QUARTERLY REPORT OF ALLEGRO.EU GROUP

for the three month period ended 31 March 2022

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I.

GENERAL INFORMATION

1. Definitions

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

"1P"	First-party.
"3P"	Third-party.
"AF"	Allegro Fulfillment
"AIP"	Allegro Incentive Plan.
"Allegro.pl"	Allegro.pl sp. z o.o.
"APMs" or "Lockers"	Automated Parcel Machines.
"Ceneo.pl"	Ceneo.pl sp. z o.o.
"CEE"	Central and Eastern Europe
"Cinven"	Depending on the context, any of, or collectively, Cinven Partnership LLP, Cinven Holdings Guernsey Limited, Cinven (Luxco 1) S.A. and their respective "associates" (as defined in the UK Companies Act 2006) and/or funds managed or advised by any of the foregoing.
"Company" or "Allegro.eu"	Allegro.eu, a public limited liability company (société anonyme), incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 1, rue Hildegard von Bingen, L-1282 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies' Register (Registre de Commerce et des Sociétés, Luxembourg) under number B214830.
"CPC"	Cost Per Click.
"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 expertise and experience for the management of the business.
"Lockers" or "APMs"	Automated Parcel Machines.
"LTM"	Last twelve months. Represents twelve months preceding the end of a period.
"Luxembourg"	The Grand Duchy of Luxembourg.
"Mall Group"	Mall Group a.s., including its operating direct and indirect subsidiaries
"Mall Group / WE|DO acquisition"	Acquisition of the Mall Group a.s. and WE|DO CZ s.r.o., announced on 4 November 2021 and closed on 1 April 2022
"MOV"	Minimum order value necessary to receive a service or a discount.
"NDD"	Next Day Delivery
"Permira"	Depending on the context, any of, or collectively, Permira Holdings Limited, Permira Debt Managers Limited, Permira Advisers (London) Limited, Permira Advisers LLP and each of Permira Holdings Limited's subsidiary undertakings from time to time, including the various entities that individually act as advisers or consultants in relation to the funds advised and/or managed by Permira.
"PLN" or "złoty"	Polish złoty, the lawful currency of Poland.
"Poland"	The Republic of Poland.
"pp"	Percentage points.
"PPC"	Pay Per Click.
"PSU"	Performance Share Unit plan which represents part of AIP.
"QoQ"	Quarter over quarter, i.e. sequential quarterly change.
"Report"	This quarterly report of the Company for the three month period ended 31 March 2022.
"RSU"	Restricted Stock Unit plan which represents part of AIP.
"Senior Managers"	Jointly: Members of the Board of Directors of Allegro.eu, Management Board Members of Allegro.pl and Management Board Members of Ceneo.pl
"Significant Shareholders"	Cidinan S.à r.l., representing the interests of Cinven & Co-Investors, Permira VI Investment Platform Limited, representing the interests of Permira & Co-Investors, Mepinan S.à r.l., representing the interests of Mid Europa Partners Funds
"SPA"	Share purchase agreement to acquire Mall Group a.s. and WE|DO CZ s.r.o. that Allegro.eu and Allegro.pl entered into on 4 November 2021
"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).
"WE|DO"	WE|DO CZ s.r.o. and its operating subsidiary WE|DO Slovakia s.r.o.
"WIBOR"	The Warsaw Interbank Offered Rate is the average interest rate estimated by leading banks in Warsaw that the average leading bank would be charged if borrowing from other banks. Unless specified otherwise, this refers to three-month WIBOR for loans for a three-month period.
"WSE"	The Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) and, unless the context requires otherwise, the regulated market operated by such a company.
"YoY"	Year over year.
"YTD"	Year-to-date.

2.
Introduction

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

From 1st April 2022, the Allegro.eu Group includes Mall Group, a leading e-commerce platform across Central and Eastern Europe and WE|DO, a last mile delivery business. Mall Group operates as an on-line retailer and marketplace across multiple shopping verticals in Czechia, Slovakia, Slovenia, Hungary, Croatia, and Poland. WE|DO provides last mile distribution services in Czechia and Slovakia, counting the Mall Group as one of its key customers.

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

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

3.
Forward-looking statements

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

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

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

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

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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.

Historical Financial Information

This Report includes the consolidated financial information of the Group as of 31 March 2022 and for the three-month periods ended 31 March 2022 and 31 March 2021, which have been derived from the quarterly consolidated financial statements of the Group as of 31 March 2022 and for the three-month periods ended 31 March 2022 and 31 March 2021 ("Financial Statements"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and included elsewhere in this Report. The Group's auditor is PricewaterhouseCoopers, Société coopérative, having its registered office at 2, rue Gerhard Mercator, L-2182 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies' Register (Registre de Commerce et des Sociétés, Luxembourg) under number B65477 ("PWC"). The Interim Condensed Consolidated Financial Statements for the three month periods ended 31 March 2022 and financial information as at 31 March 2022 have not been subject to review by the auditor, while the comparative information presented for the three month period ended 31 March 2021 and audited financial information as of 31 December 2021 has been reviewed by PWC in its capacity as independent statutory auditors (réviseur d'entreprises agréé) of the Company and the Group.

Alternative Performance Measures

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

The Group has defined the alternative performance measures as follows:

"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, funds spent on protective equipment against COVID-19, and expenses related to share based payments in connection with the Allegro Incentive Plan;

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

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

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

"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);

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

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

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

"Other capital expenditure" means amounts paid for investments in 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

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

The Group presents the alternative performance measures because the Group's management believes that they assist investors and analysts in comparing the Group's performance and liquidity across reporting periods. The Group presents GMV as a measure of the total value of goods sold over a certain period, which allows for growth to be compared over different periods, including weekly, monthly, quarterly, and annually. The Group considers Adjusted EBITDA to be a useful metric for evaluating the Group's performance as they facilitate comparisons of the Group's core operating results from period to period by removing the impact of, among other things, its capital structure, asset base, tax consequences and specific non-recurring costs. The Group uses Adjusted EBITDA for the purposes of calculating Adjusted EBITDA/net revenue and Adjusted EBITDA/GMV. The Group presents total capital expenditure split between 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 the 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 alternative performance measures are not accounting measures within the scope of IFRS and may not be permitted to appear on the face of Financial Statements or footnotes thereto. These alternative performance measures may not be comparable to similarly titled measures of other companies. Neither the assumptions underlying the alternative performance measures have been audited in accordance with IFRS or any generally accepted accounting standards. In evaluating the alternative performance measures, investors should carefully consider the Financial Statements included in this Report.

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

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

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

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

Non-Financial Measures

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

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

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

"GMV per Active Buyer" represents LTM GMV divided by the number of Active Buyers as of the end of a period.

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II.

MANAGEMENT REPORT

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1. Selected consolidated financial highlights

Income Statement, PLN m	Q1 2022 (unaudited)	Q1 2021 (unaudited)	Change %
Net Revenue	1,392.6	1,210.2	15.1%
EBITDA	432.5	527.5	(18.0%)
Adjusted EBITDA	462.9	535.6	(13.6%)
EBIT	281.3	406.2	(30.8%)
Profit before Income tax	225.9	355.2	(36.4%)
Net Profit	166.9	269.6	(38.1%)

	31.03.2022 (unaudited)	31.12.2021	Change %
Assets	18,787.6	16,869.9	11.4%
Equity	9,729.6	9,454.1	2.9%
Net Debt	3,720.1	3,660.2	1.6%

Cash Flow, PLN m	Q1 2022 (unaudited)	Q1 2021 (unaudited)	Change %
Net cash inflow/(outflow) from operating activities	377.4	424.1	(11.0%)
Net cash inflow/(outflow) from investing activities	(177.9)	(59.9)	197.2%
Net cash inflow/(outflow) from financing activities	1,438.3	(59.7)	N/A
Net increase/(decrease) in cash and cash equivalents	1,637.7	304.5	437.9%

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 2022	Q1 2021	Change %
Active Buyers (millions)	13.4	13.3	0.6%
GMV per Active Buyer (PLN)	3,264.7	2,858.5	14.2%
GMV (PLN in millions)	10,824.1	9,596.4	12.8%
LTM GMV (PLN in millions)	43,829.3	38,137.8	14.9%
Take Rate (%)	10.46%	10.43%	0.02 pp
Adjusted EBITDA (PLN in millions)	462.9	535.6	(13.6%)
Adjusted EBITDA/revenue (%)	33.24%	44.26%	(11.02 pp)
Adjusted EBITDA/GMV (%)	4.28%	5.58%	(1.30 pp)

GMV and Active Buyers

During the three months ended 31 March 2022, GMV reached PLN 10,824.1 million, representing a 1,227.6, or 12.8% YoY increase.

The GMV growth rate was impacted by headwinds from COVID-19 related restrictions that were in place in Poland during the comparative period. Off-line shopping restrictions implemented throughout January 2021 and again from mid-March to early-May 2021, closed covered shopping malls and increased on-line demand and raised YOY growth rates in the prior year quarter to 46.1%. Furthermore, the Group observed a short-term material negative impact on consumer spending patterns during the first week of the Russian invasion of Ukraine at the end of February 2022, with the situation thereafter quickly normalizing and reverting to the expected trends. The Group estimates the impact of this dip in demand at approximately PLN 140 million, or 1.45 percentage points of growth.

The growing demand for goods transacted on the Allegro marketplace is driven by a continued secular increase in online purchasing frequency and penetration, further supported by the Group focusing on the retail basics of increasing selection, ensuring competitive prices and providing a fast and reliable delivery experience. Additional boosters to purchasing frequency came from the rapid uptake of the Smart! loyalty program, which by the end of 2021 reached over 5 million customers, up from 2.1 million at 30 June 2020, and the successful introduction of the Group's proprietary consumer lending services under the Allegro Pay brand, which lent PLN 964.8 million in Q1 2022, up by 440.5% versus the comparative period. All these initiatives translated into a continued growth in LTM GMV per Active Buyer, which reached the level of PLN 3,265 at the end of Q1 2022, up by 14.2% YoY.

GMV growth in the three-month period was mainly driven by the Allegro Marketplace with a positive contribution of 0.5pp coming from eBilet as restrictions on mass gathering events were gradually eased from May 2021.

Overall, the Group's GMV growth in Q1 2022 was broadly in line with management expectations, excluding the observed short-term impact from the invasion of Ukraine.

Adjusted EBITDA

The Group's Adjusted EBITDA decreased by PLN 72.7 million, or 13.6% YoY, from PLN 535.6 million for the three months ended 31 March 2021 to PLN 462.9 million for the three months ended 31 March 2022. This result reflects the combination of slower GMV growth, for the reasons described above, with higher growth in operating expenses, particularly to cover delivery costs for the expanding SMART! user base and greater penetration of courier in the delivery mix. Other key drags on profitability were expenditures in platform development and increased staffing costs to support growth driving initiatives across a wider range of projects, increased marketing spending and scale-up losses for the Group's new proprietary APM network and its new AF services. Profitability metrics improved sequentially during Q1 following the Group's move to recover some incremental cost through merchant co-financing increases from February 2022, partially offsetting the cost of various customer-focused improvements made to the SMART! offering during H2 2021, particularly the reduction of MOV for courier from PLN 80 to PLN 40 in September 2021.

Q1 2022 GMV and marketplace revenue both grew by 12.8% YoY, with the Take Rate broadly stable YoY at 10.46% vs 10.43% in the comparative period. Co-financing fees were increased in early February 2022 which, among other changes, introduced a new fee for SMART! courier shipments within the PLN 40-80 order value range. In March the Group made targeted increases to certain success fees within the scope of its existing pricing policies. These mid-quarter changes were largely offset by the cumulative impact of lower penetration of promoted offers, pay-for-performance "AlleProgress" rebates for quicker dispatch performed by merchants and lower yield from delivery fee monetization as SMART! free delivery penetration expands.

