April 2026

Mercado Libre

NASDAQ: MELI

Current Price: $1773.96
Target Price: $2413.80
Implied Upside: 36.1%

Recommendation: BUY

Caleb Shirk, Nick White,
Ramzi Tabanji, Caden Pitz

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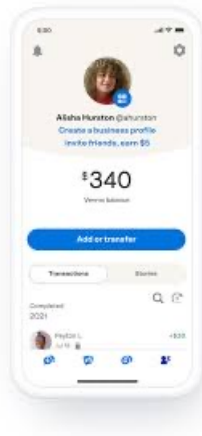
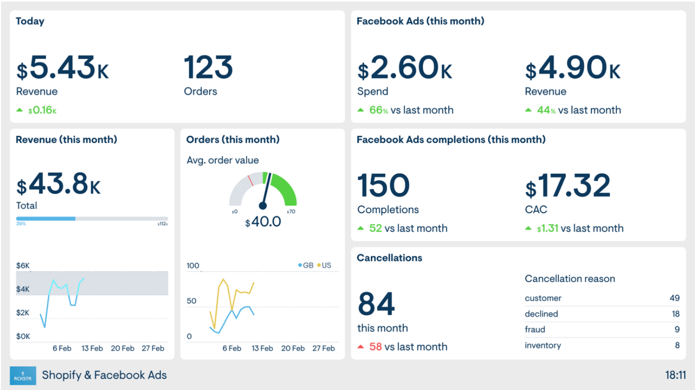
What do all of these products have in common?





Mercado Libre

Mercado Libre (NASDAQ: MELI) is the dominant integrated commerce and fintech platform in Latin America, poised to capture a massive underpenetrated market with ~25%+ revenue CAGR through 2028

Company Overview

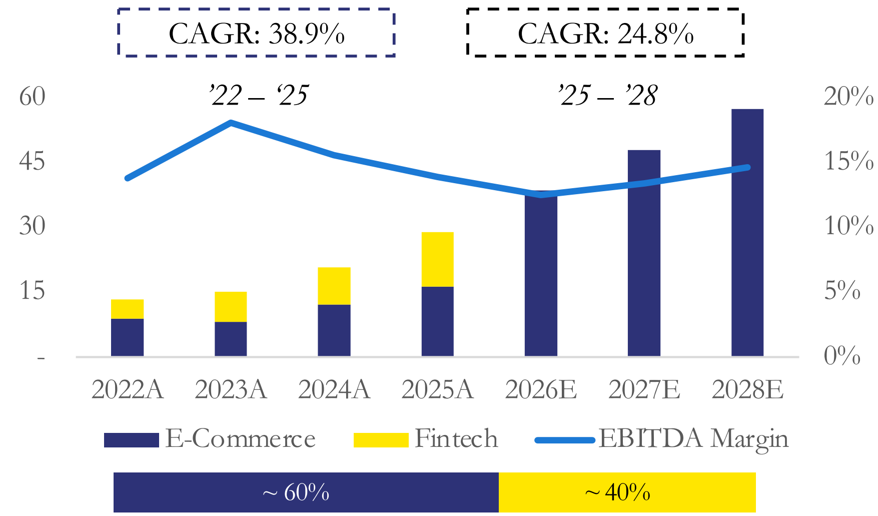
E-Commerce Marketplace
- Connects buyers & sellers across Latin America
- Revenue:
    - Transaction fees (~21% take rate)
    - Ads & seller services
- In-house logistics (**Mercado Envios**)
- ~50% of shipments same/next day

Fintech Platform (Mercado Pago)
- Digital wallet (on + off platform)
- Revenue:
    - Payments
    - Credit (consumer + merchant)
    - Financial services
- Rapid growth in users + credit

mercado libre · mercado envios · mercado pago · mercado crédito

The Amazon + PayPal of Latin America

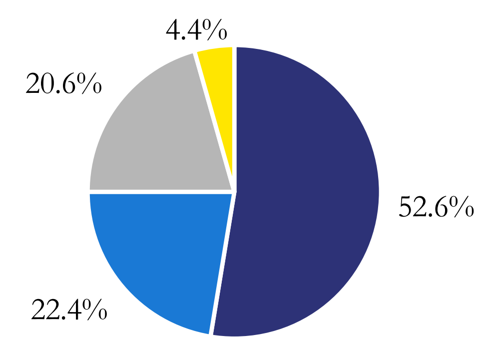
Revenue by Segment ($bn)



Why it's Hard to Replicate

Logistics Network	Payments Network	Proprietary Data	Credit Underwriting

Geographic Breakdown



Brazil (~50%) → Core profit engine

Mexico → Fastest growth market

Argentina → High volatility, high engagement

Executive Overview

1

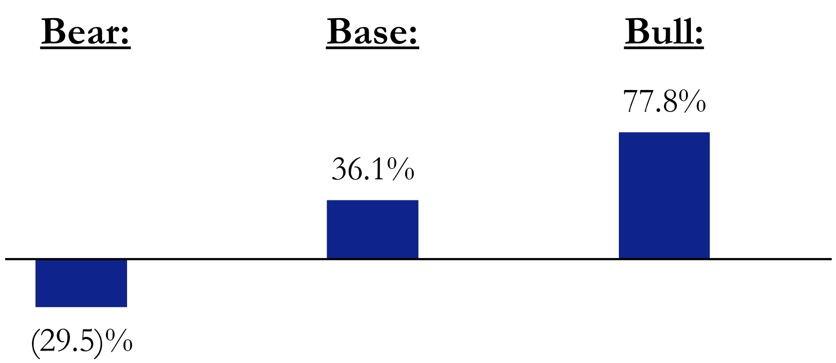
MELI's Flywheel Creates a Self-Reinforcing Moat

Mercado Libre's fully integrated ecosystem across commerce, payments, logistics, and credit creates a self-reinforcing flywheel that drives user growth, increases monetization, and strengthens competitive barriers over time

2

Unwarranted Pessimism Concerning Margin & Take-Rate Compression

Reduction of free shipping thresholds and take-rates enables Mercado Libre to sustain its moat as the dominant player in the region; compression effects will wear off long term as rates stabilize



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The Flywheel Moat

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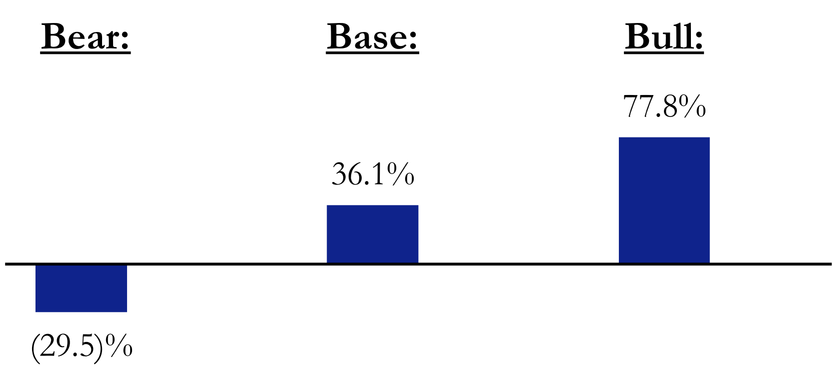

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Massive Credit Gap in Latin America

Despite rising account penetration across Latin America, access to formal credit remains limited, with a large portion of the population relying on informal financing—creating a significant opportunity for digital-first lenders

