

allegro

Allegro.eu  
Q1 2024  
results  
presentation

23 MAY 2024

SMART!  
WEEK

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of bargains  
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Agenda //

Highlights

Financial results:

Polish Operations

International Operations

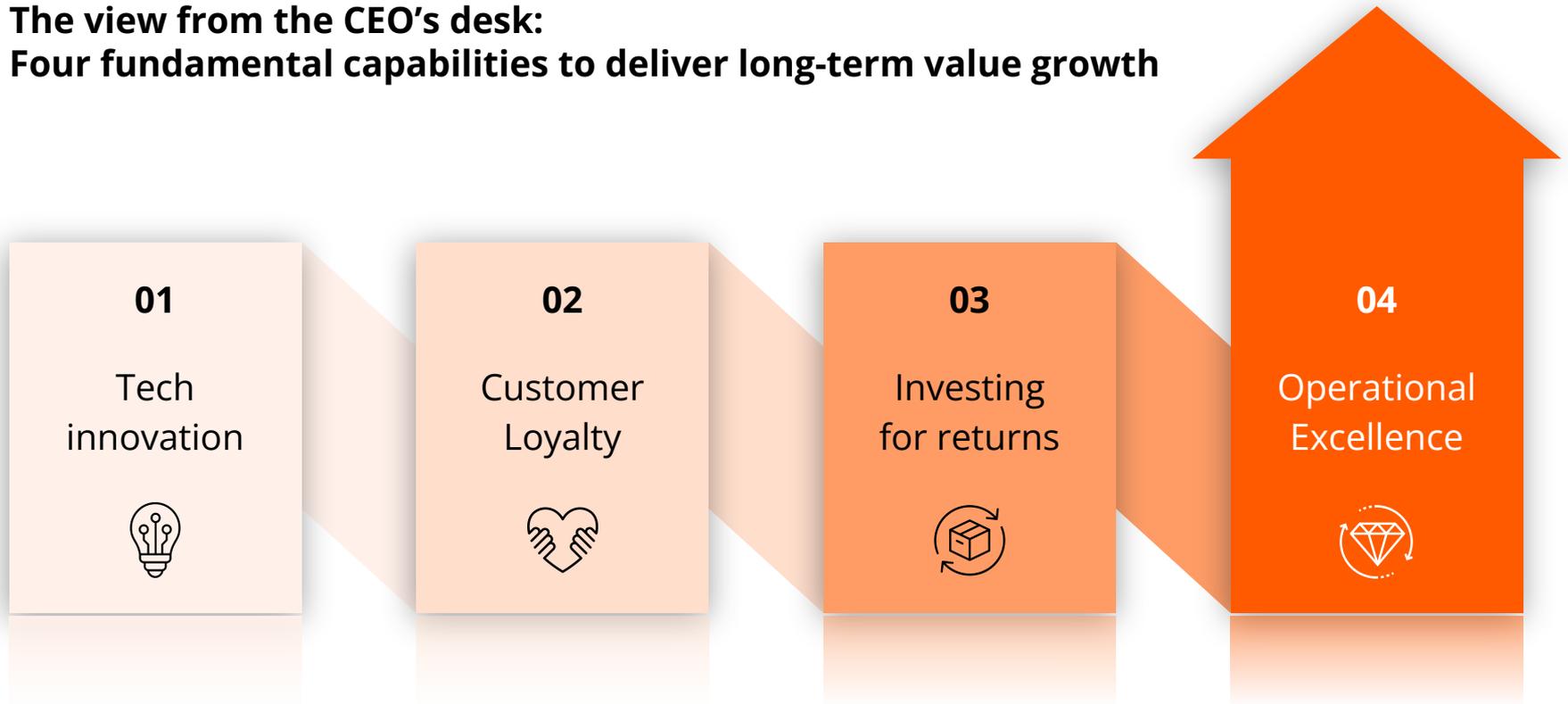
Group

Management outlook

Q & A

Highlights

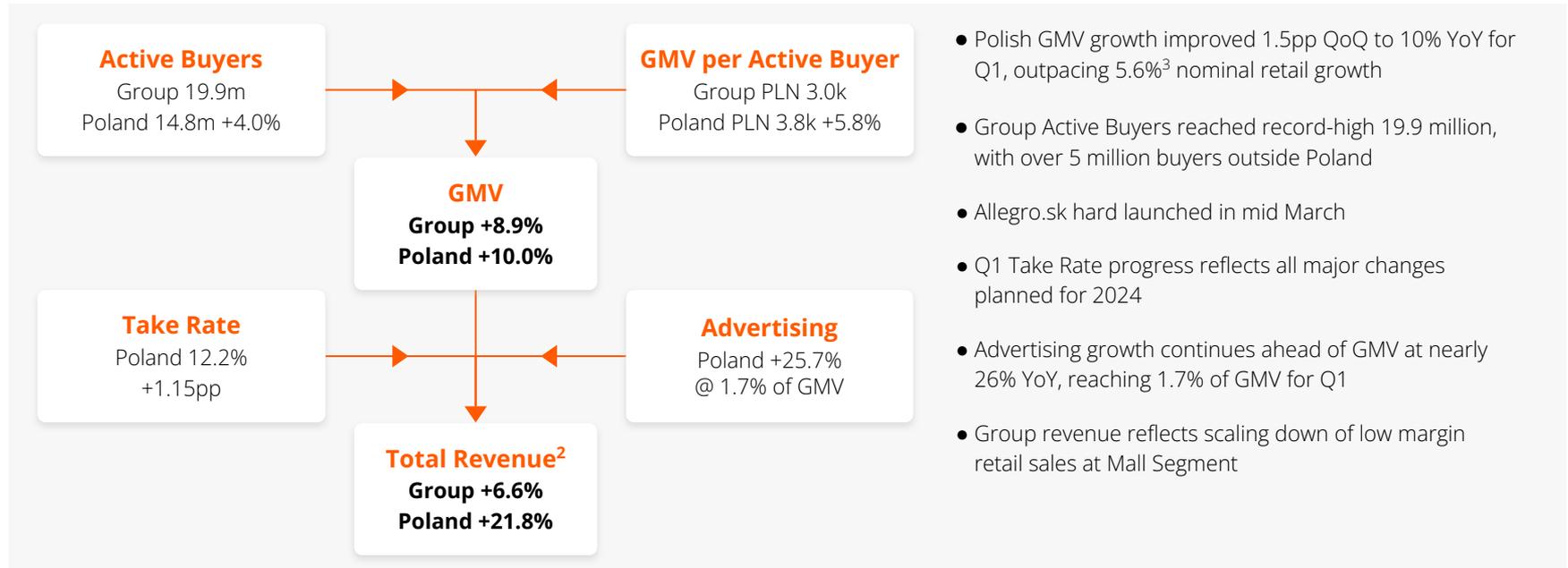
**The view from the CEO's desk:  
Four fundamental capabilities to deliver long-term value growth**