Underpinned by the stable Take Rate, Group revenue grew by 15.1% YoY in Q1 2022, 2.3 pp above the rate of GMV growth, which was driven both by high margin advertising revenue growth of 21.1% YoY, low margin streams of retail revenue, which grew by 40.1%. and other revenues, which were up by 241.9% YoY, comprising mainly the newly consolidated XPC courier delivery operations as well as newly launched APM and AF operations.

Operating expenses grew by 40.6% YoY in Q1 2022, reflecting investment in the business to drive long-term GMV growth. Strategic investments in growing the SMART! subscriber base, convenience and competitive positioning were reflected in net delivery costs rising by 42.7% YoY, which includes the YoY impact of higher share of courier deliveries. Employment rose by 29.9% YoY, combining with pay increases to raise staff costs by 42.5% YoY. Recruitment was concentrated in key areas of the organization such as Technology, Commerce, Delivery Experience and Customer Experience, that should directly contribute to higher GMV and revenues over time through platform innovations and internationalization. As a result of operating expenses growth coming in above the revenue growth rates as described above, Adjusted EBITDA margin as a percentage of GMV declined in the period to 4.28%, from 5.58% a year ago.

After reaching a low point in January 2022, the Group noted improving YOY Adjusted EBITDA performance in the rest of the Q1 2022, supported by the Take Rate initiatives described above.

In Q1 2022 the Group recognized PLN 30.4 million of adjustments to EBITDA, including PLN 14.9 million of Group restructuring and development costs and PLN 5.8 million in transaction costs relating mainly to the Mall Group / WE|DO acquisition. Material EBITDA adjustments in Q1 2022 also included PLN 7.7 million of Allegro Incentive Plan costs, related to Performance Share Units and Restricted Stock Units granted to Executive Directors, Key Managers and other employees.

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

Reconciliation of Adjusted EBITDA, PLN m (unaudited)	Q1 2022	Q1 2021	Change %
EBITDA	432.5	527.5	(18.0%)
Regulatory proceeding costs [1]	0.5	0.4	30.2%
Group restructuring and development costs [2]	14.9	0.1	25,574.3%
Donations to various public benefit organisations [3]	1.2	2.5	(51.9%)
Bonus for employees and funds spent on protective equipment against COVID-19 [4]	0.3	0.3	16.5%
Allegro Incentive Plan [5]	7.7	3.1	150.2%
Transaction costs [6]	5.8	1.9	201.5%
Adjusted EBITDA	462.9	535.6	(13.6%)

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

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

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

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

[5] Represents the costs of the Allegro Incentive Plan, under which awards in the form of Performance Share Units ("PSU") and Restricted Stock Units ("RSU") are granted to Executive Directors, Key Managers and other employees. Costs accrued in Q1 2021 represents the accrued cost of share based compensation in relation to the PSU Plan.

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

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

2.2.1. RESULTS OF OPERATIONS

The following table presents the Group's summary consolidated statement of comprehensive income data for Q1 2022 and Q1 2021.

Consolidated statement of comprehensive income, PLN m (unaudited)	Q1 2022	Q1 2021	Change %
Revenue	1,392.6	1,210.2	15.1%
Marketplace revenue	1,121.9	994.3	12.8%
Advertising revenue	122.9	101.5	21.1%
Price comparison revenue	47.4	50.2	(5.6%)
Retail revenue	82.7	59.1	40.1%
Other revenue	17.8	5.2	241.9%
Operating expenses	**(960.1)**	**(682.7)**	**40.6%**
Payment charges	(33.8)	(36.0)	(6.0%)
Cost of goods sold	(84.3)	(57.8)	45.8%
Net costs of delivery	(362.7)	(254.3)	42.7%
Marketing service expenses	(158.6)	(122.4)	29.6%
Staff costs	(185.0)	(129.8)	42.5%
IT service expenses	(33.1)	(20.9)	58.0%
Other expenses	(75.6)	(43.3)	74.4%
Net impairment losses on financial and contract assets	(21.1)	(16.3)	29.8%
Transaction costs	(5.8)	(1.9)	205.3%
Operating profit before amortisation and depreciation (EBITDA)	432.5	527.5	(18.0%)

Consolidated statement of comprehensive income, PLN m (unaudited)	Q1 2022	Q1 2021	Change %
Amortisation and Depreciation	**(151.2)**	**(121.3)**	**24.7%**
Amortisation	(117.1)	(104.6)	12.0%
Depreciation	(34.2)	(16.7)	104.4%
Operating profit	**281.3**	**406.2**	**(30.8%)**
Net Financial result	**(55.4)**	**(51.0)**	**8.6%**
Financial income	8.9	5.9	21.5%
Financial costs	(62.3)	(56.5)	7.1%
Foreign exchange (profits)/losses	(2.0)	(0.4)	440.3%
Profit/(Loss) before Income tax	**225.9**	**355.2**	**(36.4%)**
Income tax expenses	**(58.9)**	**(85.5)**	**(31.1%)**
Net profit/(loss)	**166.9**	**269.6**	**(38.1%)**
Other comprehensive income/(loss)	**100.1**	**43.9**	**127.6%**
Total comprehensive income/(loss) for the period	**267.1**	**313.6**	**(14.8%)**

REVENUE

Revenue increased by PLN 182.4 million, or 15.1%, from PLN 1,210.2 million for Q1 2021 to PLN 1,392.6 million for Q1 2022. This increase resulted primarily from increases in marketplace revenue (up by PLN 127.6 million YoY), advertising revenue (up by PLN 21.4 million YoY), Retail revenue (up by PLN 23.7 million YoY) as well as increase in other revenue (up by PLN 12.6 million YoY). Main drivers of key revenue streams are described below.

MARKETPLACE REVENUE

Marketplace revenue increased by PLN 127.6 million, or 12.8%, from PLN 994.3 million for Q1 2021 to PLN 1,121.9 million for Q1 2022. This increase resulted from 12.8% YoY GMV growth with Take Rate broadly unchanged YoY at 10.46% in Q1 2022. Both GMV and Take Rate developments are discussed in more detail in the key performance indicators section above.

ADVERTISING REVENUE

Advertising revenue increased by PLN 21.4 million, or 21.1%, from PLN 101.5 million for Q1 2021 to PLN 122.9 million for Q1 2022. This increase resulted primarily from further improvements in sponsored ads effectiveness, resulting in higher click through rates as well as increase in external and internal inventory expansion and continued growth in revenue from display formats. Advertising revenue as a percentage of GMV rose to 1.14%, up by 0.08 ppts versus the prior year period.

OPERATING EXPENSES

Operating expenses increased by PLN 277.4 million, or 40.6%, from PLN 682.7 million for Q1 2021 to PLN 960.1 million for Q1 2022. This increase resulted primarily from higher net costs of delivery, marketing expenses and staff costs, as well as recognition of transaction and group restructuring costs connected to the agreement to acquire the Mall Group and WE|DO.

NET COSTS OF DELIVERY

Net costs of delivery increased by PLN 108.5 million, or 42.7%, from PLN 254.3 million for Q1 2021 to PLN 362.7 million for Q1 2022. This increase resulted primarily from significant growth in both the number and share of buyers on the Group's e-commerce marketplace who were users of the SMART! program and to the typically significant increase in spending that comes with the availability of offers with free delivery. The YoY growth in SMART! users was supported by several sequential improvements to the SMART! product over the course of the last twelve months, such as the launch of the "SMART! na Start" trial program, adding the cash on delivery payment method and reducing MOV on courier deliveries in stages from PLN 100 to PLN 80 in February 2021 and to PLN 40 in September 2021. Moreover, changes to the SMART! program requirements for merchants lifted coverage of courier service on SMART! offers close to 100%. These changes to the SMART! program have translated into increasing share of courier deliveries, which was up by 21.1 pp YoY in Q1 2022, whilst increasing by a modest 2.8pp QoQ. Average cost per SMART! package delivered increased by 7.4% YoY, mainly reflecting the increased share of courier deliveries in the mix.

Net costs of delivery mainly represent the excess of SMART! free delivery costs over the revenues earned from SMART! subscriptions, while co-financing contributions from sellers are recorded as marketplace revenue and thus included in the Take Rate.

MARKETING SERVICE EXPENSES

Marketing service expenses increased by PLN 36.2 million, or 29.6%, from PLN 122.4 million for Q1 2021 to PLN 158.6 million for Q1 2022, driven largely by PPC expenses to boost internet traffic acquisition. Competition for Internet buyers remained elevated, driving higher YoY costs per acquired click.

STAFF COSTS

Staff costs increased by PLN 55.2 million, or 42.5%, from PLN 129.8 million for Q1 2021 to PLN 185.0 million for Q1 2022. This increase resulted primarily from the recruitment of new employees as headcount at 31 March 2022 was 29.9% higher than at 31 March 2021, as well as increases in base salaries and an increase in Allegro Incentive Plan provision of PLN 5.5 million YoY. Recruitment was concentrated in key areas of the organization such as Technology, Commerce, Delivery Experience and Customer Experience, that should directly contribute to higher GMV and revenues over time and support the platform innovations and internationalization.

OTHER EXPENSES

Expenses other than net costs of delivery, marketing and staff costs totalled PLN 253.8 million and increased by PLN 77.5 million, or 44.0% YoY. This increase resulted primarily from growing costs of goods sold that were up by PLN 26.5 million YoY, reflecting the growth of 1P business, IT service expenses which was up by PLN 12.2 million YoY, and growth in Other Expense line, which includes transaction and Group restructuring costs incurred as a result of Mall Group / WE|DO acquisition, as well as higher consultancy and contractor outsourcing costs in connection with the development of new products and services, including IT consulting services, related to the delivery experience development agenda, projects related to customer experience improvements and ongoing work on product catalog development.

OPERATING PROFIT BEFORE AMORTIZATION AND DEPRECIATION (EBITDA)

Operating profit before amortization and depreciation decreased by PLN 95.0 million, or 18.0%, from PLN 527.5 million for Q1 2021 to PLN 432.5 million for Q1 2022 as a result of the factors described above. The number includes PLN 30.4 million of one-off EBITDA adjustments reported in the period, compared to PLN 8.2 million one-offs reported in the prior year period. Key adjustments to EBITDA in the current period included PLN 14.9 million of Group restructuring and development costs and PLN 5.8 million in transaction costs, relating mainly to the Mall Group / WE|DO acquisition, as well as PLN 7.7 million of costs related to the Allegro Incentive Plan, under which awards in the form of Performance Share Units ("PSU") and Restricted Stock Units ("RSU") are granted to Executive Directors, Key Managers and other employees.

NET FINANCIAL COSTS

Net financial result fell by PLN 4.4 million, or 8.6%, from a cost of PLN 51.0 million for Q1 2021 to a cost of PLN 55.4 million for Q1 2022.

INCOME TAX EXPENSES

Income tax expenses decreased by PLN 26.6 million, or 31.1%, from PLN 85.5 million for Q1 2021 to PLN 58.9 million for Q1 2022. The Group's effective tax rate was 24.1% and 26.1% for Q1 2021 and Q1 2022, respectively, compared to the Polish standard corporate income tax rate of 19% for each period. The difference is driven mostly by non-deductible costs at Allegro.eu entity.

PLN m (unaudited)	Q1 2022	Q1 2021	Change %
Current income tax on profits	(34.1)	(70.6)	(51.7%)
(Increase)/Decrease in net deferred tax liability	(24.8)	(14.9)	66.3%
Income tax expense	**(58.9)**	**(85.5)**	**(31.1%)**

NET PROFIT

Net profit decreased by PLN 102.7 million, or 38.1%, from PLN 269.6 million for the Q1 2021 to PLN 166.9 million for Q1 2022 as a result of the factors described above.