Situation Overview

Limited Access to Formal Credit

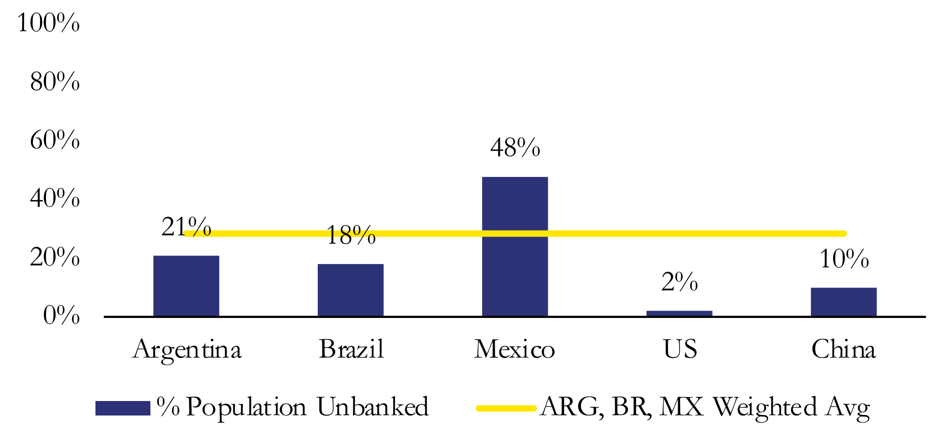
- Formal borrowing penetration remains low across LatAm despite rising account ownership
- Consumers and SMBs rely heavily on informal or alternative financing

Structural Credit Gap

- Domestic credit / GDP significantly below developed markets
- Thin-file consumers excluded from traditional underwriting systems

Don't have a credit card — **60%** Argentinian adults — **Use Mercado Pago to pay**

Unbanked Population



Compared to most developed countries, Latin American **citizens lack traditional bank accounts, services, and credit access**, creating a critical credit gap

Lack of Credit Access

Lingering Informal Economies

More than half of Latin America's workforce is employed in **informal economies** which make up 33% of the regions GDP

Rampant Skepticism

With some of the **highest rates of fraudulence**, banks tend to be extremely cautious when approving transactions thus **prioritizing cash**

Insufficient Documentation

Traditional banks in the region are unwilling to supply undocumented workers with accounts, making them **unable to engage in ecommerce**

MELI's Solution

In-house credit scoring system from proprietary data allows them to grant access to customers underserved by financial institutions

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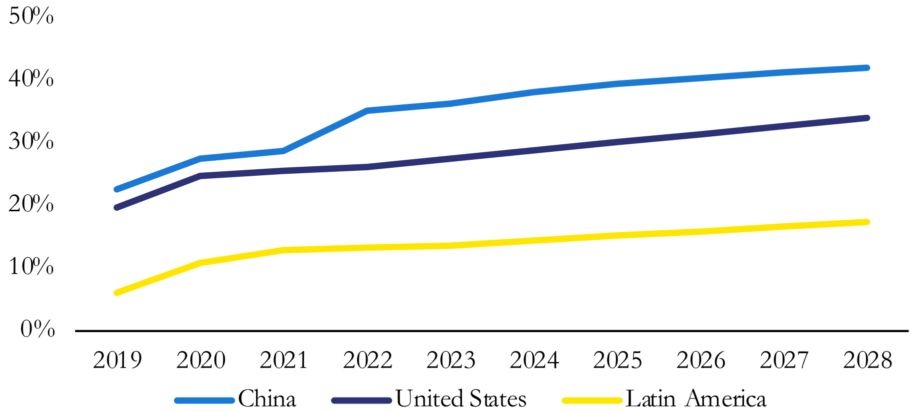
Sources: Global Findex Database, Company Filings

Room to Expand

Despite rapid growth over the last decade, Latin America remains largely underpenetrated with regards to ecommerce and access to financial services leaving Mercado Libre ample untapped room to continue expanding its services and deepening its competitive moat

Retail Ecommerce Penetration



LatAm's ecommerce platform traditionally lags a decade behind the U.S. but is still expected to **grow 54%** from $151 bn to over **$232 bn in 2028**

MELI is Already Capturing the Credit Opportunity

Fintech Scale	Deposits	Credit Growth
$12.5B	77.9M	35%
Loan Portfolio +90% YoY	**Fintech MAU's** +27% YoY	**Current AUM** +~90% YoY

Ecommerce Traffic by Country

MELI's Revenue Growth Rate Q4'2025

48%

23%

56%

Despite their long presence in this region, MELI continues to extract value from Brazil, Mexico and Argentina at **unprecedented rates**

How MELI Monetizes the Credit Gap

1 Transition from Cash to Credit

MELI offers users digital accounts based on marketplace transaction history rather than traditional credit history and has reached **upwards of 61 mm MAUs**

2 Assured Transaction Certainty

In a region historically lagging behind in ecommerce infrastructure, MELI has laid down the foundation to **ensure timely product delivery** across the continent

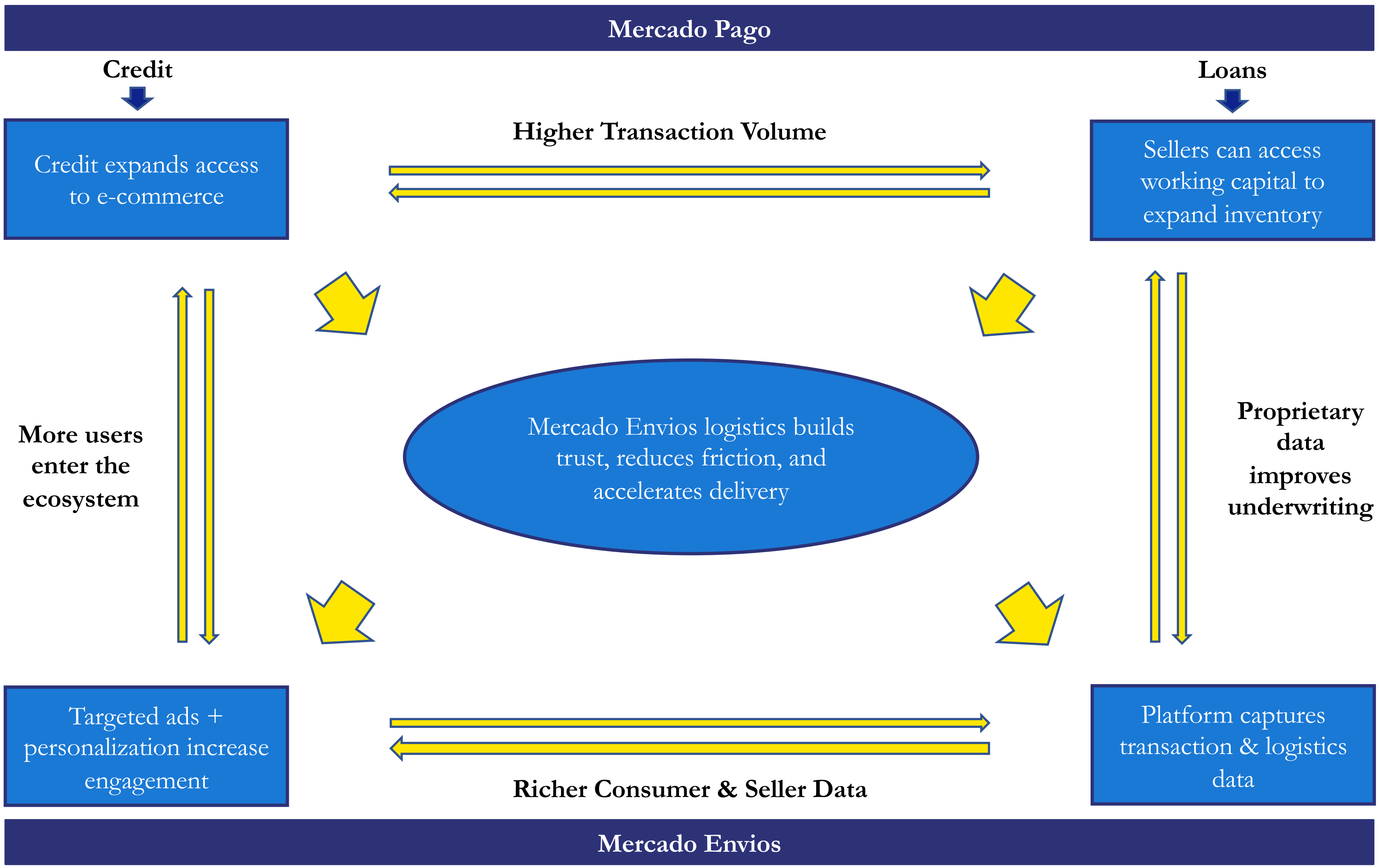
3 Defined Framework in Underpenetrated Market

