

allegro

Platform for growth

Business overview

December 2020



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Number 1 commerce platform in Poland with exceptional growth, profitability and cash flow at scale

Attractive market



8%
Online penetration in Poland¹

Go to commerce platform



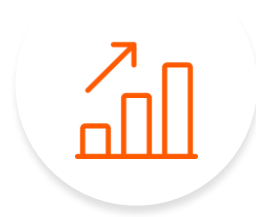
12x
Larger than next online player in Poland¹

Platform experience



+72
Buyers NPS²

Strong financials



22%
2017-2019 Revenue CAGR³
PLN 1,338m
USD 348m⁴
2019 Adj. EBITDA⁵

#1 allegro

Marketplace
USD 5.6 bn GMV 2019⁴

#1 allegro

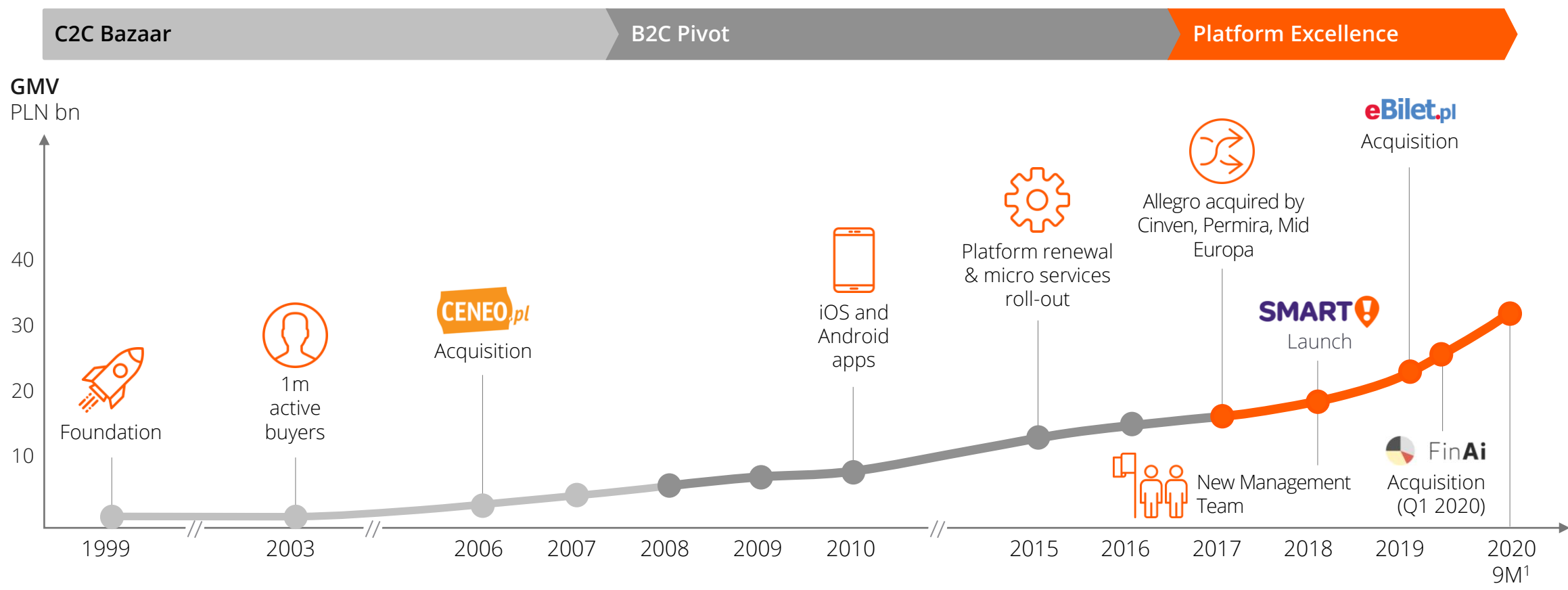
Internet brand

#1 CENEO.pl

Price comparison

1. Source: OC&C analysis, 2019
2. Source: Company Information, as of Jun-20
3. 2017 figures adjusted to include the first 17 days of January 2017 that are not reflected in the consolidated financial statements
4. Translated at USD/PLN of 3.84, an average exchange rate during 2019
5. EBITDA adjusted for transaction costs, monitoring costs, group restructuring costs, regulatory proceeding costs and management incentive plan costs; total adjustment in 2019 of PLN 13m

Allegro's journey of growth and innovation



20 Years in business with a strong track record of consumer and merchant innovation

1. Represents LTM GMV as of Sep-20
Source: Company Information

Experienced management team with unique consumer centric KPI driven culture

Executive Team



Darren Huston
Chairman



François Nuyts
CEO



Jon Eastick
CFO

Commercial, Marketing, Customer Care

- CCO
- CMO
- Customer Experience
- Delivery and Business Development

Technology, Big Data and AI

- CTO
- CDO
- Technical Advisor

Corporate

- CHRO
- Legal and Corporate Affairs
- Communication Director

Ceneo.pl

- Managing Director Ceneo.pl

Leading business experience prior to Allegro

- Accenture
- Allianz
- Amazon
- BCG
- Booking.com
- Citibank
- Credit Suisse
- Deloitte
- First Data
- Kellogg's
- KPMG
- Liberty Global
- L'Oréal
- McKinsey & Company
- Microsoft
- Onet.pl
- P&G
- PWC
- Starbucks
- TVN
- Unilever
- WP

Unique Culture Attracting Top Talent



79%

Engagement Index 2020 vs 73% industry average¹



93%

Recommend Allegro as a great place to work

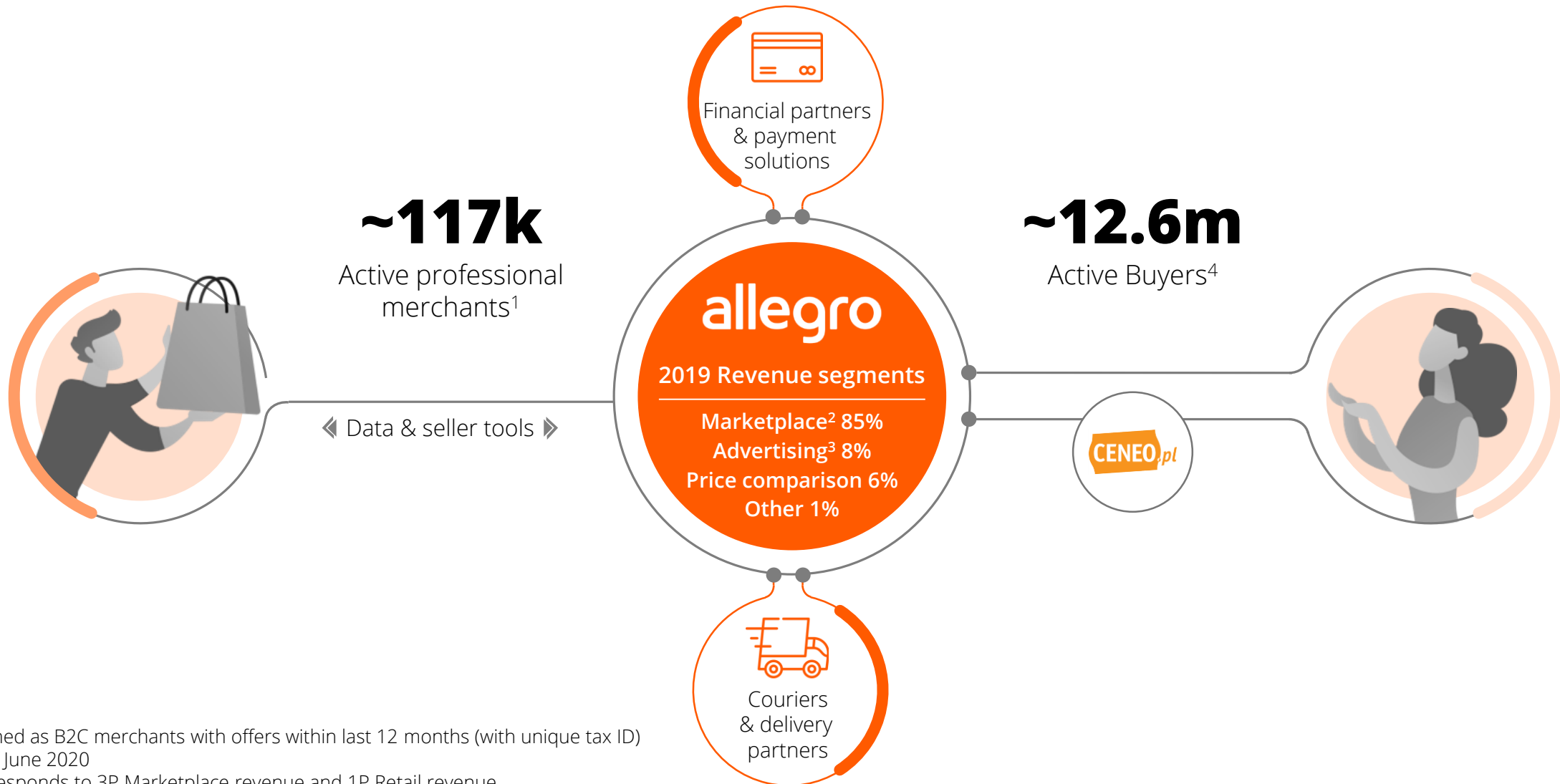


~40%

Employees are engineers

1. New tech industry comprised of companies with over 1,000 employees globally
Source: Company Information

The Allegro platform – 3P business model with 1P experience



1. Defined as B2C merchants with offers within last 12 months (with unique tax ID) as of June 2020
2. Corresponds to 3P Marketplace revenue and 1P Retail revenue
3. Advertising revenue includes Allegro marketplace advertising and part of Ceneo revenues
4. Active Buyer as of September 2020 is defined as a unique e-mail address that has made at least one transaction in the last 12 months
Source: Company Information as of Jun-20, Sep-20 and for the year ended 31-Dec-19

Allegro's commitment to ESG

ESG is core to Allegro's business

Customers & merchants



- Democratizing easy 24/7 access to widest possible selection of products
- Growth platform for merchants
- Allegro Academy – digital entrepreneurship education program
- Cooperation in Protection of Rights Program
- Buyers Protection Program

Society



- Charitable programs
- PLN 15m donations collected in 2019
- Employee volunteering engagement
- PLN 375m Allegro contribution to fight COVID-19¹
- Employee diversity – including 41% of managerial positions held by women in 2019

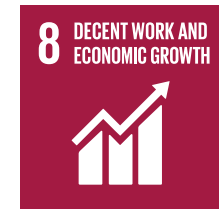
Environment



- Efficient environmental solutions in our offices in Poland (total CO2 emission decreased by 5% YoY in 2019)
- 49k tonnes CO2 reduction in 2012-2019 as a result of "Ride the Bike" program
- More environmentally friendly delivery options thanks to lockers and pick-up points



Delivering on key UN development goals



1. YTD June 2020. Includes direct support to 40 hospitals, 42 employee initiatives, PLN 3m donation to buy 2 COVID laboratories and 24 respirators; free monthly Smart!, Merchant Support Program

Allegro investment story

1

Allegro serves a large, resilient and underpenetrated market

2

Go-to commerce platform in Poland

3

Strong value proposition across ecosystem enhanced by flywheel dynamics

4

Customer and merchant centric innovation platform

5

Attractive combination of growth, profitability and cash conversion at scale

6

Complemented by multiple avenues for further growth

7

Unique culture nurtured by highly experienced management team

1 Large and resilient macro environment...

One of the largest countries in Europe and the largest economy in CEE...