TOTAL COMPREHENSIVE INCOME

Total comprehensive income decreased by PLN 46.6 million, or 14.8%, from PLN 313.6 million for the Q1 2021 to PLN 267.1 million for the Q1 2022 as a result of the factors discussed above.

OTHER COMPREHENSIVE INCOME

Other comprehensive income increased by PLN 56.1 million, or 127.6%, from PLN 43.9 million for Q1 2021 to PLN 100.1 million for Q1 2022. This increase resulted primarily from the favorable changes in the valuation of the floating to fixed interest rate swap contracts, reflecting an accelerating trend in the growth of interest rate yields seen over the past twelve months.

2.2.2. REVIEW OF CASH FLOW PERFORMANCE

The following table summarizes net cash flows from operating, investing and financing activities for the three months ended 31 March 2022 and 2021:

Cash Flow, PLN m (unaudited)	Q1 2022	Q1 2021	Change %
Net cash inflow/(outflow) from operating activities	**377.4**	**424.1**	**(11.0%)**
Profit before income tax	225.9	355.2	(36.4%)
Income tax paid	(55.6)	(37.1)	49.9%
Amortisation and depreciation	151.2	121.3	24.7%
Net interest expense	54.1	53.5	1.0%
Changes in net working capital	(17.9)	(68.1)	(73.7%)
Other operating cash flow items	19.7	(0.8)	N/A
Net cash inflow/(outflow) from investing activities	**(177.9)**	**(59.9)**	**197.2%**
Capitalized development costs	(73.2)	(48.7)	50.5%
Other capital expenditure	(87.9)	(11.3)	676.0%
Cash received upon settlement of the deal contingent forward	2,204.4	—	N/A
Settlement of the deal contingent forward	(2,221.3)	—	N/A
Net cash inflow/(outflow) from financing activities	**1,438.3**	**(59.7)**	**N/A**
Borrowings received	1,500.0	—	N/A
Interest paid	(56.4)	(33.4)	(98.8%)
Lease payments	(12.4)	(7.6)	63.5%
Interest rate hedging instrument settlements	(0.2)	(18.1)	68.9%
Other financing cash flow	7.3	(0.7)	N/A
Net increase/(decrease) in cash and cash equivalents	**1,637.7**	**304.5**	**437.9%**

NET CASH FROM OPERATING ACTIVITIES

Net cash from operating activities decreased by PLN 46.7 million or 11.0% YoY for Q1 2022, mostly due to the lower profit before income tax, which decreased by PLN 129.3 million, or 36.4% YoY. The decrease in profitability was partly due to increased non-cash depreciation and amortization expenses, which rose by PLN 29.9 million, or 24.7%. Cash generated from operating activities was also supported by a lower outflow of net working capital, as the Group received PLN 210.0 million from consumer loans sales to Aion Bank during the period. As a result, on-balance sheet consumer loans increased by only PLN 5.8 million during the first quarter from total loans advanced by Allegro Pay during the period of PLN 964.8 million. In the prior year comparative period, the Group had self funded all PLN 178.5 million of the Allegro Pay consumer loans granted. Excluding the impact of Allegro Pay funding on working capital of PLN 5.8 million, the remaining movement in working capital was PLN 12.1 million outflow versus an inflow of PLN 10.3 million in the prior year period driven by the lower balance of the trade payables, further supported by the higher spendings on inventory, representing the ongoing organic growth of the Group first party retail operation These outflows were eventually offset by the higher inflows from trade and other receivables and the lower outflows on employee liabilities, arising upon the settlement of the annual bonuses.

NET CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities was PLN 177.9 million for the three months ended 31 March 2022 which represents a YoY increase of the outflow in the amount of PLN 118.0 million. This increase resulted from the combination of the higher development costs qualifying for capitalization increasing by PLN 24.5 million, or 50.5%, and other capital expenditures growing by PLN 76.6 million YoY, due to the further roll-out of the Allegro One Initiative, driven by the on-going development of the Automated Parcel Machines network across the biggest Polish cities and towns in Q1 2022, as well as investments in finishing up the new offices.

Moreover in Q1 2022 the group recognized a net cash outflow of PLN 16.8 million arising on the settlement of the FX deal contingent forward concluded by the Group in order to hedge the foreign exchange risk associated with its obligation to pay EUR 474.0 million as the cash consideration component of the Mall Group and WE|DO acquisition transaction, which completed on 1 April 2022.

NET CASH USED IN FINANCING ACTIVITIES

Net cash used in financing activities recorded an inflow of PLN 1,438.3 million for the three months ended 31 March 2022, due the the utilization of a PLN 1,000.0 million bridge term loan and a PLN 500.0 million equivalent multi-currency revolving credit facility drawn in Czech crowns. These funds were utilized by the Group upon the completion of the Mall Group and WE|DO acquisition transactions subsequently to the quarter end.

The inflow from financing activities was further supported by the decrease of settlement payments for the floating to fixed interest rate swap contracts generating the outflow of PLN 0.2 million for Q1 2022 comparing to PLN 18.1 million for Q1 2021, as the market observed a significant increase of the WIBOR reference rate across late 2021 and early 2022 resulting in the favorable revaluation of the Group's hedged interest rate positions. Conversely, the same upward movement in interest rates contributed to the increase in the interest payments arising on the Group's indebtedness growing by PLN 23.0 million, or 68.9% YoY, moving in the opposite direction to the amounts paid to in settlement of the fixed interest rate swap contracts.

2.2.3. INDEBTEDNESS

As of 31 March 2022, the Group's total borrowings were PLN 6,856.2 million, representing PLN 7,000 million of principal, adjusted to be presented at amortized cost . The increase in the principal in Q1 2022 results from the utilization of a PLN 1,000.0 million bridge term loan as well as a PLN 500.0 million equivalent multi-currency revolving credit facility drawn in Czech crowns. In addition, the Group has a further PLN 500.0 million committed under a revolving facility, which was undrawn as of 31 March 2022.

The increase in lease liabilities is driven by the recognition of right to use assets and corresponding lease liabilities, as the Group leased its new offices in Poznań and Warsaw and significantly increased the number of leased locations for its Automated Parcel Lockers network during the three month period ended 31 March 2022.

As a result of the increase in borrowings and leases as well as a PLN 1,637.8 million increase in cash held, and the drop in Adjusted EBITDA on a rolling twelve month basis by 3.5% since 31 December 2021, the Group's leverage increased from 1.77x as of 31 December 2021 to 1.86x as of 31 March 2022.

The following table sets out the components of the Group's net leverage on 31 March 2022 and also the proforma impact of the completion of the Mall Group / WE|DO Acquisition that took place on 1 April 2022. Upon the completion of this transaction, the leverage increased to 3.26x since the Group used a significant part of its cash on hand to settle the cash components of the consideration payable for the acquisition.

PLN m (unaudited)	31.03.2022 Proforma	31.03.2022	31.12.2021
Adjusted EBITDA LTM	**1,995.8**	**1,995.8**	**2,068.5**
Borrowings at amortized cost	6,856.2	6,856.2	5,366.3
Lease liabilities	458.9	458.9	251.1
less cash	(800.8)	(3,595.0)	(1,957.2)
= Net Debt	**6,514.4**	**3,720.1**	**3,660.2**
Leverage	3.26 x	1.86 x	1.77 x
Equity	10,910.6	9,729.6	9,454.1
Net debt to Equity	59.7%	38.2%	38.7%

As part of the Mall Group / WE|DO acquisition, the Group issued 33,649,039 new shares in the Group to the sellers, valued at PLN 1,883.7 million, on 1 April 2022. The Group's proforma debt to equity ratio following this transaction was 59.7%, compared to 38.2% on 31 March 2022.

3. Expectations for the Group in FY 2022

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

POLAND

In respect to expectations for Poland (excluding Mall Group and WE|DO), the Group's management considers that the outbreak of war in Ukraine, along with newly revised expectations for an extended period of high inflation of in particular food, fuel and energy items, may begin to weigh on consumer discretionary demand later in 2022 and has therefore trimmed its expectations for GMV growth in 2022. Revenue growth expectations have been trimmed accordingly while the prolonged inflation may lead to higher operating expenses, resulting in expectations for Adjusted EBITDA growth being revised down marginally. Capital investment spending expectations for the Polish business have been adjusted down in line with temporarily lowered near-term growth expectations.

The updated expectations for Poland are set out below:

	FY 2021A Actual	FY 2022E Published on 24 Feb 2022	FY 2022E Update: excluding Mall and WE|DO
GMV	21% YoY growth	High teens-Low 20s% YoY growth	15–20% YoY growth
Revenue	34% YoY growth	Low 30s% YoY growth	25–30% YoY growth
Adjusted EBITDA [1]	18% YoY growth	Low-to-Mid Teens% YoY growth	10–15% YoY growth
Capex [2]	PLN 407m	PLN 700–750m	PLN 675–725m

[1] Adjusted EBITDA defined as EBITDA pre transaction costs, management fees (monitoring fees), stock-based compensation, restructuring costs and other one-off items
[2] Represents cash capex and does not include leased assets (which are presented in balance sheet)

YoY growth trends for GMV and Revenue are expected to have been the slowest in Q1, due to headwinds from prior year lockdowns, and are expected to accelerate over the remaining three quarters. In respect to Adjusted EBITDA, YoY growth rates are expected to have bottomed in Q1, and to continue sequential acceleration in the remaining three quarters as new monetization initiatives and slower growth in operating expenses largely on base effects will improve margin trends.

MALL GROUP AND WE|DO

The Group's management has formed a preliminary view on its expectations for the performance of the acquired businesses for the 9 months to December 2022 as follows:

- Targeting near-term stabilization and back to positive GMV and revenue growth by the end of the year
- Adjusted EBITDA loss at PLN 80-120m
- Capital investment at PLN 100-120m

The Group's management has developed an action plan to improve key business inputs, focusing on the retail basics of price, selection and convenience, within the scope of the existing Mall front-end, back-end and logistics systems to help stabilize and resume GMV growth in the final three quarters of 2022.

