

Allegro meets its raised financial expectations and sets further growth plans, as it aims at scaling its model internationally

Financial highlights

- Gross merchandise value (GMV), or the gross value of goods sold via Allegro, grew by 16.7% YoY to PLN 12.7bn in Q4, up by 21.3% YoY to PLN 42.6bn in all 2021 thanks to Allegro's unparalleled offer and competitive pricing.
- Number of active buyers grew to 13.5m in Q4, up 2.9% YoY and 0.7% QoQ. Continued progress in selection, competitive pricing, and shopping convenience, coupled with further growth for the flagship Smart! loyalty program and the successful roll-out of Allegro Pay translated to 18% YoY growth in LTM GMV per Active Buyer to PLN 3,158.
- Revenue rose by 23.2% YoY to PLN 1.6bn in Q4, up by 33.9% to 5.35bn in 2021, with full-year take rate up 0.96pp to 10.23%.
- Group Adjusted EBITDA, i.e. the operating result before depreciation, amortization, excluding non-recurring items, rose by 18.2% last year to PLN 2.07bn.¹ Financial leverage improved to 1.77x by end-December from 2.47x a year earlier.
- Relational NPS, the measure of customer appreciation, remained consistently at an industry-leading high of 78.9 in Q4, with client trust and loyalty at the heart of Allegro's growth plans.
- Allegro Smart! crossed the 5-million customers milestone, while Allegro Pay surpassed its already raised full-year target by extending over PLN 2bn in loans last year. The programs work hand-in-hand to enhance shopping experience, with clients able to conveniently choose and buy via the best-in-class Allegro app.
- Allegro ensures future investment returns and costs savings, as it supplements solutions for buyers and merchants with investments in fulfillment and logistics. *One Fulfillment* as well as *One Box by Allegro* enhance delivery promise and add to Allegro's unrivaled offer built with third-party partners, while supporting the platform's overall asset-light logistics model.
- International expansion is under way: the group awaits only the final, Polish regulatory approval for the planned tie-up with the Mall Group and WE|DO, while at the same time enabling international merchants and buyers to export across the EU, as the group widens its geographic footprint to sow the seeds of future growth.
- Allegro met its full-year financial expectations and intends to uphold the growth momentum in 2022.
- Allegro is expecting GMV growth for 2022 in the high teens to low 20s%, with revenue growth in the low 30s%, and Adjusted EBITDA up by low-to-mid teens% YoY. Capex is

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 quarterly management report, page 11, available at <https://about.allegro.eu/financial-results>.

expected to reach PLN 700-750m, reflecting the platform's growth ambitions.

- Including its plans for Mall Group and WE|DO, Allegro is updating its medium term expectations and targeting CAGR GMV of low 20s% for the 2022-2026 period. Over the same time, revenue CAGR is estimated at high teens%, with mid-to-high 20s% CAGR expected for Adjusted EBITDA. Annual capital investment outlays between 2023-2026 are estimated at PLN 1bn-1.3bn per annum. Leverage is expected to steadily decrease from around 3.0x at the Mall acquisition to about 1.0x by 2025.

"Last year was all about significant progress in preparing Allegro for future growth," says **Allegro CEO, Francois Nuyts**. "Allegro's focus on constantly improving the shopping experience by expanding Smart!, or rolling out Allegro Pay and One by Allegro met with great customer appreciation. The resulting growth in our active-buyer base and increasing average spend is exactly the model we want to continue to scale in Poland and beyond. Allegro's ongoing investments are setting the stage for further growth, this time internationally. All in all, 13.5 million active buyers on Allegro - almost half of all Internet users in Poland - can pick from over 250 million offers from around 133,000 merchants. And there will be no slowing down on our part, as we plan to continue raising the bar in Poland and have already laid much groundwork for expanding our international footprint. Stay tuned."

The group's GMV reached PLN 12.67bn in Q4 2021 (+16.7% YoY), resulting in a record PLN 42.6bn of gross merchandise value transacted on the platform in all of 2021 (+21.3% YoY). Numerous improvements across selection, price, and convenience - the key factors behind the overall shopping experience, helped Allegro reach the upper level of the group's full-year expectations for GMV, while also securing a best-in-class consumer rNPS (relational net promoter score) of 78.9. The year was packed with breakthrough projects and milestones, with Allegro Smart! - already a byword for comfortable and affordable shopping as well as an undeniable benchmark, closing the year with over 5 million customers. Customer needs are in focus, when Allegro designs its new products and services and Allegro Pay, a buy-now-pay-later financial service, has delighted its users. With its NPS at 92.8 as of Q4 2021, Allegro Pay overdelivered on raised annual objectives by originating PLN 2.0bn of loans in 2021. All customers are now eligible to apply for Allegro Pay and the service is expected to scale rapidly again in 2022.

