activities:		
Proceeds from loans payable and other financial liabilities	3,324	1,840
Payments on loans payable and other financial liabilities	(3,129)	(704)
Payments on repurchase of the 2028 Notes	—	(1,865)
Payment of finance lease obligations	(4)	(4)
Purchase of convertible note capped call	—	(101)
Common Stock repurchased	(39)	(25)
Net cash provided by (used in) financing activities	152	(859)
Effect of exchange rate changes on cash, cash equivalents, restricted cash and cash equivalents	71	(98)
Net decrease in cash, cash equivalents, restricted cash and cash equivalents	(1,234)	(1,320)
Cash, cash equivalents, restricted cash and cash equivalents, beginning of the period	$ 3,648	$ 2,508
Cash, cash equivalents, restricted cash and cash equivalents, end of the period	$ 2,414	$ 1,188

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

1. Nature of Business

MercadoLibre, Inc. (“MercadoLibre” or 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 solution, MercadoLibre enables individuals and businesses to send and receive digital payments; 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 product and services on the web; through Mercado Shops, MercadoLibre allows users to set-up, manage, and promote their own on-line 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 March 31, 2022, 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 and Uruguay, 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 and Peru.

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 (“VIE”). Investments in entities where the Company holds joint control, but not control, over the investee are accounted for using the equity method of accounting. These interim condensed consolidated financial statements are stated in U.S. dollars, except where otherwise indicated. Intercompany transactions and balances with subsidiaries have been eliminated for consolidation purposes.

Substantially all net revenues, cost of net revenues and operating expenses are generated in the Company’s foreign operations. Long-lived assets, intangible assets and goodwill located in the foreign jurisdictions totaled $1,152 million and $978 million as of March 31, 2022 and December 31, 2021, respectively.

These interim condensed consolidated financial statements reflect the Company’s consolidated financial position as of March 31, 2022 and December 31, 2021. These consolidated financial statements include the Company’s consolidated statements of income, comprehensive income, equity and cash flows for the three-month periods ended March 31, 2022 and 2021. These 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, 2021, contained in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”). The Company has evaluated all subsequent events through the date these condensed consolidated financial statements were issued. The 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 Form 10-K for the year ended December 31, 2021. During the three-month period ended March 31, 2022, there were no material updates made to the Company’s significant accounting policies, except for the adoption of ASU 2020-06 as of January 1, 2022. See section Recently Adopted Accounting Standards of this Note.

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 Annual Report on Form 10-K for the year ended December 31, 2021.

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. Receivables are presented net of allowance for doubtful account, uncollectible accounts and chargebacks of $720 million and $474 million as of March 31, 2022 and December 31, 2021, respectively.

Deferred revenue 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 reporting period. Deferred revenue as of December 31, 2021 was $34 million, of which $12 million was recognized as revenue during the three-month periods ended March 31, 2022.

As of March 31, 2022, total deferred revenue was $34 million, mainly due to fees related to classifieds advertising services billed and loyalty programs that are expected to be recognized as revenue in the coming months.

Digital Assets

The Company accounts for its digital assets—cryptocurrencies—as indefinite-lived intangible assets, in accordance with Accounting Standards Codification ("ASC") 350, Intangibles—Goodwill and Other. The Company has ownership of and control over its digital assets and uses third-party custodial services to store its digital assets. The Company's digital assets are initially recorded at cost. Subsequently, they are measured at cost, net of any impairment losses incurred since acquisition.

The Company performs an analysis each quarter to identify whether events or changes in circumstances, principally decreases in the quoted prices on the active exchange, indicate that any decrease in the fair values of the digital assets below the carrying values for such assets subsequent to their acquisition will result in a recognition of impairment charges. The Company considers the lowest price of the digital asset on the active exchange since the acquisition of the asset to perform the impairment analysis. MercadoLibre determines the fair value of its digital assets in accordance with ASC 820, Fair Value Measurement.

Impairment losses are recognized in the period in which the impairment is identified. The impaired digital assets are written down to their fair value at the time of impairment and this new cost basis will not be adjusted upward for any subsequent increase in fair value. Gains (if any) are not recorded until realized upon sale. In determining the gain to be recognized upon sale, the Company calculates the difference between the sales price and carrying value of the digital assets sold immediately prior to sale.

Repurchase of 2.00% Convertible Senior Notes due 2028 - Extinguishment of debt

The derecognition of a convertible debt is based on the principle that an entity is extinguishing the liability component and reacquiring the equity component that was recognized at issuance. This approach is applied whether the debt was settled in cash, shares, other assets (or any combination), or at maturity upon conversion or upon early extinguishment. The settlement consideration is first allocated to the extinguishment of the liability component equal to the fair value of that component immediately prior to extinguishment. Any difference between that allocated amount and the net carrying amount of the liability component and unamortized debt issuance costs should be recognized as a gain or loss on debt extinguishment. Any remaining consideration is allocated to the reacquisition of the equity component and recognized as a reduction of stockholders' equity. Any paid premium included in the repurchase price should be recognized as a loss when the debt is extinguished.

Foreign currency translation

All of the Company's consolidated foreign operations use the local currency as 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 year-end exchange rates while income and expense accounts are translated at the average monthly rates in effect during the year, 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 loss.

Argentine currency status

As of July 1, 2018, the Company transitioned its Argentinian 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.

Since the second half of 2019, the Argentine government instituted certain foreign currency exchange controls, which may restrict or partially restrict access to foreign currency, like the U.S. dollars, to make payments abroad, either for foreign debt or the importation of goods or services, dividend payments and others, without prior authorization. Those regulations have continued to evolve, sometimes making them more or less stringent depending on the Argentine government´s perception of availability of sufficient national foreign currency reserves. The above has led to the existence of an informal foreign currency market where foreign currencies quote at levels significantly higher than the official exchange rate. However, the only exchange rate available for external commerce and financial payments is the official exchange rate, which as of March 31, 2022 was 111.01.

The Company uses Argentina's official exchange rate to record the accounts of Argentine subsidiaries. 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 March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
	(In millions)	
Assets	$ 2,446	$ 2,479
Liabilities	1,689	1,874
Net Assets	$ 757	$ 605

Income taxes

The Company is subject to U.S. and foreign income taxes. The Company accounts for income taxes following the liability method of accounting which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred tax assets are also recognized for tax loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets or liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company's income tax expense consists of taxes currently payable, if any, plus the change during the period in the Company's deferred tax assets and liabilities.

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. Accordingly, Management periodically assesses the need to establish a valuation allowance for deferred tax assets considering positive and negative objective evidence related to the realization of the deferred tax assets. In connection with this 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 that would be employed by the Company to prevent tax loss carryforwards from expiring unutilized. Based on Management's assessment of available objective evidence and considering the future effect of the Company's initiatives to capture long-term business opportunities, the Company increased its valuation allowance in certain subsidiaries in its Mexican operations by $15 million and $12 million for the three-month periods ended March 31, 2022 and 2021, respectively.

On June 10, 2019, the Argentine government enacted Law No. 27,506 (knowledge-based economy promotional regime), which established a regime that provides certain tax benefits for companies that meet specific criteria, such as companies that derive at least 70% of their revenues from certain specified activities related to the knowledge-based economy. The regime was suspended on January 20, 2020 until new rules for the application of the knowledge-based economy promotional regime were issued.

On October 7, 2020, changes to the knowledge-based economy promotional regime were finally approved by the Congress. The approved regime is effective as of January 1, 2020 through December 31, 2029.

Based on the amended promotional regime, companies that meet new specified criteria shall be entitled to: i) a reduction of the income tax burden of 60% (60% for micro and small enterprises, 40% for medium-sized enterprises and 20% for large enterprises) over the promoted activities for each fiscal year, applicable to both Argentine source income and foreign source income, ii) stability of the benefits established by the knowledge-based economy promotional regime (as long as the beneficiary is registered and in good standing), iii) a non-transferable tax credit bond amounting to 70% (which can be up to 80% in certain specific cases) of the Company's contribution to the social security regime of every employee whose job is related to the promoted activities (caps on the number of employees are applicable). Such bonds can be used within 24 months from their issue date (which period can be extended for an additional 12 months in certain cases) to offset certain federal taxes, such as value-added tax, but they cannot be used to offset income tax.

On December 20, 2020, Argentina's Executive Power issued Decree No. 1034/2020, which set the rules to implement the provisions of the knowledge-based economy promotional regime. Eligible companies must enroll in a registry according to the terms and conditions to be established by the Application Authority, which will verify compliance with the requirements. The Decree also set the mechanism for calculating the level of investment in research and development, the level of employee retention, exports, among others. It also establishes that exports of services from companies participating in this regime will not be subject to export duties.

On January 13, 2021, Argentina's Ministry of Productive Development –current Application Authority of the knowledge-based economy promotional regime– issued Resolution No. 4/2021, which was followed by Disposition N° 11/2021 issued by the Under Secretariat of Knowledge Economy on February 12, 2021. Both rules establish further details on the requirements, terms, conditions, application, and compliance procedures to be eligible under the promotional regime. 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. Tax benefits granted pursuant to the promotional regime to MercadoLibre S.R.L. are retroactive to January 1, 2020. As a result, the Company accounted for an income tax benefit of $1 million during the three-month period ended March 31, 2022. The aggregate per share effect of the income tax benefit amounted to $0.03 for the three-month period ended March 31, 2022. Furthermore, the Company recorded a social security benefit of $15 million during the three-month period ended March 31, 2022. Additionally, during the three-month period ended March 31, 2022, we accrued a charge of $1 million to pay knowledge-based economy promotional law audit fees and FONPEC ("Fondo Fiduciario para la Promoción de la Economía del Conocimiento") contribution.

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 from January 1, 2019 for several reasons including to avoid the mismatch generated by the recognition of certain linked instruments / transactions, separately, in consolidated statement of income and consolidated statement of other comprehensive income and to better reflect the financial model applied for selected instruments.

The Company's election of the fair value option applies to the: i) Brazilian federal government bonds and ii) U.S. treasury notes. As result of the election of the fair value option, the Company recognized gains in interest income and other financial gains of $16 million and $1 million as of March 31, 2022 and 2021, respectively.

Accumulated other comprehensive loss

The following table sets forth the Company’s accumulated other comprehensive loss as of March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
	(In millions)	
Accumulated other comprehensive loss:		
Foreign currency translation	$ (372)	$ (523)
Unrealized (losses) gains on hedging activities	(18)	8
Estimated tax benefit (expense) on unrealized gains (losses)	4	—
	$ (386)	$ (515)

The following tables summarize the changes in accumulated balances of other comprehensive income (loss) for the three-months ended March 31, 2022:

	Unrealized Gains (losses) on hedging activities, net	Foreign Currency Translation	Estimated tax benefit (expense)	Total
		(In millions)		
Balances as of December 31, 2021	$ 8	$ (523)	$ —	$ (515)
Other comprehensive income (loss) before reclassifications	(29)	151	5	127
Amount of (gains) loss reclassified from accumulated other comprehensive income (loss)	3	—	(1)	2
Net current period other comprehensive income (loss)	(26)	151	4	129
Ending balance	$ (18)	$ (372)	$ 4	$ (386)

Details about Accumulated Other Comprehensive Loss Components	Amount of (Loss) Gain Reclassified from Accumulated Other Comprehensive Loss	Affected Line Item in the Statement of Income
	(In millions)	
Unrealized losses on hedging activities	$ (3)	Cost of net revenues and interest expense
Estimated tax benefit on unrealized losses	1	Income tax expense
Total reclassifications for the period	$ (2)	Total, net of income taxes

Use of estimates

The preparation of 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 for allowances for doubtful accounts and chargeback provisions, allowance for loans receivables, 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, compensation costs relating to the Company’s long term retention plan, fair value of convertible debt, fair value of investments, fair value of derivative instruments, income taxes and contingencies and determination of the incremental borrowing rate at commencement date of lease operating agreements. Actual results could differ from those estimates.

Recently Adopted Accounting Standards

On August 5, 2020 the Financial Accounting Standards Board ("FASB") issued the Accounting Standards Update ("ASU") 2020-06 "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging— Contracts in Entity's Own Equity (Subtopic 815-40)." The amendments in this update address issues identified as a result of the complexity associated with applying generally accepted accounting principles for certain financial instruments with characteristics of liabilities and equity. For convertible instruments, accounting models for specific features are removed and amendments to the disclosure requirements are included. For contracts in an entity's own equity, the update simplifies the settlement assessment by removing some requirements. Additionally, the amendments in this update affect the diluted EPS calculation for instruments that may be settled in cash or shares and for convertible instruments. The Company adopted this standard effective January 1, 2022, resulting in an increase of the carrying value of the 2028 Notes of $123 million, a decrease of deferred tax liability of $26 million and a change in the beginning balance of equity of $97 million. In addition, the Company reduced its reported interest expense and is required to use the if-converted method for calculating diluted earnings per share.

Recently issued accounting pronouncements not yet adopted

On March 31, 2022, the FASB issued ASU 2022-02 Troubled Debt Restructurings ("TDRs") and Vintage Disclosures (Topic 326): Financial Instruments – Credit Losses, which eliminates the accounting guidance on TDRs, while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. In addition, the guidance requires disclosure of current-period gross write-offs by year of origination for financing receivables and net investment in leases. The amendments in this update are effective for fiscal years beginning after December 15, 2022 and interim periods within those fiscal years. The amendments should be applied prospectively, except for the transition method related to the recognition and measurement of TDRs, where an entity has the option to apply a modified retrospective transition method, resulting in a cumulative-effect adjustment to retained earnings in the period of adoption. The Company is assessing the effects that the adoption of this accounting pronouncement may have on its financial statements.

On March 31, 2022, the Securities and Exchange Commission released the Staff Accounting Bulletin (SAB) No. 121. This SAB express views of the staff regarding the accounting for entities that have obligations to safeguard crypto-assets held for their platform users as well as any agent acting on its behalf in safeguarding the users' crypto-assets. As long as an entity is responsible for safeguarding the crypto-assets held for its platform users, including maintaining the cryptographic key information necessary to access the crypto-assets, the staff believes that the entity should present a liability on its balance sheet to reflect its obligation to safeguard the crypto-assets held for its platform users, which should be measured at initial recognition and each reporting date at the fair value. The staff also believes it would be appropriate for the entity to recognize an asset at the same time that it recognizes the safeguarding liability, measured at initial recognition and each reporting date at the fair value of the crypto-assets held for its platform users. This interpretation is effective the first interim or annual period ending after June 15, 2022, with retrospective application as of the beginning of the fiscal year to which the interim or annual period relates. The Company is assessing whether is under the scope of this interpretation and the effects that the application of this interpretation may have on its financial statements.

On October 28, 2021 the FASB issued the ASU 2021-08 "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers." The amendments in this update improve comparability for the recognition and measurement of acquired revenue contracts with customers at the date of and after a business combination by specifying for all acquired revenue contracts regardless of their timing of payment (1) the circumstances in which the acquirer should recognize contract assets and contract liabilities that are acquired in a business combination and (2) how to measure those contract assets and contract liabilities. The amendments provide consistent recognition and measurement guidance for revenue contracts with customers acquired in a business combination and revenue contracts with customers not acquired in a business combination. The amendments in this update are effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years and should be applied prospectively to business combinations occurring on or after the effective date of the amendments. The Company is assessing the effects that the adoption of this accounting pronouncement may have on its financial statements.

3. Net income (loss) per share

Basic earnings per share for the Company’s common stock is computed by dividing, net income (loss) available to common shareholders attributable to common stock for the period by the weighted average number of common shares outstanding during the period.

On August 24, 2018 and August 31, 2018 the Company issued an aggregate principal amount of $880 million of 2.00% Convertible Senior Notes due 2028 (see Note 11 to these interim condensed consolidated financial statements). The conversion of these notes are included in the calculation for diluted earnings per share utilizing the “if converted” method. Accordingly, conversion of these Notes is not assumed for purposes of computing diluted earnings per share if the effect is antidilutive.

The denominator for diluted net income (loss) per share for the three-month periods ended March 31, 2022 and 2021 does not include any effect from the 2028 Notes Capped Call Transactions (as defined in Note 11) because it would be antidilutive. In the event of conversion of any or all of the 2028 Notes, the shares that would be delivered to the Company under the Capped Call Transactions (as defined in Note 11) are designed to partially neutralize the dilutive effect of the shares that the Company would issue under the Notes. See Note 11 to these interim condensed consolidated financial statements and Note 16 to the financial statements for the year ended December 31, 2021, contained in the Company’s Annual Report on Form 10-K filed with the SEC for more details.

Net income (loss) per share of common stock is as follows for the three-month periods ended March 31, 2022 and 2021:

	Three Months Ended March 31,			
	2022		2021	
	(In millions)			
	Basic	Diluted	Basic	Diluted
Net income (loss) per common share	$ 1.30	$ 1.30	$ (0.68)	$ (0.68)
Numerator:				
Net income (loss) corresponding to common stock	$ 65	$ 65	$ (34)	$ (34)
Denominator:				
Weighted average of common stock outstanding for Basic earnings per share	50,408,754	—	49,867,625	—
Adjusted weighted average of common stock outstanding for Diluted earnings per share	—	50,408,754	—	49,867,625

4. 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:

	March 31, 2022	December 31, 2021
	(In millions)	
Cash and cash equivalents	$ 1,573	$ 2,585
Restricted cash and cash equivalents		
Securitization Transactions	$ 410	$ 282
Sovereign Debt Securities (Central Bank of Brazil Mandatory Guarantee)	—	296
Bank account (Argentine Central Bank regulation)	374	449
Bank account (Chilean Financial Market Commission)	40	21
Money Market Funds (Secured lines of credit guarantee)	16	15
Cash in bank account	1	—
Total restricted cash and cash equivalents	$ 841	$ 1,063
Total cash, cash equivalents, restricted cash and cash equivalents (*)	$ 2,414	$ 3,648
Short-term investments		
Time Deposits	$ 19	$ 16
Sovereign Debt Securities (Central Bank of Brazil mandatory guarantee)	941	602
Sovereign Debt Securities	372	192
Corporate Debt Securities	80	—
Total short-term investments	$ 1,412	$ 810
Long-term investments		
Sovereign Debt Securities (**)	$ 52	$ 23
Securitization Transactions (***)	15	13
Equity interest held at cost	54	53
Total long-term investments	$ 121	$ 89

(*) Cash, cash equivalents, restricted cash and cash equivalents as reported in the consolidated statements of cash flow.
(**) $16 million held by the Company's Brazilian subsidiary in guarantee for secured lines of credit. (See Note 11 – Loans payable and other financial liabilities).
(***) Investments from securitization transactions are restricted to the payment of amounts due to third-party investors.

