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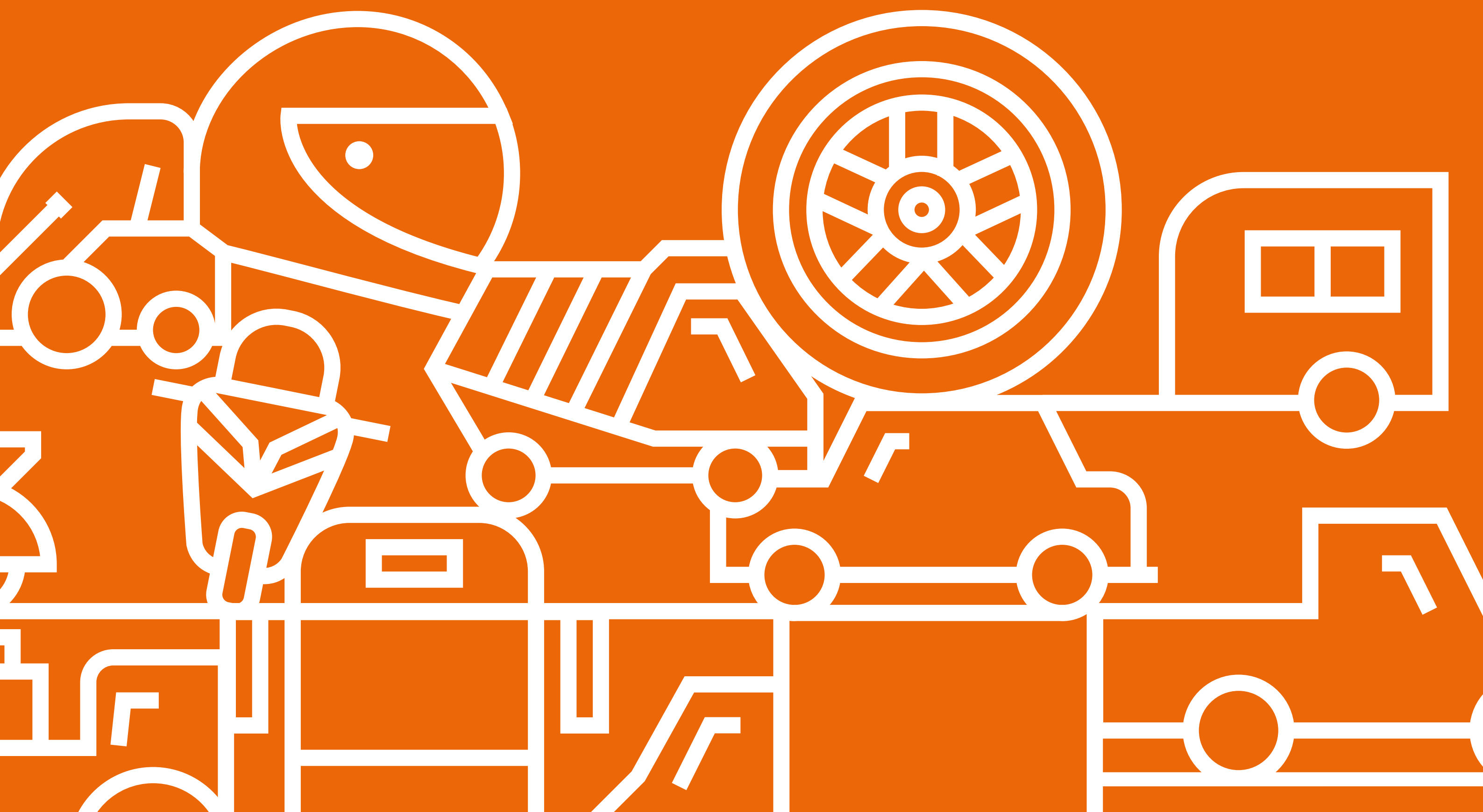
QUARTERLY REPORT OF ALLEGRO.EU GROUP

for the three month period ended 31 March 2021



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GENERAL INFORMATION

1. Definitions

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

"1P"	First-party.
"3P"	Third-party.
"AIP"	Allegro Incentive Plan.
"Allegro.pl"	Allegro.pl sp. z o.o.
"APMs"	Alternative performance measures.
"Ceneo.pl"	Ceneo.pl sp. z o.o.
"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 (formerly Adinan Super Topco S.à r.l.), a public limited liability company (société anonyme), incorporated and existing under the laws of Luxembourg, with its registered office currently at 1, rue Hildegard von Bingen, L-1282 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies' Register (Registre de Commerce et des Sociétés, Luxembourg) under number B214830.
"EC"	European Commission.
"EU"	European Union.
"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.
"IT"	Information Technology.
"Key Managers"	Individuals, in addition to the Board of Directors, considered relevant to establishing that the Group has the appropriate experience and expertise for the management of the business.
"Locker"	Automated parcel machine.
"LTM"	Last twelve months. Represents twelve months preceding the end of a period.
"Luxembourg"	The Grand Duchy of Luxembourg.
"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.
"PSU"	Performance Share Unit plan which represents part of AIP.
"QoQ"	Quarter over quarter, i.e. sequential quarterly change.
"Report"	This report relating to the first quarter of the financial year 2021 of the Company.
"RSU"	Restricted Stock Unit plan which represents part of AIP.
"sp. z o.o."	Limited liability company (spółka z ograniczoną odpowiedzialnością).
"UOKiK or OCCP"	Polish Office for Competition and Consumer Protection (Urząd Ochrony Konkurencji i Konsumentów).
"UOKiK or OCCP President"	The President of the Office for Competition and Consumer Protection.
"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.

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2. Introduction

This is the report relating to the first quarter of the financial year 2021 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 summarizes 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.pl and Ceneo.pl are the Group's key operating companies and are both entities incorporated under the laws of Poland. The Group also operates eBilet, which is the leading event ticket sales site in Poland.

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

At the date of the Report, (i) 28.03% 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) 28.03% by Permira VI Investment Platform Limited, representing the interests of Permira & Co-Investors, and (iii) 6.23% 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 37.72% 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.

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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.

The financial information has further been compared against the results of the Group for the first quarter of the financial year 2020, ending on 31 March 2020, in order to allow investors and analysts to compare the Group's performance and liquidity across reporting periods.

Historical Financial Information

This Report includes the consolidated financial information of the Group as of 31 March 2021 and for the three-month periods ended 31 March 2021 and 31 March 2020, which have been derived from the quarterly consolidated financial statements of the Group as of 31 March 2021 and for the three-month periods ended 31 March 2021 and 31 March 2020 ("Financial Statements"), prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting (as adopted by the European Union),, and included elsewhere in this Report. PricewaterhouseCoopers, Société coopérativecooperative, 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 Financial Statements in its capacity as independent statutory auditors (réviseur d'entreprises agréé) of the Company.

Alternative Performance Measures

The Group has included certain alternative performance measures ("APMs") in this Report, including, among others, Active Buyers, GMV, GMV per Active Buyer, Adjusted EBITDA, Adjusted EBITDA/net revenue, Adjusted EBITDA/GMV, total capital expenditure, capitalized development costs, other capital expenditure, net debt, net leverage, and working capital.

The Group has defined the APMs as follows:

"Active Buyers" represents, as of the end of a period, each unique email address connected with a buyer that has made a purchase on Allegro.pl or Allegrolokalnie.pl (excluding eBilet.pl) in the preceding twelve months;

"Adjusted EBITDA" means operating profit before depreciation and amortization 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 organizations, certain bonuses for employees, the Management Investment Plan, and funds spent on protective equipment against COVID-19, and the incentive programs for employees;

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

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

"capitalized development costs" means the costs that are capitalized 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 platforms: Allegro.pl, Allegrolokalnie.pl, and eBilet.pl (including value added taxes);

"GMV per Active Buyer" represents LTM GMV (excluding eBilet's tickets sales) divided by the number of Active Buyers at the end of such period;

"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;

"net leverage" means net debt divided by Adjusted EBITDA for the preceding twelve months;

"other capital expenditure" means the costs related to building the relevant capacity of data centers, 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 capitalized development costs and other capital expenditure; and

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

The Group presents the APMs 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 capitalized 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 Allegro.pl, Ceneo.pl. eBilet.pl, and Allegro Lokalnie Platform. The Group believes this split is important for investors to understand its amortization 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 APMs 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 APMs may not be comparable to similarly titled measures of other companies. Neither the assumptions underlying the APMs have been audited in accordance with IFRS or any generally accepted accounting standards. In evaluating the APMs, investors should carefully consider the Financial Statements included in this Report.

The APMs 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 APMs presented should not be considered in isolation or as a substitute for performance measures calculated in accordance with IFRS.

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II.

MANAGEMENT REPORT

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1.

Selected consolidated financial and operational highlights

Income Statement, PLN m	Q1 2021 (unaudited)	Q1 2020 (unaudited)	Change %
Net revenue	1,210.2	751.2	61.1%
EBITDA	527.5	350.2	50.6%
Adjusted EBITDA	535.6	355.6	50.6%
EBIT	406.2	236.0	72.1%
Profit / loss before Income tax	355.2	138.1	157.2%
Net profit / loss	269.6	104.6	157.8%
Adjusted net profit	276.3	109.6	152.0%

KPIs	Q1 2021 (unaudited)	Q1 2020 (unaudited)	Change %
Active Buyers (millions)	13.2	11.7	13.4%
GMV per Active Buyer (PLN)	2,879.7	2,073.5	38.9%
GMV (PLN in millions)	9,596.4	6,569.5	46.1%
LTM GMV (PLN in millions)	38,137.8	24,511.2	55.6%
Take Rate (%)	10.43%	9.32%	1.12 pp

Cash Flow, PLN m	Q1 2021 (unaudited)	Q1 2020 (unaudited)
Net cash inflow/(outflow) from operating activities	424.1	292.9
Net cash inflow/(outflow) from investing activities	(59.9)	(48.0)
Net cash inflow/(outflow) from financing activities	(59.7)	(275.7)
Net increase/(decrease) in cash and cash equivalents	304.5	(30.8)

	31.03.2021 (unaudited)	31.12.2020	Change %
Assets	**15,487.8**	**15,147.9**	**2.2%**
Equity	**8,406.3**	**8,089.6**	**3.9%**
Net Debt	**4,029.0**	**4,326.0**	**(6.9%)**

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)	Q1 2021	Q1 2020	Change %
Active Buyers (millions)	13.2	11.7	13.4%
GMV per Active Buyer (PLN)	2,879.7	2,073.5	38.9%
GMV (PLN in millions)	9,596.4	6,569.5	46.1%
LTM GMV (PLN in millions)	38,137.8	24,511.2	55.6%
Take Rate (%)	10.43%	9.32%	1.12 pp
Adjusted EBITDA (PLN in millions)	535.6	355.6	50.6%
Adjusted EBITDA/net revenue (%)	44.3%	47.3%	(3.08 pp)
Adjusted EBITDA/GMV (%)	5.58%	5.41%	0.17 pp

GMV and Active buyers

In Q1 2021 GMV reached PLN 9,596.4 million, +46.1% YoY. GMV per Active Buyer continued to grow strongly at 38.9% YoY, to reach PLN 2,879.7 for a 6.7% increase on the prior quarter as buyers maintained their shift in purchasing activity to online, observed since the beginning of the COVID-19 pandemic that began in mid March 2020. Active Buyer growth remained robust with a 13.4% YoY increase. Growth in Active Buyers and GMV per Active Buyer combined to lift GMV LTM to 38,137.8, up by 55.6% YoY, and by 8.6% during Q1.

