Risk Factors Comparison 2024-02-23 to 2023-02-24 Form: 10-K

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~~The following is a summary of the significant risk factors that we believe are material to our stockholders and prospective stockholders and that should be carefully considered when evaluating our company, our properties and our business: • Our business depends on the continued growth of online commerce, the commercial and financial activity that our users generate on our platform and the availability and reliability of the Internet in Latin America; • We operate in a highly competitive and evolving environment; • We rely on third- party platforms, such as Google Play and Apple app stores, to access our Mercado Libre and Mercado Pago apps; • Our future success depends on our ability to expand and adapt our operations to meet rapidly changing industry and technology standards in a cost- effective and timely manner; • The markets in which we operate are rapidly evolving and we may not be able to maintain our profitability; • We may be liable for or experience reputational damage from the failure of users of our Marketplace to deliver merchandise or make required payments; • Fraudulent activity by our users could negatively impact our operating results, brand and reputation and cause the use of services to decrease; • We are subject to consumer trends and could lose revenue if certain items become less popular or if we fail to meet customer demand; • Manufacturers may limit distribution of their products by dealers, prevent dealers from selling through us or encourage governments to limit e- commerce; • Our failure or the failure of our partners to manage Mercado Pago users' funds properly could harm our business; • We rely on banks, investment funds which acquire Mercado Pago' s receivables and payment processors to fund transactions, and changes to card association fees, rules or practices may adversely affect our business; • The failure of the financial institutions with which we conduct business may have a material adverse effect on our business, operating results, and financial condition; • A rise in interest rates may negatively affect our Mercado Pago payment volume; • Changes in Mercado Pago' s funding mix and ticket mix could adversely affect Mercado Pago' s results; • Our Mercado Credito solution exposes us to the credit risk of our merchants and consumers, among other risks; • We face significant risks related to the ongoing reliability of our logistics network and shipping service; • Failure to successfully operate our fulfillment network may also negatively affect our business; • Problems that affect our service providers could potentially adversely affect us as well; • If we are unable to compete effectively for advertising spend, or if our merchants reduce advertising spend, our business and results of operations could be materially harmed; • We may not realize benefits from recent or future strategic investments, acquisitions of businesses, technologies, services or products despite their costs in cash and dilution to our stockholders; • We depend on key personnel, the loss of which could have a material adverse effect on us; • We may have inadequate business insurance coverage, which would require us to spend significant resources in the event of a disruption of our services or other contingency; • The continuing effects of the COVID- 19 pandemic on our business remain uncertain; • Our debt instruments contain restrictions that limit our flexibility in operating our business, and changes by any rating agency to our outlook or credit rating could negatively affect us; • The conditional conversion feature of the 2028 Notes, if triggered, may adversely affect our financial condition and operating results; • We hold and may acquire digital assets that may be subject to volatile market prices, impairment and unique risks of loss; • Increasing scrutiny and evolving expectations from customers, regulators, investors, and other stakeholders with respect to our environmental, social and governance practices may impose additional costs on us or expose us to new or additional risks; • There are potential risks related to our loyalty token program and our cryptocurrency buy, hold and sell feature; • Natural disasters, climate change, geopolitical events, global health epidemics or pandemics and catastrophic events could materially adversely affect our financial performance; • We are subject to extensive government regulation and oversight. Failure to comply with existing and future rules and regulations in the jurisdictions in which we operate could adversely affect the operations of one or more of our businesses in those jurisdictions; • It may be difficult to enforce judgments rendered against us in U. S. courts; • We could face legal and financial liability upon the sale of items that infringe intellectual property rights of third parties and for information and material disseminated through our platforms; • We may not be able to adequately protect and enforce our intellectual property rights. We could potentially face claims alleging that our technologies infringe the property rights of others; • Any delay or problem with operating or upgrading our existing information technology infrastructure could cause a disruption in our business and adversely impact our financial results; • We are subject to security breaches or other confidential data theft from our systems, which can adversely affect our reputation and business; • We may not be able to secure licenses for technologies on which we rely; • We face the risk of political and economic crises, instability, terrorism, civil strife, labor conflicts, expropriation, corruption and other risks of doing business in emerging markets; • Latin American governments have exercised and continue to exercise significant influence over the economies of the countries where we operate. This involvement, as well as political and economic conditions, could adversely affect our business; • Local currencies used in the conduct of our business are subject to depreciation, volatility and exchange controls; • E- commerce transactions in Latin America may be impeded by the lack of secure payment methods; • Provisions of our certificate of incorporation and Delaware law could inhibit others from acquiring us, prevent a change of control, and may prevent efforts by our stockholders to change our management; • We may require additional capital in the future, and this additional capital may not be available on acceptable terms or at all; • Shares eligible for future sale may cause the market price of our common stock to drop significantly, even if our business is doing well; and • We cannot guarantee that any share repurchase program will be fully consummated or will enhance stockholder value, and share repurchases could increase the volatility of our stock prices and diminish our cash reserves. Set forth below is a full description of each of the risks that we believe are material to our stockholders and prospective stockholders. You should carefully consider the following factors in evaluating our company, our properties and our business.~~ Risks related to our business and operations Our business depends on the continued growth of online commerce **and digital financial services** , the commercial and financial activity that our users generate on our ~~platform~~ **platforms** and the availability and reliability of the Internet in Latin America ~~.~~ Online commerce ~~is~~ **and digital financial services are** still a developing market in Latin America. A significant portion of our business is based on an Internet platform for commercial and financial transactions in which almost all activity depends on our users and is therefore largely outside of our control. Except for our first- party sales, we do not choose which items will be listed, nor do we make pricing or other decisions relating to the products and services bought and sold on our platform. Our future revenues depend substantially on Latin American consumers' and providers' widespread acceptance and continued use of the Internet as a way to conduct commerce and to carry out specific financial transactions. For us to grow our user base successfully, more consumers and providers must accept and use new ways of conducting business and exchanging information. The price of personal computers and / or mobile devices and Internet access may limit our potential growth in certain areas or countries with low levels of Internet penetration and / or high levels of poverty. The infrastructure for the Internet in Latin America may not be able to support continued growth in the number of Internet users, their frequency of use or their bandwidth requirements. Given that we operate in a business environment in Latin America that is different than the environment in which other **companies providing** e- commerce ~~companies~~ **and digital financial services** operate, the performance of such other ~~e- commerce~~ companies is not an indication of our future financial performance. Availability, transaction speeds, acceptance, interest and use of the Internet across Latin America are all critical to our growth and services and the occurrence of any one or more of the above challenges to Internet usage could have a material adverse effect on our business. We operate in a highly competitive and evolving environment ~~.~~ The e- commerce and omnichannel retail, e- commerce services, fintech and digital content and electronic devices industries are relatively new in Latin America, rapidly evolving, highly innovative and intensely competitive, and we expect competition to become more intense in the future. To compete successfully, we must accurately anticipate technology developments and deliver innovative, relevant and useful products and services in a timely manner. Our competitors may respond to new or emerging technologies and changes in customer requirements faster and more effectively than we do, and they may also devote greater resources to the development, promotion, and sale of products and services. Barriers to entry are relatively low and current offline and new competitors, including small businesses who want to create and promote their own stores or platforms, can easily launch new sites, mobile platforms or applications at relatively low cost using software that is commercially available or partner with other e- commerce, search, advertising or social media companies. Users who purchase or sell goods and services through us have increasingly more options and merchants have more channels to reach consumers. Competitors may also be more narrowly focused on a particular type of goods and create a compelling community. We have many competitors in different industries, ranging from large and established companies to emerging start- ups. Mercado Libre' s Marketplace currently competes with a number of companies, including: traditional brick and mortar retailers, e- commerce and omnichannel retailers and vendors and distributors offering physical, digital and interactive media products that we offer and sell on our platform; online sales, auction services and comparison shopping websites; social media platforms and online and app- based means of search engines for the purchase of goods and services; companies that provide e- commerce related services such as inventory, storage and supply chain management, fulfillment, advertising and payment processing; other small online service providers, including those that serve specialty markets; business- to- consumer online commerce services; in each case located throughout Latin America. Mercado Pago competes with existing online and offline payment methods, including, among others: traditional banks and financial institutions; fintechs (e. g., crowdfunding institutions, electronic payment providers), and other providers of financial services, particularly credit, prepaid and debit cards, checks, money orders, and electronic bank deposits and transactions; payment networks that facilitate processing and aggregation of payments cards and retail networks; tokenized and contactless payment services, digital wallets, QR code- based solutions and other payment solutions; international and local online payments services; the use of cash, which is often preferred in Latin America; offline funding alternatives such as cash deposit and money transfer services; peer to peer payments and electronic money remittances and other point of sale terminals and devices or technologies installed at merchants' sites. Competitors with larger, more well- established and well- financed companies have greater resources, longer history, greater brand recognition, more customers and better access to suppliers of critical inputs and products. This positioning allows our competitors to acquire, invest in or enter into commercial relationships with competing businesses, adopt more aggressive pricing, secure better terms from suppliers, devote more resources to technology, marketing and promotional campaigns, infrastructure, fulfillment and payment solutions. These competitive advantages could be used to harm our competitive position through the adoption of restrictive covenants with suppliers, self- preferencing their product offerings, tying and bundling services and cross subsidizing. Competing services tied to established banks and other financial institutions may offer greater liquidity and create greater consumer confidence in the safety and efficacy of their services. Established banks and other financial institutions currently offer online payments and those that do not yet provide such a service could quickly and easily develop it. In many cases, companies that directly or indirectly compete with us provide Internet access. Some of these providers may take measures that could degrade, disrupt, increase the cost of customers' use of our services or advocate in favor of government measures that could increase or change regulatory requirements resulting in increased costs for us, all of which could adversely affect our business and results of operations. Further, discrepancies in enforcement of existing laws may enable our lesser known competitors to aggressively interpret those laws without commensurate scrutiny, thereby affording them competitive advantages. **Similarly,** ~~Some~~ **some** of our competitors have been accused **in other jurisdictions** of ~~illegal and~~ anticompetitive ~~conduct~~ **business practices, which they can replicate** in **jurisdictions and** markets where we actively compete, **particularly** ~~making it easier for them to replicate such conducts~~ in Latin American countries where **antitrust authorities** ~~such commercial policies~~ have not yet ~~been put to test before antitrust authorities~~ **focused on such commercial practices. 18 | MercadoLibre, Inc** . The global financial services and payments industry is continuously changing and increasingly subject to regulatory supervision and continued examination. Some of the payment services offered by our competitors operate at lower commission rates than Mercado Pago' s current rates, which has resulted in market pressures with respect to the commissions we charge for our Mercado Pago services. Moreover, establishing a financial services and payments solution entity in Latin America has proven to be difficult and resource intensive (time and money). Traditional banking and financial institutions **in Latin America** still have significant influence over sectoral regulators ~~, which~~ **and have been relatively successful at influencing the enactment of new regulations that may hinder or restrict the overall success of fintech businesses by imposing unnecessary and cumbersome requirements or otherwise limiting their business models. This influence** makes it harder to promote innovative payment solutions and policy changes to adapt regulation to an ever changing and fast growing innovative and disrupting industry. We rely on third- party platforms, such as Google Play and Apple app stores, to access our Mercado Libre and Mercado Pago apps ~~.