Regulation issued by Central Bank of Argentina ("CBA")

a) In January 2020, the CBA enacted regulations related to payment service providers that applies to fintech companies that are not financial institutions, but nevertheless provide payment services in at least one of the processes of the payments system and offer a payment account to its customers. On July 7, 2020, the CBA approved the registration of the Argentine subsidiary in the registry for payment service providers who offer payment accounts ("PSPOCP" according to its Spanish acronym). These regulations set forth certain rules that require PSPOCP to, among other things, (i) deposit and maintain users' funds in specific local bank accounts, payable on demand; (ii) implement a monthly reporting regime with the CBA; (iii) segregate information related to users' investments funds; (iv) segregate the Company's funds from users' funds; and (v) to comply with transparency provisions regarding PSPOCP's advertising material and documents. As of March 31, 2022, in accordance with the regulation, the Company held customer's funds for the amount of $374 million representing the total amount of funds in payment accounts of customers, payable to them on demand.

b) On December 30, 2021, the board of the CBA issued a regulation by which financial institutions must set up a reserve of 100% of the customer funds deposited by payment service providers that offer payment accounts. According to this new regulation, from January 1, 2022, 100% of our customer funds that have not been invested by users in Mercado Fondo, have to remain deposited at the CBA and available for users. On January 13, 2022, we challenged such regulation, and sought for an injunction to suspend the effects pending resolution of the challenge. On March 22, 2022, the CBA rejected our challenge. On April 22, 2022, we sought a new preliminary injunction with the courts, in order to suspend the effects of the regulation until a final decision on the merits is granted on the case to be initiated within 90 days following that request, which is pending resolution by the court. As of the date of issuance of this report, the Company is reviewing its legal strategy to continue litigating this case with the Courts.

Regulation issued by Central Bank of Brazil

On November 1, 2018, the Company obtained approval from the Central Bank of Brazil to operate as an authorized payment institution. With this authorization, Mercado Pago in Brazil is subject to the supervision of the Central Bank of Brazil and must fully comply with all obligations established by current regulations. Among other obligations, the regulations require authorized payment institutions to hold any electronic balance in a payment institution account in either a specific account of the Central Bank of Brazil that does not pay interest or Brazilian federal government bonds registered with the "Sistema Especial de Liquidacao e Custodia." 100% of electronic funds were required to be deposited as of March 31, 2022 and December 31, 2021, respectively. As of March 31, 2022, in accordance with the regulation, the Company held $941 million deposited in Brazilian federal government bonds, respectively, as a mandatory guarantee (the "Central Bank of Brazil Mandatory Guarantee").

During March 2022, the Central Bank of Brazil announced new prudential rules for payment institutions based on their size and complexity and raising standards for required capital. The new framework, which will be effective starting in January 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 Company is assessing the effects that the new rules may have on its regulated Brazilian subsidiaries.

Chilean subsidiaries regulated by Financial Market Commission

On November 5, 2021, by means of exempt resolution No. 6312, the Financial Market Commission (Comisión para el Mercado Financiero – "CMF") authorized Mercado Pago Emisora S.A. to carry out the exclusive business of non-bank issuer of payment cards with provision of funds. Mercado Pago Emisora S.A. became an institution regulated by the CMF, being obligated, among other things, to: (i) deliver information on its financial and operational management on a regular basis; (ii) maintain certain minimum capital required; (iii) to set up a determine liquidity reserve; and (iv) to deposit and maintain users' funds in specific banks' accounts.

On November 9, 2021, by means of exempt resolution No. 6358, the CMF authorized MercadoPago S.A. to carry out the exclusive business of payment card operator. With this authorization, Mercado Pago S.A. became an institution regulated by the CMF, being obliged, among other things, to: (i) provide information on its financial and operational management on a regular basis: (ii) maintain certain minimum capital required; and (iii) to constitute a determined liquidity reserve.

As of March 31, 2022, in accordance with the regulations, the Chilean subsidiaries held $40 million as restricted cash related to liquidity reserves.

5. Loans receivable, net

The Company manages loans receivable as "On-line merchant", "Consumer", "In-store merchant" and "Credit Cards." As of March 31, 2022 and December 31, 2021, Loans receivable, net were as follows:

	March 31, 2022	December 31, 2021
	(In millions)	
On-line merchant	$ 426	$ 361
Consumer	1,270	851
In-store merchant	251	187
Credit Cards	468	296
Loans receivable	2,415	1,695
Allowance for uncollectible accounts	(678)	(435)
Loans receivable, net	$ 1,737	$ 1,260

The credit quality analysis of loans receivable was as follows:

	March 31, 2022	December 31, 2021
	(In millions)	
1-30 days past due	$ 145	$ 90
31-60 days past due	90	47
61 -90 days past due	88	37
91 -120 days past due	71	37
121 -150 days past due	55	31
151 -180 days past due	41	25
181 -210 days past due	39	24
211 -240 days past due	34	23
241 -270 days past due	28	21
271 -300 days past due	26	21
301 -330 days past due	26	30
331 -360 days past due	23	25
Total past due	666	411
To become due	1,749	1,284
Total	$ 2,415	$ 1,695

The following table summarizes the allowance for uncollectible accounts activity during the three-month period ended March 31, 2022 and 2021:

	March 31,	
	2022	2021
	(In millions)	
Balance at beginning of year	$ 435	$ 78
Charged/credited to Net Income (loss)	253	86
Charges/Utilized /Currency translation adjustments/Write-offs	(10)	(24)
Balance at end of period	$ 678	$ 140

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6. Goodwill and intangible assets

Intangible assets

The composition of goodwill and intangible assets is as follows:

	March 31, 2022	December 31, 2021
	(In millions)	
Goodwill	$ 162	$ 148
Intangible assets with indefinite lives		
- Trademarks	7	8
- Digital assets (1)(2)	19	21
Amortizable intangible assets		
- Licenses and others	13	13
- Non-compete agreement	4	4
- Customer list	13	13
- Trademarks	8	7
- Hubs Network	4	3
- Others	4	3
Total intangible assets	$ 72	$ 72
Accumulated amortization	(29)	(27)
Total intangible assets, net	$ 43	$ 45

(1) Digital assets are net of $11 million and $9 million of impairment losses as of March 31, 2022 and December 31, 2021.
(2) As of March 31, 2022, $19 million of digital assets were lent to a counterpart in return for a fee. The Company has not surrendered the control of the assets.

Goodwill

The changes in the carrying amount of goodwill for the three-month period ended March 31, 2022 and the year ended December 31, 2021 are as follows:

	Three Months Ended March 31, 2022						
	Brazil	Argentina	Mexico	Chile	Colombia	Other Countries	Total
	(In millions)						
Balance, beginning of the period	$ 56	$ 10	$ 37	$ 37	$ 6	$ 2	$ 148
Effect of exchange rates changes	10	—	1	3	—	—	14
Balance, end of the period	$ 66	$ 10	$ 38	$ 40	$ 6	$ 2	$ 162

	Year Ended December 31, 2021						
	Brazil	Argentina	Mexico	Chile	Colombia	Other Countries	Total
	(In millions)						
Balance, beginning of the year	$ 20	$ 10	$ 32	$ 17	$ 4	$ 2	$ 85
Business Acquisitions	37	—	6	23	2	—	68
Effect of exchange rates changes	(1)	—	(1)	(3)	—	—	(5)
Balance, end of the year	$ 56	$ 10	$ 37	$ 37	$ 6	$ 2	$ 148

Amortizable intangible assets

Intangible assets with definite useful life are comprised of customer lists, non-compete and non-solicitation agreements, acquired software licenses and other acquired intangible assets including developed technologies and trademarks. Aggregate amortization expense for intangible assets totaled $5 million and $1 million for the three-month periods ended March 31, 2022 and 2021.

The following table summarizes the remaining amortization of intangible assets (in millions of U.S. dollars) with definite useful life as of March 31, 2022:

For year ended 12/31/2022	$ 5
For year ended 12/31/2023	5
For year ended 12/31/2024	3
For year ended 12/31/2025	1
Thereafter	3
	$ 17

7. Segment reporting

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, Argentina, Mexico and other countries (which includes Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Honduras, Nicaragua, El Salvador, Bolivia, Guatemala, Panama, Paraguay, Peru, Uruguay and the United States of America).

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

	Three Months Ended March 31, 2022				
	Brazil	Argentina	Mexico	Other Countries	Total
	(In millions)				
Net revenues	$ 1,252	$ 518	$ 364	$ 114	$ 2,248
Direct costs	(1,065)	(320)	(328)	(110)	(1,823)
Direct contribution	187	198	36	4	425
Operating expenses and indirect costs of net revenues					(286)
Income from operations					139
Other income (expenses):					
Interest income and other financial gains					31
Interest expense and other financial losses					(56)
Foreign currency losses					(3)
Net income before income tax expense					$ 111

	Three Months Ended March 31, 2021				
	Brazil	Argentina	Mexico	Other Countries	Total
			(In millions)		
Net revenues	$ 769	$ 297	$ 230	$ 82	$ 1,378
Direct costs	(618)	(189)	(221)	(64)	(1,092)
Direct contribution	151	108	9	18	286
Operating expenses and indirect costs of net revenues					(195)
Income from operations					91
Other income (expenses):					
Interest income and other financial gains					25
Interest expense and other financial losses					(91)
Foreign currency losses					(15)
Net income before income tax expense					$ 10

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

	March 31, 2022	December 31, 2021
	(In millions)	
US property and equipment, net	$ 1	$ 1
Other countries		
Argentina	183	174
Brazil	518	395
Mexico	190	176
Other countries	75	61
	$ 966	$ 806
Total property and equipment, net	$ 967	$ 807

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

	March 31, 2022	December 31, 2021
	(In millions)	
US intangible assets	$ 19	$ 21
Other countries goodwill and intangible assets		
Argentina	16	16
Brazil	69	60
Mexico	43	41
Chile	48	45
Other countries	10	10
	$ 186	$ 172
Total goodwill and intangible assets	$ 205	$ 193

Consolidated net revenues by similar products and services for the three-month periods ended March 31, 2022 and 2021 were as follows:

	Three Months Ended March 31,	
Consolidated Net Revenues	2022	2021
	(In millions)	
Commerce	$ 1,277	$ 911
Fintech	971	467
Total	$ 2,248	$ 1,378

8. Fair value measurement of assets and liabilities

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2022 and December 31, 2021:

Description	Balances as of March 31, 2022	Quoted Prices in active markets for identical Assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable inputs (Level 3)	Balances as of December 31, 2021	Quoted Prices in active markets for identical Assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable inputs (Level 3)
				(In millions)				
Assets								
Cash and Cash Equivalents:								
Money Market Funds	$ 479	$ 479	$ —	$ —	$ 1,079	$ 1,079	$ —	$ —
Sovereign Debt Securities	—	—	—	—	16	16	—	—
Corporate Debt Securities	60	60	—	—	—	—	—	—
Restricted Cash and cash equivalents:								
Money Market Funds	300	300	—	—	210	210	—	—
Sovereign Debt Securities (Central Bank of Brazil Mandatory Guarantee)	—	—	—	—	296	296	—	—
Investments:								
Sovereign Debt Securities (Central Bank of Brazil Mandatory Guarantee)	941	941	—	—	602	602	—	—
Sovereign Debt Securities	439	439	—	—	228	228	—	—
Corporate Debt Securities	80	80	—	—	—	—	—	—
Other Assets:								
Derivative Instruments	1	—	—	1	17	—	—	17
Total Financial Assets	$ 2,300	$ 2,299	$ —	$ 1	$ 2,448	$ 2,431	$ —	$ 17
Liabilities:								
Contingent considerations	$ 9	$ —	$ —	$ 9	$ 9	$ —	$ —	$ 9
Long-term retention plan	33	—	33	—	103	—	103	—
Derivative Instruments	53	—	—	53	6	—	—	6
Total Financial Liabilities	$ 95	$ —	$ 33	$ 62	$ 118	$ —	$ 103	$ 15

As of March 31, 2022 and December 31, 2021, the Company's financial assets and liabilities were valued at fair value 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 assumptions. Fair value of derivative instruments is determined considering the prevailing risk free interest rate and spot exchange rate. Fair value of contingent considerations are determined based on the probability of achievement of the performance targets arising from each acquisition, as well as the Company's historical experience with similar arrangements.

As of March 31, 2022 and December 31, 2021, the carrying value of the Company's financial assets and liabilities measured at amortized cost approximated their fair value mainly because of their short-term maturity. These assets and liabilities included cash, cash equivalents, restricted cash and cash equivalents and short-term investments (excluding money markets funds and debt securities), accounts receivable, credit cards receivable and other means of payment, loans receivable, funds payable to customers, amounts payable due to credit and debit card transactions, other assets (excluding derivative instruments), accounts payable, salaries and social security payable (excluding variable LTRP), taxes payable, provisions and other liabilities (excluding contingent considerations and derivative instruments). As of March 31, 2022 and December 31, 2021, the estimated fair value of the 2028 Notes, which is based on Level 2 inputs, is $333 million and $331 million, respectively, and were determined based on market interest rates. The rest of the loans payable and other financial liabilities approximate their fair value because the effective interest rates are not materially different from market interest rates.

The following table summarizes the fair value level for those financial assets and liabilities of the Company measured at amortized cost as of March 31, 2022 and December 31, 2021:

	Balances as of March 31, 2022	Significant other observable inputs (Level 2)	Balances as of December 31, 2021	Significant other observable inputs (Level 2)
	(In millions)			
Assets				
Time Deposits	$ 19	$ 19	$ 16	$ 16
Accounts receivable, net	98	98	98	98
Credit Cards receivable and other means of payment, net	2,512	2,512	1,839	1,839
Loans receivable, net	1,737	1,737	1,260	1,260
Other assets	515	515	458	458
Total Assets	$ 4,881	$ 4,881	$ 3,671	$ 3,671
Liabilities				
Accounts payable and accrued expenses	$ 1,027	$ 1,027	$ 1,036	$ 1,036
Funds payable to customers	2,483	2,483	2,393	2,393
Amounts payable due to credit and debit card transactions	424	424	341	341
Salaries and social security payable	291	291	230	230
Taxes payable	305	305	291	291
Loans payable and other financial liabilities (*)	4,097	3,994	3,518	3,534
Other liabilities	127	127	117	117
Total Liabilities	$ 8,754	$ 8,651	$ 7,926	$ 7,942

(*) The fair value of the 2028 Notes (including the conversion option) is disclosed in Note 11.

As of March 31, 2022 and December 31, 2021, the fair value of money market funds, sovereign and corporate debt securities classified as available for sale securities are as follows:

	March 31, 2022			
	Cost	Financial Gains	Financial Losses	Estimated Fair Value
	(In millions)			
Cash and cash equivalents				
Money Market Funds	$ 479	$ —	$ —	$ 479
Corporate Debt Securities	60	—	—	60
Total Cash and cash equivalents	$ 539	$ —	$ —	$ 539
Restricted cash and cash equivalents				
Money Market Funds	$ 300	$ —	$ —	$ 300
Total Restricted cash and cash equivalents	$ 300	$ —	$ —	$ 300
Short-term investments				
Sovereign Debt Securities (Central Bank of Brazil Mandatory Guarantee) (1)	$ 934	$ 7	$ —	$ 941
Sovereign Debt Securities (1)	373	—	(1)	372
Corporate Debt Securities	80	—	—	80
Total Short-term investments	$ 1,387	$ 7	$ (1)	$ 1,393
Long-term investments				
Sovereign Debt Securities (1)	$ 57	$ 10	$ —	$ 67
Total Long-term investments	$ 57	$ 10	$ —	$ 67
Total	$ 2,283	$ 17	$ (1)	$ 2,299

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

	December 31, 2021			
	Cost	Financial Gains	Financial Losses	Estimated Fair Value
	(In millions)			
Cash and cash equivalents				
Money Market Funds	$ 1,079	$ —	$ —	$ 1,079
Sovereign Debt Securities (1)	16	—	—	16
Total Cash and cash equivalents	$ 1,095	$ —	$ —	$ 1,095
Restricted Cash and cash equivalents				
Money Market Funds	$ 210	$ —	$ —	$ 210
Sovereign Debt Securities (Central Bank of Brazil Mandatory Guarantee) (1)	295	1	—	296
Total Restricted Cash and cash equivalents	$ 505	$ 1	$ —	$ 506
Short-term investments				
Sovereign Debt Securities (Central Bank of Brazil Mandatory Guarantee) (1)	$ 595	$ 7	$ —	$ 602
Sovereign Debt Securities (1)	192	—	—	192
Total Short-term investments	$ 787	$ 7	$ —	$ 794
Long-term investments				
Sovereign Debt Securities (1)	$ 35	$ 1	$ —	$ 36
Total Long-term investments	$ 35	$ 1	$ —	$ 36
Total	$ 2,422	$ 9	$ —	$ 2,431

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

As of March 31, 2022, the estimated fair value (in millions of U.S. dollars) of money market funds, sovereign and corporate debt securities classified by their effective maturities are as follows:

One year or less	2,232
One year to two years	1
Two years to three years	8
Three years to four years	4
Four years to five years	28
More than five years	26
Total	$ 2,299

9. 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 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 March 31, 2022, the Company had accounted for estimated liabilities involving proceeding-related contingencies and other estimated contingencies of $23 million to cover legal actions against the Company in 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 March 31, 2022, 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 for an estimated aggregate amount up to $81 million. No loss amounts have been accrued for such reasonably possible legal actions.