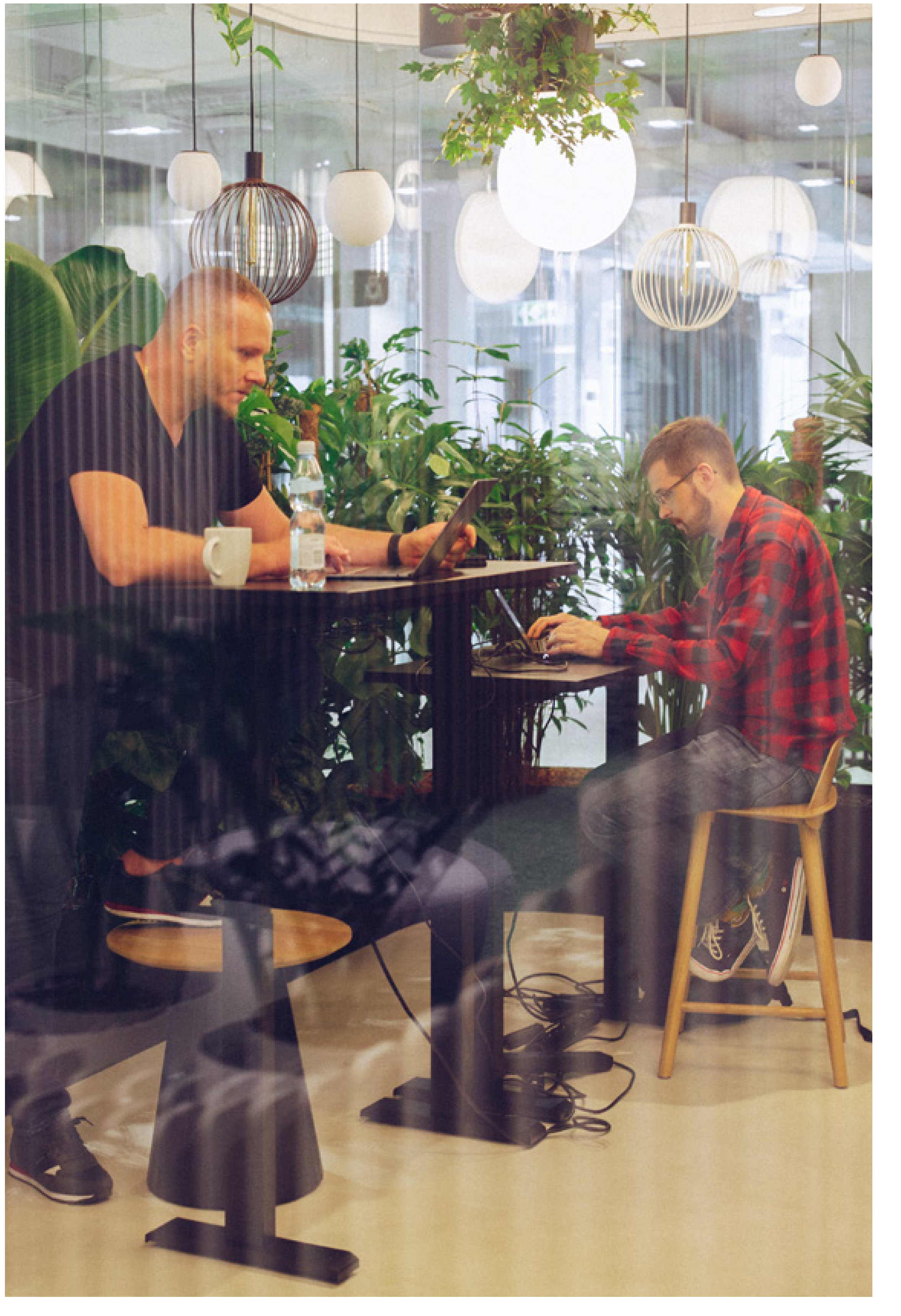
Deployment and integration of Allegro's marketplace software and wide selection with Mall's existing systems is expected to occur in 2023 in the Czech Republic, thereby transforming the growth potential of 3P marketplace services for Mall Group in the Czech Republic to strongly accelerate GMV growth. Similar deployments across other countries covered by the Mall Group footprint and full post merger integration is expected to be completed by early 2024.

4. Recent trading

During April and month-to-date in May 2022, management has noted GMV growth that is consistent with meeting the updated expectations for FY 2022 set out by the Group in the section above. Some restrictions focused on closing shopping malls that were in place in Poland between 20 March and 3 May 2021 produced some continued headwinds to YoY growth rate.

Consequently, Allegro noted a low double-digit YoY GMV growth rate in April 2022. As 2021 lockdown-induced headwinds eased from early May, the growth rate has accelerated significantly into high teens YoY growth.

From 1st April 2022 Allegro.eu Group consolidates the results of Mall Group and WE|DO into its financial results. Trading in April continued to produce contraction in GMV and revenue. However, after passing the anniversary of the suspension of severe offline retail lockdown restrictions in Czechia and Slovakia at the beginning of May, YoY performance has improved.



5. Significant events after the end of the reporting period

Closing of the acquisition of Mall Group a.s. and WE|DO CZ s.r.o.

On 1 April 2022 with reference to SPA dated 4 November 2021, the Group purchased 100% of shares in Mall Group a.s. and 100% of shares in WE|DO CZ s.r.o. Please refer to Note 18 to the Condensed Consolidated Financial Statements of Allegro.eu Group for the three months ended 31 March 2022 for further details.

Consolidation of Mall Group a.s. and WE|DO Cz s.r.o. into the Group from Q2 2022

Following completion of the Mall Group / WE|DO Acquisition on 1 April 2022, the Group will be consolidating the operating results of the acquired businesses into its financial results from the date of the acquisition.

In respect to the 12 month period ending 31 March 2022, which immediately precedes the date of acquisition, the acquired businesses have reported to the Group's Management their preliminary consolidated financial statements, which remain subject to the annual audit process.

Selected financial information from these preliminary consolidated financial statements for the financial year ended March 2022 is set out below:

FYE Mar-2022	
GMV (PLNm)	**3,989**
GMV growth (%)	(6.2%)
1P GMV (PLNm)	3,510
GMV growth (%)	(10.4%)
3P GMV (PLNm)	478
GMV growth (%)	44.0%
Revenue (PLNm)	**3,134**
Gross profit (PLNm)	**619**
Gross margin (% GMV)	15.5%
Adj. EBITDA (PLNm)	**(96)**
Adj. EBITDA margin (% GMV)	(2.4%)
Capex (% GMV)	(1.9%)
OpFCF (% GMV)	**(4.3%)**

[1] All financials translated to PLN using average exchange rates for FY 22 of EUR/CZK of 25.2908, HRK/CZK of 3.3623, HUF/CZK of 0.0704, and PLN/CZK of 5.5199
[2] Defined as Adjusted EBITDA – Capex

Management notes that the GMV has fallen by 6.2% versus the prior financial year (on a constant local currency basis) and views this performance as mainly reflecting headwinds to demand coming from i) Covid-19 lockdowns that boosted demand during the financial year ended 31 March 2021 ii) weakening consumer demand for consumer durable goods, which form most of the acquired businesses' 1P retail selection, in the face of high and rising inflation and rising interest rates and iii) further deterioration in consumer sentiment following the invasion of Ukraine.

In Management's view the key investment thesis that the existing mostly e-commerce retail business models of the acquired businesses can be successfully integrated with Allegro's marketplace business model to produce a fast growing e-commerce business with a majority of GMV generated from a standardized marketplace platform operating across the Mall Group's historical footprint remains valid. The integration of the Mall Group and WE|DO into the Group's operations is therefore proceeding as originally planned.

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6.
Principal risks and uncertainties

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

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

- Risks related to the Group's business and industry, including but not limited to risks of existing and new competition, dependance on a strong brand, continued secular trend of e-commerce growth, macroeconomic situation in Poland including the impact of higher inflation, user's perception, system interruptions of any third party business partners
- Execution of the key business development programs, including but not limited to: Smart! loyalty program, consumer finance product Allegro Pay, International Expansion, One Fulfillment by Allegro, roll-out of a proprietary last-mile locker network, investment in a proprietary delivery capability
- The Group has in the past and may continue in the future to engage in opportunistic acquisitions of other companies, businesses or assets, either in Poland or abroad, giving rise to significant additional business, regulatory and legal risks, including, but not limited to execution and post-merger integration risks. Specifically with regards to the Mall Group / WE|DO Acquisition, the Group identifies the following potential risks and uncertainties:
  - Currency risk for the consolidated results and dividend inflows of the Group
  - Risks to the Group's strategy to transform the acquired entities and improve their growth and financial performance. Such factors include, but are not limited to: Transformation of the Mall Group business model from a majority proprietary sales model (1P) to a majority marketplace model (3P); Integration of the existing Mall Group sales platforms with the Group's platforms; Maintaining the Mall Group's current active buyer base; Cross-border goods logistics in the Mall Group; Risks of underestimating the costs of integration and operating expenses of operating in the revised 3P focused model in the new countries; Retention of key employees and management; Possible difficulties in creating a single culture within the Group, and/or in the creation of an efficient organizational structure managing across countries and functions
  - Risk of litigation with the sellers
- Ability to hire new and maintain existing staff
- Epidemiological situation in Poland and in the markets where the Mall Group operates
- Compliance with laws and regulations, including, but not limited to data protection laws, consumer protection laws, regulations governing e-commerce and competition laws, intellectual property matters, taxation matters, as well as potential future regulations that might impose additional requirements and other obligations on the Group's business
- From time to time, the Group may be involved in various claims and legal proceedings relating to claims arising out of its operations. The Group is aware of certain pending legal disputes between individuals associated with Bola Investments Limited ("Bola") and a third party individual ("Claimant") relating to the ownership of a minority stake of shares in eBilet sp. z o.o. that was the former owner of eBilet Polska sp. z o.o. ("eBilet Polska"). The Claimant has filed against Bola, individuals associated with Bola and Allegro.pl two lawsuits, i.e. one with the Regional Court in Poznań and one with the Regional Court in Warsaw demanding annulment of agreements concerning the purchase of shares in eBilet Polska concluded between Bola, individuals associated with Bola and Allegro.pl. The lawsuit filed in Poznań court has been rejected and the decision is now final and binding. The case in Warsaw is pending. Based on information available to the Group and based on the assessment of the Group's legal advisor as of the date of this Report, the Group has no reason to believe that the outcome of the case in question would have a material impact on the Group.
- Risks related to control, security and prevention mechanisms of the group's compliance structure might not be sufficient to adequately protect the group from all legal or financial risks. Integrating recently acquired businesses to comply with such structures takes time and increases compliance risks following recent acquisitions
- The group's ability to generate or raise sufficient cash to service its debt and sustain its operations depends on many factors beyond the Group's control
- Financial risks, including market risk, credit risk, liquidity risk, risk of changes in interest rates, currency risk

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

POTENTIAL RISKS AND UNCERTAINTIES ARISING FROM THE INVASION OF UKRAINE

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

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

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

8. Shareholders of Allegro.eu

As of 31 March 2022 and to the best of Management's knowledge, the Company's shares were held by the following entities:

Name	Number of shares	% of shares in the share capital	Number of votes at the General Meeting	% of votes at the General Meeting
Cidinan S.à r.l.	286,778,572	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%**

On Closing of the acquisition of Mall Group a.s. and WE|DO CZ s.r.o. on 1 April 2022, Allegro.eu's share capital was increased by creating and issuing a total number of 33,649,039 new ordinary shares to the three selling entities, increasing the total number of shares up to 1,056,904,853.

Management has classified the new shares as "Free Float" for the purpose of reporting the Group's ownership status. However, Management also notes that, as part of the Mall Group / WE|DO Acquisition, the sellers have committed to a twelve-month lock-up period, other than for a right to tag along with the Significant Shareholders on a pro-rata basis in the event of any share sale before their lock-up expires.

Based on the most recent available information, to the best of Management's knowledge, as of 1st April 2022 the Company's shares were held by the following entities:

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

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

10. Related parties transactions

We are engaged in certain commercial and financial transactions with related parties. Please refer to Note 17 to the Condensed Consolidated Financial Statements of Allegro.eu Group for the three months ended 31 March 2022, and to Note 37 to the Consolidated Financial Statements of Allegro.eu Group for the year ended 31 December 2021, for further details.

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

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

Total capital expenditures

The information regarding the total amount of capital expenditures recorded in the three months ended 31 March 2022 and 2021 is presented in the investing activities section of the interim condensed consolidated statement of cash flow as a separate line named: "Payments for property, plant & equipment and intangibles".

PLN m (unaudited)	Q1 2022	Q1 2021
Capitalized development costs	(73.2)	(48.7)
Other capital expenditure	(87.9)	(11.3)
Total capital expenditure	**(161.1)**	**(60.0)**

Capitalized development costs

The amount of capitalized development costs is a sum of capitalised staff costs and capitalised other expenses. Both amounts are separately presented under the Operating expenses section of the interim condensed consolidated statement of comprehensive income.