~~ Our Mercado Libre and Mercado Pago apps are accessed through third- party platforms, such as Google and Apple' s app stores. We are subject to the standard terms and conditions that these providers have for application developers, which govern the content, promotion, distribution, and operation of apps on their platforms or marketplaces, and which the providers can change unilaterally on short or no notice. Those terms and conditions include limitations on the sale of digital goods and services ~~,~~ (e. g., streaming video services), the mandatory use of the providers' own payment processor for the sale of digital goods with a steep fee that ranges from 15 % to 30 % of the product' s listed price and anti- steering rules that forbid developers from informing users of their apps that alternative means of purchase are available outside the respective app store. Apple also forbids the distribution and commercialization of third- party digital goods, thereby prohibiting the development of a digital goods marketplace in iOS in competition with Apple. Apple and Google' s terms and conditions for in- app purchases of digital goods may cause friction with Mercado Libre' s initiatives for its loyalty program as well as other new projects involving the sale of digital goods **or the provision of advertisement video on demand streaming services** . These limitations may prevent the deployment of initiatives for mobile apps, thereby limiting the range of their overall impact. These limitations may materially affect our competitiveness with respect to other digital integrated conglomerates that do not face the same limitations, thereby impacting our capacity to grow, to innovate and to enter and compete in new markets. In addition, if changes to the existing terms and conditions interfere with the distribution of our products, if the platforms are unavailable for any prolonged period of time or if we are unable to maintain a good relationship with these third- party providers (including as a result of ongoing or future claims of anticompetitive practices), our business and results of operations could suffer. Our future success depends on our ability to expand and adapt our operations to meet rapidly changing industry and technology standards in a cost- effective and timely manner ~~.~~ Rapid, significant, and disruptive technological changes impact the industries in which we operate, and the effects of technological changes on our business are uncertain. Our success depends on our ability to develop and incorporate new technologies and adapt to technological changes and evolving industry standards ~~;~~ if we are unable to do so in a timely or cost- effective manner, our business could be harmed. We plan to continue to expand our operations by expanding our services internationally and developing and promoting new and complementary services. We may have limited or no experience in our newer market segments, which can present new and difficult technology challenges. We may not succeed at expanding our operations in a cost- effective or timely manner, and our expansion efforts may not have the same or greater overall market acceptance as our current services, which could damage our reputation and diminish the value of our brands. Similarly, a lack of market acceptance of these services or our inability to generate satisfactory revenues from any expanded services to offset their cost could have a material adverse effect on our business, results of operations and financial condition. We must constantly add new hardware, update software, enhance and improve our billing and transaction systems, and add and train new engineering and other personnel to accommodate the increased use of our website and the new products and features we regularly introduce. This upgrade process is expensive, and the increasing complexity and enhancement of our website results in higher costs. Our revenues depend on prompt and accurate billing processes. Failure to upgrade our technology, transaction- processing capabilities, features, transaction processing systems, security infrastructure, or network infrastructure to accommodate increased traffic or transaction volume or the increased complexity of our website could materially harm our business and our ability to collect revenue. We may also need to enter into relationships with various strategic partners, websites, other online service providers, shipping companies and other third parties necessary to our business. The increased complexity of managing multiple commercial relationships could lead to execution problems that can affect current and future revenues and operating margins, as well as our reputation. The expansion of our Mercado Pago and Mercado Envios businesses into new countries may also require a close commercial relationship with one or more local banks or other intermediaries, which may prevent, delay or limit the introductions of our services in such countries. The markets in which we operate are rapidly evolving and we may not be able to maintain our profitability ~~.~~ As a result of the emerging nature and related volatility of the markets and economies in the countries in which we operate, the increased variety of services and products **that we** ~~offered~~ -- **offer** ~~on our website~~ and the rapidly evolving nature of our business, it is particularly difficult for us to forecast our revenues or earnings accurately. Our current and future expense levels are based largely on our investment plans and estimates of future revenues and are, to a large extent, fixed. We may not be able to adjust spending in a timely manner to compensate for any unexpected revenue shortfall. Accordingly, any significant shortfall in revenues relative to our planned expenditures would have an immediate adverse effect on our business, results of operations and financial condition. **19 | MercadoLibre, Inc.** We may be liable for or experience reputational damage from the failure of users of our Marketplace to deliver merchandise or make required payments ~~.~~ Our success depends largely upon sellers accurately representing and reliably delivering the listed goods and buyers paying the agreed purchase price. We have received in the past, and anticipate that we will receive in the future, complaints from users who did not receive the purchase price or the goods agreed to be exchanged, and regarding the quality or the partial or non- delivery of purchased items. While we can suspend the accounts of users who fail to fulfill their obligations to other users, we do not have the ability to force users to meet their obligations. Our Buyer Protection Program, which is generally available to all of our buyers, has been implemented to address those situations, subject to certain conditions. As we expand the coverage of our Buyer Protection Program, the number and amount of reimbursements may increase. Effective customer service requires significant personnel expense and investment in developing programs and technology infrastructure to help customer service representatives carry out their functions, which if not properly managed, could significantly impact our profitability. In addition, failure to handle customer complaints effectively and negative publicity generated as a result of the fraudulent or deceptive conduct of any of our sellers could damage our reputation, diminish the value of our brands and negatively impact our results of operations. Fraudulent activity by our users could negatively impact our operating results, brand and reputation and cause the use of services to decrease ~~.~~ We are subject to the risk of fraudulent activity ~~on our platforms~~ by our users, including ~~with respect to Mercado Pago~~ fraudulent and illicit sales, money laundering, bank fraud, fraud from means of payment entities, employee fraud and online securities fraud. Measures to detect and reduce the occurrence of fraudulent activities are complex and require continuous improvement, and there can be no assurance that they will be sufficient to accurately detect, prevent or deter fraud, particularly new and continually evolving forms of fraud. As our business grows, the cost of remediating for fraudulent activity, including customer reimbursements, may materially increase and could negatively affect our operating results. In addition, users' fraudulent or potential illegal activities when using any platform we operate **or payment solutions we offer** could expose us to civil or criminal liability and could have a material adverse effect on our financial performance, our business or reputation in the future. We incur losses from claims of customers who did not authorize a purchase, from buyer fraud and from erroneous transmissions. Third parties have attempted, and will likely continue to attempt, to abuse access to and misuse our payments solution to commit fraud by, among other things, creating fictitious accounts using stolen or synthetic identities or personal information, making transactions with stolen financial instruments, abusing or misusing our services for financial gain or fraudulently inducing users of our platforms into engaging in fraudulent transactions. Due to the digital nature of our payments services, third parties may perform abusive schemes or fraud attacks that are often difficult to detect and may reach a scale that would otherwise not be possible in physical transactions. Numerous and evolving fraud schemes and misuse of our payments service could subject us to significant costs and liabilities, require us to change our business practices, lead to loss of customer confidence in, or decreased use of, our products and services, damage our reputation and brands, and divert the attention of management from the operation of our business. In addition to the direct costs of such losses, if the losses are related to credit card transactions and become excessive, they could result in Mercado Pago losing the right to accept credit cards for payment, which could adversely affect our business. We are subject to consumer trends and could lose revenue if certain items become less popular or if we fail to meet customer demand ~~.~~ Our future revenues depend on continued demand for the types of goods that we sell, that users list on the Mercado Libre Marketplace or that users pay for with Mercado Pago on or off the Mercado Libre Marketplace. Demand for our products and services can fluctuate significantly for many reasons, including due to perceived availability, consumer trends, seasonality, promotions, product launches, defective products or unforeseeable events, such as in response to natural or man- made disasters, public health crises **(including pandemics)** , extreme weather (including as a result of climate change), geopolitical events, or changes in or uncertainty about macro- economic conditions, which could impact the overall volume of transactions on our platforms. A decline in the demand for or popularity of certain items sold through the Mercado Libre Marketplace without an increase in demand for different items could result in reduced revenues. Also, certain consumer " fads " or other factors may temporarily inflate the volume of certain types of items listed on the Mercado Libre Marketplace, posing an inventory risk and placing a significant strain on our infrastructure and transaction capacity. These trends may also cause significant fluctuations in our operating results from one quarter to the next. Although it is difficult to accurately forecast **consumer trends and** demand, we strive to predict these trends, as overstocking or understocking products we sell could lead to lower sales, missed opportunities, and excessive markdowns, any of which could have a material impact on our business and operating results or reputation. Failure to accurately forecast **consumer trends and** demand could significantly affect our revenue and our future growth. Manufacturers may limit distribution of their products by distributors, prevent distributors from selling through us or encourage governments to limit e- commerce ~~.~~ Manufacturers may attempt to enforce minimum resale price maintenance arrangements to prevent distributors from selling on our websites or on the Internet generally, or at prices that would make our site ~~attractive~~ **unattractive** relative to other alternatives. Increased competition or anti- Internet distribution policies could result in reduced operating margins, loss of market share and diminished value of our brand. In order to respond to changes in the competitive environment, we may, from time to time, make pricing, service or marketing decisions or acquisitions that may be controversial with and lead to dissatisfaction among some of our sellers, which could reduce activity on our websites and harm our profitability **. 20 | MercadoLibre, Inc** . Our failure or the failure of our partners to manage Mercado Pago users' funds properly could harm our business ~~.~~ Our ability to manage and account accurately for Mercado Pago users' funds requires a high level of internal controls. As Mercado Pago continues to grow, we must strengthen our internal controls accordingly. Mercado Pago' s success requires significant consumer confidence in our ability to handle large and growing transaction volumes and amounts of customer funds. Any failure to maintain necessary controls or to properly manage customer funds could severely reduce customer use of Mercado Pago, and we could be found to be in violation of applicable laws and regulations, be subject to fines or other penalties or forced to cease providing this service. Mercado Pago offers its users in Argentina ~~and~~ **,** Mexico **and Chile** the option to use the balances stored on their Mercado Pago wallets to invest in low- risk investment funds (money market fund equivalents). For the purposes of offering such intermediated investment functionality, Mercado Pago entered into diverse contractual relationships with licensed third party brokers and fund managers who serve as the managers of the investment funds and the facilitators of all associated investment services, including but not limited to the execution of investment orders. The scope of Mercado Pago' s involvement in these services is strictly limited to (i) the processing of charges and payments from users that use their balances held with Mercado Pago to invest, and (ii) sending the appropriate instructions to our investment partners. The third party providers have complete decision- making authority over the funds and their investment strategies. In Brazil, we have also partnered with a third party with a focus on the financial inclusion of users, to launch three Investment Fund options, allowing users to diversify their investment portfolio in an accessible way and with options for quick withdrawal. A disruption in our relationships with such third party providers or any of the services they provide to our users, could adversely affect our customers' confidence in our business. In addition, the value of the investments made by our users in the respective investment funds, may fluctuate over time as a result of market conditions and investment decisions made by our third party providers. If there is a disruption in the services provided by our third party providers or the investments made by our users otherwise decrease in value, our users may try to pursue claims or legal actions against us, which could affect our reputation and results of operations. We rely on banks and investment funds which acquire Mercado Pago' s receivables and payment processors to fund transactions, and changes to card association fees, rules or practices may adversely affect our business ~~.