

## PRESS RELEASE

**Allegro accelerates GMV growth in Q3 with full-year expectations unchanged, as the group accelerates international expansion by agreeing to buy Mall Group**

**Financial highlights**

- Gross merchandise value (GMV), or the gross value of goods sold via Allegro, grew by 19.9% YoY to PLN 9.9bn in Q3, as customers appreciate an ever widening offer.
- Revenue rose by 32.9% YoY to over PLN 1.2bn. Annual average spend per active buyer surpassed PLN 3,000 for the first time ever.
- Number of active buyers grew by 5.6% YoY to 13.3m, up 0.8% QoQ and thus resuming quarterly growth. Continued progress in selection and competitive pricing drove retention of consumers that tried Allegro during the pandemic.
- Consumer service NPS, the measure of customer appreciation, remains consistently at an industry-leading high of 77.4 in Q3.
- Group's Adjusted EBITDA, i.e. the operating result before depreciation, amortization, and without non-recurring items, stood at PLN 472m in Q3, up by 15.5% YoY.<sup>1</sup>
- Financial leverage dipped lower down to 1.8x by end-September.
- International expansion acceleration: on Nov. 4 the group agreed to acquire the Mall Group. Customers and merchants will benefit from a regional e-commerce platform that Allegro and Mall plan to develop and scale. Assuming competition authority approvals are received, the Mall Group acquisition should be finalised in H1 2011.
- Allegro Pay sets a new target of over PLN 1.5bn loans extended this year. Our offer of deferred payments and installment loans hit its previous full-year goal of PLN 1.0bn already in September thanks to a successful rollout to all consumers and record-breaking Smart! Week sales.
- Delivery Experience projects gather steam. One Fulfillment by Allegro launched a trial period for a select merchants pool creating a new, comprehensive logistics service, followed by the launch of Allegro's own parcel-locker network last week as the start of a new brand - One by Allegro.
- Allegro is on track to meet its full-year financial expectations.

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<sup>1</sup> 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>.



"A year since our debut on the Warsaw Stock Exchange we can see that the merchant and clients-facing innovation roadmap that we presented to investors continues to bear fruit and sets strong foundations for our business going forward. This quarter, we are comparing periods with no lockdowns, either this year or last, and I'm happy that in such circumstances we delivered both solid financial output results and showed significant progress in building our business for the future," says **Allegro CEO, Francois Nuyts**. "Our focus on constantly improving the shopping experience together with the expansion of Smart! helped drive average annual spend through PLN 3,000 per active buyer for the first time in our history. Since September, the fulfillment center is running a full-scale trial with selected merchants and last week we began commercial deliveries to our Allegro One APM network, which already numbers more than 600 installed locker machines. Every third Pole is an active buyer on Allegro, making use of over 250 million offers now available on our platform. We are already make shopping for millions of consumers more convenient and we want to build on that. Just days ago we signed an agreement to acquire the Mall Group, which is great news for merchants and clients across Central and Eastern Europe, as well as a significant step to accelerate our international expansion plans and fuel future growth for the combined Group."

The group's GMV reached PLN 9.9bn in Q3 2021 (+19.9% YoY), resulting in almost PLN 30bn of gross merchandise value transacted on the platform this year by end-September (+23.4% YoY). This was achieved thanks to numerous improvements across the so-called retail basics (selection, price, convenience - the key factors impacting shopping experience), which took our consumer NPS (net promoter score) to 77.4 pts. Allegro opened its buy-now-pay-later service Allegro Pay to all customers, and hit its previous 2021 goal of PLN 1.0bn in extended loans already in September, raising the full-year target to PLN 1.5bn as a result. The offer only added to the convenience of Allegro Smart! - a byword for comfortable and affordable online shopping as well as an undeniable market benchmark. This year's record-setting shopping festival, Smart! Week, is a testament to that, with clients buying around 3m products a day and saving almost PLN 70m overall. At the same time, merchants saw their sales surge by 72%. Smart! already covers 160m offers, with over 25m available for next-day delivery and several million ready to be delivered on the same day.

Customers love fast delivery and fast delivery drives more sales for merchants. This is why Allegro continues to innovate and invest. The purchase of X-press Couriers and other delivery experience projects were Allegro steps with this intention in mind. The Group launched the One Fulfillment by Allegro trial for select merchants in September, followed by the rollout of its own parcel-locker network last week. Allegro also 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, increasing product selection in terms of both volume and quality. This quarter's newcomers to our platform include: Duka, Sprandi - a brand by Poland's largest shoe retailer CCC, or Dada - a baby care label by Poland biggest food retailer Biedronka.

Revenue rose by almost a third YoY and reached PLN 1.234bn in Q3 2021, with the marketplace part making up almost 82% of the total and itself 31% higher YoY. Allegro's

advertising business continued to grow too, expanding well ahead of GMV growth at +39.7% YoY in Q3 and contributing nearly 11% to group revenues in the period. Take Rate rose by 0.9pp for Q3 in YoY terms, down by 0.17pp QoQ at 10.29% of GMV, in line with expectations. EBilet is starting to contribute to GMV with demand for tickets recovering. All in all, 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. Allegro's guidance for capital expenditures in 2021, lowered slightly last quarter, is also maintained at PLN 475-525m.

