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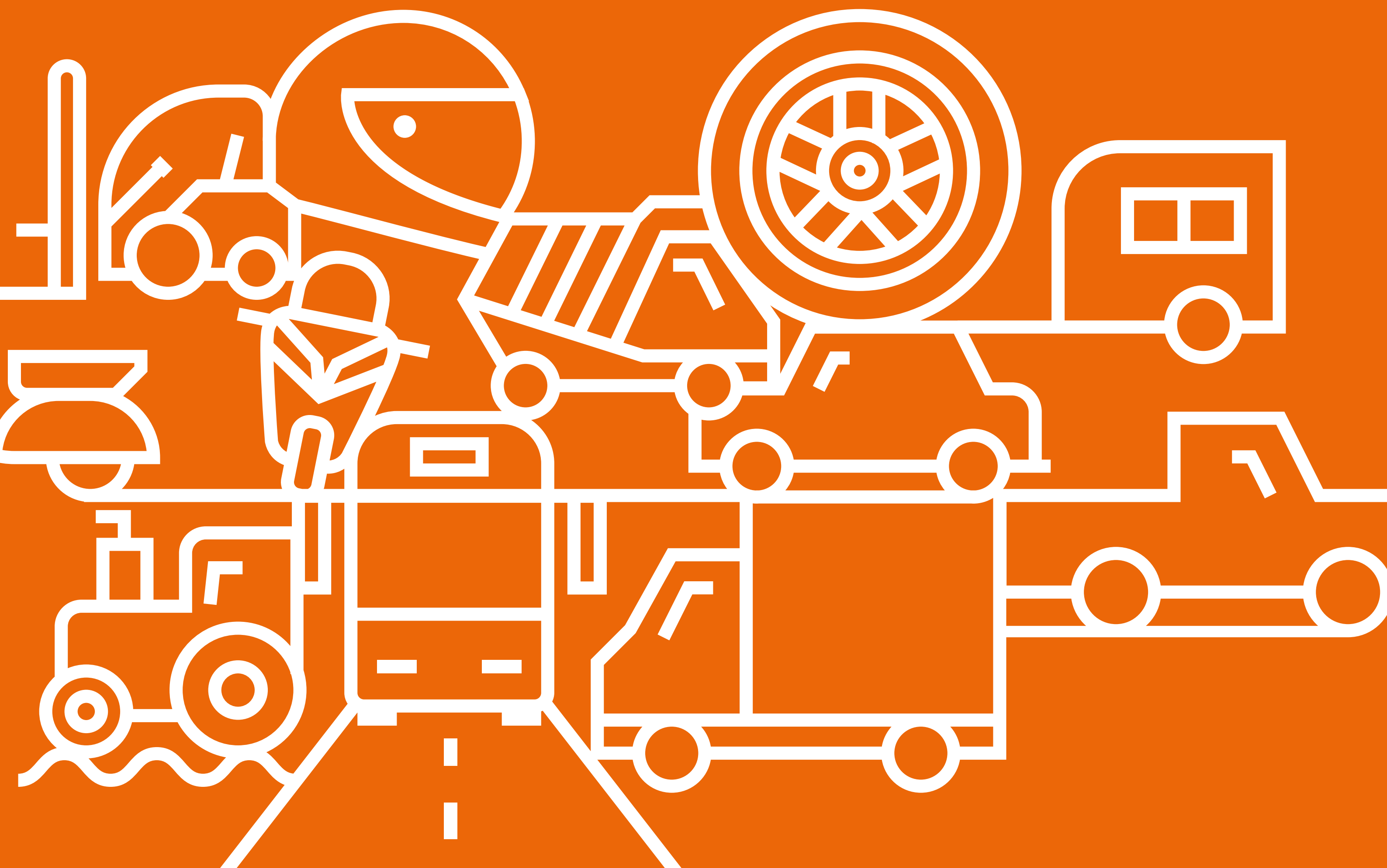
THIRD QUARTER REPORT OF ALLEGRO.EU GROUP

for the three- and nine-month periods ended 30 September 2022



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GENERAL INFORMATION

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1. Definitions

Unless otherwise required by the context, the following definitions shall apply throughout the document:

"1P"	First-party.
"3P"	Third-party.
"9M"	Nine-month period ended 30 September for a given year
"AF"	Allegro Fulfillment.
"AIP"	Allegro Incentive Plan.
"Allegro"	Allegro sp. z o.o. (from 1 July 2022, previously Allegro.pl sp. z o.o.)
"Allegro Pay"	Allegro Pay Sp. z o.o.
"APMs" or "Lockers"	Automated Parcel Machines.
"BNPL"	Buy Now Pay Later.
"Ceneo.pl"	Ceneo.pl sp. z o.o.
"CEE"	Central and Eastern Europe
"Cinven"	Depending on the context, any of, or collectively, Cinven Partnership LLP, Cinven Holdings Guernsey Limited, Cinven (Luxco 1) S.A. and their respective "associates" (as defined in the UK Companies Act 2006) and/or funds managed or advised by any of the foregoing.
"Company" or "Allegro.eu"`	Allegro.eu, a public limited liability company (société anonyme), incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 1, rue Hildegard von Bingen, L-1282 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies' Register (Registre de Commerce et des Sociétés, Luxembourg) under number B214830.
"CPC"	Cost Per Click.
"eBilet"	eBilet Polska Sp. z o.o.
"EC"	European Commission.
"EU"	European Union.
"excl. Mall"	excluding relevant information for the Mall Group a.s. and WE|DO CZ s.r.o. and their operating direct and indirect subsidiaries.
"FY"	A financial year of the Company ending on 31 December of the relevant civil year.
"GMV"	Gross merchandise value.
"Group"	Allegro.eu and its consolidated subsidiaries.
"IAS"	International Accounting Standards as adopted by the EU.
"IFRS"	International Financial Reporting Standards, as adopted by the EU.
"IFRS 15"	International Financial Reporting Standard 15 'Revenue from contracts with customers'.
"IPO"	The initial public offering of the shares of the Company on the WSE.
"incl. Mall"	including relevant information for the Mall Group a.s. and WE|DO CZ s.r.o. and their operating direct and indirect subsidiaries.
"IT"	Information Technology.
"H1"	First half of a given year, six-month period ended 30 June.
"H2"	Second half of a given year, six-month period ended 31 December.
"Key Managers"	Individuals, in addition to the Board of Directors, considered relevant to establishing that the Group has the appropriate expertise and experience for the management of the business.

"Lockers" or "APMs"	Automated Parcel Machines.
"LTM"	Last twelve months. Represents twelve months preceding the end of a period.
"Luxembourg"	The Grand Duchy of Luxembourg.
"Mall Group"	Mall Group a.s., including its operating direct and indirect subsidiaries.
"Mall Group Acquisition"	Acquisition of the Mall Group a.s. and WE|DO CZ s.r.o., announced on 4 November 2021 and closed on 1 April 2022.
"Mall segment"	Mall Group a.s. and WE|DO CZ s.r.o. and their operating direct and indirect subsidiaries: WE|DO CZ s.r.o, Mall Group a.s., Internet Mall a.s., Internet Mall Hungary Kft.; Mimovrste, spletna trgovina d.o.o., Internet Mall Slovakia s.r.o., Internet Mall d.o.o., Netretail Sp. z.o.o., m-HU Internet Kft., Uloženka s.r.o. E-commerce Holding a.s., CZC.cz s.r.o., LGSTCS a.s., Digital Engines s.r.o. v likvidaci, Uloženka s.r.o., Rozbaleno.cz s.r.o. v likvidaci. These entities comprise the "Mall segment" reportable in the Group's financial statements.
"MOV"	Minimum order value necessary to receive a service or a discount.
"N/A"	Not applicable.
"NDD"	Next Day Delivery.
"Permira"	Depending on the context, any of, or collectively, Permira Holdings Limited, Permira Debt Managers Limited, Permira Advisers (London) Limited, Permira Advisers LLP and each of Permira Holdings Limited's subsidiary undertakings from time to time, including the various entities that individually act as advisers or consultants in relation to the funds advised and/or managed by Permira.
"PLN" or "złoty"	Polish złoty, the lawful currency of Poland.
"Poland"	The Republic of Poland.
"Polish operations"	Allegro.eu S.A., Allegro Treasury S.à r.l. and its consolidated subsidiaries operating in Poland: Allegro Sp. z o.o. (previously Allegro.pl sp. z o.o.), Allegro Pay sp. z o.o., Allegro Finance sp. z o.o., Opennet.pl sp. z o.o. and SkyNet Customs Brokers sp. z o.o. together form the "Allegro segment"; Ceneo.pl Sp. z o.o. forms the "Ceneo segment"; Allegro Treasury S.à r.l., Allegro.eu S.A. and eBilet Polska Sp. z o.o. together form the "Other segment".
"pp"	Percentage points.
"PPC"	Pay Per Click.
"PSU"	Performance Share Unit plan which represents part of AIP.
"Q1"	First quarter of a given year, a three-month period ended 31 March.
"Q2"	Second quarter of a given year, a three-month period ended 30 June.
"Q3"	Third quarter of a given year, a three-month period ended 30 September.
"Q4"	Fourth quarter of a given year, a three-month period ended 31 December.
"QoQ"	Quarter over quarter, i.e. sequential quarterly change.
"Report"	This quarterly report of the Company for the nine-month period ended 30 September 2022.
"RSU"	Restricted Stock Unit plan which represents part of AIP.
"Senior Managers"	Jointly: Members of the Board of Directors of Allegro.eu, Management Board Members of Allegro and Management Board Members of Ceneo.pl
"Significant Shareholders"	Cidinan S.à r.l., representing the interests of Cinven & Co-Investors, Permira VI Investment Platform Limited, representing the interests of Permira & Co-Investors, Mepinan S.à r.l., representing the interests of Mid Europa Partners Funds.
"SPA"	Share purchase agreement to acquire Mall Group a.s. and WE|DO CZ s.r.o. that Allegro.eu and Allegro entered into on 4 November 2021.
"UOKiK or OCCP"	Polish Office for Competition and Consumer Protection (Urząd Ochrony Konkurencji i Konsumentów).
"WE|DO "	WE|DO CZ s.r.o. and its operating subsidiary WE|DO Slovakia s.r.o.
"WIBOR"	The Warsaw Interbank Offered Rate is the average interest rate estimated by leading banks in Warsaw that the average leading bank would be charged if borrowing from other banks. Unless specified otherwise, this refers to three-month WIBOR for loans for a three-month period.
"WSE"	The Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) and, unless the context requires otherwise, the regulated market operated by such a company.
"YoY"	Year over year.
"YTD"	Year-to-date.
"YTD Q3"	Year-to-date as of 30 September; nine-month period ended 30 September.

2.
Introduction

This is the report relating to the third quarter of the financial year 2022 of Allegro.eu, a public limited liability company (société anonyme), incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 1, rue Hildegard von Bingen, L-1282 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies' Register (Registre de Commerce et des Sociétés, Luxembourg) under number B214830. This Report summarises consolidated financial and operating data of Allegro.eu and its subsidiaries.

Allegro.eu is a holding company (together with all of its subsidiaries, the "Group"). The Group operates the leading online marketplace in Poland, Allegro.pl, and the leading price comparison platform in Poland, Ceneo.pl. Allegro, owner of the Allegro.pl online marketplace, and Ceneo.pl are the Group's key operating companies in Poland. Other significant operations in Poland are Allegro Pay, which provides proprietary consumer finance services to Allegro, and eBilet, which is the leading event ticket sales site in the country. All these entities are incorporated under the laws of Poland. All these entities are incorporated under the laws of Poland.

From 1st April 2022, the Allegro.eu Group includes also the Mall Group, a leading e-commerce platform across Central and Eastern Europe and WE|DO, a last mile delivery business. Mall Group operates as an online retailer and marketplace across multiple shopping verticals in Czechia, Slovakia, Slovenia, Hungary, Croatia, and Poland (the latter now in liquidation). WE|DO provides last mile distribution services in Czechia and Slovakia, counting the Mall Group as one of its key customers. Both Mall Group and WE|DO have been acquired as 100% subsidiaries of Allegro. Together they form the Mall Segment of the Group's operations.

The shares of the Company have been traded on the Warsaw Stock Exchange since 12 October 2020.

At the date of the Report, (i) 27.13% of the issued shares of the Company are controlled by Cidinan S.à r.l., a private limited liability company (société à responsabilité limitée) incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 4, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies' Register (Registre de Commerce et des Sociétés, Luxembourg) under number B204672 ("Cidinan S.à r.l."), representing the interests of Cinven & Co-Investors, (ii) 27.13% by Permira VI Investment Platform Limited, representing the interests of Permira & Co-Investors, and (iii) 6.03% by Mepinan S.à r.l., a private limited liability company (société à responsabilité limitée) incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 163, rue du Kiem, L-8030 Strassen, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies' Register (Registre de Commerce et des Sociétés, Luxembourg) under number B246319 ("Mepinan S.à r.l."), representing the interests of Mid Europa Partners Funds. The remaining 39.70% is owned by other shareholders amongst which the management of the Allegro Group. The number of shares held by each investor is equal to the number of votes, as there are no privileged shares issued by the Company in accordance with the articles of association of the Company.

3.
Forward-looking statements

This Report includes forward-looking statements, which include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or that include the words "targets," , "guidance," "believes," "expects," "aims," "intends," "will," "may," "anticipates," "would," "could", or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group's control that could cause the Group's actual results, its financial situation and results of operations or prospects of the Group to materially differ from any of those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which it currently operates and will operate in the future. Among the important factors that could cause the Group's actual results, financial situation, results of operations or prospects to differ from those expressed in such forward-looking statements are those factors discussed in the "Management's discussion and analysis of financial condition and result of operations" section and elsewhere in this Report. These forward-looking statements speak only as of the date of this Report. The Group has no obligation and has made no undertaking to disseminate any updates of or revisions to any forward-looking statements contained in this Report, unless it is required to do so under applicable laws or the WSE Rules.

Investors should be aware that several important factors and risks may cause the actual results of the Group to differ materially from the plans, objectives, expectations, estimates, and intentions expressed in such forward-looking statements.

The Group makes no representation, warranty, or prediction that the factors anticipated in such forward-looking statements will be present, and such forward-looking statements represent, in each case, only one of many possible scenarios, and should not be viewed as the most likely or typical scenario.

The Group has not published and does not intend to publish any profit estimates or forecasts.

4. Presentation of Financial Information

Unless otherwise stated, the financial information in this Report has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The significant IFRS accounting policies applied in the financial information of the Group are applied consistently in the financial information in this Report.

Historical Financial Information

This Report includes the consolidated financial information of the Group as of 30 September 2022 and for the nine-month periods ended 30 September 2022 and 30 September 2021, which have been derived from the unaudited interim condensed consolidated financial statements of the Group as of and for the nine-month periods ended 30 September 2022 and 30 September 2021, prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting," the standard of IFRS applicable to the preparation of interim financial statements (the "Interim Financial Statements," together with the Annual Financial Statements, the "Financial Statements"), and included elsewhere in this Report. PricewaterhouseCoopers, Société coopérative, having its registered office at 2, rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies' Register (Registre de Commerce et des Sociétés, Luxembourg) under number B65477, has reviewed the Interim Financial Statements in its capacity as independent statutory auditor (réviseur d'entreprises agréé) of the Company.

Alternative Performance Measures

The Group has included certain alternative performance measures in this Report, including, among others, GMV, Adjusted EBITDA, Adjusted EBITDA/net revenue, Adjusted EBITDA/GMV, total capital expenditure, capitalised development costs, 1P gross margin, other capital expenditure, net debt, net leverage, and working capital.

The Group has defined the alternative performance measures as follows:

"1P Gross Margin" means the difference between the 1P retail revenue and cost of goods sold (comprising purchasing costs, purchasing rebates, packaging, delivery costs, inventory valuation reserves, shortages and damages) divided by 1P retail revenue;

"Adjusted EBITDA" means operating profit before depreciation, amortisation and recognised impairment losses of non-current non-financial assets and decreased by reversal of such impairment losses further adjusted to exclude transaction costs, monitoring costs, market strategy preparation costs, employee restructuring costs, regulatory proceeding costs, group restructuring costs, donations to various public benefit organisations, certain bonuses for employees, funds spent on protective equipment against COVID-19, and expenses related to share based payments in connection with the Allegro Incentive Plan;

"Adjusted EBITDA/GMV" means Adjusted EBITDA divided by GMV;

"Adjusted EBITDA/revenue" means Adjusted EBITDA divided by Revenue;

"Adjusted net profit" means net profit (loss) adjusted for the same one-off items as those described for Adjusted EBITDA above, net of the tax impact, and further adjusted for any one-off financial expenses, such as early repayment fees and deferred amortised costs arising on refinancing arrangements, net of their tax implications;

"Capitalised development costs" means the costs that are capitalised and have been incurred in relation to the production of software containing new or significantly improved functionalities by the technology department and incurred before the software is launched commercially or the technology is applied on a serial basis;

"GMV" means gross merchandise value, which represents the total gross value of goods and tickets sold on the following platforms (including value added taxes):

i. for the Polish operations: Allegro.pl, Allegrolokalnie.pl, and eBilet.pl;
ii. for the Mall segment: Mall.cz, Mall.hu, Mall.sk, Mall.hr, Mimovrste.com, CZC.cz;
iii. for the consolidated Group: all the platforms operated by the Group listed above;

"LTM GMV" means GMV generated by the Group in the twelve months prior to the balance sheet date;

"Net debt" means the sum of borrowings and lease liabilities minus cash and cash equivalents;

"Leverage" means Net debt divided by Adjusted EBITDA for the preceding twelve months;

"Other capital expenditure" means amounts paid for investments in rollout of Group's own lockers network and fulfillment capacities; building the relevant capacity of data centres, equipping employees with appropriate equipment (i.e. workstations), office equipment (e.g. fit-out and IT devices) and copyrights;

"Take rate" represents the ratio of marketplace revenue divided by GMV after deducting the GMV generated by 1P retail sales (grossed up for VAT);

"Total capital expenditure" means cash outflows in respect of property, plant and equipment and intangible assets, and comprises capitalised development costs and other capital expenditure; and

"Changes in working capital" means the sum of the changes in inventory, trade and other receivables, consumer loans, trade and other liabilities and the liabilities to employees during the period.

The Group presents the alternative performance measures because the Group's management believes that they assist investors and analysts in comparing the Group's performance and liquidity across reporting periods. The Group presents GMV as a measure of the total value of goods sold over a certain period, which allows for growth to be compared over different periods, including weekly, monthly, quarterly, and annually. The Group considers Adjusted EBITDA to be a useful metric for evaluating the Group's performance as they facilitate comparisons of the Group's core operating results from period to period by removing the impact of, among other things, its capital structure, asset base, tax consequences and specific non-recurring costs. The Group uses Adjusted EBITDA for the purposes of calculating Adjusted EBITDA/net revenue and Adjusted EBITDA/GMV. The Group presents total capital expenditure split between capitalised development costs and other capital expenditure in order to show the amount of expenditures, including, among other things, staff costs and costs of contractors and third party service providers, incurred in relation to the production of new or improved software before it is put to use on the Group's various software platforms.The Group believes this split is important for investors to understand its amortisation of intangible assets. The Group presents net debt and net leverage because the Group believes these measures provide indicators of the overall strength of its balance sheet and can be used to assess, respectively, the impact of the Group's cash position and its earnings as compared to its indebtedness. The Group monitors working capital to evaluate how efficient it is at managing its cash provided by operating activities.

The alternative performance measures are not accounting measures within the scope of IFRS and may not be permitted to appear on the face of Financial Statements or footnotes thereto. These alternative performance measures may not be comparable to similarly titled measures of other companies. Neither the assumptions underlying the alternative performance measures have been audited in accordance with IFRS or any generally accepted accounting standards. In evaluating the alternative performance measures, investors should carefully consider the Financial Statements included in this Report.

The alternative performance measures have limitations as analytical tools. For example, Adjusted EBITDA and related ratios do not reflect: the Group's cash expenditures, or future requirements, for capital expenditures or contractual commitments; changes in, or cash requirements for, the Group's working capital needs; interest expense, income taxes or the cash requirements necessary to service interest or principal payments, on the Group's debt; or the impact of certain cash charges resulting from matters that the Group does not consider to be indicative of its ongoing operations.

In evaluating Adjusted EBITDA, investors are encouraged to evaluate each adjustment and the reasons the Group considers it appropriate as a method of supplemental analysis. In addition, investors should be aware that the Group may incur expenses similar to the adjustments in this presentation in the future and that certain of these items could be considered recurring in nature. The Group's presentation of Adjusted EBITDA should not be construed as an inference that the Group's future results will be unaffected by unusual or non-recurring items. Adjusted EBITDA has been included in this Report because it is a measure that the Group's management uses to assess the Group's operating performance.

Investors are encouraged to evaluate any adjustments to IFRS measures and the reasons the Group considers them appropriate for supplemental analysis. Because of these limitations, as well as further limitations discussed above, the alternative performance measures presented should not be considered in isolation or as a substitute for performance measures calculated in accordance with IFRS.

Where applicable, the Group presents a reconciliation of the Alternative Performance Measures to the most directly reconcilable line item, subtotal, or total presented in the financial statements of the corresponding period, separately identifying and explaining the material reconciling items in sections "Management's discussion and analysis of financial condition and result of operations" and "Appendix 1: Reconciliation of the key Alternative Performance Measures to Financial Statements" .

Non-Financial Measures

The Group has further to the listed above Alternative Performance Measures, included certain non-financial measures, including, among others, Active Buyers and GMV per Active Buyer.

The Group has defined the non-financial measures as follows:

"Active Buyers" represents, as of the end of a period, each unique email address connected with a buyer that has made at least one purchase on any of Allegro.pl, Allegrolokalnie.pl or eBilet.pl in the preceding twelve months. Active Buyers is a last-twelve-month measure and it will be reported for the Mall segment once the twelve months since acquisition will pass in Q1 2023;

"GMV per Active Buyer" represents LTM GMV divided by the number of Active Buyers as of the end of a period. GMV per Active Buyer is a last-twelve-month measure and it will be reported for the Mall segment once the twelve months since acquisition will pass in Q1 2023.

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II.

MANAGEMENT REPORT

1. Selected consolidated financial and operational highlights

Income Statement, PLN m (unaudited)	9M 2022	9M 2021	Change %	Q3 2022	Q3 2021	Change %
Revenue	**5,922.1**	**3,752.2**	**57.8%**	**2,319.5**	**1,233.9**	**88.0%**
of which Polish operations	*4,619.9*	*3,752.2*	*23.1%*	*1,627.3*	*1,233.9*	*31.9%*
of which Mall segment	*1,305.2*	*N/A*	*N/A*	*694.5*	*N/A*	*N/A*
of which Eliminations & Other	*(3.0)*	*N/A*	*N/A*	*(2.4)*	*N/A*	*N/A*
EBITDA	**1,372.5**	**1,532.1**	**(10.4%)**	**491.0**	**457.1**	**7.4%**
of which Polish operations	*1,515.1*	*1,532.1*	*(1.1%)*	*560.0*	*457.1*	*22.5%*
of which Mall segment	*(142.7)*	*N/A*	*N/A*	*(69.0)*	*N/A*	*N/A*
Adjusted EBITDA	**1,484.4**	**1,567.2**	**(5.3%)**	**537.3**	**471.7**	**13.9%**
of which Polish operations	1,601.7	1,567.2	2.2%	587.6	471.7	24.6%
of which Mall segment	(117.4)	N/A	N/A	(50.3)	N/A	N/A
EBIT	**(1,554.6)**	**1,151.1**	**(235.0%)**	**(2,044.9)**	**323.1**	**(732.8%)**
Profit / (Loss) before Income tax	**(1,901.6)**	**1,106.6**	**(271.8%)**	**(2,155.4)**	**380.7**	**(666.1%)**
Net Profit / (Loss)	**(2,096.4)**	**889.9**	**(335.6%)**	**(2,199.8)**	**324.4**	**(778.2%)**

Balance sheet	30.09.2022 (unaudited)	31.12.2021 (audited)	Change %
Assets	19,415.7	16,869.9	15.1%
Equity	8,866.6	9,454.1	(6.2%)
Net Debt	6,828.4	3,660.2	86.6%

Cash Flow, PLN m (unaudited)	9M 2022	9M 2021	Change %	Q3 2022	Q3 2021	Change %
Net cash inflow/(outflow) from operating activities	999.8	1,019.1	(1.9%)	369.3	362.7	1.8%
Net cash inflow/(outflow) from investing activities	(2,913.6)	(256.9)	1,034.0%	(171.8)	(103.7)	65.7%
Net cash inflow/(outflow) from financing activities	809.7	(172.9)	N/A	(132.7)	(55.6)	138.6%
Net increase/(decrease) in cash and cash equivalents	(1,104.1)	589.2	(287.4%)	64.8	203.4	(68.1%)

2.

Management's discussion and analysis of financial condition and result of operations

2.1. Key Performance indicators

The following KPIs are measures used by the Group's management to monitor and manage operational and financial performance.