~~ Mercado Pago relies on banks, investment funds or payment processors to process the funding of Mercado Pago transactions and Mercado Libre Marketplace collections, and must pay a fee for this service. From time to time, card associations may increase the interchange fees they charge for each transaction using one of their cards. Card processors have the right to pass on to us any increases in interchange fees or their own fees for processing. These increased fees increase the operating costs of Mercado Pago, reduce our profit margins from Mercado Pago operations and, to a lesser degree, affect the operating margins of the Mercado Libre Marketplace. We also offer Mercado Pago prepaid **cards in Brazil** and **Mercado Pago** credit cards in Brazil **and Mexico, all** under the VISA brand, as well as an electronic payment funds card (equivalent to a debit card) in Mexico and Argentina issued under the MasterCard brand. If any of these companies were to be unwilling or unable to provide these services to us, or if they are willing to provide these services but at less favorable terms, our business and results of operations would be adversely affected. We are also subject to, or required by processors to comply with, card association operating rules. The card associations and their member banks set and interpret the card rules. Some of those member banks compete with Mercado Pago. Card companies could adopt new operating rules or re- interpret existing rules that we or Mercado Pago' s processors may find difficult or even impossible to follow. As a result, we could lose our ability to provide Mercado Pago customers the option of using debit, prepaid or credit cards to fund their payments and MercadoLibre users the option to pay their fees using a debit, prepaid or credit card, which could be materially adverse to our business. We could lose the right to accept credit cards or pay fines if card processors determine that users are using Mercado Pago to engage in illegal or " high risk " activities or if users generate a large amount of chargebacks. Accordingly, we are continually working to prevent " high risk " merchants from using Mercado Pago. Additionally, we may be unable to access financing in the credit and capital markets at reasonable rates to fund our Mercado Pago operations and for that reason our profitability and total payments volume could materially decline. The failure of the financial institutions with which we conduct business may have a material adverse effect on our business, operating results, and financial condition ~~.~~ If the condition of the financial services industry deteriorates or becomes weakened for an extended period of time, any of the following factors could have a material adverse effect on our business, operating results, and financial condition: ~~•~~ ■ Disruptions to the capital markets or the banking system may materially adversely affect the value of investments or bank deposits we currently consider safe, liquid or that provide a reasonable return, and we may be unable to find suitable alternative investments, which could result in lower interest income or longer investment horizons; ~~•~~ ■ We may be required to increase the installment and financing fees we charge to customers for purchases made in installments or cease offering installment purchases altogether, each of which may result in a lower volume of transactions completed; ~~•~~ ■ We may be unable to access financing in the credit and capital markets at reasonable rates in the event we find it desirable to do so. Due to the nature of our Mercado Pago and Mercado Libre Marketplace businesses, we generate high credit card receivables and consumer and merchant loans that from time to time we sell to financial institutions, and accordingly, lack of access to credit or significant changes to the terms of any existing credit, or bank liquidations could cause us to experience severe difficulties; and ~~•~~ ■ The failure of financial institution counterparties to honor their obligations to us under credit instruments could jeopardize our ability to rely on and benefit from those instruments. Our ability to replace those instruments on the same or similar terms may be limited under difficult market conditions. **21 | MercadoLibre, Inc.** A rise in interest rates may negatively affect our Mercado Pago payment volume ~~.~~ We offer users the ability to pay for goods purchased in installments using Mercado Pago in some of the countries where we operate. In **2023 and** 2022 ~~and 2021~~ , installment payments represented **17. 1 % and** 19 ~~. 8 % and 24~~ . 8 %, respectively, of Mercado Pago' s total payment volume. To subsidize the cost of the installment payment feature, from time to time we pay interest to discount credit card receivables, securitize credit card receivables through trusts or finance Mercado Pago business through financial debt. In all of these cases, if interest rates increase, we may have to raise the installment fees we charge to users that would likely have a negative effect on Mercado Pago' s total payment volume. Changes in Mercado Pago' s funding mix and ticket mix could adversely affect Mercado Pago' s results ~~.~~ Mercado Pago pays significant transaction fees when customers fund payment transactions using certain debit and credit cards or through unaffiliated entities, nominal fees when customers fund payment transactions from their bank accounts and no fees when customers fund payment transactions from an existing Mercado Pago account balance. Mercado Pago' s financial success will remain highly sensitive to changes in the rate at which its senders fund payments using credit cards. Customers may prefer to pay using credit cards rather than bank account transfers for a number of reasons, including the ability to pay in installments, the ability to dispute and reverse charges, the ability to earn frequent flyer miles or other incentives offered by credit cards, the ability to defer payment, or a reluctance to provide bank account information to us. Certain costs and transactions fees that Mercado Pago pays in connection with certain payment methods are fixed regardless of the ticket price. Currently, Mercado Pago, if applicable, charges a fee calculated as a percentage of each transaction. If Mercado Pago receives a larger percentage of low ticket transactions, our profit margin may erode, or we may need to raise prices, which, in turn, may affect the volume of transactions. Our Mercado Credito solution exposes us to the credit risk of our merchants and consumers, among other risks ~~.~~ Our Mercado Credito solution is offered to certain merchants and consumers, and the financial success of this product depends on the effective management of the credit related risk. We assess the credit risk of merchants and / or consumers seeking a loan based on a risk model internally developed, among other factors, which may not accurately predict their creditworthiness due to inaccurate assumptions about the particular merchant and / or consumer or the economic environment or limited product history, among other ~~factors~~ **aspects** .

The accuracy of the risk model and our ability to manage credit risk may also be affected by legal or regulatory changes (e. g., bankruptcy laws and minimum payment regulations), competitors' actions, changes in consumer behavior, funding resources, changes in the economic environment and other factors. A decline in economic, political, market, health and social conditions could impact our users as well, and their decisions could reduce the number of cards, accounts, and credit lines of their account holders, which ultimately impact our revenues. Any events or conditions that impair the functioning of the financial markets, tighten the credit market, or lead to a downgrade of our current credit rating could increase our future borrowing costs and impair our ability to access the capital and credit markets on favorable terms, which could affect our liquidity and capital resources, or significantly increase our cost of capital. Like other businesses with significant exposure to credit losses, we face the risk that Mercado Credito merchants and consumers will default on their payment obligations, making the receivables uncollectible and creating the risk of potential charge- offs, which could impact our liquidity. Any of these events could adversely affect our business and results of operation. The funding and growth of our Mercado Credito business is directly related to interest rates; a rise in interest rates may negatively affect our Mercado Credito business and results of operations. We face significant risks related to the ongoing reliability of our logistics network and shipping service ~~.~~In certain countries where we operate, we offer users our Mercado Envios shipping service through integration with local carriers. We generally pay local carriers directly for their shipping costs, and then we decide how much of those costs we transfer to our customers. The decision to raise the shipping fees we charge to users may have a negative effect on Mercado Envios' shipping volume, and the decision not to do that may result in an increase in operating costs of Mercado Envios which could generate net losses in our commerce operations. We rely on a number of local carriers (through non- exclusivity agreements) to receive the inventories for our first-party business and on third parties to ship orders to customers. The unavailability of the services of local carriers because of unfavorable contractual or commercial terms or performance problems or any other difficulty experienced by the local carriers could negatively affect our ability to provide shipping services to our customers, which could in turn have a material adverse effect on our shipping service, operating results, and financial condition. Failure to successfully operate our fulfillment network may also negatively affect our business ~~.~~Through our logistics solution, Mercado Envios, we offer sellers on our platform fulfillment and warehousing services, including maintaining inventories of third parties that sell products through our platform. We also use fulfillment and warehousing services for our first- party business. As we continue to add fulfillment centers, our fulfillment network may become more complex, and the operation of such centers may present significant challenges including an increased complexity of tracking inventories and operating our fulfillment network. Our failure to accurately forecast customer demand, staffing and properly handle inventories and commercial relationships with third parties could result in excess or insufficient fulfillment capacity, service interruptions, an inability to optimize platform fulfillment or staffing, unexpected costs and adversely affect our reputation or results of operations. Any supply chain constraints that affects us, our merchants or vendors could also adversely affect our ability to operate our fulfillment network effectively. We offer to sellers our Fulfillment Protection Program, for any damage or loss of seller' s inventories as a result of using our fulfillment network service, subject to certain conditions. We may in the future receive additional requests from sellers requesting reimbursement or threatening legal action against us if we do not reimburse them, the result of which could materially adversely affect our business and financial condition . We continue to build new warehouses to manage increasing demand on our logistics solution. These construction efforts are subject to a risk of delay and also to risks relating to the quality of the construction, both of which could increase our costs and impact our ability to grow capacity in time to adequately meet demand. Problems that affect our service providers could potentially adversely affect us as well ~~.~~A number of parties provide services to us or to our users. These services include the hosting of our servers, shipping and the postal and payments infrastructures that allow users to deliver and pay for goods and services, in addition to paying their Mercado Libre Marketplace bills. Financial, regulatory, or other problems that might prevent these companies from providing services to us or our users could reduce the number of listings on our websites or make completing transactions on our websites more difficult, which would harm our business. Any security breach at one of these companies could also affect our customers and harm our business. If we are unable to compete effectively for advertising spend, or if our merchants reduce advertising spend, our business and results of operations could be materially harmed ~~.~~We developed a growing advertising business on our platform. If we are unable to compete effectively for advertising spend, or if merchants reduce advertising spend due to adverse macroeconomic conditions or for other reasons, our business and results of operations could be materially harmed. Our ability to maintain or increase the amount and pricing of advertising sold through our platform will depend on our ability to create more value (such as increased numbers of users, transactions and monetization, as well as increased brand awareness) than our competitors. Some of our competitors are online sites that have larger customer bases and greater brand recognition, as well as a better understanding of local culture and commerce in certain jurisdictions. Failing to provide superior value or deliver advertisements effectively and competitively could harm our reputation, financial condition and operating results. Changes to our advertising policies and data privacy practices, or those of other companies, may adversely affect the advertising that we are able to sell. In addition, the existence and development of technologies that block ads online or affect our ability to customize ads could harm our advertising business. We may not realize benefits from recent or future strategic investments, acquisitions of businesses, technologies, services or products despite their costs in cash and dilution to our stockholders ~~.