Allegro maintains growth and improves margins in Poland during Q1, with its Allegro.cz marketplace now up and running in Czechia

Financial highlights

- **Allegro met or exceeded all Q1 outlook metrics.** Poland's most popular online shopping platform continues to show resilience despite the slowing economy and increasingly price-sensitive shoppers.
- **Q1 gross merchandise value (GMV)** in Polish operations **grew 14% YoY** to PLN 12.34bn, maintaining the growth rate set in Q4 thanks to unrivalled selection at attractive prices. Consolidated GMV including MALL Group and WE|DO rose by 21.4% YoY.
- **Revenue from Polish operations rose 22.7% YoY** to PLN 1.71bn in Q1. Including the newly acquired businesses, the figure jumped by 66.7%.
- Allegro's **active buyers base grew for a fourth consecutive quarter**, hitting 14.2m in Q1 in Poland, with average **GMV per active buyer almost 10% higher** YoY at PLN 3,582.
- **Take rate** in Poland **grew** by 0.57pp YoY to 11.02% in Q1, while advertising revenue grew over 3.4 times faster than GMV at +48% YoY.
- Higher GMV and take rates, strong growth in advertising revenues, and tight cost control combined to **push Adjusted EBITDA from Polish operations up by 29.7% YoY** to PLN 600.6m in Q1, **improving GMV margin** by 59 bps to 4.87%. Adjusted EBITDA for the expanded Group was up 14.7%.[1]
- In a key milestone for its international expansion strategy, **the group began operating its Allegro.cz marketplace** earlier this month. Czech consumers gained instant access to the widest offer available on the market.
- Allegro is expecting Q2 2023 GMV growth for **Polish operations** at 11-12% YoY, with revenue seen rising by 16-18%, and Adjusted EBITDA 13-16% higher YoY. Q2 GMV at the **MALL segment** is seen coming in at a 3-6% decline YoY, with revenue expected 8-11% lower YoY, and the Adjusted EBITDA loss seen at PLN 110-120m. CAPEX is expected at PLN 110-120m in Poland and PLN 35-40m in MALL. On the **consolidated level**, GMV is expected to grow by 10-11% YoY in Q2, with revenue seen rising by 9-11%. The consolidated group's Adjusted EBITDA is expected to be 3-8% higher YoY, with Q2 CAPEX at PLN 145-160m.
- In Czechia, the ongoing challenging macro situation constrains consumer spending, leading to declining legacy GMV at MALL that is likely to offset new Allegro.cz GMV in the nearest months.

"Our focus on growth and cost discipline is starting to deliver benefits. We maintained GMV growth and improved margins in the Polish business, getting the year off to a strong start,

[1] 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 annual management report, page 13, available at https://about.allegro.eu/financial-results

but the macro situation is still very challenging" said **Roy Perticucci, Allegro CEO**. "Allegro's expanding offer and great value-for-money proposition continue to draw more and more clients - both buyers and merchants - while we make progress on translating growing GMV and revenue into better margins. It is great to see that consumers are turning to Allegro to make their money go further. Another key goal is the growth of Allegro.cz, which will take some time to offset the declining legacy GMV at MALL. As in most Central European countries outside of Poland, Czech shoppers are not yet familiar with online marketplaces. We intend to learn a lot from this first deployment in order to develop a playbook to enter new markets within the Mall footprint more rapidly in the future."

Allegro's Polish operations, which make up nearly 94% of the overall business, reported all Q1 results either above or in line with expectations. This was due to GMV growth at higher take rates, which drove revenue and continued margin improvement. Selection growth and attractive prices helped boost the number of active buyers to 14.2 million and average GMV spend per buyer grew by a further 10% YoY in Q1 in Poland. Allegro Smart! and Allegro Pay - key Allegro brands that are already bywords for convenient and affordable e-shopping - continue to raise one another's appeal while propelling the group's business. Buy-now-pay-later arm Allegro Pay continued to post robust growth. The value of all loans originated by Allegro Pay jumped by 82% YoY to nearly PLN 1.8bn. In the future, Allegro aims to launch new financial products and services in cooperation with AION Bank. Smart! customers continue to switch to the new pricing terms announced back in November 2022. Nearly half of Smart! customers rolled over their annual contracts with higher subscription fees and increased minimum order values by the end of March, bringing no negative effects on the churn rate or customers' spend. The full margin benefit of these revised terms will be achieved within the next few quarters. Also during Q1 Allegro extended its own locker network to over 2,700 One Box units, helping to widen further its overall network of pick-up points that is already Poland's largest.

Allegro's 2022 acquisition of MALL Group and WE|DO extended the group's geographical footprint across Central and Eastern Europe. The MALL segment's lower-than-expected losses helped the group beat earnings expectations on the consolidated level in Q1, even though it included Allegro.cz start-up costs. The new platform gives Czech customers access to almost 100m offers from over 20 thousand merchants - by far the widest product selection on the Czech market. Most products are offered at the best price points in Czech e-commerce, and more than 54m offers have Smart! free delivery. Allegro expects that it will take some time for its Allegro.cz marketplace to gain strong traction in Czechia. In the meantime, the ongoing challenging macro situation constrains consumer spending, leading to declining legacy GMV at MALL that is likely to offset new Allegro.cz GMV in the nearest months. Once momentum builds at the new marketplace, the management expects that Allegro.cz will make a significant contribution to accelerating GMV growth across the group.

"Adjusted EBITDA growth of 29.7% from the Polish operations helped Allegro deleverage further to 2.8x by the end of March," said **Allegro CFO, Jon Eastick**. "Our *Fit to Grow* savings programme got up to full speed in Q1 and Allegro made progress on efficiency and cash flow generation. Having recently reached the milestone of starting Allegro.cz's marketplace operations in Czechia, we intend to proceed systematically from here to roll out our geographical coverage and accelerate the group's consolidated GMV growth rate over the medium term. Consumers everywhere face many challenges, but we believe that Allegro's offer is the right answer for those looking for the most cost-efficient and convenient place to shop online."

About Allegro

Founded in Poland over 20 years ago, Allegro now operates a leading online marketplace across Central and Eastern Europe, aiming to establish itself as the go-to online shop for European consumers. Based in Luxembourg and listed on the Warsaw Stock Exchange, the platform connects millions of buyers with thousands of merchants who provide hundreds of millions of offers. Having established itself as an economic lifeline for all customers during the pandemic, the company solidified its status as the most convenient shopping platform in times of inflation. Allegro's marketplace model rests mostly on facilitating sales of mainly new products by merchants, particularly via a business-to-customer model, giving European consumers easy access to offers spanning a variety of categories which include electronics; home and garden; sports and leisure; kids; automotive; fashion and shoes; health and beauty; books; media; collectables, and art.