KPIs (unaudited)	9M 2022	9M 2021	Change %	Q3 2022	Q3 2021	Change %
Active Buyers (millions, for Polish operations [1])	**13.8**	**13.4**	**3.0%**	**13.8**	**13.4**	**3.0%**
GMV per Active Buyer (PLN, for Polish operations [1])	**3,448.7**	**3,043.0**	**13.3%**	**3,448.7**	**3,043.0**	**13.3%**
GMV (PLN in millions)	**36,628.8**	**29,933.2**	**22.4%**	**12,906.7**	**9,897.1**	**30.4%**
of which Polish operations	*34,946.0*	*29,933.2*	*16.7%*	*12,011.8*	*9,897.1*	*21.4%*
of which Mall segment	*1,682.8*	*N/A*	*N/A*	*894.9*	*N/A*	*N/A*
Polish operations LTM GMV (PLN in millions) [1]	**47,614.5**	**40,784.4**	**16.7%**	**47,614.5**	**40,784.4**	**16.7%**

KPIs (unaudited)	9M 2022	9M 2021	Change %	Q3 2022	Q3 2021	Change %
Take Rate (%) [2]	**10.79%**	**10.40%**	**0.40 pp**	**11.06%**	**10.29%**	**0.77 pp**
of which Polish operations	*10.78%*	*10.40%*	*0.39 pp*	*11.05%*	*10.29%*	*0.76 pp*
of which Mall segment	*11.73%*	*N/A*	*N/A*	*11.89%*	*N/A*	*N/A*
1P Gross Margin	**9.50%**	**(0.48%)**	**9.98 pp**	**10.21%**	**(5.25%)**	**15.46 pp**
of which Polish operations	*(0.62%)*	*(0.48%)*	*(0.13 pp)*	*(0.26%)*	*(5.25%)*	*4.99 pp*
of which Mall segment	*11.93%*	*N/A*	*N/A*	*11.94%*	*N/A*	*N/A*
Adjusted EBITDA (PLN in millions)	**1,484.4**	**1,567.2**	**(5.3%)**	**537.3**	**471.7**	**13.9%**
of which Polish operations	*1,601.7*	*1,567.2*	*2.2%*	*587.6*	*471.7*	*24.6%*
of which Mall segment	*(117.4)*	*N/A*	*N/A*	*(50.3)*	*N/A*	*N/A*
Adjusted EBITDA/revenue (%)	**25.06%**	**41.77%**	**(16.70pp)**	**23.16%**	**38.23%**	**(15.06pp)**
of which Polish operations	*34.67%*	*41.77%*	*(7.10pp)*	*36.11%*	*38.23%*	*(2.12pp)*
of which Mall segment	*(8.99%)*	*N/A*	*N/A*	*(7.23%)*	*N/A*	*N/A*
Adjusted EBITDA/GMV (%)	**4.05%**	**5.24%**	**(1.18 pp)**	**4.16%**	**4.77%**	**(0.60pp)**
of which Polish operations	*4.58%*	*5.24%*	*(0.65 pp)*	*4.89%*	*4.77%*	*0.13pp*
of which Mall segment	*(6.98%)*	*N/A*	*N/A*	*(5.61%)*	*N/A*	*N/A*

[1] LTM measures for the Mall segment are not yet available, as it is consolidated for the first time since Q2 2022
[2] Blended average take rate

GMV and Active Buyers

During the Q3 2022, GMV for the consolidated Group increased by PLN 3,009.6 million, or 30.4% YoY, from PLN 9,897.1 million for Q3 2021, to PLN 12,906.7 million for Q3 2022, whereas for 9M 2022 GMV for the consolidated Group increased by PLN 6,695.6 million, or 22.4% YoY from PLN 29,933.2 million to PLN for 9M 2021 to PLN 36,628.8 million for 9M 2021.

Consolidated GMV growth of 30.4% in Q3 2022 was boosted by the consolidation impact of the Mall segment, as GMV for the Mall segment of PLN 894.9 million for Q3 2022 added 9.0pp to the Group's growth rate. From the YTD Q3 perspective the Mall segment, which was acquired and consolidated from 1 April 2022, contributed PLN 1,682.8 million across Q2 and Q3 to the Group's consolidated GMV growth, adding 5.7pp to the Group's GMV growth rate of 22.4% for YTD Q3 2022.

GMV growth in Q3 2022 for the Polish Operations was up by 21.4% YoY, while for 9M 2022 it increased by 16.7% YoY. The growth accelerated in Q3 versus the Q2 run-rate in part due to a lack of any Covid lockdown headwinds being present in the Q3 2021 quarter, while Q2 growth was reduced by the effect of COVID lockdown headwinds throughout April and early May 2021.

The acceleration was broad-based across all the major categories available on the Polish marketplace, showing resilience of Allegro everyday shopping selection at attractive prices against the deteriorating macroeconomic and geopolitical backdrop. Organic growth in GMV was further supported by continued growth in Smart! users, strong performance of price benchmarking and pricing assistance, rapid adoption of Allegro Pay BNPL services and further increase in availability of next day deliveries. eBilet, the ticketing subsidiary, contributed 0.5pp positive growth to the Q3 GMV growth.

Active Buyers of the Polish Operations grew by 3.0% YoY and by 1.7% QoQ, and reached 13.8 million at the end of Q3 2022. The average annual spend per buyer kept on growing as the structural shift to online shopping continues, with GMV per Active Buyer reaching PLN 3,449 for Polish Operations, up by 13.3% YoY. During the 9M 2022 average selling prices tended to rise each month, which was partly offset by consumers trading down, with overall average order value trending upwards.

Adjusted EBITDA

The Group's Adjusted EBITDA increased by PLN 65.7 million, or 13.9% YoY, from PLN 471.7 million for Q3 2021, to PLN 537.4 million for Q3 2022, whereas for 9M 2022 Adjusted EBITDA for the consolidated Group decreased by PLN 82.9 million, or 5.3% YoY from PLN 1,567.2 million to PLN for 9M 2021 to PLN 1,484.4 million for 9M 2022.

Since Q2 2022 the Mall segment is consolidated by the Group and as such the consolidated Adjusted EBITDA at the Group level has been impacted by the losses generated by the Mall segment, by PLN 50.3 million loss in Q3 2022 and a loss of PLN 117.4 million for 9M, respectively.

The Adjusted EBITDA of the Polish Operations increased by 24.6% for Q3 2022, representing a significant sequential improvement from a 1.5% YoY decline in Q2 2022 and 13.6% YoY decline in Q1 2022. Strong performance in Q3 has driven the 9M 2022 Adjusted EBITDA to growth to 2.2% YoY to reach PLN 1,601.7 million.

Consolidated GMV margin was 4.16% for Q3 2022 compared to 4.77% for Q3 2021. For 9M 2022 the consolidated GMV margin was 4.05% compared to 5.24% a year ago. Of these decreases in margin, the Mall segment, which is consolidated by the Group since Q2 2022, contributed 0.73pp of the decline for Q3 2022 and 0.53pp of the decline for 9M 2022. Eliminating the drag from Mall segment consolidation, GMV margin for the core Polish operations segment increased by 0.13pp in Q3 2022 from 4.77% a year ago to 4.89% in Q3 2022. For 9M 2022, GMV margin for the Polish operations decreased by 65pp from 5.24% a year ago to 4.58% in 9M 2022.

Take Rate for the Polish operations reached 11.05% during Q3 2022, up by 0.76pp YoY. For 9M 2022 the Take Rate reached the level of 10.78%, up by 0.39pp YoY. These changes resulted from the revised co-financing rates and commission rates introduced during the first quarter of the year, followed by further changes to commission rates effective from mid-July and increased co-financing charges implemented from early August. These continued improvements to Take Rate, along with accelerating GMV growth and rising margin-accretive advertising revenue as a percentage of GMV drove the overall YoY improvement in GMV margin for the Polish operations in Q3 2022. The main drag on this margin improvement in Q3, which also drove a decline in margin for 9M 2022, was a higher share of Smart! and within that a 13pp YoY higher share of more expensive courier deliveries. This was the result of reducing the Smart! MOV for courier deliveries from 80 PLN to 40 PLN in late September 2021. A further drag on margin was the higher share of low margin retail business in the sales mix.

Rising costs of marketing mostly reflect increased spending on PPC to boost internet traffic acquisition as well as intensified brand marketing costs. While YoY increases in staff costs and other operating expenses reflect the 2021 investment in the organisation to support innovation on a broader scale, the YoY growth in adjusted SG&A costs for Polish Operations slowed down in Q3 2022 to 26.8% from 35.5% in Q2 2022, reflecting slower hiring, whilst maintaining the innovation capacity to support long-term growth.

The following table presents a reconciliation between Reported and Adjusted EBITDA for the periods under review:

Reconciliation of Adjusted EBITDA PLN m (unaudited)	9M 2022	9M 2021	Change %	Q3 2022	Q3 2021	Change %
EBITDA Polish Operations	**1,515.1**	**1,532.1**	**(1.1%)**	**560.0**	**457.1**	**22.5%**
Regulatory proceeding costs [1]	1.1	0.8	36.6%	0.1	0.2	(71.5%)
Group restructuring and development costs [2]	39.8	0.05	88,215.8%	7.3	—	N/A
Donations to various public benefit organisations [3]	3.0	2.3	29.9%	0.8	—	N/A
Bonus for employees and funds spent on protective equipment against COVID-19 [4]	0.4	1.0	(59.1%)	—	0.4	(100.0%)
Allegro Incentive Plan [5]	33.5	12.5	167.2%	17.4	3.8	359.4%
Transaction costs [6]	2.7	18.5	(85.6%)	(0.3)	10.2	(103.1%)
Employees restructuring cost [7]	6.2	—	N/A	2.4		N/A
Adjusted EBITDA Polish Operations	**1,601.7**	**1,567.2**	**2.2%**	**587.6**	**471.7**	**24.6%**
EBITDA Mall segment	**(142.7)**	**—**	**N/A**	**(69.0)**	**—**	**N/A**
Group restructuring and development costs	23.2	N/A	N/A	16.6	N/A	N/A
Allegro Incentive Plan	2.1	N/A	N/A	2.1	N/A	N/A
Adjusted EBITDA Mall segment	**(117.4)**	**N/A**	**N/A**	**(50.3)**	**N/A**	**N/A**
Adjusted EBITDA	**1,484.4**	**1,567.2**	**(5.3%)**	**537.3**	**471.7**	**13.9%**

[1] Represents legal costs mainly related to non-recurring regulatory proceedings, legal and expert fees and settlement costs.

[2] Represents legal and financial due diligence and other advisory expenses with respect to potential acquisitions or discontinued acquisition projects, post-acquisition integration cost and other advisory expenses with respect to signed and/or closed acquisitions and costs of Group restructuring.

[3] Represents donations made by the Group to support health service and charitable organisations and NGOs during the COVID-19 pandemic and to provide humanitarian aid to people affected by the war in Ukraine.

[4] Represents expenses incurred by the Group to buy employees' protective equipment against COVID-19 and to pay employees' bonuses for the purchase of equipment necessary to enable them to work remotely during the COVID-19 pandemic.

[5] Represents the costs of the Allegro Incentive Plan, under which awards in the form of Performance Share Units ("PSU") and Restricted Stock Units ("RSU") are granted to Executive Directors, Key Managers and other employees.

[6] Represents pre-acquisition advisory fees, legal, financial, tax due diligence and other transactional expenses incurred in relation to the completed acquisition of Mall Group a.s. and WE|DO CZ s.r.o.

[7] Represents certain payments related to reorganisation of the Management Boards of the parent entity and the underlying operating entities.

2.2. Review of Allegro.eu Group financial and operational results

2.2.1. RESULTS OF OPERATIONS FOR THE POLISH OPERATIONS

The following table presents the Group's summary consolidated statements of comprehensive income for the Polish Operations for Q3 and 9M 2022 and for Q3 and 9M 2021. Results of the Mall segment are not included in this section.

Consolidated statement of comprehensive income PLN m (unaudited)	9M 2022	9M 2021	Change %	Q3 2022	Q3 2021	Change %
Revenue	**4,619.9**	**3,752.2**	**23.1%**	**1,627.3**	**1,233.9**	**31.9%**
Marketplace revenue	3,731.5	3,088.8	20.8%	1,313.6	1,010.5	30.0%
Price comparison revenue	133.8	126.1	6.1%	42.9	35.5	20.8%
Advertising revenue	409.1	324.2	26.2%	142.9	109.4	30.5%
Retail revenue	295.2	191.9	53.9%	109.4	68.2	60.5%
Other revenue	50.2	21.2	136.6%	18.5	10.3	80.4%
Operating expenses	**(3,104.8)**	**(2,220.1)**	**39.9%**	**(1,067.2)**	**(776.8)**	**37.4%**
Payment charges	(103.5)	(105.9)	(2.3%)	(35.3)	(31.6)	11.6%
Cost of goods sold	(297.1)	(192.8)	54.1%	(109.7)	(71.8)	52.8%
Net costs of delivery	(1,195.3)	(816.9)	46.3%	(411.9)	(278.2)	48.1%
Marketing service expenses	(531.2)	(432.2)	22.9%	(190.3)	(157.7)	20.7%
Staff costs	(570.0)	(402.1)	41.7%	(188.2)	(134.4)	40.0%
IT service expenses	(108.6)	(71.2)	52.6%	(38.1)	(26.8)	42.4%
Other expenses	(246.9)	(135.7)	81.9%	(80.0)	(50.5)	58.3%
Net impairment losses on financial and contract assets	(49.6)	(44.7)	10.9%	(14.0)	(15.6)	(10.4%)
Transaction costs	(2.7)	(18.5)	(85.6%)	0.3	(10.2)	(103.1%)
Operating profit before amortisation, depreciation and impairment losses of non-current non-financial assets (EBITDA)	**1,515.1**	**1,532.1**	**(1.1%)**	**560.0**	**457.1**	**22.5%**

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REVENUE

Revenue increased by PLN 393.4 million, or 31.9%, from PLN 1,233.9 million for the Q3 2021 to PLN 1,627.3 million for the Q3 2022, whereas for 9M 2022 revenue increased by PLN 867.7 million, or 23.1%, from PLN 3,752.2 million for 9M 2021 to PLN 4,619.9 million for 9M 2022. This increase resulted primarily from growth in marketplace, advertising and retail revenue. Main drivers of key revenue streams are described below.

MARKETPLACE REVENUE

Marketplace revenue increased by PLN 303.1 million, or 30.0% from PLN 1,010.5 million for Q3 2021 to PLN 1,313.6 million for Q3 2022, whereas for 9M 2022 marketplace revenue increased by PLN 642.7 million, or 20.8%, from PLN 3,088.8 million for 9M 2021 to PLN 3,731.5 million for 9M 2022. The increase in the marketplace revenue resulted primarily from GMV growth which for 9M 2022 reached 16.7% YoY. The marketplace revenue increase was also further driven by higher Take Rate, which was up by 0.39pp YoY in 9M 2022 and by 0.76 pp YoY in Q3 2022, reflecting changes to the commission rates and co-financing charges implemented during the first quarter, followed by further increases introduced to co-financing rates in August 2022.

ADVERTISING REVENUE

Advertising revenue increased by PLN 33.4 million, or 30.5%, from PLN 109.4 million for the Q3 2021 to PLN 142.9 million for the Q3 2022, whereas for 9M 2022 advertising revenue increased by PLN 84.9 million, or 26.2%, from PLN 324.2 million for 9M 2021 to PLN 409.1 million for 9M 2022. This increase resulted primarily from further improvements in sponsored ads effectiveness, resulting in higher click through rates. Advertising revenue continued to grow ahead of GMV in Q3, reaching 1.19% of GMV (up from 1.11% in Q3'21).

OPERATING EXPENSES

Operating expenses increased by PLN 290.4 million, or 37.4%, from PLN 776.8 million for the Q3 2021 to PLN 1,067.2 million for the Q3 2022, whereas for 9M 2022 operating expenses increased by PLN 884.7 million, or 39.9%, from PLN 2,220.1 million for 9M 2021 to PLN 3,104.8 million for 9M 2022. This increase resulted primarily from higher net costs of delivery, staff costs, marketing expenses and IT service expenses as well as recognition of transaction and group restructuring costs connected to the agreement to acquire the Mall Group and WE|DO. Excluding costs eliminated in adjustments to arrive at Adjusted EBITDA as described in section 2.2.1, operating expenses rose by 36.4% in Q3 and 38.1% for 9M 2022, with the adjustments having the biggest impact on Staff costs and Other expenses net.

NET COSTS OF DELIVERY

Net costs of delivery increased by PLN 133.8 million, or 48.1%, from PLN 278.2 million for the Q3 2021 to PLN 411.9 million for the Q3 2022, whereas for 9M 2022 Net costs of delivery increased by PLN 378.4 million, or 46.3%, from PLN 816.9 million for 9M 2021 to PLN 1,195.3 million for 9M 2022. This increase resulted primarily from further growth in both the number and share of buyers on the Group's e-commerce marketplace who were users of the SMART! program and to the typically significant increase in spending that comes with the availability of offers with free delivery.

The YoY growth in the number of SMART! users was supported by several improvements to the SMART! product. In March 2021 the Group launched the "SMART! for Start" ("SMART! na Start") promotion, an attractive offer for less engaged buyers to try SMART! via a subscription free package of five free SMART! deliveries. Further SMART! program innovations included lifting coverage of courier service on SMART! offers close to 100% from mid-2021 and reducing MOV on courier deliveries to PLN 40 in late September 2021. Whilst driving the increase in SMART! penetration, these changes also translated into a higher share of courier deliveries, which was up by 13.3pp YoY in Q3 2022. After a strong increase during Q4 2021 and Q1 2022, the courier share stabilised from the QoQ perspective and was up only marginally, by 0.2% in Q3 2022.

Average cost per SMART! package delivered increased by 7.2% YoY in 9M 2022, mainly reflecting the increased share of courier deliveries in the mix. Net costs of delivery mainly represent the excess of SMART! free delivery costs over the revenues earned from SMART! subscriptions, while co-financing contributions from sellers are recorded as marketplace revenue and thus included in the Take Rate.

MARKETING SERVICE EXPENSES

Marketing service expenses increased by PLN 32.6 million, or 20.7%, from PLN 157.7 million for the Q3 2021 to PLN 190.3 million for the Q3 2022, whereas for 9M 2022 Marketing service expenses increased by PLN 99.0 million, or 22.9%, from PLN 432.2 million for 9M 2021 to PLN 531.2 million for 9M 2022. This increase was primarily driven by PPC expenses to boost internet traffic acquisition as well as intensified brand marketing costs. Despite the overall market trend driving up market CPCs at a key supplier, Allegro managed to lower its average CPC versus the prior year by optimising its campaign strategies, which led to GMV growth acceleration from paid channels.

STAFF COSTS

Staff costs increased by PLN 53.8 million, or 40.0%, from PLN 134.4 million for the Q3 2021 to PLN 188.2 million for the Q3 2022, whereas for 9M 2022 Staff costs increased by PLN 167.9 million, or 41.7%, from PLN 402.1 million for 9M 2021 to PLN 570.0 million for 9M 2022. This increase resulted primarily from increase in headcount vs. Q3 2021 as well as increases in base salaries. YoY increases in headcount reflect the 2021 investment in the organisation to support innovation on a broader scale, including internationalisation of the marketplace platform and the start up phases of the Polish Operation's commercial activities in fulfillment, deliveries to its own proprietary lockers and proprietary courier delivery services. Recruitment was concentrated in key areas of the organisation such as Technology, Commerce, Delivery Experience and Customer Experience, that should directly contribute to higher GMV and revenues over time.

Starting from Q2 2022 net recruitment slowed significantly, reflecting the focus on cost efficiency efforts with headcount growth slowing down in Q3 2022 to 18.5% YoY, while across Q2 and Q3 staffing growth has been limited to 4.6%. The annual pay review was applied and impacted average staff costs per employee from April 2022. The significantly higher inflation rates prevailing in 2022 resulted in higher increases being awarded than in the prior year pay review. Another driver was the second annual award of PSUs and RSUs made in April. The awards vest over a three year period, producing a PLN 13.6 million increase in the Allegro Incentive Plan expenses related to past awards as well as this year's grants.

OTHER EXPENSES

Expenses other than net costs of delivery, marketing and staff costs totalled PLN 276.8 million and increased by PLN 70.1 million, or 33.9% in Q3 2022, whereas for 9M 2022 other operating expenses increased by PLN 239.5 million, or 42.1%, from PLN 568.8 million for 9M 2021 to PLN 808.3 million for 9M 2022. This increase resulted primarily from growing costs of goods sold that were up by PLN 104.3 million YoY for 9M 2022, reflecting the growth of 1P business, IT service expenses which were up by PLN 37.4 million YoY for 9M 2022, and growth in Other Expenses of PLN 111.2 million for 9M 2022 line. This last amount includes PLN 42.5 million of transaction and Group restructuring costs incurred as a result of Mall Group / WE|DO acquisition, as well as higher consultancy and contractor outsourcing costs in connection with the development of new products and services related to the delivery experience development agenda, projects related to customer experience improvements and ongoing work on product catalogue development.

OPERATING PROFIT BEFORE AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES OF NON-CURRENT NON-FINANCIAL ASSETS (EBITDA)

Operating profit before amortisation and depreciation impairment losses of non-current non-financial assets (EBITDA) increased by PLN 102.9 million, or 22.5%, from PLN 457.1 million for the Q3 2021 to PLN 560.0 million for the Q3 2022, whereas for 9M 2022 EBITDA decreased by PLN 17.0 million, or 1.1%, from PLN 1,532.1 million for 9M 2021 to PLN 1,515.1 million for 9M 2022. This decrease resulted primarily from the factors described in the section 2.2.2.1.

Adjusted EBITDA includes PLN 86.6 million of one-off EBITDA adjustments reported in 9M 2022, compared to PLN 35.1 million one-offs reported in the prior year period. Key adjustments to EBITDA in the current period included PLN 39.8 million of Group restructuring and development costs and PLN 2.7 million in transaction costs, relating mainly to the Mall Group Acquisition and post-merger integration, as well as PLN 33.4 million of costs related to the Allegro Incentive Plan, under which awards in the form of Performance Share Units ("PSU") and Restricted Stock Units ("RSU") are granted to Executive Directors, Key Managers and other employees. One-off 9M 2022 adjustments to EBITDA include also PLN 6.2 million of employees restructuring costs, of which PLN 2.4 million was incurred in Q3 2022.

Adjusted EBITDA for the Polish Operations increased by 24.6% for Q3 2022, representing a significant sequential improvement from a 1.5% YoY decline in Q2 2022 and a 13.6% YoY decline in Q1 2022, driving Adjusted EBITDA growth for 9M 2022 up by 2.2% YoY to reach PLN 1,601.7 million .

2.2.2. RESULTS OF OPERATIONS FOR THE MALL SEGMENT

The following table presents selected consolidated financial information for the Mall segment, i.e. Mall Group and WE|DO, for Q3 2022. The Acquisition of the Mall Group a.s. and WE|DO CZ s.r.o. was closed on 1 April 2022 and for Q3 2022 the financial results of these entities are presented in a new operating segment "Mall".

Results for the Mall segment presented for 9M 2022 in the consolidated financial statements of the Group include the results for Q2 2022 and Q3 2022, but exclude Q1 2022 i.e. the period prior to the completion of the acquisition as pre-acquisition results do not form part of the Group's consolidated financial statements.

Income Statement Mall segment PLN m (unaudited)	**9M 2022**	**Q3 2022**
GMV	**1,682.8**	**894.9**
of which 1P	1,434.1	770.1
of which 3P	248.7	124.7
Revenue	**1,305.2**	**694.5**
Marketplace revenue	29.2	14.8
Advertising revenue	2.9	0.8
Retail revenue	1,221.3	653.4
Other revenue	51.8	25.5
Operating expenses	**(1,447.9)**	**(763.5)**
Payment charges	(6.2)	(3.3)
Cost of goods sold	(1,075.6)	(575.4)
Net costs of delivery	(6.4)	(6.3)
Marketing service expenses	(104.4)	(52.7)
Staff costs	(167.6)	(88.4)
IT service expenses	(14.9)	(7.6)
Other expenses	(72.7)	(29.4)
Net impairment losses on financial and contract assets	0.0	(0.5)
Operating profit before amortisation, depreciation and impairment losses of non-current non-financial assets (EBITDA)	**(142.7)**	**(69.0)**

The following table presents estimates of pro-forma information for the Mall segment comparative financial and operational data based on the acquired organisational structure that has continued to operate post acquisition.

Results of entities that were carved out from the Mall Group a.s. by its previous owners, as they did not form part of the agreed acquisition perimeter, have been excluded from this pro-forma historical financial information.

