



Press Release

Allegro grows revenues by 61% YoY in Q1 and raises full year expectations

Financial highlights

- Net revenue for the period was PLN 1.21 billion (+61.1% YoY), supported by 112 bps YoY increase in the Take Rate to 10.43%
- Gross merchandise value (GMV) on the platform of the Allegro.eu Group in the 1st quarter of 2021 was PLN 9.6 billion (+46.1% YoY).
- The number of active buyers exceeded 13.2 million (+13.4% YoY) and the annual spend per Active Buyer was PLN 2,880 (+38.9% YoY).
- Adjusted EBITDA, i.e. the operating result without depreciation, amortization, and non-recurring events, was PLN 535.6 million (+50.6% YoY).
- Allegro has raised its expectations for full-year 2021. It is anticipated that GMV will rise in the upper teens or slightly above 20% YoY, the group's net revenue will rise slightly more than 30% YoY, and adjusted EBITDA will rise in the upper teens or slightly above 20% YoY.
- Expectations for capital expenditures in 2021 remain unchanged at PLN 550–600 million.

In Q1 2021 the gross merchandise value on the group's platform reached PLN 9.6 billion, an increase of 46.1% YoY. The group's net revenue during the period was PLN 1.21 billion, up 61.1% from the 1st quarter of 2020. The marketplace segment accounted for the biggest share in total revenue, at 82.2%, while advertising services contributed 8.4% of revenue, own retail sales 4.9%, and the Ceneo.pl price comparison platform 4.1%.

Jon Eastick, Allegro's CFO, said: *"Allegro produced a really solid set of results in the first quarter with strong performance from our advertising business and the first receipts from*

...

co-financing of Smart! deliveries to lockers helping to raise revenue by 61.1%, 15 percentage points ahead of GMV growth, and contributing to a 50.6% increase in Adjusted EBITDA to PLN 535.6 million, despite costs of subsidizing deliveries for our rising base of Smart! consumers growing 147% versus Q1 last year. These results set us up well to continue to reinvest into our ambitious platform innovation, including Allegro Pay, the further development of Smart! and delivery infrastructure programs while continuing to reduce leverage over the remainder of the year. Although we continue to plan prudently, hoping for an end to further lockdowns and allowing for increasing intensity of competition, we are pleased to be able to today raise our full year 2021 growth expectations across GMV, revenue and Adjusted EBITDA."

The management team now expects percentage growth for the full current year in the high teens to low twenties for GMV, with low thirties for net revenue and high teens to low twenties for Adjusted EBITDA.

The expectations for capital expenditures in 2021 are unchanged in the range of PLN 550–600 million. Capex in Q1 2021 was PLN 60.0 million, as compared to PLN 43.5 million in Q1 2020. The capex planned for this year mainly involves further development of the platform and its functionalities, after a step-change in the size of business in 2020, as well as investments in new logistics solutions aimed at further improving delivery experience. This includes completion of the first stages of the group's own parcel locker network and the launch of Allegro Fulfillment services for merchants, which will create an additional revenue stream for Allegro from storing, packing and shipment of goods on behalf of sellers.

*"After the rapid growth seen in 2020, our results in Q1 continue to improve both on the consumer facing inputs and financial outputs. In Q1, we continued to improve retail basics, ensuring the most competitive prices, growing selection and scaling up new areas such as Allegro Pay and the Allegro Biznes platform," said **François Nuyts, CEO of Allegro**. "Clients continue to choose Allegro more and more for their everyday shopping. As of the end of the 1st quarter, the number of active buyers exceeded 13.2 million, 13.4% more than a year before. The average annual spend per buyer rose to almost PLN 2,880, an increase of 38.9% YoY. We also noted a double digit increase in the number of sellers, including international ones and the number of offers. We continue to look forward to the end of COVID restrictions and are confident that all the innovations we planned will ensure that Allegro remains the best place for consumers to shop".*

Business highlights

Retail basics

- Double digit increases in the number of sellers and offers for an even wider selection of products, including those from newly onboarded popular brands such as Fila, Apart, S.C. Johnson and Decathlon.
- Even more competitive pricing with the continued roll out of seller facing tools, nudges and incentives. Introducing 'Super Cena' tag to help consumers find the best deals.