GMV performance was positively impacted by the continued expansion of the SMART! user base during Q1, further boosted by the launch of the "SMART! na Start" program in March, an attractive offer for less engaged buyers to try SMART! via a subscription free package of five free SMART! deliveries to be used within twelve months.

Increasing selection, record price competitiveness results and an 8ppt improvement in 1 to 2 day delivery times combined to provide strong support to GMV growth from the "retail basics" during the first quarter. The scale up of Allegro Pay, following completion of its testing phase in 2020, and the launch of the Allegro Business platform during the first quarter, are important milestones in delivering on the Group's long term growth levers.

Renewed lock-downs that closed shopping malls began after Christmas and ended in late January, helped to reduce COVID-19 infection rates from the second wave of the pandemic, producing a tailwind in demand that further supported GMV growth at the beginning of the quarter. Following a renewed spike in infections and the start of a third COVID-19 wave that was already apparent at the beginning of March, the Government once again closed country-wide non-essential stores in shopping malls on 20 March and they remained closed for the remainder of the quarter. This second Q1 lockdown overlapped with the anniversary of the first Polish lockdown, which began on 14 March 2020 and was more severe in limiting offline trade than the newest lockdown as it closed all non-essential offline retail, and not only shopping malls. This difference in severity of lock-down restrictions, together with the additional demand created by the Group's free SMART! offer that was available between mid-March and mid-June 2020, combined to create a significant headwind to GMV YoY growth in the final two weeks of March. While observed YoY growth rates slowed materially, as Management expected during this final two weeks of the quarter, the Group continued to post positive GMV growth despite the challenging prior year comparatives.

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Adjusted EBITDA

In Q1 2021 Adjusted EBITDA increased by PLN 180.0 million, or 50.6% YoY, from PLN 355.6 million for Q1 2020 to PLN 535.6 million for Q1 2021. This was achieved primarily due to Group GMV growing by 46.1% YoY in Q1 2021, combined with a 1.12pp YoY increase in Take rate. This improved monetization performance mainly reflected the H2 2020 introduction of success fees on delivery charges paid by buyers (a market standard practice aimed to fight artificially high delivery prices), the April 2020 launch of merchant co-financing of SMART! deliveries by courier and the January 2021 launch of similar co-financing charges for lockers. Furthermore, a minor positive impact from targeted success fee increases in specific categories and for promoted offers introduced in January 2021, also contributed to the higher take rate performance. Advertising revenues, which deliver higher than average margins, grew by 68.9% YoY, thereby increasing their share in the revenue mix.

Operating expenses grew by 70.3% YoY in Q1 2021, reflecting investment in the business to drive rapid GMV growth and strategic investments in growing the SMART! subscriber base was reflected in net delivery costs rising by 147.4% YoY. An increase in employment by 28.5% YoY further contributed to the increase of operating expenses. 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.

In Q1 2021 the operating leverage effect of higher revenues has had a positive impact on most SG&A costs lines as a percentage of revenue, with a combined fall of 3.1ppts (after EBITDA adjustments) compared to the prior year quarter while total SG&A spending on developing the business grew by 44.4% YoY. Higher take-rate, an increased share of advertising revenue and improved operating leverage on most SG&A costs lines combined to offset higher net costs of delivery from a larger base of SMART! customers and improve Adjusted EBITDA/GMV by 17 basis points YoY from 5.41% to 5.58%.

In Q1 2021 the Group recognized PLN 3.1 million on new Allegro Incentive Plan costs, PLN 2.5 million donations related to COVID-19, and PLN 2.7 million other one-off costs included in EBITDA adjustments. The following table presents a reconciliation between Reported and Adjusted EBITDA for the periods under review.

Reconciliation of Adjusted EBITDA PLN m (unaudited)	Q1 2021	Q1 2020	Change %
EBITDA	**527.5**	**350.2**	**50.6%**
Monitoring costs [1]	—	0.8	(100.0%)
Regulatory proceeding costs [2]	0.4	1.1	(68.8%)
Group restructuring and development costs [3]	2.0	—	n/a
Donations to various public benefit organisations [4]	2.5	—	n/a
Bonus for employees and funds spent on protective equipment against COVID-19 [5]	0.3	0.0	447.7%
Allegro Incentive Plan [6]	3.1	—	n/a
Management Investment Plan [7]	—	3.4	(100.0%)
Adjusted EBITDA	**535.6**	**355.6**	**50.6%**

[1] Represents expenses incurred in relation to performance of advisory services by the shareholders of the Group, including travel expenses and expenses for services provided for projects outside the scope of supervisory responsibilities. These services and related expenses ceased since the Company's IPO.
[2] Represents legal costs mainly related to regulatory proceeding, legal and expert fees and settlement costs.
[3] Represents legal, financial due diligence and transactional expenses with respect to not concluded acquisitions of target companies along with related legal expenses.
[4] Represents donations made by the Group to support health service and charitable organisations and NGOs during the COVID-19 pandemic.
[5] 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.
[6] 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. Costs accrued in Q1 2021 represents the accrued cost of share based compensation in relation to the PSU Plan.
[7] Cost of share based compensation related to The Management Investment Plan ("MIP") in which management participated indirectly through investing in shares in the Adiman SCSP Trust and directly via type C and D shares issued by Allegro.eu. The MIP ceased to exist at its full settlement at the moment of the Company's IPO.

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

2.2.1. Review of Q1 2021 results

Results of operations

The following table presents the Group's summary consolidated statement of comprehensive income data for Q1 2021.

Consolidated statement of comprehensive income, PLN m (unaudited)	Q1 2021	Q1 2020	Change %
Net Revenue	**1,210.2**	**751.2**	**61.1%**
Marketplace revenue	994.3	608.7	63.4%
Advertising revenue	101.5	60.1	68.9%
Price comparison revenue	50.2	44.1	13.9%
Retail revenue	59.1	32.7	80.7%
Other revenue	5.2	5.7	(8.2%)
Operating expenses	**(682.7)**	**(401.0)**	**70.3%**
Payment charges	(36.0)	(33.9)	6.3%
Cost of goods sold	(57.8)	(32.9)	76.0%
Net costs of delivery	(254.3)	(102.8)	147.4%
Marketing service expenses	(122.4)	(93.1)	31.4%
Staff costs	(129.8)	(89.4)	45.1%
IT service expenses	(20.9)	(12.9)	62.3%
Other expenses	(45.2)	(22.4)	102.3%
Net impairment losses on financial and contract assets	(16.3)	(13.7)	18.9%
Operating profit before amortisation and depreciation (EBITDA)	**527.5**	**350.2**	**50.6%**
Amortisation and depreciation	**(121.3)**	**(114.2)**	**6.2%**
Amortisation	(104.6)	(99.7)	4.9%
Depreciation	(16.7)	(14.5)	15.2%
Operating profit	**406.2**	**236.0**	**72.1%**
Net financial costs	**(51.0)**	**(97.9)**	**(47.9%)**
Financial income	5.9	11.7	(49.7%)
Financial costs	(56.5)	(104.4)	(45.9%)
Foreign exchange profits/(losses)	(0.4)	(5.1)	(92.8%)
Profit/(Loss) before Income tax	**355.2**	**138.1**	**157.2%**
Income tax expenses	**(85.5)**	**(33.5)**	**155.6%**
Net profit/(loss)	**269.6**	**104.6**	**157.8%**
Other comprehensive income/(loss)	**43.9**	**(56.1)**	**(178.3%)**
Total comprehensive income/(loss) for the period	**313.6**	**48.5**	**546.3%**

Net revenue

Net revenue increased by PLN 459.0 million, or 61.1%, from PLN 751.2 million for Q1 2020 to PLN 1,210.2 million for Q1 2021. This increase resulted primarily from the growth of marketplace, advertising, and retail revenue streams.

MARKETPLACE REVENUE

Marketplace revenue increased by PLN 385.6 million, or 63.4%, from PLN 608.7 million for Q1 2020 to PLN 994.3 million for Q1 2021. This increase resulted from 46.1% YoY GMV growth and a 112 basis point increase in Take Rate. GMV Growth comprised 47.4% from the Allegro Marketplace with a drag of 1.4 ppts coming from eBilet as the continued severe lockdown restrictions negatively impacted public events and eBilet's ticket sales. The primary factors producing the YoY increase in Take Rate are the H2 2020 introduction of success fee on delivery charges paid by buyers (a market standard practice aimed to fight artificially inflated delivery prices), the April 2020 launch of merchant co-financing of SMART! deliveries by courier and the January 2021 launch of similar co-financing for locker deliveries. Furthermore, since January 2021 price lists from targeted success fee increases in specific categories and for promoted offers had a much smaller positive impact on the Take Rate. Co-financing from sellers contributed a minor portion of the total cost of funding free deliveries for the SMART! program that is strongly driving sales increase for merchants.

ADVERTISING REVENUE

Advertising revenue increased by PLN 41.4 million, or 68.9%, from PLN 60.1 million for Q1 2020 to PLN 101.5 million for Q1 2021. This increase resulted primarily from the strong performance of sponsored offer ads due to an acceleration in traffic growth on the Group's websites as well as a higher number of merchants purchasing sponsored ads offers as Polish consumers shifted significantly to e-commerce as a result of the COVID-19 pandemic. The increase was also the result of improved performance of display advertising due to self-service scalability and higher sales to strategic clients, together with the ramp-up of the new advertising network service, enabling merchants to use Google Adwords in order to drive sales of their Allegro offers.

PRICE COMPARISON REVENUE

Price comparison revenue increased by PLN 6.1 million, or 13.9%, from PLN 44.1 million for Q1 2020 to PLN 50.2 million for Q1 2021. This increase resulted primarily from higher revenue from cost-per-click fees, which were driven by higher click fee rates paid by shops, with bidding revenue particularly strong.

RETAIL REVENUE

Retail revenue increased by PLN 26.4 million, or 80.7% YoY, from PLN 32.7 million for Q1 2020 to PLN 59.1 million for Q1 2021. 1P retail sales represented 0.6% of total GMV in Q1 2020 and 0.7% of total GMV in Q1 2021. This increase results from a stronger focus on using 1P retail in order to enhance the overall value proposition to buyers.

Operating expenses

Operating expenses increased by PLN 281.7 million, or 70.3%, from PLN 401.0 million for Q1 2020 to PLN 682.7 million for Q1 2021. This increase resulted primarily from increased net costs of delivery, marketing service expenses and staff costs.

PAYMENT CHARGES

Payment charges increased by PLN 2.1 million, or 6.3%, from PLN 33.9 million for Q1 2020 to PLN 36.0 million for Q1 2021. This moderate increase in the context of much stronger GMV growth resulted from shifts in payment method mix towards cheaper payment methods and significant discounts received from contracts renegotiated in Q1 2020 with changes effective from Q2 2020.

COST OF GOODS SOLD

Cost of goods sold increased by PLN 25.0 million, or 76.0% YoY, from PLN 32.9 million for Q1 2020 to PLN 57.8 million for Q1 2021. This increase resulted primarily from increased sales through the Group's 1P retail business operations with margins improving by 2.6 percentage points.

NET COSTS OF DELIVERY

Net costs of delivery increased by PLN 151.5 million, or 147.4%, from PLN 102.8 million for Q1 2020 to PLN 254.3 million for Q1 2021. This increase resulted primarily from a significant increase in both the number and share of buyers on the Group's e-commerce marketplace who were members of the SMART! program and to the typically significant increase in spending that comes with the availability of offers with free delivery. The growth in SMART! subscriptions partly reflects the prior-year conversion of buyers who had benefited from a free SMART! subscriptions offered by the Group during the first 2020 lockdown deciding to purchase a subscription during Q3 and Q4 2020. Successive improvements to the SMART! product, such as the "SMART! Student" loyalty program, "SMART! na Start", introducing a cash on delivery payment method and reducing MOV on courier deliveries from PLN 100 to PLN 80 also contributed to subscription uptake by addressing specific concerns of various pockets of non-SMART! buyers. Cost growth was also driven higher by a 6.1% increase in gross delivery costs per shipped package YoY, mainly reflecting the increasing share of courier in the delivery mix following a reduction in courier MOV.