**These skills underlie all our work on our mid-term priorities**

# Accelerating GMV growth and expanding margins lifted Q1 Polish Adjusted EBITDA by 37% YoY

## Q1 2024 Top Line Highlights<sup>1</sup>



- Polish GMV growth improved 1.5pp QoQ to 10% YoY for Q1, outpacing 5.6%<sup>3</sup> nominal retail growth
- Group Active Buyers reached record-high 19.9 million, with over 5 million buyers outside Poland
- Allegro.sk hard launched in mid March
- Q1 Take Rate progress reflects all major changes planned for 2024
- Advertising growth continues ahead of GMV at nearly 26% YoY, reaching 1.7% of GMV for Q1
- Group revenue reflects scaling down of low margin retail sales at Mall Segment

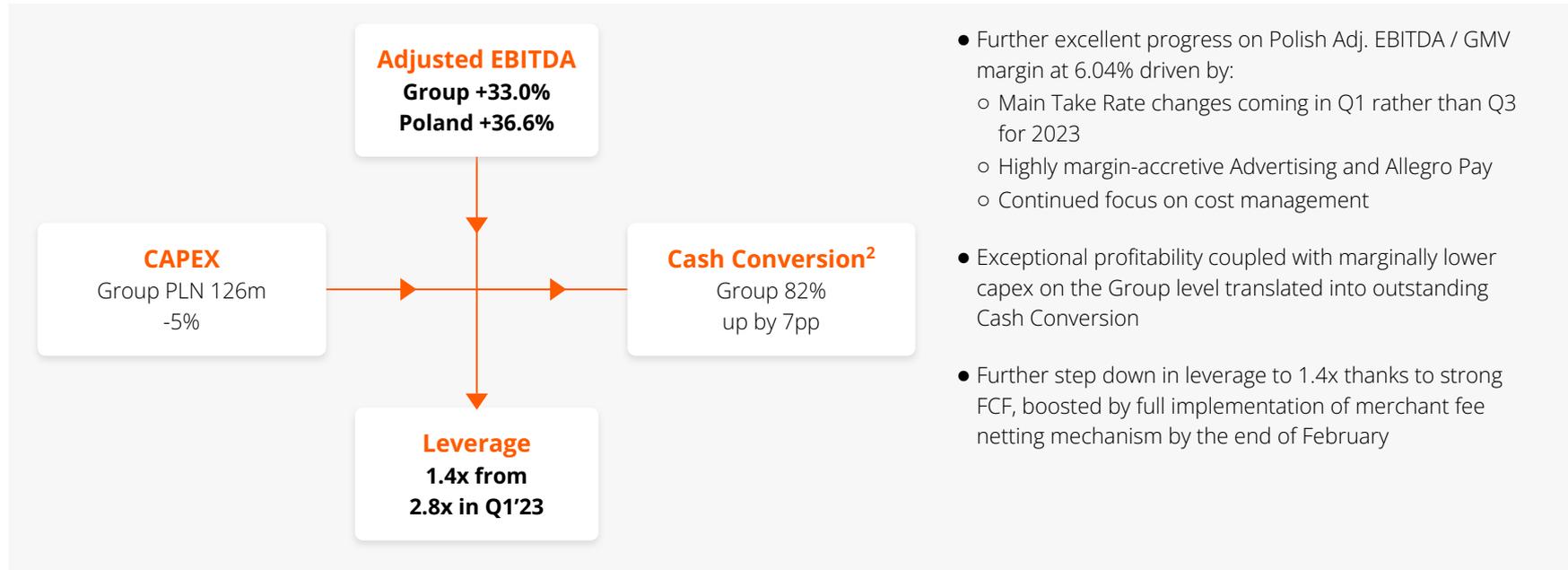
1. +/- % changes as compared to Q1 2023

2. Includes Total Revenue and Other Operating Income. "Other operating income" reflects valuation and income from sales from consumer loans portfolios to the Group's financing partner. From Q4'2023 this income stream presented separately, previously within "Other revenue"

3. Total nominal retail sales growth in Poland of 5.6% YoY in Q1 2024, published by Statistics Poland (GUS)

# Improved Adjusted EBITDA, completed merchant fee netting and lowered capex reduced leverage to 1.4x for Q1

## Q1 2024 Profitability, Cash-flow and Leverage Highlights<sup>1</sup>



1. +/- % changes as compared to Q1 2023

2. Defined as (Adjusted EBITDA - Capex) / Adjusted EBITDA

# New for 2024: Management has moved to a new multi-year priority framework

## Medium-term business objectives

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### Grow Core Marketplace



1. Easy and safe to shop, simple to sell
2. Increasingly loyal customers

### Build New Engines



3. Strong advertising
4. Seamless fintech solutions
5. Low cost and reliable delivery

### Expand Internationally



6. Systematic introduction of our asset-light marketplace
7. Complete Mall Segment turnaround

### Ensure Solid Fundamentals



8. Groupwide system architecture & software development processes
9. People & Culture, ESG

# Continuous enhancement of the marketplace proposition for buyers and merchants



## Grow core marketplace in Poland

### Buyers loyalty and engagement



- ~130k Active Buyers added in Poland in Q1
- B2B buyers up by 20% YoY thanks to awareness and sourcing campaigns
- >90% of Smart! users on paid subscriptions
- Crossed 6 million Smart! users in May

### Best selection, price and convenience



- Supermarket and Health & Beauty categories outpaced average GMV growth by 1.5-2.0x
- Best Price Guarantee coverage up to ca. 730k popular products
- Selection focused on improving findability and trust, with 445m offers (up by 47% YoY) and nearly 130m products (up by 9% YoY)

### Unique value proposition for merchants



- Further simplification of rate cards effective from 29th February, from 230 last year to 47
- Brand Engagement pilot launched, simplified and reinforced commercial support programs for key accounts
- >150k merchants<sup>1</sup>, up by 11% YoY, with growing number of international sellers

1. Number of merchants in last 12 months

# Accelerating business performance by investing in new engines



## Strong Advertising



- Robust pricing holding up on Allegro Ads
- ML<sup>1</sup>-enabled product improvements driving performance for advertisers, relevance for buyers and inventory optimization for Allegro
- Allegro's ML<sup>1</sup> Listing awarded E-Commerce Germany's Award as the "best sales & growth solution"

## Seamless fintech solutions



- Launched Allegro Cash pilot, bank account integrated with the marketplace with up to 2% cash back
- Signed participation agreement with a new financing partner, Santander, on a revolving basis, up to PLN 3bn in new funding
- PLN 2.1bn of loans originated in Q1, up by 27% YoY, driving share of Allegro Pay - financed GMV up to 14.4%

## Low cost and reliable delivery



- New co-financing structure implemented as of 29th February with increased sharing of delivery costs with Smart! merchants
- Launched A/B tests of the cheapest delivery method "MiniPaczka" with PLN 30 MOV<sup>2</sup>
- Expanded cooperation with logistics partners (DPD and Orlen/Ruch) to scale and diversify third party capacity and grow utilisation of own logistic capabilities

1. ML - Machine Learning  
2. MOV - Minimum Order Value

# Marketplace launch in Slovakia four times faster (3 vs 12 weeks) at one fifth the cost (PLN 6m vs PLN 35m<sup>1</sup>) than in Czechia



## Systematic introduction of our asset-light marketplace

**Allegro.sk launched** with mass media campaign in March:

- Wide selection of local and cross-border delivery methods and convenient returns
- Launched with ca. 100 million offers, 10x more than any other e-shop in Slovakia and the best prices<sup>2</sup>
- Smart! available on allegro.sk

Further growth in Allegro International marketplaces Smart! users, up to >520k, with paid subscriptions up by +33% QoQ.