Tax Claims

Interstate rate of ICMS-DIFAL on interstate sales

During 2020 and 2021, the Brazilian subsidiaries, Ebazar.com.br Ltda. and Mercado Pago Instituição de Pagamento Ltda., filed 15 writs of mandamus before the State Courts of Justice where these companies have sales branches in order to prevent Brazilian states from collecting the ICMS ("Imposto sobre Circulação de Mercadorias, Serviços de Transporte Interestadual, Intermunicipal e Comunicação") on interstate sales at a differential rate ("ICMS-DIFAL") without the existence of a complementary law. Four of these cases were filed in 2020 and the other 11 were filed in 2021, after Ebazar.com.br Ltda. opened new branches. On February 24, 2021, the Brazilian Supreme Court ruled on the controversy in a binding precedent, which declared the unconstitutionality of ICMS-DIFAL without the proper complementary law. In the same case, however, the Supreme Court ruled on the modulation of the effects of its decision (ex tunc.). Therefore, those 11 cases filed by the Company after the Supreme Court's decision may not stand because of the modulation of effects with respect to that decision. The Management's opinion, based on the opinion of external legal counsel, is that the risk of losing is probable. For that reason, the Company has recorded a $7 million provision related to these 11 cases for the disputed amounts. For the other 4 cases filed before the Supreme Court's decision, the risk of losing is remote.

In January 2022, (therefore, already in the course of fiscal year 2022 and already in full application of the understanding of the Supreme Court for unconstitutionality), supplementary Law No. 190/22 was published, outlining the general rules for the requirement of DIFAL and expressly mentioning the need to comply with the principle of anticipation. Notwithstanding this provision, which expressly points to the need to comply with the anticipation, the Brazil's Federation Units have not complied with this guarantee. Therefore, Ebazar.com.br Ltda. and Mercado Pago Instituição de Pagamento Ltda., filed writs of mandamus to the 27 Federation Units, aiming not to have demanded DIFAL. 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.

Buyer protection program

The Company provides consumers with a buyer protection program ("BPP") for all transactions completed through the Company's online payment solution ("Mercado Pago"). This program is designed to protect buyers in the Marketplace from losses due primarily to fraud or counterparty non-performance. 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 or does not match the seller's description. 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 (i.e. Black Friday, Hot Sale), 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 March 31, 2022 and December 31, 2021, Management's estimate of the maximum potential exposure related to the Company's buyer protection program is $2,958 million and $2,964 million, respectively, for which the Company recorded an allowance of $6 million and $5 million, respectively.

Commitments

The Company committed to purchase cloud platform services from two U.S. suppliers based on the following terms:

a) for a total amount of $824 million, to be fully paid off between October 1, 2021 and September 30, 2026. As of March 31, 2022, the Company had paid $44 million in relation thereto; and

b) for a total amount of $108 million, to be fully paid off between September 17, 2021 and September 17, 2024. As of March 31, 2022, the Company had paid $10 million in relation thereto.

10. Long term retention program (“LTRP”)

The following table summarizes the long term retention program accrued compensation expense for the three-month periods ended March 31, 2022 and 2021, which are payable in cash according to the decisions made by the Board of Directors:

	Three Months Ended March 31,	
	2022	2021
	(In millions)	
LTRP 2016	$ —	$ (1)
LTRP 2017	(1)	(1)
LTRP 2019	6	8
LTRP 2020	7	10
LTRP 2021	8	6
LTRP 2022	10	—
Total LTRP	$ 30	$ 22

11. Loans payable and other financial liabilities

The following table summarizes the Company’s Loans payable and other financial liabilities as of March 31, 2022 and December 31, 2021:

Type of instrument	Currency	Interest	Weighted Average Interest Rate		Maturity	Book value as of March 31, 2022	Book value as of December 31, 2021
						(In millions)	
Current loans payable and other financial liabilities:							
Loans from banks							
Chilean Subsidiary	Chilean Pesos	Fixed	8.04	%	April - June 2022	$ 126	$ 112
Brazilian Subsidiary	US Dollar	Variable	LIBOR 3M + 0.7408	%	April - July 2022	60	60
Brazilian Subsidiary	US Dollar	Fixed	1.30	%	December 2022	50	50
Brazilian Subsidiary	US Dollar	Fixed	1.70	%	November 2022	50	50
Mexican Subsidiary	Mexican Peso	Variable	TIIE + 2.20	%	May - November 2022	68	66
Uruguayan Subsidiary	Uruguayan Pesos	Fixed	6.69	%	June 2022	9	8
Uruguayan Subsidiary	Uruguayan Pesos	Fixed	7.15	%	April - July 2022	16	15
Colombian Subsidiary	Colombian Pesos	Fixed	7.30	%	June 2022	11	16
Chilean Subsidiary	Chilean Pesos	Fixed	8.16	%	April 2022	8	—
Chilean Subsidiary	Chilean Pesos	Fixed	2.46	%	April 2022 - March 2023	2	1
Secured lines of credit							
Argentine Subsidiary	Argentine Pesos	Fixed	37.01	%	April 2022	37	44
Argentine Subsidiary	Argentine Pesos	Fixed	35.69	%	April 2022	26	25
Brazilian Subsidiary	Brazilian Reais				April 2022	16	—
Mexican Subsidiary	Mexican Peso	Fixed	10.08	%	April 2022 - March 2023	4	4
Unsecured lines of credit							
Uruguayan Subsidiary	Uruguayan Pesos	Fixed	7.98	%	April 2022	26	27
Argentine Subsidiary	Argentine Pesos	Fixed	37.05	%	April 2022	97	115
Brazilian Subsidiary	Brazilian Reais	Fixed	1	%	April 2022	1	4
Deposit Certificates							
Brazilian Subsidiary	Brazilian Reais	Variable	IPCA + 5.25 -7.15	%	February - March 2023	75	—
Brazilian Subsidiary	Brazilian Reais	Variable	99% to 126.5% of CDI		April 2022 - March 2023	455	518
Brazilian Subsidiary	Brazilian Reais	Fixed	7.65 - 13.30	%	April 2022 - March 2023	83	41
Brazilian Subsidiary	Brazilian Reais	Variable	CDI + 0.72-0.76	%	May - June 2022	105	23
2028 Notes						1	3
2026 Sustainability Notes						2	4
2031 Notes						5	10
Finance lease obligations						12	10
Collateralized debt						109	77
Other lines of credit						5	2
						$ 1,459	$ 1,285

Type of instrument	Currency	Interest	Weighted Average Interest Rate		Maturity	Book value as of March 31, 2022	December 31, 2021
						(In millions)	
Non-Current loans payable and other financial liabilities:							
2028 Notes						435	312
2026 Sustainability Notes						397	397
2031 Notes						694	694
Financial Bills							
Brazilian Subsidiary	Brazilian Reais	Variable	CDI + 0.95 - 1.10	%	July 2023 - February 2024	111	92
Deposit Certificates							
Brazilian Subsidiary	Brazilian Reais	Variable	106% to 129% of CDI		April 2023 - April 2024	17	3
Finance lease obligations						39	36
Collateralized debt						916	674
Loans from banks							
Chilean Subsidiary	Chilean Pesos	Fixed	2.46	%	April 2023 - April 2025	3	4
Brazilian Subsidiary	Brazilian Reais	Variable	TJLP + 0.8	%	May 2024 - May 2031	5	4
Secured lines of credit							
Mexican Subsidiary	Mexican Peso	Fixed	10.08	%	April 2023 - December 2026	17	17
Other lines of credit						4	-
						$ 2,638	$ 2,233

See Notes 12 and 13 to these 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”). The Company will 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. In connection with the Notes, the Company capitalized $11 million of debt issuance costs, which are amortized during the term of the Notes. The Company intends to allocate an amount equal to the net proceeds from the sale of the 2026 Sustainability Notes to finance or refinance Eligible Projects. “Eligible Projects” are investments and expenditures made by the Company beginning with the issuance date of the 2026 Sustainability Notes or in the 24 months prior to the issuance of the 2026 Sustainability Notes, that: (i) contribute to environmental objectives such as: clean transportation, land conservation and preservation, energy efficiency, renewable energy, green buildings and pollution prevention and control, (ii) aim to address or mitigate a specific social issue or seek to achieve positive social outcomes especially, but not exclusively, for one or more target populations or (iii) combine (i) and (ii).

Certain of the Company’s subsidiaries (the “Subsidiary Guarantors”) fully and unconditionally guarantee the payment of principal, premium, if any, interest, and all other amounts in respect of each of the Notes (the “Subsidiary Guarantees”). The initial Subsidiary Guarantors are 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. (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. 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.

The Notes rank equally in right of payment with all of the Company's other existing and future senior unsecured debt obligations from time to time outstanding. 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 from time to time outstanding, except for statutory priorities under applicable local law.

2.00% Convertible Senior Notes Due 2028

On August 24, 2018, the Company issued $800 million of 2.00% Convertible Senior Notes due 2028 and issued an additional $80 million of notes on August 31, 2018 pursuant to the partial exercise of the initial purchasers' option to purchase such additional notes, for an aggregate principal amount of $880 million of 2.00% Convertible Senior Notes due 2028 (collectively, the "2028 Notes"). The 2028 Notes are unsecured, unsubordinated obligations of the Company, which pay interest in cash semi-annually, on February 15 and August 15 of each year, at a rate of 2.00% per annum. The 2028 Notes will mature on August 15, 2028 unless earlier redeemed, repurchased or converted in accordance with their terms prior to such date. The 2028 Notes may be converted, under specific conditions, based on an initial conversion rate of 2.2553 shares of common stock per $1,000 principal amount of the 2028 Notes (equivalent to an initial conversion price of $443.40 per share of common stock), subject to adjustment as described in the indenture governing the 2028 Notes. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election. As of March 31, 2022, the principal and issuance costs of the 2028 Notes amounted to $439 million and $4 million, respectively. For additional information regarding the 2028 Notes please refer to Note 2 and Note 16 to the audited consolidated financial statements for the year ended December 31, 2021, contained in the Company's Annual Report on Form 10-K filed with the SEC.

During the three-month period ended March 31, 2022, 2 Notes were converted, for a total amount of $2 thousand. The determination of whether or not the Notes are convertible must be performed on a quarterly basis. The Company reconfirmed during the first quarter of 2022 that the conversion threshold was met and the Notes remain eligible for conversion. As of the date of issuance of these interim condensed consolidated financial statements, the Company did not receive additional requests for conversion.

The Company has entered into capped call transactions with respect to shares of its common stock with certain financial institutions (the "2028 Notes Capped Call Transactions"). The 2028 Notes Capped Call Transactions are expected generally to reduce the potential dilution upon conversion of the 2028 Notes in the event that the market price of the Company's common stock is greater than the strike price and lower than the cap price of the 2028 Notes Capped Call Transactions. The amounts the Company has paid, including transaction expenses, are $92 million (August 2018), $11 million (November 2018), $88 million (June 2019), $104 million (June 2020), $83 million (August 2020), $120 million (November 2020) and $101 million (January 2021). In addition, the Company paid $8 million in November 2019 to amend the strike and cap prices of the capped call transaction purchased in November 2018. The cost of the 2028 Notes Capped Call Transactions is included as a net reduction to additional paid-in capital in the stockholders' equity section of the consolidated balance sheets. In June and August 2021, the Company terminated certain of its 2028 Notes Capped Call Transactions and received as consideration $102 million in cash and 57,047 shares of Common Stock, and $294 million in cash and 89,978 shares of Common Stock, respectively. Cash proceeds of terminating certain of the 2028 Notes Capped Call Transactions in June and August 2021 were used to repurchase 71,175 shares and 158,413 shares of Common Stock, respectively.

In January 2021, the Company repurchased $440 million principal amount of the outstanding of the 2028 Notes. The total amount paid amounted to $1,865 million, which includes principal, interest accrued and premium. The settlement consideration was first allocated to the extinguishment of the liability component of the 2028 Notes repurchased. The difference of $30 million between the fair value of the liability component and the net carrying amount of the liability component and unamortized debt issuance costs was recognized as a loss on debt extinguishment; in addition, $19 million paid as a premium was recognized as a loss in Interest expense and other financial losses line in the consolidated statement of income in January 2021. The remaining consideration of $1,484 million (net of income tax effects) was allocated to the reacquisition of the equity component and recognized as a reduction of stockholders' equity.

The total estimated fair value of the 2028 Notes was $1,220 million and $1,367 million as of March 31, 2022 and December 31, 2021, respectively. The fair value was determined based on the closing trading price per $100 principal amount of the 2028 Notes as of the last day of trading for the period. The Company considered the fair value of the 2028 Notes as of March 31, 2022 and December 31, 2021 to be a Level 2 measurement. The fair value of the 2028 Notes is primarily affected by the trading price of the Company's common stock and market interest rates. Based on the $1,189.48 closing price of the Company's common stock on March 31, 2022, the if-converted value of the 2028 Notes exceeded their principal amount by $739 million.

Revolving Credit Agreement

On March 31, 2022, the Company, as borrower, entered into a $400 million revolving credit agreement (the "Credit Agreement"). Under the Credit Agreement, the Company's subsidaries MercadoLibre S.R.L., Ebazar.com.br Ltda, Ibazar.com Atividades De Internet Ltda., Mercado Envios Serviços de Logística 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., Mercado Libre Chile Ltda., and Mercadolibre Colombia Ltda have guaranteed the Company's obligations.

The interest rates under the Credit Agreement are based on Adjusted Term SOFR ("Secured Overnight Funding Rate") plus an interest margin of 1.25% per annum. Any loans drawn under the Credit Agreement must be repaid on or prior to March 31, 2025. The Company is also obligated to pay a commitment fee on the unused amounts of the facility at an annual rate of 0.3125%.

As of March 31, 2022, no amounts have been borrowed under the facility.

12. Securitization Transactions

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

The Company securitizes financial assets associated with its credit cards and loans receivable portfolio. The Company's securitization transactions typically involve the legal transfer of financial assets to bankruptcy remote special purpose entities ("SPEs") or the acquisition of loans receivable portfolios through 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 precluded from recording the transfers of assets in securitization transactions as sales or is required to consolidate the SPE.

The Company securitizes certain credit cards receivable related to user's purchases through Argentine SPEs. According to the SPE contracts, the Company has determined that it has no obligation to absorb losses or the right to receive benefits of the SPE 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 vehicle, its assets, liabilities, and related results are not consolidated in the Company's financial statements.

Additionally, the Company intends to securitize certain credit cards receivable related to user's purchases through Brazilian SPE. According to the SPE contract in place, the Company has determined that it has the obligation to absorb losses or the right to receive benefits of the SPE that could be significant because it retains subordinated interest in the SPEs. As the Company controls the vehicle, 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 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 as of March 31, 2022:

SPEs	Collateralized debt as of March 31, 2022	Interest rate	Currency	Maturity
Mercado Crédito I Brasil Fundo de Investimento Em Direitos Creditórios Não Padronizados	170	CDI + 2.50%	Brazilian Reais	May 2024
Fundo de Investimento Em DireitosCreditórios Arandu	211	CDI + 1.75%	Brazilian Reais	June 2023
Mercado Crédito Fundo de Investimento Em Direitos Creditórios Não Padronizado	23	CDI + 3.50%	Brazilian Reais	August 2023
Olimpia Fundo de Investimento Em Direitos Creditórios	109	CDI + 1.25%	Brazilian Reais	November 2024
Mercado Crédito II Brasil Fundo De Investimento Em Direitos Creditórios Nao Padronizados	172	CDI + 1.90%	Brazilian Reais	May 2028
Mercado Crédito X	2	Badlar rates plus 200 basis points with a min 30% and a max 45%	Argentine Pesos	June 2022
Mercado Crédito XI	6	Badlar rates plus 200 basis points with a min 30% and a max 46%	Argentine Pesos	September 2022
Mercado Crédito Consumo V	4	Badlar rates plus 200 basis points with a min 30% and a max 46%	Argentine Pesos	June 2022
Mercado Crédito Consumo VI	12	Badlar rates plus 200 basis points with a min 30% and a max 46%	Argentine Pesos	August 2022
Mercado Crédito Consumo VII	12	Badlar rates plus 200 basis points with a min 30% and a max 46%	Argentine Pesos	October 2022
Mercado Crédito Consumo VIII (*)	13	Badlar rates plus 200 basis points with a min 30% and a max 50%	Argentine Pesos	January 2023
Mercado Crédito XII	9	Badlar rates plus 200 basis points with a min 30% and a max 46%	Argentine Pesos	November 2022
Mercado Crédito XIII	14	Badlar rates plus 200 basis points with a min 30% and a max 46%	Argentine Pesos	April 2023
Mercado Crédito XIV(*)	17	Badlar rates plus 200 basis points with a min 30% and a max 48%	Argentine Pesos	February 2023
Fideicomiso de administración y fuente de pago CIB/3756	150	The equilibrium interbank interest rate published by Banco de Mexico in the Diario Oficial plus 1.9%	Mexican Pesos	October 2023
Fideicomiso de administración y fuente de pago CIB/3369	101	The equilibrium interbank interest rate published by Banco de Mexico in the Diario Oficial plus 3.0%	Mexican Pesos	April 2024

(*) Mercado Crédito Consumo VIII and Mercado Crédito XIV trusts made a public bond offering in Argentine stock market on April 19, 2022 and May 4, 2022, respectively. As of March 31, 2022, Loans payables owned by these trusts were obtained through private placements.