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. During Q1 the monthly subscription price of SMART! for monthly subscribers increased from PLN 8.99 to PLN 10.99 while annual subscription prices remained unchanged at PLN 49.99.

MARKETING SERVICE EXPENSES

Marketing service expenses increased by PLN 29.3 million, or 31.4%, from PLN 93.1 million for Q1 2020 to PLN 122.4 million for Q1 2021. The prior year comparative included PLN 9.5 million of free SMART! promotion costs introduced by the Group in response to the first COVID-19 lockdown from mid-March 2020. PPC expenses grew in line with GMV while return on investment spend improved and drove additional GMV growth compared to the previous year. The marketing services expense line includes PLN 2.5 million costs of donations to the health sector and charitable organisations and NGOs related to COVID-19 included as one-off costs in the Adjusted EBITDA reconciliation.

STAFF COSTS

Staff costs increased by PLN 40.4 million, or 45.1%, from PLN 89.4 million for Q1 2020 to PLN 129.8 million for Q1 2021. This increase resulted from the recruitment of new employees as headcount at 31 March 2021 was 28.5% higher than at 31 March 2020, as well as an increases in base salaries, the over-indexing of Tech and middle level business management recruitment, higher bonus accruals related to strong financial performance and higher holiday provision caused by COVID-19 restrictions limiting the possibilities for employees to take vacation days. The total expenditure in Q1 2021 included PLN 3.1 million cost related to the new Allegro Incentive Plan and PLN 0.3 million funds spent on protective equipment against COVID-19 vs PLN 3.4 million of Management Incentive Plan in Q1 2020, in both cases included as one-off costs in the Adjusted EBITDA reconciliation.

IT SERVICE EXPENSES

IT service expenses increased by PLN 8.0 million, or 62.3%, from PLN 12.9 million for Q1 2020 to PLN 20.9 million for Q1 2021. This increase resulted primarily from new licenses related to the introduction of new software solutions and increased IT costs due to growing technical platform capacity, including external cloud utilisation, due to the growing storage requirements for active offers on the Group's e-commerce marketplace and capacity requirements for the increasing number of machine learning based solutions embedded in the Group's operations.

OTHER EXPENSES

Other expenses increased by PLN 22.8 million, or 102.3%, from PLN 22.4 million for Q1 2020 to PLN 45.2 million for Q1 2021. This increase resulted primarily from higher consultancy and contractor outsourcing costs in connection with the development of new products and services including IT consulting services related to delivery experience development agenda, projects related to customer experience improvements and ongoing work on product catalogue development. This quarter also included a PLN 7.5 million write down of input VAT in the Luxembourg holding entities after being assessed as irrecoverable. The other expense line includes PLN 2.3 million of restructuring costs and regulatory proceeding costs included as one-off costs in the Adjusted EBITDA reconciliation

NET IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS

Net impairment losses on financial and contract assets increased by PLN 2.6 million, or 18.9% from PLN 13.7 million for Q1 2020 to PLN 16.3 million for Q1 2021. This increase is related to growth of sales on the Group's e-commerce marketplace partially offset by better debt collection. Included within the total is PLN 1.9 million of provisions for expected losses on consumer credits advanced by Allegro Pay during the quarter, up 65.3% QoQ while the gross loans balance increased by 150% QoQ.

Operating profit before amortization and depreciation

Operating profit before amortization and depreciation increased by PLN 177.3 million, or 50.6%, from PLN 350.2 million for Q1 2020 to PLN 527.5 million for Q1 2021 as a result of the factors described above. This result includes PLN 8.2 million of one-off EBITDA adjustments reported in the period, compared to PLN 5.4 million one-offs reported in the prior year period.

AMORTIZATION

Amortization increased by PLN 4.8 million, or 4.9%, from PLN 99.7 million for Q1 2020 to PLN 104.6 million for Q1 2021. This increase resulted primarily from an increase in intangibles associated with capitalized development costs of projects that were completed and put into use since the end of the prior year period.

DEPRECIATION

Depreciation increased by PLN 2.2 million, or 15.2%, from PLN 14.5 million for Q1 2020 to PLN 16.7 million for Q1 2021. This increase resulted primarily from the depreciation of computers and office equipment related to growth of the organization and scaling of the server parks required to support the marketplace platform.

Operating profit

Operating profit increased by PLN 170.2 million, or 72.1%, from PLN 236.0 million for Q1 2020 to PLN 406.2 million for Q1 2021 as a result of depreciation and amortization growing more slowly than operating profit before amortization and depreciation (EBITDA).

Net financial costs

Net financial costs decreased by PLN 46.9 million, or 47.9%, from a cost of PLN 97.9 million for Q1 2020 to a cost of PLN 51.0 million for Q1 2021. Interest expenses on the Group's indebtedness fell by 60.5% YoY as a result of the reduction in gross debt, including the full repayment of the relatively expensive Second Lien, which took place in Q4 2020 in connection with the Group's IPO. This saving of PLN 59.2 million was partially offset by PLN 11.4 million higher costs of fixed interest rate swap contracts, reflecting the significant fall in Polish zloty interest rates following the onset of the economic stress connected with the COVID-19 pandemic.

The following table presents a breakdown of the Group's financial income and financial costs for the periods indicated.

PLN m (unaudited)	Q1 2021	Q1 2020	Change %
Interest from deposits	0.2	1.3	(83.7%)
Other financial income	0.1	0.9	(92.1%)
Valuation of financial assets	5.6	9.5	(41.3%)
Financial income	**5.9**	**11.7**	**(49.7)**
Interest paid and payable for financial liabilities	(38.7)	(97.9)	(60.5%)
Interest rate hedging instrument	(14.9)	(3.5)	321.4%
Interest on leases	(0.7)	(0.8)	(18.7%)
Revolving facility availability fee	(0.9)	(0.8)	9.7%
Net exchange losses on foreign currency transactions	(0.4)	(5.1)	(92.8%)
Other financial costs	(1.4)	(1.4)	1.7%
Financial costs	**(56.9)**	**(109.5)**	**(48.1%)**
Net financial costs	**(51.0)**	**(97.9)**	**(47.9%)**

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Profit before Income tax

Profit before income tax increased by PLN 217.1 million, or 157.2%, from PLN 138.1 million for Q1 2020 to 355.2 million for Q1 2021 as a result of the factors described above.

Income tax expenses

Income tax expenses increased by PLN 52.1 million, or 155.6%, from PLN 33.5 for Q1 2020 to PLN 85.5 million for Q1 2021. The Group's effective tax rate was 24.2% and 24.1% for Q1 2020 and Q1 2021, respectively, compared to the Polish standard corporate income tax rate of 19% for each period. The larger increase in deferred tax charge in Q1 2021 versus the prior year quarter results mainly from a larger annual bonus accruals reversal made in the current year quarter in comparison with the prior year first quarter.

PLN m (unaudited)	Q1 2021	Q1 2020	Change %
Current income tax on profits	(70.6)	(32.8)	115.1%
(Increase)/Decrease in net deferred tax liability	(14.9)	(0.6)	2,246.3%
Income tax expense	**(85.5)**	**(33.5)**	**155.6%**

Net profit

Net profit increased by PLN 165.0 million, or 157.8%, from PLN 104.6 million for the Q1 2020 to PLN 269.6 million for Q1 2021 as a result of the same factors driving Adjusted EBITDA growth discussed above, in addition supported by a significant decline in financial costs.

Adjusted net profit

Adjusted net profit increased by PLN 166.6 million, or 152.0% YoY, from PLN 109.6 million for Q1 2020 to PLN 276.3 million for Q1 2021 when PLN 8.2 million of EBITDA adjustments and PLN 1.5 million of tax effect on the above adjustments are excluded.

The following table presents a reconciliation between reported and adjusted net profit for the period under review

Reconciliation of Adjusted net profit PLN m (unaudited)	Q1 2021	Q1 2020	Change %
Net profit	**269.6**	**104.6**	**157.8%**
EBITDA adjustments	8.2	5.4	51.0%
Tax impact of adjustments	(1.5)	(0.4)	314.8%
Adjusted net profit	**276.3**	**109.6**	**152.0%**

Other comprehensive income

Other comprehensive income improved by PLN 100.0 million, or 178.3%, from a loss of PLN 56.1 million for Q1 2020 to a gain of PLN 43.9 million for Q1 2021. This swing resulted primarily from falls in the valuation of financial liabilities relating to the Group's fixed interest rate swap contracts as market yield curves increased on prospects for the end of the COVID-19 crisis, together with transfers of accrued cost to financial expense during the quarter.

Total comprehensive income

Total comprehensive income increased by PLN 265.1 million, or 546.3%, from PLN 48.5 million for the Q1 2020 to PLN 313.6 million for the Q1 2021 as a result of the factors discussed above.

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2.2.2. Review of Cash Flow performance

The following table summarizes net cash flows from operating, investing and financing activities for one quarter period ended 31 March 2021 and 31 March 2020:

Cash Flow, PLN m (unaudited)	Q1 2021	Q1 2020
Net cash inflow/(outflow) from operating activities	**424.1**	**292.9**
Profit before income tax	355.2	138.1
Income tax paid	(37.1)	(35.2)
Amortisation and depreciation	121.3	114.2
Net interest expense	53.5	101,4
Changes in net working capital	(68.1)	(25.0)
Other operating cash flow items	(0.8)	(0,6)
Net cash inflow/(outflow) from investing activities	**(59.9)**	**(48.0)**
Capitalized development costs	(48.7)	(30.5)
Other capital expenditure	(11.3)	(13.0)
Acquisition of subsidiaries	—	(4.4)
Net cash inflow/(outflow) from financing activities	**(59.7)**	**(275.7)**
Borrowings repaid	—	(172.5)
Interest paid	(33.4)	(91.6)
Other financing cash flow	(26.4)	(11.6)
Net increase/(decrease) in cash and cash equivalents	**304.5**	**(30.8)**

Net cash from operating activities

Net cash generated from operating activities increased by PLN 131.2 million or 44.8% during three months ended 31 March 2021. That increase is mainly attributed to a significant rise in profit before income tax of PLN 217.1 million or 157.2% YoY, which together with factors driving period EBITDA growth came also from lower net interest expense decreasing by PLN 48.0 million, or 47.2%, and was reduced by a higher outflow of net working capital amounting to PLN 43.1 million or 172.5% YoY. The most prominent variance, driving the fluctuation of net working capital, is the H2 2020 launch of Allegro Pay consumer finance lending operations which invested a net PLN 78.3 million into its loan book in Q1 2021. Working capital excluding Allegro Pay registered a cash inflow in Q1 2021 due to lower seasonal GMV than in Q4, an effect that was not visible last year as the COVID-19 pandemic's arrival in March 2020 substantially reversed the usual QoQ GMV slowdown that typically results in an inflow of working capital.

As a result of special measures introduced by the Polish Government in response to the economic crisis caused by COVID-19, the current year's deadline for settlement of Income Tax has been postponed from 31 March to 30 June 2021. This change delayed the payment of PLN 142.7 million of corporate income tax liabilities into the second quarter.