Having entered in 1999 when ecommerce was essentially nonexistent, MELI has the tools to penetrate a region where physical commerce is **~85% of retail spend**

Sources: CapIQ, Company Filings, IBISWorld

The Flywheel Model

Mercado Libre's ecosystem creates a self-reinforcing, sustainable flywheel that repeatedly drives user growth, transaction volume, and monetization



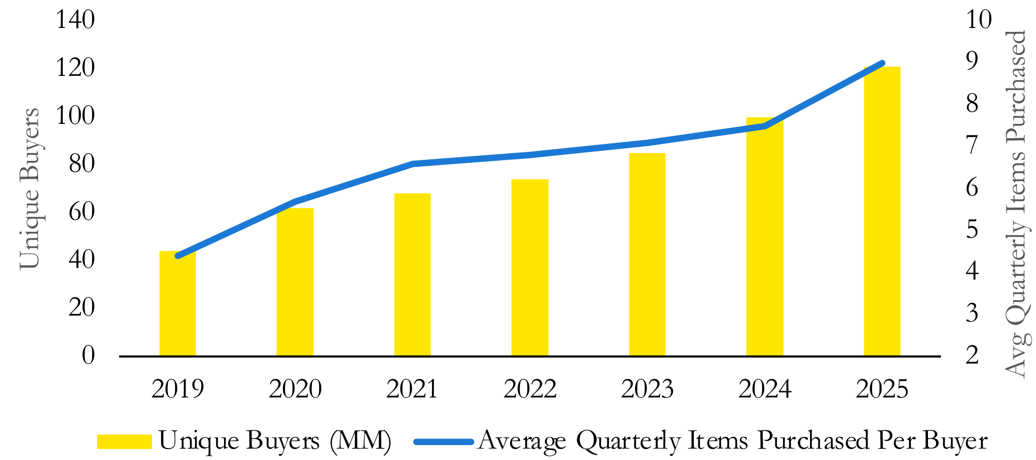
Flywheel Ecosystem Compounds Growth

An early focus on steady investment into developing an integrated logistics, ecommerce, and fintech platform has allowed Mercado Libre to reduce common barriers to entry in the region, increase trust between buyers and sellers, and create a pathway to capture new users

Operating Leverage From Improving Scale

Ads Scale	**High-Margin Revenue Mix Shift** Scaling customer base expands advertisable mkt; new opportunity for high margin work
Credit Scale	**High-ROIC Lending** Better underwriting improves risk and pricing; more credit drives transactions
Payments Scale	**Higher Take Rate & Float** Higher TPV raises fee revenue; funds in transit create float to support growth
Logistics Density	**Lower Cost Per Delivery** More orders enable route optimization; fixed delivery costs spread with volume

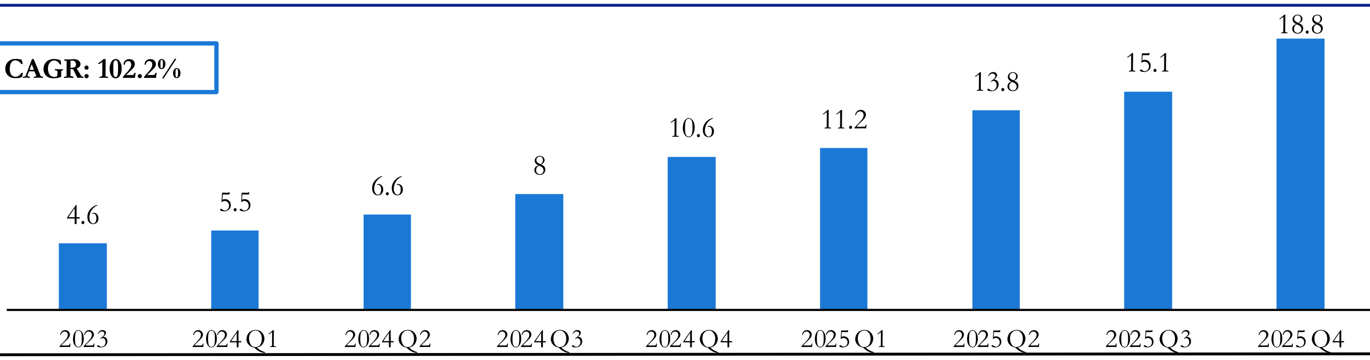
Compounding Growth By Increasing Engagement



The flywheel compounds as the ecosystem scales: **more buyers and higher purchase frequency increase transaction density**, strengthening sellers, payments, logistics, credit, and ads, while the **resulting data improves underwriting**, enabling **more credit** that **increases purchasing power** and inventory, driving **further transactions** and lending

Mercado Pago AUM ($bn)

CAGR: 102.2%



High CAGR growth of AUM highlights the flywheel in action:

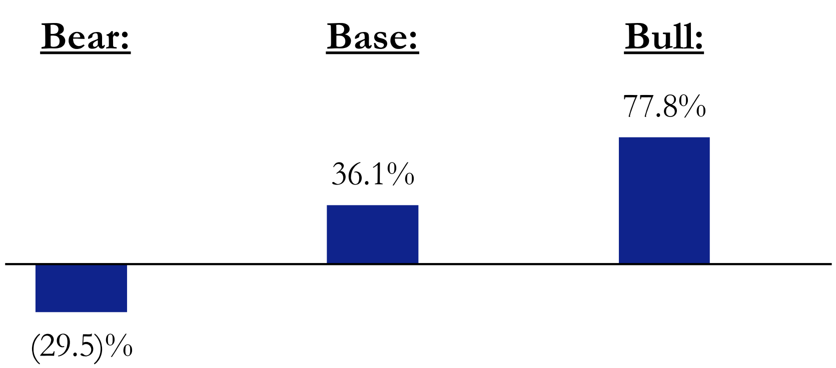
Transaction Growth → Wallet Adoption → **Capital Expansion** → More Commerce

Sources: Company Filings

Why Now?

1 **MELI's Flywheel Creates a Self-Reinforcing Moat**
Mercado Libre's fully integrated ecosystem across commerce, payments, logistics, and credit creates a self-reinforcing flywheel that drives user growth, increases monetization, and strengthens competitive barriers over time

2 **Unwarranted Pessimism Concerning Margin & Take-Rate Compression**
Reduction of free shipping thresholds and take-rates enables Mercado Libre to sustain its moat as the dominant player in the region; compression effects will wear off long term as rates stabilize



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Cost Absorption Deepens Moat

Given market competition and the importance of free shipping in driving e-commerce growth, MELI reduced free shipping thresholds to grow their customer base, deepening their moat at the expense of short-term margin compression

Strategic Rationale

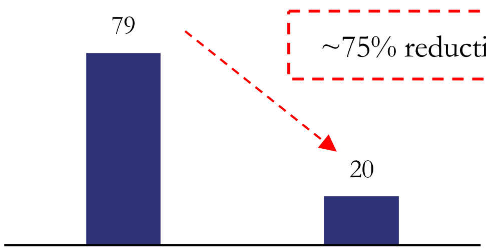
Fending Off Foreign Competition

Foreign competitors entering the Latam market have prompted MELI to **lever their logistical cost advantages**

Free Shipping Driving E-Commerce Growth

"Free shipping has been **one of the most important pillars** of our value proposition for a decade." – Q4'25 Letter to Shareholders