This secured debt is issued by the SPEs and includes collateralized securities used to fund Mercado Credito 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 interim condensed consolidated financial statements as of March 31, 2022 and December 31, 2021 as follows:

Assets	March 31, 2022	December 31, 2021
	(In millions)	
Current assets:		
Restricted cash and cash equivalents	$ 410	$ 282
Credit cards receivable and other means of payments, net	284	278
Loans receivable, net	867	608
Total current assets	1,561	1,168
Non-current assets:		
Long-term investments	15	13
Loans receivable, net	59	45
Total non-current assets	74	58
Total assets	**$ 1,635**	**$ 1,226**
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	$ 3	$ 1
Loans payable and other financial liabilities	109	77
Total current liabilities	112	78
Non-current liabilities:		
Loans payable and other financial liabilities	916	674
Total non-current liabilities	916	674
Total liabilities	**$ 1,028**	**$ 752**

13. Leases

The Company leases certain fulfillment, cross-docking and services centers, office space, 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:

	March 31, 2022	December 31, 2021
Operating Leases	(In millions)	
Operating lease right-of-use assets	$ 542	$ 461
Operating lease liabilities	$ 543	$ 464
Finance Leases		
Property and equipment, at cost	79	68
Accumulated depreciation	(18)	(14)
Property and equipment, net	$ 61	$ 54
Loans payable and other financial liabilities	$ 51	$ 46

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 at March 31, 2022:

Weighted average remaining lease term	
Operating leases	7 Years
Finance leases	4 Years
Weighted average discount rate (*)	
Operating leases	9 %
Finance leases	14 %

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

The components of lease expense were as follows:

	Three months ended March 31, 2022	2021
	(In millions)	
Operating lease cost	$ 27	$ 16
Finance lease cost:		
Depreciation of property and equipment	4	1
Interest on lease liabilities	2	1
Total finance lease cost	$ 6	$ 2

Supplemental cash flow information related to leases was as follows:

	Three months ended March 31, 2022	2021
Cash paid for amounts included in the measurement of lease liabilities:	(In millions)	
Operating cash flows from operating leases	$ 27	$ 15
Financing cash flows from finance leases	4	4
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 61	$ 65
Finance leases	3	6

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 March, 2022	**Operating Leases**	**Finance Leases**
	(In millions)	
One year or less	$ 124	$ 17
One year to two years	121	18
Two years to three years	114	16
Three years to four years	99	9
Four years to five years	69	7
Thereafter	180	—
Total lease payments	$ 707	$ 67
Less imputed interest	(164)	(16)
Total	$ 543	$ 51

14. Derivative instruments

Cash Flow Hedge

As of March 31, 2022 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 Reais. The Company designated the foreign currency exchange contracts as cash flow hedges, the derivative's gain or loss is initially reported as a component of accumulated other comprehensive income and subsequently reclassified into earnings in the same period the forecasted transaction affects earnings. As of March 31, 2022, the Company estimated that the whole amount of net derivative gains related to its cash flow hedges included in accumulated other comprehensive income will be reclassified into earnings within the next 12 months.

In addition, the Company has entered into swap contracts to hedge the interest rate fluctuation of its financial debt issued by one of its Brazilian subsidiaries. The Company designated the swap contracts as cash flow hedges. The derivative's gain or loss is initially reported as a component of accumulated other comprehensive income and subsequently reclassified into earnings in the same period the interest expense affects earnings.

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 income. The derivative's gain or loss is initially reported as a component of accumulated other comprehensive income and subsequently reclassified into earnings in the same period that the interest expense affects earnings.

Derivative instruments not designated as hedging instruments

As of March 31, 2022, 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 and Mexican subsidiaries, whose functional currencies are the Brazilian Reais and Mexican Peso, respectively. These transactions were not designated as hedges for accounting purposes.

In addition, the Company has entered into full cross currency swap contracts to hedge the interest rate fluctuation and foreign currency fluctuations of its financial debt nominated in U.S. dollars held by its Brazilian subsidiaries that mature in 2022. These transactions were not designated as hedges for accounting purposes.

Finally, as of March 31, 2022, the Company entered into swap contracts to hedge the interest rate fluctuation of its financial debt related to its credit cards receivable securitization transactions. 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 March 31, 2022	Notional Amount as of December 31, 2021
	(In millions)	
Designated as hedging instrument		
Foreign exchange contracts	$ 91	$ 89
Interest rate contracts	$ 48	$ —
Cross currency swap contracts	$ 105	$ 94
Not designated as hedging instrument		
Foreign exchange contracts	$ 82	$ —
Interest rate contracts	$ 343	$ 249
Cross currency swap contracts	$ 160	$ 160

Derivative Instrument Contracts

The fair values of the Company's outstanding derivative instruments as of March 31, 2022 and December 31, 2021 were as follows:

	Balance sheet location	March 31, 2022	December 31, 2021
		(In millions)	
Derivatives			
Cross currency swap contracts designated as net investment hedge	Other non-current Assets	$ —	$ 7
Cross currency swap contracts not designated as hedging instruments	Other current Assets	—	8
Foreign exchange contracts designated as cash flow hedges	Other current Assets	—	2
Interest rate contracts not designated as hedging instruments	Other current Assets	1	—
Cross currency swap contracts not designated as hedging instruments	Other current Liabilities	29	5
Cross currency swap contracts designated as net investment hedge	Other non-current Liabilities	8	—
Foreign exchange contracts not designated as hedging instruments	Other current Liabilities	4	—
Foreign exchange contracts designated as cash flow hedges	Other current Liabilities	12	1

The effects of derivative contracts on the unaudited interim condensed consolidated statement of comprehensive income as of March 31, 2022 were as follows:

	December 31, 2021	Amount of Loss (gains) recognized in other comprehensive loss	Amount of gain (loss) reclassified from accumulated other comprehensive loss	March 31, 2022
			(In millions)	
Foreign exchange contracts designated as cash flow hedges	$ 1	$ (14)	$ 1	$ (12)
Cross currency swap contract designated as net investment hedge	7	(15)	2	(6)
	8	(29)	3	(18)

The effects of derivative contracts not designated as hedging instruments on the unaudited interim condensed consolidated statements of income for the three-month periods ended March 31, 2022 and 2021 were as follows:

	Three Months Ended March 31, 2022	2021
	(In millions)	
Foreign exchange contracts not designated as hedging instruments recognized in interest and other, net	$ (5)	$ 19
Cross currency swap contract not designated as hedging instrument recognized in foreign exchange	(32)	—

15. Share repurchase program

On August 30, 2020, the Board of Directors of MercadoLibre ("the Board") authorized the Company to repurchase shares of the Company's common stock, par value $0.001 per share (the "Common Stock"), for aggregate consideration of up to $350 million. The share repurchase program expired on August 31, 2021. On August 4, 2021, the Board authorized the Company to repurchase shares of the Company's common stock, for aggregate consideration of up to $150 million (the "2021 Authorization"). This authorization, which replaced and superseded the previous authorization, was scheduled to expire on August 31, 2022. On March 1, 2022, the Board authorized an increase in the 2021 Authorization of $300 million, from an aggregate consideration of up to

$150 million to an aggregate consideration of up to $450 million. The Board also authorized an extension of the term of the 2021 Authorization, from August 31, 2022 to August 31, 2023.

The Company expects to purchase shares at any time and from time to time, in compliance with applicable federal securities laws, through open-market purchases, block trades, derivatives, trading plans established in accordance with SEC rules, or privately negotiated transactions. The timing of repurchases will depend on factors including market conditions and prices, the Company's liquidity requirements and alternative uses of capital. The share repurchase program may be suspended from time to time or discontinued, and there is no assurance as to the number of shares that will be repurchased under the program or that there will be any repurchases.

As of March 31, 2022, the Company had acquired 163,820 shares under the aforementioned share repurchase programs.

On June 7, 2021, the Board authorized the use of part or all of the cash proceeds of terminating certain of its 2028 Notes Capped Call Transactions to repurchase shares of common stock. The Board's authorization is in addition to the share repurchase authorization referred to above. Under this authorization the Company had acquired 229,588 shares. This authorization expired on December 31, 2021.

From time to time, the Company acquires shares of its own common stock in the Argentine market and pays for them in Argentine pesos at a price that reflects the additional cost of accessing U.S. dollars through an indirect mechanism, because of restrictions imposed by the Argentine government for buying U.S. dollars at the official exchange rate in Argentina. As a result, the Company recognized a foreign currency loss of $35 million and $18 million for the three-month periods ended March 31, 2022 and 2021, respectively.

16. Subsequent Event

Air Logistic Services Agreement

On April 8, 2022, the Company signed a 10-year agreement with Gol Linhas Aereas S.A. for the provision of air logistics services in Brazil. According to the agreement, Gol Linhas Aereas S.A. will provide logistics services to Mercado Envios through six dedicated aircrafts.

Advisory Agreement and Restricted stock grant

On April 8, 2022, the Company entered into an Advisory Services Agreement with Mr. Stelleo Tolda (former Mercado Libre's Executive officer) whereby he will provide us with certain consulting and advisory services as an independent contractor for a three-year period for a fee of $10,000 per month. The Company also entered into a restricted stock award agreement with Mr. Tolda on April 8, 2022, whereby we will award Mr. Tolda a grant of 5,051 shares of restricted stock under the Amended and Restated 2009 Equity Compensation Plan. One-fifth of the restricted stock award vests on each of the five anniversaries of the grant date, subject to Mr. Tolda's continued compliance with the restrictive covenants set forth in the agreement.

Approval of license to operate as an E-money institution in Mexico

As of March 2018, Mexico enacted a law that regulates Crowdfunding Platforms and E-money Institutions (locally known as Instituciones de Fondos de Pago Electrónico) (the "Fintech Law"). Under the Fintech Law, institutions that provided the aforementioned services prior to its enactment were allowed to continue operating until they successfully completed their license application process before the Mexican National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores, or the "CNBV"). The Company's Mexican subsidiary submitted an application to obtain such license in September 2019.

On April 29, 2022, MercadoLibre, S.A. de C.V. Institución de Fondos de Pago Electrónico, a Mexican subsidiary obtained the final approval by the CNBV to operate as an E-money Institution which implies the ability to issue, manage, redeem and transfer e-money on behalf of its clients, through computer applications, interfaces, web sites or any other means of electronic or digital communication.

The above-mentioned final approval is subject to publication in the Mexican Official Gazette ("Diario Oficial de la Federación"), which should take place within the next 10 business days after the final approval.

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. Forward-looking statements generally relate to information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, future economic, political and social conditions in the countries in which we operate and their possible impact on our business, and the effects of future regulation and the effects of competition. Such forward-looking statements reflect, among other things, our current expectations, plans, projections and strategies, anticipated financial results, future events and financial trends affecting our business, all of which 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. These risks and uncertainties include, among other things:

- our expectations regarding the continued growth of e-commerce and Internet usage in Latin America;
- competition;
- our ability to expand our operations and adapt to rapidly changing technologies;
- our ability to attract new customers, retain existing customers and increase revenues;
- the impact of government, central bank and other regulations on our business;
- litigation and legal liability;
- security breaches and illegal uses of our services;
- systems interruptions or failures;
- our ability to attract and retain qualified personnel;
- consumer trends;
- reliance on third-party service providers;
- enforcement of intellectual property rights;
- our expectations regarding benefits and synergies from recent or future strategic investments, acquisitions of businesses, technologies, services or products;
- seasonal fluctuations;
- our indebtedness;
- volatility of market prices, impairment and unique risks related to loss of the digital assets that we acquire;
- political, social and economic conditions in Latin America;
- our long-term sustainability goals; and
- the current and potential impact of COVID-19 on our net revenues, gross profit margins, operating margins and liquidity due to future disruptions in operations as well as the macroeconomic instability caused by the pandemic.

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. They are subject to future events, risks and uncertainties–many of which are beyond our control– as well as potentially inaccurate assumptions that could cause actual results to differ materially from our expectations and projections. 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 our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 filed with the Securities and Exchange Commission ("SEC") on February 23, 2022 and in other reports we file from time to time with the SEC.

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 our Annual Report on Form 10-K for the year ended December 31, 2021. 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. 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.

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.

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 financial presentation and accounting policies, including our critical accounting policies;
- a discussion of our principal trends and results of operations for the three-month periods ended March 31, 2022 and 2021;
- 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; and
- a description of our non-GAAP financial measures.

Other Information

We routinely post important information for investors on our Investor Relations website, http://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 page views, and we are present in 18 countries: Brazil, Argentina, 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: the Mercado Libre Marketplace, the Mercado Pago fintech solution, the Mercado Envios logistics service, the Mercado Libre Ads solution, the Mercado Libre Classifieds service and the Mercado Shops online storefronts solution.

The Mercado Libre Marketplace, which we sometimes refer to as our 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 MercadoLibre's Marketplaces. Currently, Mercado Pago processes and settles all transactions on our Marketplaces in Brazil, Argentina, Mexico, Chile, Colombia, Uruguay and in Peru. In addition, Mercado Pago grants through our Mercado Credito solution, loans to sellers and buyers in Argentina, Brazil, Mexico, and Chile.

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 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.

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 aircrafts 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 March 31, 2022, we also offer free shipping to buyers in Brazil, Argentina, Mexico, Chile, Colombia, Uruguay and Peru.

Mercado Credito, our credit solution, leverages our user base, which is not only loyal and engaged, but 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 and Mexico, is a critical pillar to building 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, in 2021 we launched in Brazil a cryptocurrency feature as part of the Mercado Pago wallet. This service allows our millions of users to purchase, hold and sell selected cryptocurrencies through our interface without leaving the Mercado Pago application, while a partner acts as the custodian 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 Internet. 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.

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, benefitting both the Commerce and Fintech businesses.

Complementing the service that we offer to our users, 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, Argentina, Mexico and Other Countries (including Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Panama, Peru, Bolivia, Honduras, Nicaragua, El Salvador, Guatemala, Paraguay, Uruguay and the United States of America). 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 three-month periods ended March 31, 2022 and 2021:

	Three-month Periods Ended March 31,	
(% of total consolidated net revenues)	**2022**	**2021**
Brazil	55.7 %	55.8 %
Argentina	23.0	21.6
Mexico	16.2	16.7
Other Countries	5.1	5.9

The following table summarizes the changes in our net revenues by segment for the three-month periods ended March 31, 2022 and 2021:

	Three-month Periods Ended March 31,		Change from 2021 to 2022	
	2022	**2021**	**in Dollars**	**in %**
	(in millions, except percentages)			
Net Revenues:				
Brazil	$ 1,252	$ 769	$ 483	62.8 %
Argentina	518	297	221	74.4
Mexico	364	230	134	58.3
Other Countries	114	82	32	39.0
Total Net Revenues	$ 2,248	$ 1,378	$ 870	63.1 %

Recent Developments

Issuance of a Revolving Credit Facility

On March 31, 2022, we entered into a $400 million revolving credit agreement (the "Credit Agreement") with the lenders party thereto (the "Lenders"), Citibank, N..A. as administrative agent and MercadoLibre S.R.L., Ebazar.com.br Ltda, Ibazar.com Atividades De Internet Ltda., Mercado Envios Serviços de Logística 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., Mercado Libre Chile Ltda., and Mercadolibre Colombia Ltda as initial guarantors.

The interest rates under the Credit Arrangement are based on Adjusted Term SOFR ("Secured Overnight Funding Rate") plus an interest margin of 1.25% per annum. Any loans drawn under the Credit Arrangement must be repaid on or prior to March 31, 2025. We are also obligated to pay a commitment fee on the unused amounts of the facility at an annual rate of 0.3125%.

As of March 31, 2022, no amounts have been borrowed under the facility.

Air Logistic Services Arrangement

On April 8, 2022, we signed a 10-year agreement with Gol Linhas Aereas S.A. for the provision of air logistics services in Brazil. According to the agreement, Gol Linhas Aereas S.A. will provide logistics services to Mercado Envios through six dedicated aircrafts.

Approval of license to operate as an E-money institution in Mexico

As of March 2018, Mexico enacted a law that regulates Crowdfunding Platforms and E-money Institutions (locally known as Instituciones de Fondos de Pago Electrónico) (the "Fintech Law"). Under the Fintech Law, institutions that provided the aforementioned services prior to its enactment were allowed to continue operating until they successfully completed their license application process before the Mexican National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores, or the "CNBV"). Our Mexican subsidiary submitted an application to obtain such license in September 2019.

On April 29, 2022, MercadoLibre, S.A. de C.V. Institución de Fondos de Pago Electrónico, a Mexican subsidiary obtained the final approval by the CNBV to operate as an E-money Institution which implies the ability to issue, manage, redeem and transfer e-money on behalf of its clients, through computer applications, interfaces, web sites or any other means of electronic or digital communication.

The above-mentioned final approval is subject to publication in the Mexican Official Gazette ("Diario Oficial de la Federación"), which should take place within the next 10 business days after the final approval.