2019

38m
People

#1
Economy in CEE

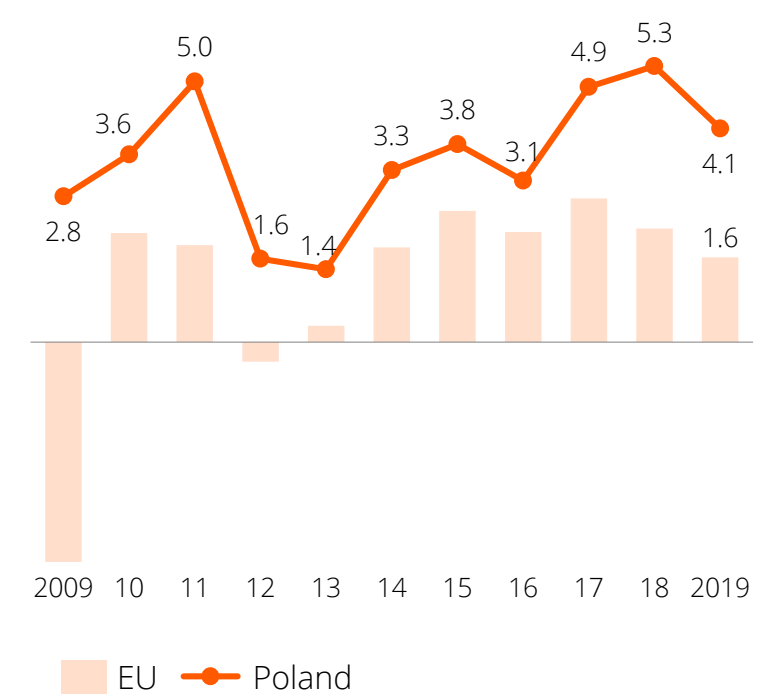
5th
Largest population in EU

13th
Largest developed economy globally¹



... consistently outperforming European Union's average growth

Real GDP growth, %

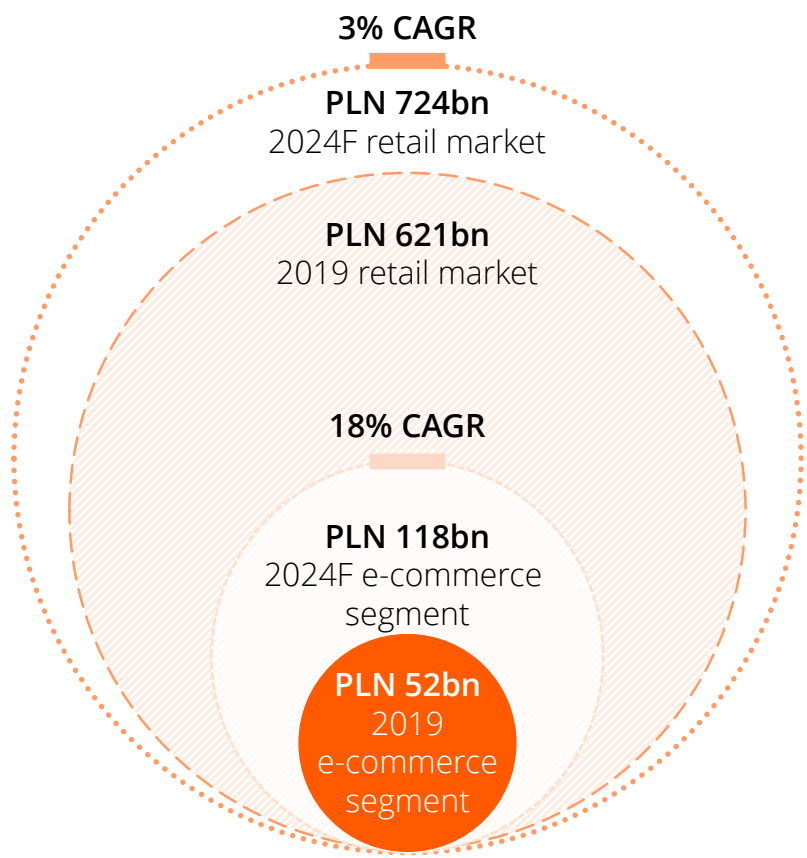


~2.5x
Higher growth vs EU average in 2019

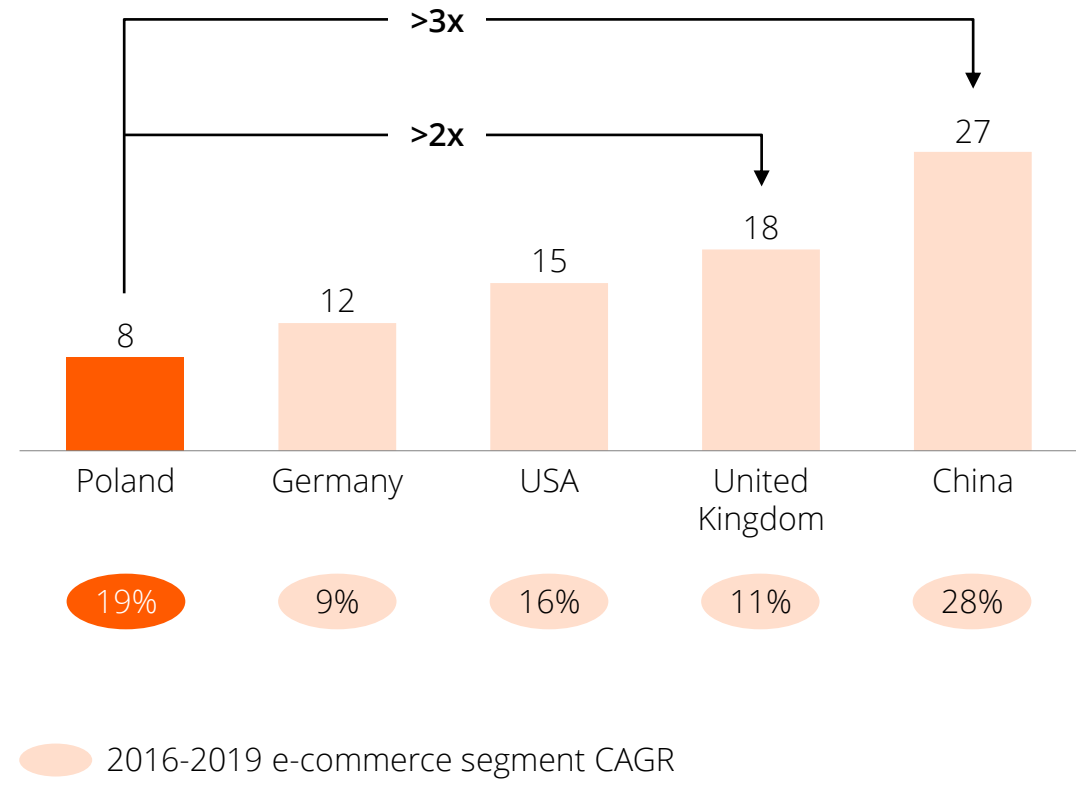
1. Developed economies includes only OECD countries
Source: Euromonitor, OECD

1 ... with an underpenetrated e-commerce segment benefiting from secular growth trends

Polish retail and e-commerce segment overview¹



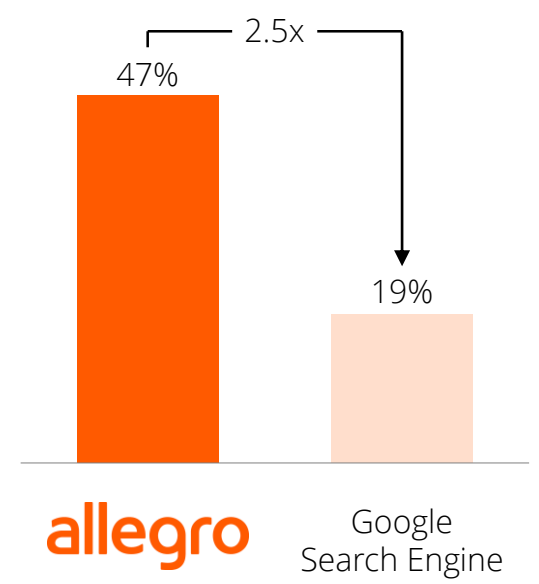
Internet retail market penetration %, 2019



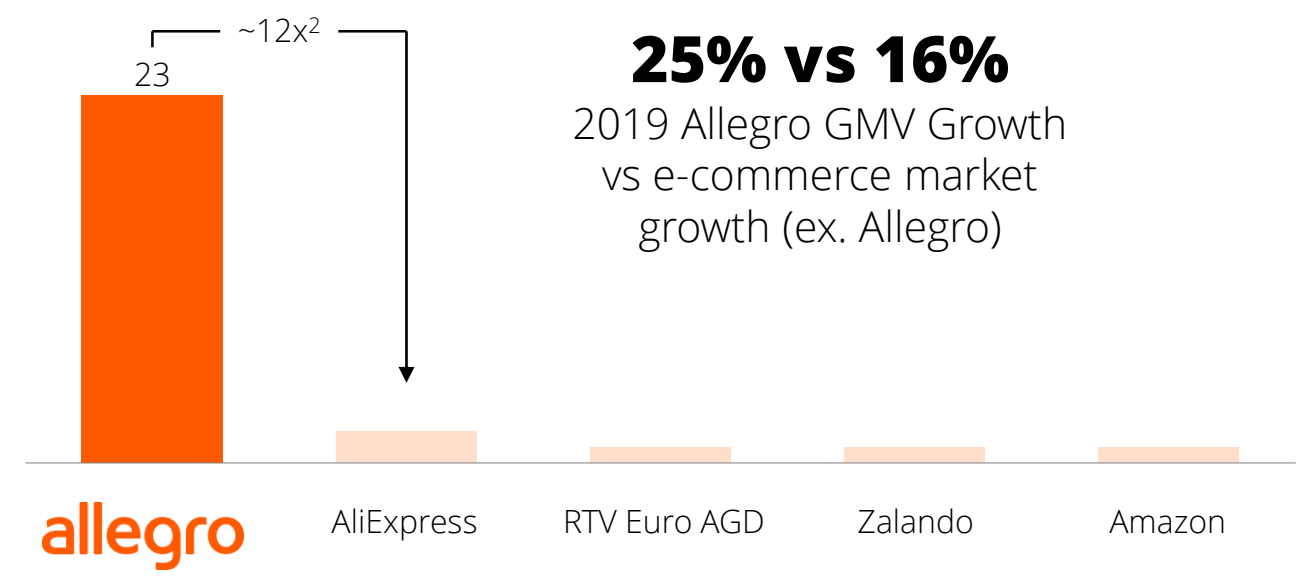
1. OC&C retail definition excludes stationery & cards, vehicles, fuel, services, subscriptions, travel and tickets
Source: OC&C analysis