Key Pro-forma financial data for Mall segment, PLN m (unaudited)	9M 2022 pro-forma [1]	9M 2021 pro-forma [1]	Change % pro-forma [1]	Q3 2022	Q3 2021 pro-forma [1]	Change % pro-forma [1]
GMV	2,486.8	2,666.8	(6.8%)	894.9	839.9	6.5%
LTM GMV	3,994.2	4,219.0	(5.3%)	3,994.2	4,219.0	(5.3%)
LTM Active Buyers	4.3	4.4	(4.0%)	4.3	4.4	(4.0%)
LTM GMV / Active Buyer	938.9	952.5	(1.4%)	938.9	952.5	(1.4%)
Revenue	1,936.2	2,169.9	(10.8%)	694.5	668.4	3.9%
Adjusted EBITDA	(157.6)	(49.0)	N/A [2]	(50.3)	(28.2)	N/A [2]

[1] historical GMV data for Mall based on pro-forma for the same organisational structure as acquired by the Group
[2] not applicable, as the pro-forma comparative was a negative number in the comparable pro-forma period

Pro-forma historical financial information for the Statement of Comprehensive Income in the same form and level of detail used by the Group is not available at the time of this report. Pre-acquisition, the Mall Segment operated using a different chart of accounts and historical results include the results of entities carved out during the course of its financial year ending 31 March 2021. The Group's management has concluded that preparing fully comparable pro-forma information for the prior year pre-acquisition for all financial information included by the Group in its consolidated financial statements would be too costly to prepare and of minimal additional value to the user of this management report relative to the three pro-forma historical metrics presented above.

GMV

Pro-forma GMV for Mall segment for 9M 2022 declined by 6.8% YoY, driven by 11.8% YoY decline in 1P GMV on a pro-forma basis, with 3P GMV increasing by 43.0% YoY for 9M on a pro-forma basis. Performance reflects significantly weaker consumer demand in the countries of operations of the Mall segment in 9M 2022, which impacted both GMV and margins. This weak YTD trading environment is the result of a combination of two key factors. Firstly, like most of Central Europe, the countries where the Mall Group operates experienced a significant acceleration in inflation in H2 2021 and 9M 2022, accompanied by rapidly rising interest rates and a slowing of real growth in retail sales. For example, real retail sales growth in Mall's key markets for September 2022 was – 5.6% in Czechia, – 4.9% in Slovakia. As the Mall segment's retail assortment is significantly skewed towards electronics and white goods, which form part of consumer discretionary spending, the Mall segment's GMV is significantly underperforming the Polish operations as the Allegro.pl marketplace offers much wider selection across many more categories and at more competitive prices.

Secondly, demand for online retail was materially supported in the prior year by a strict COVID-19 related offline retail lockdown (all retail other than supermarkets and chemists) in Czechia that lasted between January and mid May 2021.

Since completing the acquisition at the beginning of Q2 2022, the Group has moved to ensure that the Mall segment 1P business has the relevant selection of top sellers for the local market that are price-competitive and this led to a gradual improvement in GMV YoY growth dynamics once the previous year's COVID-19 offline retail lockdown had been fully lapped by mid-May. As the Group prepares for launch of the 3P marketplace in Czechia, it also remains focused on the turnaround of the Mall 1P business, with first signs of stabilisation and improvement reflected in the Q3 2022 results, when the Mall segment registered GMV growth of 6.5% YoY (vs. decline of – 6.0% in Q2 2022). Mall segment GMV growth in Q3 2022 was driven by 1P GMV increasing by 2.6% YoY, with 3P GMV up by 39.7% and accounting for 13.9% of total Mall segment GMV for Q3 2022 (up from 10.6% YoY on a pro-forma basis). However, in constant currency terms, Q3 2022 GMV growth was 1.4%, with 5.1pp of the 6.5% YoY GMV growth in Q3 2022 attributable to depreciation of the Polish Zloty, the Group's reporting currency. On the other hand, constant currency growth was impacted negatively by the closure of the Mall segment's Polish e-store operations within the framework of the Group's post-merger integration plan. Excluding the impact of the prior year GMV contribution from the Polish e-store, constant currency growth for Q3 2022 would have been 1.7 pp higher at 3.1%.

REVENUE

Pro-forma revenue of the Mall segment for 9M 2022 was down by 10.8% YoY, driven by the strong decline in 1P GMV in H1 2022, which accounted for over 85% of GMV in the sales mix. However, the rate of decline in revenue slowed-down significantly in the course of Q2 2022 once the COVID-19 offline retail lockdown had been fully lapped by mid May 2022, and in Q3 2022 the Mall segment has registered an increase in revenue of 3.9% YoY on a pro-forma basis.

ADJUSTED EBITDA

Adjusted EBITDA loss for the Mall segment was PLN 50.3 million in Q3 2022 vs PLN 28.2 million pro-forma Adjusted EBITDA loss in Q3 2021. The loss has narrowed sequentially in Q3 2022 from PLN 67.1 million Adjusted EBITDA loss reported in Q2 2022.

Pro-forma Adjusted EBITDA loss in 9M 2022 reached the level of PLN 157.6 million vs PLN 49.0 million pro-forma Adjusted EBITDA loss in 9M 2021.

The Group's management notes that Mall's margins historically improve in the second half of the year due to seasonal demand, especially visible in the fourth quarter. The Group remains on track to deploy the Allegro marketplace platform to Mall markets in 2023 and is focused on maintaining user engagement and growing the local merchant base in the meantime. The Mall segment's distribution business, WE|DO, accounted for PLN 11.2 million, 22.3% of the Adjusted EBITDA loss in Q3 2022.

2.2.3.
HISTORICAL PRO-FORMA QUARTERLY FINANCIAL AND OPERATIONAL DATA FOR MALL SEGMENT

The following table presents estimates of historical pro-forma quarterly information for the Mall segment financial and operational data based on the acquired organisational structure that formed the transaction perimeter for the Mall Group Acquisition in April 2022. Results of entities that were carved out from the Mall Group a.s. by its previous owners, as they did not form part of the agreed acquisition perimeter, have been excluded from this pro-forma historical financial information. This information has been prepared by the management of Mall Group and WE|DO since completion of the acquisition.

For easy reference, the table also includes actual results for Q2 2022, as this was the first quarter of consolidation of the Mall segment, which was reported by the Group in the consolidated financial statements in its management report for the first half of 2022.

Historical pro-forma [1] quarterly financial and operational data for Mall segment, (unaudited)	Q1 2021 pro-forma	Q2 2021 pro-forma	Q3 2021 pro-forma	Q4 2021 pro-forma	Q1 2022 pro-forma	Q2 2022 actual
GMV (PLN m)	988.7	838.1	839.9	1,507.4	804.0	787.9
of which 3P share	*8%*	*10%*	*11%*	*14%*	*13%*	*16%*
LTM GMV (PLN m)	4,212.1	4,174.5	4,219.0	4,174.2	3,989.5	3,939.3
Active Buyers [2] (million)	4.4	4.4	4.4	4.4	4.3	4.2
LTM GMV / Active Buyer (PLN)	947.2	948.9	952.5	940.5	932.4	931.4
Revenue (PLN m)	817.2	684.2	668.4	1,150.9	631.1	610.7
Adjusted EBITDA (PLN m)	(3.6)	(17.2)	(28.2)	(10.0)	(40.2)	(67.1)

[1] Historical GMV data for Mall based on pro-forma for the same organisational structure as acquired by the Group
[2] Represents, as of the end of a period, each unique email address connected with a buyer that has made at least one purchase on any of mall.cz, mall.sk, mall.hu, mimovrste.com, mall.hr, czc.cz in the preceding twelve months.

2.2.4.
TOTAL COMPREHENSIVE INCOME RECONCILIATION

Consolidated statement of comprehensive income, PLN m (unaudited)	9M 2022	9M 2021	Change %	Q3 2022	Q3 2021	Change %
EBITDA Polish operations	1,515.1	1,532.1	(1.1%)	560.0	457.1	22.5%
EBITDA Mall segment	(142.7)	N/A	N/A	(69.0)	N/A	N/A
EBITDA	**1,372.5**	**1,532.1**	**(10.4%)**	**491.0**	**457.1**	**7.4%**
Amortisation, Depreciation and Impairment losses of non-current non-financial assets	**(2,927.0)**	**(381.0)**	**668.3%**	**(2,535.9)**	**(133.9)**	**1,793.6%**
Amortisation	(464.7)	(320.8)	44.8%	(164.8)	(110.7)	48.9%
Depreciation	(164.0)	(60.1)	172.7%	(72.6)	(23.2)	213.0%
Impairment losses of non-current non-financial assets	(2,298.4)	—	N/A	(2,298.4)	—	N/A
Operating profit/(loss)	**(1,554.6)**	**1,151.1**	**(235.0%)**	**(2,044.9)**	**323.1**	**(732.8%)**
Net Financial result	**(347.0)**	**(44.6)**	**678.3%**	**(110.5)**	**57.6**	**(292.0%)**
Financial income	19.6	118.2	(83.4%)	8.3	109.5	(92.4%)
Financial costs	(352.4)	(163.5)	115.6%	(114.1)	(51.8)	120.4%
Foreign exchange (profits)/losses	(14.2)	0.7	(2,124.6%)	(4.7)	(0.2)	2,751.6%
Profit/(loss) before Income tax	**(1,901.6)**	**1,106.6**	**(271.8%)**	**(2,155.4)**	**380.7**	**(666.1%)**
Income tax expenses	**(194.8)**	**(216.7)**	**(10.1%)**	**(44.4)**	**(56.3)**	**(21.2%)**
Net profit/(loss)	**(2,096.4)**	**889.9**	**(335.6%)**	**(2,199.8)**	**324.4**	**(778.2%)**
Other comprehensive income/(loss)	**287.9**	**108.3**	**166.0%**	**102.4**	**35.5**	**195.6%**
Total comprehensive income/(loss) for the period	**(1,808.5)**	**998.2**	**(281.2%)**	**(2,097.4)**	**359.8**	**(682.9%)**

AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES OF NON-CURRENT NON-FINANCIAL ASSET

Amortisation, depreciation and impairment losses of non-current non-financial asset increased by PLN 2,402.0 million, or 1,793.6%, from PLN 133.9 million for the Q3 2021 to PLN 2,535.9 million for the Q3 2022, whereas for the 9M 2022 Amortisation and Depreciation and Impairment losses of non-current non-financial assets increased by PLN 2,546.0 million, or 668.3%, from PLN 381.0 million for 9M 2021 to PLN 2,927.0 million for 9M 2022.

The YTD increase also includes PLN 136.3 million of depreciation and amortisation costs recognized by the Mall Group and WE|DO, which were consolidated for the first time, inclusive of a PLN 65.2 million charge arising on the fair value uplift to assets of acquired entities in the gross amount of PLN 1,452.8 million. The major intangible assets identified in the provisional purchase price allocation process carried out since the acquisition are customer relationships, software, domains and trademarks.

The major reason for these large increases was the recognition of a non-cash impairment loss of PLN 2,293 million to bring the carrying amount of the Mall Group and WE|DO down to its estimated recoverable amount. Further information is presented in the section 2.2.2.7 "Significant events in the current reporting period".

The remaining increase of PLN 110.9 million for 9M 2022 is attributable to the Polish operations, where higher capital expenditures and the recognition of right of use assets related to newly acquired office space leases and the leasing of new locations for the deployment of parcel lockers is driving the growth.

NET FINANCIAL RESULT

Net financial result decreased by PLN 168.1 million, or 292.0%, from PLN 57.6 million for the Q3 2021 to negative PLN 110.5 million for the Q3 2022, whereas for the 9M 2022 net financial result worsened by PLN 302.4 million, or 678.3%, from PLN 44.6 million loss for the 9M 2021 to PLN 347.0 million loss for the 9M 2022. These results are driven mostly by the higher cost of servicing the Group's borrowings, resulting from an increase in the nominal value of debt by PLN 1,500.0 million drawn in connection with the completion of the acquisition transaction of Mall Group and WE|DO. Significant upward movement in the WIBOR reference rate was triggered by the ongoing raising of interest rates by the National Bank of Poland.

As a result, the organic deleveraging triggered by the refinancing transaction in 2020 was unwound by the increase in the balance of borrowings driving the rise in the Group's leverage to 3.44x as of 30 September 2022. This translated into a change in expected cash outflows from the Group's borrowings followed by the recognition of PLN 58.5 million non-cash charges in financial expenses due to the higher interest margin, thereby increasing the amortised cost valuation of the Group's indebtedness by the same amount. In the comparative period the Group recognised the non-cash financial income in the amount of PLN 105.9 million, due to the decreased Group leverage. Gross interest expenses rose by 91.4% for 9M 2022 to PLN 316.2 million and by 70.3% for Q3 2022 to PLN 97.0 million due to rising costs of borrowing, higher interest rate margin due to higher leverage and additional debt drawn to complete the Mall Group Acquisition.

The higher cost of Group borrowings were partially offset by the favourable outcome on settlement of the floating to fixed interest rate swap contracts generating the inflows of PLN 86.0 in 9M 2022 and PLN 59.4 million for Q3 2022, compared to the outflow of PLN 47.6 million and PLN 14.8 million for comparable periods, respectively.

INCOME TAX EXPENSES

Income tax expenses decreased by PLN 11.9 million, or 21.2%, from PLN 56.3 million for the Q3 2021 to PLN 44.4 million the Q3 2022, whereas for the 9M 2021 income tax expenses decreased by PLN 21.9 million, or 10.1%, from PLN 216.7 million for the 9M 2021 to PLN 194.8 million for the 9M 2021.

The majority of the Group's taxable income is generated in Poland and is subject to taxation according to the Corporate Income Tax Act (referred to as 'CIT'). The CIT rate is 19% in each of Poland, Czech Republic and Slovenia and is 21% in Slovakia. Luxembourg companies are subject to taxation at 24.94% rate, Hungary at 9% and Croatia at 18%.

9M 2022 income tax expense was impacted by the results of tax audits carried out by the tax authorities. On 28 June 2022 Allegro and Ceneo received tax results summarising tax audits carried out by the tax authorities that concerned corporate income tax settlements of these companies for the periods from 28 July 2016 to 31 December 2017 and for 2018. The tax authorities challenged the tax-deductibility of an arrangement fee paid by the companies to their related entities as this fee was for equity received, as well as the interest rate being paid by the companies to their shareholder on intra-Group borrowings. Allegro and Ceneo, after careful analysis of the tax results received, supported by their tax advisor, decided to voluntarily correct their tax returns for the audited periods and accrue additional tax. In consideration of the official findings and potential related impacts described above, the Group recorded an estimated provision in accordance with IFRIC 23 of PLN 66.6 million, comprising PLN 34.1 million for current tax of prior periods, PLN 18.4 million of withholding tax and PLN 14.1 million of interest presented in financial costs.The effective tax rate for the current reporting period is not calculable, due to the recognition of non-tax deductible impairment loss of Goodwill described in section 2.2.2.7.

	9M 2022	9M 2021	Change %	Q3 2022	Q3 2021	Change %
Current income tax on profits	(187.8)	(209.9)	(10.5%)	(69.0)	(70.5)	(2.1%)
Adjustments for current tax of prior periods	(52.4)	(1.4)	3,740.3%	1.5	—	N/A
(Increase)/Decrease in net deferred tax liability	45.4	(5.4)	N/A	23.1	14.1	63.5%
Income tax expense	**(194.8)**	**(216.7)**	**(10.1%)**	**(44.4)**	**(56.3)**	**(21.2%)**

NET PROFIT/(LOSS)

Net profit/(loss) decreased by PLN 2,524.2 million, or 778.2%, from PLN 324.4 million for the Q3 2021 to negative PLN 2,199.8 million for the Q3 2022, whereas for the 9M 2022 net profit/(loss) decreased by PLN 2,986.2 million, or 335.6%, from PLN 889.9 million for the 9M 2021 to nett loss in the amount of PLN 2,096.4 million for the 9M 2022 as a result of the factors described above.

TOTAL COMPREHENSIVE INCOME/(LOSS)

Total comprehensive income/(loss) decreased by PLN 2,457.2 million, or 682.9%, from PLN 359.8 million for Q3 2021 to negative PLN 2,097.4 million for the Q3 2022, whereas for the 9M 2022 total comprehensive income/(loss) decreased by PLN 2,806.7 million, or 281.2%, from PLN 998.2 million for 9M 2021 to negative PLN 1,808.5 million for the 9M 2022 as a result of the factors discussed above.

OTHER COMPREHENSIVE INCOME/(LOSS)

Other comprehensive income/(loss) increased by PLN 66.9 million, or 195.6%, from PLN 35.5 million for the Q3 2021 to PLN 102.4 million for the Q3 2022, whereas for the 9M 2022 other comprehensive income/(loss) increased by PLN 179.6 million, or 166.0%, from PLN 108.3 million for the 9M 2021 to PLN 287.9 million for the 9M 2022. The improvement was mainly due to recognition of the increasing fair value of interest rate swap contracts, hedging PLN 5,125 million of the Group's borrowing into fixed interest rates.

2.2.5. REVIEW OF CASH FLOW PERFORMANCE

The following table summarises net cash flows from operating, investing and financing activities for the 9M 2022 and 2021

Consolidated Statement of Cash Flow, PLN m (unaudited)	9M 2022	9M 2021	Change %	Q3 2022	Q3 2021	Change %
Net cash inflow/(outflow) from operating activities	**999.8**	**1,019.1**	**(1.9%)**	**369.3**	**362.7**	**1.8%**
Profit before income/(loss) tax	(1,901.6)	1,106.6	(271.8%)	(2,155.4)	380.7	(666.2%)
Income tax paid	(380.4)	(262.7)	44.8%	(98.2)	(37.6)	161.1%
Amortisation, Depreciation and Impairment losses of non-current non-financial assets	2,927.0	381.0	668.3%	2,535.9	133.9	1,793.9%
Net interest expense	325.9	48.1	577.3%	120.1	(56.6)	N/A
Changes in net working capital	(54.1)	(265.0)	(79.6%)	(65.7)	(66.1)	(0.6%)
Other operating cash flow items	83.0	11.1	649.3%	32.6	8.4	289.9%
Net cash inflow/(outflow) from investing activities	**(2,913.6)**	**(256.9)**	**1,034.0%**	**(171.8)**	**(103.7)**	**65.7%**
Capitalised development costs	(249.2)	(162.1)	53.7%	(84.9)	(58.2)	46.0%
of which Polish operations	*(230.9)*	*(162.1)*	*42.4%*	*(76.3)*	*(58.2)*	*31.1%*
of which Mall	*(18.3)*	—	*N/A*	*(8.6)*	—	*N/A*
Other capital expenditure	(315.4)	(94.5)	233.9%	(91.0)	(45.0)	102.2%
of which Polish operations	*(302.3)*	*(94.5)*	*220.1%*	*(87.0)*	*(45.0)*	*93.3%*
of which Mall	*(13.1)*	—	*N/A*	*(4.0)*	—	*N/A*
Acquisition of subsidiaries	(2,349.9)	—	N/A	3.2	—	N/A
Other investing cash flow	0.9	(0.3)	N/A	0.9	(0.5)	N/A
Net cash inflow/(outflow) from financing activities	**809.7**	**(172.9)**	**N/A**	**(132.7)**	**(55.6)**	**138.6%**
Borrowings received	1,500.0	—	N/A	—	—	N/A
Borrowings repaid	(381.0)	—	700.9%	—	—	N/A
Interest paid	(325.2)	(97.0)	235.3%	(159.6)	(29.9)	433.7%
Lease payments	(53.4)	(25.9)	106.3%	(32.6)	(9.8)	232.4%
Interest rate hedging instrument settlements	86.0	(47.6)	N/A	65.9	(14.8)	N/A
Other financing cash flow	(16.8)	(2.5)	577.0%	(6.3)	(1.1)	475.0%
Net increase/(decrease) in cash and cash equivalents	**(1,104.1)**	**589.2**	**(287.4%)**	**64.9**	**203.4**	**(68.1%)**

NET CASH FROM OPERATING ACTIVITIES

Net cash from operating activities decreased by PLN 19.2 million or 1.9% YoY and decreased by PLN 6.7 million or 1.8% YoY for Q3 2022, mostly due to the lower profit before income tax, which decreased by PLN 3,008.2 million, or 271.8% YoY, due to the factors described in the previous sections, with the largest impacts coming from higher depreciation, amortisation (see details in note 2.2.2.4) and impairment charges (see details in note 2.2.2.7) and increased net interest expenses (see details in note 2.2.2.4). Furthermore, operating cash flow performance was strongly supported by the lower investment in working capital showing a PLN 54.1 million of outflow in 9M 2022 compared to an outflow of PLN 265.0 million in the comparative period. This decrease is mainly attributable to the lower cash consumption of Allegro Pay, as an external source of off-balance sheet financing was utilised in 9M 2022 through the consumer loans repurchase agreement, in place with Aion Bank since Q4 2021. As a result, despite the significant growth of the Group's consumer lending operations, translating to PLN 3,633.5 million of new loans advanced in 9M 2022 (+237.4% YoY), the total outflow from working capital, arising on those transactions amounted to PLN 102.5 million compared to an outflow of PLN 289.9 million in 9M 2021. This outflow from the expansion of Allegro Pay's operations and higher outflows from stocking up in late Q3 2022 was fully offset by higher inflows from trade and other payables, with the remaining positions impacting the working capital remaining relatively stable across the period.

NET CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities recorded an outflow by PLN 2,913.6 million for Q3 YTD 2022 mostly due to acquisition of Mall Group and WE|DO. The price for shares in Mall Group and WE|DO were settled via the combination of a stock consideration and a cash payment from a combination of new debt financing and the Group's own funds. The total cash outflow recorded upon the completion of the acquisition transaction amounted to EUR 473.5 million (equivalent of PLN 2.219 million) and included the PLN 16.8 million of loss arising on the settlement of the deal contingent forward, concluded by the Group to minimise the foreign exchange risk related to the transaction. Additionally, at the date of the Transaction the Group settled the outstanding indebtedness of Acquired Entities with loan towards the previous shareholders in the amount of CZK 1,089.1 million (equivalent of PLN 207.6 million), forming a part of the purchase price consideration for the acquired business. The total cash outflow arising on the acquisition transaction was presented net of cash of acquired entities in the amount of PLN 61.6 million.

The remaining increase in the outflow from investing activities results from the higher development costs qualified for capitalization, growing by PLN 87.1 million or 53.7% YoY and by PLN 26.8 million or 46.0% YoY for Q3 2022, reflecting the upward trend in the headcount for the technology team, aiming to create the necessary capacity for the ongoing platform development projects, as well as reflecting the impact on the acquisition of Mall Group and WE|DO.

Moreover, the Group's other capital expenditures increased by PLN 220.9 million, or 233.9% YoY for 9M 2022 and PLN 46.0 million or 102.2% YoY for Q3 2022. The YoY increases reflect the accelerating roll-out of Allegro's own parcel locker network, investments in the fit out of the Group's new office buildings, where most new space has now been delivered, and the first time consolidation of capital investments by the Mall Group and WE|DO.

NET CASH USED IN FINANCING ACTIVITIES

Net cash used in financing activities was PLN 809.7 million for the 9M 2022, mainly due to the utilisation of a PLN 1,000.0 million bridge term loan and a PLN 500.0 million equivalent multi-currency revolving credit facility drawn in Czech crowns to partially fund the Mall Group / WE|DO acquisition which closed on 1 April 2022. Moreover, as part of the acquisition transaction described above, the Group repaid the entire outstanding indebtedness of the Acquired Entities towards its financing banks in the amount of CZK 2,004.8 million (equivalent of PLN 381.0 million).

The inflow from financing activities was further supported by the favourable outcome arising on the settlement of floating to fixed interest rate swap contracts generating an inflow of PLN 86.0 million for 9M 2022 comparing to outflow PLN 47.6 million for 9M 2021, as the market observed a significant increase of the WIBOR reference rate across late 2021 and early 2022 resulting in the favourable revaluation of the Group's hedged interest rate exposures.

Conversely, the same upward movement in interest rates together with the addition of PLN 1,500.0 million in nominal value of borrowings contributed to the increase in the interest payments arising on the Group's indebtedness growing by PLN 228.2 million, or 235.3% YoY, moving in the opposite direction to the amounts received on the settlement of the floating to fixed interest rate swap contracts.

2.2.6. INDEBTEDNESS

As of 30 September 2022, the Group's total borrowings were PLN 6,953.1 million, representing PLN 7,020.9 million of principal adjusted to be presented at amortised cost. The Group's Senior Term Loan Facility and the two revolving credit facilities expire in October 2025. The availability period for drawing on the unutilised revolving credit facility expires in September 2025.

On 9 November 2022 the Group refinanced its PLN 1,000.0 million bridge term loan with a new facility of the same principal amount. The new additional facility's maturity date is 14 October 2025. The margin of the new additional facility is the same as for the senior term loan facility (principal of PLN 5,500.0 million) and shall vary based on the group's leverage. Other terms and conditions, including guarantors and transaction security, are the same as for the remaining Group's borrowings defined under the main loan agreement, with no additional covenants. Further details can be found in Note 21 to the Interim Condensed Consolidated Financial Statements, "Events occurring after the reporting period".

The increase in lease liabilities from the beginning of 2022 is PLN 477.4 million and it is driven by a PLN 272.9 million increase relating to the initiation of leases on newly delivered office space in Poland and a further PLN 151.1 million related to leases acquired with the Mall Group and WE|DO.

The significant decrease in cash follows the Mall Group / WE|DO acquisition since the Group used a significant part of its cash on hand to settle the cash components of the consideration payable for the acquisition.

The increase in the Group's leverage from 1.77x at the end of 2021 to 3.44x at the end of Q3 2022 resulted primarily from the following factors:

- increase in borrowings as a result of utilisation of a PLN 1,000.0 million bridge term loan and a PLN 500.0 million equivalent multi-currency revolving credit facility drawn in Czech crowns;
- increase in leases due to factors described above;
- PLN 1,104.1 million decrease in cash held, which is fully related to the Mall Group Acquisition (please see details in note 2.2.2.5);
- drop in Adjusted EBITDA on a rolling twelve month basis by 4.0%, mainly reflecting the inclusion of Mall segment Adjusted EBITDA losses.