...

- Record customer service NPS of 77.8 in Q1.

Smart! and delivery

- Continued expansion of the Smart! program; the growth in Smart! users during the 1st quarter exceeded expectations. Thanks to the 'Smart! na Start', launched on 1 March, any consumer can test the service and receive a pool of 5 free deliveries to be used within one year. Allegro also lowered the minimum threshold for free courier delivery in Smart! to PLN 80.
- Introduced a Fast Delivery incentive program for sellers. The increased speed of delivery, and delivery promise, drives increased customer frequency and purchases.
- In January, Allegro introduced Seller co-financing of Smart! locker deliveries alongside the pre-existing Smart! courier delivery co-financing. This change was a significant contributor to revenue growth in the quarter, while Allegro still funds the majority of Smart! delivery costs, which rose 147% YoY as the Smart! user base and purchasing engagement grew .

Building multiple revenue streams

- Advertising revenue is up 68.9% YoY in Q1 as the number of advertisers grows twice as fast as the number of merchants, and machine learning solutions help better target and monetize advertisements.
- Allegro Pay, our FinTech business is scaling up and gaining popularity with triple-digit QoQ growth in consumer loans. Outstanding consumer NPS of 87.5.
- Allegro Biznes™, the new B2B platform for companies launched in February has been well-received by users (particularly SMEs) and the number of sellers participating in the dedicated B2B programs is ramping up as planned.

Environmental, Social, and Corporate Governance (ESG)

- Allegro continues to support society providing uninterrupted and safe shopping from home with COVID-19 cases on the rise again Q1.
- Allegro joined the UN Global Compact, the world's largest initiative that brings together over 12,000 businesses and 3,000 institutions from 160 countries working for sustainable development. It underlines Allegro's commitment to support the implementation of UN policies and engage in global initiatives, in particular in the area of environmental protection.
- A record PLN 30 million was raised during Allegro auctions at this year's finale of The Great Orchestra of Christmas Charity- Poland's largest annual charitable fund-raising event.

...

- Allegro contributed a further PLN 2.5 million of donations in Q1 to support health services, charitable organisations and NGOs.

Employer of choice

- Over 300 new team members were hired in Q1 2021, bringing the total headcount to over 3,500 employees.
- The launch of the Allegro Employee Incentive Plan (AIP), with the first annual share grants being awarded in April and reaching deep into the organisation, will continue to drive world class engagement and attract top talent.

*“The Allegro team is constantly growing even though most of us continue to work remotely. In the first quarter over 300 new colleagues joined Allegro and we are planning to increase the headcount by 1500 by the end of 2021” said **François Nuyts**. “I am constantly impressed by the level of engagement and focus on innovation in our team. In order to drive our ownership culture and attract the best talent in Poland and internationally, we introduced, for the first time in our history, an annual grant of shares to employees under the Allegro Incentive Plan. It reaches deep into the organisation and we believe this will allow our employees to share in Allegro’s future success - a company they help to build every single day”.*

Selected operating and financial results of Allegro.eu

(PLN million)	Q1 2021	Q1 2020	Change YoY
GMV	9,596.4	6,569.5	+46.1%
Revenue	1,210.2	751.2	+61.1%
EBITDA	527.5	350.2	+50.6%
Adjusted EBITDA	535.6	355.6	+50.6%
Net profit	269.6	104.6	+157.8%

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.pl.¹ 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 month.²

¹ Source: OC&C

² Source: SimilarWeb



Merchants on Allegro.pl'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 21 million internet users per month, which is equivalent to 66% of Polish residents ages 16 and above and 78% of all internet users in Poland.

Enquiries

For additional information, please contact:

NBS Communications

Piotr Wojtaszek, Krzysztof Woch, Maciej Szczepaniak

+48 22 826 74 18 | allegro@nbs.com.pl

Allegro

Marcin Gruszka – Communications Director

+48 790 300 020 | press@allegro.eu

Michał Kuzawiński – IR Director

+48 660 611 118 | IR@allegro.eu