2 Go-to commerce platform in Poland...

Primary consumer touchpoint when buying an item online in Poland
% of respondents, as of June 2020¹



GMV 12x higher than closest competitor and increasing e-commerce share
2019 GMV, PLN bn



1. Based on OC&C report as of Jun-20. Includes Allegro, Allegro Lokalnie and Ceneo

2. Calculated using Allegro's 2019 GMV excluding second-hand items; second hand items equalled approximately 15% of 2019 GMV figure

Source: OC&C analysis, Company Information

2 ... with sustainable long-term growth opportunity

Over **20m** internet users visit the site every month...



... which is equivalent to **63%** of Polish 16+ population¹...

... of which **12.6m** are annual active buyers²

Retail market penetration³
100% = PLN 621bn



1. Based on Polish population aged 16 and over of 31.9m

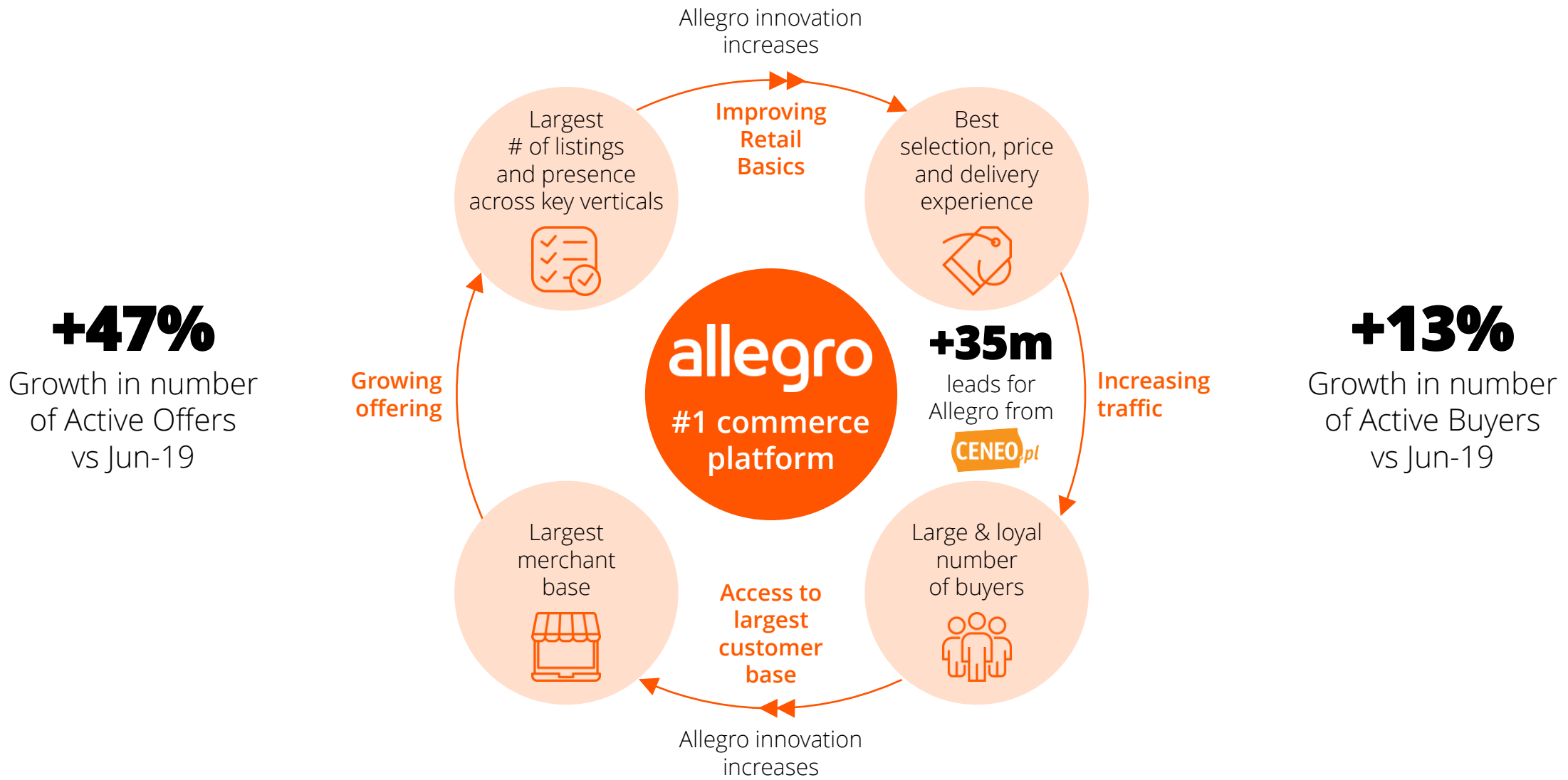
2. As of LTM Sep-20

3. As of 2019

4. Calculated using Allegro's 2019 GMV excluding second-hand items; second hand items equaled approximately 15% of 2019 GMV figure




Source: Gemius, GUS, OC&C analysis, Company information

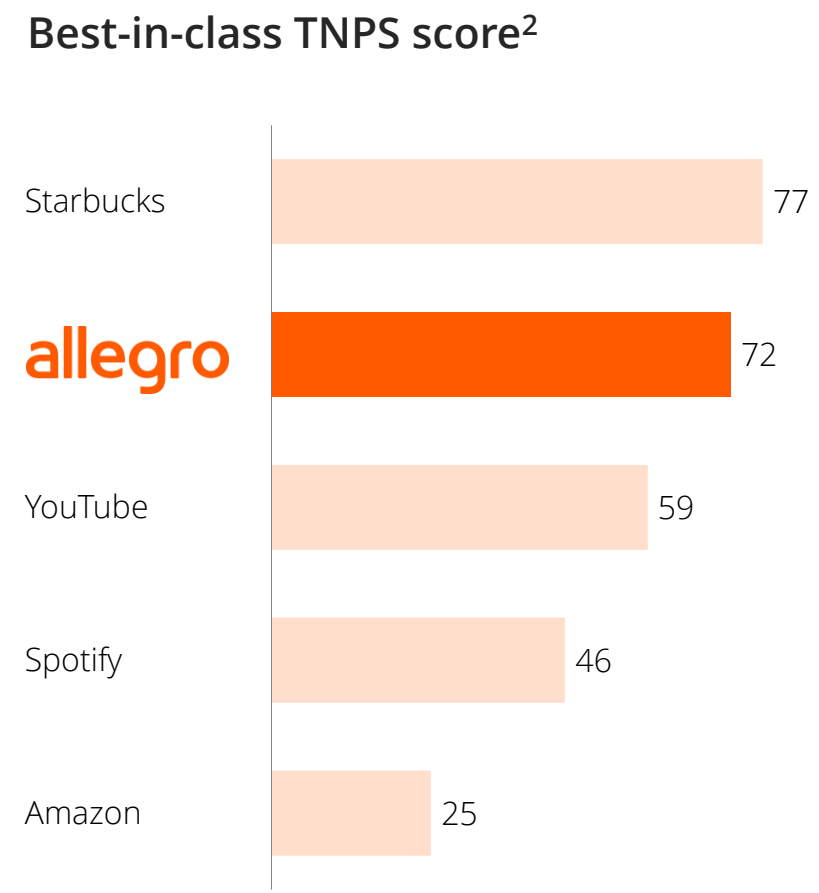
3 Allegro ecosystem creates powerful flywheel



Source: Company Information as of Jun-20

3 Leadership in Retail Basics: main reason why Polish buyers love to shop on Allegro

Selection	Price	Convenience
		
~164m Active offers	>80% Products at lowest price in the market ¹	~75% Products delivered within 48h



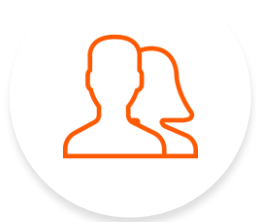
1. Defined as % of monitored products found on Allegro, measured for the 135k most popular products

2. Global NPS scores for other companies

Source: CustomerGuru, Allegro as of Jun-20

3 Platform of choice for merchants

Largest
Customer
Base



382m
Average
monthly
visits in 2020

Ease of Use



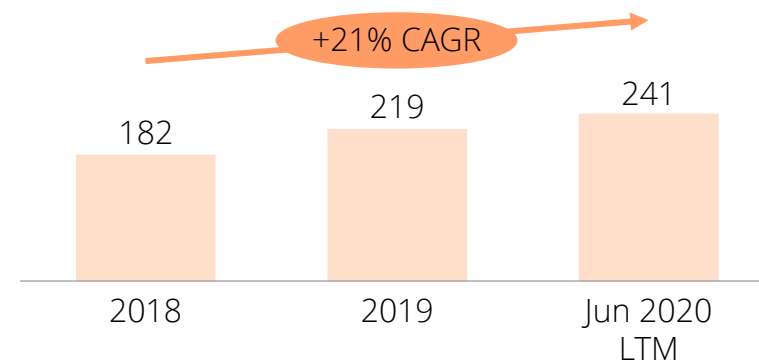
Dashboard for
real-time
monitoring
and
automation