However, the Group's leverage is starting to decline as a result of the QoQ upward movement of the Group's Adjusted EBITDA on a rolling twelve-month basis by 3.42%. The leverage at the end of September was 3.44x.

PLN m (unaudited)	30.09.2022	30.06.2022	31.12.2021
LTM Adjusted EBITDA Polish operations	2,103.0	1,987.1	2,068.5
LTM Adjusted EBITDA Mall segment	(117.4)	(67.1)	N/A
Adjusted EBITDA LTM	**1,985.6**	**1,920.0**	**2,068.5**
Borrowings at amortized cost	6,953.1	6,923.0	5,366.3
Lease liabilities	728.5	667.9	251.1
Cash	(853.2)	(788.2)	(1,957.2)
Net Debt	**6,828.5**	**6,802.7**	**3,660.2**
Leverage	3.44 x	3.54 x	1.77 x
Equity	8,866.6	10,942.7	9,454.1
Net debt to Equity	77.0%	62.2%	38.7%

2.2.2.7. SIGNIFICANT EVENTS IN THE CURRENT REPORTING PERIOD

For summary of key events occurring during the reporting period please refer to the Note 5 to the Interim Condensed Consolidated Financial Statements of the Group for the three- and nine-month periods ended 30 September 2022: "Significant events in the current reporting period".

IMPAIRMENT LOSSES OF NON-CURRENT NON-FINANCIAL ASSETS

In the course of drawing up its Interim Condensed Consolidated Financial Statements for the Group as at 30 September 2022, the Group's management has concluded that factors exist that may indicate impairment and has therefore conducted an impairment test to assess the recoverability of goodwill as at the balance sheet date.

The impairment test was performed in accordance with International Accounting Standards and compared a financial projection estimating the fair value of Mall Group and WE|DO, less costs to sell, as at 30 September 2022 with the carrying amount of Mall Group and WE|DO, which stood at PLN 4,072 million, and resulted in the Group recognizing a non-cash impairment charge of PLN 2,293.0 million. Management's financial projection and the results of the test have been accepted by the Group's Board of Directors. This impairment loss will be fully allocated to Goodwill and will be presented in the Interim Condensed Consolidated Statement of Comprehensive Income for the third quarter of 2022 in the expense line 'Impairment losses of non-current non-financial assets'. Further information is presented in Note 7 to the Interim Condensed Consolidated Financial Statements of the Group for the three and nine month periods ended 30 September 2022 'Impairment of assets.

The impairment will reduce the net income of the Group in the third quarter of 2022. In contrast, it will not have an effect on earnings before interest, tax, depreciation, amortisation and impairment losses of non-current non-financial assets ("EBITDA"). Neither does it affect the Group cash flow generation. This accounting event does not have any impact on the stability of Allegro's business, nor the business priorities – including the launch of Allegro's 3P marketplace in Czechia and other Mall markets.

The Board acknowledges that it agreed a full price in November 2021 to obtain a scarce asset to facilitate Allegro's transformation into an international business and that, in hindsight, that price was set at the top of the market cycle, since when many traded peer e-commerce companies have lost 50-70% of their market value. In the meantime inflation and the cost of living crisis has led Mall and WE|DO to significantly underperform original expectations for its financial performance. Rising inflation and borrowing costs have caused the cost of equity to move up considerably, reducing the present value of the long term cash flows projected to be generated from these Allegro marketplace deployments.

Despite this very significant set-back, the Company remains fully committed to delivering the strategic value of a successful outcome whereby the Allegro 3P marketplace becomes a meaningful player in Central European e-commerce. Thus creating a combined multi-country 3P/1P capability and playbook which, after a successful launch in each of Mall's key markets, can be rolled out organically into additional markets in future years and providing a key driver for future growth.

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3. Expectations for the Group in FY 2022

The Group provides the following update with regards to targets and expectations for the 2022 financial year. These updated expectations take into account the Mall Group Acquisition, which was acquired on April 1, 2022 and will be consolidated for nine months of 2022.

POLISH OPERATIONS

Management confirms its expectations for its Polish operations as published on 29 September 2022 along with the Group's Q2 and H1 results.

Trading is continuing to perform in line with earlier expectations, including for a slow-down in growth rates during the pre-Christmas trading period. Furthermore, the watching of World Cup matches during the pre-Christmas period may cut into demand in what is traditionally shopping season. Steps previously taken to slow cost growth and to improve margins from the Smart! loyalty program by increasing co-financing rates, are expected to partly offset inflation-linked increases in prices for delivery services, which came into force at the beginning of November 2022. Taken together with a full quarter lapping effect on higher courier share from last year's Smart! MOV reduction and further slowing of growth in SG&A, this is expected to result in YoY Adjusted EBITDA growth continuing its strengthening trend in the fourth quarter of 2022.

MALL SEGMENT

Management expectations for the Mall segment are unchanged from those published on 29 September 2022 along with Q2 and H1'2022 results.

The Group's management continues to note that, in comparison to the situation in Poland, consumer demand conditions are generally weaker in the countries where the Mall segment operates. Due to this weak demand and the lapping of aggressive free delivery promotions in the prior year, October GMV growth deteriorated significantly from the single digit growth recorded in Q2. Although growth rebounded strongly in November as the pre-Christmas shopping season got underway, on 24 November the Group announced a limited period "Mall Smart" free delivery promotion that will run throughout the remainder of the quarter. Additional demand from this promotion is expected to result in the Mall segment meeting Management's expectations to limit GMV decline to low single digits for the nine-month period ending 31 December 2022.

Due to the higher than expected promotion activity and pricing pressure present in the Q4'2022. Adjusted EBITDA for the 9M period from the Mall Acquisition until 31 December 2022 is now expected to land close to the bottom of the current range.

Management is prioritising Mall's price competitiveness in order to maintain relatively stable GMV, thereby increasing customer engagement and limiting inventory build-up, ahead of Adjusted EBITDA as Allegro looks to launch its 3P marketplace across the Mall markets, starting from the Czech Republic in 2023.

The updated expectations for the consolidated Group are set out below:

2022 expectations Polish operations	Allegro-only Published Sep 29th	Allegro-only Update
GMV	15–17% YoY growth	Unchanged
Revenue	23–26% YoY growth	Unchanged
Adjusted EBITDA [1]	10–12% YoY growth	Unchanged
Capex [2]	PLN 650–700m	Unchanged

2022 expectations [3] MALL segment	MALL-only FY [3] Published Sep 29th	MALL-only FY [3] Update
GMV	Low single-digit % YoY decline	Unchanged
Revenue	Low single-digit % YoY decline	Unchanged
Adjusted EBITDA [1]	PLN 120–160m loss	Unchanged
Capex [2]	PLN 70–100m	Unchanged

2022 expectations Group consolidated	Consolidated 2022E Published Sep 29th	Consolidated 2022E Update
GMV	22–24% YoY growth	Unchanged
Revenue	67–71% YoY growth	Unchanged
Adjusted EBITDA [1]	2–6% YoY growth	Unchanged
Capex [2]	PLN 720–800m	Unchanged

[1] Adjusted EBITDA defined as EBITDA pre transaction costs, management fees (monitoring fees), stock-based compensation, restructuring costs and other one-off items
[2] Represents cash capex and does not include leased assets (which are presented in balance sheet)
[3] Expectations for the MALL Group and WE|DO for 9 months to December 2022

4. Status of Medium-Term Expectations for 2023-2026

The Group's management notes that its Medium-Term Expectations for 2023-2026 ("MTE") was published on 24 February 2022, following completion of the previous annual planning round and coinciding with the invasion of Ukraine by Russia.

On 29 September 2022, in view of the ongoing economic and geopolitical disruption resulting from the situation in Ukraine, the Group's management decided to place the published MTE under review, pending completion of this year's annual planning round under the supervision of the Group's new CEO.

5. Recent trading

During Q4 2022 until the date of this report, the Board has noted GMV growth for the Polish operations in line with meeting the expectations for GMV growth for FY 2022 i.e. in a range of 15%-17%. Growth continued at levels similar to Q3 during October before showing signs of slowdown during November, as had been anticipated by the Group management, while the unusual timing of the World Cup tournament may drive online visits down as consumers have less available time for shopping.

The Board noted a significant deterioration of GMV growth in the Mall segment during October as the Group lapped a period of free delivery promotion and strong advertising spending in the prior year. This YoY decline in GMV has been cut significantly during November to single digits in PLN terms.

6. Significant events after the end of the reporting period

For summary of key events occurring after the reporting period please refer to the Note 21 to the Interim Condensed Consolidated Financial Statements of the Group for the three and nine month periods ended 30 September 2022: "Events Occurring After The Reporting Period".

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7. Principal risks and uncertainties

Due to inherent uncertainty over the future evolution of the Group's principal risks and uncertainties, as well as future developments in the Polish, Central European and global economies, in the management's assessment actual results for 2022 could differ materially from those discussed in any expectations, projections or other forward-looking statements included throughout this Report.

Principal risks and uncertainties have been identified by the Group and described in detail in section 2 "Risk Management System, Risk Factors, and Regulatory Matters" of the Group's Annual Report for the financial year ended 31 December 2021 ("2021 Annual Report"), which was approved by the Board of Directors on 23 February 2022 and which has been subsequently published on the Company's website. The general nature of these risks includes, but is not limited to, the following key factors:

- Risks related to the macroeconomic situation in Poland including, but not limited to impact of higher inflation, increasing pressure on wages growth, risk of deterioration in consumer sentiment and disposable income
- Risks related to the group's business and industry, including but not limited to risks of existing and new competition, dependence on a strong brand, continued secular trend of e-commerce growth, user's perception, system interruptions of any third party business partners
- Execution of the key business development programs, including but not limited to: Smart! loyalty program, consumer finance product Allegro Pay, International Expansion, One Fulfillment by Allegro, roll-out of a proprietary last-mile locker network, investment in a proprietary delivery capability
- The Group has in the past and may continue in the future to engage in opportunistic acquisitions of other companies, businesses or assets, either in Poland or abroad, giving rise to significant additional business, regulatory and legal risks, including, but not limited to execution and post-merger integration risks. Specifically with regards to the Mall Group Acquisition, the Group identifies the following potential risks and uncertainties:
- Currency risk for the consolidated results and dividend inflows of the Group
- Risks to the group's strategy to transform the acquired entities and improve their growth and financial performance. Such factors include, but are not limited to: Transformation of the Mall Group business model from a majority proprietary sales model (1P) to a majority marketplace model (3P); Integration of the existing Mall Group sales platforms with the Group's platforms; Maintaining the Mall Group's current active buyer base; Cross-border goods logistics in the Mall Group; Risks of underestimating the costs of integration and operating expenses of operating in the revised 3P focused model in the new countries; Retention of key employees and management; Possible difficulties in creating a single culture within the Group, and/or in the creation of an efficient organisational structure managing across countries and functions
- Risk of litigation with the sellers
- Ability to hire new and maintain existing staff
- Epidemiological situation in Poland and in the markets where the Mall Group operates
- Compliance with laws and regulations, including, but not limited to data protection laws, consumer protection laws, regulations governing e-commerce and competition laws, intellectual property matters, taxation matters, as well as potential future regulations that might impose additional requirements and other obligations on the Group's business. Since 2021 Annual Report several new relevant EU draft laws were published, including Data Act , related to obligatory data sharing, Digital Labor Platforms , Sustainable products package . Once adopted that may impact Allegro business and increase compliance costs.
- From time to time, the Group may be involved in various claims and legal proceedings relating to claims arising out of its operations. The Group is aware of certain pending legal disputes between individuals associated with Bola Investments Limited ("Bola") and a third party individual ("Claimant") relating to the ownership of a minority stake of shares in eBilet sp. z o.o. that was the former owner of eBilet Polska sp. z o.o. ("eBilet Polska"). The Claimant has filed against Bola, individuals associated with Bola and Allegro two lawsuits, i.e. one with the Regional Court in Poznań and one with the Regional Court in Warsaw demanding annulment of agreements concerning the purchase of shares in eBilet Polska concluded between Bola, individuals associated with Bola and Allegro.

  The lawsuit filed in Poznań court has been rejected and the decision is now final and binding. The case in Warsaw is pending. Based on information available to the Group and based on the assessment of the Group's legal advisor as of the date of this Report, the Group has no reason to believe that the outcome of the case in question would have a material impact on the Group.
- Risks related to control, security and prevention mechanisms of the group's compliance structure might not be sufficient to adequately protect the group from all legal or financial risks. Integrating recently acquired businesses to comply with such structures takes time and increases compliance risks following recent acquisitions.
- The group's ability to generate or raise sufficient cash to service its debt and sustain its operations depends on many factors beyond the group's control
- Financial risks, including market risk, credit risk, liquidity risk, risk of changes in interest rates, currency risk.

Following recent events since the above list of Principal Risks and Uncertainties was accepted by the Board of Directors, the following risks has been added by the Group's Management:

POTENTIAL RISKS AND UNCERTAINTIES ARISING FROM THE INVASION OF UKRAINE

Intense fighting between the armies of Ukraine and the Russian Federation began on 24 February 2022, following the movement of Russian military forces into Ukrainian territory, and the fighting continues as of the date of this report.

The Group's Management has assessed the direct exposure of the Group's operations to the situation in Ukraine and has concluded that the direct impact is currently minimal. The value of GMV generated with the participation of either buyers or sellers with addresses in Ukraine, Belarus or the Russian Federation was less than 0.1% in 2021. The Group has suspended cooperation with Russian and Belarusian sellers while the conflict continues. In terms of supply chain, direct disruption to sellers' ability to source products to list on the Group's marketplace has not been apparent to date. The Group has very few Ukrainian based suppliers and so far the Group has seen no significant disruption to their ability to fulfil their contractual obligations.

However, the Group cannot provide any assurance that the impact of the wider effects of the conflict on the Polish economy and the five Central European countries where the Mall Group currently operates will not have an adverse effect on its financial performance, operations or cash flows in the future. The financial burden of supporting Ukrainian refugees across the Central European region until they return to Ukraine or are able to become financially independent may lead to higher tax burdens on the Group or its employees in the future. Disruption from sanctions on trade with Russia, including energy imports to the European Union, and global food shortages from disruption to crop production in Ukraine may lead to further inflationary pressure and erosion of the disposable incomes of the Group's buyers, potentially having a negative impact on GMV growth.

UNFOLDING ENERGY CRISIS IN EUROPE

In view of the possible energy crisis due to the limitation of oil, gas and coal flows from Russia to Europe, Allegro may be exposed to significant increases in energy prices. Even though, as an online marketplace, the Group's direct exposure to energy prices is relatively limited, with direct energy costs accounting for around 0.5% of the Group's total operating costs, energy costs, including electricity, gas, diesel and petrol, constitute a significant input for many of Allegro's suppliers and merchants.

Moreover, the Group, its suppliers and/or its merchants may face certain energy demand management measures imposed by the government aimed at limiting the energy consumption, which may in turn cause disruption to the Group's operations and financial performance.

EXPLANATORY PROCEEDINGS RELATED TO ALLEGRO ONE MARKETING

On 28th October 2022 Allegro received a decision to launch an explanatory proceedings and questions from the OCCP regarding the marketing claims of Allegro's logistic service Allegro One. The OCCP is trying to establish whether a violation of collective consumers' interest may have taken place.

Earlier this year, on 7th February, the OCCP asked Allegro several questions on the same matter in an informal request to provide information on how ecological aspects are being used by Allegro to promote its parcel locker services. The OCCP did not regard Allegro's explanations as sufficiently backing the claims within the marketing strategy and is now investigating further.

These explanatory proceedings are a preliminary step that does not have to lead to the initiation of formal proceedings against Allegro.pl. If the UOKiK President decides to pursue the matters covered by the explanatory proceedings, he must open proceedings regarding the violation of collective consumer interests against Allegro.pl (the scope of the explanatory proceedings does not indicate a precise charge).

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PROCEEDING BEFORE THE UOKIK PRESIDENT

On 8 August 2022 Allegro, received a statement of objections from the UOKIK President in the ongoing antitrust proceedings against Allegro concerning the alleged abuse of a dominant position by Allegro on the Polish market for online B2C intermediary sales services by favouring its own 1P retail sales activity on its platform.

The UOKIK President claims that Allegro favoured its 1P activity over 3P sellers by granting 1P access to (i) the information regarding functioning of the Allegro platform ("Platform") and/or the consumer's behaviour on the Platform unavailable (or available to a limited extent) to 3P sellers and (ii) the sales and/or promotional functions on the Platform unavailable (or available to a limited extent) to 3P sellers.

A Statement of Objections is not a decision: it is a procedural step which formally does not prejudge the final outcome of the proceedings before the UOKiK President.

The UOKIK President indicated that it intends to issue a decision confirming the infringement of the dominant position by Allegro and ordering its cessation to the extent that the infringement has not been abandoned and imposing a fine on Allegro. The maximum amount of such a penalty may amount to 10% of the turnover achieved by Allegro in the year preceding the imposition of the fine.

The Group does not agree with the UOKIK President claims and remains of the opinion that it does not hold a dominant position and it did not favour 1P sales in an anticompetitive way. Nevertheless, the Group intends to continue to fully cooperate with the UOKIK President. Allegro submitted to the OCCP a commitment proposal, however the UOKIK President rejected it and closed the evidence gathering stage on 16 November 2022, setting the deadline for Allegro's final statement for 7th December 2022, thus the Group cannot exclude the risk of the UOKIK President issuing an infringement decision.

If the UOKiK President does issue an infringement decision, Allegro may appeal against such decision to court (in two-instance proceedings), which will be able to sustain, amend or cancel the decision of the UOKiK President. Any potential fine imposed on Allegro will not be due and payable until such a decision of the UOKiK President becomes final and unappealable.

Based on advice from its legal counsel, the Group has not made any provision for potential fines from the president of UOKIK. Should the UOKIK President nevertheless issue an infringement decision and impose a fine in the future, the Group and its legal counsel would assess the final arguments being used by UOKIK President and cannot exclude the possibility that it may need to provide for the costs of all or part of such a fine in its financial results in the future.

EXPLANATORY PROCEEDINGS RELATED TO PLANNED INTRODUCTION OF THE INDEXATION CLAUSE TO SMART! TERMS & CONDITIONS

On 22th November 2022 Allegro received a decision to launch explanatory proceedings and questions from the UOKiK President regarding the planned introduction of the indexation clause to Smart! Terms & Conditions. The UOKiK President is analysing whether a violation of collective consumers' interest or use of abusive clauses in contracts with consumers may have taken place.

Although Allegro planned to introduce the indexation clause to Smart! Terms & Conditions on 21st November 2022, it resigned from it on 17th of November 2022, which was widely communicated via e-mails to Smart! subscribers and on allegro.pl website. Accordingly, the indexation clause was not introduced to any contract with a consumer.

These explanatory proceedings are a preliminary step that does not have to lead to the initiation of formal proceedings against Allegro.pl. If the UOKiK President decides to pursue the matter covered by the explanatory proceedings, he must open proceedings regarding the violation of collective consumer interests and/ or usage of abusive clauses against Allegro.pl (the scope of the explanatory proceedings does not indicate a precise charge).

8.

Shareholders of Allegro.eu

As of 30 September 2022 and to the best of Management's knowledge, the Company's shares were held by the following entities:

Name	Number of shares	% of shares in the share capital	Number of votes at the General Meeting	% of votes at the General Meeting
Cidinan S.à r.l.	286,778,572	27.13%	286,778,572	27.13%
Permira VI Investment Platform Limited	286,778,572	27.13%	286,778,572	27.13%
Mepinan S.à r.l.	63,728,574	6.03%	63,728,574	6.03%
Free Float	419,619,135	39.70%	419,619,135	39.70%
TOTAL	**1,056,904,853**	**100.00%**	**1,056,904,853**	**100.00%**

Since there is no obligation for shareholders to inform the Company of any transfer of bearer shares, save for the obligations provided by the Luxembourg law of 11 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, the Company shall not be liable for the accuracy or completeness of the information on the number of shares held by individual shareholders.

9.

Related parties transactions

We are engaged in certain commercial and financial transactions with related parties. Please refer to Note 20 to the Interim Condensed Consolidated Financial Statements of the Group for the three and nine month periods ended 30 September 2022, and to Note 37 to the Consolidated Financial Statements of the Group for the year ended 31 December 2021, for further details.

Appendix 1. Reconciliation of the key Alternative Performance Measures to the Financial Statements

This section includes a reconciliation of certain Alternative Performance Measures to most directly reconcilable items presented in the Financial Statements of the Group.

Total capital expenditures

The information regarding the total amount of capital expenditures recorded in the 9M 2022 and 2021 is presented in the investing activities section of the interim condensed consolidated statement of cash flow as a separate line named: "Payments for property, plant & equipment and intangibles".

PLN m (unaudited)	9M 2022	9M 2021	Q3 2022	Q3 2021
Capitalised development costs	(249.2)	(162.1)	(84.9)	(58.2)
Other capital expenditure	(315.4)	(94.5)	(91.0)	(45.0)
Total capital expenditure	**(564.6)**	**(256.6)**	**(175.9)**	**(103.2)**

Capitalized development costs

The amount of capitalised development costs is a sum of capitalised staff costs, capitalised it service expenses and capitalised other expenses. The amounts are separately presented in the interim condensed consolidated statement of comprehensive income.

Capitalised staff costs comprise the non-cash movement arising on Allegro Incentive Program, therefore it is excluded from capitalised development cost presented in consolidated statement of cash flow.

PLN m (unaudited)	9M 2022	9M 2021	Q3 2022	Q3 2021
Staff costs – Capitalisation of development costs	153.3	113.5	54.7	38.5
IT service expenses – Capitalisation of development costs	12.3	—	5.5	—
Other expenses – Capitalisation of development costs	88.3	48.6	29.4	19.7
Capitalised cost of Allegro Incentive Program	(4.7)	—	(4.7)	—
Capitalised development costs	**249.2**	**162.1**	**84.9**	**58.2**

Net debt and Leverage

Whilst the Adjusted EBITDA LTM cannot be directly reconciled to the interim condensed consolidated financial statement, as it refers to the preceding twelve months, the amount of the remaining titles impacting the "Net Debt" and "Leverage" is readily observable in the interim condensed consolidated statement of financial position as a part of current assets as well as current and non-current liabilities.

PLN m (unaudited)	30.09.2022	30.06.2022	31.12.2021
Adjusted EBITDA LTM	1,985.6	1,920.0	2,068.5
(+) Borrowings at amortised cost	6,953.1	6,923.0	5,366.3
Non-current liabilities	5,947.7	6,923.0	5,363.0
Current liabilities	1,005.5	—	3.3
(+) Lease liabilities	728.4	667.9	251.1
Non-current liabilities	608.1	559.3	206.1
Current liabilities	120.3	108.6	45.1
(-) Cash	(853.2)	(788.2)	(1,957.2)
= Net Debt	6,828.5	6,802.7	3,660.2
Leverage (Net Debt / Adjusted EBITDA LTM)	3.44 x	3.54 x	1.77x

Changes in working capital

The amount of each title impacting the working capital for the 9M 2022 and 2021 respectively, are presented in the separate lines of the interim condensed consolidated statement of cash flow. However, the quarterly numbers are not disclosed, as there is no such obligation to do so.

Adjusted EBITDA/revenue (%) for the Polish operations

Represents Adjusted EBITDA divided by Revenue. Please refer to the calculation for the three and 9M 2022 and 2021 below.

PLN m (unaudited)	9M 2022	9M 2021	Q3 2022	Q3 2021
Adjusted EBITDA	1,601.7	1,567.2	587.6	471.7
Revenue	4,619.9	3,752.2	1,627.3	1,233.9
Adjusted EBITDA/revenue (%)	34.67%	41.77%	36.11%	38.23%

Adjusted EBITDA/GMV (%) for the Polish operations

Represents Adjusted EBITDA divided by GMV. Please refer to the calculation for Q3 and 9M of 2022 and 2021 below.

PLN m (unaudited)	9M 2022	9M 2021	Q3 2022	Q3 2021
Adjusted EBITDA	1,601.7	1,567.2	587.6	471.7
GMV	34,946.0	29,933.2	12,011.8	9,897.1
Adjusted EBITDA/GMV (%)	4.58%	5.24%	4.89%	4.77%

1P Gross Margin for the Polish operations

Represents retail revenue minus cost of goods sold, divided by retail revenue. Please refer to the calculation for the three and 9M 2022 and 2021

PLN m (unaudited)	9M 2022	9M 2021	Q3 2022	Q3 2021
Retail revenue	295.2	191.9	109.4	68.2
Cost of goods sold	297.1	192.8	109.7	71.8
Total capital expenditure	(0.62%)	(0.48%)	(0.26%)	(5.25%)

Adjusted EBITDA/revenue (%) for the Mall segment

Represents Adjusted EBITDA divided by Revenue. Please refer to the calculation for the three months ended 9M 2022 and 2021 below.