Delivery experience has also been a key area of innovation in recent years as Allegro successfully transitioned to a managed and integrated third-party delivery network. It is an asset-light model the group will continue to grow, as it ensures quick, reliable, and cost-efficient deliveries, with merchants able to take advantage of the smart logistic network that Allegro provides together with its logistics partners. Thanks to multiple partnerships, clients can now choose from nearly 50,000 convenient delivery pick-up options - the widest such network in Poland, making Allegro by far the most accessible e-commerce platform in the country. We further fine-tuned the delivery promise by cooperating with merchants to provide incentives for fast dispatches, while at the same time working with carriers to enhance delivery options. The development of this immensely scalable network has proven



resilient to lockdown distortions and is continuously progressing, as evidenced by the increasing share of orders delivered the next day, with nearly 80% of all orders made on Allegro already reaching customers within 1–2 days. We will further improve the network, as it is part and parcel of Allegro's model of choice going forward: we are extending new incentives and working to improve integration with merchants on the tech side to help them enhance their businesses.

To get there, Allegro's merchant-facing solutions are being supplemented by investments into its *One Fulfillment* offer to provide even faster and more economical shipping. To further enhance the delivery promise, we also set up a Poland-wide *One Box by Allegro* parcel machines network from scratch to add to our partners' offer and further boost shopping convenience. The network should generate unit cost savings as we scale it up, planning to triple the number of Allegro state-of-the-art APMs to 3,000 this year. To complete the picture and optimize Allegro's delivery economics, we acquired X-press Couriers, whose infrastructure will be the foundation of the platform's regional delivery operations. All in all, we continue to expand Allegro's business, ensuring future returns on all investments.

The overall progress solidifies Allegro's status as the go-to platform not only for consumers, but also for a widening range of retail companies - small and medium local sellers, as well as large retailers. Among over 1000 brands and retailers that set up a shop on Allegro in 2021 alone are Biedronka's Dada, CCC's Sprandi, Decathlon, Pepco or L'Oréal, while the improved onboarding process yielded triple-digit growth in offers from international merchants. Let this serve as proof of how broadly Allegro is thinking about widening its selection and footprint. As the group develops the offer at home, it is also ready to go international, with the highlight of 2021 - the agreement to purchase the Mall Group and WE|DO - turbocharging plans to extend our business presence and our client-facing model across CEE and beyond.

Allegro's revenue rose by 23.2% YoY and reached PLN 1.6bn in Q4 2021, expanding by 33.9% to PLN 5.35bn in full 2021. Allegro's advertising business continued to grow too, expanding well ahead of GMV growth at +29.3% YoY in the last quarter of the year. Take Rate rose last year by 0.96pp in YoY terms to 10.23%, down by 0.45pp QoQ at 9.84% in Q4, in line with expectations. All in all, 2021 results came in line with the group's expectations on the GMV, revenue and Adjusted EBITDA levels, while capital expenditures equalled PLN 407m - less than the already trimmed expectations. For 2022 Allegro sees its percentage growth to be similar: in the low twenties on the GMV level and low thirties for revenue, with Adjusted EBITDA expected to be 14-16% higher YoY without taking into account the pending Mall Group and WE|DO acquisitions. CAPEX is planned at PLN 700-750m, in line with previously communicated plans.

"Even as pandemic conditions turned from a tailwind to a headwind for the overall e-commerce sector, we've made good on our plans and finished the year with exciting new projects that will help shape our business and the e-commerce segment across the CEE and beyond," says **Jon Eastick, Allegro's CFO**. "For 2022 we are expecting another year of growth for GMV and Adjusted EBITDA despite absorbing the start-up costs of scaling our

One Fulfillment and One Box services. Our confidence in future growth is reflected in our capital investment plans to expand our locker network to 3,000 units, extend fulfillment capacity and roll-out exciting new platform features, starting with the internationalization of Allegro's activities. In this regard, a primary role will be taken by the Mall Group and WE|DO acquisition, which will widen our revenue streams by leveraging the Allegro marketplace functionality across a wider geographical footprint that represents a near doubling of Allegro's addressable market."