~~We intend to continue to enter into a wide array of potential strategic transactions, including strategic investments, acquiring businesses, technologies, services or products, as appropriate opportunities arise. We may not, however, be able to identify, negotiate or finance such future acquisitions successfully or at favorable valuations, or to effectively integrate these acquisitions with our current business. Strategic transactions may involve significant additional challenges, uncertainties and risks, including, but not limited to, unforeseen operating difficulties and expenditures, challenges of integrating new employees, systems, technologies, and business cultures; failure to develop the acquired business adequately; disruption of our ongoing operations and diversion of our management' s attention; inadequate data security, cybersecurity and operational and information technology resilience; failure to identify, or our underestimation of, commitments, liabilities, deficiencies and other risks associated with acquired businesses or assets; and potential exposure to new or increased regulatory oversight and uncertain or evolving legal, regulatory and compliance requirements; potential reputational risks that could arise from transactions with, or investments in, companies involved in new or developing businesses or industries, which may be subject to uncertain or evolving legal, regulatory and compliance requirements; failure of the transaction to advance our business strategy and of its anticipated benefits to materialize; potential impairment of goodwill or other acquisition- related intangible assets; and the potential for our acquisitions to result in dilutive issuances of our equity securities or significant additional debt. Strategic transactions may also heighten many of the risks described in this " Risk Factors " section. Acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and / or amortization expenses related to intangible assets and impairment of goodwill, which could materially adversely affect our business, results of operations and financial condition. Any future acquisitions might require us to obtain additional equity or debt financing, which might not be available on favorable terms, or at all. If debt financing for potential future acquisitions is unavailable, we may determine to issue shares of our common stock or preferred stock in connection with such an acquisition and any such issuance could result in the dilution of our common stock. We depend on key personnel, the loss of which could have a material adverse effect on us ~~.~~ Our performance depends substantially on the continued services and on the performance of our senior management and other key personnel. Our ability to retain and motivate these and other officers and employees, as well as our ability to successfully transition key roles, is fundamental to our performance. Our future success also depends on our ability to identify, attract, hire, train, retain and motivate other highly skilled technical, managerial, marketing and customer service personnel. Competition for these personnel is intense, and we cannot assure you that we will be able to successfully attract and retain sufficiently qualified personnel. In addition, changes we make to our current and future work environments may not meet the needs or expectations of our employees or may be perceived as less favorable compared to other companies, which could adversely affect our ability to attract and retain qualified personnel. **Failure to successfully hire, train, manage, and retain sufficient personnel to meet our needs, as well as successfully transition key roles, such as the Chief Financial Officer transition we recently underwent, can be inherently difficult to manage, strain our operations, increase payroll and other costs, and harm our business and reputation.** We may have inadequate business insurance coverage, which would require us to spend significant resources in the event of a disruption of our services or other contingency ~~.~~ Even though we have business insurance coverage to face major contingencies affecting our services and goods, it may be inadequate to compensate for our losses, its coverage may be limited, or the amount of our insurance may be less than the related loss. Any business disruption, litigation, system failure or natural or man- made disaster may cause us to incur substantial costs and divert resources, which could have a material adverse effect on our business, results of operation and financial condition. **23 | MercadoLibre** ~~The continuing effects of the COVID- 19 pandemic on our business remain uncertain. The continuing effects of the pandemic on our business~~ , **Inc** ~~operations, or financial results remain uncertain and will depend on numerous evolving factors that we cannot predict, including, but not limited to the ongoing duration of the pandemic and its impact on economic activity and consumer behavior. Consumer behavior changed rapidly during the course of the COVID- 19 pandemic. Our business benefited from the shift from in- store shopping and traditional in-store payment methods (e. g., credit cards, debit cards and cash) towards e- commerce and online payments that was accelerated by the pandemic. These results, as well as other metrics such as net income and other financial and operating data, may not be indicative of results for future periods and our future operating results may fall below expectations. As the COVID- 19 pandemic winds down in many parts of the world, the extent to which consumer preferences will revert to pre- COVID- 19 behaviors is uncertain, and our business, financial condition and results of operations could be adversely impacted~~ . Our debt instruments contain restrictions that limit our flexibility in operating our business, and changes by any rating agency to our outlook or credit rating could negatively affect us ~~.~~ The terms of our senior unsecured notes issued in January 2021 and certain collateralized debt under securitization transactions contain, and any debt instruments we enter in the future may contain, covenants that restrict or could restrict, among other things, our business and operations. Failure to pay amounts due under a debt instrument or breach any of its covenants may result in the acceleration of the indebtedness (subject in certain cases to a grace or cure period). Moreover, any such acceleration and required repayment of, or default in respect of, any of our indebtedness could, in turn, constitute an event of default under other debt instruments, thereby resulting in the acceleration and required repayment of other indebtedness we may have. Any of these events could materially adversely affect our liquidity and financial condition. In addition, changes by any rating agency to our outlook or credit rating could negatively affect the value of both our debt and equity securities and increase our borrowing costs. If our credit ratings are downgraded or other negative action is taken, the interest rates payable by us under our indebtedness may increase. In addition, any downgrades to our credit ratings may affect our ability to obtain additional financing in the future and the terms of any such financing. Any of these factors could adversely affect our financial condition and results of operations. ~~The conditional conversion feature of the 2028 Notes, if triggered, may adversely affect our financial condition and operating results. In the event the conditional conversion feature of the 2028 Notes is triggered, holders of the outstanding 2028 Notes will be entitled to convert the outstanding 2028 Notes at any time during specified periods at their option. If one or more holders elect to convert their 2028 Notes, we can decide to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity.~~ We hold and may acquire digital assets that may be subject to volatile market prices ~~, impairment~~ and unique risks of loss **We** ~~. In February 2021, we began to use~~ **used** a portion of our cash reserve to purchase digital assets or certain other alternative reserve assets. During 2021, we invested an aggregate $ 30 million in bitcoin and ether (both, cryptocurrencies), and we may continue acquiring and holding digital assets from time to time in the future. However, in **2023 and** 2022 **,** we have not bought additional cryptocurrencies. The prices of digital assets have been and may continue to be highly volatile, including as a result of various associated risks and uncertainties. For example, the prevalence of such assets is a relatively recent development, and their long- term adoption by investors, consumers and businesses is unpredictable. Moreover, they rely on technology for their creation, existence and transactional validation and their decentralization may subject their integrity to the threat of malicious attacks and technological obsolescence. The status of such assets for a variety of regulatory purposes is unclear and may change in the future. As digital assets, including bitcoin, have grown in popularity and market size, there has been increasing focus on the extent to which digital assets can be used to launder the proceeds of illegal activities or fund criminal or terrorist activities, or entities subject to sanctions regimes. If we are found to have purchased bitcoin or other digital assets from persons that have used the digital assets to launder money or from persons subject to sanctions, we may be subject to regulatory proceedings and further transactions or dealings in bitcoin or other digital assets may be restricted or prohibited. ~~Most~~ **The rapidly evolving regulatory landscape with respect to** digital assets **may subject us to additional costs** ~~are currently considered indefinite- lived intangible assets under applicable accounting rules~~ , ~~meaning that any decrease in their fair value below our carrying value for~~ such **as the implementation of additional and potentially costly controls** ~~assets at any time will require us to recognize impairment charges. This may adversely affect our~~ **or** ~~operating results in any period in which such impairment occurs, which in turn could have a material adverse effect on the~~ **other actions** ~~market price of our shares. We do not recognize any increases in fair value while we hold the assets~~ . As intangible assets without centralized issuers or governing bodies, digital assets have been, and may in the future be, subject to security breaches, cyberattacks or other malicious activities, as well as human errors or computer malfunctions, that may result in operational problems or the loss or destruction of private keys needed to access such assets, which may be irreversible and could adversely affect the value of our digital assets and an investment in our Company. While we intend to take reasonable measures to secure any digital assets, if such threats are realized or the measures or controls we implement to secure our digital assets fail, it could result in a partial or total misappropriation or loss of our digital assets, and our financial condition and operating results may be adversely affected. Increasing scrutiny and evolving expectations from customers, regulators, investors, and other stakeholders with respect to our environmental, social and governance practices may impose additional costs on us or expose us to new or additional risks ~~.~~ We have published an **annual** integrated ~~annual~~ impact report, sustainability bond reports in connection with the allocation of proceeds from the sale of our 2. 375 % Sustainability Notes due 2026 (the " **2026** ~~Sustainable~~ **Sustainability** ~~Bond~~ **Notes** "), a Sustainability Bond Framework 2020 (the " Framework "), and a specific analysis of climate related risk factors following the guideline and recommendations of the Task Force on Climate- related Financial Disclosures. These reports describe, among others, our policies, practices and initiatives across a variety of environmental, social and governance (" ESG ") matters, including our contribution to socio-economic development, diversity, inclusion and financial education, ~~our sustainable development goals and manifesto, and~~ human capital management **and efforts to reduce our environmental impact** . The implementation of these ~~goals and~~ initiatives **is** ~~may require considerable investments, and the goals set forth in these reports are~~ complex ~~and ambitious~~ and subject to contingencies, dependencies, and in certain cases, reliance on third- party verification and / or performance **, and may require considerable investments** . As such, we cannot guarantee that we will ~~achieve~~ **be able to execute** any of these ~~goals~~ **initiatives** , including, but not limited to, the Company' s intention to allocate the proceeds from the sale of the **2026** ~~Sustainable~~ **Sustainability** ~~Bond~~ **Notes** to eligible projects meeting the criteria and within the time frame described in our Framework. Further, these efforts may contribute to increased scrutiny from customers, regulators, investors and other stakeholders related to our ESG practices and disclosure. For example, some of our Marketplace customers may elect to reduce purchases from us if we are unable to verify that our performance and products meet the specifications of responsible sourcing programs. Investor advocacy groups, investment funds and institutional investors are also increasingly focused on these practices, especially as they relate to the environment, health and safety, diversity, labor conditions and human rights. In addition, there can be no assurance that our current policies, practices, reporting frameworks and principles will be in compliance with any new environmental and social laws and regulations that may be promulgated in the U. S. and elsewhere. New government regulations could also result in new or more stringent forms of ESG oversight and expanding mandatory and voluntary reporting, taxes, diligence and disclosure. The costs of changing any of our current practices to comply with any new legal and regulatory requirements in the U. S. and elsewhere may be substantial. Furthermore, industry and market practices may further develop to become even more robust than what is required under any new laws and regulations, and we may have to expend significant efforts and resources to keep up with market trends and stay competitive among our peers. Increased ESG related compliance costs for us as well as among Marketplace merchants and vendors and various other parties within our supply chain could result in increases to our overall operational costs. **24 | MercadoLibre, Inc.** Failure or perceived failure to adapt to achieve our goals or commitments, or comply with regulatory requirements or investor or stakeholder expectations and standards could negatively impact our reputation, ability to do business with certain partners and our stock price. Government, media or activist pressure to limit emissions could negatively impact consumers' perceptions of our products and services, which could have a material adverse effect on our business, and the actions taken by governments and other actors to reduce emissions could impose costs that could materially affect our financial condition. In addition, our sustainability initiatives may be unsuccessful for a variety of reasons, including if we are unable to realize the expected benefits of new technologies or if we do not successfully plan or execute new strategies, or if we fail to timely allocate the proceeds from our Sustainable Notes, which in turn could harm our business or damage our reputation. There are potential risks related to our loyalty token program and our cryptocurrency buy, hold and sell feature ~~.~~ There are potential risks to MercadoLibre from the loyalty token program. Because of the novelty of digital assets, there is ~~potential~~ regulatory uncertainty about the legal and accounting treatment of the tokens issued in connection with the loyalty program in ~~different~~ **certain** jurisdictions, which ~~could~~ **has and may continue to** limit our ability to roll out **the program in new jurisdictions** or continue **it** ~~the program~~ successfully **or at all under its current terms. Such uncertainty could also subject us to regulatory actions or claims** . If the impact of the program becomes material to our operations, our reported results could be affected by variations in the market price of the token, since **, under the current terms of the program,** the tokens can be ~~used by~~ **sold at the then prevailing market price and** users ~~as a means of payment~~ **may use the resulting fiat currency to purchase products and services** on the Mercado Libre Marketplace ~~at their~~