Free Shipping Threshold Reduction

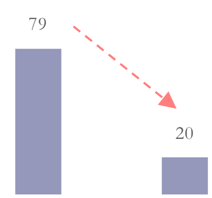


June 6th, 2025

Why It Makes Sense for MELI…

"We are **not trying to optimize short-term margin**. We manage the business from a long-term perspective." – Martin de Los Santos, CFO

Threshold Reduction

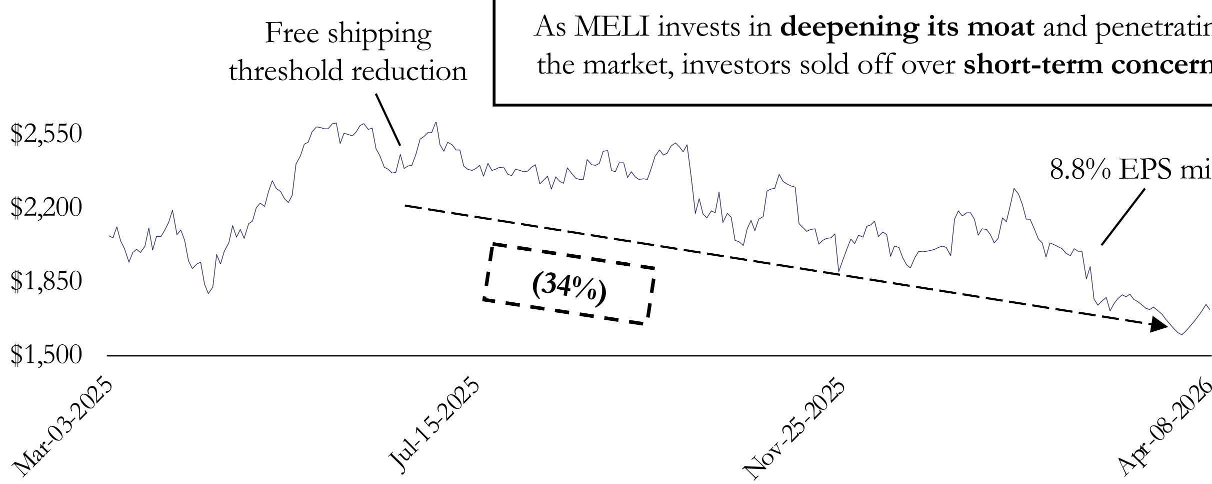


Q4'25 YoY Results

35%	45%	26%
GMV Growth	Items Shipped	Unique Buyer Growth

…Despite Investor Shortsightedness

As MELI invests in **deepening its moat** and penetrating the market, investors sold off over **short-term concerns**



Shift Towards Rational Competition

Investors have sold out of pessimism about take rate cuts; however, these cuts are necessary to preserve MELI's logistics moat and in the long run will help to maintain operating advantages over competitors

How Sea Limited (SE) Rate Hikes Benefit MELI

1 Competitor Cuts Rates

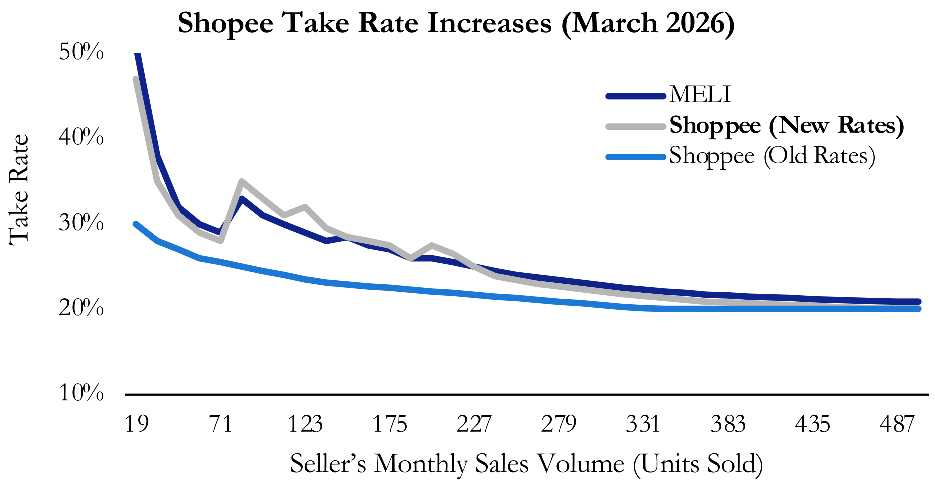
Primary Competitor SE lowers take rates to win market share, MELI **forced to match rates** & lower its shipping threshold

SE Faces immense pressure to maintain profitability & margins from global investors

SE begins **prioritizing profitability** over market share first strategy

Investor pressure prevents SE from market share takeover

2 Rate Cut Subsidies Dry Up, Competitor Raises Take Rates



SE **raises take rates** to match MELI. MELI (#1 player) **no longer needs to lower take rates** to defend market share

Downward pressure on MELI take rates eases pressure on margins

3 MELI Margin Recovery

Without take rate ceiling, MELI can **expand margins** without losing volume

MELI and SE operate at same price point, but MELI **benefits from superior logistics**

MELI won't need to ease take rates and shipping thresholds as greatly as street predicts

MELI's top and bottom line outperform, moat strengthens

Sources: Company Filings, J.P. Morgan

A Proven Playbook

MELI's margin sacrifice leading to moat expansion is a repeated, proven pattern. Their lowering take rates, combined with investment, will serve to strengthen their moat and profitability long-term

A History of Reinvestment

2017–2019
Free Shipping Launch

THE DECISION

Launched free shipping in Brazil and Mexico, absorbing fulfillment costs entirely

SHORT-TERM PAIN

~9pts gross margin compression (63% → 54% in one year)

LONG-TERM OUTCOME

- 9× stock return by 2020
- 29% GMV CAGR (2018–2023)
- 95% of deliveries in-house by 2024

ORIGIN OF THE MOAT

2024
Logistics Investment Cycle

THE DECISION

Accelerated warehouse build-out, credit expansion (+77% YoY), and logistics capex

SHORT-TERM PAIN

~9.5pts op. margin contraction (Q3 2024 vs prior year)

LONG-TERM OUTCOME

- Margins fully recovered in 2 quarters
- Q1 2025 op. margin: 13.5% (+5.9pts YoY)
- Record quarterly op. income: $820M

FULLY RECOVERED

2025–Present
Free Shipping Threshold Cut

THE DECISION

Cut Brazil free shipping threshold from R$79 → R$19 to defend against Temu and Shein

SHORT-TERM PAIN

~5–6pts op. margin compression; stock −33% from ATH

LONG-TERM OUTCOME

- GMV items sold: +45% YoY (Q4 2025)
- Record new buyers added
- Market share gains in Brazil & Mexico

IN PROGRESS

> *"We would not be a $50B+ GMV company today if not for building our logistics infrastructure and launching free shipping in 2017. We think this is the same case now."*
> **— MELI Management, Q2 2025**

Sources: Bloomberg, Company Filings

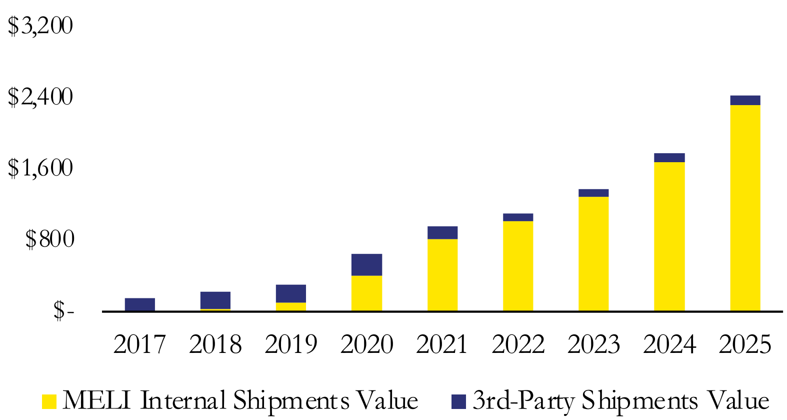
Mercado Envios: Superior Logistics

Despite the market's doubts, MELI's heavy investment in logistics has strengthened their moat, enabling them to sustain lower take rates and shipping thresholds, gain market share, and financially outperform competitors

Amazon-esque Investment Strategy

- MELI reinvests cash in logistics to deepen its moat, with **CAPEX tripling since 2023**
- **Pledged additional $2bn+** to logistics buildout by 2028, reflecting a continued commitment to growth
- While some see this as a sign of weakness, it is a **strategic necessity to deepen their moat**

Internalized Logistics Drive Efficiency



~95% of shipping is internal, **spreading out fixed shipping costs,** eliminating middlemen, and improving service quality

Logistics MOAT

Air Superiority: MELI-Air

Bypasses LatAm infrastructure challenges with **exclusive air cargo contracts**

Fulfillment Leadership

Manages ~50% of sellers' inventory, driving efficiency and lowering distribution times.