Platform
Drivers to
Increase GMV



62%
Smart! free
delivery
penetration
across all
offers

GMV per Active B2C Merchant¹
PLN k



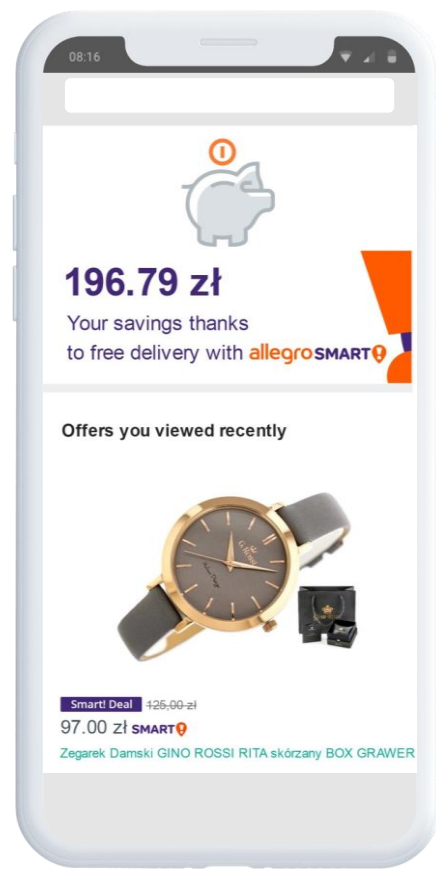
Big merchant wins over last 12 months

- MediaMarkt
- Carrefour
- Puma

4 We have transformed the delivery experience in less than 3 years

Selected KPIs	2017	June 2020
• Coverage of offers with delivery promise	No Promise	92%
• Delivery promise accuracy	No Promise	90-95%
• 1 to 2 day delivery %	Not tracked	~75%
• Track & trace captured by Allegro	17%	91% (98% in Smart!)
• Pick-up points and lockers in network	~2,500	~25,000
• Free delivery %	12%	53%
• % of delivery volumes on Allegro contracts and tools	~10-15%	~70%

4 Smart! is a subscription loyalty program with a “great value for money” proposition, eliminating key e-shopping barriers of delivery cost and returns



- Free delivery and free returns program
- Smart! deals every day
- Exclusive Smart! shopping events, pre-sales, premieres
- Great value for money at PLN 49 per annum subscription, or PLN 8.99 per month

Monthly subscription cost is similar to the price of a single locker parcel delivery, with more savings from annual subscription

+84
Smart! delivery TNPS (June 2020)

2.5x
Order frequency vs Non-Smart! Customers¹ (June 2020)

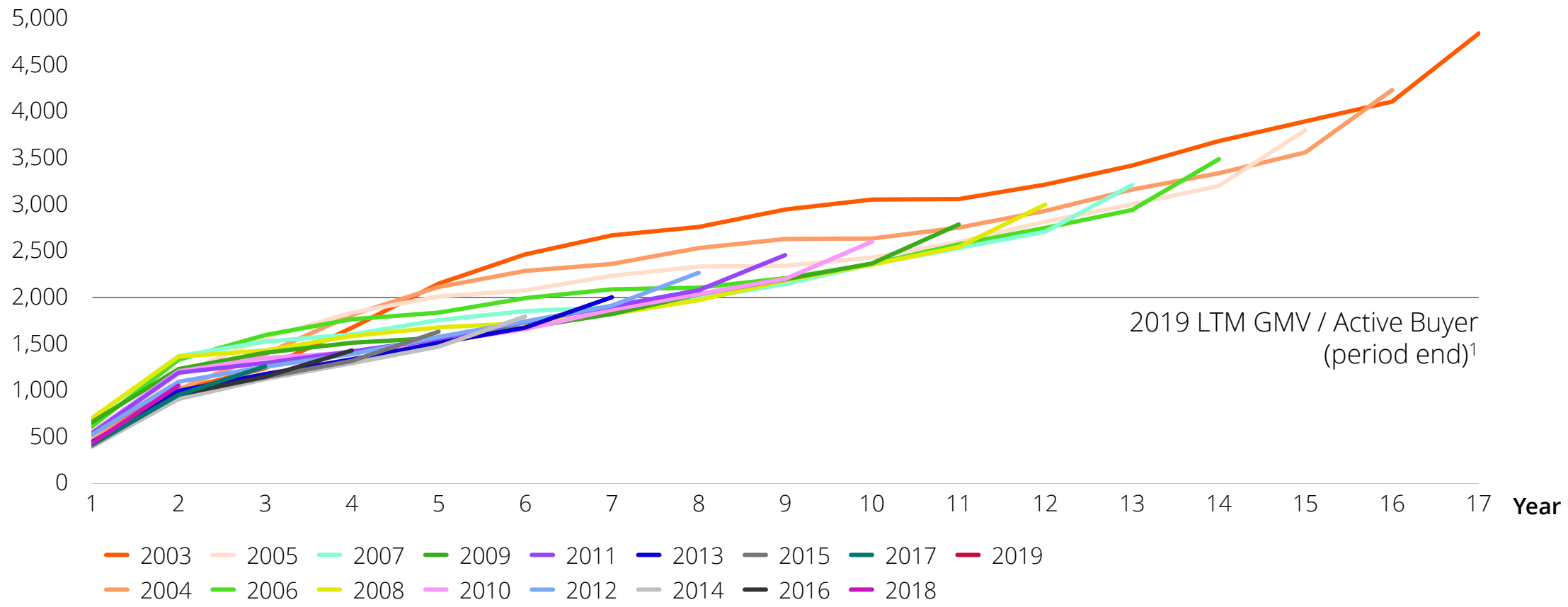
>2m
Smart! Customers with significant potential upside (June 2020)

1. Monthly order frequency per active buyer in Jun-20, including only Smart! paid subscribers and excluding free “Stay at Home” trialists
Source: Company Information

5 Our buyer cohorts have been consistently growing spend for ~20 years...

Annual GMV per Active Buyer¹ cohort

GMV per buyer, PLN



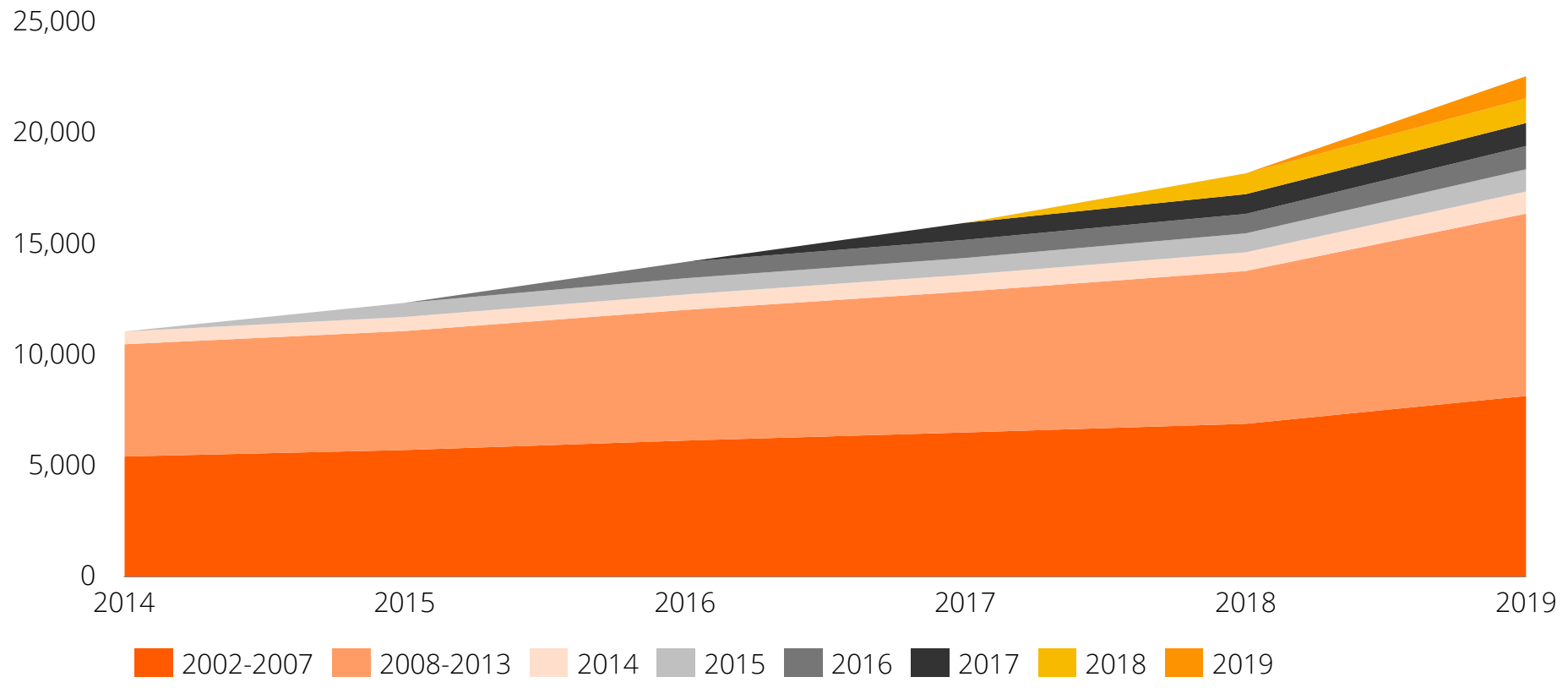
1. Active Buyer (period end) is defined as a unique e-mail address that has made at least one transaction in the last 12 months

Source: Company information

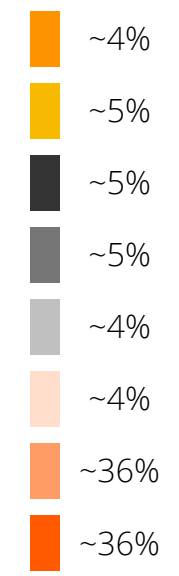
5 ... and are incredibly loyal once becoming an Active Buyer

Annual GMV per Active Buyer¹ cohort

GMV, PLN m



% of 2019 GMV

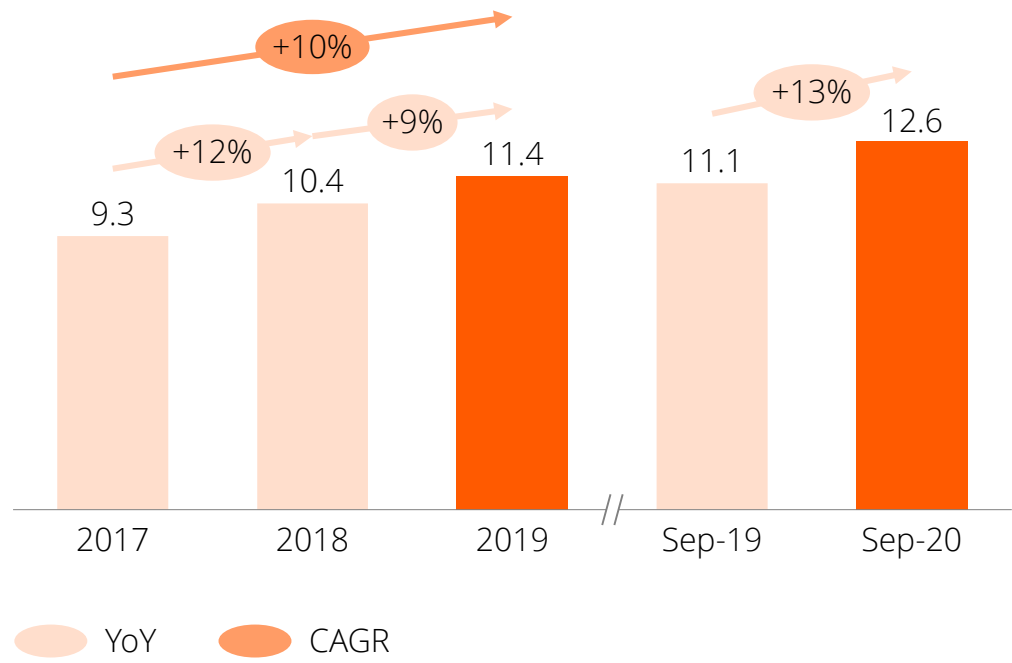


1. Active Buyer (period end) is defined as a unique e-mail address that has made at least one transaction in the last 12 months