PLN m (unaudited)	9M 2022	9M 2021	Q3 2022	Q3 2021
Adjusted EBITDA	(117.4)	N/A	(50.3)	N/A
Revenue	1,305.2	N/A	694.5	N/A
Adjusted EBITDA/revenue (%)	**(8.99%)**	**N/A**	**(7.23%)**	**N/A**

Adjusted EBITDA/GMV (%) for the Mall segment

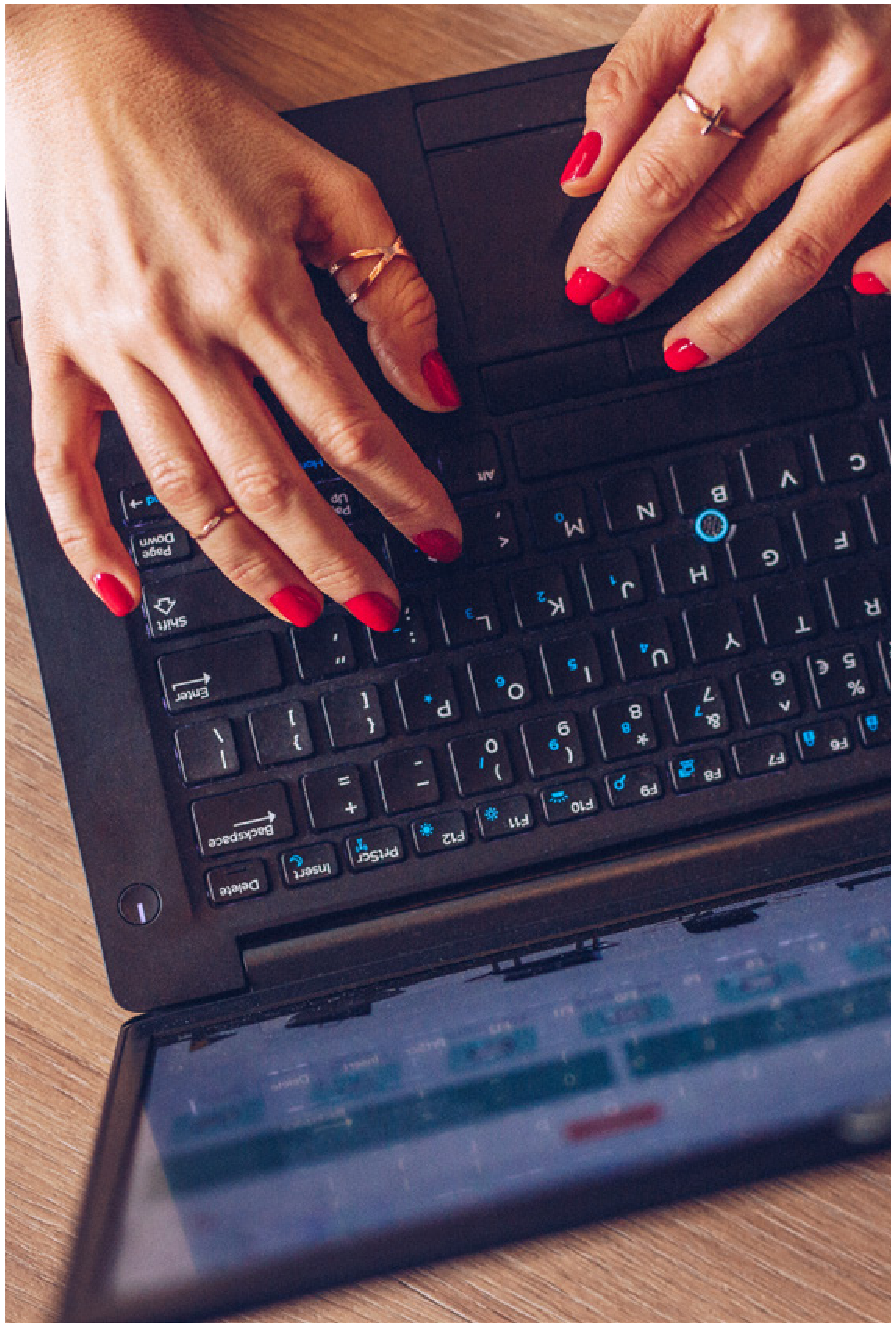
Represents Adjusted EBITDA divided by GMV. Please refer to the calculation for the three months ended 9M 2022 and 2021 below.

PLN m (unaudited)	9M 2022	9M 2021	Q3 2022	Q3 2021
Adjusted EBITDA	(117.4)	N/A	(50.3)	N/A
GMV	1,682.8	N/A	894.9	N/A
Adjusted EBITDA/GMV (%)	**(6.98%)**	**N/A**	**(5.61%)**	**N/A**

1P Gross Margin for the Mall segment

Represents retail revenue minus cost of goods sold, divided by retail revenue. Please refer to the calculation for the three months ended 9M 2022 and 2021 below.

PLN m (unaudited)	9M 2022	9M 2021	Q3 2022	Q3 2021
Retail revenue	1,221.3	N/A	653.4	N/A
Cost of goods sold	1,075.6	N/A	575.4	N/A
1P Gross Margin	**11.93%**	**N/A**	**11.94%**	**N/A**



III.

FINANCIAL STATEMENTS

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Responsibility statement

Allegro.eu
Société anonyme
1, rue Hildegard von Bingen, L – 1282 Luxembourg,
Grand Duchy of Luxembourg
R.C.S. Luxembourg: B214830
(the Company)

RESPONSIBILITY STATEMENT

The Board of Directors confirms that, to the best of its knowledge:

These Q3 2022 Interim Condensed Consolidated Financial Statements which have been prepared in accordance with the Accounting Standard IAS 34 Interim Financial Reporting as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and that the interim Management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the Board and signed on its behalf by:

Darren Huston	Roy Perticucci
Director	Director

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

all amounts expressed in PLN'000 unless indicated otherwise

Interim Condensed Consolidated Statement of comprehensive income

	Note	9 months ended 30.09.2022	9 months ended 30.09.2021	3 months ended 30.09.2022	3 months ended 30.09.2021
Revenue	11	**5,922,115**	**3,752,193**	**2,319,460**	**1,233,869**
Operating expenses		**(4,549,662)**	**(2,220,080)**	**(1,828,462)**	**(776,803)**
Payment charges		(109,705)	(105,902)	(38,607)	(31,616)
Cost of goods sold	5	(1,370,412)	(192,777)	(683,444)	(71,793)
Net costs of delivery		(1,201,700)	(816,902)	(418,369)	(278,163)
Marketing service expenses		(635,604)	(432,235)	(243,048)	(157,666)
Staff costs net		(737,627)	(402,117)	(276,528)	(134,383)
Staff costs gross		*(890,892)*	*(515,661)*	*(331,275)*	*(172,871)*
Capitalisation of development costs		*153,265*	*113,544*	*54,747*	*38,488*
IT service expenses		(123,523)	(71,212)	(45,756)	(26,785)
IT service expenses gross		*(135,865)*	*(71,212)*	*(51,261)*	*(26,785)*
Capitalisation of development costs		*12,342*	—	*5,506*	—
Other expenses net		(318,850)	(135,699)	(108,562)	(50,523)
Other expenses gross		*(407,154)*	*(184,302)*	*(137,948)*	*(70,232)*
Capitalisation of development costs		*88,304*	*48,603*	*29,386*	*19,709*
Net impairment losses on financial and contract assets		(49,574)	(44,719)	(14,466)	(15,639)
Transaction costs		(2,667)	(18,516)	318	(10,235)
Operating profit before amortisation, depreciation and impairment losses of non-current non-financial assets		**1,372,453**	**1,532,113**	**490,998**	**457,066**
Amortisation, Depreciation and Impairment losses of non-current non-financial assets		**(2,927,027)**	**(380,978)**	**(2,535,866)**	**(133,917)**
Amortisation		(464,660)	(320,839)	(164,848)	(110,717)
Depreciation		(163,974)	(60,139)	(72,625)	(23,200)
Impairment losses of non-current non-financial assets	7	(2,298,393)	—	(2,298,393)	—
Operating profit/(loss)		**(1,554,574)**	**1,151,135**	**(2,044,868)**	**323,149**

	Note	9 months ended 30.09.2022	9 months ended 30.09.2021	3 months ended 30.09.2022	3 months ended 30.09.2021
Net Financial costs	12	**(347,015)**	**(44,583)**	**(110,518)**	**57,563**
Financial income		19,568	118,886	8,292	109,510
Financial costs		(366,583)	(163,469)	(118,810)	(51,947)
Profit/(loss) before income tax		**(1,901,589)**	**1,106,552**	**(2,155,386)**	**380,712**
Income tax expenses	13	**(194,769)**	**(216,670)**	**(44,424)**	**(56,346)**
Net Profit/(loss)		**(2,096,358)**	**889,882**	**(2,199,810)**	**324,366**
Other comprehensive income/(loss)					
– Items that may be reclassified to profit or loss		**271,037**	**108,330**	**102,426**	**35,480**
Gain/(loss) on cash flow hedging		281,552	60,764	30,651	20,718
Cash flow hedge – Reclassification from OCI to profit or loss		(79,521)	47,566	(59,372)	14,762
Deferred tax relating to these items		(52,144)	—	(14,505)	—
Exchange differences on translation of foreign operations		121,150	—	145,652	—
– Items that may not be reclassified to profit or loss		**16,827**	**—**	**—**	**—**
Cash flow hedge – Reclassification from OCI to Goodwill		16,827	—	—	—
Total comprehensive income/(loss) for the period		**(1,808,493)**	**998,212**	**(2,097,384)**	**359,846**

	Note	9 months ended 30.09.2022	9 months ended 30.09.2021	3 months ended 30.09.2022	3 months ended 30.09.2021
Net profit/(loss) for the period is attributable to:		**(2,096,358)**	**889,882**	**(2,199,810)**	**324,366**
Shareholders of the Parent Company		(2,096,358)	889,882	(2,199,810)	324,366
Total comprehensive income/(loss) for the period is attributable to:		**(1,808,493)**	**998,212**	**(2,097,384)**	**359,846**
Shareholders of the Parent Company		(1,808,493)	998,212	(2,097,384)	359,846
Earnings per share for profit attributable to the ordinary equity holders of the company (in PLN)	**14**				
Basic		(2.01)	0.87	(2.08)	0.32
Diluted		(2.01)	0.87	(2.08)	0.32

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

all amounts expressed in PLN'000 unless indicated otherwise

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Interim Condensed Consolidated Statement of financial position

ASSETS

Non-current assets	Note	30.09.2022	31.12.2021
Goodwill	6/7	8,734,988	8,669,569
Other intangible assets	6	5,902,692	4,230,029
Property, plant and equipment	5	1,185,354	443,809
Derivative financial assets	5	416,471	203,027
Other receivables		31,519	30,676
Prepayments		3,803	11,258
Consumer Loans at amortised cost	16	—	15,622
Deferred tax assets		15,210	4,579
Investments		360	360
Restricted cash		11,867	—
Total non-current assets		**16,302,264**	**13,608,929**

Current assets	Note	30.09.2022	31.12.2021
Inventory	5	662,134	43,995
Trade and other receivables	15	1,031,243	818,828
Prepayments		67,201	54,068
Consumer Loans at amortised cost	16	200,451	343,163
Consumer Loans at fair value	16	260,800	—
Other financial assets		3,058	6,710
Derivative financial assets	5	504	13,968
Income tax receivables		14,800	8,735
Cash and cash equivalents	17	853,158	1,957,241
Restricted cash		20,087	14,240
Total current assets		**3,113,436**	**3,260,948**
Total assets		**19,415,700**	**16,869,877**

EQUITY AND LIABILITIES

Equity	Note	30.09.2022	31.12.2021
Share capital	5	10,569	10,233
Capital reserve		8,282,469	7,089,903
Exchange differences on translating foreign operations		121,150	—
Cash flow hedge reserve		312,924	146,209
Actuarial gain/(loss)		(1,728)	(1,728)
Other reserves		46,992	19,707
Treasury shares		(1,200)	(1,995)
Retained earnings		2,191,736	1,102,118
Net result		(2,096,358)	1,089,618
Equity allocated to shareholders of the Parent		**8,866,554**	**9,454,065**

Non-current liabilities	Note	30.09.2022	31.12.2021
Borrowings	5	5,947,669	5,362,982
Lease liabilities	5	608,052	206,086
Deferred tax liability	5	968,462	608,797
Liabilities to employees		7,696	9,769
Total non-current liabilities		**7,531,879**	**6,187,634**

Current liabilities	Note	30.09.2022	31.12.2021
Borrowings	5	1,005,472	3,316
Lease liabilities	5	120,334	45,056
Derivative financial liabilities		—	12,610
Income tax liability		18,878	154,940
Trade and other liabilities	18	1,730,311	903,755
Liabilities to employees		137,379	103,608
Liabilities related to business combinations		4,893	4,893
Total current liabilities		**3,017,267**	**1,228,178**
Total equity and liabilities		**19,415,700**	**16,869,877**

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

all amounts expressed in PLN'000 unless indicated otherwise

Interim Condensed Consolidated Statement of changes in equity

	Share Capital	Capital reserve	Exchange differences on translating foreign operations	Cash flow hedge reserve	Actuarial gain/(loss)	Other reserves	Treasury Shares	Retained earnings	Net result	Equity allocated to shareholders of the Parent	Total
As at 01.01.2022	**10,233**	**7,089,903**	**—**	**146,209**	**(1,728)**	**19,707**	**(1,995)**	**1,102,118**	**1,089,618**	**9,454,065**	**9,454,065**
Profit/(loss) for the period	—	—	—	—	—	—	—	—	(2,096,358)	(2,096,358)	(2,096,358)
Other comprehensive income/(loss)	—	—	121,150	149,888	—	—	—	—	—	271,038	271,038
Hedge – basis adjustment to Goodwill	—	—	—	16,827	—	—	—	—	—	16,827	16,827
Total comprehensive income/(loss) for the period	**—**	**—**	**121,150**	**166,715**	**—**	**—**	**—**	**—**	**(2,096,358)**	**(1,808,493)**	**(1,808,493)**
Transfer of profit from previous years	—	—	—	—	—	—	—	1,089,618	(1,089,618)	—	—
Increase of capital (see note 6)	336	1,180,745	—	—	—	—	—	—	—	1,181,081	1,181,081
Allegro Incentive Shares – release of treasury shares	—	(795)	—	—	—	—	795	—	—	—	
Allegro Incentive Plan	—	—	—	—	—	39,902	—	—	—	39,902	39,902
Allegro Incentive Plan – vested shares	—	12,617	—	—	—	(12,617)	—	—	—	—	—
Transactions with owners in their capacity as owners	**336**	**1,192,567**	**—**	**—**	**—**	**27,285**	**795**	**1,089,618**	**(1,089,618)**	**1,220,983**	**1,220,983**
As at 30.09.2022	**10,569**	**8,282,469**	**121,150**	**312,924**	**(1,728)**	**46,992**	**(1,200)**	**2,191,736**	**(2,096,358)**	**8,866,554**	**8,866,554**

	Share Capital	Capital reserve	Exchange differences on translating foreign operations	Cash flow hedge reserve	Actuarial gain/(loss)	Other reserves	Treasury Shares	Retained earnings	Net result	Equity allocated to shareholders of the Parent	Total
As at 01.01.2021	**10,233**	**7,073,667**	**—**	**(95,484)**	**(938)**	**—**	**—**	**682,958**	**419,160**	**8,089,596**	**8,089,596**
Profit/(loss) for the period	—	—	—	—	—	—	—	—	889,882	889,882	889,882
Other comprehensive income(loss)	—	—	—	108,330	—	—	—	—	—	108,330	108,330
Total comprehensive income/(loss) for the period	**—**	**—**	**—**	**108,330**	**—**	**—**	**—**	**—**	**889,882**	**998,212**	**998,212**
Transfer of profit from previous years	—	—	—	—	—	—	—	419,160	(419,160)	—	—
Allegro Incentive Plan	—	—	—	—	—	14,758	—	—	—	14,758	14,758
Consolidation of EBT	—	17,627	—	—	—	—	(3,386)	—	—	14,241	14,241
Transactions with owners in their capacity as owners	**—**	**17,627**	**—**	**—**	**—**	**14,758**	**(3,386)**	**419,160**	**(419,160)**	**28,999**	**28,999**
As at 30.09.2021	**10,233**	**7,091,294**	**—**	**12,846**	**(938)**	**14,758**	**(3,386)**	**1,102,118**	**889,882**	**9,116,807**	**9,116,807**

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

all amounts expressed in PLN'000 unless indicated otherwise

Interim Condensed Consolidated Statement of cash flows

	Note	9 months ended 30.09.2022	9 months ended 30.09.2021
Profit/(loss) before income tax		**(1,901,589)**	**1,106,552**
Amortisation, Depreciation and Impairment losses of non-current non-financial assets		2,927,027	380,978
Net interest expense	12	325,924	48,121
Non-cash employee benefits expense – share based payments		35,598	14,758
Revolving facility availability fee	12	4,408	2,645
Net (gain)/loss from exchange differences		20,323	1,382
Interest on leases	12	16,181	3,258
Net (gain)/loss on measurement of financial instrument	12	6,453	(11,200)
Net (gain)/loss on sale of non-current assets		30	232
(Increase)/Decrease in trade and other receivables and prepayments		(53,371)	28,219
(Increase)/Decrease in inventories		(192,042)	(64,742)
Increase/(Decrease) in trade and other liabilities		306,687	118,887
(Increase)/Decrease in consumer loans		(102,466)	(289,912)
Increase/(Decrease) in liabilities to employees		(12,931)	(57,440)
Cash flows from operating activities		**1,380,232**	**1,281,738**
Income tax paid		(380,385)	(262,679)
Net cash inflow/(outflow) from operating activities		**999,847**	**1,019,059**

Cash flows from investing activities	Note	9 months ended 30.09.2022	9 months ended 30.09.2021
Payments for property, plant & equipment and intangibles		(564,609)	(256,659)
Acquisition of subsidiary (net of cash acquired)		(2,349,855)	—
Other		854	(280)
Net cash inflow/(outflow) from investing activities		**(2,913,610)**	**(256,939)**

Cash flows from financing activities	Note	9 months ended 30.09.2022	9 months ended 30.09.2021
Borrowings received		1,500,000	—
Arrangement fee paid		(14,000)	—
Borrowings repaid		(380,966)	—
Interest paid		(325,156)	(96,978)
Interest rate hedging instrument settlements		85,974	(47,566)
Lease payments		(70,425)	(25,890)
Lease incentives		17,022	—
Revolving facility availability fee payments		(2,768)	(2,030)
Other		—	(447)
Net cash inflow/(outflow) from financing activities		**809,680**	**(172,911)**

	Note	9 months ended 30.09.2022	9 months ended 30.09.2021
Net increase/(decrease) in cash and cash equivalents		**(1,104,083)**	**589,210**
Cash and cash equivalents at the beginning of the financial period		1,957,241	1,185,060
Cash and cash equivalents at the end of the financial period		853,158	1,774,270

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Allegro.eu S.A. Group ('Group') consists of Allegro.eu Société anonyme ('Allegro.eu' or 'Parent') and its subsidiaries. Allegro.eu and the other members of the Group were established for an unspecified period. The Parent was established as a limited liability company (société à résponsabilité limitée) in Luxembourg on 5 May 2017. The Parent was transformed into a joint-stock company (société anonyme) on 27 August 2020.

The Group is registered in Luxembourg, and its registered office is located at 1, rue Hildegard von Bingen, Luxembourg. The Parent's shares have been listed on the Warsaw Stock Exchange ('WSE') since 12 October 2020.

After the recent acquisition (see note 6 'Business combination'), the Group now operates on the territory of Europe mainly in Poland, Czech Republic, Slovakia and Slovenia. The Group's most significant operating entities are: Allegro Sp. z o.o. (previously Allegro.pl Sp. z o.o. or 'Allegro'), Ceneo.pl Sp. z o.o. ('Ceneo'), eBilet Polska Sp. z o.o. ('eBilet'), Allegro Pay Sp. z o.o. ('Allegro Pay'), CZC.cz s.r.o. ('CZC'), Internet Mall a.s. ('Mall.cz'), Internet Mall Slovakia s.r.o. ('Mall.sk') and Mimovrste, spletna trgovina d.o.o ('Mimovrste'). The detailed information regarding the Group structure and the country of domicile of each legal entity within the Group is presented in note 8 'Group structure'.

The Group's core activities comprise:

- online marketplace;
- advertising;
- online price comparison services;
- retail sale via the Internet;
- online tickets distribution;
- web portal operations;
- consumer lending to marketplace buyers;
- software and solutions for delivery logistics;
- provider of logistic services;
- data processing, hosting and related activities;
- other information technology and computer service activities;
- computer facilities management activities;
- software-related activities;
- computer consultancy activities.

These Interim Condensed Consolidated Financial Statements were prepared for the three and nine month periods ended 30 September 2022, together with comparative amounts for the corresponding periods of 2021 and have not been a subject to auditor's review.

2. Basis of preparation

These Interim Condensed Consolidated Financial Statements for the three and nine month periods ended 30 September 2022 have been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting (as adopted by the European Union). The Interim Condensed Consolidated Financial Statements were prepared on the assumption that the Group would continue as a going concern for at least 12 months subsequent to 30 September 2022. In making this going concern assumption Management took into consideration the impact of the COVID-19 and the geopolitical situation in Ukraine on the Group's business.

These Interim Condensed Consolidated Financial Statements were prepared on the historical cost basis except for certain financial assets and liabilities (including derivative instruments) measured at fair value.

These Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements, and thus should be read in conjunction with the Consolidated Financial Statements of Allegro.eu S.A. Group for the year ended 31 December 2021.

The accounting policies adopted are consistent with these Interim Condensed Consolidated Financial Statements, except for the estimation of income tax prepared under IAS 34 (see note 13 'Income tax expense') and the adoption of new and amended standards effective after 1 January 2022 as set out in note 3 'Summary of changes in accounting policies'.

The business combination described in note number 6 'Business combination' has not had any impact on accounting policies applied in these Interim Condensed Consolidated Financial Statements. There were no other changes in accounting policies in the period covered by the Interim Condensed Consolidated Financial Statements of Allegro.eu S.A. Group ended 30 September 2022 in comparison to the Consolidated Financial Statements of Allegro.eu S.A. Group for the year ended 31 December 2021.

3. Summary of changes in significant accounting policies

NEW AND AMENDED STANDARDS AND INTERPRETATIONS ADOPTED BY THE GROUP

In these Interim Condensed Consolidated Financial Statements amendments to the following standards that came into effect as of 1 January 2022 were applied. The amendments do not have a significant impact on these financial statements.

Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making.

Annual Improvements make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

All above amendments were issued on 14 May 2020.

4. Information on material accounting estimates

The preparation of the Interim Condensed Consolidated Financial Statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgements are being constantly verified and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The new estimates and assumptions other than presented in Annual Consolidated Financial statements for the year ended 31 December 2021 that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the Intangibles Assets recognized on the business combination described in note 6 'Business combination' are addressed below.

ESTIMATES OF INTANGIBLE ASSETS

The identifiable intangible assets of acquired entities have been measured at provisional values at the date of these Interim Condensed Consolidated Financial Statements. The final purchase price allocation will be completed within 12 months from the acquisition.

The main category of intangible assets where the significant fair value adjustment was identified are customer relationships, trademarks, software and domains.

The fair value of customer relations was measured according to the multi-period excess earnings (MPEE) method. The estimates were based on the revenue and costs expected to be generated in the future by the acquired Group. On the other hand, The Royalty Relief Method used for the valuation of Trademark and Domains, concentrated on determining the hypothetical license fee with which the Group would be charged for using the trademark or domain had the Group not become its owner.

Lastly the replacement cost methodology was used in the valuation of the acquired software.

For the purpose of the customer relationship valuation the Group considered the customer to be each unique email address connected with a buyer that has made at least one purchase on any of the e-commerce platform owned by the acquired companies. This definition is aligned with the approach used by the Group to calculate the Active buyers metric for management reporting purposes.

all amounts expressed in PLN'000 unless indicated otherwise

AMORTISATION OF INTANGIBLE ASSETS

Amortisation is determined based on the expected economic useful lives of intangible assets and is a subject to annual verification. If there are any changes regarding the circumstances on which the economic useful life of an asset was originally determined, then its effect is recognised prospectively, as a change in accounting estimate.

The identified assets are amortised over their estimated useful economic life being: 20 years for customer relationships, 5 years for software, 3 years for Mall's domains and trademark and 10 years for domains and trademark recognized in CZC.

Sensitivity analysis of amortisation of significant intangible assets recognized on Mall Group and WE|DO acquisition is presented below:

	change in the reporting period:					
	shorter by:			longer by:		
Useful life sensitivity analysis of acquired intangibles assets	1 year	2 years	5 years [1]	5 years	2 years	1 year
Customer relationships	(1,572)	(3,318)	(9,954)	5,972	2,715	1,422
Software	(5,976)	(15,935)	(96,879)	11,952	6,829	3,984
Trademark in Mall North, Mall South & WE|DO	(7,650)	(30,599)	(31,086)	9,562	6,120	3,825
Domains in Mall North, Mall South & WE|DO	(7,650)	(30,599)	(31,086)	9,562	6,120	3,825
Trademark in CZC	(273)	(614)	(2,456)	819	409	223
Domains in CZC	(273)	(614)	(2,456)	819	409	223
Impact on profit/(loss) as at 30 September 2022	**(23,393)**	**(81,678)**	**(173,915)**	**38,686**	**22,603**	**13,502**

[1] assuming useful live period is 12 months for software, and domains and trademark in Mall South, Mall North and WE|DO

More information on the acquired intangibles is disclosed in note number 6 'Business combination'.