~~market price at the moment of payment~~ . **In addition,** ~~While~~ **while** we have taken steps to make the tokens secure, digital assets in the custody of various other custodians have in the past been hacked or lost, and any users of our tokens that in the future may have similar experiences might try to pursue claims against us **. Despite our disclaimer of liability for any loss** , ~~which could affect~~ **damage, claim, cost and /** ~~our~~ **or expense that may arise in connection with the loyalty** ~~customer' s confidence on our digital assets and therefore affect our reputation and results of operations. Our tokens~~ **token program** ~~will likely fluctuate in value and~~ , **users may also try to pursue claims against us** if the loyalty token program is unsuccessful or the tokens otherwise decrease in value ~~, users may try to pursue claims against us~~ . Any such claims could affect our customers' confidence in our digital assets, affecting our reputation and results of operations. We cannot assure that the loyalty token program will achieve its objectives relating to customer usage and customer loyalty. We provide our customers the ability to access through our Mercado Pago platform crypto- assets trading and custody services that are rendered by third parties, which allows users to buy, hold ~~and~~ **,** sell **and transfer** certain global cryptocurrencies and stablecoins. We also rely on third party service providers to perform several functions in connection with our loyalty token program. Such service providers (" SPs ") provide our customers token and crypto- assets exchange services (whereby customers can buy and sell tokens and certain crypto- assets) as well as tokens and crypto- assets custody services. The SPs are also responsible for securing our customers' tokens and crypto- assets and protecting them from loss or theft. We in turn provide a platform that acts as an interface for our customers to access the SPs' services. A disruption in our relationship with the SPs or in any of the services provided by them to users could adversely affect our customers' confidence in our loyalty token program, crypto- assets offerings through the SPs and on our business. Our SPs rely on computer software, hardware and telecommunications infrastructure and networking to provide services to our customers related to the token and crypto- assets exchange and custody services. These computer- based services are subject to disruption, delay and / or failure, which could cause our users to lose access to our Mercado Pago platform or to the SPs' services. Any such technical issues could negatively affect our customers' confidence in our **loyalty** token **program** and the crypto- assets offering through the SPs and on our business. The SPs maintain the cryptographic private keys which allow access to the digital wallets where our customers' token and crypto- assets are held ~~and~~ **in** ~~custodied~~ **custody** . In the event that those private keys are lost, destroyed, unable to be accessed or anyway compromised and no back up of such private keys exists, the SPs will not be able to access the tokens or crypto- assets held ~~by~~ **on behalf of** our customers in their custody. The SPs' failure to safeguard the crypto- assets owned by our customers may result in losses to our customers, which could adversely affect our customers' confidence in our crypto- assets and on our business. In addition, the SPs' failure to maintain necessary controls or safeguard against improper transactions due to process or control oversight could lead to sanctions and reputational harm for the Company. The regulatory environment concerning digital assets **, including cryptocurrencies and stablecoins,** is uncertain and evolving. Changes in laws and regulations regarding **such** ~~crypto-~~ assets, services that involve a partnership with a custodian and blockchain infrastructure providers, as well as the perception of the market regarding this type of asset, may negatively impact our ability to enable our customers to buy, hold and sell crypto- assets in the future and may adversely affect our business. Natural disasters, climate change, geopolitical events, global health epidemics or pandemics and catastrophic events could materially adversely affect our financial performance ~~.~~ The occurrence of one or more natural disasters, such as hurricanes, tropical storms, floods, fires, earthquakes, tsunamis, cyclones, typhoons; weather conditions such as major or extended winter storms, droughts and tornadoes, whether as a result of climate change or otherwise; geopolitical events **(such as international trade disputes and the ongoing conflicts in Ukraine and the Middle East)** ; global health epidemics or pandemics or other contagious outbreaks **(such as COVID- 19 and its variants)** ; and catastrophic events, such as war, civil unrest, terrorist attacks or other acts of violence, including active shooter situations, acts of vandalism or terrorism, labor or trade disputes, and similar events in countries in which we operate, in which our users are located, or in other areas of the world ~~(such as in Ukraine where armed hostilities currently exist between Ukraine and Russia)~~ could adversely affect our operations and financial performance. Such events could result (whether directly or indirectly) in physical damage to, or the complete loss of, one or more of our facilities, loss or spoilage of inventory, limits on our ability to receive the inventories of third parties efficiently and ship orders to customers, business interruption, the lack of an adequate work force in a market, the unavailability of our platforms to our users, changes in the purchasing patterns of consumers and in consumers' disposable income, the temporary or long- term supply chain and logistics disruption, the disruption of critical infrastructure and communication systems, banking systems, utility services or energy availability **. 25 | MercadoLibre, Inc** . Furthermore, the long- term impacts of climate change, whether involving physical risks (such as extreme weather conditions, drought, or rising sea levels) or transition risks (such as regulatory or technology changes) are expected to be widespread and unpredictable. Physical risk may result in: disruption of operations and distribution, as well as higher costs, due to increased frequency and intensity of severe storms, wildfires, high- speed wind, flooding, sea level rise, drought precipitation and rising mean temperatures; increased insurance premiums due to increased exposure to physical weather perils; and increased heat stress to our workforce and increased costs throughout operations, supply chain and distribution due to greater cooling needs. These events and their impacts could materially adversely affect our business. Legal and Regulatory Risks We are subject to extensive government regulation and oversight. Failure to comply with existing and future rules and regulations in the jurisdictions in which we operate could adversely affect the operations of one or more of our businesses in those jurisdictions ~~.~~ Our business is subject to the laws, rules, regulations and policies of the countries in which we operate, as well as the legal interpretation of such regulations by administrative bodies and the judiciary of those countries, including, but not limited to, those listed below. Further, because our services and products are available in a number of countries, certain foreign jurisdictions may claim that we are required to comply with their laws. The expansion of our business may also result in increased regulatory oversight and enforcement, as well as licensing requirements. In addition, our operations in most of the countries where we operate are subject to risks related to compliance with the U. S. Foreign Corrupt Practices Act (" FCPA ") and other applicable U. S. and other local laws prohibiting corrupt payments to government officials and other third parties. Any changes to, enforcement of, failure, or perceived failure to comply with these regulations, or the enactment of new regulations, could result in lawsuits, civil or criminal penalties, or fines against the Company or its subsidiaries, forfeiture of significant assets, an outright or partial restriction on our operations, additional compliance and licensure requirements, an adverse impact on our business, results of operations or financial position, or may otherwise force us to change the way we or our users do business, which could adversely affect the operations and reputation of our businesses in those jurisdictions. We have been and we expect that we will continue to be involved in disputes or regulatory inquiries that arise in the ordinary course of business, the number and significance of which has increased as our business has expanded. The media, political and regulatory scrutiny that we may face could increase or amplify these risks. Internet Services Regulation There is uncertainty in many of the countries where we operate with respect to the liability of Internet service providers, the application of existing regulations to our business as they relate to, or the enactment of new regulations relating to, issues such as e- commerce, electronic or mobile payments, information requirements for Internet providers, data collection, data protection, ~~on~~ **data security, data localization,** ~~line~~ **online** privacy, cryptocurrencies, artificial intelligence and machine learning (e. g. in relation to risk analysis) governing anti- money laundering, taxation, reporting obligations, consumer protection and businesses. This uncertainty could negatively affect our users' perception and use of our services and could result in significant expense should we have to defend cases in an unclear legal environment. Privacy and user Data Protection We are subject to laws relating to the collection, use, storage and transfer and, in general, the processing of personal data about our providers, employees and, principally, our users. We expect that these regulations will increase both in number and in the level of stringency, in ways we cannot predict, including with respect to evolving technologies such as cloud computing, artificial intelligence and machine learning, and blockchain technology. Should we fail to comply with these laws, which apply to processing of all personal data, including the interactions with third- parties, transfers of information amongst our employees in the course of their work for us, our subsidiaries, and other parties with which we have commercial relations, we may be subject to significant penalties and negative publicity, which would adversely affect us. Consumer Protection Government and consumer protection agencies have in the past received a substantial number of complaints against us. These complaints are small as a percentage of our total transactions, but they could become large in aggregate (absolute) numbers over time. Taxation As far as taxation and the digital economy is concerned, many taxing jurisdictions and international organizations are ~~considering~~ **moving towards the implementation of** changes to tax laws and policies in order to address so- called base erosion ~~and~~ **,** profit shifting **and other tax challenges arising from the digitalization of the economy** . These discussions aim to support and guide tax reforms that may impact e- commerce and internet based companies, including reforms related to corporate income taxation and also to value added taxes. In addition, we have a complex corporate structure, with entities that are subject to taxation in multiple jurisdictions, and the management of that structure and the transactions among our entities creates potential tax exposures for us in multiple jurisdictions, including the United States as well as the jurisdictions where our subsidiaries operate. Further, any changes to, suspension or revocation of, any tax incentive regimes or other tax benefits that we may receive ~~(~~ **,** including tax benefits under the Argentina knowledge- based economy promotional regime **and under the Brazilian social security contribution regime and ICMS (Imposto sobre Circulação de Mercadorias, Serviços de Transporte Interestadual, Intermunicipal e Comunicação**) **tax incentive benefits** , could have a material adverse effect in our business, results of operation and financial position **. 26 | MercadoLibre, Inc** . We may receive scrutiny from various governmental agencies under competition laws in the countries where we operate. Some jurisdictions also provide private **enforcement** ~~rights of action~~ **actions** for competitors or consumers to assert claims of anti- competitive conduct. Other companies or governmental agencies may allege that our actions violate antitrust or competition laws, or otherwise constitute unfair competition. **For instance, COFECE launched a market study on barriers to competition on the Mexican e-commerce market and issued preliminary findings, conclusions and recommendations regarding different business practices deployed by marketplace operators in Mexico, including MercadoLibre. For more information, see " Item 1. Business — Government Regulation — Mexico ".** Contractual agreements **and / or our business practices** with buyers, sellers, or other companies ~~could give rise to regulatory action, antitrust investigations or litigation. Also, our business practices~~ could give rise to regulatory action, antitrust investigations or litigation. Such claims and investigations, even if without foundation, typically are very expensive to defend, involve negative publicity and substantial diversion of Management time and effort, and could result in significant judgments against us. Banking, Money Transmission and Domestic or Cross- Border Electronic Funds Transfer A number of jurisdictions where we operate have enacted legislation regulating money deposits, transmitters **, lending activity** and / or electronic payments or funds transfers. We are subject to regulation in Brazil, Argentina, Mexico, Chile, Peru, Colombia and Uruguay, that require or would require us to obtain licenses or regulatory authorizations to operate certain services provided by Mercado Pago and that would subject us to additional regulatory requirements. As an authorized or licensed payment services provider, electronic money institution **, lender** and / or money transmitter in certain jurisdictions where we operate, we are subject to, among other requirements, restrictions with respect to the investment of customer funds, reporting requirements and inspection by regulatory agencies. Any changes to, or failure to comply with, money services laws or regulations or any tax regulations, or if we engage in an unauthorized banking or financial business, could result in liability, inability to continue doing business with residents of certain countries, changes to our business or regulatory status. Any of these changes could result in making the service less attractive to users, decreasing the speed of trade on the Mercado Libre Marketplace, increasing our financial costs or change our financial model, which would further harm our business and results of operations. Even if we are not forced to change our Mercado Pago business, we could be required to obtain licenses or regulatory approvals. Anti- Money Laundering We are subject to anti- money laundering laws and regulations that prohibit, among other things, involvement in receiving and / or transferring the proceeds of criminal activities and impose obligations to identify the users and request certain information and documentation that, in certain circumstances, must be shared with regulators or government institutions. Because laws and regulations differ in each of the jurisdictions where we operate, as we roll- out and adapt our business in other countries, additional verification and reporting requirements could apply.