PLN m (unaudited)	Q1 2022	Q1 2021
Staff costs – Capitalisation of development costs	(44.6)	(36.5)
IT service expenses – Capitalisation of development costs	(3.0)	—
Other expenses – Capitalisation of development costs	(25.6)	(12.2)
Capitalized development costs	**(73.2)**	**(48.7)**

Net debt and Leverage

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

PLN m	31.03.2022 (unaudited)	31.12.2021
Adjusted EBITDA LTM	**1,995.8**	**2,068.5**
(+) Borrowings at amortized cost	**6,856.2**	**5,366.3**
Non-current liabilities	5,858.0	5,363.0
Current liabilities	998.2	3.3
(+) Lease liabilities	**458.9**	**251.1**
Non-current liabilities	394.9	206.1
Current liabilities	64.0	45.1
(-) Cash	**(3,595.0)**	**(1,957.2)**
= Net Debt	**3,720.1**	**3,660.2**
Leverage (Net Debt / Adjusted EBITDA LTM)	**1.86 x**	**1.77 x**

Changes in working capital

The amount of each title impacting the working capital for the three months ended 31 March 2022 and 2021 respectively, are presented in the separate lines of the interim condensed consolidated statement of cash flow.

Adjusted EBITDA/revenue (%)

Represents Adjusted EBITDA divided by Revenue. Please refer to the calculation for the three months ended 31 March 2022 and 2021 below.

PLN m (unaudited)	Q1 2022	Q1 2021
Adjusted EBITDA	462.9	535.6
Revenue	1,392.6	1,210.2
Adjusted EBITDA/revenue (%)	**33.24%**	**44.26%**

Adjusted EBITDA/GMV (%)

Represents Adjusted EBITDA divided by GMV. Please refer to the calculation for the three months ended 31 March 2022 and 2021 below.

PLN m (unaudited)	Q1 2022	Q1 2021
Adjusted EBITDA	462.9	535.6
GMV	10,824.1	9,596.4
Adjusted EBITDA/GMV (%)	**4.28%**	**5.58%**

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

Approved by the Board and signed on its behalf by:

Darren Huston	François Nuyts
Director	Director

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

all amounts expressed in PLN'000 unless indicated otherwise

Interim Condensed Consolidated Statement of comprehensive income

	Note	3 months ended 31.03.2022	3 months ended 31.03.2021
Revenue	8	**1,392,599**	**1,210,203**
Operating expenses		**(960,081)**	**(682,722)**
Payment charges		(33,846)	(35,999)
Cost of goods sold		(84,317)	(57,818)
Net costs of delivery		(362,714)	(254,250)
Marketing service expenses		(158,555)	(122,370)
Staff costs net		(185,013)	(129,818)
Staff costs gross		*(229,563)*	*(166,290)*
Capitalisation of development costs		*44,550*	*36,472*
IT service expenses		(33,098)	(20,944)
IT service expenses gross		*(36,137)*	*(20,944)*
Capitalisation of development costs		*3,039*	—
Other expenses net		(75,582)	(43,309)
Other expenses gross		*(101,214)*	*(55,487)*
Capitalisation of development costs		*25,632*	*12,178*
Net impairment losses on financial and contract assets		(21,134)	(16,283)
Transaction costs		(5,822)	(1,931)
Operating profit before amortisation and depreciation		**432,518**	**527,481**
Amortisation and Depreciation		**(151,248)**	**(121,285)**
Amortisation		(117,065)	(104,558)
Depreciation		(34,183)	(16,727)
Operating profit		**281,270**	**406,196**

	Note	3 months ended 31.03.2022	3 months ended 31.03.2021
Net Financial costs	9	**(55,389)**	**(51,009)**
Financial income		8,917	5,868
Financial costs		(64,306)	(56,877)
Profit before Income tax		**225,881**	**355,187**
Income tax expenses	10	(58,931)	(85,539)
Net profit		**166,950**	**269,648**
Other comprehensive income/(loss) – Items that may be reclassified to profit or loss		**100,140**	**43,944**
Gain/(Loss) on cash flow hedging		133,587	25,857
Cash flow hedge – Reclassification from OCI to profit or loss		223	18,087
Deferred tax relating to these items		(33,670)	—
Total comprehensive income for the period		**267,090**	**313,592**

	Note	3 months ended 31.03.2022	3 months ended 31.03.2021
Net profit/(Loss) for the period is attributable to:		**166,950**	**269,648**
Shareholders of the Parent Company		166,950	269,648

	Note	3 months ended 31.03.2022	3 months ended 31.03.2021
Total comprehensive income/(Loss) for the period is attributable to:		**267,090**	**313,592**
Shareholders of the Parent Company		267,090	313,592

	Note	3 months ended 31.03.2022	3 months ended 31.03.2021
Earnings per share for profit attributable to the ordinary equity holders of the company (in PLN)	11		
Basic		0.16	0.26
Diluted		0.16	0.26

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

all amounts expressed in PLN'000 unless indicated otherwise

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Interim Condensed Consolidated Statement of financial position

ASSETS

Non-current assets	Note	31.03.2022	31.12.2021
Goodwill		8,669,569	8,669,569
Other intangible assets		4,192,241	4,230,029
Property, plant and equipment	5	653,388	443,809
Derivative financial assets	5	337,684	203,027
Other receivables		31,007	30,676
Prepayments	5	33,929	11,258
Consumer Loans at amortised cost	13	2,326	15,622
Consumer Loans at fair value	13	11,509	—
Deferred tax assets		4,257	4,579
Investments		360	360
Total non-current assets		**13,936,270**	**13,608,929**

Current assets	Note	31.03.2022	31.12.2021
Inventory		52,115	43,995
Trade and other receivables	12	746,224	818,828
Prepayments	5	60,984	54,068
Consumer Loans at amortised cost	13	173,891	343,163
Consumer Loans at fair value	13	176,914	—
Other financial assets		3,553	6,710
Derivative financial assets	5	17,525	13,968
Income tax receivables		10,880	8,735
Cash and cash equivalents	14	3,594,985	1,957,241
Restricted cash		14,240	14,240
Total current assets		**4,851,311**	**3,260,948**
Total assets		**18,787,581**	**16,869,877**

EQUITY AND LIABILITIES

Equity	Note	31.03.2022	31.12.2021
Share capital		10,233	10,233
Capital reserve		7,089,903	7,089,903
Cash flow hedge reserve		246,349	146,209
Actuarial gain/(loss)		(1,728)	(1,728)
Other reserves		28,106	19,707
Treasury shares		(1,995)	(1,995)
Retained earnings		2,191,736	1,102,118
Net result		166,950	1,089,618
Equity allocated to shareholders of the Parent		**9,729,554**	**9,454,065**
Total equity		**9,729,554**	**9,454,065**

Non-current liabilities	Note	31.03.2022	31.12.2021
Borrowings	5	5,857,952	5,362,982
Lease liabilities	5	394,913	206,086
Deferred tax liability		666,959	608,797
Liabilities to employees		7,696	9,769
Total non-current liabilities		**6,927,520**	**6,187,634**

Current liabilities	Note	31.03.2022	31.12.2021
Borrowings		998,241	3,316
Lease liabilities	5	64,017	45,056
Derivative financial liabilities		—	12,610
Income tax liability		136,180	154,940
Trade and other liabilities	15	864,393	903,755
Liabilities to employees		62,783	103,608
Liabilities related to business combinations		4,893	4,893
Total current liabilities		**2,130,507**	**1,228,178**
Total equity and liabilities		**18,787,581**	**16,869,877**

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

all amounts expressed in PLN'000 unless indicated otherwise

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Interim Condensed Consolidated Statement of changes in equity

	Share Capital	Capital reserve	Cash flow hedge reserve	Actuarial gain/(loss)	Other reserves	Treasury Shares	Retained earnings	Net result	Equity allocated to shareholders of the Parent	Total
As at 01.01.2022	**10,233**	**7,089,903**	**146,209**	**(1,728)**	**19,707**	**(1,995)**	**1,102,118**	**1,089,618**	**9,454,065**	**9,454,065**
Profit for the period	—	—	—	—	—	—	—	166,950	166,950	166,950
Other comprehensive income	—	—	100,140	—	—	—	—	—	100,140	100,140
Total comprehensive income for the period	**—**	**—**	**100,140**	**—**	**—**	**—**	**—**	**166,950**	**267,090**	**267,090**
Transfer of profit from previous years	—	—	—	—	—	—	1,089,618	(1,089,618)	—	—
Allegro Incentive Plan	—	—	—	—	8,399	—	—	—	8,399	8,399
Transactions with owners in their capacity as owners	**—**	**—**	**—**	**—**	**8,399**	**—**	**1,089,618**	**(1,089,618)**	**8,399**	**8,399**
As at 31.03.2022	**10,233**	**7,089,903**	**246,349**	**(1,728)**	**28,106**	**(1,995)**	**2,191,736**	**166,950**	**9,729,554**	**9,729,554**

	Share Capital	Capital reserve	Cash flow hedge reserve	Actuarial gain/(loss)	Other reserves	Treasury Shares	Retained earnings	Net result	Equity allocated to shareholders of the Parent	Total
As at 01.01.2021	**10,233**	**7,073,667**	**(95,484)**	**(938)**	**—**	**—**	**682,958**	**419,160**	**8,089,596**	**8,089,596**
Profit 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 17)	—	—	—	—	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**	**(51,540)**	**(938)**	**3,083**	**—**	**1,102,118**	**269,648**	**8,406,270**	**8,406,270**

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

all amounts expressed in PLN'000 unless indicated otherwise

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Interim Condensed Consolidated Statement of cash flows

	Note	3 months ended 31.03.2022	3 months ended 31.03.2021
Profit before income tax		**225,881**	**355,187**
Amortisation and depreciation		151,248	121,285
Net interest expense	9	54,084	53,536
Non-cash employee benefits expense – share based payments		7,713	3,083
Revolving facility availability fee	9	3,124	910
Net (gain)/loss from exchange differences		6,312	251
Interest on leases	9	2,774	689
Net (gain)/loss on measurement of financial instrument	9	(188)	(5,589)
Net (gain)/loss on sale of non-current assets		—	(100)
(Increase)/Decrease in trade and other receivables and prepayments		45,776	3,329
(Increase)/Decrease in inventories		(8,120)	(3,786)
Increase/(Decrease) in trade and other liabilities		(6,829)	66,487
(Increase)/Decrease in consumer loans		(5,853)	(78,340)
Increase/(Decrease) in liabilities to employees		(42,898)	(55,749)
Cash flows from operating activities		**433,024**	**461,193**
Income tax paid		(55,624)	(37,105)
Net cash inflow/(outflow) from operating activities		**377,400**	**424,088**

Cash flows from investing activities	Note	3 months ended 31.03.2022	3 months ended 31.03.2021
Payments for property, plant & equipment and intangibles		(161,110)	(59,978)
Cash received upon settlement of the deal contingent forward		2,204,432	—
Settlement of the deal contingent forward		(2,221,259)	—
Flows from sale of non-financial assets		—	100
Net cash inflow/(outflow) from investing activities		**(177,937)**	**(59,878)**

Cash flows from financing activities	Note	3 months ended 31.03.2022	3 months ended 31.03.2021
Borrowings received		1,500,000	—
Arrangement fee paid		(8,000)	—
Interest paid		(56,356)	(33,362)
Interest rate hedging instrument settlements		(222)	(18,087)
Lease payments		(12,413)	(7,594)
Lease incentives		17,000	—
Revolving facility availability fee payments		(1,728)	(681)
Net cash inflow/(outflow) from financing activities		**1,438,281**	**(59,724)**

	Note	3 months ended 31.03.2022	3 months ended 31.03.2021
Net increase/(decrease) in cash and cash equivalents		**1,637,744**	**304,486**
Cash and cash equivalents at the beginning of the financial period		1,957,241	1,185,060
Cash and cash equivalents at the end of the financial period		3,594,985	1,489,546

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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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. ('Allegro.pl'), Ceneo.pl Sp. z o.o. ('Ceneo.pl'), eBilet Polska Sp. z o.o. ('eBilet'), Allegro Pay Sp. z o.o. ('Allegro Pay'), Opennet.pl Sp. z o.o. ('Opennet.pl') and Allegro Finance Sp. z o.o. ('Allegro Finance').