CONTINGENT LIABILITIES

Contingent liabilities are not recognised in the consolidated statement of financial position, but information about them is disclosed in Notes. No provision in relation to claims presented below have been recognised in the financial statements, as the outflow embodying the economic benefits is not probable.

All the Group's existing contingent liabilities were disclosed in the note 33 of the Annual Consolidated Financial Statements for the year 2021. In the three and nine month periods ended 30 September 2022 there were no changes in pending proceedings, except those described below.

Any changes in the proceedings described in the Consolidated Financial Statements of Allegro.eu S.A. Group for the year ended 31 December 2021 that occurred subsequent to nine months ended 30 September 2022, but before the publication date of these Interim Condensed Consolidated Financial Statements are described in note 21 'Events occurring after the reporting period'.

CONSUMER'S PROTECTION PROCEEDING AGAINST EBILET RELATED TO PROCEDURE OF TICKETS RETURNS DURING COVID-19 PANDEMIC INITIATED BY THE UOKIK (POLISH CONSUMER PROTECTION ORGANISATION)

This proceeding is a continuation of the explanatory proceeding commenced by UKOIK President on 22 February 2021.

On 17 March 2022 the UOKiK President launched a formal investigation against eBilet for an alleged violation of collective consumers' interest by allegedly providing consumers with false information that based on the Covid-19 legislation, eBilet is entitled to refund the ticket price for events cancelled due to the COVID – 19 pandemic within a 180-days period. According to the UOKiK President eBilet should refund the ticket price within a timeframe described in its Terms & Conditions (i.e. within a 14-day period).

This proceeding is a continuation of a previously conducted explanatory proceedings regarding eBilet's procedure of money refund for events cancelled due to the COVID-19 pandemic launched on 22 February 2021. eBilet is answering questions asked by the UOKiK President and it is providing to the UOKiK President legal arguments that Covid-19 legislation should apply also in this case.

If the UOKiK President is satisfied with eBilet's responses, the proceedings will end without further actions. If not, the UOKiK will issue an infringement decision, with or without a fine. If a fine were to be imposed, then in accordance with the Competition Act, it could be as high as 10% of eBilet's turnover in the financial year preceding the decision. The UOKiK President may also order the effects of the infringement to be remedied (e.g. obligation to compensate affected consumers). At this stage, the Group is not able to assess the probability of the fine that might be imposed on eBilet or its potential amount.

EXPLANATORY PROCEEDINGS RELATED TO THE RULES OF LEASE OF PROPERTY FOR THE INSTALLATION OF PARCEL LOCKERS

On 6 July 2022 Allegro received questions from the UOKiK President in the explanatory proceedings related to unfair non-competition clauses included in the lease agreement concluded for the purpose of installation of parcel lockers. The UOKiK President is analysing whether the rules being in place may infringe competition law.

These explanatory proceedings are a preliminary step that does not have to lead to the initiation of formal proceedings against any company. If the UOKiK President decides to pursue the matters covered by the explanatory proceedings, the antimonopoly proceedings against specific company or companies must be opened (the scope of the explanatory proceedings does not indicate a precise charge).

all amounts expressed in PLN'000 unless indicated otherwise

RECEIPT OF A STATEMENT OF OBJECTIONS FROM THE POLISH ANTITRUST AUTHORITY BY ALLEGRO SP. Z O.O.

On 8 August 2022 Allegro, received a statement of objections from the UOKIK President in the ongoing antitrust proceedings against Allegro concerning the alleged abuse of a dominant position by Allegro on the Polish market for online B2C intermediary sales services by favouring its own 1P retail sales activity on its platform.

The UOKIK president claims that Allegro favoured its 1P activity over 3P sellers by granting 1P access to:

- information regarding functioning of the Allegro platform ("Platform") and/or the consumer's behaviour on the Platform unavailable (or available to a limited extent) to 3P sellers and
- sales and/or promotional functions on the Platform unavailable (or available to a limited extent) to 3P sellers.

The UOKIK president indicated that it intends to issue a decision confirming the infringement of a dominant position by Allegro, ordering its cessation to the extent that the infringement has not been abandoned, and imposing a fine on Allegro. The maximum amount of such a penalty may amount to 10% of the turnover achieved by Allegro in the year preceding the imposition of the fine.

The Group does not agree with the UOKIK President claims and remains of the opinion that it does not hold a dominant position and it did not favour 1P sales in an anticompetitive way. Nevertheless, the Group intends to continue to fully cooperate with the UOKIK President.

If a fine were to be imposed, then in accordance with the Competition Act, it could be as high as 10% of the turnover of Allegro in the financial year preceding the decision. The UOKiK President may also order the effects of the infringement to be remedied.

Allegro submitted to the OCCP a commitment proposal, however the UOKIK President rejected it and closed the evidence gathering stage on 16 November 2022, setting on 7 December, a deadline for Allegro's final statement (futher information presented in note 21 'Events occurring after the reporting period').

ESTIMATED IMPAIRMENT OF GOODWILL

Goodwill is tested for impairment annually or more frequently if there is objective evidence of impairment. In the current reporting period the Group identified circumstances, indicating that impairment loss in reference to assets acquired in the transaction described in Note 6 'Business combination' might have occurred. Further information is presented in note 7 'Impairment of assets'.

The impairment test on the carrying values of other CGUs to which the goodwill has been allocated will be performed as at 31 December 2022, or earlier if any of the impairment indicators enumerated in IAS 36 materialise.

5. Significant changes in the current reporting period

The financial position and performance of the Group was particularly affected by the following events and transactions during the reporting period:

ACQUISITION TRANSACTION OF MALL GROUP AND WE|DO:

I. On 1 April 2022 in accordance with the Share Purchase Agreement ("SPA") dated 4 November 2021, the Group purchased ('Transaction') 100% of shares in Mall Group a.s. and 100% of shares in WE|DO CZ s.r.o. (together 'Targets' or 'Acquired Entities'). The provisional fair values of the Acquired Entities' other assets and liabilities might be updated upon the finalisation of the Group's purchase price allocation analysis, to be completed not later than 12 months from the acquisition date. The information regarding the settlement of the Transaction is presented in note 6 'Business combination'.

II. On 1 April 2022 the Group issued 33,649,039 of ordinary shares upon the completion of the acquisition transaction of Mall Group and WE|DO. That resulted in the increase of the share capital by PLN 336 with the premium over the par value in the amount of PLN 1,180,743 allocated to share premium. The details are described in note 6 'Business combination'. The shareholding structure as at 30 September 2022 and 31 December 2021 is presented in table below:

		30.09.2022		31.12.2021	
Name	**Ultimate owner**	**Number of shares**	**% of share capital**	**Number of shares**	**% of share capital**
Cidinan S.a r.l.	Cinven	286,778,572	27.13%	286,778,572	28.03%
Permira VI Investment Platform Limited	Permira	286,778,572	27.13%	286,778,572	28.03%
Mepinan S.à r.l.	Mid Europa Partners	63,728,574	6.03%	63,728,574	6.23%
Other Shareholders	n/a	419,619,135	39.70%	385,970,096	37.72%
Total		**1,056,904,853**	**100.00%**	**1,023,255,814**	**100.00%**

III. On 31 March 2022 the Group settled its obligation under a Foreign Exchange Deal Contingent Forward via transferring PLN 2,221,259 in exchange for EUR 474,000. This derivative instrument was designated as a hedge of future cash flow, related to a highly probable business combination transaction. Accordingly the loss in the amount of PLN 16,827 was transferred directly to goodwill, and forms a component of the purchase price paid on the acquisition of Mall Group and WE|DO completed on 1 April 2022. More information regarding the Transaction is presented in note 6 'Business combination'.

IV. The increases in short and long-term borrowings result respectively from the utilisation of a PLN 1,000,000 bridge term loan and a PLN 500,000 equivalent multi-currency revolving credit facility drawn in Czech Crowns. These new borrowings are due in September 2023 (see point below) and October 2025 respectively. The obtained funds were subsequently used to partly fund the acquisition of the Mall Group a.s. and WE|DO CZ s.r.o. (further referred to as Mall Group and WE|DO), which was completed on 1 April 2022. Further information regarding that Transaction is presented in note 6 'Business combination'.

V. On 31 May 2022 the Group signed an annex to bridge term loan facility under which the maturity date of the outstanding PLN 1,000,000 was extended by one year from September 2022 (as initially agreed) to September 2023 and the interest rate margin was increased. The higher margin resulted in the recognition of PLN 11,260 in financial costs due to the higher expected cash flows arising on existing borrowings valued at amortised cost. This financial cost is reflected in note number 12 'Financial income and financial costs' in line 'Remeasurement of the borrowings'. On 9 November 2022, the Group completed the refinancing of PLN 1,000,000 facility and extend its maturity date to October 2025 (see note 21 'Events occurring after the reporting period').

VI. In the nine months ended 30 September 2022 the Group recognized the financial cost in the amount of PLN 46,896 arising on the remeasurement of the amortised cost of the Group's PLN 5,500,000 borrowing facility. This movement reflects the increase in the Group's leverage, following the completion of the Mall and WE|DO acquisition Transaction, which by effect of the terms of the binding borrowing agreement, result in a higher interest rate margin and increase in the carrying value of the existing borrowings valued at amortised cost. This financial cost is reflected in note number 12 'Financial income and financial costs' in line 'Remeasurement of the borrowings'.

VII. The significant increase in inventory balance is driven by the acquisition of the Mall Group as described in note number 6 'Business combination'. Mall Group is a leading e-commerce platform working mainly in the retail ("1P") model, hence, goods for resale are an essential component of Mall's business. Inventory is recorded at the lower of cost and net realisable value. The cost of inventory is determined on the first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

VIII. The balance of the deferred tax liability increased mainly due to the recognition of the fair value adjustment arising on acquired assets in a total amount of PLN 277,489, measured as at the date of acquisition. More information about the acquired entities are described in note number 6 'Business combination'.

IX. The significant increase in property, plant and equipment ('PPE') balance is driven by the acquisition of the Mall Group and WE|DO as described in note number 6 'Business combination'. The amount of the acquired property, plant and equipment amounts to PLN 318,225.

X. As the result of acquisition transaction described in note 6 'Business combination' cost of goods sold increased significantly. Acquired companies operate mostly in the first party model, acting as principal, hence recognizing the retail revenue and cost of goods sold on the gross basis.

XI. Acquisition transaction of Mall Group and WE|DO described in detail in note 6 'Business combination' resulted in the recognition of Goodwill and the fair value adjustment arising on the carrying value of acquired net assets. In the current reporting period the Group identified the factors that indicated that acquired assets might be impaired. Therefore the recoverable amount of those assets was estimated, proving to be lower than their carrying value. That resulted in recognition of PLN 2,293,000 impairment loss presented in the Consolidated Statement of Comprehensive Income under 'Impairment losses of non-current non-financial assets'. Further information is presented in note 7 'Impairment of assets'.

OTHER:

I. On 24 February 2022 the Group received a notification from Francois Nuyts that he will step down as CEO of Allegro once an outstanding successor has been identified. The resignation of Francois Nuyts from the Company's Board and from the Management Board of Allegro was submitted on 4 July 2022, effective August 31, 2022. At the same time Roy Perticucci was appointed as CEO and a member of the Management Board of Allegro effective from 1 September 2022. On 21 September 2022 the Board co-opted (with immediate effect) Roy Perticucci, as Director of the Company, in replacement of François Nuyts (i.e. for the remainder of the initial mandate of François Nuyts). The Ordinary Shareholders Meeting of shareholders of the Company approved this co-option on 27th October 2022. For more information please refer to note number 21 'Events occurring after the reporting period'.

II. On 11 April 2022 the Remuneration Committee of the board of directors of Allegro.eu granted 742,135 units under the Performance Share Unit (PSU) plan and 2,499,820 shares under Restricted Stock Unit (RSU) plan. These awards have been granted to Executive Directors, Key Managers and other employees. The fair value, per share used in recognizing the costs of share based compensation is PLN 28.36 for this grant, being the closing price of Allegro.eu shares listed on Warsaw Stock Exchange on the date of the grant. The total value at the grant date was estimated at PLN 72,211, from which PLN 23,724 was recognized in nine months ended 30 September 2022. The cost of the grant will be recognized over the 36 months vesting period, based on the fair value of the Group's shares at closing on the grant date, an estimate of attrition rates and for the PSU, current estimates of probable achievement against agreed performance conditions that can result in between 0 and 2 ordinary shares being issued at vesting for each unit granted. Moreover on 19 April 2022 the Remuneration committee of the board of directors of Allegro.eu granted 427,419 RSU units in the form of sign-on bonuses to the newly appointed board members of Allegro. These units vest prorate over a 39-month period commencing on 1 January 2022. The total value of the units at their grant date was estimated at PLN 10,106 from which PLN 2,706 was recognized in the nine months ended 30 September 2022. This estimate is based on the fair value of the Group's shares at closing on the relevant grant date of PLN 26.31 per share.

In the third quarter of 2022, the Remuneration Committee of the Board of Directors of Allegro.eu granted 685,861 Restricted Stock Unit and 365,562 Performance Share Units as described below:

- On 5 July 2022 the Remuneration Committee of the Board of Directors of Allegro.eu granted 355,336 units under the Restricted Stock Unit plan. These awards were granted to key managers and employees of the Mall Group and WE|DO. The fair value per share to be used in recognizing the costs of share based compensation is PLN 22.82, being the closing price of Allegro.eu shares listed on Warsaw Stock Exchange on the grant date. The total estimated value of the program, at the grant date, was PLN 7,339 from which PLN 1,815 was recognized in the nine months ended 30 September 2022. Recognition of the estimated cost of the program shall reflect the plan's vesting profile of 50% and 50% respectively on 1 April 2023, and 1 April 2024.

- On 5 July 2022 Performance Share Units were granted to Executive Directors and Key Managers of Allegro.eu Group. Total share based compensation to be recognized from the 365,562 PSU Units issued on the grant date has been estimated at PLN 6,326 from which PLN 953 was recognized in the nine months ended 30 September 2022. The cost will be recognized over a 21 month period with the entire awards vesting on 1 April 2024. This estimate is based on the fair value of the Group's shares at closing on the grant date of PLN 22.82 per share, an estimate of attrition rates and current estimates of probable achievement against agreed performance conditions that can result in between 0 and 2 ordinary shares being issued at vesting for each PSU granted. The performance target conditions reflect specific targets to be achieved in relation the post-acquisition financial performance of Mall Group and WE|DO.

- On 30 September 2022 the Remuneration committee of the board of directors of Allegro.eu granted 330,525 RSU units in the form of sign-on bonuses. The fair value per share to be used in recognizing the costs of share based compensation is PLN 21.55, being the closing price of Allegro.eu shares listed on Warsaw Stock Exchange on the grant date. The cost reflects vesting profile at 25%, 25%, and 50% annually, and will be recognized over a 31 month period until April 2025. The total estimated value of the program, at the grant date, was PLN 5,875 from which PLN 402 was recognized in the nine months ended 30 September 2022. Recognition of the estimated cost of the program reflects the RSU Plan's vesting profile of 25%, 25%, and 50% respectively on the first, second, and third anniversaries of the grant date.

III. On 28 June 2022 the Group received official findings from tax audits carried out in reference to corporate income tax ("CIT") settlements of Allegro and Ceneo for the period from 28 July 2016 to 31 December 2017 and for 2018 tax year. After the careful analysis of official findings the Group decided to recognize a provision amounting to PLN 66,595 in respect to corporate income tax and withholding tax settlements for prior periods. The detailed description is presented in note 13 'Income tax expense'.

IV. On 23 August and 12 September 2022 the Group entered into two floating to fixed interest rate swap contracts in respect of PLN 500,000 of the Group's borrowings each. The hedge is effective from 30 June 2024 and terminates on 31 October 2025.

V. Although the Group does not have any department dedicated to research and development, such activities are performed throughout the organisation. Research and development expenditure that meet the capitalization criteria are deducted from expenses and recognized as intangible assets. The amount of development costs, capitalised during the nine months period ended 30 September 2022 and 30 September 2021 amounted to PLN 253,911 and PLN 162,147 respectively.

VI. In the third quarter of 2021 the Group entered into a consumer loans sale agreement with Aion Bank, under which the first transaction was executed in December 2021. As business objectives for most of the loans have changed in the fourth quarter of 2021 the Group concluded that the change of the business model is resulting in the reclassification of a vast part of the consumer loans from 'held to collect' measured in amortised cost to 'other' measured at fair value through profit and loss. Under IFRS 9 the reclassification date is defined as the "first day of the first reporting period following the change in the business model" which was 1 January 2022. More information is presented in note 16 'Consumer loans'.

VII. The increase of derivative financial assets balance in the amount of PLN 199,980 is driven by the upward movement in the WIBOR reference rate visible in the second part of 2021 and nine month period ended 30 September 2022 that resulted in the favourable revaluation of the Group's floating to fixed interest rate swap contracts. These instruments are designated as the hedge of the future cash flow, thus the revaluation of existing contracts is recognized as a component of Other Comprehensive Income.

VIII. The PPE balance is increased by the investments in fit out of new leased workspace, automated parcel machines, and continuous improvements in the warehouses. In the nine months period ended 30 September 2022, upon the commencement of the lease of the new office spaces in Warsaw and Poznań, the Group recognized the right of use assets and lease liabilities in the total amount of PLN 254,127. These right of use assets will be depreciated over a 7-8 years period, being the length of the lease agreements. In the nine months ended 30 September 2022 the Group also recognized lease of the land on the 5 years basis, in the total amount of PLN 33,869, as well as PLN 106,759 for automated parcel machines. The remaining increases relate to office and warehouse equipment.

6. Business combination

CLOSING OF THE ACQUISITION OF MALL GROUP A.S. AND WE|DO CZ S.R.O.

(amounts below are provided in PLN, EUR and CZK)

On 1 April 2022 with reference Share Purchase Agreement ("SPA") dated 4 November 2021, the Group purchased ('Transaction') 100% of shares in Mall Group a.s. and 100% of shares in WE|DO CZ s.r.o. (together 'Targets', 'Acquired Entities') from selling shareholders EC Investments a.s. (owning 40% of the shares in Mall Group a.s.), BONAK a.s. (owning 40% of the shares in Mall Group a.s.), Rockaway e-commerce a.s. (owning 20% of the shares in Mall Group a.s.), and Titancoin International a.s. (owning 100% of the ownership interest in WE|DO CZ s.r.o. and which itself is ultimately owned by the three selling shareholders of Mall Group a.s.) (together 'Former Shareholders').

The Group has incurred acquisition related costs in the amount of PLN 51,607,906, from which PLN 48,941,390 was recognized in the twelve months ended 31 December 2021 in the line item transaction cost in the statement of profit or loss. The remaining PLN 2,666,516 costs are recognized in the current interim period in the line item transaction cost in the statement of profit/loss in these interim condensed consolidated financial statements.

ABOUT THE ACQUIRED ENTITIES AND THE PRIMARY REASONS FOR THE BUSINESS COMBINATIONS

Mall Group and WE|DO have built some of the leading e-commerce and logistics businesses in the CEE region, combining a large customer base, strong traffic, highly popular consumer brands, and experienced cross-country teams. The Group's management expects that the Transaction will allow to accelerate growth and expand customer and merchant bases across the region in a combined platform, which should significantly accelerate the development of the Acquired Entities' GMV through expanded selection and improved user engagement in the third-party marketplace model.

The transaction gives the Group access to Mall Group and WE|DO's cross-border fulfilment and last-mile logistics infrastructure, while Allegro brings in its 3P marketplace expertise and state-of-the-art technology to accelerate joint growth. The two companies' advantages will thus be leveraged to the full, helping build a truly international business flywheel, based on the know-how from the joint teams. As Allegro plans to strengthen Mall Group's 3P business, the Group also expects to see growth in Mall Group profitability through significant increase in offer selection and transaction frequency.

The Group's management expects the Transaction to strengthen the companies' joint status as a leading regional marketplace, improving the everyday lives of millions of customers. Buyers will benefit from the improved selection, price, and convenience, while international merchants will be able to "list once, sell everywhere." The tie-up should improve the shopping experience and provide the best prices, broadest offer selection and maximum convenience for an 18m-strong existing combined customer base across the region. Mall Group and WE|DO will extend the Group's footprint to cover also the Czech Republic, Slovakia, Slovenia, Hungary, and Croatia.

Although the transaction will bring many opportunities to all the Group members, most of the synergies are expected to occur in Mall Group.

The revenue and net loss of the Group for the nine months ended 30 September 2022 would have been PLN 6,575,709,035 and PLN 2,216,722,838 respectively if the acquisition of Mall Group and WE|DO had been as of the beginning of the financial year. Since the date of the acquisition the acquired entities generated revenue in the amount of PLN 1,305,198,709 and net loss amounting to PLN 249,091,978.

PURCHASE PRICE CONSIDERATION

Upon the closing Allegro.eu initially acquired 47 shares in Mall Group a.s. representing 47% of its share capital and the remaining shares in Mall Group a.s (53 shares representing 53% of the share capital) and all the shares in WE|DO CZ s.r.o. were acquired by Allegro.

The price for all the shares in WE|DO CZ s.r.o. and 53 shares in Mall Group were acquired by Allegro in exchange for cash that amounted to EUR 14,000,000 (equivalent of PLN 65,109,800) and EUR 459,510,138 (equivalent of PLN 2,137,043,798) respectively.

The price for the 47 shares in Mall Group a.s. acquired by Allegro.eu was settled via the issuance of 33,649,039 new ordinary shares (the "New Shares") each having a nominal value of PLN 0.01. The issued shares provide the Former Shareholder with 3% of the interest in Allegro.eu and the same voting power. The fair value of the new shares on Closing (measured at the quoted price as of the Closing day) amounted to PLN 1,181,081,269.

Immediately following the closing, Allegro.eu made an in-kind contribution of the 47 shares in Mall Group a.s. to Adinan Treasury S.à r.l. (previously Adinan Midco S.à r.l.), which in turn immediately made an in-kind contribution of the 47 shares in Mall Group a.s. to Allegro. After the transaction Allegro was the only owner of 100% shares in Mall Group and 100% shares in WE|DO. Those were transferred within the Allegro.eu Group thus had no impact on the condensed consolidated financial statements of the Allegro.eu Group.

The cash payment for Mall Group and WE|DO was settled in full at the date of the Transaction. The Transaction was partly financed from the Group's own funds at PLN 1,221,258,800 and from Additional Term Facility at PLN 1,000,000,000. The transaction price was expressed and settled in EUR. In order to mitigate risk of foreign exchange volatility and secure Group's cash flows, the Group entered into Foreign Exchange Deal Contingent Forward, which was executed on 31 March 2022 via transferring 2,221,258,800 PLN in exchange for EUR 474,000,000. The Group applied the hedge accounting to hedge the foreign currency risk resulting from this Transaction. Foreign Exchange Deal Contingent Forward contract was used as hedging instrument and the loss on the settlement of the hedging derivative in the amount of PLN 16,827,000 was transferred from OCI on Closing date and adjusted goodwill recognized on this Transaction.

The purchase price consideration was further reduced to reflect the recognition of the indemnification asset amounting to PLN 15,134,672. In accordance with the Share Purchase Agreement the Group is entitled to receive, from the previous Shareholders, the compensation equal to any amount of cost or liabilities incurred by the Group, in relation to the contractually defined CIT and other tax claims that might arise subsequent to the commencement of the acquisition transaction. The indemnification asset was recognized in the amount equal to the amount of the provision recognized in net assets acquired.

At the date of the Transaction the Group settled the outstanding indebtedness of Acquired Entities towards the previous shareholders in the amount of CZK 1,089,054,731 (equivalent of PLN 207,573,832) being accounted for as the part of the purchase price consideration. Further details have been presented in the section below.

PROVISIONAL PURCHASE PRICE ALLOCATION

The identifiable assets and liabilities of Acquired Entities are measured at the Closing date at provisional values which are the carrying amounts from the financial statements of the Acquired Entities increased by the corresponding fair value adjustment. The provisional values have been used due to the short period between the acquisition date and reporting date, which did not allow to calculate the final fair values. Provisional amount of goodwill, provisional fair value of intangible assets and provisional fair values of the Acquired Entities' other assets and liabilities might be updated upon the finalisation of the Group's purchase price allocation analysis, to be completed not later than 12 months from the acquisition date.