Net cash used in investing activities

Net cash used in investing activities amounted to PLN 59.9 million in Q1 2021 which represents a YoY increase of net outflow of PLN 11.9 million or 24.9%. This rise is driven by an uptick in capitalization of development costs arising from expansion of the Tech software development teams that create new functionalities for the Allegro platform. Within the year the Group has introduced several new functionalities on the e-commerce marketplace as well as improving existing solutions that translated to a substantial increase in the cost qualified for capitalization. There were no significant one-off investments in Q1 2021 while Q1 2020 saw an outflow of PLN 4.4 million to fund the acquisition of the business assets of FinAi S.A.

Net cash used in financing activities

Net cash used in financing activities was PLN 59.7 million for Q1 2021 which represents a YoY decrease of cash outflow of PLN 216.0 million or 78.3%. This was primarily connected with the Q4 2020 refinancing process that lowered both the nominal amount of borrowings and the average margin paid as well as replacing the amortizing repayment schedule with a bullet repayment. In March 2020 the Group made a scheduled loan repayment of PLN 172.5 million.

The fixed margin of existing loans was revised downwards by the refinancing process while WIBOR was 1.50 percentage points lower in Q1 2021 in comparison to Q1 2020. Together with 15.3% lower nominal borrowings, these factors combined to produce a PLN 58.2 million or 63.6% decrease in interest paid versus the prior year quarter. However, due to the Group's policy to hedge approximately 50% of its indebtedness into fixed interest rates, these WIBOR savings were partially offset by higher costs related to hedging instruments, which are included in other financing cash flows.

Net increase in cash and cash equivalents

Overall net cash and cash equivalents generated in the period amounted to PLN 304.5 million net increase in Q1 2021, compared to PLN 30.8 million net decrease in Q1 2020, which represents a positive difference of PLN 335.3 million, due to the factors described above. As of 31 March 2021, the Group held PLN 1,489.5 million in cash and cash equivalents.

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2.2.3. Indebtedness

As of 31 March 2021, the Group's total borrowings (principal adjusted by amortised cost) were PLN 5,443.1 million. In addition, the Group had PLN 500.0 million committed under a revolving facility, which was undrawn as of 31 March 2021.

On 14 October 2020 the Group completed its refinancing transaction which drove the reduction of net leverage to the level of 2.5x for the year ended 31 December 2020 and down by a further 0.4x to 2.1x by 31 March 2021. The Q1 decrease is driven by both the rise in LTM Adjusted EBITDA by PLN 180.1 million, or 10.3% QoQ, and an increase in cash and cash equivalents in the amount of PLN 304.5 million or 25.7% QoQ.

The decrease of the Net debt to Equity ratio from 53.5% to 47.9%, as of 31 March 2021, resulted from lower leverage and the increase in the Group's Equity, driven by current year net results as well as favorable changes in the valuation of financial instruments accounted for through other comprehensive income.

PLN m (unaudited)	31.03.2021	31.12.2020
Adjusted EBITDA LTM	1,930.1	1,750.0
Borrowings at amortized cost	5,443.1	5,437.8
Lease liabilities	75.5	73.3
less Cash	(1,489.5)	(1,185.1)
= Net Debt	4,029.1	4,326.0
Leverage	2.1x	2.5x
Equity	8,406.3	8,089.6
Net debt to Equity	47.9%	53.5%

3. Expectations for the group in FY 2021

The Group provides the following update with regards to the targets and expectations discussed in the "Expectations For The Group in FY 2021 and the Medium Term" section of the Company's 2020 Annual Report, which has been published on the website of the Company. This update relates only to Expectations for 2021, with Medium Term Expectations unchanged. In preparing this update, the Group has taken into account an expected intensification of competition during 2021, but does not include downside risks from a recent government proposed Polish digital advertising tax, should such be voted into law by the Polish parliament.

	FY 2020 Actual	FY 2021 FY 2020 report	FY 2021 Updated	Comments
GMV	54%	High teens%	High teens-Low 20s%	Assumes March-April offline retail lockdown is the last SMART! outperformance
	YoY growth	YoY growth	YoY growth	
Revenue	54%	High 20s%	Low 30s %	GMV outperformance with take-rate ticking down in Q2-Q4
	YoY growth	YoY growth	YoY growth	
Adj. EBITDA [1]	31%	Mid teens%	High teens-Low 20s%	Increased SMART! penetration and SG&A ramp-up to support innovation capacity in Q2-Q4
	YoY growth	YoY growth	YoY growth	
Capex [2]	PLN230m	PLN550-600m	Unchanged	H2 2021 more capital intensive than H1

[1] Adjusted EBITDA means operating profit before depreciation and amortization 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 organizations, certain bonuses for employees, the Management Investment Plan, and funds spent on protective equipment against COVID-19, and the incentive programs for employees;
[2] Represents cash capex and does not include leased assets (which are presented in balance sheet).

4. Recent trading

During April, management has noted GMV growth that is consistent with meeting the updated expectations for FY 2021 set out by the Group in the section above. April 2020 provided a challenging comparative due to a severe COVID-19 lockdown of all non-essential offline stores and availability of SMART! for free to all buyers combining to produce 85% YoY GMV growth in the month, which marked the peak of 2020 YoY growth rates, and relative to full year 2020 YoY growth of 54%. Nevertheless, Allegro noted high single-digit positive YoY GMV growth in April.

The Group notes that, despite the challenging comparative, this growth performance corresponds to a Compound Annual Growth Rate (CAGR) from April 2019 actual to April 2021 of approximately 40% per annum, which is very similar to the rate achieved on the same growth metric for the first quarter in total.

5. Principal risks and uncertainties

The following factors are particularly significant to the realisation of the expected financial results for FY 2021 detailed above in Section 3.:

- The pace of vaccination against COVID-19 and the resulting speed with which restrictions on offline retail are removed and an expected general reduction of perceived threat from COVID-19 among the Polish population when shopping offline are both events that are likely to have a significant impact on our GMV growth during the remaining three quarters of 2021, but the timing and scale of these impacts is difficult to estimate. Moreover, it is very difficult to project the degree to which buyers will continue to rely on e-commerce and continue purchasing habits developed during the pandemic once the COVID-19 crisis is in the past and this is likely to have a significant impact on GMV growth during the rest of 2021.
- Following the launch of an Amazon.pl website by Amazon and the announcement of proprietary locker investments by Alibaba in recent months, the Group has factored in some intensification of competition from multinational e-commerce companies into its expectations for the remaining quarters of 2021. In the event that the pace of development of the Group's competitors differs from the Group's assumptions, this may lead to a need to adjust operational plans and commercial positioning and may lead to significant deviations in financial performance for 2021 from our expectations.
- Operating margins may differ significantly from those implied in our expected financial results should the Group need to change monetization approach due to competitive pressures or if SMART! subscription growth or SMART! na Start uptake is materially different from our current expectations.
- Should we suffer delays in ramping up our staffing and development projects, including both planned improvements to the Group's marketplace and price comparison platforms and in new infrastructure projects related to Allegro Fulfilment services and a proprietary locker network, then the Group's GMV and revenue growth in 2021 may be adversely affected.

Due to the uncertainty about the future evolution of the key factors described above and the future developments of the Polish and global economies, in the management's assessment actual results for 2021 could differ materially from those discussed in any expectations, projections or other forward-looking statements included throughout this Report.

In addition to the risk factors discussed above, the risk factors that have been described in detail in section 2.2 "Risk Factors" of the non-financial report section of the Group's Annual Report for the financial year ended 31 December 2020 ("2020 Annual Report"), which was approved by the Board of Directors on 2 March 2021 and which has been subsequently published on the Parent's website, are also relevant for the financial performance of the Group in 2021 and for the medium and long term financial performance and business prospects of the Group. As of the date of this Report, in Management's opinion, there were no substantial new risk factors or changes in the Group's assessment of the risk factors included and described in the 2020 Annual Report to be presented in this Report, with the following exceptions:

- **Amazon Inc. has recently intensified its activity directly competitive to Allegro in the Polish e-commerce segment and this may lead to a material change in our financial performance in terms of growth, margins and cash flows in the future**

  On 1 March 2021, Amazon Inc. ("Amazon") launched an Amazon.pl website having previously invited merchants to register on its dedicated seller central platform. In January 2021, Amazon announced that it had signed a five year contract with InPost to provide delivery services to Inpost's network of automatic parcel machines (also referred to as "lockers"). As a result of these developments, the Group is expecting competition with Amazon Inc to gradually intensify, while the timing of an Amazon Prime offering to the Polish market is difficult to predict but considered likely to occur.

  Since 2016 Amazon has served the Polish e-commerce segment in competition to Allegro via a Polish language translation of its German website, Amazon.de. Polish consumers have had access to the European selection available on Amazon.de. They may browse these offers in Polish, pay using Polish zloty payment solutions and contact customer services provided in Polish. Moreover, the network of fulfilment centers operated by Amazon in Poland chiefly to serve the German e-commerce segment make it possible to deliver a significant part of Amazon.de selection with next day or two day service. This baseline level of competition from Amazon is part of the highly competitive e-commerce segment environment in which the Group has successfully grown its GMV, profits and cash flows during the past several years. In this context, the Group sees Amazon's recent introduction of the dedicated Amazon.pl website, procuring of local merchants and securing of an additional delivery partner as a clear indicator that the competitive environment will intensify in the coming months and years.

  It is not possible for the Group to accurately estimate the potential impact of intensified competition from Amazon on its financial and operational performance. As with any other competitor, the level of investment in gaining customers and winning sales, together with its chosen marketing mix, will have an indirect impact on the Group's performance. Furthermore, Amazon's intentions as to its Prime service and the pricing thereof, are still not clear. Whilst the take rates published for Polish marketplace services are generally higher than those charged by Allegro, Amazon may provide incentives that reduce this gap to the Group's pricing.

  The Group believes that the development strategy that it has pursued over the past several years has prepared it well to meet intensified competition from Amazon. In preparing its budgets and expectations for financial performance of the Group for 2021 and beyond, the Group has used its judgement to make reasonable assumptions about the level of increased competition from Amazon and the resulting impact on its results and operations. However, the Group may be incorrect in its planning assumptions and the impact of intensified competition from Amazon may have a materially more adverse effect on the Group's business, financial condition, and results of operations than currently assumed.

- **System interruptions at any of the third party integrators whose business is to enable merchants to interface their e-stores with multiple e-commerce sales channels such as the Allegro.pl marketplace platform, can lead to serious disruption to the Group's transaction volumes or harm to the Group's reputation.** Some of the merchants who list their offers on the Group's marketplace platform chose to do so via an e-commerce integration service that enables them to interface their own e-store with one or more e-commerce sales channels simultaneously, rather than connecting their e-store directly with each of their chosen e-commerce sales channels. Such merchants' ability to manage their offers on the Group's marketplace, including adding new offers, changing prices and processing orders and returns, depends critically on the continuity of service provided by their service provider. An example of such interruption occurred in March 2021 when an accidental fire broke out in one of Europe's largest data centers and web hosting providers based in Strasbourg which was the main provider of such services to Allegro's largest third party service integrator. Most Allegro merchants affected by the outage recovered full functionality within 24 hours of the disruption onset while full recovery took up to seven days for some merchants. As a result, a number of Allegro orders were not dispatched on time, leading to increased interactions between buyers and Allegro customer services. The outage also led to a temporary decrease in the number of offers listed. While this disruption did not have a material impact on the Group's financial performance, a repeat of a similar or larger scale outage could result in bigger losses or reputational damage. The Group has started to establish mid to long-term processes to mitigate dependencies and risks associated with third party e-commerce service integrators in order to further protect the business stability of the Group's marketplace platform.