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;
- provider of intra-city SameDay and inter-city NextDay delivery services;
- data processing, hosting and related activities;
- other information technology and computer service activities;
- computer facilities management activities;
- software-related activities;
- computer consultancy activities.

These Interim Condensed Consolidated Financial Statements were prepared for the three month period ended 31 March 2022, together with comparative amounts for the corresponding period of 2021.

These Interim Condensed Consolidated Financial Statements for the three month period ended 31 March 2022 have not been subject to review by the auditor. However, comparative information presented within these Interim Condensed Consolidated Financial Statements for the three month period ended 31 March 2021 was reviewed by the auditor and financial information as at 31 December 2021 was audited during annual audit.

2. Basis of preparation

These Interim Condensed Consolidated Financial Statements for the three month period ended 31 March 2022 have been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting (as adopted by the European Union). The Interim Condensed Consolidated Financial Statements were prepared on the assumption that the Group would continue as a going concern for at least 12 months subsequent to 31 March 2022. In making this going concern assumption Management took into consideration the impact of the COVID-19 and the geopolitical situation on Ukraine on the Group's business.

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

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

The accounting policies adopted are consistent with these Interim Condensed Consolidated Financial Statements, except for the estimation of income tax prepared under IAS 34 (see note 10) and the adoption of new and amended standards effective after 1 January 2022 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 2022 in comparison to the Consolidated Financial Statements of Allegro.eu S.A. Group for the year ended 31 December 2021.

3. Summary of changes in significant accounting policies

NEW AND AMENDED STANDARDS AND INTERPRETATIONS ADOPTED BY THE GROUP

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

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

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

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

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

All above amendments were issued on 14 May 2020.

4. Information on material accounting estimates

The preparation of the Interim Condensed Consolidated Financial Statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgements are being constantly verified and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. No significant changes in accounting estimates and financial risk management have been identified.

CONTINGENT LIABILITIES

All the Group's existing contingent liabilities were disclosed in the note 33 of the Annual Consolidated Financial Statements for the year 2021. In the three month period ended 31 March 2022 there were no changes in pending proceedings, except the one described below.

Consumer's Protection proceeding against eBilet related to procedure of tickets returns during COVID-19 pandemic

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

On 17 March 2022 the UOKiK launched a formal investigation against eBilet for an alleged violation of collective consumers' interest by allegedly providing consumers with false information that based on the Covid-19 legislation, eBilet is entitled to refund the ticket price for events canceled due to the COVID-19 pandemic within a 180-days period.

According to the UOKiK eBilet should refund the ticket price within a timeframe described in its Terms & Conditions (i.e. within a 14-day period). This proceeding is a continuation of a previously conducted explanatory proceedings regarding eBilet's procedure of money refund for events canceled due to the COVID-19 pandemic launched on 22 February 2021. eBilet is answering questions asked by the UOKiK and it is providing to the UOKiK legal arguments that COVID-19 legislation should apply also in this case.

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

ESTIMATED IMPAIRMENT OF GOODWILL

The Group did not identify any circumstances, which might indicate that an impairment loss may have occurred and therefore no specific goodwill impairment tests were performed on the carrying values of the Group's assets as at 31 March 2022.

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:

I. The increase of derivative financial assets balance is driven by the upward movement in the WIBOR reference rate visible in the second part of the 2021 and early 2022 that resulted in the favorable valuation of the floating to fixed interest rate swap contracts. Those instruments are designated as the hedge of the future cash flow, thus the valuation of existing contracts is recognized as the component of Other Comprehensive Income.

II. Although the Group does not have any department dedicated to research and development, 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 period ended 31 March 2022 and 31 March 2021 amounted to PLN 73,221 and PLN 48,650 respectively.

III. On 17 January 2022, upon the commencement of the lease of the new office spaces in Warsaw and Poznań, the Group recognized the right of use asset and lease liability in the total amount of PLN 166,189. These assets are depreciated over a 7-8 years period, being the length of the lease agreement. In the first quarter of 2022 the Group also recognized lease of the land on the 5 years basis, in the total amount of PLN 9,073.

IV. The significant increase in the prepayments balance is driven mostly by advance payments for acquisition of parcel machines and prepaid deliveries.

V. In the third quarter of 2021 the Group entered into a consumer loans sale agreement with Aion Bank, under which the first transaction was executed in December 2021. As business objectives for most of the loans have changed in the fourth quarter of 2021 the Group concluded that the change of the business model is resulting in the reclassification of a vast part of the consumer loans from 'held to collect' measured in amortised cost to 'other' measured at fair value through profit and loss. Under IFRS 9 the reclassification date is defined as the "first day of the first reporting period following the change in the business model" which was 1 January 2022. More information is presented in note 13.

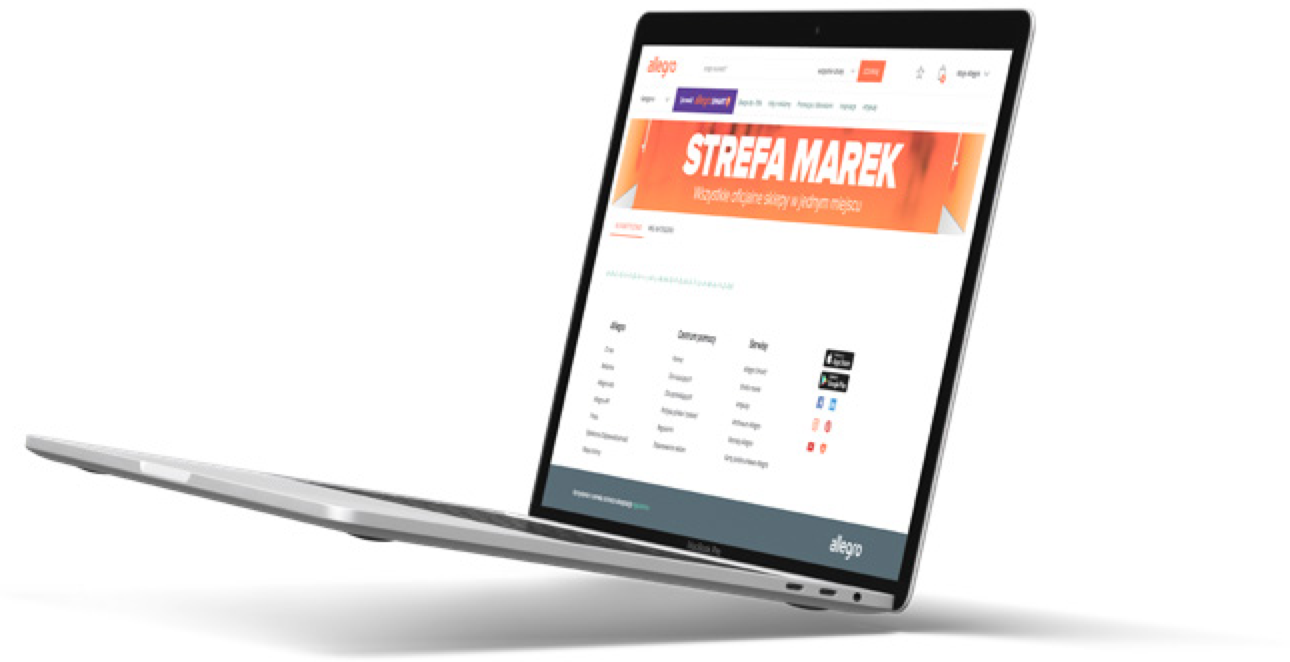
VI. The increase of short and long-term borrowings is driven by the utilization of PLN 1,000,000 bridge term loan as well as PLN 500,000 multi-currency revolving credit facility drawn in Czech Crowns. Those indebtedness become due on September 2022 and October 2025 respectively. The obtained funds were held as cash at 31 March 2022, which was subsequently used to partly fund the acquisition of the Mall Group a.s. and WE|DO CZ s.r.o. (further referred to as Mall Group and WE|DO), which was completed on 1 April 2022. Further information regarding that transaction is presented in note 18.

VII. On 31 March 2022 the Group settled the obligation under the FX Deal Contingent Forward via transferring PLN 2,221,259 in exchange for EUR 474,000. This derivative instrument was designated as the hedge of future cash flow, related to the highly probable business combination transaction, thus the loss in the amount of PLN 16,827 that arose on the settlement date was recognized in the Other Comprehensive Income, and will be a component of the purchase price calculation upon the acquisition of Mall Group and WE|DO completed on 1 April 2022. More information regarding the business combination transaction is presented in note 18.

6. Group structure

As at 31 March 2022, the Allegro.eu Group comprised Allegro.eu S.A. ('Parent') as well as intermediate holding company Adinan Midco with their registered office in Luxembourg, Employee Benefit Trust located in Jersey and companies conducting operating activities in the territory of Poland – Allegro.pl, Ceneo.pl, Allegro Pay, eBilet Polska, Opennet.pl, Allegro Finance, X-press Couriers and SkyNet Customs Brokers. 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 2022 and 31 March 2021 and the periods subject to consolidation is presented below.



PERIOD COVERED BY CONSOLIDATION
01.01.2022 – 31.03.2022

- **Allegro.eu S.A.** Luxembourg
  - **Adinan Midco S.à r.l.** Luxembourg, **100%**
    - **Allegro.pl Sp. z o.o.** Poland, **100%**
      - **Opennet.pl Sp. z o.o.** Poland, **100%**
      - **eBilet Polska Sp. z o.o.** Poland, **100%**
      - **Allegro Finance Sp. z o.o.** Poland, **100%**
      - **X-press Couriers Sp. z o.o.** Poland, **100%**
      - **SkyNet Customs Brokers Sp. z o.o.** Poland, **100%**
    - **Allegro Pay Sp. z o.o.** Poland, **100%**
    - **Ceneo.pl Sp. z o.o.** Poland, **100%**
  - **Adinan Super Topco Employee Benefit Trust** Jersey, **n/a**

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%**
    - **Allegro Pay Sp. z o.o.** Poland, **100%**
    - **Ceneo.pl Sp. z o.o.** Poland, **100%**

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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 a B2C, C2C and B2B e-commerce platform, comprising Allegro.pl (online marketplace), Allegro Pay, Allegro Finance (financial services), Opennet.pl and, starting from October 2021 X-press Couriers and SkyNet Customs Brokers (delivery experience and logistics solutions),
- Ceneo 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 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 31.03.2022	TOTAL	Allegro	Ceneo	Other	Eliminations
External revenue	1,392,599	1,328,272	58,939	5,388	—
Inter-segment revenue	—	34,038	14,997	—	(49,035)
Revenue	**1,392,599**	**1,362,310**	**73,936**	**5,388**	**(49,035)**
Operating expenses	(960,081)	(942,020)	(48,331)	(18,765)	49,035
EBITDA	**432,518**	**420,290**	**25,605**	**(13,377)**	**—**
Amortisation and Depreciation	(151,248)				
Net financial costs	(55,389)				
Profit before income tax	**225,881**				
Tax expense	(58,931)				
Net profit	**166,950**				

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)
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**				

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

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 Board of Directors, Adjusted EBITDA is the most relevant measure of profit of the Group. Adjusted EBITDA excludes the effects of significant items of income and expenditure that may have an impact on the quality of earnings. The Group defines Adjusted EBITDA as EBITDA excluding monitoring costs, Group restructuring costs, donations to various public benefit organizations, certain employee incentives and bonuses, as well as transaction costs, because these expenses are mostly of non-recurring nature and are not directly related to core operations of the Group. Adjusted EBITDA also excludes costs of recognition of incentive programs (Allegro Incentive Plan and Management Investment Plan). Adjusted EBITDA is analyzed and verified only at the Group level.