Unmatched Scale

MELI surpasses competitors in scale. In Brazil along **MELI – 42**, Shopee- 16, Amazon – 12 (fulfillment centers)

"MELI Places" Proximity

7000+ independent neighborhood stores used for distribution & returns - reducing **last-mile friction**

Investment Pays Off…

Strategic Results

Unit shipping costs **down 12% YoY** in Mexico

42% YoY 2025 items sold increase following threshold reduction

75% of items **delivered <48 hours**

Strengthened Moat

Unmatched density **cuts unit costs** and **increases service quality**

Taken with MELI's other offerings, their logistics **provide more value to sellers**

Dominate Competition

MELI logistics **enable profitability** at lower thresholds / take rates

Logistic efficiency **defends MELI from long term price wars** and competition

What You Need to Believe

1

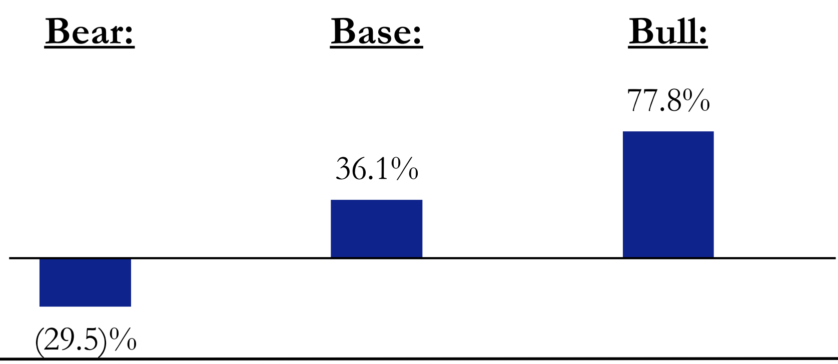
Well positioned in an underpenetrated market

Mercado Libre is uniquely positioned to capture new users in a historically underpenetrated Latin America due to their established infrastructure, self-sustaining flywheel, and proprietary fintech data

2

Overreaction to margin pressure and underappreciation of moat expansion

Reduction of free shipping thresholds and take-rates enables Mercado Libre to sustain its moat as the dominant player in the region; compression effects will wear off long term as rates stabilize



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Appendix

Competitive Landscape

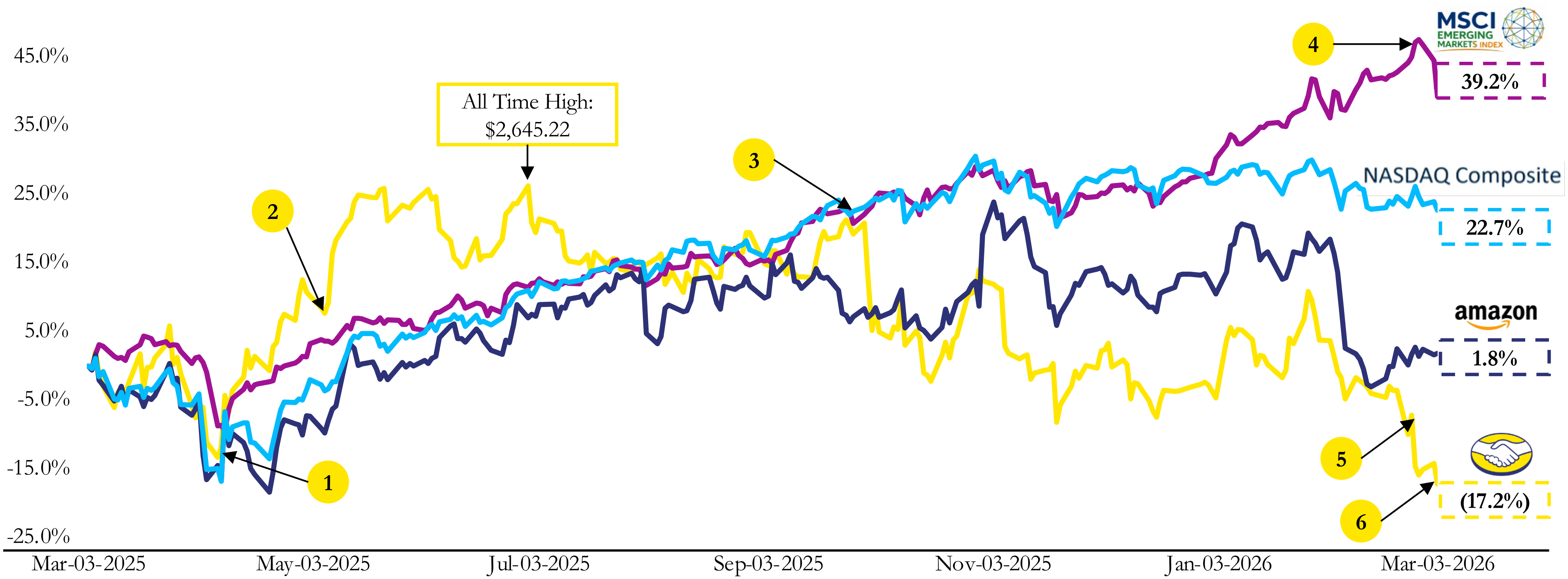
Latin American e-commerce is dominated by three players competing on logistics, price, and ecosystem scale

amazon	Shopee	mercado libre
Global scale + logistics-first strategy	**Price disruptor → shifting to profitability**	**Integrated ecosystem leader**
• Massive logistics footprint (200+ hubs, nationwide delivery expansion) • Competes on **speed + Prime ecosystem** • Aggressive free shipping (~R$19 threshold) • Strong seller + advertising flywheel	• Historically **lowest price player (heavy subsidies)** • Recently raised take rates **+5–11pp** • Standardizing free shipping, reducing subsidies • Lower ASP (~$50) → focused on low-income consumers	• Full-stack platform: **Marketplace + Payments + Logistics** • Higher ASP (~$150) → stronger monetization • Logistics scale + fintech subsidize growth • Monetizes via **ads + credit + take rate**

Only Mercado Libre combines **logistics, fintech, and marketplace** scale, creating a durable competitive moat

Annotated Stock Chart

As MELI expanded into new markets, while beating expectations, the stock price reached an all time high of $2,645.22. However, as competition increased, while geopolitical tensions arose, margins have compressed, leading to a stock price decline



1 MELI decided to invest in the untapped Brazilian market by spending $5.8 billion and hiring 14,000 people, mainly focusing on logistics and fintech services

2 The stock price increased significantly as MELI reported better Q1 2025 earnings calls as they beat expectations on EPS, revenue and margins

3 Competitive pressure increased as Amazon announced significant investments in Brazil announcing it is a top investment target

4 Software and AI overvaluation fears have rattled investors, who flocked to emerging markets, which profited, all the while MELI has not followed suit

5 Geopolitical tensions in Venezuela, Mexico, and Iran leave investors worried due to potential supply chain issues and consumer spending

6 The stock price dropped recently due to a Q4 2025 earnings miss in which MELI missed on EPS expectations, despite beating on revenue