These regulations' requirements, as well as any future regulation and any additional restrictions, could raise our costs significantly and reduce the attractiveness of the Company. Failure to comply with anti- money laundering laws could result in significant criminal and civil lawsuits, penalties, and forfeiture of significant assets. Sanctions As a U. S- incorporated entity, MercadoLibre is subject to U. S. sanctions administered by the Office of Foreign Assets Control (" OFAC "). MercadoLibre' s non- U. S. subsidiaries are required to comply **not only with local, but also** with U. S. sanctions in the same way that MercadoLibre is required to comply with such sanctions. OFAC has the authority to impose civil penalties for violations of U. S. sanctions, and the U. S. Department of Justice is authorized to bring criminal actions against persons that willfully violate U. S. sanctions. Compliance with United Nations sanctions is also mandatory under local law in the jurisdictions where MercadoLibre operates. Failure to comply with local obligations could result in significant criminal and civil penalties, in addition to reputational and operational consequences. Shipping A number of jurisdictions where we operate have enacted legislation regulating shipping services. If we fail to comply with shipping services laws or regulations, or if we engage in an unauthorized shipping business, we could be subject to liability, forced to cease doing business with residents of certain countries, or to change our business practices or to become a postal entity. Any change to our Mercado Envios business practices that makes the service less attractive to customers or prohibits its use by residents of a particular jurisdiction could decrease the speed of trade on the Mercado Libre Marketplace, which would further harm our business. Even if we are not forced to change our Mercado Envios business practices, we could be required to obtain licenses or regulatory approvals that could be very expensive and time consuming, and we cannot assure that we would be able to obtain them in a timely manner or at all. Sale, Storage and / or Transportation of Goods and Services Laws specifying the scope of liability of providers of online services for the activities of their users through their online service are currently unsettled in most of the Latin American countries where we operate. **This regulatory uncertainty** ~~For instance, we~~ may ~~be liable~~ **lead us to engage in administrative and judicial proceedings to dispute claims** for ~~fraud~~ **fraudulent activities** committed by sellers **, vendors or third- party carriers** and losses incurred by buyers when purchasing items through our platform **, which may give rise to high litigation or settlement costs and other liabilities, including reputational harm** . Our policies prohibit the sale, storage and / or transport of certain items (both on our platform and / or in our fulfillment centers and / or through third party carriers providing services to Mercado Libre) and we have implemented various actions to monitor and ~~exclude~~ **remove** unlawful goods and services from our marketplaces, which we continually work to improve **. 27 | MercadoLibre, Inc** . However, we are aware that certain goods, such as alcohol, tobacco, firearms, animals, adult material and other goods that may be subject to regulation by local or national authorities of various jurisdictions have been traded by users on the Mercado Libre Marketplace in complete infringement to our policies, bypassing our various security efforts and measures to go undetected. We have at times been and may continue to be subject to fines for certain users' sales of products that have not been approved or infringe laws dictated by the government. We are also aware that certain goods expressly excluded from our shipping services pursuant to our policies were stored in our fulfillment centers and / or delivered through third- party carriers providing services to our users. We cannot provide any assurances that we will successfully avoid civil or criminal liability for unlawful activities that our users carry out when using our services in the future. If we suffer potential liability for any unlawful activities of our users, including as a result of damages to individuals or assets, we may need to implement additional measures to reduce our exposure to this liability, which may require, among other things, that we spend substantial resources and / or discontinue certain service offerings. Any costs that we incur as a result of this liability or asserted liability could have a material adverse effect on our business, results of operations and financial condition. It may be difficult to enforce judgments rendered against us in U. S. courts ~~.~~ Although we are a Delaware corporation, our subsidiaries and most of our assets are located outside of the U. S. Furthermore, most of our directors, officers **,** and some **advisors and** experts named in this report reside outside the U. S. As a result, it may not be possible to effect service of process within the U. S. upon these persons. Moreover, uncertainty exists as to whether courts outside of the U. S. would recognize or enforce judgments rendered against us, our subsidiaries, or the above mentioned persons in U. S. courts and predicated on the civil liability provisions of U. S. federal securities laws. In addition, any original or enforcement action in a court outside the U. S. will be subject to compliance with procedural requirements under applicable local law, including the condition that the judgment does not violate the public policy of the applicable jurisdiction. Intellectual Property Risks We could face legal and financial liability upon the sale of items that infringe intellectual property rights of third parties and for information and material disseminated through our platforms ~~.~~ We have received in the past, and anticipate that we will receive in the future, complaints alleging that certain items listed or sold through the Mercado Libre Marketplace or Mercado Shops or using Mercado Pago, or delivered by Mercado Envios infringe third- party copyrights, trademarks and / or other **intellectual property ("** IP **")** rights. Content owners and other IP rights owners have been active in defending their rights against online companies, including us. Our user policy prohibits any content or sale of goods that may infringe third- party IP rights and we may, proactively or at the request of any IP right owner who enrolls in our Brand Protection Program, remove listings based on infringements to our policies, as well as sanction any user who infringes third- party IP rights. Further, through our Mercado Libre Anti- Counterfeiting Alliance, we partner with IP rights owners to enhance Mercado Libre' s proactive removals and to pursue criminal enforcement against repeat offenders. Despite these measures and our efforts to prevent IP infringements, we are not able to prevent all IP rights infringements and some IP rights owners may consider our efforts insufficient. Mercado Libre was included on the United States Trade Representative' s (**"** USTR **"**) Notorious Markets List for 2020 and **also on** the European Commission' s 2020 Counterfeit and Piracy Watch List ~~and was nominated for~~ **. Although we were removed from** both **watchlists in** ~~lists for the 2021 report. In February~~ 2022, ~~the Office of the USTR released the 2021 Notorious Markets List Report and removed Mercado Libre from that list, and in December 2022 the European Commission released the 2022 Counterfeit and Piracy Watch List and also removed Mercado Libre from that list. In October 2022,~~ we ~~were nominated again for the USTR Notorious Markets List 2022 report, but when it was published in February 2023, Mercado Libre was not included. We~~ anticipate that we may continue to be nominated or included in these and / or any other similar ~~lists~~ **watchlists.**

We have also received , and **anticipate that we may continue to** receive **,** legal claims from content and IP owners alleging violations of their IP rights **and also from users affected by listing takedowns and account restrictions** , which could result in substantial monetary awards, penalties or costly injunctions against us, as well as adversely affect our reputation. It is also possible that new laws and regulations may be adopted with respect to intermediaries' liability or mandatory out- of- court procedures to solve any disputes related to intermediaries' liability that could have a material adverse effect on our operations. It is also possible that third parties could bring claims against us for defamation, libel, invasion of privacy, negligence, or other theories based on the nature and content of the materials disseminated through our platforms, particularly by our users. Other online services companies are facing several claims for this type of liability. If we are held liable or potentially liable for information carried on or disseminated through our platforms, we may have to pay monetary damages, be subject to enforcement actions, injunctions, fines or penalties, and it may have an adverse impact on our business model, including our level of exposure to liability. Any measures we may need to implement to reduce that exposure may involve spending substantial resources and / or discontinuing certain services, which could have a material adverse effect on our business, results of operations and financial condition. In addition, public attention to liability issues, lawsuits and legislative proposals could have an adverse impact on our business model and reputation, and consequently on our business results. We may not be able to adequately protect and enforce our intellectual property rights. We could potentially face claims alleging that our technologies infringe the property rights of others ~~.~~ Our IP rights are ~~critical~~ **pivotal** to our ~~future~~ **continued growth and** success ~~and rely on~~ **. These rights are safeguarded through** a combination of copyright, trademark, patent designs, trade secret laws **,** and contractual ~~restrictions~~ **measures** . ~~The exponential growth~~ **With the rapid expansion** of our business in recent years ~~has been accompanied by~~ **, we' ve witnessed** a ~~corresponding increase~~ **concurrent rise** in ~~infringement~~ **infringements** ~~of~~ **on** our IP rights, ~~particularly~~ **notably** on social media ~~,~~ **platforms. This includes issues** such as ~~the~~ **unauthorized domain** ~~registration~~ **registrations** ~~of infringing domains~~ , **deceptive apps, and counterfeit or** fraudulent ~~apps and~~ websites. **While** ~~We cannot assure you that the steps that~~ we have **undertaken measures** ~~taken or will take in the future~~ to ~~protect~~ **defend** our IP rights **, there' s no guarantee that these actions, or any future efforts,** will ~~be sufficient to~~ **effectively deter technology misappropriation, safeguard against the dilution of our trademarks, or** prevent ~~misappropriation of our technology, prevent counterfeit sale of our products, or deter independent~~ third ~~-~~ parties from ~~developing~~ **creating** similar or competing technologies. Our trademark portfolio is owned by MercadoLibre Inc. and its subsidiaries ~~,~~ **.** ~~there~~ **There** are no material intellectual property assets jointly owned with any third party. The most valuable intellectual property owned by us are the " Mercado " trademark family portfolio, namely, Mercado Libre ~~,~~ **and** Mercado Pago ~~, Mercado Crédito, Mercado Fondo, Mercado Envíos, Mercado Puntos, Mercado Ads, Mercado Shops, Mercado Coin~~ , among others, its related domain names (TLDs and ccTLDs) and software developments **. 