### International marketplaces network development:

- allegro.cz and allegro.sk marketplaces expands potential TAM by 16 million people
- 2.0m Active Buyers, of which 1.3 million new to the Allegro Group
- >45k merchants<sup>3</sup> in Czechia and Slovakia, up by 20% QoQ
- Successful rollout of Best Price Guarantee, with >90k products covered, reinforcing the price perception

**Time-limited promotional terms for local merchants** joining the marketplaces.

**Easy exportability of offers** for Polish merchants wishing to sell to Czechia and Slovakia.

## Our first test of the playbook developed in Czechia appears to be working

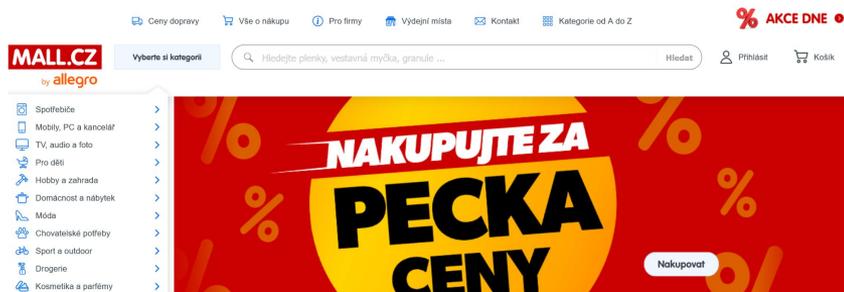
1. Total technology costs of CZK and SK marketplaces incurred until March 2024

2. Source: 10 times more products than in any e-shop in Slovakia, 87% of the 140 thousands best-selling products on allegro.sk are cheaper or at the same price compared to 69 popular Slovak e-shops as of 29 February 2024

3. Number of merchants in last 12 months, including exporters from Poland

# Operating excellence and capabilities

## Complete Mall Segment turnaround



- Q1 saw Management changes and a revised turnaround plan accepted
- Accelerating work on shrinking selection to focus on margins
- Overheads tightly managed, down 13% YoY in Q1
- 11% headcount reduction communicated in April

## Ensure solid fundamentals



### Groupwide system architecture & software development processes

- Introduced group wide procurement solution
- Completed Group wide unified workplace environment
- First stages of Group wide HR system in place

### People & Culture, ESG

- ESG double materiality matrix identifying top priority ESG metrics approved by the Board
- Group incentive plan<sup>1</sup> third year of vesting: ca. 2.1m shares delivered to over 1,300 managers and experts

1. AIP - Allegro Incentive Plan, a series of long-term share-based incentive plans designed to align with shareholder interests

# Financial results

# Q1 2024 key results: Polish Operations<sup>1</sup>

	<b>GMV</b> <hr/>	<b>Active Buyers<sup>2</sup></b> <hr/>	<b>LTM GMV / Active Buyer<sup>3</sup></b> <hr/>	<b>Take Rate<sup>4</sup></b> <hr/>
<b>Q1 2024</b>	PLN 13,570m +10.0% YoY	14.8m +4.0% YoY	PLN 3,790 +5.8% YoY	12.18% +1.15pp YoY
	<b>Revenue<sup>5</sup></b> <hr/>	<b>Adjusted EBITDA</b> <hr/>	<b>Adj. EBITDA / GMV margin</b> <hr/>	<b>Cash Conversion<sup>6</sup></b> <hr/>
<b>Q1 2024</b>	PLN 2,081m +21.8% YoY	PLN 820.2m +36.6% YoY	6.04% +1.18pp YoY	85.9% +4.39pp YoY

1. The sum of "Allegro", "Ceneo" and "Other" reportable segments

2. Active Buyer represents, as of the end of a period, each unique email address connected with a buyer that has made at least one purchase on any of Allegro.pl, Allegrolokalne.pl or eBilet.pl in the last twelve months (LTM)

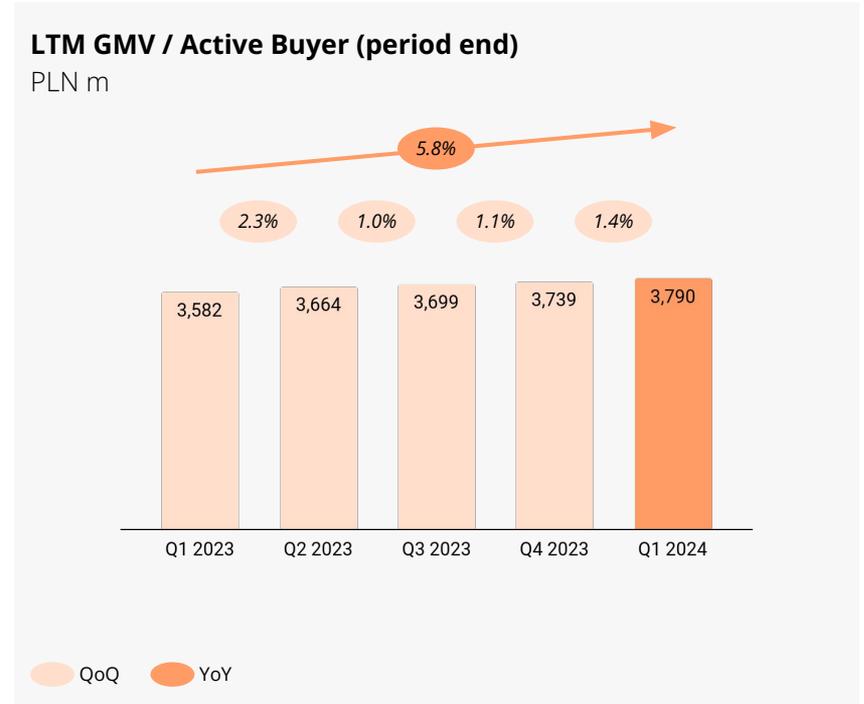
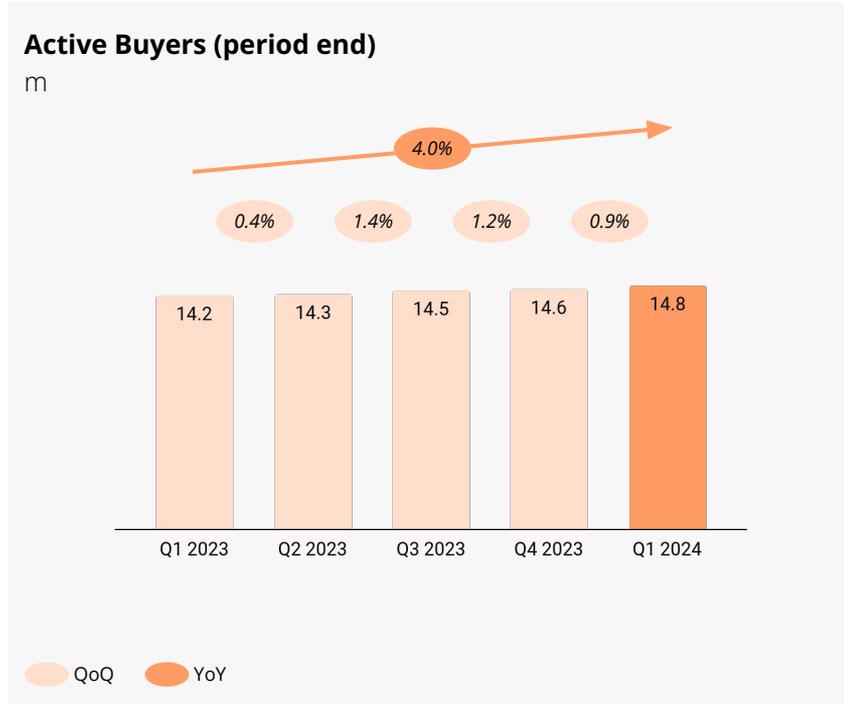
3. Represents LTM GMV divided by the number of Active Buyers as of the end of a period

