

## **Allegro gets off to solid start with 13% growth in Q1 against lockdown headwinds, and international expansion delivering key milestones**

### **Financial highlights**

- Gross merchandise value (GMV), or the gross value of goods sold via Allegro, grew by 12.8% YoY to PLN 10.82bn in Q1 thanks to Allegro's focus on ever widening selection, unparalleled pricing, and Allegro Pay growth.
- Allegro's relational NPS - the measure of customer appreciation - rose to an industry-high of 81, confirming that the Allegro marketplace model is viewed as a good answer to the current economic challenges.
- Revenue grew by 15.1% YoY to PLN 1.39bn in Q1, with advertising revenue up by 21.1% YoY during the first three months of the year. Take Rate stayed broadly flat YoY at 10.46%, with the revised co-financing and success fee expected to support Take Rate going forward.
- Number of active buyers rose by 0.6% YoY to 13.4m in Q1, while GMV per active buyer grew 14.2% YoY to PLN 3,265 as shoppers now more than ever appreciate competitive pricing and fast delivery (next day delivery share up 8pp YoY).
- Adjusted EBITDA, i.e. the operating result before depreciation, and amortization, excluding non-recurring items, was PLN 463m,<sup>1</sup> 13.6% lower YoY driven by investments in future growth and customer satisfaction during this year's toughest comparative quarter. Margin is already improving after a January low.
- Allegro Pay extended PLN 965m worth of loans in Q1, a >400% rise YoY. The group's fintech secured an unmatched NPS of 94, as it is progressing hand-in-hand with Allegro Smart! and other programmes to enhance shopping experience while helping drive sales for merchants.
- Solutions for customers and merchants are supplemented with investments in fulfillment and logistics, already translating into a rising share of next-day delivery. *One Fulfillment*, *One Box by Allegro*, and now *One Kurier* enhance delivery promise and add to Allegro's unrivaled marketplace offer, while complimenting its overall asset-light logistics model.
- Allegro kick-starts international expansion in line with plans. The launch of Allegro.com offers EU clients easy access to a great international selection, while providing merchants with a gateway to tens of millions of potential customers. The newly closed acquisition of Mall Group and WE|DO doubles the group's addressable market and potential consumer base across the CEE.
- Allegro updates its full-year expectations for its core Polish-based business (excluding Mall Group and WE|DO), targeting GMV growth between 15-20%, with revenue growth of 25-30%, and Adjusted EBITDA up by 10-15% YoY, as higher food, fuel and energy inflation for longer may weaken discretionary consumer demand later in 2022. Capex

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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 quarterly management report, page 11, available at <https://about.allegro.eu/financial-results>.

has been trimmed to reach PLN 675-725m reflecting marginally slower near-term growth expectations.

- Allegro is expecting Mall Group and WE|DO to return to GMV and revenue growth for 9 months to December 2022. Adjusted EBITDA loss for the period is expected at PLN 80-120m, while capital investments at PLN 100-120m.

“Allegro made a very solid start to 2022 as we keep on sowing the seeds of future growth.” says **Allegro CEO, Francois Nuyts**. “We closed the acquisition of Mall Group and WE|DO, making the group a truly international business, while doubling the joint addressable market and potential consumer base across the CEE. Allegro’s core mission of providing the most convenient and state-of-the-art platform for an ever-widening selection at the most competitive pricing is thus gaining an even greater scale, also thanks to the launch of the Allegro.com domain. While making great strides with our international footprint, Q1 2022 was equally about developing the core Polish marketplace. Great progress on Allegro Pay and the Allegro Smart! loyalty program underpinned our first quarter growth. Allegro’s marketplace model has proven not only resilient but also very supportive in the face of the current market challenges everyone is dealing with, as it helps tackle the effects of inflation and has allowed for swift aid for those fleeing the war in Ukraine.”

