

Allegro outpaces retail market growth in Q3 and readies for the peak season

Financial highlights

- **Allegro met all of its Q3 outlook metrics**, once again confirming its place as the go-to place when looking for the best offers online.
- **Q3 gross merchandise value (GMV)** from Polish Operations **grew 10.5% YoY** to PLN 13.3bn, significantly outpacing nominal retail sales, as constantly growing selection, great prices and outstanding convenience drive shoppers' loyalty.
- **Revenue from Polish operations grew 19.9% YoY** to PLN 1.95bn in Q3, boosted by monetization initiatives improving take rate as well as 38% growth in advertising sales.
- Allegro's **active buyers base in Poland rose for a sixth consecutive quarter**, hitting 14.5m at the end of Q3, with an average **GMV per active buyer 7.3% higher than last year** at PLN 3,699 annually.
- Higher revenue combined with continuing strict cost management **pushed Adjusted EBITDA from Polish operations up by 32.4% YoY** to PLN 778m in Q3, accelerating growth pace QoQ.¹
- **Consolidated Group GMV**, including International Operations, **rose by 9% YoY in Q3**, while Consolidated Adjusted EBITDA growth accelerated to 26% YoY.
- **Allegro.cz marketplace in Czechia swiftly acquired 800k active buyers**. The group's three key brands - Allegro.cz, MALL and CZC - together already generate the largest traffic among Czech e-commerce players² thanks to by far the widest selection on the market.
- **MALL Segment's legacy** business further trimmed its Adj. EBITDA loss to PLN 44.3m in Q3, focusing on operational efficiency and onboarding MALL and CZC as key merchants on Allegro.cz.
- Allegro is expecting Q4 GMV growth for **Polish operations** in a 9-11% range YoY, with revenue rising by 17-20%, and Adjusted EBITDA up by 20-23% YoY. Q4 GMV and revenue for **International Operations** are expected to decline by 10-14% and 33-38% YoY, respectively, while the Adjusted EBITDA loss is to come in at PLN 160-180m. CAPEX is seen at PLN 90-100m in Poland and PLN 20-30m in International Operations during Q4. On the **consolidated level** GMV is expected to grow by 7-9% YoY, with revenue coming in between -2% and +2% YoY in Q4. The group's Adjusted EBITDA growth is predicted at 0-6% YoY, with CAPEX seen coming in at PLN 110-130m.

"We fulfilled all our financial expectations for the third quarter, with Allegro's Polish operations delivering strong results and our newly launched Allegro.cz marketplace quickly picking up speed," said **Roy Perticucci, Allegro CEO**. "Our Polish GMV outpaced nominal

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>.

² Company estimates based on Similarweb and data.ai for Q3'23.

retail sales in Poland in Q3. While Polish consumers are clearly spending less on big-ticket items, they are spending more overall on Allegro than a year ago as they bring us their everyday shopping and take advantage of our merchants' great prices and huge selection. Allegro's value proposition has already made a huge splash also in Czech e-commerce, with over 1.1m consumers shopping on Allegro.cz just a couple of months after its full commercial launch. As well as preparing for the peak shopping season, our team is already working on country launches in Slovakia, Hungary, Slovenia, and Croatia for 2024, with the Allegro.cz marketplace as our playbook. It's our aim that, this time next year, shoppers all over Central Europe will be choosing their Christmas gifts on Allegro."

Poland Update: Allegro simplifies shopping & selling with the most attractive online offers

Allegro is the primary consumer touchpoint when buying online in Poland. Over 400m attractively priced offers from more than 140k merchants converted into GMV from Polish operations growing by 10.5% YoY in Q3. This is significantly faster than the country's overall nominal retail sales, with over one-third of the GMV growth coming from high-frequency categories like Supermarket and Health & Beauty. Consumers remain cautious on large-ticket purchases while more frequently turning to Allegro for everyday shopping at great prices. Allegro's Best Price Guarantee already covers over 600k products and counting, helping boost the number of active buyers in Poland to 14.5m in Q3 and their average annual GMV spend up by 7.3% YoY. GMV growth at higher take rates boosted revenue and pushed the Adjusted EBITDA to GMV margin in Poland to 5.86% as an exception to Allegro's midterm guidance of 5%.

Allegro's advertising continues to thrive, posting 38% revenue growth in Q3 as merchants and brands look to attract millions of shoppers on the platform. Allegro Smart! and Allegro Pay, Allegro's key brands, continue as bywords for convenient and affordable e-shopping and raise one another's appeal while propelling the group's business. Paying subscribers to Allegro Smart! are up strongly in 2023, with around 85% of Smart! users already migrated to the new terms announced a year ago. The value of all loans originated by Allegro's consumer financing arm Allegro Pay jumped by 43% YoY to over PLN 2bn, with expected credit losses below 1%. Allegro continues to expand its already widest network of pick-up points in Poland by upgrading its own delivery capabilities. The group now has over 3,200 One Box lockers, with their utilisation and share of deliveries both rising promisingly. All this innovation fits under one's thumb thanks to the Allegro app - the most popular shopping app in Poland with nearly 15m average monthly active users.

International Update: Allegro.cz improves e-commerce in Czechia with the country's widest offer

Allegro is the top 2 app by downloads in Czechia³ and just three months after the full marketplace launch Allegro.cz and the group's legacy brands MALL and CZC together generate the largest traffic in Czech e-commerce. At the same time, prompted brand awareness among Czech consumers hit 90%. Allegro's new marketplace helped the group extend the reach of its tech stack to nearly 50m people and has already drawn almost 800k active buyers. MALL and CZC are key members of the expanding domestic merchant base

³ Source: Appflow, as of Q3'23.

on Allegro.cz, where Polish and international sellers bring the total to over 20,000 shops and 150m offers. This translates to around 60m products or 10 times more than any competition. The platform offers promotional terms for new local merchants while providing convenient cross-border delivery for their Polish peers looking to sell to Czechia via the Allegro International delivery method recently launched in cooperation with InPost and WE|DO. Smart! delivery now covers over 50m offers on Allegro.cz, with the number of Smart! users at more than 300k, making it the country's largest loyalty programme. Czech consumers recently benefited from their first Allegro Days campaigns and are now enjoying their first Allegro Black Weeks with Best Price Guarantee also in Czechia as the marketplace confirms its price leadership credentials.

Allegro.cz's GMV advanced 3.4 times QoQ to PLN 195m in Q3 and the MALL segment's Adjusted EBITDA loss has been trimmed by 12% YoY, even as Czech retail sales are still shrinking. As the flywheel is starting to turn, MALL Group is gradually shifting focus to profitable e-retailing with its brands trading as merchants on Allegro. Once the transition is completed and as Allegro launches marketplaces across CEE, the Allegro International segment is projected to bring meaningful acceleration to the group's GMV growth.

"Allegro's third quarter results for our Polish Operations were truly exceptional, with Adjusted EBITDA margin to GMV in Poland reaching 5.86% or up by almost 1pp YoY, and leverage dropping rapidly to a comfortable 2.17x Adjusted EBITDA," said **Jon Eastick, Allegro's CFO**. "Our Fit-to-Grow cost control initiatives have slowed expense growth and limited capital expenditure while we work on utilising capacity across our delivery and tech platforms. Our work to transform our MALL brands into successful and efficient merchants on our new Allegro marketplaces across Central Europe is in full swing, with further progress made on MALL loss reduction. With leverage low and falling and our credit facilities recently extended to 2027, we now have the flexibility to invest in innovation to drive growth and delivery capabilities across our expanded footprint and deliver long-term growth at market-leading margins, in line with our midterm aspirations."

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.