28 | MercadoLibre, Inc** . We pursue the registration of our intangible assets in each country where we operate. However, we may not have effective protection or it might not be granted to us by the appropriate regulatory authority in every country where our services are available online, meaning our ability to protect our brands against third- party infringers would be compromised and we could face claims by third- party trademark owners. Any claims relating to these issues, whether meritorious or not, could cause us to enter into costly royalty and / or licensing agreements. If any of these claims against us are successful we may also have to modify our brand name in certain countries. Any of these circumstances could adversely affect our business, results of operations and financial **situation** ~~condition. In addition, we have filed in the main countries worldwide new trademark applications for Mercado Libre and Mercado Pago to cover digital goods and services related to the metaverse and we have also sought to register decentralized domains matching our most relevant trademarks. Some of the decentralized domains that we sought to register are already owned by third parties. We have been carrying out a strategy to obtain registration of such decentralized names associated with third- party wallets, but have not been successful so far due to the difficulties to enforce trademark rights in the blockchain domain space~~ . We have licensed in the past, and expect that we may license in the future, certain of our proprietary rights, such as trademarks or copyrighted material, to third parties. Our licensees may take actions that could affect the value of our proprietary rights or reputation, which could have a material adverse effect on our business, results of operations and financial condition. ~~To date~~ **Our company extensively utilizes open source software (" OSS ")** , **presenting significant intellectual property challenges. In 2022,** we ~~have~~ **established the OSPO (Open Source Program Office) to oversee OSS compliance, contribute to open source project development, and implement company-wide policies. Despite the implementation of OSPO, we cannot guarantee that all of our employees accurately use and integrate OSS tools. As a result, given the high level of OSS consumption in our company, we cannot guarantee that our use of OSS software will** not **inadvertently** ~~been notified that our technology or products infringes~~ - **infringe upon** third- party **intellectual property** rights **or fully comply with pertinent OSS licenses. The integration of Artificial Intelligence (" AI ") tools into our operations presents significant IP challenges. Determining IP ownership for AI- generated content remains ambiguous** , ~~but~~ **which may potentially lead to infringement claims. Using** third ~~parties~~ **- party AI tools raises concerns about the origin of data and algorithms, which may lead to IP infringements that could inadvertently implicate us. AI tools might also unintentionally access or use copyrighted materials, heightening our exposure to IP disputes. As AI tools continue to evolve, ensuring protection against IP infringements becomes progressively more challenging. As our Company** ' **s** ~~claims may arise if our employees use third parties' software without authorization or in breach of the applicable licenses. We expect to have an increasing number of claims as our~~ business grows ~~. Any~~ **and our reliance on OSS and AI tools increases, the potential risk** of **facing IP claims becomes more pronounced. Addressing** these **infringement** claims **can be costly, time- consuming, and** could **significantly impact** ~~be expensive and time consuming to litigate or settle and could have a material adverse effect upon~~ our business, **operational** results **,** ~~of operations and~~ financial **health** ~~condition. In the past we have been,~~ and **reputation** ~~we may in the future be, exposed to unauthorized access to our source code, including as a result of human error~~ . Cybersecurity and Technology Risks Any delay or problem with operating or upgrading our existing information technology infrastructure could cause a disruption in our business and adversely impact our financial results ~~.~~ Our ability to operate our business on a day- to- day basis largely depends on the efficient operation of our information technology infrastructure and our cloud providers, the largest of which is Amazon Web Services. We have been and ~~are~~ **continue to be** susceptible to hacks into our systems or other security breaches by unauthorized third parties. We are also susceptible to errors in connection with any systems upgrade or migration to a different hardware or software system, errors or incidents of our cloud providers, bugs or other problems for any of the software we use, either developed in- house or provided by third parties. Security breaches, financial, regulatory or other developments that might prevent these third parties from providing services to us or our users could harm our business. Our systems and our information technology infrastructure are vulnerable to damage or interruption from natural or man- made disasters, power loss, computer viruses, telecommunication and other operational failures, ransomware attacks or any other kind of denial of service related attacks, physical or electronic break- ins, sabotage, intentional acts of vandalism, terrorism, public health crises (including pandemics), extreme weather (including as a result of climate change) and similar events. The public cloud providers could also decide to close their facilities. Any steps that we may take to upgrade and improve the stability and efficiency of our information technology may not be sufficient to avoid defects or disruptions in our technology infrastructure, which could cause a disruption in our business and adversely impact our financial results. Our systems are not fully redundant and our disaster recovery planning may not be sufficient. We do not have insurance coverage to compensate for any related losses. Any errors, defects, disruptions, interruptions, delays or cessation of service could result in significant disruptions to our business that could ultimately be more expensive, time consuming, and resource intensive than anticipated. We have experienced and will likely continue to experience defects or disruptions in our technology infrastructure, including system interruptions and delays that make our site and services unavailable or slow to respond for periods of time, which could adversely impact our ability to process transactions on our site or fulfill shipments, which could reduce our revenue, adversely affect our reputation with or result in the loss of users and negatively impact our financial results. **In January 2024, we implemented a new version of our enterprise resource planning (“ ERP ”) software, SAP, as part of a plan to integrate and upgrade our systems and processes. While we expect this new version to strengthen our internal financial controls, there are inherent risks in implementing any new system, including loss of information and potential disruption to our normal operations. Any material deficiencies in the design and implementation of this new software could also result in material costs, adversely affect our ability to operate our business and negatively impact our financial reporting and internal controls. Any of these consequences could have a material adverse effect on our business, results of operations and financial condition.** We are subject to security breaches or other confidential data theft from our systems, which can adversely affect our reputation and business ~~.~~ A significant risk associated with ~~e- commerce~~ our business is the secure transmission of confidential information over public networks. Our business involves the collection, storage, processing and transmission of customers’ personal data, including financial information. We rely on encryption and authentication necessary to provide the security and authentication technology to transmit confidential information securely. Advances in computer capabilities, new discoveries in the field of cryptography, or other events or developments may result in a compromise or breach of the technology that we use to protect customer transaction data **. 29 | MercadoLibre, Inc** . The techniques used to obtain unauthorized, improper or illegal access to our systems, our data or our customers’ data, to disable or degrade service, or to sabotage systems are constantly evolving, have become increasingly complex and sophisticated, may be difficult to detect quickly, and often are not recognized until launched against a target. While we may not determine some of these issues as material at the time that they occur and may remedy them quickly, there is no assurance that these issues will not ultimately result in significant legal, financial and reputational harm, including government inquiries and enforcement actions, litigation and negative publicity. Unauthorized parties have and may continue to attempt to gain access to our systems or facilities through various means, including hacking into our systems or those of our customers, partners or vendors, or attempting to fraudulently induce our employees, customers, partners, vendors or other users of our systems into disclosing usernames, passwords, payment card information or other sensitive information, which may in turn be used to access our information technology systems and those of third parties with whom we partner. Our users have been and will continue to be targeted by parties using fraudulent “ spoof ” and “ phishing ” emails that appear to be legitimate emails sent by Mercado Libre or Mercado Pago or by a user of one of our businesses, but direct recipients to fake websites operated by the sender of the email or misstates that certain payment was credited in Mercado Pago and request that the recipient send the product sold or send a password or other confidential information. Our information technology and infrastructure, including our source code, and those of third parties with whom we partner have been and may continue to be vulnerable to cyberattacks, security breaches, and third parties may be able to access our customers’ personal or proprietary information and **, credit and debit** card data that are stored on or accessible through those systems. Our security measures may also be breached due to human error, malfeasance, system errors or vulnerabilities, or other irregularities. Our efforts to address undesirable activity on our platform may also increase the risk of retaliatory attack. Actual or perceived vulnerabilities or data breaches may lead to claims sanctions against us, subject us to investigations or liability, may compromise our reputation, diminish the value of our brands and discourage use of our websites. We also expect to spend significant additional resources to protect against security or privacy breaches, and may be required to address problems caused by breaches. In the case of a personal data breach, we may be required to notify the competent authorities (including central banks and other authorities that regulate our fintech business) and / or the data subject. Additionally, while we maintain insurance policies, we do not maintain insurance policies to reimburse us for losses caused by security breaches. Some of our systems have experienced past security breaches and, although they did not have a material adverse effect on our operating results or reputation, there can be no assurance of a similar result in the future. We cannot assure you that our security measures will prevent security breaches or that failure to prevent them will not have a material adverse effect on our business, results of operations, financial condition and reputation. In addition, any breaches of network or data security of companies we acquire or of our customers, partners or vendors, including parties that provide services to us or to our customers, could have similar negative effects. We may not be able to secure licenses for technologies on which we rely ~~.~~ We rely on certain technologies that we license from third parties that supply key database technology, operating systems and specific hardware components for our services. We cannot assure you that these technology licenses will continue to be available to us on commercially reasonable terms. If we were not able to make use of this technology, we would need to obtain substitute technology that may be of lower quality or performance standards or at greater cost, which could materially adversely affect our business, results of operations and financial condition. Although we generally have been able to renew or extend the terms of contractual arrangements with these service providers on acceptable terms, we cannot assure you that we will continue to be able to do so in the future. Risks related to doing business in Latin America We face the risk of political and economic crises, instability, terrorism, civil strife, labor conflicts, expropriation, corruption and other risks of doing business in emerging markets ~~.~~ We conduct our operations in emerging market countries in Latin America, which have historically experienced uneven periods of economic growth, as well as recession, periods of high inflation and economic instability. There has been increased violence, crime, social and political turmoil and unrest in some of these countries, which could result in disruptions to our operations or present risks to our employees. These developments, as well as other economic and political developments in these countries, including future economic changes or crises (such as inflation, currency devaluation or recession), government deadlock, social and political turmoil and unrest, changes in laws and regulations, labor conflicts, expropriation or nationalization of property, and exchange controls could impact our operations or the market value of our common stock and have a material adverse effect on our business, financial condition and results of operations. We also have operations and deal with government entities and financial institutions in countries in Latin America known to experience corruption. Our activities in these countries create the risk of unauthorized payments or offers of payments by our employees, contractors or agents that could be in violation of various laws including the FCPA, even though these parties are not always subject to our control. Our existing safeguards and any future improvements may prove to be less than effective, and our employees, contractors or agents may engage in conduct for which we may be held responsible. Violations of the FCPA may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our reputation and business. Further, to the extent corruption, bribery and similar practices continue to exist in the region, international investor perception of the region could be negatively affected, which could in turn negatively affect our business, financial condition and results of operations. Our employees in Brazil and some of our employees in Argentina **, Mexico** and Uruguay are currently represented by a labor union and employees in other Latin American countries may eventually become unionized. We may incur increased payroll costs and reduced flexibility under labor regulations if unionization in other countries were to occur, any of which may negatively impact our business. In addition, we could be affected by conflicts between unions which claim representation of our employees that could generate additional payroll costs and labor conflicts. Although economic and political conditions may differ from one country to another, we cannot assure you that events in one country alone will not adversely affect our business, financial condition or the market value of our common stock. **30 | MercadoLibre, Inc.