Description of Line Items

Net revenues

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

The following table summarizes our consolidated net revenues by revenue stream for the three-month periods ended March 31, 2022 and 2021:

Consolidated net revenues by revenue stream	Three-month Periods Ended March 31, 2022	Three-month Periods Ended March 31, 2021
	(in millions)	
Commerce	$ 1,277	$ 911
Fintech	971	467
Total	$ 2,248	$ 1,378

Revenues from Commerce transactions are mainly generated from:

- marketplace fees that include final value fees and flat fees for transactions below a certain merchandise value;
- first party sales;
- shipping fees, net of the third-party carrier costs (when we act as an agent);
- ad sales up-front fees;
- classifieds fees; and
- fees from other ancillary businesses.

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 transactions below a certain merchandise value.

Revenues from first-party sales are generated when control of the good is transferred, upon delivery to our customers.

Shipping revenues 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).

Through our classifieds offerings in vehicles, real estate and services, we generate revenues from up-front fees. These fees are charged to sellers who opt to give their listings greater exposure throughout our websites.

Our Advertising revenues are generated by selling either display product and/or text link ads throughout our websites to interested advertisers.

Fintech revenues 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;
- commissions from additional fees we charge when our sellers elect to withdraw cash;
- interest, cash advances and fees from merchant and consumer credits granted under our Mercado Credito solution;
- commissions that we charge from transactions carried out with Mercado Pago credit and debit cards; and
- revenues from the sale of mobile points of sale products and insurtech fees.

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.

When more than one service is included in one single arrangement with the same customer, we recognize revenue according to multiple element arrangements accounting, distinguishing between each of the services provided and allocating revenues based on their respective estimated selling prices.

We have a highly fragmented customer revenue base given the large numbers of sellers and buyers who use our platforms. For the three-month periods ended March 31, 2022 and 2021, no single customer accounted for more than 5.0% of our net revenues.

Our Mercado Libre Marketplace is available in 18 countries (Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Panama, Peru, Uruguay, Venezuela (deconsolidated since December 1, 2017), Bolivia, Honduras, Nicaragua, El Salvador, Guatemala and Paraguay), and Mercado Pago is available in 7 countries (Argentina, Brazil, Chile, Peru, Colombia, Mexico and Uruguay). Additionally, Mercado Envios is available in 7 countries (Argentina, Brazil, Mexico, Colombia, Chile, Peru and Uruguay). 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 "Summary of significant accounting policies" in Note 2 of our unaudited interim condensed consolidated financial statements for further detail on foreign currency translation.

Our subsidiaries in Brazil, Argentina and Colombia are subject to certain taxes on revenues, which are classified as a cost of net revenues. These taxes represented 7.3% of net revenues for the three-month period ended March 31, 2022, as compared to 8.2% for the same period in 2021.

Cost of net revenues

Cost of net revenues primarily includes cost of sales of goods, shipping operation costs (including warehousing costs), carrier and other operating costs, bank and credit card processing charges for transactions and fees paid with credit cards and other payment methods, fraud prevention fees, certain taxes on revenues, certain taxes on bank transactions, hosting and site operation fees, compensation for customer support personnel, ISP connectivity charges and depreciation and amortization.

Product and technology development expenses

Our product and technology development related expenses consist primarily of compensation for our engineering and web-development staff, depreciation and amortization costs related to product and technology development, telecommunications costs and payments to third-party suppliers who provide technology maintenance services to us.

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 programs, the salaries of employees involved in these activities, chargebacks related to our Mercado Pago operations, bad debt charges, branding initiatives, marketing activities for our users and depreciation and amortization costs.

We carry out the majority of our marketing efforts on the Internet. 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.

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, impairment losses from digital assets, travel and business expenses, as well as depreciation and amortization costs. 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.

Other income (expenses), net

Other income (expenses) consists primarily of interest income derived from our investments and cash equivalents, interest expense and other financial charges related to financial liabilities and foreign currency gains or losses.

Income tax

We are subject to federal and state taxes 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 during each period.

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, 2021 and disclosed in the Form 10-K, see "Critical Accounting Policies and Estimates."

Results of operations for the three-month period ended March 31, 2022 compared to the three-month period ended March 31, 2021

The selected financial data for the three-month periods ended March 31, 2022 and 2021 discussed herein is derived from our unaudited interim condensed consolidated financial statements included in Item 1 of Part I of this report. These statements include all normal recurring adjustments that Management believes are necessary to fairly state our financial position, results of operations and cash flows. The results of operations for the three-month period ended March 31, 2022, are not necessarily indicative of the results that may be expected for the full year ending December 31, 2022 or for any other period.

Statement of income data

(In millions)	Three-month Periods Ended March 31, 2022	2021
	(Unaudited)	
Net service revenues	$ 1,997	$ 1,230
Net product revenues	251	148
Net revenues	2,248	1,378
Cost of net revenues	(1,175)	(787)
Gross profit	1,073	591
Operating expenses:		
Product and technology development	(234)	(126)
Sales and marketing	(541)	(288)
General and administrative	(159)	(86)
Total operating expenses	(934)	(500)
Income from operations	139	91
Other income (expenses):		
Interest income and other financial gains	31	25
Interest expense and other financial losses (*)	(56)	(91)
Foreign currency losses	(3)	(15)
Net income before income tax expense	111	10
Income tax expense	(46)	(44)
Net income (loss)	$ 65	$ (34)

(*) Includes $49 million of loss on debt extinguishment and premium related to the 2028 Notes repurchase recognized in January 2021. See Note 11 of our unaudited interim condensed consolidated financial statements for further detail on 2028 Notes repurchase.

Principal trends in results of operations

Net revenues

Our net revenues maintained its growth trajectory during the first three months of 2022, specifically related to the growth of our fintech solution services (credits business, off-platform transactions through Mercado Pago, etc.) and the increase in our gross merchandise volume. Please refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of operations— Net Revenues” section in the current document for further detail on net revenues trends for the three-month periods ended March 31, 2022, and 2021.

As a consequence of the COVID-19 pandemic which has affected many countries in Latin America, governments in the region imposed total or partial lockdowns and curfews in March 2020, some of which have been subsequently extended, modified or rescinded based on the evolution of the COVID-19 pandemic. On balance, the effect of such measures on consumer behavior has resulted in revenue growth for our business. However, it is uncertain how consumer behavior will evolve in the future, and how and whether that will impact our revenues, particularly given that Latin American governments have been easing or lifting those measures.

We continue to monitor the progress of the COVID-19 pandemic and the impact of new variants, and will take additional measures to comply with the rapidly changing regulations of the countries where we operate and the related macroeconomic instability. However, we may not be able to predict the negative impacts that the COVID-19 pandemic may have on our business in the future.

Gross profit margins

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

Our gross profit trends are directly affected by our revenue, as stated above, and our cost of net revenues. In this sense, our main cost of net revenue is composed of cost of sales of goods, bank and credit card processing charges for transactions and fees paid with credit cards and other payment methods, sales taxes, shipping operation costs (including warehousing costs), carrier and other operating costs, hosting and site operation fees, compensation for customer support personnel and ISP connectivity charges. This 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.

In the future, our gross profit margin could decline if we continue growing our sales of goods business, which has a lower pure product margin, and building up our logistics network, if we fail to maintain an appropriate relationship between our cost of revenue structure and our net revenues trend and if we are not able to apply appropriate measures regarding our business to prevent potential negative impacts of the COVID-19 pandemic.

For the three-month periods ended March 31, 2022 and 2021, our gross profit margins were 47.7% and 42.9%, respectively. The increase in our gross profit margin resulted primarily from the increase in our credits business and the decrease in our shipping operating cost and collection fees, as a percentage of net revenues.

Operating margins

Our Operating margin is defined as income from operations as a percentage of net revenues.

Our operating 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, product development expenses, etc. As we continue to grow and focus on expanding our leadership in the region, we will continue to invest in product 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 margins.

The COVID-19 pandemic and its potential negative impacts on our business could also have negative impacts on our operating margins if we fail to closely monitor operating expenses on demand patterns and expenses are not adjusted in order to maintain an appropriate balance of such expenses with our actual rate of business development.

For the three-month period ended March 31, 2022, as compared to the same period in 2021, our operating margin decreased from a margin of 6.6% to a margin of 6.2%. This decrease is primarily a consequence of an increase in bad debt expenses, as a percentage of net revenues.

Other Data

The following table includes seven key performance indicators, which are calculated as defined in the footnotes to the table. Each of these indicators provide a different measure of the level of activity on our platform, and we use them to monitor the performance of the business.

(in millions)	Three-month Periods Ended March 31, (*) 2022	2021
Unique active users (1)	81	70
Gross merchandise volume (2)	$ 7,665	$ 6,057
Number of successful items sold (3)	267	222
Number of successful items shipped (4)	254	208
Total payment volume (5)	$ 25,319	$ 14,718
Total volume of payments on marketplace (6)	$ 7,452	$ 5,840
Total payment transactions (7)	1,091	630
Capital expenditures	$ 137	$ 113
Depreciation and amortization	$ 84	$ 38

(*) Figures have been calculated using rounded amounts. Growth calculations based on this table may not total due to rounding
(1) New or existing user who performed at least one of the following actions during the reported period: (1) made one purchase, or reservation, or asked one question or MercadoLibre Marketplace or Classified Marketplace (2) maintained an active listing on MercadoLibre Marketplace or Classified Marketplace (3) maintained an active account in Mercado Shops (4) made a payment, money transfer, collection and/or advance using Mercado Pago (5) maintained an outstanding credit line through Mercado Credito or (6) maintained a balance of more than $5 invested in a Mercado Fondo asset management account. Management uses this metric to evaluate the size of our community of users who interact with the ecosystem and of which we have the opportunity to generate further engagement. With the changes in our business we believe it provides a better indication of our active user base rather than a registration metric that does not reflect any sort of interaction.
(2) Measure of the total U.S. dollar sum of all transactions completed through the Mercado Libre Marketplace, excluding Classifieds transactions.
(3) Measure of the number of items that were sold/purchased through the Mercado Libre Marketplace, excluding Classifieds items.
(4) Measure of the number of items that were shipped through our shipping service.
(5) Measure of the total U.S. dollar sum of all transactions paid for using Mercado Pago, including marketplace and non-marketplace transactions.
(6) Measure of the total U.S. dollar sum of all marketplace transactions paid for using Mercado Pago, excluding shipping and financing fees.
(7) Measure of the number of all transactions paid for using Mercado Pago.

Net revenues

	Three-month Periods Ended March 31, 2022	2021	Change from 2021 to 2022 in Dollars	in %
	(in millions, except percentages)			
Total Net Revenues	$ 2,248	$ 1,378	$ 870	63.1%

Our net revenues grew 63.1% for the three-month period ended March 31, 2022, as compared to the same period in 2021. The increase in net revenues was primarily attributable to:

a) an increase of $366 million, or 40.2%, in Commerce revenues, for the three-month period ended March 31, 2022, as compared to the same period in 2021. This increase is mainly generated by a 26.5% increase in our gross merchandise volume, an increase of $99 million in our first-party sales and an increase of $73 million in shipping services billed net of carrier costs for the three-month period ended March 31, 2022, as compared to the same period in 2021. Shipping carrier costs which are netted from shipping revenues increased $67 million, from $334 million for the three-month period ended March 31, 2021 to $401 million for the three-month period ended March 31, 2022; and

b) an increase of 107.9%, in fintech revenues, from $467 million for the three-month period ended March 31, 2021, to $971 million for the three-month period ended March 31, 2022. This increase is mainly generated by an increase of 204.5% in credits business and increases in off-platform transactions and financing mainly associated to a 72.0% increase in our total payment volume for the three-month period ended March 31, 2022, as compared to the same period in 2021.

Consolidated Net Revenues by revenue stream	Three-month Periods Ended March 31, 2022	2021	Change from 2021 to 2022 in Dollars	in %
	(in millions, except percentages)			
Brazil				
Commerce	$ 689	$ 491	$ 198	40.3%
Fintech	563	278	285	102.5%
	$ 1,252	$ 769	$ 483	62.8%
Argentina				
Commerce	$ 240	$ 167	$ 73	43.7%
Fintech	278	130	148	113.8%
	$ 518	$ 297	$ 221	74.4%
Mexico				
Commerce	$ 262	$ 188	$ 74	39.4%
Fintech	102	42	60	142.9%
	$ 364	$ 230	$ 134	58.3%
Other countries				
Commerce	$ 87	$ 65	$ 22	33.8%
Fintech	27	17	10	58.8%
	$ 114	$ 82	$ 32	39.0%
Consolidated				
Commerce	$ 1,277	$ 911	$ 366	40.2%
Fintech	971	467	504	107.9%
Total	$ 2,248	$ 1,378	$ 870	63.1%

Brazil

Commerce revenues in Brazil increased 40.3% in the three-month period ended March 31, 2022 as compared to the same period in 2021. This increase was primarily generated by a 29.0% increase in our gross merchandise volume and the increase in our first-party sales and shipping services billed net of carrier costs. Fintech revenues grew by 102.5%, a $285 million increase, during the three-month period ended March 31, 2022 as compared to the same period in 2021, mainly driven by a 89.4% increase in the off-platform payments volume, credits business and financing.

Argentina

Commerce revenues in Argentina increased 43.7% in the three-month period ended March 31, 2022 as compared to the same period in 2021. This increase was primarily generated by a 43.5% increase in our gross merchandise volume and the increase in our first-party sales. Fintech revenues grew 113.8%, a $148 million increase, during the three-month period ended March 31, 2022 as compared to the same period in 2021, mainly driven by a 133.1% increase in the off-platform payments volume, credits business and financing.

Mexico

Commerce revenues in Mexico increased 39.4% in the three-month period ended March 31, 2022 as compared to the same period in 2021. This increase was primarily generated by a 20.0% increase in our gross merchandise volume and the increase in our first-party sales. Fintech revenues grew 142.9%, a $60 million increase, during the three-month period ended March 31, 2022 as compared to the same period in 2021, mainly driven by a 97.2% increase in the off-platform payments volume, financing and credits business.

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

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
	(in millions, except percentages)			
2022				
Net revenues	$ 2,248	$ n/a	$ n/a	$ n/a
Percent change from prior quarter	5%			
2021				
Net revenues	$ 1,378	$ 1,703	$ 1,857	$ 2,131
Percent change from prior quarter	4%	24%	9%	15%

The following table sets forth the growth in net revenues in local currencies, for the three-month period ended March 31, 2022 as compared to the same period in 2021:

(% of revenue growth in Local Currency) (*)	Three-month period
Brazil	55.0%
Argentina	109.9%
Mexico	59.4%
Other Countries	52.7%
Total Consolidated	67.4%

(*) The local currency revenue growth was calculated by using the average monthly exchange rates for each month during 2021 and applying them to the corresponding months in 2022, 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.

In Argentina, the increase in local currency growth is due to an increase in our Argentine Commerce transactions volume, increases in our off-platform transactions business through Mercado Pago, an increase in our credits and financing business and a high level of inflation.

In Brazil, the increase in local currency growth is a consequence of an increase in our Commerce transactions volume and shipping revenues, an increase in our off-platform transactions through Mercado Pago and an increase in our financing and credits business.

In Mexico, the increase in local currency growth is a consequence of an increase of our Commerce transactions volume, an increase in our off-platform transactions through Mercado Pago and an increase in our financing and credits business.

Cost of net revenues

	Three-month Periods Ended March 31,		Change from 2021 to 2022	
	2022	2021	in Dollars	in %
	(in millions, except percentages)			
Total cost of net revenues	$ 1,175	$ 787	$ 388	49.3%
As a percentage of net revenues	52.3%	57.1%		

For the three-month period ended March 31, 2022 as compared to the same period in 2021, the increase of $388 million in cost of net revenues was primarily attributable to: i) a $124 million increase in shipping operating costs; ii) a $100 million increase in cost of sales of goods mainly in Brazil, Argentina and Mexico; iii) a $66 million increase in collection fees, which was mainly attributable to our Argentine, Brazilian and Mexican operations as a result of the higher transactions volume of Mercado Pago in those countries; iv) a $51 million increase in sales taxes; and v) a $30 million increase mainly related to higher funding cost related to our credits business.

Product and technology development expenses

	Three-month Periods Ended March 31,		Change from 2021 to 2022	
	2022	2021	in Dollars	in %
	(in millions, except percentages)			
Product and technology development	$ 234	$ 126	$ 108	85.7%
As a percentage of net revenues	10.4%	9.1%		

For the three-month period ended March 31, 2022, the increase in product and technology development expenses as compared to the same period in 2021 amounted to $108 million. This increase was primarily attributable to: i) a $70 million increase in salaries and wages mainly related to new hires, partially offset by social security benefits granted pursuant to the knowledge-based economy promotional regime in Argentina; and ii) a $22 million increase in depreciation and amortization expenses.

We believe product 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

	Three-month Periods Ended March 31,		Change from 2021 to 2022	
	2022	2021	in Dollars	in %
	(in millions, except percentages)			
Sales and marketing	$ 541	$ 288	$ 253	87.8%
As a percentage of net revenues	24.1%	20.9%		

For the three-month period ended March 31, 2022, the $253 million increase in sales and marketing expenses as compared to the same period in 2021 was primarily attributable to: i) a $170 million increase in bad debt expenses mainly related to the growth of our credits business; ii) a $23 million increase in online and offline marketing expenses mainly in Brazil, Mexico and Argentina; iii) a $16 million increase in salaries and wages; and iv) a $14 million increase in chargebacks.