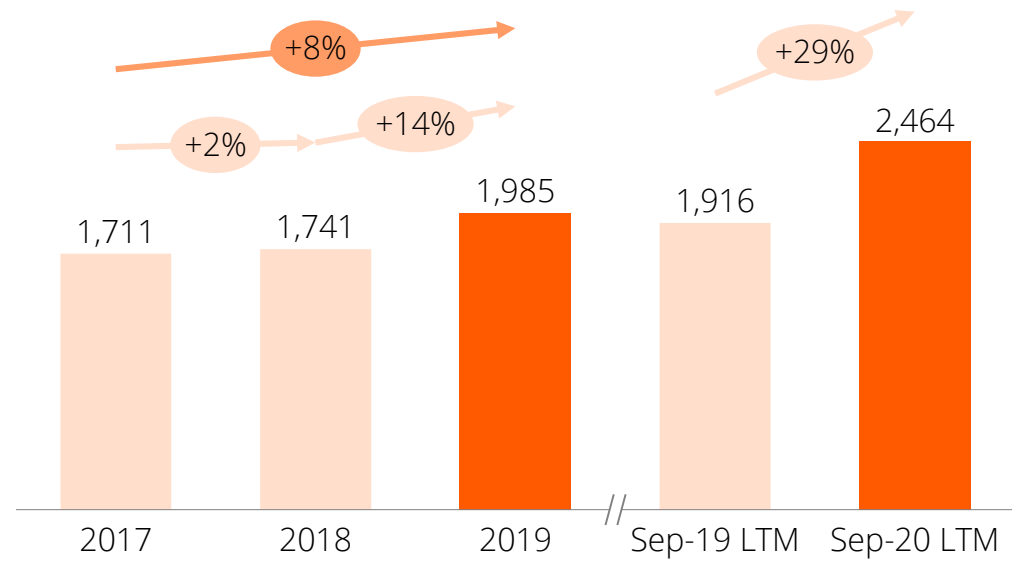
Source: Company information

5 Our active consumer base has been growing and spending more...

of Active Buyers (period end)¹ m



LTM GMV / Active Buyer (period end)¹ PLN

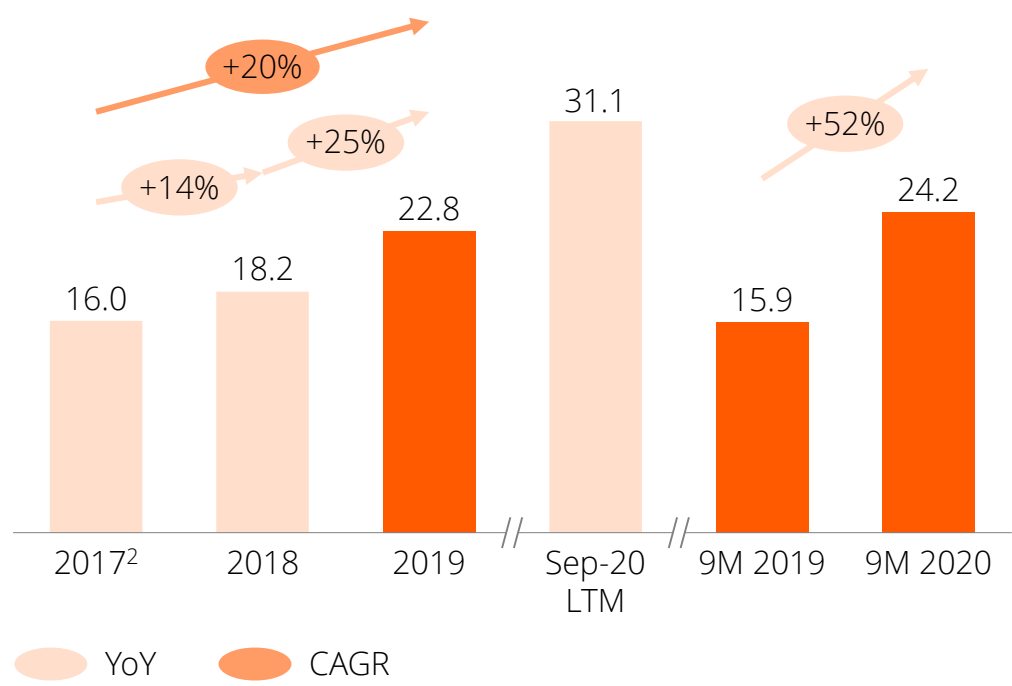


1. Active buyer (period end) is defined as a unique e-mail address that has made at least one transaction in the last 12 months. Active buyers (period end) and LTM GMV / active buyer (period end) are for Allegro.pl marketplace only (excluding eBilet)

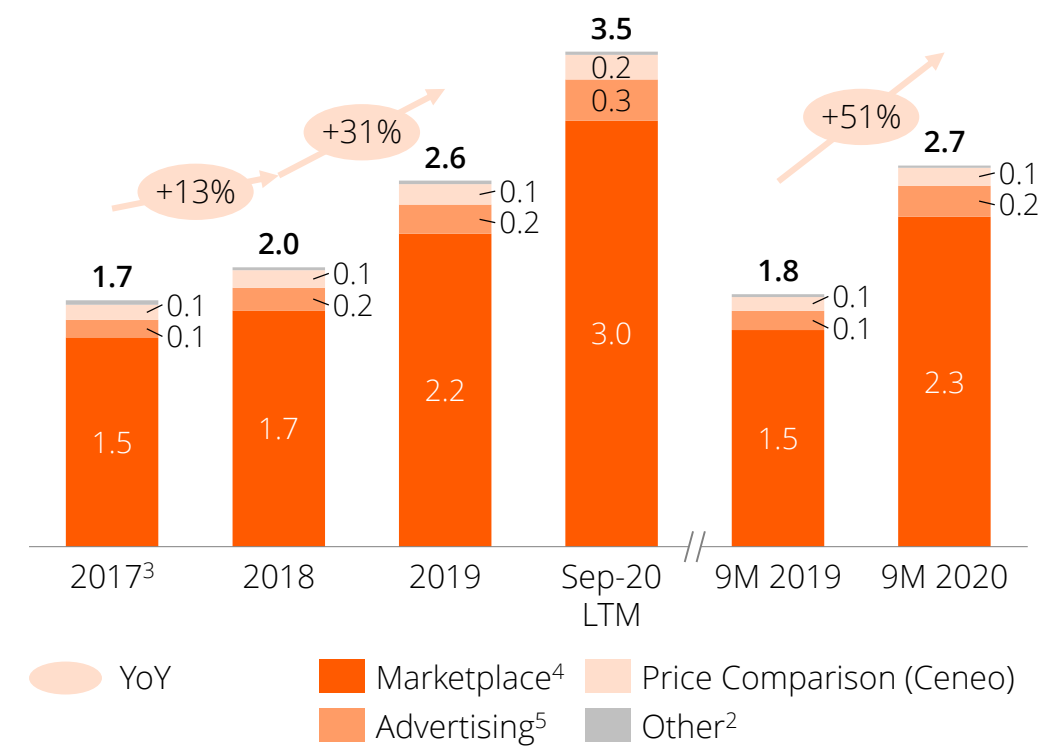
Source: Company information

5 ... accelerating GMV and revenue growth

GMV¹ PLN bn



Net revenue evolution %

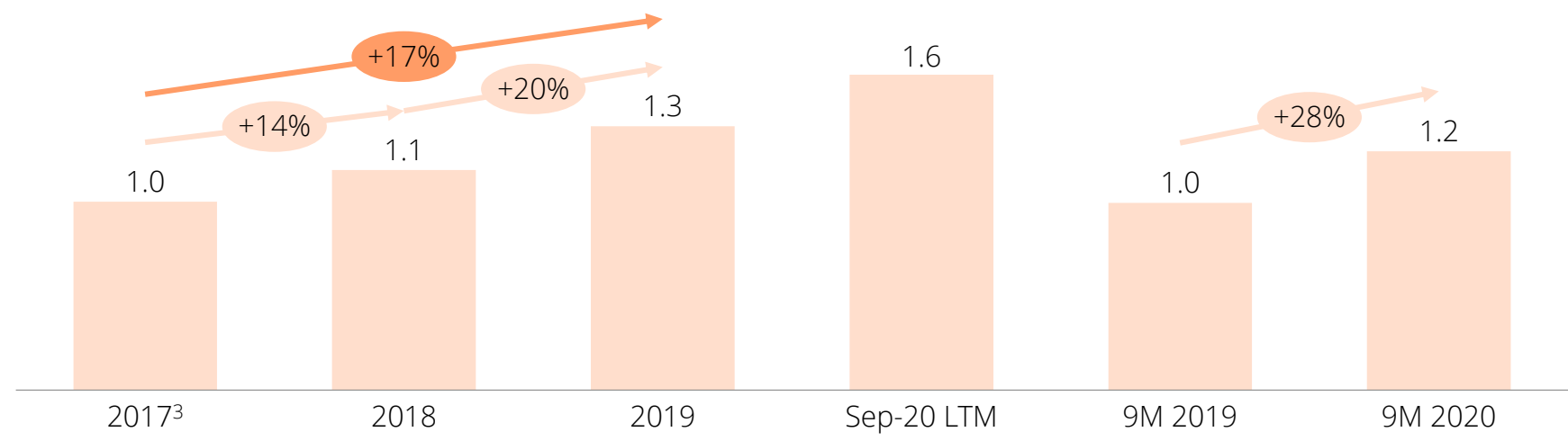


1. GMV of Allegro Group: Allegro.pl marketplace and eBilet
 2. Other revenue is primarily from hosting services and financial services
 3. 2017 figures adjusted to include the first 17 days of January 2017 that are not reflected in the consolidated financial statements
 4. Corresponds to 3P Marketplace revenue and 1P Retail revenue
 5. Advertising revenue includes Allegro marketplace advertising and part of Ceneo revenues