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

	3 months ended 31.03.2022	3 months ended 31.03.2021
EBITDA	**432,518**	**527,481**
Regulatory proceeding costs [1]	458	352
Group restructuring and development costs [2]	14,910	58
Donations to various public benefit organizations [3]	1,185	2,464
Bonus for employees and funds spent on protective equipment against COVID-19 [4]	306	263
Allegro Incentive Plan [5]	7,713	3,083
Transaction costs [6]	5,822	1,931
Adjusted EBITDA	**462,912**	**535,632**

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

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

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

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

[5] Represents the costs of the Allegro Incentive Plan, under which awards in the form of Performance Share Units ("PSU") and Restricted Stock Units ("RSU") are granted to Executive Directors, Key Managers and other employees. Costs recognized in the three months period ended 31 March 2022 represent the accrued cost of share based compensation in relation to the PSU and RSU Plans.

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

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 31.03.2022	Allegro	Ceneo	Other	Eliminations	Total
Marketplace revenue	1,116,463	—	5,388	—	1,121,851
Advertising revenue	111,436	12,884	—	(1,444)	122,876
Price comparison revenue	—	60,344	—	(12,977)	47,367
Retail revenue	82,719	—	—	—	82,719
Other revenue	51,692	708	—	(34,614)	17,786
Revenue	**1,362,310**	**73,936**	**5,388**	**(49,035)**	**1,392,599**

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
Revenue	**1,153,854**	**77,604**	**5,068**	**(26,323)**	**1,210,203**

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 31.03.2022 Timing of revenue recognition	Allegro	Ceneo	Other	Eliminations	Total
At a point in time	1,125,391	61,052	5,388	(47,031)	1,144,800
Over time	236,919	12,884	—	(2,004)	247,799
Net revenue	**1,362,310**	**73,936**	**5,388**	**(49,035)**	**1,392,599**

3 months ended 31.03.2021 Timing of revenue recognition	Allegro	Ceneo	Other	Eliminations	Total
At a point in time	941,768	65,170	5,068	(24,754)	987,252
Over time	212,086	12,434	—	(1,569)	222,951
Net revenue	**1,153,854**	**77,604**	**5,068**	**(26,323)**	**1,210,203**

In the reporting period ended 31 December 2021, the Group has identified a certain amount of the success fee arising on listing and promotional activities which was incorrectly mapped in the accounting system to the "over time" line item in the above presented table in Note 8. rather than "point in time". Therefore the Group has amended the disclosure in the Note 8. for the comparative period that resulted in transferring PLN 195,879 from revenue recognized over time to revenue recognized at a point in time.

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9. Financial income and financial costs

	3 months ended 31.03.2022	3 months ended 31.03.2021
Valuation of financial assets	188	5,590
Interest from deposits	6,816	211
Other financial income	128	67
Saving from Interest rate hedging	1,785	—
Financial income	**8,917**	**5,868**

	3 months ended 31.03.2022	3 months ended 31.03.2021
Interest paid and payable for financial liabilities	(55,869)	(38,681)
Cost of interest rate hedging	—	(14,855)
Interest on leases	(2,774)	(689)
Revolving facility availability fee	(3,124)	(910)
Net exchange losses on foreign currency transactions	(1,989)	(368)
Other financial costs	(550)	(1,374)
Financial costs	**(64,306)**	**(56,877)**
NET FINANCIAL COSTS	**(55,389)**	**(51,009)**

The increase in the interest expenses is driven by the upward movement in the WIBOR reference rate visible in the second part of the 2021 and early 2022, resulting in both: higher costs of servicing the Group's floating rate indebtedness and the lower cost to settle the fixed to floating interest rate swap contracts.

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 2022 is 26%, compared to 24% for the three months ended 31 March 2021.

The majority of the Group's taxable income is generated in Poland and is subject to taxation according to the Corporate Income Tax Act (referred to as 'CIT'). The CIT rate in Poland is 19%. Luxembourg companies are subject to taxation at a 24.94% rate.

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

For the periods ended 31 March 2022 and 31 March 2021 the income tax expense was as follows:

	3 months ended 31.03.2022	3 months ended 31.03.2021
Current income tax on profits	(34,098)	(70,608)
(Increase)/Decrease in net deferred tax liability	(24,833)	(14,931)
Income tax expense	**(58,931)**	**(85,539)**

Currently, Allegro.pl and Ceneo.pl are being subject to the tax and customs audits with respect to the corporate income tax settlements for the period from 28 July 2016 to 31 December 2017 and for 2018. These tax and customs audits have been initiated in December 2020 and are still in progress. So far, the auditing tax and customs office has not issued any document summarizing potential findings in terms of the audits. The deadline for completing the auditing activities was extended to 29 July 2022 but it may be further prolonged by the tax and customs office, which is a common practice.

Assisted by their external tax advisors, Allegro.pl and Ceneo.pl are providing ongoing explanations to the tax and customs office, supporting the Group's position as to correctness of the tax settlements of these entities for the periods audited.

After performing an analysis of potential tax risks connected with the above-mentioned tax settlements as well as any other transactions and operations that might represent risk from an Uncertain Tax Position in the Group, in the light of IFRIC 23 implementation (Uncertainty over Income Tax Treatments) – the Group concluded that no provision should be created. However, the Group cannot exclude the risk that the tax authorities will apply a different approach from the one adopted by the Group, which may adversely affect the Group's business.

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 31 March 2022 and 31 March 2021 were:

	3 months ended 31.03.2022	3 months ended 31.03.2021
Net profit attributable to equity holders of the Parent Company	166,949,920	269,647,892
Profit/ (Loss) for ordinary shareholders	**166,949,920**	**269,647,892**
Average number of ordinary shares	1,023,034,941	1,023,845,770
Profit/ (Loss) per ordinary share (basic)	**0.16**	**0.26**
Effect of diluting the number of ordinary shares	440,685	—
Number of ordinary shares shown for the purpose of calculating diluted earnings per share	1,023,475,626	1,023,845,770
Profit/ (Loss) per ordinary share (diluted)	**0.16**	**0.26**

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

In the current period and in the prior year period, the ordinary shares issued by the Parent stood at 1,023,255,815.

From 30 September 2021, the Employee Benefit Trust has been consolidated in the Group Consolidated Financial Statements. 1,399,853 of ordinary shares, initially possessed by the entity, have been classified as Treasury Shares and deducted from the average number of ordinary shares for the purpose of calculating Earnings per Share. On 7 October 2021, 589,024 Treasury Shares were distributed to the employees receiving a grant of ordinary shares on the occasion of the Group's IPO, leaving the Group with 810,829 Treasury Shares held by the EBT.

Moreover, the average number of ordinary shares for the period ending 31 March 2022 for the purpose of calculating Earnings per Share additionally includes 932 fully vested but not delivered shares, granted to employees at the moment of the Group's IPO, as a Free Share Award

The dilutive item presented in the table above refers to the RSU units granted as the part of the AIP program, which have a dilutive impact on the EPS calculation as it results in the issue of ordinary shares for less than the average market price of ordinary shares during the period.

The PSU variant of the Allegro Incentive Program (AIP) program has a contingent dilutive effect on the EPS calculation for the three months period ended 31 March 2022 and 2021, however it was not concluded to be dilutive, as the performance conditions required for delivery of shares to the program participants have not yet been met.

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NOTES TO THE
INTERIM CONDENSED
CONSOLIDATED
STATEMENT OF FINANCIAL
POSITION

12. Trade and other receivables

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

	31.03.2022	31.12.2021
Trade receivables, gross	796,425	847,924
Impairment of trade receivables	(101,653)	(95,461)
Trade receivables, net	**694,772**	**752,463**
Other receivables	36,146	52,561
Tax receivables	15,306	13,804
Total	**746,224**	**818,828**

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 annualised interest rate that increased from 10.5% as of 31 December 2021 to 14.0% as of 31 March 2022. Furthermore, Smart! users may take 3-month zero interest instalment loans.

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

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

CHANGE OF BUSINESS MODEL

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

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

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

13.1 CONSUMER LOANS AT AMORTISED COST

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

	Loans receivable			
As at 01.01.2022	**Stage 1**	**Stage 2**	**Stage 3**	**TOTAL**
Consumer loans, gross	360,816	1,939	2,345	365,100
Expected credit losses	(2,935)	(1,105)	(2,275)	(6,315)
Consumer loans as at 01.01.2022	**357,881**	**834**	**70**	**358,785**
As at 31.03.2022				
Opening balance	360,816	1,939	2,345	365,100
New consumer loans originated	576,430	—	—	576,430
Transfer to stage 1	524	(496)	(28)	—
Transfer to stage 2	(4,895)	4,909	(14)	—
Transfer to stage 3	—	(1,939)	1,939	—
Consumer loans derecognized (partially repaid & other changes)	(83,291)	(229)	35	(83,485)
Consumer loans derecognized (fully repaid)	(585,113)	(1,355)	(249)	(586,716)
Reclassification to FVTPL (change in a business model)	(87,722)	—	—	(87,722)
Consumer loans, gross	**176,749**	**2,830**	**4,028**	**183,608**
Opening balance	(2,935)	(1,105)	(2,275)	(6,315)
New consumer loans originated	(1,322)	—	—	(1,322)
Changes due to changes in credit risk	(49)	47	2	—
Transfer to stage 1	673	(682)	9	—
Transfer to stage 2	—	1,337	(1,337)	—
Transfer to stage 3	(654)	(2,008)	(562)	(3,224)
Consumer loans derecognized (repaid)	2,010	737	240	2,987
Reclassification to FVTPL (change in a business model)	483	—	—	483
Expected credit losses	**(1,793)**	**(1,674)**	**(3,924)**	**(7,391)**
Consumer loans as at 31.03.2022	**174,956**	**1,156**	**105**	**176,217**
As at 31.03.2022				
Consumer loans, gross	176,749	2,830	4,028	183,608
Expected credit losses	(1,793)	(1,674)	(3,924)	(7,391)
Consumer loans as at 31.03.2022	**174,956**	**1,156**	**105**	**176,217**

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	Loans receivable			
As at 01.01.2021	**Stage 1**	**Stage 2**	**Stage 3**	**TOTAL**
Consumer loans, gross	53,073	28	1	53,102
Expected credit losses	(1,126)	(3)	(1)	(1,130)
Consumer loans as at 01.01.2021	**51,947**	**25**	**—**	**51,972**
As at 01.01.2021				
Opening balance	53,073	28	1	53,102
New consumer loans originated	1,993,078	—	—	1,993,078
Transfer to stage 1	838	(805)	(33)	—
Transfer to stage 2	(7,054)	7,083	(29)	—
Transfer to stage 3	(6)	(2,586)	2,592	—
Consumer loans derecognized (partially repaid & other changes)	(338,050)	(318)	18	(338,350)
Consumer loans derecognized (fully repaid)	(1,159,521)	(1,463)	(204)	(1,161,188)
Consumer loans derecognized (sold)	(181,541)	—	—	(181,541)
Consumer loans, gross	**360,816**	**1,939**	**2,345**	**365,101**
Opening balance	(1,126)	(3)	(1)	(1,130)
New consumer loans originated	(13,839)	—	—	(13,839)
Changes due to changes in credit risk	3,797	(2,496)	(848)	453
Transfer to stage 1	(100)	98	2	—
Transfer to stage 2	1,054	(1,075)	21	—
Transfer to stage 3	—	1,646	(1,646)	—
Consumer loans derecognized (repaid)	6,375	723	197	7,295
Consumer loans derecognized (sold)	904	—	—	904
Expected credit losses	**(2,935)**	**(1,105)**	**(2,275)**	**(6,315)**
Consumer loans as at 31.12.2021	**357,881**	**834**	**70**	**358,785**
As at 31.03.2022				
Consumer loans, gross	360,816	1,939	2,345	365,100
Expected credit losses	(2,935)	(1,105)	(2,275)	(6,315)
Consumer loans as at 31.03.2022	**357,881**	**834**	**70**	**358,785**

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

13.2 CONSUMER LOANS AT FAIR VALUE THROUGH PROFIT AND LOSS

Consumer loans at FVTPL as at 01.01.2022	**—**
Reclassified from amortised cost (change in business model)	87,239
New consumer loans originated	388,387
Fair value measurment	(1,144)
Consumer loans derecognized (repaid)	(77,160)
Consumer loans derecognized (sold)	(208,897)
Consumer loans at FVTPL as at 31.03.2022	**188,423**

In the first quarter of 2022 the Group executed two consumer loans sale transaction under the agreement signed with AION Bank in 2021. In effect the risk, rewards and control were transferred to the financing partner with the relevant consumer loans being derecognised. Through these transactions the Group received PLN 210,001 of cash.