General and administrative expenses

	Three-month Periods Ended March 31,		Change from 2021 to 2022	
	2022	2021	in Dollars	in %
	(in millions, except percentages)			
General and administrative	$ 159	$ 86	$ 73	84.9%
As a percentage of net revenues	7.1%	6.3%		

For the three-month period ended March 31, 2022, the $73 million increase in general and administrative expenses as compared to the same period in 2021 was primarily attributable to: i) a $37 million increase in salaries and wages, mainly related to new hires; ii) a $18 million increase in other general and administrative expenses mainly related to certain tax withholdings; iii) a $7 million increase in temporary services primarily related to administrative workers; and iv) a $4 million increase in tax, legal and other fees.

Other income (expense), net

	Three-month Periods Ended March 31,		Change from 2021 to 2022	
	2022	2021	in Dollars	in %
	(in millions, except percentages)			
Other income (expense), net	$ (28)	$ (81)	$ 53	-65.4%
As a percentage of net revenues	-1.2%	-5.9%		

For the three-month period ended March 31, 2022, the $53 million decrease in other income (expense), net as compared to the same period in 2021 was primarily attributable to a $35 million decrease in interest expense and other financial losses mainly attributable to: i) a $49 million of loss on debt extinguishment and premium recognized during the first quarter of 2021 related to the repurchase of $440 million of principal of the 2028 Notes partially offset by higher levels of indebtedness in 2022 (mainly in Brazil); ii) a $12 million decrease in our foreign currency loss mainly related to foreign exchange gains from our Brazilian subsidiaries, partially offset by higher foreign exchange losses regarding our own common stock acquisition in the Argentine market at a price that reflects the 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 (refer to Note 15 of our unaudited interim condensed consolidated financial statements for further detail); and iii) a $6 million increase in interest income and other financial gains from our financial investments as a result of higher interest income due to a higher rates in Brazil.

Income tax

	Three-month Periods Ended March 31,		Change from 2021 to 2022	
	2022	2021	in Dollars	in %
	(in millions, except percentages)			
Income tax expense	$ (46)	$ (44)	$ (2)	4.5%
As a percentage of net revenues	-2.0%	-3.2%		

During the three-month period ended March 31, 2022 as compared to the same period in 2021, income tax expense increased by $2 million mainly as a result of higher income tax expense in Argentina as a consequence of higher pre-tax gain in our Argentine segment in 2022. This tax expense was partially offset by lower income tax expense in Brazil as a consequence of higher non-taxable pre-tax gains in this segment.

Our effective tax rate is defined as income tax expense as a percentage of income before income tax expense.

The following table summarizes our effective tax rates for the three-month periods ended March 31, 2022 and 2021:

	Three-month Periods Ended March 31, (*)	
	2022	2021
Effective tax rate	40.7%	456.6%

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

Our effective tax rate for the three-month period ended March 31, 2022 decreased as compared to the same period in 2021, largely as a result of the one-time loss on debt extinguishment related to 2028 Notes repurchase recognized for the three-month period ended March 31, 2021 which was considered as non-deductible expense.

The following table summarizes our effective tax rates for the three-month periods ended March 31, 2022 and 2021:

	Three-month Periods Ended March 31,	
	2022	2021
Effective tax rate by country		
Argentina	26.2%	23.9%
Brazil	-0.7%	29.5%
Mexico	-27.8%	-12.9%

The increase in our Argentine effective income tax rate during the three-month period ended March 31, 2022, as compared to the same period in 2021, was mainly a consequence of higher non-deductible expenses, as compared to the same period in 2021.

The decrease in our Brazilian effective income tax rate for the three-month period ended March 31, 2022, as compared to the same period in 2021, was mainly related to the effect of higher non-taxable pre-tax gains.

The increase in our Mexican negative effective income tax rate for the three-month period ended March 31, 2022 as compared to the same period in 2021, was mainly driven by lower pre-tax losses that were not accounted for as deferred tax assets as a consequence of the valuation allowance along with the effect of income tax expense from certain entities of our Mexican segment.

Segment information

(In millions, except for percentages)	Three-month Period Ended March 31, 2022				
	Brazil	Argentina	Mexico	Other Countries	Total
Net revenues	$ 1,252	$ 518	$ 364	$ 114	$ 2,248
Direct costs	(1,065)	(320)	(328)	(110)	(1,823)
Direct contribution	$ 187	$ 198	$ 36	$ 4	$ 425
Margin	14.9%	38.2%	9.9%	3.5%	18.9%

	Three-month Period Ended March 31, 2021				
	Brazil	Argentina	Mexico	Other Countries	Total
Net revenues	$ 769	$ 297	$ 230	$ 82	$ 1,378
Direct costs	(618)	(189)	(221)	(64)	(1,092)
Direct contribution	$ 151	$ 108	$ 9	$ 18	$ 286
Margin	19.6%	36.4%	4.2%	21.6%	20.8%

	Change from the Three-month Period Ended March 31, 2021 to March 31, 2022				
	Brazil	Argentina	Mexico	Other Countries	Total
Net revenues					
in Dollars	$ 483	$ 221	$ 134	$ 32	$ 870
in %	62.8%	74.4%	58.3%	39.0%	63.1%
Direct costs					
in Dollars	$ (447)	$ (131)	$ (107)	$ (46)	$ (731)
in %	72.3%	69.3%	48.4%	71.9%	66.9%
Direct contribution					
in Dollars	$ 36	$ 90	$ 27	$ (14)	$ 139
in %	23.8%	83.3%	300.0%	-77.8%	48.6%

Net revenues

Net revenues for the three-month period ended March 31, 2022 as compared to the same period in 2021 are described above in "Item 2 — Management's Discussion and Analysis of Financial Condition and Results of Operations — Net revenues."

Direct costs

Brazil

For the three-month period ended March 31, 2022, as compared to the same period in 2021, direct costs increased by 72.3%, mainly driven by: i) a 111.9% increase in sales and marketing expenses, mainly due to an increase in bad debt expenses, online and offline marketing expenses, buyer protection program expenses, chargebacks and salaries and wages; ii) a 58.0% increase in cost of net revenues, mainly attributable to an increase in shipping operating costs, sales taxes, collection fees as a consequence of the higher transactions volume of our Mercado Pago business, cost of sale of goods as a consequence of an increase in first-party sales, and other payments costs mainly to higher funding cost related to our credits business; iii) a 32.0% increase in product and development expenses, mostly attributable to an increase in depreciation and amortization expenses; and iv) a 92.6% increase in general and administrative expenses, mostly attributable to an increase in salaries mainly related to new hires, taxes, legal and other fees and other general and administrative expenses mainly related to certain tax withholdings.

Argentina

For the three-month period ended March 31, 2022, as compared to the same period in 2021, direct costs increased by 69.3%, mainly driven by: i) a 89.3% increase in sales and marketing expenses, mainly due to bad debt expenses, online and offline marketing expenses, buyer protection program expenses and salaries and wages; ii) a 58.8% increase in cost of net revenues, mainly attributable to an increase in collection fees as a consequence of the higher transactions volume of our Mercado Pago business, shipping operating costs, cost of sale of goods as a consequence of an increase in first-party sales, sales taxes and other payments costs mainly to higher funding cost related to our credits business; iii) a 180.0% increase in general and administrative expenses, mostly attributable to an increase in salaries and wages, mainly related to new hires, and other general and administrative expenses principally related to certain tax withholdings; and iv) 233.3% increase in product and development expenses mostly attributable to an increase in depreciation and amortization expenses and maintenance expenses mainly related to higher software licenses expenses.

Mexico

For the three-month period ended March 31, 2022, as compared to the same period in 2021, direct costs increased by 48.4%, mainly driven by: i) a 60.6% increase in sales and marketing expenses, mainly due to bad debt expenses and online and offline marketing expenses; ii) a 37.0% increase in cost of net revenues, mainly attributable to increases in shipping operating costs, cost of sale of goods as a consequence of an increase in first-party sales, collection fees due to higher Mercado Pago penetration and other payments costs mainly to higher funding cost related to our credits business; iii) a 125.0% increase in product and technology development expenses, mainly attributable to depreciation and amortization expenses and maintenance expenses mainly related to higher software licenses expenses; and iv) a 180.0% increase in general and administrative expenses, mostly attributable to an increase in salaries, mainly related to new hires.

Liquidity and Capital Resources

Our main cash requirement has been working capital to fund Mercado Pago financing operations. We also require cash to fund our credits business, for capital expenditures relating 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 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 and ii) a total amount of $108 million to be paid within 3-year period starting on September 17, 2021. Please refer to Note 9 of our unaudited interim condensed consolidated financial statements for further detail on purchase commitments.

Further, in connection with the closing of MEKA's initial public offering on October 1, 2021, MEKA (a special purpose acquisition company sponsored by MELI Kaszek Pioneer Sponsor LLC, which is a joint venture between our subsidiary MELI Capital Ventures LLC and Kaszek) entered into a forward purchase agreement with the Sponsor, pursuant to which the Sponsor committed to purchase from MEKA 5 million Class A ordinary shares at a price of $10 per share in a private placement to close substantially concurrently with the consummation of MEKA's initial business combination.

Additionally, 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 March 31, 2022, we have committed rental expenditures with our lessors for $707 million and $67 million for operating leases and finance leases, respectively. See Note 13 of our unaudited interim condensed consolidated financial statements for further detail on leases.

We have funded Mercado Pago mainly by discounting credit cards receivables and credit lines. Additionally, we have financed our Mercado Pago and Mercado Credito businesses through the securitization of credit cards receivable and certain loans through SPEs created in Brazil, Mexico and Argentina. Finally, we obtained funding through our financial institution in Brazil through deposit certificates and financial bills. Refer to Note 11 and 12 of our unaudited interim condensed consolidated financial statements for further detail.

In November 2021, we closed an equity public offering for an aggregate of 1,000,000 shares of our Common Stock, par value $0.001 per share, at a public offering price of $1,550 per share. The aggregate proceeds of the equity offering were $1,519.5 million net of issuance costs paid.

Finally, on March 31, 2022, we entered into a $400 million revolving credit arrangement (“the Credit Arrangement”). The interest rates under the Credit Arrangement are based on Adjusted Term SOFR plus an interest margin of 1.25% per annum. Any loans drawn under the Credit Arrangement must be repaid on or prior to March 31, 2025. The Company is also obligated to pay a commitment fee on the unused amounts of the facility at an annual rate of 0.3125%. As of March 31, 2022, no amounts have been borrowed under the facility. See Note 11 of our unaudited interim condensed consolidated financial statements for further detail.

Given the uncertain progress of the COVID-19 pandemic and the related macroeconomic instability in the countries where we operate, it is not possible to have certainty around future business development and cash generation. In terms of liquidity and cash management, our relevant sources of funding remain available and credit facilities have been obtained at the geographic segment level.

As of March 31, 2022, our main source of liquidity was $2,044 million of cash and cash equivalents and short-term investments, which excludes a $941 million investment, mainly related to the Central Bank of Brazil Mandatory Guarantee, and consists mainly of cash generated from equity public offering closed in November 2021, operations and proceeds from loans. See Note 4 of our unaudited interim condensed consolidated financial statements for further detail on our restricted investments.

The significant components of our working capital are cash and cash equivalents, restricted cash and cash equivalents, short-term investments, credit cards receivable and other means of payments, accounts receivable, loans receivable, inventory, accounts payable and accrued expenses, funds payable to customers, amounts payable due to credit and debit card transactions and short-term debt.

As of March 31, 2022, cash and cash equivalents, restricted cash and cash equivalents and investments of our non-U.S. subsidiaries amounted to $2,919 million or 74.0% of our consolidated cash and cash equivalents, restricted cash and cash equivalents and investments. Our cash and cash equivalent, restricted cash and cash equivalent and investments held outside U.S. amounted to approximately 71.1% of our consolidated cash and cash equivalents, restricted cash and cash equivalents and investments. Our non-U.S. dollar-denominated cash and cash equivalents, restricted cash and cash equivalents and investments are located primarily in Brazil and Argentina.

The following table presents our cash flows from operating activities, investing activities and financing activities for the three-month periods ended March 31, 2022 and 2021:

(In millions)	Three-month Periods Ended March 31, 2022	2021
Net cash (used in) provided by:		
Operating activities	$ (233)	$ (265)
Investing activities	(1,224)	(98)
Financing activities	152	(859)
Effect of exchange rates on cash and cash equivalents, restricted cash and cash equivalents	71	(98)
Net decrease in cash and cash equivalents, restricted cash and cash equivalents	$ (1,234)	$ (1,320)

Net cash used in operating activities

Cash provided by operating activities consists of net income adjusted for certain non-cash items, and the effect of changes in working capital and other activities:

	Three-month Periods Ended March 31,		Change from 2021 to 2022	
	2022	2021		in %
	(in millions, except percentages)			
Net Cash used in:				
Operating activities	$ (233)	$ (265)	$ 32	-12.1%

Net cash used in operating activities in the three-month period ended March 31, 2022 resulted mainly from an increase in credit cards receivables and other means of payment.

Net cash used in investing activities

	Three-month Periods Ended March 31,		Change from 2021 to 2022	
	2022	2021	in Dollars	in %
	(in millions, except percentages)			
Net Cash used in:				
Investing activities	$ (1,224)	$ (98)	$ (1,126)	1149.0%

Net cash used in investing activities in the three-month period ended March 31, 2022 resulted mainly from purchases of investments of $2,903 million, which was offset by proceeds from the sale and maturity of investments of $2,425 million, consistent with our treasury strategy of investing part of our available liquidity. We also used $607 million in principal of loans receivable granted to merchants and consumers under our Mercado Credito solution and $137 million in the purchase of property and equipment (mainly related to our shipping network and information technology assets in Argentina, Brazil and Mexico).

Net cash provided by (used in) financing activities

	Three-month Periods Ended March 31,		Change from 2021 to 2022	
	2022	2021	in Dollars	in %
	(in millions, except percentages)			
Net Cash provided by (used in) :				
Financing activities	$ 152	$ (859)	$ 1,011	-117.7%

For the three-month period ended March 31, 2022, our net cash provided by financing activities was primarily derived from by $3,324 million in net proceeds from loans payable and other financial liabilities which was partially offset by $3,129 million in payments from loans payable and other financial liabilities, $39 million related to repurchases of our common stock, and $4 million for the payments of finance lease obligations.

In the event that we decide to pursue strategic acquisitions in the future, we may fund them with available cash, third-party debt financing, or by raising equity capital, as market conditions allow.

Debt

Convertible Senior 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. The 2028 Notes are unsecured, unsubordinated obligations, which pay interest in cash semi-annually, on February 15 and August 15, at a rate of 2.00% per annum. The 2028 Notes will mature on August 15, 2028 unless earlier repurchased or converted in accordance with their terms prior to such date. The 2028 Notes may be converted, under specific conditions, based on an initial conversion rate of 2.2553 shares of common stock per $1,000 principal amount of the 2028 Notes (equivalent to an initial conversion price of $443.40 per share of common stock), subject to adjustment as described in the indenture governing the 2028 Notes.

In January 2021, we repurchased $440 million principal amount of the outstanding 2028 Notes. The total amount paid to repurchase such 2028 Notes amounted to $1,865 million, which includes principal, interest accrued and premium. Approximately, $440 million of the principal amount aggregate principal amount of the 2028 Notes remains outstanding.

Please refer to note 11 to our unaudited interim condensed consolidated financial statements for additional information regarding the 2028 Notes and the related capped call transactions.

Mercado Pago and Mercado Credito Funding

We obtained funding through our financial institution in Brazil through deposit certificates and financial bills, and continued obtaining, through our subsidiaries, certain lines of credit in Argentina, Chile and Uruguay primarily to fund the Mercado Pago business. Additionally, we continue to securitize certain loans and credit card receivables through our Argentine, Mexican and Brazilian SPEs, formed to securitize loans provided by us to our users and credit cards receivable. Please refer to Note 11 and 12 to our interim unaudited condensed consolidated financial statements for additional detail.

Revolving Credit Facility

On March 31, 2022, we entered into a $400 million revolving credit agreement (the "Credit Agreement"). The interest rates under the Credit Agreement are based on Adjusted Term SOFR plus an interest margin of 1.25% per annum. Any loans drawn the Credit Agreement must be repaid on or prior to March 31, 2025. The Company is also obligated to pay a commitment fee on the unused amounts of the facility at an annual rate of 0.3125%. As of March 31, 2022, no amounts have been borrowed under the facility. See Note 11 of our unaudited interim condensed consolidated financial statements for further detail.

Debt Securities Guaranteed by Subsidiaries

On January 14, 2021, we issued $400 million aggregate principal amount of the 2026 Sustainability Notes and $700 million aggregate principal amount of the 2031 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 are 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. (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. 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.

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 from time to time outstanding. 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 from time to time outstanding, 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.

See Note 11 of our unaudited condensed consolidated financial statements for additional detail.

We are presenting the following summarized financial information for the issuer and the initial 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 indicated below the table.

Summarized balance sheet information for the Obligor Group as of March 31, 2022 and as of December 31, 2021 is provided in the table below:

(In millions)	March 31, 2022	December 31, 2021
Current assets (1) (2)	$ 6,216	$ 6,193
Non-current assets (3)	2,196	1,770
Current Liabilities (4)	5,274	4,938
Non-current Liabilities (5)	2,234	2,012

(1) Includes restricted cash and cash equivalents of $391 million and $761 million and guarantees in short-term investments of $941 million and $602 million as of March 31, 2022, and December 31, 2021, respectively.
(2) Includes Current assets from non-guarantor subsidiaries of $364 million and $287 million as of March 31, 2022 and December 31, 2021, respectively.
(3) Includes Non-current assets from non-guarantor subsidiaries of $331 million and $204 million as of March 31, 2022 and December 31, 2021, respectively.
(4) Includes Current liabilities to non-guarantor subsidiaries of $936 million and $726 million as of March 31, 2022 and December 31, 2021, respectively.
(5) Includes Non-current liabilities to non-guarantor subsidiaries of $155 million and $135million as of March 31, 2022 and December 31, 2021, respectively.