As at the acquisition date [PLN thousand]	**Mall Group & WE|DO 01.04.2022**
Purchase consideration	**3,592,501**
– cash consideration	2,202,154
– repayment of shareholders loan	207,574
– settlement of the FX Deal Contingent Forward	16,827
– fair value of shares issued by Allegro.eu	1,181,081
– indemnification asset	(15,135)
Net assets	**(1,322,226)**
Goodwill	**2,270,275**

Net assets acquired	**Fair Value**
Property, plant and equipment	318,225
Customer relationships	1,207,128
Trademarks	142,401
Domains	142,401
Software	241,565
Other intangible assets	48,972
Other assets	35,033
Inventory	410,173
Trade and other receivables	142,964
Trade and other receivables, gross	*149,372*
Contractual cash flows not expected to be collected	*(6,408)*
Income tax receivables	1,508
Trade and other liabilities	(523,951)
Liabilities to employees	(42,960)
Cash and cash equivalents	61,565
Borrowings [1]	(380,966)
Lease liabilities	(150,949)
Deferred tax liabilities	(330,883)
Total net assets acquired	**1,322,226**

	Fair Value
Purchase consideration paid in cash	2,411,420
Cash and cash equivalents acquired	61,565
Cash flow used in acquisition (investing activity)	**2,349,855**

[1] including the bank borrowings repaid by Allegro.eu Group upon completion of the acquisition

Based on the provisional purchase price allocation the provisional Goodwill recognized on the acquisition transaction amounted to PLN 2,270,275. This amount is attributable to the items that do not meet the recognition criteria and reflects the synergies that are expected to occur in Mall Group and WE|DO. Those synergies are expected to result mostly from the growth in the number of merchants and increased variety of products offered on the marketplace that should in turn drive a significant increase in the Group active buyers' base.

Due to the fact that Mall Group and WE|DO were acquired by Allegro Group from the same ultimate selling party, the acquisitions were negotiated as one deal and the Targets were acquired on the same Closing day and, therefore the Transaction is accounted for as one business combination transaction. Consequently the disclosure is provided for the acquisition of Targets accounted for as one business combination.

Goodwill arising on the acquisition relates to four different cash generating units ('CGU') being Mall North, Mall South, CZC and WE|DO. The Group believes that those are the smallest identifiable group of assets that are capable of generating the highly independent cash inflows. All four CGUs are assigned into one operating segment 'Mall' as described in note number 10. As at the date of these Interim Condensed Consolidated Financial Statements the purchase price allocation has not yet been finished, therefore also for the purpose of the translation of the goodwill from functional currency into presentation currency, the allocation of goodwill to legal entities with different functional currencies is made only provisionally; the final allocation will be made once purchase price allocation is finalised.

Moreover the Group determined that impairment testing should be performed on the level of the Mall operating segment as a whole as this is the lowest level at which management monitors goodwill for internal management purposes. That also represents the aggregation level on which the operating segment was identified, "Mall", reflecting the level on which the Chief Operating Decision Maker is analysing the operating results of acquired entities. The goodwill is expressed in the local currencies of acquired entities (functional currency), being subject to translation into the presentation currency of the consolidated financial statements of Allegro.eu Group. Further information is presented in note 7 'Impairment of assets'.

7. Impairment of assets

On 1 April 2022 the Group completed the acquisition transaction of Mall Group and WE|DO, described in detail in note 6 'Business Combination'. This transaction resulted in recognition of four cash generating-units ('CGU'): Mall North, Mall South, CZC and WE|DO, representing the smallest identifiable group of assets able to generate largely independent cash inflows. The goodwill that arose on that transaction is monitored for internal management purposes on 'Mall' operating segment level (including all four CGUs), as disclosed in note 10 'Operating Segments', and thus is tested for impairment on such aggregation level.

In the current reporting period, the Group identified circumstances indicating that the carrying value of acquired assets in the Mall operating segment might be impaired. Key indications of impairment included a significant loss of the market value of many traded peer e-commerce companies. In the meantime inflation and the cost of living crisis have led Mall and WE|DO to significantly underperform original expectations for its financial performance. Rising inflation and borrowing costs have caused the cost of equity to move up considerably, reducing the present value of the future cash flows projected to be generated by the Mall segment.

The total carrying value of acquired assets (including goodwill) in 'Mall' operating segment amounted to PLN 4,072,068, compared to the estimated recoverable amount of PLN 1,779,068, resulting in the impairment loss of PLN 2,293,000. This impairment loss was fully allocated to Goodwill and was presented in this Interim Condensed Consolidated Statement of Comprehensive Income in line 'Impairment losses of non-current non-financial assets'.

The recoverable amount of acquired assets in 'Mall' operating segment was determined based on the 'fair value less cost to sell' with application of the discounted cash flow model. The fair value measurement is classified as level 3 of the fair value hierarchy. The measurements use cash flow projections based on financial models approved by the Board of Directors covering a ten-year period.

The key assumptions driving the discounted cash flow model are presented in the table below:

The average annual rate of growth of revenues during the forecast period	23.2%
Average annual rise/(fall) in EBITDA margin during the forecast period	2.9 ppt
Growth rate outside the forecast period (including inflation)	2.0%
Discount rate (post-tax)	12.3%

The average annual rate of growth of revenue and EBITDA margin during the forecasted period are estimated based on the Group expectations of future market development and industry benchmarks.

Cash flows beyond the forecast period are extrapolated using the estimated growth rates, which are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The post-tax discount rate reflects specific risks relating to the relevant segment and the countries in which it operates.

As there were no indicators for impairment of any of the other CGUs, the Group has not updated any other impairment calculations, which will be completed during the typical annual testing cycle.

8. Group structure

Key information regarding the members of the Group, their country of domicile, shares held by the Group as at 30 September 2022 and 30 September 2021 and the periods subject to consolidation is presented below.

PERIOD COVERED BY CONSOLIDATION
01.01.2022–30.09.2022

- **Allegro.eu S.A.** – Luxembourg
  - **Adinan Super Topco Employee Benefit Trust** – Jersey, **n/a**
  - **Allegro Treasury S.à r.l.** (previously Adinan Midco S.à r.l.) – Luxembourg, **100%**
    - **Allegro Sp. z o.o. (previously Allegro.pl sp. z o.o.)** – Poland, **100%**
      - **Mall Group a.s.** [1] – Czech Republic, **100%**
        - **E-commerce Holding a.s.** [1] – Czech Republic, **100%**
          - **AMG Media a.s. (previously LGSTCS a.s.)** [1] – Czech Republic, **100%**
            - **Uloženka s.r.o.** [1] – Czech Republic, **100%**
          - **Digital Engines s.r.o. v likvidaci** [1] – Czech Republic, **100%**
          - **CZC.cz s.r.o.** [1] – Czech Republic, **100%**
          - **Rozbaleno.cz s.r.o. v likvidaci** [1] – Czech Republic, **100%**
        - **Internet Mall a.s.** [1] – Czech Republic, **100%**
        - **Internet Mall Hungary Kft.** [1] – Hungary, **100%**
        - **Mimovrste, spletna trgovina d.o.o.** [1] – Slovenia, **100%**
        - **Internet Mall Slovakia s.r.o.** [1] – Slovakia, **100%**
        - **Internet Mall d.o.o.** [1] – Croatia, **100%**
        - **Netretail Sp. z.o.o. w likwidacji** [1] – Poland, **100%**
        - **m-HU Internet Kft.** [1] – Hungary, **100%**
      - **eBilet Polska Sp. z o.o.** – Poland, **100%**
      - **Opennet.pl Sp. z o.o.** – Poland, **100%**
      - **Allegro Finance Sp. z o.o.** – Poland, **100%**
      - **SkyNet Customs Brokers Sp. z o.o.** – Poland, **100%**
      - **WE|DO CZ s.r.o** [1] – Czech Republic, **100%**
        - **WE|DO SK s.r.o** [1] – Slovakia, **100%**
    - **Ceneo.pl Sp. z o.o.** – Poland, **100%**
    - **Allegro Pay Sp. z o.o.** – Poland, **100%**

[1] Period covered by consolidation
01.04.2022 – 30.09.2022

PERIOD COVERED BY CONSOLIDATION
01.01.2021 – 30.09.2021

Allegro.eu S.A.
Luxembourg

Adinan Super Topco Employee Benefit Trust
Jersey, **n/a**

Allegro Treasury S.à r.l.
(previously Adinan Midco S.à r.l.)
Luxembourg, **100%**

Allegro Sp. z o.o. (previously Allegro.pl sp. z o.o.)
Poland, **100%**

Allegro Pay Sp. z o.o.
Poland, **100%**

Ceneo.pl Sp. z o.o.
Poland, **100%**

Opennet.pl Sp. z o.o.
Poland, **100%**

eBilet Polska Sp. z o.o.
Poland, **100%**

Allegro Finance Sp. z o.o.
Poland, **100%**

Trade Analytics Instytut Badań Ecommerce Sp. z o.o.
Poland, **100%**

The Group's management decided to liquidate Netretail Sp. z o.o., a Polish based operating entity and subsidiary of Mall Group a.s., acquired as the part of the business combination transaction completed on 1 April 2022. The assets controlled by the company were transferred to Allegro sp. z o.o, with the liquidation process expected to be finalised in the upcoming months.

The transaction does not meet the criteria to be presented as discontinued operations, as Netretail Sp. z o.o. was not a separate major line of business, as defined in IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

9. Approval of the Interim Condensed Consolidated Financial Statements

The Interim Condensed Consolidated Financial Statements for the three and nine month periods ended 30 September 2022 were approved for issue by the Board of Directors on 29 November 2022.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

10. Segment information

10.1 DESCRIPTION OF SEGMENTS AND PRINCIPAL ACTIVITIES

Allegro.eu Group has implemented an internal functional reporting system. For management purposes, the Group is organised into business units based on their products, and has three reportable operating segments as presented below.

On 1 April 2022 the Group completed the acquisition transaction of Mall Group and WE|DO. The financials results of those entities are presented in the new operating segment "Mall".

Reportable Segment	Description	Legal entities
Allegro	Segment running B2C, C2C and B2B e-commerce platform, operating on teritory of Poland, comprising the online marketplace and relevant services such as consumer lending and logistics operations.	Allegro Sp. z o.o.; Allegro Pay Sp. z o.o.; Allegro Finance Sp. z o.o.; Opennet.pl Sp. z o.o.; SkyNet Customs Brokers Sp. z o.o.
Ceneo	Segment providing the multi-category price comparison services in polish market, allowing the customer to find the most attractive price among the different website and marketplaces.	Ceneo.pl Sp. z o.o.
Mall	Comprises the e-commerce and logistics businesses and brands of Mall Group and WE|DO, based mainly in Czech Republic, Slovakia and Slovenia.	Mall Group a.s.; Internet Mall a.s.; Internet Mall Hungary Kft.; Mimovrste, spletna trgovina d.o.o.; Internet Mall Slovakia s.r.o.; Internet Mall d.o.o.; Netretail Sp. z.o.o. w likwidacji; m-HU Internet Kft.; Uloženka s.r.o.; E-commerce Holding a.s.; Digital Engines s.r.o. v likvidaci; AMG Media a.s.; CZC.cz s.r.o.; Rozbaleno.cz s.r.o. v likvidaci; WE|DO CZ s.r.o; WE|DO SK s.r.o
Other	Including the operations of eBilet, the leading event ticket sales site in Poland and the results of the parent and the intermediate holding company.	Allegro Treasury S.à r.l.; Allegro.eu S.A.; eBilet Polska Sp. z o.o.

all amounts expressed in PLN'000 unless indicated otherwise

The reportable segments are identified at the Group level and are equal to the operating segments. Segment performance is assessed on the basis of revenue, operating profit before amortisation/ depreciation, recognised impairment losses of non-current non financial assets and decreased by reversal of such impairment losses ('EBITDA') as defined in the note 10.2. The accounting policies adopted are uniform for all segments and consistent with those applied for the Group. Inter-segment transactions are eliminated upon consolidation.

Interest income and finance cost are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. All operating segments have a dispersed customer base – no single customer generates more than 10% of segment revenue. Information regarding the Group results incurred in the different geographical locations is presented in table below.

9 months ended 30.09.2022	TOTAL	Allegro	Ceneo	Mall	Other	Eliminations
External revenue	5,922,115	4,417,623	169,971	1,303,595	30,926	—
Poland	*4,627,164*	*4,417,623*	*169,971*	*8,644*	*30,926*	—
Czech Republic	*837,110*	—	—	*837,110*	—	—
Other countries	*457,841*	—	—	*457,841*	—	—
Inter-segment revenue	—	10,067	37,975	1,604	694	(50,340)
Revenue	**5,922,115**	**4,427,690**	**207,946**	**1,305,199**	**31,620**	**(50,340)**
Operating expenses	(4,549,662)	(2,970,875)	(137,049)	(1,447,869)	(44,209)	50,340
EBITDA	**1,372,453**	**1,456,815**	**70,897**	**(142,670)**	**(12,589)**	**—**
Amortisation, depreciation and impairment losses of non-current non-financial assets	(2,927,027)					
Net financial costs	(347,015)					
Profit/(loss) before income tax	**(1,901,589)**					
Income tax expense	(194,769)					
Net Profit/(loss)	**(2,096,358)**					

9 months ended 30.09.2021	TOTAL	Allegro	Ceneo	Other	Eliminations
External revenue	3,752,193	3,578,238	162,799	11,156	—
Poland	*3,752,193*	*3,578,238*	*162,799*	*11,156*	—
Inter-segment revenue	—	40,215	47,603	60	(87,878)
Revenue	**3,752,193**	**3,618,453**	**210,402**	**11,216**	**(87,878)**
Operating expenses	(2,220,080)	(2,133,976)	(121,183)	(52,799)	87,878
EBITDA	**1,532,113**	**1,484,477**	**89,219**	**(41,583)**	**—**
Amortisation, depreciation and impairment losses of non-current non-financial assets	(380,978)				
Net financial costs	(44,583)				
Profit/(loss) before income tax	**1,106,552**				
Income tax expense	(216,670)				
Net Profit/(loss)	**889,882**				

all amounts expressed in PLN'000 unless indicated otherwise

3 months ended 30.09.2022	TOTAL	Allegro	Ceneo	Mall	Other	Eliminations
External revenue	2,319,460	1,559,953	54,592	693,509	11,406	—
Poland	*1,626,359*	*1,559,953*	*54,592*	*408*	*11,406*	—
Czech Republic	*451,030*	—	—	*451,030*	—	—
Other countries	*242,071*	—	—	*242,071*	—	—
Inter-segment revenue	—	2,886	9,458	1,030	225	(13,599)
Revenue	**2,319,460**	**1,562,839**	**64,050**	**694,539**	**11,631**	**(13,599)**
Operating expenses	(1,828,462)	(1,026,440)	(42,088)	(763,518)	(10,015)	13,599
EBITDA	**490,998**	**536,399**	**21,962**	**(68,979)**	**1,616**	**—**
Amortisation, depreciation and impairment losses of non-current non-financial assets	(2,535,866)					
Net financial result	(110,518)					
Profit/(loss) before income tax	**(2,155,386)**					
Income tax expense	(44,424)					
Net Profit/(loss)	**(2,199,810)**					

3 months ended 30.09.2021	TOTAL	Allegro	Ceneo	Other	Eliminations
External revenue	1,233,869	1,181,524	47,523	4,822	—
Poland	*1,233,869*	*1,181,524*	*47,523*	*4,822*	—
Inter-segment revenue	—	19,383	15,356	60	(34,799)
Revenue	**1,233,869**	**1,200,907**	**62,879**	**4,882**	**(34,799)**
Operating expenses	(776,803)	(759,897)	(36,515)	(15,190)	34,799
EBITDA	**457,066**	**441,010**	**26,364**	**(10,308)**	**—**
Amortisation, depreciation and impairment losses of non-current non-financial assets	(133,917)				
Net financial result	57,563				
Profit/(loss) before income tax	**380,712**				
Income tax expense	(56,346)				
Net Profit/(loss)	**324,366**				

The Board of Directors does not analyse the operating segments in relation to their assets and liabilities. The Group's operating segments are presented consistently with the internal reporting submitted to the Parent Company's Board of Directors, which is the main body responsible for making strategic decisions. The operating decisions are taken on the level of the operating entities.

The Group has identified certain amount of inter-company revenue and operating expenses was mapped as inter-segment, even-though they arose on transactions concluded between the legal entities aggregated in the same segment. Therefore the Group has amended the presentation in note 10 'Segment Information' and note 11 'Revenues from contracts with customers' with no retrospective restatement of previously reported amounts as it is not considered to be material.

all amounts expressed in PLN'000 unless indicated otherwise

10.2 ADJUSTED EBITDA (NON-GAAP MEASURE)

EBITDA, which is a measure of the operating segments' profit, is defined as the net profit increased by the income tax charge, net financial costs (i.e. the finance income and finance costs), depreciation/amortisation, recognised impairment losses of non-current non-financial assets and decreased by reversal of such impairment losses.

In the opinion of the Board of Directors, Adjusted EBITDA is the most relevant measure of profit of the Group. Adjusted EBITDA excludes the effects of significant items of income and expenditure that may have an impact on the quality of earnings. The Group defines Adjusted EBITDA as EBITDA excluding monitoring costs, Group restructuring costs, donations to various public benefit organisations, certain employee incentives and bonuses, as well as transaction costs, because these expenses are mostly of non-recurring nature and are not directly related to core operations of the Group.

Adjusted EBITDA also excludes costs of recognition of incentive programs (Allegro Incentive Plan). Adjusted EBITDA is analysed and verified only at the Group level.

EBITDA and Adjusted EBITDA are not IFRS measures and should not be considered as an alternative to IFRS measures of profit/(loss) for the period, as an indicator of operating performance, as a measure of cash flow from operations under IFRS, or as an indicator of liquidity. EBITDA and Adjusted EBITDA are not a uniform or standardised measure and the calculation of EBITDA and Adjusted EBITDA, accordingly, may vary significantly from company to company.

	9 months ended 30.09.2022	9 months ended 30.09.2021	3 months ended 30.09.2022	3 months ended 30.09.2021
EBITDA	**1,372,453**	**1,532,113**	**490,998**	**457,066**
Regulatory proceeding costs [1]	1,057	774	65	229
Group restructuring and development costs [2]	62,988	46	23,913	—
Donations to various public benefit organisations [3]	3,008	2,315	800	—
Bonus for employees and funds spent on protective equipment against COVID-19 [4]	390	953	—	358
Allegro Incentive Plan [5]	35,598	12,522	19,491	3,785
Transaction costs [6]	2,667	18,515	(318)	10,235
Employees restructuring cost [7]	6,209	—	2,379	—
Adjusted EBITDA	**1,484,370**	**1,567,237**	**537,329**	**471,673**

[1] Represents legal costs mainly related to non-recurring regulatory proceedings, legal and expert fees and settlement costs.
[2] Represents legal and financial due diligence and other advisory expenses with respect to potential acquisitions or discontinued acquisition projects, post-acquisition integration costs and other advisory expenses with respect to signed and/or closed acquisitions and costs of Group restructuring.
[3] Represents donations made by the Group to support health service and charitable organisations and NGOs during the COVID-19 pandemic and to provide humanitarian aid to people affected by the war in Ukraine.
[4] Represents expenses incurred by the Group to buy employees' protective equipment against COVID-19 and to pay employees' bonuses for the purchase of equipment necessary to enable them to work remotely during the COVID-19 pandemic.
[5] Represents the costs of the Allegro Incentive Plan, under which awards in the form of Performance Share Units ("PSU") and Restricted Stock Units ("RSU") are granted to Executive Directors, Key Managers and other employees.
[6] Represents pre-acquisition advisory fees, legal, financial, tax due diligence and other transactional expenses incurred in relation to the completed acquisition of Mall Group a.s. and WE|DO CZ s.r.o.
[7] Represents certain payments related to reorganization of the Management Boards of the parent entity and the underlying operating entities.

all amounts expressed in PLN'000 unless indicated otherwise

11.

Revenues from contracts with customers

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

9 months ended 30.09.2022	Allegro	Ceneo	Mall	Other	Eliminations	Total
Marketplace revenue	3,700,612	—	29,181	31,156	(230)	3,760,719
Advertising revenue	373,054	40,428	2,890	—	(4,365)	412,007
Price comparison revenue	—	165,531	—	—	(31,887)	133,644
Retail revenue	295,245	—	1,221,341	—	(2,240)	1,514,346
Other revenue	58,779	1,987	51,787	464	(11,618)	101,399
Revenue	**4,427,690**	**207,946**	**1,305,199**	**31,620**	**(50,340)**	**5,922,115**

9 months ended 30.09.2021	Allegro	Ceneo	Other	Eliminations	Total
Marketplace revenue	3,080,947	—	7,893	—	3,088,840
Advertising revenue	287,834	39,829	—	(3,462)	324,201
Price comparison revenue	—	168,000	—	(41,934)	126,066
Retail revenue	191,851	—	—	—	191,851
Other revenue	57,821	2,573	3,323	(42,482)	21,235
Revenue	**3,618,453**	**210,402**	**11,216**	**(87,878)**	**3,752,193**

3 months ended 30.09.2022	Allegro	Ceneo	Mall	Other	Eliminations	Total
Marketplace revenue	1,301,925	—	14,826	11,630	—	1,328,381
Advertising revenue	131,201	13,110	785	—	(1,457)	143,639
Price comparison revenue	—	50,314	—	—	(7,495)	42,819
Retail revenue	109,445	—	653,382	—	(1,664)	761,163
Other revenue	20,268	626	25,546	—	(2,982)	43,458
Revenue	**1,562,839**	**64,050**	**694,539**	**11,630**	**(13,598)**	**2,319,460**

3 months ended 30.09.2021	Allegro	Ceneo	Other	Eliminations	Total
Marketplace revenue	1,005,723	—	4,787	—	1,010,510
Advertising revenue	97,534	13,448	—	(1,557)	109,425
Price comparison revenue	—	48,744	—	(13,238)	35,506
Retail revenue	68,209	—	—	—	68,209
Other revenue	29,441	687	95	(20,004)	10,219
Revenue	**1,200,907**	**62,879**	**4,882**	**(34,799)**	**1,233,869**

all amounts expressed in PLN'000 unless indicated otherwise

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major operating segments.

9 months ended 30.09.2022

Timing of revenue recognition:	Allegro	Ceneo	Mall	Other	Eliminations	Total
At a point in time	3,663,251	167,518	1,266,724	31,620	(44,276)	5,084,837
Over time	764,439	40,428	38,475	—	(6,064)	837,278
Revenue	**4,427,690**	**207,946**	**1,305,199**	**31,620**	**(50,340)**	**5,922,115**

9 months ended 30.09.2021

Timing of revenue recognition:	Allegro	Ceneo	Other	Eliminations	Total
At a point in time	2,959,714	168,693	11,216	(82,505)	3,057,118
Over time	658,739	41,709	—	(5,373)	695,075
Revenue	**3,618,453**	**210,402**	**11,216**	**(87,878)**	**3,752,193**

3 months ended 30.09.2022

Timing of revenue recognition:	Allegro	Ceneo	Mall	Other	Eliminations	Total
At a point in time	1,301,067	50,940	683,282	11,630	(11,578)	2,035,341
Over time	261,772	13,110	11,257	—	(2,020)	284,119
Revenue	**1,562,839**	**64,050**	**694,539**	**11,630**	**(13,598)**	**2,319,460**

3 months ended 30.09.2021

Timing of revenue recognition:	Allegro	Ceneo	Other	Eliminations	Total
At a point in time	982,340	48,900	4,882	(32,681)	1,003,441
Over time	218,567	13,979	—	(2,118)	230,428
Revenue	**1,200,907**	**62,879**	**4,882**	**(34,799)**	**1,233,869**

In the reporting period ended 31 December 2021, the Group has identified a certain amount of the success fee arising on listing and promotional activities which was incorrectly mapped in the accounting system to the "over time" line item in the above presented table in Note 11 'Revenues from contracts with customers' rather than "point in time". Therefore the Group has amended the disclosure in the Note 11 for the comparative period that resulted in transferring PLN 572,775 from revenue recognized over time to revenue recognized at a point in time.

REVENUE ACCOUNTING POLICIES APPLIED IN ACQUIRED ENTITIES

The entities acquired as at 1 April 2022 (more in note 6 'Business combination') comprise mainly e-commerce and logistics businesses, thus the accounting policies on the revenue recognition are consistent with those applied by the Group historically, with the detailed description presented in note number 9 of the Consolidated Financial Statements of Allegro.eu S.A. Group for the year ended 31 December 2021.

all amounts expressed in PLN'000 unless indicated otherwise

12.

Financial income and financial costs

	9 months ended 30.09.2022	9 months ended 30.09.2021	3 months ended 30.09.2022	3 months ended 30.09.2021
Valuation of financial assets	—	11,200	—	3,092
Interest from deposits	17,537	833	6,602	406
Other financial income	2,031	226	1,690	84
Net exchange gains on foreign currency transactions	—	699	—	—
Remeasurement of the borrowings	—	105,928	—	105,928
Financial income	**19,568**	**118,886**	**8,292**	**109,510**
Interest paid and payable for financial liabilities	(339,334)	(109,714)	(165,205)	(34,144)
Result on interest rate hedging	79,521	(44,334)	59,372	(14,761)
Remeasurement of the borrowings	(58,534)	—	—	—
Interest on leases	(16,181)	(3,258)	(7,152)	(1,416)
Revolving facility availability fee	(4,408)	(2,645)	(644)	(815)
Net exchange losses on foreign currency transactions	(14,155)	—	(4,672)	(164)
Other financial costs	(13,492)	(3,518)	(509)	(647)
Financial costs	**(366,583)**	**(163,469)**	**(118,810)**	**(51,947)**
Net financial costs	**(347,015)**	**(44,583)**	**(110,518)**	**57,563**

The increase in the interest expenses is driven by the higher balance of Group's borrowings as well as the upward movement in the WIBOR reference rate visible in the second part of the 2021 and nine months period ended 30 September 2022. This resulted in the higher costs of servicing the Group's floating rate indebtedness and increased receipts from settling fixed to floating interest rate swap contracts.