4. Defined as 3P Marketplace Revenue / (GMV - 1P GMV)

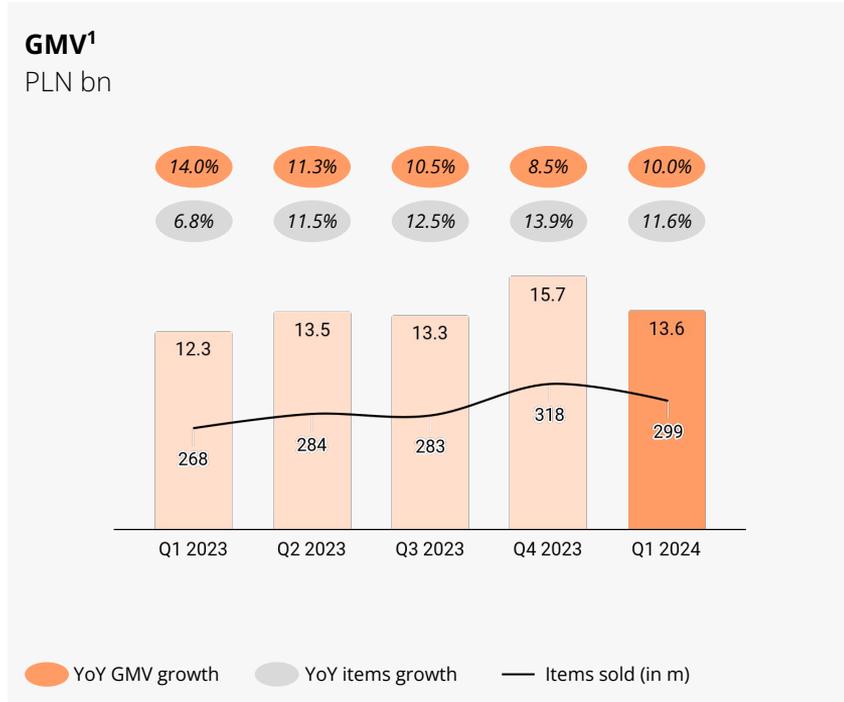
5. The sum of Total Revenue and Other Operating Income

6. Defined as (Adjusted EBITDA - Capex) / Adjusted EBITDA

# Added 562k Active Buyers YoY, with average annual spend per buyer accelerating QoQ



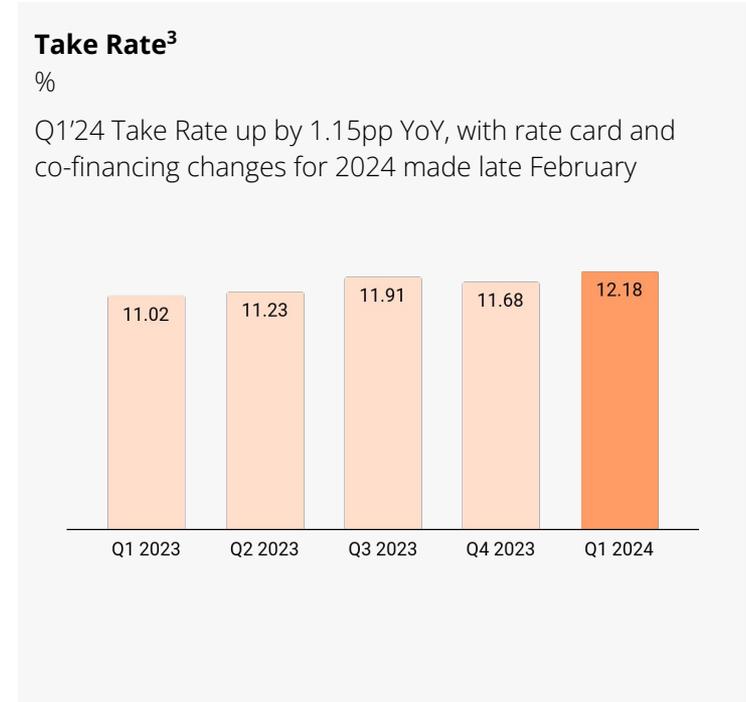
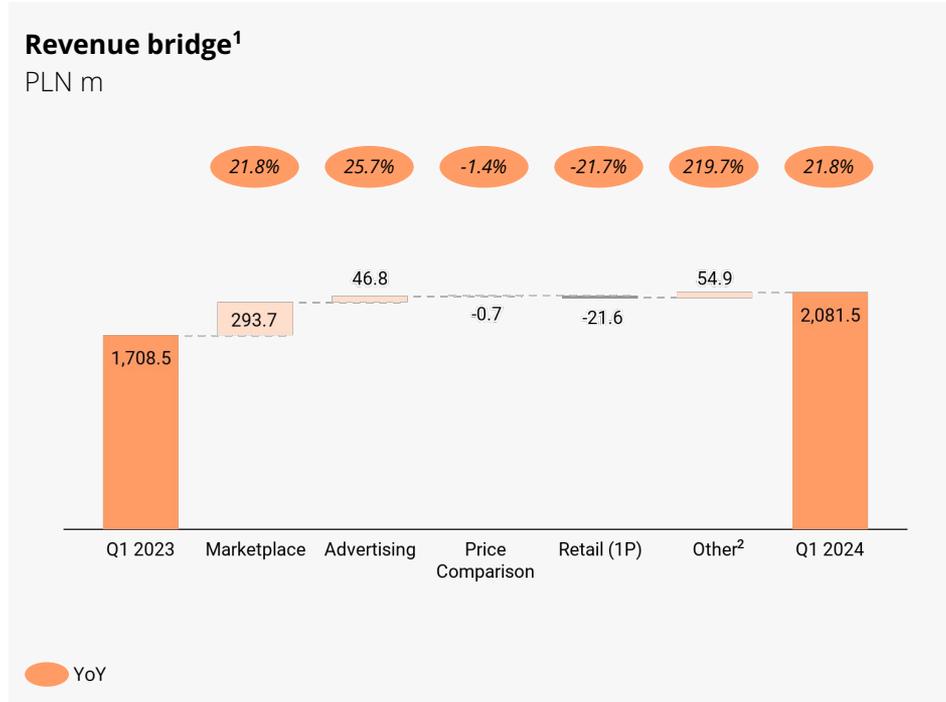
# GMV in Poland up by 10.0% in Q1, with continued outperformance in high-frequency categories