Source: Company information

5 Our superior financial profile has driven strong profitability

Adjusted EBITDA¹
PLN bn



% Margin

2017 ³	2018	2019	Sep-20 LTM	9M 2019	9M 2020
56.0%	56.0%	52.0%	46.0%	53.0%	45.0%

% GMV²

2017 ³	2018	2019	Sep-20 LTM	9M 2019	9M 2020
6.1%	6.1%	5.9%	5.1%	6.0%	5.0%

○ YoY ● CAGR

1. Adjusted EBITDA defined as EBITDA pre transaction costs, management fees (monitoring fees), stock-based compensation, restructuring costs and other one-off items

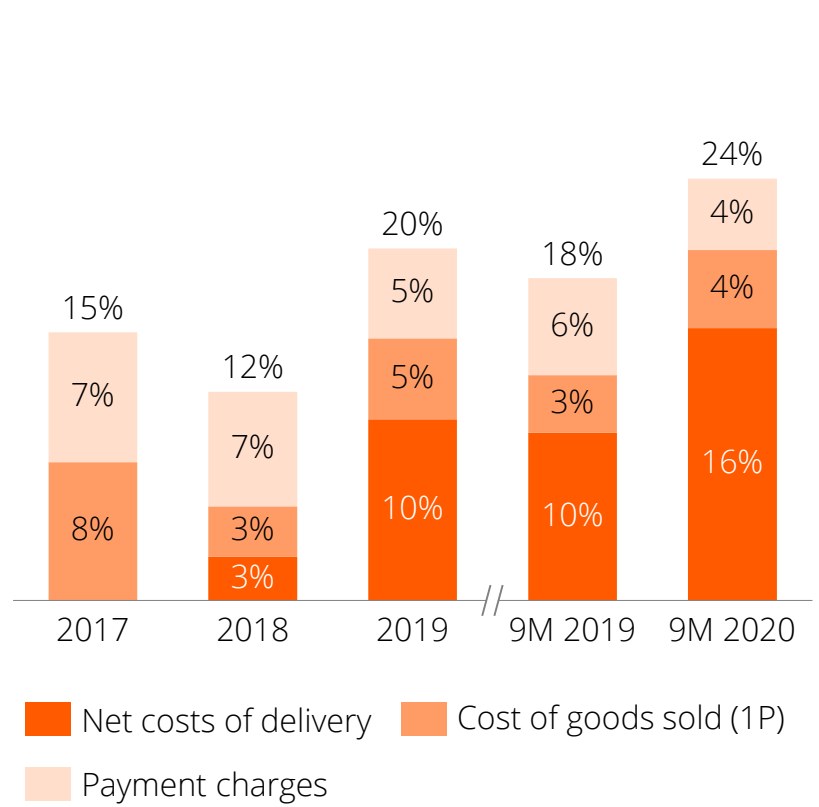
2. GMV of Allegro Group: Allegro.pl marketplace and eBilet

3. 2017 figures adjusted to include the first 17 days of January 2017 that are not reflected in the consolidated financial statements

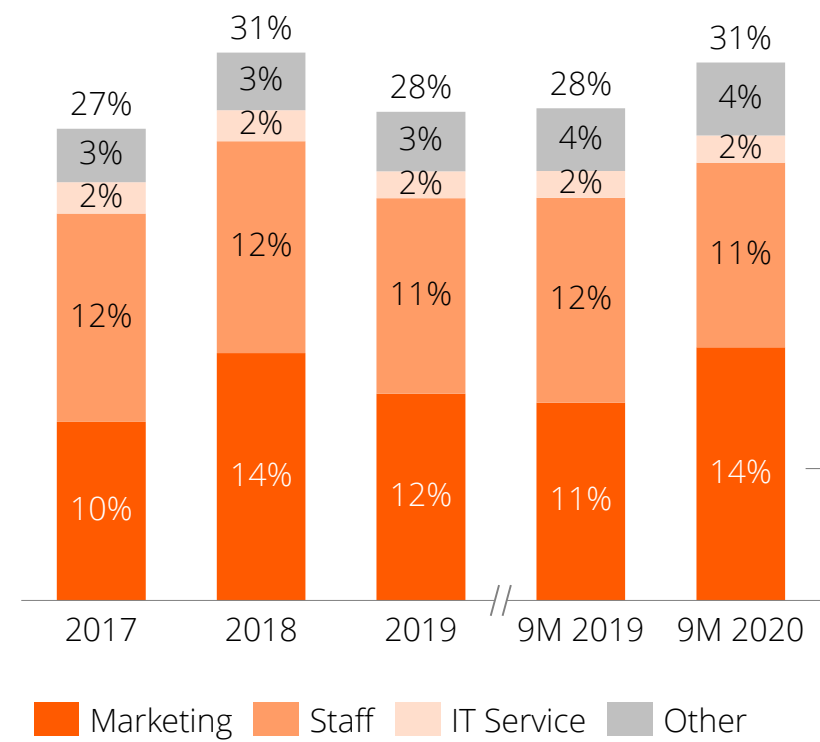
Source: Company information

5 Our cost structure has evolved as we have invested in our business

Cost of sales as % revenue



SG&A as % revenue¹



Includes one-off promotional activities (free Smart! subscriptions) executed during COVID-19 lockdown period

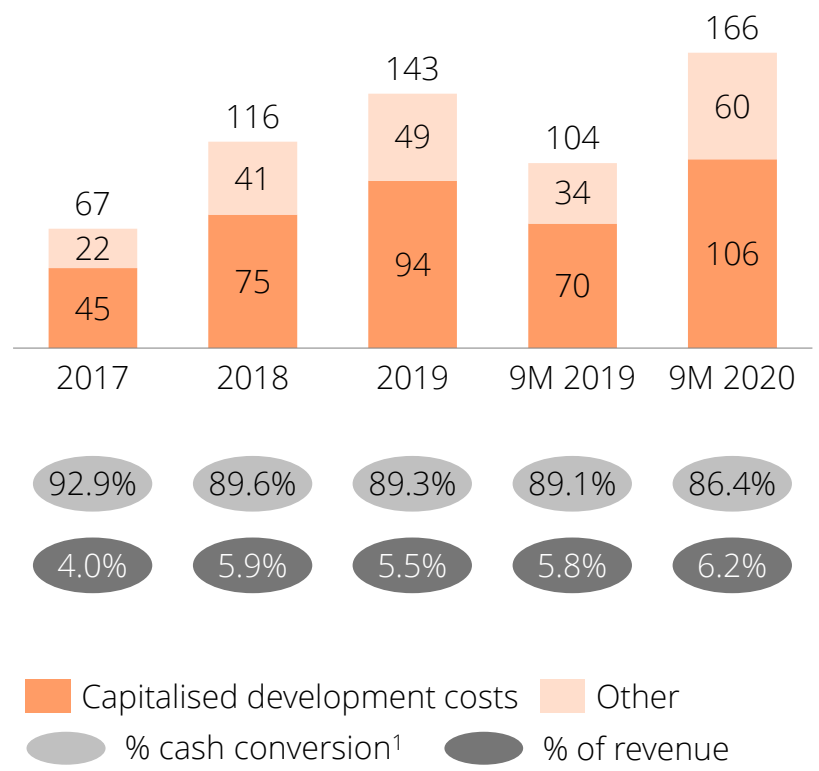
Note: Cost of sales and SG&A items as presented in the consolidated financial statements (excluding first 17 days of January for 2017)

1. SG&A costs are on adjusted basis. A detailed list of adjustments can be found in the bridge from EBITDA to Adjusted EBITDA as presented in the consolidated financial statements

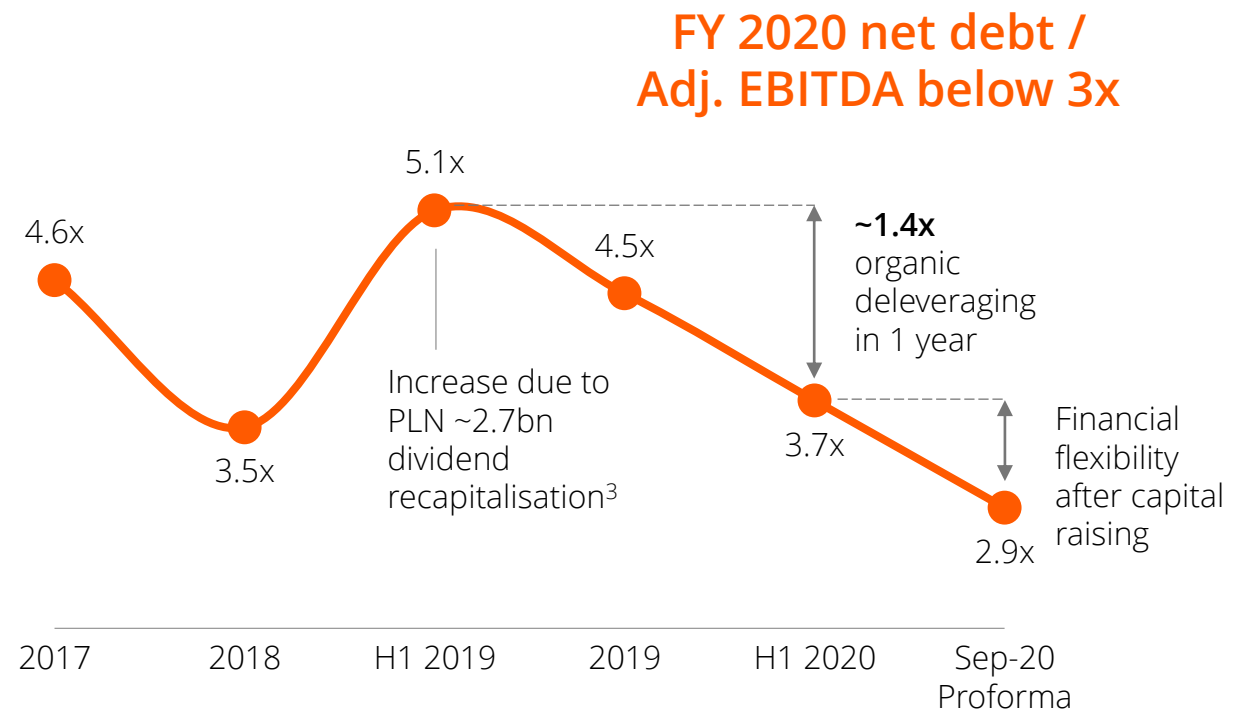
Source: Company information

5 Our asset-light model results in limited capex driving best in class cash flow conversion and rapid deleveraging

Capital expenditures by type PLN m



Net leverage² over time



1. Defined as (Adjusted EBITDA – Capex) / Adjusted EBITDA. Adjusted EBITDA and CAPEX have been derived from the consolidated financial statements and exclude the first 17 days of January for 2017