The gross merchandise value of goods transacted via Allegro in the first quarter grew by 12.8% YoY, driven by the 14.2% YoY rise in average spend even as last year’s lockdowns and the beginning of Russia’s invasion of Ukraine created significant headwinds. Numerous improvements across selection, price, and convenience - the key factors behind the overall shopping experience - secured Allegro the best-in-class rNPS (relational net promoter score) of 81. Additional monetization initiatives allowed for the Adjusted EBITDA margin to already improve after a January low. It is the constant focus on consumer needs that yields results, as exemplified by Allegro Pay, a buy-now-pay-later financial service, which continues to delight users. Simplicity and safety translated into a >400% leap in the value of loans originated via the Allegro fintech to PLN 965m and boosted its NPS to 94 in the first quarter of the year. Hand-in-hand with Allegro Smart! - already a byword for comfortable and affordable shopping as well as an undeniable benchmark - Allegro’s products and services boost one another’s appeal and convenience.

Allegro’s successful transition to a managed and integrated third-party delivery network is just one of the strengths that the now enlarged group wants to implement internationally. The platform’s fulfillment and logistics model adds to its multiple partnerships, ensuring quick, reliable, and cost-efficient deliveries to the advantage of both clients and merchants. Together with partners, Allegro offers the widest network of pick-up venues in Poland, making it by far the most accessible e-commerce platform in the country. The development of this immensely scalable network has proven resilient to lockdown distortions and is continuously progressing, as evidenced by the increasing share of orders delivered the next day by 8pp YoY. Allegro’s merchant-facing solutions are being supplemented by investments into its *One Fulfillment* offer, a Poland-wide *One Box by Allegro* parcel lockers network, and now the *One Kurier* delivery option. All in all, these add to our partners’ offer and should generate unit cost savings while further boosting shopping convenience, as the platform maintains its goal to raise the number of its green parcel lockers to 3,000+ this

year, having secured an option with an offline retailer to deploy 2,000 APMs. Allegro's latest steps - launching the Allegro.com domain and expanding the geographical footprint across the CEE - at the same time exponentially widen the available offer and give merchants access to tens of millions of new potential customers as they list once and sell everywhere.

The overall progress solidifies Allegro's status as the go-to platform for consumers as well as a widening range of retail companies - small and medium local sellers, as well as large retailers. Over 130 top brands set up shop on Allegro in Q1 alone, including Skechers, Vans, Costa Coffee, or RedBull. Brands not only onboard to Allegro, they also shop here - just like every third Pole is an active Allegro buyer, also every third Polish business shops on the platform every month thanks to the development of our Allegro Biznes service, which is a testament to how widening selection and convenience correspond with each other on Allegro.

The platform's revenue rose by 15.1% YoY to PLN 1.39 billion, with Allegro's advertising business expanding by 21.1% YoY. Take Rate held still in annual terms at 10.46%, in line with expectations. Allegro updated its expectations for the year, targeting GMV growth of 15-20%, with revenue seen 25-30% up YoY and Adjusted EBITDA expected to be 10-15% higher YoY without taking into account the Mall Group and WE|DO contributions. Full-year CAPEX has been trimmed to PLN 675-725m.

"Allegro's near 13% GMV growth in Q1 sets us up well to accelerate in the coming quarters," **says Jon Eastick, Allegro's CFO.** "Despite the terrible and unexpected events in Ukraine and last year's pandemic lockdowns that created challenging prior year comparatives, Allegro underlined the resilience of its marketplace model and the strength of its many growth levers to deliver this solid performance. We are focused on providing great prices and convenient access to the widest relevant selection, speeding up fast and free delivery through the Smart! loyalty program, together with great access to buy-now-pay-later solutions from Allegro Pay. In these times of high inflation and pressures on the wallets of shoppers, we expect this to be a winning value proposition. We do understand that higher inflation for longer may weaken consumer demand, which we have reflected in our updated full-year expectations. During Q1 we took steps to balance the costs of our investments, such as increased access to courier delivery in Smart!, with additional monetization initiatives, resulting in our margins moving onto an improving trajectory since January. Our acquisition of the Mall Group and WE|DO, together with the launch of Allegro.com, provide us with the toolkit we need to drive international expansion and to take our cherished base of Polish merchants to new markets and opportunities."