"The year is progressing in line with our expectations, with GMV growth accelerating to 19.9% in Q3 from 10.6% in Q2. Growth is underpinned by consumers sticking with their post-lockdown e-commerce shopping habits, as well as the impact of Allegro's constant improvements to price, selection, the Smart! program and new initiatives such as Allegro Pay," says **Jon Eastick, Allegro's CFO**. "Our recently announced Mall Group acquisition provides exciting new opportunities to unlock growth for the joint teams across a larger market footprint. We expect leverage at closing to be a very manageable 3x EBITDA. The deal enables Allegro to invest much of its PLN 1.8 bn of cash reserves in an exciting transformational project to create value for investors by delighting millions of consumers new to e-commerce horizontal marketplace shopping."

## Business highlights

### Retail basics

- Number of offers exceeds 250 million, with brands like Duka, CCC's Sprandi and Biedronka's Dada joining the platform.
- Consumers find the most attractive prices on Allegro, with the number of participants for the Allegro Ceny merchants program growing 6-fold QoQ.
- Allegro Family helps attract new buyers thanks to the benefits of the loyalty program and the possibility of sharing Smart! benefits with family members.
- Allegro launches 1-click BLIK payment with Poland's largest bank, allowing for easier and safer purchases.

### Delivery experience

- One Fulfillment by Allegro launched a trial period for a select merchant pool creating a new, comprehensive logistics service. Further rollout is expected for Q1 2022.
- One Box by Allegro rolled out last month as part of the new One by Allegro brand. Over 600 green parcel lockers are open for customer use and a total of 3,000 planned by the end of 2022. The network will gradually develop across Poland with selection coverage set to widen in the coming months.
- One Punkt by Allegro - partner Pick-Up Drop-Off network developed by Allegro now spans 800 points across Poland.

- Allegro boosts its same-day delivery capacity with the acquisition of X-press Couriers, which complements the group's fulfillment and locker services.

### **Allegro Smart! and Allegro Pay**

- This year's Smart! Week set new records, with over 1.5m promotional offers for customers, who could benefit from prices reduced as much as 70%, while merchants saw their sales around 72% higher.
- Reducing the minimum order value for free courier delivery to PLN 40 helped customers without easy access to lockers, while providing an additional boost to GMV.
- Continuation of the Smart! na Start campaign supports growth in the number of Smart! users, who can now pick from over 160m Smart! offers.
- Allegro Pay opened to all customers with an offer to postpone payments or cut them into up to 20 installments. The service's convenience and Smart! Week availability helped Allegro Pay hit its previous 2021 target of PLN 1.0bn loans issued already by end-September. The new full-year goal is now at least PLN 1.5bn.
- Allegro Pay's NPS reached sector-leading 93 in Q3, with the expected credit losses remained below 2%.
- Agreement with AION Bank to take some of Allegro Pay's instalment loans off of the group's balance sheet helps secure the service's future growth. The total balance of outstanding loans to be covered by the agreement stands at up to PLN 2bn within two years, with the first PLN 100-200m tranche to be sold to AION by end-2021.

### **Employer of choice**

- The total Allegro.eu team grew to over 4,300, with recruitment efforts in technology, corporate functions, as well as operational positions connected to scaling up of the fulfillment centers in Adamów and Błonie.
- Further investments into developing technology teams across Poland with new locations planned in Katowice, Łódź, Gdańsk, Lublin and Wrocław, as well as further development of Allegro's fulfillment facilities.

### **International expansion**

- Allegro plans to finalise the acquisition of the Mall Group in H1 2022. It will connect more than 135k Allegro merchants to a combined active customer base of over 18m customers across Central and Eastern Europe.
- The tie-up will 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 combined team of ~7,200 people shares a consumer-oriented and innovation-focused culture and will enjoy enhanced development opportunities in a

vibrant, international workplace.

## ESG

- MSCI ESG Ratings upgraded Allegro.eu from BB to A in September, marking Allegro as ESG Leader in corporate governance and privacy & data policy. The group issued its newest [ESG Report](#) in accordance with the international reporting standards.
- 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.
- Allegro signed the Diversity & Inclusion Declaration in October. Reinforced by internal focus on building employee awareness regarding Diversity and Inclusion.

## Allegro.eu's selected operating and financial results

	YTD 2021	YTD 2020	Change %	Q3 2021	Q3 2020	Change %
<b>Income Statement, PLN m</b>						
<b>GMV (PLN in millions)</b>	<b>29,933.2</b>	<b>24,259.7</b>	<b>23.4%</b>	<b>9,897.1</b>	<b>8,253.1</b>	<b>19.9%</b>
<b>Revenue</b>	<b>3,752.2</b>	<b>2,698.8</b>	<b>39.9%</b>	<b>1,233.9</b>	<b>928.7</b>	<b>32.9%</b>
<b>EBITDA</b>	<b>1,532.1</b>	<b>1,073.3</b>	<b>42.7%</b>	<b>457.1</b>	<b>284.7</b>	<b>60.5%</b>
<b>Adjusted EBITDA</b>	<b>1,567.2</b>	<b>1,216.5</b>	<b>28.8%</b>	<b>471.7</b>	<b>408.5</b>	<b>15.5%</b>
<b>Net Profit / (Loss)</b>	<b>889.9</b>	<b>158.0</b>	<b>463.2%</b>	<b>324.4</b>	<b>(131.7)</b>	<b>N/A</b>

## 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.