2. Defined as Net Debt (Borrowings + Lease liabilities – Cash and Cash Equivalents) / LTM Adjusted EBITDA. Borrowings, Lease liabilities, Cash and cash equivalents and Adjusted EBITDA have been derived from the consolidated financial statements and Adjusted EBITDA excludes the first 17 days of January for 2017

3. Referred to as Repayment of share premium in the consolidated financial statements

Source: Company information

5 Q3 2020 and 9M 2020 YTD highlights

GMV

PLN 8,253m Q3'20
+49% YoY
PLN 24,260m 9M'20
+52% YoY

Active Buyers

12.6m
+12.9% YoY

GMV per Active Buyer

PLN 2,464
+28.6% YoY

Take Rate

9.40% Q3'20
+0.10pp YoY
9.19% 9M'20
-0.12pp YoY

Revenue

PLN 929m Q3'20
+50% YoY
PLN 2,699m 9M'20
+51% YoY

Adjusted EBITDA

PLN 409m Q3'20
+26.7% YoY
PLN 1,217m 9M'20
+27.5% YoY

Adjusted EBITDA margin

44.0% Q3'20
-8.0pp YoY
45.1% 9M'20
-8.3pp YoY

Cash Conversion¹

88.5% Q3'20
-1.1pp YoY
86.4% 9M'20
-2.7pp YoY

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

Source: Company information

5 Targets and expectations at IPO

	2019	H1 2020	FY 2020	FY 2021	Medium Term
GMV	25% YoY growth	54% YoY growth	Mid 40s% YoY growth	High 20s% / Low 30s% 2019-2021 CAGR	Low-mid 20s% Growth
Revenue	31% YoY growth	52% YoY growth	Broadly in-line With H1 2020 growth	Mid 30s % 2019-2021 CAGR	Marginally > GMV Growth
Adjusted EBITDA¹	20% YoY growth	28% YoY growth	H2 2020 more in-line With 2019 growth	More in-line With 2019 growth	Broadly = GMV Growth
CAPEX	5.5% of revenue	6.7% of revenue	PLN 230-270m	PLN 425-475m	PLN 550-650m (in 2022E); mid-term ~5% of revenue
Capital Structure	Approx. PLN 1bn primary issuance at IPO FY 2020 net debt / Adj. EBITDA ¹ below 3x				

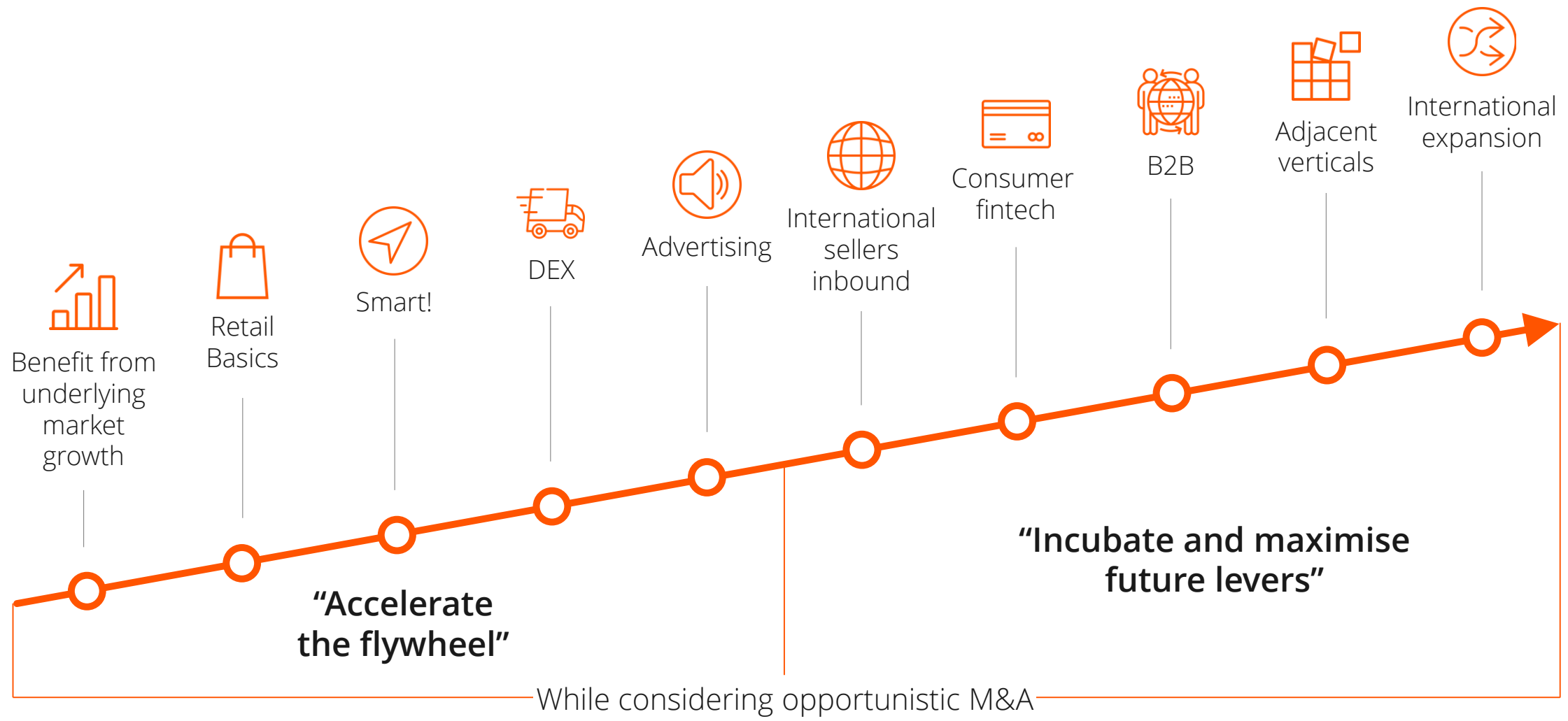
1. Adjusted EBITDA defined as EBITDA pre transaction costs, management fees (monitoring fees), stock-based compensation, restructuring costs and other one-off items

5 Targets and expectations: 2020 upgrade after Q3 2020 results

	2019	H1 2020	FY 2020 Prospectus	YTD 2020 After 9M	FY 2020 update	Comments
GMV	25% YoY growth	54% YoY growth	Mid 40s% YoY growth	52% YoY growth	Low 50s% YoY growth	<ul style="list-style-type: none"> • Stronger sustained demand • Return of lockdown measures
Revenue	31% YoY growth	52% YoY growth	Broadly in-line with H1 2020 growth	51% YoY growth	Unchanged	
Adjusted EBITDA¹	20% YoY growth	28% YoY growth	H2 2020 more in-line with 2019 growth	28% YoY growth	Mid 20s% YoY growth	<ul style="list-style-type: none"> • Lifted by operating leverage
CAPEX	5.5% of revenue	6.7% of revenue	PLN 230-270m	PLN 166m	Unchanged	
Capital Structure	Approx. PLN 1bn primary issuance at IPO FY 2020 net debt / Adjusted EBITDA ¹ below 3x			3.4x	On-track	

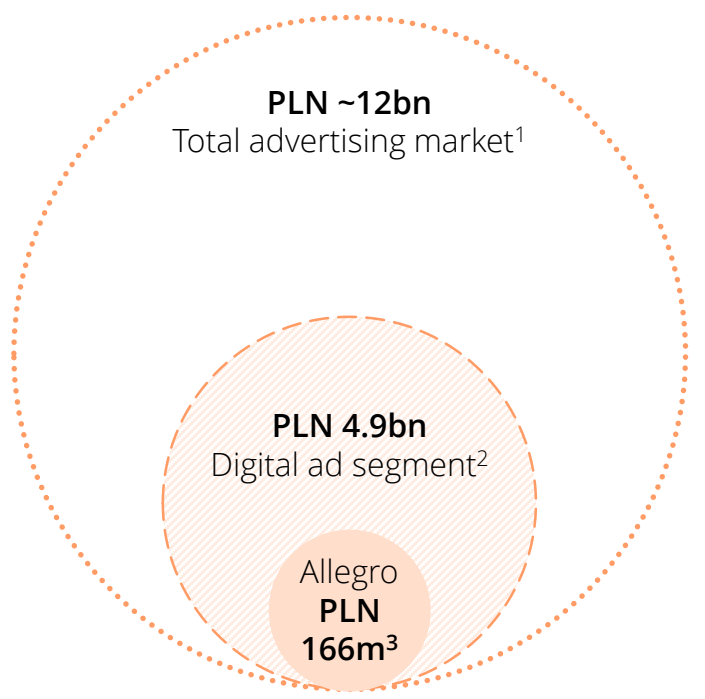
1. Adjusted EBITDA defined as EBITDA pre transaction costs, management fees (monitoring fees), stock-based compensation, restructuring costs and other one-off items

