



Press Release

Allegro grows revenue by 28.4% and GMV by 10.6% in Q2 2021, moving forward with its development plans

Financial highlights

- Allegro grew gross merchandise value (GMV) by 10.6% YoY to PLN 10.4bn in Q2. The solid growth came on top of a quarter of exceptional growth in online shopping under Covid lockdown a year earlier.
- Revenue grew 28.4% YoY at PLN 1.3bn, with advertising up by 39.5% YoY. The Take Rate grew 153bps YoY and was stable QoQ.
- The number of Active Buyers grew by 7.2% YoY to 13.2m in Q2, even though offline retail recovered from the prior year's total lockdown.
- Annual spend per Active Buyer continues to grow, reaching PLN 2,969 (+29.4% YoY and +3.1% QoQ) as clients appreciate our focus on competitive pricing, ever widening choice and shopping convenience.
- Adjusted EBITDA, i.e. the operating result before depreciation, amortization, and without non-recurring items, was PLN 559.9m in Q2 (+23.8% YoY).
- Q2 capital expenditures grew by 24.0% YoY and reached 7.1% of Q2 revenue.
- Financial leverage dipped below 2x, triggering lower interest payments for H2 2021.
- The group maintains its (raised) 2021 expectations from the Q1 update for GMV, revenues as well as Adjusted EBITDA, while slightly reducing the capital expenditure estimates.

"The second quarter was unusual due to lapping the Covid-19 spike from a year before, when our results were driven by unprecedented lockdowns as well as our reaction to those exceptional events, when we made the Smart! program free for all. Considering such a strong base period, it's great to see how our business has developed," said **Francois Nuyts, CEO of Allegro**. "Following several retail lockdowns of varying severity since March last year, we see that physical stores have reopened and consumers can enjoy renewed choice for how they spend their time and where they shop. In this context, not only did we retain, but we grew our Active Buyers base by a further 7% versus last year, while the widening choice and focusing on competitive pricing resulted in consumers spending more on our platform. As a result, we can once again present a solid quarter,

with strong progress across all business inputs, which is a good sign for the quarters to come. We expect our year-on-year GMV growth to accelerate again in the second half of the year versus Q2, as we aim to deliver our financial targets for 2021, which we raised in the last quarter. We continue to grow our teams across Poland and recruit new talent and we're looking forward to launching our parcel-locker network and fulfilment service to further accommodate customer and merchant needs. The hard work of our team to continuously improve the Allegro experience is paying off and consumers continue to choose Allegro as their favourite place to shop online. We also continue to offer great business growth opportunities for merchants."

The Group's GMV reached PLN10.4bn in Q2 2021 (+10.6% YoY), resulting in over PLN 20.0bn in gross merchandise value transacted on the platform in H1 2021 (+25.2% YoY). This was achieved thanks to numerous improvements across the so-called retail basics (selection, prices, convenience - the key factors impacting customer experience), which took our consumer NPS (net promoter score) to 78.5 pts. Allegro expanded its Smart! program and implemented its ambitious innovation agenda with many improvements to the marketplace coming on stream. Revenue reached PLN 1.3bn in Q2 2021 (+28.4% YoY), with the marketplace segment growing by 29.4% YoY and accounting for the largest share in total revenue at almost 83%. Allegro's advertising business grew well ahead of GMV growth at +39.5% YoY in Q2 and contributed nearly 9% to Group revenues in the period, up from 8% a year ago. At the same time, Take Rate rose 153 bps for Q2 in YoY terms, stabilizing QoQ at 10.46% of GMV. Allegro's eBilet subsidiary resumed active sales of tickets following the reopening of mass events in Q2 and is once again contributing to the Group's growth.

"We're really pleased to be reporting further growth across key metrics even as we lap by far the toughest quarterly comparative of the year, where a total Covid-19 lockdown of non-essential offline retail, combined with availability of Smart! for free, drove our prior year GMV growth to 71.5%," **Jon Eastick, Allegro's CFO**, said. "This performance shows that our strategy of constant investment to improve client experience, the Smart! Program, Allegro Pay and many buyer and merchant facing innovations, has ensured that we have retained a significant part of the extra buyer demand caused by the Covid-19 crisis and sets us up well for the second half of 2021. Revenue growth continued to outpace GMV growth during Q2, with stable Take Rate QoQ and strong demand for our advertising services combining to deliver 28.4% revenue growth to PLN 1.3bn for the quarter. Adjusted EBITDA was up 23.8% YoY for Q2 as we continue to invest across delivery, marketing and team expansion while EBITDA continues to grow sequentially. Lower leverage, now below 2x EBITDA, has resulted in net profit moving up by 60% YoY for Q2 and has almost doubled for the half year at PLN 565.5m. These results not only support the maintenance of our guidance for 2021, which we previously upgraded after Q1, but also put us in a good position to keep investing strongly in the expansion of the business."

Similar to Q1, co-financing and delivery monetization remain strong drivers of Take-Rate growth to 10.46% after Q2 - flat QoQ and up 153 bps YoY - with no significant commission changes introduced in the quarter. Allegro continues to prove itself as the key place to be for retail companies - not only

for small and medium local sellers, but also for major brands, large retailers and international merchants, as demonstrated by a circa. 50% increase in selection YoY. In Q2 the number of offers added by the merchants grew by a half in annual terms and the group is investing heavily to grow the marketplace business for merchants. This includes expenditure on free delivery up by 32% YoY, marketing expenses up by 40% YoY¹ and team expansion by 29% YoY. Reflecting the speed of investment, Adjusted EBITDA still advanced 23.8% YoY to PLN 560 million for Q2 and by 35.6% YoY to PLN 1,096 million for the first half of 2021. The Group confirms its full-year expectations, targeting percentage growth for the full current year in the high teens to low twenties for GMV, with low thirties for revenue and high teens to low twenties for Adjusted EBITDA. At the same time, it is lowering its estimates for capital expenditures this year to a range of PLN 475-525m from the previous PLN 560-600m goal.