- **Works on legislative proposals described in the 2020 Annual Report are in progress.** In particular, on April 2021 the European Commission has published a proposal for its Artificial Intelligence Act [1]. The proposal prohibits certain artificial intelligence practices (ex. social scoring by public authorities, use of 'real-time' remote biometric identification systems in publicly accessible spaces), defines compliance obligations for high-risk applications (inc. human resources related uses and creditworthiness assessment) and public authorities oversight for the use of such applications. The proposal will undergo the entire legislative process and is expected to be adopted no earlier than 2023. If brought into law, this proposal may impose additional compliance costs related to the provision of financial services and potentially other Artficial Intelligence related applications.

- **The Group is aware of certain pending legal disputes between individuals associated with Bola Investment 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").** eBilet Polska has been part of the Group since April 2019. eBilet sp. z o.o. is not, and has never been, part of the Group. 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 pending disputes known to the Group would have a material impact on the Group.

  The Group has become aware that the Claimant has filed against Bola and Allegro.pl a lawsuit with the Regional Court in Poznań demanding annulment of agreements concerning the purchase of shares in eBilet sp. z o.o. allegedly concluded between Bola and Allegro.pl. However, until now Allegro.pl has not been served by the Regional Court in Poznań with any documents, and to the best knowledge of the Group the Regional Court has not made any substantive decisions, with regard to this matter.

[1] Proposal for Regulation of the European Parliament and of the Council laying down harmonised rules on artificial intelligence and amending certain union legislative acts. (COM(2021) 206 – available here.

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6.
Shareholders of Allegro.eu

Based on the most recent available information, to the best of Management's knowledge, the Company's shares are 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	28.03%	286 778 572	28.03%
Permira VI Investment Platform Limited	286 778 572	28.03%	286 778 572	28.03%
Mepinan S.à r.l.	63 728 574	6.23%	63 728 574	6.23%
Free Float	385 970 096	37.72%	385 970 096	37.72%
Total	**1 023 255 814**	**100.00%**	**1 023 255 814**	**100.00%**

Following the disposal of 76,595,000 of the Company's ordinary shares entitling to 7.5% of votes at the General Meeting of the shareholders of the Company by Cidinan S.à r.l., Permira VI Investment Platform Limited, and Mepinan S.à r.l. with effect from 19 March 2021, these shareholders are subject to a 90 day lock-up period expiring on 17 June 2021. Allegro Group management's shareholdings (included in Free Float) received at IPO as settlement of investments made in the Management Investment Plan are subject to a 360 day lockup period expiring on 7 October 2021.

7.
Related parties transactions

We are engaged in certain commercial and financial transactions with related parties. Please refer to Note 18 to the Interim Condensed Consolidated Financial Statements of Allegro.eu Group for the three months ended 31 March 2021, and to Note 37 to the Consolidated Financial Statements of Allegro.eu Group for the year ended 31 December 2020, for further details.

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 Q1 2021 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	François Nuyts
Director	Director

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Report on Review of Interim Condensed Consolidated Financial Statements

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Report on Review of Interim Condensed Consolidated Financial Statements

To the Board of Directors of
Allegro.eu S.A.

We have reviewed the accompanying interim condensed consolidated financial statements of Allegro.eu S.A. (the "Company") and its subsidiaries (the "Group") as at 31 March 2021, which comprise the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of financial position, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the three - month period then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the interim condensed consolidated financial statements

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity") as adopted for Luxembourg by the "Institut des Réviseurs d'Entreprises". This standard requires us to comply with relevant ethical requirements and conclude whether anything has come to our attention that causes us to believe that the interim condensed consolidated financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework.

A review of interim condensed consolidated financial statements in accordance with ISRE 2410 is a limited assurance engagement. The "Réviseur d'entreprises agréé" performs procedures, primarily consisting of making inquiries of management and others within the Company, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim condensed consolidated financial statements.

PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg
T : +352 494848 1, F : +352 494848 2900, www.pwc.lu

Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 12 May 2021

Electronically signed by: Véronique Lefebvre

Véronique Lefebvre

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

all amounts expressed in PLN'000 unless indicated otherwise

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Interim Condensed Consolidated Statement of comprehensive income

	Note	3 months ended 31.03.2021	3 months ended 31.03.2020
Revenue	8	**1,210,203**	**751,163**
Operating expenses		**(682,722)**	**(400,976)**
Payment charges		(35,999)	(33,852)
Cost of goods sold		(57,818)	(32,857)
Net costs of delivery		(254,250)	(102,756)
Marketing service expenses		(122,370)	(93,104)
Staff costs net		(129,818)	(89,442)
Staff costs gross		*(166,290)*	*(113,773)*
Capitalisation of development costs		*36,472*	*24,331*
IT service expenses		(20,944)	(12,905)
Other expenses net		(45,240)	(22,349)
Other expenses gross		*(57,418)*	*(28,517)*
Capitalisation of development costs		*12,178*	*6,168*
Net impairment losses on financial and contract assets		(16,283)	(13,711)
Operating profit before amortisation and depreciation		**527,481**	**350,187**
Amortisation and Depreciation		**(121,285)**	**(114,230)**
Amortisation		(104,558)	(99,716)
Depreciation		(16,727)	(14,514)
Operating profit		**406,196**	**235,957**
Net Financial costs	9	**(51,009)**	**(97,880)**
Financial income		5,868	11,658
Financial costs		(56,877)	(109,538)
Profit before Income tax		**355,187**	**138,077**

	Note	3 months ended 31.03.2021	3 months ended 31.03.2020
Income tax expenses	10	**(85,539)**	**(33,464)**
Net profit		**269,648**	**104,613**
Other comprehensive income/(loss) – Items that may be reclassified to profit or loss		**43,944**	**(56,090)**
Gain/(Loss) on cash flow hedging		25,857	(78,806)
Cash flow hedge – Reclassification from OCI to profit or loss		18,087	3,808
Deferred tax relating to these items		—	18,908
Total comprehensive income for the period		**313,592**	**48,523**

	Note	3 months ended 31.03.2021	3 months ended 31.03.2020
Net profit for the period is attributable to:		**269,648**	**104,613**
Shareholders of the Parent Company		269,648	104,334
Non-controlling interests		—	279

	Note	3 months ended 31.03.2021	3 months ended 31.03.2020
Total comprehensive income for the period is attributable to:		**313,592**	**48,523**
Shareholders of the Parent Company		313,592	48,244
Non-controlling interests		—	279

	Note	3 months ended 31.03.2021	3 months ended 31.03.2020
Earnings per share for profit attributable to the ordinary equity holders of the company (in PLN)	11		
Basic		0.26	(0.20)
Diluted		0.26	(0.20)

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	31.03.2021	31.12.2020
Goodwill		8,639,249	8,639,249
Other intangible assets		4,355,372	4,407,024
Property, plant and equipment		154,689	150,820
Other receivables		13,190	—
Consumer Loans	13	9,217	4,728
Deferred tax assets	15	281	281
Investments		360	360
Total non-current assets		**13,172,358**	**13,202,462**

Current assets	Note	31.03.2021	31.12.2020
Inventory		28,405	24,619
Trade and other receivables	12	622,792	646,409
Prepayments		43,593	36,496
Consumer Loans	13	121,095	47,244
Other financial assets		4,544	4,788
Income tax receivables		5,457	802
Cash and cash equivalents	14	1,489,546	1,185,060
Total current assets		**2,315,432**	**1,945,418**
TOTAL ASSETS		**15,487,790**	**15,147,880**

EQUITY AND LIABILITIES

Equity	Note	31.03.2021	31.12.2020
Share capital		10,233	10,233
Capital reserve		7,073,667	7,073,667
Cash flow hedge reserve		(51,541)	(95,484)
Actuarial gain/(loss)		(938)	(938)
Other reserves	5	3,083	—
Retained earnings		1,102,118	682,958
Net result		269,648	419,160
Equity allocated to shareholders of the Parent		**8,406,270**	**8,089,596**
TOTAL EQUITY		**8,406,270**	**8,089,596**

Non-current liabilities	Note	31.03.2021	31.12.2020
Borrowings		5,442,542	5,437,223
Lease liabilities		47,506	45,359
Other financial liabilities	5	44,534	97,298
Deferred tax liability	15	594,008	579,078
Liabilities to employees	5	6,111	5,370
Liabilities related to business combinations		3,893	3,893
Total non-current liabilities		**6,138,594**	**6,168,221**

Current liabilities	Note	31.03.2021	31.12.2020
Borrowings		562	577
Lease liabilities		27,948	27,907
Income tax liability		191,889	155,022
Trade and other liabilities	16	630,088	557,629
Liabilities to employees	5	92,439	148,928
Total current liabilities		**942,926**	**890,063**
TOTAL EQUITY AND LIABILITIES		**15,487,790**	**15,147,880**

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	Retained earnings	Net result	Equity allocated to shareholders of the Parent	Non-controlling interests	Total
As at 01.01.2020	**434,246**	**5,141,141**	**568**	**(22,278)**	**—**	**(33,633)**	**758,784**	**391,392**	**6,670,220**	**13,422**	**6,683,642**
Profit for the period	—	—	—	—	—	—	—	104,334	104,334	279	104,613
Other comprehensive income	—	—	1,460	(56,090)	—	—	—	—	(54,630)	—	(54,630)
Total comprehensive income for the period	**—**	**—**	**1,460**	**(56,090)**	**—**	**—**	**—**	**104,334**	**49,704**	**279**	**49,983**
Transfer of profit from previous years	—	—		—	—	—	391,392	(391,392)	—	—	—
Share based compensation	—	—	—	—	—	3,175	—	—	3,175	—	3,175
Non-recourse loans	(18)	(1,391)	—	—	—	—	—	—	(1,409)	—	(1,409)
Transactions with owners in their capacity as owners	**(18)**	**(1,391)**	**—**	**—**	**—**	**3,175**	**391,392**	**(391,392)**	**1,766**	**—**	**1,766**
As at 31.03.2020	**434,228**	**5,139,750**	**2,028**	**(78,368)**	**—**	**(30,458)**	**1,150,176**	**104,334**	**6,721,690**	**13,701**	**6,735,391**
As at 01.01.2021	**10,233**	**7,073,667**	**—**	**(95,484)**	**(938)**	**—**	**682,958**	**419,160**	**8,089,596**	**—**	**8,089,596**
Profit for the period	—	—	—	—		—	—	269,648	269,648	—	269,648
Other comprehensive income	—	—	—	43,944		—	—	—	43,944	—	43,944
Total comprehensive income for the period	**—**	**—**	**—**	**43,944**	**—**	**—**	**—**	**269,648**	**313,592**	**—**	**313,592**
Transfer of profit from previous years	—	—	—	—	—	—	419,160	(419,160)	—		—
Allegro Incentive Plan (see note 5)			—	—	—	3,083	—	—	3,083	—	3,083
Transactions with owners in their capacity as owners	**—**	**—**	**—**	**—**	**—**	**3,083**	**419,160**	**(419,160)**	**3,083**	**—**	**3,083**
As at 31.03.2021	**10,233**	**7,073,667**	**—**	**(51,541)**	**(938)**	**3,083**	**1,102,118**	**269,648**	**8,406,270**	**—**	**8,406,270**

all amounts expressed in PLN'000 unless indicated otherwise

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Interim Condensed Consolidated Statement of cash flows