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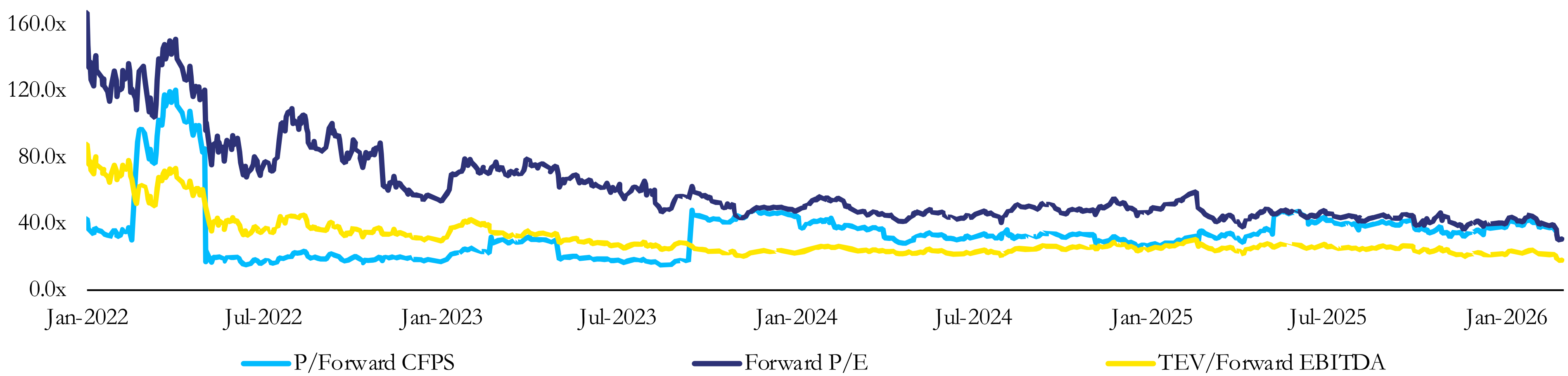
Sources: Capital IQ, Company Filings

Too Cheap Too Handle…

While Multiples have compressed, while revenue growth has relatively slowed done and absolute financial numbers have increased, we believe that the current valuation does not reflect the industry-strong revenue growth and margin expansion story

MELI Multiple Evolution



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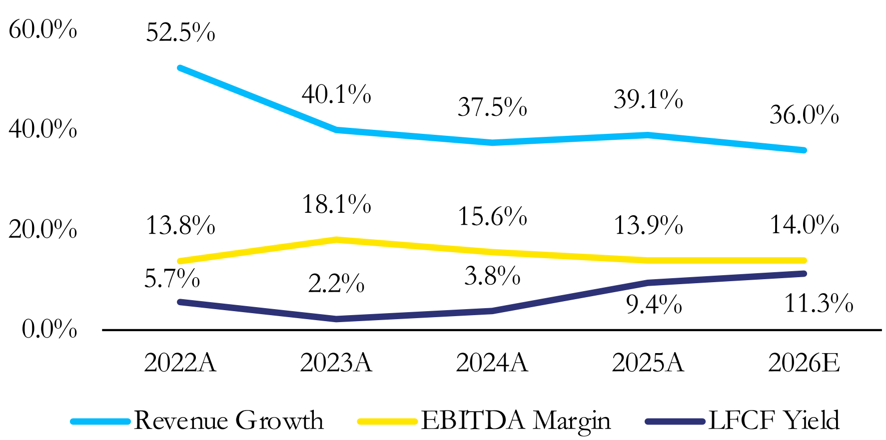

MELI Multiple Evolution

1. **Valuation multiples have significantly decreased** since 2022, making the stock extremely **cheap**

2. Although revenue growth has decreased, while absolute numbers increased, **revenue growth** is still **outpacing any other Ecommerce business**

3. Furthermore, with margins expanding, we believe that the current multiples do not reflect the revenue and margin expansion story

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Sources: Capital IQ, Company Filings

Risks and Mitigants

Despite facing various risks related to competition and global macroeconomic factors, we believe the MELI's model is prepared to mitigate competitive pressures and market volatility.

Risk	Mitigant
Amazon in Brazil	25+ years of regional expertise; 1M+ sqm fulfillment in Brazil; 95% deliveries in-house — a network Amazon is years from replicating at equivalent scale and unit economics
Price & Take Rate Wars	Shopee is already raising take rates after years of subsidization — evidence MELI's moat is forcing competitors to rationalize economics rather than pricing MELI down
Credit Portfolio Tail Risk	Proprietary transaction data gives MELI an underwriting edge unavailable to traditional banks; NPLs stable through 90% YoY credit growth; management has shown willingness to slow in downturns
EM Currency & Macro	FX weakness already suppresses reported USD numbers — any reversion is a pure earnings tailwind; Mercado Fondo drives platform engagement specifically in high-inflation environments
Margin Recovery Execution	Identical playbook executed in 2017–19 and 2024; Q4 2025 items sold +45% YoY and record buyer additions confirm the demand response is already materializing
Regulatory & Political Risk	18-country diversification buffers single-market shocks; cross-border trade regulation trend is favorable — targeting the structural cost advantages of Chinese platforms

Income Statement

For Fiscal Year	2020A	2021A	2022A	2023A	2024A	2025A	2026P	2027P	2028P	2029P	2030P	2031P	2032P
Period Ending:	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032
$ in millions, unless otherwise specified													
Net service revenues and financial income	3,690	6,149	9,442	13,617	18,638	25,286	33,125	42,400	52,999	64,659	77,591	91,558	106,207
% growth		*66.6%*	*53.6%*	*44.2%*	*36.9%*	*35.7%*	*31.0%*	*28.0%*	*25.0%*	*22.0%*	*20.0%*	*18.0%*	*16.0%*
Net product revenues	284	920	1,095	1,490	2,139	3,607	5,014	6,894	9,272	12,193	15,729	19,976	24,970
% growth		*223.9%*	*19.0%*	*36.1%*	*43.6%*	*68.6%*	*39.0%*	*37.5%*	*34.5%*	*31.5%*	*29.0%*	*27.0%*	*25.0%*
Net revenues and financial income	**3,974**	**7,069**	**10,537**	**15,107**	**20,777**	**28,893**	**38,138**	**49,293**	**62,272**	**76,852**	**93,320**	**111,533**	**131,177**
% growth		*77.9%*	*49.1%*	*43.4%*	*37.5%*	*39.1%*	*32.0%*	*29.2%*	*26.3%*	*23.4%*	*21.4%*	*19.5%*	*17.6%*
Cost of net revenues and financial expenses	**(2,265)**	**(4,064)**	**(5,374)**	**(7,517)**	**(11,200)**	**(16,035)**	**(20,976)**	**(27,111)**	**(33,938)**	**(41,885)**	**(50,393)**	**(60,228)**	**(70,180)**
Gross Profit	**1,709**	**3,005**	**5,163**	**7,590**	**9,577**	**12,858**	**17,162**	**22,182**	**28,334**	**34,968**	**42,927**	**51,305**	**60,997**
% margin	*43.0%*	*42.5%*	*49.0%*	*50.2%*	*46.1%*	*44.5%*	*45.0%*	*45.0%*	*45.5%*	*45.5%*	*46.0%*	*46.0%*	*46.5%*
Operating expenses:													
Product and technology development	(353)	(590)	(1,099)	(1,831)	(1,934)	(2,269)	(3,242)	(4,091)	(5,044)	(6,225)	(7,372)	(8,700)	(10,232)
Sales and marketing	(768)	(1,074)	(1,296)	(1,736)	(2,191)	(3,219)	(4,386)	(5,669)	(7,037)	(8,607)	(10,452)	(12,380)	(14,429)
Provision for doubtful accounts	(133)	(435)	(1,073)	(1,050)	(1,858)	(3,091)	(4,019)	(5,212)	(6,708)	(8,533)	(10,825)	(13,679)	(17,218)
General and administrative	(327)	(465)	(661)	(766)	(963)	(1,078)	(1,793)	(2,366)	(2,989)	(3,535)	(4,293)	(5,019)	(5,772)
Total operating expenses	**(1,581)**	**(2,564)**	**(4,129)**	**(5,383)**	**(6,946)**	**(9,657)**	**(13,439)**	**(17,338)**	**(21,777)**	**(26,901)**	**(32,942)**	**(39,778)**	**(47,651)**
Income from operations (EBIT)	**128**	**441**	**1,034**	**2,207**	**2,631**	**3,201**	**3,723**	**4,844**	**6,556**	**8,067**	**9,985**	**11,527**	**13,346**
Other income (expenses):													
Interest income and other financial gains, net	103	138	265	135	148	138	155	163	167	151	154	155	157
Interest expense and other financial losses	(107)	(229)	(321)	(174)	(165)	(160)	(193)	(193)	(193)	(193)	(193)	(193)	(193)
Foreign currency losses, net	(43)	(109)	(198)	(615)	(182)	(337)	(166)	(212)	(265)	(323)	(388)	(458)	(531)
Net income before income tax expense and equity in earnings of unconsolidated entity	**81**	**241**	**780**	**1,553**	**2,432**	**2,842**	**3,520**	**4,603**	**6,266**	**7,702**	**9,558**	**11,031**	**12,780**
Income tax expense	(82)	(149)	(298)	(569)	(521)	(845)	(1,117)	(1,453)	(1,967)	(2,420)	(2,996)	(3,458)	(4,004)
Equity in earnings of unconsolidated entity	--	(9)	--	3	--	--	--	--	--	--	--	--	--
Net Income	**(1)**	**83**	**482**	**987**	**1,911**	**1,997**	**2,403**	**3,149**	**4,299**	**5,282**	**6,563**	**7,573**	**8,776**
% growth		*8200.0%*	*480.7%*	*104.8%*	*93.6%*	*4.5%*	*20.3%*	*31.1%*	*36.5%*	*22.9%*	*24.2%*	*15.4%*	*15.9%*
% margin	*0.0%*	*1.2%*	*4.6%*	*6.5%*	*9.2%*	*6.9%*	*6.3%*	*6.4%*	*6.9%*	*6.9%*	*7.0%*	*6.8%*	*6.7%*

