

Allegro makes good on 2022 expectations and readies for Allegro.cz launch in Czechia

"2022 was arguably one of the most challenging years in recent history for online retailers. It is therefore especially pleasing to say that it was also another year of growth for Allegro," said **Roy Perticucci, Allegro CEO**. "Allegro presented its 2022 prospects on February 24 last year, the very day Russia invaded Ukraine. The tragedy continues to change the geopolitical landscape and compound inflationary pressures and trade worries, sending ripple effects through supply chains and business plans across sectors. We adjusted accordingly. Having established itself as an economic lifeline for all customers during the pandemic, Allegro now proved its status as the most convenient shopping platform to serve clients in times of inflation. We made good on all our financial expectations for 2022 and now we are moving at speed to our next goal, which is to launch our marketplace model internationally - starting in Czechia this year. At the same time, we are focusing on capital management and cost discipline across the group to fund our objectives. We want to be ready when the macro situation eventually improves, leveraging our know-how to build and scale a profitable marketplace. We are confident that the MALL client base takes us a good few years forward on this journey. We have a plan and the right set of priorities to be 'fit to grow,' as we say internally."

Financial highlights

- **Allegro fulfilled its financial expectations for 2022**, reaching new heights in the number of active buyers and overall offers, while rapidly moving towards the launch of Allegro.cz.
- **Growth in gross merchandise value (GMV)**, or the gross value of goods sold via Allegro's Polish operations, stood at 14% YoY and reached PLN 14.4bn in Q4, rising by 15.9% YoY to 49.4bn in all of 2022, showing the resilience of demand for Allegro's offer to consumers amid the challenging macro environment and persistently high inflation.
- The group's focus on ever-widening selection and working to offer the best prices raises its appeal, which together with progress on monetization translated into **revenue growth** of 26.5% YoY to PLN 2bn in Q4. The measure jumped by 24.1% to PLN 6.65bn in all of 2022 at Allegro's Polish operations.
- **The number of Allegro's active buyers rose** by another 560k YoY and hit 14.1m in Q4, while **GMV per active buyer was 11.3% higher** YoY at PLN 3,515 in Poland. Shoppers now more than ever appreciate competitive pricing and increasingly fast delivery offered by Allegro, awarding it with an industry-leading rNPS (relational net promoter score) of 80.8 by end-2022.
- **Adjusted EBITDA** (the operating result before depreciation, and amortization, excluding non-recurring items) **for the Polish operations jumped** by 41.2% YoY in Q4 to PLN 708m, driven by margin improvement and marketplace revenue boost from GMV growth at higher take rates. The FY2022 pace stood at 11.6%, with Adjusted EBITDA reaching

PLN 2.31bn.¹

- Allegro focuses on a **step-by-step turnaround of MALL's first-party (1P) business**, with preparations on track for the **commercial roll-out of Allegro's successful third-party (3P) marketplace model in Czechia** later this year.
- **Consolidated GMV grew** by 25.2% YoY in the fourth quarter. Revenue was 92.6% higher thanks to the consolidation of MALL segment since the second quarter, while Adjusted EBITDA jumped by 33.3% YoY. Full-year consolidated GMV grew by 23.2%, revenue jumped by 68.2%, while Adjusted EBITDA was 4.1% higher after incorporation **9 months of MALL's results**.
- **Take rate** at the Polish operations **grew** by 1.06pp to 10.91% in Q4, with the full-year figure 0.59pp higher YoY at 10.82%, boosted by co-financing and success-fee initiatives, while the rising share of advertising revenue supported margins and monetization.
- **Allegro switches to providing quarterly outlooks**, targeting Q1 2023 GMV growth for **Polish operations** at 13-14% YoY, with revenue seen rising by 20-22%, and Adjusted EBITDA YoY growth at 20-23%. CAPEX is expected at PLN 100-110m in Poland. Q1 GMV at the **MALL segment** should come in at 1-2% lower pro-forma YoY, with revenue decline expected at 2-4% pro-forma YoY, and the Adjusted EBITDA loss seen at PLN 75-80m. On the **consolidated level**, GMV is expected to grow by 20-21% YoY, with revenue seen rising by 64-66% in Q1. The consolidated group's Adjusted EBITDA is expected to be 3-6% up, while the expectation for the Q1 CAPEX is PLN 120-140m.