- LTM<sup>2</sup> GMV of PLN 56.0bn, up by 10.0% YoY and advancing by PLN 1.2bn QoQ
- GMV growth rose 1.5pp QoQ to 10.0% for Q1
- Growth rate moved up month to month, with headline growth held back by Easter falling in March
- Supermarket and Health & Beauty again lead growth, outpacing overall GMV by 1.5-2.0x YoY
- Drop in average selling price slowed by ca. 3pp QoQ

1. GMV of Allegro Polish Operations: Allegro.pl marketplace and eBilet  
 2. Last twelve months

# Revenue<sup>1</sup> advances 22%, helped by take rates, advertising and sales of consumer loans

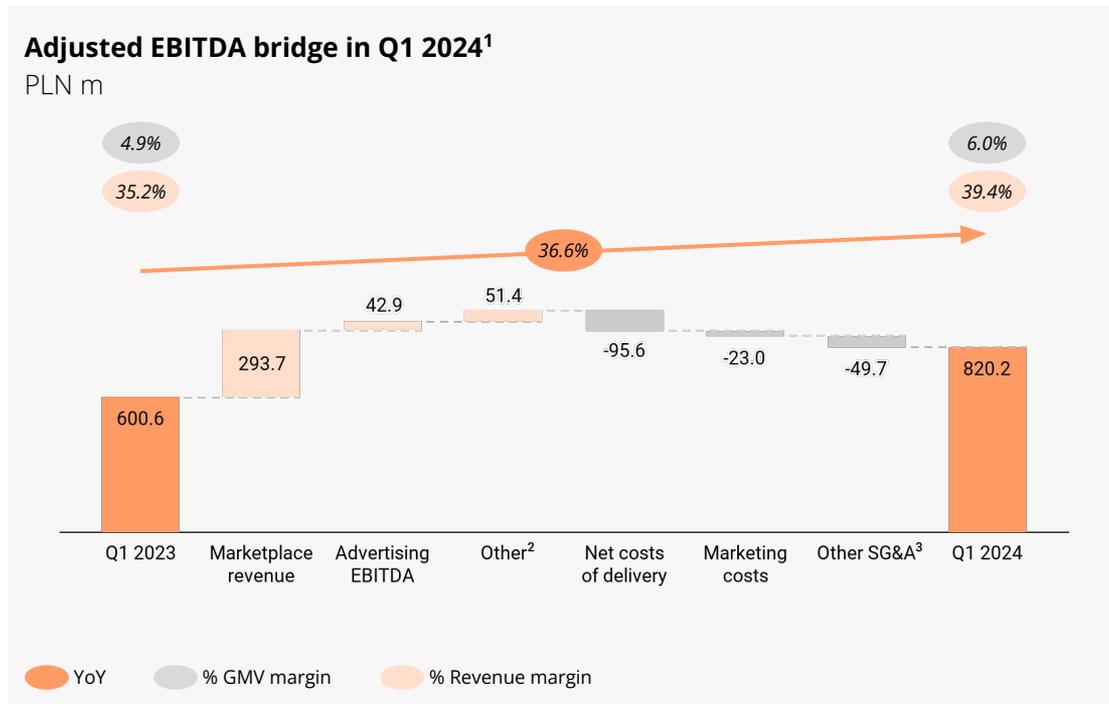


1. Includes Total Revenue and Other Operating Income

2. "Other" includes Other Revenue and Other Operating Income as reported in the financial statements

3. Defined as 3P Marketplace Revenue / (GMV - 1P GMV)

# Adjusted EBITDA growth accelerated to 36.6% YoY, driven by higher GMV and take rate, margin-accretive advertising and a rising contribution from Allegro Pay



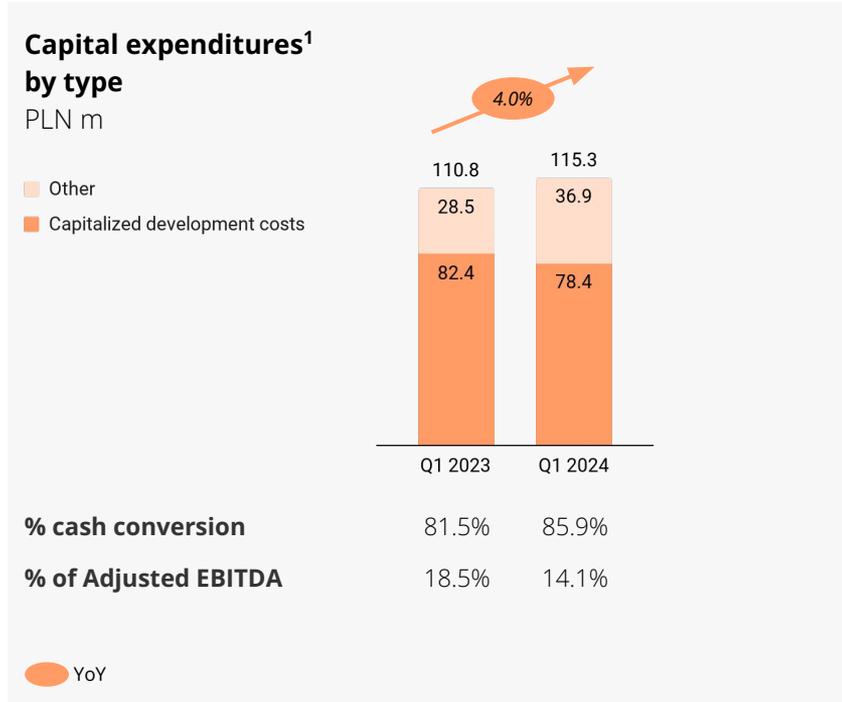
- Marketplace revenue reflecting accelerating GMV growth at higher YoY take rates
- Support from high margin advertising outpacing GMV growth
- “Other” includes result from Allegro Pay loan sales and merchants origination fees
- Net cost of delivery at 4.31% of GMV (up 0.35pp YoY), driven by increasing share of Smart! GMV and delivery cost indexation from Nov 2023, offset by courier share down 5pp YoY
- Delivery cost per unit, including savings from delivery mix shift, up by 4.2% YoY
- Other SG&A up by 17% YoY, with 8% headcount growth, higher salaries and bonus accruals, while bad debt down 50%

1. Excluding items treated as adjustments to EBITDA

2. "Other" includes EBITDA from fintech, retail margin, other revenue and payment charges

3. Other SG&A incl. staff costs, IT costs, net impairment costs and other expenses (where not included in advertising EBITDA contribution). SG&A costs adjusted in line with EBITDA adjustments

# Capex spend up by 4% YoY with continued focus on ROI metric and asset utilization



- Capitalized development costs slightly reduced YoY thanks to:
  - Tightened development portfolio management
  - New time allocation tools
- Investment in other assets ticked up from prior year's lows across both delivery and IT projects

1. Presented values are related to cash flow from investing activities and do not include leased assets (which are presented in the balance sheet and financing cash flow)