	Note	3 months ended 31.03.2021	3 months ended 31.03.2020
Profit before income tax		**355,187**	**138,077**
Amortisation and depreciation		121,285	114,230
Net interest expense	9	53,536	101,377
Non-cash employee benefits expense – share based payments		3,083	989
Revolving facility availability fee	9	910	830
Net (gain)/loss exchange differences		251	5,114
Interest on lease liability	9	689	848
Valuation of financial assets – net	9	(5,589)	(8,431)
Net (gain)/loss on sale of non-current assets		(100)	—
(Increase)/Decrease in trade and other receivables and prepayments		3,329	3,299
(Increase)/Decrease in inventories		(3,786)	1,600
Increase/(Decrease) in trade and other liabilities		66,487	(8,039)
(Increase)/Decrease in consumer loans		(78,340)	—
Increase/(Decrease) in liabilities to employees		(55,749)	(21,835)
Cash flows from operating activities		**461,193**	**328,059**
Income tax paid		(37,105)	(35,180)
Net cash inflow/(outflow) from operating activities		**424,088**	**292,879**

	Note	3 months ended 31.03.2021	3 months ended 31.03.2020
Cash flows from investing activities			
Payments for property, plant & equipment and intangibles		(59,978)	(43,527)
Flows from sale of non-financial assets		100	—
Acquisition of subsidiary (net of cash acquired)		—	(4,425)
Net cash inflow/(outflow) from investing activities		**(59,878)**	**(47,952)**

	Note	3 months ended 31.03.2021	3 months ended 31.03.2020
Cash flows from financing activities			
Borrowings repaid		—	(172,483)
Interest paid		(33,362)	(91,593)
Interest rate hedging instrument settlements		(18,087)	(3,513)
Lease payments		(7,594)	(7,295)
Revolving facility availability fee payments		(681)	(830)
Net cash inflow/(outflow) from financing activities		**(59,724)**	**(275,714)**

	Note	3 months ended 31.03.2021	3 months ended 31.03.2020
Net increase/(decrease) in cash and cash equivalents		**304,486**	**(30,787)**
Cash and cash equivalents at the beginning of the financial period		1,185,060	403,877
Cash and cash equivalents at the end of the financial period		1,489,546	373,090

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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 name was changed from Adinan Super Topco S.à r.l. to Allegro.eu 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.

The Group operates in Poland mostly through Allegro.pl Sp. z o.o., Ceneo.pl Sp. z o.o., eBilet Polska Sp. z o.o. ('eBilet'), Allegro Pay Sp. z o.o. and OpenNet Sp. z o.o.

The Group's core activities comprise:

- online marketplace;
- advertising;
- online price comparison services;
- retail sale via mail order houses or via the Internet;
- online tickets distribution;
- web portal operations;
- consumer lending to marketplace buyers;
- software and solutions for delivery logistics;
- 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 month period ended 31 March 2021, together with comparative amounts for the corresponding period of 2020, which were not subject to the auditor's review.

2. Basis of preparation

These Interim Condensed Consolidated Financial Statements for the three month period ended 31 March 2021 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 31 March 2021. In making this going concern assumption Management took into consideration the impact of the COVID-19 crisis on the Group's business. The operations have continued with minimal disruption since most staff continue home working mode since 12 March 2020. The Group's sales increased following the imposition of COVID-19 related lock-down measures by the Polish government in March 2020 and trading has continued to be stronger than the historical trend throughout the past months.

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 2020. 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 10) and the adoption of new and amended standards effective after 1 January 2021 as set out in note 3.

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 31 March 2021 in comparison to the Consolidated Financial Statements of Allegro.eu S.A. Group for the year ended 31 December 2020.

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 2021 were applied. The amendments do not have a significant impact on these financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

Amendments to IFRS 4 – issued on 25 June 2020 and effective for annual periods beginning 1 January 2021. The amendment extends the temporary exemption of applying IFRS 9 Financial Instruments until 1 January 2023, when IFRS 17 Insurance Contracts becomes effective.

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. No significant changes in accounting estimates and financial risk management have been identified.

CONTINGENT LIABILITIES

On 22 February 2021, the Group received a formal notification that the OCCP President ('Office of Competition and Consumer Protection') has commenced explanatory proceedings in order to establish if eBilet has infringed collective consumers' interests. In the same document the OCCP President included questions to eBilet related to its policy on ticket returns during the COVID-19 pandemic and, in particular its practice of proposing vouchers instead of cash refunds.

These explanatory proceedings are a preliminary step that does not necessarily lead to the initiation of formal proceedings against eBilet. If the OCCP President decides to pursue the matters covered by these explanatory proceedings, he must first open formal proceedings against eBilet.

If the OCCP President decides that eBilet's behaviour infringed collective consumers' interests, he would then issue an infringement decision, with or without a fine, and may also order the effects of the infringement to be remedied. 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 infringement decision, for each infringement. If during the course of the investigation eBilet offers adequate commitments to rectify the alleged infringement and/or to remedy its effects, the case may end with a commitment arrangement with the OCCP President and with no fine imposed.

Management does not consider that the practices under investigation were abusive and intends to fully cooperate with OCCP's investigation. As no specific infringements have been alleged, it is not possible to estimate the likelihood of successfully defending proceedings or to estimate the size of a likely financial penalty if such defence is unsuccessful.

There were no significant changes in ongoing antitrust proceedings against Allegro.pl with the Office of Competition and Consumer Protection in comparison to the situation described in the Consolidated Financial Statements of Allegro.eu S.A. Group for the year ended 31 December 2020.

ESTIMATED IMPAIRMENT OF GOODWILL

The Group did not identify any circumstances, which might indicate that an impairment loss may have occurred. Thereupon, as at 31 March 2021 no goodwill impairment testing was performed.

all amounts expressed in PLN'000 unless indicated otherwise

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:

- The Group adopted the Allegro Incentive Plan (the 'AIP') in 2020. On 18 December 2020 Group Key Management was informed about the detailed principles of PSU program ('Performance Shares Units'). Under IFRS, this date is considered as a service commencement date, as from this date the Group Key Management may reasonably expect to benefit from the future award. The Group calculated the impact on the 2020 net result, and concluded it was not material. In the first quarter of 2021 the Group recognized PLN 3,083 of share based compensation for PSUs in staff costs and in other reserve. The formal grant date occurred after the reporting period, on 2 April 2021, with 320,870 PSU Units granted with an estimated total value of PLN 18,474. The valuation was performed based on AIP rules approved in October 2020 and confirmed by the Group's Remuneration Committee of the Board of Directors on 2 April 2021. The number of granted units was multiplied by the share price at the Grant Date, which was PLN 56.06 (PLN not thousand PLN), adjusted by estimated target achievement and by the estimated number of leavers. The target achievement was calculated based on the AIP rules and Group's best expectation of future results. Please refer to note 19 for further details.
- On 16 March 2021 the shareholders of the Group, i.e. Cidinan S.À R.L, Permira VI Investment Platform Limited, and Mepinan S.À R.L sold 76,595,000 of the Company's ordinary shares representing 7.5% of votes at the General Meeting of the Parent Company. At the balance sheet date the immediate owners of the Parent's shares were:

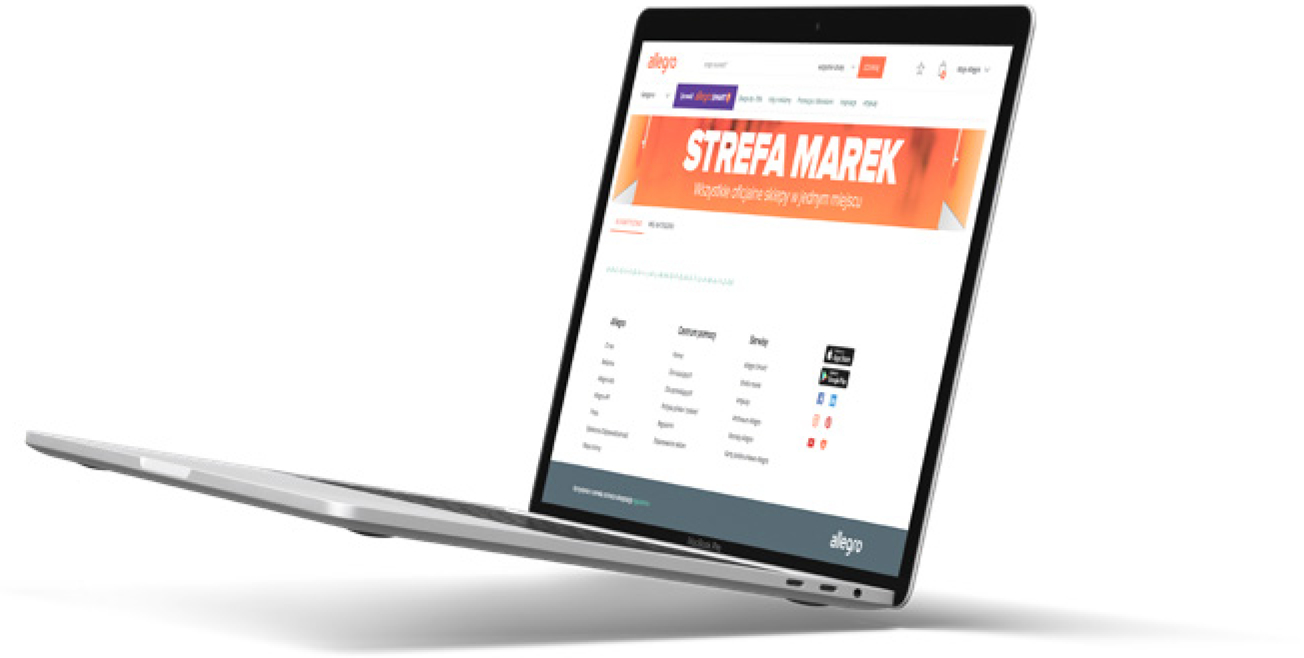
		31.03.2021		31.12.2020	
Name	Ultimate owner	Number of Shares	% of share capital	Number of Shares	% of share capital
Cidinan S.a r.l.	Cinven	286,778,572	28.0%	321,246,322	31.4%
Permira VI Investment Platform Limited	Permira	286,778,572	28.0%	321,246,322	31.4%
Mepinan S.à r.l.	Mid Europa Partners	63,728,574	6.3%	71,388,074	7.0%
Other Shareholders	n/a	385,970,096	37.7%	309,375,096	30.2%
Total		**1,023,255,814**	**100%**	**1,023,255,814**	**100%**

- Decrease in liabilities to employees results mainly from the annual bonus paid to employees for the year ended 2020 in the amount of PLN 59,540.
- Decrease in other financial liabilities results from the settlement of the interest rate hedging instruments falling due in the first quarter in the amount of PLN 18,087 and a decrease in the value of the remaining instruments of PLN 34,677 as at the balance sheet date.
- The Group does not have any department dedicated to research and development, however, such activities are performed throughout the organization. Research and development expenditure that meet the capitalization criteria are deducted from expenses and recognized as intangible assets. The amount of development costs, capitalized during the three month periods ended 31 March 2021 and 31 March 2020 amounted to PLN 48,650 and PLN 30,499, respectively.

6. Group structure

As at 31 March 2021, the Allegro.eu Group comprised Allegro.eu S.A. ('Parent') as well as intermediate holding company Adinan Midco with their registered office in Luxembourg and companies conducting operating activities in the territory of Poland – Allegro.pl, Ceneo.pl, Trade Analytics Instytut Badań Ecommerce, eBilet Polska, Allegro Finance, Allegro Pay and OpenNet together with their non-operating subsidiary company Allegro Logistyka. Each of the Polish operating companies and their subsidiaries have their registered offices located in Poland.

Key information regarding the members of the Group, shares held by the Group as at 31 March 2021 and 31 March 2020 and the periods subject to consolidation is presented below.