Balance Sheet (Assets)

For Fiscal Year	2020A	2021A	2022A	2023A	2024A	2025A
As of:	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025
$ in millions, unless otherwise specified						
Assets						
Cash and cash equivalents	1,856	2,585	1,910	2,556	2,635	3,670
Restricted cash and cash equivalents	652	1,063	1,453	1,292	2,064	9,867
Short-term investments	--	--	2,339	3,480	4,485	2,629
Short-term investments (602,193 and 636,949 held in guarantee)	1,241	810	--	--	--	--
Accounts receivable, net	50	98	130	156	255	369
Credit card receivables and other means of payments, net	863	1,839	2,946	3,632	5,288	6,893
Loans receivable, net of allowances of $3,057 and $1,630	--	--	--	--	4,716	8,855
Loans receivable, net of allowances of $1,042 and $1,074	--	--	1,704	2,629	--	--
Loans receivable, net	385	1,199	--	--	--	--
Prepaid expenses	28	40	--	--	--	--
Inventories	118	253	152	238	296	570
Customer crypto-assets safeguarding assets	--	--	15	34	--	--
Other assets	153	287	304	277	403	720
Total Current Assets	**5,347**	**8,175**	**10,953**	**14,294**	**20,142**	**33,573**
Long-term investments	166	89	322	162	1,203	1,764
Credit card receivables and other means of payments, net	--	--	--	--	--	153
Loans receivable, net of allowances of $86 and $48	--	--	--	--	179	510
Loans receivable, net of allowances of $42 and $30	--	--	32	65	--	--
Loans receivable, net	17	61	--	--	--	--
Property and equipment, net	392	807	993	1,250	1,380	2,303
Operating lease right-of-use assets	303	461	656	899	1,098	2,201
Goodwill	85	148	153	163	149	163
Intangible assets, net	14	45	25	11	12	33
Intangible assets at fair value	--	--	--	24	49	--
Deferred tax assets	135	181	346	710	802	1,541
Other assets	68	134	256	68	182	426
Total Non-Current Assets	**1,180**	**1,926**	**2,783**	**3,352**	**5,054**	**9,094**
Total Assets	**6,526**	**10,101**	**13,736**	**17,646**	**25,196**	**42,667**

Balance Sheet (Equity and Liabilities)

Liabilities						
Accounts payable and accrued expenses	767	1,036	1,393	2,117	3,196	4,502
Funds payable to customers	1,695	2,393	3,454	4,475	6,954	13,029
Amounts payable due to credit and debit card transactions	38	337	483	1,072	1,923	3,584
Salaries and social security payable	207	313	401	545	727	916
Taxes payable	216	291	414	477	525	1,140
Loans payable and other financial liabilities	548	1,285	2,131	2,292	2,828	4,623
Operating lease liabilities	55	92	142	166	241	430
Customer crypto-assets safeguarding liabilities	--	--	15	34	--	--
Other liabilities	109	88	129	119	209	409
Total Current Liabilities	**3,636**	**5,837**	**8,562**	**11,297**	**16,603**	**28,633**
Amounts payable due to credit and debit card transactions	--	4	5	20	41	187
Salaries and social security payable	50	20	--	--	--	--
Loans payable and other financial liabilities	861	2,233	2,627	2,203	2,887	4,570
Operating lease liabilities	244	372	514	672	894	1,769
Deferred tax liabilities	64	62	106	183	204	372
Other liabilities	20	41	95	200	216	388
Total Non-Current Liabilities	**1,239**	**2,733**	**3,347**	**3,278**	**4,242**	**7,286**
Total Liabilities	**4,875**	**8,569**	**11,909**	**14,575**	**20,845**	**35,919**
Equity						
Common stock, 0.001 par value, $110,000,000 shares authorized, $50,697,182 and $50,697,375 shares issued and outstanding	--	--	--	--	--	--
Common stock, 0.001 par value, 110,000,000 shares authorized, 50,697,442 and 50,257,751 shares issued and outstanding	--	--	--	--	--	--
Common stock, $0.001 par value, 110,000,000 shares authorized, 50,418,980 and 49,869,727 shares issued and outstanding at December 31, 2021 and December 31, 2020	0	0	--	--	--	--
Additional paid-in capital	1,861	2,439	2,309	1,770	1,770	1,771
Treasury stock, 225,931 and 225,474 shares	(55)	(790)	(931)	(310)	(311)	(312)
Retained earnings	314	397	913	1,901	3,812	5,809
Accumulated other comprehensive loss	(468)	(515)	(464)	(290)	(920)	(520)
Total Equity	**1,652**	**1,532**	**1,827**	**3,071**	**4,351**	**6,748**
Total Liabilities & Equity	**6,526**	**10,101**	**13,736**	**17,646**	**25,196**	**42,667**