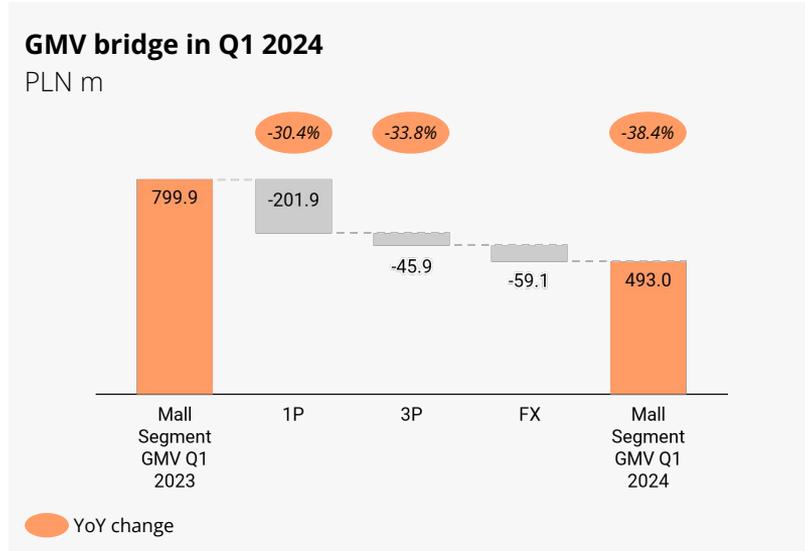
## Q1 2024 key results: Mall Segment

	<b>GMV</b>		<b>Active Buyers<sup>1</sup></b>		<b>LTM GMV / Active Buyer<sup>3</sup></b>		<b>Take Rate<sup>4</sup></b>	
<b>Q1 2024</b>	PLN 493m	-38.4% YoY	3.8m	-7.9% YoY	PLN 710	-24.3% YoY	14.31%	+1.43pp YoY
	<b>Revenue</b>		<b>Adjusted EBITDA</b>		<b>Adj. EBITDA / GMV margin</b>		<b>1P Gross margin<sup>5</sup></b>	
<b>Q1 2024</b>	PLN 397m	-35.2% YoY	PLN -58.0m	N/A <sup>2</sup>	-11.77%	-5.10pp YoY	11.92%	-0.15pp YoY

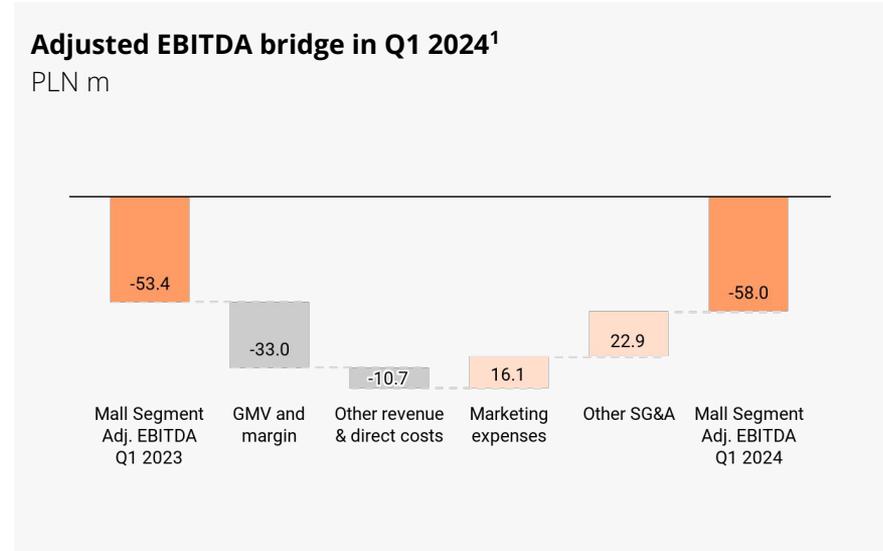
1. Represents, as of the end of a period, each unique email address connected with a buyer that has made at least one purchase on any of the Mall Segment sites (Mall.cz, Mall.hu, Mall.sk, Mall.hr, Mimovrste.com, CZC.cz) in the preceding twelve months  
 2. Not applicable, as the comparative was a negative number with Adjusted EBITDA loss of PLN 53.4m for Q1 2023

3. Represents LTM GMV divided by the number of Active Buyers as of the end of a period  
 4. Defined as 3P Marketplace Revenue / (GMV - 1P GMV)  
 5. Defined as (Retail revenue - cost of goods sold) / Retail revenue

## Mall Segment losses contained despite continuing strong GMV contraction



- GMV down 38% YoY driven reduced marketing support to unprofitable selection and Easter shifting into Q1
- YoY strengthening of average PLN/CZK exchange rate by 13% produced a PLN 59 million (7.4 pts) headwind to GMV growth



- YoY Adjusted EBITDA loss slightly higher due to lower volume and gross margin, partially mitigated by significant savings in overhead costs
- 1P Gross margin down 0.15pp YoY due to tough market and sell-out of slow-moving inventory

1. Excluding items treated as adjustments to EBITDA

## Q1 2024 key results: Allegro International Segment (allegro.cz and allegro.sk)

	<b>GMV</b>		<b>Active Buyers<sup>1</sup></b>		<b>LTM GMV / Active Buyer<sup>2</sup></b>		<b>Take Rate<sup>3</sup></b>	
<b>Q1 2024</b>	PLN 264m	N/A <sup>4</sup>	2.0m	N/A <sup>4</sup>	PLN 459	N/A <sup>4</sup>	7.53%	N/A <sup>4</sup>
	<b>Revenue</b>		<b>Adjusted EBITDA</b>		<b>Adj. EBITDA / GMV margin</b>			
<b>Q1 2024</b>	PLN 28m	N/A <sup>4</sup>	PLN -55.8m	N/A <sup>4</sup>	-21.09%	N/A <sup>4</sup>		

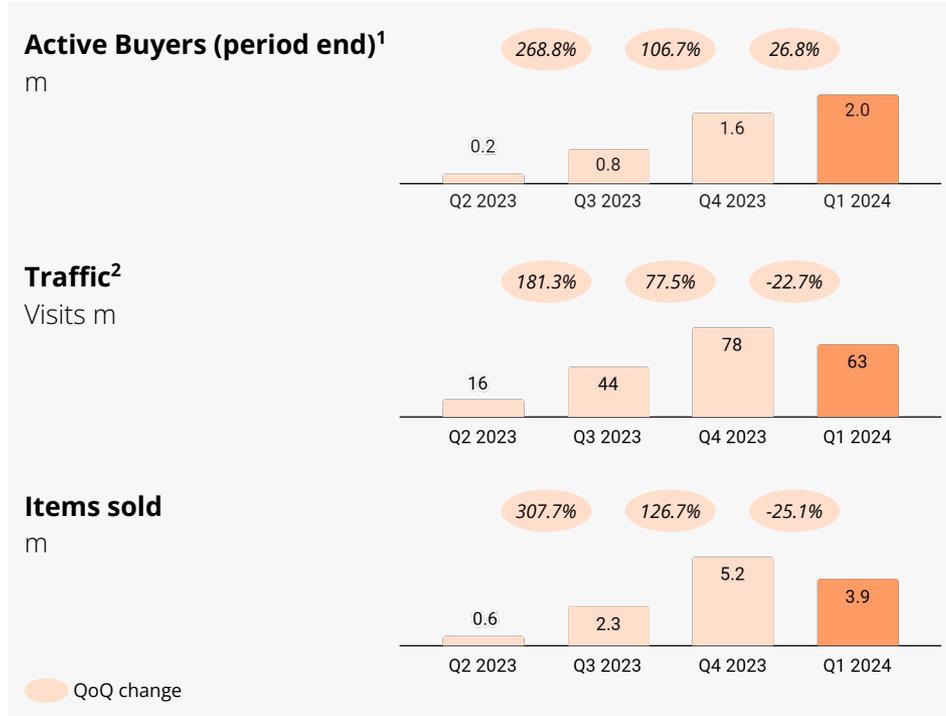
1. Represents, as of the end of a period, each unique email address connected with a buyer that has made at least one purchase on allegro.cz or allegro.sk in the preceding twelve months (i.e. since first international marketplace launch in Q2'23)

