

Allegro.eu records continued high growth of key financial and operating results in Q3 2020

- Allegro.eu's Q3 GMV was PLN 8,253.1 million (+48.7% y/y).
- Net Revenue in Q3 2020 totaled PLN 928.7 million (+49.7% y/y).
- Adjusted EBITDA, i.e. operating result before depreciation and amortization, without non-recurring IPO costs, at PLN 408.5 million (+26.7% y/y).
- Adjusted net profit for Q3, w/o non-recurring events (IPO and debt refinancing costs) stood at PLN 147.4 million (+94.6% y/y).
- Allegro upgraded its expectations regarding the full 2020 in terms of the growth of GMV (low 50% y/y) and adjusted EBITDA (mid 20% y/y).

“In the third quarter of 2020, Allegro grew key operating and financial results. While we announce these results with some satisfaction, we remain painfully aware that we are all still experiencing the impact of the challenging economic and social situation created by Covid-19 in Poland and around the world. Against this backdrop, we managed to attract 300 thousand new clients to the platform which in turn allowed merchants to increase sales by 48.7%, to over PLN 8.25 billion. Our Team maintained their focus on a number of initiatives aimed at growing offer selection, ensuring competitive pricing for consumers and providing an all-round great shopping experience. Clients keep increasing their shopping frequency and the value of their purchases keeps growing - the average annual spend per buyer grew a further 7.4% this quarter to nearly PLN 2,500 per year. - said Francois Nuyts, CEO of Allegro- “I’m also satisfied to note that buyers are joining the SMART! loyalty program in record numbers. Allegro’s overall performance shows that online shopping is quickly growing in popularity among Polish consumers. We are seeing this demand strengthen further in the fourth quarter and Allegro is very well prepared to help consumers with their Christmas shopping and equally to support sellers in this key season for retailers.”

In Q3 2020, the gross merchandise volume (GMV) on the Group’s platform amounted to PLN 8.25 billion, which signifies a 48.7% increase y/y. The number of active buyers reached 12.6 million, 0.3 million more than at the end of H1 2020 and 1.4 million more than one year before (+12.9% y/y). The average value of purchased products per user over the past 12 months, as at 30 September 2020, exceeded PLN 2.46 thousand, up 28.6% y/y.

The dynamic increase in key operating results has translated into further significant improvement of financial results. The Group’s revenue in Q3 reached PLN 928.7 million, 49.7% more than in the corresponding period of 2019. The marketplace segment, i.e. commissions and fees charged from sellers, had the biggest share in total revenue in the period in question. This revenue totaled PLN 771,5 million (+50.2% y/y). Advertising services contributed revenue of PLN 78.3 million (+62.7% y/y) and the Ceneo.pl price comparison brought PLN 37.4 million (+17.6% y/y).

“Following exceptionally strong growth from the Allegro Group in the first half of 2020, we were able to consolidate our performance and deliver a 48.7% Gross Merchandise Value growth with normalized profit margins in Q3. This enabled Adjusted EBITDA for Q3 to reach PLN 408.5 million, growing 26.7% year on year. Our net result was impacted by all the one-off expenses associated with preparing Allegro.eu’s IPO and mainly non-cash charges related to incentive plans, share grants and the refinancing of our borrowings. Altogether these one-offs totaled PLN 279.1 million and, without them, our net loss for Q3 would have been an Adjusted net profit of PLN 147.4 million.” explained Jon Eastick, Allegro’s CFO.

Publishing the financial results for Q3 2020, Allegro decided also to upgrade its expectations regarding the growth of GMV and adjusted EBITDA for the full 2020. Currently, the Company assumes that GMV will increase by slightly more than 50% y/y, and Adjusted EBITDA by over 20% y/y. The assumptions regarding revenue (expected growth similar to the level recorded in H1, i.e. over 50% y/y) and CAPEX (PLN 230-270 million in 2020) remain unchanged. In the first 3 quarters of the year capital expenditures stood at PLN 166 million.

Allegro.eu's selected operating and financial results

| (PLN million) (unaudited) | Q3 2020 | Q3 2019 | Change y/y | Q1-Q3 2020 | Q1-Q3 2019 | Change y/y |
|------------------------------|---------|---------|------------|------------|------------|------------|
| GMV | 8,253.1 | 5,551.3 | 48.7% | 24,259.7 | 15,912.9 | 52.5% |
| Revenue | 928.7 | 620.2 | 49.7% | 2,698.8 | 1,786.7 | 51.1% |
| EBITDA | 284.7 | 319.8 | -11.0% | 1,073.3 | 944.8 | 13.6% |
| Adjusted EBITDA | 408.5 | 322.4 | 26.7% | 1,216.5 | 953.8 | 27.5% |
| Net profit/(loss) | (131.7) | 73.4 | – | 158.0 | 269.1 | -41.3% |
| Adjusted net profit | 147.4 | 75.7 | 94.6% | 454.1 | 277.3 | 63.8% |

About 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 the leading online marketplace in Poland, Allegro.pl, and the leading price comparison platform in Poland, Ceneo.pl¹. The Group targets the retail market in Poland, which had an estimated size of PLN 621 billion in 2019 and is forecasted to grow to PLN 724 billion by 2024. The Group's gross merchandise value (GMV) accounted for approximately 3% of this market in 2019. 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 among the top 100 websites in the world by visits per month².

Merchants on the Group's e-commerce 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 marketplace 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 20 million internet users per month, which is equivalent to 63% of Polish residents ages 16 and above and 76% of all internet users in Poland.

As of 30 September 2020, the Group's e-commerce marketplace had over 12.6 million active buyers. The Group's e-commerce marketplace generated GMV of PLN 31 billion for the twelve months ended 30 September 2020.

Since 12 October 2020, Allegro.eu shares have been listed on the Warsaw Stock Exchange. The total value of Allegro.eu's initial public offering was PLN 10.6 billion, making the IPO the biggest in WSE's history.

Enquiries

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¹Source: OC&C

²Source: SimilarWeb