

Allegro grows strongly, improving margins and reducing leverage

Financial highlights

- **Allegro met nearly all of its Q2 outlook metrics, markedly exceeding expectations on Adjusted EBITDA.** Poland's most popular online shopping platform continues to thrive despite a challenging macro environment.
- **Q2 gross merchandise value (GMV)** in Polish Operations **grew 11.3% YoY** to PLN 13.48bn, significantly outpacing total retail sales thanks to unrivalled selection at attractive prices. The measure rose by 12.6% for all of H1.
- **Revenue from Polish operations grew 18.4% YoY** to PLN 1.89bn in Q2, jumping by 20.4% in H1, supported by monetization initiatives and strong advertising performance.
- Allegro's **active buyers base in Poland rose for a fifth consecutive quarter**, hitting 14.3m in Q2, with average **GMV per active buyer 9.4% higher than last year** at PLN 3,664 and accelerating QoQ growth.
- Higher GMV and take rates combined with tight cost control **pushed Adjusted EBITDA from Polish operations up by 22.1% YoY** to PLN 673.4m in Q2 and +25.6% in H1.¹
- **Consolidated GMV** including International Operations **rose by 10.3% YoY in Q2** and 15.4% in H1. Group Revenue grew by 8.5% in Q2 and 31% in H1 in annual terms, while consolidated Adjusted EBITDA growth accelerated to 19.9% YoY in Q2 and 17.3% in H1.
- **The group's new Allegro.cz marketplace was officially launched on 31 July.** Czech consumers gained access to the widest selection on the market, with over 150m offers from over 20k shops. The platform already has nearly 600k active buyers and over 200k Smart! users, with a further 450k Smart! members active in the MALL legacy business.
- The **MALL Segment's legacy** business slightly reduced its Adj. EBITDA loss to PLN 66.2m in Q2, focusing on efficiency and onboarding the brands as Allegro.cz merchants.
- Allegro is expecting Q3 2023 GMV growth for **Polish operations** at 10-11% YoY, with revenue seen rising by 19-21%, and Adjusted EBITDA accelerating growth pace to 30-32% YoY. Q3 GMV and revenue for **International Operations** are expected to decline by 10-12% and 32-34% YoY, respectively, while the Adjusted EBITDA loss is predicted to come in at PLN 100-110m. CAPEX is seen at PLN 85-95m in Poland and PLN 20-25m in International Operations during Q3. On the **consolidated level**, GMV is expected to grow by 8-9% YoY, with revenue seen rising by 3-5% in Q3. The consolidated group's Adjusted EBITDA is expected to be 23-25% higher YoY, with CAPEX coming in at PLN 105-120m.

"We want to simplify shopping and selling to be the most loved shopping destination in Europe - starting with CEE. Our results for the second quarter show we are making real progress," said **Roy Perticucci, Allegro CEO**. "Allegro's always-growing selection and great value-for-money proposition attracts consumers even as they are more careful with

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 interim report, page 13, available at <https://about.allegro.eu/financial-results>

household budget. We keep growing despite slowing or even declining consumer demand. Our focus on cost discipline over the past year has delivered significant margin improvement and generated cash for future growth. The Allegro.cz marketplace, is now fully operational and offers Czech consumers an unmatched selection of over 150 million offers. It will take some time to offset declining GMV on MALL Group's legacy websites, but we are getting there and we are highly optimistic that the group's MALL and CZC brands will also be successful as the largest individual merchants on the new marketplace. We continue to learn from our Czech experience to formulate our plans to open four further marketplaces across the region next year."

Attractive prices and the widest offer make Allegro the best place to shop and sell in Poland

Allegro's Polish operations, which make up about 94% of the overall business by GMV, reported most of its Q2 results either above or in line with expectations. Over 40% of Allegro's GMV growth came from prioritised categories like Supermarket, Health & Beauty or Fashion, while it stayed strong in others. Selection grew to over 320 million offers, with Rossignol, Hansgrohe, Adamed, and Mobil among more than 30 new key brands onboarded in the quarter. Wider selection at attractive prices helped boost the number of active buyers to 14.3 million in Q2 in Poland, while their average GMV spend rose by a further 9.4% YoY. GMV growth at higher take rates boosted revenue and pushed margins above expectations.

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 thanks to monetization initiatives implemented across the last few quarters. The value of all loans originated by Allegro's buy-now-pay-later arm Allegro Pay jumped by over a half YoY to PLN 1.94bn, with the credit-loss ratio below 1%. The amount of GMV financed via Allegro Pay was 53% higher YoY at PLN 1.6bn. More Allegro Days campaigns and moving Smart! Week to Q2 helped the platform highlight its attractive deals even more while its recently implemented Best Price Guarantee already covers over 300k products. Allegro now has over 3,000 of its own One Box lockers, widening further its overall network of pick-up points that is already Poland's largest.

Czech launch is a training ground for the introduction of marketplaces in the remaining Mall countries next year

The launch of the Allegro.cz marketplace in Czechia extended the group's target addressable market (TAM) to nearly 50m people. The selection of over 150m offers is already over 10 times wider than any competition, with the best price points on the majority of monitored products in Czech e-commerce. Over 20,000 shops sell on the new marketplace which already has nearly 600k active buyers and 200k users of Smart! - the largest loyalty programme in the country, which together with MALL and CZC has 650k members. Around 50m offers on Allegro.cz have Smart! delivery, with local payments, logistics, and customer care fully integrated. Allegro's first major marketing campaign in Czechia boosted the prompted brand awareness to around 80% in just four weeks and the platform is gradually building traction, with Allegro already one of the top three apps in Czechia by downloads. Once momentum builds, the management expects that Allegro.cz

will make a significant contribution to accelerating GMV growth across the group. The Czech launch experience will be the basis for the group's approach to further launches across its regional footprint planned for next year.

"Focus on key business developments and continued progress in our *Fit to grow* project helped us cut down on CAPEX and boosted margins during the second quarter of 2023. Despite continuing weak consumer sentiment across the footprint of MALL's legacy business in the region, MALL's Adjusted EBITDA loss was slightly reduced, with the first weeks of Allegro.cz operation setting foundations for accelerating growth," said **Allegro CFO, Jon Eastick**. "The impact of last year's monetization initiatives on take rate alongside strong advertising performance, fuelled revenue rise in Poland, with Adjusted EBITDA growth coming in markedly above expectations. Excellent progress on margins and cash generation delivered another step-down in leverage and we intend to continue to improve. Allegro makes progress on efficiency and cash flow generation and we aim to accelerate the group's GMV growth rate over the medium term thanks to the international marketplace roll-outs. As most economies where we operate are expected to improve in the coming quarters, we are confident consumers will continue to see the Allegro selection and great prices as the best shopping offer - across the region and beyond."

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.