

## Allegro exceeds expectations with profitability growth, as GMV outpaces retail market and international rollout continues

### Financial highlights

- **Full-year gross merchandise value (GMV)** from Polish Operations **jumped by 11%** to 54.8bn, consistently outpacing nominal retail sales. In Q4, the figure grew by 8.5% YoY in Poland.
- **Revenue from Polish operations rose by 19.7%** to almost PLN 8bn last year boosted by monetization initiatives improving take rate as well as stellar growth in advertising sales. The Q4 figure was 18.4% up YoY in Poland.
- The ever-growing selection at great prices and outstanding convenience drives shoppers' loyalty and shopping frequency. Allegro's **active buyers base in Poland rose for a seventh consecutive quarter**, hitting 14.6m in Q4, with an average **GMV per active buyer 6.4% higher** at PLN 3,739 annually.
- **Allegro Smart! is now the most popular benefit program** in Poland and Czechia, with all Polish users already on the new Smart! minimum order value terms. The value of **GMV financed by Allegro Pay surged by half to PLN 6.7bn** last year.
- Rising revenue combined with continuing strict cost management **pushed Adjusted EBITDA from Polish operations up by 28% YoY** to almost PLN 3bn in 2023, with almost a third of it generated in Q4 when the figure grew by 28% YoY to PLN 905.7m.<sup>1</sup> **Full-year GMV margin in Poland jumped to 5.4%, hitting 5.8% in Q4.**
- **Leverage fell to 1.8x** by year-end, which is back to a level from before the acquisition of the MALL Group. The measure was 3.5x in mid-2022 just after the purchase, and 2.9x in December 2022.
- **Group GMV**, including International Operations, **grew by 11%** last year, while **consolidated Adjusted EBITDA jumped by 18%**. The Q4 figures were, respectively, 6.8% and 12.5% higher YoY.
- **The number of active buyers on Allegro.cz in Czechia doubled QoQ to 1.6m in Q4** thanks to the widest selection on the market. Just half a year after its launch Allegro.cz is by itself already the No.2 e-commerce player by traffic in the country.<sup>2</sup> **Allegro.sk is already serving consumers in Slovakia**, with its official launch a matter of days.
- Allegro is expecting Q1 GMV growth for **Polish operations** in a 9-10% range YoY, with revenue foreseen rising by 18-20%, and Adjusted EBITDA up by 28-31% YoY. Q1 GMV and revenue for **International Operations** are expected to decline by 3-5% and 29-32% YoY, respectively, while the Adjusted EBITDA loss is planned to curb to PLN 120-140m. CAPEX is foreseen at PLN 110-120m in Poland and PLN 20-30m in International Operations during Q1. **Consolidated** GMV is expected to grow by 8-9%

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<sup>1</sup> Allegro has included certain alternative performance measures in this Press release that are not measures defined within the International Financial Reporting Standards. Definitions of alternative performance measures used by Allegro can be found in the Group's interim report, page 15-17, available at <https://about.allegro.eu/financial-results>.

<sup>2</sup> Estimates based on company data, Similarweb and data.ai for Q4'23.

YoY, with revenue planned to grow by 4-7% in Q1. The group's Adjusted EBITDA growth is predicted at 21-26% YoY, with CAPEX seen coming in at PLN 130-150m.

"Allegro is now a business serving almost 20 million active buyers across Central Europe, with the number growing both in Poland and abroad, as we continue with the gradual rollout of our marketplace," said **Roy Perticucci, Allegro CEO**. "Our research shows that buyers' attachment to Allegro goes hand in hand with shopping frequency. Generally, the more one buys with us, the more loyal they become. Thanks to that, despite a difficult Q4 when consumers held back their spending, we fared better than most retailers. And no wonder, since anyone can pick and choose from over half a billion offers from an ever-growing number of merchants. While more than every third Pole is an active buyer on Allegro, every second Polish company also shops on our platform. Our marketplace model also works great abroad, with around 15% of the Czech population actively buying on Allegro.cz just six months after its launch. We are strong in Poland, getting stronger in Czechia, and we are just launching our new marketplace in Slovakia. We will be doubling down to return our Czech legacy businesses to health, as they still perform below our expectations. Our focus is on return on investment in all our projects and deploying the asset-light expansion model which translates into a declining capital investment with each launch while instantly driving coverage and GMV."

### **Poland Update: Allegro simplifies shopping & selling with the widest and most attractive online offer**

Poland currently generates 94% of Allegro's business and the platform continues as the primary consumer touchpoint when buying online in Poland. The number of active buyers in Poland grew to 14.6m in Q4 while their average annual GMV spend rose by 6.4% YoY. Allegro Smart! and Allegro Pay continue as bywords for convenient and affordable e-shopping and raise one another's appeal while propelling customer loyalty. Smart! is now the most popular loyalty program in Poland and Czechia, with all Polish customers already on the new Smart! minimum order value terms which reflects the program's value. Allegro continues to simplify the program's co-financing structure with no great churn among either consumers or merchants.