PERIOD COVERED BY CONSOLIDATION
01.01.2021 – 31.03.2021

- **Allegro.eu S.A.** Luxembourg
  - **Adinan Midco S.à r.l.** Luxembourg, **100%**
    - **Allegro.pl Sp. z o.o.** Poland, **100%**
      - **Allegro Logistyka Sp. z o.o.** Poland, **100%**
        - **OpenNet 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%**
    - **Ceneo.pl Sp. z o.o.** Poland, **100%**
    - **Allegro Pay Sp. z o.o.** Poland, **100%**

PERIOD COVERED BY CONSOLIDATION
01.01.2020 – 31.03.2020

- **Allegro.eu S.A.** Luxembourg
  - **Adinan Topco S.à r.l.** Luxembourg, **100%**
    - **Adinan Holdco S.à r.l.** Luxembourg, **100%**
      - **Adinan Bondco S.à r.l.** Luxembourg, **100%**
        - **Adinan Seniorco S.à r.l.** Luxembourg, **100%**
          - **Adinan Midco S.à r.l.** Luxembourg, **100%**
            - **Allegro.pl Sp. z o.o.** Poland, **100%**
              - **Allegro Logistyka Sp. z o.o.** Poland, **100%**
              - **eBilet Polska Sp. z o.o.** Poland, **80%**
              - **Allegro Finance Sp. z o.o.** Poland, **100%**
              - **Trade Analytics Instytut Badań Ecommerce Sp. z o.o.** Poland, **50%**
            - **Allegro Pay Sp. z o.o. *** Poland, **100%**
            - **Ceneo.pl Sp. z o.o.** Poland, **100%**
              - **Trade Analytics Instytut Badań Ecommerce Sp. z o.o.** Poland, **50%**

* Period covered by consolidation 27.01.2020 – 31.12.2020

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

7. Segment information

7.1 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 two reportable operating segments as follows:

- Allegro activity – segment which operates as the B2C, C2C and B2B e-commerce platform Allegro.pl providing marketplace services via internet in Poland and Allegro Pay financial services, and
- Ceneo.pl activity – segment which is a price comparison platform in Poland allowing users to compare consumer products from various Polish e-stores.

Other segment consists mainly the results of eBilet and OpenNet (consolidated from October 2020) as well as costs of the holding companies.

The reportable operating segments are identified at the Group level. The Parent, as a holding company is included in Other segment. Segment performance is assessed on the basis of revenue, operating profit before amortisation and depreciation ('EBITDA'), as defined in the note 7.2. 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. Both operating segments have a dispersed customer base – no single customer generates more than 10% of segment revenue. The Group's operations are conducted in one geographical area, on the territory of the Republic of Poland.

all amounts expressed in PLN'000 unless indicated otherwise

3 months ended 31.03.2021	TOTAL	Allegro	Ceneo	Other	Eliminations
External revenue	1,210,203	1,144,119	61,202	4,882	—
Inter-segment revenue	—	9,735	16,402	186	(26,323)
Net revenue	**1,210,203**	**1,153,854**	**77,604**	**5,068**	**(26,323)**
Operating expenses	(682,722)	(641,355)	(44,067)	(23,623)	26,323
EBITDA	**527,481**	**512,499**	**33,537**	**(18,555)**	**—**
Amortisation and Depreciation	(121,285)				
Net financial costs	(51,009)				
Profit before income tax	**355,187**				
Tax expense	(85,539)				
Net profit	**269,648**				

3 months ended 31.03.2020	TOTAL	Allegro	Ceneo	Other	Eliminations
External revenue	751,163	692,506	52,810	5,847	—
Inter-segment revenue	—	1,615	8,195	739	(10,549)
Net revenue	**751,163**	**694,121**	**61,005**	**6,586**	**(10,549)**
Operating expenses	(400,976)	(372,454)	(31,886)	(7,185)	10,549
EBITDA	**350,187**	**321,667**	**29,119**	**(599)**	**—**
Amortisation and Depreciation	(114,230)				
Net financial costs	(97,880)				
Profit before income tax	**138,077**				
Tax expense	(33,464)				
Net profit	**104,613**				

The Board of Directors does not analyse the operating segments in relation to their asset values and liabilities values. 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.

7.2 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) and the depreciation/amortization.

In the opinion of the Management of the Group, 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, regulatory proceeding costs, Group restructuring and development costs, donations to various public benefit organizations, certain employee incentives and bonuses, because these expenses are mostly of non-recurring nature and are not directly related to core operations of the Group. Adjusted EBITDA is verified and analyzed 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 standardized measure and the calculation of EBITDA and adjusted EBITDA, accordingly, may vary significantly from company to company.

	3 months ended 31.03.2021	3 months ended 31.03.2020
EBITDA	**527,481**	**350,187**
Monitoring costs [1]	—	786
Regulatory proceeding costs [2]	352	1,130
Group restructuring and development costs [3]	1,989	1
Donations to various public benefit organizations [4]	2,464	—
Bonus for employees and funds spent on protective equipment against COVID-19 [5]	263	48
Allegro Incentive Plan [6]	3,083	—
Management Investment Plan [7]	—	3,433
Adjusted EBITDA	**535,632**	**355,585**

[1] Represents expenses incurred in relation to performance of advisory services by the shareholders of the Group, including travel expenses and expenses for services provided for projects outside the scope of supervisory responsibilities. These services and related expenses ceased since the Company's IPO.

[2] Represents legal costs mainly related to regulatory proceeding, legal and expert fees and settlement costs.

[3] Represents legal, financial due diligence and transactional expenses with respect to not concluded acquisitions of target companies along with related legal expenses.

[4] Represents donations made by the Group to support health service and charitable organisations and NGOs during the COVID-19 pandemic.

[5] 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.

[6] 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. Costs accrued in Q1 2021 represents the accrued cost of share based compensation in relation to the PSU Plan.

[7] Cost of share based compensation related to The Management Investment Plan ("MIP") in which management participated indirectly through investing in shares in the Adiman SCSP Trust and directly via type C and D shares issued by Allegro.eu. The MIP ceased to exist at its full settlement at the moment of the Company's IPO.

all amounts expressed in PLN'000 unless indicated otherwise

8.

Revenues from contracts with customers

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

3 months ended 31.03.2021	Allegro	Ceneo	Other	Eliminations	Total
Marketplace revenue	993,379	—	901	—	994,280
Advertising revenue	90,578	11,718	—	(835)	101,461
Price comparison revenue	—	64,779	—	(14,582)	50,197
Retail revenue	59,064	—	—	—	59,064
Other revenue	10,833	1,107	4,167	(10,906)	5,201
Net revenue	**1,153,854**	**77,604**	**5,068**	**(26,323)**	**1,210,203**

3 months ended 31.03.2020	Allegro	Ceneo	Other	Eliminations	Total
Marketplace revenue	602,790	—	6,213	(330)	608,673
Advertising revenue	51,390	9,300	—	(634)	60,056
Price comparison revenue	—	50,714	—	(6,643)	44,071
Retail revenue	32,695	—	—	—	32,695
Other revenue	7,246	991	373	(2,942)	5,668
Net revenue	**694,121**	**61,005**	**6,586**	**(10,549)**	**751,163**

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.

3 months ended 31.03.2021 Timing of revenue recognition	Allegro	Ceneo	Other	Eliminations	Total
At a point in time	763,949	65,170	5,068	(24,754)	809,433
Over time	389,905	12,434	—	(1,569)	400,770
Net revenue	**1,153,854**	**77,604**	**5,068**	**(26,323)**	**1,210,203**

3 months ended 31.03.2020 Timing of revenue recognition	Allegro	Ceneo	Other	Eliminations	Total
At a point in time	436,717	51,235	6,586	(9,209)	485,329
Over time	257,404	9,770	—	(1,340)	265,834
Net revenue	**694,121**	**61,005**	**6,586**	**(10,549)**	**751,163**

all amounts expressed in PLN'000 unless indicated otherwise

9. Financial income and financial costs

	3 months ended 31.03.2021	3 months ended 31.03.2020
Valuation of financial assets	5,590	9,515
Interest from deposits	211	1,290
Other financial income	67	853
Financial income	**5,868**	**11,658**

	3 months ended 31.03.2021	3 months ended 31.03.2020
Interest paid and payable for financial liabilities	(38,681)	(97,852)
Interest rate hedging instrument	(14,855)	(3,525)
Interest on leases	(689)	(848)
Revolving facility availability fee	(910)	(830)
Net exchange losses on foreign currency transactions	(368)	(5,132)
Other financial costs	(1,374)	(1,351)
Financial costs	**(56,877)**	**(109,538)**
NET FINANCIAL COSTS	**(51,009)**	**(97,880)**

The decrease in interest expenses is driven by lower costs of the Group's indebtedness resulting from the refinancing transaction completed on 14 October 2020. The savings were partially offset by higher costs to settle fixed interest rate swap contracts, reflecting the rapid decrease of WIBOR reference rates following the outbreak of the COVID-19 pandemic in 2020.

10. 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 period ended 31 March 2021 is 24.1%, compared to 24.2% for the three months ended 31 March 2020.

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 in Poland is 19%. Luxembourg companies are subject to taxation at a 24.94% rate.

The management 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.

As of the period ended 31 March 2021 and 31 March 2020 the income tax expense was as follows:

	3 months ended 31.03.2021	3 months ended 31.03.2020
Current income tax on profits	(70,609)	(32,828)
(Increase)/Decrease in net deferred tax liability	(14,930)	(636)
Income tax expense	**(85,539)**	**(33,464)**

On 16 December 2020, the Group received formal notifications of tax audits of two of the Group's entities, initiated by the Małopolski Customs and Tax Office in Cracow, with respect to taxation of income declared in the period from 28 July 2016 to 31 December 2017 and for 2018. The tax audits continued throughout the first quarter of 2021 and are continuing as the date of this financial statements. The auditing tax office has not informed the Group of any findings as of the date of these financial statements.

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11. Earnings per share

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

Basic and Diluted Earnings per share for the three month periods ended 31 March were:

	3 months ended 31.03.2021	3 months ended 31.03.2020
Net profit attributable to equity holders of the Parent Company	269,647,892	104,334,181
Preference annual interest	—	(250,073,232)
Profit/ (Loss) for ordinary shareholders	**269,647,892**	**(145,739,051)**
Average number of ordinary shares	1,023,845,770	711,253,184
Profit/ (Loss) per ordinary share (basic)	**0.26**	**(0.20)**
Profit/ (Loss) per ordinary share (diluted)	**0.26**	**(0.20)**

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

In connection with the Group's IPO, which took place in October 2020, the Group's share capital was restructured to replace all classes of share capital, including cumulative preference shares, with a class of new ordinary shares ("the IPO Conversion").

Cumulative preference shares accrued interest at a compound annual rate of 12% and this accrued interest was settled at the IPO Conversion with an allocation of new ordinary shares as the equity was restructured on the basis of an IPO market capitalisation of 43 billion PLN, implied by the Company setting the IPO price of its 1 billion new ordinary shares at 43 zloty per share. Preference annual interest therefore ceased to accrue from the date of the IPO Conversion on 29 September 2020.

The Company issued a further 23,255,814 ordinary shares at IPO to raise an additional PLN 1 billion of equity in a primary capital raising.

In addition, the average number of ordinary shares for the three months ended 31 March 2021 also includes 589,956 fully vested but not delivered shares, granted to employees at the moment of the Group's IPO. Those shares will be released to the recipient employees following the expiration of a one year lock up period on the anniversary of the IPO date.

In the prior year period and until the IPO Conversion, ordinary shares for the purposes of calculating earnings per share comprised A1 and A2 shares. Between 2017 and the IPO, B and C shares were granted to the Group's Key Management and other managers with a determined vesting period, and were excluded from the earnings per share calculation.