The fair value measurement of the loans is classified at level 2 of the fair value hierarchy. The fair value is determined based on the terms of the agreement with AION Bank.

all amounts expressed in PLN'000 unless indicated otherwise

14. Cash and cash equivalents

At the balance sheet date cash and cash equivalents comprised:

	31.03.2022	31.12.2021
Cash at bank	3,163,570	364,471
Bank deposits	358,331	1,528,476
Cash equivalents	73,084	64,294
Total	**3,594,985**	**1,957,241**

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

The significant increase of cash in bank is driven by the utilization of the PLN 1,000,000 Additional Term Facility as well as PLN 500,000 of revolving facility agreement, held as cash at 31 March 2022, which was subsequently used to partly fund the acquisition of the Mall Group and WE|DO, which was completed on 1 April 2022.

15. Trade and other liabilities

Trade and Other Liabilities at the balance sheet date comprised:

	31.03.2022	31.12.2021
Trade liabilities	561,667	581,469
Contract and refund liabilities	143,014	157,649
VAT liabilities	64,209	81,454
Social insurance and other tax liabilities	65,471	19,976
Other liabilities	30,032	63,207
Total	**864,393**	**903,755**

Trade liabilities are usually paid within 30 days from 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

16. 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 the business model for managing financial assets adopted by the Group and the characteristics of contractual cash flows from these instruments.

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

The Group holds the following financial instruments:

	Note	31.03.2022	31.12.2021
Financial assets at amortised cost		**4,519,913**	**3,142,000**
Consumer loans at amortised cost	13	176,217	358,785
Trade receivables and other receivables*	12	730,918	805,024
Cash and cash equivalents	14	3,594,985	1,957,241
Restricted cash		14,240	14,240
Other financial assets		3,553	6,710
Financial assets at FVPL		**188,423**	**—**
Consumer loans at fair value	13	188,423	—
Derivative financial instruments at FVOCI		**355,209**	**216,995**
Derivative financial assets (cash flow hedge)	5	355,209	216,995

* excluding tax-related settlements

	Note	31.03.2022	31.12.2021
Financial liabilities at amortised cost		**7,962,506**	**6,323,707**
Trade and other liabilities**	15	642,490	701,374
Borrowings		6,856,193	5,366,298
Lease liabilities (outside IFRS9 scope)	5	458,930	251,142
Liabilities related to business combination		4,893	4,893
Derivative financial instruments at FVOCI		**—**	**12,610**
Derivative financial liabilities (cash flow hedge)	5	—	12,610

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

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

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

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

all amounts expressed in PLN'000 unless indicated otherwise

17.
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.

The following transactions were concluded with related parties.

	3 months ended 31.03.2022				As at 31.03.2022		
Related party	Revenues	Expenses	Financial income	Financial costs	Receivables	Payables	Loans granted
Associates:							
Polskie Badania Internetu sp. z o.o.	—	46	—	—	—	23	—
Fundacja Allegro All For Planet	25	800	—	—	21	800	—
Other:							
Business Office Services	—	137	—	—	—	—	—
Alter Domus Luxembourg S.à r.l	—	328	—	—	—	983	—
Total	**25**	**1,311**	**—**	**—**	**21**	**1,806**	**—**

	3 months ended 31.03.2021				As at 31.12.2021		
Related party	Revenues	Expenses	Financial income	Financial costs	Receivables	Payables	Loans granted
Associates:							
Polskie Badania Internetu sp. z o.o.	—	69	—	—	—	28	—
Fundacja Allegro All For Planet	10	—	—	—	—	—	—
Other:							
Alter Domus Luxembourg S.à r.l	—	—	—	—	—	656	—
Total	**10**	**69**	**—**	**—**	**—**	**684**	**—**

18.
Events occurring after the reporting period

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

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

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

The Group has incurred acquisition related costs in the amount of PLN 54,763,838, from which PLN 48,941,390 was recognized in the twelve months ended 31 December 2021. The remaining PLN 5,822,448 costs are recognized in the line item transaction cost in the statement of profit/loss in these interim consolidated financial statements.

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

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

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

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

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

The information regarding the revenue and profit or loss of the combined entity for the current reporting as though the acquisition date had been as of the beginning of the annual reporting period, has not been disclosed in the following Condensed Consolidated Financial Statements. The Group considers this information to be impracticable, due to the early stage of the purchase price allocation process that can result in the significant adjustment of the fair value of net assets of acquired entities.

PURCHASE PRICE CONSIDERATION

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

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

The price for the 47 shares in Mall Group a.s. acquired by Allegro.eu was left outstanding. In accordance with the SPA, Former Shareholders and Allegro.eu entered into an interest free loan agreement ("IFL Agreement") in the aggregate amount PLN 1,883,673,203.

On Closing, Allegro.eu's share capital was increased by an amount of PLN 336,490 so as to raise it from its amount of PLN 10,232,558 to PLN 10,569,048 by creating and issuing a total number of 33,649,039 new ordinary shares (the "New Shares") each having a nominal value of PLN 0.01. The issued shares provide the Former Shareholder with 3% of the interest in Allegro Group and the same voting power.

The New Shares were settled by the Former Shareholders through an off-set against the claims arising out of the IFL Agreement, in total amount PLN 1,883,673,203. Thus in effect, the transaction was an issue of New Shares by Allegro.eu as a component of the purchase consideration for the acquisition of the Targets. The fair value of the new shares on Closing (measured at the quoted price as of the Closing day) amounted to PLN 1,181,081,269.

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

The cash payment for Mall Group and WE|DO was settled in full at the date of the Transaction. The Transactions was partly financed from the Group's own funds at PLN 1,221,258,800 and from Additional Term Facility at PLN 1,000,000,000. The transaction price was expressed and settled in EUR. In order to mitigate risk of foreign exchange volatility and secure Group's cash flows, the Group entered into FX Deal Contingent Forward, which was executed on 31 March 2022 via transferring 2,221,259 PLN in exchange for EUR 474 000. The Group has applied the hedge accounting to hedge the foreign currency risk resulting from this Transaction. FX Deal Contingent Forward contract was used as hedging instrument and the loss on the settlement of the hedging derivative in the amount of PLN 16,827,000 was transferred from OCI on Closing and adjusted goodwill recognized on this Transaction.

The purchase price consideration was further reduced to reflect the recognition of the indemnification asset amounting to PLN 11,885,021. In accordance with the Share Purchase Agreement the Group is entitled to receive, from the previous Shareholders, the compensation equal to any amount of cost or liabilities incurred by the Group, in relation to the contractually defined tax claims that might arise subsequent to the commencement of the acquisition transaction. The indemnification asset was recognized in the amount equal to the amount of the provision recognized in net asset acquired.

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

PROVISIONAL PURCHASE PRICE ALLOCATION

The identifiable assets and liabilities of Acquired Entities are measured at the Closing date at provisional values which are the carrying amounts from the financial statements of the Acquired Entities. Provisional amount of goodwill, provisional fair value of intangible assets and provisional fair values of the Acquired Entities' other assets and liabilities will be updated once the Group's provisional purchase price allocation analysis is completed (not later than 12 months from the acquisition date). The main category of assets where the material fair value adjustment is expected to be identified upon the finalization of the purchase price allocation are intangible assets and the tangible fixed assets.

In the light of IFRS 3 the consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. The purchase consideration consists of cash consideration in total amount of PLN 2,202,153,599 (being equivalent of EUR 473,510 translated using the FX deal contingent forward rate) and fair value of shares transferred to Former Shareholders at PLN 1,181,081,269, further adjusted by the loss generated upon the settlement of the FX Deal Contingent Forward in the amount of PLN 16,827,000.

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

[PLN thousand]	Mall Group & WE|DO
As at the acquisition date	**01.04.2022**
Purchase consideration	3,595,751
– cash consideration	2,202,154
– repayment of shareholders loan	207,574
– settlement of the FX Deal Contingent Forward	16,827
– fair value of shares issued by Allegro.eu	1,181,081
– indemnification asset	(11,885)
Net assets	(154,548)
Goodwill	**3,441,203**
Net assets acquired	
Other intangible assets	369,222
Property, plant and equipment	295,458
Prepayments	15,064
Restricted cash	19,435
Investments	5
Inventory	410,173
Trade and other receivables	140,874
Derivative financial assets	183
Income tax receivables	2,657
Cash acquired	61,565
Trade and other liabilities	(524,168)
Borrowings*	(379,804)
Lease liabilities	(160,106)
Deferred tax liabilities	(53,048)
Liabilities to employees	(42,960)
Net assets	**154,548**
Purchase consideration paid in cash	2,414,669
Less cash acquired	(61,565)
Cash flow used in acquisition (investing activity)	**2,353,104**

* including the bank borrowings repaid by Allegro Group upon completion of the acquisition (further information provided below in the section "Repayment of the outstanding indebtedness of Mall Group")

SHARE CAPITAL INCREASE

On 1 April 2022 the General Meeting of Shareholders resolved to approve a share capital increase by issuing of 33,649,039 new ordinary shares (the "New Shares") with a nominal value of PLN 0.01 each The share capital of the Group increased by PLN 333,649 from PLN 10,232,558 to PLN 10,569,048 and excess of the fair value of shares over the nominal amount of shares of PLN 1,180,744,779 was allocated to Capital Reserve.

REPAYMENT OF THE OUTSTANDING INDEBTEDNESS OF MALL GROUP

Upon the completion of the acquisition transaction described above, the Group repaid the entire outstanding indebtedness of the Acquired Entities towards its financing banks in the amount of CZK 2,017,826,047 (equivalent of PLN 384,597,645) and towards former shareholders in the amount of CZK 1,089,054,731 (equivalent of PLN 207,573,832) with a loan from Adinan Midco S.à r.l. The repayment of the bank borrowings is accounted for as the transaction separate from the acquisition of the business. The provisional fair value of the bank borrowing at the acquisition date is PLN 384,597,645 and this amount was settled by Mall Group using the funds from the borrowings provided by the Group;

The repayment of the loans towards the selling shareholders is an element of the total consideration transferred by Allegro Group for the acquisition of the business thus is not treated as a transaction separate from the business combination.

GRANTS UNDER ALLEGRO INCENTIVE PROGRAM

The AIP is an incentive plan under which awards in the form of performance share units and restricted stock units may be granted to employees of the Group at the discretion of the Remuneration and Nomination Committee. The Awards are normally granted annually within the six-week period after the Group announces its annual results. However, the Remuneration and Nomination Committee may grant awards outside this period at its discretion.

The Remuneration Committee of the board of Directors of Allegro.eu granted, with effect from 2 April 2022 ("Grant Date") 3,241,995 units under the Allegro Incentive Program, with 742,135 units accounted for as Performance Share Unit (PSU) plan and 2,449,820 units as Restricted Stock Unit (RSU). 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 28.36, 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 72,211,502.

APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF BY:

Darren Huston

Director

François Nuyts

Director