Business highlights

Retail basics

- Choice for consumers strongly improves, with year-on-year growth in the number of offers at ca. 50%, as newly onboarded brands and retailers such as Jula, Kontigo, CD Projekt RED Gear, or Time Trend enter the platform.
- Clients continue to find the most attractive prices on Allegro, with the Allegro Cenya program gaining further traction.
- Constant improvements in terms of convenience: simplified Buyer Protection Program for unrivalled transaction safety and increasing efficiency of customer service thanks to implementation of automated CX solutions such as chatbots.
- Customer service NPS at 78.5, comparable to the best-in-class.

Delivery experience

- Speedy delivery gathers steam, with the share of parcels delivered on the next working day rising as initiatives including our Fast Delivery Subsidy program shorten merchant dispatch times. Offers with fast delivery are now even easier to find thanks to increased visibility on the platform.
- Allegro Fulfillment is progressing through the testing stage: recruitment of key personnel completed and pilot testing date with select merchants planned for Q3.
- First APMs deployed in Q2 with launch of deliveries planned for Autumn. Positive perception regarding their design and eco-friendly solutions.
- Allegro controlled Pick-Up Drop-Off network went live with 600 locations countrywide in Kolporter press stores.

¹ both after adjusting for PLN 71.7 million of delivery costs related to free SMART! trialists booked in Q2 2020 in the marketing expense line.

Smart!

- Smart! loyalty programme continues to develop, attracting more and more consumers.
- Nearly 100% of Smart! offers now include a free to-door courier delivery option.
- Smart! na Start promotion introduced in Q1 2021 was prolonged, after initial results showed a high 50% conversion into paid subscription. It offers a subscription for 5 free deliveries within 12 months, allowing buyers to try out all the Smart! benefits.
- Allegro Family launched on July 15th and will make family shopping even easier on Allegro. For example Families will be able to share their Smart! benefits and buy products for other family members.
- Allegro started the installation of its green-powered parcel locker network, with deliveries planned to be launched in Polish cities in Autumn. Not only are they designed to integrate into their local surroundings thanks to their eco-friendly solutions, they also take into account the needs of various groups of clients, including those with disabilities.

Setting up new revenue streams

- Allegro Pay fintech continues to gain popularity with loans originated reaching PLN 347 million in Q2 (+95% QoQ) and record client satisfaction: NPS score reached 89, as users praise "simplicity and convenience."
- Growth in Allegro Biznes™ directed to B2B clients continues to outpace the total marketplace: buyers praise wide selection, quick shopping and safety while the number of offers with B2B discounts doubled since platform launch.
- Allegro continues its plans to expand beyond Poland: a total of over 35 million offers are now available for EU exports and merchants can ship across the EU via an integrated logistics carrier brokered by Allegro.
- eBilet is back with live events supporting GMV growth as the music industry reopens (Męskie Granie, Pol'and'Rock, and exclusive contracts with the leading Polish artists-Zalewski, Brodka, Wieniawa, Kayah).

Employer of choice

- The total team of Allegro.eu grew to over 3,750 employees, with a further 950 under recruitment for H2 2021 across software development, business, customer care and logistics roles.
- Consistent response rate and stable engagement level of over 70% from the 2021 annual employee engagement survey, despite extended pandemic conditions.
- Continued investments into a great working environment: New Krakow office is already open, Poznań and Warsaw teams beginning to move to new locations with modern office space in the Autumn.

Allegro.eu's selected operating and financial results

	H1 2021	H1 2020	Change %	Q2 2021	Q2 2020	Change %
Income Statement, PLN m						
GMV (PLN in millions)	20,036.1	16,006.5	25.2%	10,439.7	9,437.0	10.6%
Revenue	2,518.3	1,770.1	42.3%	1,308.1	1,019.0	28.4%
EBITDA	1,075.0	788.6	36.3%	547.6	438.4	24.9%
Adjusted EBITDA	1,095.6	808.0	35.6%	559.9	452.4	23.8%
Net Profit / (Loss)	565.5	289.7	95.2%	295.9	185.0	59.9%

About the Allegro Group

Allegro is the go-to commerce platform for Polish consumers and has delivered strong revenue growth, profitability and cash flow at scale. The group operates a leading online marketplace in Poland, Allegro.pl, and price comparison platform Ceneo.pl. As the most recognized e-commerce brand and the largest non-food retailer by GMV in Poland, Allegro.pl is also one of the world's top ten e-commerce websites and ranks among top 100 websites in the world by visits per month.² Merchants on the Allegro.pl marketplace sell across a variety of categories, covering electronics; home and garden; sports and leisure; kids; automotive; fashion and shoes; health and beauty; books; media; collectibles and art; and supermarket. The Allegro.pl platform facilitates the sale of new products primarily on behalf of merchants through a business-to-customer model and attracts visits from an average of 21 million users per month, which is equivalent to 66% of Polish residents aged 16 and above and 78% of all internet users in Poland.

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² Source: SimilarWeb