Summarized statement of income information for the Obligor Group for the three-month period ended March 31, 2022, is provided in the table below:

(In millions)	March 31, 2022
Net revenues (1)	$ 1,839
Gross Profit (2)	739
Income from operations (3)	112
Net Income (4)	66

(1) Includes Net revenues from transactions with non-guarantor subsidiaries of $44 million for the three-month period ended March 31, 2022.
(2) Includes charges from transactions with non-guarantor subsidiaries of $157 million for the three-month period ended March 31, 2022.
(3) In addition to the charges included in Gross profit, Income from operations includes charges from transactions with non-guarantor subsidiaries of $54 million for the three-month period ended March 31, 2022.
(4) Includes other income/ (expense) from transactions with non-guarantor subsidiaries of $(10) million for the three-month period ended March 31, 2022.

Capital expenditures

Our capital expenditures (comprised of our payments for property and equipment (such as fulfillment centers), intangible assets (excluding digital assets) for the three-month periods ended March 31, 2022 and 2021 amounted to $137 million and $113 million, respectively.

During the three-month period ended March 31, 2022, we invested $65 million in information technology in Brazil, Argentina and Mexico, and $60 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 market.

We believe that our existing cash and cash equivalents, including the sale of credit cards receivable, 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 going forward.

Recently issued accounting pronouncements

See Item 1 of Part I, "Unaudited Interim Condensed Consolidated Financial Statements-Note 2-Summary of significant accounting policies— Recently Adopted Accounting Standards and Recently issued accounting pronouncements not yet adopted."

Non-GAAP Financial Measures

To supplement our consolidated financial statements presented in accordance with U.S. GAAP, we use foreign exchange ("FX") neutral measures as a non-GAAP measure.

This non-GAAP measure 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, this non-GAAP measure is 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. This non-GAAP financial measure should only be used to evaluate our results of operations in conjunction with the most comparable U.S. GAAP financial measures.

Reconciliation of this non-GAAP financial measure to the most comparable U.S. GAAP financial measure can be found in the table included in this quarterly report.

We provide this non-GAAP financial measure to enhance overall understanding of our current financial performance and its prospects for the future, and we understand that this measure provides useful information to both Management and investors. In particular, 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 2021 and applying them to the corresponding months in 2022, so as to calculate what our results would have been if exchange rates had 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 three-month period ended March 31, 2022:

	Three-month Periods Ended March 31, (*)					
	As reported			FX Neutral Measures	As reported	
(In millions, except percentages)	2022	2021	Percentage Change	2022	2021	Percentage Change
	(Unaudited)			(Unaudited)		
Net revenues	$ 2,248	$ 1,378	63.1%	$ 2,308	$ 1,378	67.4%
Cost of net revenues	(1,175)	(787)	49.3%	(1,204)	(787)	53.0%
Gross profit	1,073	591	81.6%	1,104	591	86.7%
Operating expenses	(934)	(500)	86.8%	(973)	(500)	94.5%
Income from operations	139	91	52.7%	131	91	43.5%

(*) The table above may not total due to rounding.

Updated information

As disclosed in our Current Report on Form 8-K filed on March 7, 2022, we detected that part of our source code was subject to unauthorized access. Upon becoming aware of the breach, we activated our incident response security protocols and began an investigation and forensics analysis with a third-party firm. Our investigation remains ongoing as of the date hereof. In addition, in accordance with applicable regulations in the countries in which we operate, we notified several data privacy, fintech and consumer protection authorities of the incident, and we also informed every user whose data we believe thus far has been compromised. We believe that the number of affected users does not represent a significant percentage of our over 471 million registered users as of March 31, 2022. No passwords, account balances or investment, or credit card information related to such users were accessed as a result of the incident. We have begun to implement new measures intended to prevent future incidents.

Item 3 — Qualitative and Quantitative Disclosure About Market Risk

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

Foreign currencies

We have significant operations internationally that are denominated in foreign currencies, primarily the Brazilian Reais, 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 could designate these contracts as cash flow and net investment hedges for accounting purposes. The derivative's gain or loss is initially reported as a component of accumulated other comprehensive income ("AOCI"). Cash flow 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 accumulated gains and losses associated with the net investment hedge will remain in AOCI until the foreign subsidiary is sold or substantially liquidated, at which point they will be reclassified into earnings.

As of March 31, 2022, we hold cash and cash equivalents 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 March 31, 2022, the total cash and cash equivalents, restricted cash and cash equivalent denominated in foreign currencies totaled $1,709 million, short-term investments denominated in foreign currencies totaled $1,002 million and accounts receivable, credit cards receivable and other means of payment and loans receivable in foreign currencies totaled $4,347 million. As of March 31, 2022, we had $67 million long-term investments denominated in foreign currencies. 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 March 31, 2022, our U.S. dollar-denominated cash and cash equivalents, restricted cash and cash equivalents and short-term investments totaled $1,115 million and our U.S. dollar-denominated long-term investments totaled $54 million.

For the three-month period ended March 31, 2022, we had a consolidated loss on foreign currency of $3 million mainly related to foreign exchange losses regarding our own common stock acquisition in the Argentine market at a price that reflects the 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, partially offset by foreign exchange gains from our Brazilian subsidiaries. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of operations—Other income (expenses), net" for more information.

The following table sets forth the percentage of consolidated net revenues by segment for the three-month periods ended March 31, 2022 and 2021:

	Three-month Periods Ended March 31,	
(% of total consolidated net revenues)	**2022**	**2021**
Brazil	55.7 %	55.8 %
Argentina	23.0	21.6
Mexico	16.2	16.7
Other Countries	5.1	5.9

Foreign Currency Sensitivity Analysis

The table below shows the impact on our net revenues, cost of net revenues, 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 at the moment of translating our financial statements to U.S. dollars as of March 31, 2022:

Foreign Currency Sensitivity Analysis

(In millions)	**-10%** (1)	**Actual**	**+10%** (2)
Net revenues	$ 2,498	$ 2,248	$ 2,044
Expenses (*)	(2,333)	(2,109)	(1,926)
Income from operations	165	139	118
Other income/(expenses) and income tax related to P&L items	(77)	(71)	(66)
Foreign Currency impact related to the remeasurement of our Net Asset position	0	(3)	(6)
Net Income	88	65	46
Total Shareholders' Equity	$ 2,029	$ 1,589	$ 1,118

(1) Appreciation of the subsidiaries' local currency against U.S. Dollar
(2) Depreciation of the subsidiaries' local currency against U.S. Dollar

(*) Includes cost of net revenues and operating expenses.

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

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.

As of March 31, 2022, the Argentine Peso exchange rate against the U.S. dollar was 111.01.

In the second half of 2019, the Argentine government instituted exchange controls restricting the purchase of foreign currencies. Because of Argentine exchange controls, many Argentine entities use a trading mechanism, in which an entity buys U.S. dollar denominated securities in Argentina using Argentine Pesos, transfers the securities outside Argentina and sells the securities for U.S. dollars. The number of U.S. dollars that may be obtained through this mechanism are lower than the ones that would have resulted from buying them at the official rate if such transaction was not restricted.

Considering a hypothetical devaluation of 10% of the Argentine Peso against the U.S. dollar on March 31, 2022, the effect on non-functional currency net liability position in our Argentine subsidiaries would have been a foreign exchange gain amounting to approximately $3.6 million in our Argentine subsidiaries.

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

Brazilian Segment

Considering a hypothetical devaluation of 10% of the Brazilian Reais against the U.S. dollar on March 31, 2022, the reported net assets in our Brazilian subsidiaries would have decreased by approximately $184 million with the related impact in Other Comprehensive Income. Additionally, we would have recorded a foreign currency loss amounting to approximately $38 million in our Brazilian subsidiaries.

Mexican Segment

Considering a hypothetical devaluation of 10% of the Mexican peso against the U.S. dollar on March 31, 2022, the reported net assets in our Mexican subsidiaries would have decreased by approximately $47 million with the related impact in Other Comprehensive Income. Additionally, we would have recorded a foreign currency loss amounting to approximately $12 million in our Mexican subsidiaries.

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. As of March 31, 2022, Mercado Pago's receivables totaled $2,512 million. Interest rate fluctuations could also impact interest earned through our Mercado Credito solution. As of March 31, 2022, loans receivable from our Mercado Credito solution totaled $1,737 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 market 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 March 31, 2022, the average duration of our available for sale securities, defined as the approximate percentage change in price for a 100-basis-point change in yield, was 0.8%. If interest rates were to instantaneously increase (decrease) by 100 basis points, the fair value of our available for sale securities as of March 31, 2022 could decrease (increase) by approximately $4.3 million.

As of March 31, 2022, our short-term investments amounted to $1,412 million and our long-term investments amounted to $121 million. Our short-term investments, except for the $941 million investment, mainly related to the Central Bank of Brazil Mandatory Guarantee, 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 4 of our unaudited interim condensed consolidated financial statements for further detail on our restricted investments.

Fluctuations on 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 March 31, 2022, our loans payable and other financial liabilities which accrue interest based on variable rates amounted to $1,924 million. See Notes 11 and 12 of our unaudited interim condensed consolidated financial statements for further detail. We have entered into swap contracts to hedge the interest rate fluctuation of $391 million notional amount, $48 million of which have been designated as hedging instruments. See Note 14 of our unaudited interim condensed consolidated financial statements for further detail on derivatives instruments.

Equity Price Risk

Our board of directors, upon the recommendation of the compensation committee, approved the 2017 and 2018 Long Term Retention Programs (the "2017 and 2018 LTRPs"), respectively.

In order to receive an award under the 2017 and/or 2018 LTRP, each eligible employee must satisfy the performance conditions established by the Board of Directors for such employee. If these conditions are satisfied, the eligible employee will, subject to his or her continued employment as of each applicable payment date, receive the full amount of his or her 2017 and/or 2018 LTRP award, payable as follows:

- the eligible employee will receive a fixed payment, equal to 8.333% of his or her 2017 and/or 2018 LTRP bonus once a year for a period of six years starting no later than April 30, 2018 and/or 2019 respectively (the "2017 and 2018 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 "2017 and/or 2018 Variable Payment", respectively) equal to the product of (i) 8.333% of the applicable 2017 and/or 2018 LTRP award 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, 2016 (with respect to the 2017 LTRP) and 2017 (with respect to the 2018 LTRP) Stock Price, defined as $164.17 and $270.84 for the 2017 and 2018 LTRP, respectively, which was the average closing price of our common stock on the NASDAQ Global Select Market during the final 60 trading days of 2016 and 2017, 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.

Our board of directors, upon the recommendation of the compensation committee, approved the 2019, 2020, 2021 and 2022 Long Term Retention Program (the "2019, 2020, 2021 and 2022 LTRPs"), respectively, under which certain eligible employees have the opportunity to receive cash payments annually for a period of six years (with the first payment occurring no later than April 30, 2020, 2021 and 2022, respectively). In order to receive the full target award under the 2019, 2020, 2021 and/or 2022 LTRP, each eligible employee must remain employed as of each applicable payment date. The 2019, 2020, 2021 and 2022 LTRP awards are payable as follows:

- the eligible employee will receive 16.66% of half of his or her target 2019, 2020, 2021 and/or 2022 LTRP bonus once a year for a period of six years, with the first payment occurring no later than April 30, 2020, 2021, 2022 and 2023 (the "2019, 2020, 2021 or 2022 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 or 2022 Variable Payment") equal to the product of (i) 16.66% of half of the target 2019, 2020, 2021 or 2022 LTRP award 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 and 2021 defined as $322.91, $553.45, $1,431.26 and $1,391.81 for the 2019, 2020, 2021 and 2022 LTRP, 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.

On March 31, 2022, the total contractual obligation fair value of our outstanding LTRP Variable Award Payment obligation subject to equity price risk amounted to $308 million. As of March 31, 2022, the accrued liability related to the outstanding Variable Award Payment of the LTRP included in salaries and Social Security payable in our condensed consolidated balance sheet amounted to $33 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%:

		As of March 31, 2022	
(In Millions, except equity price) Change in equity price in percentage		**MercadoLibre, Inc Equity Price**	**2017, 2018, 2019, 2020, 2021 and 2022 LTRP Variable contractual obligation**
	40%	1,670.31	432
	30%	1,551.00	401
	20%	1,431.70	370
	10%	1,312.39	339
	Static(*)	1,193.08	308
	-10%	1,073.77	277
	-20%	954.46	247
	-30%	835.16	216
	-40%	715.85	185

(*) 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 Kangú Participações S.A. Former Kangú'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 March 31, 2022, the total contractual obligation fair value of the mentioned payments amounted to $10.8 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 Controls Over Financial Reporting

There were 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 March 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We permit remote work for most positions of our Company, and we monitor and assess the impact of this remote work environment on our internal controls.

PART II. OTHER INFORMATION

Item 1 — Legal Proceedings

See Item 1 of Part I, "Financial Statements—Note 9 Commitments and Contingencies—Litigation and other Legal Matters."

Item 1A — Risk Factors

As of March 31, 2022, there have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Item 2 — Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares Purchased (2)(3)	(b) Average Price per Share (1)	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)(3)	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Program (in millions) (2)(3)
January, 2022	—	—	—	Up to $44
February, 2022	—	—	—	Up to $44
March, 2022	40,999	1,828.52	40,999	Up to $271

(1) Average price paid per share does not include costs associated with the repurchases. It includes the foreign exchange loss recognized for the three-month period ended March 31, 2022. Please refer to Note 15 of our unaudited interim condensed consolidated financial statements for additional detail.

(2) On August 4, 2021, the Board authorized the Company to repurchase shares of the Company's common stock, for aggregate consideration of up to $150 million (the "2021 Authorization"). This authorization, which replaced and superseded the previous authorization, was scheduled to expire on August 31, 2022. On March 1, 2022, the Board authorized an increase in the 2021 Authorization of $300 million, from an aggregate consideration of up to $150 million to an aggregate consideration of up to $450 million. The Board also authorized an extension of the term of the 2021 Authorization, from August 31, 2022 to August 31, 2023. As of March 31, 2022, the estimated remaining balance available for share repurchases under this authorization was $263 million. Please refer to Note 15 of our unaudited interim condensed consolidated financial statements for additional detail.

(3) On June 7, 2021, the Board authorized the use of part or all of the cash proceeds of terminating certain of its 2028 Notes Capped Call Transactions to repurchase shares of the Company's common stock. This authorization expires on December 31, 2021, and is in addition to the share repurchase authorization referred to above. The repurchases are being executed from time to time, subject to general business and market and price conditions and other investment opportunities, through open-market purchases, block trades, derivatives, trading plans established in accordance with SEC rules, or privately negotiated transactions. In August and September 2021, we repurchased an aggregate of 158,413 shares of common stock pursuant to this authorization for an aggregate price of $290 million. As of March 31, 2022 the estimated remaining balance available for share repurchases under this authorization was $8 million. The amount of further repurchases under this authorization will depend on whether the Company terminates additional 2028 Capped Call Transactions and on the amount of cash proceeds from any such terminations. Please refer to Note 15 of our unaudited interim condensed consolidated financial statements for additional detail.

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Item 6 — Exhibits

The information set forth under "Index to Exhibits" below is incorporated herein by reference.

MercadoLibre, Inc.

INDEX TO EXHIBITS

3.1	Registrant's Amended and Restated Certificate of Incorporation. (1)
3.2	Registrant's Amended and Restated Bylaws. (1)
4.1	Form of Specimen Certificate for the Registrant's Common Stock. (2)
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. (3)
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. (4)
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. (4)
4.5	Form of Global Note representing the Registrant's 2.375% Sustainability Notes due 2026. (4)
4.6	Form of Global Note representing the Registrant's 3.125% Notes due 2031.(4)
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(5)
10.1	Revolving credit agreement dated March 31, 2022.(6)
10.2	Advisory service agreement, dated April 8, 2022, between MercadoLibre, Inc and Stelleo Pasos Tolda, the advisor.*
10.3	Restricted stock agreement, dated April 8, 2022, between MercadoLibre, Inc and Stelleo Pasos Tolda.*
22.1	List of Subsidiary Guarantors for the Registrant's 2.375% Sustainability Notes due 2026 and 3.125% Notes due 2031.*
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 March 31, 2022, 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 March 31, 2022, formatted in Inline XBRL and contained in Exhibit 101

* Filed or furnished herewith, as applicable.
(1) Incorporated by reference to the Registration Statement on Form S-1 filed on May 11, 2007.
(2) Incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2008 filed on February 27, 2009.
(3) Incorporated by reference to the Registrant's Current Report on Form 8-K filed on August 24, 2018.
(4) Incorporated by reference to the Registrant's Current Report on Form 8-K filed on January 14, 2021.
(5) Incorporated by reference to the Registrant's Annual Report on Form 10-K filed on February 23, 2022.
(6) Incorporated by reference to the Registrant's Current Report on Form 8-K filed on March 31, 2022.

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: May 6, 2022.

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

By: /s/ Pedro Arnt
Pedro Arnt
Executive Vice President and Chief Financial Officer

ADVISORY SERVICES AGREEMENT

THIS ADVISORY SERVICES AGREEMENT (the "Agreement"), made as of April 8, 2022, between MercadoLibre, Inc. (the "Company"), a Delaware corporation, with its principal offices at Dr. Luis Bonavita 1294, Off 1733, Tower II, Montevideo Uruguay, and Stelleo Passos Tolda, with domicile at Avenida Jacutinga 464 apt. 91, São Paulo, SP CEP 04515-030, Brazil (the "Advisor").