Business highlights

Retail basics

- Number of active offers exceeds 250 million, up by around a fourth in YoY terms, with L'Oréal, Pepco, and Crocs among the >270 top brands onboarded in the last quarter of the year.
- Majority of merchants now participate in the Allegro Cený price support program, ensuring that consumers find the most attractive prices on Allegro.
- AI innovations include new chatbot solutions to support buyers and merchants, as well as a visual search tool, covering >100m offers to enhance selection and convenience.

Delivery experience

- Allegro operates a 3P delivery network ensuring products get delivered quickly, reliably, and cheaply without Allegro physically touching the goods as they move from merchant to consumer. Allegro continually enhances its delivery promise, with the platform's stand-out machine-learning powered, proprietary software working hand-in-hand with access to a growing nationwide network of out-of-home pick-up/drop-off locations, and courier delivery options provided by partners.
- Platform enhances the offer with new fulfillment and delivery options of its own, including the Poland-wide *One Box by Allegro* parcel machines network it built from scratch to over 1,000 units by end-2021. These services increase cost efficiency and next-day delivery share as they scale.
- Allegro boosted its same-day delivery capacity with the acquisition of X-press Couriers, which complements the group's fulfillment and locker services. It is set to expand to more cities to enhance investment return.

Allegro Smart! and Allegro Pay

- Smart! has crossed a milestone of 5 million customers, with the flagship program saving Poles over 4 billion zloty in shipping costs in the three years since its launch. Pre-Christmas promotion on annual Smart! price helped drive subscriber growth and renewals.
- Allegro Pay outperformed its full-year financial targets with PLN 2bn in originated loans

versus an already raised target of PLN 1.5bn. The offer's simplicity and convenience has won it a sector-leading NPS of 92.8 as of Q4 2021, as together with Allegro Smart! it helped set new GMV records during Allegro's shopping festivals.

- Agreement with AION Bank to take some of Allegro Pay's installment loans off of the group's balance sheet helps secure the service's future growth. AION bought the first tranche of existing loans from Allegro Pay's portfolio for PLN 181.3m last year, releasing Allegro's working capital.

International expansion

- Allegro plans to finalize the acquisition of the Mall Group and WE|DO in H1 2022 to give merchants and consumers a best-in-class experience by uniting established brands, a high-quality and experienced cross-country team, and the leading technology and deep expertise in creating best-in-class 1P and 3P platforms.
- The group's model of providing cost-efficient and convenient shopping solutions to buyers and merchants is now gaining an even greater, EU-wide scale. Allegro's newly launched English-language service gives European customers access to over 60 million best-priced international offers, boosting choice for all sides of the transaction across the EU.

Employer of choice

- As a desirable employer, Allegro plans to continue widening its talent pool after welcoming more than 1.5k in 2021. The year also saw the company award the first annual grants as part of the Allegro Incentive Plan. Owning shares should drive alignment of goals and the ownership approach among employees, as well as help Allegro attract and retain the best talent in Poland and beyond.
- The planned tie-up with the Mall Group will only make the organization increasingly international, multicultural and diverse, something which is already being implemented by means of the new additions to Allegro's Executive Team.

ESG

- MSCI ESG Ratings upgraded Allegro.eu from BB to A in September, reflecting Allegro's above industry-average performance in corporate governance, privacy & data security as well as labor management. The group included extensive ESG disclosures in its 2021 Non-Financial Report.
- Allegro committed to decarbonisation initiatives, as it joined the Science Based Targets initiative (SBTi), a group of businesses aiming to reduce their emissions in line with climate science. It also joined the UN Global Compact, the world's largest initiative of businesses for sustainable development.
- Allegro also signed the Diversity & Inclusion Declaration in October, reinforced by internal focus on building employee awareness regarding Diversity and Inclusion. The

group also aims to have a majority of independent Directors on the Board within 5 years and has already recommended one new independent director to be approved by this year's AGM.

Allegro.eu's selected operating and financial results

	2020	2021	Change %	Q4 2020	Q4 2021	Change %
Income Statement, PLN m						
GMV (PLN in millions)	35,110.9	42,601.7	21.3%	10,851.2	12,668.5	16.7%
Revenue	3,997.8	5,352.9	33.9%	1,299.0	1,600.7	23.2%
EBITDA	1,586.8	1,993.7	25.6%	513.5	461.6	(10.1%)
Adjusted EBITDA	1,750.0	2,068.5	18.2%	533.5	501.2	(6.1%)
Net Profit	418.6	1,089.4	160.3%	260.6	199.7	(23.3%)

About the Allegro Group

Allegro is the go-to e-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 a 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. 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 sales 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.