Allegro's Polish operations, which make up about 95% of the overall business, booked full-year GMV and revenue growth of 15.9% and 24.1%, respectively, last year, with Adjusted EBITDA growing by 11.6% YoY, and CAPEX coming in at PLN 662m - all in line with expectations. The fourth quarter, during which Allegro started to implement its pro-efficiency priorities, saw further margin recovery, with 14% YoY growth in quarterly GMV translating into a 26.5% revenue leap and a 41.2% jump in Adjusted EBITDA in annual terms thanks to marketplace revenue boost from GMV growth at higher take rates. Over 160 new significant business partners onboarded during the last quarter, boosting the overall number of offers to 290 million by the end of 2022. The rising selection seasoned with Allegro's unwavering focus on attractive pricing helped boost the number of active buyers beyond 14 million, while the average GMV they generated jumped by a further 11.3% YoY to PLN 3,515 in Q4. Allegro remains the best solution when it comes to tackling the rising everyday costs, offering the lowest price for 9 out of 10 most popular products.²

Allegro's buy-now-pay-later offer Allegro Pay continued to post robust growth, with the value of extended loans reaching >PLN 5.5bn last year - over 3.7x its previous-year result and PLN 1.5bn over its full-year target. While Allegro Pay aims to launch new financial products and services in cooperation with AION Bank this year. Allegro Smart! pricing changes will partly mitigate the indexation impact on delivery costs as the loyalty subscription renews gradually since mid-November, without any negative impact on churn.

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>

² Lowest price on the Internet as measured by PDR - Price Defect Rate

Allegro plans to put its 2,500 One Box lockers in Poland to even better use in 2023 to enhance further its 60,000-strong - Poland's widest - network of pick-up points. Together with the One Kurier brand, it helped Allegro top off the year with 99.6% of Christmas orders delivered on time, even as the platform extended the holiday order delivery cut-off by two days. Allegro brands - already bywords for convenient and affordable e-shopping - continue to boost one another's appeal and convenience while propelling Allegro's business. It is truly something that the vastness of the Allegro offer fits right in the palm of one's hand, in the state-of-the-art Allegro app which is the most popular shopping tool in Poland with over 11 million average monthly active users.³

As the most popular e-commerce player in Poland, Allegro wants to continue strengthening its position at home and win abroad, focusing on integrating the recent acquisition which widens the group's geographical footprint across Central and Eastern Europe. Progress in leveraging the group's joint strengths is underway, with seasonally better performance for MALL segment's first-party (1P) operations helping curb its losses further in Q4, as growth in GMV from the more profitable third-party (3P) offers outpaced the dip in the segment's 1P GMV in the last three months of the year. Allegro continues to focus on MALL's costs, improving inventory management while boosting top sellers' availability and price competitiveness. The group is now readying the international roll-out of its successful marketplace model based mostly on 3P offers, starting from Czechia this year as it aims to solidify its status of the go-to platform for all customers - buyers and merchants alike - also beyond Poland. Allegro successfully launched Smart! for MALL's Czech customers to support customer migration to the planned Allegro.cz platform, which is now being tested in the Friends & Family mode. The group keeps optimising its cross-country teams to better deploy international staff.

A comprehensive approach to ESG translated to an MSCI ESG Rating upgrade for Allegro to AA, and the No. 1 spot in retail among Diversity Leaders ranked by Financial Times and Statista.⁴ Allegro is one of only five major Polish companies with climate targets, including the commitment to a 38% reduction in scope 1 and 2 greenhouse gases emissions by 2030,⁵ approved by the SBTi.⁶ Our charity platform Allegro Charytatywni amassed PLN 56m in donations, including aid to refugees from wartorn Ukraine.

"We aim to continue profitable GMV growth in Poland by levelling up thus far under-indexed categories, with advertising helping support margins and monetization," **says Allegro CFO, Jon Eastick.** "The focus is to move the margin in Poland back toward a 5% target. At the same time, we aim to accelerate GMV growth on the group level via international Allegro marketplace launches, starting with the MALL footprint in Czechia. Our key strategic direction is to continue optimizing costs, improving efficiency throughout the group, and significantly lowering CAPEX to further boost cashflow improvement and

³ Allegro as the most popular e-commerce app in Poland, by average monthly active users, cumulative downloads, and total time, data as of Q4 2022 by data.AI

⁴ The FT-Statista ranking of Europe's Diversity Leaders is based on independent perception studies of more than 100,000 employees across the continent, 850 companies with highest total scores made the final list of Diversity Leaders

⁵ 2021 as base year

⁶ Science Based Targets initiative, an ambitious corporate climate action of businesses to reduce their emissions in line with climate science

continue deleveraging. Having completed 2022 in line with all our expectations, we are now switching policy to providing quarterly outlooks. We considered market practice among the key global e-commerce companies and concluded that this is the more appropriate approach. Our first-quarter performance this year has been more than satisfactory with further GMV, revenue, and Adjusted EBITDA growth expected both in terms of the Polish operations as well as on the consolidated level.”

About Allegro

Forged 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.