** Latin American governments have exercised and continue to exercise significant influence over the economies of the countries where we operate. This involvement, as well as political and economic conditions, could adversely affect our business ~~.~~ Governments in Latin America frequently intervene in the economies of their respective countries and occasionally make significant changes in policy and regulations. Governmental actions to control inflation and other policies and regulations have often involved, among other measures, price controls, currency devaluations **, export duties** , capital controls and limits on imports. Our business, financial condition, results of operations and prospects may be adversely affected by changes in government policies or regulations, including such factors as: exchange rates and exchange control policies; inflation rates; interest rates; tariff and inflation control policies; price control policies; import duties and restrictions; liquidity of domestic capital and lending markets; electricity rationing; tax policies, including royalty, tax increases and retroactive tax claims; and other political, diplomatic, social and economic developments in or affecting the countries where we operate. Reduced foreign investment in any of the countries where we operate may have a negative impact on such country' s economy, affecting interest rates and the ability of companies such as ours to access financial markets. Local currencies used in the conduct of our business are subject to depreciation, volatility and exchange controls ~~.~~ Most Latin American countries have historically experienced, and may continue to experience in the future, high rates of inflation, which could lead to further government intervention in the economy, including the introduction of government policies that could adversely affect our results of operations. Brazil, Argentina and Mexico, which together accounted for 95. **5 % and 95.** 2 ~~% and 93. 5~~ % of our net revenues for **2023 and** 2022 ~~and 2021~~ , respectively, have experienced volatility and significant devaluations in the past. For the year ended December 31, ~~2022~~ **2023** , the inflation rate in Brazil, Argentina and Mexico was ~~5~~ **4** . ~~8~~ **6** %, ~~94~~ **211** . ~~8~~ **4** % and **4.** 7 ~~. 8~~ %, respectively. Since July 1, 2018, we have classified our Argentine operations as highly inflationary in accordance with U. S. GAAP, and use the U. S. dollar as the functional currency of our Argentine subsidiaries for purposes of reporting our financial statements. Argentina' s annual inflation rate for the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ was **211. 4 %,** 94. 8 % ~~,~~ **and** 50. 9 ~~% and 36. 1~~ %, respectively, and Argentina' s **official exchange rate** ~~annual depreciation of its local currency~~ against the U. S. dollar ~~was~~ **increased 356. 3 %,** 72. 5 % ~~,~~ **and** 22. 1 ~~% and 40. 5~~ %, respectively. The depreciation of local currencies creates inflationary pressures that may have an adverse effect on our results of operations, including affecting our ability to adjust the price of our services sufficiently to offset the effects of inflation on our cost structures and generally restricting access to the international capital markets. A high inflation environment would also have negative effects on the level of economic activity, employment and may adversely affect our business and results of operations. On the other hand, the appreciation of local currencies against the U. S. dollar may lead to the deterioration of public accounts and the balance of payments of the countries where we operate, and may reduce export growth in those countries. Because we conduct our business outside the United States and receive almost all of our revenues in currencies other than the U. S. dollar, but report our results in U. S. dollars, we face exposure to adverse movements in currency exchange rates. The results of operations in the countries where we operate are exposed to foreign exchange rate fluctuations as our financial results are translated from the applicable local currency into U. S. dollars upon consolidation. If the U. S. dollar weakens against foreign currencies, as has occurred in some years, the translation of these foreign- currency- denominated transactions will result in increased net revenues, operating expenses, and net income. Similarly, our net revenues, operating expenses, and net income will decrease if the U. S. dollar strengthens against the foreign currencies of countries in which we operate. For the year ended December 31, ~~2022~~ **2023** , ~~53~~ **52** . ~~8~~ **5** % of our net revenues were denominated in Brazilian ~~Reais~~ **Real** , ~~23~~ **22** . ~~7~~ **4** % in Argentine Pesos and ~~17~~ **20** . ~~7~~ **6** % in Mexican Pesos. Certain of our subsidiaries may be subject to exchange control regulations that might restrict their ability to convert local currencies into U. S. dollars. Brazilian law provides that whenever there is a serious imbalance in Brazil' s balance of payments or reason to foresee a serious imbalance, the Brazilian government may impose temporary restrictions on the remittance to foreign investors of the proceeds of their investments in Brazil. Further, extensive exchange controls implemented by the Argentine government control and restrict the ability of companies and individuals to exchange Argentine Pesos for foreign currencies and their ability to remit foreign currency out of Argentina. An entity ~~'~~ **'** s authorization request to the CBA to access the official exchange market to make foreign currency payments may be denied depending on the circumstances. As a result of these exchange controls, markets in Argentina developed trading mechanisms in which an entity or individual buys U. S. dollar denominated securities in Argentina (e. g. shares, sovereign debt) using Argentine ~~peso~~ **Pesos** , and subsequently sells the securities for U. S. dollars, in Argentina, to access U. S. dollars locally, or outside Argentina, by transferring the securities abroad, prior to being sold (the latter commonly known as Blue Chip Swap Rate). The Blue Chip Swap Rate has diverged significantly from Argentina' s official exchange rate (commonly known as exchange spread). In recent years, the Blue Chip Swap Rate has been higher than Argentina' s official exchange rate. As of December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , the spread of the Blue Chip Swap was **20. 4 %,** 94. 2 % ~~,~~ **and** 96. 8 ~~% and 66. 7~~ %, respectively (See ~~Notes~~ - **Note** 2 ~~“~~ **–** Summary of significant accounting policies – Argentine currency status ~~”~~ and **macroeconomic outlook and Note** 25 ~~“~~ **–** Share repurchase program ~~”~~ of our audited consolidated financial statements) **. The spread decrease was due to the devaluation of the Argentine Peso from 366. 45 to 799. 95 on December 13, 2023. As of the issuance date of the audited consolidated financial statements the spread of the Blue Chip Swap was 30. 9 %** . There can be no assurance that the CBA or other government agencies will not increase such controls or restrictions, make modifications to these regulations or establish more severe restrictions on currency exchange, which could affect the ability to make payments to foreign creditors or providers and dividend payments to foreign shareholders. These exchange controls and restrictions could materially adversely affect the business, financial condition and results of operations of our Argentine subsidiaries and their ability to comply with their foreign currency obligations, and could significantly impact our ability to receive cash from our Argentine subsidiaries and our ability to meet our obligations, each of which could have a material adverse effect on our Company. ~~E~~ **31 | MercadoLibre, Inc. Our e** - commerce transactions in Latin America may be ~~impeded~~ **impacted** by the ~~lack~~ **weaknesses** of secure payment methods ~~.~~ Unlike in the United States, consumers and merchants in Latin America can be held fully liable for credit card and other losses due to third- party fraud. As secure methods of payment for e- commerce transactions have not been widely adopted in Latin America, both consumers and merchants generally have a relatively low confidence level in the integrity of e- commerce transactions. ~~In addition, many banks and other financial institutions have generally been reluctant to give merchants the right to process online transactions due to these concerns about credit card fraud.~~ Unless consumer fraud laws in Latin American countries are modified to protect e- commerce merchants and consumers, and until secure, integrated online payment processing methods are fully implemented across the region, our ability to generate revenues from e- commerce may be limited, which could have a material adverse effect on our Company. **In addition, while banks and other financial institutions in Latin America have generally granted e- commerce merchants the right to process online transactions, adjustments to the fraud and risk management processes of these banks and financial institutions, including due to concerns about credit card fraud, may negatively impact our payments approval rates.** Risks related to our shares Provisions of our certificate of incorporation and Delaware law could inhibit others from acquiring us, prevent a change of control, and may prevent efforts by our stockholders to change our management ~~.~~ Certain provisions of our certificate of incorporation and by- laws may inhibit a change of control that our board of directors does not approve or changes in the composition of our board of directors, which could result in the entrenchment of current management and may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders. These provisions include: i) advance notice requirements for stockholder proposals and director nominations; ii) a staggered board of directors; iii) limitations on the ability of stockholders to remove directors other than for cause; iv) limitations on the ability of stockholders to own and / or exercise voting power over 20 % of our common stock; v) limitations on the ability of stockholders to amend, alter or repeal our by- laws; vi) the inability of stockholders to act by written consent; vii) the authority of the board of directors to adopt a stockholder rights plan; viii) the authority of the board of directors to issue, without stockholder approval, preferred stock with any terms that the board of directors determines and additional shares of our common stock; and ix) limitations on the ability of certain stockholders to enter into certain business combinations with us, as provided under Section 203 of the Delaware General Corporation Law. We may require additional capital in the future, and this additional capital may not be available on acceptable terms or at all ~~.~~ We may need to raise additional funds in order to fund more rapid expansion (organically or through strategic acquisitions), to develop new or enhanced services or products, to respond to competitive pressures or to acquire complementary products, businesses or technologies. If we raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders will be reduced, stockholders may experience additional dilution and the securities that we issue may have rights, preferences and privileges senior to those of our common stock. Additional financing may not be available on terms favorable to us or at all. If adequate funds are not available or are not available on acceptable terms, we may not be able to fund our expansion, take advantage of unanticipated acquisition opportunities, develop or enhance services or products or respond to competitive pressures. These inabilities could have a material adverse effect on our business, results of operations and financial condition. Shares eligible for future sale may cause the market price of our common stock to drop significantly, even if our business is doing well ~~.~~ The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market in the future or the perception that these sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. ~~Certain stockholders or entities controlled by them or their permitted transferees beneficially own shares of our common stock that have not been registered for resale with the SEC. The holders of these restricted shares may sell their shares in the public market from time to time without registering them, subject in the case of our affiliates, to certain limitations on the timing, amount and method of those sales imposed by regulations promulgated by the SEC. Holders of restricted stock will also have the right to cause us to register the resale of shares of common stock beneficially owned by them.~~ In the future, we may issue securities in connection with investments and acquisitions. The amount of our common stock issued in connection with an investment or acquisition could constitute a material portion of our then outstanding common stock. **We cannot guarantee that any share repurchase program will be fully consummated or will enhance stockholder value, and share repurchases could increase the volatility of our stock prices and diminish our cash reserves** From time to time, we engage in share repurchases of our common stock in accordance with authorizations from our board of directors. Our repurchase programs may not require us to repurchase any specific required dollar amount or number of shares. Further, our repurchases could affect our share trading prices, increase their volatility, reduce our cash reserves and may be suspended or terminated at any time, which may result in a decrease in the trading of our stock.