B and C series shares were assessed for any potential dilutive effect on the EPS calculation. However, the Group concluded that they were not dilutive.

The PSU program described in note number 5 has a potential dilutive effect on the EPS calculation for the 3 months ended 31 March 2021, however it was not concluded to be dilutive, as the performance condition is not met.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

12. Trade and other receivables

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

	31.03.2021	31.12.2020
Trade receivables, gross	657,029	658,197
Impairment of trade receivables	(67,697)	(60,114)
Trade receivables, net	**589,332**	**598,083**
Other receivables	21,050	42,249
VAT receivables	12,410	6,077
Total	**622,792**	**646,409**

The Group's receivables comprise amounts due from companies and individuals and their concentration level is low. The Group does not have significant trade receivables in foreign currencies.

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

13. Consumer loans

Consumer loans represent loans granted to buyers on the Allegro.pl platform. Loans are granted for 30 days without interest and instalment loans for between 5 and 20 months with an interest rate 7.20%. Furthermore, Smart! users may take 3-month zero interest instalment loans.

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

The table below shows the gross carrying amount (equal to maximum exposure to credit risk) and expected credit losses in each stage at 31 March 2021 and 31 December 2020.

As at 31.12.2020	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 31.12.2020	**51,947**	**25**	**—**	**51,972**

As at 31.03.2021	Stage 1	Stage 2	Stage 3	TOTAL
Opening balance	53,073	28	1	53,102
New consumer loans originated	178,502	16	—	178,518
Transfer to stage 1	77	(77)	—	—
Transfer to stage 2	(704)	705	(1)	—
Transfer to stage 3	—	(117)	117	—
Consumer loans derecognized (repaid)	(98,779)	(180)	(4)	(98,963)
Consumer loans, gross	**132,169**	**375**	**113**	**132,657**
Opening balance	(1,126)	(3)	(1)	(1,130)
New consumer loans originated	(3,597)	(2)	—	(3,599)
Changes due to changes in credit risk	13	(1)	(12)	—
Consumer loans derecognized (repaid)	2,509	(28)	(97)	2,384
Expected credit losses	**(2,201)**	**(34)**	**(110)**	**(2,345)**
Consumer loans as at 31.03.2021	**129,968**	**341**	**3**	**130,312**

As at 31.03.2021	Stage 1	Stage 2	Stage 3	TOTAL
Consumer loans, gross	132,169	375	113	132,657
Expected credit losses	(2,201)	(34)	(110)	(2,345)
Consumer loans as at 31.03.2021	**129,968**	**341**	**3**	**130,312**

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

all amounts expressed in PLN'000 unless indicated otherwise

14. Cash and cash equivalents

At the balance sheet date cash and cash equivalents comprised:

	31.03.2021	31.12.2020
Cash at bank	172,336	643,238
Bank deposits	1,270,092	502,535
Cash equivalents	47,118	39,287
Total	**1,489,546**	**1,185,060**

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

As at 31 March 2021 and 31 December 2020 the Group had no restricted cash.

15. Deferred tax

15.1 DEFERRED TAX ASSETS

The deferred tax assets at the balance sheet date comprised temporary differences attributable to:

	31.03.2021	31.12.2020
Accrued expenses	51,587	54,959
Liabilities to employees	22,012	32,469
Impairment of trade receivables	10,449	9,285
Other items	16,997	13,220
Total deferred tax assets	**101,045**	**109,933**
Deferred tax assets pursuant to set-off rules	(100,764)	(109,652)
Net deferred tax assets	**281**	**281**

	Accrued expenses	Liabilities to employees	Other	Offsetting	Total
As at 31.12.2020	**54,959**	**32,469**	**22,505**	**(109,652)**	**281**
(Charged)/credited to profit or loss	(3,372)	(10,457)	4,941	8,888	—
As at 31.03.2021	**51,587**	**22,012**	**27,446**	**(100,764)**	**281**

all amounts expressed in PLN'000 unless indicated otherwise

15.2 DEFERRED TAX LIABILITIES

The deferred tax liabilities at the balance sheet date comprised temporary differences attributable to:

	31.03.2021	31.12.2020
Intangible assets	660,287	665,658
Borrowings valuation	16,788	6,080
Property, plant and equipment	5,564	5,237
Other items	12,133	11,755
Total deferred tax liabilities	**694,772**	**688,730**
Deferred tax liabilities pursuant to set-off rules	(100,764)	(109,652)
Net deferred tax liabilities	**594,008**	**579,078**

	Recognition of intangible assets	Other	Offsetting	Total
As at 31.12.2020	**665,658**	**23,072**	**(109,652)**	**579,078**
Charged/(credited) to profit or loss	(5,371)	11,413	8,888	14,930
As at 31.03.2021	**660,287**	**34,485**	**(100,764)**	**594,008**

16. Trade and other liabilities

Trade and Other Liabilities at the balance sheet date comprised:

	31.03.2021	31.12.2020
Trade liabilities	353,918	342,861
Contract and refund liabilities	117,932	115,399
VAT liabilities	81,290	73,448
Social insurance and other tax liabilities	52,724	13,695
Other liabilities	24,224	12,226
Total	**630,088**	**557,629**

Trade liabilities are usually paid within 30 days of recognition. 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

17. 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 amortized cost. The classification is made at the moment of initial recognition and depends on business model for managing financial assets adopted by the Group and the characteristics of contractual cash flows from these instruments.

In 2020 and 2021 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	31.03.2021	31.12.2020
Financial assets at amortised cost		**2,235,144**	**1,882,513**
Consumer loans	13	130,312	51,972
Trade receivables and other receivables *	12	610,382	640,333
Cash and cash equivalents	14	1,489,546	1,185,060
Investments		360	360
Other financial assets		4,544	4,788

* excluding tax-related settlements

	Note	31.03.2021	31.12.2020
Liabilities at amortised cost		**5,949,126**	**5,920,493**
Trade and other liabilities **	16	426,675	405,534
Borrowings		5,443,104	5,437,800
Lease liabilities (outside IFRS9 scope)		75,454	73,266
Liabilities related to business combination		3,893	3,893
Hedging derivatives		**44,534**	**97,298**
Derivative financial instruments (cash flow hedge)		44,534	97,298

** excluding deferred income and tax-related settlements

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 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.

Derivative financial instruments designated as hedging instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their current fair value. Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss.

Effectiveness of cash flow hedge was tested and is 100%. Therefore, all changes were recognized in Other Comprehensive Income.

all amounts expressed in PLN'000 unless indicated otherwise

18. Related party transactions

Transactions with related parties referred to settlements of consulting and management services and loans granted. All transactions were entered into on an arm's length basis. Transactions with BlackPines Capital Partners relate to consultancy services provided by a Key Group Manager.

The Group made the following related party transactions in the period ended 31 March 2021 and 31 March 2020:

	3 months ended 31.03.2021				As at 31.03.2021		
Related party	Revenues	Expenses	Financial income	Financial costs	Receivables	Payables	Loans granted
Shareholder:							
Mepinan S.a r.l.	—	—	—	—	—	—	—
Adiman SCSp	—	—	—	—	—	—	—
Cinven Partners LLP	—	—	—	—	—	—	—
Permira Advisers (London) Ltd	—	—	—	—	—	—	—
Management:							
Loans granted	—	—	—	—	—	—	—
BlackPines Capital Partners Ltd	—	—	—	—	—	—	—
Affiliates:							
Polskie Badania Internetu sp. z o.o.	—	69	—	—	—	46	—
Fundacja Allegro All For Planet	10	—	—	—	3	—	—
Total	**10**	**69**	**—**	**—**	**3**	**46**	**—**

	3 months ended 31.03.2020				As at 31.03.2020		
Related party	Revenues	Expenses	Financial income	Financial costs	Receivables	Payables	Loans granted
Shareholder:							
Mepinan S.a r.l.	—	—	—	—	—	—	—
Adiman SCSp	—	—	—	—	—	—	—
Cinven Partners LLP	—	104	—	—	—	—	—
Permira Advisers (London) Ltd	—	748	—	—	—	—	—
Management:							
Loans granted	—	—	17	—	—	—	9 083
BlackPines Capital Partners Ltd	—	1 776	—	—	—		—
Associates:							
Polskie Badania Internetu sp. z o.o.	—	69	—	—	—	23	—
Fundacja Allegro All For Planet	12	—	—	—	12	—	—
Total	**12**	**2 697**	**17**	**—**	**12**	**23**	**9 083**

19. Events occurring after the reporting period

I. AWARDS MADE UNDER THE ALLEGRO INCENTIVE PLAN ("AIP")

On 2 April 2021 ("Grant Date") the Remuneration Committee of the board of Directors of Allegro.eu granted 320,870 units awarded under the Performance Share Unit (PSU) plan and 717,027 shares awarded under Restricted Stock Unit (RSU) plan. These awards have been granted to Executive Directors, Key Managers and other employees. The fair value, per share to be used in recognizing the costs of share based compensation is PLN 56.06, 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, is PLN 53,344.

PERFORMANCE SHARE UNITS

Total share based compensation to be recognized from the 320,870 PSU Units issued on the Grant Date has been provisionally estimated at PLN 18,474 and will be recognized over the 36 month vesting period. This estimate is based on the fair value of the Group's shares at closing on the Grant Date of PLN 56.06 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.

Recognition of the estimated cost of the program shall reflect the PSU Plan's notional vesting profile of 25%, 25%, and 50% respectively on the first, second, and third anniversaries of the Grant Date. If a holder of PSU units leaves before the end of the 36 month vesting period, they shall receive units earned in proportion to the vesting conditions and service period performed on the third anniversary of the Grant Date and each unit is limited to a maximum of one share per unit or less if performance conditions have not been fully achieved.

In the first quarter of 2021, PLN 3,083 was recognized from the total estimated cost of PLN 18,474. Group Key Management was informed of the key terms of the PSU Plan on 18 December 2020, thereby setting the Service Commencement Date for purposes of share based compensation cost recognition under IFRS2 at a date earlier than the Grant Date as these managers were substantively aware of the value of benefits they might receive in future awards.

RESTRICTED STOCK UNITS

Total share based compensation to be recognized from the 717,027 RSU Units issued on the Grant Date has been provisionally estimated at PLN 34,870 and will be recognized over the 36 month vesting period. This estimate is based on the fair value of the Group's shares at closing on the Grant Date of PLN 56.06 per share, with one RSU unit being equivalent to one ordinary share, and an estimate of attrition rates.

Recognition of the estimated cost of the program shall reflect the RSU Plan's vesting profile of 25%, 25%, and 50% respectively on the first, second, and third anniversaries of the Grant Date.

RSU units are not subject to performance conditions related to target achievement. If a holder of RSU units leaves before the end of the vesting period, all shares due to vest at future vesting dates shall lapse.

II. INCOME TAX

The outstanding balance of 2020 corporate income tax liability, in the amount of PLN 142,683, being the excess of the full year liability over the monthly prepayments paid during 2020, was settled subsequently to quarter end on 16 April 2021. Due to the special measures introduced by The Polish Government to deal with the economic disruption caused by the COVID-19 pandemic, the usual statutory annual settlement deadline of 31 March has been moved to 30 June 2021.

III. LEASES

On 13 April 2021, upon the commencement of the lease of its new fulfillment center, the Group has recognized the corresponding right of use asset and lease liability at an estimated value of PLN 54,402. The lease asset will be depreciated over a period of 10 years.

APPROVED BY THE BOARD
AND SIGNED ON ITS BEHALF BY:

Darren Huston	François Nuyts
Director	Director