The higher financial income generated on the Interest from deposits results from the process of increasing the main reference rates by the National Bank of Poland that resulted in higher deposit rates offered by the commercial banks.

Other financial cost for the nine months period ended 30 September 2022 includes mostly the accrued interest related to the tax proceedings described in note 13 'Income tax expense'.

all amounts expressed in PLN'000 unless indicated otherwise

13. Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the nine months ended 30 September 2021 is 20%. The effective tax rate for the current reporting period is not calculable, due to the recognition of non-tax deductible impairment loss of Goodwill in the amount of 2,293,000 (see note 7 'Impairment of Assets').

The majority of the Group's taxable income is generated in Poland and is subject to taxation according to the Corporate Income Tax Act (referred to as 'CIT') at the CIT rate of 19%. The CIT rates applicable in each of the countries where the Group has legal entities are set out below:

Country	Tax rate 9 months ended 30.09.2022	Tax rate 9 months ended 30.09.2021
Poland	19.00%	19.00%
Luxembourg	24.94%	24.94%
Czech Republic	19.00%	n/a
Slovenia	19.00%	n/a
Slovakia	21.00%	n/a
Hungary	9.00%	n/a
Croatia	18.00%	n/a

The Board of Directors reviews from time to time the approach adopted in preparing tax returns where the applicable tax regulations are subject to interpretation. In justified cases, a provision is established for the expected tax payable to tax authorities.

For the periods ended 30 September 2022 and 30 September 2021 the income tax expense was as follows:

	9 months ended 30.09.2022	9 months ended 30.09.2021	3 months ended 30.09.2022	3 months ended 30.09.2021
Current income tax on profits	(187,784)	(209,924)	(69,024)	(70,479)
Adjustments for current tax of prior periods	(52,360)	(1,363)	1,493	—
(Increase)/Decrease in net deferred tax liability	45,375	(5,383)	23,107	14,133
Income tax expense	**(194,769)**	**(216,670)**	**(44,424)**	**(56,346)**

On 28 June 2022 Allegro and Ceneo received official findings from tax audits carried out by the Head of Małopolski Tax and Customs Office (the "Tax Authority") that concerned corporate income tax ("CIT") settlements of the companies for the periods from 28 July 2016 to 31 December 2017 and for 2018. The Tax Authority challenged the tax-deductibility of an arrangement fee paid by the companies to their related entities as this fee was for equity received, as well as the interest rate being paid by the companies to their shareholder on intra-Group borrowings. The Group's Management after careful analysis of the official findings from tax audits received and supported by their tax advisor, decided to voluntarily correct their tax returns for the audited periods and accrue additional tax. In July 2022 the Tax Authority commenced withholding tax audits for the financial years 2017-2018 in Allegro and Ceneo and these audits are already closed. Due to the nature of the challenge regarding the amount of interest paid, it may also have an impact on CIT settlements for financial years 2019-2020 and withholding tax settlements for financial years 2019-2020. In consideration of the official findings and potential related impacts described above, the Group recorded an estimated provision in accordance with IFRIC 23 of PLN 66,595, comprising PLN 34,099 for current tax of prior periods, PLN 18,422 of withholding tax and PLN 14,073 of interest presented in financial costs.

In July 2022 the Group partly settled the obligation towards the Tax Authority via transferring PLN 26,574 in tax related to prior periods and interest of PLN 9,218.

The Group did not identify any other transactions and operations that might represent risk from an Uncertain Tax Position, which might require creating the relevant provisions. However, the Group cannot exclude the risk that the tax authorities will apply a different approach from the one adopted by the Group, which may adversely affect the Group's business.

14. Earnings per share

The amounts in this note are provided in PLN and not in thousand PLN.

	9 months ended 30.09.2022	9 months ended 30.09.2021
Net profit/(loss) attributable to equity holders of the Parent Company	(2,096,358,456)	889,882,038
Profit/(loss) for ordinary shareholders	**(2,096,358,456)**	**889,882,038**
Average number of ordinary shares	1,045,372,291	1,023,690,231
Profit/(loss) per ordinary share (basic)	**(2.01)**	**0.87**
Effect of diluting the number of ordinary shares	734,851	195,261
Number of ordinary shares shown for the purpose of calculating diluted earnings per share	1,045,372,291	1,023,885,492
Profit/(loss) per ordinary share (diluted)	**(2.01)**	**0.87**

	3 months ended 30.09.2022	3 months ended 30.09.2021
Net profit/(loss) attributable to equity holders of the Parent Company	(2,199,809,028)	324,365,730
Profit/(loss) for ordinary shareholders	**(2,199,809,028)**	**324,365,730**
Average number of ordinary shares	1,056,249,266	1,023,379,152
Profit/(loss) per ordinary share (basic)	**(2.08)**	**0.32**
Effect of diluting the number of ordinary shares	511,013	219,325
Number of ordinary shares shown for the purpose of calculating diluted earnings per share	1,056,760,279	1,023,598,477
Profit/(loss) per ordinary share (diluted)	**(2.08)**	**0.32**

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary equity holders of the Parent Company, by the weighted average number of ordinary shares.

In the prior year period, the ordinary shares issued by the Parent stood at 1,023,255,815 and for the purpose of calculating the Earnings per Share was increased by 589,956 fully vested shares granted to employees on the occasion of the Group's IPO.

From 30 September 2021, Adinan Super Topco Employee Benefit Trust ('EBT') has been consolidated in the Group Consolidated Financial Statements. 1,399,853 of ordinary shares, initially possessed by the entity, have been classified as Treasury Shares and deducted from the average number of ordinary shares for the purpose of calculating Earnings per Share.

On 7 October 2021, 589,024 Treasury Shares were distributed to the employees receiving a grant of ordinary shares on the occasion of the Group's IPO, leaving the Group with 810,829 Treasury Shares held by the EBT.

During the nine months period ended 30 September 2022, another 336,455 of Treasury Shares were distributed to the employees, upon the first vesting date of RSU units granted under Allegro Incentive Program.

The number of ordinary shares used for the purpose of calculating the basic Earnings per share also includes 33,649,039 of ordinary shares issued on 1 April 2022, constituting the share component allotted to selling shareholders of the Mall Group, as described in note 6 'Business combination'.

Reflecting the above transactions, on 30 September 2022 ordinary shares of the Parent in issue stood at 1,056,249,266. The average number of ordinary shares used for the purpose of calculating basic Earnings per Share was 1,056,249,266 and 1,045,372,291 for the three and nine month periods ending respectively.

The dilutive item presented in the table above refers to the RSU units granted as part of the AIP program, which have a dilutive impact on the EPS calculation in so far as they result in the issuance of ordinary shares for less than the average market price of ordinary shares during their vesting period.

The PSU variant of the AIP program has a contingent dilutive effect on the EPS calculation for the nine months period ended 30 September 2022 and 2021. However it was not concluded to be dilutive, as the performance conditions required for delivery of shares to the program participants have not yet been met.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

15. Trade and other receivables

The value of the Group's trade and other receivables was as follows:

	30.09.2022	31.12.2021
Trade receivables, gross	994,791	847,924
Impairment of trade receivables	(118,978)	(95,461)
Trade receivables, net	**875,813**	**752,463**
Other receivables	64,226	52,561
Tax receivables	91,204	13,804
Total	**1,031,243**	**818,828**

The Group's trade receivables comprise amounts due from companies and individuals and their concentration level is low. More than 80% of the Group trade and other receivables balance is due in Polish zloty with the remainder including receivables mainly denominated in Czech Crowns or Euros.

The increase of tax receivables is driven mainly by the higher balances of the withholding tax receivable. Based on the pay and refund mechanism that entered into full force as of 1 January 2022, Allegro and Ceneo are grossing up for the withholding tax on their interest payments and remitting this tax to the tax office. The Group intends to apply for a refund of this tax believing that all statutory conditions allowing for the withholding tax exemption are met.

Due to the short-term nature of current receivables, their fair value is considered to be the same as their carrying amount.

all amounts expressed in PLN'000 unless indicated otherwise

16. Consumer loans

Consumer loans represent loans granted to buyers on the Allegro platform. Loans are granted for 30 days without interest and instalment loans for between 5 and 20 months with an annualised interest rate that increased from 10.5% as of 31 December 2021 to 20.5% as of 30 September 2022. Furthermore, Smart! users may take 3-month zero interest instalment loans.

All loans are granted on the territory of Poland in Polish zloty (PLN).

Due to the short-term nature of consumer loans, their fair value is considered to be the same as their carrying amount.

CHANGE OF BUSINESS MODEL

In the third quarter of 2021 the Group entered into a consumer loans sale agreement with Aion Bank, under which the first transaction was executed in December 2021. As business objectives for part of the loans have changed in the fourth quarter of 2021 the Group concluded that the change of the business model is resulting in the reclassification of a part of the consumer loans from 'held to collect' measured in amortised cost to 'other' measured in fair value through profit and loss ("FVTPL"). Under IFRS 9, the reclassification date is defined as the "first day of the first reporting period following the change in the business model" which was 1 January 2022.

Following the change in business model, all the instalment loans with intention to sell are reclassified from amortised cost to FVTPL category. The only loans remaining to be measured at amortised cost are 'Pay later' loans – 30 days without interest.

As a consequence of this business model change, the difference between fair value and closing amortised cost was recognised in profit or loss as part of the other revenue as at the reclassification date.

16.1 CONSUMER LOANS AT AMORTISED COST

The table below shows the gross carrying amount (equal to maximum exposure to credit risk) and expected credit losses in each stage as at 30 September 2022 and 31 December 2021.

	Loans receivable			
As at 31.12.2021	**Stage 1**	**Stage 2**	**Stage 3**	**TOTAL**
Consumer loans, gross	360,816	1,939	2,345	365,100
Expected credit losses	(2,935)	(1,105)	(2,275)	(6,315)
Consumer loans as at 01.01.2022	**357,881**	**834**	**70**	**358,785**

As at 30.09.2022	**Stage 1**	**Stage 2**	**Stage 3**	**TOTAL**
Consumer loans, gross as at 31.12.2021	360,816	1,939	2,345	365,100
Reclassification to FVTPL (change in a business model)	(240,881)	(1,111)	(1,369)	(243,361)
Opening balance	**119,935**	**828**	**976**	**121,739**
New consumer loans originated	2,213,222	—	—	2,213,222
Transfer to stage 2	(9,624)	9,624	—	—
Transfer to stage 3	—	(4,061)	4,061	—
Consumer loans derecognized (partially repaid & other changes)	(21,214)	116	286	(20,811)
Consumer loans derecognized (fully repaid)	(2,101,368)	(4,236)	(878)	(2,106,482)
Consumer loans, gross	**200,952**	**2,272**	**4,445**	**207,667**
Expected credit losses as at 31.12.2021	(2,935)	(1,105)	(2,275)	(6,315)
Reclassification to FVTPL (change in a business model)	2,160	612	1,326	4,098
Opening balance	**(775)**	**(494)**	**(949)**	**(2,217)**
New consumer loans originated	(5,003)	—	—	(5,003)
Transfer to stage 1	871	(871)	—	—
Transfer to stage 2	—	3,025	(3,025)	—
Transfer to stage 3	(3,543)	(5,449)	(1,219)	(10,210)
Consumer loans derecognized (repaid)	7,062	2,304	848	10,213
Expected credit losses	**(1,388)**	**(1,484)**	**(4,345)**	**(7,217)**
Consumer loans as at 30.09.2022	**199,563**	**788**	**100**	**200,451**

As at 30.09.2022				
Consumer loans, gross	200,952	2,272	4,445	207,668
Expected credit losses	(1,388)	(1,484)	(4,345)	(7,217)
Consumer loans as at 30.09.2022	**199,563**	**788**	**100**	**200,451**

all amounts expressed in PLN'000 unless indicated otherwise

	Loans receivable			
As at 01.01.2021	Stage 1	Stage 2	Stage 3	TOTAL
Consumer loans, gross	53,073	28	1	53,102
Expected credit losses	(1,126)	(3)	(1)	(1,130)
Consumer loans as at 01.01.2021	**51,947**	**25**	**—**	**51,972**

As at 31.12.2021				
Opening balance	**53,073**	**28**	**1**	**53,102**
New consumer loans originated	1,993,078	—	—	1,993,078
Transfer to stage 1	838	(805)	(33)	—
Transfer to stage 2	(7,054)	7,083	(29)	—
Transfer to stage 3	(6)	(2,586)	2,592	—
Consumer loans derecognized (partially repaid & other changes)	(338,050)	(318)	18	(338,350)
Consumer loans derecognized (fully repaid)	(1,159,521)	(1,463)	(204)	(1,161,188)
Consumer loans derecognized (sold)	(181,541)	—	—	(181,541)
Consumer loans, gross	**360,816**	**1,939**	**2,345**	**365,101**
Opening balance	**(1,126)**	**(3)**	**(1)**	**(1,130)**
New consumer loans originated	(13,839)	—	—	(13,839)
Changes due to changes in credit risk	3,797	(2,496)	(848)	453
Transfer to stage 1	(100)	98	2	—
Transfer to stage 2	1,054	(1,075)	21	—
Transfer to stage 3	—	1,646	(1,646)	—
Consumer loans derecognized (repaid)	6,375	723	197	7,295
Consumer loans derecognized (sold)	904	—	—	904
Expected credit losses	**(2,935)**	**(1,105)**	**(2,275)**	**(6,316)**
Consumer loans as at 31.12.2021	**357,881**	**834**	**70**	**358,785**

As at 31.12.2021				
Consumer loans, gross	360,816	1,939	2,345	365,101
Expected credit losses	(2,935)	(1,105)	(2,275)	(6,316)
Consumer loans as at 31.12.2021	**357,881**	**834**	**70**	**358,785**

The changes in the credit risk might result in the relevant stage reclassification. The movement of loss allowance driven by such events is presented in the "Changes due to changes in credit risk" line.

16.2 CONSUMER LOANS AT FAIR VALUE THROUGH PROFIT AND LOSS

Reclassified from amortised cost (change in business model)	239,262
Consumer loans at FVTPL as at 01.01.2022	**239,262**
New consumer loans originated	1,420,241
Fair value measurement	(11,996)
Consumer loans derecognized (repaid)	(561,021)
Consumer loans derecognized (sold)	(825,686)
Consumer loans at FVTPL as at 30.09.2022	**260,800**

In the nine months period ended 30 September 2022 the Group executed several consumer loan sale transactions under the agreement signed with AION Bank in 2021. In effect the risk, rewards and control were transferred to the financing partner with the relevant consumer loans being derecognised. Through these transactions the Group received PLN 831,409 of cash.

The fair value measurement of the loans is classified at level 3 of the fair value hierarchy. Fair value measurement is based on contractual cash flows adjusted by a credit risk element. They are discounted with a discount rate which comprises the risk-free rate and the effective margin. Assignment of the effective margin for the purpose of calculating the discount factor is based on the exposure's characteristics at measurement date.

all amounts expressed in PLN'000 unless indicated otherwise

17. Cash and cash equivalents

At the balance sheet date cash and cash equivalents comprised:

	30.09.2022	31.12.2021
Cash at bank	310,049	364,441
Bank deposits	359,524	1,528,506
Cash equivalents	183,585	64,294
Total	**853,158**	**1,957,241**

Cash equivalents comprise payments in transit made by the Group's customers via electronic payment channels.

18. Trade and other liabilities

Trade and Other Liabilities at the balance sheet date comprised:

	30.09.2022	31.12.2021
Trade liabilities	1,332,178	581,469
Contract and refund liabilities	190,471	157,649
VAT liabilities	75,559	81,454
Social insurance and other tax liabilities	78,606	19,976
Other liabilities	53,497	63,207
Total	**1,730,311**	**903,755**

Trade liabilities are usually paid within 30 days from recognition for entities operating in Poland and 50 days for other entities. The fair value of trade and other liabilities are considered to be the same as their carrying amount due to their short-term nature.

all amounts expressed in PLN'000 unless indicated otherwise

19. Financial assets and financial liabilities

CLASSIFICATION AND MEASUREMENT

In accordance with IFRS 9 the Group classifies financial assets and financial liabilities as: measured at fair value and measured at amortised cost. The classification is made at the moment of initial recognition and depends on the business model for managing financial assets adopted by the Group and the characteristics of contractual cash flows from these instruments.

In 2021 and 2022 all financial assets and liabilities except for derivative instruments, were initially recognized at fair value including transaction costs and after the initial recognition at amortised cost. The Group applies hedge accounting, and derivatives are classified as cash flow hedges.

The Group holds the following financial instruments:

	Note	30.09.2022	31.12.2021
Financial assets at amortised cost		**2,029,019**	**3,142,360**
Consumer loans at amortised cost	16	200,451	358,785
Trade receivables and other receivables [1]	15	940,039	805,024
Cash and cash equivalents	17	853,158	1,957,241
Restricted cash		31,954	14,240
Investments		360	360
Other financial assets		3,058	6,710
Financial assets at FVPL		**260,800**	**—**
Consumer loans at fair value	16	260,800	—
Derivative financial instruments at FVOCI		**416,975**	**216,995**
Derivative financial assets (cash flow hedge)	5	416,975	216,995

[1] excluding tax-related settlements

	Note	30.09.2022	31.12.2021
Financial liabilities at amortised cost		**9,170,466**	**6,323,707**
Trade and other liabilities [2]	18	1,484,045	701,374
Borrowings		6,953,141	5,366,298
Lease liabilities (outside IFRS9 scope)	5	728,386	251,142
Liabilities related to business combination		4,893	4,893
Derivative financial instruments at FVOCI		**—**	**12,610**
Derivative financial liabilities (cash flow hedge)	5	—	12,610

[2] excluding deferred income and tax-related settlements

On 1 April 2022 the acquisition transaction of Mall Group and WE|DO was concluded (details in note 6). As a result, the Group became in the possession of four forward contracts securing fixed exchange rates from Czech Crowns to Euro. The maturity date of these derivative assets ranges from November to December 2022 and the total valuation as of 30 September 2022 amounts to PLN 456.

On 23 August and 12 September 2022 the Group entered into two floating to fixed interest rate swap with WIBOR 3M fixed-rate contracts 5.572% and 5.229% in respect of PLN 500,000 of the Group's borrowings each. The hedge is effective from 30 June 2024 and terminates on 31 October 2025.

The amortised cost of a financial asset or financial liability is defined as the amount at which the financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The fair value of assets and liabilities is considered to be the same as their carrying amount due to their short-term nature or the fact that interest rates payable in relation to certain liabilities are close to the current market rates.

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and the transfer qualifies for derecognition. Financial asset transfer occurs when rights to cash flows are transferred or rights to cash flows are retained but the entity enters into so-called "pass-through arrangement" which meets the criteria as set out in IFRS 9. Therefore, derecognition is not limited to the cases of transfer of rights to cash flows, but to the broader term of "financial asset transfer".

The Group transfers a financial asset if it transfers the contractual rights to receive the cash flows of the financial asset, or if it retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flow of modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Allegro.eu Group complied with the financial covenants of its borrowing facilities during the reporting periods and after the balance sheet date until the date of authorization of these Interim Condensed Consolidated Financial Statements for the issue.

all amounts expressed in PLN'000 unless indicated otherwise

20. Related party transactions

All transactions were entered into on an arm's length basis.

The following transactions were concluded with related parties.

	9 months ended 30.09.2022				3 months ended 30.09.2022				As at 30.09.2022		
Related party	Revenues	Expenses	Financial income	Financial costs	Revenues	Expenses	Financial income	Financial costs	Receivables	Payables	Loans granted
Associates:											
Polskie Badania Internetu Sp. z o.o.	—	195	—	—	—	78	—	—	—	—	—
Fundacja Allegro All For Planet	77	1,600	—	—	32	800	—	—	—	—	—
Other:											
Business Office Services	—	438	—	—	—	74	—	—	—	—	—
Alter Domus Luxembourg S.à r.l	—	957	—	—	—	338	—	—	—	833	—
Culture Amp LTD	—	182				182	—	—	—	—	—
Total	**77**	**3,372**	**—**	**—**	**32**	**1,472**	**—**	**—**	**—**	**833**	**—**

	9 months ended 30.09.2021				3 months ended 30.09.2021				As at 31.12.2021		
Related party	Revenues	Expenses	Financial income	Financial costs	Revenues	Expenses	Financial income	Financial costs	Receivables	Payables	Loans granted
Associates:											
Polskie Badania Internetu Sp. z o.o.	—	207	—	—	—	69	—	—	—	28	—
Fundacja Allegro All For Planet	38	900	—		13	250	—	—		—	—
Other:											
Alter Domus Luxembourg S.à r.l	—	328	—	—	—	—	—	—	—	656	—
Total	**38**	**1,435**	**—**	**—**	**13**	**319**	**—**	**—**	**—**	**684**	**—**

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21. Events occurring after the reporting period

REFINANCING OF PLN 1,000,000 ADDITIONAL FACILITY

On 26 October 2022 the Group signed an annex to the Additional Term Facility, established in order to facilitate the financing of the acquisition transaction described in note 6 'Business combination', under which PLN 1,000,000 was refinanced on 9 November 2022. This resulted in the alignment of the final maturity date of Additional Term Facility with the remaining PLN 5,500,000 of outstanding Group borrowings, becoming due on 14 October 2025. Other terms and conditions including margin, guarantors, and transaction security are applicable to the refinanced facility, with no additional covenants imposed.

CHANGES IN THE COMPOSITION THE BOARD OF DIRECTORS

On 1 September 2022 Roy Perticucci was appointed as CEO and a member of the Management Board of Allegro. Then, on 21 September 2022 the Board of Directors appointed (with immediate effect) Roy Perticucci, as Director of Allegro.eu, in replacement of François Nuyts (i.e. for the remainder of the initial mandate of François Nuyts). The Ordinary Shareholders Meeting of shareholders of the Company approved this co-option on 27th October 2022.

EXPLANATORY PROCEEDINGS RELATED TO ALLEGRO ONE MARKETING

On 28th October 2022 Allegro received a decision to launch an explanatory proceedings and questions from the UOKIK regarding the marketing claims of Allegro's logistic service Allegro One. The UOKIK is trying to establish whether a violation of collective consumers' interest may have taken place.

Earlier this year, on 7th February, the UOKIK asked Allegro several questions on the same matter in an informal request to provide information on how ecological aspects are being used by Allegro to promote its parcel locker services. The UOKIK did not regard Allegro's explanations as sufficiently backing the claims within the marketing strategy and is now investigating further.

These explanatory proceedings are a preliminary step that does not have to lead to the initiation of formal proceedings against Allegro. If the UOKiK President decides to pursue the matters covered by the explanatory proceedings, he must open proceedings regarding the violation of collective consumer interests against Allegro (the scope of the explanatory proceedings does not indicate a precise charge).

ANTITRUST PROCEEDINGS AGAINST ALLEGRO CONCERNING THE ALLEGED ABUSE OF A DOMINANT POSITION BY FAVOURING ITS OWN 1P RETAIL SALES ACTIVITY

In reference to described in note 4 'Information On Material Accounting Estimates' on 16 November 2022, the UOKIK President rejected the commitment proposal submitted by Allegro and closed the evidence gathering stage, setting on 7 December, a deadline for Allegro's final statement thus the Group cannot exclude the risk of the UOKIK President issuing an infringement decision in a nearest future.

If the UOKiK President does issue an infringement decision, Allegro may appeal against such decision to court (in a two-instance proceedings), which will be able to sustain, amend or cancel the decision of the UOKiK President. Any potential fine imposed on Allegro will not be due and payable until such a decision of the UOKiK President becomes final and unappealable.

Based on advice from its legal counsel, the Group has not made any provision for potential fines from the president of UOKIK. Should the UOKIK President nevertheless issue an infringement decision and impose a fine in the future, the Group and its legal counsel would assess the final arguments being used by UOKIK President and cannot exclude the possibility that it may need to provide for the costs of all or part of such a fine in its financial results in the future.

EXPLANATORY PROCEEDINGS RELATED TO PLANNED INTRODUCTION OF THE INDEXATION CLAUSE TO SMART! TERMS & CONDITIONS

On 22th November 2022 Allegro received a decision to launch an explanatory proceedings and questions from the UOKiK President regarding the planned introduction of the indexation clause to Smart! Terms & Conditions. The UOKiK President is analysing whether a violation of collective consumers' interest or use of abusive clauses in contracts with consumers may have taken place.

Although Allegro planned to introduce the indexation clause to Smart! Terms & Conditions on 21st November 2022, it resigned from it on 17th of November 2022, which was widely communicated via e-mails to Smart! subscribers and on Allegro.pl website, thus the indexation clause was not introduced to any contract with a consumer.

This explanatory proceedings is a preliminary step that does not have to lead to the initiation of formal proceedings against Allegro. If the UOKiK President decides to pursue the matter covered by the explanatory proceedings, he must open proceedings regarding the violation of collective consumer interests and/ or usage of abusive clauses against Allegro (the scope of the explanatory proceedings does not indicate a precise charge).

APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF BY:

Darren Huston	Roy Perticucci
Director	Director