2. Represents LTM GMV divided by the number of Active Buyers as of the end of a period

3. Defined as 3P Marketplace Revenue / (GMV - 1P GMV)

4. Comparative information for prior year not available as Allegro International Segment was created in Q2'23, following allegro.cz launch

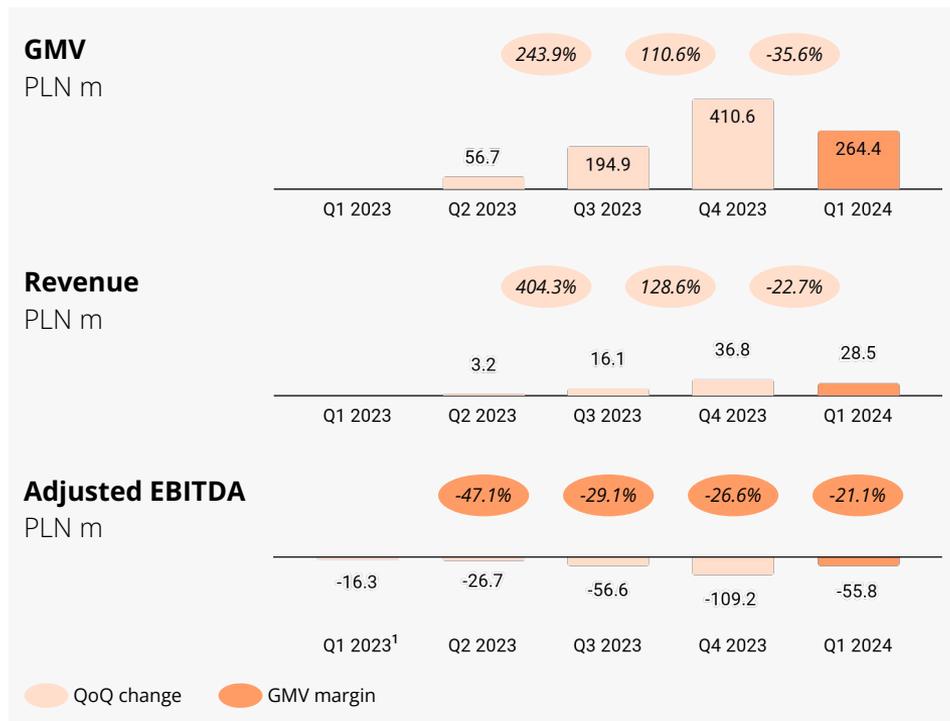
## Active Buyers on 3P marketplaces has reached 2 million in just 8 months



- Allegro.sk soft launched on 29 February, with hard launch and marketing support from 18 March
- Allegro.cz and allegro.sk gaining traction, reaching >2.0 million Active Buyers, of which >1.3 million newly acquired
- QoQ contraction in traffic and net items sold follows the Q4 peak shopping season when frequency is higher

1. Note: total allegro.cz and allegro.sk Active Buyers, before intersegment eliminations with the Mall Segment  
 2. Source: Company data

## GMV in Q1 lower QoQ comparing to Christmas peak season and reflecting FX headwind, with further progress in EBITDA margin



- FX headwind on GMV from strengthening PLN in Q1 was 4.1pp vs Q4 and 7.5pp vs Q3
- Revenue profile better than GMV thanks to Take Rate improving with gradually expiring promotional terms for new local merchants and lower campaign rebates
- GMV margin improved QoQ by 5.5pp thanks to lower marketing spend and falling unit delivery costs
- Marginal impact of Allegro.sk as hard launched for only last two weeks of Q1

1. allegro.cz start-up costs incurred in Q1'23, before the marketplace launch in May 2023

## Q1 2024 key results: International Operations<sup>1</sup> (Allegro International Segment and Mall Segment)

	<b>GMV</b>		<b>Active Buyers<sup>2</sup></b>		<b>LTM GMV / Active Buyer<sup>3</sup></b>		<b>Take Rate<sup>4</sup></b>	
<b>Q1 2024</b>	PLN 735m	-8.1% YoY	5.2m	+23.5% YoY <sup>2</sup>	PLN 687	-26.6% YoY <sup>2</sup>	9.42%	-3.46pp YoY
	<b>Revenue</b>		<b>Adjusted EBITDA</b>		<b>Adj. EBITDA / GMV margin</b>		<b>1P Gross margin<sup>6</sup></b>	
<b>Q1 2024</b>	PLN 406m	-33.9% YoY	PLN -114.1m	N/A <sup>5</sup>	-15.52%	-6.81pp YoY	12.16%	+0.09pp YoY

1. International Operations include results of operations of two segments reportable in the Group's financial statements: (i) "Mall Segment" and (ii) "Allegro International Segment", after intersegment eliminations
2. Represents, as of the end of a period, each unique email address connected with a buyer that has made at least one purchase from International Operations in the preceding twelve months, with any Active Buyer present in both Mall Segment and Allegro International Segment counted only once

3. Represents LTM GMV divided by the number of Active Buyers as of the end of a period
4. Defined as 3P Marketplace Revenue / (GMV - 1P GMV)
5. Not applicable, as the comparative was a negative number with Adjusted EBITDA loss of PLN 53.4m in the comparable period for Q1 2023
6. Defined as (Retail revenue - cost of goods sold) / Retail revenue

# Q1 2024 key results: Consolidated Group<sup>1</sup>

	<b>GMV</b> <hr/>	<b>Adjusted EBITDA</b> <hr/>	<b>Take rate</b> <hr/>
<b>Q1 2024</b>	PLN 14,305m    +8.9% YoY	PLN 706.2m    +33.0% YoY	12.11%    +1.07pp YoY
	<b>Revenue</b> <hr/>	<b>Adj. EBITDA / GMV margin</b> <hr/>	<b>Cash Conversion<sup>2</sup></b> <hr/>
<b>Q1 2024</b>	PLN 2,475m    +6.6% YoY	4.94%    +0.90pp YoY	82.2%    +7.01pp YoY

1. Consolidated Group includes results of the Polish Operations and International Operations, after intersegment eliminations