Cash Flow Statement – Operating Activities

For Fiscal Year	2020A	2021A	2022A	2023A	2024A	2025A
Period Ending:	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025
$ in millions, unless otherwise specified						
Cash Flows From Operations						
Net income (loss)	**(1)**	**83**	**482**	**987**	**1,911**	**1,997**
Adjustments to reconcile net income (loss) to net cash provided by operating activities						
Impairment of equity securities held at cost	--	--	--	--	--	19
Equity in earnings of unconsolidated entity	--	9	--	(3)	--	--
Unrealized foreign currency losses, net	89	91	411	487	286	457
Impairment of digital assets	--	9	12	--	--	--
Depreciation and amortization	105	204	403	524	617	818
Accrued interest income / Accrued interest, financial income and other revenues	(46)	(36)	(166)	(311)	(415)	(1,216)
Non cash interest expense, convertible notes amortization of debt discount and amortization of debt issuance costs and other charges	15	86	137	113	114	396
Provision for doubtful accounts	133	435	1,073	1,050	1,858	3,091
Provisions for contingencies	--	--	--	335	176	106
Results on derivative instruments	(2)	--	66	39	(42)	117
Results on digital assets at fair value	--	--	--	(14)	(25)	(10)
Settlement of the call option	--	(11)	--	--	--	--
Stock-based compensation expense - restricted shares	1	1	1	--	--	--
Sale of fixed assets and intangible assets	4	--	--	--	--	--
Long-Term Retention Program accrued compensation	130	89	84	167	261	303
Deferred income taxes	(70)	(29)	(97)	(284)	(243)	(469)
Changes in assets and liabilities						
Accounts receivable	12	(26)	(71)	(1,413)	(2,687)	(1,508)
Credit card receivables and other means of payments	(522)	(1,063)	(1,084)	--	--	--
Prepaid expenses	16	(13)	3	--	--	--
Inventories	(107)	(142)	114	(69)	(113)	(235)
Other assets	(114)	(175)	(90)	(55)	(308)	(491)
Payables and accrued expenses	584	380	449	1,225	1,595	1,487
Funds payable to customers	901	808	1,044	1,502	3,605	5,341
Amounts payable due to credit and debit card transactions	37	309	128	693	1,213	1,592
Other liabilities	(35)	(79)	(82)	80	75	145
Operating lease liabilities	--	--	--	(168)	(189)	(408)
Interest received from investments	52	35	123	255	229	584
Net cash provided by operating activities	**1,182**	**965**	**2,940**	**5,140**	**7,918**	**12,116**

Cash Flow Statement – Investing and Financing Activities

Cash Flows From Investing Activities						
Purchases of investments	(5,200)	(7,371)	(12,694)	(18,936)	(16,710)	(14,754)
Proceeds from sale and maturity of investments	5,533	7,801	11,023	18,100	13,962	16,590
Payments for acquired businesses, net of cash acquired	(7)	(51)	--	--	(6)	--
Capital contributions in joint ventures	--	(5)	--	--	--	--
Receipts from settlements of derivative instruments	18	6	1	--	29	3
Payments from settlements of derivative instruments	(4)	(20)	(45)	(58)	(14)	(91)
Purchases of intangible assets	--	(36)	(1)	--	--	--
Changes in principle loans receivable, net	(345)	(1,348)	(1,701)	(2,047)	(4,688)	(6,659)
Investments of property and equipment	(247)	(573)	(454)	--	--	--
Investments in property and equipment, intangible assets and intangible assets at fair value	--	--	--	(509)	(860)	(1,343)
Proceeds from sales of intangible assets at fair value	--	--	--	--	--	75
Net cash used in investing activities	**(252)**	**(1,597)**	**(3,871)**	**(3,450)**	**(8,287)**	**(6,179)**

Cash Flows From Financing Activities						
Purchase of convertible note capped calls	(307)	(101)	--	--	--	--
Exercise of Convertible Notes	--	(3)	--	--	--	--
Payments on repurchase of the 2028 notes	--	(1,865)	--	--	--	--
Unwind of convertible note capped calls	--	397	--	--	--	--
Proceeds from loans payable and other financial liabilities	2,396	9,262	17,017	24,963	19,472	44,050
Payments on loans payable and other financing liabilities	(1,785)	(6,782)	(15,933)	(24,841)	(17,461)	(41,088)
Payments of finance lease obligations	(5)	(17)	(20)	(33)	(51)	(57)
Common Stock repurchased	(54)	(486)	(148)	(356)	(1)	(1)
Dividends paid of preferred stock	(3)	--	--	--	--	--
Proceeds from issuance of common stock, net	--	1,520	--	--	--	--
Net cash provided (used in) by financing activities	**242**	**1,925**	**916**	**(267)**	**1,959**	**2,904**

Effect of exchange rates on cash, cash equivalents, restrictes cash and cash equivalents	(115)	(153)	(270)	(938)	(739)	(3)
Net (decrease) increase in cash, cash equivalents, restricted cash and cash equivalents	1,057	1,140	(285)	485	851	8,838
Cash, cash equivalents, restricted cash and cash equivalents, beginning of the year	1,451	2,508	3,648	3,363	3,848	4,699
Cash, cash equivalents, restricted cash and cash equivalents, end of the year	**2,508**	**3,648**	**3,363**	**3,848**	**4,699**	**13,537**
% growth	*72.8%*	*45.5%*	*-7.8%*	*14.4%*	*22.1%*	*188.1%*

DCF Output

Terminal Value	
Perpetuity Growth Method	
2030 UFCF	13,050.5
Terminal Growth Rate	2.0%
Terminal Value	143,704.7
Present Value of Terminal Value	**$86,804.2**

Terminal Value	
Exit Multiple Method	
2030 EBITDA	12,765.0
EV/EBITDA Exit Multiple	13.0x
Terminal Value	165,944.4
Present Value of Terminal Value	**$100,238.0**

Enterprise Value	
Perpetuity Growth Method	
PV of Projection Period	31,526.3
PV of Terminal Value	86,804.2
Implied TEV	118,330.5
(-) Debt	(6,339.0)
(+)Cash	3,670.0
Implied Equity Value	115,661.5
Shares Outstanding	50.7
Share Price	**$2,281.29**

Enterprise Value	
Exit Multiple Method	
PV of Projection Period	31,526.3
PV of Terminal Value	100,238.0
Implied TEV	131,764.3
(-) Debt	(6,339.0)
(+)Cash	3,670.0
Implied Equity Value	129,095.3
Shares Outstanding	50.7
Share Price	**$2,546.26**

Blended Implied Share Price	
Perpetuity Growth Method	$2,281.29
Exit Multiple Method	$2,546.26
RL Blended Share Price	**$2,413.78**
Current Share Price	$1,773.96
% Change	**36.1%**

WACC

Capital Structure ($mm)					
Debt Tranche	**Coupon**	**Maturity**	**Amount**	**% Total**	**Weighted Rate**
2028 Senior Unsecured Loan	4.668%	09/27/2028	3,000.0	26.3%	1.229%
2031 Sustainability Notes	3.125%	01/14/2031	535.6	4.7%	0.147%
2033 Senior Notes	4.900%	01/15/2033	750.0	6.6%	0.323%
Other Debt & Lease Obligations			*7,106.4*	*62.4%*	*3.369%*
Total Debt			**11,392.0**	**100.0%**	**5.067%**

Credit Metrics		
Interest Expense	160	**From Income Statement*
Net Debt	5,093	**Cash of $6,299mm per Bloomberg*
NTM EBITDA	4,905	**Bloomberg 2026E consensus*
Interest Coverage Ratio	**30.7x**	
Net Leverage Ratio	**1.04x**	
Credit Rating	**BBB- / Baa**	**S&P / Moody's*

Market Snapshot	
Current Share Price	**$1,710.37**
Shares Outstanding (mm)	**50.7**
Market Cap ($mm)	**86,716**
Total Debt ($mm)	**11,392**
Total Capitalization	**98,108**
Debt / Total Capitalization	11.6%
Equity / Total Capitalization	88.4%

Cost of Debt	
Pre-Tax Cost of Debt	5.07%
Tax Rate	29.73%
After-Tax Cost of Debt	**3.56%**

Cost of Equity (CAPM)	
Risk-Free Rate (10Y UST)	4.33%
Beta (Bloomberg Adjusted)	0.99
Market Risk Premium	5.50%
Country Risk Premium (LatAm)	2.50%
Cost of Equity	**12.28%**

WACC Calculation			
Component	**Weight**	**Cost**	**Weighted**
Equity	88.4%	12.28%	10.85%
Debt (After-Tax)	11.6%	3.56%	0.41%
WACC			**11.26%**