The value of all loans originated by Allegro Pay jumped by 43% YoY to over PLN 2.6bn in Q4, with the full-year figure of GMV financed by Allegro's consumer financing arm up by half to PLN 6.7bn, placing it among the largest consumer finance providers in Poland. Allegro is now testing a new customer reward, by introducing a new cashback offer called Allegro Cash. All this innovation fits at one's fingertip thanks to the Allegro app - the most popular shopping app in Poland with 15.5m average monthly active users.<sup>3</sup>

The group offers the widest network of pick-up points across Poland and keeps upgrading its own delivery capabilities to give more choice. Consumers can now use over 3,500 One Box parcel machines, which give Allegro more control over unit costs and their popularity has translated into utilisation three times higher than a year earlier. At the same time, the cooperation with InPost has deepened as evidenced by the recently announced

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<sup>3</sup> Source: data.AI app, data for Q4 2023.

volume-discount annex for 2024, and expanded to include the joint offer of seamless cross-border logistics between Poland and Czechia.

Overall, more than half a billion attractively priced offers from nearly 150 thousand merchants boosted Allegro's Polish GMV by 11% last year with the figure outpacing the country's overall nominal retail sales by 3.3x in Q4. Consumers turn to Allegro for best-priced offers in times of inflation - whether they look for everyday shopping bargains or large-ticket purchases, Allegro has got them covered, with Best Price Guarantee already featuring on around 600 thousand products and counting. Merchants and brands look to attract millions of international shoppers on the platform, boosting Allegro's advertising revenue growth pace to 31% in Q4. GMV growth at higher take rates coupled with the group's *Fit to grow* efficiency project boosted overall revenue and pushed Allegro's GMV margin in Poland to 5.8% in the fourth quarter and 5.4% for the whole year.

### **International Update: Allegro.cz's success paves the way for further marketplace expansion in the region**

The number of active buyers on Allegro's new marketplace in Czechia hit 1.6m in the last quarter of the year, with over 500 thousand of them enjoying Smart! free delivery. Allegro.cz hosts offers from around 30 thousand merchants, including legacy brands MALL and CZC whose contribution was more than 14% of Allegro.cz's GMV. Allegro is the No.2 app by downloads in Czechia<sup>4</sup> and just six months since the full launch Allegro.cz is the second largest e-commerce player in the country by traffic. Best Price Guarantee tag now features over 70 thousand products on Allegro's Czech platform, which has already built an image of the most price-competitive shopping destination in the country.<sup>5</sup>

Allegro is gradually transforming the MALL and CZC legacy businesses into effective merchants selling on Allegro.cz. The Adjusted EBITDA loss for the MALL Segment stood at PLN 205 million last year and although this equates to just 7% of the Adjusted EBITDA in Poland, the speed of the transformation has not met Allegro's expectations. The group made a second write-down on the Czech assets which is a purely accounting topic and does not affect Allegro's business stability or its international ambitions. Rapid marketplace advancement in Czechia serves as a playbook for each new country as Allegro deploys its asset-light expansion model. It translates into a declining incremental capital investment with each launch while driving coverage and GMV. Allegro.sk has already begun operating in Slovakia and will fully launch soon, with further marketplaces to follow across the region.

"Allegro finished 2023 strongly, with resilient 8.5% YOY GMV growth in Poland for Q4, achieved against a backdrop of continued weak consumer spending over the Christmas period. The combined efforts of our organisation to lift margins and deliver cost savings over the past year paid off with a 28% rise in Polish Q4 Adjusted EBITDA to PLN 906 million," said **Jon Eastick, Allegro's CFO**. "Combining these higher margins with lower capital investment in 2023, we have now brought our financial leverage down to a comfortable 1.8x group Adjusted EBITDA, the same level we had before acquiring the MALL

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<sup>4</sup> Source: Appflow, as of Q4'23.

<sup>5</sup> Based on a price perception research conducted between 10-20.11.2023 in the form of an online survey (CAWI; N=1'500 surveys in Czechia vs. N=8'069 in PL used for comparison).

Group and WE|DO in April 2022. Falling leverage plus strong cash flows from our Polish marketplace enables us to confidently invest in taking the Allegro marketplace model to new markets outside Poland, with Allegro.cz performing well and doubling its GMV in Q4 versus the prior quarter. We are aiming to open Allegro marketplaces across MALL's five-country footprint over the next two years and drive each to profitability within four years from launch. We've assigned up to 20% of Polish future EBITDA to fund this exciting marketplace expansion, including the funding of our MALL Group business while we redouble efforts to stem its losses and turn it into a lean merchant that makes a positive financial contribution to the Allegro group."

### **About Allegro**

Founded in Poland almost 25 years ago, Allegro now operates a leading online marketplace across Central and Eastern Europe. Based in Luxembourg and listed on the Warsaw Stock Exchange after the largest IPO in the bourse's history, Allegro solidifies its position as the largest online marketplace of European origin. The platform connects millions of buyers from across Eastern and Central Europe as well as the EU with thousands of international merchants who provide hundreds of millions of offers. Having established itself as the go-to marketplace for all customers during the pandemic, Allegro consistently proves the most convenient and cost-efficient platform in times of inflation, aiming to become the most loved online shopping destination in Europe.