2. Defined as (Adjusted EBITDA – Capex) / Adjusted EBITDA

## Leverage down 0.45x QoQ to 1.38x from rising LTM EBITDA, completion of merchant fee netting and low capex

PLN m (unaudited)	31.03.2023	31.12.2023	31.03.2024
LTM <sup>1</sup> Adjusted EBITDA Polish Operations	2,447.1	2,957.6	3,177.2
LTM <sup>1</sup> Adjusted EBITDA International Operations	(226.5)	(414.6)	(459.0)
LTM <sup>1</sup> Intersegment eliminations	-	(2.9)	(2.8)
Adjusted EBITDA LTM <sup>1</sup>	2,220.6	2,540.1	2,715.4
Borrowings at amortized cost	6,437.2	6,067.5	6,066.0
Lease liabilities	717.5	617.6	599.1
Cash	(846.1)	(2,049.1)	(2,927.1)
Net Debt	6,308.6	4,635.9	3,738.0
<b>Leverage</b>	<b>2.84x</b>	<b>1.83x</b>	<b>1.38x</b>
Equity	9,096.3	9,043.3	9,320.4
Net debt to Equity	69.4%	51.3%	40.1%

- Strong cash flow delivered mainly thanks to steep improvement in net working capital from full implementation of merchant fee netting initiative, taking close to PLN 0.9bn off receivables YoY and contributing 0.32x of leverage reduction
- Leverage expected to continue a more gradual decline in the following quarters
- Term loan margin stepped down 25bp in March with further reductions expected in Q3
- Final hedging inflow from old contracts worth ca. PLN 50m a quarter coming in Q2

Management  
outlook

## Q2 2024 outlook

	Polish Operations			International Operations <sup>3</sup>			Group consolidated		
	Q1'24E	Q1'24 Actual	Q2'24E	Q1'24E	Q1'24 Actual	Q2'24E	Q1'24E	Q1'24 Actual	Q2'24E
<b>GMV</b>	9-10% YoY growth	10.0% YoY growth	10-11% YoY growth	3-5% YoY decline	8.1% YoY decline	3-6% YoY growth	8-9% YoY growth	8.9% YoY growth	9-10% YoY growth
<b>Revenue</b>	18-20% YoY growth	21.8% YoY growth	22-24% YoY growth	29-32% YoY decline	33.9% YoY decline	21-25% YoY decline	4-7% YoY growth	6.6% YoY growth	11-14% YoY growth
<b>Adjusted EBITDA<sup>1</sup></b>	28-31% YoY growth	36.6% YoY growth	26-29% YoY growth	PLN 120-140m loss	PLN 114.1m loss	PLN 130-150m loss	21-26% YoY growth	33.0% YoY growth	22-27% YoY growth
<b>CAPEX<sup>2</sup></b>	PLN 110-120m	PLN 115.3m	PLN 140-150m	PLN 20-30m	PLN 10.2m	PLN 25-35m	PLN 130-150m	PLN 125.5m	PLN 165-185m

1. Adjusted EBITDA defined as EBITDA pre group restructuring and development costs, stock-based compensation and other one-off items

2. Represents cash capex and does not include leased assets (which are presented in balance sheet)

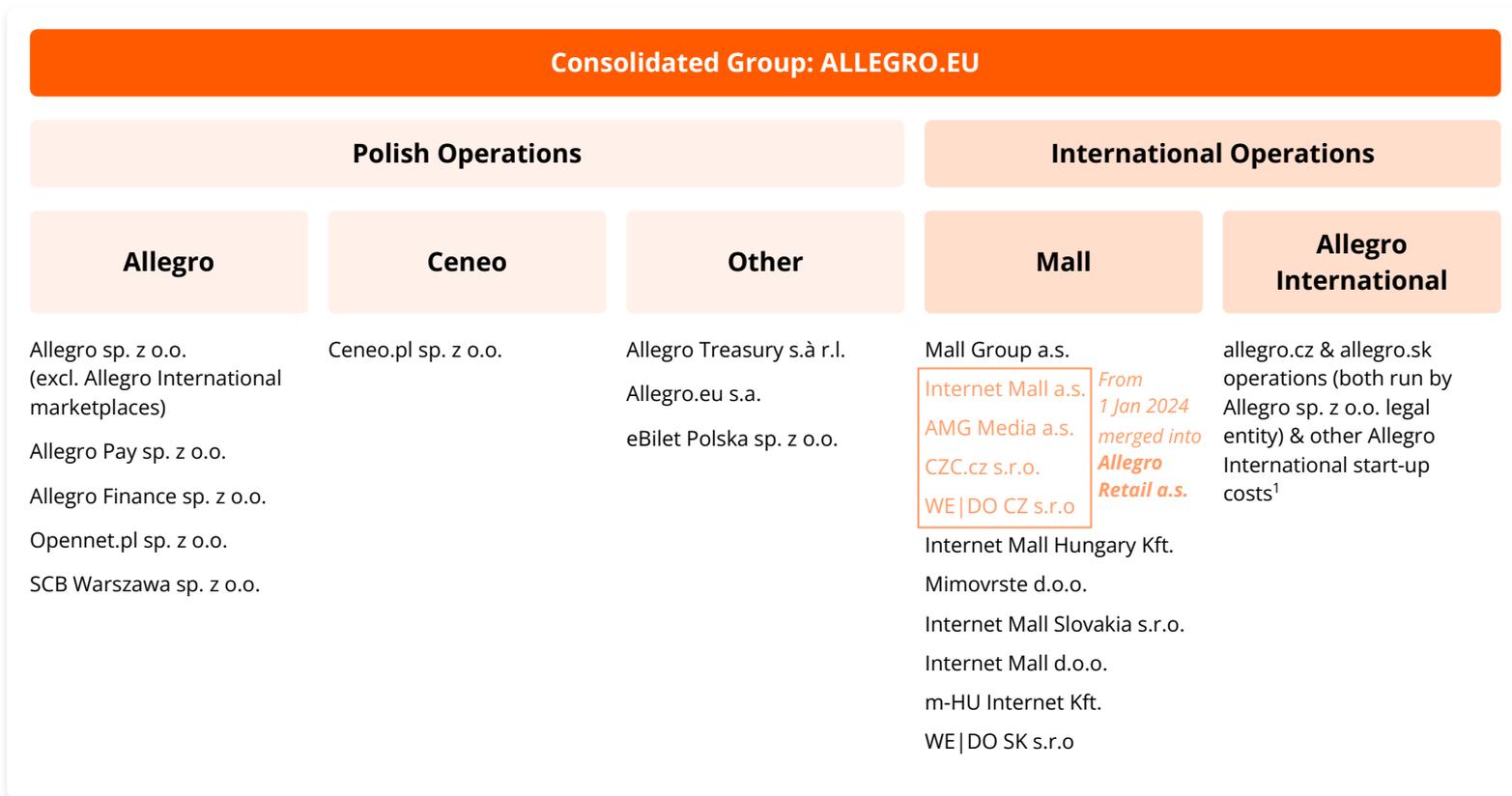
3. GMV, revenue, Adjusted EBITDA and CAPEX expectations and actuals for International Operations include impact of the recent allegro.cz marketplace launch in Czechia as well as impact from CZK/PLN FX rate changes

Q & A

allegro

Thank you.

# Appendix: Expanded group structure explained



1. Start-up expenses related to preparatory work on international marketplaces to be launched