6 Multiple avenues for future growth of our platform

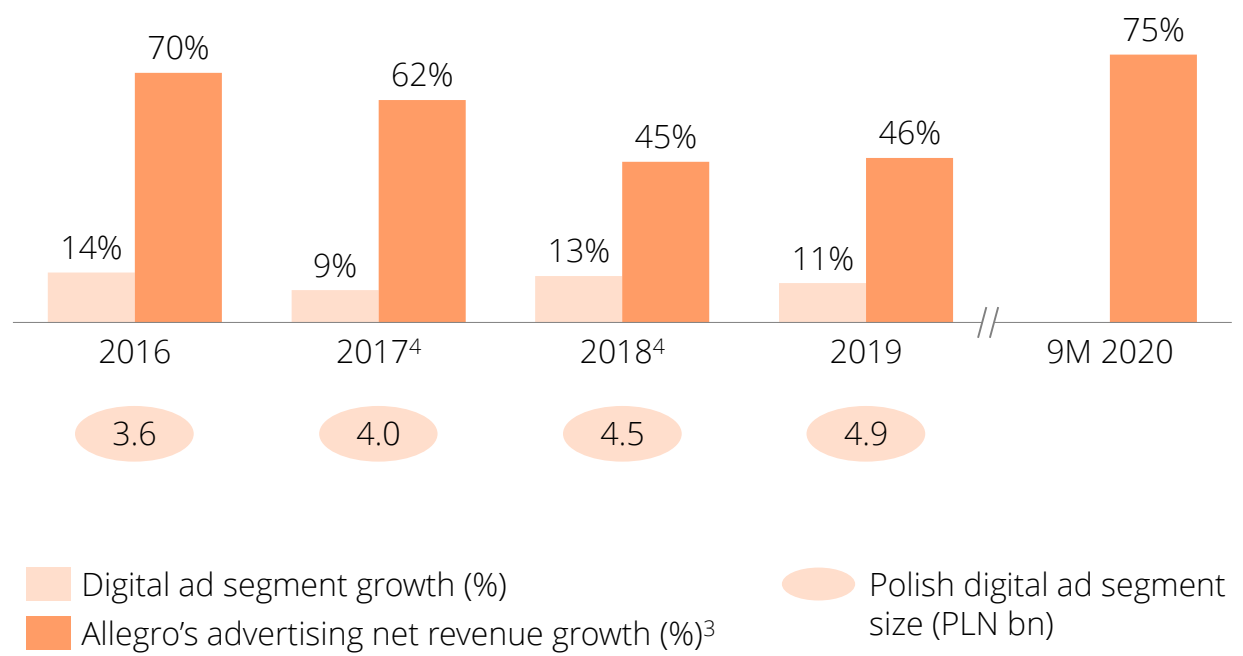


6 Allegro has been consistently outperforming the highly profitable digital advertising market

Advertising opportunity in Poland 2019



Digital ad segment in Poland and Allegro advertising revenue growth



1. Total advertising market size estimate for Poland for 2019 is based on Magna Global Advertising Spend (June 2020) and translated at USD/PLN of of 3.84, an average exchange rate in 2019
 2. Digital advertising market size estimate for Poland for 2019 is based on IAB Polska/PwC AdEx
 3. Excludes revenue from Otomoto and Otodom contracts and Ceneo advertising revenue
 4. 2017 figures adjusted to include the first 17 days of January 2017 that are not reflected in the consolidated financial statements
 Source: IAB Polska/PwC AdEx, Company Information, Magna Global Advertising Spend (June 2020), NBP, IAB Polska/PwC AdEx, Allegro

6 Allegro Fulfilment to further improve the consumer experience and drive the flywheel

Introducing Allegro Fulfilment

- Staged investments over ~2 years
- Peak spending targeted and expected in 2021 and 2022
- 1 new distribution central for fulfillment services under development near Warsaw
- Expansion of existing 1P delivery center
- New micro delivery centers
- Pilot own lockers network



Driving higher GMV and Revenue

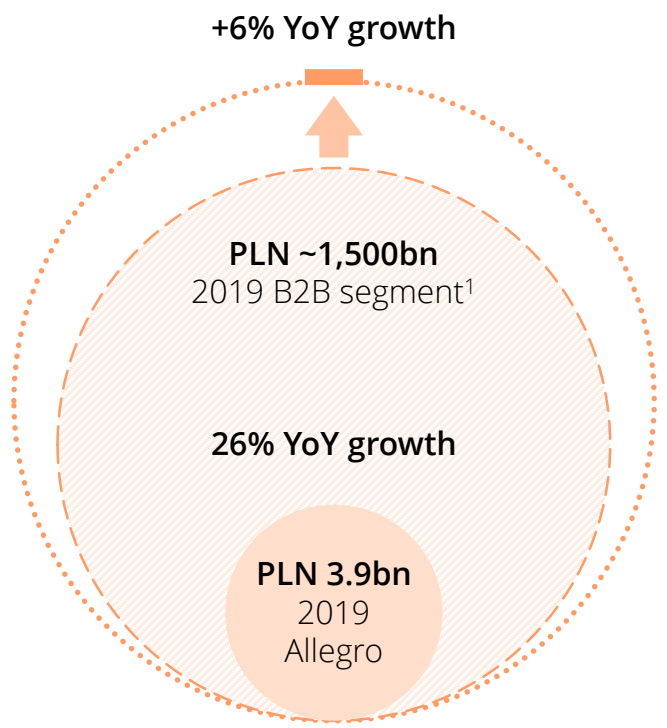
- Incremental selection with fast delivery
- Additional domestic sellers added
- Supports international merchants acquisitions
- More next day delivery options

Driving Delivery Cost Savings

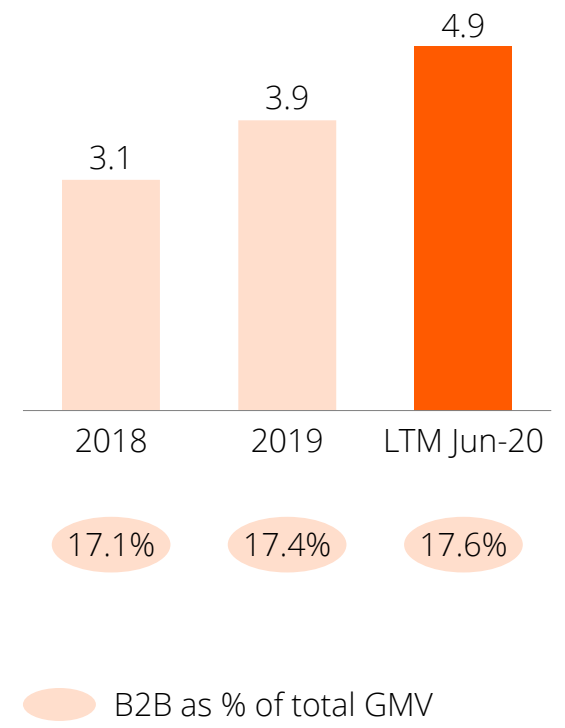
- Lower first mile costs
- Increased package consolidation

6 Allegro's B2B opportunity overview



Polish B2B segment overview¹



Allegro B2B GMV² (PLN bn)



Potential B2B opportunities

-  **Personalized B2B UX** with volume discounts
-  **B2B Financing** with extended payment terms for business buyers
-  **New DEX** logistics to handle heavy and bulky delivery
-  **Dedicated B2B team** for sales and support to grow offers and merchant base

1. Allegro PLN 3.9bn represents 2019 B2B billings; B2B market data from the latest Statistics Poland (GUS) report for wholesale trade between enterprises

2. B2B GMV defined as GMV that was generated during the sale on the invoice

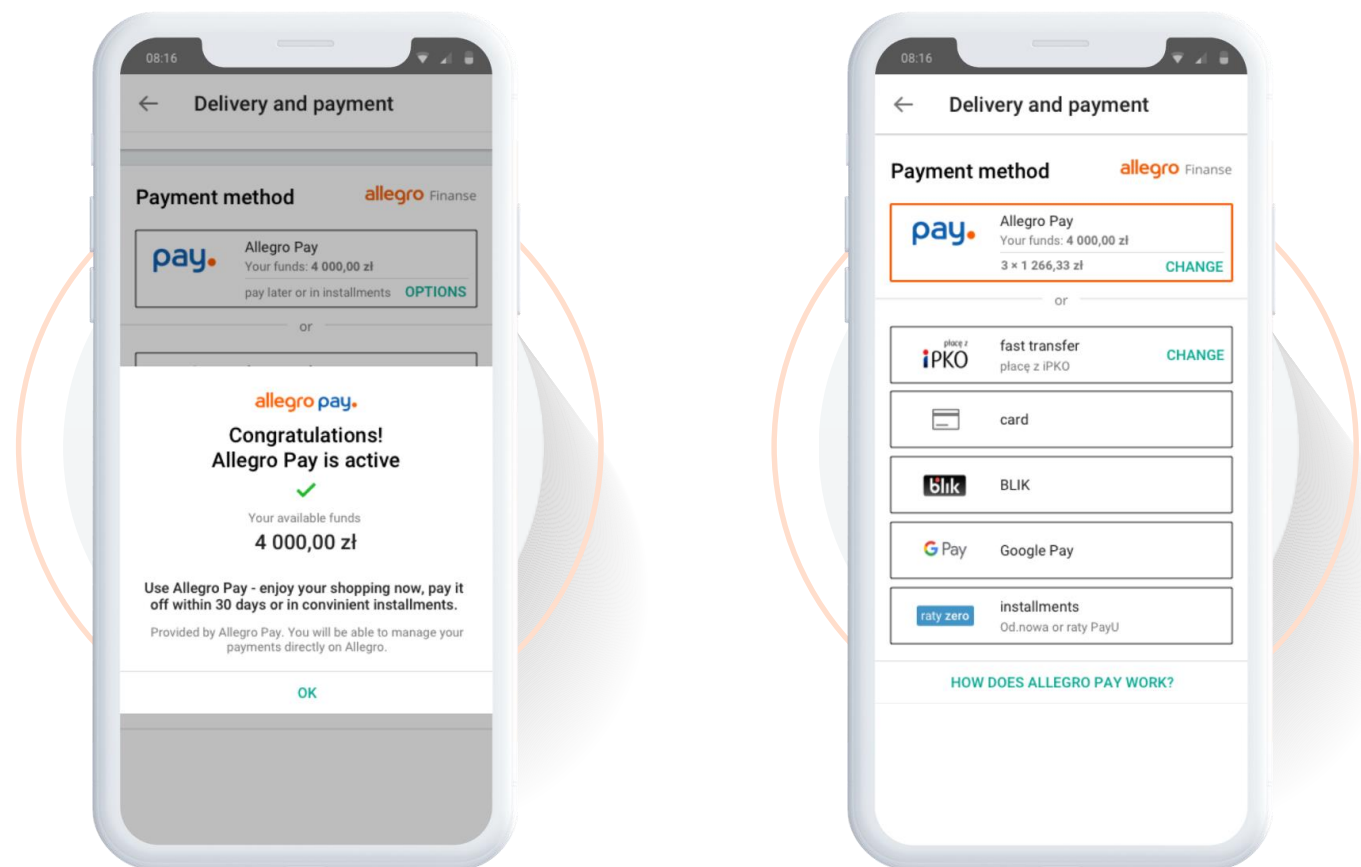
Source: Polish Statistics Office (GUS)

6 Starting fintech offering: we have developed Allegro Pay over the last 6 months and have started beta-testing in H2 2020

allegro pay.

Key features

- Pre-approved purchasing limit up to PLN 4,000 granted to eligible consumers
- <1 min to sign-up
- 1-5 clicks to pay
- <15 seconds to buy
- Buy now, pay within 30 days at zero rate or use convenient instalments



Key takeaways

Polish **commerce champion**: #1 across online and offline

Increased investments in team and tech have accelerated **platform innovation** and **growth**

3P business model with **1P experience** across Retail Basics, DEX, Smart! and CX

Unique combination of **growth, profitability** and **cash conversion** at scale

Still at the beginning of its journey – **significant headroom** ahead



Thank you