### **Allegro.eu's selected operating and financial results**

	Q1 2022	Q1 2021	Change %
<b>Income Statement, PLN m</b>			
<b>GMV (PLN in millions)</b>	<b>10,824.1</b>	<b>9,596.4</b>	<b>12.8%</b>
<b>Revenue</b>	<b>1,392.6</b>	<b>1,210.2</b>	<b>15.1%</b>
<b>EBITDA</b>	<b>432.5</b>	<b>527.5</b>	<b>(18.0%)</b>
<b>Adjusted EBITDA</b>	<b>462.9</b>	<b>535.6</b>	<b>(13.6%)</b>
<b>Net Profit</b>	<b>166.9</b>	<b>269.6</b>	<b>(38.1%)</b>

## Business highlights

### Retail basics

- Continued double-digit YoY growth in the number of active offers, with over 130 top brands onboarded in Q1, including Skechers, Vans, Velvet, Costa Coffee, Grohe, or RedBull.
- Allegro Pay extended PLN 965m worth of loans, a >400% YoY jump thanks to the offer's simplicity and convenience which won it a sector-leading NPS of 94 in Q1. Ongoing agreement with AION Bank to take some of Allegro Pay's installment loans off of the group's balance sheet helps secure the service's future growth, with the lender buying PLN 210m of Allegro Pay's consumer loans in Q1.
- Allegro Biznes recorded a nearly 36% increase in business account buyers since it launched in February 2021. Every third Polish business now shops on Allegro every month thanks to the offers' selection, price and convenience. Business customers shop frequently and their shopping cart is bigger than in the case of individual customers.

### Delivery experience

- Allegro continually enhances its delivery promise, with further development of its scalable Merchant-Fulfilled Network and merchant incentives helping improve next day delivery performance by 8pp YoY in Q1.
- *One Fulfillment* launched commercially in mid-January, *One Box* is on track to include 3,000+ state-of-the-art parcel lockers by the end of the year, securing an option with an offline retailer to deploy 2,000 APMs.
- X-press Couriers rebranded into *One Kurier* to all in all enhance delivery convenience, as well as increase cost efficiency.
- Full One Box merchant coverage coming soon.

### International expansion

- Allegro closed its acquisition of the Mall Group and WE|DO in April 2022 to give merchants and consumers a best-in-class experience by combining established brands and a high-quality and experienced cross-country team with Allegro's leading technology and deep expertise in creating best-in-class 1P and 3P platforms. Integration is going according to plan, with some quick wins already in place.
- The group's model of providing the best shopping experience to buyers and merchants is now gaining an even greater, EU-wide scale. Allegro's newly launched English-language service via Allegro.com gives European customers access to over 60 million international offers, boosting choice for customers across the EU.

## ESG

- Our platform helped collect over PLN 10m so far via a dedicated donations website Allegro Charity to help Ukrainians fleeing from the Russian invasion. That includes PLN 1.1m donated by Allegro Group directly to the Polish charities providing support to refugees in Q1. The platform also launched its Ukrainian-language version, and is actively involved in aid activities during the current humanitarian crisis related to the war in Ukraine.
- Allegro announces climate targets as the first e-commerce platform in Poland involved in the Science Based Targets Initiative. The group wants to become the guiding light for its clients with regards to such goals.
- Allegro adopted the Diversity Declaration, emphasizing the importance of diversity and inclusion among its nearly 5,000 employees in Poland and over 7,000 employees in the newly forged regional group.
- The Allegro Charity platform helped NGOs raise PLN 40 million last year alone. The group actively cooperates with multiple charity and social initiatives, while leading in technology education and engaging in various projects aimed at aiding women, students, or startups. Allegro initiatives are all available in the group's latest ESG report presented in detail [here](#).

## About the Allegro Group

Allegro Group is the go-to e-commerce platform for European consumers and has delivered strong revenue growth, profitability and cash flow at scale. Based in Luxembourg and listed on the Warsaw Stock Exchange, the group operates a leading online marketplace across Central and Eastern Europe. Its Allegro.pl is one of the world's top ten e-commerce websites, also ranking among top 100 websites in the world by visits per month. The group's Merchants sell across a variety of categories, covering electronics; home and garden; sports and leisure; kids; automotive; fashion and shoes; health and beauty; books; media; collectibles and art. Its platforms facilitate sales of mainly new products by Merchants, particularly via a business-to-customer model, giving European Consumers easy access to millions of offers at most competitive prices.