WHEREAS, the Company desires to engage the Advisor to perform certain consulting and advisory services and the Advisor desires to provide such services on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual covenants set forth herein, the parties hereby agree as follows:

1. Advisory Services.

(a) The Company hereby retains the Advisor and the Advisor hereby agrees to perform such consulting and advisory services as the Company may request and as set forth in Schedule A (the "Advisory Services").

(b) The Advisor agrees to be available to render the Advisory Services, at such times and locations as may be mutually agreed, from time to time as requested by the Company and/or the Chief Executive Officer of the Company. Unless otherwise provided in Schedule A, the Advisor may deliver the Advisory Services over the telephone, via video conference, in person or by written correspondence. In determining the times and locations for the performance of such services, due consideration shall be given to the Advisor's other commitments. The Company is hereby authorized to publicly identify the Advisor as an advisor to the Company.

(c) The Advisor agrees to devote such time as needed and his best efforts to performing the Advisory Services. The Advisor shall comply with all rules, procedures and standards promulgated from time to time by the Company with regard to the Advisor's access to and use of the Company's property, information, equipment and facilities.

2. Compensation. The Company shall compensate the Advisor in the amount and manner provided for in Schedule A.

3. Independent Contractor. Nothing contained in this Agreement or any document executed in connection herewith shall be construed to create an employer-employee, partnership or joint venture relationship between the Company and the Advisor. The Advisor is an independent contractor and not an employee of the Company. The consideration set forth in Schedule A shall be the sole consideration due to the Advisor for the Advisory Services. The Advisor shall neither represent nor imply that the Advisor is an employee of the Company, and the Advisor acknowledges that the Advisor shall not have the right or entitlement to any of the pension, retirement, medical, insurance or other benefit programs now or hereafter available to the regular employees of the Company other than any rights the Advisor may have in respect of his previous employment with the Company. The Advisor shall be responsible for any insurance coverage related to the Advisor's performance of the Advisory Services. The Advisor will be

responsible for paying all income, social, withholding and other taxes, if any, required by law to be paid with respect to any consideration received by the Advisor under this Agreement. The Advisor shall make no representations, warranties, or commitments binding on the Company without the Company's prior consent.

4. Term and Termination. This Agreement shall remain effective for 3 years since the execution date of this Agreement or until terminated by any party. Either party may terminate this Agreement with 60-day written notice to the other party.

5. Certain Other Contracts. The Advisor represents and agrees that the execution, delivery and performance of this Agreement does not and will not conflict with any agreement, policy or rule applicable to the Advisor (e.g., any contracts with current or former employers). The Advisor will not (i) disclose to the Company any information that the Advisor is required to keep secret pursuant to an existing confidentiality agreement with any third party, (ii) use the funding, resources, facilities or inventions of any third party to perform the Advisory Services, or (iii) perform the Advisory Services in any manner that would give any third party rights to any intellectual property created in connection with such Advisory Services.

6. Confidential Information. While providing the Advisory Services to the Company and thereafter, the Advisor shall not, directly or indirectly, use any Confidential Information (as defined below) other than pursuant to the Advisor's provision of the Advisory Services for the benefit of the Company, or disclose to anyone outside of the Company any such Confidential Information. For purposes of this Agreement, "Confidential Information" means information that is not generally known to the public and that is used, developed or obtained the Company or any of its subsidiaries or affiliates in connection with its or any of its subsidiaries' actual or anticipated businesses, including, but not limited to, (i) information, observations, procedures and data obtained by the Advisor in any period of prior employment with the Company or in performance of the Advisory Services under this Agreement concerning the business or affairs of the Company or any of its subsidiaries and/or affiliates, (ii) products or services, (iii) costs and pricing structures, (iv) analyses, (v) drawings, photographs and reports, (vi) computer software, including operating systems, applications and program listings, (vii) flow charts, manuals and documentation, (viii) data bases, (ix) accounting and business methods, (x) inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, (xi) customers and customer lists, (xii) other copyrightable works, (xiii) all production methods, processes, technology and trade secrets, and (xiv) all similar and related information in whatever form. Confidential Information will not include any information that has been published in a form generally available to the public prior to the date the Advisor proposes to disclose or use such information. Confidential Information will not be deemed to have been published merely because individual portions of the information have been separately published, but only if all material features comprising such information have been published in combination.

The Advisor agrees that all originals and all copies of materials containing, representing, evidencing, recording or constituting any Confidential Information, however and whenever produced (whether by the Advisor or others), shall be the sole property of the Company. Further, the Advisor agrees that any confidential or proprietary information of the Company disclosed to the Advisor prior to the execution of this Agreement shall be deemed Confidential Information.

Notwithstanding anything to the contrary in this Agreement or any other agreement between the Company and the Advisor, the Advisor understands that nothing in this Agreement is intended to interfere with or restrain the immunity provided under 18 U.S.C. section 1833(b) for confidential disclosures of trade secrets to government officials or lawyers, solely for the purpose of reporting or investigating a suspected violation of law, or in a sealed filing in court or other proceeding. The Advisor further understands that nothing in this Agreement or any other agreement between the Company and the Advisor prohibits, or is intended in any manner to prohibit, the Advisor from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. The Advisor does not need the prior authorization of anyone at the Company or the Company's legal counsel to make any such reports or disclosures, and the Advisor is not required to notify the Company that he has made such reports or disclosures.

7. Miscellaneous.

(a) This Agreement contains the entire agreement of the parties related to the retention of the Advisor by the Company and other matters discussed herein and supersedes all prior promises, contracts, arrangements or understandings in respect of the Advisor's performance of the Advisory Services which are not set forth herein or in other agreements mentioned herein. Neither this Agreement nor any provision hereof can be changed, modified, amended, discharged, terminated or waived orally or by any course of dealing or purported course of dealing, but only by an agreement in writing signed by the Advisor and the Company.

(b) This Agreement and all rights under this Agreement shall be construed and enforced in accordance with the laws of the State of Delaware without regard to the provisions governing conflict of laws.

IN WITNESS WHEREOF, MercadoLibre, Inc. has caused this Agreement to be duly executed by its duly authorized officer and the Advisor has hereunto signed this Agreement on his own behalf, as of the day and year first above written.

MERCADOLIBRE, INC.

By:/s/ Juan Martin de la Serna
Name: Juan Martin de la Serna
Title: Attorney-in-fact

By:/s/ Sebastian Fernandez Silva
Name: Sebastian Fernandez Silva
Title: Attorney-in-fact

ADVISOR

By:/s/ Stelleo Passos Tolda
Name: Stelleo Passos Tolda

Schedule A

1. Description of Advisory Services. Advisory Services shall include, but will not be limited to: (i) providing advice and feedback within the Advisor's field of expertise; (ii) attending periodic meetings with the Company's directors, officers, employees, consultants and other advisors as requested by the Company and/or the Chief Executive Officer of the Company; and (iii) such consulting and advisory services as the Company, its directors and/or the Chief Executive Officer of the Company reasonably requests in connection with the operation of the Company's business from time to time.

2. Compensation for Advisory Services.

(a) Expenses. The Company shall reimburse the Advisor in accordance with the regular reimbursement procedures of the Company for all actual expenses incurred by the Advisor in connection with rendering of Advisory Services under this Agreement, so long as such expenses are pre-approved by the Company and reasonable and necessary and appropriately documented with written receipts submitted to the Company.

(b) Fees. In consideration of the Advisory Services, the Company will pay the Advisor US $10,000 per month during the term of this Agreement within the first 10 days of each month. Upon termination of the Agreement, any earned but unpaid fees will be paid and a pro rated payment will be made in respect of any days worked in a partial month.

Exhibit 10.3

RESTRICTED STOCK AWARD AGREEMENT

THIS AWARD AGREEMENT (the "Agreement"), made as of April 8, 2022, between MercadoLibre, Inc. (the "Company"), a Delaware corporation, with its principal offices at Dr. Luis Bonavita 1294, Off 1733, Tower II, Montevideo Uruguay, and Stelleo Passos Tolda, with domicile at Avenida Jacutinga 464 apt. 91, São Paulo, SP CEP 04515-030, Brazil, (the "Grantee").

WHEREAS, the Company has adopted and maintains and the shareholders of the Company have approved the Amended and Restated 2009 Equity Compensation Plan (the "Plan") to further the growth and success of the Company;

WHEREAS, the Plan permits the award of restricted shares of Common Stock of the Company to Participants in the Plan;

NOW THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto hereby agree as follows:

1. Award of Restricted Stock. Pursuant to, and subject to, the terms and conditions set forth herein and in the Plan, the Company hereby awards to the Grantee 5,051 shares of Common Stock of the Company (the "Restricted Stock") as compensation for the Grantee's compliance with the provisions of Section 7 hereof over the five (5) year period beginning on the Grant Date (the "Restricted Period"). Subject to Section 3 hereof, shares of Restricted Stock may not be sold, transferred, pledged, assigned or otherwise encumbered during the Restricted Period (such restrictions, the "Transfer Restrictions").

2. Grant Date. The Grant Date of the Restricted Stock hereby awarded is April 8, 2022.

3. Vesting; Forfeiture.

(a) Subject to the provisions of the Plan, so long as the Grantee continues to comply with the provisions of Section 7 hereof (the "Vesting Condition") and with the Transfer Restrictions until such date, whether or not then employed by the Company, on each of the first five (5) anniversaries of the Grant Date (each date, a "Vesting Date"), the Vesting Condition and the Transfer Restrictions shall both lapse with respect to one-fifth (1/5) of the shares of Restricted Stock awarded hereby (such shares, the "Vested Shares" and the remaining shares of Restricted Stock continuing to be subject to the Vesting Condition and the Transfer Restrictions, the "Unvested Shares").

(b) In the event the Participant violates the Vesting Condition during the Restricted Period, any Unvested Shares shall be forfeited as of the date of such violation without payment of any consideration therefor.

(c) In the event that the Grantee attempts to sell, transfer, pledge, assign or otherwise encumber any Unvested Shares during the Restricted Period, in violation of the Transfer Restrictions, such any purported sale, transfer, pledge, assignment or encumbrance shall be null and void and any Unvested Shares shall be forfeited without payment of any consideration therefor.

(d) In the event of the Grantee's death during the Restricted Period, any Unvested Shares shall immediately vest in full as of the date of the Grantee's death and will be transferred to the beneficiaries stated in Exhibit A.

4. Share Certificates. Subject to the provisions of the Plan, the Restricted Stock will be held in the Grantee's name in book-entry format by the Company's transfer agent, Computershare. Upon each Vesting Date, the Grantee has the right to choose to have a certificate for the applicable Vested Shares issued in the Grantee's name, to have such Vested Shares transferred to a brokerage account of the Grantee's choice or to continue to hold such Vested Shares in book-entry format with the transfer agent.

5. Shareholder's Rights. Subject to the terms of this Agreement, as of the Grant Date, the Grantee shall have, with respect to any of the shares of Restricted Stock, all rights of a shareholder of the Company, including the right to vote such shares and the right to receive all dividends paid with respect to such shares of Restricted Stock at the same time as shareholders generally; *provided*, that the right to vote and receive dividends shall terminate immediately with respect to any shares of Restricted Stock upon forfeiture of those shares pursuant to Section 3 hereof.

6. Dividends. Any dividends or distributions (whether cash, Common Stock or other property) paid on Common Stock to shareholders generally will be distributed to the Grantee in the form of additional shares of Restricted Stock **and** shall be subject to the terms of this Agreement in the same manner as the corresponding Restricted Stock to which such dividends or distributions relate and shall be held by the Company or subject to a legend as determined by the Board.

7. Restrictive Covenants. During the Restricted Period, the Grantee agrees that he shall not directly or indirectly, in any capacity, own, operate, manage, control, engage in, invest in, become interested or involved in, employed by, act as a consultant or advisor to, or provide services for, or otherwise assist any other Person in activities that are competitive with the MercadoLibre Business anywhere in the Territory; provided, however that ownership of less than five percent (5%) of the outstanding capital stock of any Person whose securities are registered under the Securities Exchange Act of 1934, as amended, in and of itself shall not violate the provisions of this Section 7, whether or not the subject Person is competitive with the Company. In the event Grantee desires to directly or indirectly, in any capacity, own, operate, manage, control, engage in, invest in, become interested or involved in, employed by, act as a consultant or advisor to, or provide services for, or otherwise assist any other Person in activities that could

reasonably be viewed as competitive with the MercadoLibre Business, Grantee shall seek approval from the Board or the Nominating and Corporate Governance Committee of the Board or the CEO and the EVP of Corporate Affairs prior to taking such action. Grantee represents to the Company that he has no investments, nor any role as board member in other companies in conflict with any obligation contained in this Section.

To the extent that the covenant provided in this Section 7 may later be deemed by a court to be too broad to be enforced with respect to the duration or with respect to any particular activity or geographic area, the court making such determination shall have the power to reduce the duration or scope of the provision, and to add or delete specific words or phrases to or from the provision. The provision as modified shall then be enforced. The Grantee understands that the foregoing restrictions may limit his ability to earn a livelihood in a business similar to the MercadoLibre Business but nevertheless believes that he has received and will receive sufficient consideration under this Agreement to clearly justify such restrictions which, in any event (given his education, skills and ability), the Grantee does not believe would prevent him from otherwise earning a living.

8. Modification and Waiver. Except as provided in the Plan with respect to the determinations of the Committee and subject to the Board's right to amend, modify or terminate the Plan, neither this Agreement nor any provision hereof can be changed, modified, amended, discharged, terminated or waived orally or by any course of dealing or purported course of dealing, but only by an agreement in writing signed by the Grantee and the Company. No such agreement shall extend to or affect any provision of this Agreement not expressly changed, modified, amended, discharged, terminated or waived or impair any right consequent on such a provision. The waiver of or failure to enforce any breach of this Agreement shall not be deemed to be a waiver or acquiescence in any other breach thereof.

9. Governing Law. This Agreement and all rights under this Agreement shall be construed and enforced in accordance with the laws of the State of Delaware without regard to the provisions governing conflict of laws.

10. Grantee Acknowledgment. The Grantee hereby acknowledges that all decisions, determinations and interpretations of the Board or the Company in respect of this Agreement shall be final, conclusive and binding.

11. Incorporation of Plan. All terms and provisions of the Plan are incorporated herein and made part hereof as if stated herein. If any provisions hereof and of the Plan shall be in conflict, the terms of this Agreement shall govern. All capitalized terms used herein and not defined herein shall have the meanings assigned to them in the Plan.

12. Entire Agreement. This Agreement represents the final, complete and total agreement of the parties hereto respecting the Restricted Stock and the matters discussed herein

and this Agreement supersedes any and all previous agreements and understandings, whether written, oral or otherwise, relating to the Restricted Stock and such matters.

13. Definitions. When used in this Agreement, the following terms shall have the meanings set forth below:

(a) "MercadoLibre Business" means any activities directly or indirectly related to Online Transactional Platforms, Online Classified Advertisements and/or Payment Platforms; provided that the Board and/or the Nominating and Corporate Governance Committee of the Board shall be permitted to revise the definition and scope of the MercadoLibre Business at any point during the Restricted Period in its sole discretion by notice to the Grantee (although any such revision will have no effect on any activities of Grantee previously approved by the Board or Nominating and Corporate Governance Committee of the Board, or the CEO and/or the EVP of Corporate Affairs).

(b) "Person" means and includes a natural person, a corporation, an association, a partnership, a limited liability company, a trust, a joint venture, an unincorporated organization or any other similar entity or a governmental or quasi-governmental body (other than the Company).

(c) "Territory" means the United States of America and each country and territory in the United States, Canada, Latin America and the Caribbean, including, without limitation, Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, Uruguay, and Venezuela.

Remainder of this page intentionally left blank.

IN WITNESS WHEREOF, MercadoLibre, Inc. has caused this Agreement to be duly executed by its duly authorized officer and said Grantee has hereunto signed this Agreement on his own behalf, THEREBY REPRESENTING THAT HE HAS CAREFULLY READ AND UNDERSTANDS THIS AGREEMENT, as of the day and year first above written.

MERCADOLIBRE, INC.

By:/s/ Juan Martin de la Serna
Name: Juan Martin de la Serna
Title: Attorney-in-fact

By:/s/ Sebastian Fernandez Silva
Name: Sebastian Fernandez Silva
Title: Attorney-in-fact

GRANTEE

By:/s/ Stelleo Passos Tolda
Name: Stelleo Passos Tolda

Exhibit A - Beneficiaries

[Intentionally Omitted]

Exhibit 22.01

The following subsidiaries of MercadoLibre, Inc. may be guarantors of debt securities issued by MercadoLibre, Inc.:

Name of the entity	State or other jurisdiction of incorporation or organization
MercadoLibre S.R.L.	Argentina
Ibazar.com Atividades de Internet Ltda.	Brazil
EBazar.com.br Ltda.	Brazil
Mercado Envios Serviços de Logística Ltda.	Brazil
Mercado Pago Instituição de Pagamento Ltda.(formerly known as “MercadoPago.com Representações Ltda.”)	Brazil
MercadoLibre Chile Ltda.	Chile
DeRemate.com de México, S. de R.L. de C.V.	Mexico
MP Agregador, S. de R.L. de C.V.	Mexico
MercadoLibre Colombia Ltda.	Colombia

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 function):

(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.

May 6, 2022

/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, Pedro Arnt, 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 function):

(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.

May 6, 2022

/s/ Pedro Arnt
Pedro Arnt
Executive Vice President and Chief 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 March 31, 2022 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)

May 6, 2022

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 March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Pedro Arnt, 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/ Pedro Arnt
Pedro Arnt
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

May 6, 2022

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.